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KEY SALES METRICS

to measure the performance of your construction company

Tracking sales metrics that show your company's performance is a great thing. Identifying growth opportunities and process gaps from these metrics is the best thing.

ON-DEMAND WORKSHOP SERIES

> **All performance metrics start and end with revenue.**
>
> Matt Heinz, Founder of Heinz Marketing

What We'll Cover

1. What Are Sales Metrics
2. The Importance of Measuring Sales Metrics
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5. Key Sales Metrics to Track
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WHAT ARE SALES METRICS

Sales metrics are hard numbers that represent an individual's, team's, or company's performance towards their goals.

You can think of sales metrics as tools to measure your success. Every company needs to regularly assess the health of its business.

These health assessments help to:

1. Identify growth opportunities
2. Discover gaps in internal processes
3. Prevent unexpected setbacks

Sales metrics are hard numbers that represent an individual's, team's, or company's performance towards their goals.

THE IMPORTANCE OF MEASURING SALES METRICS

As Matt Heinz, founder of Heinz Marketing said in one of his Sales Pipeline Radio episodes:

“All performance metrics start and end with revenue. “

Why are we measuring company performance and why does it matter? Revenue is the answer to both those questions.

Matt says, “A good ‘true north’ metric should be as close to revenue as possible.” And we agree.

Benefits of Tracking Key Sales Metrics

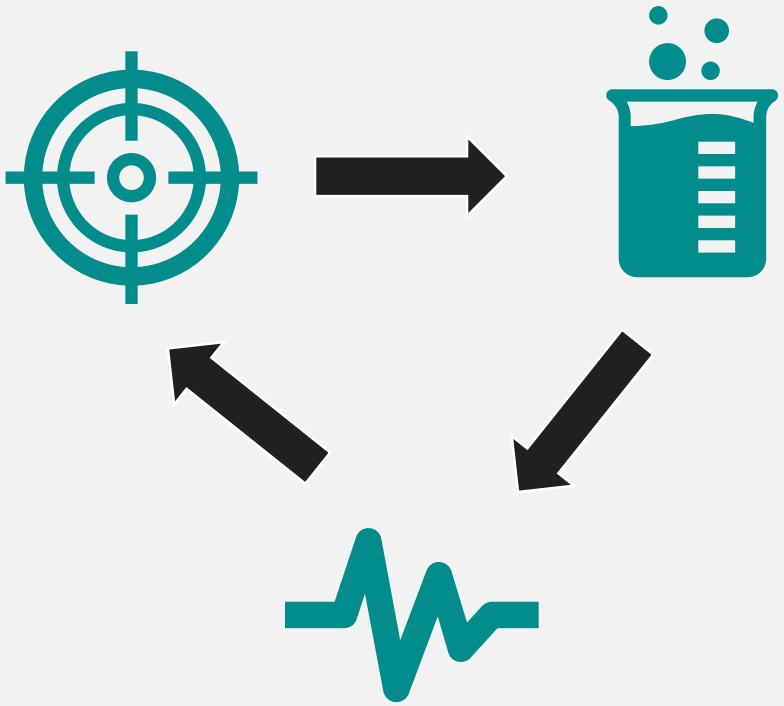
- Find out how your sales pipeline and revenue measure against your goals
- Measure success rate of your marketing and business development
- Outline successful trends to guide your company’s long-term strategy
- Discover gaps in internal processes
- Prevent any unexpected setbacks
- Get a complete picture of your business

CAPTURE YOUR COMPANY'S CURRENT VITALS

Identify Strategic Goals

Establish what success looks like by outlining concrete benchmarks or SMART Goals (Specific, Measurable, Achievable, Realistic, Timely).

- Number of new prospects in pipeline each month (marketing goal)
- Presentation to bid list rate (marketing)
- $ Amount of expected monthly revenue (sales goal)
- % Proposals to win rate (sales goal)
- New customer vs. Repeat customer %



Define Key Terms

Define key terms for your sales and marketing teams. These terms will be used to establish what to track and how. Examples include:

- Best-performing Client (win rate with client is > 75%, average profit margin on client projects is 20%)
- Low-performing Client (win rate < 25%)
- Hot Lead (prospect asked for a quote)
- Project Category (list job categories)
- Pipeline Stages (define sales pipeline stages that match your sales process)

Establish Baseline Metrics

If you haven't tracked any sales or marketing data so far, now is the time to do it. You should only track vital metrics for Business Development and Marketing

- Monthly Revenue (from new & existing)
- Revenue by Project Category
- Leads in Pipeline (number)
- Opportunities in Pipeline
- Number of Won and Lost Opportunities
- Average # of Follow-ups for Won
- Current Time-to-close Rate

