

THE HIDDEN COSTS OF AN SDR

Presented by [demandDrive](#)

The cost of hiring an SDR is more than just their salary. Are you considering the full cost of hiring an SDR when designing your sales development function?

Table of Contents

Introduction.....	1
Salary.....	2
HR.....	3
Office.....	4
Tools.....	5
Data Set.....	6
Regions.....	7
Regional Breakdowns.....	8-14
Regional Overview.....	15
Why demandDrive.....	16
Bibliography.....	17

Introduction

Using a sales development team to generate qualified leads is a proven method of driving predictable, sustainable revenue. We all know that.

It's also a **costly** one.

Looking past the salary of your SDRs you have to consider the management layer, hiring expenses, office space, enablement tools...it all adds up. More often than not this leads to the true cost of your team being miscalculated.

Organizations that do miscalculate those costs end up with a team* that doesn't produce to their expected level (the high price tag doesn't match-up with the ROI). Eventually, the organization loses more time and money scrambling to fix their previous mistakes rather than building pipeline.

This is where the value of an outsourced program shines - eliminating the sunken costs of an internal function. Skip that miscalculation and get your program off the ground with less investment on your end. Once the foundation is built you can start blueprinting what to build on top of it. That's where the fun begins.

** In this case, a **team** is considered 3 SDRs + 1 Manager, and all of our future calculations will reflect that.*

The Four Factors to consider:



Salary - This is the cost you probably *think* you're paying for an SDR, but even salary alone is going to be higher than you initially estimated.



HR - This includes recruiting, onboarding, payroll costs, health insurance, and any other HR benefits your company provides.



Office - You have to seat your new SDRs somewhere, and space isn't free, especially in big cities full of expensive office space.



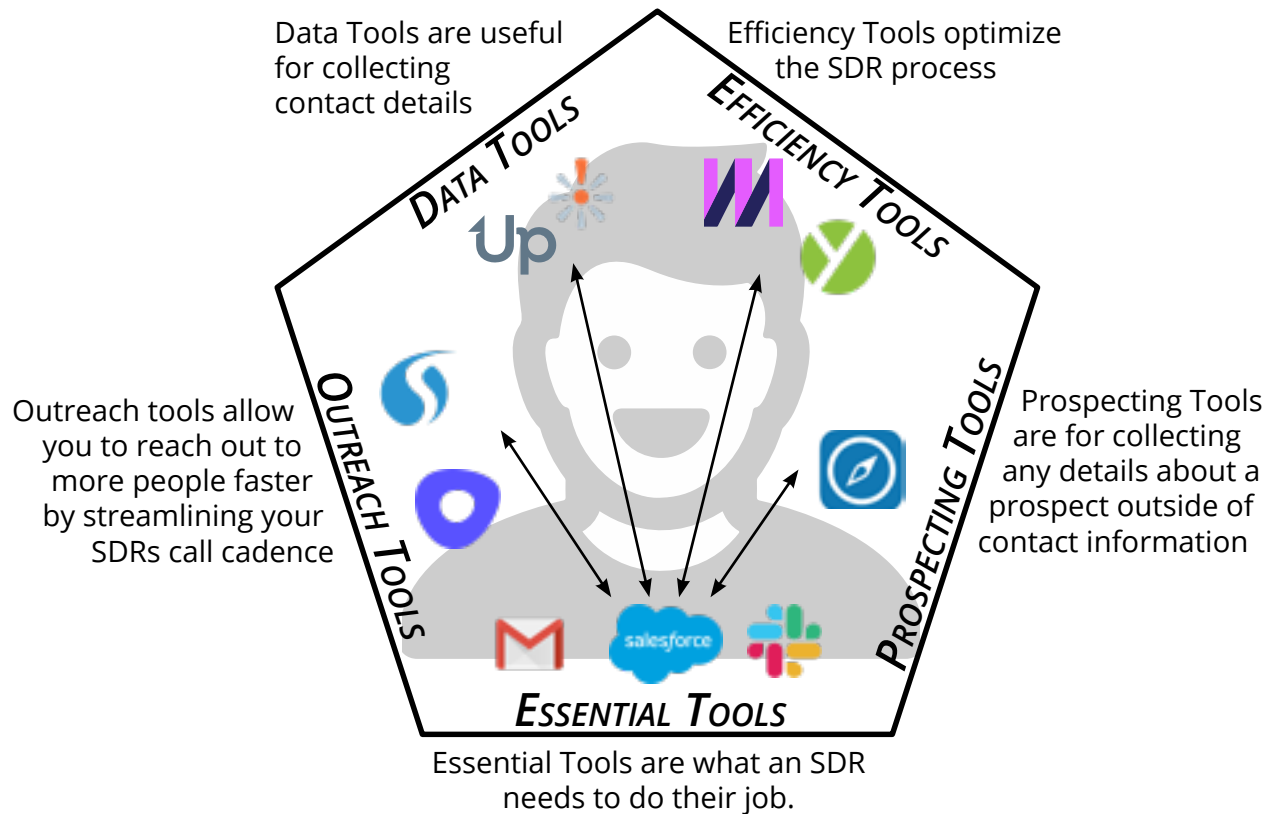
Tools - It's 2019. Every SDR has a billion and a half (read, 4) sales enablement tools, and they all work together to facilitate success...but it comes at a price.

