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The Revenue Engine

# Building a Better Sales Pipeline

## Four Strategies That Set High-Growth SaaS Companies Apart

If pipeline-building is the most important driver of SaaS growth, why do so many companies struggle to get it right? Despite significant investment in demand generation, most organizations find their pipeline-building efforts fall short—leading to missed revenue targets and stalled growth.

A recent survey of SaaS commercial leaders conducted by Blue Ridge Partners[1] uncovered these **key insights:**

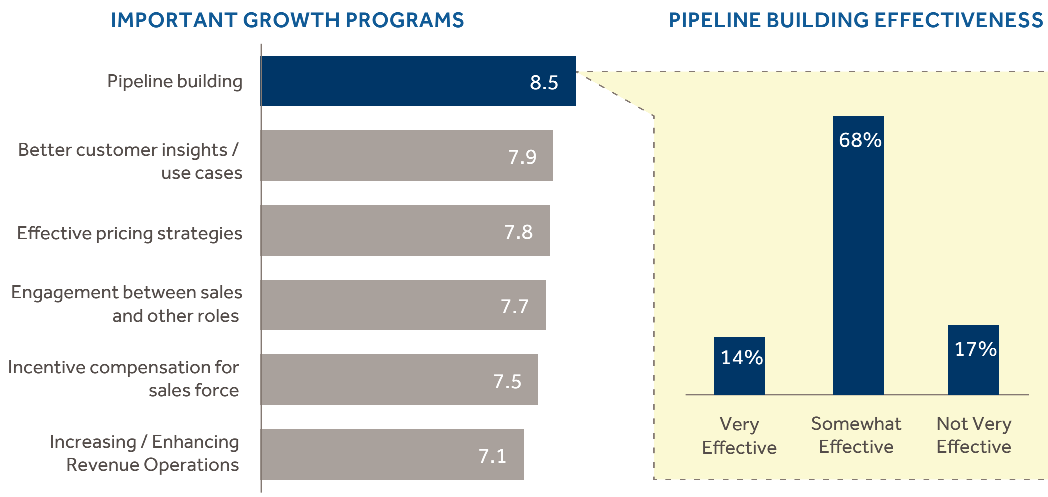
**Pipeline building—key marketing and sales programs to find, track, and progress quality leads.**

- Pipeline building ranks as the #1 driver of revenue growth in our survey
- Yet, only 14% rate their pipeline-building programs as highly effective
- High-growth SaaS companies outperform their peers by excelling in four key pipeline-building strategies:
  1. Adherence to 3-4X pipeline-to-bookings ratio
  2. Adequate investment in lead-generation resources
  3. Higher-quality early-stage pipeline
  4. More effective use of technology and AI

This briefing uncovers what separates these high-growth SaaS leaders from the rest, breaking down the key strategies that enable them to drive sustained revenue acceleration, and five actions that SaaS companies can take to emulate their success.

1. Survey findings reported in this article based on Dec 2024 survey of 76 commercial leaders from SaaS companies in the US, varying in size from $50M to $5B of Total Annual Revenue

### Growth Programs and Pipeline-Building Effectiveness




*Q: How important is each of these programs to growing your business, on a scale of 1-10?*

*10: Very important*
*1: Least important*

*Q: How effective is your pipeline-building approach, on a scale of 1-10?*

*9-10: Very Effective*
*6-8: Somewhat Effective*
*1-5: Not Very Effective*

Despite its critical role in building new logo and overall revenue growth, SaaS leaders see gaps in the pipeline-building process, from early-stage lead generation to tracking basic metrics. Use of technology and AI stands out as the biggest gap, and conversely forecasting accuracy is seen as more effective. While there is room for improvement across SaaS companies, we wanted to understand if the most successful companies performed better in key aspects of pipeline building.

