



42TM
Rules
for Building
a High-Velocity
Inside Sales Team

Actionable Guide to Creating Inside
Sales Teams that Deliver
Quantum Results

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FOREWORD BY KEN KROGUE
FOUNDER AND PRESIDENT OF INSIDESALES.COM



42 Rules for Building a High-Velocity Inside Sales Team Book Excerpt

Actionable Guide to Creating Inside
Sales Teams that Deliver Quantum
Results

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Foreword by Ken Krogue, Founder and President, InsideSales.com

The pragmatic definition of inside sales is simple: inside sales is remote sales.

It has been called virtual sales, professional sales done remotely, or, one of my favorites, “sales in the cloud.” Whereas outside sales are done face-to-face, today most sales are being done remotely.

The term “inside sales” originally came about as an attempt to differentiate “telemarketing” (or “telesales”) from the more complex, “high-touch,” phone-based, business-to-business (B2B), and business-to-consumer (B2C) selling practices.

Telemarketing is believed to have begun in the 1950s. Dial America Marketing is reported to be the first company dedicated to telephone sales and services. By the 1970s, “telemarketing” was a common term used to describe selling over the phone. It often included outbound and inbound sales, but later became more synonymous with calls to lists of names, stereotypically while the family is having dinner.

By the late 1990s, “inside sales” was the term used to differentiate the practice from outside sales—the traditional face-to-face sales model where sales people traveled to the client’s location of business.

When I started my first inside sales team in 1991 at Franklin Covey, we were breaking new ground. Outside sales was our primary sales channel.

Since 1991, inside sales has become a mainstream sales channel. In industries like management consulting, advertising/PR, healthcare, and education, it has overtaken outside sales in terms of number of employees.

In 2004, when Dave Elkington and I founded Inside-Sales.com, we searched the keyword “inside sales” on Google, and no one else was there. Today, tens of thousands of companies are trying to hire inside sales reps. What was an experiment has become the fastest growing segment of sales and lead generation.

While inside sales is undeniably effective, it has caused conflicts between younger, disruptive, more technically savvy upstarts selling over the phone, and existing outside sales.

Initially, inside sales was relegated to generating leads for the more senior outside sales reps or merely closing the smaller account. Today, inside sales is a strategic imperative for companies of all sizes, as it has become a high-velocity sales model that quickly delivers significant revenue.

Are you a CEO, CFO, or EVP responsible for sales management? If you are not tracking the trends related to a high-velocity sales model, you run the risk of falling behind your competitors. Don't let that happen. Take an hour to read this book, and share it with friends and colleagues in your profession. Consider how building a high-velocity inside sales team could benefit your organization and keep you ahead of your competitors.

Executive education is critical when building a high-velocity sales team. The rapid growth of inside sales has created a situation where the demand for talent exceeds the supply. Being familiar with the concepts that are covered in this book will help you to find the right talent to lead your high-velocity sales organization and understand whether they are taking the right steps to build and lead the team.

If you are reading this book and are directly involved with setting sales strategies and processes within your organization, carve out a small group within your sales organization as your test case. Use this book to educate yourself on the concepts, methods, and processes ascribed to the high-velocity sales model, and start applying some or all of the elements of this model to your test team. Compare the results and ROI to your other sales teams to see the benefits of the high-velocity sales model.

There are many sources where one can glean information on how to build a high-velocity inside sales team. Lori Harmon and Debbi Funk have combined their real-life experiences and thought leadership with interviews of other industry experts into a single, easy-to-read book. They have taken a complex process that would take years to learn through experience and reduced it into 42 short, to-the-point rules. These rules give you or your selected inside sales leader a clear path for building a high-velocity inside sales team that will quickly deliver results to your bottom line.

Introduction

Traditionally, sales has been focused on outside sales reps. These reps had seemingly unlimited expense accounts—they were road warriors traveling over 50 percent of the time to close BIG deals. Sales cycles were long and measurements were quarterly—often resulting in end-of-quarter surprises if a large deal did not close.

Inside sales has broken all of the traditional sales rules.

