

INSIDE SALES VERSUS OUTSIDE SALES

November, 2018



KORN FERRY®

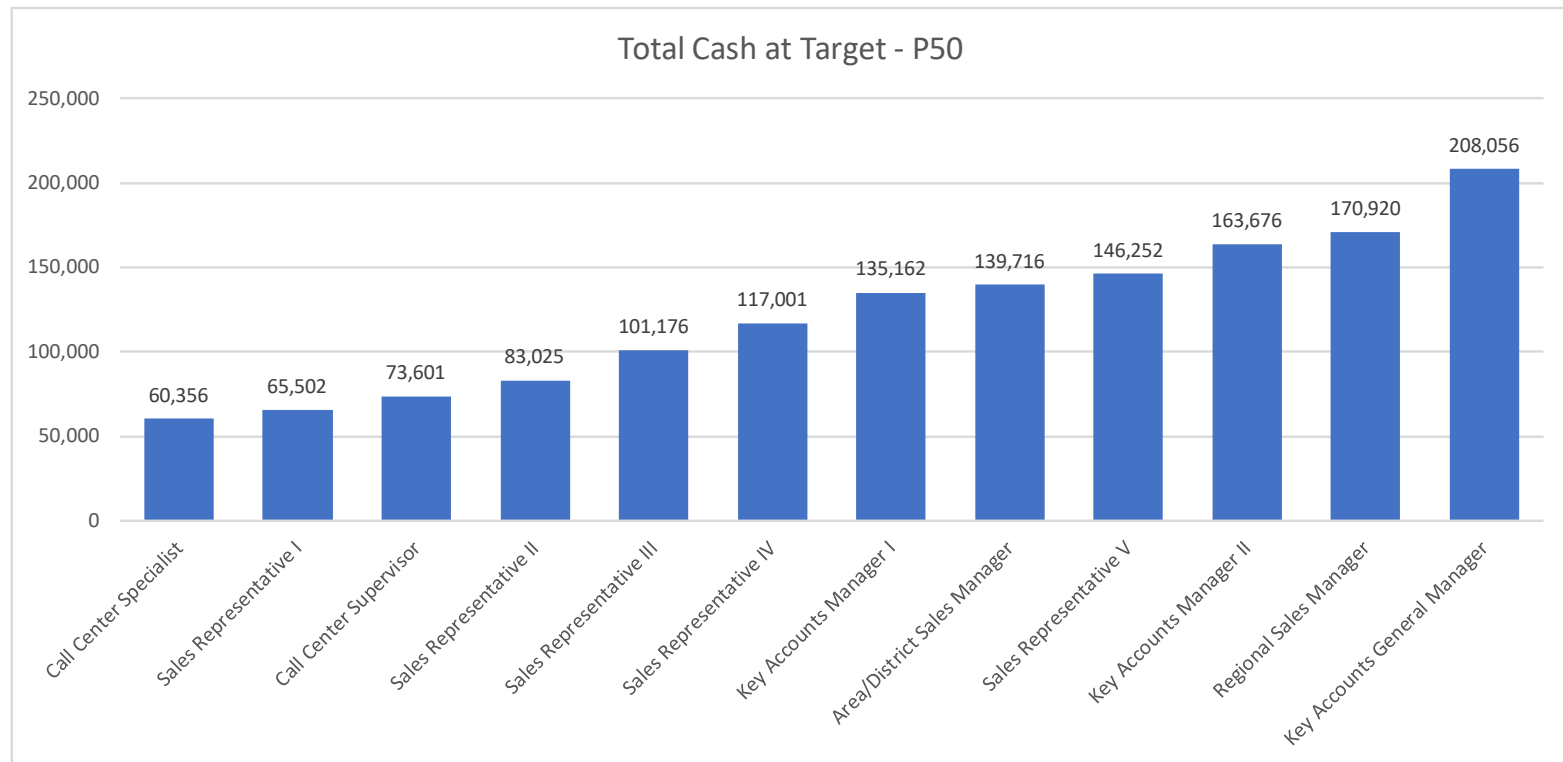


Profile: Account Management/Territory Management

We have proposed two basic concepts for the sales incentive design:

