Gradient Works

USING THE SPA FRAMEWORK TO INCREASE PIPELINE COVERAGE

Why are we here?

Imagine a world where every sales rep has a high-quality book of business that represents the best accounts your company should be working on. At any given point in time, every seller is prospecting into the best possible accounts. There are no more bad territories, each rep has the best opportunity to succeed, and you as a company have the best opportunity to cover all the accounts in your addressable market. And the secret to doing that is to move the prioritization of what accounts to work forward. Don't just outsource it to your reps to figure out, along with all the other things they need to be doing. They can't, and they won't.

In the following pages, we're going to show you how you can be sure that every single sales rep on your team is calling on the best possible accounts in your market.

We're going to walk you through what we've started calling the SPA framework. The SPA framework - segmentation, prioritization, allocation - covers everything a B2B sales team needs to ensure your highest priority accounts are always in the hands of sellers ready to close, and that your sellers always have a book of the best accounts in your CRM.

We're going to talk about your TAM and SOM, your ICP, fit, timing and intent, account scoring, lead distribution and qualification, pools vs. pods, territories, dynamic books, rules of engagement, and everything in between.

Seriously, this paper has everything. It's a comprehensive guide to pipeline coverage and giving you the tools you need to succeed in the second half of 2023.

This paper is long, and very dense. Don't let that scare you off. You don't need to read it straight though. There will be sections that are more relevant to you than others. Feel free to skip around, skim, share with colleagues.

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Let’s go to the SPA

2023 has been a tough year for B2B sales teams.

Pipeline generation is down in 2023, by as much as 50%[1]. Sales cycles are longer. And not just a few days longer - they're taking 20-40% longer this year[2]. Win rates are down. Many companies are seeing win rates decrease to 17-20%[3].

So it’s no surprise that more than half of sellers are looking for a new job[4].

What does all this mean?

There are just over 6 months left in the year. To have a chance of hitting targets for the year, companies need more pipeline coverage now. Many sales leaders are now aiming for 4x - 6x pipeline coverage to make up for slower, harder sales cycles.

Where will that new pipeline come from? How can teams increase sales rep productivity in a historically difficult economic environment?

There is hope. The hope lies in which accounts sellers work when. There are a few things we know. First, even in a good year, 69% of salespeople don’t have enough leads in their pipeline to hit quota[5]. It’s worse now, as inbound leads slow down and outbound gets harder. Right now, reps need more top of funnel pipeline to hit their opportunity creation goals.

In addition, up to half of sales performance can be explained by a rep’s territory potential versus their sales skills[6]. Even a great rep can’t sell to a bad territory.

So, just stop giving good reps bad accounts. Okay, if only it were that easy! Deciding what comprises a seller’s book of accounts is a lot more complicated than just divvying up a list of accounts and handing them to a salesperson to work.

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1 Ebsta and Pavilion, 2023

2 Tomasz Tunguz, 2023

3 Winning by Design, 2023

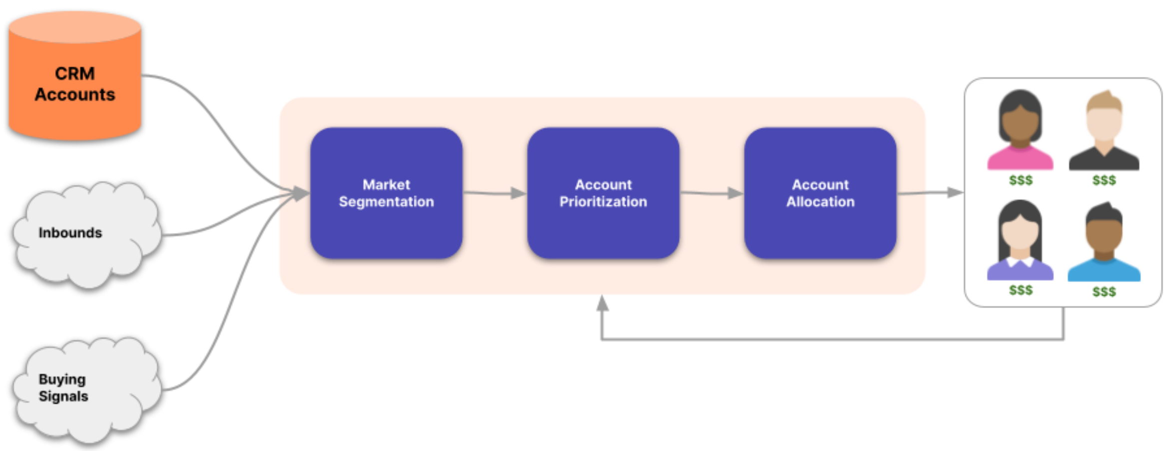
4 Gartner, 2022

5 Value Selling Associates, 2020

6 Yesware, 2022

In the following pages, we're going to show you how you can make sure every sales rep on your team is calling on the best possible accounts in your market, and how you can implement these methods now, when you still have time to hit your 2023 targets.

We call this **the SPA framework[7] - segmentation, prioritization, and allocation**. It's a comprehensive approach to matching quota capacity to your market to drive better account coverage.



Let's start with segmentation. How do you decide which accounts to target with sales and marketing outreach? Read on.

[7] Huge thank you to Hilary Headlee for the name!

Segmentation

The first phase of the SPA framework is segmentation. At its core, segmentation is figuring out which segments you can and should target. It's "dividing up your total addressable market into unique audience segments with shared characteristics"[8]. You're defining the universe of accounts you're going to work on in a certain way.

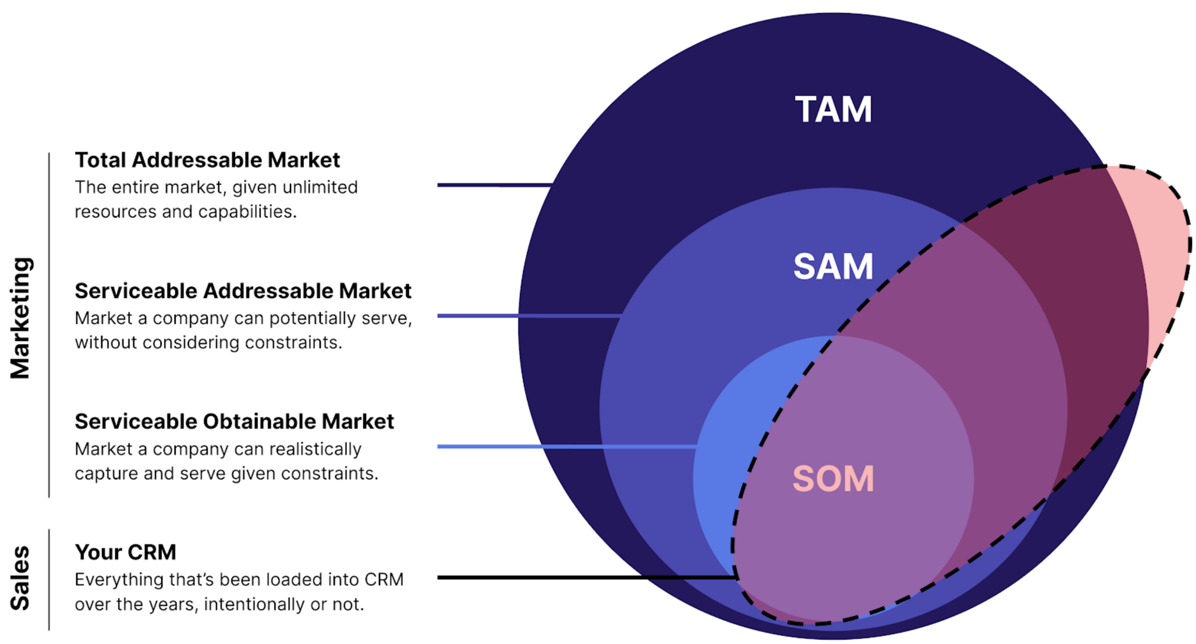
Segmentation is important because it allows sales and marketing to send targeted messaging and campaigns to different audiences based on shared characteristics.

