SALES DEVELOPMENT

METRICS AND COMPENSATION RESEARCH REPORT

The Bridge Group, Inc.

Build. Expand. Optimize. Sales Strategies

What's in this report?

Analysis of the Sales Development function across 434 B2B companies.

The Bridge Group is a B2B inside sales consulting firm dedicated to understanding the *models*, *metrics*, and *motions* that deliver scalable growth.

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INTRODUCTION

Hello! And welcome to our seventh round of research focused on Sales Development.

Since 2007, we've been tracking the SDR role (ADRs, BDRs, MDRs, etc.) with a focus on how metrics and compensation change over time. For this report, **434 B2B companies participated**. That's 25% more participants than in 2016. We've organized the report into five sections:

- Group Structure
- Ramp and Retention
- Quota and Compensation
- Activity and Technologies
- Leadership

We hope this report will provide guidance as you build out your strategy and think about what changes could possibly bring you closer to alignment with industry standards.

If you have any questions, please reach out to us directly. We want to hear from you. Email us at: **community@bridgegroupinc.com**.

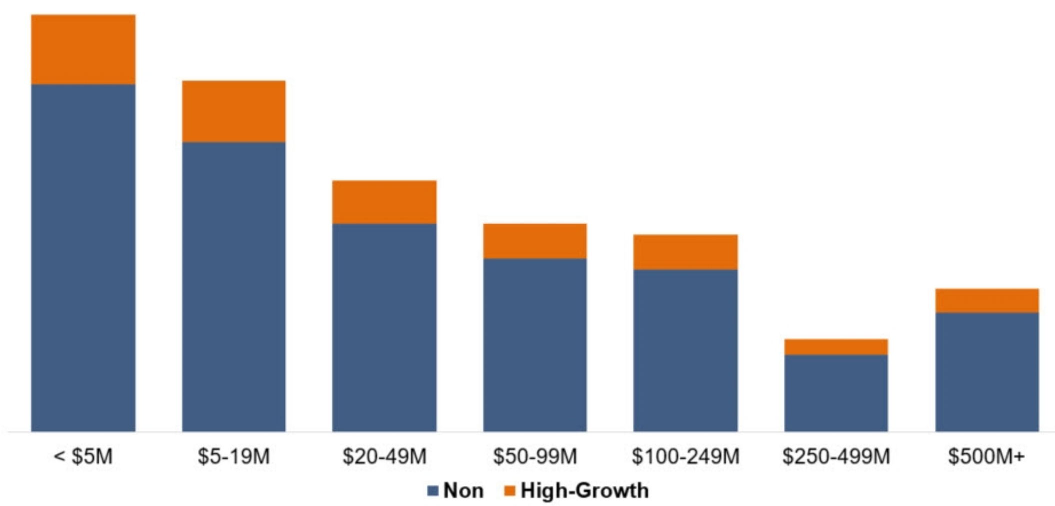
NEW IN THIS YEAR'S REPORT

Each time we've published this research, readers have asked how metrics, compensation, tech-stack, etc. differ between *high-growth companies* and the rest of the pack.

But what exactly makes a company "high-growth"? If Company A did $6M in revenues this year and $2M the year prior, that additional $4M represents 200% growth. Compare that to Company B who did $290M this year and $200M the prior year, that's "only" 45% growth—but an additional $90M in revenue.

Clearly, raw growth percentage doesn't tell the whole story.

We decided to take an approach that separates that fastest growing companies by revenue band. Using reported *revenues* and *growth rate*, we marked the top quintile (top 20%) per band as "high-growth." Throughout this report when you read a comparison between "high-growth" companies and non, this is how we've drawn the distinction.

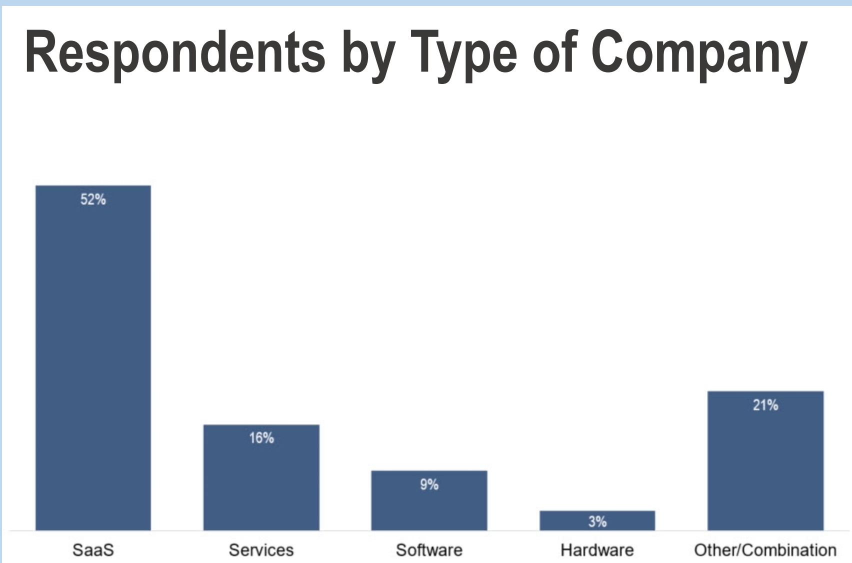


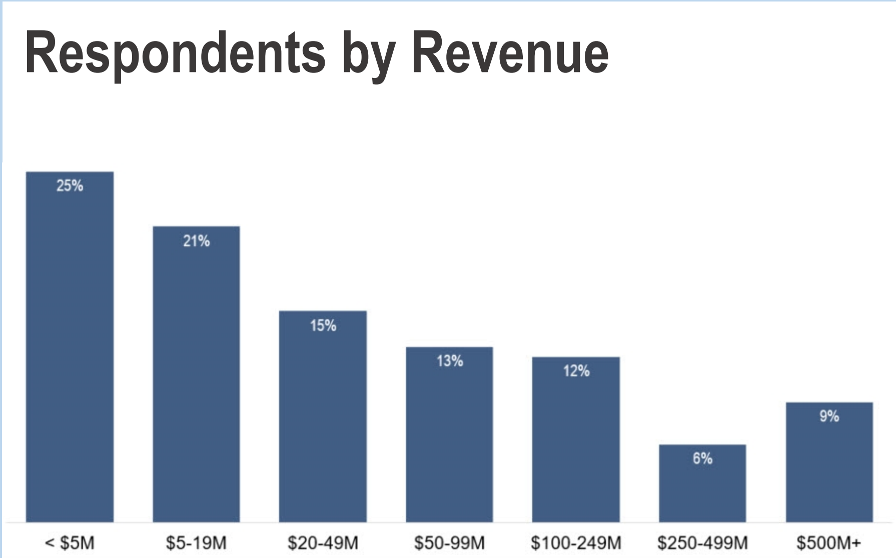
PART 1

COMPANIES THAT PARTICIPATED

STUDY PARTICIPANTS

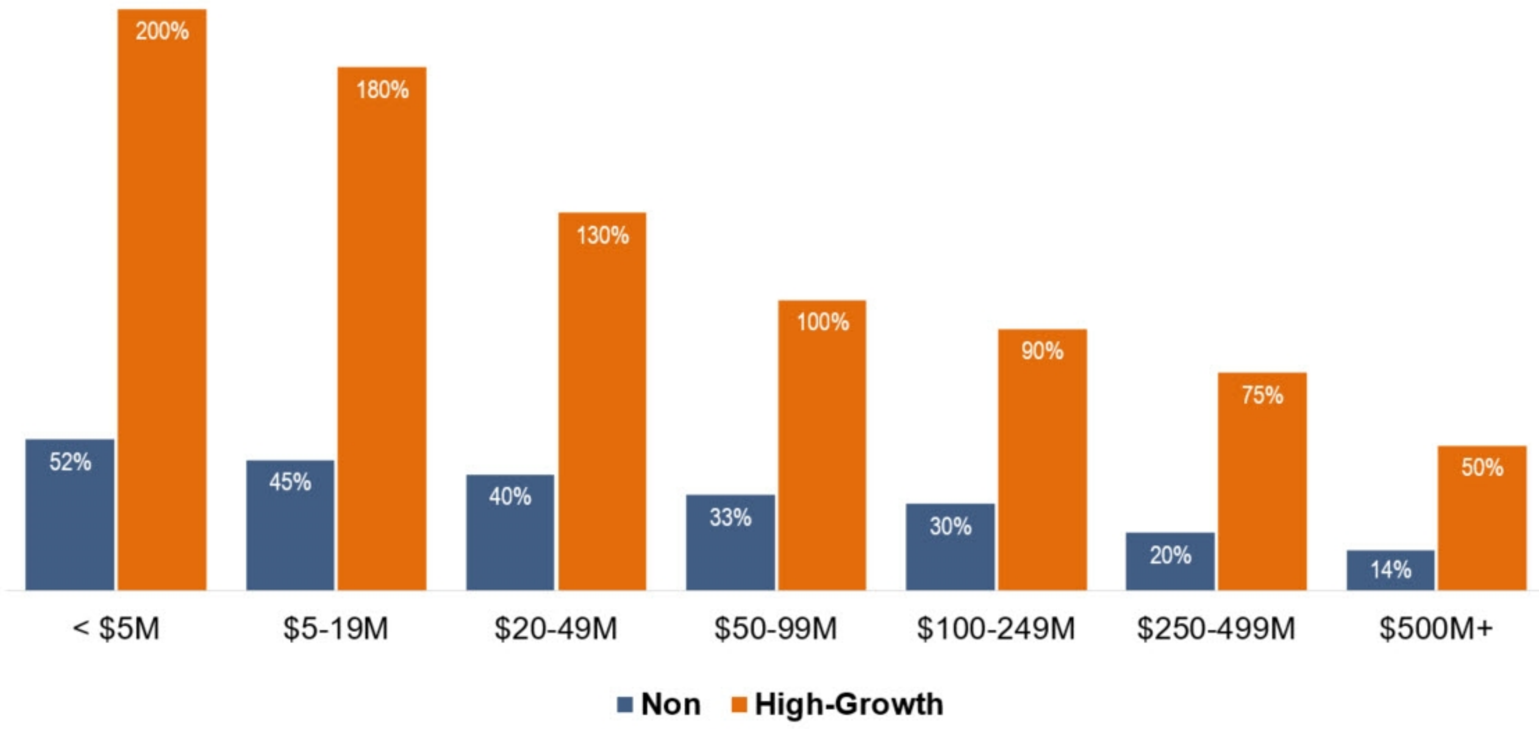
- 434 Executives from a diverse set of B2B companies
- 89% with headquarters in North America
- $24M median annual revenues
- $28K median average selling price (ASP)





Median Annual Growth Rates

As a factor of revenue

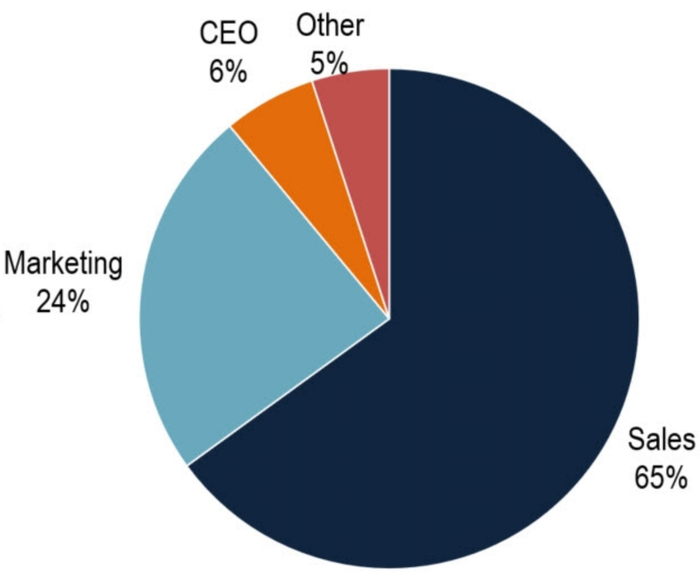


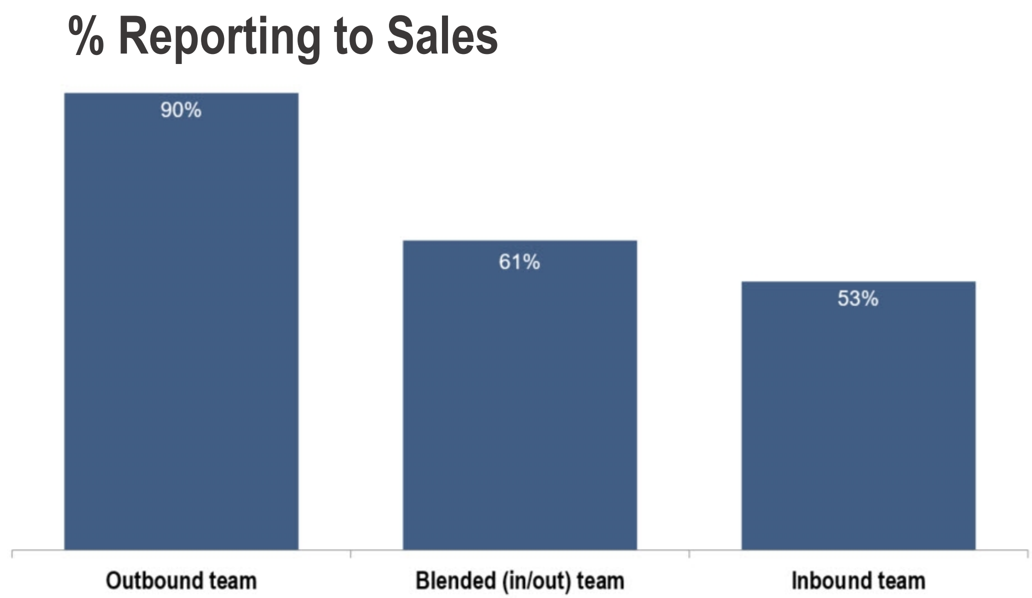
- **Average growth rate for all respondents**: 64%
- **Median growth rate for "high-growth" companies:** 145%
- **Median growth rate for non:** 40%

PART 2

GROUP STRUCTURE

WHERE SDR GROUPS REPORT





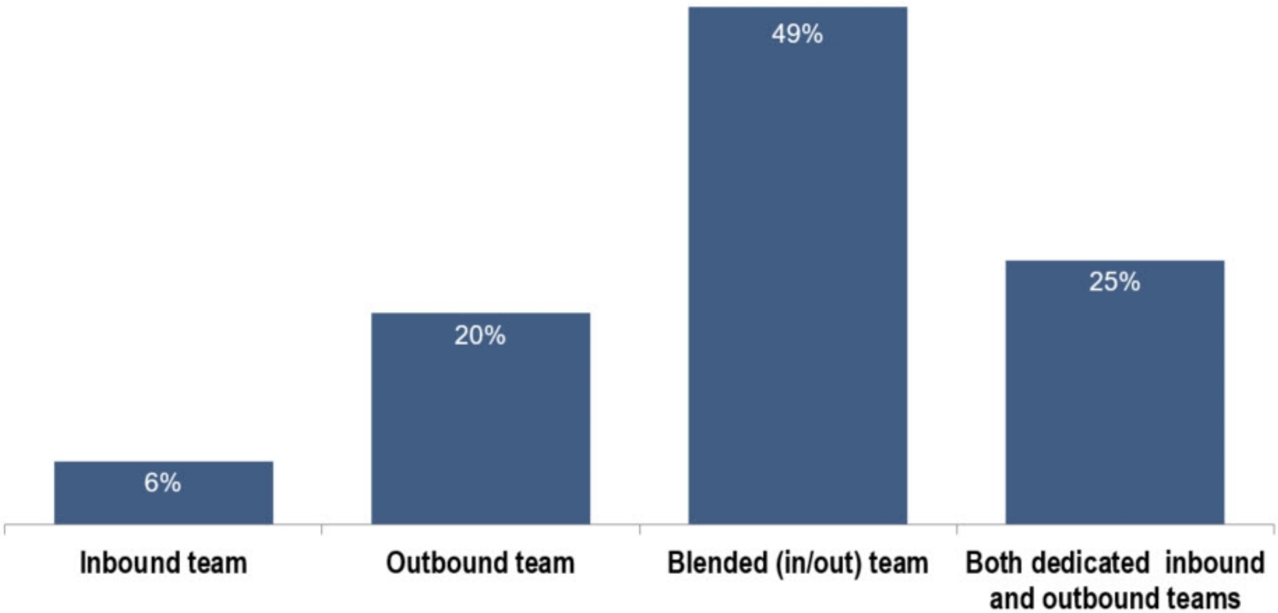
Since 2012, the vast majority of SDR teams have reported to Sales. In this round of research, the trend continues with 65% of groups sitting within the Sales organization. A point worth mentioning is that *inbound teams* **are roughly twice as likely** to report to Marketing as blended or outbound groups.

For smaller companies, those below $5M in revenue, we found 32% of groups reporting directly to the CEO. Above this revenue threshold, the trend reverses with only 6% reporting to the CEO.

“High-growth” companies are slightly more likely to have SDRs report into the Sales organization and significantly less likely to have the group report directly to the CEO.

SALES DEVELOPMENT MEANS MANY THINGS

SDR Groups by Model



We asked respondents “which of the following best describes your Sales Development organization?” Specialized groups—those separating *inbound qualification* and/or *outbound prospecting* into distinct roles—are as common as blended inbound and outbound teams.

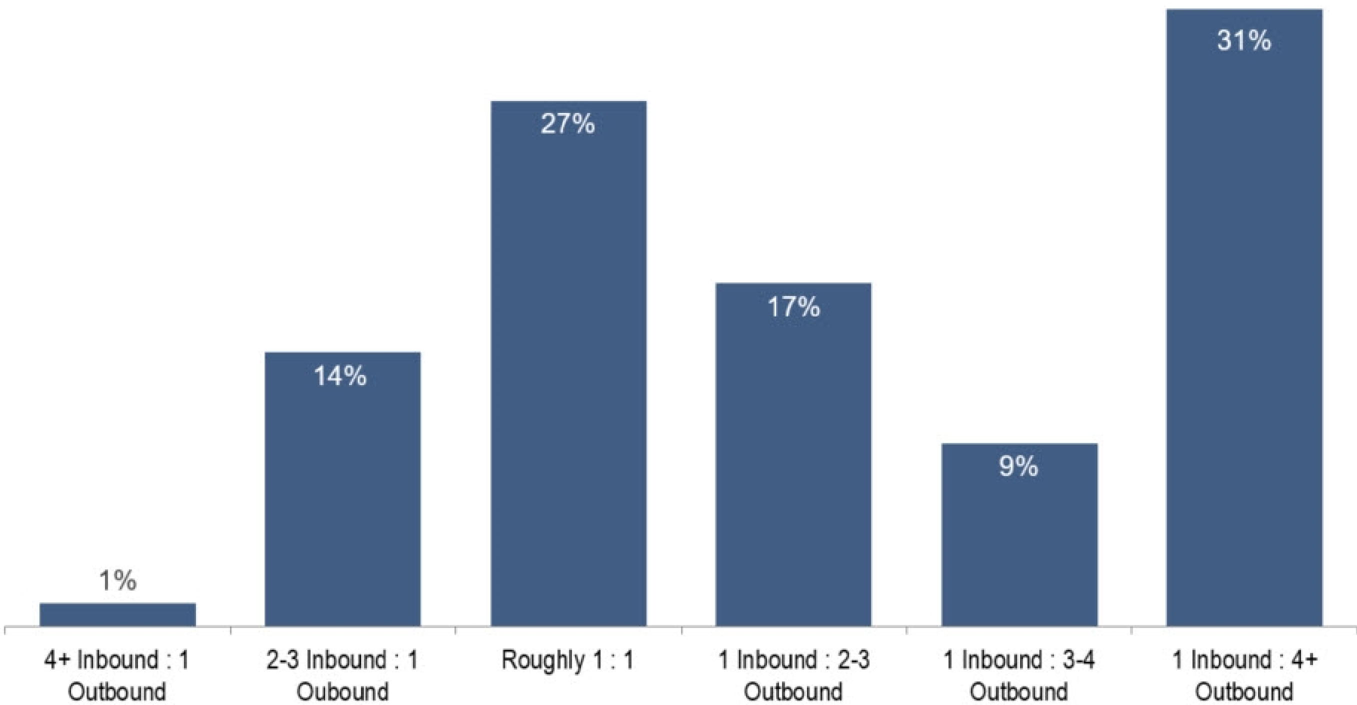
At roughly $100M in revenues, specialization becomes much more prevalent and blended teams much less so. Outbound-only teams remain surprisingly consistent at ~20% of respondents across revenue bands.

We found no preference in model between “high-growth” and non companies.

DEDICATED INBOUND AND OUTBOUND GROUPS

Headcount Ratio

Inbound SDRs to Outbound SDRs



Headcount shades 2:1 in favor of Outbound SDRs.

Focusing on respondents reporting "both dedicated inbound and outbound teams," we asked them to share their relative headcount mix.

Headcount tilts roughly 2:1 with two Outbound SDRs for each Inbound Rep. A handful of respondents noted that they also had "blended" SDRs assigned to Named Accounts and that those reps owned both inbound qualification and outbound prospecting into a target account list.

GROUP CHARTER ISN'T ONE-SIZE FITS ALL

SALES DEVELOPMENT CHARTER	
Setting introductory meetings	37%
Setting semi-qualified meetings	31%
Passing fully qualified opportunities	32%

Much like Goldilocks and the porridge, your group's charter needs to be just right for your organization. Effective sales development means maximizing the productivity of both the SDR and AE teams. The main options include:

- **Setting Introductory Meetings-** The meetings being set here are introductory—from the Latin "introda," meaning not ready to buy yet. (Kidding!) This can include face-to-face meetings or a phone call. With intro meetings, prospects have a sense of your overall value proposition but haven't been qualified as to their readiness or ability to move forward.

- **Setting Semi-Qualified Meetings-** This covers the messy middle between the two poles.

