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How to Create an Effective Sales & Marketing **Service Level Agreement (SLA)**

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An effective sales and marketing service level agreement (SLA) has a high correlation to companies that enjoy superior ROI with their lead generation efforts. According to the 2015 State of Inbound Marketing Report, those companies with a documented SLA are 34% more likely to experience higher ROI than those without one.

This workbook outlines the process to create an effective agreement between marketing and sales. The SLA serves as a contract between all parties involved in revenue generation, ensuring that all parties follow agreed-upon rules for managing and engaging qualified leads.

Who Should Be Involved

- Sales Leaders & Team
- Marketing Leaders & Team
- Sales Development/Business Development Leaders & Team

Step 1: Define Your Buyer Personas/Ideal Client Profile

An effective SLA begins with clarity around your buyer personas. If everyone is not clear about who you are pursuing and how each persona behaves, you'll struggle to gain alignment. (You can download *Creating Buyer Personas Workbook* here.) If you haven't defined your personas, be sure to at least define your ideal customer profile:

- Company characteristics
    - Ideal profile
    - Growth profile/competitive environment
    - Key challenges/initiatives
- Persona characteristics
    - Demographics
    - Role/responsibilities
    - Priorities/worry list

Step 2: Create Standardized Lead Definitions

Without a clear definition of what a lead is (and what it isn't), the various members of your revenue generation team won't be able to function efficiently or effectively. Define each lead phase to ensure everyone is on the same page.

Example:

Here are the three lead definitions we use in our SLAs (please note these are generic definitions and may change by client):

Qualified Lead –Leads that have passed our "Quick Test" process and been deemed to be a "likely" fit based upon industry and size of company.

Marketing Qualified Lead (MQL) – Companies that have passed the Quick Test process, demonstrate engagement in some form and the primary persona(s) has been confirmed.

Sales Qualified Lead (SQL) – Companies that demonstrate that they have the pain we solve, fit our target profile, we are talking to authority, they have a defined need and are open to conversations. SQLs meet the following:

- **A**uthority: We are engaged with a primary persona with the ability to move a sales process forward.
- **N**eed: They demonstrate a need for our services.
- **U**nderstanding: They have an understanding of what we will be doing and an intro level understanding of our value proposition.
- **F**it: They fit our client profile.

Step 3: Set Clear Goals

How many leads should your marketing and sales development team be providing to the sales team each month? You should be setting goals on a consistent and regular basis. For most organizations, quarterly goal setting is adequate. For high-growth organizations, goal setting should occur monthly.

When setting goals you should consider:

- The ramp up of team members and/or functional areas (i.e. how far into your inbound marketing effort you may be)
- Sales revenue goals
- Budget
- Past results
- Lead generation drivers

Example:

Here is a sample goal grid for a monthly goal (set quarterly):

	Goal:
Leads Sourced	300
Qualified Leads Created	250
MQLs Created	125
MQLs Managed	525
SQLs Created	32

Step 4: Define How The Handoff Occurs

Increasing the velocity of sales qualified leads is truly a team effort. A crucial part of an effective SLA is defining the role each party plays in managing a lead. First you must determine if your SDR/BDRs specialize in the type of leads they'll manage (i.e. they'll only manage inbound leads) or it will be a hybrid (i.e. they'll handle both inbound and outbound leads).

Utilizing your lead definitions, clearly communicate what determines when a lead will be handed off to a SDR/BDR and how the handoff will be managed. This is also where the criteria used to determine which SDR/BDR gets a lead will be communicated.

Step 5: Establish Protocols for Managing Leads

How many calls should a lead get from an SDR? How many emails? Over what period of time? How many leads can an SDR manage? These questions (and more) should all be answered in your SLA. Here too, if you're managing both inbound and outbound efforts, your SLA will be a bit more complicated than if you are just managing one.

The first part of this step is to define how a lead will be initially managed by SDRs. In our processes, leads that are passed onto SDRs are classified as high, medium or low quality. This classification drives the actions that will follow.

Example:

Here is a sample action agreement for managing initial outreach for leads:

	Call Time	Call/Emails	Breakup	Timeframe
High	4 hrs.	15	1	90 Days
Moderate	24 hrs.	8	1	60 Days
Low	48 hrs.	3	1	30 days

Based upon how many SDRs you have and how many leads marketing is generating, you should assign specific capacity protocols to each SDR.

Example:

- SDRs should work a universe of 200 – 400 qualified leads
- SDRs should be actively pursuing 150 - 200 MQLS
- MQL conversion rate should be 8%
- SDRs should produce 15 new SQLs/month

Step 6: Track, Measure & Assess Performance Metrics

Your SLA should clearly define the key performance indicators everybody will use to assess the progress and effectiveness of the process. Tracking should be used to highlight performance issues/opportunities with individual contributors, and to highlight and accelerate learning so that everyone is always improving.

When determining what you'll track, you'll want to balance the desire for lots of data with the need to keep the process simple so that everyone pays attention to the same things. We recommend using no more than 5 – 7 metrics spanning the process.

Here are some metrics you may want to track:

- Lead velocity
- Contact and conversation rates.
- # of contacts required to move an MQL to SQL
- $ value of SQLs sourced (contribution to pipeline)
- Time from MQL to SQL
- MQL:SQL rate
- MQL:Proposal rate
- MQL:Deals closed rate

Step 7: Standardize the SLA Review Process

Determine the period of time that you will conduct a comprehensive review of the assumptions, processes and targets laid out in your SLA. For most companies, a review of the SLA every six months should be sufficient. For high-growth companies, we recommend quarterly reviews.

Let's Talk About Your Demand Generation Process

Studies show that when sales and marketing efforts are highly aligned, organization achieve an average of 32% revenue growth; and a decrease of 7% when they're not (source: Aberdeen Group). But what does that mean? How can you tell if your efforts are aligned, and, more importantly, how do you develop the roadmap to ensure they are aligned today...and in the future?

If your sales and marketing efforts aren't producing predictable, sustainable and scalable sales growth then we need to talk. Our free sales and marketing assessment will provide you:

- An analysis of your current marketing, lead management and sales situation to identify areas in need of improvement
- An in-depth look to figure out which lead generation tactics will work best for you
- An analysis of your sales structure to identify the best way to maximize growth opportunities
- An analysis of your website
- A written report providing the roadmap to make your growth predictable, sustainable and scalable

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Website Resources

The Demand Creator Blog: http://blog.imaginellc.com

The Demand Generation Hub: hub.imaginellc.com

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