Researchers: Sales Operations Practices

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About The Sales Management Association

The Sales Management Association is a global, cross-industry professional organization for sales operations, sales effectiveness, and sales leadership professions. We provide our members with tools, networking, research, training, and professional development.

Our research initiatives address topics relevant to practitioners across a broad spectrum of sales effectiveness issues. Our research is available to members on our site at www.salesmanagement.org.

In addition to research we publish best practice tools, archived webcasts, and expert content. Visit our website at http://salesmanagement.org to learn more.
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1 RESEARCH SUMMARY

1.1 STUDY OBJECTIVES

This study continues the Sales Management Association’s inquiry into sales operations’ practices, challenges, priorities, and emerging trends. This study is conducted to provide data and practice benchmarks for members of the association, many of whom are sales operations practitioners.

The term “sales operations” is used throughout this report to describe a set of activities that support sales force efficiency and effectiveness. Though many firms also use this moniker to describe internal sales support functions, its usage is not universal, as our research discovered. This report utilizes the term “sales operations” generically to refer to these various functions, even though formal names for similarly focused support departments vary significantly within firms.

1.2 SUMMARY OF KEY FINDINGS

Opportunity for Improvement: This research identified several key improvement areas for the sales operations function. Based on nine major activity categories researched, three were rated among the highest in importance, yet also rated among the lowest in current effectiveness. These activity categories are: (1) forecasting and pipeline management, (2) sales force development, and (3) incentive compensation and performance management. These areas might be considered management’s most important sales operations priorities – and improving effectiveness in these areas may provide a competitive advantage.
**Scope of Responsibilities:** Sales operations departments are most often responsible for reporting, analytics and intelligence, and sales process. Responsibilities least likely to be assigned to sales operations include pricing and proposals, and enablement and content.

**Sales Operations’ Changing Future Emphasis:** The majority of sales operations departments expect to increase their future involvement in three areas: (1) reporting, (2) analytics and intelligence, and (3) forecasting and pipeline management. More than 50% of respondents indicated an increased future focus in these areas. (Exactly half of all respondents indicated an increased focus in sales process management.)

**Not all firms call it “sales operations.”** “Sales operations” is the most widely used departmental name; 42% of firms employ the term, whereas 58% of firms use other terms.

The use of the term “sales operations” is an example of “activity” based naming, one of three prevalent naming conventions identified in this research. A total of 51% of firms use activity-based naming. “Goal” based naming includes “sales effectiveness,” “sales enablement,” or “sales productivity.” Goal-based names represent a combined 30% of respondents’ departmental names. Some firms deploy a hybrid approach, using both goal and activity naming, and this represents 18% of firms (note that numbers do not add up to 100% due to rounding).

Firms using the goal-oriented naming approach have slightly lower financial performance than firms using activity-based names, suggesting that goal-based naming may be more frequently adopted by firms with greater need for seeking business process improvement.

**Relative Expertise in Activities:** Firms’ sales operations competency levels vary. The highest-rated competencies are sales process management, and aligning sales organization strategy. The least effective are content enablement, and events and programs.

**Organizational Reporting Structure:** The sales operations department reports directly to the sales function in 33% of firms, whereas in 68% of firms it reports to operations, finance, or executive leadership. Larger firms are more likely to have sales operations report to the sales function (note that numbers do not add up to 100% due to rounding).
This initiative identified sales operations departments’ current degree of focus in nine core activities. Respondents also provided insight into how their departments’ focus will change in the future.

