GUIDE TO THE

12 Must-Have KPIs
for Sales Enablement

SEISMIC
Content in context.
Introduction

Key Performance Indicators (KPIs) are a set of metrics that measure a business’s progress towards achieving their organizational goals. Organizational goals tend to be visionary and typically concentrate on one or all of the following areas: service (such as maintaining or improving customer retention or focusing on customer service satisfaction), revenue (increasing profits by a certain percentage or a currency amount) and growth (by expanding the company through new employee headcount, product offerings and/or new customers).¹

Typical Organizational Goals:

- Improve Customer Service
- Increase Revenue
- Increase Profitability (by reducing cost)

In order to achieve these goals, the organization translates them into strategic imperatives that the business functions are responsible for executing. For the sales enablement division, the strategic imperatives typically involve shortening the sales cycle, decreasing the costs of customer acquisition and increasing the lifetime value of the customer. These imperatives rollup to the organization’s strategic metrics and add to increasing revenue, customer growth and customer retention rate.

**Strategic Imperatives for Sales Organization:**

- **Shorten the sales cycle**
- **Reducing the Cost of Customer Acquisition**
- **Increasing Customer Lifetime Value**
The 12 KPI’s are listed under the strategic imperative they will have the greatest impact on and are further classified as an indicator of the sales and marketing team’s efficiency or effectiveness. Some of the KPIs are comparatively straightforward ratios and measurements, such as the duration between sales stages, while some are more intensive and require a combination of metrics to help ascertain the final value, such as the voice of customer KPI.

The 12 Key Performance Indicators (KPIs)

- Efficiency
- Effectiveness

Shorten the Sales Cycle

The sales cycle is the number of days between the initial contact made with a (soon to be) customer to the final transaction that completes the sale. It is expressed as an average number and is a measure of the efficiency of an organization’s sales force. One of the main objectives of business leaders is to shorten the sales cycle in order to increase revenue.

Content accessibility: One of the key components of a sales enablement strategy is to improve the sales team’s ability to access the right content and resources that will help them engage productively with their buyers and customers and simultaneously free their time to manage more opportunities. Many sales enablement technologies include a content management portal that lets the sales reps access content easily and quickly. This KPI measures the time sales reps spend in searching, accessing, creating and updating content, and it is a powerful indicator of the time saved or lost between sales stages. Ideally there should be a decrease in the time spent on accessing content and subsequently a reduction in the sales cycle.

How to measure: Track and monitor the time spent between stages to access (or create) and deliver content. Login data from the content management system can be tracked and should show an increase in access and downloads. This should impact the time between sales stages and help make the sales team more efficient in their tasks. For instance, is a contract generated and sent from within a meeting rather than returning to the office, spending 4 hours building the document and sending it two days later?
**Ranking by time urgency:** Prioritizing leads that are more likely to close sooner. If the sales reps know which deals will potentially close sooner (based on close dates, sales stages and opportunity value) then they can concentrate their resources on closing them faster, thereby reducing the sales cycle. As a sales enablement leader, it is important to track the accuracy of the opportunity close-date forecasts as this allows you to focus time and money on opportunities that can close in the current quarter, as well as reflect the sales pipeline and revenue stream more accurately. Any efforts that are allocated to the wrong opportunities wastes resources prolongs the sales cycle unnecessarily.

*How to measure:* In order to know which opportunities are realistically set to close in the current time-period, it is important to have an accurate close-date forecast. Management should track forecast-to-performance reports that track forecast accuracy based on the original opportunity close date. Once you have high degree of confidence in the close-date forecasts, you can concentrate on high-value opportunities with current quarter close dates. Rank the opportunities by their close-date (and/or opportunity value) so the sales team is able to concentrate on the opportunities at the top of the list.

**Continuous education:** Is the sales team being continuously trained on best practices, new products and services and new industry data? A better trained sales team will be a more effective at communicating their company's value proposition, quicker to grasp their customer pain points and better able to offer product or service solutions and close deals faster, thereby accelerating their sales cycle.

