SALES DEVELOPMENT

MODELS, METRICS, AND COMPENSATION RESEARCH

The Bridge Group

INTRODUCTION

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

Since 2007, we've been tracking the SDR role (ADRs, BDRs, MDRs, etc.) with a focus on how metrics and compensation change over time. For this round, **406 B2B companies** participated. We've organized the report into six sections:

1. Organizational Structure
2. Ramp & Retention
3. Metrics & Quota
4. Compensation & Tech
5. Leadership
6. Notes on COVID-19

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

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

The Bridge Group is an SDR, AE & AM consulting firm dedicated to understanding the *models*, *metrics*, and *motions* that deliver scalable growth.

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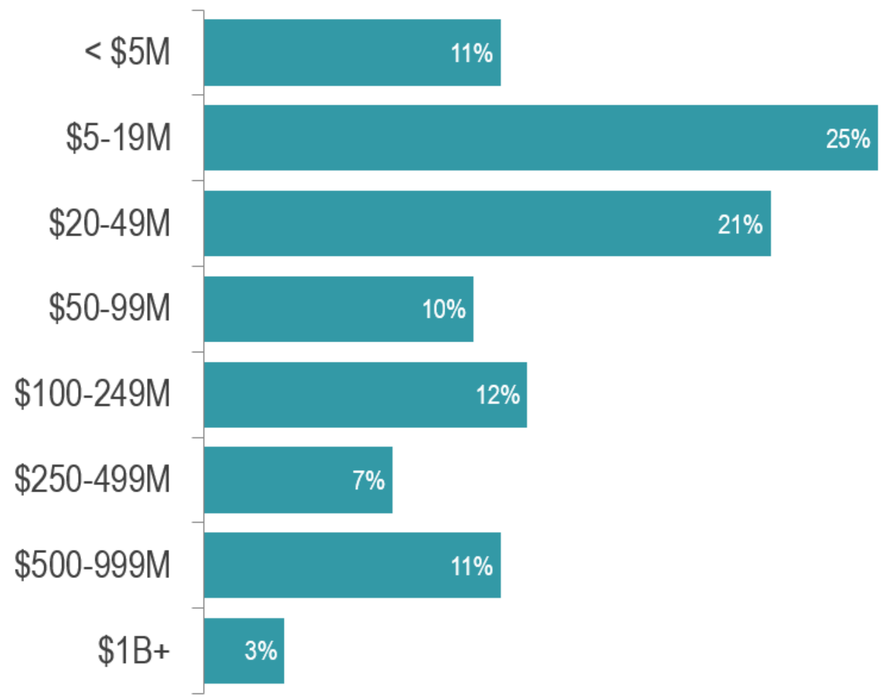
COMPANIES THAT PARTICIPATED

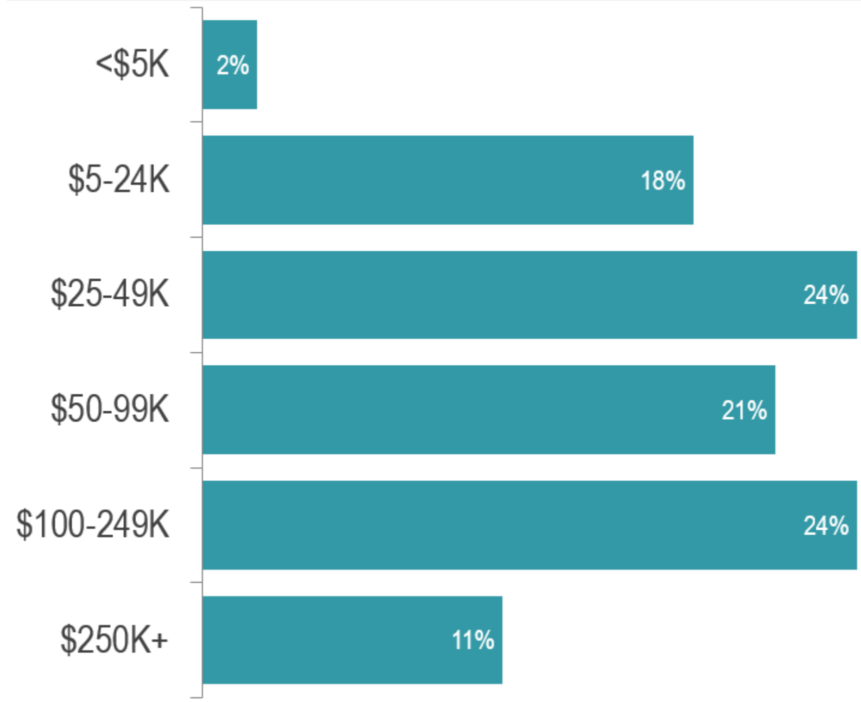
PARTICIPANTS

- 406 executives from a broad diversity of B2B companies
- 91% with headquarters in North America
- $35M median revenues
- $55K median average selling price (ASP)

Respondents by revenues



Respondents by ASP

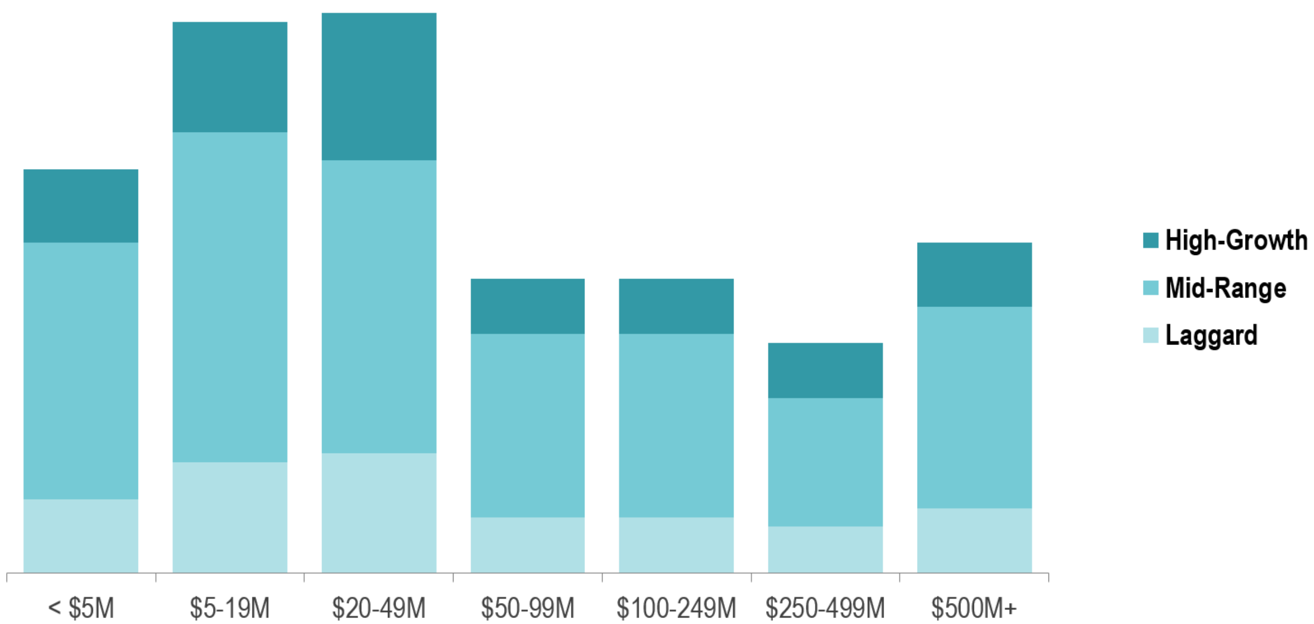


NEW THIS YEAR

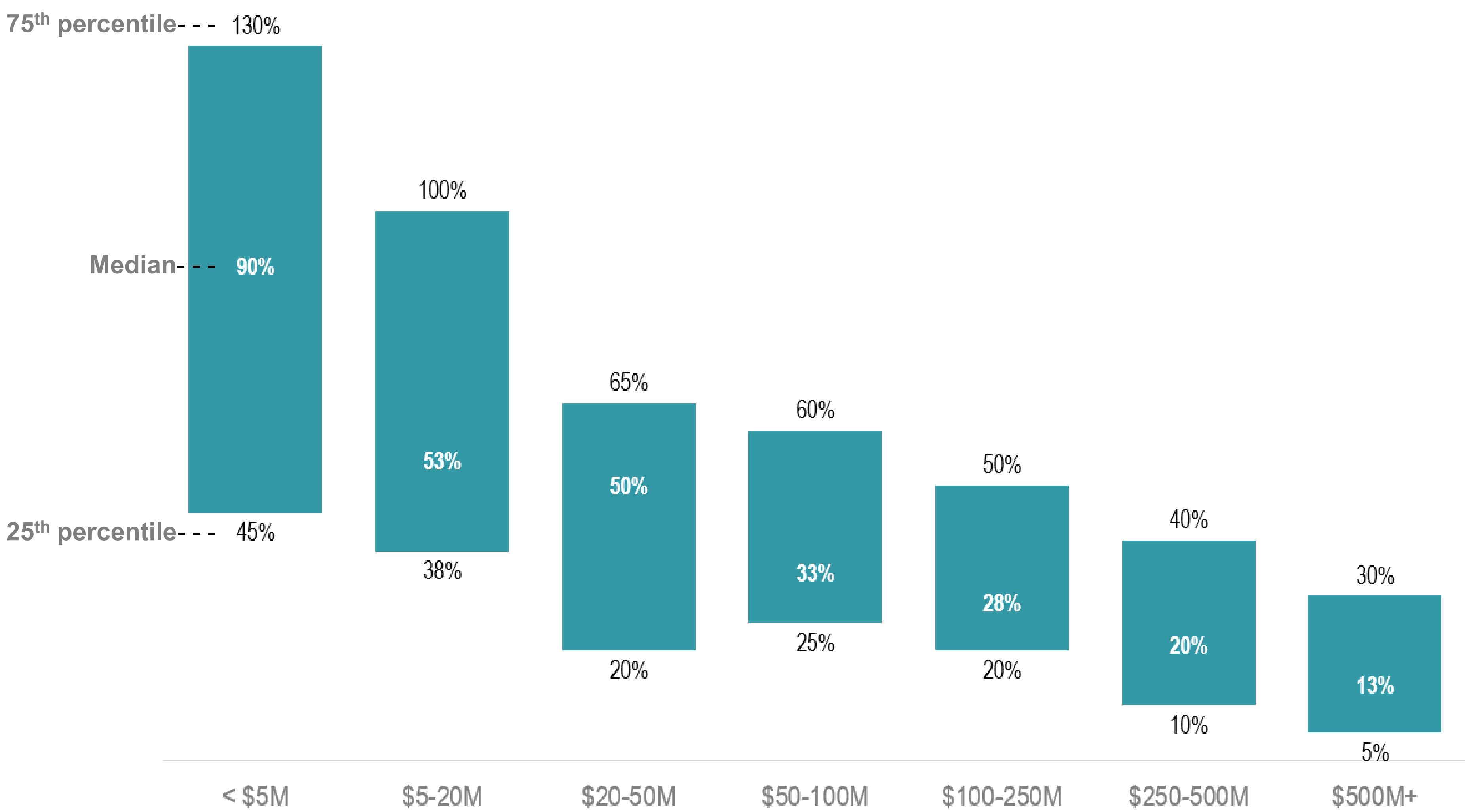
Each time we've published this research, readers have asked how metrics, comp, quota, tech stack, and so on differ between the fastest growing companies and the rest.

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

Clearly, raw growth rates don't tell the whole story. We chose to factor in both revenues and growth rate. We marked the top quintile (highest 20%) per revenue band as *High-Growth* and the bottom quintile (lowest 20%) per revenue band as *Laggard*.



GROWTH RATES BY REVENUE BAND



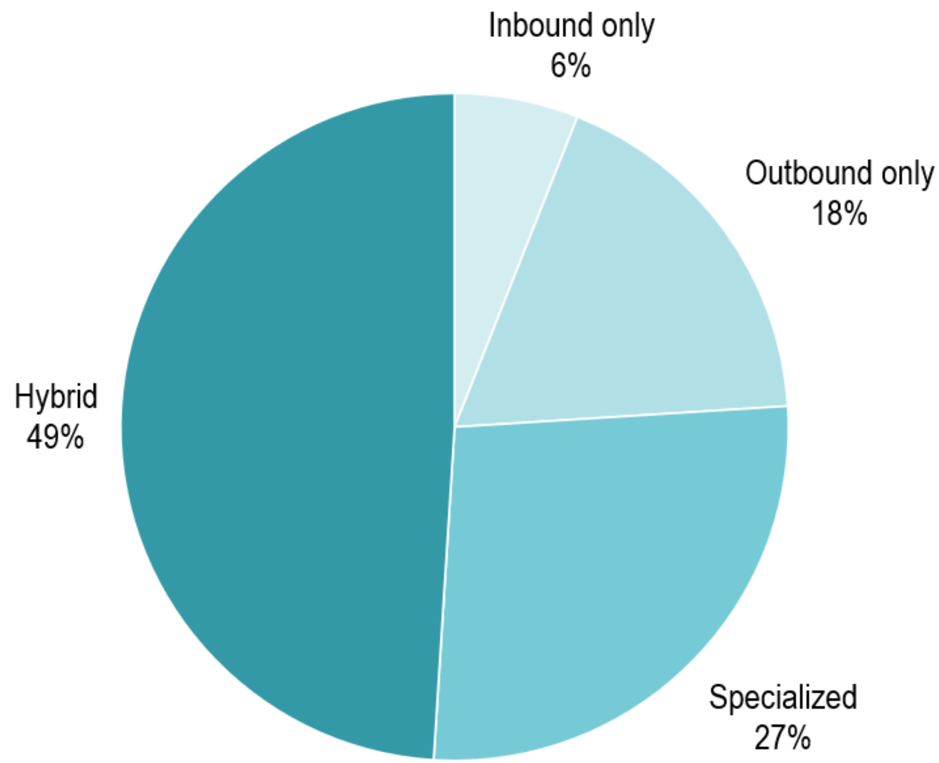
PART 1

ORGANIZATIONAL STRUCTURE

SALES DEVELOPMENT MOTION

We asked respondents, “which of the following best describes your Sales Development organization?”