### 2.1 Current Role of Sales Operations by Activity

<table>
<thead>
<tr>
<th>Level of Involvement</th>
<th>Reporting</th>
<th>Analytics &amp; Intelligence</th>
<th>Forecasting &amp; Pipeline Mgt.</th>
<th>Sales Process</th>
<th>Incentives &amp; Performance Mgt.</th>
<th>Strategy Alignment</th>
<th>Events &amp; Programs</th>
<th>Sales Force Development</th>
<th>Pricing &amp; Proposals</th>
<th>Enablement, Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Involvement</td>
<td>5.6</td>
<td>5.5</td>
<td>5.4</td>
<td>5.1</td>
<td>4.7</td>
<td>4.7</td>
<td>4.6</td>
<td>4.6</td>
<td>4.2</td>
<td>4.2</td>
</tr>
</tbody>
</table>

**2.1.1** Reporting, analytics and intelligence, and forecasting and pipeline management represent activities sales operations departments are most likely to manage.
This research found that sales operations departments are most likely focused in (1) reporting, (2) analytics and intelligence, and (3) forecasting and pipeline management. Additional areas of focus, in descending order of prevalence, are

1. Sales process
2. Incentive compensation and performance management
3. Aligning sales organization strategy
4. Events and programs
5. Sales force development
6. Pricing and proposals
7. Enablement and content

This study defined each of these nine activities as follows:

**Reporting** involves the design, management, implementation, or support of performance reporting.

**Analytics and Intelligence** includes sourcing data or intelligence used by salespeople; performance evaluation, analysis of results, and identification of trends using data.

**Sales Process** includes assessing, designing, or implementing sales processes; and establishing processes for territory, account, or call plans used by sales teams.

**Forecasting and Pipeline Management** includes the design, management, implementation, or support of sales forecasting processes.

**Incentive Compensation and Performance Management** includes quota setting for individual markets, sales people, or sales teams. It also covers sales territory assignments, re-alignments, and optimization; and design or administration of incentive compensation, contests, rewards, or recognition programs; and the establishing of performance measures.

**Sales Force Development** includes developing sales or sales management job descriptions or competency profiles; assessing, selecting, designing and delivering training programs for sales or sales management; managing sales onboarding processes, content, or administration; developing performance review processes and tools; and assessing salespeople or management through testing.
Pricing and Proposals includes pricing administration and proposal management including support, or administration.

Enablement and Content includes the development of collateral, sales aids, or other content used by salespeople. This also includes the design or management of content distribution platforms, such as portals, used by sales organization.

Events and Programs includes sales force implementation of programs developed by other departments (e.g., Marketing); and management of events (e.g., national sales meeting).

Research participants were asked to rate on a seven-point scale their sales operations functions’ level of involvement in each activity; a rating of “7” indicates the sales operations function is “highly accountable”, a rating of “1” equates to “no involvement.”

### Sales Operations Involvement in Core Activities

#### Percentage Distribution by Firm

<table>
<thead>
<tr>
<th>Activity</th>
<th>Highly Accountable</th>
<th>Involved</th>
<th>Little to No Involvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting</td>
<td>8</td>
<td>13</td>
<td>77</td>
</tr>
<tr>
<td>Sales Process</td>
<td>5</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Incentives &amp; Performance Mgt.</td>
<td>13</td>
<td>40</td>
<td>27</td>
</tr>
<tr>
<td>Strategy Alignment</td>
<td>20</td>
<td>32</td>
<td>40</td>
</tr>
<tr>
<td>Events &amp; Programs</td>
<td>19</td>
<td>38</td>
<td>32</td>
</tr>
<tr>
<td>Pricing &amp; Proposals</td>
<td>24</td>
<td>33</td>
<td>28</td>
</tr>
<tr>
<td>Enablement, Content</td>
<td>18</td>
<td>43</td>
<td>16</td>
</tr>
<tr>
<td>Reporting Sales Force Development</td>
<td>30</td>
<td>34</td>
<td>32</td>
</tr>
<tr>
<td>Pricing &amp; Proposals</td>
<td>34</td>
<td>32</td>
<td>18</td>
</tr>
</tbody>
</table>

2.1.2 Sales operations’ responsibilities include a range of strategic and tactical activities.

Examining response distribution by firm offers additional insight. Other functions within the firm are more likely to be chiefly accountable for “enablement and content,” “pricing and
proposals,” and “events and programs.” More than half of all respondents are highly accountable for sales force reporting, analytics and intelligence, sales process management, and forecasting and pipeline management.

