



RESEARCH

# ***Solving*** ***Underperformance:*** ***How to Lift Up the 40%***

*Two of every three reps are failing to meet quota.*

*40% of your reps can quickly increase their performance  
– with the right focus.*

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# *Underperformance is plaguing SaaS companies everywhere – and the problem is more acute than most revenue leaders realize.*

## **How did we get here?**

In the last 10 years during the “Golden Age of SaaS,” SaaS went through a period of overhiring. Software from modern SaaS companies was so sought after that companies were scrambling to hire as many people as possible in order to meet the market demand. In a strong market, it wasn't too hard for these employees to be successful: the product was in demand, so it was easier to sell. But when the market softens and weakens, as it started to do in 2021 and 2022, the cracks begin to show.

What are those cracks, exactly?

The reality that most companies are now experiencing is that 32% of the GTM team is able to operate at a ‘normal’ level, while 68% cannot. In other words, **two out of three reps are no longer able to hit their targets**. What does ‘normal’ mean? In sales, this typically means hitting at least 80% of quota on a regular basis. Those between 50-80% may have a decent chance of being able to reach a ‘normal’ level, depending on the situation – perhaps it's more guidance from their manager, more training, or a bit more time to develop their skills. But those operating at 50% or below will end up being a risk to the organization; the company is investing resources into those team members, but they are falling far short of the expected results.

In addition to understanding how many reps fall into each category, it is important to look at the impact that each cohort delivers, to understand the impact of the problem. **The ‘normal’ performers are able to deliver 1.53x more than the underperforming cohort.**

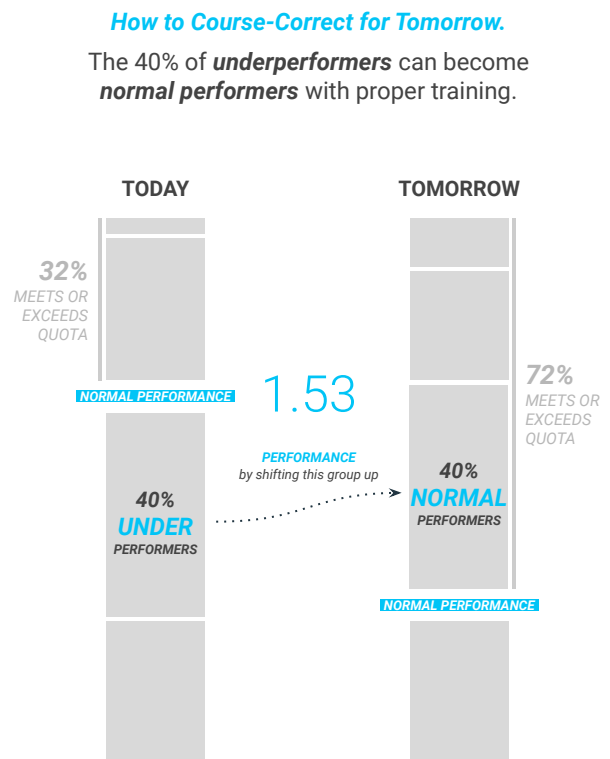
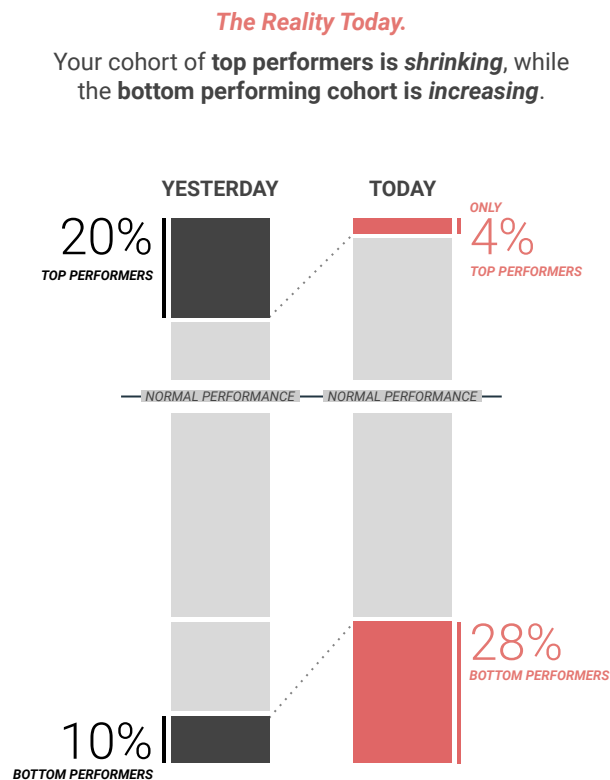


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This phenomenon is happening across the entire GTM team: the sales team is falling far short of meeting team quota for new business, marketers are not connecting with enough ICP accounts, and the CS team is not able to come close to its goal for NRR.