- **Generating Qualified Opportunities-** Qualified opportunities differ in that they are, well, qualified. The rep is still closing on a meeting or call but has a) moved the prospect from curiosity into interest and b) vetted that the prospect meets or exceeds a minimum threshold of "sales-worthiness."

You might be wondering if one charter is "better" than the others?

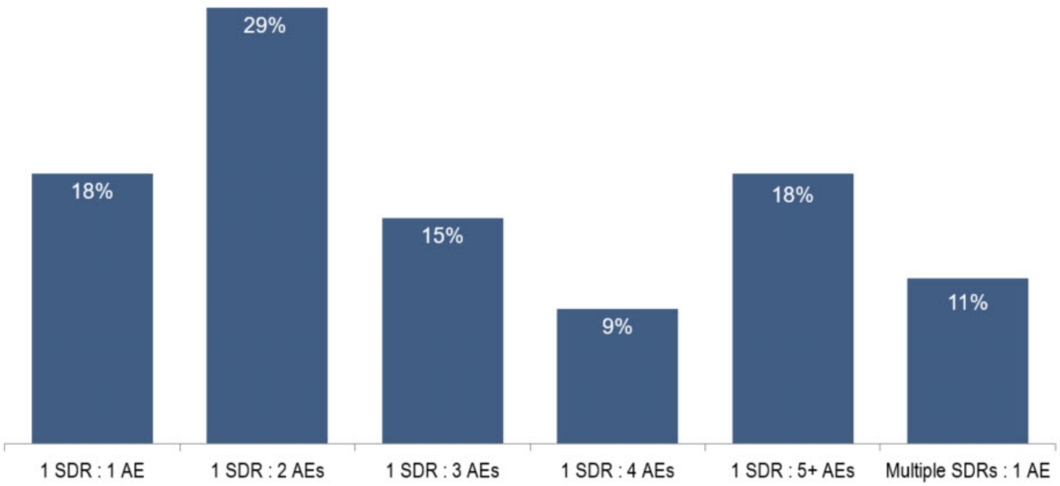
Not really. There is no clear trend as company revenues increase, as ASP rises, or between "high-growth" and non companies.

All have their place and none is *always* the right choice. As a rule of thumb, you should deploy an introductory meeting charter when the market for your product is immature and/or when your Account Executives are suffering from "empty calendar syndrome*."* If your sales team is screaming for more "at-bats," then break glass and set meetings. Conversion rates, qualification criteria, and cost per meeting all go out the window when AEs calendars are anemic.

On the other extreme, if your AEs are drowning in pipeline, then a fully qualified opportunity charter is appropriate to ensure each new opportunity has been vetted for qualification. Qualification criteria being BANT, ANUM, PACT, or other.

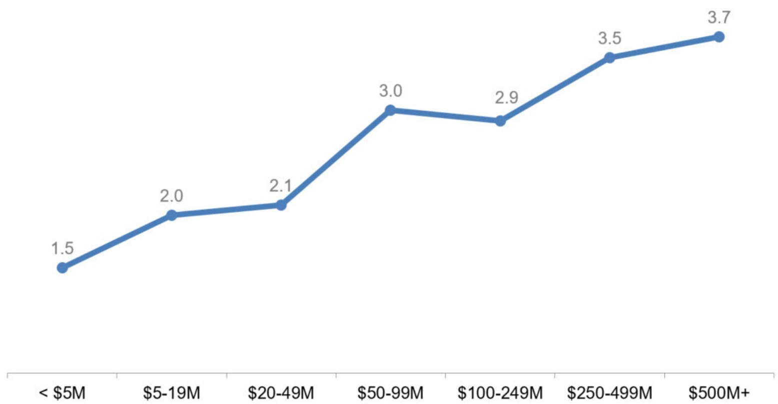
SDR RATIOS

Ratio of SDRs to AEs



Ratio of SDRs to 1 AE

As a factor of revenue



The average ratio is 1 SDR to 2.6 Account Executives. This is down sharply from previous reports. As recently as 2014 the ratio was 1:3.9.

Smaller companies are much more likely to deploy 1 or more SDRs per AE. This makes intuitive sense as:

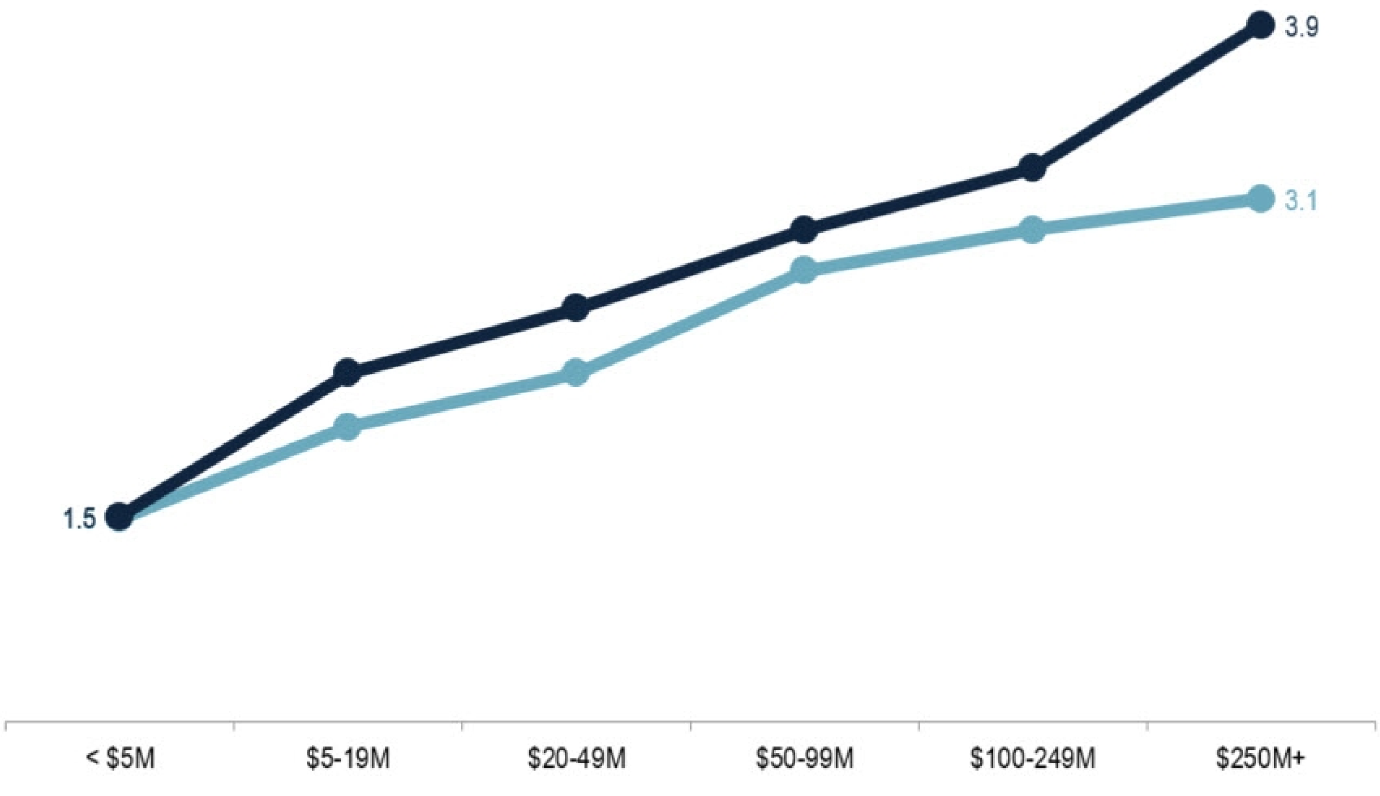
- Smaller companies have lower total AE headcount
- High growth is prioritized/subsidized by investors
- Managing cost of sales tends to be a big company problem

On average, “high-growth” companies report lower SDR-to-1 AE ratios at every revenue band (2.0 versus 2.7 SDRs per AE).

In general, SaaS companies employ lower SDR-to-AE ratios as well. As they transition from startup to growth to global, the gap between SaaS and non-SaaS companies persists.

SDR-to-AE Ratio (SaaS vs. Non-SaaS)

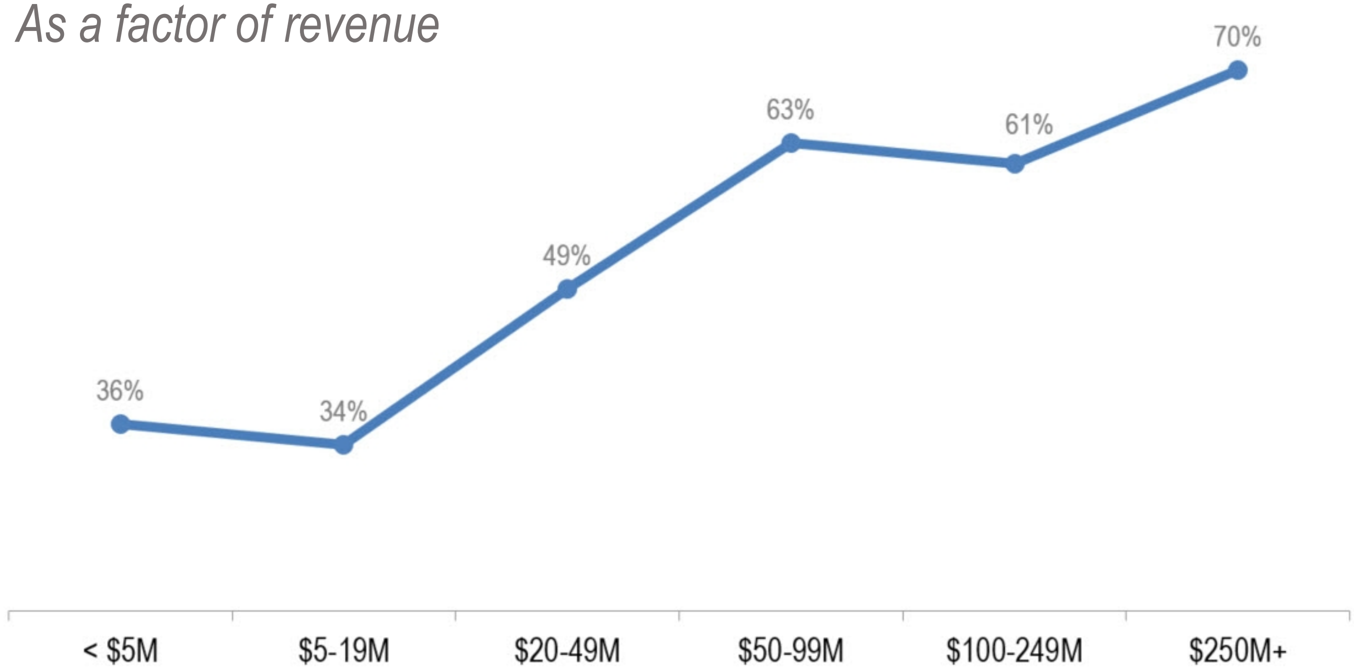
Number of AEs supported by a single SDR



REPS IN MULTIPLE LOCATIONS

Companies with Multiple Locations

As a factor of revenue



Smart companies are thinking about remote offices as an *opportunity* and not a burden.

48% of groups have reps in the same role working in different locations (e.g., San Francisco-based Slack with their Toronto, Ontario office and Vancouver, WA-based DiscoverOrg and their Philadelphia, PA office).

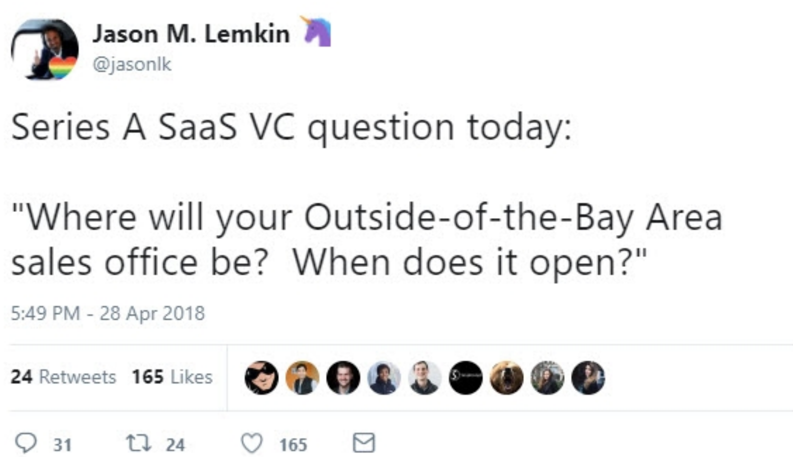
The primary drivers are ones you might expect:

1. Offices added via acquisitions
2. And increasingly, *difficulty in recruiting and retaining talent at headquarters*

HQ’D IN	MOST OFTEN HAVE REMOTE IN		
California	New York	North Carolina	Texas
Georgia	California	Massachusetts	Colorado
Massachusetts	California	Illinois	Texas
New York	California	Utah	Oregon
Texas	California	Colorado	Oregon

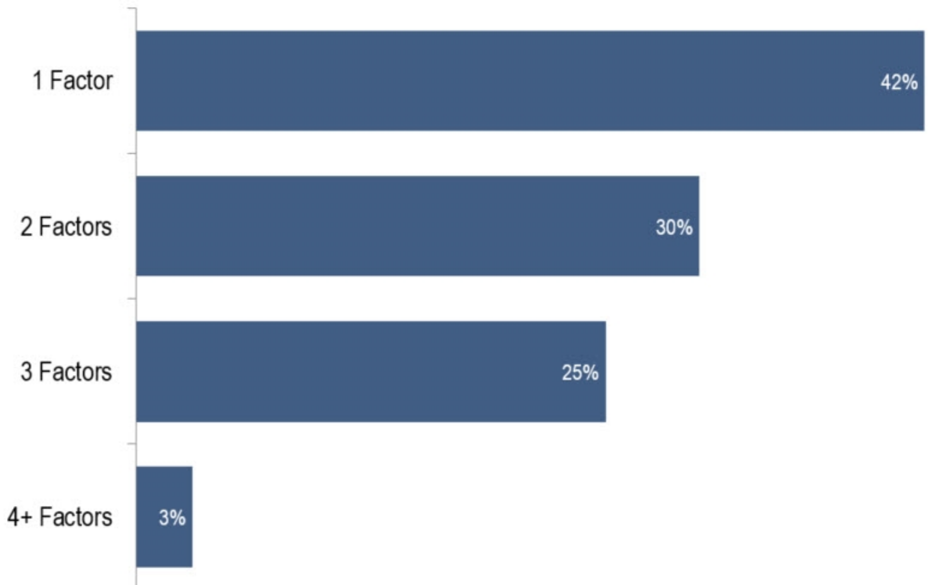
Unlike previous years’ findings, companies investing in secondary sales locations are not finding much cost savings. On-target earnings at secondary locations were a mere 1% lower, on average, than those at primary locations. Clearly, this is more often an *access to talent* play than a cost-cutting maneuver.

We’ve included the most common secondary office locations by primary office in the *IF THEN* table above.



DESIGNING SDR TERRITORIES

Number of Factors Used to Build Territories



An overwhelming majority of companies use one or two factors.

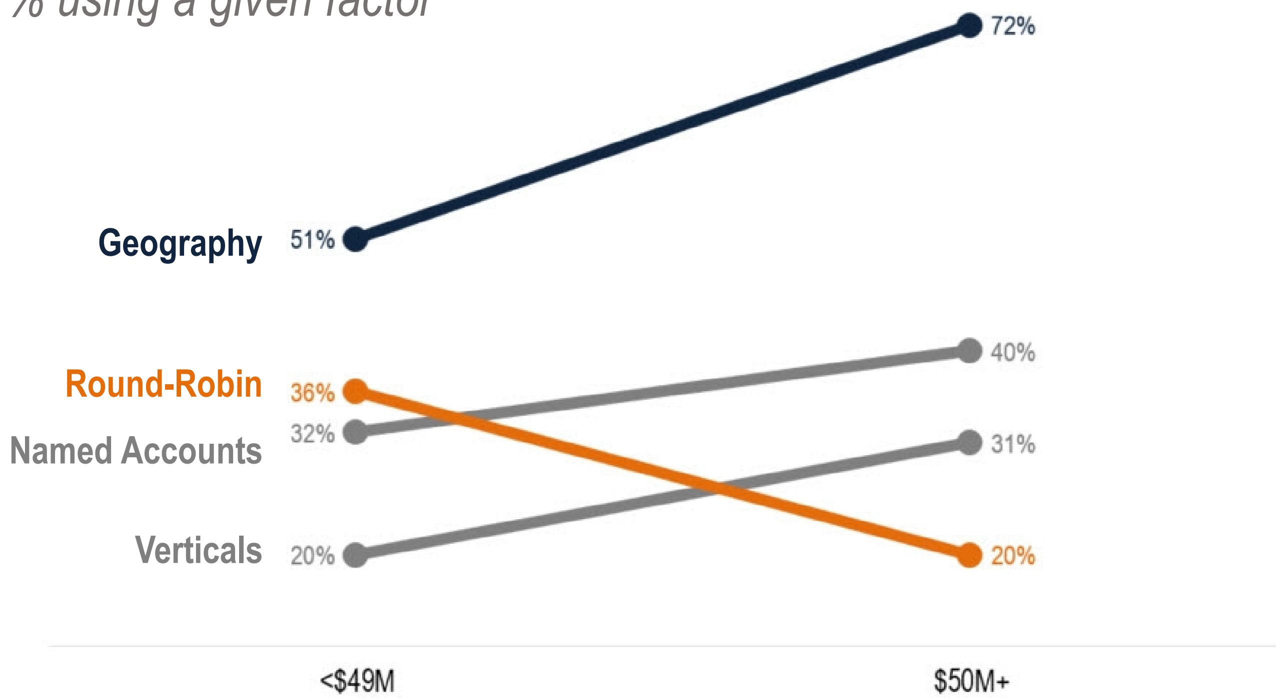
Creating equitable territories is as simple as working a Rubik's cube. In this round of research, we identified more than 18 different schemas for structuring territories. Eighteen!

That being said, an overwhelming majority of companies use one or two factors when building territories. The most common being *Geographic*, *Named*, and *Geographic* + *Named* combined.

- Inbound groups are much more likely to use a Round-Robin/No Territories approach (69% of respondents)
- Outbound groups are much more likely to use either Geographic territories (56% of respondents) or a Named Account approach (43%)

Territories Design by Revenue

% using a given factor



At all revenue levels, *Geographic Territories* remain the perennial favorite. This tried-and-true methodology vastly simplifies the job of lead distribution and routing.

There's a belief that geographic territories are a hold-over from a bygone era. That's not entirely true. Time zone alignment and local sub-verticals—for example, tech in San Francisco, Oil & Gas in gulf coast, Higher Ed in the Northeast—are two benefits to geographic territories.

Unfortunately, a large drawback involves the high degree of difficulty in drawing equitable lines on the map. Prospect accounts stubbornly refuse to line up neatly and proportionally within geographic boundaries.

At roughly $50M in revenues, we observed that territory complexity increases significantly (1.9 factors in territory design versus 1.2). As you can see from the chart on the previous page, the percent of respondents using *Round-Robin/No Territories* falls by half while usage of *Vertical Territories* and *Named Accounts* increase significantly.

The approach we've seen deployed most successfully is to **keep things simple, until you can't.** Don't over-engineer from day 1. And don't fall in love with what worked well for you in the past. The no territories approach that served you well up to $10M, might hinder your growth to $100M.