There are a few different ways companies think about segmentation. You need to be thinking about your ideal customer profile (ICP), your total addressable market (TAM), and other criteria that narrow down your target prospect.

TAM, SAM and SOM

Let's start with a look at what goes into a company's total addressable market.

You've probably seen a diagram like this before. It shows how most companies think about their segmenting their market.

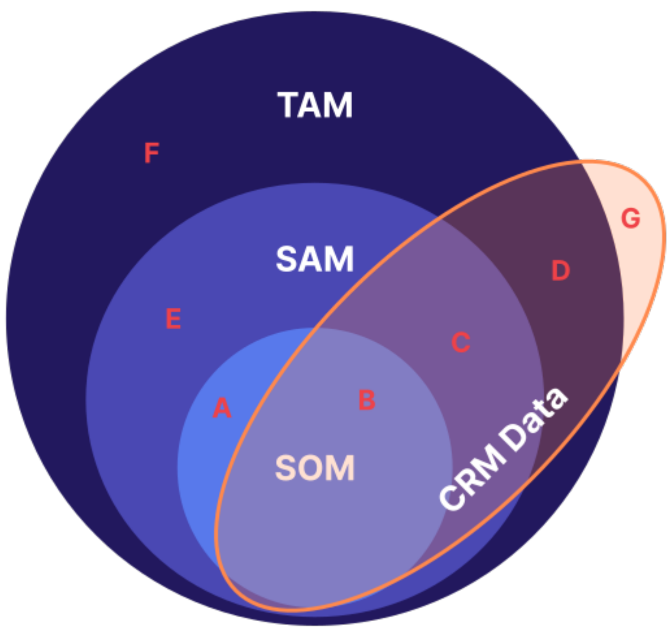


[8] Demandbase, 2023

The diagram includes:

- **TAM (Total Addressable Market)**: The entire market, given unlimited resources and capabilities.
- **SAM (Serviceable Addressable Market)**: The market a company can potentially serve, without considering constraints.
- **SOM (Serviceable Obtainable Market)**: The market a company can realistically capture and serve given constraints.
- **Your CRM Data:** Everything that's been loaded into CRM over the years, intentionally or not. That probably includes some relevant accounts and some less relevant accounts.

We can further break down these markets into more specific account segments - labeled with the letters A-G as shown below.



These smaller segments help you understand where to focus sales and marketing resources. A huge thank you to Erik Huddleston[9] for naming and describing these segments. He defines them as follows.

[9] Erik Huddleston, 2023

A. **The giant hole in your demand generation processes.** These are accounts you should be working, but they're not in your CRM. That means marketing should be working hard to target and get in front of generate demand from this segment so they move from A to B.

B. **Accounts you should be working (but sometimes can't because the data is wrong).** This segment highlights the most important accounts you've got - the ones your sales team should be focused on. But Zoominfo data can be out-of-date, contacts move jobs, phone numbers change. Set up integrated systems that help you increase data quality and return bad data accounts to ops to fix.

C. **Hold my beer accounts.** These are the accounts your team may want to work on, but you can't service them well just now. Maybe your product isn't ready for this group yet, or they're not yet ready for your product. They're the shiny objects distracting your team from working on the better accounts in the B group.

D. **Sins of your youth.** These are the old crusty accounts that linger in your CRM. Maybe they're from old experiments, past campaigns, or a time before you refined your ICP. They're time wasters.

E. **Forbidden fruit.** These accounts look good on paper, but you're not ready to sell to them. Targeting in marketing needs to be careful not to market to them now - even if it increases their inbound lead volume - and instead focus on accounts in the A segment.

F. **Growth delusion.** These are the accounts that look good to your investors, and that's pretty much it right now.

G. **Garbage.** Cruft in your CRM that has nothing to do with what you sell now or in the future. Remove them.

Where marketing and sales live in these market segments

Marketing spends a lot of time in the A-E-F groups. We think of this as the "outside world" (it's quite literally the world outside our CRM). Marketing segmentation should be focused on building demand gen campaigns for group A, to move more of those accounts into group B. Erik calls segment A the "giant hole" in demand gen and that's true for more mature companies. If you've been targeting the same SOM for a while, A is in fact a hole you've missed.

If you're a startup or growth company with a large enough SOM, then most likely your A group will be vastly larger than your B group. This represents your opportunity for immediate growth without having to make major product advances. You can reach these accounts with the resources you have now - you just need better or more targeted marketing.

Sales lives in the B-C-D-G area. Most organizations task sales with going after what's in the "inside world" of their CRM. The job of quota capacity allocation demands that you figure out which accounts fall into which segment and execute on that - both in your inbound lead automations and your territory design.

(This is why we have the concept of "enrolled accounts" in Gradient Works Bookbuilder. It allows you to build a wall around your pool of available accounts to constrain them to those that are in your SOM. More on this in a minute.)

When sales doesn't have good control over account allocation, then you get a lot of reps going after segment C. Erik refers to these as the "hold my beer" accounts. You've gotten a couple of flukey wins and before you know it the whole sales floor is going after these low-probability, high-churn-potential accounts. This impacts both new business and retention efficiency.

However, it's important to remember that SOM, SAM and TAM are fuzzy concepts. The frontier between SOM and SAM, in particular, is one you should explore. Perhaps there are some ways to extend the SOM horizon out a little farther. With dynamic books, the best sales teams use distributions to run targeted plays that probe that barrier intentionally, no beer-holding required.

Ideal customer profile

An ideal customer profile (ICP) describes the attributes of the customers who are likely to need your product or services and would therefore be a very good fit for becoming a customer. For example, if you're a B2B company, your ICP might describe the number of employees, industry and revenues of other businesses that would have a need for your product.

Use your ICP to properly target marketing and sales activities to the right kinds of prospects.

Ensure your ICP is well-defined and precise

Start by conducting a thorough analysis of your existing customer base, identifying the common traits, characteristics, and attributes of your most successful and valuable customers. Leverage data-driven insights and feedback from your sales team to refine and validate your findings. It's essential to go beyond basic demographics and delve into firmographics, such as company size, industry, and location, as well as behavioral indicators, such as buying patterns, pain points, and specific needs your product or service addresses. Continuously review and iterate on your ICP as your business evolves, and leverage technology and analytics to gather real-time data and insights. By ensuring your ICP is well-defined and precise, you'll empower your sales team to target the right prospects, personalize their approach, and drive higher conversion rates and revenue growth.

