

EBOOK

SALES VELOCITY BLUEPRINT

UNLOCKING THE SECRETS TO
MOST POWERFUL B2B SALES METRIC

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1. INTRODUCTION

In the competitive landscape of B2B Sales, business leaders find themselves managing multiple metrics to measure performance. Some of the prominent ones like average deal size, average sales cycle, win rate, and customer lifetime value demand attention. This abundance of metrics can be overwhelming to track effectively. What if there is one single metric that sums up the most critical aspects of your sales performance?

This e-book introduces you to one such metric called **SALES VELOCITY**. It is possibly the most powerful sales metric that can help you transform your business by integrating all the key sales parameters.

2. DEFINITION

SALES VELOCITY MEASURES HOW QUICKLY DEALS MOVE THROUGH YOUR SALES PIPELINE TO GENERATE REVENUE.

IT IS THE ONLY METRIC IN SALES THAT INDICATES BOTH THE VALUE AS WELL AS THE TIME FACTOR.

In other words, sales velocity explains the time taken by your sales team to convert deals. Many sales leaders refer to the term “sales traction”. The concept of sales velocity eliminates the subjectivity of this term traction. It's an accurate metric that's numerically derived from sales parameters that matter the most. This one metric has the power to transform your business, if measured diligently.

3. SALES VELOCITY CALCULATION

**Sales Velocity =
No. Of Opportunities x Avg. Deal Value
x Deal Win-Rate**

Length of Sales Cycle (in days)

$$SV = (O \times V \times R) / L$$

FOUR KEY COMPONENTS OF SALES VELOCITY

1. **Number of Opportunities (O):** refers to the number of qualified opportunities in your sales pipeline
2. **Average Deal Value (V):** refers to the average revenue expected from a deal
3. **Win-Rate (R):** refers to the percentage of deals you win or close
4. **Length of Sales Cycle (L):** refers to the time taken to win an opportunity

Let's refer to an illustration to understand how to calculate sales velocity and its impact -

Imagine the scenario where you have 100 qualified oppor-

tunities with an average deal value of 500K. You close 25% of these deals in 100 days.

No. of Qualified Opportunities (O)	100
Avg. Deal Value (V)	500K
Win-Rate (R)	25%
Sales Cycle (L)	100
Sales Velocity = $O \cdot V \cdot R / L$	125 K

This means your business is currently generating 125K revenue per day.

However, if you are able to improve these variables by just 5%, you will be able to increase your sales velocity by 22%.

	BEFORE	AFTER	
#Opportunities	100	105	5%
Deal Value	500K	525K	5%
Win Rate	25%	26%	5%
Sales Cycle	100	95	5%
SALES VELOCITY	125 K	152k	22%

You may use this link to calculate your current sales velocity - [Click Here](#)

4. WHY IT'S CRUCIAL TO MEASURE SALES VELOCITY

Sales velocity evaluates how quickly the deals move within your sales pipeline. Measuring sales velocity is important to gain insights into your team's sales performance. It helps you to implement strategies for an effective sales process.

It's not about closing a large deal. What matters is also how fast you are winning your deals. Let's compare sales velocity to hiking up a mountain. A group of hikers are aiming to reach the peak. The hiker who climbs at a faster pace will reach the top sooner. In sales too, the velocity of your business determines your success.

Let's illustrate this with an example

Sales Rep	No of opportunities	Average deal value	Win rate percentage	Sales cycle	Sales Velocity
A	60	\$20000	25%	80 days	3750
B	40	\$15000	25%	30 days	5000

From the above illustration, you can see that, person A pursues more number of opportunities with higher average deal value compared to person B. However, person B has a higher sales velocity than A because of shorter sales cycles. In other words, B is more efficient than A because of the speed at which B is able to generate revenue for the company.

By analyzing the best practices performed by the high-velocity reps, managers can share the learnings with rest of the team members. This fosters a culture of continuous improvement. Regular monitoring of sales velocity of every team member also enables you to swiftly identify the bottlenecks faced and mitigate risks early.

Understanding sales velocity empowers you to set realistic targets for your sales team. You can unlock opportunities for improvement and take steps to enhance team productivity. This enables you to position yourself for continuous long-term sustainable growth, and stay ahead of your competition. Which is why, best-in-class companies globally track sales velocity diligently and consistently.



5. HOW TO INCREASE SALES VELOCITY

From the above equation, you can see that you can increase your sales velocity by taking steps to improve the four variables, a.k.a. sales parameters.

