TOPO

RESEARCH REPORT

2019 SALES DEVELOPMENT BENCHMARK REPORT

A research report focused on the strategies and tactics of successful sales development organizations.

Dan Gottlieb, *Sales Development Analyst*

April 25, 2019

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By Dan Gottlieb
With Kristina McMillan
April 25, 2019

Sales development is arguably the most critical investment for developing pipeline in today's B2B businesses. To better understand the impact and best practices, TOPO surveyed 179 sales development leaders and compiled the results and strategies in this 2019 Sales Development Benchmark Report. This report provides insights organizations can apply to adopt or evolve their sales development practice in 2019 and beyond.

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RELATED RESEARCH

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SURVEY OVERVIEW

Objectives

To better understand the strategies, tactics, and benchmark metrics of successful sales development organizations. The research also shares insights organizations can leverage to develop and/or improve their own sales development initiatives.

Data Views

Our research surfaced three defining characteristics that shape an organization's sales development practice:

- **Average annual contract value (ACV).** A proxy for target market, grouping average deal sizes offers insights and metrics tailored to deal complexity.
- **Company size.** Larger companies have access to more sales development resources than smaller companies.
- **Team structure.** Whether sales development teams are inbound, outbound, or a hybrid of the two changes the team's goals and how they execute.

SURVEY DEMOGRAPHICS	
# of Respondents	179
# of Data Points Surveyed	72
Data Collected	Q4 2018

ANNUAL REVENUE	% OF RESPONDENTS
$0 - $50M	49%
$50M - $500M	39%
$500M+	12%

ANNUAL REVENUE GROWTH	% OF RESPONDENTS
0% - 25%	30%
26% - 39%	22%
Over 40%	48%

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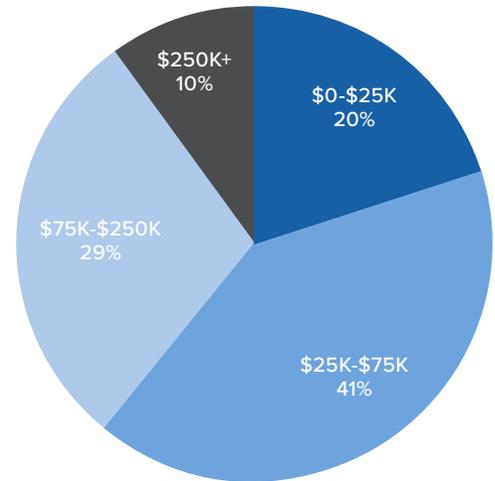
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DEMOGRAPHICS

This report is based on survey data gathered from sales development leaders in mostly high-growth B2B companies.
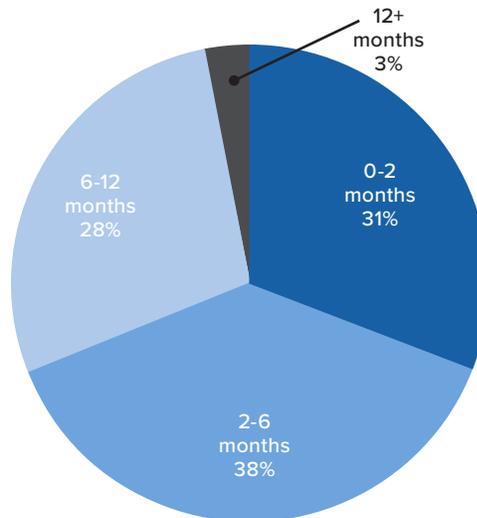
Job title
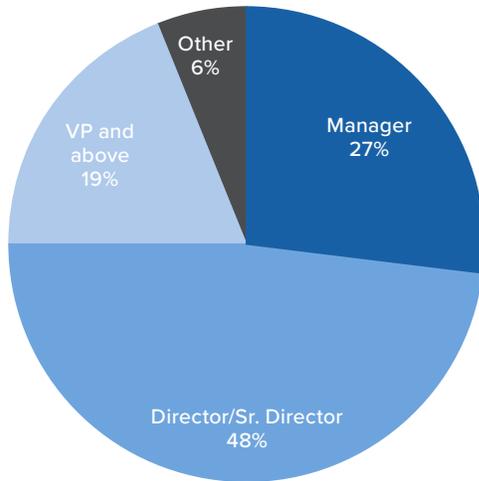
67% of respondents were director level and above

Annual contract value

39% of respondents have ACVs greater than $75K

Average sales cycle

66% of respondents have an average sales cycle of between 2-12 months

INTRODUCTION AND TAKEAWAYS

Sales development is a critical function for world-class B2B sales and marketing teams

Sales development teams continue to be viewed as a strategic component by driving revenue growth for B2B sales and marketing, as seen in the amount of pipeline and revenue that flows through or is generated by the team. With agreed-upon best practices for inbound and outbound channel strategies across multiple industries, SDRs have become so dependable that revenue leaders are finding new applications for sales development across the business, including customer expansion and channel programs.

However, the biggest story is the role sales development plays as a centerpiece of account based programs—one of the most disruptive go-to-market transformations in B2B sales and marketing today.

In this new paradigm, change is constant for sales development. Leading organizations are building teams that are resilient and can adapt quickly. Therefore, sales development organizations need a way to evaluate:

1. Where their shifting priorities fit into the overall go-to-market strategy

2. Whether or not they have effective people, process, technology, and tactics

3. Whether the metrics for governing their organization help them optimize their programs

For the 2019 Sales Development Benchmark Report, TOPO surveyed nearly 180 practitioners at leading sales development organizations to identify patterns and metrics. This report provides the insights organizations need to navigate change or evolve their sales development strategy in 2019 and beyond.

Key takeaways

- **SDRs are the most significant pipeline drivers in world-class companies.** SDRs generate $415K in pipeline per month, on average, and 57% of overall pipeline.

- **SDRs are the most important channel for successful account based programs.** Account based is the most significant strategy for go-to-market teams today and SDRs are the cornerstone of that strategy. Of account based marketers, 88% cite outbound SDRs as an important channel in their marketing strategy. Because of this success, 41% of organizations have built a dedicated account based SDR team.

- **Sales development is moving beyond its direct, net new pipeline generation heritage to supporting expansion and the channel.** Sales development is such a proven commodity, it is being applied to multiple go-to-market strategies. Of survey respondents, 19% have SDRs dedicated to customer expansion, and 12% have a team dedicated to support channel partners.