Evaluate the firmographics in your ICP

Typically we think about B2B segmentation in terms of a few main criteria: revenue, location, industry and employee count. These broad categories help sales reps approach companies that are similar to each other in some basic way. The goal is to reduce complexity in the sales process.

But these criteria are broad strokes at best. **Revenue** and **employee count** are rough estimates of a company's size, and thus its maturity. That tells us something about its challenges - a 20-person startup with $1 million in annual revenue has far different business challenges than a 4000-person company with $1 billion in revenue.

Location matters only a little to most sales teams, and generally in the more general sense. Is a prospect located in this country or region? That helps us know what language, time zone, and cultural implications we need to take into consideration. But as we've discussed many times, more fine-grained geographic criteria (such as state or zip code) is a terrible way to segment accounts. Opportunity is not distributed geographically.

With geographic segmentation, some reps get territories with so many high-potential accounts they can't talk to them all, while other reps starve in a territory plan with low potential.

Relying too much on geographic segmentation can lead to:

1. **Attainment imbalances**

   Not every rep gets the same chance for success

2. **Change challenges**

   It's almost impossible to keep territories balanced as team composition changes

3. **Missed opportunities**

   Inadequate TAM coverage means the company misses out on potential deals

4. **Painful planning**

   Endless spreadsheets and meetings take so much time

Beyond high-level regional considerations, geographic segmentation is not a particularly useful criterion. More on territory distribution coming up.

That leaves us with **industry**. Typically, we tend to cluster prospects into broad industry categories - software, automotive, healthcare, and the like. Those are moderately useful, but would be far more useful if they were more specific. Some companies use NAICS codes to segment account groups, but those codes are not much better than broad industry categories.

This is an area where newer AI technologies can help. We can use AI to take industry from a broad, high-level category to something more nuanced and operationalizable.

Imagine an AI analysis of what those accounts do, how they talk about themselves online, the way that they position the problems they solve, their products, and their customers.

We can take all that information and then create a bottoms-up market map of account clusters based on similarities. So instead of trying to apply a top-down broad categorization, we're looking at the categorization that emerges from the data to show us how similar one account is to the next based on how they actually talk about what they do. This allows B2B companies to break their audience into much more useful and relevant segments based on industry.

Prioritization

Once you've divided your market up into different segments, you need to decide which accounts or segments to prioritize. Are there certain audiences that are more likely to buy now? How do you identify those?

Prioritization is figuring out which accounts or segments to target first. Here's where we talk about intent and account scoring, and finding accounts that are the right combination of high fit and right timing.

Fit and timing

Most companies have a definition of *fit* ("this kind of account is a fit for our solution"), and they try to figure out the right *timing* ("when should we reach out for maximum impact?"). Let's talk more about each of those.

Fit

Fit is somewhat simple, and you probably addressed fit in the segmentation process. Does the account fit your ideal customer profile? What are the firmographics of the organization, and how close are they to what you consider a good customer? More on how this relates to prioritization in a moment.

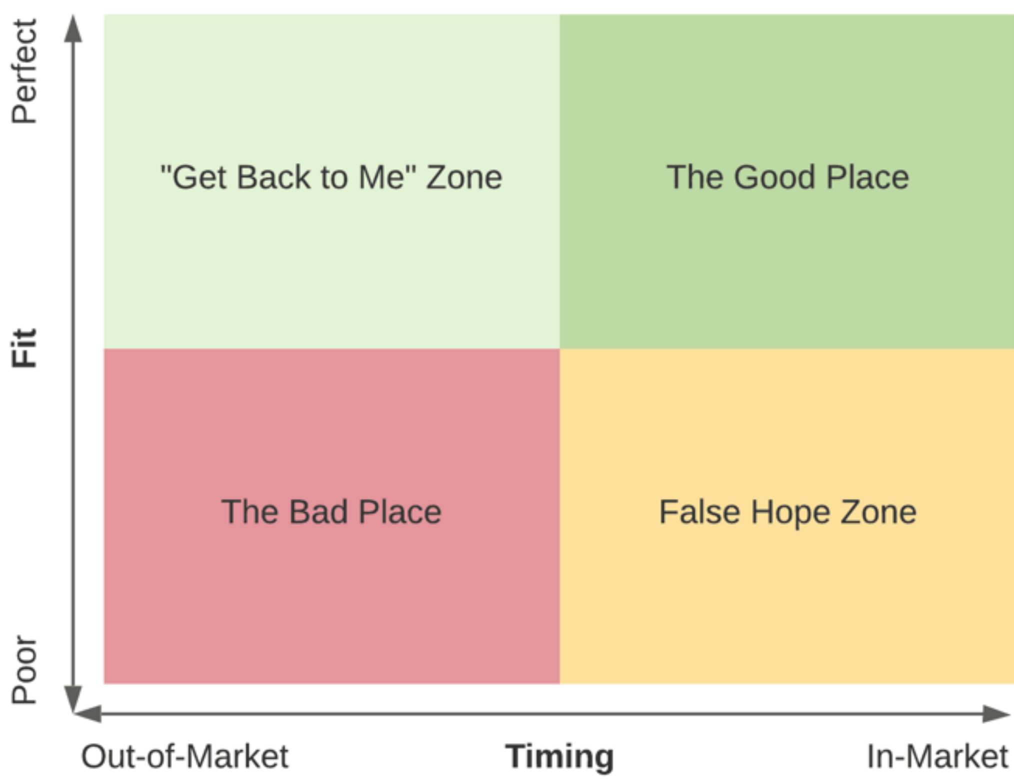
Timing

Even the perfect accounts may not be ready to buy. There are internal and external signals you can identify that tell you how likely an organization is to buy now. Accounts are either ready and in market for a solution like yours (they don't currently have a vendor for the problem you solve or their contract is almost up, they have budget, something's changing in their company that you can help with) or they're not (they just signed with another vendor, they've had to cut costs, organizational change isn't pointed in your direction).

- **Inbound leads:** If an account raises their hand asking for a demo, that's a strong signal that they're looking to buy soon.
- **ABM or intent data:** If you use an ABM tool, you can get intent or buying stage data on prospect accounts to tell you when someone is likely to be ready to buy. More on intent shortly.

- **Point of contact (POC) changes:** If a company hires a new person in a key leadership role, this may indicate they're looking for a new solution.
- **Funding announcements:** When a company raises new capital, they often tend to scale business processes, and this may signal they're moving in-market.
- **Competitor renewal date:** When you know when a competitor contract is up with a prospect, you can use this information to reach out a few months in advance.
- **"Get back to me" date:** Sometimes prospects tell you they're not ready for your solution now, but they ask you to get back to them in a few months. Make a note of that in your CRM and use it as a timing signal.
- **Marketing automation scores:** If a prospect reaches a certain score threshold in your marketing automation platform (MAP, that may indicate they've moved in-market.
- **Scraping or proprietary data sources:** Other tools and firms purport to give you additional information about prospects to help you find the right accounts at the right time.

The fit and timing quadrant



The fit and timing quadrant pictured above describes how an account should be worked, depending on its fit and timing qualifications. Accounts fall into one of four quadrants.