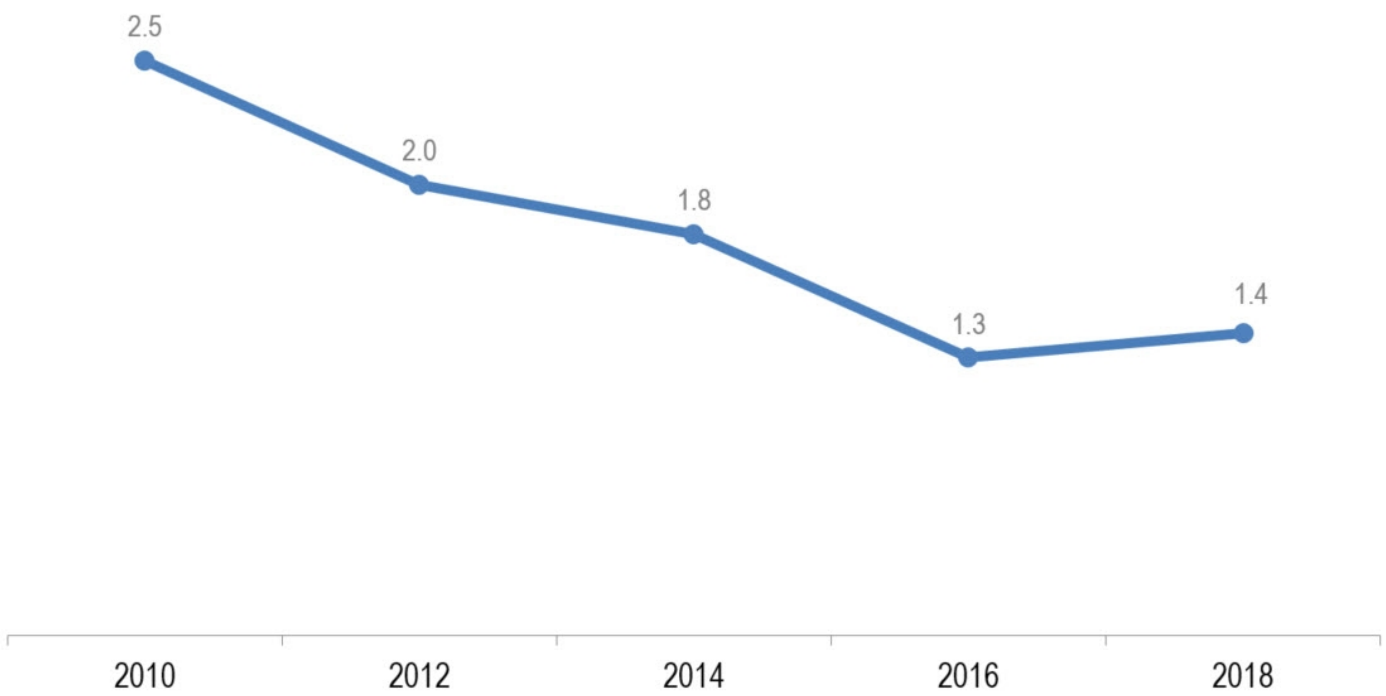
PART 3

RAMP & RETENTION

SDR EXPERIENCE

Average Required Experience at Hire

Change since 2010

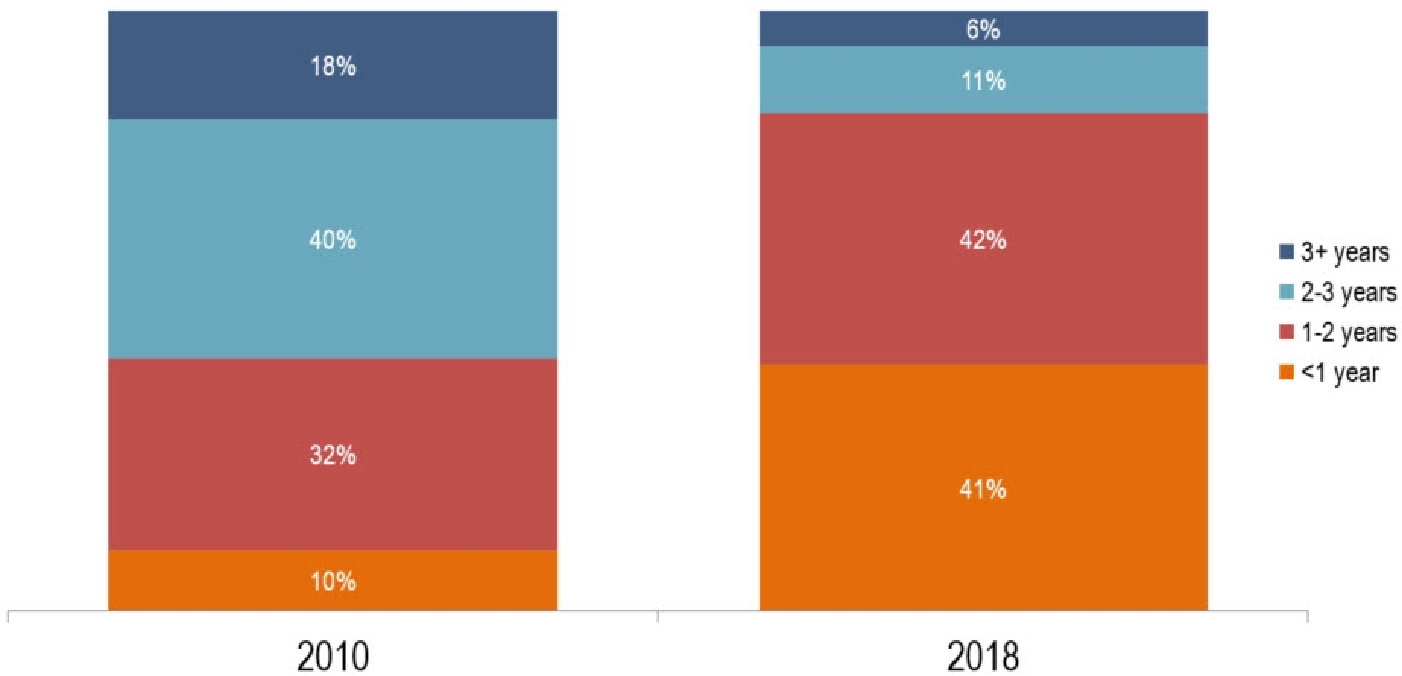


We've been repeating this and it keeps being true: **demand for SDR candidates continues to rise**. Alongside—or perhaps because of—this sustained demand, we've tracked a steady decline in *required experience* when hiring for SDR roles.

This year, we found average required experience to be 1.4 years. That's a 45% fall since 2010.

Average Required Experience at Hire

Change since 2010

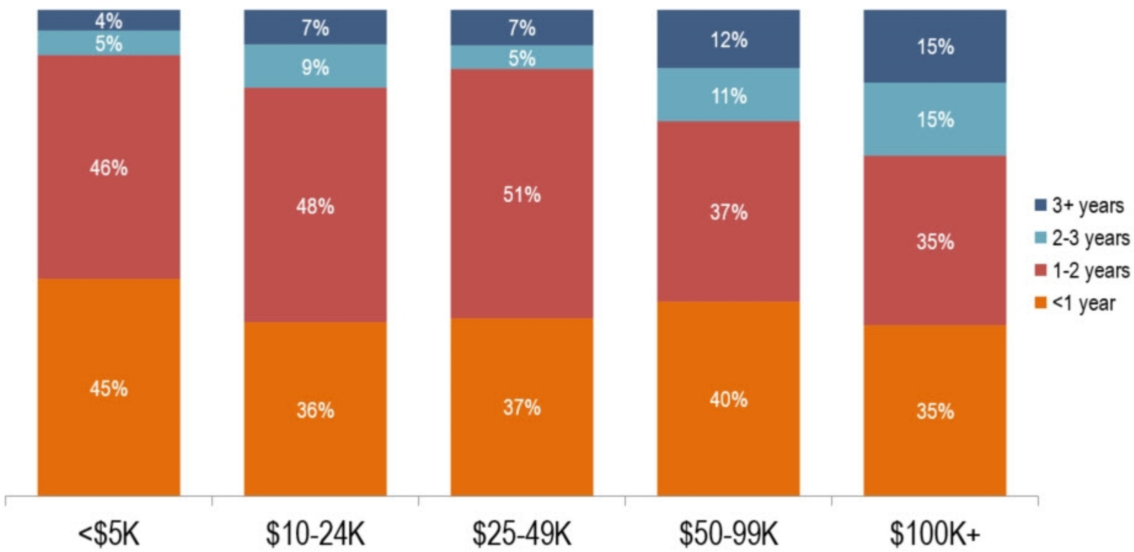


The percentage of companies accepting *two or fewer years* of experience has doubled since 2010. The percentage accepting experience of *less than a single year* has quadrupled.

We suspected "high-growth" companies might require more experience at hire. This was not the case. In fact, "high-growth" companies hire at lower average experience levels. They're also 30% more likely to hire reps with less than one year's experience.

Average Required Experience at Hire

As a factor of ASP



As ASP rises, companies increase required experience. Respondents with $100K+ ASP require roughly 25% more experience than those with ASPs below $5K. Worth noting, but not a massive difference.

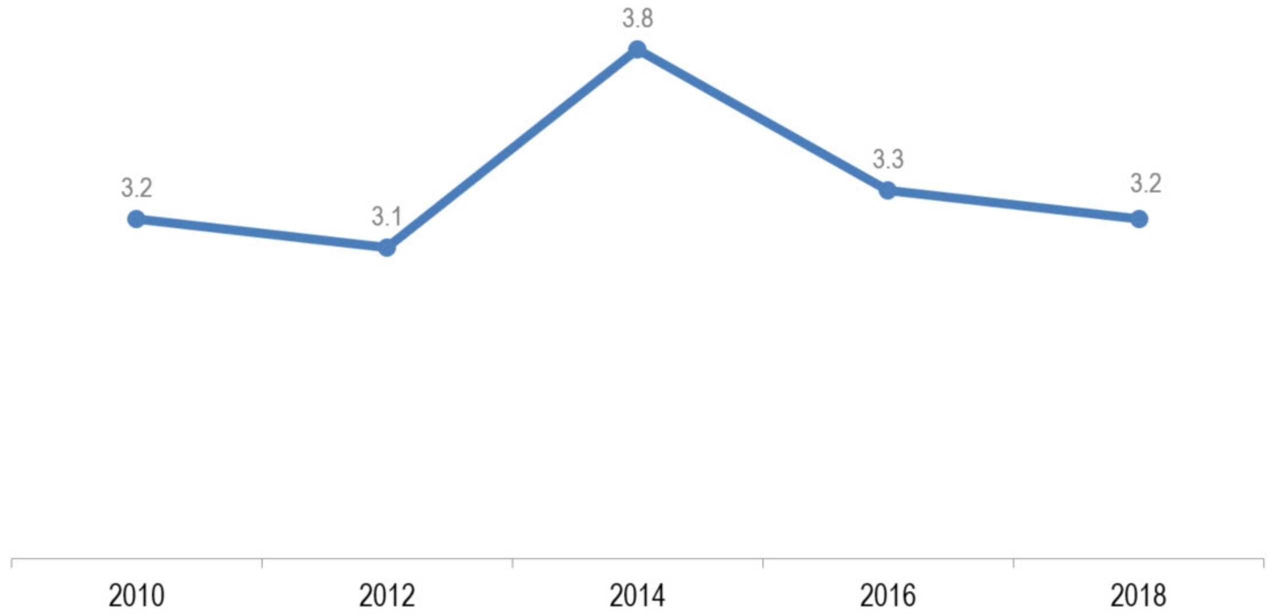
With an economy at or near full employment, the pool of candidates with 2+ years' experience (and an interest in remaining within an SDR role) will always be shallow. Hiring experienced SDRs requires:

- An extremely compelling employer value proposition
- The ability to pay base/OTE at the top end of the role's range
- A rock solid career path that makes *you* the place to learn and grow

SDR TIME TO RAMP

Average SDR Ramp Time

Change since 2010



Ramp time remains steady as it goes at 3.2 months.

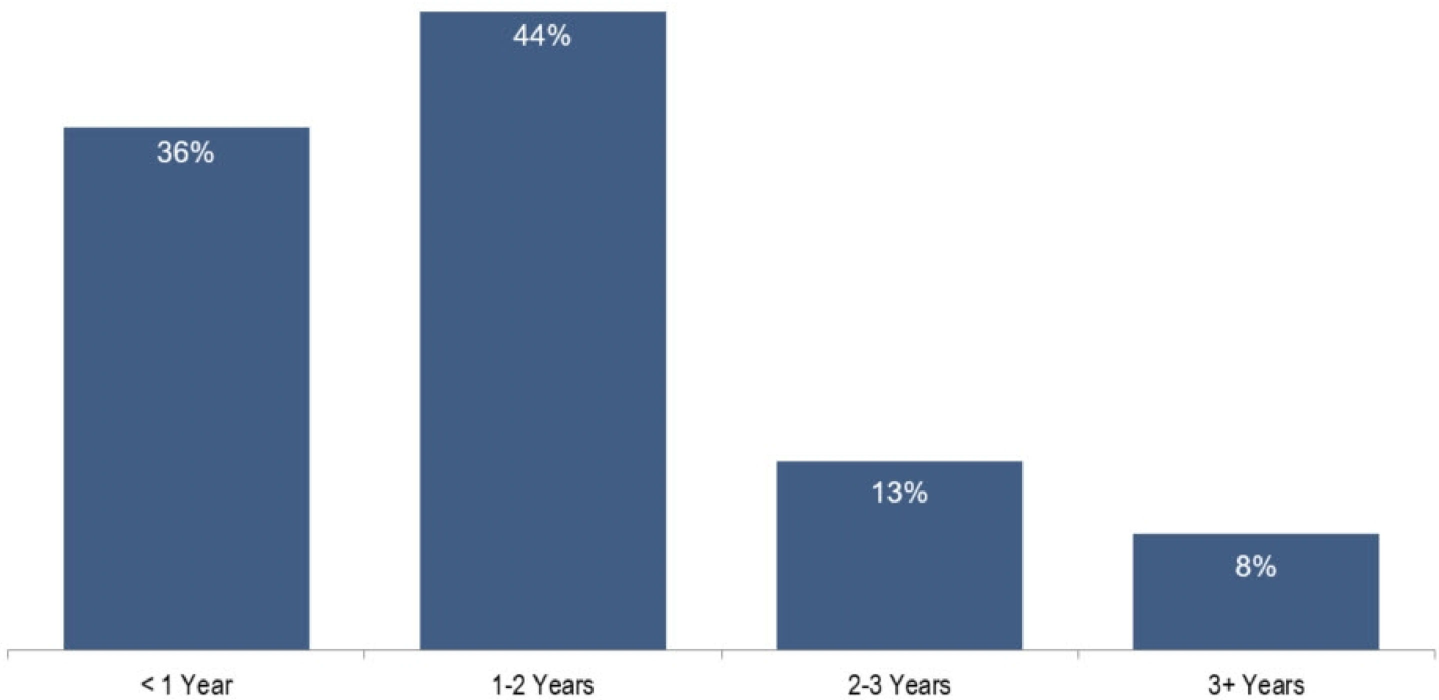
Average ramp (from hire to full productivity) sits at 3.2 months.

This number is remarkably consistent across “high-growth” companies versus non, high ASP versus low, more experience at hire versus less, and all other factors examined.

If there’s a universal truth of Sales Development, it may very well be this: **ramping new SDRs to full productivity takes about 3 months.**

SDR TENURE

Average Tenure in Months

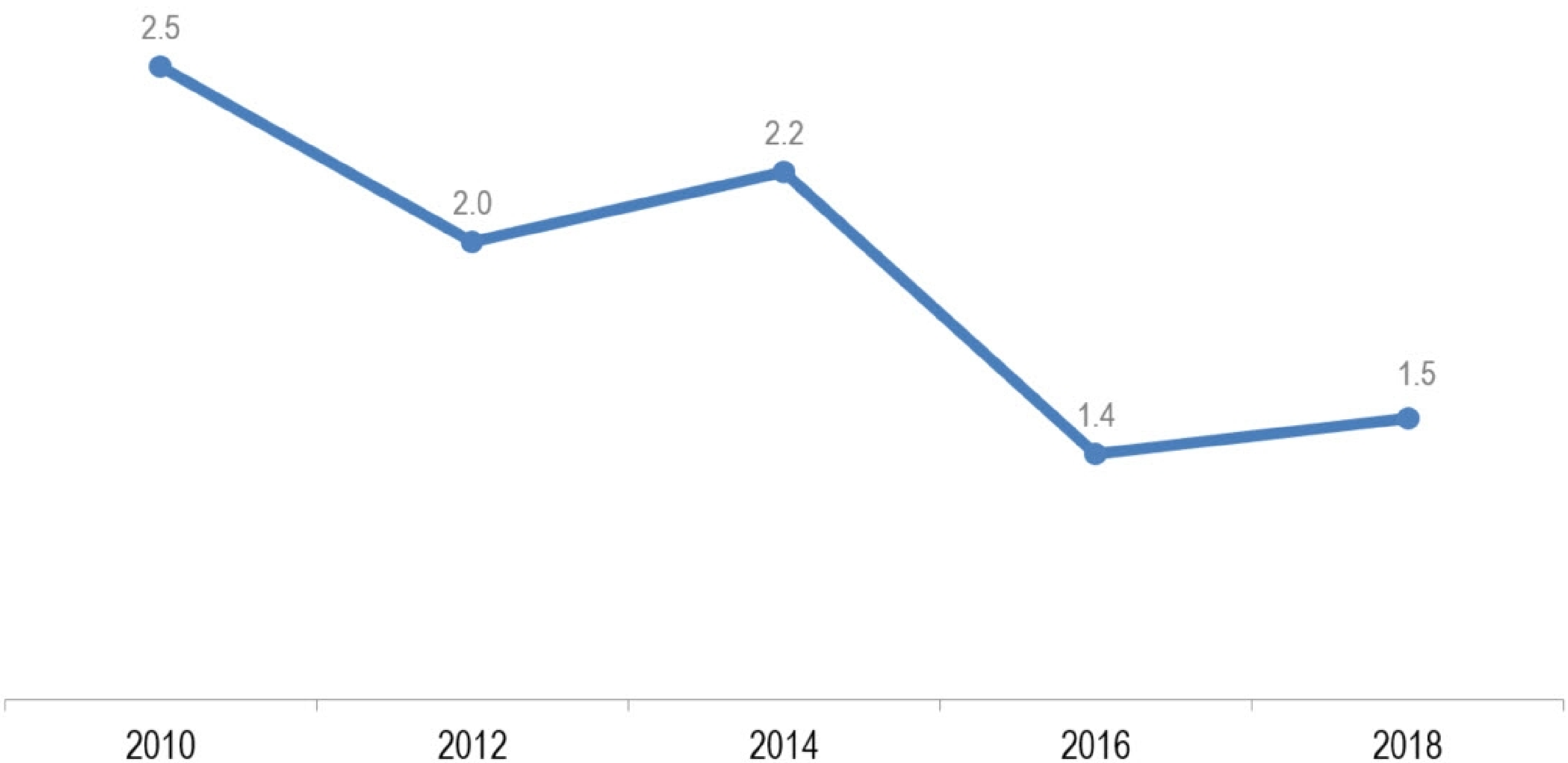


Average rep tenure now sits at 1.5 years.

In 2010, a lifetime ago in internet years, it was common to have average tenure in excess of three years (44% of respondents). Now, a mere 8% experience that kind of rep longevity.

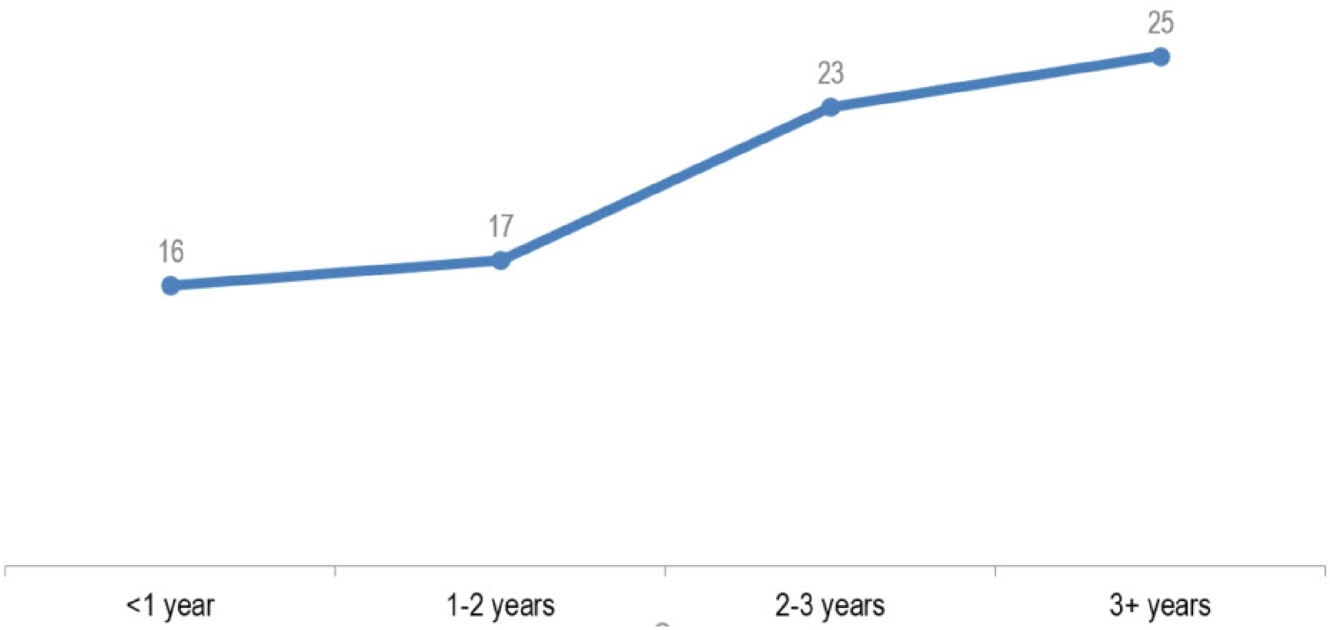
Average Tenure in Years

Change since 2010



Average Tenure in Months

As a factor of required experience at hire



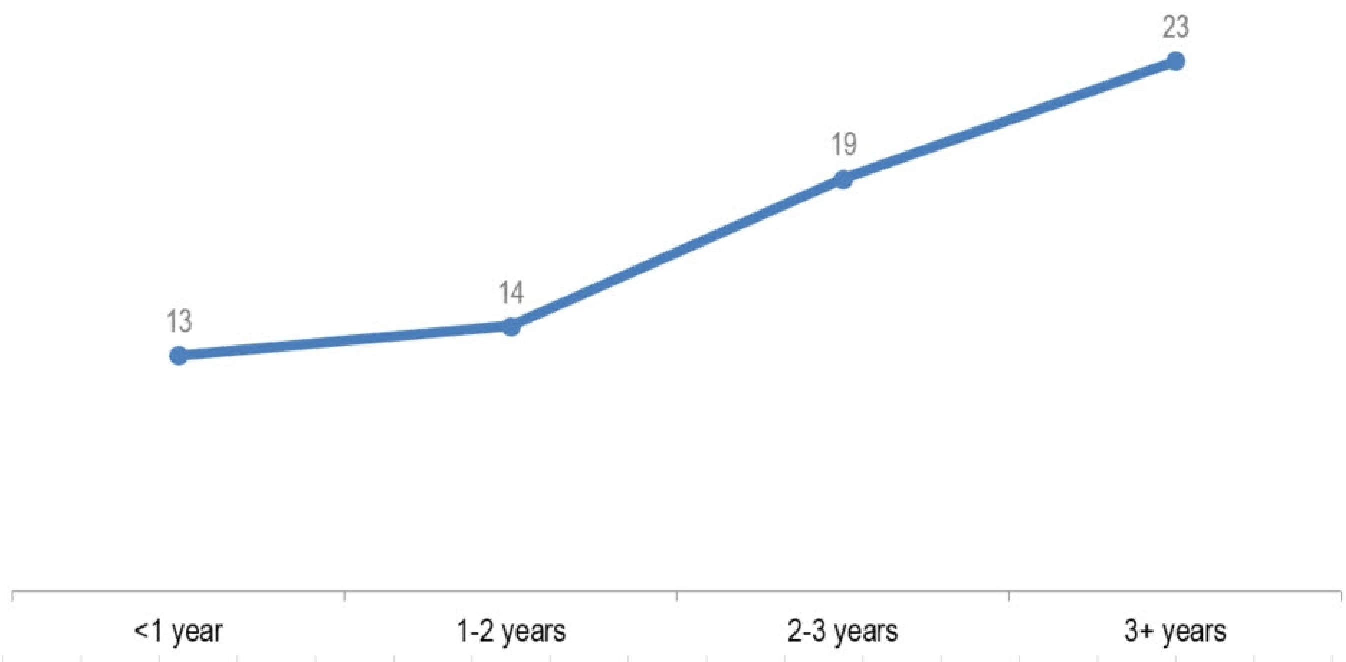
Companies hiring the least experienced reps experience significantly lower average tenure. This point is critical and needs to be baked into your overall strategy.

