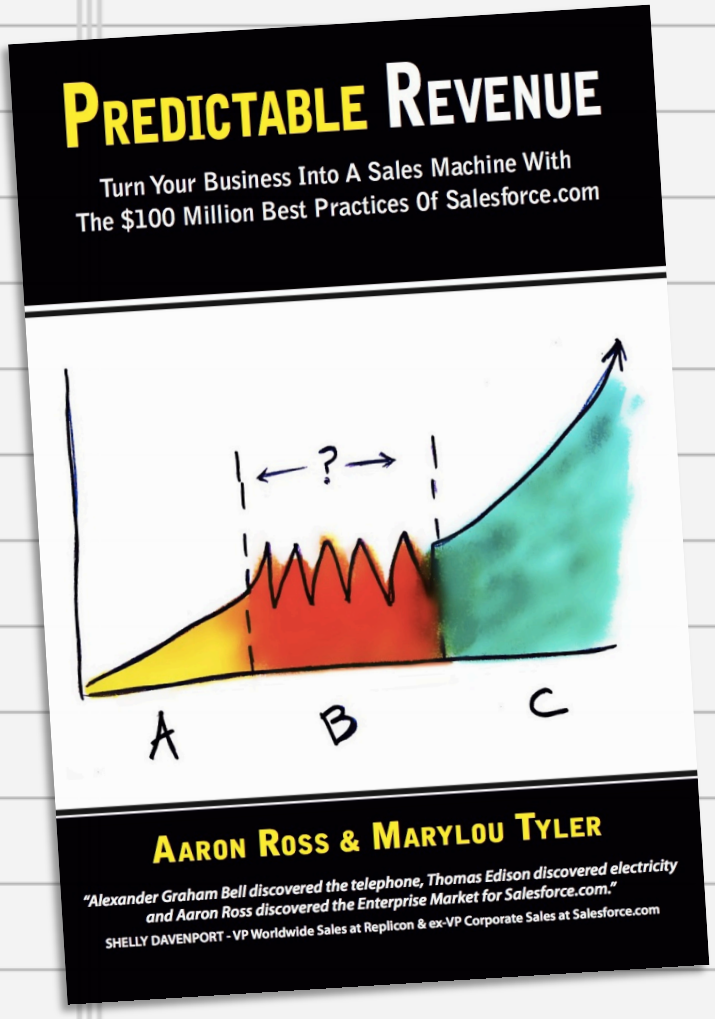
Predictable Revenue

Summarized

SOUND SMART. SAVE TIME. SELL MORE.



A 15-page guide to the 200-page sales book.

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Predictable Revenue by Aaron Ross & Marylou Tyler

on Goodreads

Published 2012

Quick Synopsis:

Anyone who knows a thing or two about Aaron Ross knows he helped build Salesforce.com's $100 million sales machine. Having a high-level understanding of his highly acclaimed book, co-written with Marylou Tyler, will help you quickly understand the most important ingredients to a successful sales process: innovative outbound prospecting without cold calling.

Aaron and Marylou believe today's salespeople don't care for traditional cold calling and prospecting -- and buyers are more resistant to it than ever before.

This summary will walk you through their strategy for how sales teams can generate many highly qualified new leads, create predictable revenue, and meet financial goals.

We'll start with some key terms, jump into the full summary, and end with shareable quotes that you can use to show off your latest reading.

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Key Terms

Cold Calling 2.0: Prospecting into cold accounts to generate new business without using "cold calls" -- most predictable and controllable source of new pipeline.

Hot Coals: The uneasy period of the sales cycle caused by a shift from organic growth to proactive growth.

Layers of the Onion: An analogy to help teams think through layering out their product / offers. Goal is to make it easier for prospects to choose how they get to know a company and it's products, step-by-step.

Market Response Representative: A rep that qualifies incoming leads that reach the company through website or phone. They route qualified opportunities to the appropriate quota-carrying salesperson.

Sales Development Representative: A Cold Calling 2.0 or "outbound" sales rep specialized in generating outbound leads; don't close deals or qualify inbound leads.

Chapters 1 -3: A New Era of Lead Generation

Predictable Revenue is a framework for effective lead generation that contradicts traditional selling techniques. Aaron and Marylou break the process down into actionable steps, which we'll be sharing with you throughout this guide.

Let's start by looking at what where sales is today, and how Salesforce.com took a different approach.

The Biggest Misconception

Most executives think adding salespeople grows revenue. However, the root issue is not on growing the team but on lead generation itself. Salespeople do not cause customer acquisition growth, they fulfill it.

