

CHAPTER 3

KPIs, Goals, and the Activity Equation

What you measure is what you get — and what you don't measure is what you lose

A quota is a typical output target presented as a management tool. But it is not a management tool. It is a measurement tool. There is a difference, and confusing the two is a management mistake the industry makes constantly.

Output targets belong on the scoreboard. The score tells you what happened. But you cannot manage a scoreboard. You can only manage the activities that produce the score. The manager who stands in front of a team every Monday morning and repeats the revenue target is not managing. They are reading the scoreboard aloud and hoping the team finds it motivating.

The team does not find it motivating. They find it pressure without direction. Pressure without direction produces anxiety, not performance.

What you manage is activity. Activity produces performance, which produces transactions. In that order. Always.

The Football Analogy

Consider how an NFL team approaches a game. They do not start the week studying how to score touchdowns. They study the plays, each specific, repeatable unit of execution that, when run well, moves the ball forward. The touchdown is the outcome of dozens of well-executed plays. Nobody in the huddle is thinking about the final score. They are thinking about the next play.

Sales works exactly the same way. Each call, each conversation, each appointment, and each presentation is a play. The closed deal, the touchdown, is the result of those plays being executed consistently, measured deliberately, and improved through practice. The manager who coaches the plays produces more touchdowns. The manager who only talks about the score produces anxiety.

Manage the plays. The score takes care of itself.

The Three Layers

Think about sales performance in three layers.

The first layer is activities. These are the things the rep does: Calls made, emails sent, appointments booked, proposals delivered. Activities are fully within the rep's control. They require effort and discipline, but they do not require a yes from anyone.

The second layer is performance. Performance is the measurable output of activities: Conversion rates, close rates, average deal size, and deal velocity. Performance is influenced by the rep's skill, how well they execute the activity, and it is the layer the manager coaches to.

The third layer is transactions. Revenue, gross profit, new clients, renewals. Transactions are the result of consistent activities executed with improving performance. They are the score, not the game.

The manager who only manages the third layer is always managing after the fact. By the time the revenue misses, the activities that would have prevented it happened, or did not happen, weeks ago.

The manager who manages the first layer, consistent, disciplined activity, is managing in real time. Problems surface early, when they can still be addressed.

Building the KPI Framework

The KPI — Key Performance Indicator — framework is built backwards from the desired outcome. Start with the revenue target. Work backwards through every step to the first daily activity.

How much gross profit, GP, does the team need to produce? How many new clients does that require, at average deal size? How many proposals need to be delivered to close that many clients? How many first appointments are needed to produce that many proposals? How many first conversations to produce that many appointments? How many call attempts to have that many conversations?

When you have those ratios, you have the activity equation for your team. Every rep can now see exactly what daily effort maps to the annual target. The abstract number on the scoreboard becomes a concrete set of daily actions.

This is the KPI order that works in practice: cold call attempts, first-time conversations, first-time appointments, first-time presentations, first-time quotes and proposals, net new clients closed, QBRs — Quarterly Business Reviews — conducted, ABRs — Account Business Reviews — conducted, running MRR — Monthly Recurring Revenue —, and running GP.

This list covers the full journey from prospecting activity to account management depth. The manager who tracks all of it has a complete picture. The manager who only tracks the bottom three is flying blind.

Reading the Ratios — The Math Behind the Activity

Ratios are how you read a KPI sheet. A ratio of 1:3 at the presentation-to-proposal stage means one proposal delivered for every three presentations given. A ratio of 1:10 at the dials-to-discussion stage means one live conversation for every ten call attempts.

Here is how to calculate them. Take any two adjacent activities. Divide the smaller output number by the larger input number. That fraction, expressed as 1:X, is the ratio.

THE MATH

Rep made 50 dials and had 5 conversations: $5 \div 50 = 0.10$, or 1:10. That is typical for cold outreach.

Rep had 6 presentations and delivered 2 proposals: $2 \div 6 = 0.33$, or 1:3. That is a healthy presentation-to-proposal ratio.

