# A SALES & MARKETING LOVE STORY

How HubSpot Uses SLAs

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# AGENDA

1. What is an SLA and why build one?

2. Our approach

3. What we learned

# 1 | WHAT IS AN SLA AND WHY BUILD ONE?

**Service level agreement** (**SLA**):

a formal commitment between a service provider and the end user.

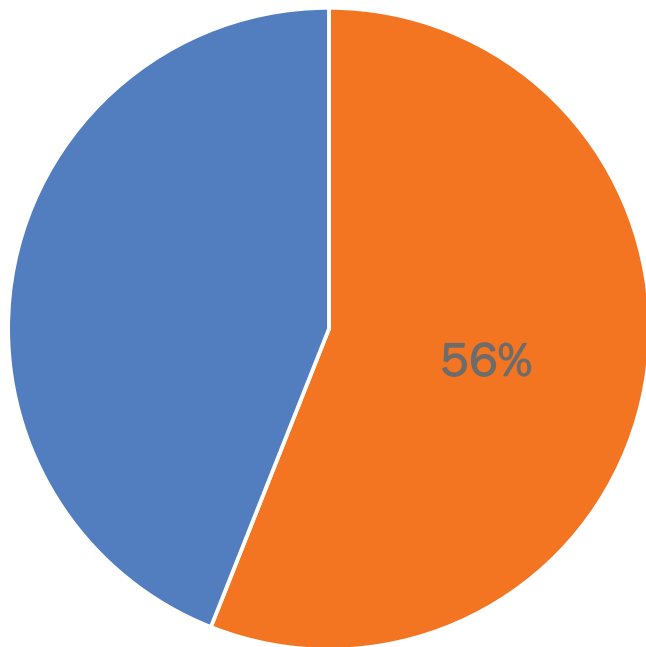An SLA defines exactly what the end user will receive.

# 22%

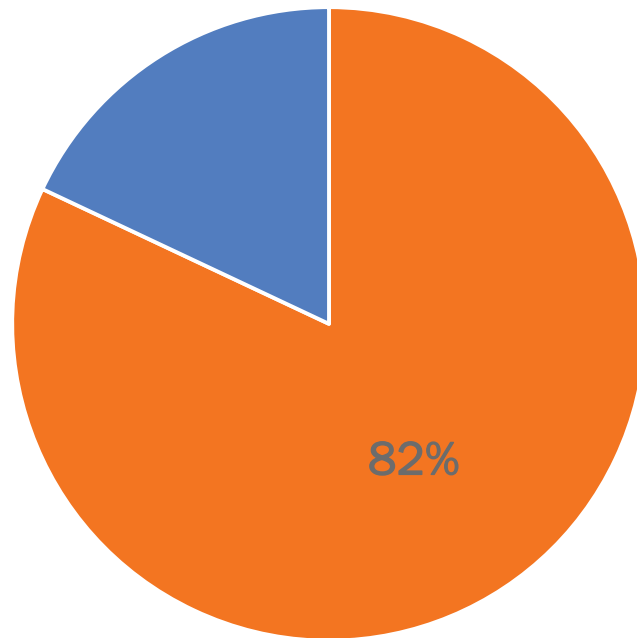*State of Inbound* respondents who reported using a formal SLA between Marketing and Sales.