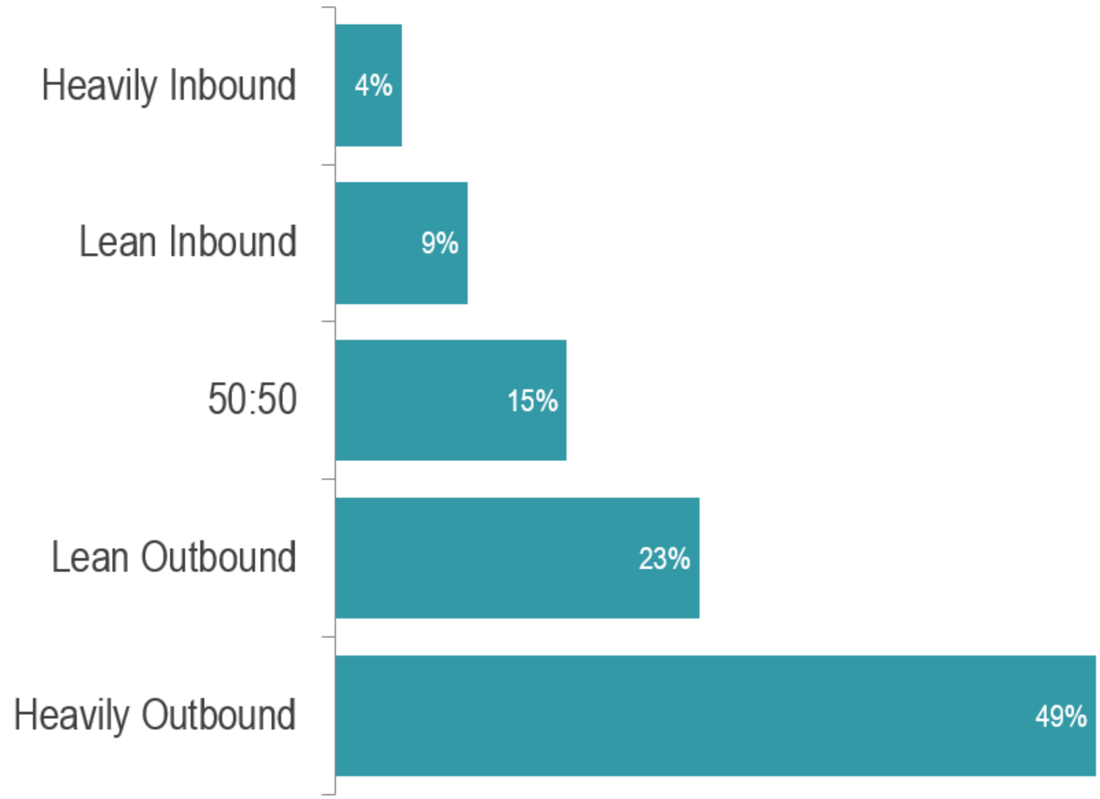
- *Hybrid* groups—those combining inbound qualification and outbound prospecting—are most common (especially at higher ASPs)
- *Specialized* teams (i.e., separate, dedicated inbound and outbound groups) follow
- *Inbound only* groups are most common at the lowest ASP (<$50K)
- As revenues rise, *hybrid* or *specialized* groups become more common ($20M+)



HEADCOUNT MIX OF INBOUND & OUTBOUND

For those respondents with *specialized* groups, we asked how headcount is allocated.

The vast majority over-weight the outbound side of the ledger.

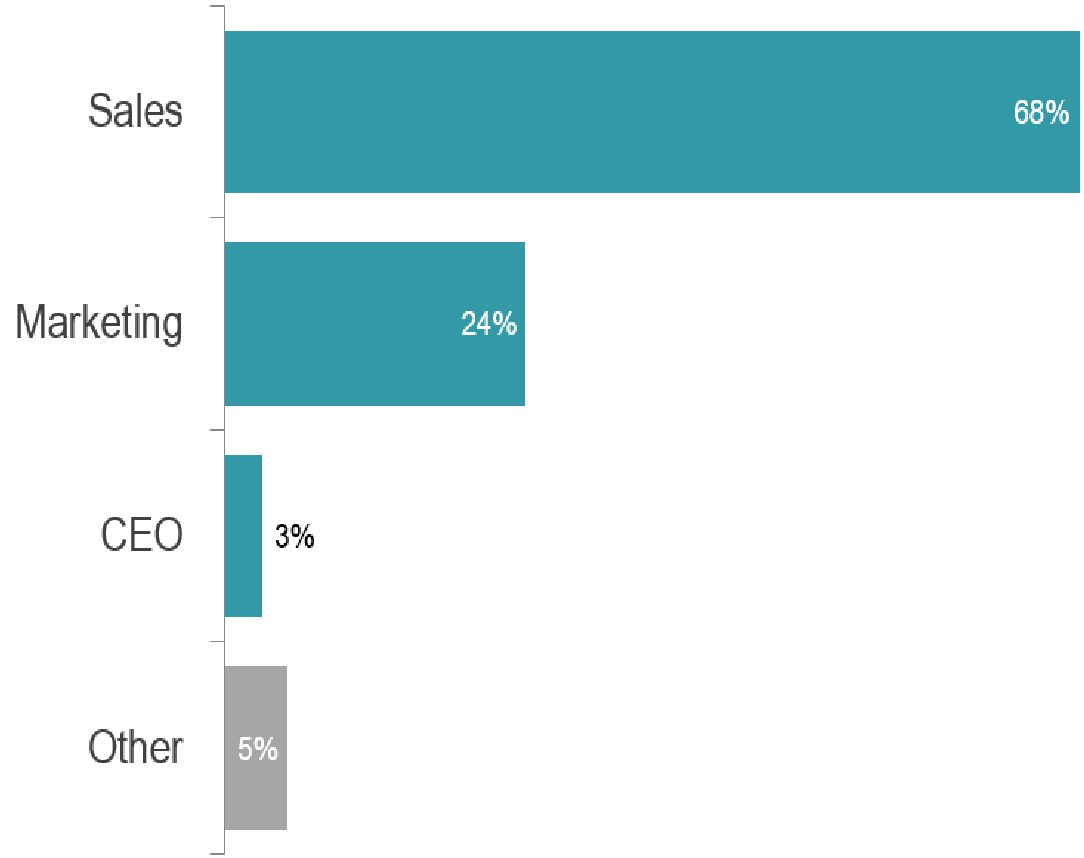


The median mix is 2.3 oSDRs for every 1 iSDR.

WHERE SDR GROUPS REPORT

Since 2012, we've found the vast majority of SDR teams reporting to Sales. This year the trend continues with 68% of groups sitting within the Sales organization.

It's worth mentioning that roughly half of all *inbound* teams report to Marketing. This makes *inbound* groups 1.4 times as likely to report to Marketing as *specialized*, *hybrid*, or *outbound* groups.



68% of Sales Development groups report to Sales.

SDR TERRITORIES

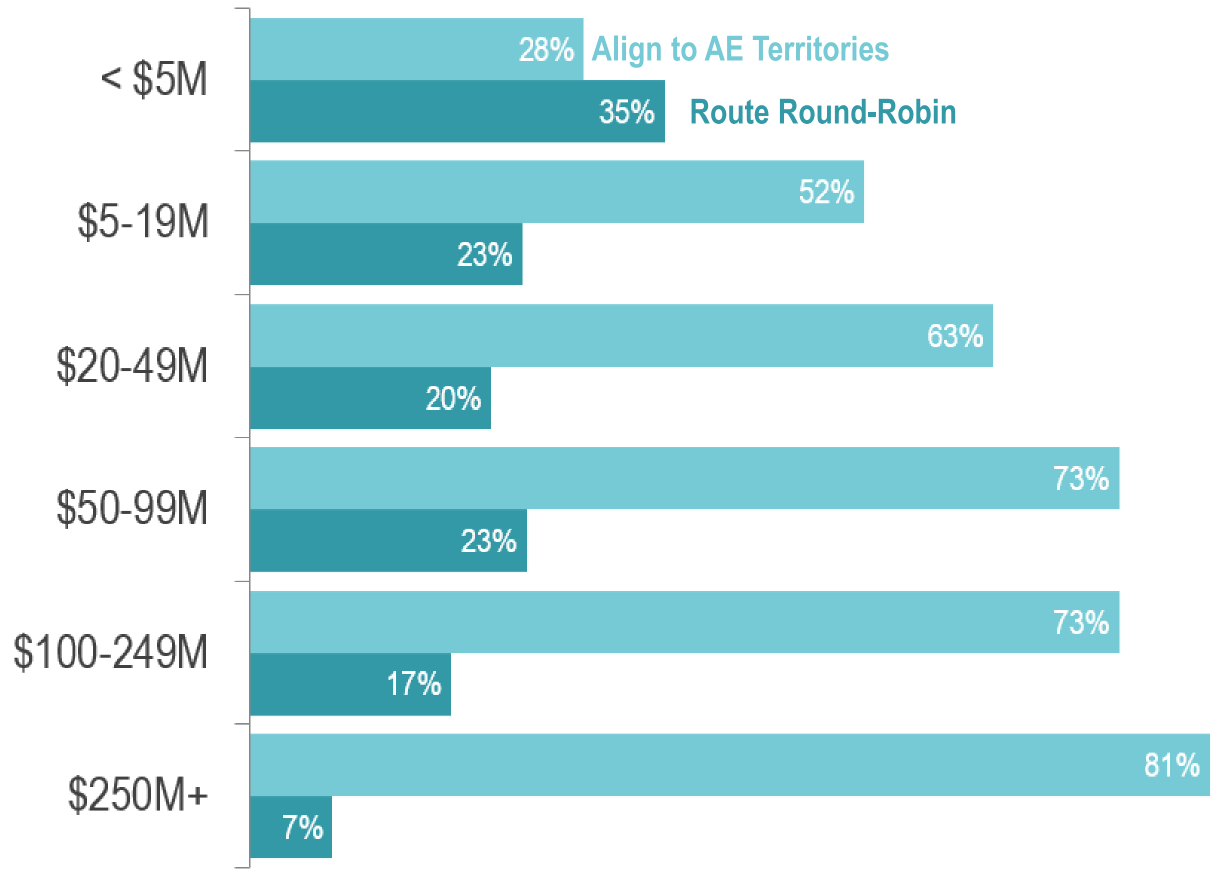
The majority of Sales Development groups align SDRs to AEs/AE territories. This is most common in larger companies (81% at $20M+) and for *blended* and *outbound*-only groups (66%).

Routing leads to SDRs round-robin is found in roughly one-quarter of companies. This is most common in smaller companies (64% at <$20M) and for *inbound*-only groups (49%).

ON AVERAGE	61% align SDRs to AE territories
INBOUND GROUPS	49% route leads round-robin
OUTBOUND GROUPS	66% align SDRs to AE territories

SDR TERRITORIES BY COMPANY REVENUE

Controlling for motion, *round-robin usage* falls and *alignment to AEs* rises as revenues increase.



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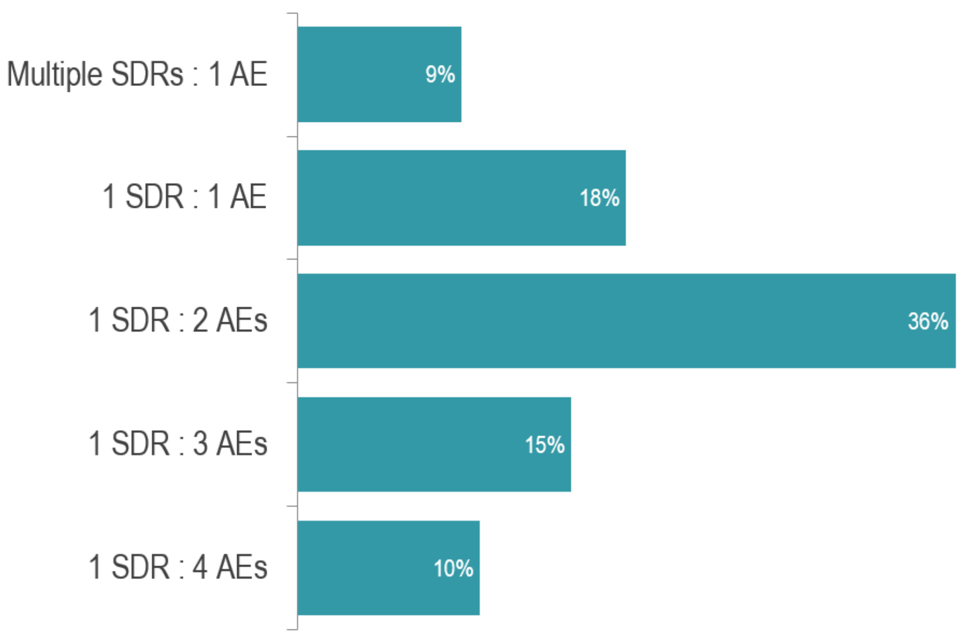
SDR-TO-AE RATIOS

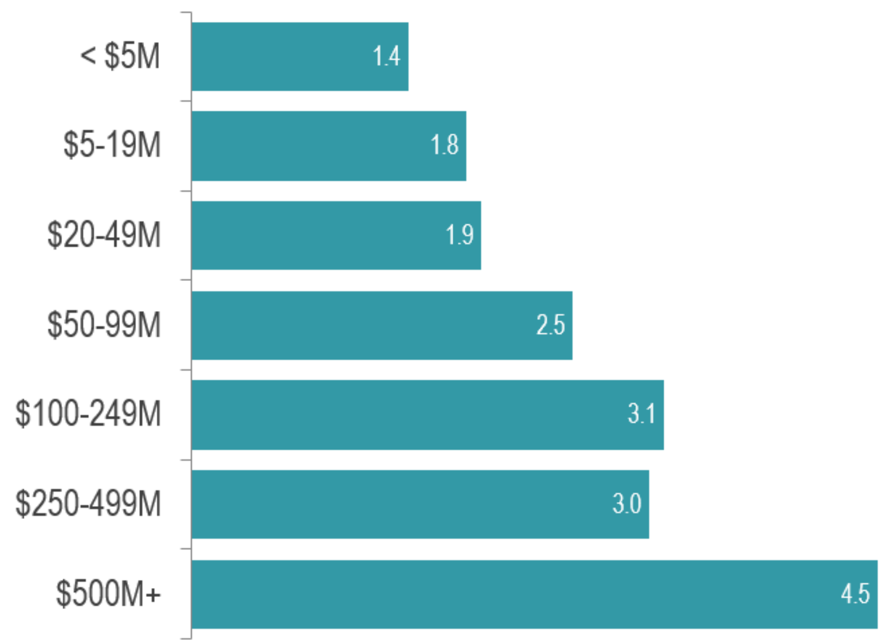
The average ratio is 1 SDR to 2.6 Account Executives. This is consistent with 2018 findings.

