FullFunnel

Outbound Prospecting Operations Manual 2024

The State of Outbound Prospecting in 2024

Outbound prospecting is a staple in most B2B organizations' demand generation programs. When done effectively, outbound prospecting can fuel significant growth, but it requires strict adherence to production-to-cost metrics to ensure financial viability in a revenue operations program. Outbound prospecting, once synonymous with business development through personal interactions like business dinners and networking events, has undergone a significant transformation. The seminal work **"Predictable Revenue"** by Aaron Ross, which discusses Salesforce's strategy, marked a pivotal shift by streamlining these interactions into structured, scalable activities devoid of direct human contact. This model catalyzed a boom in SaaS sales by leveraging email and phone systems to efficiently set appointments and cultivate leads.

As outbound activities become increasingly challenging due to market saturation, companies face a critical dilemma. What should businesses do when faced with opposing forces in the market? Companies are looking to reduce costs while increasing the efficiency of their lead response efforts (**Convoso**). The key to navigating this complex landscape lies in deconstructing the problem into manageable components. By dissecting outbound prospecting into its fundamental elements—distribution channels, data, and labor—we can explore targeted strategies that respond effectively to these evolving market conditions. First, let's discuss the importance of CAC metrics and their connectivity to outbound prospecting.

The Importance of Outbound Cost of Acquisition Metrics

Every sales and marketing program aspires to achieve financial scalability and productivity. To do so, business leaders must understand what financial productivity means within their specific organization and its goals. The definition of financial productivity will vary greatly depending on numerous factors, which are integrated into the cost of acquisition equation.

One primary factor is the organization's growth objectives. For instance, an early-stage or venture-backed company may be comfortable with a higher cost of acquisition relative to the first-year client revenue, compared to a bootstrapped **professional services firm.** Most professional services firms must operate within a cost of acquisition structure that falls between 8 to 12%, to maintain profitability and financial scalability.

On the other hand, many venture-backed or **private equity-backed businesses** strive to hit a cost-of-acquisition target that ranges from 75% to 150% or more of the first-year revenue. The objective for these companies is to expedite growth and broaden their market share. In these cases, speed to market outweighs financial productivity, and they leverage growth capital to establish an economic environment within their organization that promotes this kind of growth. Therefore, **understanding financial productivity** and the cost of acquisition in the context of specific business models and objectives is vital for a successful, scalable sales and marketing program.

Let's review this concept by exploring two companies with a $50,000 annual contract value (ACV). Company A is a professional services firm and Company B is a Series A-funded tech startup.

Company A

Item	Values	Use
ACV	$50,000	← KEY INPUT
Customer Acquisition Cost %	10%	← KEY INPUT
CAC $	$5,000	OUTPUT
% of CAC used for Demand Generation	66%	← KEY INPUT
CAC $ used for Demand Generation	$3,300	OUTPUT
Customer Volume	1	← INPUT
Close Rate	25%	← INPUT
Opp Volume Required	4.00	OUTPUT
SQL to Opp Rate	33%	← INPUT
SQL Volume Required	12	OUTPUT
SAL to SQL Conversion Rate	90%	← INPUT
Cost per SAL (discovery call)	$245.03	★ KEY OUTPUT
Required SAL volume to close 1 customer	13	★ KEY OUTPUT

Company B

Item	Values	Use
ACV	$50,000	← KEY INPUT
Customer Acquisition Cost %	75%	← KEY INPUT
CAC $	$37,500	OUTPUT
% of CAC used for Demand Generation	66%	← KEY INPUT
CAC $ used for Demand Generation	$24,750	OUTPUT
Customer Volume	1	← INPUT
Close Rate	25%	← INPUT
Opp Volume Required	4.00	OUTPUT
SQL to Opp Rate	33%	← INPUT
SQL Volume Required	12	OUTPUT
SAL to SQL Conversion Rate	90%	← INPUT
Cost per SAL (discovery call)	$1,837.69	★ KEY OUTPUT
Required SAL volume to close 1 customer	13	★ KEY OUTPUT

As illustrated in the charts above, two companies with the exact same annual contract value may have significantly different financial structures for their sales programs.

Company A operates within a stricter financial framework to meet its customer acquisition cost (CAC) targets. This approach requires stringent budget management to attract and convert new customers successfully. On the other hand, Company B has the luxury of a larger capital pool to draw upon in its customer acquisition efforts.