Breaking down the ‘normal’ group and the underperforming group is where the magnitude of the problem becomes very real for revenue leaders. Within the ‘normal’ cohort, it used to be that the top 20% of reps were the high performers (“superstars”); **in 2023, that number has decreased to 4%.**

And on the other end of the spectrum, within the 68% of underperformers, it used to be that the bottom 10% of the team were the group of lowest performers: nowhere close to meeting quota, and likely not able to do so even with time and proper training. **In 2023, that number has increased to 28%.**



*The classic bell curve of performance across individuals has taken on a very different, and far inferior, shape. This is the new reality for SaaS GTM teams in 2023.*

## **Why existing solutions are not working.**

Historically, companies have relied on traditional strategies such as the ones listed below. However, in the current market, these strategies are no longer effective. The following analysis will provide clear insights into why this is happening:

### **Prior solutions**

### **Why it doesn't solve the current problem**

#### **Large-scale training programs**

Traditional training programs can take a long time to realize impact: reps can be trained and certified, but because they are learning several skills within the same training course, they don't emerge with mastery. Much more time is needed for ongoing coaching and application of all of those skills.

#### **Month-long onboarding bootcamps for new reps**

Most companies are not hiring right now and in fact, many are doing the opposite as they lay off high proportions of their teams in order to cut costs.

#### **Rolling out a new methodology**

A methodology is key for any scaling sales team, but doing this well requires a heavy dose of change management, and therefore won't quickly solve the current problem.

#### **Reliance on superstar reps**

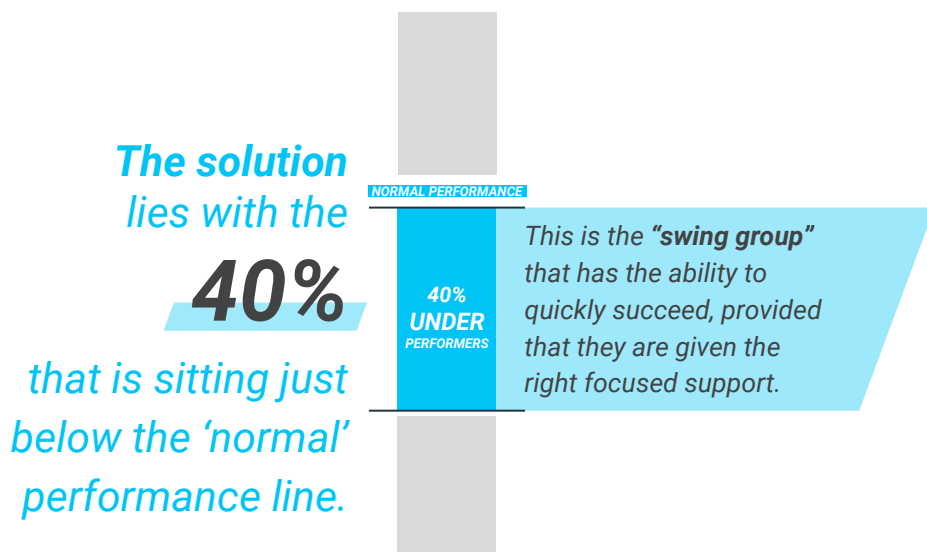
As we see in the latest data, the number of superstar reps remaining at companies has drastically declined. Companies no longer can rely on just the superstars to carry them through a tough market.

## How we fix this.

What GTM teams need is a solution that drives impact, and quickly — within 60-90 days.

