

Outside In: The Rise of the Inside Sales Team

ZS and Reality Works Research on Inside Sales in High Tech

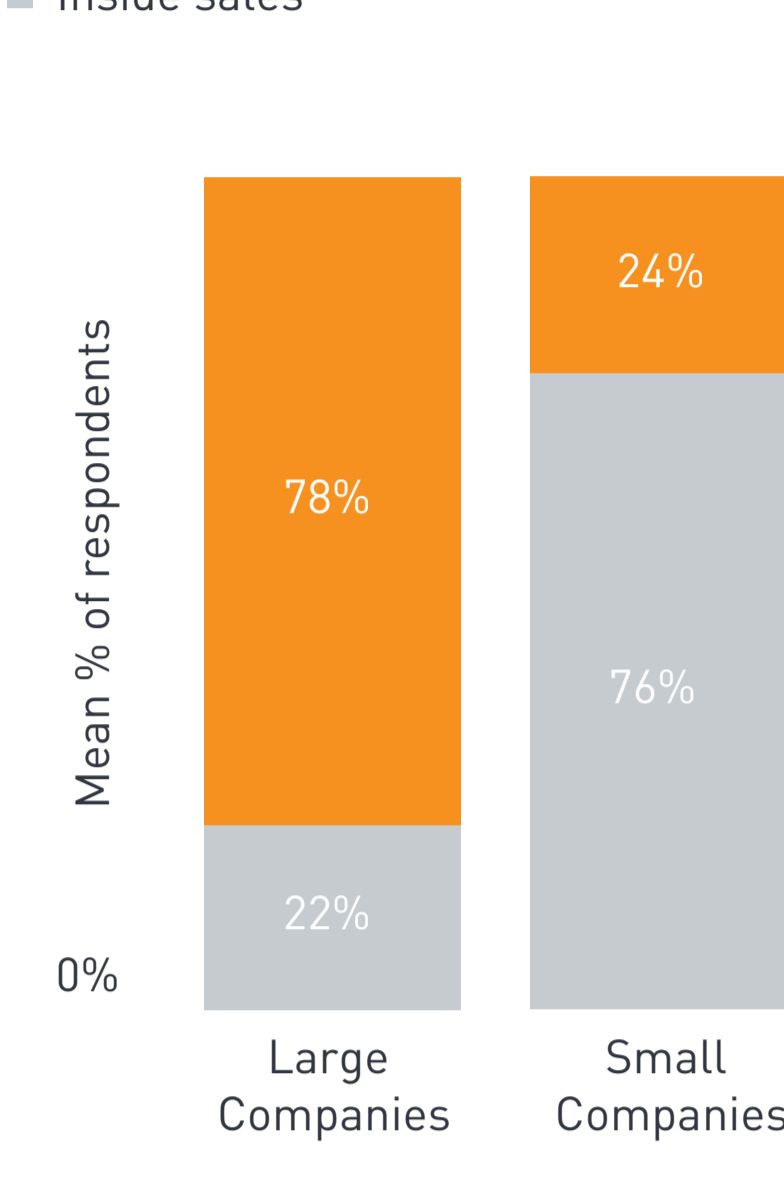


Trends within high-tech sales

Large high-tech companies rely heavily on field sales forces at present, but inside sales will become more prominent over the next two years.

