Distribution of Leads to AEs

In the white paper, Eliminating Territories, the idea that territories would prevent a company from scaling was put forward as they prevent sellers from optimizing the potential opportunity. If territories are not employed, how should leads be passed from an SDR to an AE? We believe strongly that leads should be distributed on a round-robin basis among the different AEs.

Round Robin Distribution

The main benefit of a round robin distribution is that it allows management to compare the actions and results of each sales professional against the rest of the team objectively.

For example, if Salesperson A, B, C, and D are receiving the same number of leads, and these leads are distributed on a randomized round-robin basis, it should be relatively easy to compare each professional's ability to close deals.

If Salesperson A has a close rate of 22% while Salespeople B, C, and D have close rates of 24%, 19%, and 8%, respectively, it is clear that D is not making the grade and should perhaps be replaced, as he or she is simply wasting valuable opportunities.

By using a round robin distribution algorithm, an AEs close rate can become a very meaningful KPI. In fact, it can be argued that this more than anything else should be used to evaluate a AEs performance. One could argue that quota should be the ultimate arbiter of success, we believe that the number of leads that it takes to get to the number should make a big difference. For example, we would rather have a sales person who makes quota but has a 20% close rate rather than someone who makes quota that only has a 10% rate as it means that twice as many demos are being used.

While a straight round robin should be the norm, there are times that the seller can consider deviating from this approach. For example, where the seller wants to give certain AEs more leads than others a weighted round robin can be employed. Similarly, if a sales person is failing, the AE can simply be taken out of the rotation which allows them to concentrate more on the leads that they have and prevent opportunities from being wasted if the situation does not turn around.

It should be noted, that in most major CRM software products, it is difficult to employ a round robin as it is not an out of the box feature. That being said, both SalesLoft and Saleforce can be customized to perform this function.

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