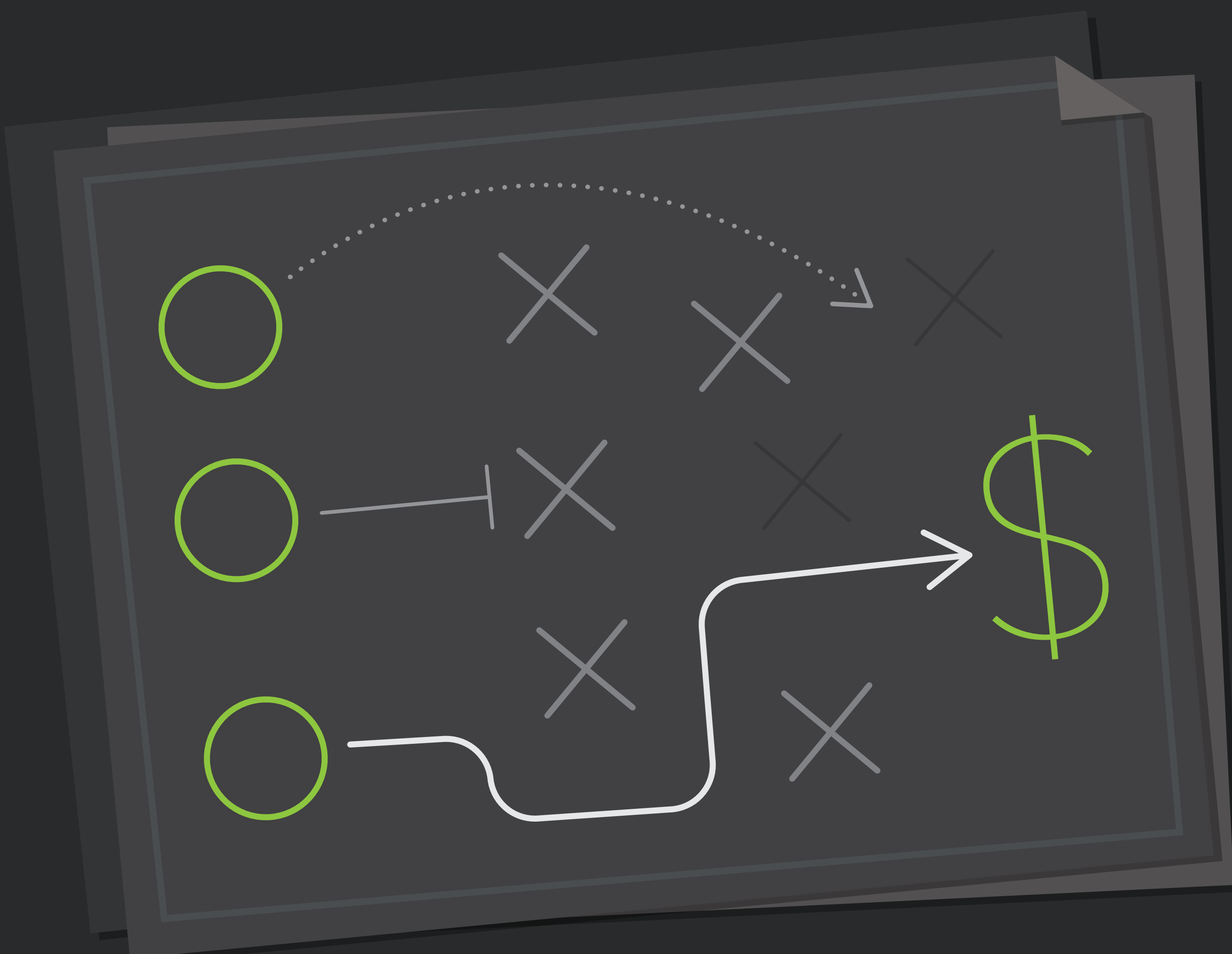
THE REVENUE OPERATIONS

PLAYBOOK

2020

Insights from Top Enterprise Leaders



CloudKettle

We sat down with some of the brightest minds in Marketing, Sales, and Customer Success to talk about Revenue Operations strategy. In the first section, we interviewed the six enterprise experts below. Then we talk about the Four Horsemen model of pipeline attribution, and how to run a Pipeline Council meeting.

Read this eBook to learn how to keep the go-to-market organization aligned on revenue goals.

Here's who we spoke with:

BRIAN GOLDFARB is the Chief Marketing Officer at Chef Software. He has more than 20 years of executive experience driving strategy development and digital marketing at companies like Splunk, Salesforce, Google Cloud Platform, and Microsoft.

JOHN GLEESON leads Upper SMB, Mid-Market and Enterprise Customer Success at KeepTruckin. Under his leadership, John's team helped KeepTruckin grow from $1 million to more than $50 million in annual recurring revenue in just 12 months—a rate that ranks among the fastest ever for SaaS companies. John hosts the popular San Francisco Customer Success Meetup and has been featured on several thought leadership podcasts, including SaaStr.

JAIME PUNISHILL is the Chief Marketing Officer at Lionbridge. Jaime is a recognized leader in brand strategy, innovation, and digital experiences, having most recently served as the Head of Brand Strategy & Digital Marketing at TIAA. Previous to TIAA, he served as the Global Head of Content and Digital Distribution at Thomson Reuters and Citibank's N.A. Head of Digital Innovation.

NICOLE HUTZUL is the Regional Vice President of Enterprise Sales at Yext. She has over 17 years sales experience with a long term track record in SaaS sales management. Prior to Yext, Nicole has worked for companies like Affinio, Emarsys, Adobe, and ExactTarget (acquired by Salesforce).

MAURA GINTY is the Chief Marketing Officer at Mode Analytics and is known for her deep expertise in content strategy, data-informed marketing, and demand generation. Previous to Mode Analytics, she worked as the Vice President of Marketing at Kissmetrics and as a fractional CMO across several SaaS companies.