- **More organizations are assigning resources dedicated specifically to support SDRs.** High-growth organizations with more than 20 SDRs have dedicated SDR enablement and SDR operations (versus shared resources with the sales team).

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- **Continuous development and recognition is keeping SDRs in the role longer.** We saw the average tenure of the SDR increase from 14.3 months in our last benchmark to 15.5 months, while ramp times remain constant. This is largely driven by innovations in career paths as SDR leaders segment the SDR role, offering continuous skill development and recognition throughout an SDR's tenure, thus keeping them engaged and productive longer.

- **SDRs are having conversations with prospects again.** The most effective and scalable channel for initially connecting with prospects has been email. The by-product of the massive increase in digital communications was significantly fewer SDR conversations. Today, organizations are creating processes and enablement to bring live SDR conversations back into the qualification process. And it works, with 40% of respondents citing live call execution as the key factor in their success.

- **LinkedIn has the potential to become the top outbound channel.** GPDR and cluttered inboxes are forcing SDR teams to increase usage of LinkedIn. The triple touch (phone, email, LinkedIn) has been widely used for the last 4-5 years. Now usage is increasing, with 42% of respondents reporting between 2-5 LinkedIn touches in their touch patterns. Faced with strict enforcement of email and phone restrictions, European SDR teams are largely adopting LinkedIn, with some SDRs reporting LinkedIn as their only outbound channel.

- **Chat will be the next "table stakes" SDR channel, with AI bots soon to follow.** Today, 25% of respondents cited chat as a channel, and early TOPO buying indicators predict the number will increase by at least 50% in 2019, moving closer to becoming a standard for inbound SDR follow-up. Artificial intelligence is slowly becoming a reality in the SDR tech stacks, with 8% using AI-driven email tools. This number will increase slowly in 2019, with 2020 being a likely launch point for significant bot adoption, particularly around straightforward and non-mission-critical touch patterns.

MARKET OVERVIEW

Live call execution, account based strategy, and technology tools are the greatest challenges

The biggest story in sales development today is the role SDRs play in the account based movement.[1] As the commoditization of digital buying experiences drives the demand for account based experiences, marketers have never been more incentivized to partner with sales development. Of account based marketers, 88% cite outbound SDRs as one of the most effective channel tactics for account based programs. This finding presents a new paradigm for SDRs: Engage buyers with valuable and relevant experiences early in the buying process to differentiate from competitors.

However, 35% of sales development leaders cited the execution of an account based strategy as a top challenge for their teams. While effective when done right, the challenges lies in identifying, selecting, and working target accounts (see Figure 1). For SDRs to effectively execute multi-touch, multi-channel, multi-threaded programs within a target account, strong orchestration plans and regular feedback loops need to exist between marketing, sales development, and sales. In account based sales development

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[1] TOPO 2019 Account Based Benchmark Report

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programs, SDRs are often working 5-9 prospects at a time across different threads, requiring them to hold a compelling conversation with 3-5 different roles simultaneously.

With SDRs under a lot of pressure to perform, it is no surprise that live call execution is cited as a top challenge for 36% of sales development leaders. For the last five years, many SDR leaders let their reps rely on sales email automation to hit quota. Leaders failed to equip reps with a repeatable framework and the conversational skills required to compel a buyer to meet with them, and then hold a relevant and valuable conversation. New expectations shift the narrative from "good-day" metrics (i.e., the number of activities an SDR completes per day) to the buyer's perception of the quality and value of the sum of individual activities completed by an SDR.

Sales Development Challenges (Figure 1)

What are the biggest challenges to your sales development success?

Challenge	%
Live call execution	36%
Execution of an account based go-to-market strategy	35%
Using technology tools to increase rep activity	33%
Clearly defined Ideal Customer Profile (ICP) or target account list for SDRs to pursue	32%
Hiring and onboarding	26%
Alignment with sales on qualified lead definition	23%
Clear expectations for how SDRs should customize messaging	23%
Detailed touch pattern that SDRs follow	22%
Objectively defined process for the SDRs to follow, including handoff to sales reps	20%

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Hiring and onboarding, live call execution, and technology are key factors for success
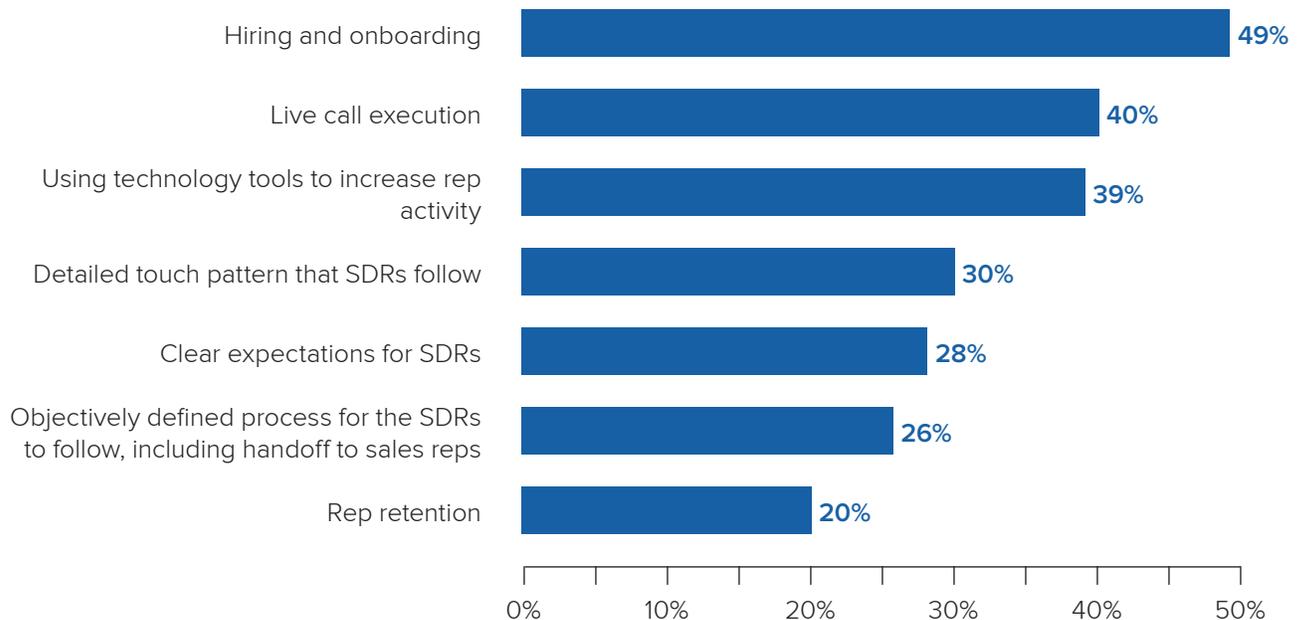
When we look at the factors that make sales development teams successful, hiring and onboarding tops the list (see Figure 2). Hiring has always been a challenge for sales development leaders, but successful organizations found repeatable strategies that work to fill the hiring funnel with qualified candidates. SDR leaders must rapidly hire and quickly ramp up those new hires to get the maximum number of months of full productivity, since the average SDR tenure is fewer than 16 months. Organizations that zero in on effective strategies can transform this challenge into a success factor.