	Account Management	Territory Management
Definition	<ul style="list-style-type: none">• Assigned large accounts• Focus on increasing volume and share of wallet• Develop stronger relationships with multiple client contacts	<ul style="list-style-type: none">• Assigned territory• Focus on pipeline and number of opportunities• Add more new clients
Market Characteristics	<ul style="list-style-type: none">• Large client and large projects• Solution selling• Requiring broader understanding of the client	<ul style="list-style-type: none">• More transactions• Value/benefit selling• Market segmentation critical
Incentive design	<ul style="list-style-type: none">• Targeted bonus• Established goal• Longer payout period – quarterly to annual	<ul style="list-style-type: none">• Commission• Quota based – goals matter less• Payout period quarterly
Pros	<ul style="list-style-type: none">• Better ability to reflect strategy• Support value-added solutions	<ul style="list-style-type: none">• Clear link between pay and performance• Simple mechanics
Cons	<ul style="list-style-type: none">• Doesn't always "fire up" sales people	<ul style="list-style-type: none">• Generally more costly• Difficult to differentiate for growth, new products, etc.

Outside sales reps are typically more expensive



Success Profile Summary

	KEY ACCOUNTS MANAGEMENT / BUSINESS DEVELOPMENT IV		SALES REPRESENTATIVE V		TELESALES I	
TOP 3 RESPONSIBILITIES	Marketing		Client & Customer Management (External)		Client & Customer Management (External)	
	Needs Assessment		Sales		Marketing	
	Product & Solution Development		Marketing		Needs Assessment	
TOP BEHAVIORAL COMPETENCIES	Manages complexity	3	Customer focus	4	Customer focus	2
	Drives results	3	Drives results	3	Ensures accountability	1
	Customer focus	3	Plans and aligns	3	Manages complexity	1
TOP TRAITS	Confidence	6	Focus	6	Focus	7
	Striving	6	Optimism	6	Humility	6
	Optimism	6	Trust	6	Trust	6
TOP DRIVERS	Collaboration	7	Structure	6	Structure	8
	Challenge	6	Collaboration	6	Challenge	6
	Power	6	Challenge	6	Independence	5

Inside sales teams are often evaluated on a mix of result and activity metrics; all approaches have their drawbacks

Common IS metrics	Description	Risks
Goal attainment	Common for IS roles that “own” customers or process stages	Can misallocate credit when multiple channels are involved
Revenue or new accounts	Often used for transactional and/or “prospecting” roles	“Commissions” can reward for territory more than performance
Sales stage advancement	Examples include “lead” creation, appointments, applications, etc.	Volume throughout with low quality; overwhelming downstream stages
Customer experience	“Net promoter” or satisfaction ratings are common in financial services & other heavily-regulated businesses	Low sample size leads to random results Salespeople may be able to artificially influence ratings
Talk time	A foundational metric for many IS teams, meant to quantify customer interaction activity	Bah behaviors; inefficient dialogue, long voicemails, calls to friends, etc. Better to monitor it than pay on it
Sales Activities	IS teams often set minimum requirements for calls, contact, etc.	Getting activity for activity’s sake, and burning out salespeople

IS teams are often measured monthly. But companies should carefully weigh the benefits of recency with the drawbacks of paying on random fluctuation.



Inside Sales & the Exempt vs. Non-exempt

Managers try to understand the exempt vs. non-exempt status of their inside sales team

- Non-exempt employees are entitled to overtime and exempt employees are not
- Under federal law, the inside sales exemption applies only to employees who:
 - Earn more than 150% of the minimum wage
 - Derive more than 50% of their income from commission, and
 - Work in the “retail and service industry”

Non-exempt by-products

- Culture- does this result in a culture clash if an organization has both field and inside sales that carry significant quota but are paid differently?
- Competitive hiring- If a great rep is looking at two positions hourly vs. salary, they tend to chose salary. Does hourly carry a stigma?
- Overtime- Non-exempt requires the payment of overtime, how is this calculated through time system? What about remote workers? Are they considered exempt?
- Flexibility- Many organization offer flex time of you meet your quotas such as bonus vacation time. For example if you work 70 hours one week and none the next, what does that do to the equation?