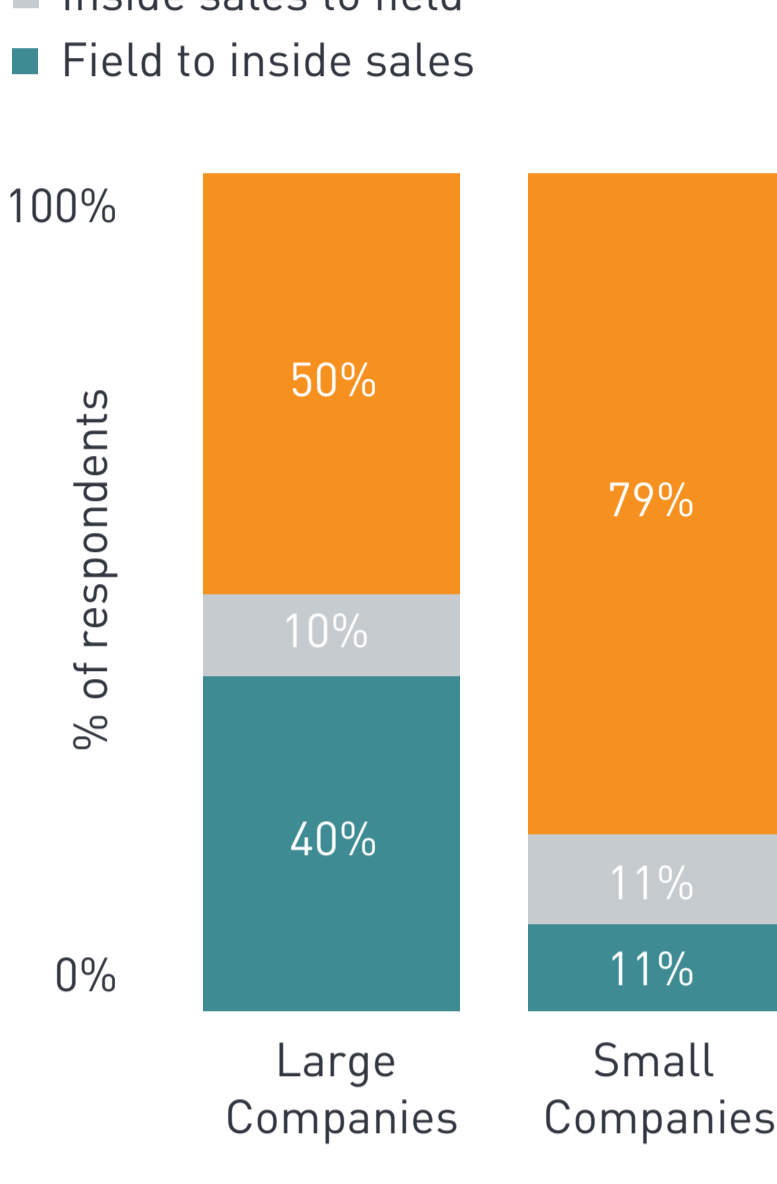
Inside Versus Outside Field Sales

Mean Percentage of Total Sales Headcount



Plans to Shift Resources Over Next Two Years

Plans to Shift Resources Over Next Two Years



Source: ZS Associates and Reality Works Group



What's driving the shift to inside sales?

Three primary factors are giving momentum to inside sales.

B2B buyers are becoming more comfortable using the Web, social media and email to inform purchasing decisions.

Business-to-business (B2B) organizations are under margin pressure and are seeking more efficient ways to sell.

