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TOP SALES METRICS

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INTRODUCTION

In 15 years of my Sales Career, I have lived by the code - "***Sales is My Responsibility and If I can't measure it, I can't improve it.***"

It's ultimately your job to keep yourself accountable to your personal and organisational goals, but how? Have you ever tried to scale performance without tracking how you got there in the first place?...imagine you are playing football and it has,

- No Goal Post or Scorecard

How would you know - who is winning and how far behind you or someone else is?

That's why we've compiled the list of **Top 20 Sales Metrics** to guide you in delivering a high-performing as a Sales or Business Development Professional.

Remember : Measuring your top KPIs have the following benefits for you.

Better sales management & Control: By tracking KPIs, you would know if you are getting the best results or just lagging behind. By identifying the challenges in your Sales Pipeline that are hurting your Sales conversion, you can fix them to improve your Sales Value and Conversions.

Personal Incentives: KPIs are linked to incentives and it will give you a clear idea of where you stand in terms of getting them. Knowing that having a better number would boost your income will act as motivation.

Performance visibility & Growth: When you know that there is a Sales Target assigned to you and you are not just meeting your goals but performing better on all the key Sales Figures, you can showcase it to your manager or management and confirm your chances of Growth and Advancement without a doubt.

Top 20 Sales Metrics

HOW TO DEFINE THE METRICS

As a Sales Professional, how can you define which sales metrics are most important to meeting your **KPI sales** goals?

Its just a 3 step framework

1. Identify Your Main Objective
2. Select the Metrics That Match Your Objective
3. Planning + Action = Success

Having a reliable **Sales KPIs** format and staying Objective-minded will allow you to take the sales performance metrics data you have and pull it together into something comprehensive.

Once you begin doing this, it will feel like assembling a puzzle: you can see all the small details and how they interrelate to one another while appreciating the overall bigger picture as well.

1. IDENTIFY YOUR MAIN OBJECTIVES

Do you want to be a -

- Hunter [Demand Generation Expert] or
- Farmer [Sales Conversion Expert]?

Do you want to be a -

- **Generalist** [Handling entire Sales Cycle from Lead Generation to Closing the Sale]
- **Specialist** [Demand Generation Expert, Social Media Expert, Negotiation Expert etc…]

To keep the process of defining your **B2B Sales KPI** as organized as possible, you want to first select your main objective or goal.

Are you looking to :

- Generate More New Enquiries over Phone
- Generate more new enquiries over email
- Generate more new enquiries over Social Media
- Generate more new enquiries through Networking or Business Events
- Close more Sales from New enquiries
- Close more Sales from Old Inactive Enquiries
- Close more Sales from Referrals
- Close more Sales from Upsell & Cross-Sell etc…

2. SELECT THE METRICS THAT MATCH YOUR OBJECTIVE

Now, from the list below, it's time to page through those important **KPIs** for sales activity and choose the ones that are most relevant to you right now.

Let's assume that your wish to close more Sales from Incoming Inquiries through Marketing.

In that case, then the **Sales KPIs** that may catch your eye would be the MQL, SQL, average sales cycle length, average revenue per Sales, or sales growth etc…

While it's okay to switch metrics as your campaign progresses, you don't want to keep stacking **Sales KPI** on top of **Sales KPI**. Try to stick to five right sales metrics at any one time or as many as eight if you must.

Too many metrics complicates everything, so keep to that sweet spot of about five.

3. PLANNING + ACTION = SUCCESS

Okay, so you have your objective(s) & Metrics selected; now comes the time to put this plan into action. Watch and Update Metrics as Needed

- Create an Excel Sheet with 4 Columns
- List Down all Key Metrics in First Column
- List your Current Performance alongside the Metrics in the Second Column
- List your Desired Performance in Third Column along with Timeline
- Update Metrics each Week to identify Gap between current & future state
- Keep Improving your weakest metrics to upgrade your Performance.

That said, don't discard a metric because the results are negative. You need to pay more attention to negative metrics even more than positive ones, as the negative metrics are showing you weak spots in your company.

METRICS TO MANAGE
SALES PIPELINE

Michael Maynes of CIENCE recommends tracking sales stage conversions: “Not just from opportunity open to closed, won or lost, but also the stage-to-stage movement, i.e., Demo to Evaluation, Evaluation to Validation, Validation to Negotiation, etc.”

Carlos Puig of BUNCH agrees: “We track the conversion percentage from new sales qualified leads to call appointments, and then the conversion from call appointments to closed contracts.”

So here are the Top metrics to monitor and manage your Sales Pipeline.

