Moneyball Your Way to an All-Star Sales Team with Prodoscore

Instead of paying $100,000 a year for a Sales rep, pay $60,000, and improve ROI

CEO's and Business Owners need better data-driven strategies to measure sales performance and outside of the box thinking to beat the competition.

One of my favorite baseball movies is Moneyball. Even though it came out years ago, I am still inspired by what Billy Beane accomplished while General Manager. As a game well known for its statistics, I find it amusing that before Beane realized it was time for a change, new recruits were evaluated by scouts based on intuition and observed play — an analog approach. Faced with a lack of budget, Beane applied a data-driven strategy based on different statistics. It worked. You can use this same methodology to build your own an all-star sales team.

Spoiler Alert:

I give away the storyline to this movie. If you haven't seen it yet, stop reading and watch it now! You'll thank me after.

The Turning Point

The movie starts off with things going from bad to worse. The Oakland Athletics just had a painful loss in the 2001 playoffs, leading their top three stars to head to the competition – lured by higher salaries.

The A's were the underdog with a small budget. There was no way they could compete against other well-funded teams like the New York Yankees. Given this constraint, Billy Beane had to come up with a new angle. Then he met Peter Brand, a young Yale economics graduate, who gave him an idea. Together, they started valuing players for recruitment based on their on-base percentage (how often a batter reaches base) instead of the traditional scouting method.

This approach provided a new perspective. It better measured how much each player contributed to the overall team's performance.

> "People who run ball clubs, they think in terms of buying players. Your goal shouldn't be to buy players. Your goal should be to buy wins. And to buy wins you must buy runs."   – Brand

This line of thinking was a game-changer. By measuring performance differently, it was possible to find great deals when picking new players for their team.

It's Time to Measure Employee Performance Differently

A study conducted by MIT Sloan Management Review partnered with McKinsey and Company about how performance management is changing, concluded that productivity and performance will continue to become "more data-driven, more flexible, more continuous, and more development-oriented."

One of the reasons why traditional methods are not as useful is that feedback often arrives too late, so it is increasingly less indicative of actual performance. The annual or even quarterly review process has become out-of-date.

In today's business environment, feedback needs to be provided closer to real-time, or at least as soon as is reasonably possible. Ideally, performance should be measured with quantifiable metrics. Imagine what your team's productivity might be like if constructive feedback and guidance were provided on a weekly basis? The resulting discussion would have far greater authenticity and relevance, likely causing a stronger influence on changing behavior.

Moneyball Your Way to Higher Performance

Every good manager knows they must have a set of Key Performance Indicators (KPIs) to measure performance. Everyone's job has a purpose. But, without measurement, there is no way to know if these purposes are aligned and the resulting efforts are paying off, so no way to improve. A good leader understands this concept.

They also know the importance of choosing the right thing to measure.

This concept can be applied to building a baseball team or managing a sales team. By focusing on the right measurable metrics, it is possible to yield greater performance.

Business owners, however, are not as lucky. No single statistic is quickly and easily available to measure business or sales team performance.

Measuring Sales Team Performance

One of the challenges with assessing sales performance is that it is complicated. Sales cycles are often long, and include multiple variables and participants. This makes it difficult to accurately measure individual and team performance. A better approach is needed that lets you quickly see how much time each person spends doing their respective tasks. Then, it would be easier to measure individual and team productivity.

The capability of measuring individual performance now exists, Prodoscore.

The next challenge is determining how to evaluate team performance. This measure goes well beyond quota attainment. Just as annual performance reviews are no longer effective, so too are annual quota attainment metrics. While they may be good to pick President's Club winners, they won't help you achieve quota in the current year!

Some of the broader factors that come into play when measuring overall sales team effectiveness, including the return on investment include the following:

» Sales deals won

» New logos

» New partnership agreements signed

» Customer satisfaction

» Repeat purchases by existing customers

» The total cost of sales, including compensation, commissions, bonuses, and other benefits

» The cost of hiring a new sales representative or manager

» The cost of training new employees

» Equipment cost (ex: laptops, phones, docking stations, chargers, etc.)

» Office space, utilities, coffee, supplies, etc if applicable.

» Administrative and IT support costs that enable the team to operate

» Opportunity costs, such as the period during ramp up when a new employee is not operating at full capacity