RECORD INCOMING DATA

Recording incoming data for your leads and opportunities will help you calculate and analyze metrics, especially the more complex ones. We recommend recording the following data points, either with the help of a CRM or in an Excel spreadsheet.

opportunity lead contact client company

- **Location** – at least city & state for each opportunity
- **Bid Due Date** –date (and time if necessary) when bid is due
- **Follow-up Date** – date you want to follow-up on
- **Expected Close Date** – approximate date of close
- **Opportunity Sales Manager** – person in charge of opportunity
- **Main Contact** –main point of contact at client company
- **Value** – $ amount for opportunity
- **Stage** – based on your sales pipeline stages
- **Status** – different than stage; can be proposal status as sent, received or contact status as warm, hot, cold
- **Win Probability** – usually 1 to 5-star rating for opportunity
- **Size** – usually referring to project size, not $ amount, but can be used either way: small, medium, large, x-large opportunity. Should be tracked for client company as well.
- **Tasks / Activities** – any activities or tasks related to opportunities, contacts, companies
- **Source** – where did the opportunity or client come from: web, word-of-mouth, existing ITB, tradeshow
- **Open Opportunities** –opportunities with contact or company that haven't been closed
- **Closed Opportunities** – opportunities with contact or company that have been closed
- **Active Proposals** – proposals you've sent out
- **Won Opportunities** / **Lost Opportunities**

INDUSTRY EXAMPLE

Dan, COO of D Construction, is tasked to **identify revenue growth opportunities with existing client base.**

In order to identify revenue growth opportunities with existing clients, Dan will analyze the following metrics:

1. **Win Rate by Client Company** – Win rate report (percentage of jobs won from jobs bid with company) in descending order. Dan will look at the clients in the median of this report as opportunities to increase closing rate.
2. **Won Opportunities by Type** (building type: high-rise, warehouse,… or project type) in the last 3 months – both these metrics will identify construction trends and the type of work the company should look for
3. **Won Opportunities by Location** in the last 3 months – similarly, this report will identify booming areas for construction
4. **Source of Won Opportunities** – knowing where the winning opportunities are coming from will help Dan allocate more resources to grow the 'direct ITBs' channel for example or 'bidding platforms' if that's where they're coming from

KEY SALES METRICS: **PROSPECTING METRICS**

Prospects or Leads could be a new contact you made at a tradeshow, a rumor you heard about a new project coming up, or a question that came through your website.

Whatever a lead means to your company, the metrics below will help measure the health of your marketing and prospecting efforts.

New Monthly Leads – helpful trend to show if your marketing efforts are paying off

Leads by Source – if you choose to record the source of your leads, this is a great metric to identify your best lead capturing channels and make sure you allocate the appropriate resources to grow them

Leads by Stage – see where each lead is in the conversion process if you choose to include lead stages in your pipeline. Examples of such stages would be "1st presentation complete" or "meeting complete"

Expected Conversion Date – approximate date of converting this lead into an opportunity or a client

KEY SALES METRICS: **SALES METRICS**

Sales metrics can be looked at from multiple perspectives: opportunity, contact, client, personnel, revenue, sales activities and more. Keep in mind you don't have to track all the metrics we list here. Track the ones that make the most sense for your company.

Open Opportunity Metrics (# and $)

- **Opportunities by Stage** – full view of your pipeline including stages where opportunities get stuck
- **Opportunities by Bid Due Date** – outlook on pipeline health and projected revenue when you multiply by close rate
- **Opportunities by Sales Manager** – information on workloads and performance
- **Opportunities by Location** – geographical trends, possible growth or problematic locations
- **Opportunities by Team** – insights into personnel performance
- **Opportunities by Building Type or Project Type** – shows which building or project types are successful
- **Opportunities by Expected Close Date** – overview of upcoming volume and $ amount of opportunities
- **Opportunities by Company** – comparative view of companies you bid
- **Opportunities by Contact** – view most engaged contacts

Hit (Win) Rates & Conversion Rates

Hit Rate: Ratio of # of Projects Won from # of Projects Bid (%)

Conversion Rate: $ Value of Projects Won from Total $ Value of Projects Bid (%)

- **Monthly and Quarterly Hit Rate & Conversion Rate** – trend metrics showing organization health
- **Win Rate & Conversion Rate by Client Company** – metrics that tell you if you win a large number of projects with a client and if these projects bring in substantial revenue
- **Win Rate & Conversion Rate by Personnel** – metrics that show personnel performance
- **Win Rate & Conversion Rate by Location** – metrics that show location performance
- **Win Rate & Conversion Rate by Project or Building Type** – metrics that show project type performance

Revenue Metrics (closed opportunities)