1. LEAD QUALITY METRICS

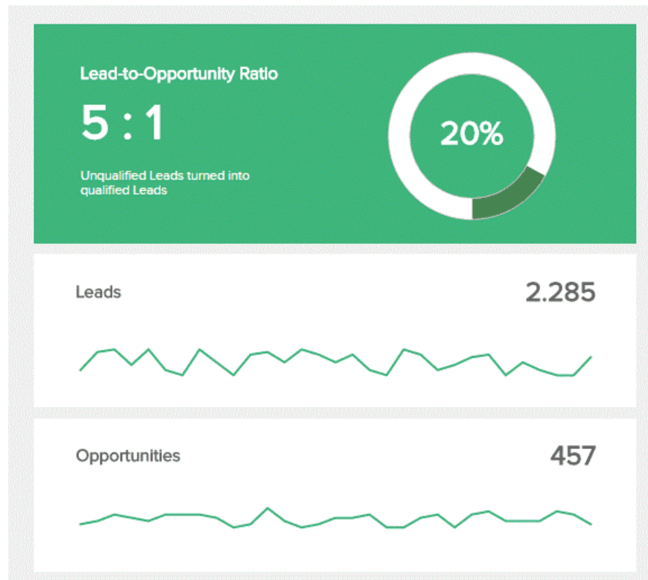
MONTHLY NEW LEADS RECEIVED

The monthly new leads metric informs you of how many qualified leads enter your sales funnel per month from marketing efforts, be from your advertisements, word of mouth, referrals, phone calls, emails, social media, your website, or any other contact method.

It is quite important to know the leads received each week from marketing team to understand and analyse its quality.

LEAD-TO-OPPORTUNITY RATIO

Also know as Marketing Qualified Leads (MQL) to Sales Qualified Lead (SQL) Ratio



The lead-to-opportunity ratio concerns itself more with the quality of the leads your company generates.

It allows you to monitor inbound lead flow versus actual opportunities. It can also help evaluate when there might be trouble with lead quality.

A lead that doesn't know much about your company and is of questionable fit would be considered an **unqualified lead**. Their likelihood of buying is low, but that could change with some finessing from the sales teams and the marketing teams.

Qualified leads are more ideal, as they have some knowledge of the company, an appreciation of the purchase value, and a higher likelihood of buying.

With the lead-to-opportunity ratio, you can identify how many of these unqualified leads become sales qualified. If it's not as many as you want, then it's time to inform your Sales Manager.

HOW TO CALCULATE IT?

Lead to Opportunity Ratio = Number of Qualified Leads / Number of Leads Received from Marketing Team.

2. LEADS BY STAGE

"Pipelines with more deals in the middle tend to be healthier than the traditional pipeline with more deals on the top. Don't get me wrong, it's great to see a pipeline full of deals (so much opportunity), but reps tend to be more motivated to work the deals that are in the 50-75% range due to their propensity to close."

"Each activity into those accounts holds so much more weight, and you know it. Having a bunch of those deals floating around in the middle gives us more motivation & excitement, and that feeling trickles into the 0-25% bucket."

So, it is essential to monitor the following metrics -

- **Calls Made:** The number of phone calls you make. This includes both cold-calling and calls to inbound leads.

- **Meetings Booked:** The number of meetings—in person or virtual—a sales representative books and attends. (Conversion = ***Meetings Booked / Number of Calls***)

- **Demos Given:** The number of product or Service demonstrations/Trials a sales representative gives a potential client. For example, a demo could be an online tour of your product or service. (Conversion = ***Demos Given / Meetings Booked***)