Neither model is superior to the other. They simply reflect different strategies and resources. Company A's lower cost of acquisition percentage could be perceived as a safer business approach. It typically requires less investment capital to be productive, potentially reducing financial risk while still enabling business growth. Generally, as the CAC target decreases for any company, the risk increases that a program will find it hard to achieve that low CAC number repeatedly.

FullFunnel defines a Sales Accepted Lead (SAL) as a discovery call (DISCO) booked and held with a company's ideal client profile (ICP). Outbound prospecting's objective, as a function, is to generate a SAL. The cost per SAL (CpSAL) is important as you weigh investments into outbound distribution channels and labor allocation. Setting DISCOs is generally only productive if you are able to meet or exceed your CpSAL targets.

Outbound Distribution Channels

Outbound prospecting utilizes a variety of channels to reach potential clients, each serving distinct roles within the sales process:

Teleprospecting involves cold-calling potential leads. This traditional method remains a staple due to its direct approach, allowing immediate interaction and feedback. Outbound dialing, supported by smart technology like predictive dialing, and SMS campaigns, known for high open rates, are both effective strategies for engaging potential customers (**Convoso**).

Email Prospecting includes the use of cold emails to initiate contact. This channel allows for scalable outreach efforts, targeting many potential leads with personalized messages. Note that personal, genuine, and authentic messaging remains crucial. The saturation of markets means standing out is more challenging, and tailored, relevant messaging across multiple channels is necessary (**Sopro**). HubSpot highlights the importance of follow-up emails, which can boost reply rates by 49%. The optimal strategy includes a follow-up within 2-5 days of the initial contact (**HubSpot Blog**).

1. **Social Selling** leverages platforms like LinkedIn and X (formerly Twitter) to connect and engage with leads in a more informal, content-driven way. This channel is increasingly popular for its ability to build relationships and trust over time.

At this point there is really no one channel that is a magic bullet in outbound prospecting and you should plan on leveraging all three of these main distribution channels together.

According to **Sopro's "The State of Prospecting 2024"** report, 75% of B2B companies reported better results when combining email prospecting with other outbound marketing channels, suggesting a significant shift toward multichannel strategies to increase effectiveness **Sopro**.

Channel Protection

As discussed above, the outbound market is getting more crowded. There is an inherent risk of unsustainability within the 3 primary outbound channels: phone, email, and social; if diligent channel protection measures are not taken.

- **Outbound email:** Starting February 1st, 2024, Google and Yahoo have implemented stricter email deliverability standards. Abuse complaint rates of 0.3% or higher may result in Google throttling emails sent from an account or potentially suspending the account completely. In the worst-case scenario, this can result in your entire primary domain being unable to send email. In the new world of outbound email, if outbound programs are not using several secondary domains to conduct email prospecting, the program risks long-term sustainability. Email monitoring and warming systems like Mailreach can help reduce risk.

- **Outbound Phone:** Similar to email, telecommunication companies are cracking down on labeling outbound phone numbers as "Spam" after a threshold of reports or volume. The labeling of an outbound phone number as " Spam" greatly inhibits the connect rate on that channel. To combat this, leverage several phone numbers. Additionally, outbound program managers should monitor the health of their phone numbers by utilizing tools like Caller ID Reputation.

- **Outbound Social:** In 2020, LinkedIn drastically reduced the number of outbound LinkedIn connect messages profiles could send to crack down on platform sales. Now, based on what LinkedIn perceives to be the "social selling health" of an outbound representative, that rep can send between 100 to 250 connection requests a week on Linkedin. Not staying within those limits can result in the personal LinkedIn profile being either temporarily or permanently banned.

Staying aware of changing regulations and methodologies to protect outbound channels is essential to scaling a productive outbound program.

Data: The Bedrock of Effective Outbound Prospecting

Effective data management is pivotal to aligning outbound prospecting efforts with a company's ideal client profile (ICP). Here's how businesses can ensure their data strategies are both efficient and effective:

ICP Fit Analysis

Begin by assessing the correlation between the CRM database and the ICP targeting profile. This is done

by creating a matrix from a sample of ideal clients—those who have engaged in the sales process or are key decision-makers—and ensuring a high correlation with the titles, company information, and demographic details in the overall database.

Centralized Data Management

Centralize the purchasing and management of data to maintain high standards of quality and relevance. A dedicated engineering or data team should handle these tasks to avoid inefficiencies related to individual team members sourcing their own data.