“Inside sales” originated as a term in the 1980s to differentiate these reps from outside sales reps. Initially, many people were skeptical that it would work. They believed you had to be meeting with a prospect face-to-face, taking them out to play golf, and wining and dining them. In 1995, when I built my first inside sales team, most of my time was spent selling the concept internally and convincing the outside sales team that it would be to their benefit. Outside sales said it would not work. Outside sales was angry because it was eating into their budget. Outside sales was concerned that it would impact their commissions and disenfranchise their customers and prospects.

However, the concept of a lower-cost sales channel was appealing to company executives. Inside sales reps were paid less money, did not need to travel or have big expense accounts. They could contact significantly more prospects and have more prospect meetings on a daily basis. They were measured on weekly and monthly metrics, which improved forecasting accuracy. Fortunately, the executives at the company where I worked were very supportive of building an inside sales team and it paid off as the team grew revenue from \$0 to \$50 million in two years. According to John Stringer, currently CEO of Producer’s Forum and former CEO of Wyse Technology, “Even though I had developed several traditional

outside sales forces and, in 1995, was an EVP of Worldwide Sales, I could see early on that inside sales would be a game-changer. With their cost-effective nature and ability to touch so many more customers and prospects on a daily basis, it was clear inside sales would break the rules of traditional sales models.”¹

As the tools evolved and inside sales was given the ability to give presentations, on-line demos, and then have face-to-face meetings with tools like Skype, there were very few traditional outside sales activities that they could not complete from their desks.

Then, buyers started driving the need for inside sales. Buyers prefer to deal with a person via phone, email, or over the Internet. The process is more efficient for buyers so they are more productive.

A 2009 Market Size Study² by Info USA (as cited by Krogue 2013) indicated that inside sales was growing at a rate of 15 times than that of outside sales. With such a large jump in the number of inside sales reps, the BLS.gov & 2013 Market Size Study³ (also cited by Krogue 2013) from Inside-Sales.com now shows that inside sales is growing three times as fast as outside sales. In 2013, one million inside sales jobs will be added, which is a 26 percent growth rate over 2012.⁴ Outside sales reps today spend significantly more time on the phone and are beginning to take on many of the characteristics of inside sales reps. The roles of outside sales and inside sales are coming together but the primary approach is leveraging the phone, Internet, and key productivity tools (Rule 13) to sell.

¹ John Stringer (CEO of Producer’s Forum), email message to Lori Harmon, July 12, 2013.

² Ken Krogue, “The Inside Sales Revolution,” *SlideShare*, August 27, 2013, [http://www.slideshare.net/insidesales/high-velocity-tour-citrix-ken-small?from_search=1%20\(slide%2039\)](http://www.slideshare.net/insidesales/high-velocity-tour-citrix-ken-small?from_search=1%20(slide%2039)).

³ *Ibid.*

⁴ Bob Perkins, “The Future of Inside Sales” (presentation, Inside Sales Virtual Summit, June 20, 2013).

According to Lars Leckie, Managing Partner at venture capital (VC) firm, Hummer Winblad,

The new high-velocity business model using inside sales is as big of a disrupter to sales as SaaS was to software. This model is a competitive differentiator that will give companies a two-year lead in terms of their growth rate versus the old outside sales model. Venture capitalists will not invest in a company without a well-thought-out inside sales plan. Innovation isn't just for products; companies need innovation in sales too.⁵

⁵ Lars Leckie, "The High Velocity Business Model" (presentation, Inside Sales Virtual Summit, June 20, 2013), <http://vshow.on24.com/vshow/insidesales?!=en#auditorium>.

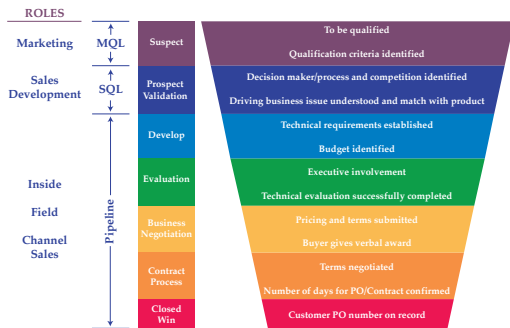
3

Understand the Funnel

The sales funnel is a simple, visual representation of the sales process.

For those that have never been in sales, your sales funnel is a key component of building your high-velocity inside sales team.