Rep delivered 3 proposals and closed 1 deal: $1 \div 3 = 0.33$, or 1:3. Industry-typical close rate from proposal stage.

To calculate a percentage conversion, multiply the ratio decimal by 100: $0.33 \times 100 = 33\%$. That rep is converting 33% of their proposals to closed deals.

Benchmarks to measure against: A typical dials-to-discussion ratio is 1:10. A typical presentation-to-proposal ratio is 1:3. If a rep is at 1:4 on presentation-to-proposal, they need attention at that stage. If they are hitting 1:2, they are performing at an exceptional level on that metric.

The ratio that is below average tells you exactly where to coach. Not a general “performance conversation”, but a specific conversation about one specific part of the process. That precision is what makes KPI management effective.

The Ratio Works in Both Directions

The math above shows how to calculate ratios from existing activity data. But the same ratios work in reverse, and that is where they become genuinely powerful as a planning tool.

Once you know your team’s conversion ratios, you can start from any outcome you want and work backwards to the exact daily activity required to produce it. You do not need to guess at goals. You do not need to set arbitrary numbers and hope. The math tells you precisely what the month needs to look like before it starts.

Start with the outcome you want. Apply your team's ratios in reverse at each stage. The result is the minimum required activity at the top of the funnel.

THE MATH — WORKING BACKWARDS

Target: 2 new clients this month. Team average ratios apply.

Stage	Team Avg Ratio	Working Backwards	Required
New clients closed	target	2 clients wanted	2
Proposals delivered	1:2	$2 \div 0.50$	4
First presentations	1:2.5	$4 \div 0.40$	10
First appointments	1:3	$10 \div 0.33$	30
First conversations	1:3	$30 \div 0.33$	90
Cold call attempts	1:10	$90 \div 0.10$	900

To close 2 clients this month, this rep needs approximately 900 dials — or 45 dials per working day across 20 working days.

That number — 45 dials a day — is not a motivational target. It is a mathematical requirement. The rep who wants two new clients and is making twenty dials a day is not behind on effort. They are behind on math. Those are different conversations, and only one of them is useful.

This is also why goal-setting without ratio awareness produces frustration. A manager can set a goal of four new clients a month. What they are actually setting — whether they know it or not — is a goal of 1,800 dials, 180 conversations, 60 appointments, 20 presentations, and 8 proposals. If the rep's calendar cannot accommodate that activity level, the client goal was never achievable. The math would have told you that on day one.

The reverse calculation is not just a planning tool. It is a reality check. Run it before you set any goal. If the required daily activity is not achievable in a normal working week, the goal needs to change — or the ratio needs to improve through coaching — before the month begins.

THE MATH — WHY THE RATIO MATTERS

Same target: 2 new clients. Three different close ratios. Same ratios applied at every other stage.

Scenario	Close Ratio	Proposals	Presentations	Appointments	Conversations	Dials
Team average	1:2	4	10	30	90	900
Improved close	1:1.5	3	8	23	68	680
Weak close	1:3	6	15	45	135	1,350

Improving the close ratio from 1:2 to 1:1.5 saves 220 dials a month to produce the same result. A weaker close ratio of 1:3 requires 450 additional dials for the same outcome.

This is why coaching to a specific ratio gap is the highest-leverage move available to the manager. Skill improvements compound across the entire funnel. A rep who gets better at closing does not just close more deals. They need significantly less activity at every stage above it to hit the same number. Their time frees up. Their prospecting capacity increases.

900 Dials and What That Tells You

Look at the number again: 900 dials to close 2 clients in a month. At 45 dials per working day, that is a full-time prospecting operation. A rep carrying an existing book of business — managing active clients, running QBRs, following up on open proposals — does not have 45 uninterrupted dial hours in a working week. The math is real. The constraint is also real.

This is the fundamental tension in sales management: the activity required to hit a cold-call-only target is incompatible with the time available to a rep who is also doing the rest of their job well. A rep who is only cold calling is neglecting their existing book. A rep who is doing their job well does not have the capacity to cold call at full volume.

The solution is not to demand more hours. It is to diversify the lead sources so that cold calling is one spoke in a larger wheel — not the only one.