Operational Framework for Data Quality

Establish a rigorous operational framework that mandates regular audits and adjustments to the data used. This ensures continuous alignment with the ICP and enhances the overall effectiveness of outbound efforts. Ensure that all data is being managed in compliance with regulatory requirements, such as GDPR.

Accountability and Standards

Implement strict standards and accountability measures for data quality. This involves regular checks to ensure the CRM and other data repositories are consistently aligned with the ICP criteria. High-quality data directly correlates with successful engagement and conversion rates, making it a top priority for any organization aiming to optimize its outbound prospecting.

Targeting Identification Strategies

There are generally two target identification strategies to choose from:

- **First**, there is a "broad and wide" approach. This involves taking the target persona criteria and inputting the criteria into a broad contact database like Apollo.io, Zoominfo, Cognism, etc. This approach involves reaching out to a large volume of prospects and espousing the value narrative, to interact with a prospect who is feeling a pain the product or service is aiming to solve and setting up a conversation from there.

- **Secondly**, there is a "narrow and deep" approach, which involves using tools that allow companies to get more specific in the "triggers" that prompt a prospect to feel the pain the product or service is aiming to solve. This approach utilizes tools like Clay to scrape specific data points and curate a list of relevant prospects. A narrow and deep list will have less volume than the "broad and wide approach," but it highlights key companies and prospects who are likely the best fit. This is particularly important for organizations looking to rip and replace an existing solution and need to identify which prospects are "in market." Alternatively, this methodology can be particularly relevant to companies that have a niche problem they are looking to solve.

Deciding which targeting methodology makes the most sense for the specific product or service, based on the various targets, triggers, and expected outcomes is an important step in aligning the data process.

Messaging & Prospect Absorption:
The Differentiator Between Successful and Failing Outbound Programs

The current economic landscape presents a challenge of noise and overwhelming choices. The key challenge for professionals introducing products or services into the market is to pinpoint a relevant pain point for a broad audience while creating enduring value, which can ensure customer retention and ongoing monetization.

The essence of successful outbound prospecting campaigns lies in crafting messages that effectively resonate and motivate the audience. The goal for organizations and sales professionals is to ensure their value narrative cuts through the clutter and reaches the prospect. There is no 'magic' messaging formula to unlock market demand.

Advancements in technology have allowed for increased interactions with potential customers. However, the effectiveness of these interactions hinges on the perceived value of the product or service to the individual.

Any team looking to develop an outbound prospecting program should set up a series of hyper-specific messaging tests, targeting one specific variable at a time. It's often helpful to break down the product's value narrative by putting yourself in the prospect's shoes and asking,
"What's in it for me"?

Largely, prospects will be plagued with any combination of 4 major categories of pain points:
1. "I need to make money."
2. "I need to save money."
3. "I need to save time."
4. "I need to reduce risk."

Businesses can mold their value narrative to solve any combination of the above problems. By testing these messages in places where potential customers are looking for solutions, businesses can see which messages resonate best. Phone will, in most cases, get organizations the most feedback in the most efficient manner.

The fundamental principle of sales remains unchanged: success hinges on providing products and services that genuinely improve the daily lives of individuals and professionals.

Performance Parity and Financial Efficiency:

Labor
All outbound prospecting requires some human capital (labor) to make the motion work. Some motions use very little labor while others require significant human capital investments. Outbound prospecting

strategies vary significantly when considering U.S. (onshore) versus offshore labor, each with its own set of advantages and challenges.

U.S. Labor:

Systemic Sales Culture Development: Utilizing U.S. labor is ideal for companies aiming to build a systemic sales culture. This involves a substantial investment in creating a robust ecosystem for recruiting, hiring, onboarding, ramping, and training.

High Resource Requirement: The process is resource-intensive and expensive, requiring a strong organizational commitment to develop and maintain.

Offshore Labor:

Cost-Effectiveness and Stability: Offshore options, particularly in regions like South Africa, offer cost-effective solutions and longer tenure in roles, which helps reduce churn and increase efficacy.

Labor: Human Capital in Outbound Prospecting

Effective outbound prospecting relies heavily on the structure and efficiency of its sales teams. There are two primary sales motions utilized:

- Full-Cycle Sales Motion: In this model, sales professionals manage both the demand generation and pipeline management aspects of sales. This centralization allows for the identification of effective strategies and broadens the financial productivity across more account executives, rather than relying on a few top performers.

- SDR Motion (Sales Development Representative): Typically an entry-level position, SDRs are primarily responsible for initial contact and meeting setup, which are highly activity-driven and quota-focused tasks. In the U.S., this role often serves as a stepping stone, with individuals seeking advancement within twelve to eighteen months.