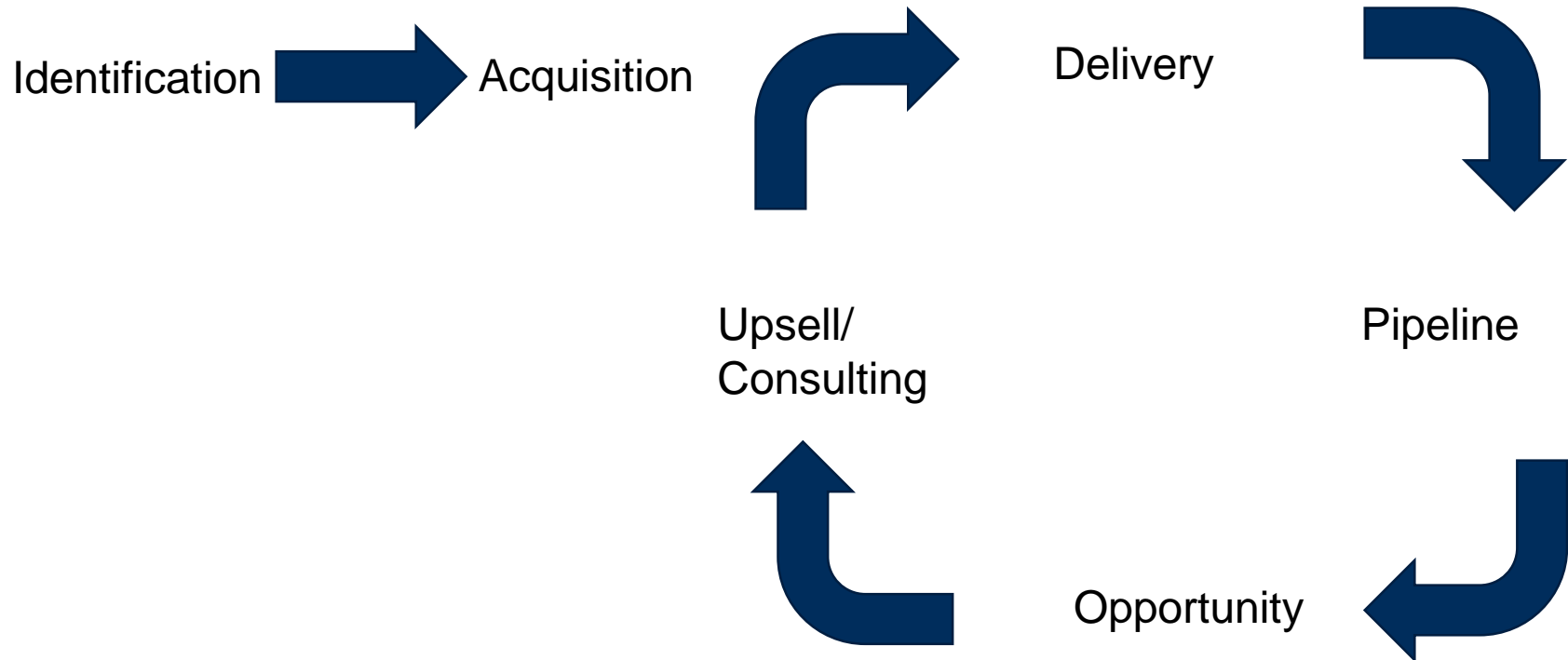
Key Accountabilities

	Outside Sales	Inside Sales
Territory Management	Route planning Visibility to the client	More outbound than inbound Locate leads and opportunities to pass on
Account Management	Account planning Team building Solution selling Growth and share of wallet	Often inbound, some outbound Upsell and service focus

Who Owns the Client?

	Outside Sales	Inside Sales
Inside Sales	Technical Fulfillment “Boots on the ground”	Account planning – frequently National or Key
Outside Sales	Account planning Team building Solution selling Growth and share of wallet	Often inbound, some outbound Upsell and service focus