Two things to note. One, smaller companies are much more likely to deploy 1 or more SDRs per AE. And two, even controlling for revenues, *High-Growth* companies report lower SDR-to-AE ratios than *Laggards* (1:2.0 and 1:2.8 respectively).

Distribution of SDR:AE ratios



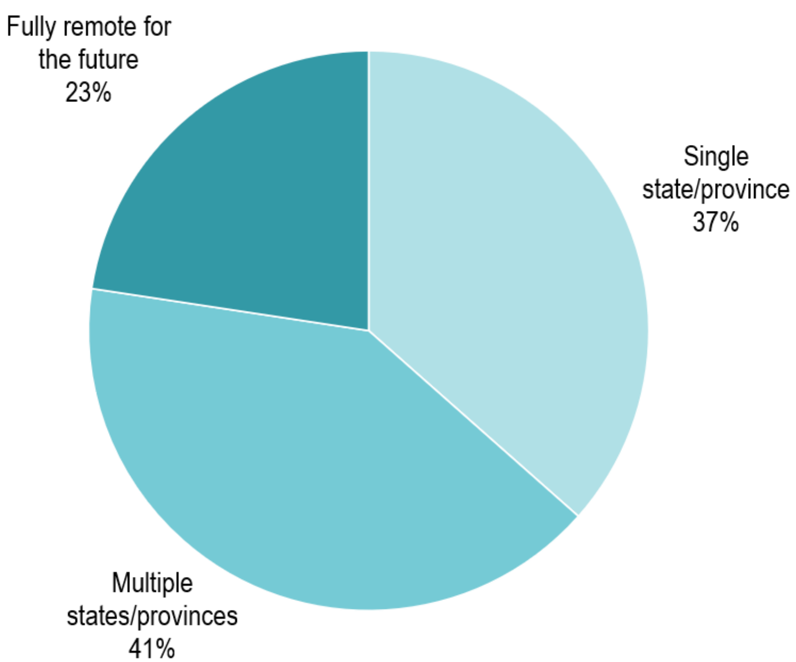
Average AEs supported by 1 SDR *by revenues*



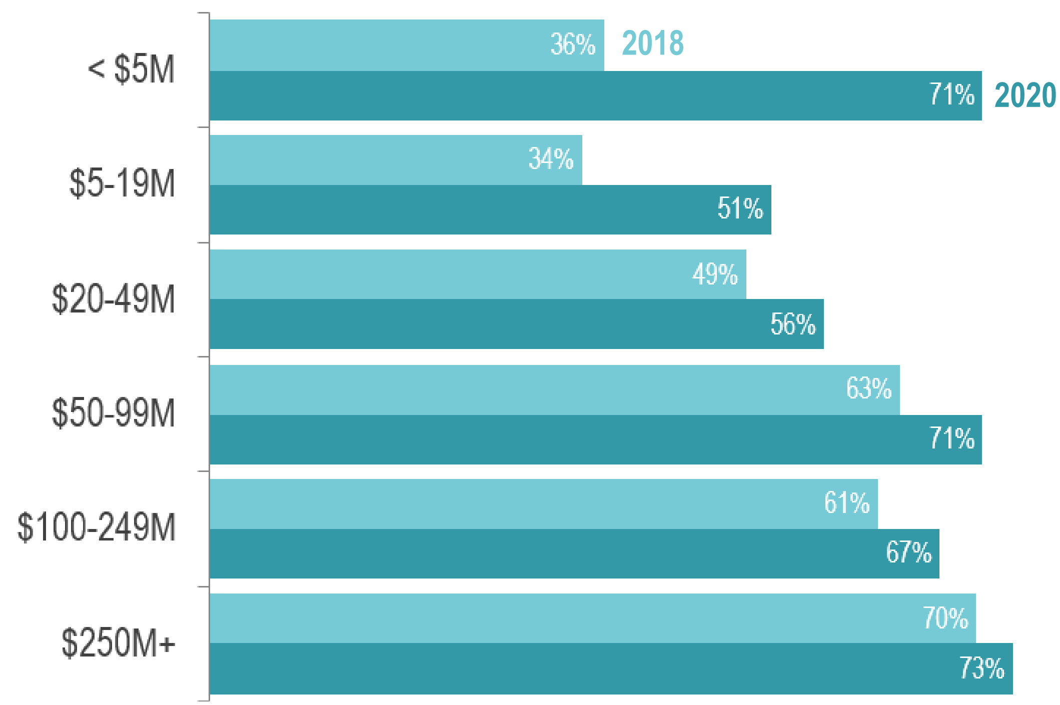
CENTRALIZED, DISTRIBUTED & REMOTE

In 2018, 48% of companies reported reps in the same role working in different locations. Due to COVID/remote/WFH, that number increased to 64%. Note that 23% of companies report plans for “fully remote” SDR groups for the foreseeable future. That was nearly unthinkable just a few years ago.

Distribution of responses



Percentage of distributed + remote teams by revenues *over time*



WHERE COMPANIES BUILD 2ND OFFICES

SECONDARY LOCATION

PRIMARY LOCATION

	AZ	CA	CO	FL	GA	MA	NC	NY	ON	PA	TX	WA
California	8%		15%		10%	12%		31%	16%			8%
Colorado	25%	25%			15%		20%	15%				
Georgia	33%						33%			33%		
Massachusetts		17%		33%						17%		33%
New York		33%	33%							33%		
Texas		34%			33%				33%			
Other		38%	25%					13%			13%	13%

PART 2

RAMP & RETENTION

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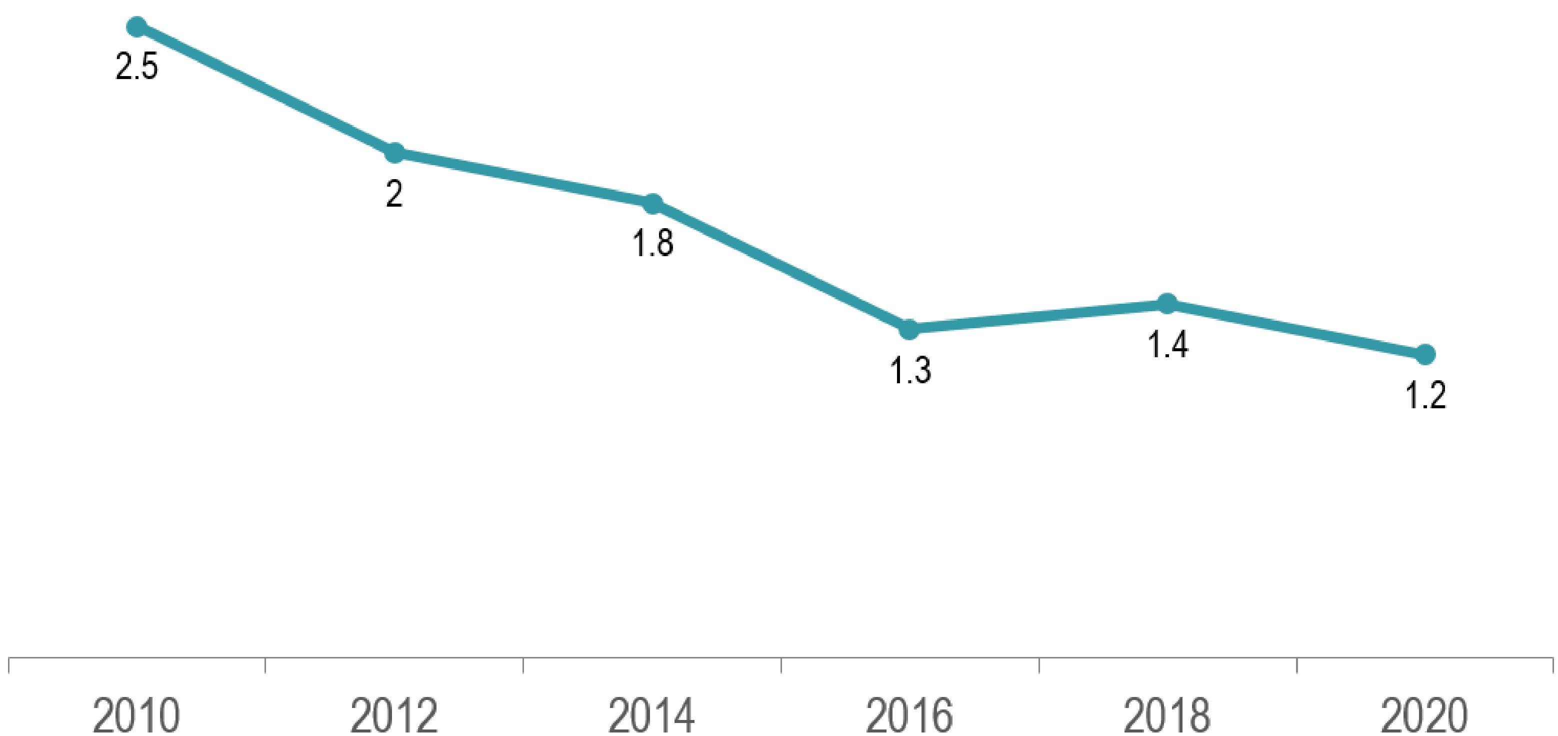
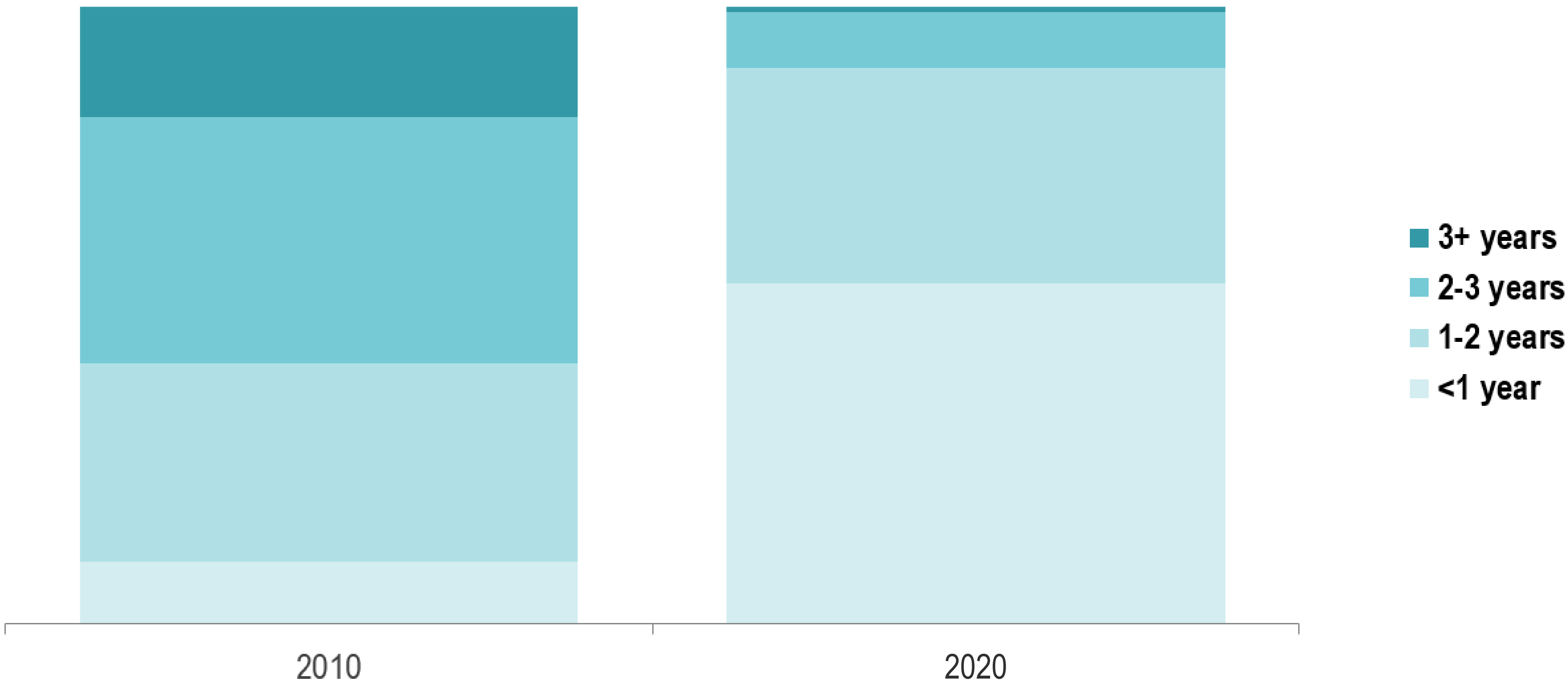
EXPERIENCE REQUIRED AT HIRE

Since 2010, we've seen a halving in required experience when hiring. This year, average required experience fell to 1.2 years.

Considering widespread 2020 layoffs (across both SDRs and AEs), we wondered if hiring managers might move upstream in required experience for their SDR profile. These findings suggest this wasn't the case.



