SCALE

RevOps Council

GTM Planning Workshop

November 1, 2024

Today’s Agenda

- Welcome, introductions, survey (20 min)
- Interactive workshop: GTM planning (70 min)

We help our portfolio build and optimize hyper-growth GTM machines

What is the GTM Advisory?

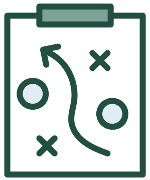
Advisory

Been-to-market expertise

Advising over 55% of the portfolio with bespoke GTM consulting

Content

Step-by-step guides



Distilling decades of experience into 80+ practical tools and frameworks

Events

The power of community

Connecting EIRs, advisors, and portcos at 40+ events per year

Introductions

1. Name
2. Title
3. Company

Today's council leader

Jesse Arthur

Sr. Director of RevOps
BigID

Please take two minutes to fill out our signals survey

Annual GTM Planning

Before We Start…

Do's	Don'ts
• **Get started early** and clean your data earlier • **Make a timeline/roadmap** and hold people to it • **Get EVERYONE involved** - this is not a GTM only initiative • **80-10-10** - 80% is easy, 10% is difficult, the last 10% is very difficult; Get your 80% knocked out, identify your consensus team/escalation path early to work through trade offs/consensus on this last 20%	• **Set up planning meetings last minute**. Q4 calendars are BUSY • **Short change communication** - aim for perfection here!

Agenda

1. High-Level Financial Plans (Top-Down)
2. “Bottoms-Up” from GTM Leadership
3. Sales Capacity & Cost Planning
4. The Great Cage Match™ - Sales vs. Finance
5. Account Scoring & Territory Design
6. Pipeline Planning
7. GTM Compensation Planning
8. Communication & Roll-Out
9. Overall Timeline - Bringing It All Together

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1. High-Level Financial Plan (Top-Down)

1. Top-Down Plan - Overview

Objective

Putting expectations from Execs and Board into hard numbers: aligning on the "foundation" of the plan

Metrics to align on

- ARR/revenue growth
- NDR targets
- ARR/revenue split between new business and expansion
- Product-level ARR/revenue splits
- Overall cost envelope or **efficiency** (Magic Number, Rule of 40)

1. Top-Down Plan - Hacks & Pitfalls

Hacks	Pitfalls
• **Leverage Sales Capacity model -** it will help anchor folks on points of agreement, keep away from anecdotes • **Build 2-3 year plan -** 1 year plan doesn't set up for following years and may miss needed costs • **Leverage benchmarks** (Scale has these) • **Know where to stop** - if you're starting to do Geo/BU-based planning at this point, you've gone too far!	• **Iterate down a rabbit hole too early -** start with high-level, almost "swag" numbers. Iterate once you get more feedback • **Start conflicts with finance at this stage** - get data to back why something may not work (more on this needed healthy tension later…)