TOPO expected to see live call execution and detailed touch patterns for SDRs to follow near the top of this list (40% and 30%, respectively). These are core job responsibilities of the sales development role. TOPO research reveals that organizations with a prescriptive and repeatable approach to executing effective calls and touch patterns more regularly achieve quota.

To help SDRs execute calls and touch patterns, leaders cite the use of technology tools that increase activity as a top factor contributing to sales development success. These tools include account and contact data providers, sales engagement platforms, and LinkedIn. By simplifying rep workflow across this disparate toolset, SDR leaders help create focus for their teams. Effective SDR leaders map their tech stack to a desired process with clear expectations for impact on workflow.

Factors Contributing to Sales Development Success (Figure 2)

What are the most important factors contributing to your sales development success?

Factor	Percentage
Hiring and onboarding	49%
Live call execution	40%
Using technology tools to increase rep activity	39%
Detailed touch pattern that SDRs follow	30%
Clear expectations for SDRs	28%
Objectively defined process for the SDRs to follow, including handoff to sales reps	26%
Rep retention	20%

STRATEGY

Sales development strategy focuses the organization on delivering pipeline to sales and uses relevant metrics related to the overall company go-to-market strategy to predict impact; this is commonly referred to as a sales development model. When setting up a model, TOPO recommends using key marketing and sales conversion rates to set expectations around what a sales development team will generate. The following table of guiding metrics summarizes both the benchmarks and the TOPO recommendations discussed in this report (see Figure 3).

Sales Development Strategy Guiding Metrics (Figure 3)

CATEGORY	METRIC	ACV $0-25K	ACV $25K-$75K	ACV $75K-$250K	ACV $250K+
Strategy	# of accounts/SDR	125/month	115/month	100/month	75/month
	# of leads/SDR	300/month	230/month	150/month	100/month
	Inbound lead conversion	23%	20%	17%	14%
	Qual lead to opportunity conversion	63%	57%	62%	50%
	SDR close rate	24%	21%	20%	18%
	% of pipeline	73%	65%	58%	46%
	$ of pipeline per SDR per month	$191,528	$604,297	$652,690	$717,222
Process	Inbound qualification definition	BANT	ANU	ANU	AN
	Inbound quota	31	23	15	8
	Outbound qualification definition	ANU	AN	AN	AN
	Outbound quota	15	12	9	7
Tactics	Inbound touches / touch pattern	14.2 touches	17 touches	16 touches	18.9 touches
	Inbound pursuit duration	19 days	20 days	18 days	23 days
	Outbound touches / touch pattern	20 touches	24 touches	16 touches	19 touches
	Outbound pursuit duration	26 days	25 days	26 days	27 days
	Qualification call length	6-10 mins	6-10 mins	10-15 mins	10-15 mins

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CATEGORY	METRIC	REVENUE $0-$50M	REVENUE $50M-$500M	REVENUE $500M+
Organizational Design	Average SDR tenure	16.8 months	14.2 months	16.5 months
	Ramp time	3.5 months	3.8 months	3 months
	SDR: AE ratio	1 to 2	1 to 3	1 to 4
	SDR: manager ratio	9 to 1	10 to 1	11 to 1

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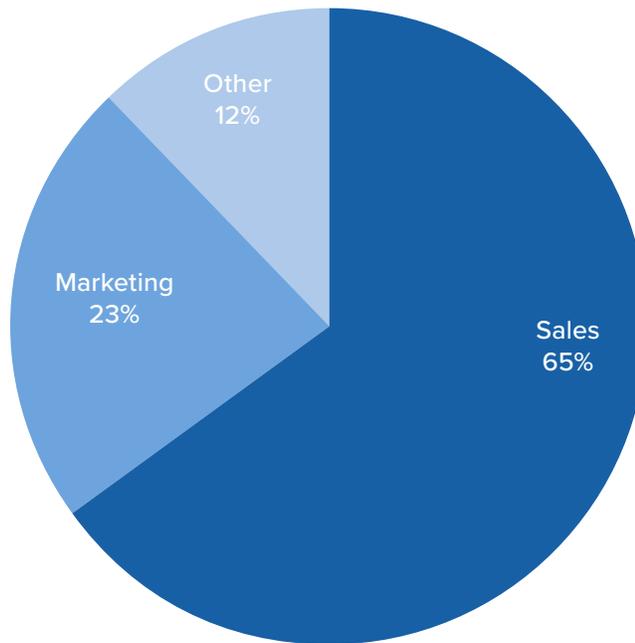A research report focused on the strategies and tactics of successful sales development organizations.

65% of SDR teams report to sales

A majority of SDR teams are located in the sales organization: 65% report into the VP of Sales or sales ops, 23% into marketing, and 12% report to other functions, such as operations or the CEO (see Figure 4). In larger organizations (> $500M), 40% of the SDR organizations report into marketing and 60% into sales. TOPO advises that the reporting decision hinges on who is best suited to lead the organization; SDRs need a dedicated leader who understands the importance of sales development and advocates for resources to support the organization.

TOPO is observing a growing interest from revenue ops teams to partner with SDRs to help alleviate the challenges associated with managing data, including: identifying and prioritizing target accounts, maintaining a clean contact database, and orchestrating plays between marketing and sales.

Department the SDR Organization Reports into (Figure 4)

What department does the SDR organization report to?