The Good Place. These accounts are both a great fit and they're ready to buy. These are the opportunities you can win in the short term and ideally where your reps are spending most of their time. This is the zone to win.

Get Back to Me (GBTM) Zone. These accounts are a great fit but the timing isn't right (yet). They may be under contract with a different vendor or have another major priority this quarter. When you talk to them, they'll probably say something like "This sounds great, but let's talk next quarter." This is valuable information you can use later, and you should absolutely be keeping track of that. More on that in a bit.

False Hope Zone. These accounts are a bad fit even though they're currently looking for a solution. In fact, you'll probably even win some of these - mostly because they're ready to buy something similar to what you offer. But, you're likely to find that you can't repeat this process, and/or they're bad customers who will be difficult to service and likely to churn. These will often come through your inbound demand gen channel and are tricky because reps will hear only the good news about timing and ignore the bad fit signals.

The Bad Place. These accounts aren't a fit and they're not looking to buy. Hopefully, you'll avoid these altogether, but it's more likely that your team will waste time on a sales cycle with no chance of success. These frequently arise from poor prospecting. If you have a geographic territory model, reps are in danger of spending a lot of time here unless they're excellent at discovery and qualification.

Accounts can move between quadrants, though your ability to influence that movement is limited.

Timing signals change predictably over time. Accounts will move back and forth between being in market and not in market as they buy solutions, renew solutions, and go through budget cycles. Given enough information, you can probably predict most of these moves, but there's not much you can do to change an account's readiness-to-buy timing.

Fit rarely changes. However, you may find accounts that grow into your ICP, either through organizational changes or acquisitions, or periods of significant growth. You may find new accounts in your ICP if you start selling a new product or venturing into new markets.

Pipeline starts with account coverage based on fit and timing

As a sales leader, it's your job to focus rep effort on the best fit, highest timing accounts in your SOM. Ensuring effective account coverage is a shared responsibility between marketing, ops and sales.

Account coverage requires continuous adjustment. You have to actively manage coverage all the time; it's no longer sufficient to relegate this to a once-a-year territory planning process.

Other ways to improve account coverage:

1. Integrate rep-level account coverage analysis into every 1:1. Help reps learn how to better cover the best accounts in their books or territories. Show them which accounts to focus on and which to ignore.

2. Identify "black holes" in your market coverage. What accounts are you missing out on? Make sure you're engaging every account in the A group, and look for accounts your team could be working in the B and C segments.

3. Inject flexibility in account assignment. To ensure adequate coverage, you will likely need to retrieve accounts reps can't or shouldn't work right now, and give them more and better accounts to work.

Intent

An important part of prioritization is understanding an account's intent, whether or not an account is currently in-market for your solution. A prospect that indicates some kind of intent to buy is far more valuable than a totally cold prospect. They have higher potential to convert.

We all love hand raisers - they're the low-hanging fruit of intent signals. Those signals are when a prospect volunteers - or raises their hand - to learn more about your solution. That could be a demo request form fill, sales meeting scheduled, trial request, etc... Hand raisers are expressing high intent and should be prioritized accordingly.

However, there's a whole universe of other ways prospects can indicate softer or quieter intent. For example, you can look at marketing activities, like visiting the pricing page 3 days in a row, watching a product demo video, engaging with a product tour. There are also intent data providers, like 6sense, that look at other signals to help you understand a prospect might be in-market right now.

Why intent signals matter

Prioritizing prospects based on intent to buy ensures your reps focus their energy on the most important accounts. They'll spend less time on low-value prospects or manually sorting lists to target. It has a few other benefits as well.

Increasing your return on advertising spend. Using intent signals allows you to concentrate marketing spend on accounts based on their intent within the funnel. This shortens sales cycle time and keeps your prospect interested. You can also target different intent stages with different content and messaging.

Lowers your customer acquisition cost. Targeting prospects with the right information during their customer journey overwhelmingly lowers the cost of chasing leads that don't fit your ICP and aren't showing valuable signals. For example, a good retargeting campaign on video and/or content moves a prospect farther down the funnel than your awareness campaign push.

Identifies PLG leads. Intent signals aren't only for new business either. You can use product usage signals to understand a customer's potential for expansion. Are they adding new users? Using particular features that are connected to higher growth potential? Product-based signals can help you find customers that might be ready to buy more, which can help meet revenue goals.

Reduces churn. Is your customer viewing the cancellation page? Are they doing product research for competitors? Proactively reaching out to resolve issues and find product gaps creates a better customer experience and higher customer satisfaction.

Account scoring

This leads us to account scoring. That's the process of taking all these fit and timing signals and creating a score that indicates the priority level of an account. Reps should always be working the highest priority accounts available. Conversely, every high potential account should be worked.

Building an account scoring model

So, how do you develop an account scoring model?

Everything that follows assumes you're using an account-based sales motion, so we're talking about how to score accounts. But these concepts can apply to lead scoring as well.

You can score accounts on a numerical scale (like 1-10) or group them into tiers (like A, B, C or high, medium, and low priority). Or you may first score them with a specific number, then group those scores together into tiers. For example, anyone with a score of 8-10 goes into Tier 1, accounts with 5-7 go into Tier 2, and those with a score of 4 or below are Tier 3. Pick whatever scoring system makes sense for your company.

But the real question is - what methodology do you use to develop your account scores? Let's talk about some of the possible B2B account scoring with examples.

The types of account scoring models

The most common B2B account scoring models are:

1. Rule-based models

These models use a set of rules to score accounts. The rules are based on factors such as company size, industry, and location, and have been manually created by humans.

Rule-based models are the simplest to create and what most companies start with, but are likely not as accurate as statistical or machine-learning models. The rules for these models could be based on a number of factors, including

- **Firmographic rules**: These rules are based on an account's firmographic or technographic characteristics, such as company size, industry, location, or technology use. These are ICP fit rules.
- **Behavioral rules**: These rules are based on an account's behavior, such as website visits, marketing activities, social media engagement, and email engagement. These rules tend to attempt to identify high-intent behaviors to surface accounts that are currently in-market for a solution. These are ICP timing rules.

Firmographic rules are a good starting point for scoring accounts because they're relatively simple to set up and automate with basic data enrichment. However, those rules can be less accurate than other kinds of rules, as they don't take into consideration the individual behavior of each account. Behavioral or intent rules can be more accurate, especially when paired with firmographic rules, but intent data can be harder (and more expensive) to come by. Behavior rules may also require some kind of real-time automation beyond simple data enrichment.

We recommend starting simply with a few firmographic rules, paired with some behavior rules to fully capture an account's fit and timing. This will give you the highest success rate at identifying the highest-potential accounts.

2. Statistical models

These models use statistical algorithms to score accounts. The algorithms are trained on data from past sales and marketing campaigns. These are more complex to set up and will require some specialized statistical experience and knowledge on your team.

3. Machine learning models

These models use machine learning algorithms to score accounts. The algorithms are trained on data from past sales pipeline data, marketing campaigns, as well as data from other sources, such as social media and customer reviews, to create an account score based on previous accounts' lifecycles. This will likely require a separate machine-learning product or an ML developer to implement. Because of this, it's a more advanced model and better suited for more mature companies.