2. Bottoms-Up From GTM Leadership

2. Bottoms-Up Plan - Overview

Objective

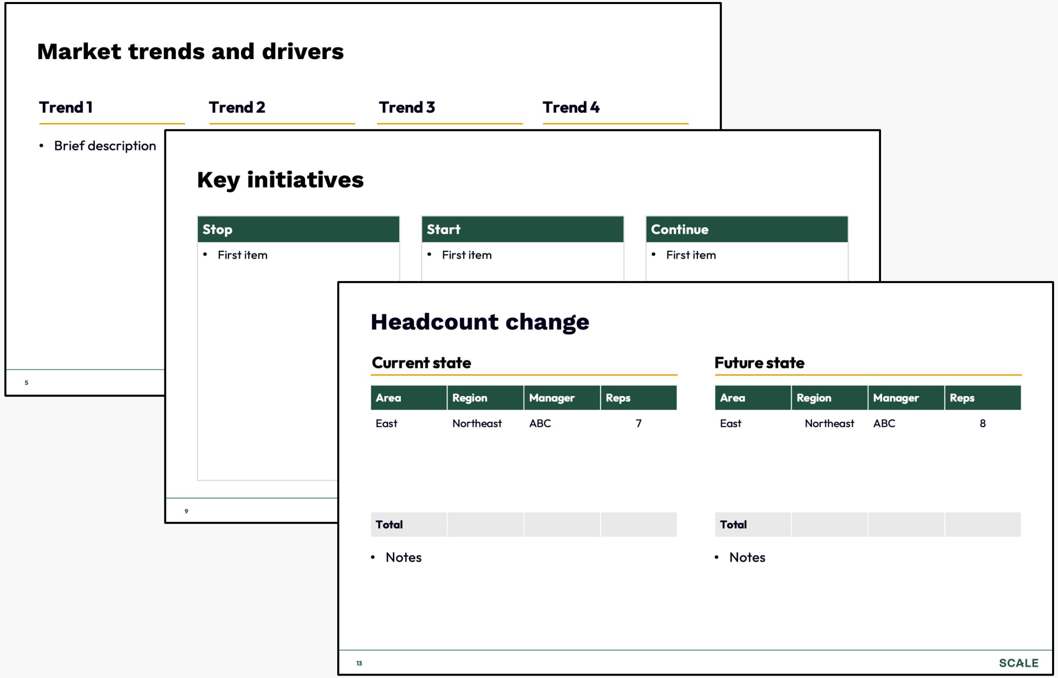
Gather feedback from folks closest to the customer

Structure

Market Trends → Key Objectives (from Tops-Down) → Key Initiatives (to achieve Objectives) → Detailed Proposed Investments (HC, Locations, etc.) → Rev/ARR Expected with Investments → Dependencies/Needs from Other Functions

Review timing & attendees

- 3-4 weeks for leaders to complete plans
- Schedule a 0.5-1.0 day session to review all plans at once, all GTM leaders attend all sessions (power here!)
- Include key stakeholders - Finance, Marketing, Ops, Product, Services, etc.



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2. Bottoms-Up Plan - Hacks & Pitfalls

Hacks	Pitfalls
• **As best as possible, align with top down guidance** (Growth Rates, NDR, etc.) • **Get cross-functional partners involved** • **Identify timeline for delivery and then shave off a week** - constraints help stopping over thinking here	• **Skipping this step** (so many do…) • **Asking for too much detail** (territory/account specifics, etc.) • **Not having all GTM leaders attend all sessions** - cross pollination across teams is incredible!

3. Sales Capacity & Cost Planning

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3. Sales Capacity & Cost Planning - Overview

Objective

Building out detailed capacity model to ensure achievement of objectives

Key outputs

GTM resources needed to achieve plan & the timing of hiring/deploying resources

Other cost items to capture

- Tools
- Ops
- Outside help
- Add'l T&E for one-time events - SKO, etc.

	Actuals		Projected		
	FY23	FY24	FY25	FY26	FY27
Starting ARR	$15,000	$29,500	$52,000	$95,921	$158,448
AE Capacity			$41,781	$57,802	$71,542
Non-AE Capacity			$5,000	$10,000	$15,000
Gross New ARR	$15,000	$24,000	$46,781	$67,802	$86,542
Churn	-$500	-$1,500	-$2,860	-$5,276	-$8,715
Ending ARR	**$29,500**	**$52,000**	**$95,921**	**$158,448**	**$236,275**

Net New ARR Growth %	-	60%	95%	45%	28%
Net ARR Growth %	58%	76%	84.5%	65.2%	49.1%

Churn %	-3.3%	-5.1%	**-5.5%**	**-5.5%**	**-5.5%**

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3. Sales Capacity & Cost Planning - Key Drivers