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Hybrid SDRs are most effective for account based, but specialized SDRs are needed for inbound
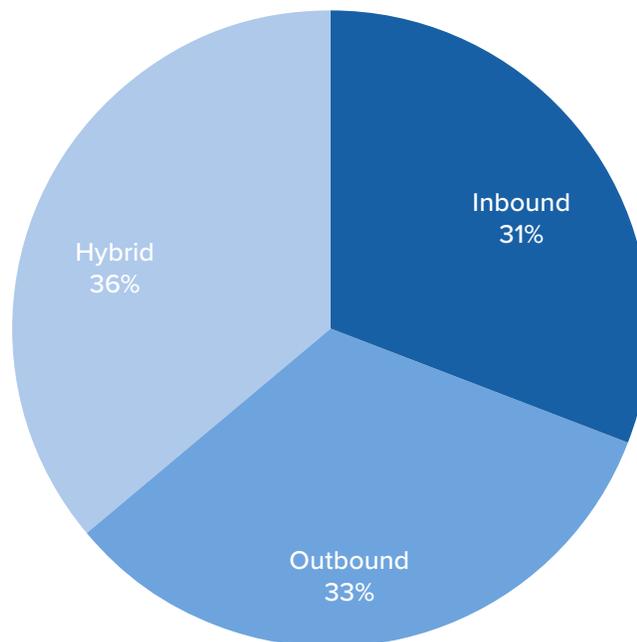
Over the past 10 years, the majority of SDR teams have started as hybrid, but quickly moved to specialized inbound and outbound SDR roles (see Figure 5) once the team reaches 10-15 SDRs, or once the company's marketing efforts start to produce a consistent flow of several hundred leads per month. As organizations grew larger, further specialization is seen, as SDRs were segmented not only by inbound and outbound capabilities, but also by target market segment, verticals, and product lines.

However, for organizations targeting the enterprise segment, coupled with the rise of account based sales development, SDRs are being moved from specialized roles back to hybrid, where SDRs also handle all inbounds within their target accounts.

When assessing whether an SDR team should transition from specialized roles to hybrid positions, SDR leaders should consider whether SDRs would have enough time to handle both inbound leads and outbound activities, and if they have the skill set to do so. They should also determine if SDRs can still meet the expectations or associated service level agreements tied to leads. Organizations with inbound traffic targeting the SMB segment should maintain specialized SDRs.

Type of SDRs in the Organization (Figure 5)

What types of SDRs do you have in your organization today?

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22% of SDR-sourced opportunities end up as closed business

The ultimate measure of sales development success is revenue. Across the board, 22% of SDR-sourced opportunities end up as closed business.

However, distribution across survey respondents reveals clear winners and losers (see Figure 6). Of respondents surveyed, 38% cite a win rate of > 20% and 18% of respondents cite < 10% close rate. The wide range of closed-won rates can be attributed to a number of factors, including opportunity definition parameters, the volume of opportunities generated, and SDR execution.

TOPO suggests for every five sales development-generated opportunities, one should close. However, in a high-performing sales development organization, one in four opportunities generated by an SDR should close.

Overall, close rate increases in enterprise and large enterprise outbound teams are attributed to the rise of account based sales development. Close rates in the large enterprise segment have increased since TOPO's last benchmark, from 15% to 18%.

Sales Development Process Conversion Rates by Target ACV (Figure 6)

METRIC	DESCRIPTION	AVERAGE	$0-25K	$25K-$75K	$75K-$250K	$250K+
Inbound Lead Conversion	A prospect that is passed from marketing to sales development	19%	23%	20%	17%	14%
SDR-Qualified Lead to Opportunity Conversion	A qualified lead that is passed from an SDR to sales	58%	63%	57%	62%	50%
SDR Close Rate	A sales process that is successfully closed by a sales rep	22%	24%	21%	24%	18%

Account based SDRs are assigned accounts based on overall list size

In account based teams, SDRs are assigned a batch of named accounts. The number of accounts assigned varies based on the company's overall target account list size.

When the company has a smaller overall list, SDRs are assigned a smaller number of targets (between 15-25). When the company has a larger list, SDRs can be assigned as many as 80-100 accounts (see Figure 7).

The difference between account based SDRs and outbound SDRs is that account based SDRs will commit to working this list for a longer duration in time before the organization considers replenishing their target account list with an updated focus.

Assigned Accounts for Account Based SDRs (Figure 7)

How many accounts does an SDR work each month?

TARGET ACCOUNT LIST SIZE	# OF ACCOUNTS / SDR
1-100	15-25 targets
100-1,000	40-60 targets
1,000+	80-100 targets

Source: 2019 Account Based Benchmark Report

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PROCESS

Sales development process is defined as the steps and criteria that define how leads, contacts, and accounts enter and exit the SDR function. This section details the criteria and definitions necessary for building an effective sales development process.

The qualification criteria (see Figure 8) is the cornerstone that defines the core objectives of an SDR's role; it determines how far the SDR should take a prospect into a sales conversation before involving a sales rep. How far, or rather how many different attributes the SDR evaluates to determine qualification, also affects how many prospects the SDR can qualify in a given month. If more qualification criteria are required, there is a greater chance that the prospect will disengage before being connected to a sales rep. Less qualification criteria gathered may mean the sales rep ends up wasting time with a prospect that is not yet ready to engage in more meaningful discussions.

Qualification criteria includes the following attributes.

Sales Development Process Qualification Models (Figure 8)

MODEL	DESCRIPTION	CRITERIA	KEY DYNAMICS
BANT	Defined project and timeline with stakeholders identified	Budget, Authority, Need, Timeframe	• High volume of inbound traffic • Short buying cycles • Mature market • Project-centric buying process
ANUM	No defined project, but the right person desires to address a specific need within reasonable timeframe	Authority, Need, Urgency, Money	• Low to midsize ASP • Short buying cycles • Large addressable market • Typically used for inbound qualification
ANU	No defined project, but has the right situation to create one	Authority, Need, Urgency	• High ASP/LTV • Longer buying cycles • Typically used for outbound in large markets
AN	Fits Ideal Customer Profile, needs a direct point of contact	Authority, Need	• High ASP/LTV • Longer buying cycles • New markets • Narrow target markets

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Inbound SDRs are looking for a project

The primary role of inbound SDRs today is sifting through all incoming leads to determine which are most urgent and worthy of a sales rep's time (see Figure 9). The inbound quotas below are recommended by TOPO based on benchmark data. For SDRs focused on SMB (ACV of $0K-$25K), inbound lead volumes are typically higher and sales cycles are typically shorter, therefore qualification criteria is at its strictest, with BANT (budget, authority, need, timeframe) required. As a result, inbound SDRs focus their efforts on qualifying a majority of leads out of the buying cycle, looking for a select group with a budgeted project that are qualified to speak to sales.