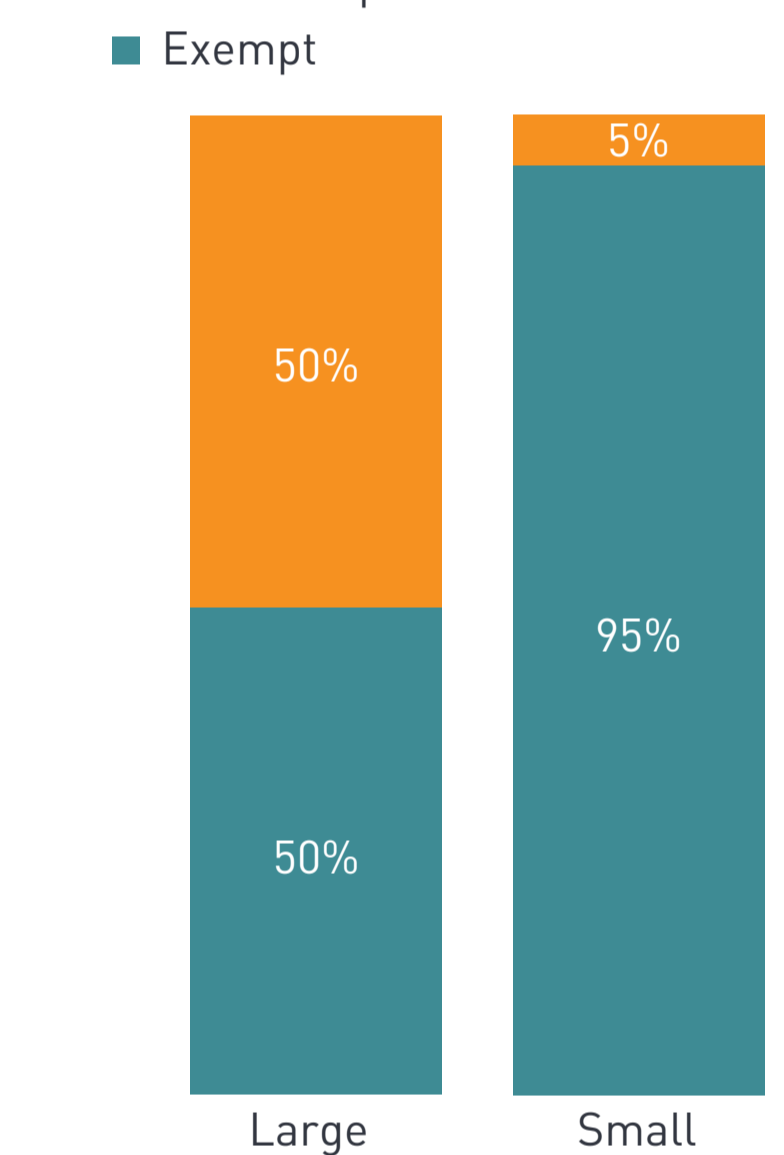
Videoconferencing and collaboration technologies let inside salespeople create customer intimacy without field interaction.



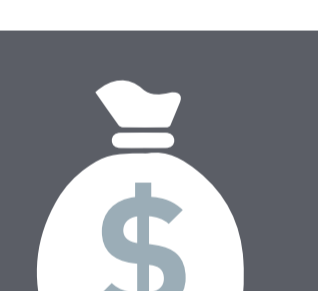
Inside sales job design and challenges

A first step in establishing compensation for inside sales teams is to clarify whether they are exempt from earning overtime pay.