As you'll see in Part 4, for each additional year of sales experience, on-target earnings increase. As you saw earlier, the more experienced a rep, the more attractive they are to companies with higher ASPs. Given these facts, and the tight labor market, it is no surprise that average tenure struggles to return to the long-term average.

FULL PRODUCTIVITY

Months at Full Productivity

As a factor of required experience at hire



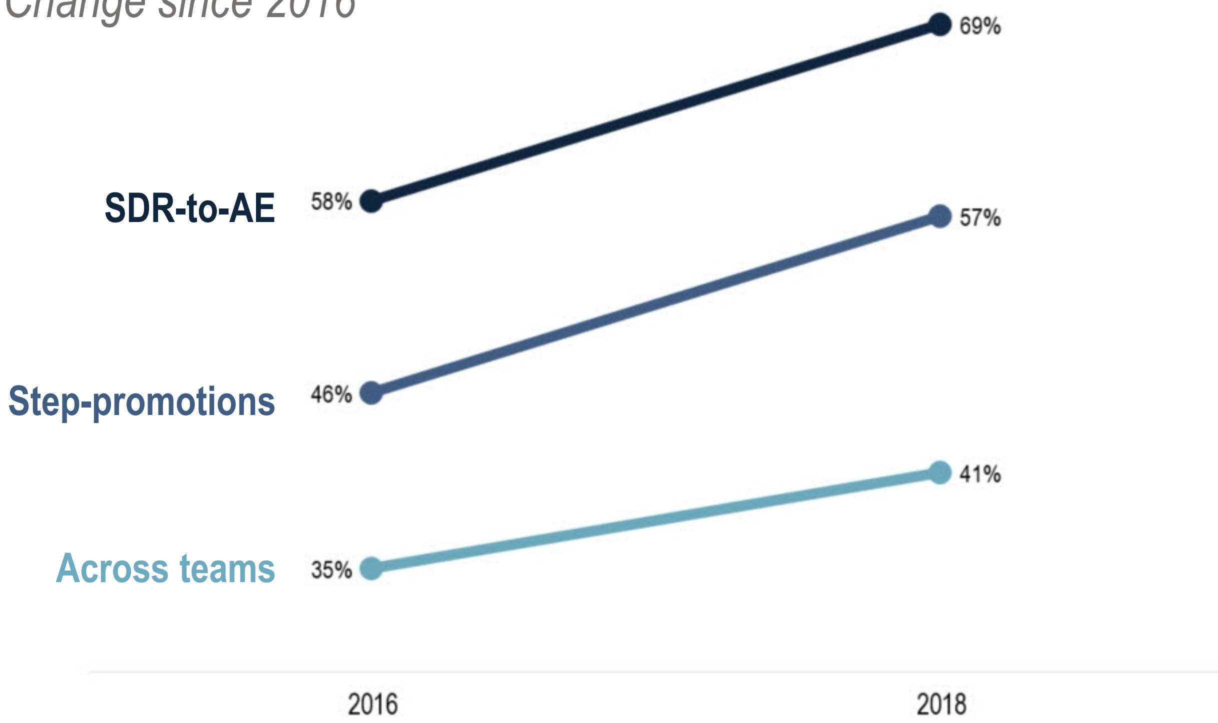
We're fond of a metric we call "months at full productivity." We calculate this by subtracting **tenure from ramp time**. Using this formula, we find an average of 15 months at full productivity.

Earlier, we established that hiring more experienced reps leads to longer average tenure. We also found 3.2 months as more or less consistent ramp time. Therefore, it should come as no surprise that more experienced reps have longer months at full productivity.

CAREER PATH

% of Respondents Offering a Given Career Path

Change since 2016

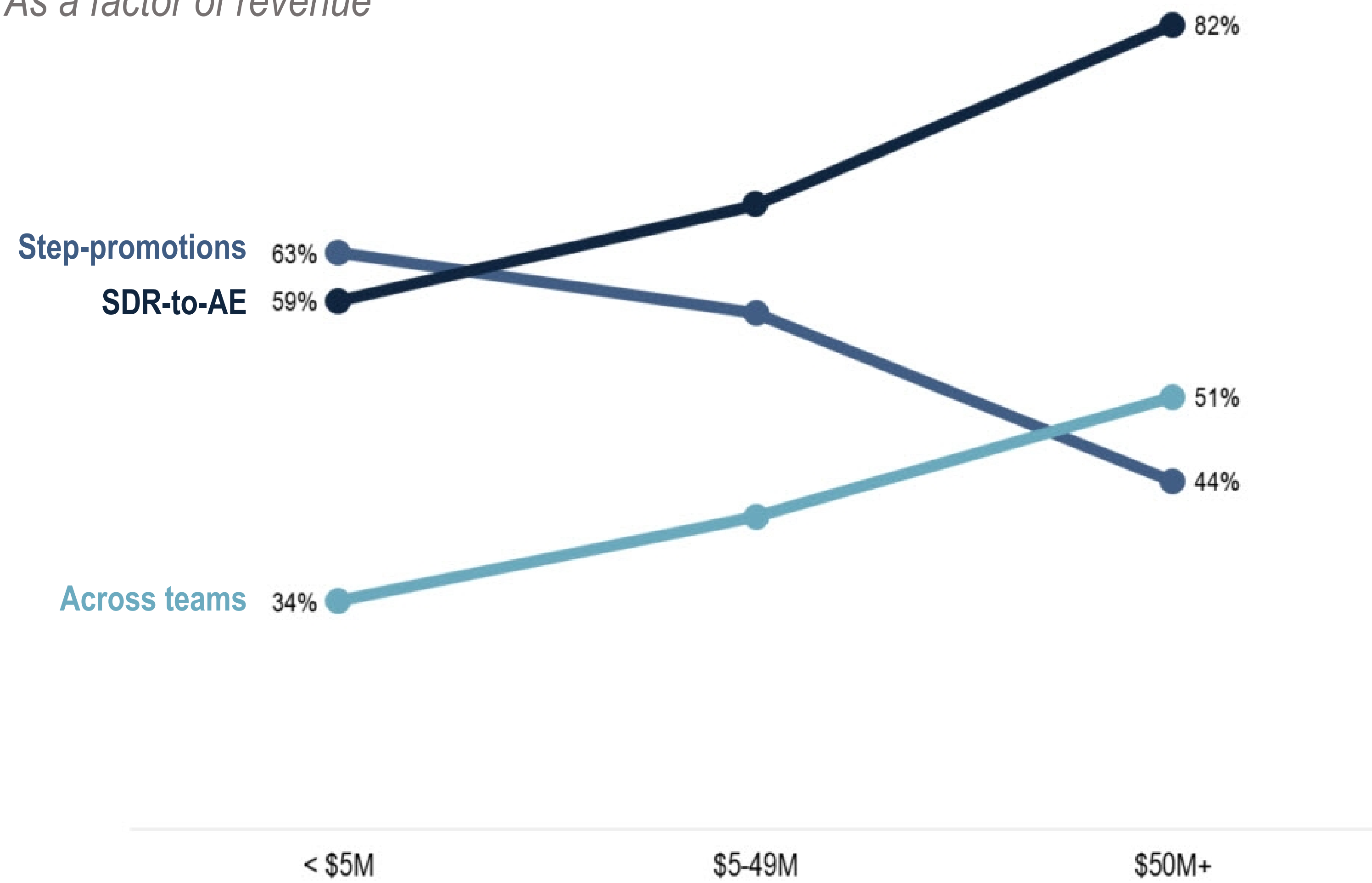


Step-promotions	Associate SDR, Senior SDR, Principal SDR, etc.
Across teams	Inbound, Outbound, Enterprise, etc.
SDR-to-AE	Into a quota-carrying role

A full 95% of companies offer at least one of the career paths above. Nearly 25% offer two. Another 26% have built three or more.

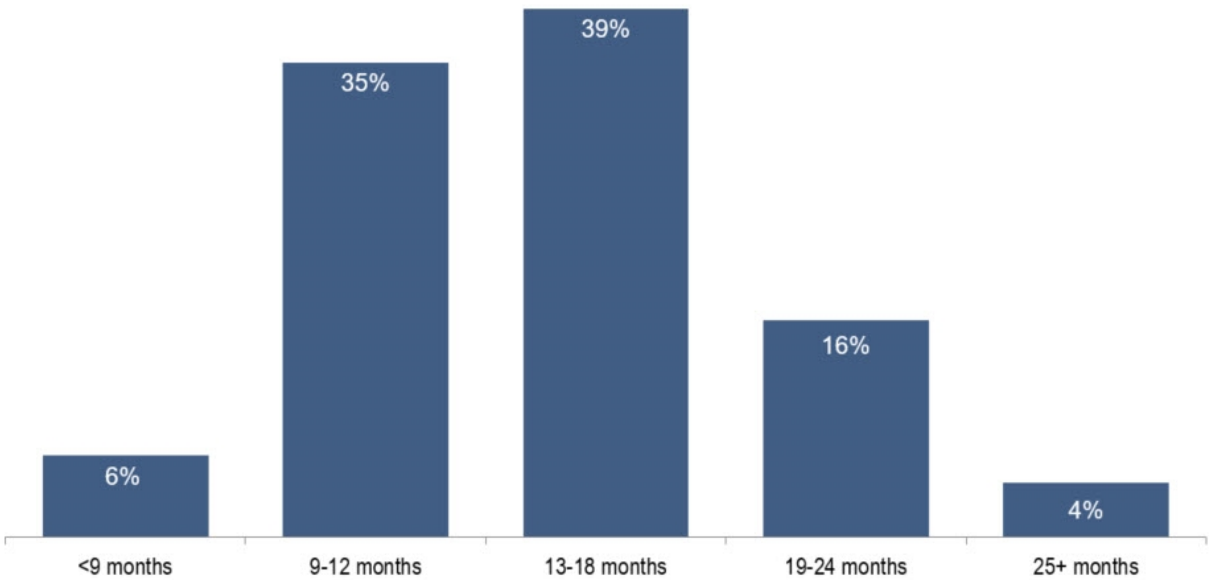
% of Respondents Offering a Given Career Path

As a factor of revenue



AE PROMOTION PATH

Average Time as SDR Prior to AE Promotion



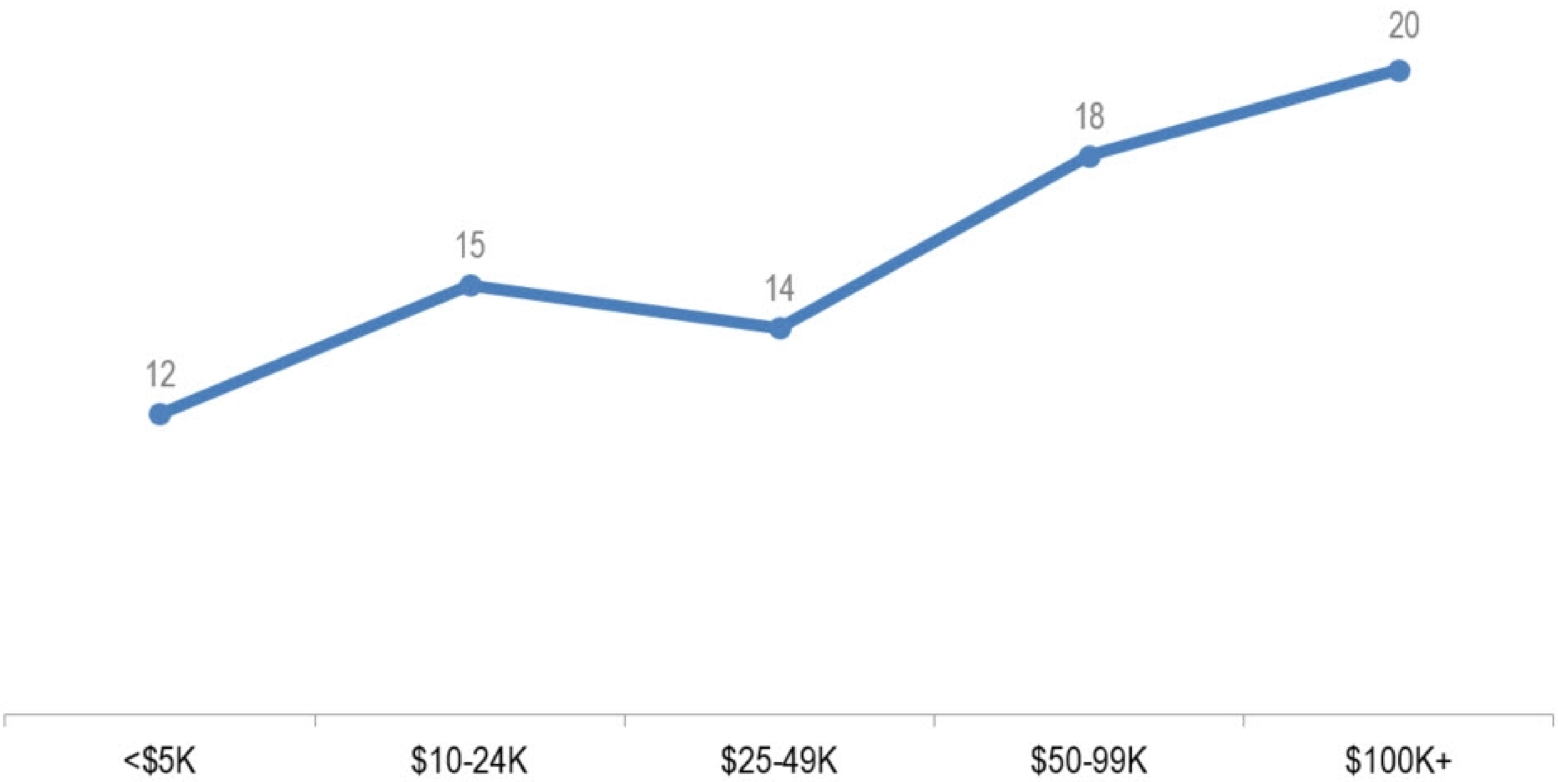
SDRs spend an average of 16 months in role prior to promotion.

For those respondents with an SDR-to-AE promotion path, reps spend an average of 16 months in the SDR role prior to promotion.

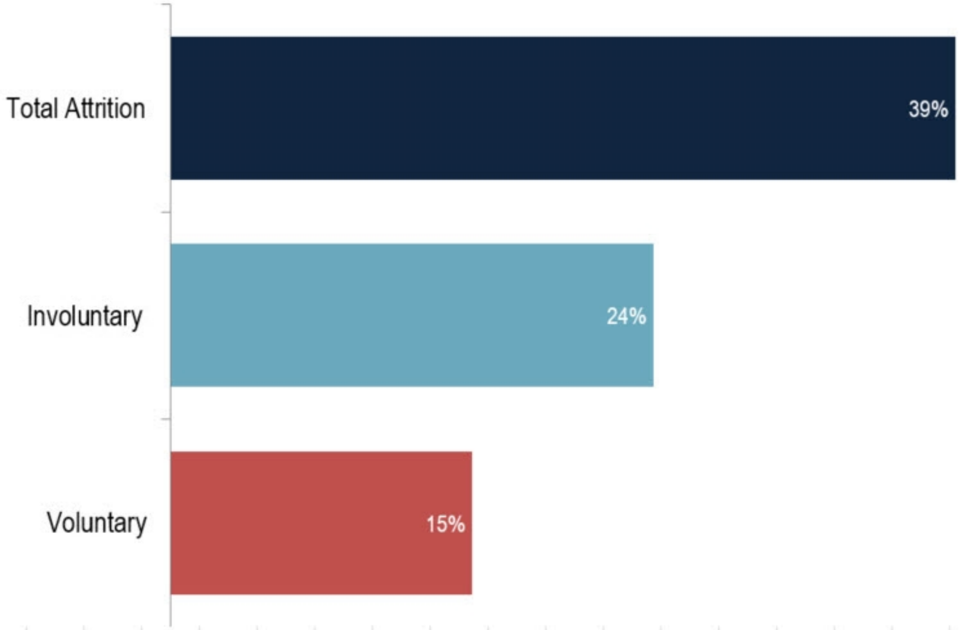
This varies significantly by ASP. The larger the deal size, the more "time in role" before SDRs are promoted to AE.

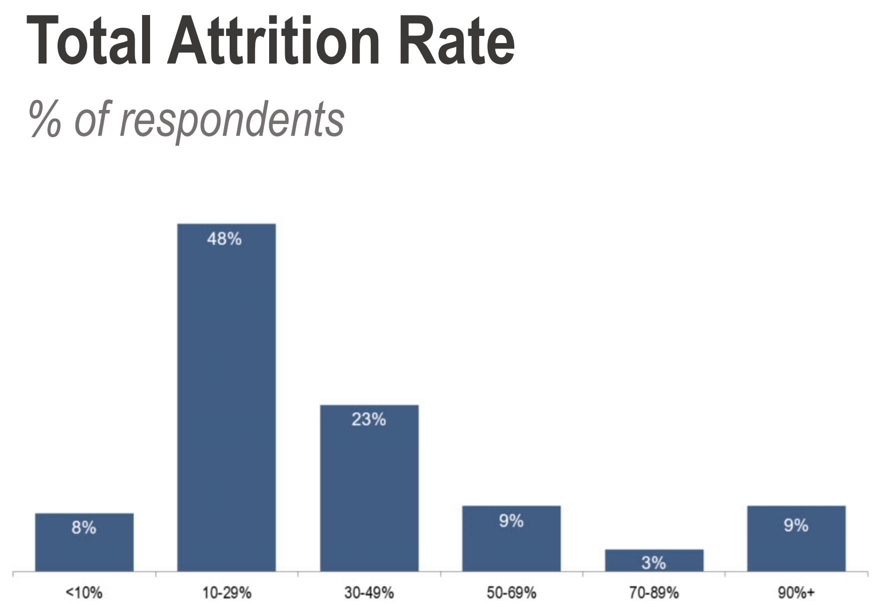
Months as SDR Prior to AE Promotion

As a factor of ASP



REP ATTRITION



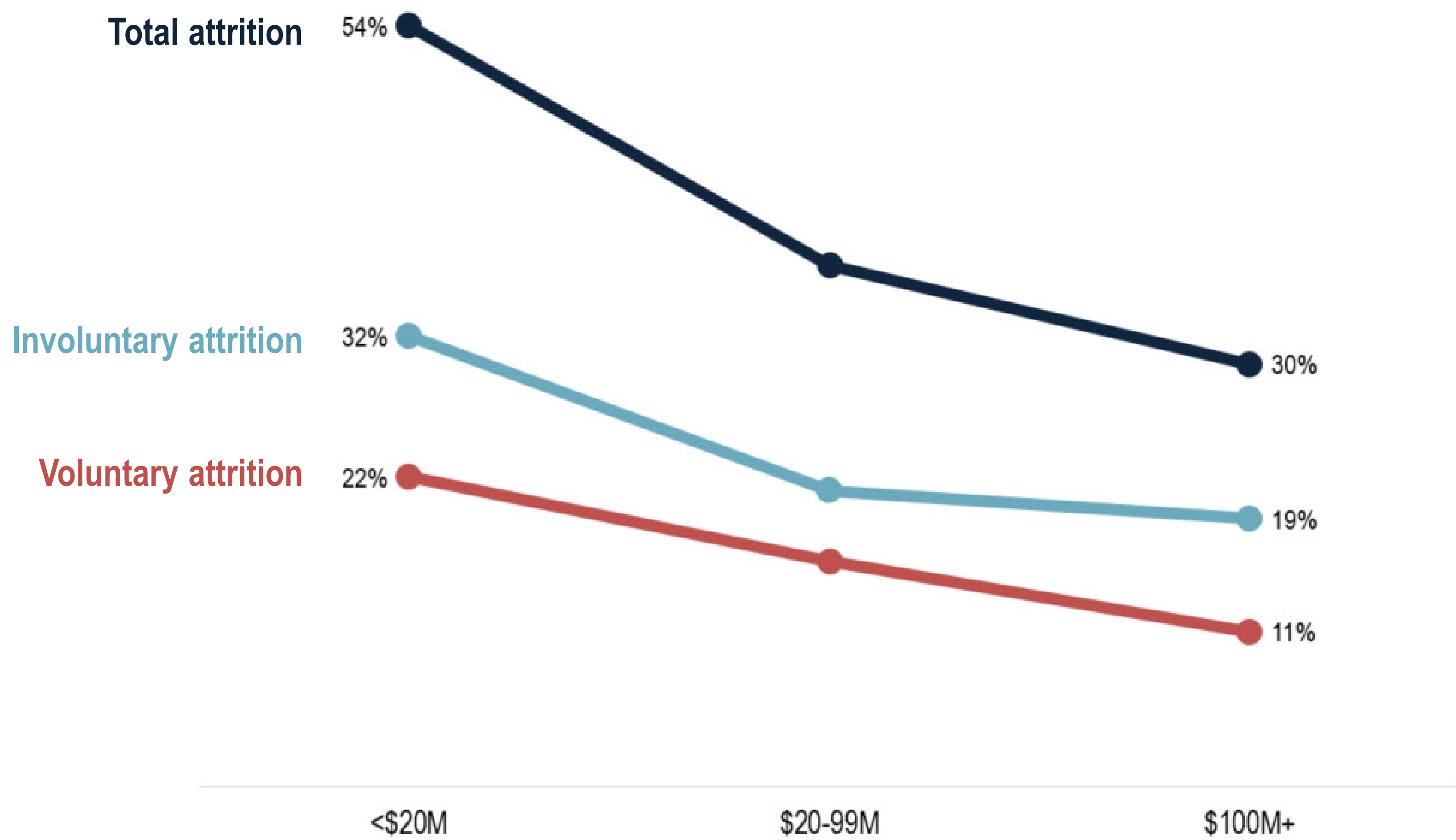


Total attrition averages 39%, with involuntary attrition making up nearly two-thirds of that. For our purposes, we defined *involuntary turnover* as “attrition resulting from termination” and *voluntary turnover* being “attrition initiated by the rep (e.g., resignation).” We asked respondents to exclude promotion and/or internal transfers from these calculations.