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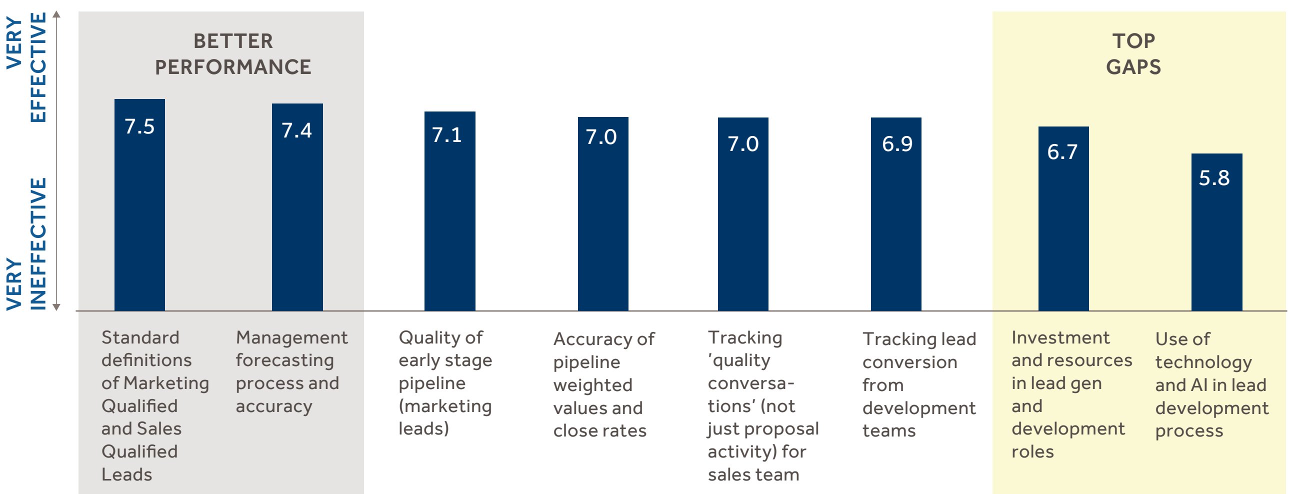
**Key Challenges in Pipeline Building**

*Overall Effectiveness of Various Pipeline Building Components*

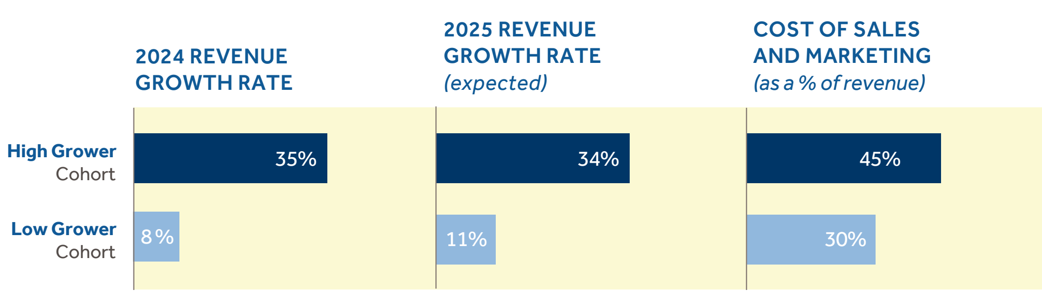



*Q: How would you rate your company / division in overall effectiveness across each of these components, on a scale of 1-10*
*10: Very effective 1: Very ineffective*

## Key Differences Between High and Low Performers

What separates the fastest-growing SaaS companies from those struggling to scale? Our research identified two distinct groups: High Growers, achieving an impressive 35% revenue growth, and Low Growers, lagging behind at just 8%. We found that High Growers invest significantly more in sales and marketing— averaging 45% of revenue, compared to just 30% for Low Growers. Critically, around 60% of this extra spend goes towards marketing versus sales.[1] High Growers use additional resources strategically, prioritizing targeted pipeline-building efforts that yield consistent, high-quality leads. This disciplined investment fuels sustained revenue acceleration.