900 dials is a mathematical reality. It is not the only path to 2 new clients.

A multi-spoke lead generation model distributes the prospecting load across multiple channels simultaneously. Cold calling is one spoke. Referrals from existing clients are another. Strategic partnerships and introductions are another. Digital presence — content, community, inbound inquiry — is another. Events, networking, and speaking opportunities are another. Each spoke produces opportunities through a different mechanism, on a different timeline, with a different effort profile.

When five spokes are operating, the required volume from any single one drops dramatically. The rep who gets two qualified introductions from existing clients this month does not need to dial their way to those opportunities — they arrived through a different channel. The rep who generates an inbound inquiry through a referral partner has a conversation that did not require a single cold dial. Each spoke that delivers leads reduces the cold-call requirement

proportionally.

The 900-dial number never goes to zero. Cold prospecting remains a discipline, and the rep who stops entirely will find their pipeline drying up over time. But with a well-built multi-spoke wheel, the cold call load becomes manageable, a contribution to a system rather than the entire system. Lead generation as a full strategy is covered in Chapter 15.

Making Every Contact Count

The second lever is efficiency. If the dials-to-conversation ratio can be improved, the entire funnel shifts. A rep converting 1:8 instead of 1:10 needs 720 dials instead of 900 for the same outcome. The math rewards better technique at the top of the funnel more than anywhere else, because every improvement there cascades through every stage below it.

The Five-Touch Sequence is the most effective appointment-setting technique for improving that top-of-funnel ratio. Rather than a single cold contact, the rep touches the prospect across five planned points of contact. Each touch builds familiarity. By the fifth contact, the prospect has heard the rep's name enough times that the conversation is no longer fully cold. The callback rate and the willingness to engage both increase meaningfully.

The five touches in sequence: An initial call, a voicemail the same day, a follow-up email the next morning, a second call a few days later, and a final attempt with a clear value statement specific to their business. Each touch references the previous one briefly — “I left you a message earlier this week.” The timing between touches adapts to the situation — a hot prospect may move through all five in two weeks, while a client whose timing isn't right may span months or longer. The structure stays the same. The pace follows the client.

The reason the Five-Touch Sequence works is the same reason frequency works in any communication: Familiarity reduces friction. A prospect who has seen your name three times before you reach them is not a stranger when you do. That small shift in their perception, from unknown caller to recurring presence, changes the opening of the conversation. The rep who earns that micro-familiarity before the first live conversation has already improved their ratio without making a single additional dial.

Technique improvements at the top of the funnel are multiplied at every subsequent stage. The manager who invests in appointment-setting training is not just improving one skill. They are improving the efficiency of the entire system. Fewer dials. More conversations. Same outcomes. Or the same dials with dramatically better outcomes.

IN PRACTICE

Run the reverse calculation before setting any goal. Start with the number of new clients wanted. Work back through each stage using the team's current ratios. The result is the required activity level at the top of the funnel.

If that number is not achievable given the rep's available time, one of three things needs to change: The goal, the ratio through coaching, or the lead source mix through a multi-spoke approach.

Audit the team's current lead sources. How many new client conversations came from cold calls last quarter? How many came from referrals, introductions, partnerships, or inbound? The ratio of spokes in use tells you how exposed the team is to a cold-call-only constraint.

What a KPI Sheet Looks Like

Below is an example of a simplified KPI tracking sheet. A real version lives in a spreadsheet and is updated weekly. The purpose here is to show what you are tracking and how the columns connect.

KPI Activity	Goal / Mo	Actual	Team Avg Ratio	Rep Ratio
Cold call attempts	200	220	—	—
First-time conversations	20	22	1:10	1:10
First-time appointments	7	6	1:3	1:3.7
First-time presentations	3	3	1:2.5	1:2
Proposals delivered	1	2	1:2.5	1:1.5
Net new clients closed	1	1	1:2.1	1:2
QBRs conducted	8	9	—	—
Running MRR	\$18,400	\$19,100	—	—
Running GP	\$6,200	\$6,600	—	—

Sample monthly KPI sheet — one rep, one month. Rep Ratio is calculated from actual numbers; Team Avg Ratio is the benchmark.