Interestingly, “high-growth” companies have slightly higher total turnover rates. They report lower voluntary attrition rates (13% versus 15%), but significantly higher involuntary termination rates (29% versus 21%). Said another way, they experience fewer reps quitting while also firing at significantly higher rates.

Attrition Rates

As a factor of revenues



Companies with revenue below $20M experience significantly higher attrition than larger companies. This is true even when controlling for required experience at hire.

Being a growth-stage company has its own unique challenges. You lack brand recognition with candidates, you're competing in a tight labor market with well-funded players, and often, you're treated as a stepping stone to a more lucrative career role at a "big name" company.

Those factors likely account for much of the "higher quit rate" at smaller companies.

The disparity in involuntary termination, however, must have other causes. Perhaps as companies grow, their hiring IQ increases. After more hiring rounds, they're better at identifying ideal candidates. Or perhaps the factors mentioned above leave smaller companies hiring reps less suited for the role. This is the old *bad breath* versus *no breath* gamble. Or finally, perhaps it is just easier for mediocre reps to "hide" in larger companies. Smaller companies are more willing to admit mistakes and terminate bad fit reps.

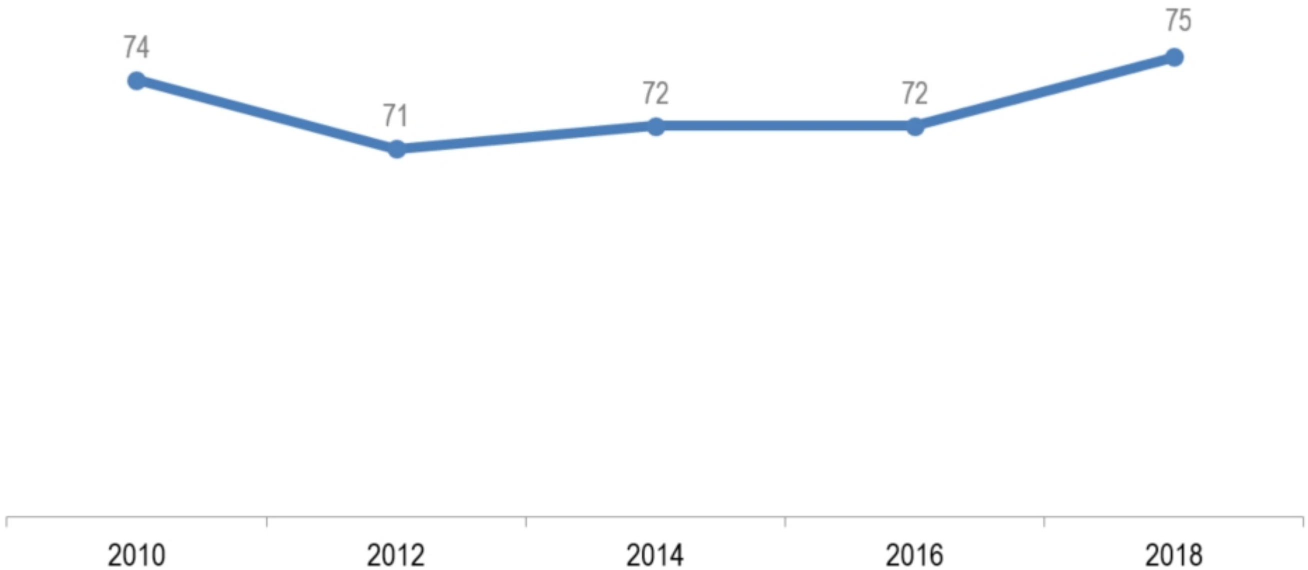
PART 4

COMPENSATION & QUOTA

SDR COMPENSATION

On-Target Earnings in $Ks

Change since 2010



	SDRs
Base Salary	$48K
OTE	$75K
Mix	64%-36%

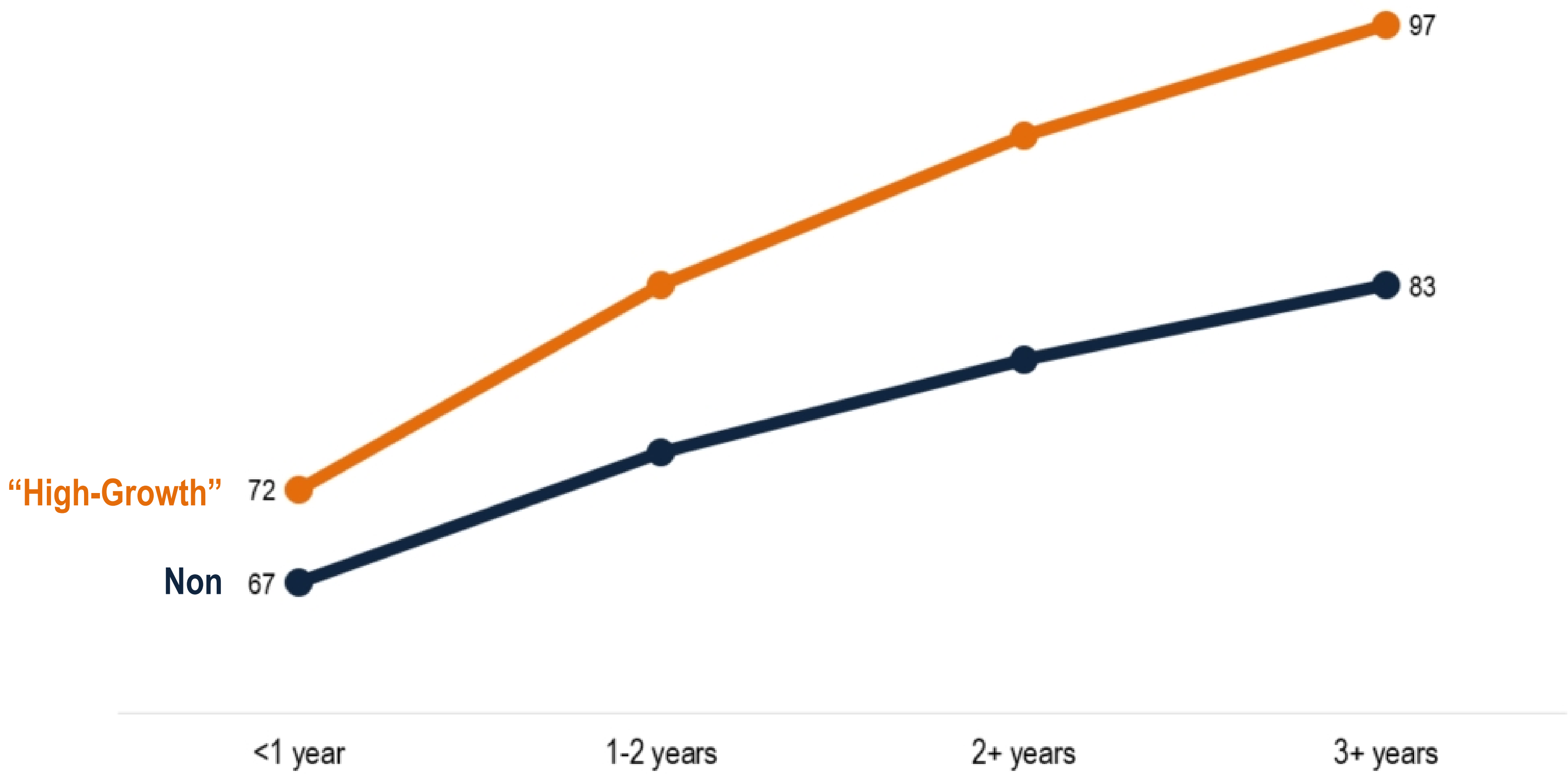
Base and OTE are up slightly from 2016. This the first notable increase in SDR compensation in nearly a decade.

In both nominal and real terms (adjusting for inflation), average sales development OTE never recovered from pre-recession levels. As we approach—or possibly break through—full employment, it reasons that SDR compensation will have to rise.

On average, “high-growth” companies pay slightly higher OTEs ($80K). This is true across all experience bands with “high-growth” companies willing to pay up when they do hire more experienced reps.

On-Target Earnings in $Ks

As a factor of experience at hire

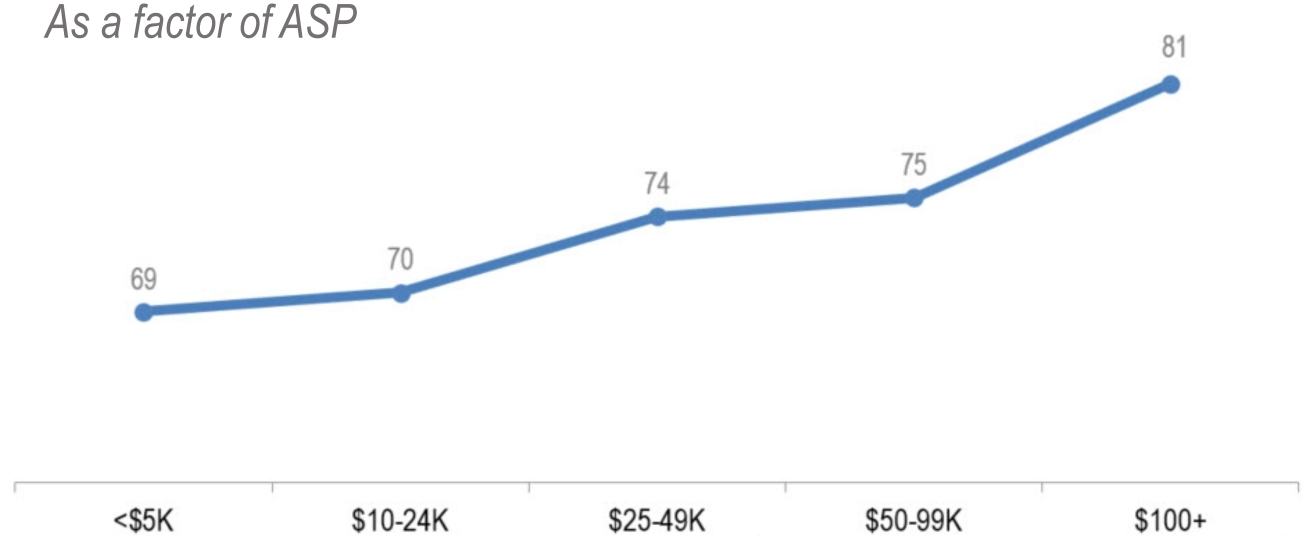


There are a number of variables that impact SDR compensation, including:

1. **Experience-** Reps with less than one year's sales experience earn 8% below the average. Reps with three+ earn roughly 27% above it.
2. **Charter-** Reps setting appointments earn slightly less than those generating qualified opportunities.
3. **Region + market-** The Northeast and the Pacific Coast report highest average comp. The Great Plains and the Southeast report the lowest. A competitive hiring market (*think*: Austin, Boston, San Francisco, etc.) impacts the "going rate" for SDR talent above and beyond region.
4. **ASP-** Even controlling for required experience, SDRs prospecting for higher ticket solutions earn higher salaries.

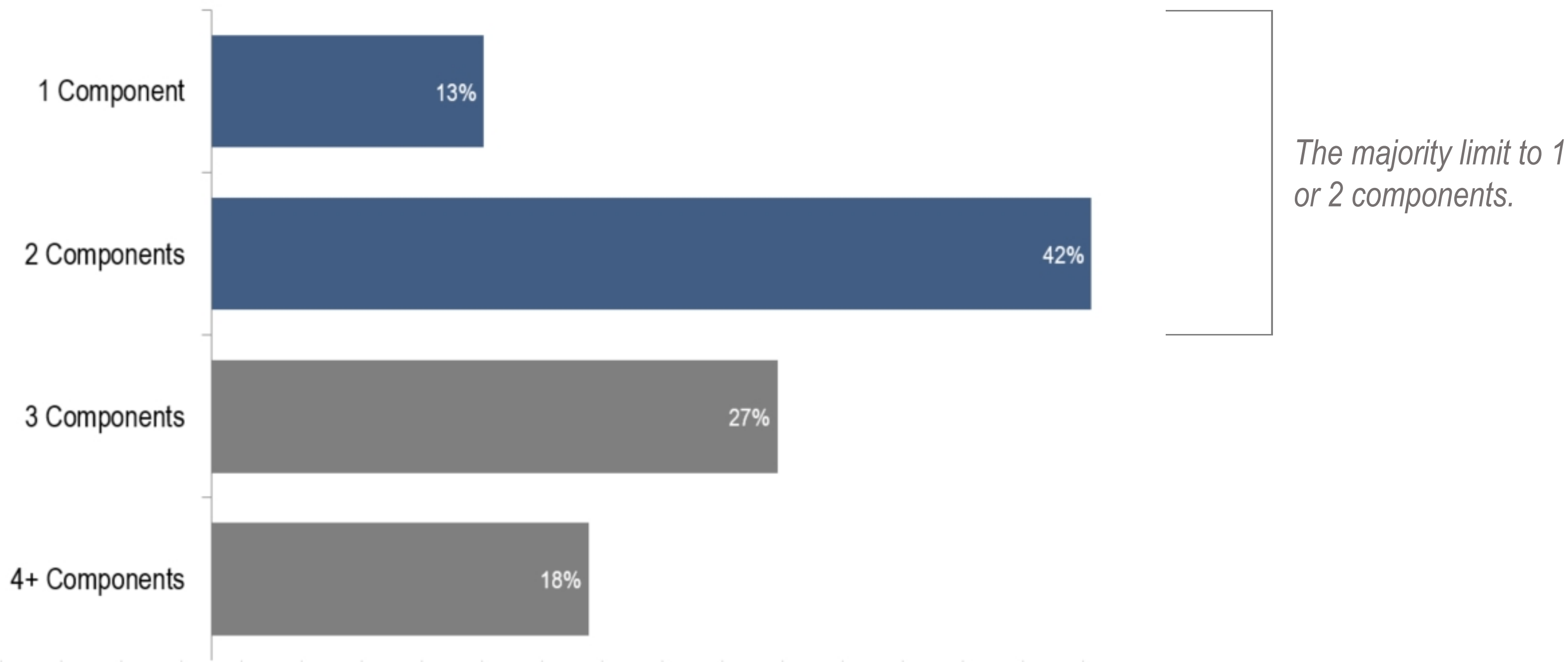
On-Target Earnings

As a factor of ASP



VARIABLE COMP

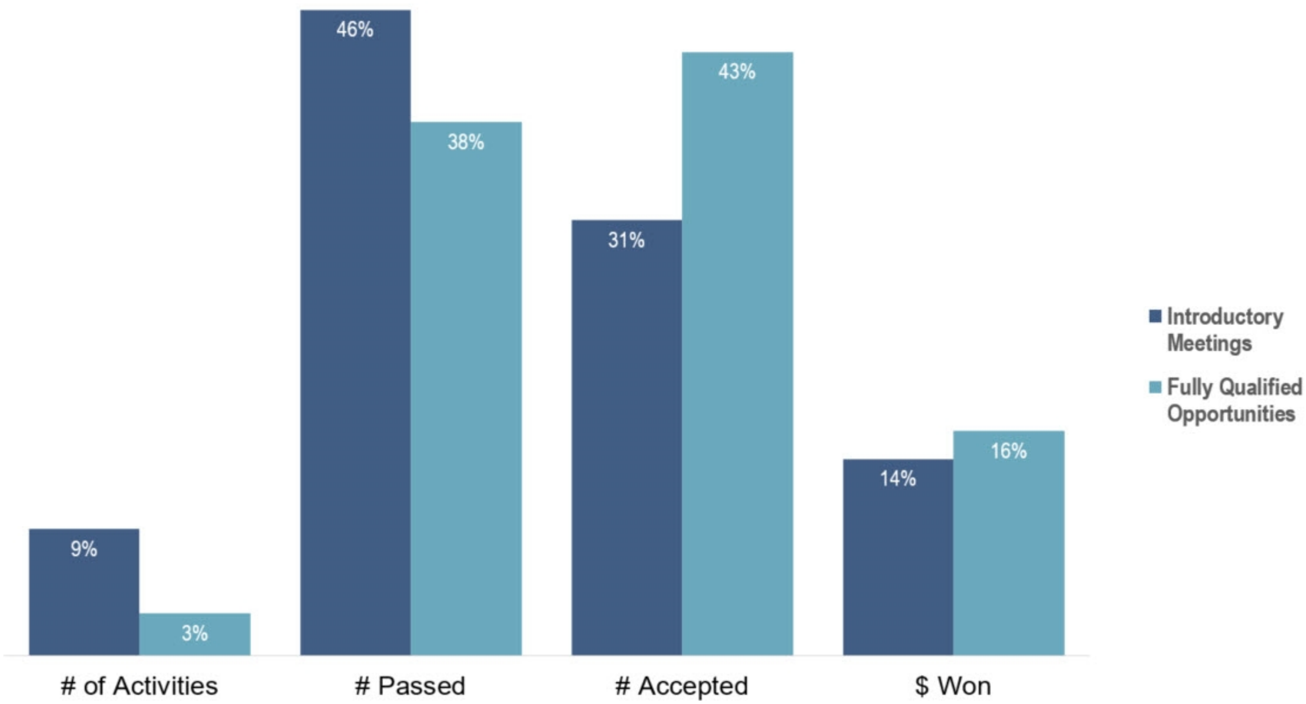
of Components Determining Variable Compensation



There's little doubt, SDR variable compensation is growing in complexity. We identified nearly two dozen different schemas for calculating incentive compensation. Compared with just two years ago, the percentage of respondents using *3 components* nearly doubled. And the percentage of respondents using *4+ components* more than tripled.

"High-growth" companies rely on fewer components (1.9 versus 2.2 on average). They are also nearly twice as likely to rely on just *1 or 2 components*.

Largest Share of Variable Compensation



We asked respondents to identify "which component determines the largest share of incentive compensation." As you can see in the chart above, there is far from clear consensus.

There is a strong impulse to equate quality with closed business. This often translates to paying the bulk of incentive compensation for SDR-sourced wins. From a management perspective, this is couched in terms of "driving alignment with the business." From a rep perspective, this often feels like "*screwing me for things outside my control*."

We believe that you shouldn't tie more than 20% of incentive compensation to "opportunities won." If you have a complex sale with cycles running 120+ days, don't tie *any* incentive comp to wins. Think about it from the perspective of a brand new SDR.

Day 1, they start. Let's do this!
Day 18, they pass their first qualified opportunity. Woot!
Day 25, the opportunity is accepted by the AE. Awesome!
Day 30, nothing.
Day 60, nothing.
Day 90, nothing.
Day 109, the opportunity is closed and won. Hooray?

Are we really to believe that paying 100+ days after passing an opportunity drives any type of behavior? Seems doubtful. Additionally, if you pay too heavily on opportunities won, your reps will turn into mini-sales admins. In order to make sure they get their deals over the finish line, they'll do all the back-office support work that an account executive might ask for. All the time they spend here is time not spent talking to new prospects.

"High-growth" companies are:

- More likely to pay "introductory meeting" SDRs on *appointments set*
- More likely to pay "fully qualified opportunity" SDRs on *opportunities accepted*
- And less likely to pay either type of group on *$ Closed Won*.

MONTHLY QUOTAS

INTRODUCTORY MEETINGS	
Meeting Passed	21
Meetings Converted	11

FULLY QUALIFIED OPPORTUNITIES	
Opportunities Passed	15
Opportunities Converted	10

Quotas nudged up slightly from 2016. Please note these are the averages and the responses ranged widely. For example, quota for an Outbound SDR with an ASP of $200K+ went as low as 2 opportunities per month. While quota for an Inbound SaaS SDR with an ASP of less than $5K went as high as 60.

To give you a sense of what's at play, here are four variables you should take into consideration:

1. **ACTIVITY FOCUS:** Is your team qualifying inbound leads or conducting outbound prospecting? If inbound, how many leads will Marketing generate? What is your historical conversion rate from *lead* to *SDR qualified*? If outbound, how well recognized is your brand in the market? This may seem like a strange question, but it matters. When your prospects hear your company name, does it make them more or less likely to take the call?

2. **MODEL:** Are you closing on interest? Or qualifying for need? Closing on an introductory meeting is much easier than fully qualifying an opportunity. As we discussed in part 1, you've already made the decision as to which model to implement. Obviously, you can't mix and match model and quota assumptions (e.g., require high-qualification and use low-qualification benchmarks).

