

Where Do SDRs Belong?

One of the most frequently asked questions concerning when building a SDR operation is how the sales development group should be structured. Specifically, who should these critical professionals report into? While the final answer to both questions is somewhat dependent on the product being sold and the culture of the organization, there are a number of factors that should be considered in making this important decisions.

Sales development is a function that does not have a clear home. Since it is critical to the success of the sales operation, it seems very reasonable and logical that the group should report to the sales department. However, on closer inspection of its primary role, which is to generate interest in the product or service being sold, perhaps the group best belongs to the marketing department.

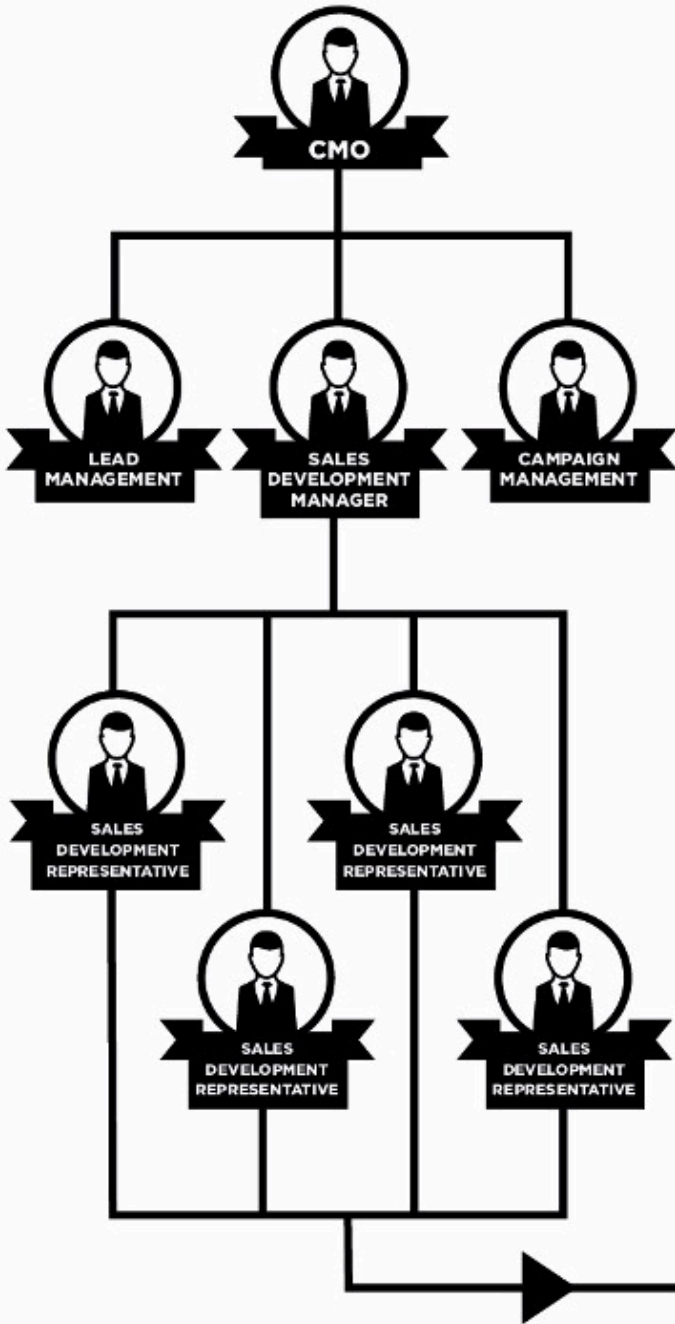
In this section we will examine the pros and cons of each option.

Should Sales Development Report to Marketing?