4. Hybrid models

These models combine two or more of the above models. For example, a hybrid model might use a rule-based firmographic model to score accounts initially, and then use a machine learning model to refine the scores over time.

Choosing the right scoring model

Here are some of the factors to consider when choosing a model:

- **Data availability**: Select a model that can use the data you currently have available to your business.
- **Accuracy**: The model should be as accurate as possible in predicting which accounts are most likely to buy. Take the time for historical data analysis to fully understand what criteria are highly correlated to a successful customer.
- **Complexity**: The model should be easy to understand and implement. The more complex the model is, the harder it will be to set up and maintain.
- **Cost**: The model should be affordable. If you can't afford an expensive intent data provider, start with a simpler scoring model that uses data you already have.

A rules-based account scoring model example

At Gradient Works, we've evolved our own account scoring method over time. We're still relatively early stage, so our model is a simple rules-based model for now. As we grow, we'll incorporate machine learning into the model, but we're not there yet. Still plenty of room to improve our rules manually first.

We started with a set of firmographic rules to create our initial account score. You can even use a simple spreadsheet to calculate these scores, then input them into a field on the account object in your CRM (if you're account based, that is - you may prefer to put it on the lead or contact object, depending on how you assign prospect accounts to sales reps).

We sell to high-velocity B2B sales teams, so a few of our initial account scoring criteria were:

- Is a B2B company
- Has 25 or more sales reps
- Sells a subscription product
- Has a self-service or free trial option
- Has an ASP of $1,000 - $100,000

A company got 1 point for each of these criteria they matched, and the higher the score, the higher potential we considered that account. These simple criteria helped us identify accounts that would have a complex and large enough sales cycle to need our dynamic books software. They're also very simple to identify by quickly looking at a company's website, Zoominfo profile or LinkedIn profile.

As we matured the model, we refined the firmographic and technographic criteria we look for. A company has to use Salesforce as its CRM to use Gradient Works right now, so that doesn't go into our scoring criteria (it's a binary qualified/unqualified signal), but we do look for companies that use other sales tech, like an intent provider such as 6sense. A company doesn't have to use 6sense to use Gradient Works, but many of our customers do, so it's a positive indicator of success. Accounts get a point for that.

We also added behavior/intent rules to our scoring model. For example, accounts that have visited our website multiple times over multiple sessions, have multiple contacts engaging with our marketing materials, or visit high-intent pages on our website (such as demo request and product tour pages) get points for those behaviors.

We then assign new high-score accounts to sales reps automatically using our very own product (Gradient Works), so that our sales team always has the most current and highest-potential accounts in their books at all times. It helps us call on accounts that are both high fit and actively signaling their intent.

That's how we started, and it's a great place for anyone to start. Start simple and small, and iterate your way to something more complex as you learn how accurate your scoring is.

Keep these guidelines in mind as you go.

1. Start simple

If you're just getting started with account scoring, then we recommend a super simple rules-based model to start. Put it in place for a few months, then go in to review and see what you should tweak.

You probably have some sense of what firmographic criteria matter more than others, for example. You probably also know what intent signals are more important. Weight those higher. Just keep the math super simple. Know that the data you have won't always be perfect. And even if your weights are right, you may be weighting the wrong values. But you need to start somewhere, so just start. You can - and should - improve your model as you go.

Account scoring can be as straightforward or as complicated as needed to help prioritize your lists. A simple cumulative score is effective and easy to build quickly. As companies scale, they often begin weighting both firmographics and lead activity to build a score. Two examples:

Example 1: Firmographics/technographics score

- Simple: +1 point if the account uses marketing automation software
- Weighted: +3 points if they use Marketo because you have a direct integration vs. +1 for Eloqua because there is no integration yet

Example 2: Lead intent signal

- Simple: +1 when an account visits a high-intent page (demo, pricing)
- Weighted: +3 points for demo visit, +2 for pricing

As your company or sales team matures, then you can integrate more complicated models like a statistical or machine learning model. Ideally, you'd do these in conjunction with your rules-based model to create something accurate (and always improving in accuracy), but also relatively easy to understand why an account scores the way it does.

2. Aim for progress over perfection

The first version of your account score may not be perfect, but it won't be useless. It'll be directional and it'll help reps prioritize. That's a win! Next, make it better.

Build improvement into the process. Enable reps to report issues and swap out an account if there's a problem (more on returning accounts in the next section). When you get this feedback, act on it. Review and respond to the rep. Feedback without action means no more feedback.

There are a lot of assumptions made here based on data. Data changes. The score is not set in stone. Review it at least once a quarter, and make adjustments as necessary. Have the highly-scored accounts turned into qualified opportunities? You'll likely find some things you should include that you didn't at first, as well as some things you can remove from your score entirely.

Allocation

Next you want to make sure that you give reps the right accounts to work at the right time. It's a tricky thing that most high-velocity B2B revenue organizations struggle with. Here's where we talk about account assignment and ownership.

Think of revenue organizations as a factory. Our goal is to create a system that converts raw materials (prospects) into a finished product (retained, revenue-generating customers) as quickly and efficiently as possible. To continue the metaphor a little further, modern revenue orgs often operate like an assembly line; prospects move in stages from one specialized team to the next, getting increasingly "finished" along the way.

Now, you don't actually assign a prospect or customer to a team. You actually assign it to a person: an individual human BDR, AE, AM, CSM or any of the other increasingly specialized roles we have on our revenue teams. This is where the factory metaphor gets a little more foggy. Each individual is different, and while they each follow the same process (hopefully!), it's their unique skills that ultimately drive the outcome at each stage.

This means that assignment is one of the core jobs of any revenue leader. It's your job to **decide who should be responsible for any given prospect or customer at any given stage in the sales process**. This ultimately sits at the core of org structure, capacity planning, goal setting, and pretty much everything else you have to do as a revenue leader.

We typically start thinking about assignments in terms of territories and customer segmentation.

When your team is small, individual territories and segments are usually synonymous with an individual: e.g. "every lead that comes from New York is going to go to Sam because she owns the Northeast" or "this customer goes to Anil because he handles enterprise accounts with more than $100k ACV." As you scale, you typically move beyond one territory or segment owner to a team of reps responsible for a particular segment. This leads to a new problem: once you've figured out a segment, which rep should get a particular account assignment?

That's easy, you say... we'll just hand them out equally, round robin style. This is a good start, but in practice it gets complex very quickly. What about the rep who hoards opps and has way more accounts in their name than everyone else? What about the rep who was on vacation and lost a week of assignments? What about the rep who's not performing well but just got assigned the best lead to come in in ages?

In reality, almost everyone's simple round robin usually becomes a weighted round robin (to give some people more turns in the queue) with some kind of manual order adjustment (to give a rep another turn or the next slot) and some level of capacity balancing (to not overload any given rep). We'll talk more about round robin distribution shortly.

Lead routing

When a new potential prospect shows interest in your product or service, you probably consider them some kind of inbound lead. Someone may sign up for a webinar or other marketing activity, fill out a demo request form on your website, ask for more information from your chatbot, and so on. These inbound leads need to be sent to someone on your sales or business development team.

In most organizations, a new lead will need to be qualified before pursuing it as a serious sales lead. Those leads are typically distributed - or routed - to someone like a business development rep (BDR) for further qualification to decide if this lead is a good fit for a more in-depth new business conversation.