Tools

Some of the easiest costs to overlook when it comes to the true cost of an SDR are the sales enablement tools they need to be successful. While there are still elements of the *Boiler Room* style outreach your Director of Sales learned in his/her youth, they are becoming increasingly outdated and replaced with technologically savvy alternatives.

With the right toolset it's possible for today's SDR to take advantage of automation, AI, machine learning, and even big data depending on how well they're equipped.

While not every sales enablement tool is necessary - especially given the redundancy of competitive technologies - there are at least 5 types of tools every SDR needs if they want to be successful.



Beyond the capabilities of each individual tool is the benefit of having them work together. **For example**, an SDR that finds a prospect using LinkedIn Sales Navigator can get their contact details from ZoomInfo, add them to their cadence using Outreach, and send them emails using templates they created in Yesware while all of it is automatically logged in Salesforce. When all of their tools work in concert they are able to make the most out of their workday and focus on the tasks that require the most skill.

Doesn't that sound like a less cumbersome (and headache-inducing) alternative to pounding the phones like it's 1999? Tools aren't just a "nice-to-have," they're a necessity for the modern day SDR.

Office

You can divide the office costs of an SDR into three general categories: office space, office hardware, and office supplies. By grouping the general office costs this way, we can more easily understand where some of these hidden costs come from and what often isn't taken into account.

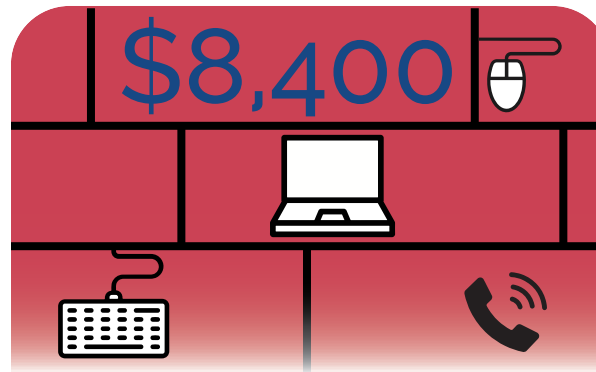
Space

Renting office space is expensive, but it can be hard to measure the impact an individual employee has on rent. Luckily shared office spaces can give us a better idea of how much cost we can associate with one desk in a given location.