RENAUD BIZET is the Vice President of Marketing Strategy & Operations at Splunk. He is an accomplished Marketing professional with 15+ years of experience in the B2B technology space. Previous to Splunk, Renaud has driven strategic alignment across organizations at companies like Marketo, Bio-Rad Laboratories, McDonald's, and Kodak.

LAUREN VACCARELLO is the Chief Marketing Officer at Talend. She has a proven track record of accelerating revenue growth at companies like Salesforce, Adroll, and Box. Lauren was a member of the Google Tech Advisory Council, is a popular speaker at industry events, and has co-authored two highly-regarded books on B2B marketing.

The Playbook

As we mentioned, this eBook is split into three parts. In the first section we sit down with our six enterprise experts to not only talk best practices and challenges, but also to get their advice for Marketing, Sales, and Customer Success professionals. We ask them everything from, what is the first metric you check each morning, to, how does Marketing Operations (MOPs) play a role in marketing credibility? And more.

The second section is written by Lauren Vaccarello, CMO at Talend. In this section, Lauren shares how the Four Horsemen model of attribution can be leveraged to keep all of the GTM organization on the hook for Annual Recurring Revenue (ARR) pipeline contribution. Lauren has a proven track record of accelerating revenue growth at companies like Salesforce, Adroll, and Box.

In the last section of the eBook, hear from our experts on how to effectively implement and run Pipeline Council meetings. Pipeline Council meetings are regularly scheduled meetings of all the departments that contribute to revenue growth to discuss how to reach the collective revenue goals of the company.

How to reach us

We hope you and your team see value from this eBook. Please get in touch with any questions or comments. (bit.ly/reachck)

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CMO INSIGHTS

Brian Goldfarb

Brian is the Chief Marketing Officer at Chef Software. *He has more than 20 years of executive experience driving strategy development and digital marketing at companies like Splunk, Salesforce, Google Cloud Platform, and Microsoft.*

What is the most important metric in demonstrating marketing success?

For B2B enterprise companies, in an ideal world, revenue. More realistically I would say pipeline, but not marketing's contribution to pipeline, just pipeline.

The measurement of marketing's contribution is controversial and the timelines in B2B enterprise mean measuring marketing influenced revenue is tough. Anyone in B2B marketing who isn't thinking about pipeline as their #1 metric is probably old school.

> "Anyone in B2B marketing who isn't thinking about pipeline as their #1 metric is probably old school."

It also depends on the industry, if this was an E-commerce conversation my answer would be total sales.

What's the first metric you look at daily? Weekly?

Pipeline is the first metric I look at daily. On a weekly basis I look at a couple of things, but if I had to pick one I would say MQLs.

Who should own SDRs?

I think Sales should own SDRs. The truth is SDRs can roll up to Marketing or Sales; both are acceptable and it depends a lot on the stage and maturity of the business. Specifically, from my perspective, SDRs should be owned by Sales for two reasons:

1. The modern SDR team should be a farm team for future sales people.
2. It creates forced accountability for the Sales organization for Marketing sourced pipeline generation.

The counter construct which I've seen play out in my career is that SDRs don't feel accountable to Marketing when they report to Sales, which can create all kinds of SLA issues. However, the SDR role is a part of a sales career and if you're hiring SDRs that don't want to be sales reps, you're hiring the wrong SDRs.

> “If you're hiring SDRs that don't want to be sales reps, you're hiring the wrong SDRs.”

How do you measure what is working in marketing?

The single hardest marketing challenge is understanding granular, on an asset and campaign basis, what is working and what is not. In the B2B space, the sales cycles are so long that it's incredibly difficult to be definitive.

> “To measure the effectiveness of your marketing organization, measure channel effectiveness.”

To know the effectiveness of your marketing organization, measure channel effectiveness. By channel, I mean a collection of activities including: industry events, content syndication, SEM, product downloaded trials, emails, etc. Look at marketing activities over time in aggregates to determine what channels are working and which are not.

What marketing attribution model do you prefer?

The Four Horsemen model, even though it's the toughest on marketing. As a model it's simple, unambiguous, it cuts through the politics and nuance, and lastly it scales.

> “The Four Horsemen model is simple, unambiguous, it cuts through the politics and nuance, and lastly it scales.”

The primary reason I prefer the Horseman model is it's immutable. There is tremendous value in cutting through all the static and not having arguments about what Marketing should get credit for.

Lastly, the Horsemen model scales from the smallest company to the biggest companies. From a systems perspective, it is sustainable because it expands into new territories easily so you don't have different attribution models across different markets.

Is having a pipeline council valuable?

Yes. Especially if your organization is using a Horsemen model. Pipeline council is the necessary conversation that provides qualitative information to the numbers. It is also essential for revenue management and pushes people to get smarter and be more accountable.

> "Pipeline council is essential for revenue management and pushes people to get smarter and be more accountable."

Who should own Salesforce?

Sales Ops should own Salesforce.

Who should Sales Ops report to?

Sales Ops and Marketing Ops have a very similar skill set—there's some specialization because they're applied to different parts of the business, but the core function is the same. At scale I think both should be a unified function. Ideally, a Revenue Operations team that reports to a COO or CFO and services the different departments.

> "At scale I think both MOPs and SOPs should be a unified function; ideally, a revenue operations team that reports to a COO or CFO."

The MOPs and SOPs functions must be independent of who they serve, so they can't be swayed by a strong Sales or Marketing leader to change.

The larger the company, the more specialized MOPs and SOPs resources should be; they should be platform specific at scale.

What is necessary for your MarTech stack?

In my opinion there isn't a correct answer to this question. The only platforms I'm definitive on are Salesforce and Google.

After the core platforms it becomes less important which platform you rely on. What is important is how all your platforms are integrated and working together.