2.2 Future Role of Sales Operations by Activity

Interestingly, sales operations’ degree of focus is expected to increase across all activities over the next 18 months, though to varying degrees. “Reporting” and “analytics and intelligence” – activities sales operations is most likely to be responsible for currently, are also the activities with the highest expected growth in focus over the next 18 months. Expected to grow the least are “pricing and proposals,” and “enablement and content.”

Participants rated their expected change in focus using a seven-point scale, in which “7” represents “Much more involved,” and “1” “Much less involved.”

2.2.1 Sales Operations’ Future Focus

![Change in Sales Operations Focus Over Next 18 Months](chart)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Change in Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analytics &amp; Intelligence</td>
<td>5.1</td>
</tr>
<tr>
<td>Reporting</td>
<td>5.1</td>
</tr>
<tr>
<td>Sales Process</td>
<td>5.0</td>
</tr>
<tr>
<td>Strategy Alignment</td>
<td>5.0</td>
</tr>
<tr>
<td>Forecasting &amp; Pipeline Mgt.</td>
<td>4.9</td>
</tr>
<tr>
<td>Sales Force Development</td>
<td>4.8</td>
</tr>
<tr>
<td>Events &amp; Programs</td>
<td>4.8</td>
</tr>
<tr>
<td>Enablement, Content</td>
<td>4.8</td>
</tr>
<tr>
<td>Incentives &amp; Performance Mgt.</td>
<td>4.7</td>
</tr>
<tr>
<td>Pricing &amp; Proposals</td>
<td>4.5</td>
</tr>
</tbody>
</table>

2.2.1 Sales operations departments expect to increase focus in all core activities.
Had this research queried respondents on a comprehensive set of sales operations activities, we’d be concerned at the seeming impossibility of these results, since practitioners could not possibly increase focus on everything. The following context is important to consider: the activities included in this survey represent a core set of sales operations’ most important functions. Sales operations’ ancillary responsibilities will by necessity diminish in focus to support the focus shifts indicated toward core activities.

Suffice it to say that sales operations’ plate, already full, is expected to become fuller; and no activity currently in the core set included in this research will diminish in importance or emphasis. Where these aggregate results mirror a specific firm’s, that firm’s challenges will be two-fold: expanding capacity to address the growing importance and emphasis on sales operations’ core activities, and reducing emphasis on non-core, ancillary activities.

Reviewing the distribution of results suggests some firms are de-emphasizing specific activities, likely in an effort to increase focus on others. Activities most likely to receive less sales operations emphasis in the next 18 months are pricing and proposal management (on which 11% of respondents expect to increase focus in 18 months), and enablement and content management, on which seven percent of respondents expect diminished focus.

2.2.2 Few sales operations departments see appreciable decreases in focus for core activities.
3 Sales Operations Priorities, Focus, and Effectiveness

This research examines the importance of sales operations activities, and the effectiveness with which firms engage in these activities. This section highlights the top activities and looks at the relationship between activities by both importance and effectiveness.

3.1 Importance of Sales Operations Core Activities

Participants were asked to rate the importance of core sales operations activities, based on their impact on firm financial performance.

Activities rated most important are reporting; aligning sales organization strategy; forecasting and pipeline management; and sales force development. Respondents provided ratings using a seven-point scale, where “1” is “not at all important,” and “7” is “extremely important.” Activities considered least important (though still garnering ratings of five or higher on the seven-point importance rating scale) are events and programs; and enablement and content.

Reporting features as the most important sales operations role, and also the most prevalent responsibility among respondents’ sales operations departments.
3.1 Sales operations’ most important functions are reporting, strategy alignment, and forecasting and pipeline management.