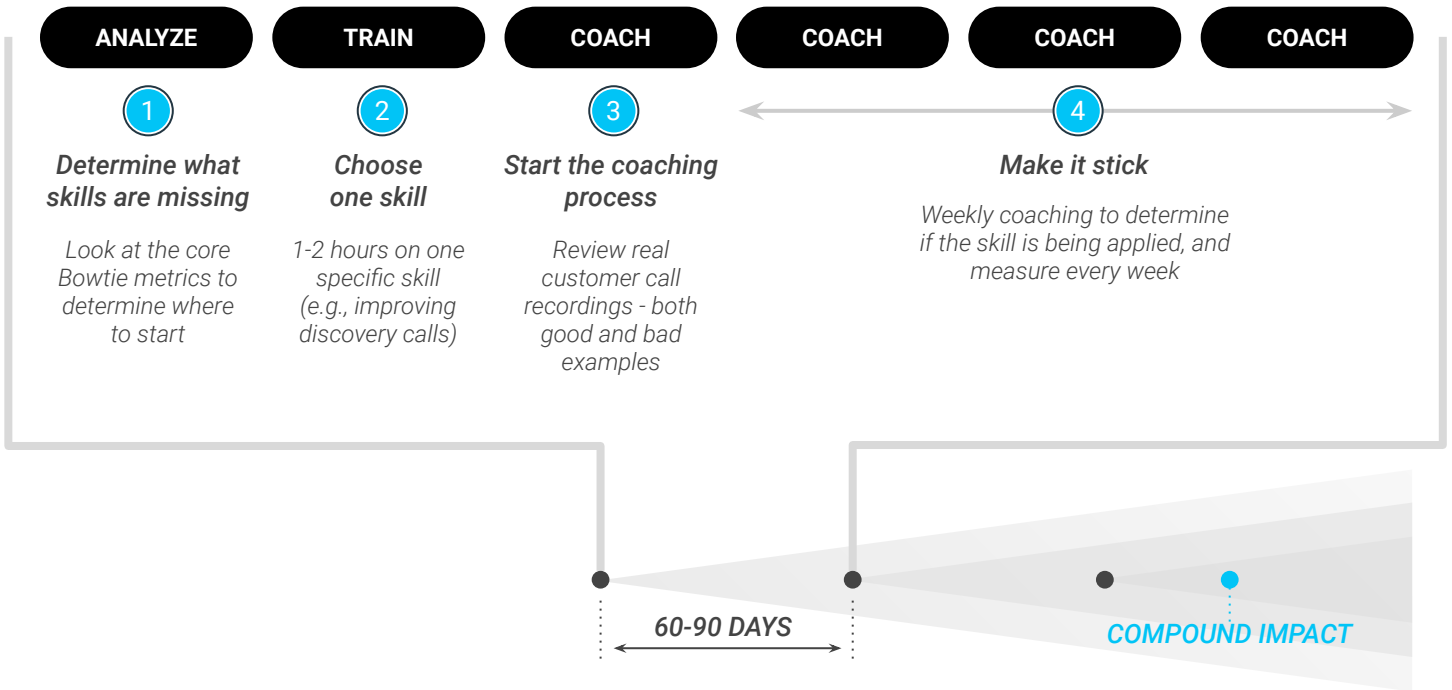
**The solution lies with the 40% that is sitting just below the ‘normal’ performance line.** This is the “swing group” that has the ability to quickly succeed, provided that they are given the right focused support. With the proper training, coaching, and structure, the right approach can help them swing over the performance line and into levels of acceptable performance.

Revenue leaders can lift this 40% group up above the ‘normal’ performance line by using a “sprint.” This concept, inspired by agile software development methodologies, applies training in a more surgical way. Instead of training on several skills simultaneously, **the “sprint” focuses on just one skill, with a specific and measurable goal aligned to that skill.** Unlike traditional training programs, this approach bridges the gap between learning and application by focusing solely on the practical application of a single, prioritized skill.



## The solution: what it looks like.

With our clients at Winning by Design, we execute a specific type of sprint called Impact Sprints. Here's how to run a proper Impact Sprint:



### KEEP IN MIND

ANALYZE	TRAIN	COACH
<p>Some common areas of opportunity:</p> <ul style="list-style-type: none"> <li>- NRR is too low</li> <li>- Discounting is too high</li> <li>- Conversion rate from Deal to Closed-Won is too low</li> </ul>	<p>Start with a fundamental skill (e.g., get your discovery calls done well, before attempting to solve for enterprise stakeholder meetings)</p>	<p>Use real customer calls; break them down as a group and determine if the skill was applied, how it was applied, and what the results were</p> <p>Study call snippets of where it goes right and where it goes wrong, to facilitate learning and understanding across the team of what "good" looks like</p>

Each sprint should run no more than 60 to 90 days before starting the next focused sprint.

## ***The solution: how to execute.***

**1 Analyze.** Analyze the team's key performance metrics to identify what should be improved to drive the right impact. For instance, is NRR too low? Then the skill to focus on is customer retention. Are contract values too low due to excessive discounting? Then the skill to focus on is making more effective trades during the negotiation stage. Pick just one metric, which will have a large impact on the business if it can be improved.