State of Inbound 2016, www.stateofinbound.com

Respondents Without SLA

Respondents With SLA

56%

82%

■ Effective ■ Ineffective
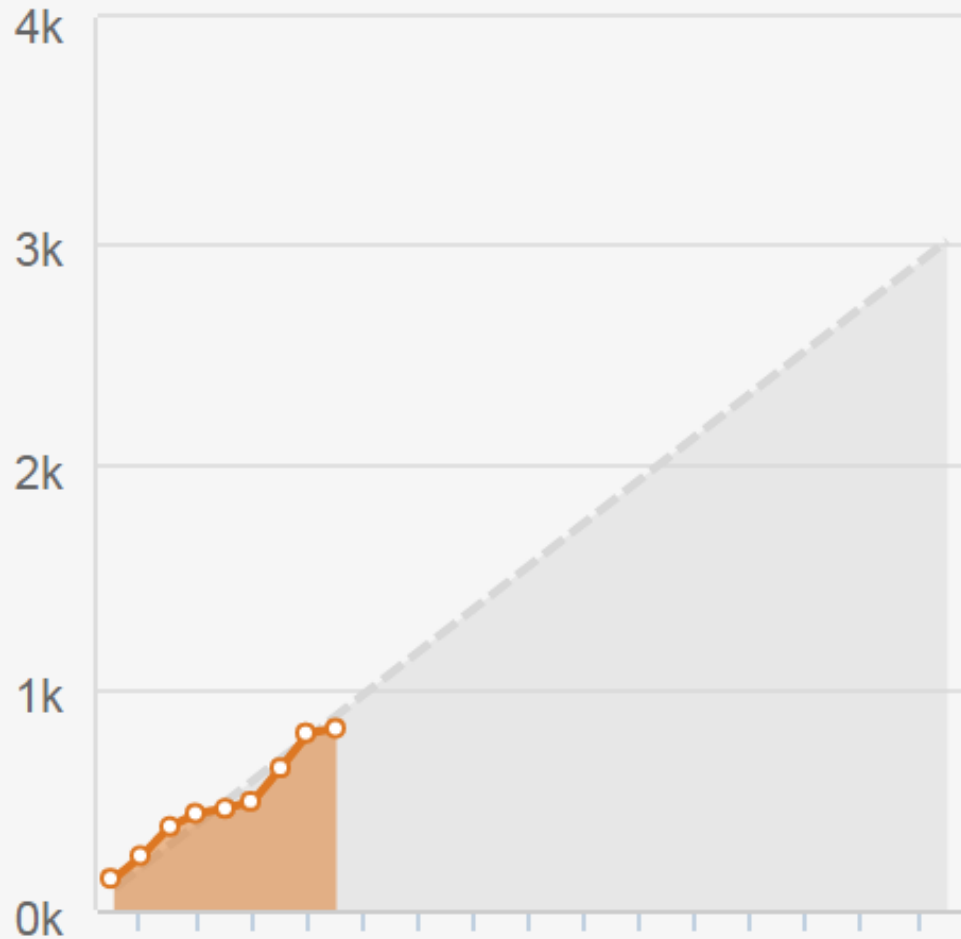
■ Effective ■ Ineffective

#INBOUND16

# OUR VOWS

- Commit to specific goals

- Communicate openly & consistently

- Hold ourselves accountable

- Be transparent about our performance

# WE SET OUT TO BUILD AN SLA

**Two key ingredients:**

1. **Commit to specific goals**

2. **Publicly share progress on hitting those goals**

# PHASE 1

**Identify the right unit of measurement.**

| Unit of Measurement | Description |
|---|---|
| Leads | New people entering your funnel |
| Marketing Qualified Leads (MQLs) | Leads Marketing has deemed qualified to be delivered to Sales. |
| Sales Qualified Leads (SQLs) | Leads Sales has decided to pursue |