3.2 Sales Operations’ Effectiveness by Core Activity

Respondents rated their sales operations functions most effective in aligning sales organization strategy, followed by sales process management; reporting; and incentive compensation and performance management. Considered least effective (though still garnering ratings above the median value of “somewhat effective”) are enablement and content management, and analytics and intelligence.
### 3.2 Analytics and Intelligence

Analytics and intelligence garnered relatively low effectiveness ratings. This activity was also among the most prevalent responsibility assigned to sales operations, and among those expected to grow in focus over the next 18 months.

This latter activity, analytics and intelligence, is among the most prevalent responsibilities of sales operations departments, and expected to increase in focus more than almost every other core activity (second only to the related activity of reporting). Its relatively low effectiveness ratings suggest analytics and intelligence may represent an important improvement opportunity for the sales operations discipline as a whole.

### 3.3 Sales Operations Priorities

Considered in aggregate, respondent firms’ most important improvement priorities are in forecasting and pipeline management; incentive compensation and performance.
management; analytics and intelligence; and sales force development. These activities are rated among the highest in importance, and among the lowest in current effectiveness.

An “Importance-Effectiveness” grid was generated to better visualize the relationships between respondents’ ratings of importance and effectiveness. This analysis is useful in revealing which improvement opportunities represent priorities, based on the aggregated ratings of all respondents. As such, it offers interesting insight into the state of the sales operations function, and the priorities considered most important for the function.

The importance-effectiveness grid plots effectiveness and importance ratings for each core activity on an x-y axis, assigning effectiveness ratings to the vertical y-axis, and importance ratings to the horizontal x-axis. The two axes intersect at the respective mean value for each rating scale (a mean importance rating of 5.6, and effectiveness rating of 4.5, both on a seven-point scale); each core sales operations activity is thereby forced into one of four quadrants, as illustrated below. Activities ranked in the top 50% by importance rating are sorted on the right half of the chart; those ranked in the top 50% based on performance rating are forced to the top half of the chart.

The upper-right quadrant represents activities with relative high ratings for both importance and effectiveness. These include aligning sales organization strategy, and reporting. In relation to other activities, respondents will likely sustain focus in them.

The lower right quadrant contains activities which are relatively important yet which are not being performed with relative effectiveness. Activities in this quadrant are likely subjects for improvement initiatives. Forecasting and pipeline management, sales force development, and incentive compensation and performance management are activities that appear in this quadrant.

The lower left-hand quadrant contains resources that are neither relatively important nor performed effectively. In resource-constrained environments, reducing support, or outsourcing are frequently employed options for these activities. These may be performed at a lower threshold of capability or at that of competitive parity. Activities in this quadrant include events and programs; pricing and proposals; and enablement and content management.
The upper left quadrant includes activities of relatively lesser importance yet which are done with relatively high effectiveness. Sales process management falls in this quadrant. Items in this quadrant are typically monitored to ensure continued effectiveness.

3.3 Five functional activities emerged as high-priority improvement opportunities for sales operations departments: pricing and proposals; analytics and intelligence; forecasting and pipeline management; sales force development; and incentives and performance management.
This research investigated sales operations organizational topics, including governance, reporting relationships, and staffing levels.

4.1 Sales Operations Leadership Titles

The functional leader for sales operations in more than half of respondent firms has the title vice president or director; these titles make up 27% and 25%, respectively, of senior-most sales operations leader titles. Other titles include manager (14%), CxO or president (13%) and senior vice president or executive vice president (8% SVP/EVP combined).

Larger firms are more likely to use the senior vice president or executive vice president title. From largest to smallest firms (based on annual sales revenue), the prevailing pattern in senior-most sales operations leadership titles range from senior vice president for the largest firms, to CxO, vice president, director, and manager in the smallest firms.