*Based on the average cost of 4 dedicated WeWork desks for 1 year

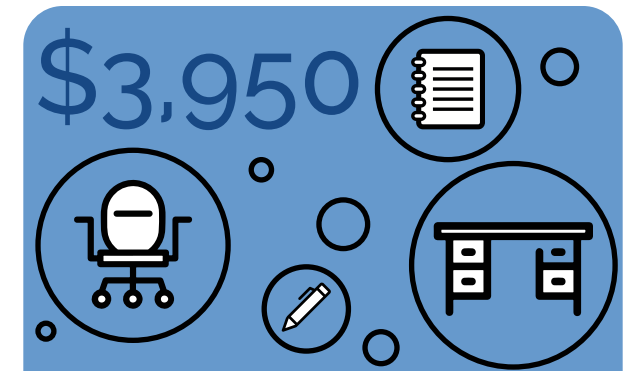
Hardware



For most companies, the hardware costs are baked into the internal hiring process, but as your company continues to grow the need for cost-effective solutions becomes a necessity. Until laptops start growing on trees, you're going to have to consider this cost.

Supplies

Finally, you have to deal with the increased amount of office supplies your SDR requires. Beyond the obvious - like a desk and chair - they're going to use your notebooks, pens, paper towels, kitchenware, etc...and that can add up significantly over time.



By outsourcing a function like sales development all of these costs are included in the price. That's about \$35,000/year on average that you can save on your SDR team simply by not sitting them in your office at a desk that can be better utilized by another employee. These are some of the more abstract costs that are rarely accounted for when building out a sales development function, but they need to be considered to successfully scale your company.

Salary

Depending on where your office is located (more on that later) the average SDR salary is **\$50,652**. Add that to the **\$15,888** they make in additional compensation and all of a sudden you're paying your SDR nearly **\$70,000** per year in salary alone. If that seems like a lot for an entry-level role, it's because it is.



Salary is obviously the biggest factor when it comes to budgeting out your sales development function, and with good reason. It will end up accounting for roughly **65%** of the total cost of your SDR team. If you're doing the math at home ($70,000 / .65$) you're probably guessing the total cost would come out to a little under \$108,000. But there's something you missed...

...you can't forget about who is going to **manage** your SDRs.

There are two different ways to internally manage SDRs, each with their pros and cons. Let's run through them both.

The budget option is to use a shared manager. This usually falls to someone on the marketing team with extra bandwidth or an AE looking for leadership opportunities. Sounds like a decent solution right? Not so fast. By giving management responsibilities to someone who isn't hired or qualified for such a role you're inviting a myriad of problems that we would need a separate whitepaper to dive into. The only upside here is that you save money because even a significant raise due to the added responsibility would be less than hiring a dedicated manager. Yet, where you think you're saving money you're actually losing important time and incentive because this new "manager" is now stuck between their professional self-interest and dedicating time to an SDR. Guess who's losing out in that scenario...

On the flip side, if you choose to have a dedicated SDR manager you get to reap the benefits of having a qualified expert lead your SDRs and teach them the ropes. But of course, it comes at a price of roughly **\$100,000**. For a 3 SDR team, combining all four salaries quickly brings you up to

\$380,000

a year in *just* salary. Are you prepared to spend nearly \$400K just to get people to sit in your office?

Luckily for you, there is a third option. With demandDrive, as well as other outsourced alternatives, you are able to split the difference to get the best of both options. One full-time manager can handle about 8 SDRs before they're overworked, so we spread our manager's responsibilities across multiple programs to allow for effective SDR management while maintaining an appropriate workload.

HR

If you're being responsible as you go about building your sales dev team you need to get in contact with your HR department and assess the impact a few new employees can have on your company's bottom line.

Every company is different (so these costs can vary greatly), but the items will more or less be the same. Have you taken these things into account?



Insurance

401k matching



Recruitment

Welcome Package



Family Benefits

Training & Onboarding

HR is also typically responsible for onboarding all new employees. A lot of companies building out an internal team hit a roadblock here. Onboarding and training a new rep usually falls on the shoulders of a seasoned SDR, something a company with a new team doesn't have, and even if they do isn't certified to train anyone. Who's going to teach them general responsibilities and best practices? There are two ways teams typically go about "avoiding" this problem.

Teams with a smaller budget choose to ignore the importance of having dedicated SDR training and will simply put their new employees through their standard training process. This means your SDRs are getting little to no role-specific training and it will stunt their professional growth.