CMO INSIGHTS

Jaime Punishill

Jaime is the Chief Marketing Officer at Lionbridge. *Jaime is a recognized leader in brand strategy, innovation, and digital experiences, having most recently served as the Head of Brand Strategy & Digital Marketing at TIAA. Previous to TIAA, he served as the Global Head of Content and Digital Distribution at Thomson Reuters and Citibank's N.A. Head of Digital Innovation.*

What is the first metric you check each morning?

On a monthly basis I look at marketing's contribution to both pipeline and revenue. Weekly, I'm judging the tactics that support driving pipeline, things like brand mentions, brand evaluations, website, inbound visits, earned media, SEO and traffic driving activities.

What is the most important metric or KPI for measuring marketing success?

I fundamentally disagree with this question, because I think there is no one metric. It really depends on the organization.

At the end of the day, Marketing has to drive revenue in a paramount way. In my experience, functions that haven't figured that out either get cut or eternally struggle to justify their existence.

> "As a marketing leader, you have to feel like you are on the hook for revenue or you're going to be challenged."

So what is that fundamental metric that tracks to revenue?

I think that it is also very situational: does your organization want net new logos and focus on net new revenue? Or is the focus pipeline velocity or aiding in expanding large accounts? These all generate revenue, but different kinds of revenue. Most marketing organizations can't facilitate all types of growth successfully.

Marketing's strategy needs to align with the organization's revenue goals. From there, it takes a different mix of people, technology, and tactics depending on what is important.

In your experience, why are marketing leaders sometimes not focused on reporting on tactics that drive revenue?

The resistance to report on tactics that drive revenue often stem from marketers not wanting to sign up for the outcome because they feel it's something they don't control and often don't get credit for. Although not always, on the B2C side it can be easier to tie marketing to revenue—subscribers either sign up or they don't. That's where you see leaders who are less resistant.

In the B2B universe, it's more challenging because you don't own the whole process and sales cycles are long. There is also always a debate about who should get credit for what contribution to the outcomes.

Marketing leaders will often measure lots of activity to demonstrate marketing success. The struggle lies in translating this into direct attribution of those activities against the cash register.

Why should marketing leaders focus on reporting on tactics that drive revenue?

As a marketing leader, if you can't defend how marketing is contributing to revenue, earning credibility and asking for resources will be very difficult.

Looking forward, what do think is important for marketing leaders?

Leaders need to have confidence in the data, systems, and processes in place. For that reason, the Operations function (Marketing and Sales Operations) is going to continue to be an important part of marketing. Many marketers come from a past where they were not on the hook for revenue, and those days are gone.

The focus should be figuring out the activity set that drives revenues, then tracking that activity set closely. As a CMO, you can value brand, you can value demand generation, you can value comms—you put a value against

> "Marketing has to drive revenue... Functions that haven't figured that out either get cut or eternally struggle to justify their existence."

everything. The key is to understand what happens when we invest in X tactic and what happens when we don't—here's how big the pipeline gets and how fast the pipeline moves.

What advice do you have for aspiring marketing leaders?

There is no one right metric or one right set of tactics of how you measure or drive your marketing organization. I'm not the first person to say this, but I think of organizations as living beings. Organizations have their own DNA, history, trauma, psychology and philosophy.

> "As a leader you have to understand the environment you're operating in and the DNA of the company. What are the key metrics that speak to this CEO or this board?"

JAIME PUNISHILL, LIONBRIDGE

CMO INSIGHTS

Maura Ginty

***Maura is the Chief Marketing Officer at Mode Analytics** and is known for her deep expertise in content strategy, data-informed marketing, and demand generation. Previous to Mode Analytics, she worked as the Vice President of Marketing at Kissmetrics and Interim CMO of One2Team.*

What do you think is the most important metric to demonstrate marketing's success?

Pipeline contribution; direct or influenced contribution to revenue.

What's the first metric that you check each morning as a CMO?

It depends on the company because the higher upstream, the smaller this number is going to be, but how much is going through the pipeline. So, every day, I'm checking the volumes that are coming in through marketing.

What metrics are you checking weekly?

Every week, I'm checking the amount of marketing sourced leads that made it over to Sales and investigating how that is doing in the sales pipeline. This is especially important if the BDR or SDR team roll up to marketing. If they aren't seeing it move through the sales funnel, that's going to be a point of frustration for that team because that's how they are compensated.

How do you decide what marketing's contribution is to the pipeline?

This is a hard question to answer. You need the right Marketing and Sales Operations staff to be able to answer it, but you also need the rest of team leadership to understand all the nuances that go into what that right number should be.

I've seen people be really happy with a 10% Marketing contribution to revenue and I've seen people be really dissatisfied with a 65% contribution.

At a high level I think marketing's pipeline contribution should be high for SMB and lower for enterprise. However, having worked with pure enterprise plays that don't do anything below a billion in revenue, that's where Marketing has a responsibility for inbound that's very different. When selling to enterprise, Marketing is responsible for content, reputation, thought leadership and building close relationships with analysts, etc. These are all marketing-influenced actives that can't always be tied directly back to pipeline contribution, but are still very important and that's where the nuance comes in.

What metrics do you look at for mid-market vs. enterprise?

It's different for every organization. For mid-market, I'm usually looking at a metric that speaks to the customer showing a repeat sign of intent.

As an example, if you track the number of new free users, it could be how many of those users have completed a significant activation. That action demonstrates a sign of trust and getting to that point is more critical than starting a trial or signing up for the premium product.

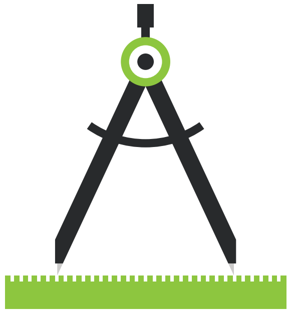
For enterprise, in my experience, free trials don't work—it is all about demos. So for enterprise, I look at who are the MQLs that are coming in by region, as well as, do we have enough MQLs to hit our targets.

"For enterprise... free trials don't work—it is all about demos."