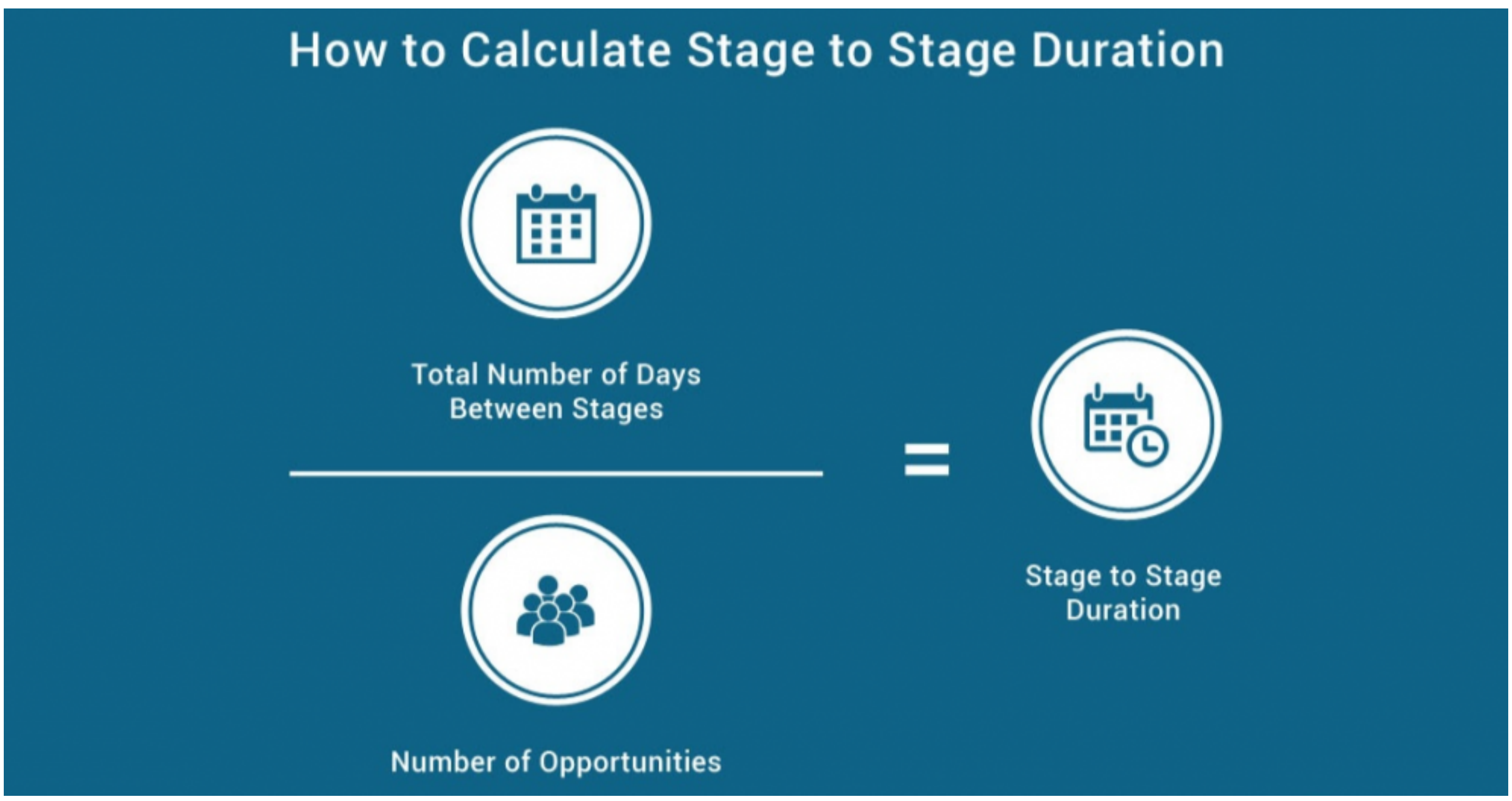
- **Demos Given → Proposals Sent:** How many demos are conducted before a sales proposal is sent to a potential client. Since demos can be time intensive and are typically the lead's first glimpse of a product's inner workings, this KPI is particularly important for assessing the efficiency and effectiveness of a sales representative. If your organization doesn't give demos, think about the equivalent—maybe it's "samples distributed." (Conversion = ***Proposal Sent / Demos Given***)

- **Proposals Sent → Deals Closed:** The number of sales proposals that convert into signed, completed deals. If your organization is sending out a large number of proposals that never get signed, a red flag should pop up. (Conversion = ***Deal Closed / Demos Given***)

3. DURATION PER STAGE

"After creating the opportunity, optimizing the amount of time to move through the funnel becomes paramount. It's low-hanging fruit to simply take people already in the sales cycle and feed them content that expedites their current stage or future stages."

"It's also a great way to create sales and marketing alignment because marketing acts in service of improving the experience for people sales is already in conversation with, thus avoiding the classic demand gen issue of bad leads."



4. SALES PIPELINE COVERAGE

Pipeline coverage is the sum of all your **sales** opportunities compared with your revenue target. For example, if your revenue target is $1 million and you have $1 million of **pipeline**, you have 1X **pipeline coverage**. In that situation, you'd need to close every deal and dollar to make your quota.

HOW TO CALCULATE IT?

To **measure** this metric, you take your total **pipeline** for a period, and divide by your quota for that same time period. For example, if a rep has $500,000 of **pipeline** for Q2 and their quota for Q2 is $125,000, then their **pipeline coverage** is $500,000 / $125,000 = 4.0x. This rep has a 4x **pipeline coverage**

5. SALES LINEARITY

Sales linearity is the steady and predictable pattern in which deals close throughout the quarter. The idea is that sales linearity helps avoid the end of quarter scramble to get deals in and make quota.