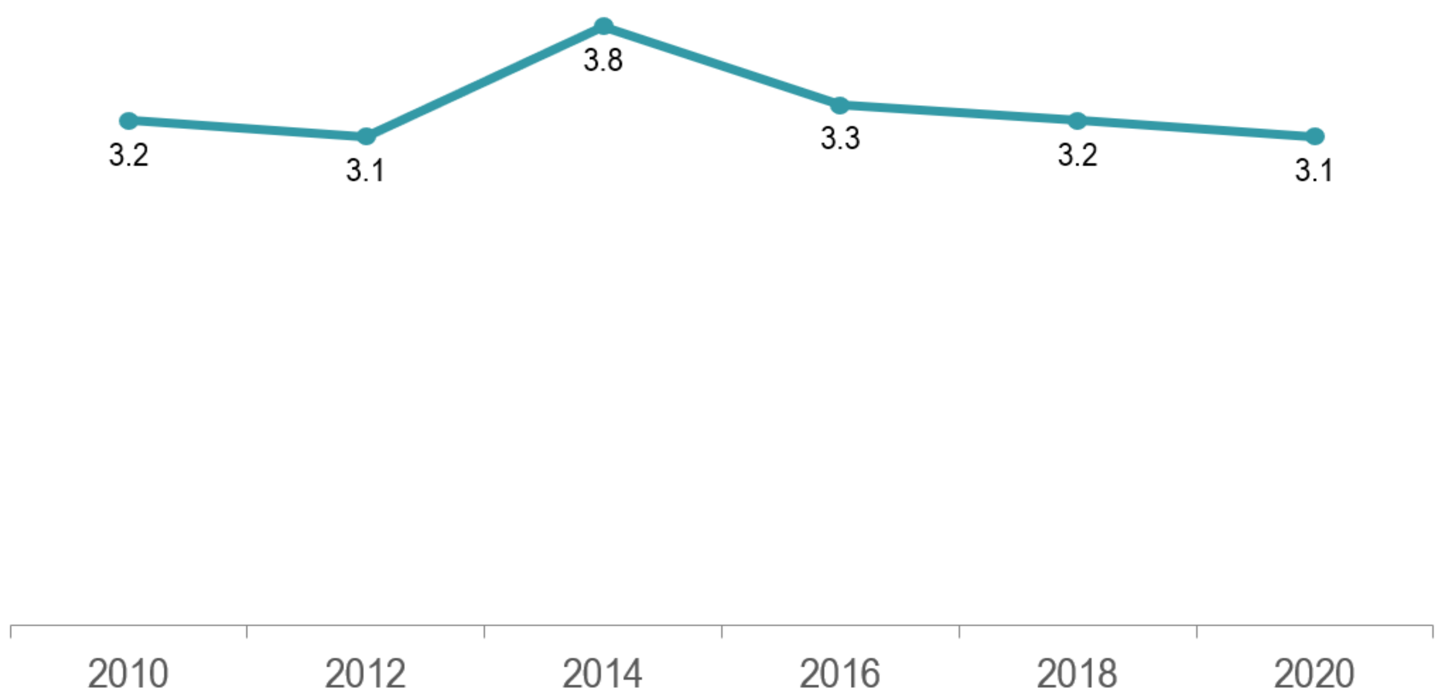
EXPERIENCE REQUIRED AT HIRE
2010 VS. 2020



RAMP TIME

Average ramp times sits at 3.1 months. This is in line with our 2018 findings. *High-Growth* companies report modestly faster average ramp times than *Laggards* (2.7 versus 3.4 months respectively).

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

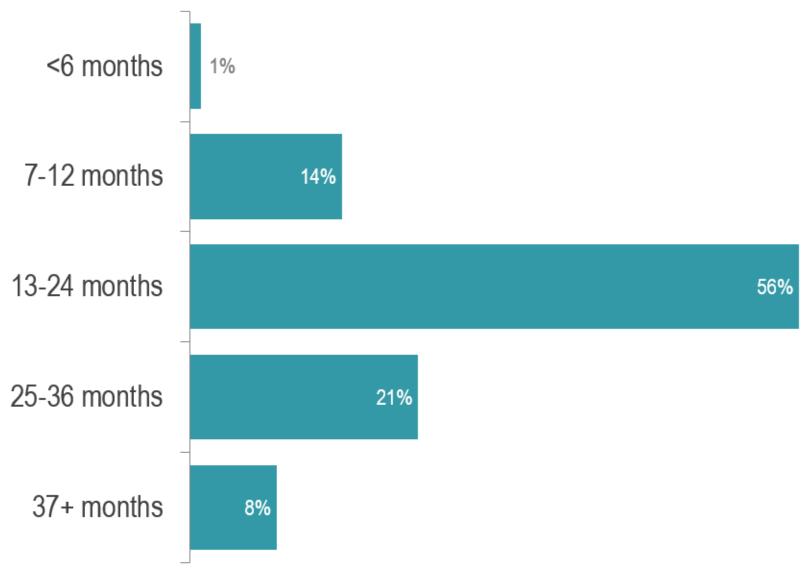


TENURE

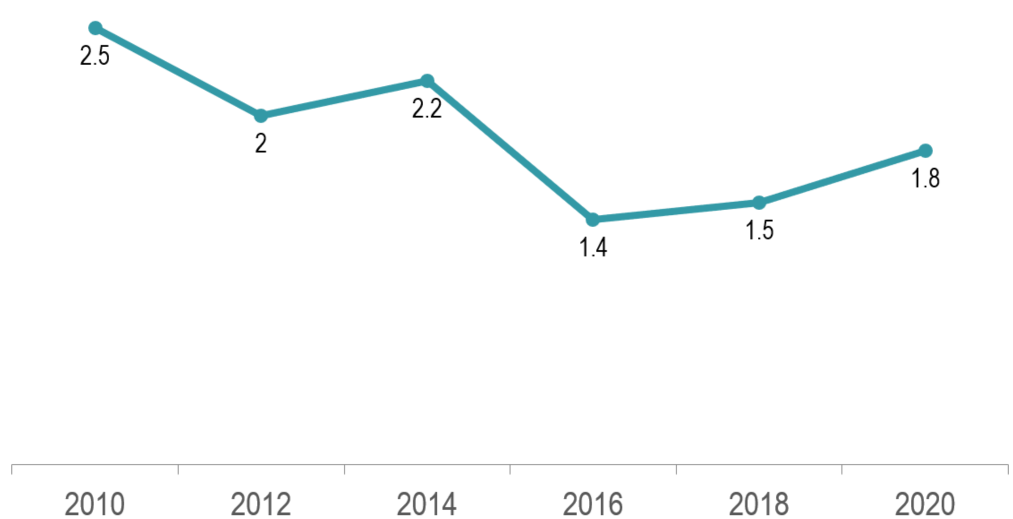
Breaking a multi-year trend, average tenure increased in 2020—now sitting at 1.8 years.

As described in this piece, SDR to AE promotions have slowed. On average, months as an SDR—from hire to AE promotion—increased 28% for the class of 2019 compared to the class of 2018. We expect this trend to continue for SDRs hired in 2020.

Distribution of average tenure

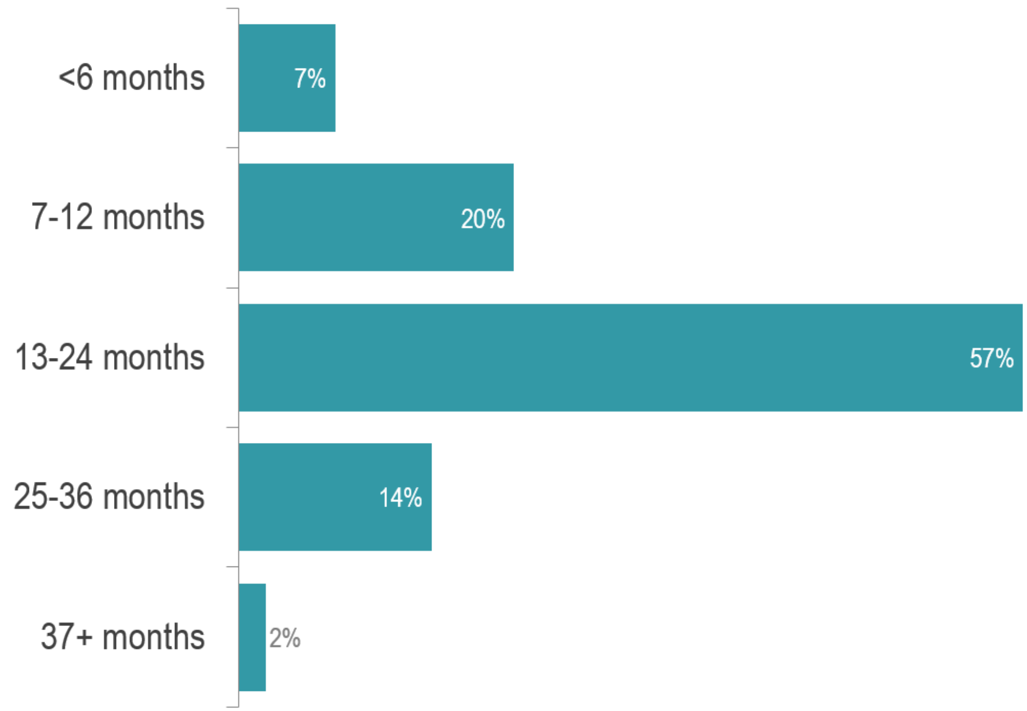


Average tenure over time



PRODUCTIVITY = TENURE - RAMP

We calculated *months at productivity* by subtracting ramp time from tenure. Doing so, we find a median 17 months of full productivity.



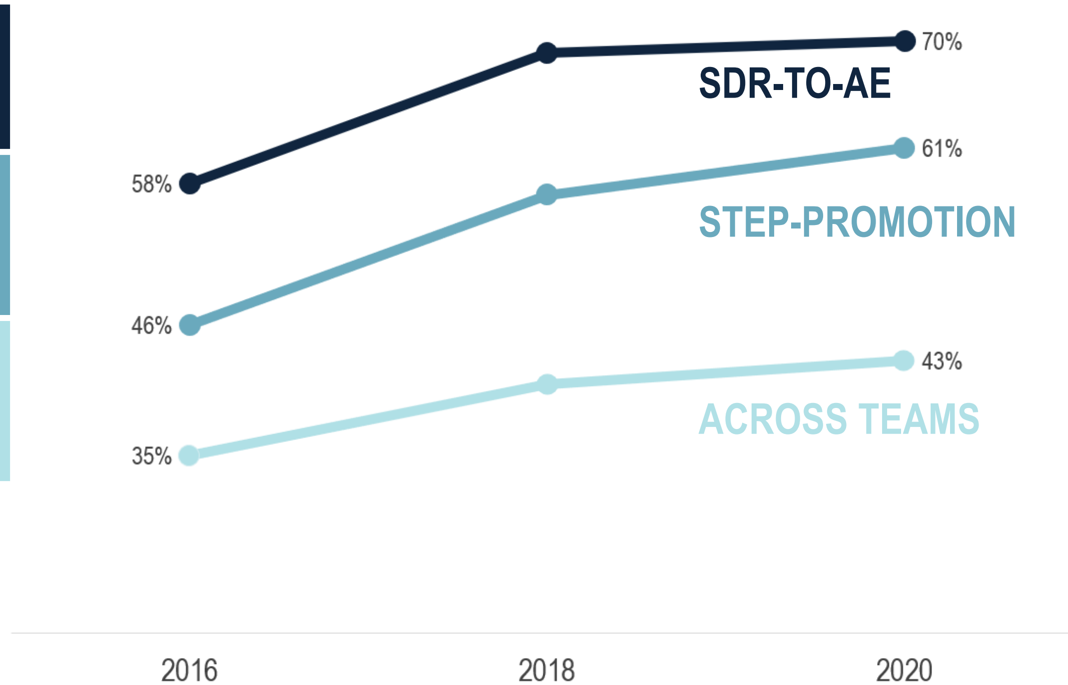
Median time at full productivity is 17 months.

CAREER PATH

The overwhelming majority (93%) of companies offer at least one form of SDR career path. More than half (56%) offer two or more. The prevalence of SDR-to-AE promotion paths vary significantly between low and high-ASP companies—ranging from 83% (below $25K) to 45% (above $200K).

SDR-TO-AE	Into an AE role
STEP-PROMOTIONS	Associate, Senior, Principal, etc.
ACROSS TEAMS	Inbound, Outbound, Enterprise, etc.

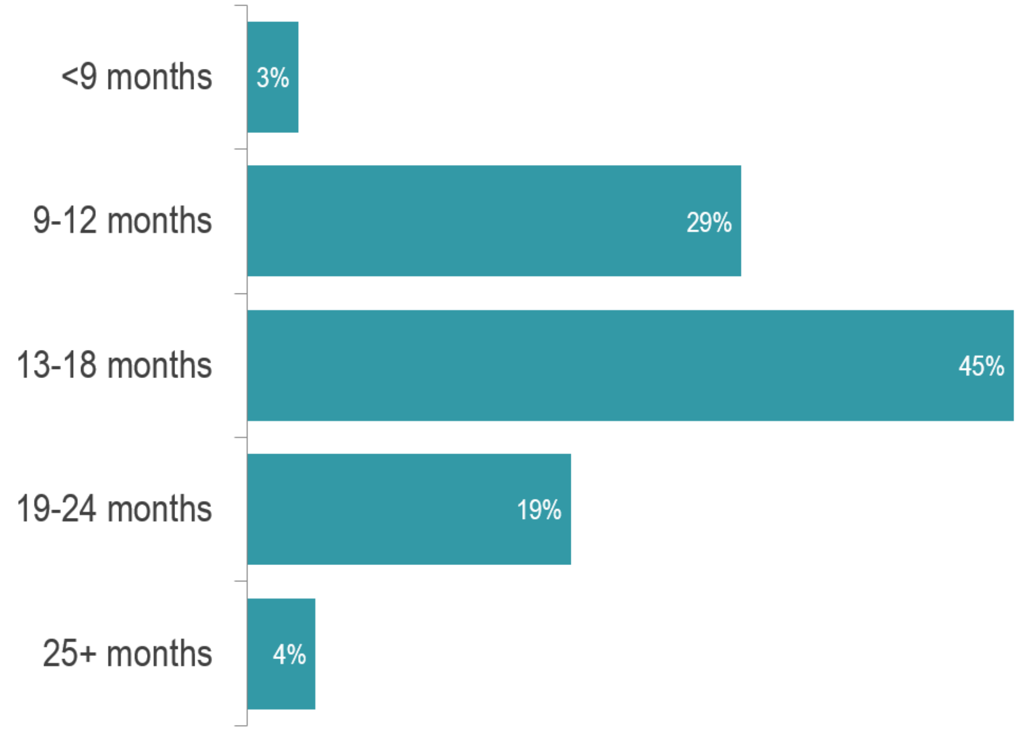
% offering a given career path *over time*



MINIMUM TIME FROM SDR TO AE PROMOTION

For those respondents with an SDR-to-AE promotion path, reps spend a median 17.5 months in SDR role(s) prior to AE promotion.

This varies significantly by ASP—ranging from 10 months (below $5K) to 25+ months (above $100K).