Companies are usually concerned with speed when it comes to distributing new leads. You want to make contact with an interested lead as quickly as possible, because the faster you respond, the more likely that lead is to convert to a sellable opportunity. In the lead routing stage, sales leaders are typically concerned with things like speed-to-lead, SLAs, and response times. Sales leaders also want to be sure a new inbound lead isn't related to an existing customer or prospect account, so new leads need to be evaluated against existing accounts through a (hopefully automated) lead-to-account matching process. More on lead matching in a few pages.

Obviously lead distribution or routing is a whole topic on its own. If you want more about setting up or improving your lead routing processes, there's lots more in our lead distribution guide.

Inbound and outbound leads

Most companies have inbound leads alongside leads for outbound prospecting. Balancing inbound and outbound accounts for SDRs creates several headaches for your team, including imbalanced attainment.

One of the biggest challenges is rep capacity. Each inbound inquiry routed and outbound account assigned has an average handle time (AHT). With only 8 hours in the work day, your rep has only so much time to research and outbound. They immediately respond to the inbounds and the outbound accounts go unworked because there simply isn't enough time in the day. Reps also tend to prefer to work inbound leads because they feel easier, even if that isn't always the case.

The actual balance between inbound leads and outbound account distribution is going to vary based on a number of factors, including the volume of leads, so it's unrealistic to think every company can set up a simple 80% outbound, 20% inbound rule for SDRs to work. This is where rules of engagement and SLAs are very important.

Your SLAs probably focus on inbound response times and most reps will prioritize inbound leads. This leaves your outbound quickly abandoned for inbound activity. You may want to have separate activity goals and KPIs for inbound and outbound. Clarify what expectations are for how reps work different kinds of accounts. Generally, reps will need more outbound prospecting accounts, and inbound leads can be used to top off a rep's book. More on this shortly.

Lead qualification

Most companies will likely want to qualify a new lead before pursuing it as a serious sales lead. Those leads are typically routed to an initial BDR or MDR for further qualification to decide if this lead is a good fit for a more in-depth new business conversation.

Qualification is the process of determining how likely a new lead or prospect is to convert to a paying customer. This can be done automatically with software or manually, with a person in sales or marketing determining a lead's fit. Leads are generally qualified by marketing (MQLs), sales (SQLs), or product usage (PQLs).

B2B lead qualification criteria may include firmographics like a prospect company's size, number of employees, industry, revenue, age, and more. You may also use the prospect's demographics for qualification - criteria like job role or title, experience and skills, and more. You're likely applying the account scoring model we discussed earlier to decide how much of an ICP fit the lead is, and how in-market an account might be based on the timing factors we also discussed earlier.

Lead to account matching

Before sending a lead to a sales rep, sales leaders need to be sure a new inbound lead isn't related to an existing customer or prospect account. Every new lead must be evaluated against existing accounts through a lead-to-account matching process.

Messy CRM data contributes to sales collisions, process delays, and even lost revenue. You need to be able to quickly match new leads to accounts and route them to the right sales rep.

Since leads tend to be the highest volume of assignments in your funnel, and every second counts, you need to automate your routing, particularly with matching.

Start simple and focus on a lead's website domain. The overwhelming majority of your potential B2B customers have websites. Since web domains are guaranteed to be unique, they're about as close to a universal identifier for a company as you'll find. Not only does it apply to an account (via the website), it also associates an individual with a company via an email address. It's also free information and there are a ton of technical tools to help you work with them (including Gradient Works, ahem). Therefore, you should build the foundation of your matching by connecting the email address of a lead to the domain of an account.

To implement domain-based matching well, your data needs to be in a good place. We recommend the following steps:

- **Ask for it.** As much as possible, restrict inbound lead generation to require company email addresses and avoid public webmail addresses (e.g. gmail, yahoo, etc). If a lead isn't interested in handing over their work email address that's often a sign that they're either a) not actually very interested, or b) not a business. In our experience this is usually a negotiation between sales and marketing about quantity vs quality. Good luck.
- **Require it in your CRM.** Ensure that a website or domain is specified for an Account in your CRM using data validation rules. If you can't require it, perform regular audits to ensure that they get populated.

- **Normalize it.** One challenge with “Website” fields is they tend to get populated with all sorts of information in all sorts of formats (e.g. with and without http/https, with and without extra path information). Add some code in your CRM to extract just the domain part of the URL (e.g. “https://example.com/1234” becomes just “example.com”) or email address (e.g. “bob@acme.com” becomes “acme.com”) and store it in a custom field on the Lead and Account. Some data enrichment tools will help automatically do this for you.
- **Clean up subdomains**. It’s usually a good idea to remove any subdomains when doing normalization, especially “www” (e.g. “www.example.com” because just “example.com”). However, this can cause problems with some hosted subdomains (e.g. acme.squarespace.com or retailer.shopify.com). When in doubt, only suppress certain subdomains like “www”.
- **Use domain aliases.** Many companies have more than one domain. This ranges from simple aliases (microsoft.com and microsoft.net) to regional domains (microsoft.com and microsoft.co.uk) to more complex scenarios like subsidiaries (microsoft.com and xbox.com). You should consider setting up a related list on the Account with domain aliases and checking that alias list when doing matching. How you want to match these will often be intimately related to how you decide to segment accounts (e.g. by global region, separate owners per subsidiary).
- **Make it unique.** Use duplicate detection rules in your CRM to make sure that accounts don’t get created that have the same domain.

With clean data, you can then use various tools provided by your marketing automation, CRM, or other products in your tech stack to match a domain associated with a lead to a domain associated with an account. If there’s a match, you can associate the lead information with the existing account. If there’s no match, you can be reasonably confident in creating a new account and associating the lead information with that. From there, you can assign ownership of the account to a rep per your assignment rules.

Pools vs pods

Finally, let's talk about how qualification reps like BDRs and SDRs work with their Account Executive (AE) counterparts. Some companies adopt a pod model where BDRs and AEs work together in a small team. Each BDR→AE pod works a specific territory. One BDR qualifies leads from that territory and then hands them off to their partner AE.

In this case, a BDR may always be handing off to the same AE, which makes the assignment process pretty simple. The pod model is usually associated with a geographic territory model (or other simple static territory design). It can be a good way to drive teamwork and camaraderie between BDRs and AEs, but is limited in many other ways, which we'll discuss shortly.

Other companies adopt a pool model, where there's a group of SDRs and a group of AEs, and qualified leads are handed off to the next available AE, usually with some kind of round robin assignment process.

You see pods and pools in a lot of other real-life scenarios, but one of our favorites is at the grocery store.

You can either have pods, where customers choose a specific checkout line and queue up in that line. There's only one cashier running the register in each line so if there's any kind of delay, your line could take longer than the others. This is typically how most cashier-run checkout lines work.

On the other hand, most self-checkout systems use a pool model. All customers form a single line that feeds into a group (or pool) of registers. As a new register becomes available, the next person in line steps up and checks out. If that transaction takes a while, the next person in line just goes to the next free machine. The overall throughput of the system is no longer bounded by the slowest register but by the fastest.

Which is better - pools or pods?

Generally, our preferred model is a pool of SDRs and a pool of AEs (instead of SDR→AE pods).