SDRs typically qualify a smaller volume of inbound traffic for large enterprises (ACV of $250K+), especially for accounts matching ICPs. Since this is a step in a longer sales cycle, qualification criteria is lighter, with AN (authority, need) required to hand off the lead to sales. The SDR focus here is generating a warm call with a prospect who is willing to learn more and fits a basic level of account/technical qualification. This call paves the way for the sales rep to learn more about the account and serve as a direct point of contact when a potential business opportunity arises.

Sales Development Inbound Process Definitions (Figure 9)

INBOUND

ACV	QUALIFICATION CRITERIA	MONTHLY QUOTA	ANALYSIS
$0-$25K (SMB)	BANT	31	SMB inbound typically uses the strictest form of qualification, BANT, to narrow down a large volume of leads to just those that have a likelihood of being an opportunity for sales. Quotas are high because products tend to be commoditized, and therefore less messaging customization is required.
$25K-$75K (MM)	ANU	23	MM inbound uses ANU to identify prospects that are the "right person, right company" and have communicated a sense of urgency around addressing the problem. Similar to SMB, quotas reflect higher lead volumes as SDRs are typically focused on sifting through leads to quickly qualify and set meetings for sales reps.
$75K-$250K (ENT)	ANU	15	Similar to MM, ENT inbound uses ANU for qualifying prospects that are the "right person, right company" and have communicated a sense of urgency around addressing the problem. However, as inbound lead volume in this segment is typically lower, quotas are proportionately lower too.
$250K+ (Large ENT)	AN	8	Lead volume is typically smaller for large ENT and made up of lower-level stakeholders requiring SDRs to prospect further into the account to identify the right person to engage with. Account based go-to-market strategies are being widely adopted to address this challenge.

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Outbound SDRs are focused on setting up qualified meetings

For outbound SDRs, qualification criteria is focused on finding the right people with a need that aligns to the solution's value at a company either in the company's ICP, or close to it (see Figure 10). The account based movement is driving the adoption of lighter qualification criteria, and target accounts are deemed pre-qualified as accounts the business wants to penetrate. Therefore, SDRs are focused on generating meetings with the right stakeholders within those accounts who have a problem that can be solved by your product, regardless of whether those accounts have identified projects with budgets or timelines.

Outbound quotas, recommended by TOPO based on benchmark data, vary less between segments because the fundamental skills needed to generate demand to learn more about a solution require a similar level of effort across multiple segments. SDR leaders setting quota for outbound teams should consider prescriptive prioritization regarding the number of accounts and contacts per account an SDR should pursue in a given month.

Sales Development Outbound Process Definitions (Figure 10)

OUTBOUND

ACV	QUALIFICATION DEFINITION	MONTHLY QUOTA	ANALYSIS
$0-$25K (SMB)	ANU	15	Outbound efforts to SMB are typically not cost-effective unless a high volume of qualified leads are generated. While ANU is the most common outbound criteria in SMB, the outbound motions required to get a prospect engaged and qualified require a lot of time and effort, and often do not support higher quotas. TOPO recommends focusing outbound SDRs on accounts with the highest potential LTV to justify an investment in outbound SDRs.
$25K-$75K (MM)	AN	12	MM outbound most commonly used AN as qualification criteria, focused on finding the "right person" at a company to engage with. The objective is to engage sales reps with prospects earlier in the sales process as a way to establish value and help define a project. Just as in SMB, volume is important for outbound prospecting to be considered cost effective. MM outbound SDRs should be given a list of target accounts to focus the impact of their efforts.
$75K-$250K (ENT)	AN	9	Given that larger deal sizes often involve more senior stakeholders, most organizations struggle to engage these senior stakeholders in traditional demand generation activities. ENT outbound is focused on qualifying the "right person" in an account, with no additional criteria required. Quota in this segment is reflective of the complexity of larger accounts, often requiring multiple conversations with different entry point stakeholders to create a compelling reason for the buyer to engage.

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$250K+ (Large ENT)	AN	7	As with ENT, large ENT outbound focuses on identifying the "right person" in a account to engage. Similar to ENT, quota in this segment is reflective of the complexity required to sell into these companies, and there is often a limited number of accounts available for the SDR to go after.

SDR organizations that actively manage rejected handoffs have higher conversion rates

Given that only 59% of SDR-qualified leads become sales opportunities, it is critical that SDR organizations have a defined process for handling rejected leads from sales. The most commonly cited reasons for sales teams rejecting leads include the handoff meeting was not completed (no-show) (49%) and no next step was established following the handoff call (43%). The most important aspect of sales and sales development alignment is to develop a closed-loop handoff process where all qualified leads follow a clearly defined process and are focused on driving the next step for the prospect. Handoff issues are fixed by defining a clear set of next actions following a handoff call, and clear accountability for who should manage those actions (Figure 11).

Most Commonly Cited Reasons for Rejecting SDR-Qualified Leads (Figure 11)

What do sales reps most commonly cite as reasons for rejecting the lead?

REASONS FOR REJECTING QUALIFIED LEADS	TOPO RECOMMENDATION
Meeting not completed (no-show)	Develop a process for confirming meetings in advance to reduce no-shows. For example, resend the calendar invite the night before the scheduled meeting, then send an email the morning of the meeting letting the prospect know you are "looking forward to the call."
No next step following the handoff call	Enable sales with specific actions to take with prospects that are not ready to engage in the buying process. For example, offer a market overview conversation as a next step instead of a demo.
Prospect does not meet minimum requirements	Enable SDRs to proactively surface potential qualification conflicts, such as an interested prospect that does not meet minimum pricing or licensing requirements. For example, at organizations that require a minimum price, SDRs are often asked to "price flinch" the prospect to disqualify them early if they can't meet minimums (e.g., "Typically our pricing starts at $XX per user. Does that align with your expectations? If so, I'd be happy to set up a call for you to speak with one of our account executives.").
Solution does not align to prospect's demographics/current environment	Revise qualification criteria to account for demographic or environmental factors that disqualify prospects. For example, if SDRs are passing qualified leads to sales that repeatedly get disqualified because they use GMail and your company doesn't support GMail, change your qualification criteria to include confirmation of the prospect's email provider.