How do you measure marketing success?

It's tricky because the easy answer is ROI. But if that is your answer, you end up only emphasizing things that can be measured. I wouldn't throw out a PR team because I can't measure the ROI.

You have to have some flexibility around what hard ROI is, because a lot of marketing isn't measurable and a lot of things are interrelated. In my experience, you don't find out what is interrelated until you turn something off and things tank.



Beyond tactics or channels with hard ROI, there may be mission specific things. There may be ways that the company wants to act and behave that takes a different approach. And I think that's all meaningful.

What advice would you like to leave us with?

This is something I've been trying to convince my four-year-old for a while: allow and make space for unstructured time. Sometimes the best ideas come when you're bored or running errands or on vacation. She hates it; however, I think having unstructured time to think through problems is really important. As a marketer, you have to know what the right conditions are for you to be creative versus task focused.

That's my advice—understand where your creativity is cultivated and make sure that you set aside time to be bored or relaxed or less complicated to give those ideas time to come up.

> "As a marketer, you have to know what the right conditions are for you to be creative versus task focused."

MAURA GINTY, MODE ANALYTICS

MARKETING OPERATIONS INSIGHTS

Renaud Bizet

Renaud is the Vice President of Marketing Strategy & Operations at Splunk. *He is an accomplished Marketing professional with 15+ years of experience in the B2B technology space. Previous to Splunk, Renaud has driven strategic alignment across organizations at companies like Marketo, Bio-Rad Laboratories, McDonald's, and Kodak.*

What is the most important metric in demonstrating marketing success?

It truly varies depending on which selling motions Marketing has to support, but typically, we see a bifurcation of the model. On the one hand, we have a more SMB/transactional velocity motion where we measure Marketing sourced pipeline. On the Enterprise/big strategic deals, it is more a high touch engagement model where we track Marketing assisted pipeline/ bookings to drive deal growth and velocity.

More granularly, I would say cost per dollar pipeline sourced by marketing is a strong indicator of marketing's efficacy on the SMB front. For enterprise, we look more at the anatomy of the deal to ensure proper account engagement coverage with the right stakeholders.

What do you consider Marketing Operations (MOPs) responsibility to be?

Marketing operations (MOPs) is the unbiased umpire on marketing's performance, and they have four core responsibilities:

1. **Act as a strategic advisor to the CMO** to help develop the Marketing vision/execution, set the performance KPIs/targets, and drive Sales/ Marketing alignment.

2. **Be the champion to fully leverage Marketing resources** to optimize budget spend allocation, fine-tune the Marketing mix, automate time-consuming processes and ultimately boost Marketing efficacy.

3. **Push Marketing to become more data-driven** to provide key business insights, to prioritize key business challenges/opportunities, and measure true business impact.
4. **Develop a vision that will scale** for the future to optimize tech stack interoperability, to set up a foundation for long term growth, to get in front of future friction points before they materialize.

> MOPs builds and maintains the infrastructure necessary to prove marketing's success and defend it."

How does MOPs play a role in marketing credibility?

One of the ways MOPs helps the CMO defend marketing's success to the CRO, or the board is by providing relevant and meaningful data points on true business impact. Another venue is their intimate knowledge of how our operations actually function from lead creation to bookings and all the interactions in between.

One of the worst things MOPs can do is focus on siloed KPIs that are poor leading indicators to Sales performance. I have personally witnessed Marketers high five each other for hitting their MQLs target, while 30 feet away, the Sales team licking its wounds from missing their quarterly bookings.

That leads to Marketing losing a ton of credibility and support from Sales. This makes defending future marketing investments and agreeing on performance readouts on true contribution very difficult moving forward.

Who should own marketing infrastructure?

Provided you have the appropriate level of resources with the right skill set, MOPs should own the entire MarTech stack. From budget/campaign planning, Marketing Automation, attribution platform(s), lead routing and scoring engines, data augmentation, account intelligence, intent/propensity to buy models—all those should be completely owned by MOPs.

I.T. should own some of the core systems that span across organizations (e.g. CRM, ERP, Email, etc.), and Sales should own platforms that support their core processes (e.g. CPQ, pipeline forecasting, territory management, etc.)

What is a common miss you've seen with Marketing and Sales infrastructure?

I think a lot of companies fail to extract value from their platforms, as they expect quick ROI with simple "out of the box" implementations while avoiding deep business transformation approaches. Another issue is timeline, we tend to assess a new tech against a business case at the time of purchase but rarely go back to re-evaluate, and check whether the need is still present and/or the sponsor still active. Running QBRs on our tech stack to regularly measure business impact per the promises highlighted in the business case should be common practice.

Finally, not every organization has the ability and/or foresight to plan infrastructure projects across Marketing and Sales end to end. We tend to be on different stages of our respective maturity curves and/or focus on different problems at hand. Therefore missing the opportunity to tackle cross-functional challenges to maximize business outcomes (e.g. data health, business intelligence, etc.).

> "A lot of companies fail to extract value from their platforms, as they expect quick ROI with simple "out of the box" implementations while avoiding deep business transformation approaches."

What is MOPs role in planning and building infrastructure?

Planning and building the MarTech infrastructure is a key core service run by MOPs and should be fully aligned with the CMO's vision.

Here are some key reasons as to why MOPs should manage the tech stack:

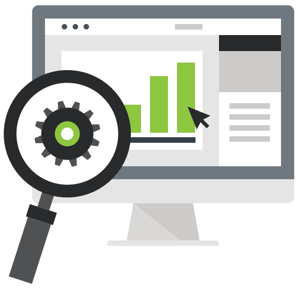
- They have the full picture of the entire ecosystem and its interoperability. So they have a clear picture of where there are technology gaps and room for improvement.
- They have a lot of experience in assessing new technology, building business cases, and identifying whether those promised benefits can be realized or not.
- They have the relationships with I.T., procurement, Security Ops, etc. to efficiently onboard new vendors/technologies.
- They know where that new piece of technology should fit and how to build the proper integrations with the existing tech stack.