Salesforce.com's Transformation

Aaron discusses his experience at Salesforce.com starting a new group that used an innovative outbound prospecting approach (involving no cold calls) to create new leads. They discovered several breakthroughs, enabling them to add over $100M in incremental recurring revenue in just a few years.

Next in the book, the authors begin to define the framework for achieving predictable revenue:

Three Keys of Predictable Revenue

To achieve predictable revenue, they explain that you must: **(a)** understand your funnel, **(b)** determine the acceptable average deal size, and **(c)** define timeframes.

They also make it clear that everything must become a system. Without it, you have no predictability. Too many teams are dependent on the CEO and VP of Sales which is why a system should be put in place to create a self-managing team.

One of the core functionalities within the Predictable Revenue framework is Cold Calling 2.0. It differs from traditional cold calling in the following ways:

Cold Calling 1.0	Cold Calling 2.0
All salespeople prospect	Dedicated prospecting team
Attitude: “Always be closing”	“Is there a mutual fit?”
Measure activities (dials per day)	Measure results (qualified leads)
Cold calls	Research, referral calls
Manipulative techniques	Authentic techniques
“I hate this job”	“I am learning a valuable skill”
Long letters and emails	Short and sweet emails
Sales system hurts productivity	Sales system helps productivity

For Cold Calling 2.0 to be executed properly, the authors suggest that sales team should be divided into specialized functions. Further, due to the high cost of salespeople, the authors believe salespeople should not prospect.

To combat all this, the authors recommend you specialize your sales teams as follows:

Qualifiers	Closers	Farmers
Sales Development: Outbound Reps & Market Response Reps	Account Executives	Customer Success / Account Management

Next, they dive into outbound email campaigns, a very important Cold Calling 2.0 tactic:

Effective Outbound Email Tactics

Emailing C-level Fortune 5000 executives with **specific** emails can generate 9%+ response rates. Aaron and Marylou recommend sending one short and sweet email (unscripted) in plain text simply asking for a referral to the right person.

Once you identify the right person, you must now focus on **selling the dream**. Help create a vision of their dream solution and then connect your product to that dream. Next, challenge them to decide how serious they are about getting it.

While emailing with prospects, it's important to remember that **"no" is not a "no"** unless you hear it from the CEO or decision maker. If they answer "no" in an email, find out why.

Chapters 4-6: Breakthroughs for Cold Calling 2.0

The next section of Predictable Revenue dives into specific prospecting and sales tactics.

Aaron and Marylou explain how to solve the Top Six Prospecting Mistakes that reps make:

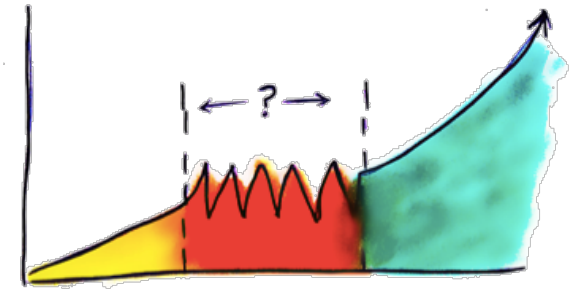
Stop Doing This	Start Doing This
Expecting instant results	Understanding it can take 2-4 weeks to develop new leads
Writing long emails	Making it easy to respond to by asking one question
Going wide, not deep	Hitting 10 accounts 10 times instead of 100 accounts once
Giving up too quickly at ideal targets	Being pleasantly persistent
Not giving up quickly enough at non-ideal targets	Weeding out prospects that just aren't a good fit
Depending on activity metrics rather than a proven process	Focusing on call conversations per day, not dials per day

To avoid these mistakes, you need to find the right people.

Hire and train salespeople who are completely committed to your company's vision and values (and can sell this vision naturally). Further, the sales process needs to be natural and customer-centric. Specific examples of how to do this are provided in the complete book.

The book describes the stages of the sales cycle as “layers of an onion.” Customers want to get to know you in small steps and want control of that process. Your job is to put out tempting morsels (i.e. free trials, ebooks) one after another to get them to take the next step.

But before giving something free to your prospects, you need to make them actually want it – and know where it fits in their buying process. While peeling back the layers, you need to discover your prospect’s decision process.



The Bottleneck In The Decision Process

A breakthrough Aaron had at Salesforce.com was finding that the biggest bottleneck in prospecting isn’t selling the decision maker – it’s finding them in the first place.

And many times, the ultimate decision maker isn’t even the best person for your initial conversation, which is why it’s important to win over internal champions and coaches first.