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TACTICS

SDRs use a variety of tactics to engage prospects in conversations (see Figure 12). To that end, today's SDRs must manage a growing array of tools and platforms to execute their daily responsibilities.

The last few years have seen an 7.7% (inbound) and 37% (outbound) uptick in the number of touches SDRs make against each contact, as leaders push their teams to "make the most" of each prospect they pursue. The increase in total touches is largely due to improvement in the technology platforms (e.g., sales engagement platforms) that support SDRs. These platforms serve as a single interface to plan, execute, track, measure, and optimize interactions between sales teams and customers across multiple touches and channels.

Additionally, many outbound SDR organizations have fully embraced an account based approach, and they are now expected to find multiple entry points into their accounts, which is driving more touches per account and deeper engagement across touches. Account based SDRs are also completing more touches post-qualification, to bring more potential stakeholders into the conversation.

While sales development leaders continue to demand high daily activity targets for SDRs, the truth behind the numbers is that activity depends on capacity. A conflict exists between the number of activities an SDR can do and how much customization is required. For target markets that require greater personalization of messaging (e.g., Enterprise or newer buyer markets), activity levels are lower, with around 20-25 triple touches per day, as SDRs spend more time crafting and customizing messages and are less able to utilize templates. In target markets that require less personalization of messaging (e.g., SMB or highly commoditized products), activity levels are higher, around 50 double touches per day, as SDRs can leverage more templatized touches.

TOPO sees automated AI-driven email touch patterns, with 3-4 unique messages, emerging as a tool for these teams. In the future, TOPO expects most SDR-driven messaging will be semi-custom, and more templatized messages will be managed by AI bots.

Sales Development Tactics Dashboard (Figure 12)

CATEGORY	METRIC	INBOUND	OUTBOUND
Touches (per contact)	Total touches	16.7	21.3
	# dials	5.2	7.5
	# emails	5.6	6.9
	# voicemails	2.9	3.4
	# of LinkedIn (InMail)	1.7	1.9
	AI-driven touches	4.4	N/A
	Additional channels (ad hoc)	Chat, LinkedIn	Direct mail, video, SMS
	Pursuit duration	19 days	24 days
SLAs	Lead response time	Less than 1 hour	N/A
	# contacts engaged per account	1	5 to 9
	Call duration	6-10 minutes	6-10 minutes
Activities	Total daily activities	100 per day	75 per day
	# dials	44 per day	35 per day
	# emails	56 per day	40 per day
	# of conversations	8-10 per day	3-4 per day
	Conversation rate	15 touches per conversation	25 touches per conversation

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LinkedIn may soon overtake phone and email as the primary channel in certain markets

The "big three" touch types — email, voicemail, and LinkedIn (see Figure 13) — are used by 92% or more of SDR teams to communicate with prospects. While the "triple touch" has been a staple of leading SDR organizations for the past three years, it is now being adopted more broadly.
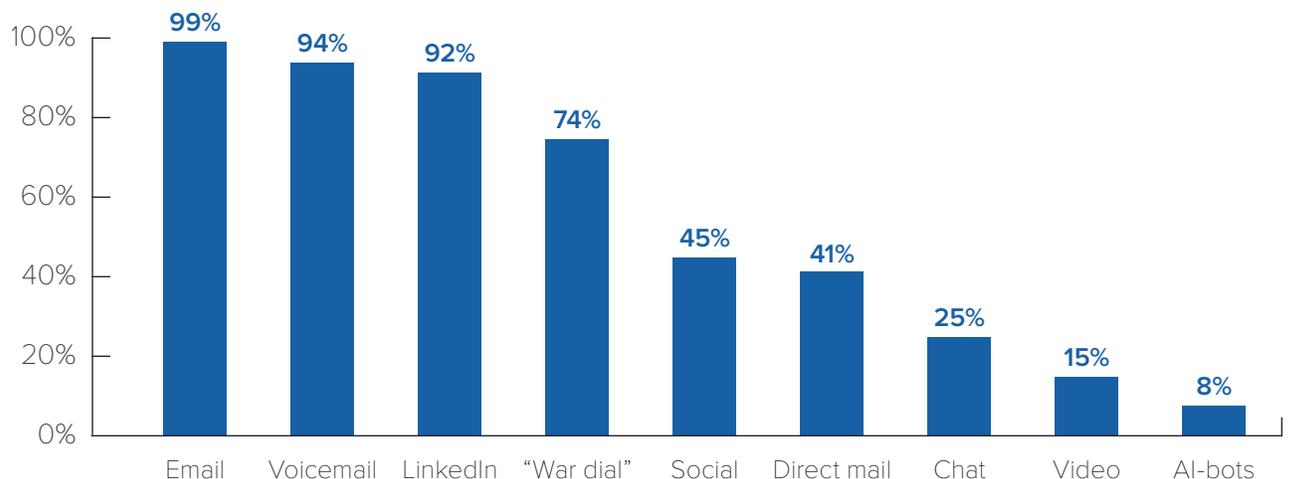
Today, however, LinkedIn is playing a more meaningful role. While LinkedIn was originally a single touchpoint in the overall touch pattern, it is now becoming a platform for collecting insights, running plays, and engaging with prospects. With the passing of the GDPR regulations in May 2018, classic touch channels such as phone and email are now used cautiously for cold prospecting. In response, LinkedIn has emerged as a primary channel for EMEA-based SDR teams.

Other channels — both traditional and new — are being used in the sales development process.

- **Direct mail:** With the advent of account based sales development, TOPO expects to see direct mail continue to play a growing role as part of orchestrated programs designed to generate meetings within target accounts.

- **Chat and AI-driven follow-ups,** while nascent, are being leveraged more by inbound SDR teams. TOPO predicts the number of SDR teams using chat and AI-driven follow-ups will rapidly increase over the next three years.

- **SMS** is the newest rising channel for SDRs. While not appropriate in all markets, early use cases show good results in markets such as IT, where prospects are not accessible via traditional phone (i.e., they don't have desk phones). We expect to see specific plays emerge that support the successful use of SMS, such as including reference to SMS in email messages (e.g., "To make it easier on you, I'll send you a text to coordinate a time for us to chat.").