**2 Train.** Once the skill gap is discovered, train your employees on this singular skill. *The keys to success:*

- a) Keep a maniacal focus on one single skill. Don't be tempted to address any other adjacent or "quick" challenges.
- b) Keep it simple. Don't start with a complex skill (e.g., enterprise stakeholder management), which could take months or years of practice to achieve mastery.
- c) Keep it clear. This training session should be no more than one to two hours, with employees leaving the session knowing exactly what metric is being monitored and what 'good' looks like.

**3 Coach.** This is what makes the new skill "stick." *The keys to success:*

- a) Repetition and reinforcement. This must be done weekly, over four to six weeks.
- b) Frontline Managers must be front and center in these coaching sessions. Their commitment and presence shows the rest of the team just how important these coaching sessions are.

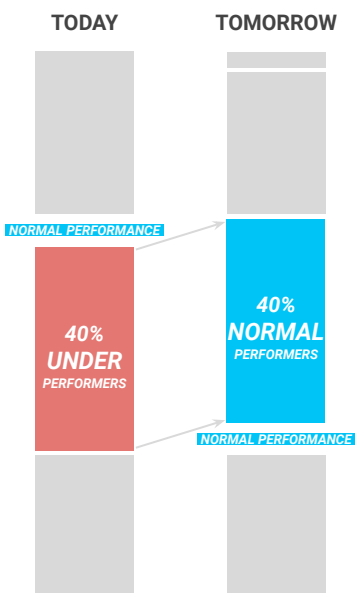
**4) Make it stick.** Coach against actual customer call recordings. Break

**4** down what happens in the call recording, showing real examples of what it looks like when it goes right and when it goes wrong; both are crucial to facilitate learning moments for the team.

## Moving ahead.

Once you've rolled out the first Impact Sprint, introduce the next sprint in 60-90 days. And the next one, and the next one. This system provides focus and continuous improvement. Also keep in mind that the first sprint doesn't need to make a massive impact; this is about getting the entire time onto a cadence of ongoing improvement over time, working toward a clear and specific goal.

Solving for underperformance means shifting the training structure to a sprint-based approach. By focusing on one specific prioritized skill at a time with a focused training session and ongoing coaching, revenue leaders can elevate the performance of their employees, particularly the ~40% – this is the largest cohort of your team, with the greatest potential for quick improvement. Run a sprint, then run the next one, and the next. Lift up your underperformers with targeted support, and with a maniacal focus on Impact. This is a repeatable method to achieve results where it matters and drive more durable revenue growth.



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*Lift up this group with targeted support,  
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## The effect on your revenue.

Calculate out for yourself what impact this approach can have on your revenue:

- 1) Estimate the number of reps that fall into your top, middle, and bottom performer cohorts. You probably already instinctively know where each rep falls without looking at exact data; take a rough guess if don't have easy access to precise data.
- 2) Add in your average rep quota and quota attainment
- 3) Calculate your current (approximate) revenue by cohort
- 4) Apply the 1.53x improvement for the middle performer cohort. This is the average result that can be achieved by lifting up the performance of this cohort.

Use the example below as a template in order to calculate the expected results for your own team:

### Assumptions

# of reps	100
Annual quota per rep	\$1,000,000
Improvement in performance after an Impact Sprint	1.53x

Cohort	# of reps	Quota attainment	Average quota attainment	Current revenue by cohort, current state	New revenue by cohort, after Impact Sprints
Top	32	80%+ quota attainment	90%	\$28,800,000	\$28,800,000
Middle	40	50-79% quota attainment	60%	<b>\$24,000,000</b>	<b>\$36,720,000</b>
Bottom	28	<50% quota attainment	30%	\$8,400,000	\$8,400,000
				<b>\$61,200,000</b>	<b>\$73,920,000</b>

**21%**  
 REVENUE IMPROVEMENT  
 within 60-90 days

## Need help with Impact Sprints?

These are the most common sprints that we assist our customers with each day, along with the key impact metric for each one.

For assistance for your team, get in touch at

[www.winningbydesign.com/contact](http://www.winningbydesign.com/contact).

	<i>Impact Sprint</i>	<i>Impact Metric</i>
<b>1</b>	<i>Help Customers Overcome Indecision</i>	<i>Shorten Sales Cycle, Increase the win rate</i>
<b>2</b>	<i>Work the Decision Process and Committee</i>	<i>Shortens Sales Cycle, Increase the Win Rate</i>
<b>3</b>	<i>Uncover Impact (and CE)</i>	<i>Lead to Opp (&amp; Win) Rate</i>
<b>4</b>	<i>Get Sellers Building Pipeline</i>	<i>Increase # Opportunities, and the Pipeline</i>
<b>5</b>	<i>Get Customer Success Selling</i>	<i>Increase Net Revenue Retention.</i>