**Comparison of Key Metrics Across Growth Cohorts**




*Q: What revenue growth rate did your company achieve in 2024?*

*Q: What revenue growth rate is your company expecting in 2025?*

*Q: Can you estimate your cost of Sales and Marketing compared to revenue?*

1. High Grower net increase in marketing spend is 9% of revenue compared to 6% of revenue in sales

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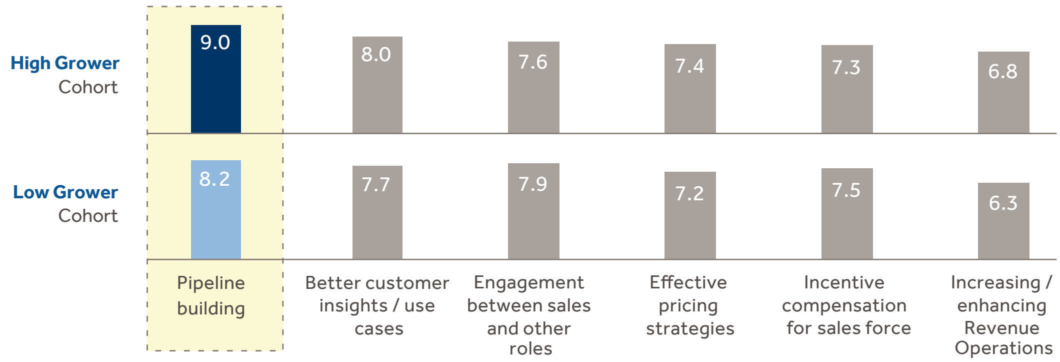
When asked to rate the importance of different programs that support their growth goals, it became clear that High Growers have a top priority, while Low Growers do not. High Growers rated pipeline building a 9.0, substantially higher than ratings in all other categories.

**Importance of Growth Programs Across Growth Cohorts**




*Q: How important is each of these programs to growing your business, on a scale of 1-10?*
*10: Very important 1: Least important*

## Four Key Areas Where High Growers Outperform

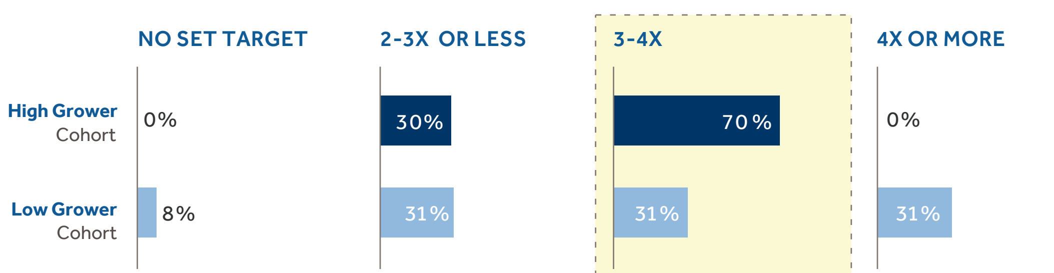
While the majority of SaaS leaders struggle to build and convert a reliable pipeline, High Growers excel in execution – from lead generation to effective use of technology. The next section examines what separates these top companies from the rest and highlights the four key differentiators that drive their success.

### 1. Pipeline-to-bookings ratio

High Growers all track pipeline to bookings, with 70% targeting a 3-4X ratio. In contrast, only 31% of Low Growers target 3-4X and 31% aim even higher. 3-4X emerges as the gold standard – going higher may yield a low quality pipeline, while lower targets may not produce enough pipeline for double-digit growth. The High Growers have a much better sense than Low Growers of how to target and balance both pipeline volume and quality.