With enough time and effort, each of the above metrics can be calculated. A future sales strategy can then be identified and implemented. This is how you can Moneyball your sales team performance.
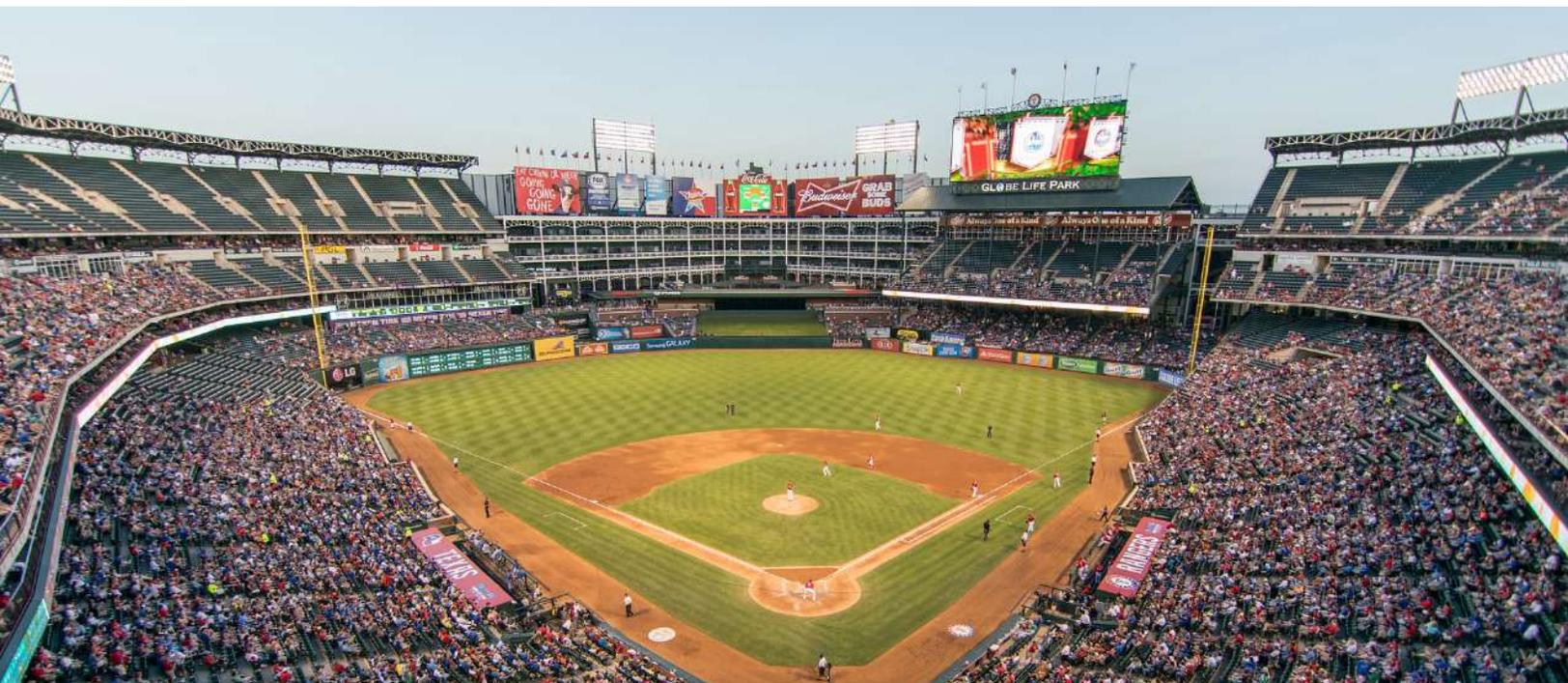
Measuring Sales Team Performance

Dennis is the Chief Revenue Officer for a well-known B2B SaaS company based in Los Angeles. He realized that it no longer made financial sense to hire local salespeople and pay them $100,000+ a year. And, when he added in all the other costs of office space, utilities, and parking, it was clear Dennis had to come up with a new strategy.

Dennis suggested to his CEO that they hire a remote sales team that could work from home in a lower-cost city. Here is what he proposed:

Hire a Remote Sales Team in Detroit

Where the talent exists and the cost of living is much lower (a $60,000 base salary is competitive)

Let People Work from Home

Which improved morale, increased employee work-life balance, reduced turnover and let the company eliminate office space and parking spots

Replace Existing Legacy Technology

Which involved adopting the cloud for Email, CRM and Communications; this decision enabled better employee collaboration, ease of tracking time spent on activities, and did so for alower cost

Based on the above scenario, the profitability of a sales person (and the entire team) increased from a negative ROI to a positive 36 percent per year. This is based on a sales assessment calculator we developed at Prodocore that captures these costs and compares the revenue earned to derive an ROI.

Anticipating Future Performance

With this approach, not only is it possible to do a complete assessment of how well your sales team is performing today, but the intelligence collected can then predict future behavior. Here is where machine learning algorithms can be used to see patterns in the data that might not be readily apparent.

By embracing a data-driven strategy—and doing so over time—patterns will emerge that surprise you.

Imagine the value of being able to predict when a star salesperson is thinking about accepting an offer from the competition.

The value of being able to proactively manage this risk is substantial.

Take the First Step

The team at Prodoscore has put together a Sales Assessment that can help you to measure each of the above metrics and then give you new insights. It takes 15 minutes to get you up and running.

Now is the time to act. Just as it was with the A's as portrayed in Moneyball, once the competition catches on, your advantage goes away. Just look at the Boston Red Sox. They understood exactly what Beane had discovered. By using his methodology, two years later they swept the St. Louis Cardinals in the 2004 World Series. They captured their first championship since 1918 – breaking an 86-year losing spell. You too can achieve a spectacular win!

A sales assessment sheds light on how to measure your sales team's performance. You can use this same methodology to build your own an all-star sales team.

Schedule a demo