Global Labor Dynamics: Recognizing outbound prospecting as a global function is crucial. High-cost living areas like the U.S., the U.K., and Australia offer experienced but expensive talent. Conversely, leveraging labor from lower-cost living areas such as Central and South America, and particularly South Africa, offers advantages. South Africa, with its mid-career professionals and cultural alignment with Western markets, provides stable and lasting human resources, significantly reducing team churn and enhancing overall efficacy.

A crucial aspect of choosing between U.S. and offshore labor involves understanding the financial metrics relative to performance. Consider this: an offshore rep typically costs about half of the fully loaded cost of an onshore U.S. rep. Given that offshore reps, especially from regions like South Africa, are often mid-career professionals with substantial sales experience, they need only perform at half the capacity of their U.S. counterparts to achieve parity. These experienced offshore professionals can match or even exceed the performance of U.S. reps who are typically entry-level and less experienced. This disparity highlights the inefficiency in assuming that U.S.-based reps will naturally outperform their offshore

counterparts and underscores the financial and operational advantages of employing a globalized workforce.

Rethinking the Role of Sales Development Representatives in Modern Sales Strategies

A shift is happening in how companies hire and train Sales Development Representatives (SDRs). The traditional model, which focused on equipping them with basic sales skills and essential tools like phones and email accounts before easing them into full sales roles, is facing increased scrutiny.

About 90% of industry leaders now view the SDR role as increasingly redundant. The prevailing thought is that the role has been misapplied and its economic justification is waning, particularly in small to medium businesses where deals are generally smaller. The cost of customer acquisition often outweighs the benefits provided by SDRs, especially given the extended payback periods in an era where immediate ROI is crucial.

Account Executives (AEs), if provided the appropriate resources, can often achieve their quotas without the support of SDRs.

In light of these insights, companies are reevaluating the role of SDRs within their sales strategies. It's crucial to innovate and develop new methodologies that ensure each dollar invested in sales development yields a higher return.

Types of Outbount to Consider

- **Full Cycle Sales:**
  The charming salesperson, building client relationships from scratch, is an aging model. Full Cycle Sales, where one person juggles both finding and managing clients, struggles today. The fast-paced market and unpredictable demand weaken its effectiveness. Lone wolves, focused on individual success, hinder teamwork. While cost-efficient initially, Full Cycle Sales crumbles under modern complexities. It's time for new approaches that prioritize collaboration over individual heroics. Only then can sales thrive in today's dynamic landscape.

- **The SDR Motion:**
  Enter the Sales Development Representative (SDR), a foot soldier in the trenches of modern sales warfare. In theory, the SDR embodies efficiency: a cog in the well-oiled machinery of demand generation. However, the SDR role is plagued by a revolving door of talent perpetually seeking greener pastures.

  But the independence of the SDR role can spark creativity. With the right tools and databases, they're like prospectors, finding new leads and exploring uncharted territory. This freedom allows them to experiment, but there's a chance of missteps and wasted effort. SDRs are great at selling established products, but struggle with entirely new ones. It's a balancing act of skill and what the market demands.

- **The GTM Team (Hub & Spoke Model):**
  As the outbound motion technology stack continued to increase, we saw the rise of the GTM Team. Here, centralization plays air traffic control, with a core operations team orchestrating the symphony of sales. Scripts, emails, and campaigns flow from a singular source, guiding disparate SDRs toward a unified vision to ensure complete accountability and data accuracy for pivots and enhancements.

  Efficiency becomes the key to this model. For many, the GTM Team represents the gold standard of modern sales programs as a testament to the power of strategic orchestration.

The Top Gun Model:

This is a new format, which FullFunnel calls the "Top Gun Model". Here, specialization reigns supreme and we take the best parts of the previous models. This model consists of two roles: the outbound engineer and the pitchman. The outbound engineer, akin to a navigator, lays the architecture for outbound prospecting programs, while the pitchman is responsible for all the actual human (salesperson) to human (prospect) live contact in the program.

In this high-octane paradigm, precision is paramount. Every interaction is strategic, every prospect a target to be engaged and conquered. Through meticulous targeting and automated tools, the outbound engineer enables the pitchman to maximize talk time, threading through the airspace of the ideal customer profile.

Inspired by insights from Tony Hughes's concept of tech-enabled sales and leveraging cutting-edge technologies like Clay, Smartlead, Snov, and Apollo for outbound engineering, this new model is a bifurcation of roles within the outbound prospecting team, enhancing focus and efficiency.