Ideally reps attain 20% of quota by the end of the first month of the quarter, 50% by month two, and 100% by the end of the quarter.

Best-in-class revenue teams strive to achieve this aspirational target for a number of reasons:

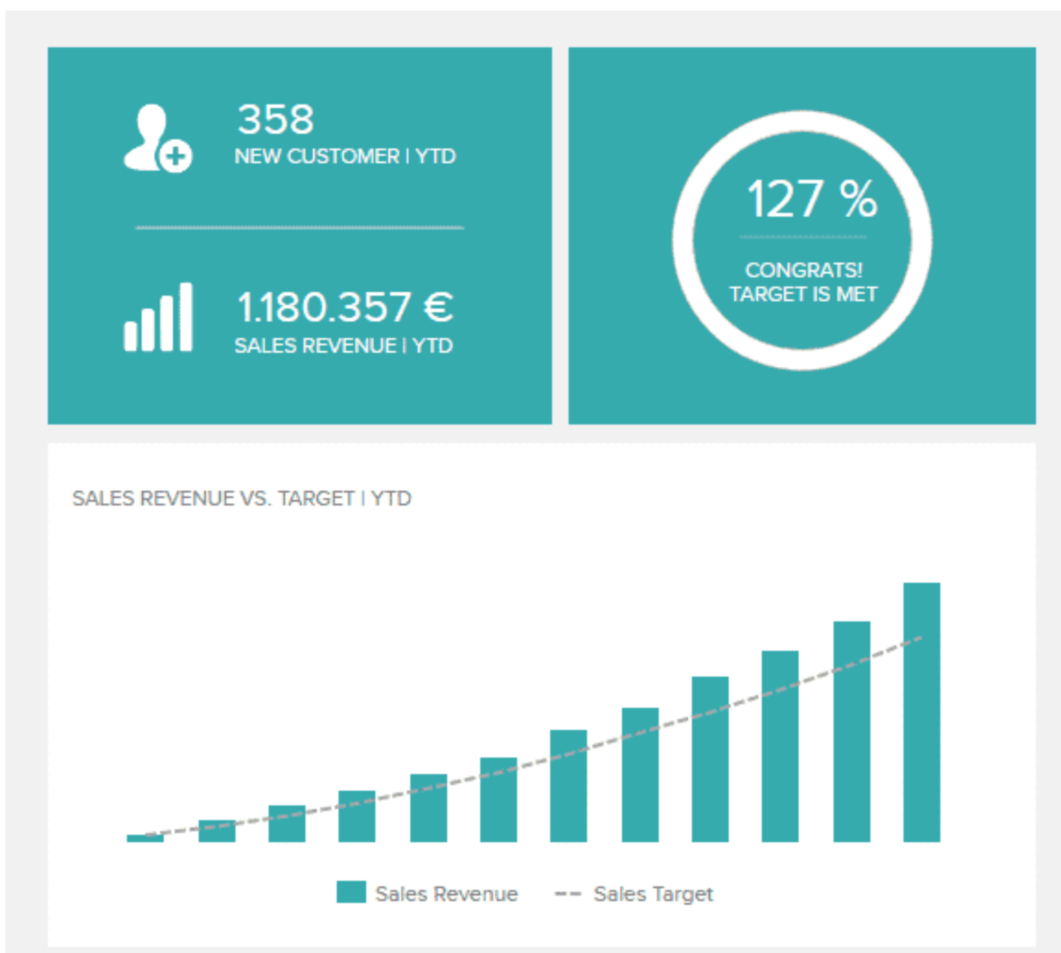
- Relief from heavy discounting at the end of the quarter just to make their number
- More predictable revenue, allowing more strategic and sound investments
- Customer success teams can plan onboarding resources to support new customers

HOW TO CALCULATE IT?

= Sales Won in Revenue for the month / Quota Assigned for the month

METRICS FOR MEASURING SALES SUCCESS

1. SALES TARGET



The sales target metric lets the sales reps see how close they are to meeting this goal, and, how should they achieve it, how long it takes for you to achieve the desired conversion rates.

When sales reps set their sales target, they're introducing a short-term or long-term goal or conversion rate they wish to meet.

Perhaps they want to hit a certain number as a revenue target this year or gain X number of customers in the first quarter.

These are Top Sales Target related KPIs rooted in a company's financial goals. These are all crucial to the growth of an Individual and organization.