- They know which key areas of Marketing need a boost in technology, whether there is a need for automation, velocity, standardization, visibility, accuracy, etc.
- They will monitor the platform performance over time and be responsible for optimizing it long term.
- They scout new technologies and will know when it is appropriate and mature enough to bring it to the existing tech stack, or divest an underperforming platform.

"Marketing operations (MOPs) needs to monitor the evolution of platforms and decide when to divest."

Any advice you'd like to leave us with?

The real challenge is not to collect technologies and end up with a system that is not cohesive. A lot of companies fall into the trap of buying too many technologies and underestimating the cost to maintain them.



"Considering the long term cost of ownership when purchasing new technology is often misunderstood, overlooked, and underestimated. Optimize what you have first and extract all the unrealized potential before compounding the issue with new tech."

RENAUD BIZET, SPLUNK

SALES INSIGHTS

Nicole Hutzul

Nicole is the Regional Vice President of Enterprise Sales at Yext. *She has over 17 years sales experience with a long term track record in SaaS sales management. Prior to Yext, Nicole has worked for companies like Affinio, Emarsys, Adobe, and ExactTarget (acquired by Salesforce).*

What is the most important metric or KPI for measuring sales success?

Annual contract value (ACV).

What is the first metric that you check daily and weekly?

Daily I check pipeline, and weekly I'm looking at KPIs that indicate the health of pipeline.

Pipeline can be looked at and sliced and diced in different ways, so weekly I look at KPIs like where deals are in the sales cycle (aka deal velocity), what's in commit, what's in closed, etc..

"Daily I check pipeline, and weekly I'm looking at KPIs that indicate the health of pipeline."

Historically, what has been the biggest pain point you've had with how sales KPIs are measured?

Generically speaking, no company looks at pipeline the same way. Pipeline is based on opportunities and opportunities are based on deal value, but each company looks at pipeline differently. This is a challenge because it makes it very hard to predict what you need to hit your numbers. Overall I've found that the pipeline requirement, whether it is a 4x or a 3x requirement, doesn't take into account things like the nuances of your particular territory, average close rate, headcount, average deal size, etc.

On top of which, the sales platforms in place aren't always what is used to evaluate pipeline. Often times the way it happens, is at the whim of whoever is the sales leader at the time.

In your aggregate experience, what is the most common disconnect between marketing and sales?

I think there is a disconnect between what Marketing believes they need to generate and what impacts my pipeline. During my career, I've seen BDRs and Marketing hit their targets and yet my pipelines are below what is required.

Often there is a real disconnect between what marketing's goals are and what the business leaders or the sales leaders feel should be pipeline ratio.

Marketing attribution is hard, so a lot of times you'll see multiple departments get attribution. Which messes up the pipeline because marketing is taking credit for something they didn't actually drive.

In your opinion, what component of reporting is most important?

At a minimum your CRM needs to have date stamps and sales stages, as well as percentages around those sales stages. There should also be two dashboard views: a sales rep view and a manager view. A lot of the time sales reps are too close to their deals to know accurately what is going to close and what isn't. It is the manager's responsibility to leverage their experience to adjust the deal stage.

The end result should be a dashboard that looks at what your sales reps think they'll close and a dashboard that looks what you as a manager think is going to close—and that's based on knowing who the reps are. Sales is as much an art as it is a science. There are reps who can close deals and there are reps who can't. Knowing your team is half the battle.

CUSTOMER SUCCESS INSIGHTS

John Gleeson

John leads Upper SMB, Mid-Market and Enterprise Customer Success at KeepTruckin. *Under his leadership, John's team helped KeepTruckin grow from $1 million to more than $50 million in annual recurring revenue in just 12 months—a rate that ranks among the fastest ever for SaaS companies. John hosts the popular San Francisco Customer Success Meetup and has been featured on several thought leadership podcasts, including SaaStr.*

As the head of a customer success organization, what's the first metric that you check each morning?

The first metric that I check every morning is the number of product activations. This speaks to our new deals, and which of those are getting off the ground quickly and on time.

What metric or metrics are you checking weekly?

I personally review every Net Promoter Score (NPS) and comment that comes in, and we get hundreds a quarter. NPS scores give me a real-time pulse on the actual health of the business and is a great sign of things to come.

Can you talk about the metrics for best practices in Customer Success?

In Customer Success (CS) there are leading and lagging indicators. The most lagging indicators include logo renewals, net renewals, and gross renewals.

Leading indicators are the actions your team takes to set up the renewal. At the top of the funnel, you track an indicator that demonstrates time to value which is very important. This could be *customer completes X action in the product in X number of days*; something that shows they're actively using the product.

Further down the funnel, your team should be watching carefully for other indicators that your customers are finding value in the platform. As an example, often there are different check in points in an annual contract. Let's say half way through there's an executive business review. It's important to have a pulse on how many executive reviews are scheduled, completed, and which accounts are opting out of that meeting.

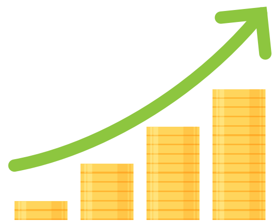
At the bottom of the funnel, CS should be monitoring renewals, both those that are coming up within the next month, and renewals or accounts that have a red health score.

How does Customer Success strategy vary by segment?

Within Customer Success, strategies vary greatly from SMB, mid-market and enterprise, and the unit economics really matter. How you approach customer success will look and feel a lot different depending on the segment.

Customer success leaders need to be really thoughtful about how they apply people and technology to the problem. There is a balance between empowering your team with tools, data, and automation for efficiency all while meeting the customer wherever they are and making them feel good at any scale.

> "Customer Success should be viewed and managed as a revenue driving function in the organization."



What trap do you think CS leaders fall into?

A lot of Customer Success leaders take more of a support approach to customer success but that is only the first half of the puzzle. The CS function should be closely tied to revenue and proof of its success should be metric based.