Exemption Status by Company Size



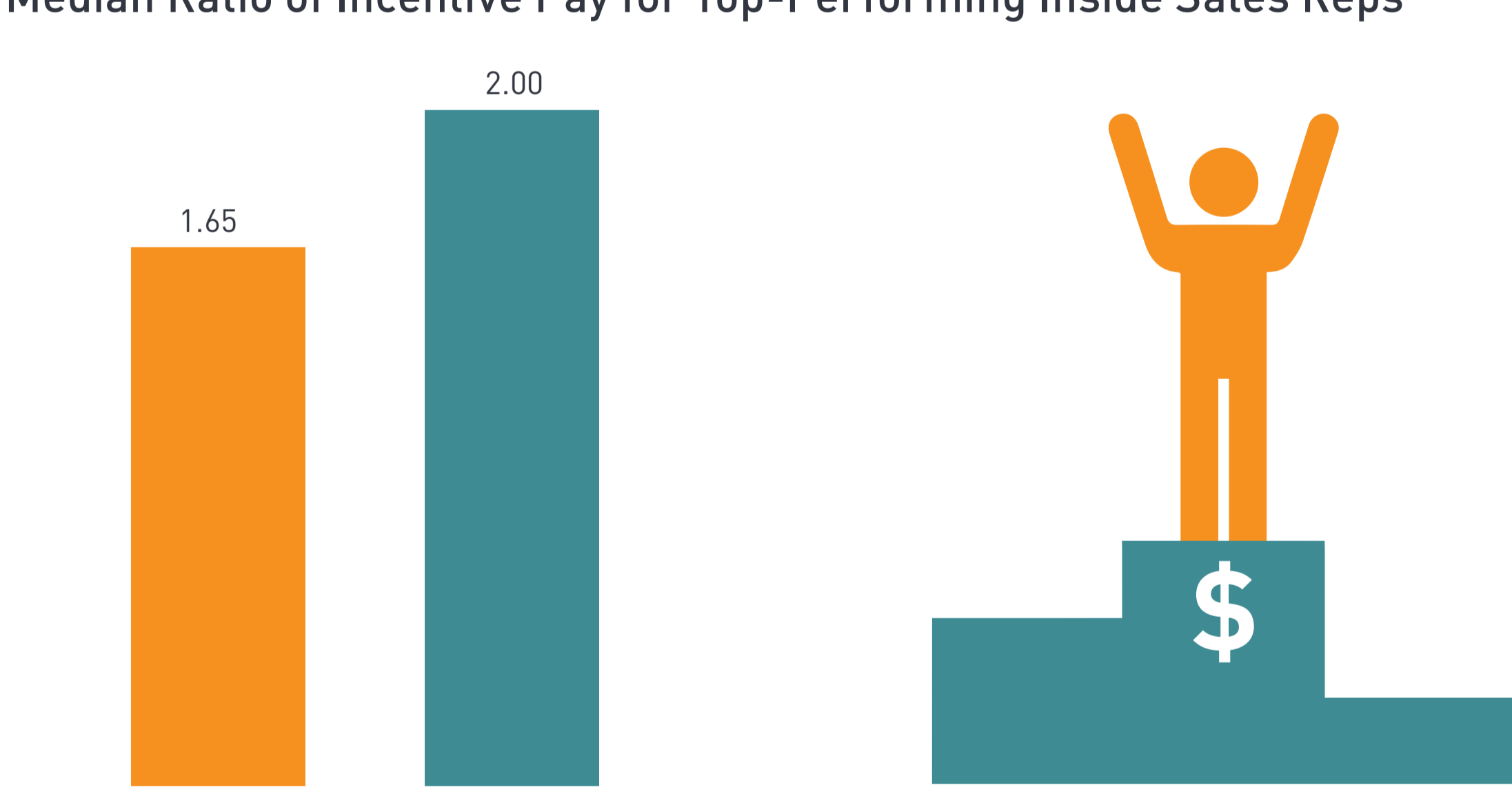
Inside sales teams are far more likely to be exempt from overtime at companies with less than \$100 million in annual revenue.



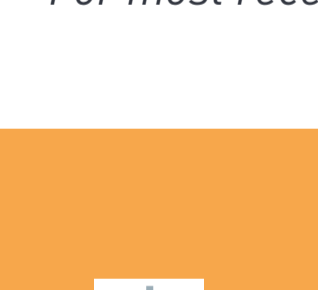
Company size influences pay

Small companies have higher upside opportunity for their top performers as compared to large companies.