1. **Quotas Attained:** The percent of quota reached by each sales representative. Managers sometimes use this metric to stack rank their team and it can also be helpful to forecast future revenue. (= Quota Achieved for a Period/Quota Assigned for a period)

2. **Sales Revenue:** The total dollar amount of sales you're making—from an accounting perspective, this is money from business transactions with customers only. Sales revenue should be tracked by month, by quarter, and annually.

3. **Average Deal Size** : Knowing your average deal size will give you a starting point to grow the size of your deals. How can you double your deal size, without knowing your current average deal size? Exactly —You can't.

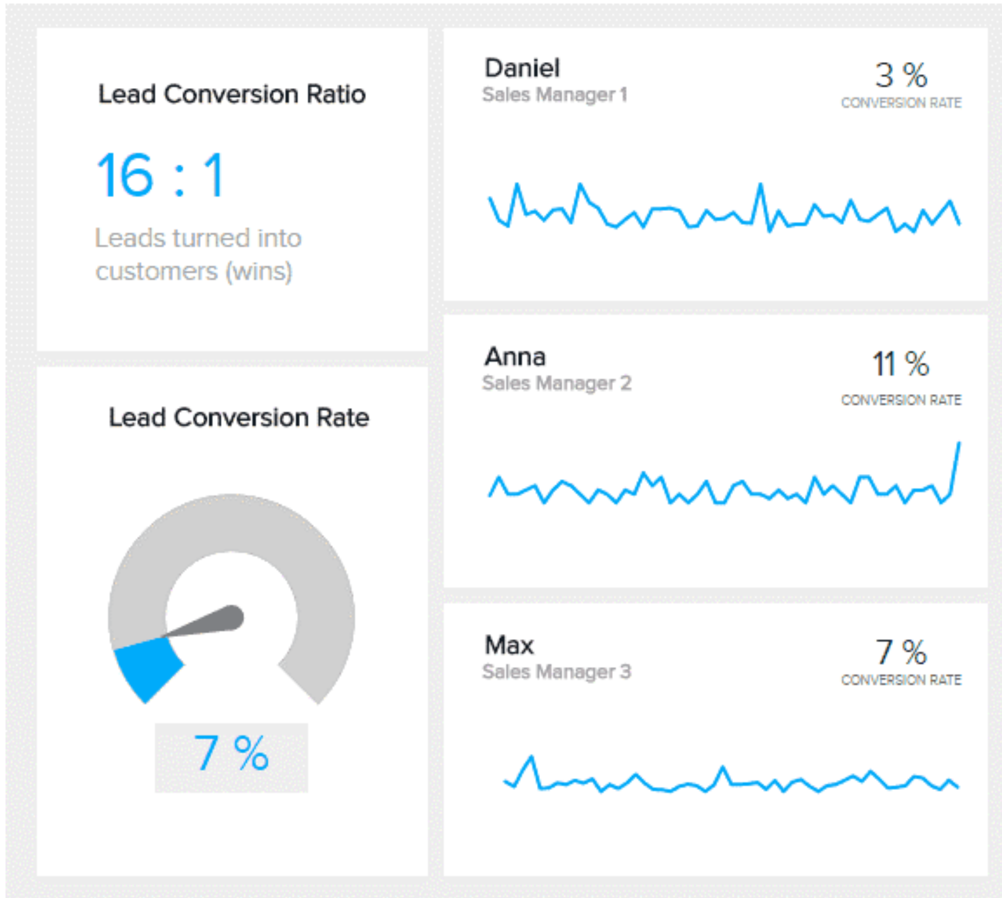
This tool is going to help you keep track of revenue coming in, and will act as a guideline for how many deals need to be closed in order to reach (or surpass) monthly quotas. It can also help sales managers to identify at-risk opportunities.

Keeping track of this metric month-over-month will also help you to understand how and when your pipeline changes. For example, if average deal size is increasing, you may be attracting leads with a wider set of needs than in previous months.

How to Calculate it?

Average Deal Size = Revenue $ of deals closed / # of deals closed

2. SALES OR LEAD CONVERSION RATIO



Every one of your customers began as a lead at some point until they progressed through the sales cycle via you.