# HOW DO YOU DECIDE?

- **Moveable metric that Marketing can drive**

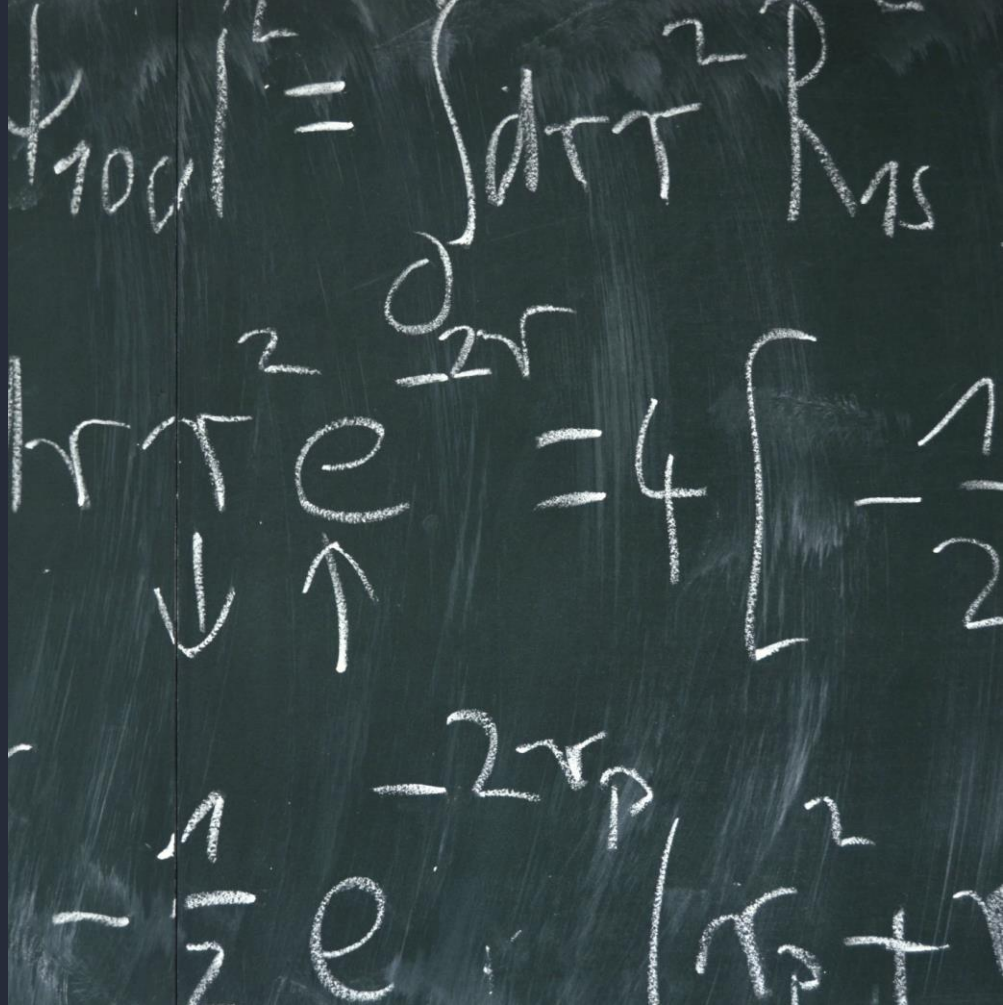- **Aligns with the Sales process**

Questions we addressed:

- What are the criteria for an MQL?

- What information will sales reps receive?

- What is the expectation for Sales follow up?

# PHASE 2

**Dig into the data.**

- **Pull historical data**

- **Goal setting**

# STEP 1: Historical volume & trend

Net New MQLs by Month ⓘ

⚙ ▾

Became a Marketing Qualified Lead Date

Nov 2014    Jan 2015    Mar 2015    May 2015    Jul 2015    Sep 2015    Nov 2015

■ Count of Contacts

# STEP 2: Expected Revenue Per MQL

**Steps**:

1. Pull MQLs from last X months.*

2. Sum revenue influenced.

3. Divide by total MQLs.

**Example**:

1. 800 total MQLs in sample

2. Influenced $80,000 of revenue

3. $80,000 / 800 MQLs = $100 per MQL

*Each MQL is worth $100.*

*Exclude recent months where MQLs have

not had enough time to close.

# STEP 3: DETERMINE REVENUE TARGET

**Questions to answer:**

- **What is the company goal?**

- **What percent of company goal will Marketing source?**

**Example: $100,000 * 75% = $75,000**

# STEP 4: Set goals based on target

**We know:**

- **MQL value = $100 per MQL**

- **Marketing Revenue Target = $75,000**

Calculation:

- **MQL Goal = Revenue Target / MQL Value**

- **MQL Goal = $75,000 / $100 = 750 MQLs**

# STEP 5: Confirm goals are realistic



Net New MQLs by Month ⓘ

750

Nov 2014    Jan 2015    Mar 2015    May 2015    Jul 2015    Sep 2015    Nov 2015

Became a Marketing Qualified Lead Date

■ Count of Contacts

# 5 Steps

1. Pull historical volume of MQLs.

2. Calculate expected revenue per MQL.

3. Determine your revenue target.

4. Back into SLA goal.
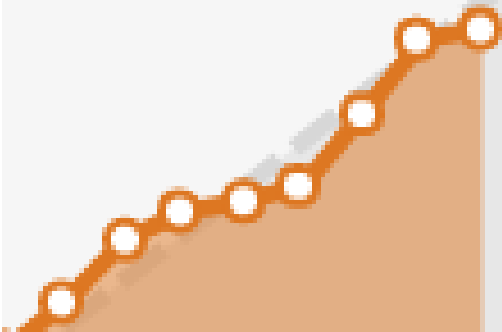
5. Cross check against historical volume.

# PHASE 3

**Build Reports.**

# Report Launch Checklist

- ❑ **Build report with a "waterfall" format**

- ❑ **Identify the right recipients**

- ❑ **Setup regular delivery system**

# IT'S IMPORTANT TO EXPLAIN HOW IT WORKS

- Share your goals

- Explain your reporting

- Set expectations

- Keep getting feedback

- Keep iterating

# Expect Change

Your SLA will need to evolve as your learn what works and as your business changes.

# Warning: This might get messy!

If you:

- have a large sales team
- sell multiple products
- multiple leads per deal
- small sample size

Questions?
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# THANK YOU.