Relation Between Firm Size and Head of Sales Ops

4.1 “Senior vice president” is most frequently used by larger firms in titling the sales operations head. Smaller firms are more likely to use a manager title.
4.2 **Sales Operations Reporting Relationships**

Firms typically make decisions relating to organizational structure and reporting based on their strategic context. Nearly one-third of sales operations departments report to the president or chief operating officer. Another third report to the sales function. These can be further distinguished by reporting at the level of business unit or division head of sales (18%), or senior-most head of sales for the entire organization (15%).

In 15% of firms the sales operations function reports to an executive general manager of an operating division or business unit; 10% report to the CEO; and only 3% report to the CFO. An “other” category represented nine percent of responses and consists of titles such as “head of sales and marketing,” “vice president strategy and operations,” and “general manager of competitive intelligence and process execution.”

One third of sales operations functions directly report into the sales department, while the balance (67%) report to non-sales functions. A relationship between firm size and the reporting structure was detected as larger firms’ sales operations departments are more likely to report directly into the sales function.
4.3 **Sales Operations Headcount**

On average, respondent firms staff one sales operations employee, or full-time equivalent (FTE), for every 10 salespeople. Very large firms (those above US$10 billion in annual sales) appear to achieve staffing ratios far lower; they staff one sales operations FTE for every 33 salespeople.¹

**Sales Operations Staffing Ratio**

**Sales Ops Staff as a Percent of Sales Force Headcount, By Firm Size (Annual Revenue)**

<table>
<thead>
<tr>
<th>Firm Size</th>
<th>Percentage Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than US$10 billion</td>
<td>3%</td>
</tr>
<tr>
<td>US$1 to $10 billion</td>
<td>9%</td>
</tr>
<tr>
<td>US$250 to $1 billion</td>
<td>13%</td>
</tr>
<tr>
<td>US$100 to $250 million</td>
<td>10%</td>
</tr>
<tr>
<td>US$10 to $100 million</td>
<td>10%</td>
</tr>
<tr>
<td>US$1 to $10 million</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Percentage Distribution**

4.3 **Very large firms achieve far lower sales operations staffing ratios than smaller firms.**

¹ This specific analysis is based on a subsample of the data collected. The smaller number of observations limits the accuracy of this analysis, so it's recommended to confirm these directional insights with further evidence.
5

NAMING THE SALES OPERATIONS FUNCTION

5.1 MOST FIRMS USE THE NAME “SALES OPERATIONS”

Names for the “sales operations” vary across firms (the name “sales operations” is used generically throughout this report).

WHAT DO YOU CALL SALES OPERATIONS IN YOUR FIRM?

<table>
<thead>
<tr>
<th>Name</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Operations</td>
<td>42%</td>
</tr>
<tr>
<td>Sales Effectiveness</td>
<td>18%</td>
</tr>
<tr>
<td>Sales Productivity</td>
<td>13%</td>
</tr>
<tr>
<td>Sales Enablement</td>
<td>13%</td>
</tr>
<tr>
<td>Commercial Effectiveness</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
</tr>
</tbody>
</table>

This research identified three prevalent naming approaches: one based on activity, e.g., “sales operations;” one based on a descriptive departmental goal, and a combination of both. Examples of goal naming include “sales effectiveness,” “sales productivity,” “sales enablement,” and “commercial effectiveness.” The findings show that 51% of firms use activity naming, 30% use goal naming, and 18% use a hybrid approach (note that these do not add up to 100% due to rounding).
It’s indicated that the firms using the goal naming designations have a stronger mandate to improve performance based on the need to improve. These firms exhibited slightly lower firm performance, as measured by revenue growth, compared to firms with the activity name (4.97 versus 5.09 on a scale of 1 to 7, where 7 is the highest growth).²

### Nomenclature System in Use by Firms

#### Percentage Distribution of Use by Firms

- **Goal Named (Sales Effectiveness, Sales Productivity, Etc)**: 30%
- **Activity Named (Sales Operations, Market Operations)**: 51%
- **Hybrid**: 18%

² Note this specific analysis is based on a subsample of the data. Future evidence is recommended to support these directional findings.
6 ABOUT THE RESEARCH

6.1 Research Approach

This study aggregates participating firms’ responses to a web-based survey. The Sales Management Association developed the survey and recruited participants from the association membership base and broader audience of sales managers and sales operations professionals. In exchange for participating in the research the respondents are offered advance copies of the detailed study report.