The sales funnel is a simple, visual representation of the sales process. The top is wide and it is where all of the inquiries flow into the funnel. The middle is where your qualification takes place, and the bottom is your closed business being converted into revenue.



This traditional representation was meant to illustrate a simple breakdown of sales stages, number and value of each opportunity in the funnel, and the conversion rate between each sales stage. As technology, business models, and communication preferences have changed, the funnel has become more complicated. Leads and opportunities now flow in and out of the funnel at different stages of the process.

At the very top of the funnel, inquiries from potential buyers come in. These are then nurtured by marketing until they become marketing qualified leads (MQLs). MQLs are passed to sales development for live qualification. If they meet the qualification criteria they become sales qualified leads (SQLs). SQLs get converted to opportunities and these move through the remainder of the sales stages.

Once an SQL is converted to an opportunity it becomes part of the sales pipeline. The sales pipeline is the set of opportunities that have a potential to close at a specified date. The total number of opportunities in the pipeline with a close date of the current quarter is called the “current quarter pipeline.” The set of deals with close dates during future quarters is the “future quarter pipeline.” The combination of the current quarter and future quarter pipeline deals is considered “all pipeline.”

The design of the sales funnel is to provide sales reps and sales management with a visual of the company’s sales process. It also helps to identify trends and performance associated with a lead going through the funnel and becoming a closed deal; in other words, going through the pipeline.

A basic sales funnel will show sales management a picture of the pipeline opportunities broken down by sales stage (Rule 25). Sales management can see how many opportunities their team is working on and what stages most opportunities are in.

Looking at a sales funnel over time will allow you to see if the number of opportunities are growing or shrinking. Measuring conversion rates between each stage of the funnel and between MQLs, SQLs, and closed deals will provide valuable metrics for forecasting and budgeting for pipeline development requirements.

The sales funnel allows sales management to measure deal velocity, or how long an opportunity is in each sales stage. Knowing where opportunities get slowed down is an area where improvements can be made to accelerate your entire sales process.

At one company, we determined that Sales Stage 2 and Sales Stage 5 were the stages that took the longest in the sales process. Sales Stage 2 was where success criteria for the deal were established. Sales Stage 5 was the process where the contract was negotiated. Since the longer of those two was the contracting process we decided to tackle that one first to shorten the overall sales cycle. We made a number of improvements in both automation and the approval process involving finance and legal. The end result was a 52 percent improvement in Stage 5 and a 20 percent improvement in the entire sales process, taking the average sales cycle from eight months to six months.

What does your sales funnel look like?

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Don't Be Afraid to Ask for Expert Advice

Founders are engineers. Sales, particularly inside sales, is their blind spot. So, they need to get educated.

The rapid growth of inside sales has created a talent gap. There is more demand for experienced talent than available talent with experience. One of the reasons for writing this book is to help CEOs, Vice Presidents of Sales, and new sales managers who don't have the knowledge and experience with inside sales to understand how to build a team or what to look for when hiring someone to build a team.

For companies building new teams, it is imperative to get some help and find people that have done it before. Because building and leading inside sales is a specialized skill set, you want a person who has built a team previously. This will save your company time and money, getting the model started with a best practice approach. If you can hire a leader with experience in building a high-velocity inside sales team, do so. Otherwise, bring in a consulting firm that specializes in inside sales to build the team for you. Then, either during the process or once the team is built, the consulting firm can train and mentor the person who has been selected to lead the team.

This challenge is especially true for start-up companies. Lars Leckie of Hummer Winblad states, "Founders are engineers. Sales, particularly inside sales, is their blind spot. So, they need to get educated."⁹ In fact, this is so important for start-up

⁹Lars Leckie, "The High Velocity Business Model."

companies that venture capital firms, like True Ventures and Andreessen Horowitz, have added advisors or partners specifically to help their portfolio companies build high-velocity inside sales teams.

This is the approach I used to build my first inside sales team. The company I worked for was debating whether they should build an inside sales team or invest more in outside sales. At that point I was the Director of Professional Services with no prior experience with inside sales. At that time, few people in the industry understood what inside sales was and how it should operate. We brought in an outside consulting firm to help us develop the business case and teach me how to build and run an inside sales team. That foundation led to numerous professional opportunities to build, lead, and turn around inside sales organizations. Without the help of the consulting firm, the speed with which we were able to execute and deliver results would not have been as favorable: the team grew from \$0 to \$50 million dollars in two years.