What is Customer Success's responsibility to pipeline?

Customer Success should be contributing to revenue through renewals, expansion, and Customer Success Qualified Leads (CSQLs). What is standard is that CS contributes to revenue by upsell and cross-sell to grow existing accounts. A newer concept is CSQLs to drive pipeline for Sales.

In a well optimized Customer Success organization, Customer Success Managers should hold a quota of CSQLs to generate for Sales' pipeline.

What qualifies as a CSQL?

One philosophy behind CSQLs is to keep the qualifying factors pretty light, (some sort of light intent) but keep the funnel very full. We've all been in organizations where Sales and Customer Success don't get along. That comes down to the fact that efforts around the account aren't that coordinated.

However, if CS is quick to pass CSQLs to Sales; AEs trust CS and don't feel the need to prospect into accounts. This helps to align efforts on accounts between CS and Sales and also AEs can focus on hunting new logos.

> "The Customer Success function should be closely tied to revenue and proof of its success should be metric based."
>
> JOHN GLEESON, KEEPTRUCKIN

Four Horsemen:

PIPELINE ATTRIBUTION MODEL FOR HIGH-GROWTH COMPANIES

An overarching message that every one of the leaders interviewed for this eBook shared is the importance of aligning the go-to-market (GTM) organization on revenue goals. The next section of the eBook was written by ***Lauren Vaccarello, CMO at Talend****. In this section, Lauren shares how the Four Horsemen model of attribution can be leveraged to keep all of the GTM organization on the hook for Annual Recurring Revenue (ARR) pipeline contribution.*

Lauren has a proven track record of accelerating revenue growth at companies like Salesforce, Adroll, and Box. She was a member of the Google Tech Advisory Council, is a popular speaker at industry events, and has co-authored two highly-regarded books on B2B marketing.

An attribution model for high-growth companies

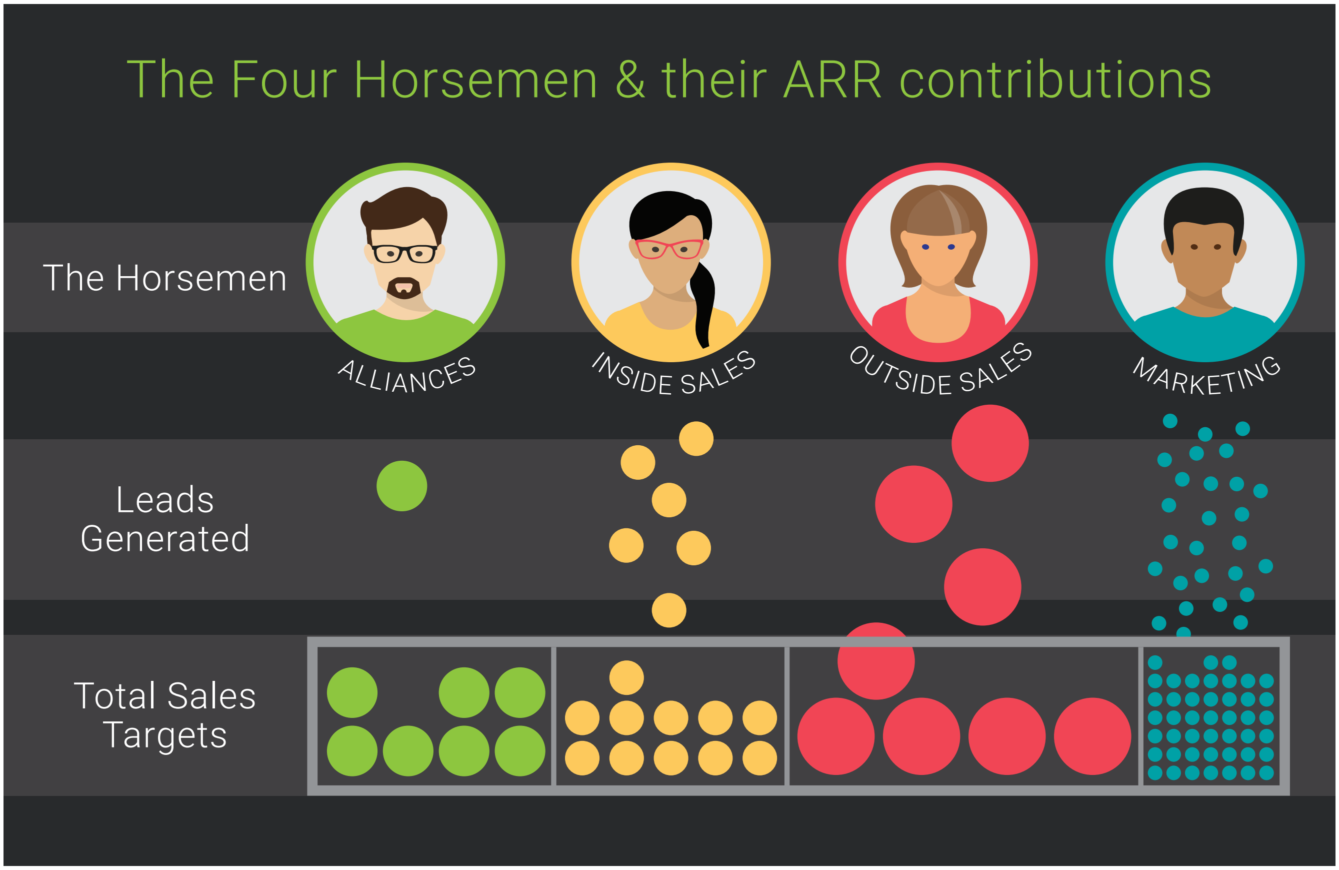
The Four Horsemen model is a way to create alignment across the go-to-market (GTM) organization. It keeps your Sales and Marketing teams better aligned, and allows your organization to holistically understand how you're performing by program, territory, and department. This is crucial knowledge for any high-growth SaaS company. If one Horseman is going to miss their number, you need to know where you can double down to help fill that gap.