*How to measure:* Performance reviews and routine product certifications and assessments can provide benchmark data that can be compared to their training results in order to track changes and gauge improvements. In addition, individual assessments prior to scheduled workshops can provide benchmark data that could measure the results of the workshops as well as the changes with the individual sales rep's performance (such as new opportunities following the workshop, the conversion rates and the sales cycle velocity).

**Conversion Rates:** The lead-to-customer conversion rate is defined as the percentage of leads that become customers (customers/leads). It is important to know how long it takes for a lead to become a customer as this will help you gauge the effectiveness of your marketing strategies (to know which kinds of campaigns work) and your sales cycle (the speed and quantity of the leads that are moving through the sales cycle). It will also help you focus your efforts: if there are not enough leads entering the pipeline you might to rethink your lead generation strategies, or you might have a lot of qualified leads in the pipeline that need nurturing, thereby helping to reduce (or at the very minimum maintain) the COCA.
How to measure: A percentage of the total number of successfully closed sales over a time-period divided by the total number of sales leads over the same time-period. This will give you a closing ratio as a percentage.

**Reducing Cost of Customer Acquisition (COCA)**

Customer acquisition cost is the cost associated in convincing a customer to buy a product/service and is inclusive of the research, marketing, and accessibility costs. As companies scale, COCA tends to rise, meaning that there are diminishing returns to acquisition activities. Reducing the growth in COCA or reducing the per-customer dollar amount itself has major ramifications for profitably scaling a large organization.

**New rep onboarding:** Onboarding encompasses a variety of tasks and requirements involved in acclimating, training and engaging a new employee in the company. New sales rep onboarding are the resources spent in training and integrating a newly hired rep until he or she is ready to go into the field and create sales opportunities. You want to make sure that the new rep is as well-trained and efficient as possible so that he or she can communicate your value proposition clearly and effectively while not incurring additional customer acquisition costs.

*How to measure:* This KPI can include the time to complete the training, time to productivity and time to first opportunity close, and the final cost of acquisition for the first successful deal. These metrics should be compared to benchmarked values to measure how successful the new rep onboarding and training is.

**Time spent on creating content:** Content (such as case studies, whitepapers, presentations, product sheets, videos, etc.) can be a powerful tool for lead nurturing through the qualification and sales cycle. It takes time, effort and money to create compelling, relevant content that can help generate new, quality leads that will become new customers. By knowing how long it takes to create content, as well as the most effective types of content you will be able to budget for manpower time so the marketing team is able to efficiently create content in the shortest amount of time. Saving time and money on content creation will help reduce the overall COCA amount.

*How to measure:* The amount of time (such as the number of days) it takes to create a new piece of content or update existing content, including time spent by sales reps in the field on these activities. Each content type such as video, presentation, case study, and whitepapers will have its own benchmark number in days and dollars (including expenses such as third-party analysts, freelancers,
producers, production equipment, etc.). You can also measure the percentage of a time spent by a sales rep or member of the marketing team on these activities. Time spent on non-selling activities by sales reps are particularly damaging to efficiency, as sales reps spending more time selling rather than creating content has a direct impact on revenue per rep.

**Content usage:** Content usage measures how much a piece of content is retrieved and shared and was used during key points in the sales process in successful sales deals. If reps are not using the content then the manpower, time and money spent in its development is wasted.

*How to measure:* Managers can track to see which content is accessed by the sales reps, how frequently it is downloaded and shared with customers and leads, and where in the sales cycle it is being used. An added feature could be a way for sales reps to “rate” relevant and usable content. Marketing can use this data to see which content is being used and to create better, customizable content.

**Improving lead quality:** Your marketing programs should not simply generate a large quantity of leads, they should also generate high quality leads that sales can accept and work with through the sales cycle to the final sale. It is important to understand who your target leads are and spend time, effort and dollars creating effective marketing campaigns and collateral that will generate quality leads that will translate into customers and revenue for the organization. Once leads are in the sales pipeline, a lead score will help to identify quality leads and help the sales rep not waste dollars on non-viable leads and increase acquisition costs.