The rep in this example is beating every goal. Dials, conversations, QBRs, MRR, and GP are all up. But the conversations-to-appointments ratio is 1:3.7 against a team average of 1:3. With 22 conversations, the team average would produce 7 appointments; this rep produced 6. That is the coaching conversation, one specific ratio, in an otherwise strong month. Without the Rep Ratio column, it stays invisible.

IN PRACTICE

Take one rep's numbers from last quarter. Start with what they closed. Work backwards: how many proposals did it take to close those deals? How many appointments to produce those proposals? How many conversations to book those appointments? How many calls to have those conversations?

You now have that rep's current conversion ratios. Compare them to the team average. Where they are below average, that is the coaching target. Where they are above average, that is a teaching opportunity for the rest of the team.

Do this for every rep. The exercise takes an hour. It will tell you more than a year's worth of revenue and scoreboard reviews.

The Company Average as the Benchmark

The most useful number in a KPI framework is not an individual rep's ratio. It is the team-wide average. The average is the objective benchmark. It represents what a competent rep executing the process at a normal skill level should produce.

When a rep's individual ratios are compared to the team average, the coaching conversation becomes precise. The rep who has strong call-to-conversation rates but weak appointment-to-proposal rates is not a prospecting problem. They can get people on the phone. They have a qualification problem. Something is happening in the discovery conversation that is not moving to the next step.

The rep who has strong appointment rates but weak close rates at the proposal stage has a different problem. Their early-stage work is good. Something is happening in the later stages — possibly a gap in the budgetary conversation, possibly a trust deficit, possibly a proposal that is not calibrated correctly.

The average catches both. You are not comparing rep performance to a manager's opinion. You are comparing it to the operational reality of the team. That is a conversation the rep can participate in without feeling judged. It is data, not criticism.

Volume without quality is noise. Quality without volume is hope. The goal is calibrated activity.

Goals Are a Floor, Not a Ceiling

There is a critical distinction in how goals are framed, and the framing matters more than most managers realise.

A goal is a minimum expectation. It is the floor, the point below which performance is unacceptable. It is not the target. The rep who hits quota exactly every month has done their job. The rep who treats quota as a ceiling has underperformed. Not because they missed a number, but because they stopped when they got there.

When goals are presented as minimums, as the floor, the conversation changes. The rep is not running toward a finish line. They are operating above a baseline. The question is not "did you hit quota?" The question is "where above the floor did you land, and what would it take to go higher?"

This shift in framing is not cosmetic. Reps who understand that the goal is a floor tend to produce more. They are not sprinting to a finish line and stopping. They are operating at a standard and then asking how high they can go beyond it.

The goal-setting conversation, whether monthly, quarterly, or annually, should make this explicit. What are your minimum expectations? What would strong performance look like? What would exceptional look like? The rep who can answer all three questions has a much clearer picture of what they are building toward than the rep who only knows the quota number.

Compensation Follows Expectation

Here is a principle that runs through every commission structure that works: If you expect effort from a person toward a task, there must be compensation attached to it.

This is not a generosity principle. It is a mechanics principle. Compensation is a direction signal. It tells every person on the team where their attention should go. If something is in their job description but not in their compensation structure, the job description loses. Every time. Not because people are greedy, but because attention is finite, and people invest it where it is rewarded.

The account manager who is not compensated on a deal will deprioritize it. And they will also deprioritize the client post-sale, skip the quarterly review, slow down on follow-through, let the relationship erode, because the compensation signal says that effort is not valued.

The sales manager who is not compensated on the ISR's — Inside Sales Representative's — results will manage the ISR less, not out of negligence, but because the signal is not there.

Build the commission structure by mapping expectations first. Every behaviour the organisation needs to happen should have a corresponding financial incentive. Misalignment between what you expect and what you pay for is the root cause of most sales team dysfunction that looks like an attitude problem but is actually a design problem.