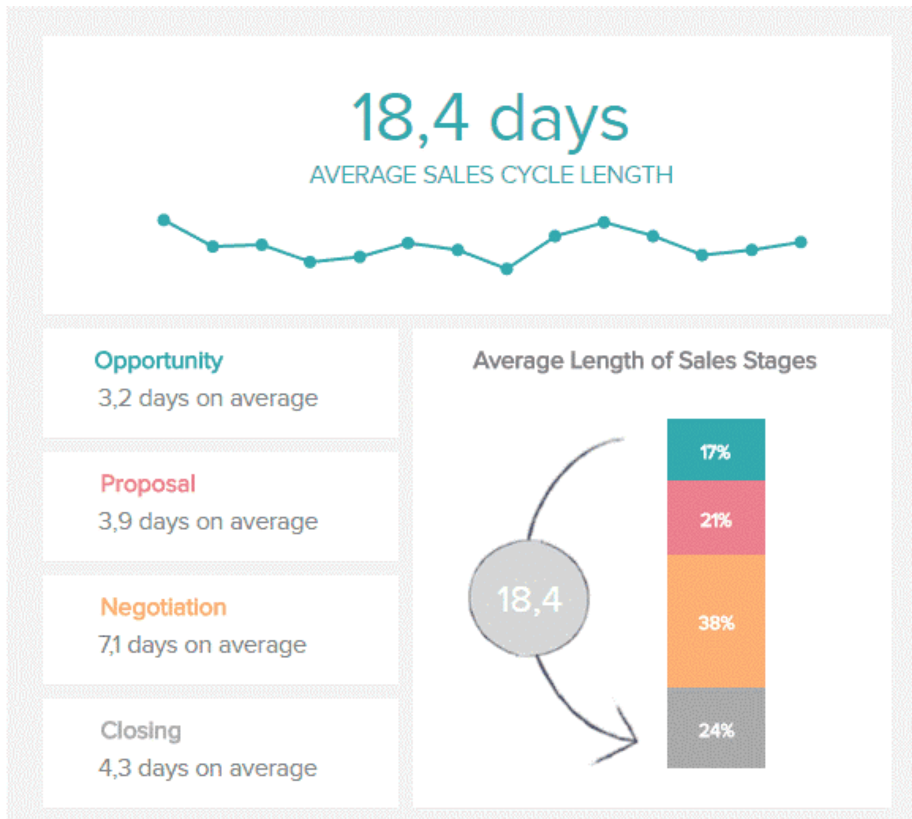
The main goal of the sales reps is to make money, yes, but also to convert qualified leads to customers.

The lead conversion ratio displays conversion rates as both a ratio and a percentage. This lead conversion rate percentage can be tweaked to be indicative of an individual's performance or that of the sales teams.

How to Calculate it?

Lead Conversion Rate = (Total # of New Customers / Number of Leads) x 100

3. AVERAGE SALES CYCLE LENGTH



To put it simply, the longer a sales cycle goes on, the unlikelier a closed deal becomes.

This lead or customer may be wishy-washy, waffling between making the purchase, and not doing so.

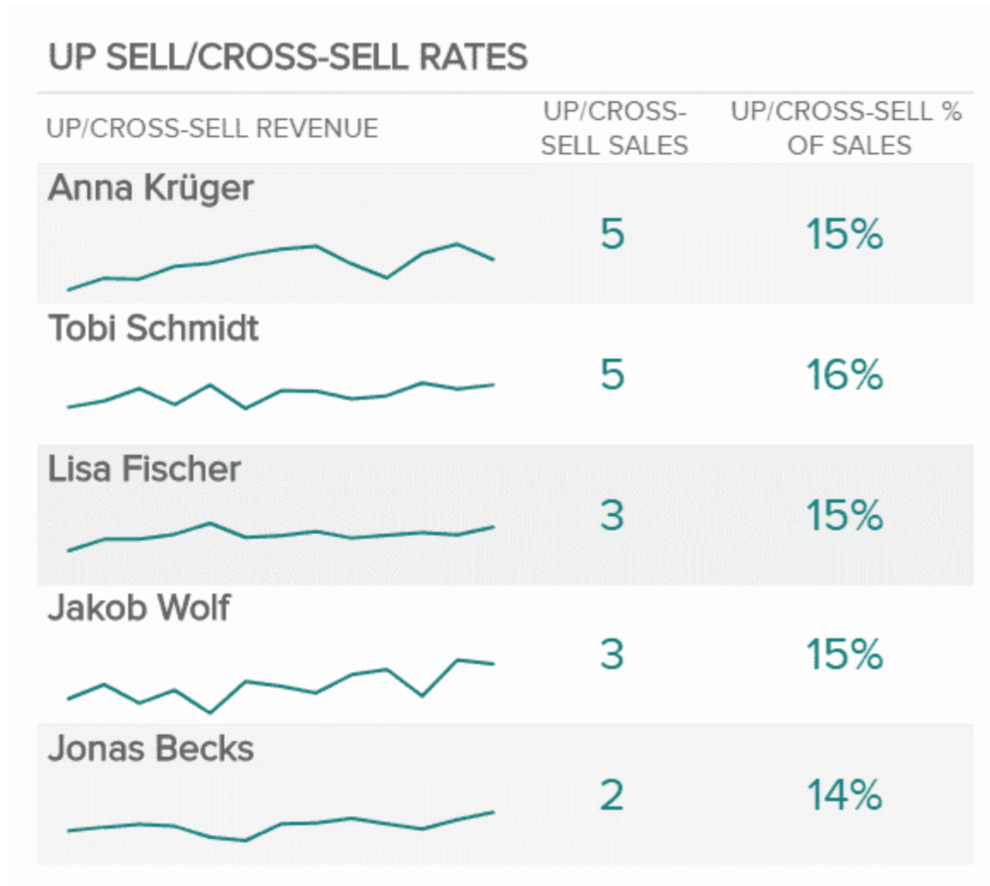
The average sales cycle length metric even breaks down handy data like how long the sales opportunity, sales proposal, negotiation, and closing stages last.