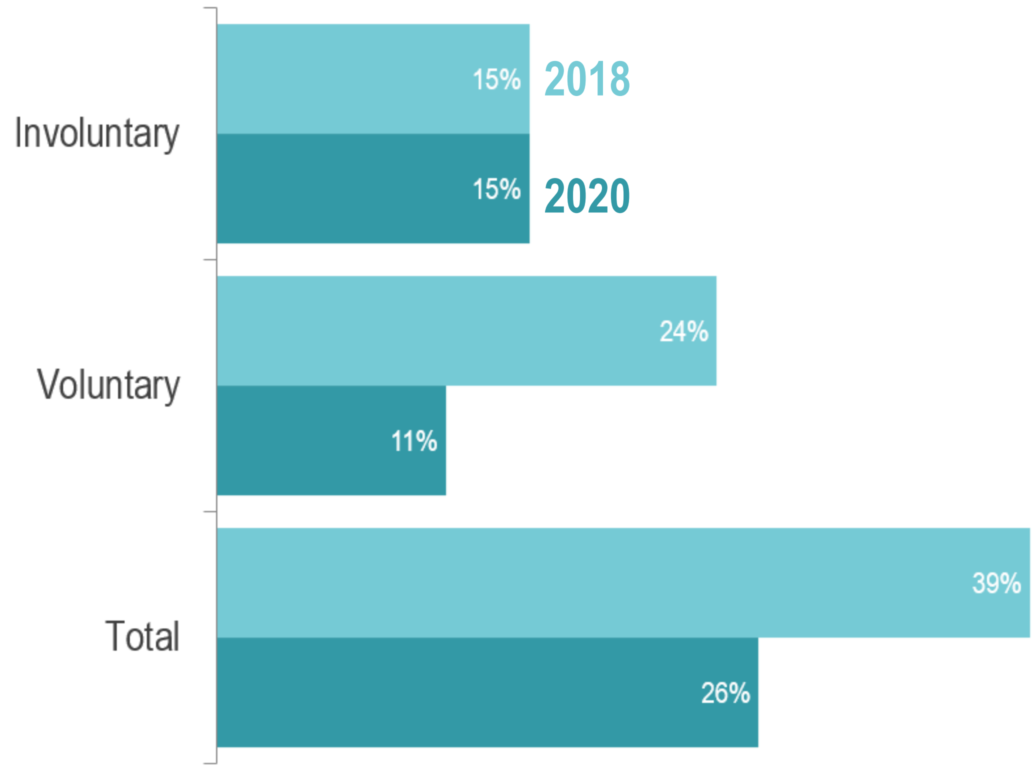
Median time before an SDR is eligible for AE promotion is 17.5 months.

ATTRITION

Note: we asked respondents to exclude COVID-19 related RIFs (as well as routine promotions and internal transfers) from these calculations.

Total average attrition—voluntary plus involuntary—fell sharply in 2020.

Nearly the entire difference occurred in voluntary turnover (i.e., resignations) which fell by more than half. This isn't surprising given 2020's labor market upheavals. As the job market stabilizes and rebounds, we expect this figure to return to trend.



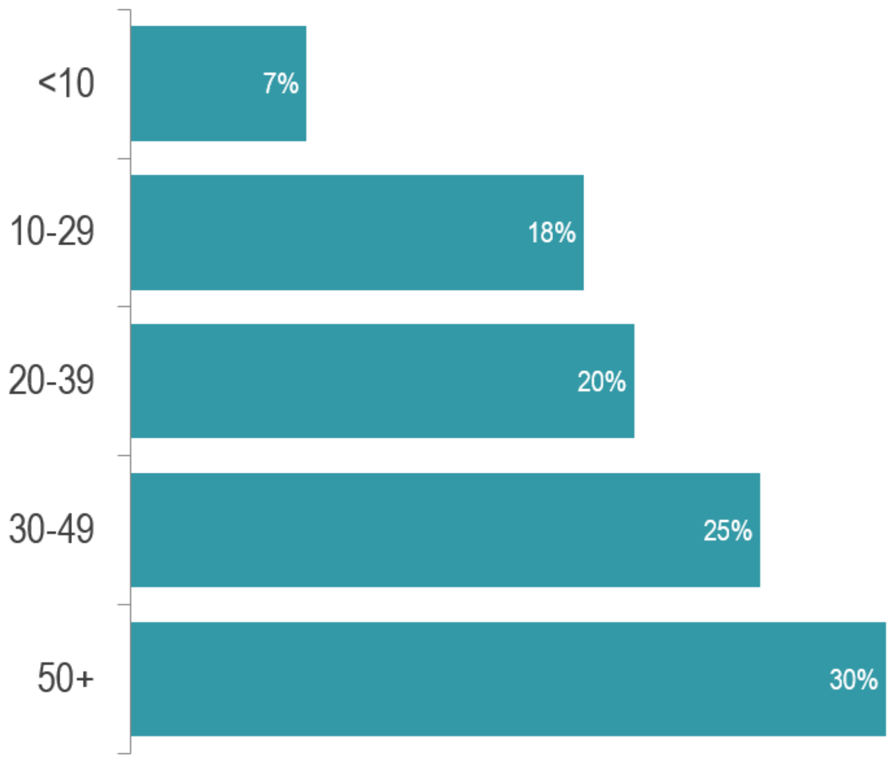
Median annual turnover sits at 20%. The 25th and 75th percentiles are 15% and 33%.

PART 3

METRICS & QUOTA

DAILY ACTIVITIES

Distribution of average dials per day



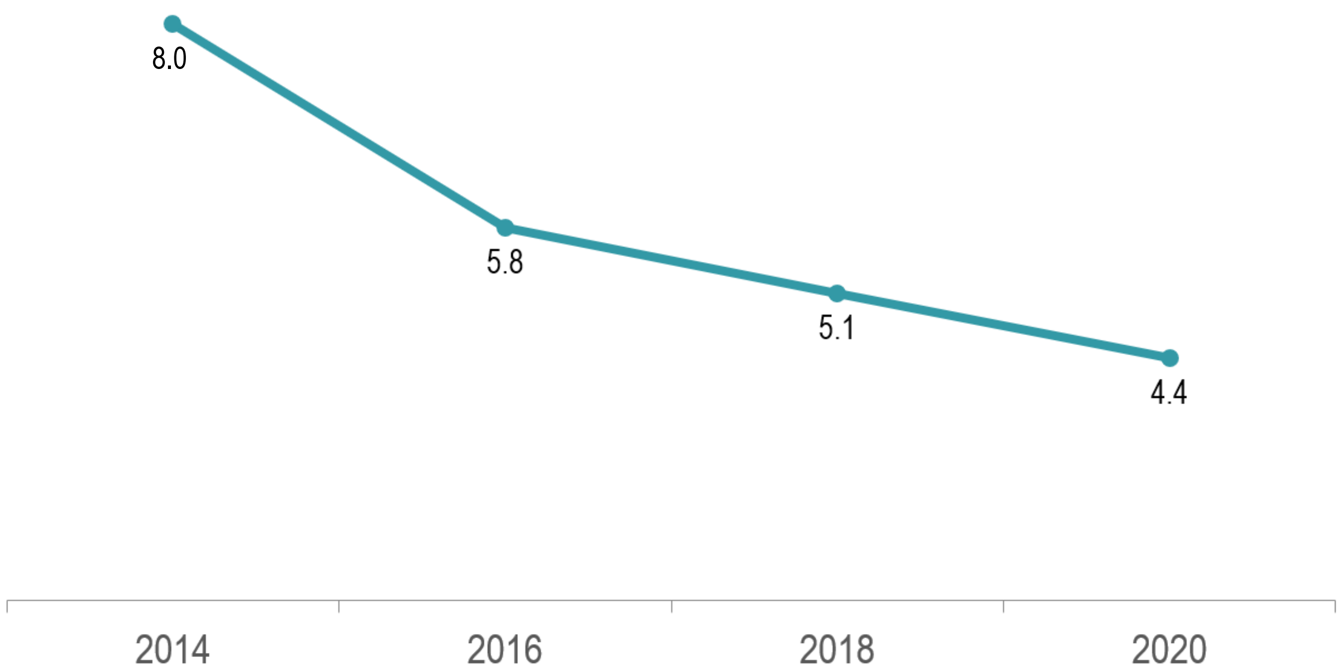
Median activities per day *by type*

TOTAL	104
PHONE	40
EMAIL	40
LINKEDIN	16
OTHER	8

QCs PER DAY

Another useful metric is the number of *Quality Conversations* (QCs) per rep per day. We define a QC as "a connect or response where at least one piece of qualifying or disqualifying information is learned."

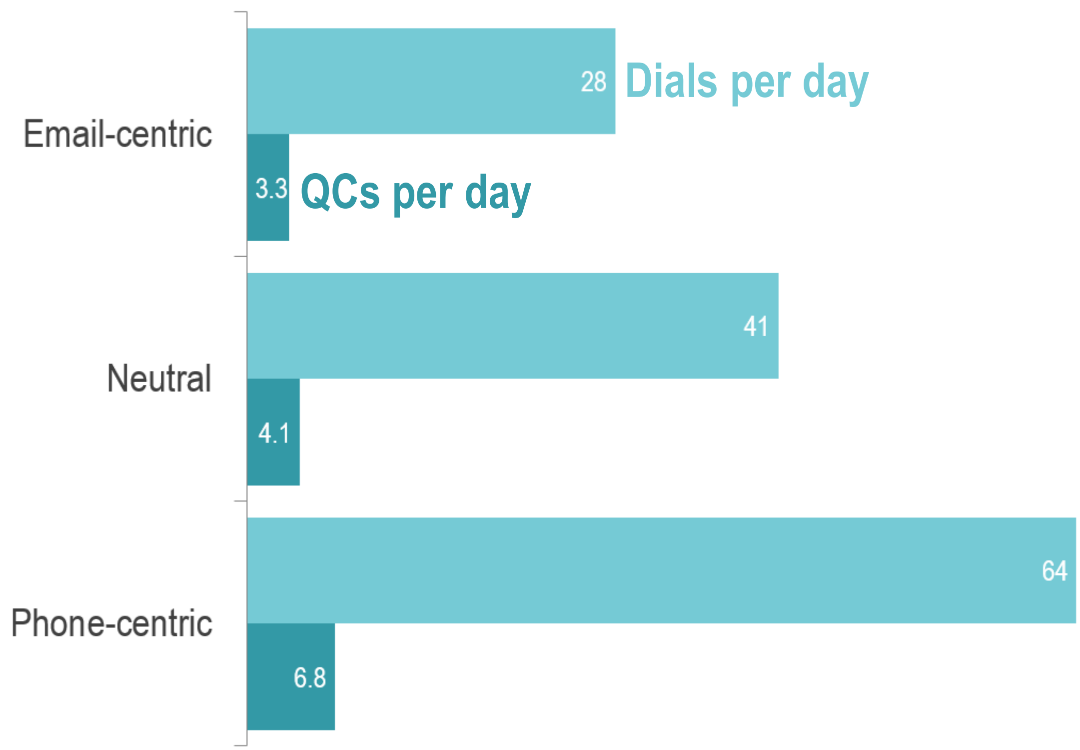
We find an average of 4.4 QCs per rep per day. That's a 45% fall since 2014—or nearly 10% annual decline over that time.



DAILY QCs BY DOMINANT CHANNEL

We categorized groups as either *Email-centric*, *Phone-centric*, or *Neutral* based on their most dominant outreach channel. Responses indicate a 39% / 28% / 33% divide (email, phone, neutral).

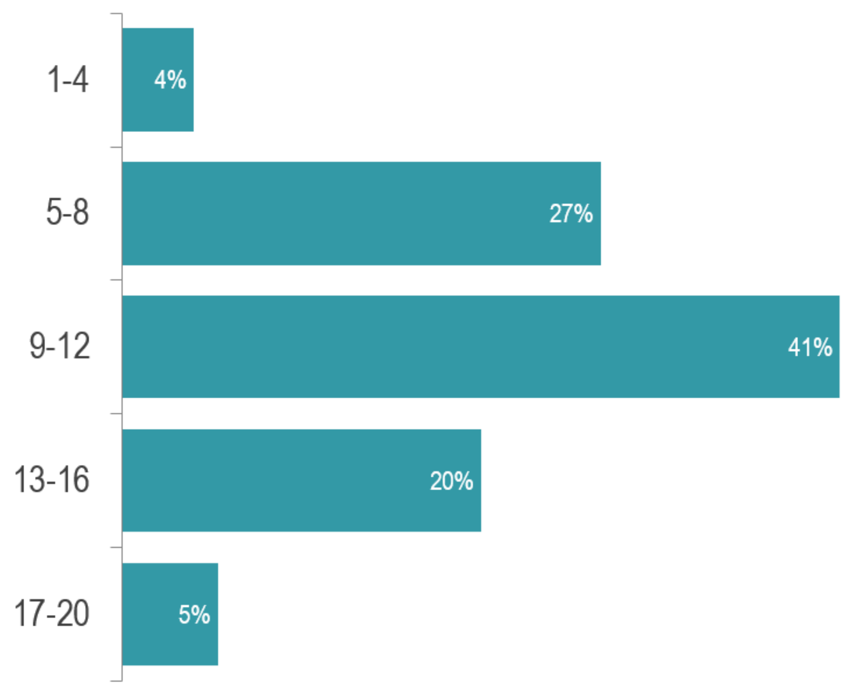
By definition, phone-centric groups average higher dials per day. Interestingly, they also report 2.1X as many average QCs per day.



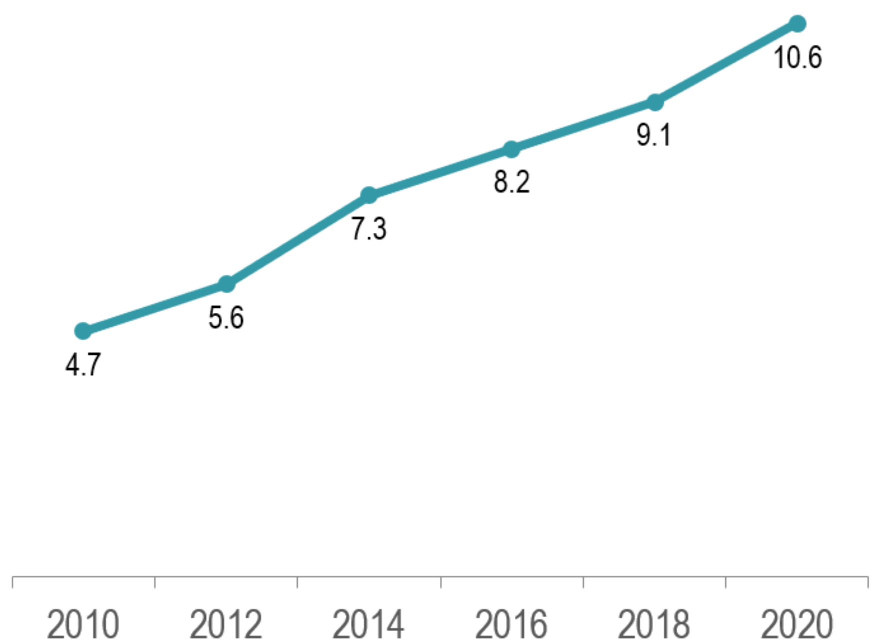
ATTEMPTS IN CADENCE

The average cadence/sequence has 10.6 attempts. This figure has been on the rise for a decade—growing at roughly 8% annually.