Touch Types SDRs Use in Touch Patterns to Prospects (Figure 13)

What touch types do your SDRs use in a touch pattern to a prospect?

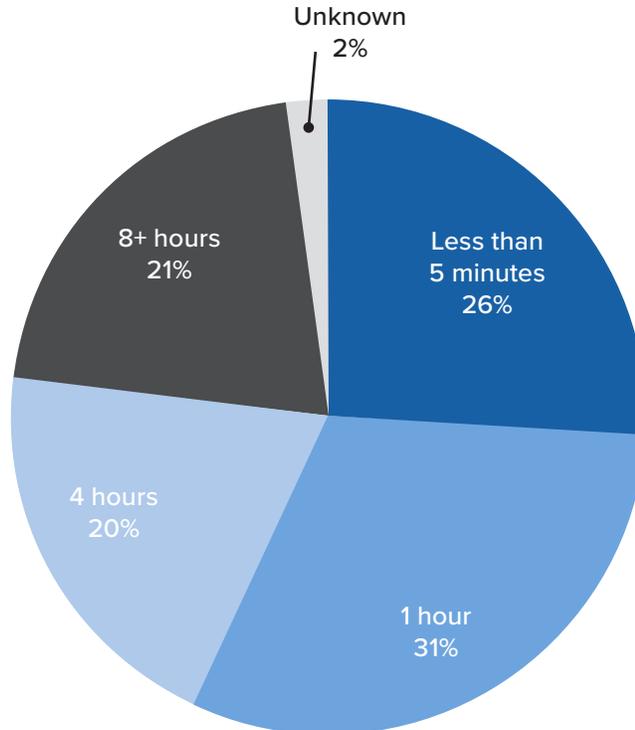| Touch type	Percentage
Email	99%
Voicemail	94%
LinkedIn	92%
"War dial"	74%
Social	45%
Direct mail	41%
Chat	25%
Video	15%
AI-bots	8%

57% of SDR teams respond to inbound leads within an hour

Respondents report a fairly wide range in first-touch times, with 26% saying it takes under 5 minutes, and 21% saying it takes 8 hours or more (see Figure 14). On average, respondents say that 3.1 hours transpire between a website form submission and the resulting SDR touch.

While quick response times have been connected to higher conversion rates in the past, rates must be weighed against the time required to create the right message. In some instances, it is more important to gather account intelligence and prepare a customized response within an hour than it is to respond in less than 5 minutes. Quick follow up (less than 5 minutes) is most important when a prospect has shown explicit interest, such as submitting a contact us or demo request form on the website. Leads with less implied interest, such as tradeshow leads, require coordination of internal resources to create a compelling message to drive engagement post-show (e.g., creating a relevant, high-value offer).

Time Between Form Submission and First SDR Touch (Figure 14)

For inbound or hybrid SDRs, how much time passes, on average, between a form submission on your website and the first SDR touch?

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ORGANIZATIONAL DESIGN

Organizational design is defined as a plan that combines the factors needed to hire, train, compensate, and retain a sales development team (see Figure 15). This section covers key variables contributing to structuring and supporting a world-class sales development team.

The average ratio of SDRs to managers is nearly 10-to-1, up from 9-to-1 in TOPO's last benchmark report (see Figure 15). Simply put, SDR managers today are stretched thin and face growing pressure to help their teams perform. This fact explains why onboarding and training is cited as one of the most critical factors for sales development success — especially for newer SDR leaders with minimal management experience.

The past 18 months have seen an increase in organizations investing in dedicated support resources for sales development. The ratios of SDR to sales ops and SDR to enablement vary widely based on company size, but most organizations create a dedicated support role once the team reaches 30 SDRs.

The investment in horizontal support resources (operations and enablement) is significant for SDR leaders to be able to scale their teams. Having dedicated resources to focus on onboarding, training, and enablement not only results in faster ramp times and greater effectiveness for SDRs, but also frees up managers to do their jobs — hiring, coaching, and managing more SDRs.

Sales Development Organizational Design Dashboard (Figure 15)

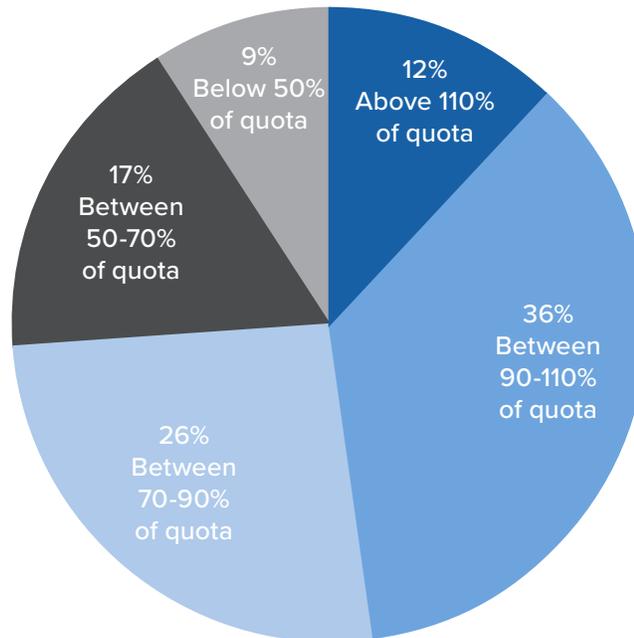| CATEGORY	METRIC	REVENUE $0-$50M	REVENUE $50M-$500M	REVENUE $500M+
Organizational Structure	Average SDR tenure	16.8 months	14.2 months	16.5 months
	Ramp time	3.5 months	3.8 months	3 months
	SDR: AE ratio	1 to 2	1 to 3	1 to 4
	SDR: Manager ratio	9 to 1	10 to 1	11 to 1
	SDR: Director ratio	17 to 1	31 to 1	35 to 1
	SDR: Support (Ops/Enablement) ratio	12 to 1	30 to 1	54 to 1

Only 48% of SDRs are consistently hitting quota

SDR teams are underperforming against their quota. Only a small fraction of SDRs (36%) are achieving their quota, with another 12% overachieving against quota. However, more than half of the teams surveyed are below 90% quota achievement, with 9% of SDRs below 50% of their quota (see Figure 16).