1. **Outbound Engineer:** This role focuses on the backend elements of the prospecting process, such as managing data, orchestrating cadences, analyzing engagement metrics, and maintaining quality control. The OE role focuses on extensive a/b/c testing to constantly iterate and refine the data operations, targeting, and outbound distribution planning.

2. **Outbound Showperson:** This front-facing role is responsible for the execution of outbound calls, pitching, and social prospecting. This is the people person whose time is best spent either directly pitching clients, conducting discovery calls, or facilitating deal flow within the pipeline

Proposed New Model for Outbound Prospecting

Outbound prospecting has undergone significant transformations. The landscape from 2010 onwards saw a surge in sales enablement technologies designed to accelerate inside sales activities. This acceleration also led to market saturation, diminishing the efficacy of traditional outbound methods.

The current decade demands a recalibration of outbound strategies. Organizations must take a more precise, target approach to combat stricter financial constraints and diminishing returns from

conventional outbound methods. This shift is analogous to choosing between a machine gun and a sniper rifle. Traditional outbound methods, akin to a machine gun, spray numerous prospects in hopes of hitting targets, often resulting in high inefficiency and financial waste. This waste manifests in misallocated labor, underutilized systems, and poorly targeted data.

In contrast, a sniper rifle approach advocates for a more focused, efficient use of resources. This method involves careful selection of targets, precision in messaging, and optimal use of data and labor—ensuring each 'bullet' (i.e., sales effort) is well-spent and more likely to hit the mark. The aim is to enhance the financial and operational efficiency of outbound programs, dramatically reducing waste while improving outcome probabilities. Contextual Efficacy of Outbound Prospecting Strategies

As the economic landscape shifts towards scarcity, the limitations of the machine gun approach become more obvious. The shift to a sniper rifle strategy isn't just about reducing waste; it's about adapting to a changing environment where precision and efficiency are paramount for survival and success.

Financial Efficiency and Versatility of the Dual-Role Model

- **Financial Effectiveness:** This dual-role model aligns with the 80-20 rule, which suggests that 20 percent of the sales force generates 80 percent of the revenue. By assigning roles based on individual strengths—outbound engineers for those with analytic skills and showpersons for those with charisma and communication prowess—this model optimizes resource allocation.

- **Flexibility Across Sales Models:** The dual-role strategy is highly adaptable, fitting both SDR-based and full-cycle sales models effectively. In full-cycle sales, the account executive can seamlessly assume the role of the showperson, handling both client engagement and closing, supported by an outbound engineer who manages the data and strategy. This configuration enhances the efficacy of full-cycle sales by allowing each professional to focus on their strengths, thus maximizing their impact.

Adopting this dual-role approach not only addresses the inefficiencies of traditional outbound models but also introduces a scalable, adaptable framework suitable for various organizational structures. This model promises a higher return on investment by aligning personnel with roles that best fit their inherent skills and maximizing their contribution to the company's sales objectives.

Where is Outbound Prospecting Going?

Traditional methods of outbound prospecting are increasingly challenged by market saturation and the need for more stringent financial efficiencies. Our proposed **new model of outbound prospecting,** characterized by a dual-role approach dividing tasks between outbound engineers and showpersons, offers a promising solution to these challenges.

This model not only enhances the effectiveness of each role but also aligns with financial objectives by

reducing inefficiencies inherent in traditional sales models. By specializing roles according to individual strengths and skills, companies can maximize their return on investment and foster a more engaged and productive sales force.

Looking ahead, the future of outbound prospecting will likely continue to be shaped by innovations in technology and strategic adaptations to ever-changing market demands. Organizations that embrace these changes and implement more focused, efficient sales strategies will be better positioned to succeed in an increasingly competitive global marketplace.

How FullFunnel Can Help

FullFunnel is a revenue operations services company that has operationally supported thousands of outbound programs over 10 years of service. Our teams work with clients to design, implement, staff, and continuously manage outbound teams located across the globe. **Learn more** about our unique approach.

FullFunnel Exceeds ROI Target for Zumba

Zumba is the largest branded fitness program in the world, founded in 2001 in Miami, Florida by three Colombian immigrants and since expanded to over 186 countries with millions of students around the world. Given Zumba's meteoric rise, the company is constantly searching for new instructors to lead an ever-growing population of students.

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Learn more about how FullFunnel can help your firm engineer sales and marketing success and lay the groundwork for growth.

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