**Comparison of Pipeline to Bookings Targets Across Growth Cohorts**

*% of Respondents Targeting Each Ratio (Sales Pipeline to Bookings per Rep)*




*Q: What is your target expectation of Sales Pipeline to Bookings per Rep?*

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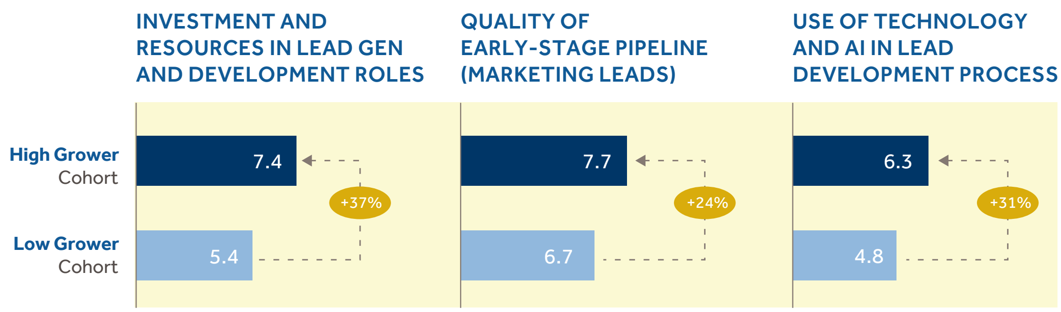
The High Growers' focus on targeting and balancing both pipeline volume and quality became even more apparent when we inquired about specific aspects of pipeline building and isolated the three other areas where they outperform. In assessing key components of pipeline-building programs, the High Growers gave higher effectiveness ratings across the board compared to the Low Grower group, and especially more so in the areas highlighted in the chart below.

**Comparison of Pipeline-Building Components Across Growth Cohorts**




*Q: How would you rate your company / division in overall effectiveness across each of these components, on a scale of 1-10?*

*10: Very effective* *1: Very ineffective*

### 2. Investment in lead generation and development resources

It is evident that top growers are investing more heavily in lead-gen and development roles. The Low Growers see a major gap and are likely struggling for additional funding and headcount. They may be stuck in a low-growth loop, unable to make a convincing case to add adequate headcount.

### 3. Higher quality early-stage pipeline

High Growers see much better quality in their early-stage pipeline, which is critical to overall pipeline health. This is another area where Low Growers struggle—they might have selected the wrong customer segments to target, might not be investing in predictive targeting, and might not have a good linkage between marketing and sales.

### 4. More effective use of technology and AI in lead development

Overall, SaaS leaders see the use of technology and AI as the biggest area of improvement for pipeline building, but again, the High Growers are well ahead of the Low Growers in this area. SaaS leaders are getting bombarded with technology pitches to hyper-charge lead volume and quality, and AI applications are just beginning to gain traction. With a low 4.8 rating, Low Growers might not have a technology strategy at all. High Growers are making better progress and will likely continue to leverage technology and AI more effectively going forward.

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## Five Actions to Build and Maintain a Quality Pipeline

In our experience working with SaaS companies over the past two decades, there are several actions that SaaS leaders can take to improve pipeline building and emulate the High Growers. The following section highlights key actions that high-performing SaaS companies consistently prioritize and execute.

1. **Sharply focus sales efforts on the highest value targets**

   Effective pipeline building starts with strategic targeting and assessment of top account segments. This should include a recent, realistic market model with detailed insights into target buyers, their needs, and the competitive landscape. Coupled with predictive targeting, this can support both the higher quality leads we see with High Growers and critical pivots in strategy, for example from SMB to larger accounts or to more targeted and high-value industry verticals.

2. **Assess lead-gen role gaps to make a strong case for investment**

   The Low Growers rate themselves poorly in overall investment in Sales and Business Development Reps (SDRs and BDRs). It seems this group is not making a strong case for the headcount levels they need, which should start with benchmarking and assessment of current investment against growth goals. This should go beyond mere headcount numbers and delve deep into the types of roles needed, their focus (by target segment, technology, industry and other factors), productivity, and compensation.

3. **Conduct lead attribution analysis**

   Lead attribution analysis allows SaaS leaders to understand which marketing channels and key touchpoints are most effective in both generating and driving leads to conversion. This helps High Growers make a better case for more marketing investment. With an in-depth lead-to-close analysis, companies can assign credit to the most effective interactions, programs, outreach efforts, and events.