A pool is a much more efficient way to process anything: whether it's grocery shoppers or B2B SaaS prospects. In a sales context, allocating a pool of prospects to a pool of reps ensures that, over time, you're maximizing throughput and equalizing opportunity per rep. If every rep has the equivalent opportunity, comp plans and rep career progression paths become simpler.

The good news is that many sales teams already do a variation of this approach using some form of round-robin assignment within their processes. The bad news is it's often limited to a small part of the business (e.g. lead routing to SDRs) while the rest of the org uses more antiquated approaches.

Here's an example.

Let's say we have AE Chloe Closer, who has an annual quota of $360,000 ARR. Her historical win rate is 10% from demo to close and company ACV is $20,000 ARR. Chloe Closer needs about 18 closes to hit her annual quota of $360,000.

In a pod model, SDR Daniel Dialer needs to support Chloe with at least 180 meetings a year, which is 15 meetings each month. In a pool model, Chloe Closer needs 15 meetings from the SDR pool.

What are the pros and cons for Chloe and Daniel, their managers, and the company as a whole?

Pods	Pools
Pro: Closer collaboration can lead to better results Con: SDR tenure is short, and churn can disrupt AE pipeline	Pro: SDR churn has a lesser impact on AE pipeline Con: AEs may receive poor-fit leads from round-robin
Con: Personality conflicts have a larger impact Con: Pinpointing coaching opportunities can be more difficult	Pro: Performance easier to analyze to identify coaching opportunities Pro: Overall results will be higher

Because pools tend to smooth out any individual issues and achieve better system-wide results, we favor a pool model.

Knowing how to qualify and route a lead are great, but the question remains: How do you decide which reps get which leads? That leads us to our favorite topic: territories and account books.

Territories

There are a number of different ways to decide which reps work which accounts. We tend to think about rep books in two ways: a traditional territory approach or a more modern dynamic approach to books. Let's talk about both.

Static territory models, like geography or named accounts

First, the most common traditional sales territory model is a set of static territories, usually based on geography, which has been the preferred form of territory design since the early 1900s. The idea is that you carve up your TAM into equal, fair, and cost-effective segments to distribute to your sales reps.

What do we mean when we say *static* territories?

We use the term *static* to describe any territory design that allocates a predefined group of accounts to a rep that they're responsible for over a long period of time (usually a year). These territories are defined by one or more factors like company location, company size, potential revenue, and so on. Most companies still start from a geographic segmentation model even today. Since territories are a way of predefining a set of accounts for a sales rep to work, geography *used to be* the best way we had to divide accounts up.

Most sales teams with static territories carve up their addressable market during an annual territory planning process in the third and fourth quarters. They then assign a sales rep to each pre-defined territory.

Static territories do not have to be geographic, however. For example, companies may give reps a group of named accounts that they're responsible for. These accounts may have no particular geographic arrangement. We would still consider this a static sales territory because the set of accounts doesn't change over time.

Static territories have some benefits, of course. They're relatively simple to manage - you only need to do your analysis and planning once a year, and the reps can figure the rest out. They're also familiar - most sales teams know what to expect from a static territory.

But static territories also have a number of significant disadvantages, such as:

- **Feast or famine**: Prospects go unworked because some reps have too much opportunity while some other reps fight for scraps in weaker territories
- **Prioritization problems**: Annual carving process tries to balance potential but forces reps to decide who to engage and when on a daily basis
- **Headcount headaches**: Adding or losing reps is complex and disruptive due to “re-carving” or managing empty territories; meanwhile reps complain about accounts
- **Capped coverage**: Cumulative impact of these problems means quota capacity is misallocated and reps can’t effectively cover the TAM

Open territory models, like wild west or round robin

Another common territory model is the open model. This could be a wild west model, where it’s every rep for themselves. In this model, a company defines its ICP and TAM, and reps are free to hunt for prospects anywhere, as long as they seem like they could be a good fit. It seems like the wild west, because it often is. Reps shoot first and ask questions later.

Round robin is a similar open model, where leads are assigned in order to the next available rep. It assumes randomness of new leads over time will lead to relatively balanced books.

Open models work fine for smaller or newer companies, that don’t need to implement a heavier territory model yet. But there are myriad disadvantages for most companies:

- **Hoarding horrors**: Reps who have been at the company the longest have accumulated lots of accounts, giving them an option on lots of inbounds
- **Gaming attainment**: Reps who have learned the tricks to prospecting accounts in the CRM, rewarding insider knowledge, not sales skill
- **Rough ramping**: New reps struggle to ramp quickly because they start with a small book and have to pick through the dregs
- **Unworked accounts**: Reps have more accounts in their name than they can effectively work so your team isn’t fully covering your TAM

The trouble with territories

Traditional and open territories make account coverage harder. Why? Bad territories lead to:

- **Unequal opportunity**: Some reps can't work all their good accounts, while others fight for scraps in weaker territories
- **Prioritization problems**: Pushes the burden fully onto reps, wasting time and reducing the value of data investments
- **Execution drag**: Static "patches" aren't responsive to market conditions; many sales plays and experiments aren't possible
- **Coverage black holes**: The cumulative impact is misallocated sales quota capacity causing gaps in market coverage and missed revenue

Instead of territories, dynamic books uses account-based books that are constantly refreshed, with accounts moved in and out as they demonstrate intent or go cold.

Dynamic books

Dynamic books is an approach to sales territory management that uses data and automation to create dynamic account books based on account potential fit, in-market timing, and a sales rep's available capacity.

A dynamic books model adapts to changing market conditions better than a traditional territory model, uncovers missed opportunities in your CRM, helps reps work more effectivity, and leads to increases in pipeline.

In a dynamic books model, accounts are dynamically distributed to reps, ensuring the highest potential accounts are always being worked, and rep books stay balanced.

Reps are responsible for actively working every account in their book, and only own accounts they are currently working on. This approach is flexible and automated, eliminates the need for annual territory planning, and ensures that every rep has quota coverage while maintaining balanced books.

Account coverage requires continuous adjustment. And coverage must be actively managed all the time; it's not a once-a-year process.

Dynamic books ensures that sales teams:

- **Identify “black holes” in your market coverage.** What accounts are you missing out on? Find them and distribute them to reps who can work them right now.
- **Inject flexibility in account assignment.** To ensure adequate coverage, you will likely need to retrieve accounts reps can't or shouldn't work right now, give them more and better accounts to work, and otherwise adjust the accounts in their books.
- **Integrate rep-level account coverage into every 1:1.** Help reps learn how to better cover the best accounts in their books or territories to improve individual rep productivity.

Dynamic books takes a flexible approach to account coverage, knowing every sales team needs to be responsive to changes in their market and their sales tactics. Here's a good example of how a flexible approach to account coverage can work, from our friends at Beekeeper:

"One of our core customer industries is manufacturing, but hard goods manufacturers have been really impacted lately because of supply chain issues. We saw all our deals in hard manufacturing dragging out, whereas our deals in a few other industries were doing well. And so we were able to quickly use Bookbuilder to deprioritize both account distribution and our marketing focus so that we weren't targeting hard manufacturing companies right now, because we know the deals are just stalling. We're able to quickly react to what's going on in the market and refocus our energy into areas where deals are moving still reasonably well."