"The Four Horsemen is a model of attribution that keeps all of the GTM organization on the hook for Annual Recurring Revenue (ARR) pipeline contribution."

This model helps solve the challenge many organizations face: how do you ensure everyone in the GTM org is driving towards the same goal? This is an especially difficult challenge for high-growth companies that experience the highs and lows of rapid growth.

Who are the Four Horsemen?

Most often the Four Horsemen are Marketing, Alliances, Inside Sales and Outside Sales.



Can there be more than four Horsemen?

The short answer is, yes. The number of Horsemen will depend on your organization but should represent the business units that generate pipeline and revenue for the organization. Customer Success, as an example, can sometimes be the fifth Horseman.

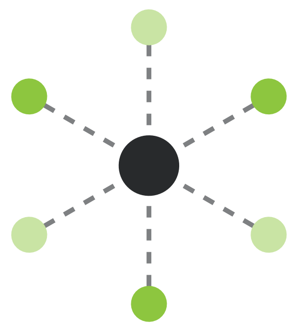
Customer Success contributes to pipeline via renewals, upsells, and cross-sells. To only think about net new pipeline (especially as a subscription-based company) is ignoring a very profitable portion of your business. I think there is a next wave of the Four Horsemen model coming which will see the CS function with a much bigger seat at the table.

Start with reporting

If you're looking to adopt the Four Horsemen model, make sure everyone is working from the same data set. That's step one. To understand what moves your business, Sales should not only know Marketing's target but have complete visibility into how Marketing got that number and vice versa.

Each department should pull all of their data into a centralized location, and build a standard set of reports across all of the GTM. Then, an initial dashboard and set of reports can be created to ensure everyone starts on the same page. The Marketing dashboards and reports are in the same place as the Sales numbers, so each Horseman is aware of the successes and failures of the others. This transparency is key to preventing Marketing and Sales from relying on different, siloed, figures.

"The Marketing dashboards and reports are in the same place as the Sales numbers, so each Horseman is aware of the successes and failures of the others."



Aligning Sales and Marketing

The second thing you want to do is get Marketing in sync with your Sales Organization, a task that can be accomplished by exploring the goals of that team. Some questions to consider include:

- Are you going after net new customers?
- Are you going after customer upsells?
- What are the verticals you are going after?
- What are the geographies you're going after?

It's easy for Marketing to be order takers for the Sales department. Instead, we try to develop targets as a collective unit. After all, sales and marketing successes are tightly related.

How to set targets

We all get paid on revenue, but pipeline is your leading indicator for ARR. Each Horseman has an ARR target, and you use the Four Horsemen model to start building out your pipeline target. To do this, each Horseman starts by looking at time to close, win rate by channel, and win rate by geo.

Start by looking at your data by individual or segment; don't look at blended averages. Looking at blended averages will skew revenue forecasts. You have to determine the following:

- How long is your sales cycle?
- What is your win rate now?
- What does your win rate need to be?
- What is your pipeline coverage ratio?
- Close rate by lead source
- Close rate by type of sales rep (SDR, BDR, ISR/AE)
- Time to close by type of sales rep (SDR, BDR, ISR/AE)

Then, look at Marketing Qualified Lead (MQL) to Sales Qualified Lead (SQL) conversion, and SQL to close by geo and by Horseman.

What if a Horseman will miss their number?

The metrics I discuss above are important to set realistic targets, but they're also necessary for understanding how you can fill gaps when times get tough. People often forget to factor in win rates and time to close when they consider how to supplement a Horseman that's struggling. For example, if Marketing deals close at a 25% higher rate than the Channel team, and the Channel team needs to make up for a deficit in Marketing's pipeline, you know it needs to be 125% of the Marketing team's pipeline target. It's imperative to have plans in place so you can approach these leaner times proactively.

How often do the Four Horsemen meet?

It depends on the organization, but somewhere between weekly to monthly. If you're not meeting monthly, you might as well not be doing it (it's too reactive.) Meeting every week may be too often, but some organizations choose to use the weekly check in to dive deep on certain issues. Even though the numbers might not change dramatically on a week over week basis, you can use the hour to go deep on upcoming obstacles facing each of the Horsemen.

When building out your pipeline target, review:

TIME TO CLOSE

WIN RATE
BY CHANNEL

WIN RATE
BY GEO

Pipeline Council: Structuring Four Horsemen meetings

These meetings are often called Pipeline Council but it is different across companies (it's also sometimes called Sales Review). When you're deciding what to cover in your meetings, look at this quarter plus two-quarters out. A lot can happen over the course of a year, even if your average sales cycle is nine to 12 months. It's a balance between looking out far enough so every time you discover a problem you aren't in dumpster fire mode, and not looking too far into the future. If you can detect a problem that will happen next quarter or in two-quarters, that's when you can start to think a little more strategically about how to shuffle things around to hit your overall number as an organization.

What to consider before adopting the Four Horsemen

One of the biggest challenges companies face when adopting the Four Horsemen is getting everyone to make the emotional commitment. If someone misses their number, it's easy to point fingers and lay blame on a specific team. That's not the purpose of the Four Horsemen.

The purpose of the Four Horsemen is increased program and department visibility, so your organization better understands the problems you're trying to solve. Which in turn, forces Marketing, Sales, and Alliances to think as one unit.

I've heard, "well, if everyone works for a CRO, shouldn't that create alignment?" It can, but often you're still missing the measurement and individual accountability component that just being part of the same reporting structure won't achieve.

With high-growth companies, there will be good times and challenging times. The purpose of the Four Horsemen is to create visibility, so challenges are handled collectively. This requires a deep sense of trust but yields the best results.

"The purpose of the Four Horsemen is to create visibility, so challenges are handled collectively."