While it’s now in your prospect’s hands to choose when the sale will ultimately happen, there are tactics under your control that can speed up the sales process.

Here is a scalable process:

The 3-Hour-and-15-Minute Sales Process

In the book, they explain that you should take 15 minutes to qualify or disqualify an opportunity, one hour to understand the decision process with a few point people, and two hours to create a joint vision that will pull them forward in the process.

Within this time frame, there are two powerful questions you need to ask:

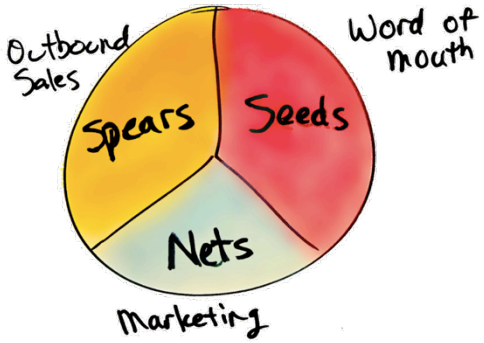
"Did I catch you at a bad time?"

Asking this is effective because you're asking for permission to chat and putting them at ease.

"Why"

Killer salespeople are good at asking "why". Many times, your prospects haven't thought of the root source of their problems, so you need to help them determine what they are by probing.

The authors share how the most common mistake that executives make is lumping all leads together. Instead, break them into buckets based on where they came from. We explain these three buckets in this post.



Chapters 7-11: Aligning Leadership and Talent

While most of this book is about what you should do to create predictable revenue through a sales machine, the final section explains how to set up your entire team for sales success.

To begin, the authors explain the top mistakes that CEOs and Sales VPs make all too often:

The Mistake	The Solution
CEOs not understanding lead generation	CEO educating themselves on lead generation
Thinking AEs should prospect	Start specializing sales roles
Assuming channel partners will do the selling for you	Build direct sales success before counting on channels
Hiring, training, and incenting fumbles	Get coaching on how to hire, train and incent
Thinking “product-out” not “customer-in”	Spend 25% of time with customers to know what you do for them, rather than how
Sloppy tracking and measurement	Track just 3-5 key results and review weekly
Command-and-control management	Stop treating employees like resources
Under-investing in customer success	Hold the hands of first 50 customers; give them love

To avoid the above mistakes, team alignment is important to get right from the start.

The authors dive into how to develop and specialize your team:

How To Hire Great Salespeople

The best long-term source of salespeople is to grow and develop your own. Hire smart people who can figure things out, are organized, and know something about business. At Salesforce.com they created “Salesforce University,” a weekly meeting for internal training.

Your Salespeople Are Your Internal Customers

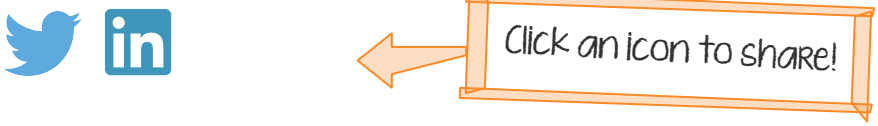
To be an effective sales manager, treat your team like you treat your customers. Get their input on decisions early and often, build trust, make decisions together, and help them succeed. As long as you work for the successes of your salespeople, they will work for the team’s success and yours.

When Should Companies Specialize?

Too frequently companies say, “We’re too small to specialize yet”. Aaron and Marylou explain that you need just two salespeople to begin specializing. After hiring a salesperson that can close, hire a sales rep dedicated to generating leads. A second rule of thumb is if a salesperson is spending more than 20% of their time on prospecting, break out that function into a new role.

Strut Your Smarts - Quotes Worth Sharing

"Shorter sales cycles increase sales productivity."



"Great companies know the sale is just the first step in an ongoing process of making customers successful over the course of years."

"If it's not intended to be repeatable, it's not worth doing."

"Building a highly-productive, modern sales organization requires increasing specialization."

"One of the biggest productivity killers is lumping a mix of different responsibilities into one general "sales" role."

"The quality of your people means everything to you and your team's success."

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Be in control of your revenue!

DON'T LET REVENUE SLIP THROUGH THE CRACKS

Organize your lead & customer data for free

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Acknowledgements

When all your time is focused on selling, it's hard to find time to sit down and read an entire book. But that doesn't mean we should ignore the most talked about sales books. That's why I decided to sit down and do the reading for you.

Whether you're a pro salesperson or simply considering sales as a profession, I hope this summary was helpful in understanding what **Predictable Revenue** is all about.

Enjoy reading,

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