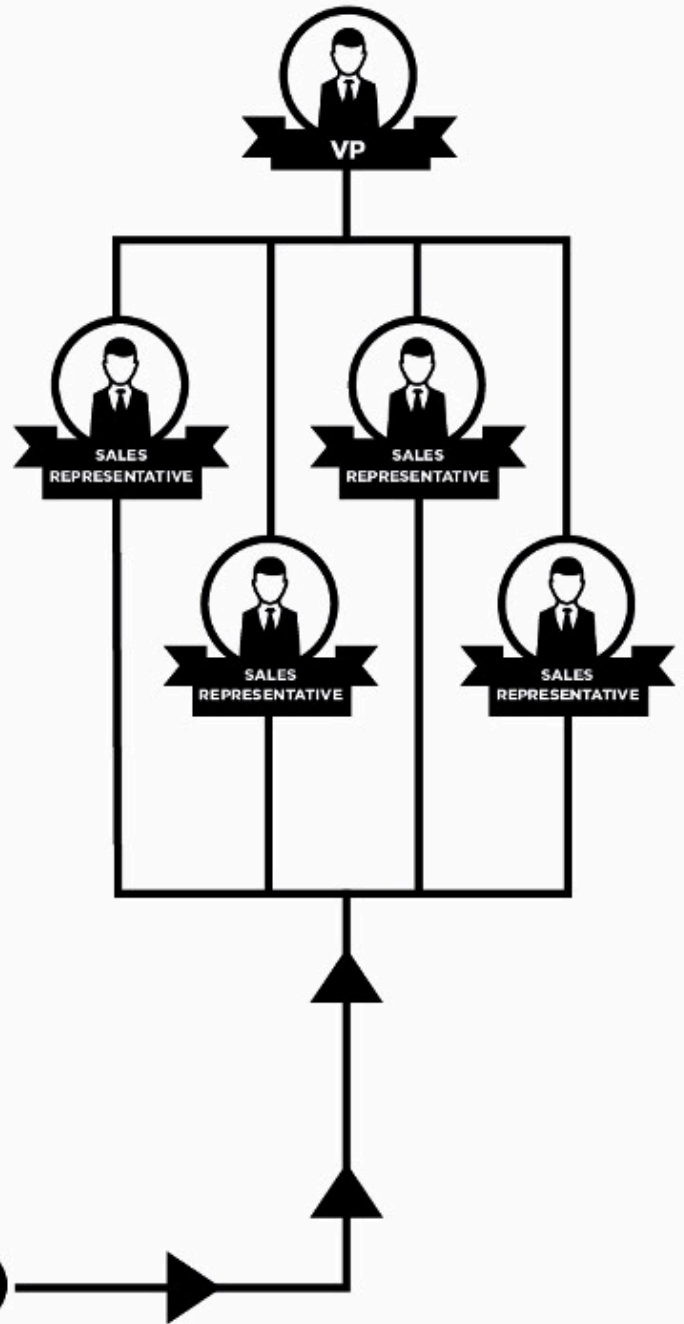
In the traditional sales environment, marketing was responsible for building awareness for the products and services being sold while the sales Generalist was responsible for scheduling his or her sales appointments. Having a “wall” between the two groups made a great deal of sense and served the needs of both groups. From marketing’s perspective, not having an active role in lead generation meant that it could focus its efforts on “soft” activities that were difficult to measure and evaluate. From the sales group’s point of view, the Generalist presumably knew how many leads he or she needed on a monthly basis, and as this was relatively few, it was better to do the work independently than to risk having an interloper involved in the group’s daily affairs.

MARKETING MODEL

MARKETING DEPARTMENT



SALES DEPARTMENT



LEADS



Here are some of the pros.

Reduction of Operational Influence: In most organizations, the sales group is a powerful force that is used to getting its own way. Removing the sales development function from the group's purview makes it a lot less likely that they will be able to negatively influence the lead-generation operation. For example, sales representatives typically only want leads that are perfectly qualified. However, as it is often difficult, if not impossible, to obtain this level of insight, it often makes sense for the sales development team to provide the sales team with any lead that shows an interest in a solution being sold with the hope that the sales representatives can use their amazing powers of persuasion to transform a lukewarm lead into an opportunity that might close. Therefore, placing the lead-generation function into the marketing group will often maximize the overall number of leads generated.

Tighter Control of the Marketing Message: It is likely that the marketing group is responsible for developing the message and even sometimes the script that is employed by the sales development representatives to convince the prospect to move forward with a demonstration of the product being sold. If the callers are part of the sales group, they might be less likely to "stay on message." Being part of the marketing group helps ensure that the right message is given at the right time. This is especially the case when A/B testing campaigns are undertaken and the results are 100 percent dependent on the sales development representative religiously following the directions in the testing environment.

Tighter Coordination with Direct Marketing: We have seen how the sales development close rates can improve substantially by immediately following up nurture campaigns with targeted phone calls. This process tends to work more efficiently when the callers are part of the organization that actually sent out the marketing asset.

Marketing Knowledge: Especially in the case of inbound leads, it is likely that the prospect is calling as a response to a particular campaign that was developed by the marketing team. When sales development representatives are part of the marketing group, it stands to reason that they will be more familiar with the marketing materials, such as e-books or white papers, which will allow them to have a more fruitful conversation with the prospect.

There are also significant cons to having the sales development function be part of the marketing group.