	Metrics	Description	Rules of Thumb
Inputs	**Starting Rep HC**	# of Reps at start of plan timeframe	Depends on business
	Ramp Time	Time it takes for a rep to reach full productivity	Ent: 6-9 months
	Productivity	Annual Rev/ARR a rep can produce	Ent: $1.0-1.3M annually
	YoY Productivity Increases	Expected annual increase in productivity	5-7% organic
	Rep Attrition	% of reps who leave	15-25%
	Churn	Amount of ARR base lost annually	Ent: 5-10%
	Non-Rep Sources of ARR	ARR from contractual upsells, OEM deals, channel, etc.	5-10% of ARR?
	Seasonality	Monthly/quarterly variance in sales driven by market	Prob more driven by rep ramp
	Other Spend	Non-standard costs - consultants, add'l tools, SKO, etc.	Depends on business; over-estimate
Outputs	**Expected Revenue / ARR**	Overall amount of Sales expected and growth YoY	Depends on business
	Add'l Rep HC Needed	Add'l rep HC needed to achieve Sales	Depends on business; should be monthly #
	Support HC Needed	Add'l GTM support HC needed to support add'l Reps	3:1 SDR; 2:1 SE; 5-30:1 CSM (Accounts) ; Ops
	Sales Mgmt HC Needed	Add'l Sales Mgmt HC needed to support Add'l Reps	6-8:1

Leverage data to determine and/or validate inputs/assumptions.

3. Sales Capacity & Cost Planning - Hacks & Pitfalls

Hacks	Pitfalls
• **Socialize capacity model throughout year** • **Have your assumptions documented** - and understand their limitations (it is a model) • **Create a summary that is easily digestable** • **Create a very very malleable/dynamic model** - tweaks will be constant • **Validate last years model** - It will make it better and better	• **Making an inflexible model** - this will create much more work for you, and add more meetings to the calendar • **Not validating assumptions** • **Incomplete buy-in** • **Not using this work to help build and monitor budgets throughout the year**

4. The Great Cage-Match™ - Sales vs. Finance

4. The Great Cage-Match™ - Overview

Objective

Hash out all points of contention in the plan

Rules

Lock yourself in a room (Zoom) and don't come out until all points of contention are locked

Tactical steps

1. Inventory all points of contention ahead of time
2. Have separate Finance and GTM review of points to identify compromise guardrails
3. Literally do the frickin' cage match

Note: I know I'm not using this meme like most people use it. However, if you know the movie Predator, you know this is actually more a moment of tension, and not of true alignment.

4. The Great Cage-Match™ - Hacks & Pitfalls

Hacks	Pitfalls
• **Use data and logic as your guide** (and for your arguments) • **80-10-10** - this should be the last 10! • **Build the Finance/Sales relationship and trust all year long** in preparation for this moment • **Do this in-person** - it's worth the travel and cost	• **Finance or Sales dominating planning** • **Emotional decision making** • **Being too nice and not landing decisions** - that's why you need to call this a Cage Match! • **Skipping this step and letting hard decisions up to someone else** (CEO, board, consultant, etc.) - always less optimal outcome

5. Account Scoring & Territory Design

5. Account Scoring & Territory Design - Overview

Objective

Systematic, data-driven approach to building territories to maximize chances of rep and company success.

Possible inputs

- Firmographic Data (Annual Rev, EEs, Industry, etc.)
- Spend Data (from data providers)
- Pipeline
- Previous ARR / Renewals
- Activity
- Intent Data
- Bespoke items - # of folks in a specific dept. (seat proxy)