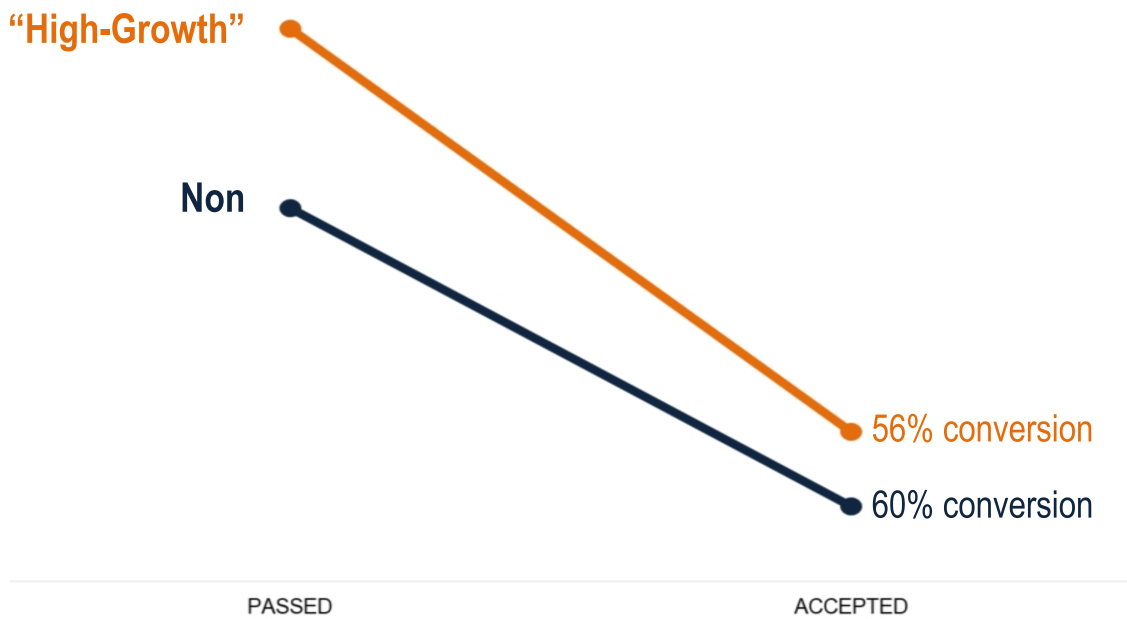
3. **SIZE OF ACCOUNTS:** What size of company and what level within an organization are you targeting? Scheduling a call with the Director of Sales Operations at a $20M software company and the Director of Sales Operations at LinkedIn are two very different animals—even if an SDR is trying to introduce the exact same product or service. Similarly, it is much easier to reach the SVP of Marketing at a $50M manufacturer than a Marketing Director of Amazon.com.

4. **MARKET MATURITY:** Are you selling into a mature market (where the need is understood) or immature (where the concept itself is new)? Just this week, I received an email from a rep at an electronic signature technology company. She asked about my availability to discuss our "eSignature needs." The fact that I knew she meant *the sharing, tracking, signing, and storing of documents from any device* means that eSignature is mature. The rep was able to use shorthand to orient me to what she was asking. If you're selling something that is not yet mainstream, your reps will have to work harder to hook those buyers. That needs to translate to lower quotas.

There is no way around it. Setting quotas is tough work. You can use the meeting setting (21/11) and qualified opportunity (15/10) numbers as benchmarks. Adjust up or down based on the four factors highlighted above.

Whether or not making quota is an achievable goal sets the tone for your culture. Make it attainable, and you'll have a group of competitive reps with a positive attitude. Make it too much of a stretch, and you'll have miserable reps and a high attrition rate.

Meetings “Passed” Versus “Accepted”



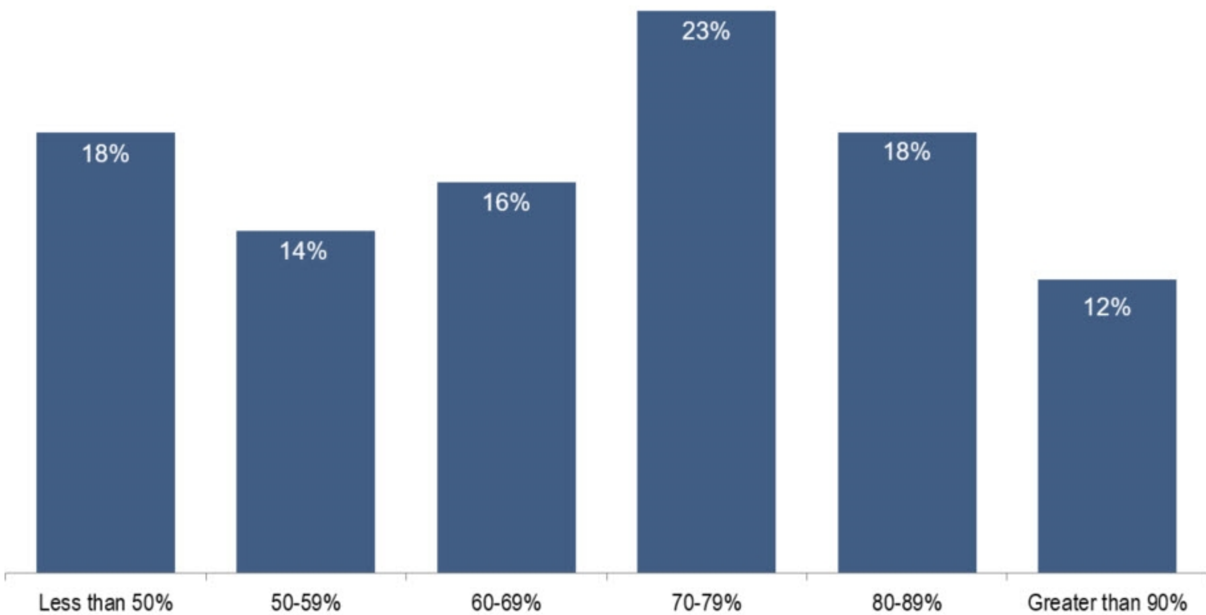
Let’s turn to “high-growth” companies. We suspected that one factor making these companies *high-growth* would be their effectiveness at sourcing high-quality pipeline. As such, we expected their average “passed” numbers would be lower and their average “conversion” rate would be higher.

We found the exact opposite.

“High-growth” companies *do* source more accepted opportunities per month. But they do so by passing more (24% more) and converting at slightly lower rates on average. One factor common to “high growth” isn’t more finesse (higher conversion), but more force (higher volume at the top of funnel).

QUOTA ATTAINMENT

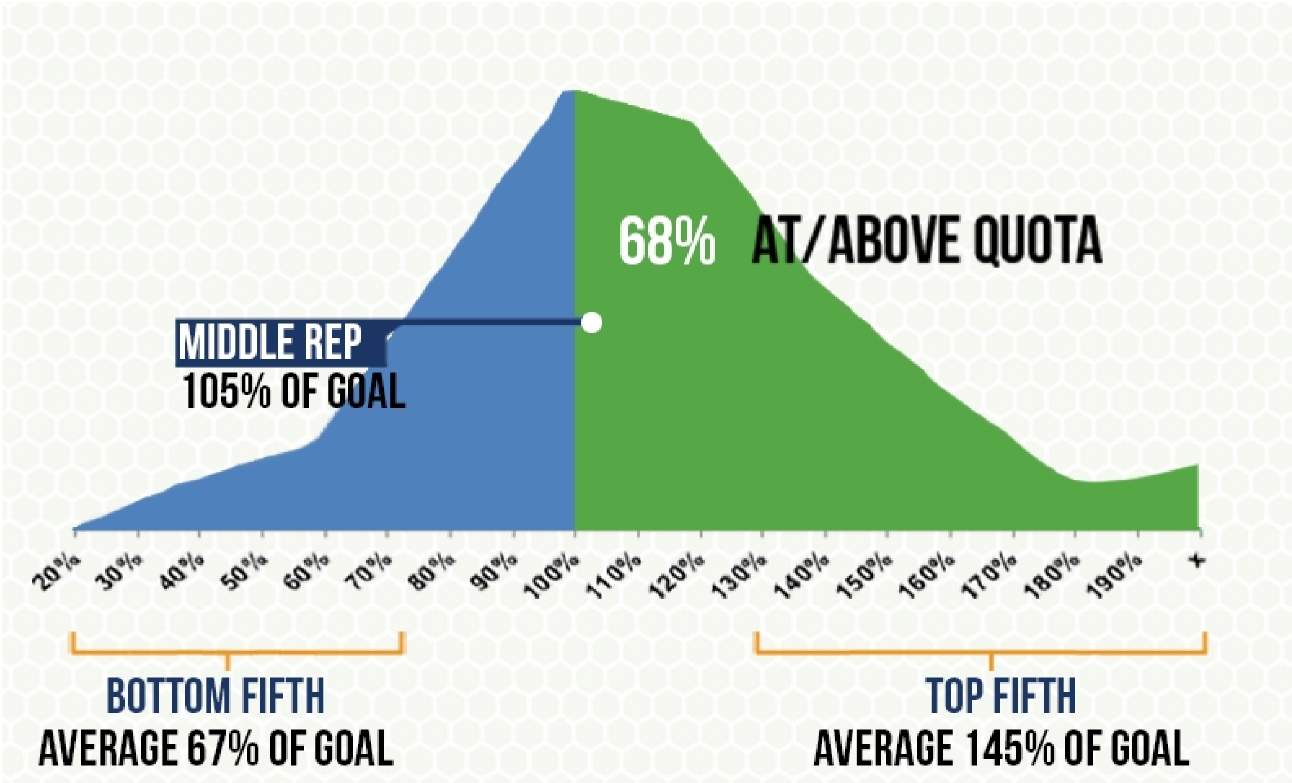
% of Reps in a Given Group Achieving Quota



68% of reps achieve quota in a given group.

On average, 68% of reps achieve quota in a given group. There has been remarkable consistency around this metric over the years. Two-thirds of reps achieving quota seems to be the natural equilibrium.

There is, and will always be, a distribution of rep performance as you can see in the chart on the next page. We wrote more about this topic and if you're interested in grading your team you can use this tool.

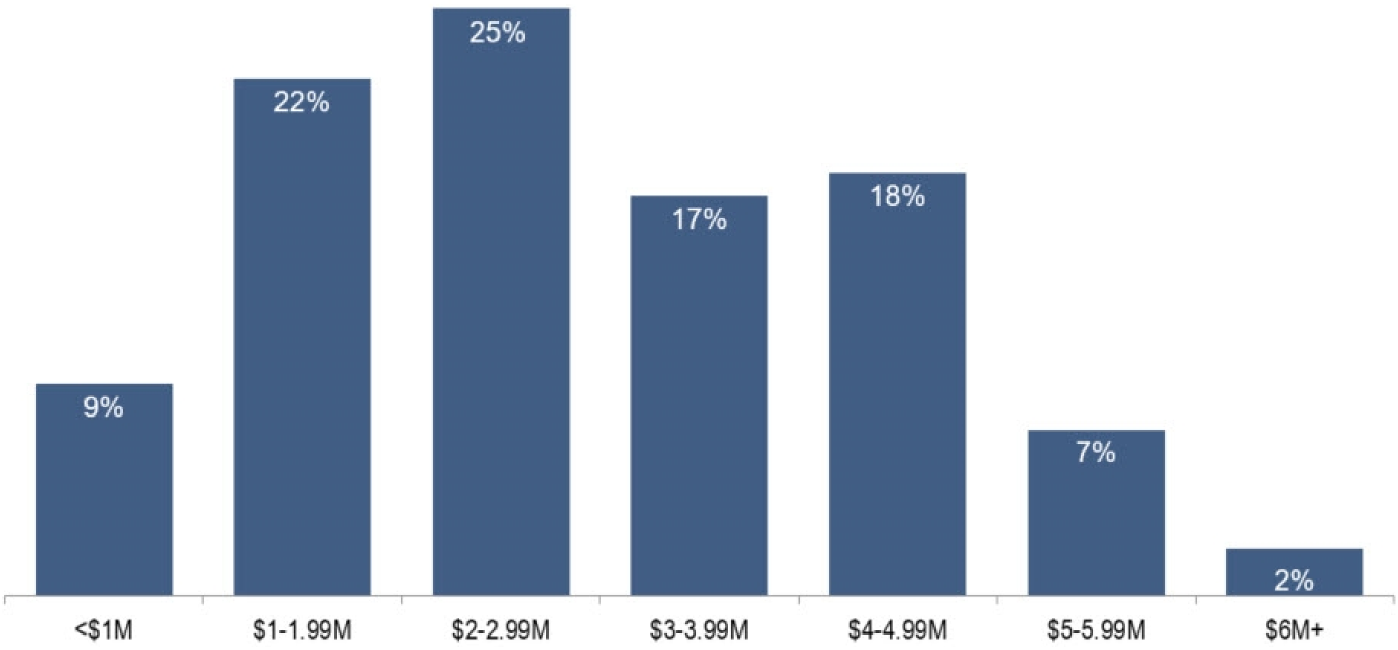


Based on our research, this is most common distribution of rep performance for a full year. For any team with appropriately set quotas, we'd expect to find:

- 68% of reps at/above quota
- The median rep at ~105% of goal
- The top fifth more than doubling production of the bottom fifth

PIPELINE GENERATED

Pipeline Sourced per SDR

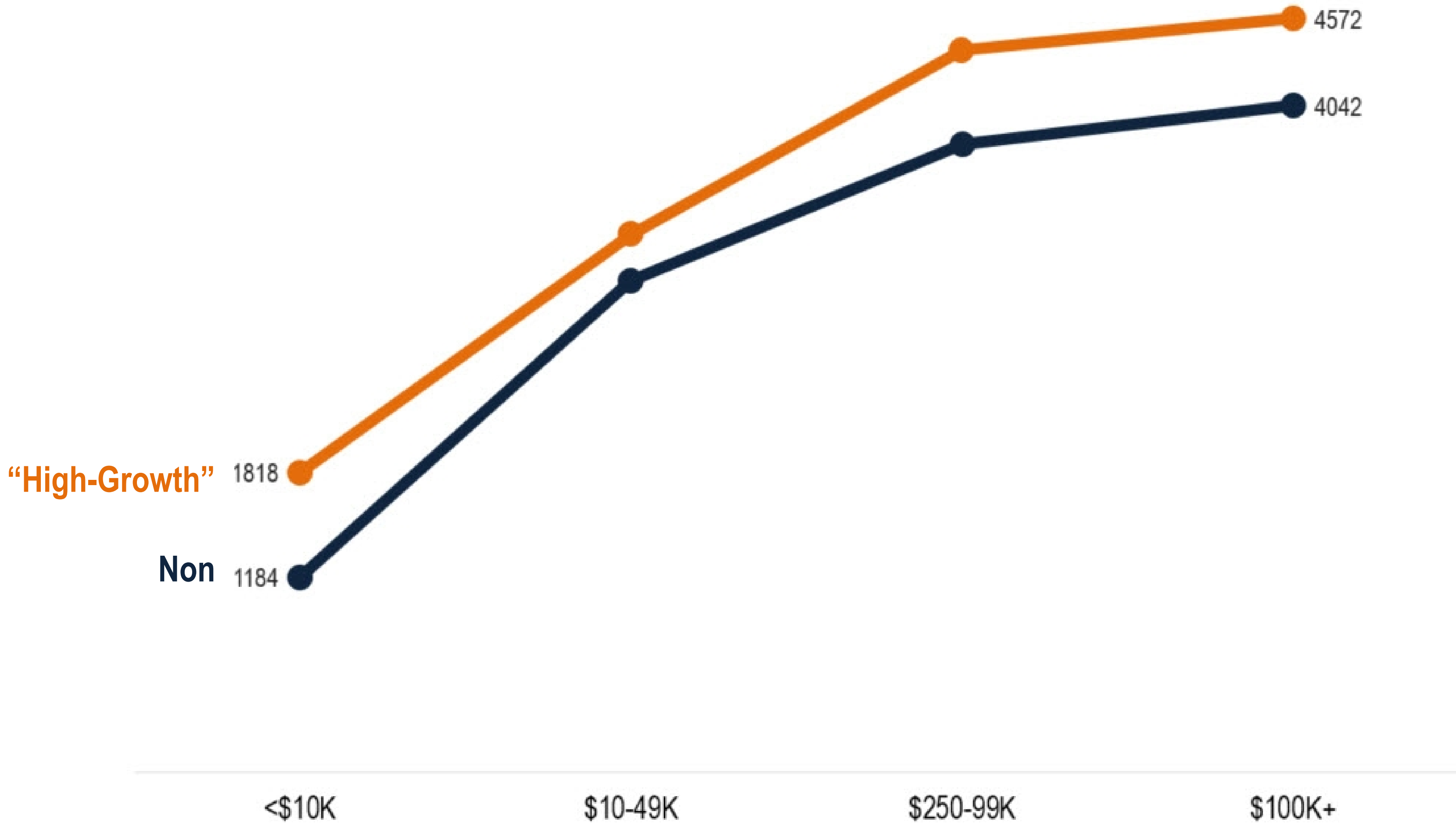


The median pipeline generated per SDR is $2.7M.

Note this is raw *pipeline*, not “forecast” nor “closed won.” There is wide variation across companies—some SDRs generating less than $500K in pipeline while others exceed $6M.

Pipeline Sourced per SDR

As a factor of ASP



Unsurprisingly, we observed that as ASPs increase, so does pipeline sourced per SDR.

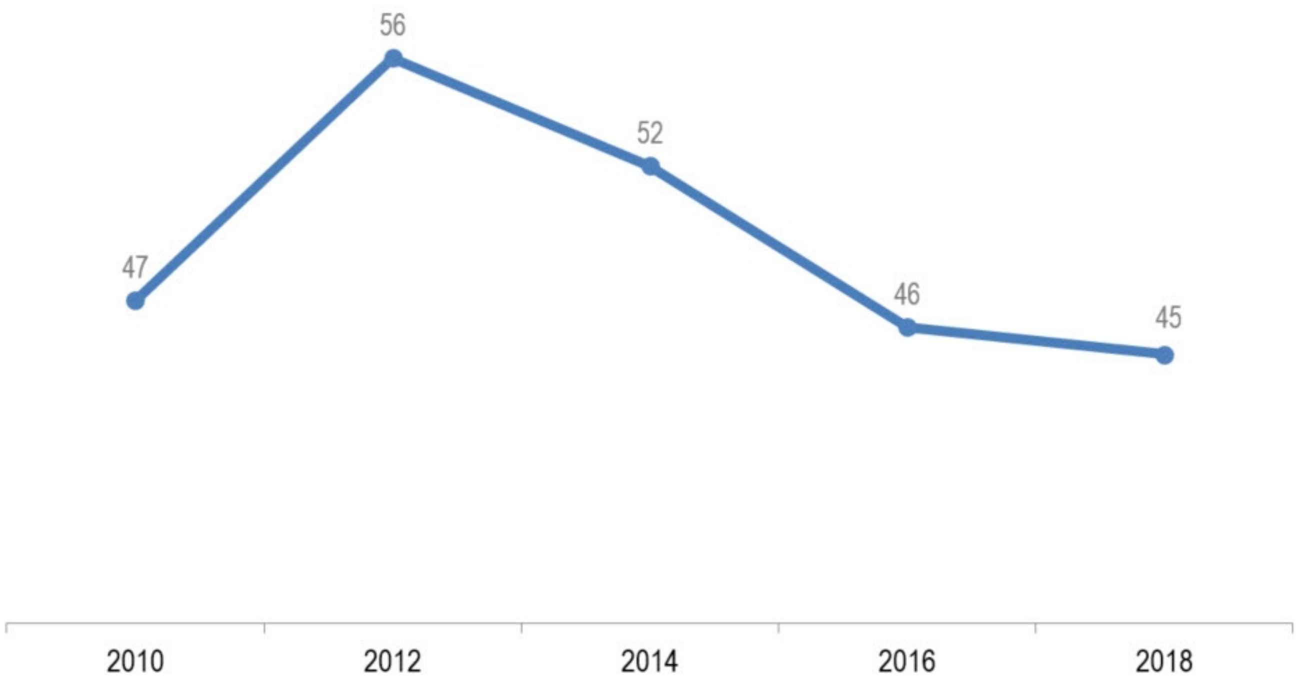
PART 5

ACTIVITY & TECHNOLOGY

ACTIVITY LEVELS

Dials per Day

Change since 2010



SDRs average 45 dials per day.

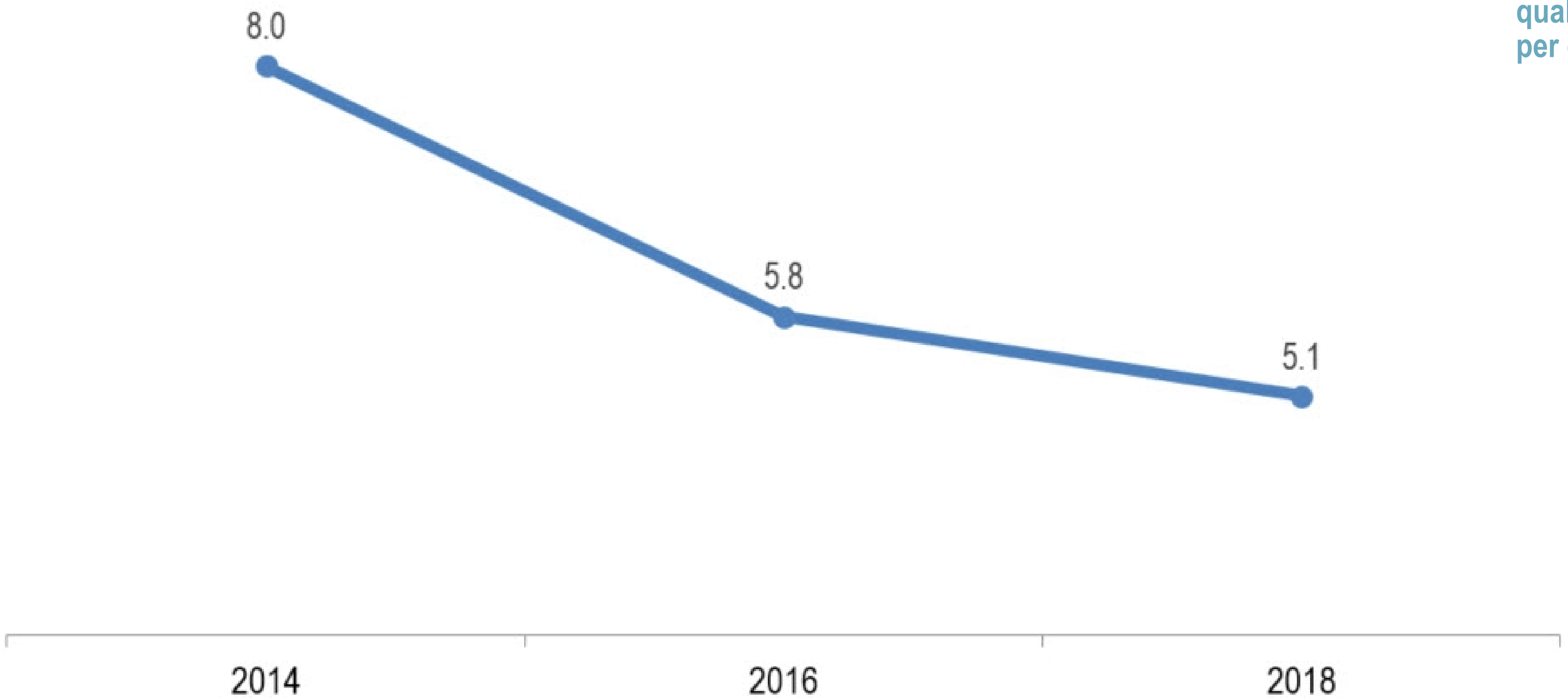
We found an average of 45 dials per day. This number has hovered around 50 dials per day for the last decade. There is much debate over the usefulness of this metric. It remains, however, one of the few levers that individual SDRs are able to pull. Dials are 100% under your reps' control - conversations, demos, and meetings are not.