Distribution of average attempts



Average attempts *over time*



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SALES DEVELOPMENT MODEL

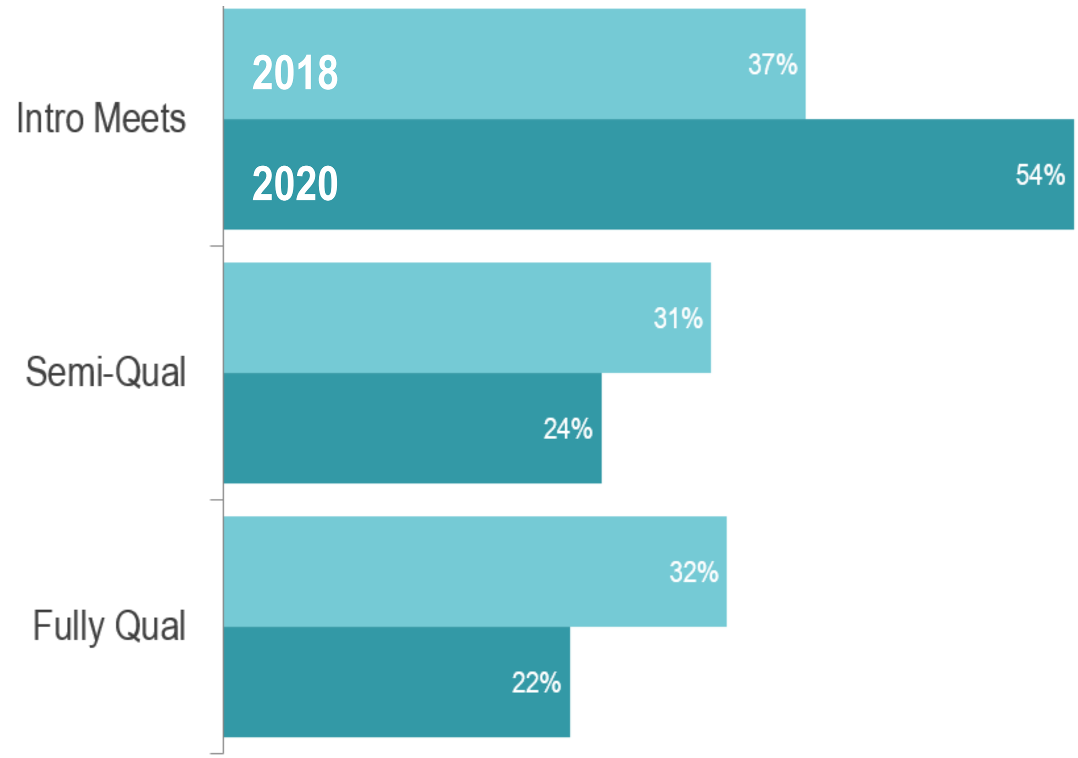
Broadly, SDR groups fall into one of three categories. They include*:*

1. *Introductory Meetings*
2. *Semi-Qualified Opptys*
3. *Fully Qualified Opptys*

In prior years, the distribution has roughly been 1/3rd to each. Given 2020's business climate, we note a significant shift.

Companies shifted down the qualification curve, refocusing model from *fully-qualified to semi* and from *semi to introductory*.

We observe this across revenues and *High-growth* versus *Laggard*. Unsurprisingly, as ASP rises, level of qualification falls.



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QUALIFICATION LEVEL BY MODEL

	Right Profile (firmograhics, tech, etc.)	Pain/need is identified	Person has authority (or access)	Compelling reason (to buy/change)	Money (has it or can get it)	Timeframe is defined
Introductory	65%	47%	32%	15%	5%	0%
Semi-Qual	83%	76%	83%	50%	24%	28%
Fully Qual	87%	98%	89%	68%	37%	56%

- As ASP rises, “money” and “timeframe” are less frequently included.
- Outbound motions are more likely to include “right profile” and “authority.”
- Inbound motions are more likely to include “pain/need,” “money,” and “timeframe.”

MONTHLY QUOTAS

Introductory meetings

Stage 0 Passed	19.0
Stage 1 Converted	8.8

Semi-qualified opptys

Stage 0 Passed	12.5
Stage 1 Converted	7.5

Fully-qualified opptys

Stage 0 Passed	10.5
Stage 1 Converted	7.0

Across the board, average quotas fell from 2018 to 2020—this is consistent across ASP, motion, model, *High-growth* versus *Laggard*, and so on.

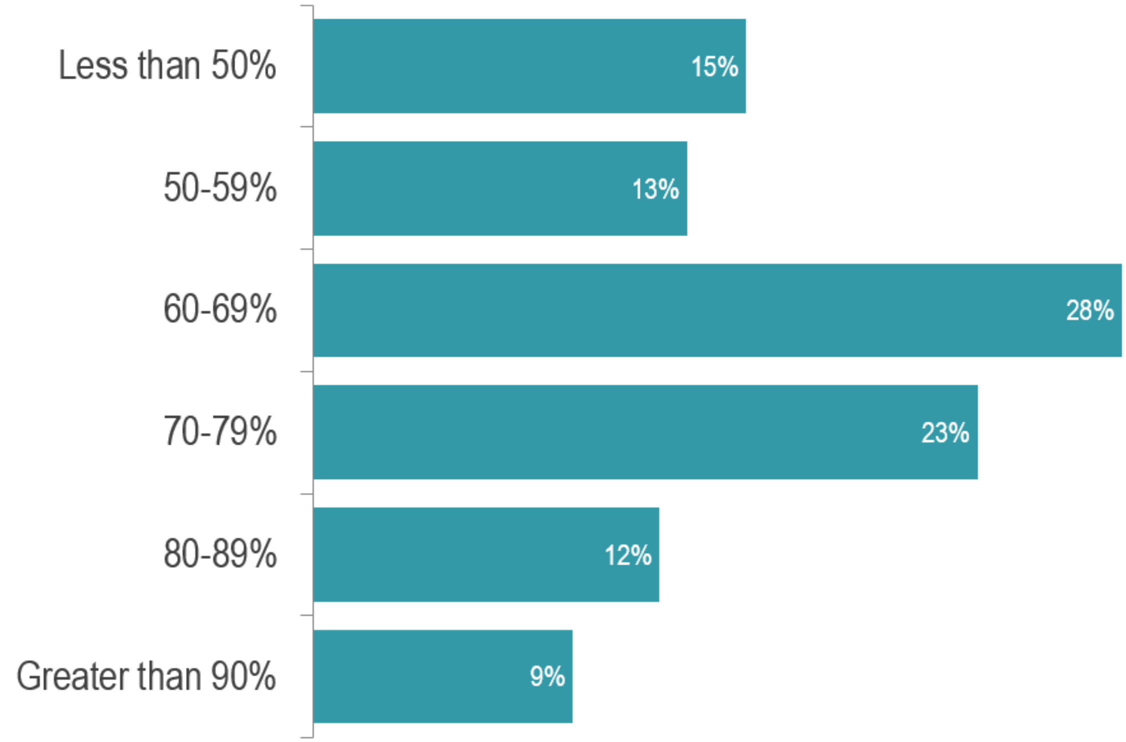
The global median of Stage 0 Passed is 15. It is higher in an inbound motion, at lower ASPs, and for smaller companies. It is lower in an outbound motion, at higher ASPs, and for larger companies.

The global median of Stage 1 Converted is 7.5. It is higher in an *Introductory Meeting* model and falls as qualification level rises.

QUOTA ATTAINMENT

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

We note a 5% (percentage point) improvement in quota attainment in *High-Growth* companies versus *Laggards* (71% versus 66%).

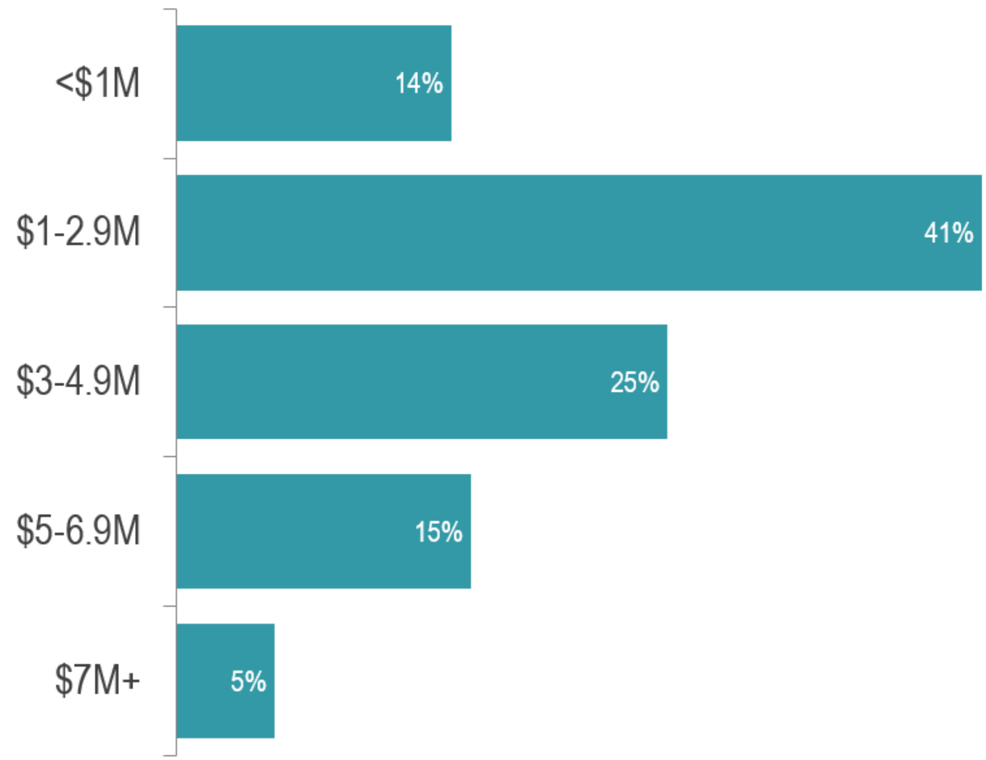


68% of SDRs achieve quota in a given group.

SOURCED PIPELINE PER SDR

The median pipeline generated per SDR is $3.0M. (Note this is raw pipeline, not “forecast” nor “closed won.”)

There is wide variation across companies—some generating less than $750K in pipeline while others exceed $10M per SDR annually.



Median pipeline is $3.0M. The 25th and 75th percentiles are $1.8M and $4.7M respectively.

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PART 4

COMPENSATION & TECH

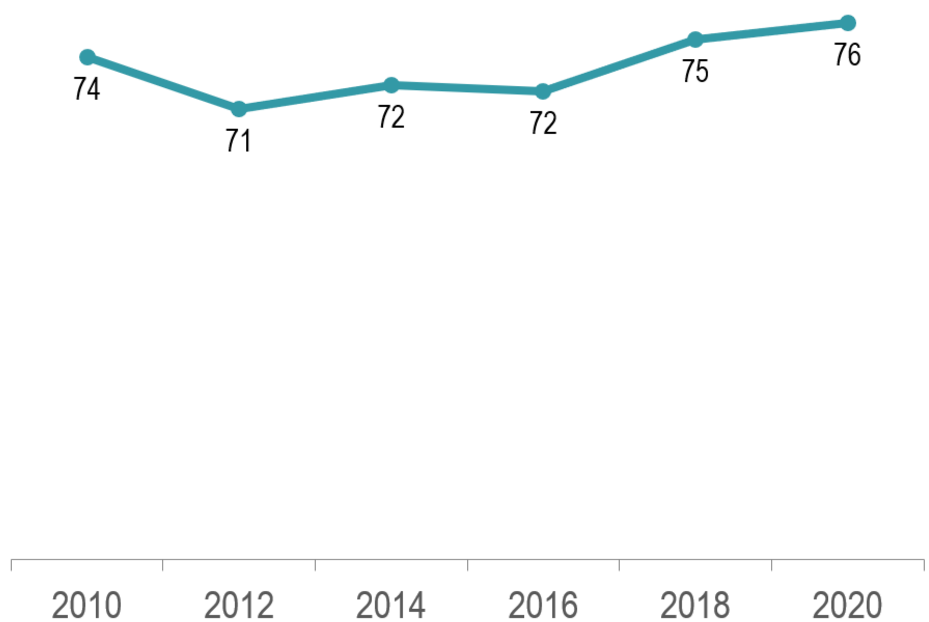
COMPENSATION

We find median on-target earnings of $76K and a 65:35 (base:variable) split.

Continuing a decade long trend, median OTE remains flat. For comparison, median price of existing single-family homes has increased 62% and median household income has increased 38% over the same period.