Identify your current Sales Cycle and by using that as the backbone identify the activities such as qualification, demos, followups to improve your Sales Cycle.

How to calculate Average Days to Close?

Average Days to Close = (Add all days it took to close deals for the month) / # of deals closed

4. CROSS-SELL AND UPSELL RATIO



UP SELL/CROSS-SELL RATES

UP/CROSS-SELL REVENUE	UP/CROSS-SELL SALES	UP/CROSS-SELL % OF SALES
Anna Krüger	5	15%
Tobi Schmidt	5	16%
Lisa Fischer	3	15%
Jakob Wolf	3	15%
Jonas Becks	2	14%

To grow your deal size, you likely rely on tactics like cross-selling and upselling frequently. When you cross-sell, you take a product that the customer doesn't already own and try to sell it to them as they make their original purchase.

Upselling is attempting to get the customer to buy a related product or accessory that pairs with their original purchase. Both cross-selling and upselling can increase sales pipeline value, sales quota, and revenue growth if done correctly.

If your audience isn't reacting well to attempts at cross-selling or upselling, you may wish to revise the methods you use, as many companies find this an easy and effective way of generating further sales.

How to calculate Cross-Sell percentage?

So, if you **sell** $500k of Product A to a group of customers and then **cross-sell** $200k of Product B to those same customers, your attach **rate** would be **calculated** as $200k / $500k = 40%.

5. DEALS BY ACQUISITION CHANNEL

Sales Professionals involve in multiple channels selling such as Phone, Email, Social Media, In-Person Visits should constantly review your Top Channel by Sales Performance.

"By tracking this, you'll start to learn which channel is able to deliver more sales, more revenue, faster sales cycle and then invest more time & energy to double down on your best sources of leads & sales."

How to calculate Acquisition by Channel?

For example, Acquisition by Phone = Sales Won over Phone / Number of Calls Made
For example, Acquisition by Linkedin = Sales Won over Linkedin / Number of messages sent.

6. MONTHLY SALES GROWTH

Maxburst's Andrew Ruditser recommends tracking monthly sales growth: "This measures your revenue on a monthly basis, keeping you aware of if your sales are increasing or decreasing each month."

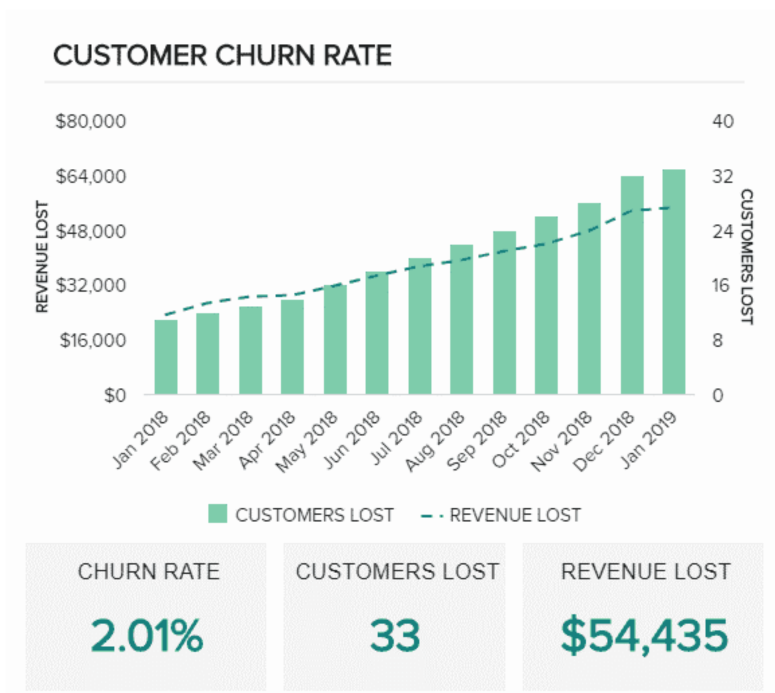
"It's important to track your monthly sales growth because it will help you identify which strategies are increasing your revenue—and which are not. If your sales increase one month but then decrease the next, you know you must change your strategy to make it increase again."