Preston Clark, President of EdTech SaaS company, EverFi, wrote on LinkedIn about The Rise of the Silent Sales Floor. It is well worth a read.

QUALITY CONVERSATIONS

QCs per Day

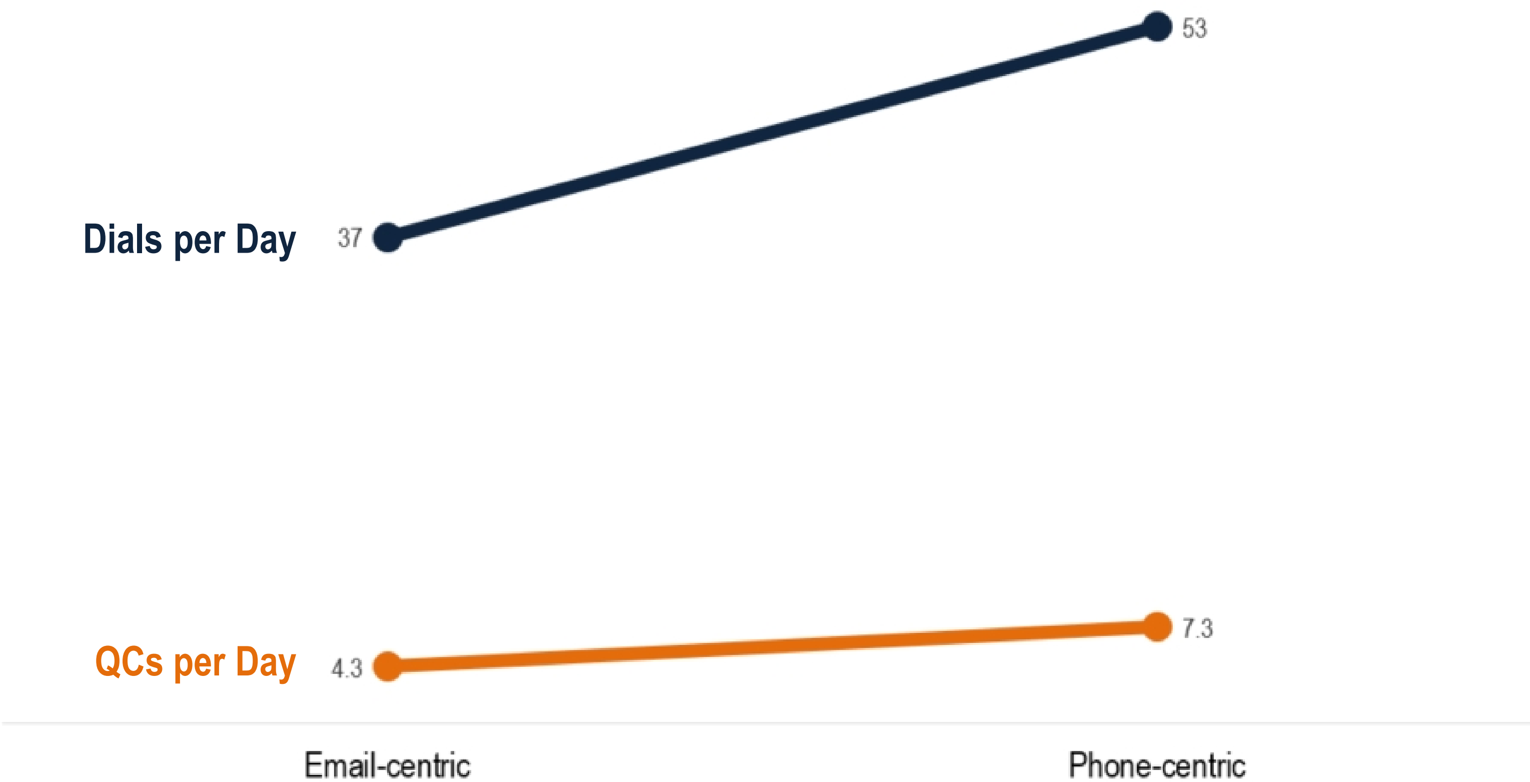
Change since 2010



SDRs average 5.1 quality conversations per day.

Another useful metric is the number of Quality Conversations per rep per day. We found an average of 5.1 QCs per rep per day. Based on reader feedback, we specifically defined a “quality conversation” as: **a connect or response where the SDR learns at least one piece of qualifying or disqualifying information.**

Across companies, the number of QCs ranges dramatically—from as low as 1 to as high as 30 per day.

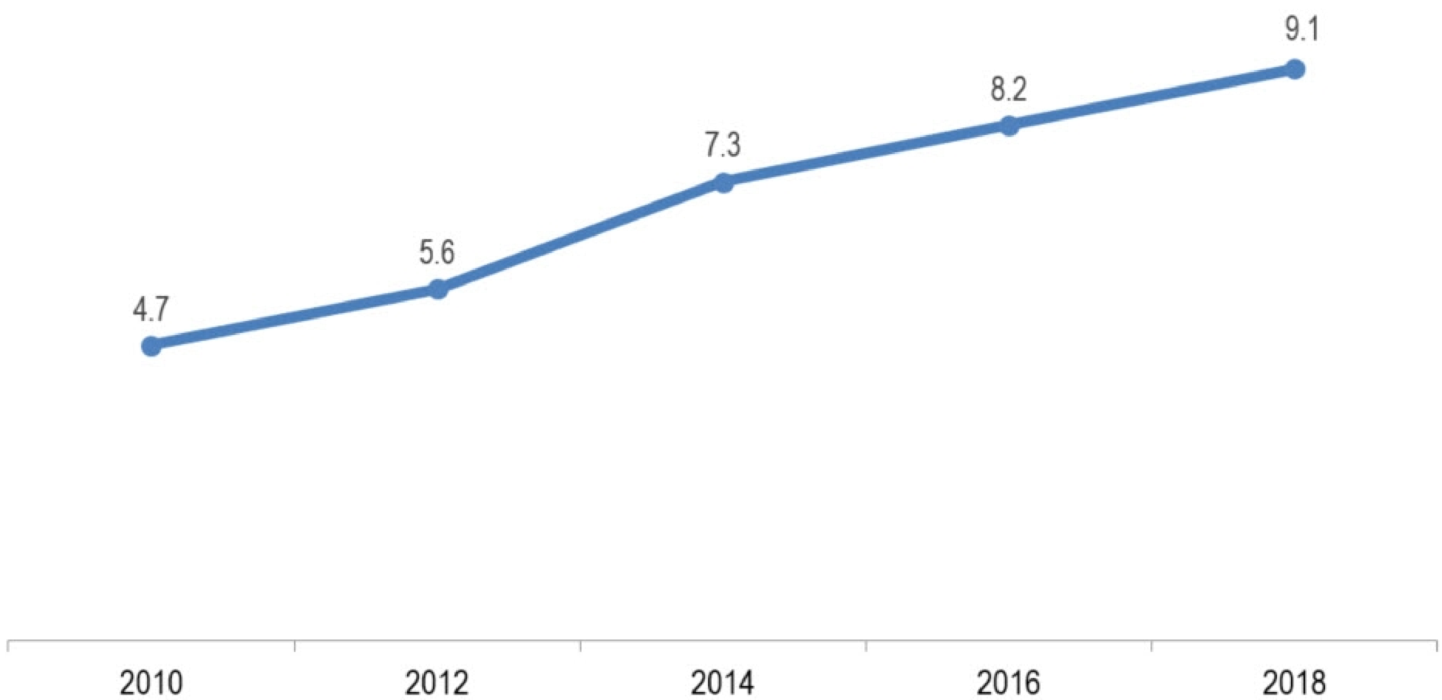


Additionally, we asked respondents to characterize their groups as either more "email-centric" or more "phone-centric." Responses indicated a roughly 50/50 divide.

Not surprisingly, phone-centric groups have higher average dials per day. Interestingly, they also reported 37% more quality conversations per day.

ATTEMPTS PER PROSPECT

Attempts Over Time



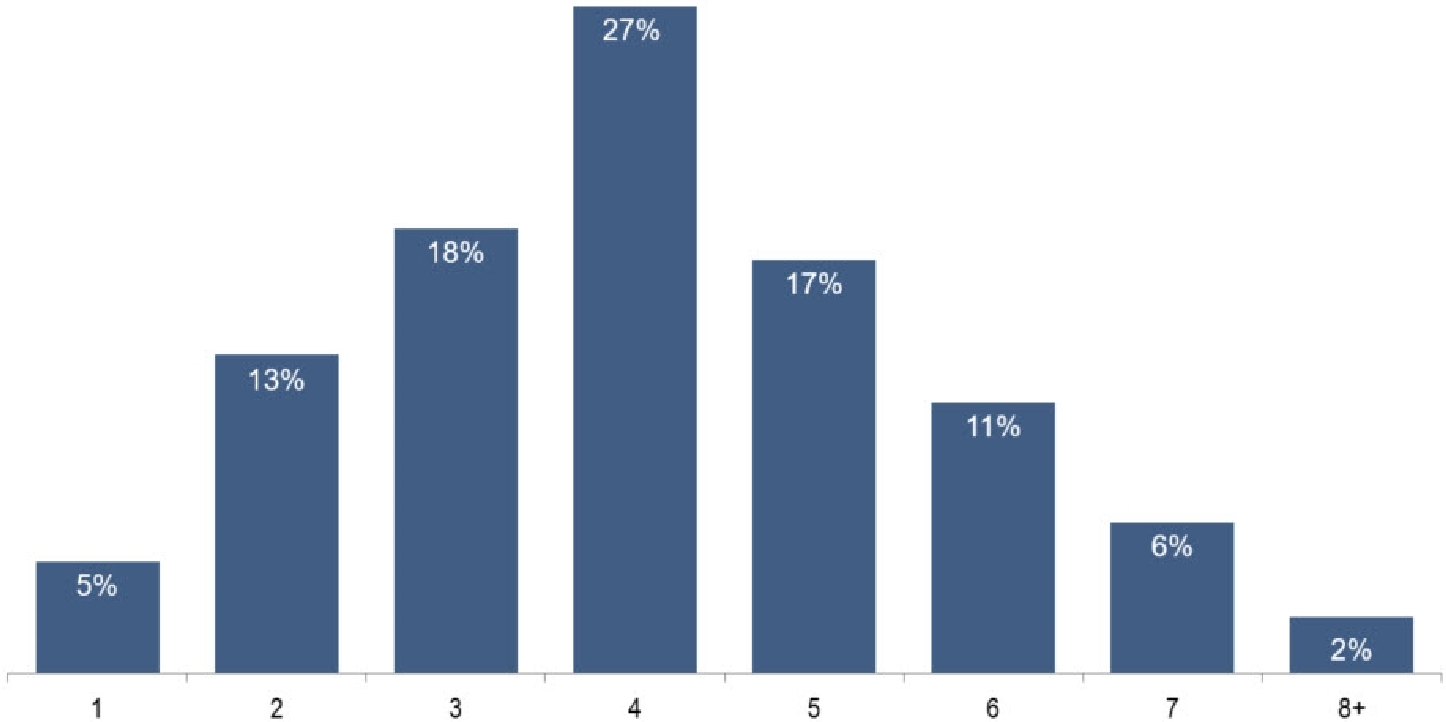
Attempts per prospect rose again in 2018.

On average, SDRs make 9.1 attempts per prospect. That is up from 2016 which was up from 2014 which was up from 2012—nearly doubling from 2010 to 2018.The data is undeniable, prospects are increasingly difficult to reach and longer cadences are required to make contact.

Interestingly, “high-growth” companies execute about one additional touch on average—this was across ASP, company size, and inbound/outbound models.

ACCELERATION TECHNOLOGIES

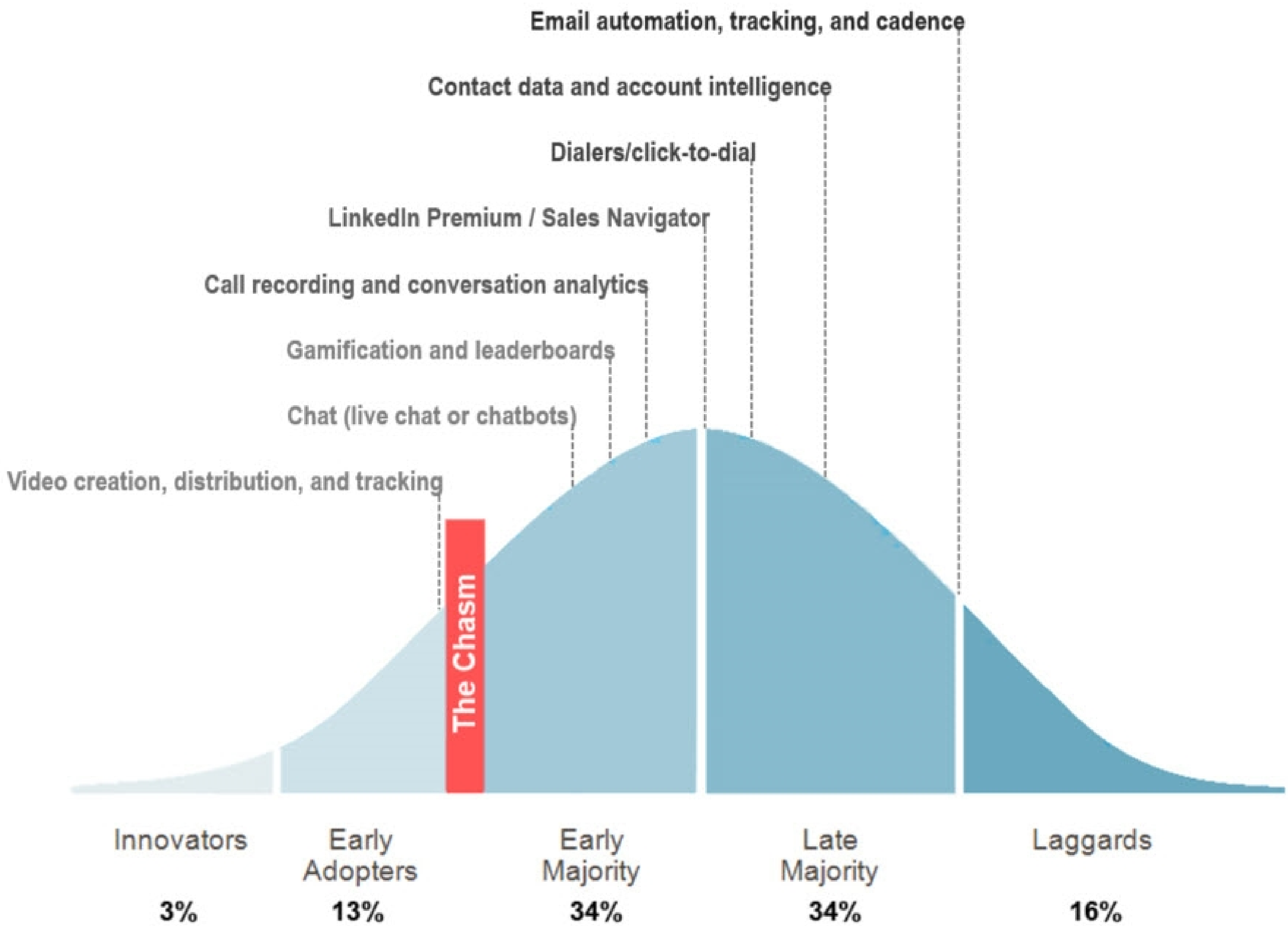
of Technologies in Use



We found an average of 4 tools per team.

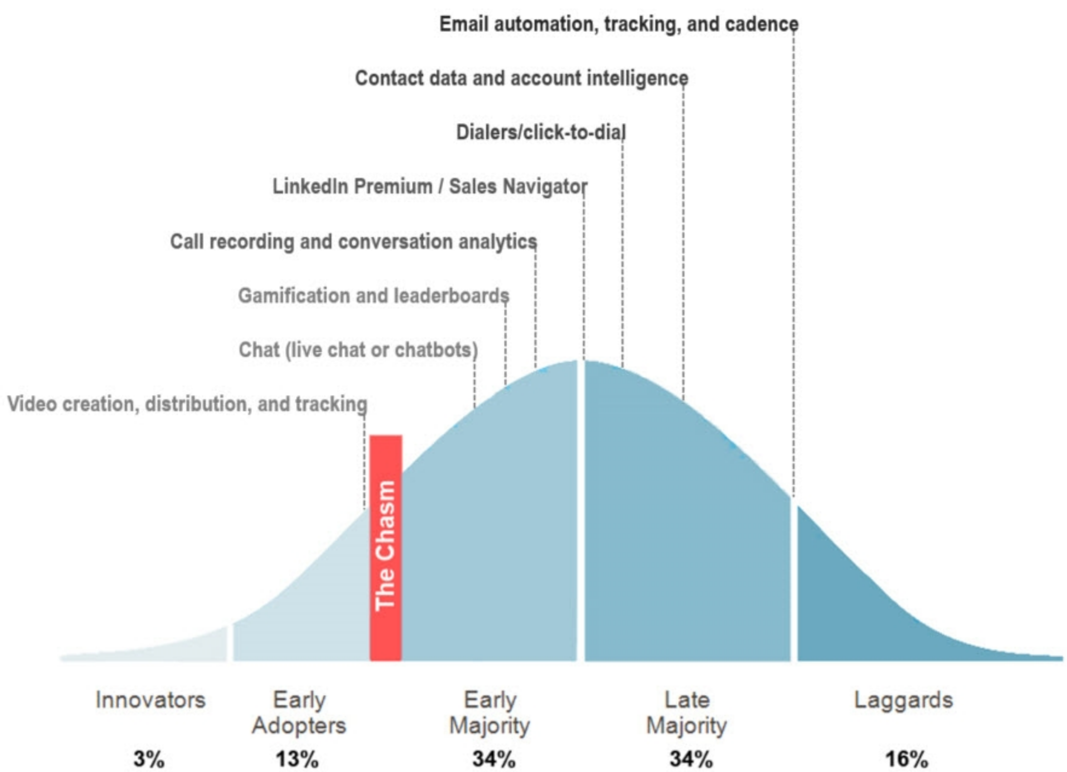
We noted no significant variation in number of tools across a host of factors. The median response for a $500M+ company was four tools. And for a $5M company? Still four. High ASP, low ASP, inbound, outbound? Four, four, four and four.

TECHNOLOGY ADOPTION LIFECYCLE



"Email automation, tracking, and cadence," "Contact data and account intelligence," and "Dialers/click-to-dial" are the furthest along on the adoption lifecycle. "LinkedIn Premium / Sales Navigator" has just crossed into the *late majority*.

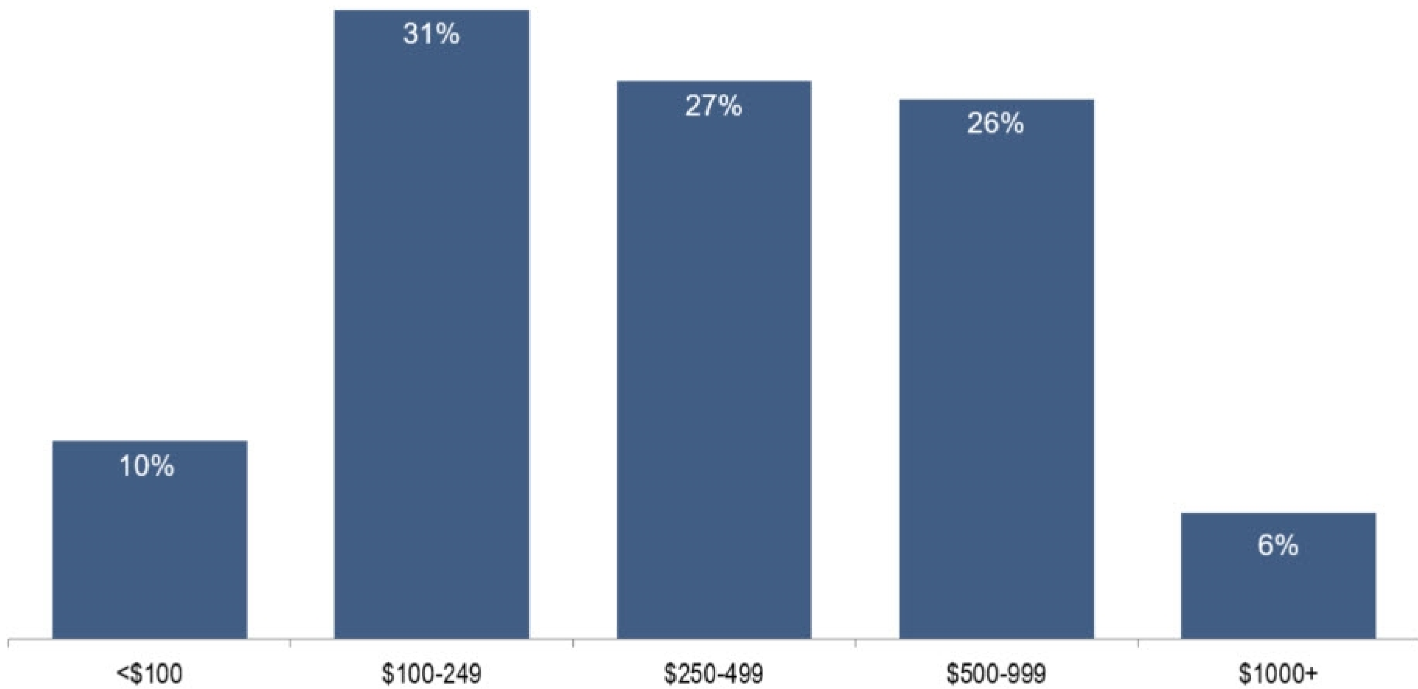
All of the remaining technologies (but one) have "crossed the chasm" into the *early majority* phase of adoption. "Video creation, distribution, and tracking" sits right on the cusp, but today remain in the *early adopter* stage.