ON-TARGET EARNINGS	$76K
BASE	$50K
VARIABLE	$26K

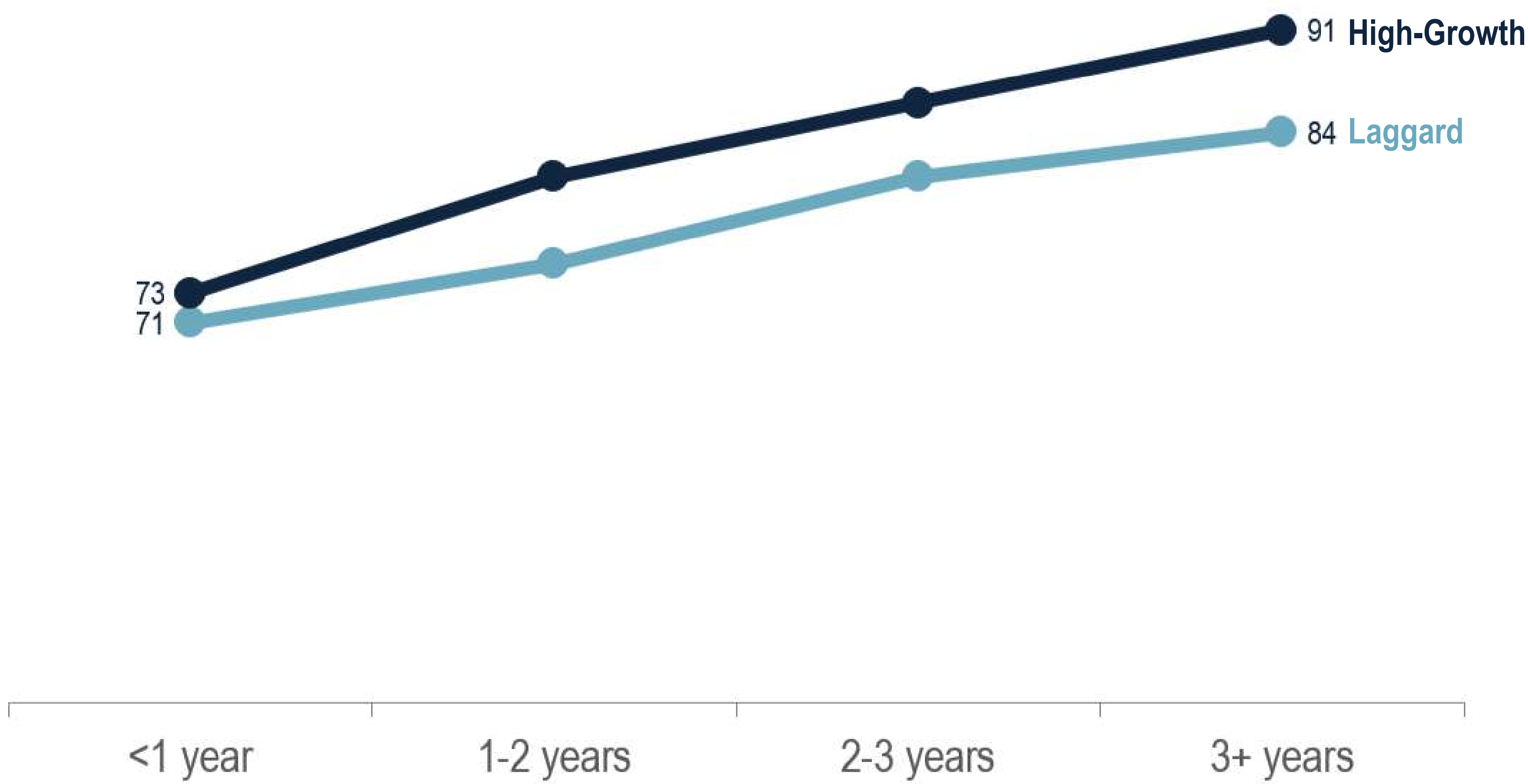
OTE in $Ks



Median SDR on-target earnings have remained flat for more than a decade.

OTE AS A FACTOR OF EXPERIENCE AT HIRE

High-growth companies offer marginally higher OTE, but there is compression at the lower range of required experience.

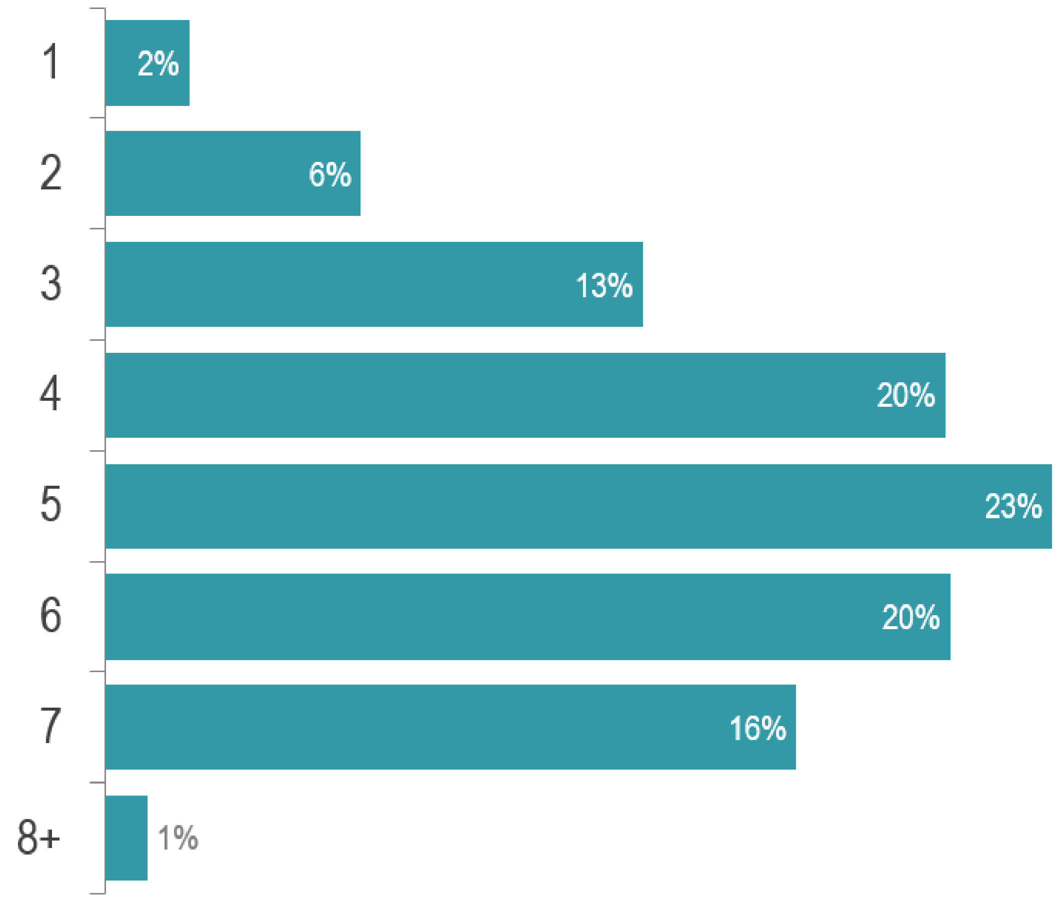


ACCELERATION TECHNOLOGIES

We found the median sales tech stack consists of CRM plus 4.5 additional tools.

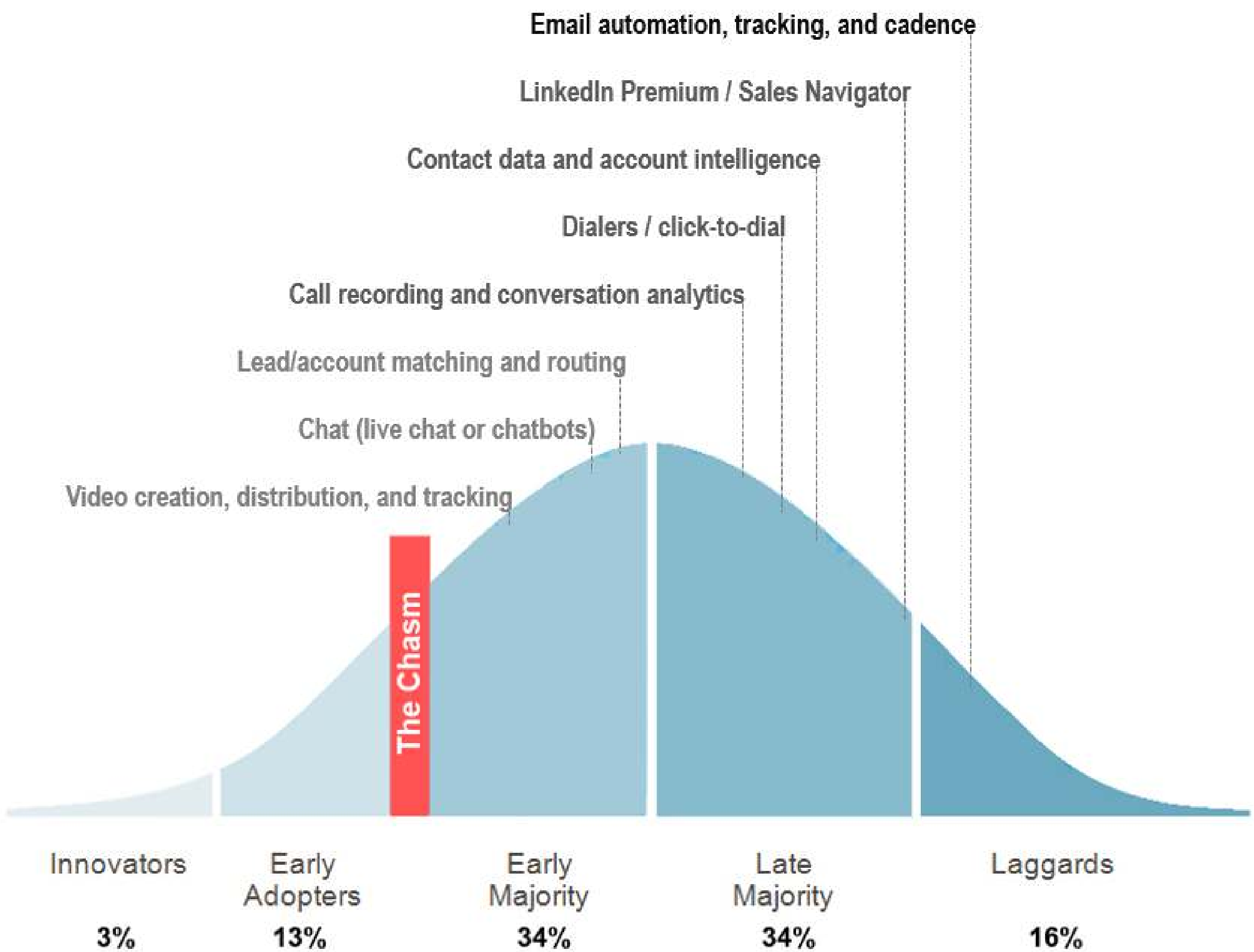
The number of tools in use increases as ASP rises, but only marginally—from 4.3 at <$25K to 5.8 at $250K+.

High-Growth companies report one additional tool, on average, compared to *Laggards*.



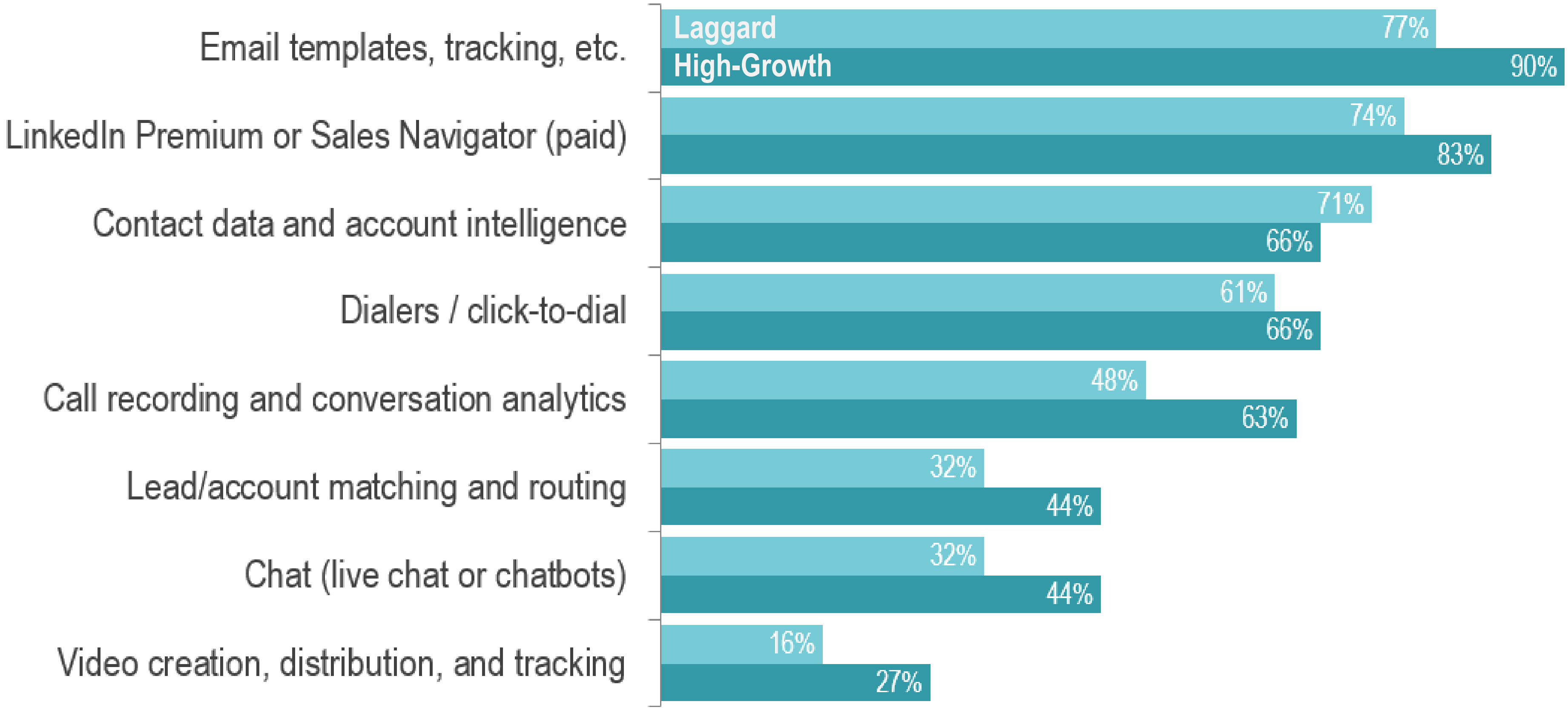
While median tools per group is 4.5 + CRM, the average is 5.4.