Before reporting results, the data is cleaned thereby eliminating invalid or ineligible responses, and sometimes respondents are contacted to clarify their responses if questions arise. Survey results are only reported in aggregate, and never in a way that would compromise the identity of any single respondent. All individual respondent data are treated with strict confidentiality.

6.2 Research Timing and Scope

This research represents summarized data from 108 participating firms, directly employing more than 13,000 sales managers and 174,000 sales professionals. Data was collected between 1 March and 10 September, 2015. Respondent demographics and descriptive information is summarized in the following section.

6.3 Research Underwriters

This study was made possible in part through the underwriting support of Brainshark, CallidusCloud, InsightSquared, and SAP. Sales Management Association underwriters provide annual financial support to the Sales Management Association. Underwriters may suggest research topics, participate in ongoing research projects, and encourage participation or otherwise promote research initiatives.

Underwriters are not involved with research administration, data collection, analysis, interpretation, or report development, unless explicitly noted in the report. Also, unless noted, underwriters do not pay a research-specific fee or directly commission research initiatives.
7

RESPONDENT DEMOGRAPHICS

7.1 JOB ROLE

Respondents are asked to indicate their job function. Anyone with a title of salesperson is disqualified from participating in the survey. Of the respondents who completed the survey 64% work in the sales operations function either as leaders (37%) or as sales operations professionals (27%). Sales management represents 27% of the reported pool, and consists of sales seaders (who manage sales managers; 12%) and sales managers (15%).

Respondents’ Job Role

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior-most sales operations leader</td>
<td>31%</td>
</tr>
<tr>
<td>Sales operations professional</td>
<td>28%</td>
</tr>
<tr>
<td>Sales manager</td>
<td>15%</td>
</tr>
<tr>
<td>Senior sales leader</td>
<td>12%</td>
</tr>
<tr>
<td>Manager in function other then sales</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

7.1 Almost half (46%) of respondents were sales leaders (first-line managers or higher); an additional 28% are sales operations managers.

7.2 YEARS OF EXPERIENCE AND TENURE WITH EMPLOYER

For the respondents who indicated their role is in the sales operations function, the survey requested additional employment details. This includes:

- How many years have you worked in your current position?
- How many years have you worked for your current employer?
- How many years have you worked in a sales operations role?
The average experience in sales operations is 9.6 years; the average experience with current employer is 7.6 years; and the average tenure in current position is 4 years. This indicates that most respondents have been promoted while working at their current employer, and have a depth of experience in sales operations that would positively impact the richness of the data collected.

### Respondents’ Experience

**Average Number of Years**

- Current Position: 4.0
- With Employer: 7.6
- In Sales Ops: 9.6

### Firm Size

Responding firms’ size ranged from small to very large. About one-third of participating firms are under US$100 million in annual revenue, and 26% have annual revenue in excess of US$1 billion.

### Firm Performance

The survey requests firm performance data from the respondents. This provides a means of checking the performance against norms to ensure there is good cross-sectional representation across firms.

Respondents are asked to report achievement of revenue objectives, achievement of profit objectives, and overall revenue growth over the last 12 months. The data collected for this project falls within a relatively normal distribution in comparison to other projects.
7.4.1 Seventy-two percent of respondent firms met or exceeded their annual revenue objective.

7.4.2 Seventy-eight percent of respondent firms met or exceeded their annual profit objective.

7.4.3 Just eight percent of respondent firms experienced declining annual revenue.