SPEND ON TECHNOLOGIES

Monthly Spend on Technologies per SDR

Excluding CRM



On average, companies report spending $371 per SDR per month on acceleration technologies.

"High-growth" companies are no more tool heavy than non. Both groups average four tools in use. However, the mix is slightly different. "High-growth" companies are 15% more likely to have invested in *contact data/account intelligence, dialers/click-to-dial*, and/or *video creation, distribution, and tracking*. The also spend approximately 10% more per rep per month.

For under $100 in monthly spend, the most common double-play includes:

- Email automation, tracking, and cadence
- Contact data and account intelligence

For under $250 monthly, the most common triple-play includes:

- Email automation, tracking, and cadence
- Contact data and account intelligence
- Dialers / click-to-dial

For under $500 monthly, the most common four technologies include:

- Email automation, tracking, and cadence
- Contact data and account intelligence
- Dialers / click-to-dial
- LinkedIn Premium or Sales Navigator

For under $1000 monthly, the most common bundle includes:

- Email automation, tracking, and cadence
- Contact data and account intelligence
- Dialers / click-to-dial
- LinkedIn Premium or Sales Navigator
- Call recording and conversation analytics

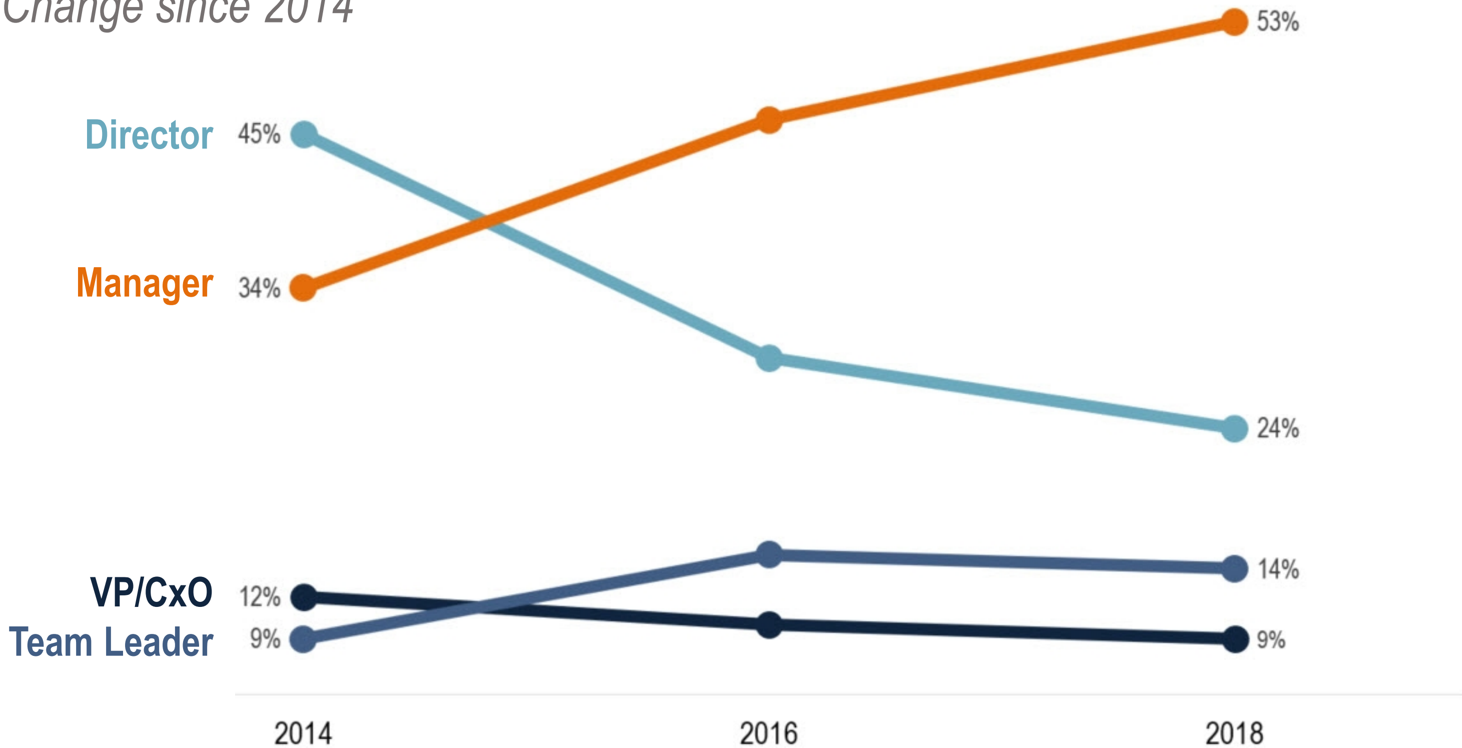
PART 6

SALES LEADERSHIP

FIRST-LINE LEADERSHIP

Title of “First-Line” Leader

Change since 2014



Excluding companies below $5M in revenues, the majority of first-line leaders hold “Manger” titles. Prior to 2014, first-line leaders most often held “Director” titles. Since 2016, this has shifted. We interpret this as another sign of the sales development function’s maturity.

One item worth noting is that the percentage of respondents reporting leadership falling to “Team Leaders” remains stubbornly high. We haven’t been shy about our dislike of the Team Leader role. Hiring an individual contributor with one foot in management and one foot as a rep can be a recipe for failure.

If you've identified someone with the potential to be a fabulous leader, promote him or her. Asking someone to have one foot in the SDR world and one in the management realm is unfair and counterproductive. If you do opt to head down the team lead path, here's one piece of parting advice. *Assign a fair quota*.

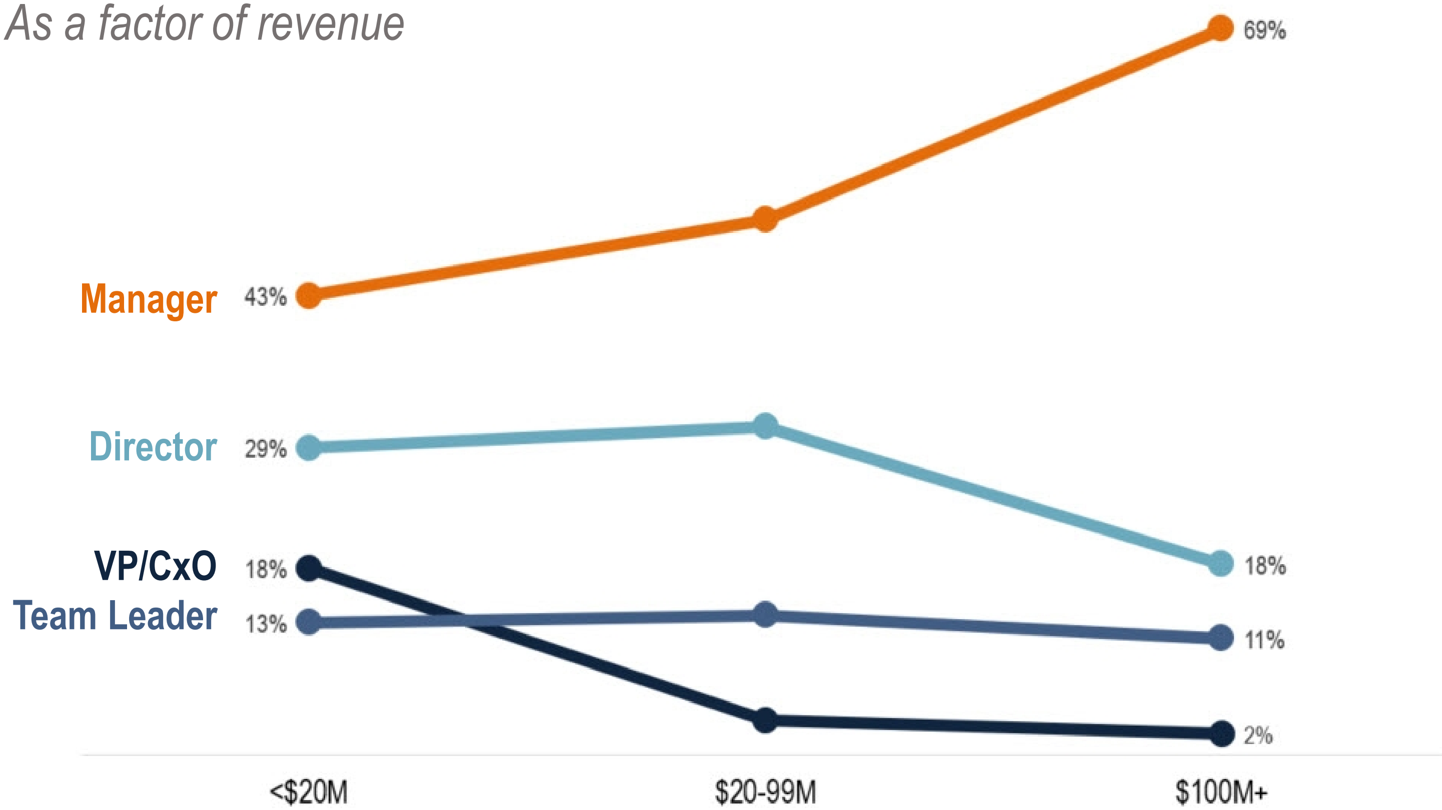
Let's say you expect your team leads to manage three reps at about 30% of their time. How much quota relief should that give them? A rule of thumb is to take the estimate for "time spent managing," add 20 percentage points, and reduce their quota by that amount. If you suspect 30% of their time will be spent on management, you should budget for a 50% reduction in quota.

If you aren't willing to allow for that much quota relief, we strongly suggest you reconsider the role.

DIRECTOR	MANAGER	TEAM LEAD
THE VISIONARY AND GENERAL	THE COACH, WARDEN, AND THERAPIST	THE PLAYER COACH
Designs strategy	Optimizes execution	Executes process
Builds the ideal rep profile	Hires the ideal rep profile	Is the ideal rep profile
Seat at the executive table	Fantastic people motivator	Management-track potential
Great Strategist	**Great Coach**	**Great Role Model**

Title of “First-Line” Leader

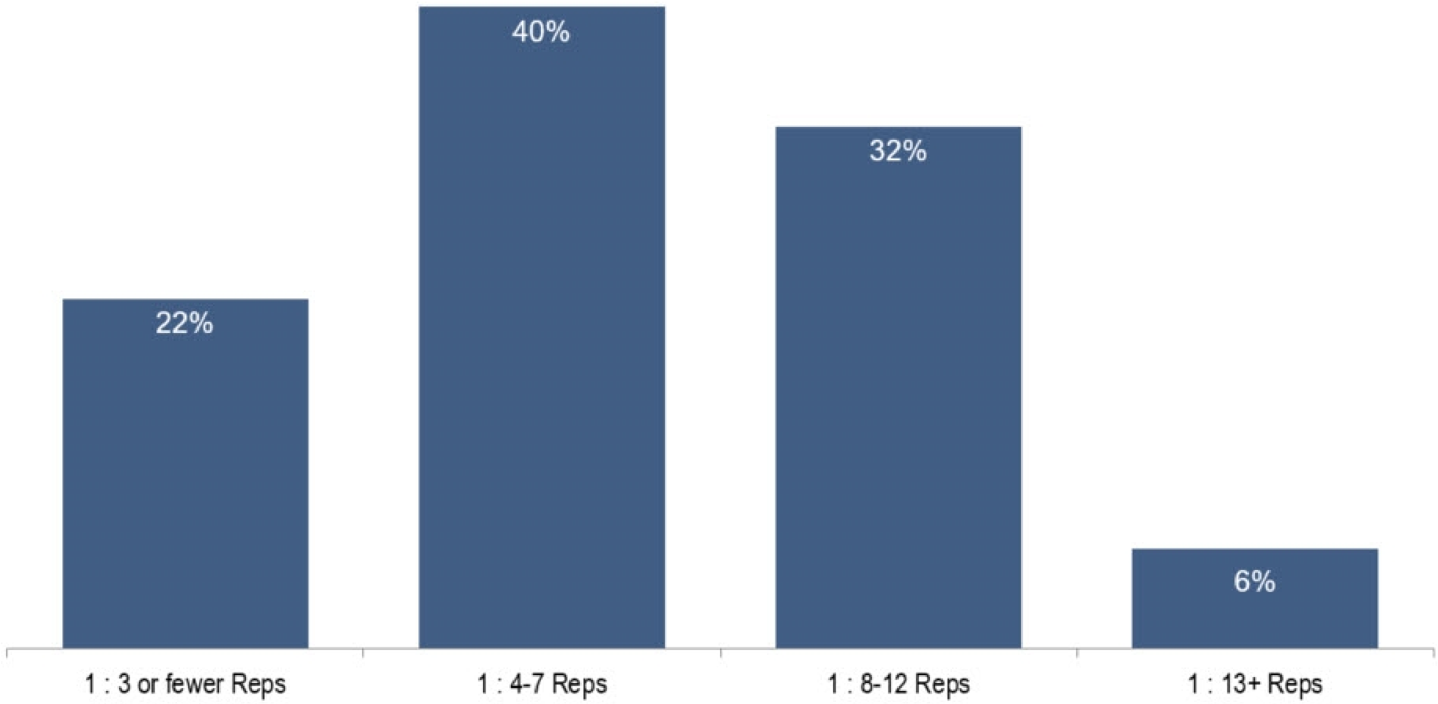
As a factor of revenue



As a rule, SDRs are more likely to report to “Managers”—and less likely to report to “Directors”—as revenues rise.

Also, Sales Development groups that report directly to VP or C-level leaders are much more likely to be at companies below $20M in revenue (18% of respondents versus 2% at companies above $100M.)

LEADER-TO-REP RATIO

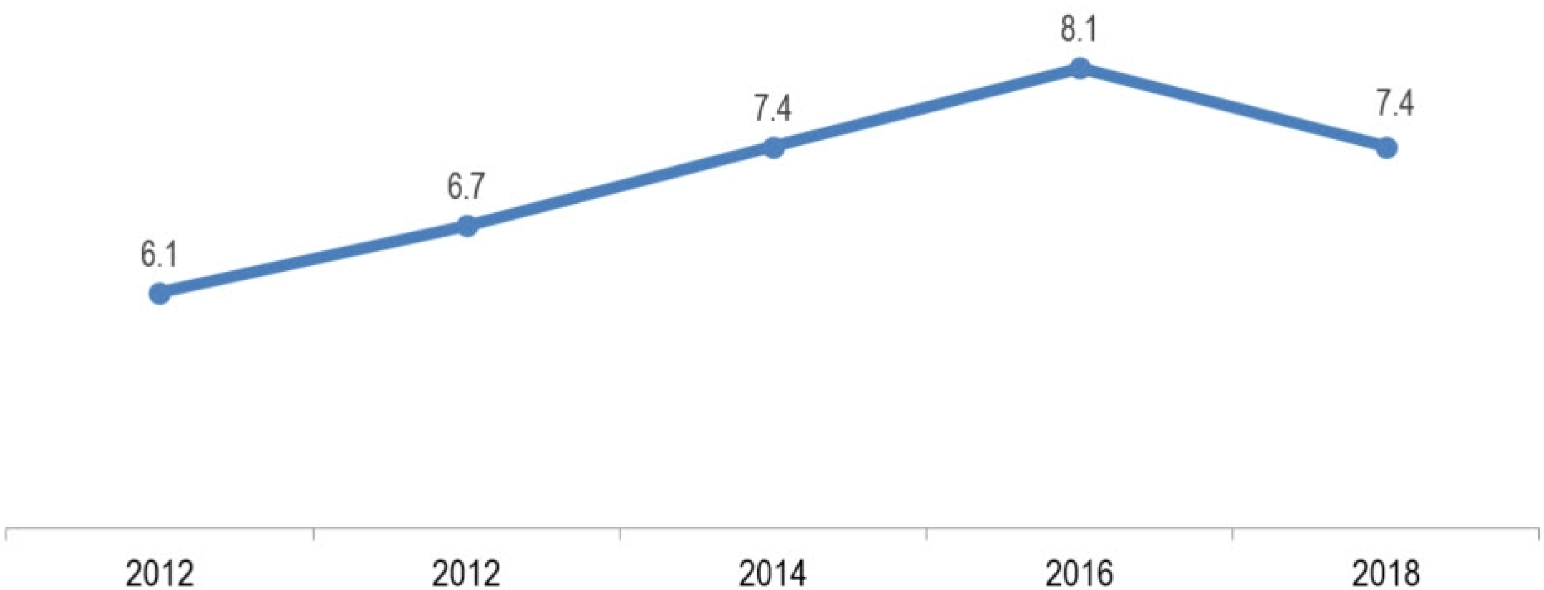


On average, 7.4 SDRs report to a single leader. This is down nearly 8% from 2016 and a return to the long-term trend.

“High-growth” companies have nearly identical Leader-to-Rep ratios as non.

Leader-to-Rep Ratio

Change since 2012



LEADERSHIP COMPENSATION

	2014	2016	2018
Manager	$122K	$129K	$127K
Director	$165K	$174K	$172K
Vice President	$211K	$220K	$215K

On-target compensation, at all levels of seniority, has remained flat (in real terms) since roughly 2014.

The tight labor market and the rise in Sales Development's strategic importance haven't done much to raise compensation for SDR leaders.

Leader OTE

As a factor of revenue

	< $5M	$5-49M	$50-99M	$100-249M	$250M+
Manager	$121K	$125K	$127K	$127K	$131K
Director	$140K	$163K	$161K	$178K	$197K
Vice President	$200K	$204K	$200K	$216K	$260K

We found no significant variation in compensation by ASP or “high-growth” versus non. The biggest factor affecting leadership compensation appears to be *company revenues*.

Generally, as company size increases, so do on-target earnings for Sales Development leadership.

TOP CHALLENGES

We asked respondents to identify their top two challenges managing SDR groups. Below are how the results have changed since 2014. We've highlighted the biggest increases and decreases from 2016 in the right column.

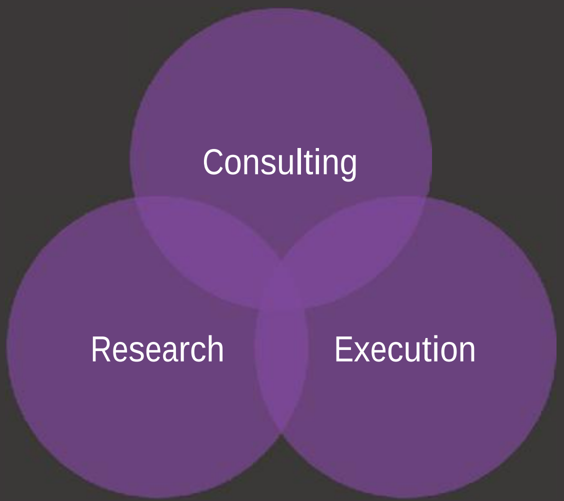
	2014	2016	2018	
Productivity/performance	38%	31%	41%	+32%
Coaching & development	28%	26%	32%	
List & data sourcing	25%	32%	25%	-21%
Recruiting & hiring	27%	26%	24%	
On-going training	18%	16%	20%	
Motivation	15%	12%	19%	+54%
Metrics/reporting (collection, interpretation)	17%	17%	17%	
Ramp & on-boarding	14%	19%	17%	
Compensation (optimizing, planning)	12%	12%	12%	
Retention	6%	6%	11%	+83%
Technology (selection, maximizing use)	7%	8%	9%	
Other	3%	6%	5%	

Inside Sales Consulting & Execution

The Bridge Group

SCALABLE GROWTH, DELIVERED.

For over two decades, we've been focused on "more" for our clients - more conversations, more pipeline, more growth. Over 405+ companies have relied on our thinking to make their numbers.



PRACTITIONERS FIRST, CONSULTANTS SECOND.

Behind our ideas are our people. Rooted in sales leadership, our team members have built groups, led teams, and carried quotas. We don't just research sales strategies, we live them.

HOLISTIC APPROACH, TARGETED SOLUTIONS.

No two companies are the same, especially when it comes to sales. Our team identifies the key variables that will make your go-to-market motion unique. We're here to help take the guesswork out of growth.

Parting Thoughts.

To the Inside Sales community, thank you!

Without your participation, this research wouldn't be possible. It allows us to help our clients build better companies. And it also allows us to share this information with the industry as a whole.

As you've seen in these pages, the problems SDR leaders face continue to shift. Please know that we at The Bridge Group are ready to work with you to implement strategy, improve process, and accelerate growth.

If we can assist you in any way, let us know at community@bridgegroupinc.com.

Good selling!

THANK YOU!