Pipeline Council:

Q&A WITH TOP B2B ENTERPRISE LEADERS

Another tactic that goes hand in hand with the Four Horsemen model is having a Pipeline Council. Pipeline Council is a meeting of all the departments that contribute to revenue to discuss on a regular basis how to reach the collective revenue goals of the company.

Having a Pipeline Council, or some form of sales reviews, is essential for revenue management, regardless of the pipeline attribution model your organization is using.

In this next section our expert Marketing, Sales, and Customer Success leaders answer questions about how to execute a successful Pipeline Council.

Q: Why is having a Pipeline Council valuable?

ANSWERED BY:

Brian Goldfarb
CMO, Chef Software

If you're using a Horsemen model, you have to have pipeline council for it to be successful, as it is the intersection that provides qualitative information of proper functions.

Even if you aren't using the Horsemen model, initiating a sales review meeting, eliminates people's ability to conjecture about the math, and the why, and provides a place to have potentially high tension, but also constructive dialogue on pipeline sophistication. Having a regular forum on your organization's pipeline is an incredibly productive modern view of the world, and a necessary conversation to have.

Q: What is the purpose of Pipeline Council?

ANSWERED BY:

Nicole Hutzul
Regional VP of Enterprise Sales, Yext

To ensure any deals that can be driven in by the end of the quarter are being managed by the highest level of the company and to examine the friction points between now and getting the deal done.

Q: At a B2B SaaS company at scale, how often should Pipeline Council be meeting?

ANSWERED BY:

Jaime Punishill
CMO, Lionbridge

At a minimum it would take place every other week, with the lowest possible frequency being monthly. Ideally, these meetings happen weekly.

Q: Who should be responsible for presenting numbers at these meetings?

ANSWERED BY:

Brian Goldfarb
CMO, Chef Software

It's a toss up between Marketing Operations and Sales Operations. It's an answer that will vary from company to company based on their infrastructure and available data.

Q: How far out should Pipeline Council be looking?

ANSWERED BY:

Maura Ginty
CMO, Mode Analytics

Depends on the length of the deal cycle but I would say at least a quarter. More than that if it's enterprise and less than that if it's small business.

Q: How frequently does Pipeline Council happen?

ANSWERED BY:

Nicole Hutzul
Regional VP of Enterprise Sales, Yext

At the beginning or even mid-quarter, once a week. At the end of the quarter, you're doing it at least twice a week and sometimes daily. There are also different layers of Pipeline Council, that all happen at different frequencies.

At a mid-manager or at a senior level, you are doing a pipeline call with your leadership on a weekly basis at a minimum. Then, there are often pipeline calls with heads of Geos or heads of verticals. Layered on top of that, there are also pipeline calls happening within smaller Sales teams.

Q: What are some of the challenges around implementing a Pipeline Council?

ANSWERED BY:

Renaud Bizet
VP of Marketing Strategy & Operations, Splunk

The first hurdle to overcome is to make sure that we speak the same language. We have to be extremely cautious about sharing common definitions and methodologies. For example, agreeing on pipeline snapshot timelines, opportunity stages, velocity between stages, currency conversions, etc.

Another important step is to have a transparent process on how we measure performance against targets. Ideally this is where leveraging SOPs and

MOPs as unbiased parties is critical to provide the source of truth when it comes to performance management.

You need to implement a regular cadence for the appropriate parties to review the performance metrics provided by the ops teams and drive the right conversations to lead to key decisions.

The most common issues typically are complaints to challenge and lower the targets, a misunderstanding of which levers to pull to affect the KPIs, or a lack of follow through on the key action items over time. Worst situation being a total lack of trust and having both parties pointing the finger at each other.

To meaningfully optimize pipeline requires dedication and strict operational cadence across teams, infallible trust earned over time, the maturity to show vulnerability, and a growth mindset.

Q: What areas tend to be neglected in Pipeline Council?

If you're only looking at deals that have a timeline established then it's very easy to neglect the early stages of the funnel.

When you neglect the early stages of the funnel, it increases the potential of the hand off from BDRs and AEs to get messy because no one's watching that.

ANSWERED BY:

Maura Ginty
CMO, Mode Analytics

Q: How can Customer Success get a bigger seat at the Pipeline Council table?

Every quarter, we commit to the Sales organization that we're going to add X amount of revenue via X number of CSQLs. If you want a seat at the table, build a very strong pipeline that Sales depends on and tracks CS's efforts directly to the company's bottom line.

Some Customer Success leaders aren't proactive in tying CS to revenue and you have to be. Customer Success needs to be a partner in revenue.

ANSWERED BY:

John Gleeson
Customer Success, KeepTruckin

Conclusion

In this eBook we've covered a few ways to keep each department in the GTM organization driving towards the overall revenue goals of the company. An overarching theme that all six of the enterprise leaders spoke to was the importance of trusting your metrics and reporting infrastructure as a Marketing, Sales, or Customer Success professional.

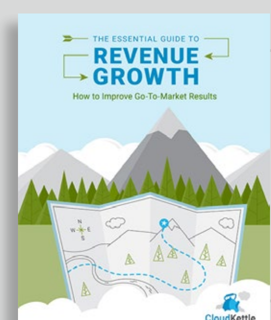
Understanding the reporting infrastructure, process and data quality at your organization can often be a challenge. Being smart, capable, and experienced won't be enough to move the needle if you cannot trust the metrics you're working with.

Revenue Operations Audit

One way you can learn exactly what's happening in Sales, Marketing and Customer Success is via a Revenue Operations Audit. The audit should assess both the teams and technology you have in place, requirements and expectations, and then make recommendations for short, mid, and long term objectives. This is best executed by an impartial third-party company with expertise and experience in your industry, CRM, advertising platforms and Marketing Automation platform.

A Revenue Operations audit can help uncover what's working, what's not, and identify the delta between perception and reality.

Interested in learning more about a Revenue Operations Audit?
Talk to one of our consultants today. (bit.ly/reachck)



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