FY25 Owner	# of Accounts	# of Customers	Sum of FY24 ACV	Average HGI Score	% Commercial Accounts	% Enterprise Accounts	# of Open Opps	Pipeline Value
Rep 2	6	1	$84,000	14	100%	0%	1	$36,000
Rep 28	6	1	$62,857	11	100%	0%	1	$20,000
Rep 60	21	2	$1,735,425	36	0%	100%	3	$950,000
Rep 61	13	1	$870,592	30	0%	100%	0	$0
Rep 64	18	1	$70,400	31	0%	100%	1	$731,000
Rep 72	12	1	$108,025	28	0%	100%	0	$0
Rep 77	12	1	$284,309	37	0%	100%	2	$451,000
Rep 80	11	1	$149,968	35	0%	100%	1	$550,000
Rep 82	11	0	$489,864	32	0%	100%	1	$250,000
Rep 84	9	1	$75,947	42	0%	100%	0	$0
Rep 95	14	1	$92,355	37	0%	100%	2	$576,000
RVP	17	0	$0	53	0%	100%	3	$644,200
Commercial	0	0	$0				0	$0
Unassigned	109	3	$108,738	28	0%	100%	10	$2,365,125

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5. Account Scoring & Territory Design - Hacks & Pitfalls

Hacks	Pitfalls
• **Don't overthink it** - football cities to start • **Use 3rd party vendors to supplement your CRM data for account scoring** • **Use heuristics around a good territory size** - X account score, Y # of customers • **Account activity data is very useful when territories are shrinking in size** - which accounts haven't been touched in 90 days? • **Maps help leadership digest the data**	• **Trying to get your data 100% perfect** - very quickly diminishing returns • **Not reviewing early and often with Sales Managers** - you need their buy-in to get the reps on board (reps don't look at scores, they look at accounts) • **Creating territories that are misaligned with comp structure** • **Not effectively communicating what accounts are changing hands** (and what is being taken away) • **Buying a tool too soon** - spreadsheets work surprisingly well

6. Pipeline Planning

6. Pipeline Planning - Overview

Objective

Set pipeline targets that align with revenue objectives

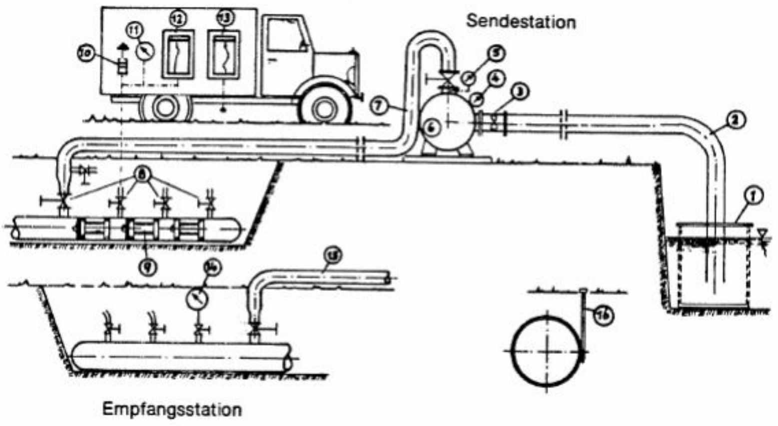
Recommended approach

Use HC, Quota and Win Rate to determine pipe gen target and allocate target based on expected contribution of pipe sources

Alternative approaches

Pipeline waterfall - good luck!

Leads → Pipeline - Logically makes a ton of sense, but I advise to start “in the middle”



1	Suction cage	9	Pigs
2	Suction tube	10	Plunger pressure weighing machine
3	Flowmeter	11	Manometer
4	Manometer (underpressure)	12	Pressure recorder
5	Manometer	13	Temperature recorder
6	Centrifugal pump	14	Manometer
7	Inlet line	15	Outlet line
8	Gate valve	16	Pipe wall temperature measurement

6. Pipeline Planning - A Simple Model

Step 1: Overall Target

Reps x Quarterly Quota x Needed Coverage = Overall Pipe Create Target

Territory #1 pipeline targets ($K)				
	Q1	Q2	Q3	Q4
AEs (headcount)	3	3	6	7
Quota per AE	$1,350	$1,350	$1,350	$1,350
Target coverage ratio	4.0	4.0	4.0	4.0
Pipeline creation target	**$16,200**	**$16,200**	**$32,400**	**$37,800**