Map the roles in business development



Segmentation for Inside Sales and Outside Sales

Current Market Segmentation

2015 Headcount	Rewards Level Revised / Account Retention									
	Participating Other	Retained	Other Silver Retained	Other Silver Retained	Gold Other	Platinum Other	Grand Total			
200000			1	2	3	4	5			
			208,171	1,088,016	208,951	4,437,251	5,732,389			
			0	1	0	2	3			
100000			507,564	1,088,107	394,020	4,371,463	6,359,154			
			0.06	0.06	0.13	1.39	2.61			
			2	3	3	7	15			
100000			502,887	675,553	703,057	1,882,277	3,663,774			
			0	0	0	1	1			
			517,873	685,562	723,330	1,942,855	3,830,620			
100000			2	5	10	35	52			
			2	5	2	13	22			
			214,903	528,163	208,229	1,675,785	2,626,880			
70000			221,443	544,028	275,366	1,726,338	2,767,175			
			0.11	0.08	0.13	0.86	2.18			
			2	5	10	35	52			
70000			140,197	498,738	276,342	1,388,235	2,003,512			
			0	0	1	0	1			
			153,673	521,343	1,213,079	1,723,273	3,810,373			
40000			0.08	0.05	0.03	0.12	0.28			
			2	4	10	35	52			
			302,099	2,271,421	322,625	2,385,752	5,281,897			
30000			302,099	0	0	1	1			
			302,099	2,283,574	322,625	2,407,325	5,310,623			
			0.03	1.21	0.07	0.34	0.67			
30000			11	11	11	11	44			
			8	10	2	10	30			
			382,247	86,860	1,087,611	302,099	2,178,817			
20000			382,247	86,860	1,087,611	302,099	2,178,817			
			0.05	0.04	0.08	0.01	0.16			
			16	16	16	16	64			
20000			246,743	40,729	47,745	205,253	339,469			
			0	0	0	0	0			
			252,205	50,179	1,227,157	58,817	2,088,358			
10000			0.13	0.02	0.03	0.02	0.18			
			16	1	20	1	38			
			840,035	17,323	1,046,233	145,822	2,049,413			
0			840,035	17,323	1,046,233	145,822	2,049,413			
			0	0	0	0	0			
			859,772	17,840	1,064,053	150,197	2,091,862			
0			0.14	0.03	0.08	0.08	0.33			
			39	9	9	9	56			
			254,425	352,862	67,724	91,397	706,414			
Grand Total			272,504	273,801	68,734	51,146	726,185			
			0.04	0.05	0.03	0.03	0.15			
			29	2	2	2	35			
Grand Total			140,197	102,807	1,030,423	811,884	3,085,311			
			0	0	0	0	0			
			153,673	198,397	1,110,022	1,884,273	3,346,365			
Grand Total			0.08	0.07	0.24	0.61	1.99			
			2	2	2	2	8			
			140,197	102,807	1,030,423	811,884	3,085,311			
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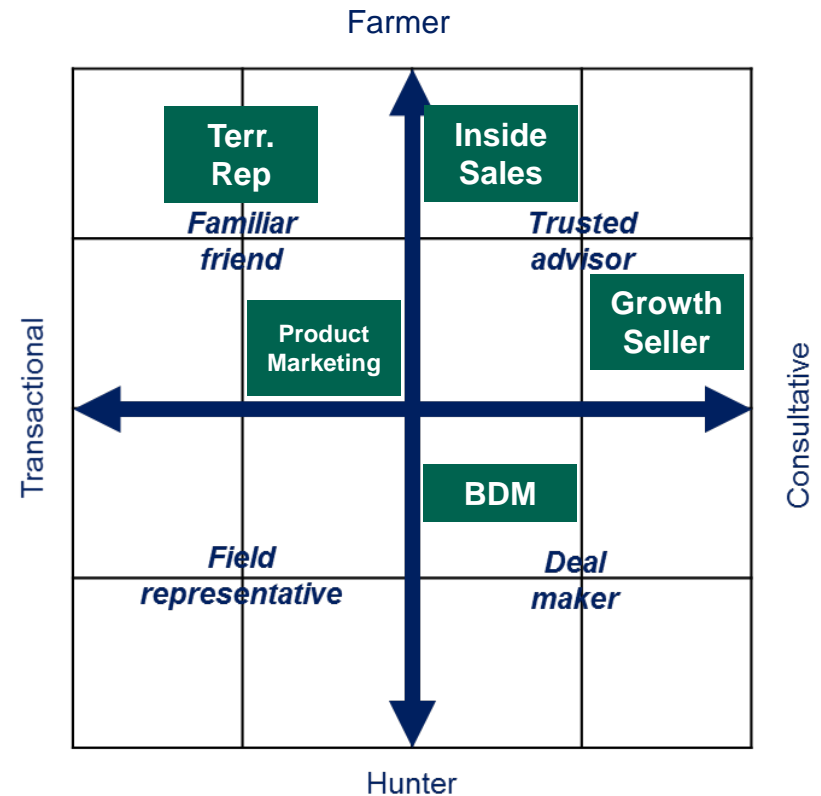
Re-Allocated

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Inside Sales can be the bigger job

1. Territory Rep
2. Inside Seller
3. Growth Seller
4. Business Development Manager
5. Product Marketing



Thank you