Median Ratio of Incentive Pay for Top-Performing Inside Sales Reps*



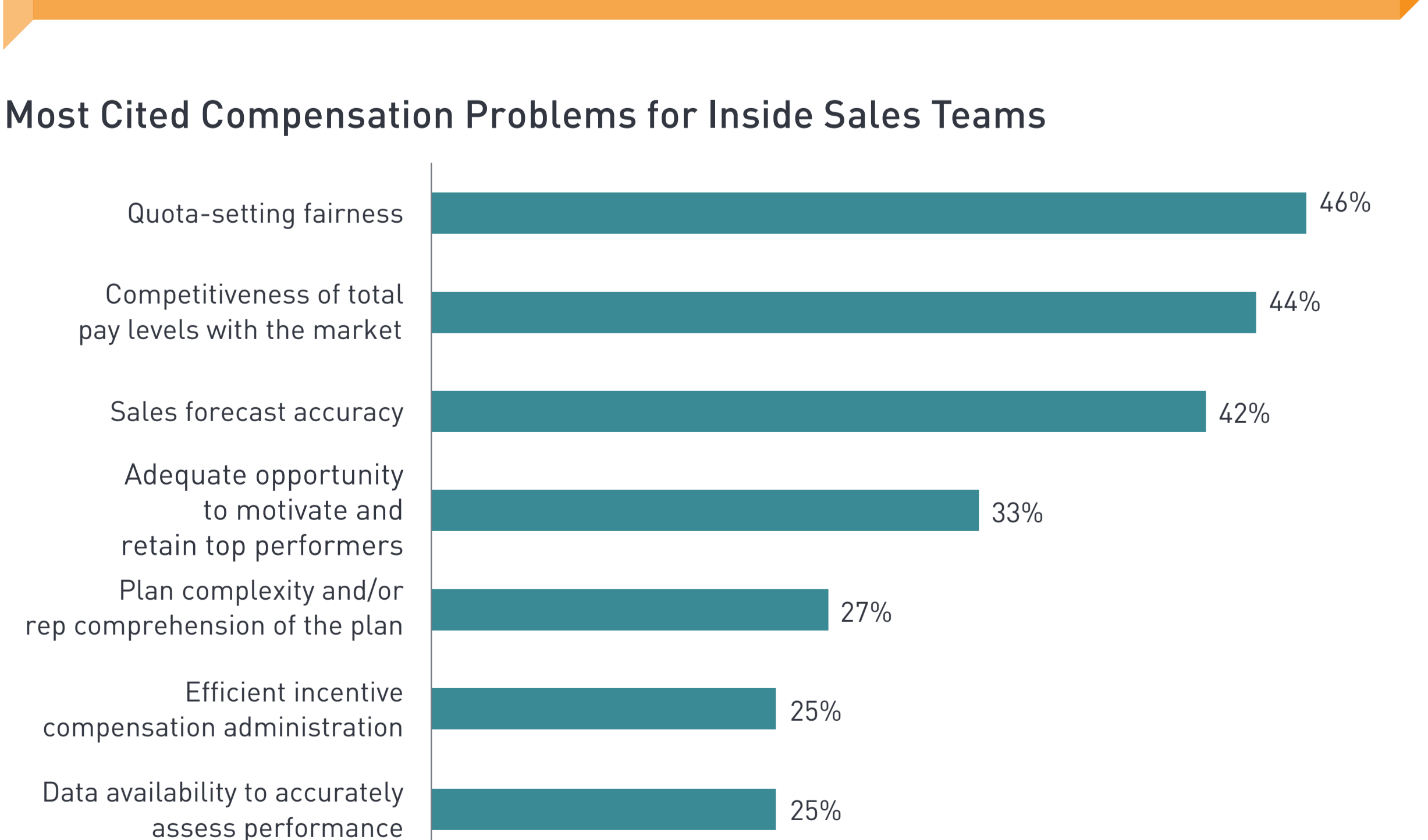
*For most recent fiscal year



Top inside sales compensation challenges

Quota-setting fairness, competitiveness of pay levels and the accuracy of sales forecasts are the most often cited problems for managing inside sales compensation.

Most Cited Compensation Problems for Inside Sales Teams



Quota-setting fairness
If quotas are too aggressive, sales motivation and productivity will diminish; set targets too low and sales teams lack motivation and compensation payouts will escalate faster than sales.

Pay competitiveness
Not only is competitive pay essential in motivating sales teams, but as in all sales roles, it is essential in hiring and retaining the best salespeople.

Sales forecast accuracy
An unrealistic sales forecast (usually with overaggressive targets) is the most commonly reported cause of ineffective quotas, often resulting in a sales force that is underpaid, disengaged or unmotivated.



On the horizon

The sales landscape continues to change rapidly: Social selling, online communities and a host of collaboration platforms allow inside sales staff to respond to prospective customers efficiently and effectively.

Changing business models, technologies and customer preferences are prompting high-tech sales organizations to rethink the way they design and deploy sales resources.

Companies that can nurture both inside and outside sales teams—and level the playing field in terms of career development, progression and compensation structure—will have a competitive advantage.