Deprioritization of Lead Generation: Marketing's primary job in most organizations is to build awareness of the solution being sold through direct or indirect marketing campaigns. Their performance is most often evaluated by using some objective measure, such as website hits, downloads, or even the number of inbound leads generated. When they are given the new responsibility of sales development, often this task takes a backseat or plays a smaller role than their more traditional functions. This, of course, can lower overall productivity.

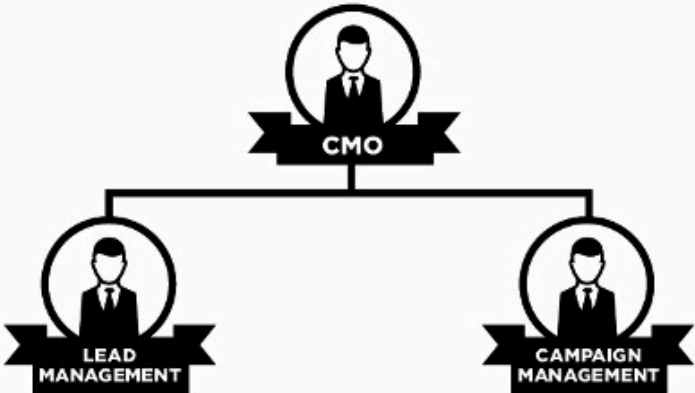
Inferior Training: At the end of the day, lead generation is a form of selling. The caller needs to convince a prospect, who is often initially unreceptive, to sit through a demonstration of the product or service. Most successful sales professionals have mastered this all-important skill and would presumably be an important training resource to the callers who are often young and inexperienced. Removing sales development from the sales department makes this important training opportunity more difficult to accomplish, which can lower overall productivity.

Lead Distribution Headaches: Unless technology is being used to automate the hand-off of opportunities from sales development to sales (and vice versa in rescheduling situations), hand-offs between departments are ripe for trouble. It is extremely difficult to ensure that leads do not get mistakenly dropped or misplaced.

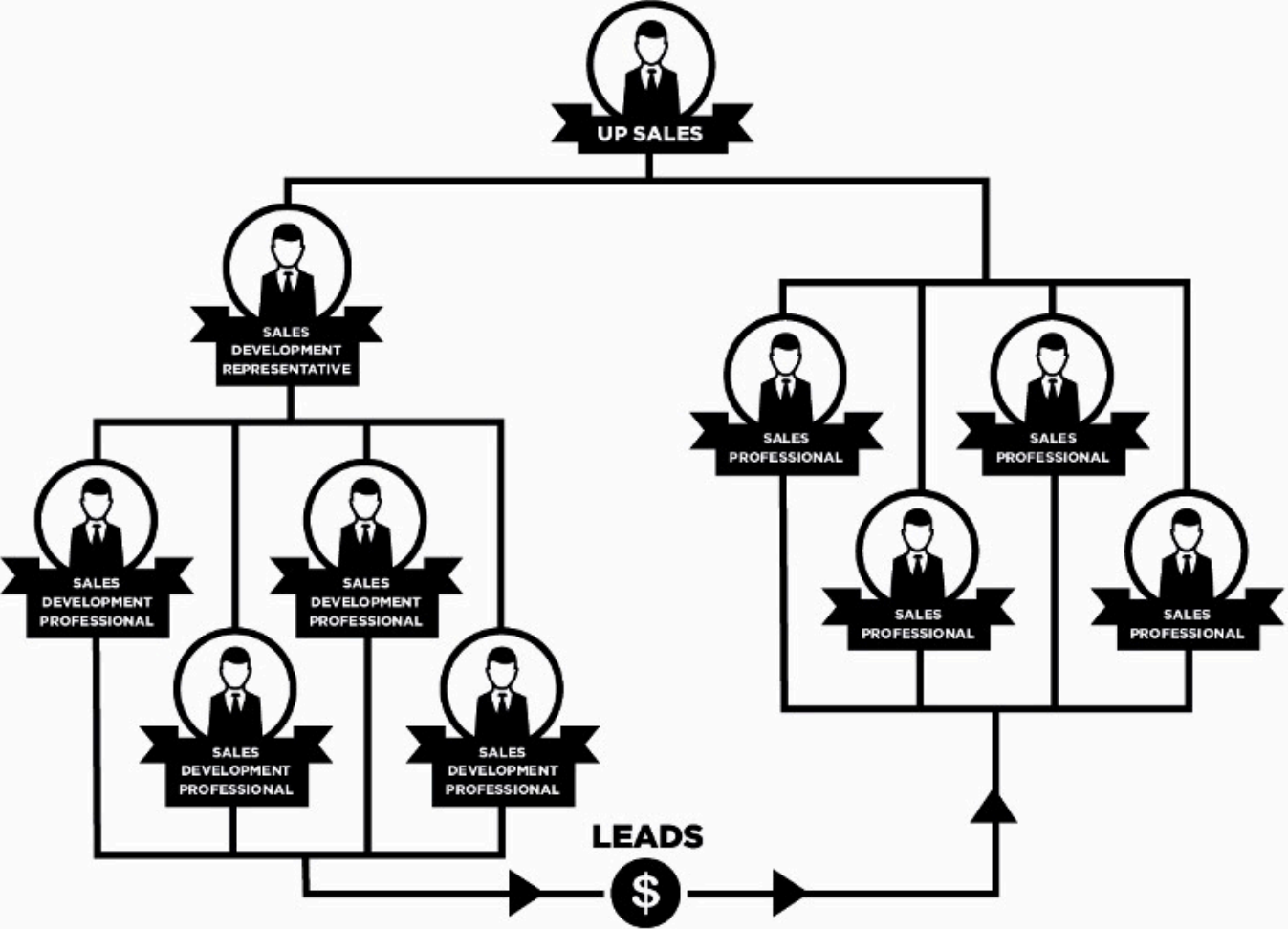
Increased Departmental Rivalries: Normally, there is an institutional rivalry between the marketing and sales groups. Placing the lead-generation function in the marketing department can certainly increase tensions, especially if the sales department views this action as an "infringement" on its turf. In addition, it provides the sales department with a built-in scapegoat if sales goals are not met, as it is very convenient to claim that numbers were missed because of a lack of qualified, high-quality leads.