While common sales practices assume that 30% of sales reps will not have a long tenure in the role, TOPO believes this is a reflection of poorly defined charters for SDR teams in many organizations. SDRs, while expected to generate qualified meetings for sales, are asked to support a myriad of tasks that don't directly support their main function of generating pipeline. These tasks include inviting prospects to events, staffing booths at tradeshows, and data cleansing and enrichment. These additional activities, in aggregate, distract SDRs from their core job.

SDR Team Quota Achievement (Figure 16)

What is the quota achievement distribution for your team on a monthly basis?

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SDR tenure has increased 9% to 15.5 months

In TOPO's last benchmark, we reported the average tenure of the SDR was 14.3 months and it has now increased to 15.5 months. While tenure increased, ramp times remain constant. SDRs receive an average of 20 hours of onboarding before getting on a first call and 5.5 hours of ongoing training per month (see Figure 17).

Faced with the challenge of shortening ramp times and increasing the average tenure of SDRs, SDR teams are designing a new SDR experience. By segmenting roles and increasing responsibility, the SDR teams are delivering what SDRs want: continuous skill development and recognition of progress. Consistently providing recognition for performance, access to skill building, and incremental responsibilities improve the SDR experience.

The best sales development organizations also offer training to help SDRs take on their next role. For example, an SDR might focus on account research and contact research in the entry level, and then handle inbound leads in their next role, learning the skills required to engage with prospects. The next step may be combining these skill sets for an outbound role, then leveling up interpersonal communication skills as a strategic account based SDR. All this training paves the way for them becoming an inside sales rep.

Onboarding and Training for SDRs (Figure 17)

How much time is devoted to onboarding or training at each milestone in the SDR lifecycle?

	MILESTONE ACTIVITY	METRIC
Onboarding	Time to first call	2 weeks
	Time to full quota	3.2 months
Development	Training	5.5 hours/month
	Coaching (per SDR)	5.9 hours
Tenure	Average time in role	15.5 months

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SDR compensation is up by 9%

SDR compensation has increased by an average of 9% over the past 3 years, as growing demand for SDRs is forcing managers to compete more aggressively for this entry-level talent. The majority of growth has been in base salaries (see Figure 18).

It is not surprising to see outbound SDR teams getting paid on average 8% more than inbound/hybrid SDR teams. Typically, these roles are associated with different selling skills and experience required to generate a consistent volume of quality pipeline. It is common to see inbound or hybrid SDRs promoted to outbound-focused SDR roles as a career path.

More sales development leaders today are expanding their teams outside traditional tech centers, including Austin, Denver, Boston, Chicago, Seattle, and Atlanta. By doing so, sales development leaders avoid the compensation battle happening in areas like San Francisco and New York City. Second, they can steadily access new talent pools by being in close proximity to major universities and in an environment that attracts young professionals.

On-Target Earnings for SDRs (Figure 18)

	BASE	COMMISSION / BONUS	OTE
Average	$51,460	$24,079	$75,539
Inbound/Hybrid	$50,220	$22,279	$72,499
Outbound	$52,700	$25,879	$78,579
SF Bay Area and other tech centers	$58,390	$27,904	$86,294
Outside Tech Centers	$44,531	$20,254	$64,784

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Compensation for SDR directors has increased 12.7% in up-and-coming tech centers

The demand for experienced sales development leaders has increased sharply in the past three years, as more organizations seek to build their SDR teams outside of traditional tech centers (e.g. San Francisco Bay Area and New York City).

Compensation for sales development managers and directors is structured similarly to that of SDRs, with 65-70% of total on-target earnings represented as salary and a bonus based on the collective performance against team goals (see Figure 19).

Mirroring the push to build satellite sales development teams in non-traditional tech centers is the rush to hire sales development managers and directors in those regions due to the limited pool of qualified applicants in these geographic locations. This fact is evident in the compensation bump for managers and directors outside of the tech centers. SDR teams are finding it is worth paying extra to hire a qualified leader located in the same place as the satellite team from another firm, or paying to relocate qualified leaders to satellite locations.

On-Target Earnings for Sales Development Leaders (Figure 19)

	BASE	BONUS	OTE
Director – SF Bay Area and other tech centers	$131,346	$75,769	$207,115
Director – Outside tech centers	$112,556	$69,407	$181,963
Manager – SF Bay Area and other tech centers	$86,054	$50,036	$136,089
Manager – Outside tech centers	$76,755	$35,151	$111,907

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GUIDANCE

This year's Sales Development Benchmark Report clearly illustrates the importance of establishing a baseline for your sales development organization based on your GTM strategy.

- Improve the impact of your SDR program by modeling expectations (# of leads, # of accounts) and milestone definitions (SQL and Opportunity) on best practices associated with your target market.

- Focus SDR onboarding on the core elements of the job. This includes learning personas, executing qualification calls, prioritizing leads or accounts and contacts, and using the tech tools given to execute these key activities.

- Leverage sales development technologies suited for your GTM strategy to help SDRs execute and optimize well-defined touch patterns and qualification calls. Baseline essentials include CRM, Account/Contact Data, LinkedIn, and Sales Engagement Platform.

- Adopt SDR qualification criteria aligned to your GTM strategy to deliver what sales needs to run a productive meeting.

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ABOUT TOPO

TOPO works with high-growth companies to transform their sales, sales development, and marketing organizations into world-class functions. B2B organizations rely on TOPO research and consulting to make informed strategic decisions that drive pipeline and revenue growth.

We do this by offering:

1. **Data and benchmarks** collected from the world's fastest-growing companies across hundreds of key metrics.
2. **Research, best practices, and tools** that make faster revenue growth a reality by focusing on specific, actionable strategies, tactics and plays.
3. **Personalized advice and support** from sales and marketing's best and brightest—TOPO analysts and your peers from the world's fastest-growing companies.
4. **Consulting** helps clients address big sales and marketing issues in a manner that's deeply specific to you. Our consulting work focuses on areas such as go-to-market strategy, organizational design, and marketing/sales process
5. **Events and peer networking** with industry-leading practitioners to learn and share best practices associated with top-performing sales and marketing teams

About the analyst

Dan Gottlieb, *Sales Development Analyst*

Dan Gottlieb helps sales, marketing, and sales development leaders adopt the patterns and plays of high-growth companies. In addition to supporting his clients, he conducts trend research for the sales development practice. He's spent the last 10 years supporting some of the world's fastest growing companies with a deep background in B2B tech sales.

For more information

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