4. **Ensure tight integration of marketing and sales for lead passing**

   Sales and marketing teams are often siloed and executing incompatible strategies, driven by misaligned incentives. Sales teams lament wasting time on bad leads, while marketing bemoans the lack of follow-up. These issues can be largely resolved by establishing and actively tracking lead-passing criteria. This should include early-stage lead-scoring and qualification. Once a lead is passed to sales, sellers should be held to formal Service Level Agreements (SLAs) to better ensure that they are not dropping quality leads. SLAs can outline lead prioritization, follow-up timing, and strict adherence to sales process progression and tracking.

5. **Elevate pipeline reporting to the C-suite**

   High Growers report monthly on these four critical metrics, among others:

   1. Pipeline-to-bookings ratio with a 3-4X target (of quality pipeline)
   2. Lead conversion rates and progression across the funnel
   3. Pipeline velocity (average time from lead-gen to close) and deal size
   4. Lead gen role (SDR / BDR) productivity

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For SaaS companies aiming to hit ambitious growth targets in 2025, pipeline-building effectiveness is essential. By applying the strategies proven to drive success for High Growers, organizations can transform their pipeline into a powerful engine for sustainable revenue growth.

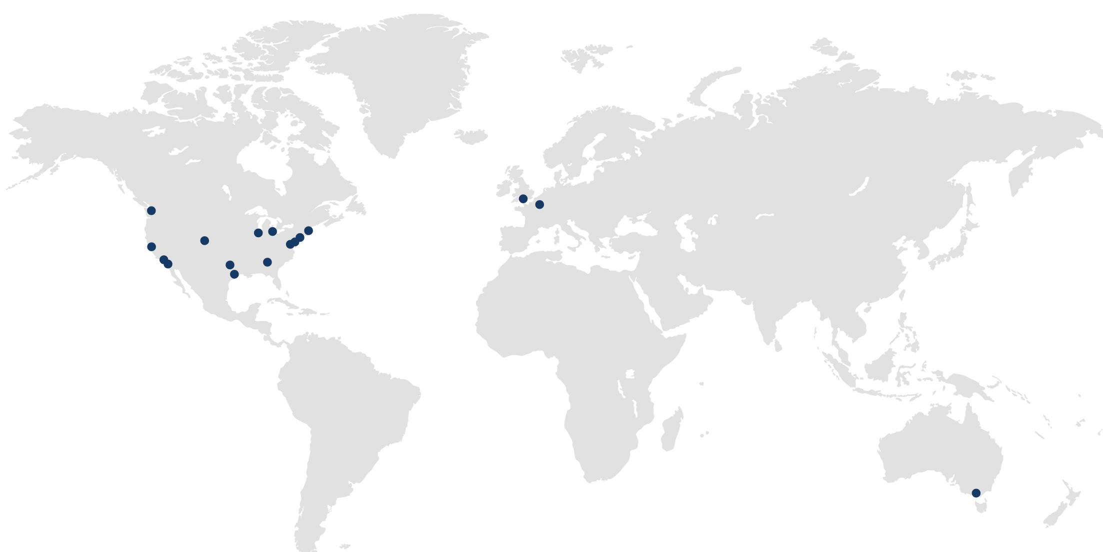
Leveraging decades of experience across industries, Blue Ridge Partners provides insights and strategies to help SaaS companies strengthen their pipeline, improve lead quality, and drive revenue growth. Reach out to explore how these best practices can support your growth objectives.

## Why Blue Ridge Partners?

Blue Ridge Partners is recognized as the most experienced, impactful and respected firm that is exclusively focused on helping companies accelerate profitable revenue growth. We have worked with over 1,300 companies worldwide on commercial model transitions, strategic pricing engagements and due diligence assignments. We are known for rolling up our sleeves, being pragmatic in our analyses and delivering tangible results that focus on the "how" of execution. Based on our significant experience we have amassed extensive knowledge of the issues that affect revenue performance.

For further information please contact us at info@blueridgepartners.com or visit us at www.blueridgepartners.com.

## Our Locations



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