How to calculate Monthly Sales Growth?

= Current Month Sales Revenue/Previous Month Sales Revenue

METRICS FOR SALES DEALS LOST

1. FUNNEL DROP-OFF OR CHURN OR LEAD LOSS RATE



Like with the prior **Sales KPIs** you've reviewed, your CRM **KPI** scorecard will have both negative and positive sales data within.

The funnel drop-off rate, while not positive, can tell you where your company can do better when it comes to keeping leads and prospects within the sales funnel.

As the name implies, the funnel drop-off rate is the quantity of those who enter your sales funnel but exit prematurely.

Perhaps they jump off before they make a single purchase, or perhaps all you get out of them is money for one product/service.

How to calculate Churn Rate?

= Number of Leads Lost/Number of Leads Received

2. DEAL SLIPPAGE RATE

Deal slippage refers to the number of deals in the commit stage that fail to close within the forecasted range. If a deal is in commit for Q1, for example, but gets pushed to Q2 due to the project being stalled or budget freezes, that is considered a slip.

The misconception here is that any slippage is bad. The reality is, every company experiences deal slippage. The important thing is to know what your average slip rate is so you can prepare for it.

How to calculate Deal Slippage Rate?

= Number of Leads postponed purchase in a month/Total Number of Committed Leads in a month.

3. AVERAGE TIME TO LOSE

"A lot of professionals track time to win, but few track the time it takes a deal to be marked 'closed-lost,'" says Kiite's Joseph Fung.

"This metric hurt your Sales Pipeline, Sales Cycle and even Win Ratio as lot of your valuable time goes in chasing Unqualified or Badly Qualified Leads letting a deal linger in your pipeline without any positive results."

"However, if you start reporting on time to lose—and make it clear you want that number to be low—it'll make sure deals are getting disqualified earlier in the process and will give you a pipeline report that's much more reliable.

How to calculate Average Time to lose?

= Average time to lose = (Add all days it took to mark a deal as lost for the month) / # of deals lost.

SALES PRODUCTIVITY METRICS

1. KEY SALES METRICS 2: SELLING TIME

A successful sales professional spends less time on repetitive support tasks and more time on actual selling. After all, this is what they do best, right?

Research shows that sales reps spend almost nine hours each week just looking for information.

Observe your selling time. Log your daily tasks for a sample period. Then, analyse what tasks takes you away from actual selling, and how much time is spent on these non-selling tasks.

- **First response time**
  The amount of time in minutes that it takes for you to follow up with inbound leads. It's no secret that time kills all deals.

For our outbound leads – leads generated by our outbound SDRs – we track:

- **Number of accounts contacted**
  The total number of companies that you have prospected to. One company might have multiple points of contact.

- **Number of accounts engaged**
  The total number of companies that have responded to your outreach. It's critical that the SDR and AE teams agree on what level of contact is required before the account is converted to a sales opportunity.

METRICS TO MEASURE SALES FOLLOWUP EFFECTIVENESS

1. FOLLOW-UP CONTACT RATE

Persistence pays. How many follow-up done with leads once, twice, or 18 times? Since getting a "yes" on the spot isn't all that common, most sales close in a follow-up conversation. Dig into how often each rep is contacting a lead over time. You'll want to see lots of interactions after the initial contact.

How to calculate followup rate?

= (total number of followups done per Sale Won)

2. LEAD RESPONSE TIME

50% OF BUYERS CHOOSE THE VENDOR THAT RESPONDS FIRST.

Your lead response time is the average time it takes to reach out to a lead after they've been identified as a lead.

"The insights that can be drawn from lead response time are three-fold," says Amanda Daume of Revenue River.

“Are you following up with leads in a timely fashion? Are you following up in a way that systematically follows the process they’ve been taught? Is there a bunch of unnecessary friction that should be eliminated from the lead routing process?”

No doubt about it, you want your contact with someone to be the first vendor they talk to—especially if you have tons of competition.

How to calculate Average Lead Response Time?

Average lead response time = Sum of # min/hrs/day to respond for all contacts / # of contacts

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