TECHNOLOGY ADOPTION LIFECYCLE



TECH STACK GAP

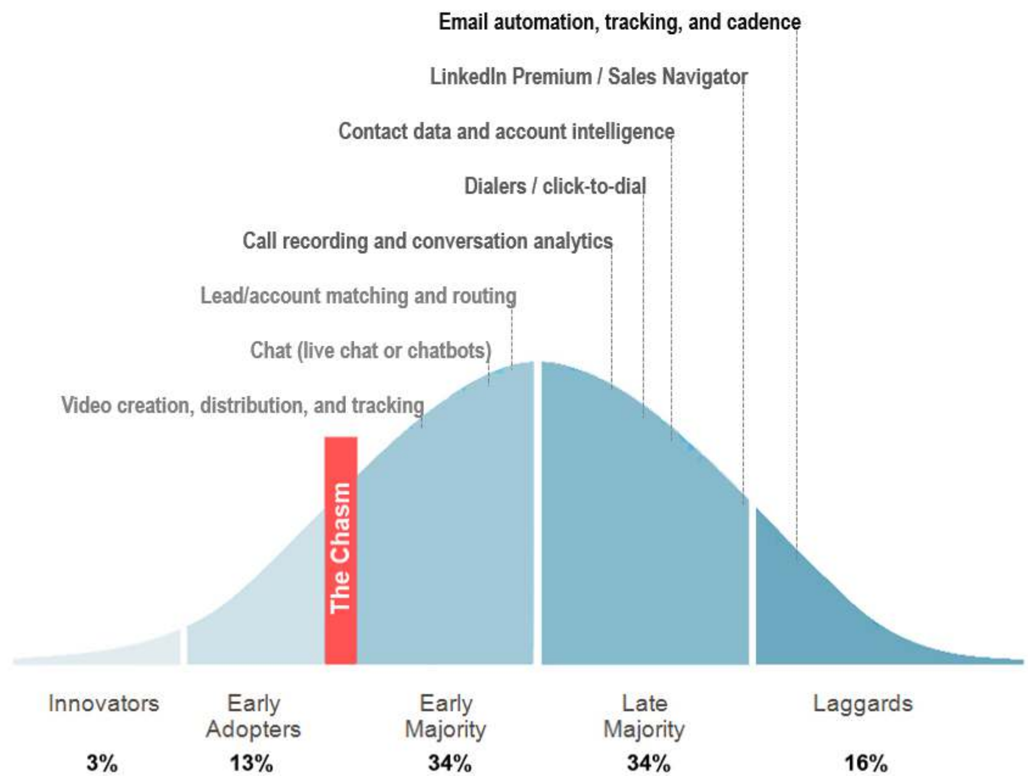
Across ASP and company revenues, *High-Growth* companies deploy more technologies than *Laggards*.



SALES ENGAGEMENT PLATFORMS

You'll note that Sales Engagement Platforms (SEP) span several tech categories. As such, we chose to report their usage separately. 66% of companies above $5M in revenues report using a SEP.

HIGH-GROWTH	76% have SEP
MID-RANGE	70%
LAGGARD	43%



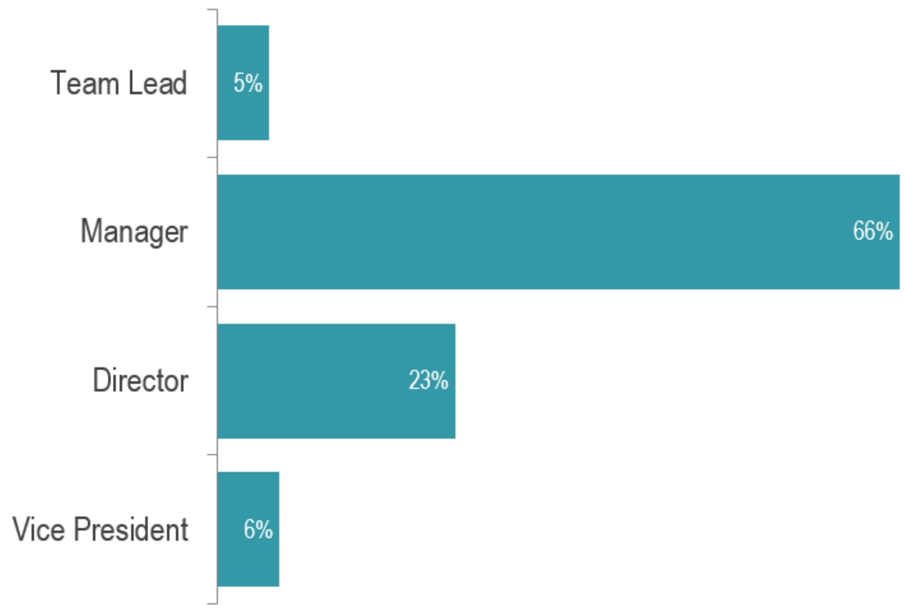
PART 5

SALES LEADERSHIP

FIRST-LINE LEADERSHIP

Excluding companies with revenues below $5M, we find the vast majority of groups are led by "Managers."

Distribution of first-line leaders



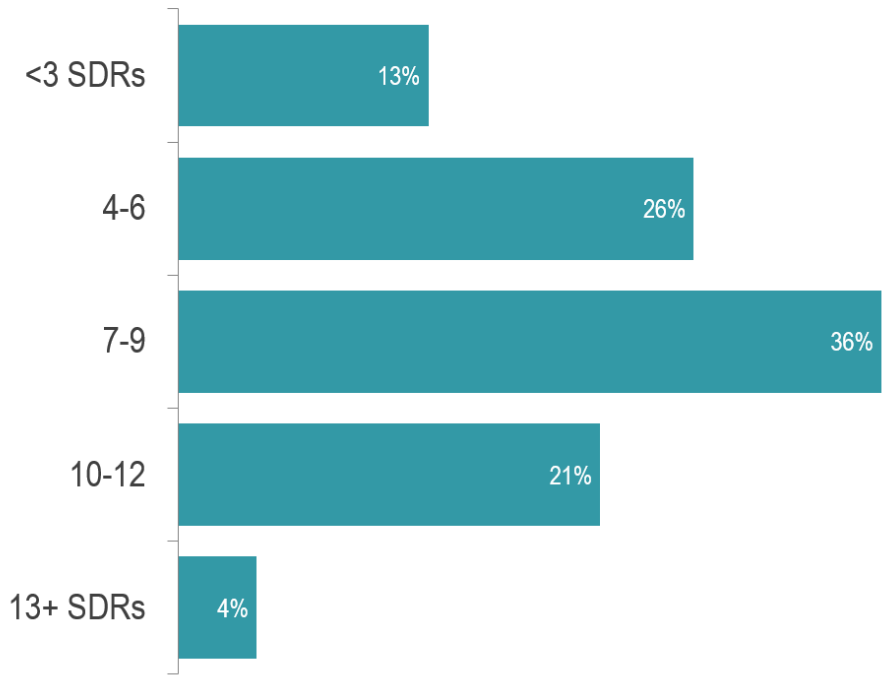
Leader profiles

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

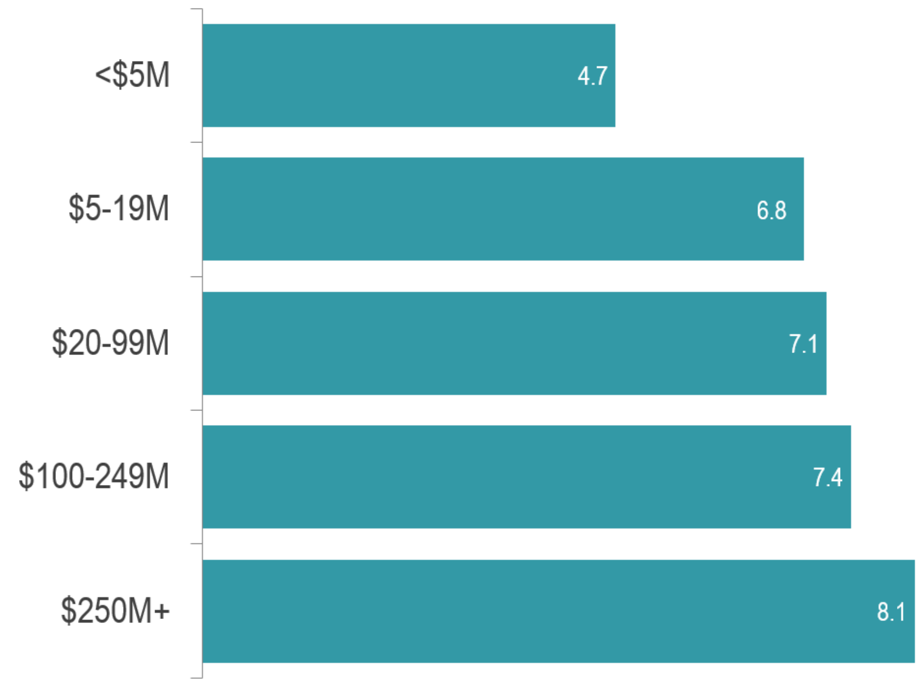
REP-TO-MANAGER RATIO

The median number of SDRs reporting to a single first-line leader is 8. This is consistent with our findings from 2016 and 2020. As revenues increase, front-line leaders support more SDRs.

Distribution of reps per front-line leader



Average # of SDRs per front-line leader by revenue



LEADERSHIP COMPENSATION

Manager total compensation has declined in nominal terms since roughly 2016 (posting a compound annual growth rate of -0.8%).

Compensation for *Directors* and *Vice Presidents*, however, has grown modestly (1.7% and 2.7% CAGR respectively).

	2016	2018	2020
MANAGER	$129K	$127K	$128K
DIRECTOR	$174K	$172K	$177K
VICE PRESIDENT	$220K	$215K	$226K

LEADERSHIP COMPENSATION BY ASP/ACV

Controlling for company revenues and other factors, front-line leaders' on-target earnings rise as ASP increases.

	$5-25K	$25-50K	$50-100K	$100-250K	$250K+
MANAGER	$123K	$129K	$124K	$129K	$151K
DIRECTOR	$157K	$155K	$176K	$180K	$205K
VICE PRESIDENT	$237K	$260K	[1]	[1]	[1]

[1] Too few rows to provide meaningful data

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PART 6

NOTES ON COVID-19

OBSERVATIONS

For obvious reasons, 2020 will be remembered for COVID-19. While some implications already seem apparent (Zoom, remote work, *inside* selling), we're sure many will take time to become perceptible.

Before we began the number crunching for this report, we collected a list of hunches on what we'd find. In the interest of transparency, we decided to share *what we hypothesized* and *what we found*.

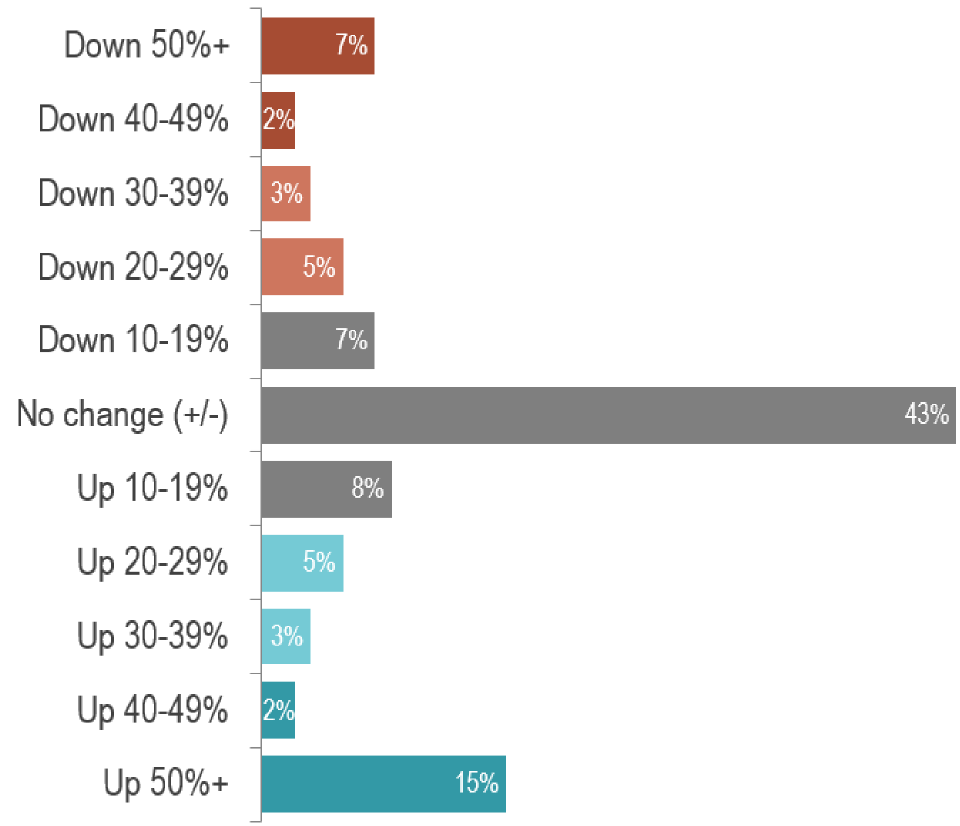
1. **Labor market shocks will lead managers upstream for more senior candidates** X (see pages 18-19)
2. **Average tenure will rise as the quits and internal promotions slow** ✔ (see pages 21 & 25)
3. **Effort per QC / meeting / Oppty will rise as the economy contracts** ✔ (see pages 28-30)
4. **Qualification criteria will soften** ✔ (see pages 31-32)
5. **Despite softened qualification criteria, average attainment will fall** X (see pages 33-34)
6. **Companies will pare back their tech stack to save money & lower complexity** X (see pages 40-42)
7. **SDR groups will rebound quickly (if unevenly) from RIFs** ✔ (see pages 51-52)

HEADCOUNT CHANGES
RELATIVE TO MARCH 1ST 2020

We've previously written about the impact of COVID-19 on the B2B labor market in the first half of 2020.

The majority of responses to this research occurred in late Q3 and early Q4 2020. We asked how SDR headcount had changed relative to March 1st 2020.

A quarter of groups shrank over that period. Another third grew headcount appreciably. While the majority remained the same or grew modestly.



The median SDR group had no change in headcount from Q1 to Q4 2020.

HEADCOUNT CHANGES

Not surprisingly, the highest growth companies *grew* headcount over this period.

HIGH-GROWTH	+18%
MID-RANGE	+2%
LAGGARD	-3%

SDR, AE & AM Consulting + Execution

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SCALABLE GROWTH, DELIVERED.

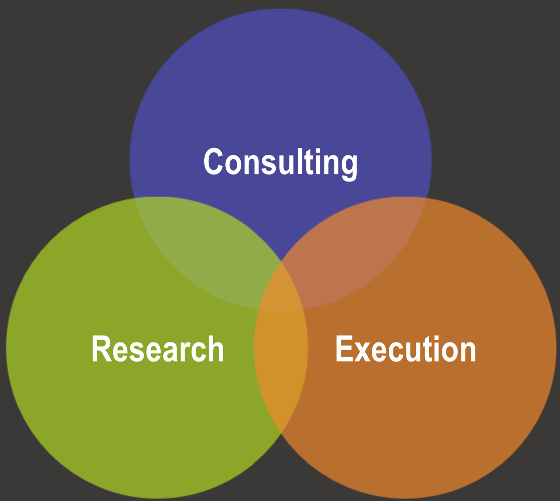
For over two decades, we've been focused on "more" for our clients - more conversations, more pipeline, more growth. Over 435+ companies have relied on our thinking to make their numbers.

PRACTITIONERS FIRST, CONSULTANTS SECOND.

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

HOLISTIC APPROACH, TARGETED SOLUTIONS.

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



THANK YOU!

Questions or comments? Hit us up at COMMUNITY@BRIDGEGROUPINC.COM

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