- **Total Revenue (weekly, monthly, quarterly)** – outlook on pipeline health and closed revenue
- **Revenue by Client Company** – Total $ value of won jobs with company
- **Revenue by Sales Manager** – information on personnel performance related to closed deals
- **Revenue by Location** – which areas are bringing $
- **Revenue by Team** – personnel performance
- **Revenue by Building Type or Project Type** – shows which building or project type brings in the most $
- **Average Deal Size** – tells you whether your contracts are getting bigger, smaller, or they're staying the same

Activity-related Metrics

- **Average # of Follow-ups for Won Deals** – important metric to find out what works
- **Activity (calls, emails, meetings) by Personnel** – overall view of staff members who engage clients the most
- **# of Phone Calls/Emails Made by Personnel** – high volume of phone calls/emails is indicative of a sales team that stays on top of leads and opportunities

HOW TO TRACK SALES METRICS

Tracking sales data and metrics is one of the key activities that top construction companies excel at. And they not only track clients, but also opportunities & activities. They go so deep with their tracking that they can produce a variety of business reports at a moment's notice.

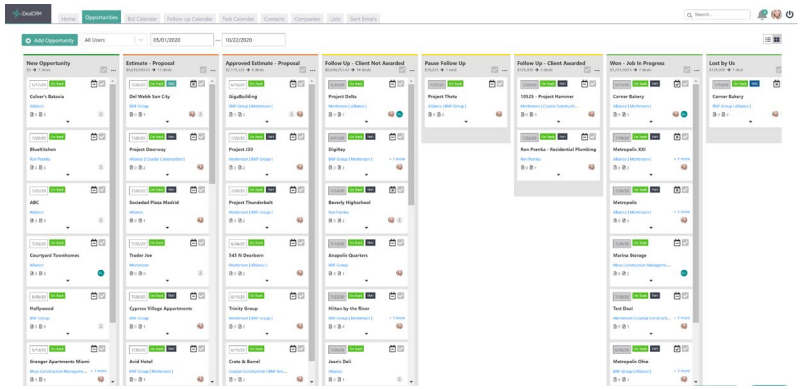
Based on the metrics that you track & analyze you can plan a weekly or monthly schedule. Here are a few examples of sales data tracking:

- Compare sales performance against SMART goals
- Winning percentage / conversion rate
- Number of touch points it takes to close a deal in general
- Which type of work & which geographic area sells best

Tracking with Sales CRM Software

Tracking sales data and metrics with a CRM software system is the best way to do it. These systems come with many additional perks compared to tools like Excel. For example:

- Superior reporting
- Comprehensive views of Clients and Contacts that show current pipeline, revenue made from those accounts to date
- Overall view of pipeline and workloads
- Activity tracking including volume and completion status
- And many more. You can try iDeal CRM for free to see how a Sales CRM works

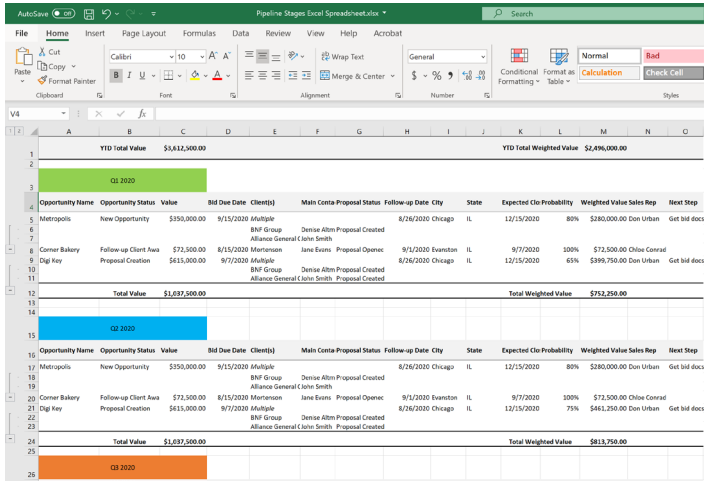


Tracking with Excel

A well-designed Excel sheet can also work for smaller teams and smaller work volumes.

The difference between tracking with software and tracking with Excel is that it's more difficult to extract meaningful data from a spreadsheet. But it can be done.

You can download this Excel Opportunity Tracking Sheet to start your data gathering and analysis.



Now that he's tracking the right data and metrics, Dan, COO of D Construction, can easily **make informed decisions & identify growth opportunities for his company.**

CONCLUSION

Tracking the right data and metrics is easier than it seems and has the great potential of unlocking growth opportunities or highlighting problematic areas.

Regardless of how you choose to track – with a sales management software like iDeal CRM or with Excel – we highly recommend that you do. The ROI is tremendous.

Thank You!

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