It can be hard to admit that you need to engage someone with a specialized background to assist with your efforts. It should be considered, however, if you do not have an inside sales background. Even if you have an outside sales background, realize that inside sales is a different discipline. The upfront investment will help insure your success.

The industry is changing rapidly. To be effective, leaders need to stay current with the trends in inside sales.

In addition to consulting firms, the American Association of Inside Sales Professionals (AA-ISP), LinkedIn groups like Inside Sales Experts and Inside Sales Managers, and blogs (Appendix A) can help a person stay current with the latest developments in the inside sales arena.

Where will you go to find help when you need it?

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Use and Monitor Social Media

The buyer's journey is changing and we want to be there, where the buyer is.

Today, social media is a required tool for all sales professionals. Something once thought to be a distraction is now an essential part of an inside sales person's success. According to research by the Aberdeen Group, 46 percent of sales people incorporating social into their sales process make quota versus 38 percent who achieve quota without the use of social selling.²⁵

One of the best examples of inside sales success using social selling is at ADP. The inside sales team at ADP is led by Liz Gelb-O'Connor, Vice President of Inside Sales Strategy and Growth. According to Liz, "The buyer's journey is changing and we want to be there, where the buyer is."²⁶ Today, buyers are using their contacts, the Internet, and social media to make purchasing decisions. A 2012 study by the Corporate Executive Board found that the average B2B purchase decision is 57 percent complete by the time a supplier is engaged.²⁷

In order to be where the buyer is, ADP has provided their inside sales team with the social me-

²⁵ Aberdeen Group, "Collaborate, Listen, Contribute: How Best-in-Class Sales Teams Leverage Social Selling," *Aberdeen Group*, November 2012, http://v1.aberdeen.com/c/report/research_briefs/8256-RB-social-selling-intelligence.pdf.

²⁶ Liz Gelb-O'Connor, email message to Lori Harmon, September 30, 2013.

²⁷ "Sell How Your Customers Want to Buy," *CEB*, accessed August 31, 2013, <http://www.executiveboard.com/exbd/sales-service/challenger/new-decision-timeline/index.page>.

dia tools required to be on the forefront of social selling. This has enabled Liz's team to shape customer demand and position themselves as thought leaders in the industry.

An example of this thought leadership is that one of the managers at ADP closed a deal by answering a question posed in a LinkedIn group. The manager noticed a discussion about pre-employment drug testing. He took the opportunity to share his knowledge with the LinkedIn Group. Even though he identified himself as working for ADP he did not attempt to sell any products in his post. Later, he received an email from the person that posted the question asking for a meeting with ADP to learn about their services regarding pre-employment. Within two weeks he closed a deal with this client.

Be sure your inside sales reps are on the social media sites where your customers and buyers are—be it LinkedIn, Twitter, Facebook, Google+, etc. Provide them with relevant content to share and train them on how to engage and participate in conversations. Publish, share best practices, incent participation, and track results.

Which social media forum is best for your particular product or service? It depends.

Sixty-five percent of business-to-business (B2B) companies have acquired a customer through LinkedIn.²⁸ There are numerous ways your inside sales team can leverage LinkedIn. First, their profile should be customer-centric. Rep profiles should be a reflection of what they have accomplished in helping their customers. Also, they should become members of relevant groups in order to participate in discussions and give advice to those looking for solutions that your product or service addresses. LinkedIn can also be used to broker introductions. If you know someone who has a connection in an account where your company is looking to gain traction or engage as a prospect, ask for a referral.

We recently worked with a client who had had a LinkedIn profile for years but was an infrequent user. Two months after we trained him on a best-practices LinkedIn approach, he closed a \$150,000 deal through one of his new connections.

For businesses-to-consumer (B2C) companies, 77 percent have found leads on Facebook, as it is a more personal networking platform.²⁹ These are only two social media platforms. We have provided a list of other platforms and tools in Appendix D. The most successful companies utilize multiple social media tools to reach their buyers.

How do you plan to incorporate social media into your sales strategy?

²⁸Melissa Miller, "20 Fresh Stats About the State of Inbound Marketing in 2012."