Account distributions, returns and retrievals

There are a few major account ownership concepts in dynamic books.

- **Distribution**: Frequent assignment of new high-fit accounts to reps based on available capacity
- **Retrieval**: Automated retrieval of accounts not actively being worked per rules of engagement
- **Return**: A simple process for reps to return unworkable accounts to the pool
- **Swap**: Returning an account and getting a new one in return

- **Signals**: Route inbounds and accounts with new timing signals to reps based on available capacity

Here are our recommendations for process cadences.

Process	Description	Timing
Distributions	Assign high-fit accounts to reps based on available capacity.	Weekly or monthly
Signals	Route inbounds and accounts with timing signals to reps based on available capacity.	Continuous
Retrievals	Pull back accounts not actively worked per ROE so they can be redistributed after a rest period.	Weekly or monthly
Returns	Allow reps to return accounts to the pool based on defined criteria. Rest or permanently disqualify accounts.	On-demand

How and why reps should return accounts

One of the core tenants of dynamic book management is the ability for sales reps to easily return an unworkable account.

With dynamic books, reps are able to return accounts for review if they identify an issue with data quality, fit, or timing. You want to make sure reps don't have too many accounts to work appropriately. Reps know that if they identify an account as unworkable, they'll be able to get a new one to replace it. It's good for morale, productivity and data CRM data hygiene.

Because you're more consistently flagging bad data for review, you'll find that your CRM data will improve. This also means you don't need to worry about having perfect data right now. This approach will actually help you clean up your CRM data over time.

For example, if a rep discovers there's incorrect data associated with an account, this alerts the RevOps team to an issue while allowing the rep to continue to be productive with a replacement account. RevOps can then resolve the issue and reintroduce the account into circulation or determine the account is invalid and retire it.

What are valid return reasons? That will vary depending on your business, but we recommend reasons like these:

- **Duplicate**: The account already exists, data needs to be merged with another object
- **Get back to me**: Currently under contract with a competitor, new budget coming, other timing reasons
- **No ICP fit**: Could be the wrong industry, not the right company size or stage,
- **No relevant contact**: No one in the role of the personas you target
- **Not interested**: The prospect said no
- **Out of business**: The company shut down or was acquired
- **Bad data**: Contact info or company details incorrect
- **Retrieval**: An automatic return due to RoE criteria

You want to be sure there are data quality reasons (a duplicate account, missing or incorrect data), account fit reasons (not in your ICP, wrong persona), account timing reasons (get back to me, out of business), and reasons specific to your sales process.

What do you do with return reasons? Take time to review your reps' return reasons regularly (weekly or at least monthly). This will help you identify trends and fix issues as they arise. It also provides an opportunity for coaching. For example, if one of your SDRs is returning a high number of accounts because an account is not interested, you should review their pitch. If there are a lot returned because they're not an ICP fit, you may need to review ICP criteria.

And be sure the RevOps or sales ops team reviews the data as well. There may be larger-scale data issues they can correct.

Rules of engagement

Rules of engagement (ROE) define everything about who ownership on your customer-facing teams — from routing new leads, assigning opportunities, allocating customer accounts, and everything in between. It's partially about ensuring a smooth experience for your customers throughout their lifecycle with your company. It’s also about making sure your reps have clear guidelines about who owns which accounts when, so that everyone is working together to close new business, retain existing customers, and make a good living in the process. Finally, it’s about making sure it’s clear how and when reps will be compensated for working an account, and ensuring you don’t end up having to double-comp new deals.

Rules of engagement can be complex and will constantly change; it’s best to assume that from the beginning. But they’re also vitally important - because they dictate who has ownership over accounts, who gets credit for deals, and how sales teams work together. When done well, effective ROE makes productive, happier teams, smoother customer interactions, and improved close rates. But bad ROE will destroy your team’s morale and efficiency. It will slow down your revenue velocity, confuse customers, and generate internal conflict.

Since you’re going to be retrieving accounts from reps that aren’t actively worked, you need to establish a clear set of rules for what counts as working an account. This needs to be something that’s objective, measurable, and can be defined in Salesforce. If this is unclear in any way, it will seem (and may actually be) unfair to reps.

Typically an account is no longer being worked if it's been some amount of time since the last meaningful activity. Depending on your sales cycle, it will likely be 15 to 90 days after the last meaningful activity before an account is considered no longer being worked. Whatever you decide on, write it down, communicate it to your reps, and evaluate it after a few months.

You also need to decide how many accounts should be in a rep's name at once. Your ideal book size will vary depending on sales cycle length, ACV, average touches needed, the number of contacts per account, and so many more factors. You may have different target book sizes for different segments or products.

A "use it or lose" model of account ownership, where SDRs have to actively work accounts to keep them in their name. Otherwise, unworked accounts will be redistributed to reps with available capacity. This encourages reps to put in the work to keep high-value accounts.

When designing rules of engagement, focus on clearly articulating your organization's rules around the following:

- **Who**: Determine the criteria for which reps own which accounts. What segments, lead types, and more determine a rep's ownership?
- **What**: Decide who sells which products or services
- **When**: Be clear about when accounts change ownership, when reps get which accounts
- **How**: Decide how you will distribute and update ROE, where reps can go with conflicts and questions

A few RoE challenges to be on the lookout for:

Deal complexity. If your company has complex deal parameters, like channel partners, accounts with parents and/or subsidiaries, or multiple product lines, it inevitably leads to more RoE conflict. Who takes ownership of a parent company if one of their subsidiaries is already a customer? What happens when a rep who is tasked with selling Product A learns a prospect is talking to another rep about Product B? How do you handle inbound prospects from partners? The more complex your deal profile is, the more likely you are to run into RoE issues.

Attribution, especially as it relates to marketing. Attribution requires accurate lead-to-account matching to be sure inbound leads are always matched to existing accounts when appropriate. It also means you need clear rules about who gets credit when an outbound rep is working a deal that also inbounds around the same time. How do you keep your inbound and outbound efforts in sync?

Dishonest rep behavior. It's not common, but it happens, especially in larger organizations; sometimes reps will deliberately break the rules to get to the better deals. That includes things like:

- Reps hoarding lost or quiet opportunities, or changing opp dates to hold onto them longer than the normal ownership time. These are the Rick Astleys of your sales team (because they're never gonna give a deal up).
- "Salesforce surfers," which is what one revenue leader calls reps who try to attach themselves to a deal in progress for partial credit. You may also recognize these reps as fairweather fans, low-hanging fruit pickers, and the like.

- Reps changing account names or other data to hide an account or make it look like an account should be in their book even when it's not.
- Reps who work a deal through to close, and then discover a "mistake" in the data that meant that deal never should have been theirs. They should get credit since they worked it though, right? Right?!

Thank you

You've made it through! Thanks for bearing with us. We know this was a long read, but there was so much to cover. Hopefully this guide has given you some of the tools you need to get your sales team in shape to approach the second half of 2023 with an approach that will increase your pipeline coverage.

If you'd like to learn more about dynamic books, and how you can automate this approach for your sales team, let's talk!

Learn more

To learn more about dynamic books, please contact us anytime. We'd love to show you how it could transform your pipeline.

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