Let us discuss the four ways in detail.

i. Increase No. of Qualified Opportunities

It is important that your sales team pursues the right leads. This has a direct impact on their productivity and efficiency, and also their ability to convert them into paying clients.

This is where a lead qualification process becomes critical. Many best-in-class organizations use the [BANT framework](#) to qualify their leads.

The acronym for BANT is -

B - Budget: Is there a budget for the project?

A - Authority: Are you engaged with the right person who has the authority to make or influence decisions?

N - Need: Is the need or requirements clearly defined?

T - Timeline: Does the client have a specific timeline to make a decision?

While talking to your clients, your marketing team can either qualify or disqualify the leads based on the above

parameters. The qualified leads are then assigned to your sales team for them to pursue and progress the deal.

A CRM with a lead management framework like BANT will help you effectively manage these processes and increase the number of qualified opportunities.

As per global best-practices, it is recommended that you have a dedicated marketing team for lead management; and a dedicated sales team for deal nurturing and closure.

ii. Increase Average Deal Value

You can increase the value of your deals by providing a complete and comprehensive solution to address your client's requirements.

Your deal value can also go up if you are able to identify various up-sell and cross-sell opportunities through an effective client engagement process.

Do everything that is possible to make your clients realize the true value of your offering and the impact it can have on their business. Your pricing strategy should reflect this.

In that way, you need not offer heavy discounts during negotiations. This in-turn will increase your final order value.

iii. Increase Deal Win-Rate

Deal win-rate is also referred to as deal conversion rate. It refers to the opportunities converted or won versus the total number of qualified opportunities pursued by the sales team. Rain Group Center for Sales Research reveals that the overall average conversion rate (across various sales industries) is 47%.

You can improve your sales velocity by increasing your deal conversion rate.

Here are a few ways to achieve this -

- Provide your sales team with well-qualified leads using an effective lead management framework
- Make sure your offering aligns with customer's needs
- Build excellent relationship with all key personnel and address their individual needs
- Re-target your prospects by sharing useful content with them periodically
- The leadership team should provide ample support to the sales team as and when required

iv. Decrease Sales Cycle

The length of the sales cycle refers to the time taken to close a deal (or win an opportunity). A shorter sales cycle helps you increase your sales velocity and generate revenue quickly.

Here are a few examples of how you can decrease your sale cycle -

- Let your sales team work on qualified opportunities. This will lead to focussed efforts and better closures in quick time.
- Streamline your sales process by identifying bottlenecks and mitigating them proactively.
- Consistently work for a win-win proposition to win prospects' trust and confidence. The earlier you do this, the faster you can win the opportunity.
- Try to automate manual and repetitive tasks. A good CRM like HappSales with voice-enabled Copilot helps your sales reps to automate mundane tasks. This frees their time to work on important activities that matter.
- Effective client engagement with all key stakeholders will help you address all their objections better, thereby reducing the time taken to negotiate and close.

6. CUSTOMER SUCCESS STORY

Zelle Biotechnology leveraged HappSales B2B CRM software to make remarkable improvements in their sales process.

A 60% improvement in deal conversions, a 75% increase in team productivity, streamlined quotation and order management had a direct positive impact on the key components of sales velocity. This led to a significant increase in their sales velocity.

This success story clearly proves that you can significantly boost your sales velocity by investing in the right CRM tool.

You may read the full [success story here](#).

7. CONCLUSION

Sales velocity is one powerful metric, when measured consistently, can drive significant improvements in your B2B sales performance.

Sales velocity gives you an accurate assessment of how quickly you are generating revenue. It eliminates subjectivity, and it accurately measures velocity using the four most critical variables - Number of Opportunities, Average Deal Value, Deal Win-Rate, and Length of Sales Cycle.

A powerful lead qualification process ensures that your sales team can concentrate on leads that are more likely to convert. It saves time and reduces the costs associated with pursuing low-quality leads. High focus and a targeted approach improve deal conversion rates with shortened sales cycles.

By gaining insights on how to measure and improve sales velocity, you can now implement strategies that help you to influence the four factors to accelerate your sales velocity. Embracing these global best-practices and steps outlined in this e-book has the power to transform your B2B sales approach for long-term success.

Ready to dive deeper? Visit [HappSales](https://happsales.com) or write to us at contact@happsales.com to learn how we can help you take your digital journey to the next level.