SALES MODEL

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SALES DEPARTMENT



Should Sales Development Report to Sales?

It should come as no surprise that there are similar arguments that can be made to keep the sales development function in the sales group.

The pros for this approach include the following:

Improved Training: Where there is a tight relationship between the sales development and sales team, it is likely that the sales skills of the sales development representatives will dramatically improve, which should lead to a higher close rate.

Clear Career Pathway: Since most sales development representatives will be future sales professionals, putting the callers into the sales group provides a more seamless transition to different sales roles within the organization.

Lead Distribution: The hand-off of prospects from sales development to sales when they are in the same group is apt to be more efficient and effective.

Tighter Coordination: Having both groups report to the same management structure allows for tighter coordination of sales policies, procedures, and tactics.

Elimination of the Blame Game: Having the two groups together effectively eliminates the blame game that often occurs when expected sales numbers are not achieved. It is difficult, if not impossible, for people in sales management to blame anyone but themselves when sales numbers are not achieved.

Again, there are also significant cons to having the lead-generation function be part of the sales group:

Lack of Checks and Balances: When lead generation is separate from the sales department, there is no check on the actions of the sales group and its professionals. Greater insularity can quickly lead to inefficient and even ineffective processes.

Too Much Power: It is very risky to have so much power and responsibility in the hands of one group and likely one manager. If that professional was ever to leave, not only would sales be impacted but so would the lead-generation function.

Undue Influence: Having the two groups together enhances the ability of the sales professionals to encourage the sales development representatives to cherry-pick their calls and focus their efforts on bigger and better names, which almost always leads to a decreased appointment flow and lower sales volume.

Ineffective Marketing Campaigns: Not only will the sales development representatives be less familiar with the various marketing campaigns, but it is extremely difficult to ensure that the callers stay on message. While this can be harmful from an overall perspective, the lack of tight control completely eliminates the ability of the team to perform accurate A/B testing of the sales development process.

Minimization of Sales Development Professionals: When the sales development team is housed within the sales group, it is not unusual for the callers to begin to focus their efforts on helping the sales professionals close more deals rather than find new opportunities. Remember, they want to be sales professionals and likely do not need much encouragement to get involved with the actual sales process rather than simply finding prospects and passing them on. In fact, it is not unusual for sales professionals to begin to view the sales development team as junior sales assistants who perform menial tasks for the sales professionals. Of course, this negatively impacts the sales development productivity.

In spite of the above, data from the Bridge Group shows that approximately 73% of sales development representatives report up to the VP of sales.

Conclusion

It is our opinion the influence of the sales team on the SDRs is too great to overcome. The sales development professionals want to only call well-known companies or schedule appointments for prospects that were perfectly qualified. The marketing group was also having difficulty making them stay on message, as they believed they knew what worked best with prospects. As such, SDRs should report into marketing the marketing team. Steps can be undertaken to eliminate some of the problems with this approach. For instance, although the group was part of the marketing function, a senior sales professional was placed in charge of the group, which helped to ensure that they were properly onboarded and received continuous high-level training. Second, outbound calling was prioritized by tying the compensation of the marketing leadership team to appointment volume.