Step 2: Assigning Sources

Historical Attribution x Strategic Adjustments (e.g., we're making an investment in partners and want them to produce more pipe) = Pipe by Source

Territory #1 pipeline targets by department ($K)					
Department	Allocation	Q1	Q2	Q3	Q4
Marketing	20%	$3,240	$3,240	$6,480	$7,560
SDR outbound	20%	$3,240	$3,240	$6,480	$7,560
Sales (AEs)	30%	$4,860	$4,860	$9,720	$11,340
Customer Success	10%	$1,620	$1,620	$3,240	$3,780
Partner	20%	$3,240	$3,240	$6,480	$7,560
Total	**100%**	**$16,200**	**$16,200**	**$32,400**	**$37,800**

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6. Pipeline Planning - Hacks & Pitfalls

Hacks	Pitfalls
• **Simple is beautiful** • **Align expectations across pipe generating function leaders** • **Use inverse of your Win Rate to determine coverage needs** (e.g., 25% win rate = 4x Coverage)	• **Do Not Over Complicate** - this is very easy to do with pipeline • **Not monitoring target progression throughout the year** - should be right up their with quota performance measuring • **Thinking Ramping Reps need less pipe** - they need more!!

7. GTM Compensation Planning

7. GTM Compensation Planning - Overview

Objective

Align efforts of your sales team with business objectives. Unless absolutely needed…should be evolution not revolution.

Approach

A comp steering committee is essential to driving the process forward in an efficient fashion. Ensure Finance provided a tops down comp target. Start with key “Focus Areas” - don’t evaluate things you know are working.

Key trends

- Utilizing NDR metrics for CS *AND Sales*
- Pipe progression for key pipe gen roles (SDRs, Partners)

7. GTM Compensation Planning - Hacks & Pitfalls

Hacks	Pitfalls
• **Start early and roll-out on time** • **Comp estimators are #1 tool for reps** - if you don't provide, they will waste time creating on their own • **Keep it so darn simple** - do you really need individual commission rates (ICRs)? • **Attend Scale's comp seminars** - and leverage Mark's inputs from a few weeks ago	• **Not getting field sales input** - they will spot any gaps quickly • **Staying in spreadsheets too long** - too many great (cheap) tools out there now • **Not sharing Quotas, Territories with comp roll-out** - will just lead to more and more questions

8. Communication & Roll-Out

8. Communication & Roll-Out - Overview

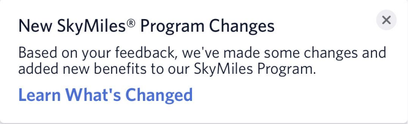
Objective

Roll out the GTM plan with minimal friction, allowing the field to focus on the job at hand.

Order of operations

1. Exec Team review of changes (all leadership should know what is changing)
2. GTM Leadership Review (do not surprise them)
3. Field Advocate review (controlled leak)
4. Practice, practice, practice
5. Full Field roll-out at SKO

8. Communication & Roll-Out - Hacks & Pitfalls

Hacks	Pitfalls
• **Leverage SKO** • **Roll out as early as possible** - silence void gets filled with worry and rumors • **Actively identify your risks** (individual or teams) and get ahead of these • **Seed the field with advocates** - get your most tenured/influential reps on board early and use them to influence the rest • **Dry run the heck out of it** - this is the step to get perfect; tell a story, use humor	• **Uncontrolled leaks** - have NDA level trust in your inner circle) • **Not publish a FAQ** • **Surprise your leaders** • **Not take feedback if you got something REALLY wrong** (e.g., Delta's 2024 SkyMiles program) 

9. Overall Timeline - Bringing It All Together

9. Overall Timeline

Objective

Clearly communicate planning steps, timeline, dependencies, deadlines, etc. to all stakeholders

Key dates

- Start planning at least 4 months before start of year
- Board approval should be well before beginning of year
- Roll-out should be closest to start of year as humanly possible