IN PRACTICE

List every behaviour you expect from each role on your sales team. Cold calling. Post-sale follow-through. QBR completion. Referral generation. Mentoring a junior rep.

Now look at your commission structure. Which of those behaviours is rewarded? Which is not?

The gap between the two lists is the gap between what you want and what you will get. Compensation is not the only way to reinforce behaviour, but where important behaviour is consistently unrewarded, you should not be surprised when it is consistently underprovided.

The Commission Structure That Works

The structure that produces the best team behaviour has a few consistent characteristics.

It pays on gross profit, not revenue. Gross profit aligns the rep's interest with the company's interest. Revenue rewards the close regardless of margin. A rep paid on revenue has a financial incentive to discount. A rep paid on gross profit has a financial incentive to protect value. This matters in the pricing conversation, which is covered in Chapter 11.

It pays the same rate regardless of who brought in the deal. When an account manager and an inside sales rep work on the same opportunity, both get paid their standard rate on the gross profit. There is no splitting, no negotiation, no argument about who owns the deal. Everyone is paid for the work they did. The result is a team that cooperates rather than competes internally.

It pays for the life of the agreement. In a recurring revenue model, the rep's income grows as their book grows. This aligns the rep's interest with client retention, the client who stays is the client the rep keeps getting paid on. The rep who loses a client loses future income. That creates the right incentive without the manager needing to monitor every account relationship.

It sets a base salary that covers a minimum viable life. The target total earnings, base plus commission at a reasonable activity level, should be three times base or higher. The base is not the goal. It is the floor that allows the rep to operate without desperation. A rep selling from desperation is not an assistant buyer (the principle that the best salespeople help clients buy rather than push them to purchase — covered in depth in *Selling Made Simple*). They are a closer, and not always a good one.

The rep who sells from desperation is not an assistant buyer. They are a closer trying to survive. The client feels it, not always consciously, but in the way the conversation tilts toward the rep's need rather than their own. Trust does not build in that dynamic. Build the structure so they do not have to sell that way.

Tracking What Matters

KPI tracking without reviewing is bookkeeping. The review is where the work happens.

The monthly KPI review is always one-on-one. Never a public forum. What surfaces in these conversations, missed goals, personal obstacles, gaps in confidence or skill, requires privacy to be surfaced honestly. The rep who knows that their numbers will be discussed in front of the team will protect themselves. The rep who knows it is a private conversation will tell the truth.

The structure is simple. Look at what was planned. Look at what happened. For every gap, positive or negative, ask one question: What caused this? When a gap is positive, name it and understand it. Find out what the rep did differently and whether it can be replicated or taught. When a gap is negative, the first question is always about barriers: What got in the way?

If the barrier is removed and a new reason surfaces the following month, pay attention. If the pattern continues, new reasons, new barriers, the same gap, that is a signal. It may mean the goal itself needs adjustment. Or it may mean something more fundamental needs to be examined.

If the same barrier reappears on the same measurable after it has been resolved, that is worth noting. It may mean the original barrier was never the real one. A rep who consistently surfaces a new obstacle against the same measurable is telling you something, whether they intend to or not. The issue may be a fabricated barrier, or the measurable itself may be unrealistic for that rep. Either way, the pattern makes the underlying problem visible.

The numbers exist to inform a conversation, between the manager and the rep, and between the rep and themselves. The rep who tracks their own ratios and notices that their appointment-to-proposal conversion has dropped over the last three weeks is already engaged in the coaching process. They ask themselves the right questions before the manager asks them.

The manager's job is to create the conditions where that self-awareness is possible and encouraged. That means making the data available, making the comparisons visible, and framing the numbers as information rather than judgment. The rep who sees their ratio trending downward and brings it to the manager has done something right. Reward that transparency.

Manage activities. Measure performance. The quota takes care of itself.

FREE CHAPTER

This chapter is from *Sales Leadership Made Simple* by Christopher G. Brooks.

Sales Leadership Made Simple is for the manager who was promoted because they could sell: pipeline clarity, the activity equation, coaching, hiring, the sales meeting and honest forecasting, in nineteen chapters.

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