*How to measure:* Engage and fine-tuning the lead score methodology and then track and monitor the lead sources that convert into customers (and don’t convert or fall out of the sales cycle). Also track the lead nurturing programs such as number of “touches” per lead before they became sales ready and measuring the conversion rates.

**Increasing Customer Lifetime Value (LTV)**

Customer lifetime value is a projected dollar value that a business will derive from future transactions with the customer during their entire relationship. Organizations typically calculate this as a periodic value such as 12 or 24 months.² This is an important consideration as it encourages firms to shift their focus from quarterly profits to the long-term health of their customer relationships and how to optimize your acquisition spending for maximum value rather than minimum cost.

² Custora - https://www.custora.com/university/for-marketers/clv/basic
**Reducing customer churn rates**: Churn rate is the “number of customers who stop doing business with an organization over a specific time period”\(^3\) and provides an important insight into how your business is performing. Churn can be an indication of customer dissatisfaction, product quality, high prices, better competitor offers, poor marketing or the natural customer life cycle. Measuring and tracking your churn rate is useful because it provides a rough estimate on the percentage of customers that will leave in a given time-frame, strategize your renewal programs, modify sales behaviors and maximize your renewal revenue.

How to measure: Churn is the rate, measured in a percentage, at which your customers cancel their renewal contracts in a specified timeframe, such as a month or a quarter. Take all the customers you lose during the specific time frame, and divide it by the total number of customers you had at the beginning of the month. New sales during that period are excluded from the measurement.

**Net promoter score**: The Net Promoter Score (NPS) is an index that measures the willingness of customers to recommend you to other potential customers. This index helps you gauge the customer’s overall satisfaction with and loyalty to the company and segment your customer base between those who are the most and the least satisfied with your performance. This can help you better target your customer nurturing efforts and concentrate on certain customer relationships to maximize the lifetime value.

How to measure: NPS is based on a direct question: ‘How likely is it that you would recommend our company/product/service to a friend or colleague”? The answer is a number on a 0 to 10 scale with the respondents segmented into 3 categories: Promoters are loyal customers who responded with a score of 9 or 10 and are considered loyal enthusiasts. Detractors are those who respond with a score of 0 to 6 - unhappy customers. Passives are unenthusiastic customers with scores of 7 and 8 are ignored. NPS is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters.

\(^3\) Forbes [http://www.forbes.com/sites/groupthink/2013/05/14/can-big-data-cure-your-churn-rate/](http://www.forbes.com/sites/groupthink/2013/05/14/can-big-data-cure-your-churn-rate/)
**Increase cross-sell/up-sell rates:** Cross-selling and up-selling are focused techniques that help you get more value from your existing customers and significantly drive up your revenues. Cross-selling and upselling are valuable since they increase the Average order value, increase repeat business, expose the customer to the company’s product portfolio and create a deep product awareness, enhance customer experience and increase customer satisfaction.

**How to measure:** Cross-Selling Success Rate = (Number of Successful Cross-Sales / Number of Cross-Selling Attempts (or Opportunities)) x 100. Upselling Success Rate = (Number of Successful Up-Sales / Number of Up-Selling Attempts (or Opportunities)) x 100

**Understanding voice of the customer:** Voice of the Customer is a term that describes the process for capturing the business’s customer’s experiences with and expectations for your products or services. This data can help companies with customer service initiatives, product enhancement and development, process reengineering and even updating or refocusing business strategy.

**How to measure:** VOC data comes from a mix of have multiple touch points with the customer surveys, interviews, focus groups and feedback forms. For this KPI to be effective, it is important to gather and use information in a timely way that helps you to improve practices such as creating marketing materials, customer support and product training.
**Conclusion**

One of the main purposes of any sales enablement strategy is to help the sales team become more efficient and effective in their sales performance. An efficient sales team performs their jobs appropriately with the least waste of time and effort, while an effective sales team accomplishes an individual task in the selling process with a higher success rate than their peers at other companies. Effectively measuring these 12 KPIs will help establish repeatable processes that will ultimately help in shortening the sales cycle, reducing the cost of customer acquisition and increasing the customer’s lifetime value.