Critical items

- Have all stakeholders sign off
- Must have singular PM - Ops?
- Think more parallel, less serial
- Never be afraid to finish early

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FY25 planning

	Description	Owner	Start Date	End Date	Days	% Complete
1	**FY25 Top Down**					
1.1	2/3 Year Target Created	Finance	9/4/24	9/18/24	14	20%
1.2	Finance / RevOps Feedback on inputs & Levers	Finance/RevOps	9/4/24	9/18/24	14	0%
1.3	Communicated to Execs/Sales	Finance	9/18/24	9/23/24	5	0%
2	**FY25 Bottoms Up**					
2.1	Level Set on Strategy with CRO (Changes, Beliefs, Items to follow up on)	CRO/RevOps	9/18/24	9/23/24	5	0%
2.1.1	Data Gathering, Review FIndings, Align on Top Level Strategy	RevOps/CRO	9/19/24	10/3/24	14	0%
2.2	Provide Strategy / Rough Targets / Guardrails to SVP Geo Sales	CRO	10/3/24	10/3/24	0	0%
2.2.1	Provide Capacity Modeler to SVP Geo Sales	RevOps	10/3/24	10/3/24	0	0%
2.2.2	Bottoms Up Strategy Developed (Objectives - Start/Stop/Continue)	RevOps / SVPs	10/3/24	10/21/24	18	0%
2.2.3	Present findings back to CRO (Strategy, Projected Revenue, HC Needed)	SVP Sales	10/21/24	10/21/24	0	0%
2.2.4	Align Cross Functional Inputs based on Plan	ALL/RevOps	10/23/24	10/28/24	5	0%
2.3	SVP Geo Sales / CRO align on direction & Targets	CRO/RevOps	10/23/24	10/28/24	5	0%
3	**Lock on Targets (Revenue & HC)**					
3.1	Lock in on Revenue Targets and HC (i.e. Cost's)	CRO/CFO/RevOps	10/30/24	11/11/24	12	0%
3.2	Adjust Geo Design/Hierarchy based on Agreed Rev Targets, Costs & Needs, Priority, Focus	CRO/RevOps	11/13/24	11/17/24	4	0%
3.3	Design Geo HC Based on Needs, Priority, Focus	CRO/RevOps	11/13/24	11/17/24	4	0%
3.4	Determine Geo Revenue targets based on Key Metrics (Capacity, Historicals, Pipeline)	CRO/RevOps	11/13/24	11/17/24	4	0%
3.5	Communicate Geo Revenue targets	CRO/RevOps	11/20/24	11/24/24	4	0%
3.5	Determine Area/Region revenue targets based on Key Metrics and Communicate (1 Week per level in Hierarchy)	CRO/RevOps	11/27/24	12/1/24	4	0%
4	**Segmentation & Territories**					
4.1	Implement Account Scoring - Methodology (Key Metrics)	RevOps	10/30/24	11/11/24	12	0%
4.2	Agreement on Parameters for Territories	RevOps / CRO	11/13/24	11/17/24	4	0%
4.3	Provide design Templates to First Line Managers & Guidance	RevOps	12/4/24	12/16/24	12	0%
4.4	Review Design of Territories - Ensure Optimization	RevOps / Sales Leadership	12/18/24	12/22/24	4	0%
4.5	Lock on HC & Territory Designs	RevOps / Sales Leadership	1/1/25	1/5/25	4	0%
5	**Pipeline Targets**					
5.1	Determine Desired Coverage (what is your Win Rate?)	RevOps	1/8/25	1/12/25	4	0%
5.2	Determine Source Create Breakdowns (Partner, AE, ISR, Marketing)	RevOps	1/8/25	1/12/25	4	0%
5.3	Take Target by Region and Model Expected Needs	RevOps	1/8/25	1/12/25	4	0%
6	**Comp Plans**					

Template provided [here]

End

If you are looking for more bespoke RevOps consulting from the GTM group, please contact Mark at:

mark.gustaferro@scalevp.com