²⁹Ibid.

About the Authors



Lori Harmon, CEO of Quantum Sale, helps companies make quantum improvements in their sales results.

Lori is a veteran high-tech executive with more than 25 years of strategic and operational experience in all major functional areas, including sales, support, and marketing for some of Silicon Valley's leading companies. Her expertise lies in building and simplifying organizations, inspiring and developing high-performance management teams, and streamlining operations.

Lori has a keen ability to understand complex business issues, make solid recommendations, and quickly implement solutions that deliver results.

Since 1995 she has been leading inside sales teams, starting at Network General where she built the inside sales team and grew the revenue from \$0 to \$50 million in two years. Since then she

has led inside sales teams at Brio Software, Interwoven, and VeriSign.

Lori exudes amazing acumen in the sales arena like no other in her field. She is able to assess the flaws in any sales process and determine the exact remedy. Results include reduced cycle times of 20 percent+ and increases in revenue and productivity from 16 percent to 300 percent.

Prior to Quantum Sale, Lori was Executive Vice President of Global Partner Solutions at Melbourne IT, providing online services to Enterprises for resell to small businesses. During her tenure at Melbourne IT, Lori used her sales and overall operational experience to bring in new business and expand the product offerings.

Prior to Melbourne IT, Lori was Vice President and General Manager of the Digital Brand Management Services business unit at VeriSign. As the leader of this \$30 million, 130-person business unit, she leveraged her extensive experience to develop innovative initiatives to enhance products and services for enterprise clients.

Originally, Lori joined VeriSign as Director of Worldwide Sales Operations, and quickly advanced to Vice President of Inside Sales and Worldwide Sales Operations before moving to an expanded role as Vice President of Global Customer Support. Her broad experience and ability to create value for the organization resulted in her promotion to General Manager.

Prior to VeriSign, Lori held senior management positions at Interwoven, Brio, and Network General leading inside sales, product marketing, and professional services organizations. Ms. Harmon holds a BS degree in Information Systems from Appalachian State University.



Debbi Funk is currently Vice President of Operations and a sales consultant for Quantum Sale.

Debbi has over 20 years of sales experience as a top-performing individual contributor and as an effective inside sales manager. She specializes in pipeline development, process improvement, and leading teams to achieve exceptional results.

Prior to joining Quantum Sale, Debbi was Manager of Sales Development at VeriSign, where she led a team that was an initial point of contact for representing primarily security products and services to prospects and customers. Her successes included hiring, training, and mentoring top talent into the organization. Her collaborative approach allowed her to be a liaison between the sales and marketing teams to optimize the results of both.

Prior to VeriSign, Debbi held various sales and management positions at Software Development Technologies, Brio Software (now part of Oracle), Network General, Telogy, and Everex Systems. Debbi holds a Bachelor's degree in Marketing from Santa Clara University.

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"This easy-to-read book nets out the key factors you need to know for setting up, leading, and optimizing a high-performance inside sales team. Read it and prosper."

Jill Konrath, Author, SNAP Selling, Selling to Big Companies

"Inside sales is exploding in growth and the learning curve comes with that. This complex and always changing profession needs direction and that's why *42 Rules for Building a High-Velocity Inside Sales Team* is a perfect guide. Lori L. Harmon and Debbi S. Funk bring their 40+ years of combined knowledge of leadership and subject-matter expertise in developing this book. You are in good hands with their recommendations and my first rule is to READ IT!!!"

Josiane Chriqui Feigon, President and CEO, TeleSmart Communications

"Inside sales is a category that a few years ago did not exist. Now the hiring of inside sales reps versus outside sales is 10:1. In order to build an inside sales team properly, you need to know how. *42 Rules for Building a High-Velocity Inside Sales Team* outlines the process that will enable you to create a competitive differentiator that will deliver revenue and value to your company significantly faster than traditional sales models."

Lars Leckie, Managing Partner, Hummer Winblad



Since 1995, **LORI L. HARMON** has been building, leading and transforming inside sales teams to deliver outstanding results. She is currently the CEO of Quantum Sale.



DEBBI S. FUNK is a career inside sales professional with over twenty years of success as a manager and an individual contributor. Debbi is currently a sales consultant for Quantum Sale.

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