Teams with a large budget will attempt to mitigate this problem by hiring an outside consultant to come in for an intensive training session. The issue with this is twofold.

The first is that this expert doesn't have enough time to integrate with your team, so not everything they talk about will be relevant. Secondly, there are very few sales training experts that are experts in Sales Development and there are some very significant differences between the two. While they appear trivial, these factors can make all the difference between your SDRs succeeding and failing.

At demandDrive we include our dD Certification Program in the total program fee. Taking on the SDR training allows us to set our reps up for success with any client and prepare them for both general and project-specific responsibilities. By learning the ins and outs of SDR work before becoming a responsible member of a team they are able to ramp up more efficiently, giving you less to worry about.

Want to save money without sacrificing success? Outsourcing your sales dev efforts is the way to go. Check out a subset of our data below for the hard numbers!

The Total Cost of a 3 SDR Team (manager incl.)			
	Low	High	Average
Salary	\$264,355.00	\$348,339.00	\$297,639.14
Office Costs	\$18,300.00	\$43,200.00	\$31,555.71
HR Costs	\$101,915.38	\$133,210.18	\$114,447.01
Tool Set	\$11,904.00	\$15,390.00	\$13,647.00
Total Cost	\$396,474.38	\$540,139.18	\$457,288.86

To see our full data set

[Click Here](#)

Regions

One of the first things you need to talk about when deducing the cost of hiring any team of people is the region in which they'll be working. The cost of living has a pretty dramatic effect on almost every variable in the equation.

The regional effect on salary is probably the most recognizable one, because of how obvious the cost of living affects salary for any position. In our efforts, we found that there can be up to a **\$90,000** difference in salary alone depending on where you're headquartered.



The HR costs also change based on the region, especially when you consider how closely tied they are with salary. Insurance, recruitment, & training costs all increase or decrease depending on where your office is located.

Rumor has it there are some offices in Silicon Valley that cost up to **\$30,000** per desk when you divide rent by the number of desks that fit in the space. On the flip side, in certain metro areas, you can pay as little as **\$3,600** per year for a dedicated WeWork seat.



We chose 7 different regions to analyze the effect location has on the total cost of an SDR team. We chose these specific cities as they represent the areas in the United States in which SDR hiring is most common.

Follow the links below to jump ahead to a specific region.

[Boston](#)

[Miami](#)

[Phoenix](#)

[New York City](#)

[Chicago](#)

[San Francisco](#)

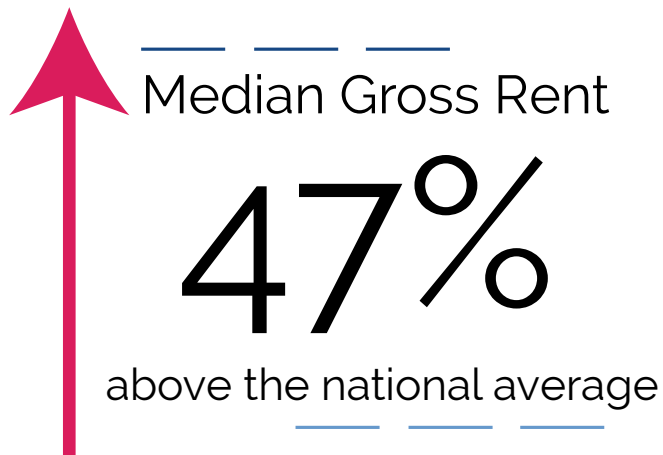
[Southern Texas](#)

Boston

Boston is considered by many as the tech capital of the Northeast, and with the abundance of elite universities in the area many enterprise companies put a secondary office in the region just to take advantage of outgoing graduates.

However, it's not all roses and sports championships in New England. Economic factors have caused the cost of living to skyrocket over the last couple of decades. It is by no means 'cheap' to build an SDR function here.

The other causes for concern range from average commute time (6th longest in the US) to expensive housing to some of the highest taxes in the country, and when they're combined your dollar simply won't go far.

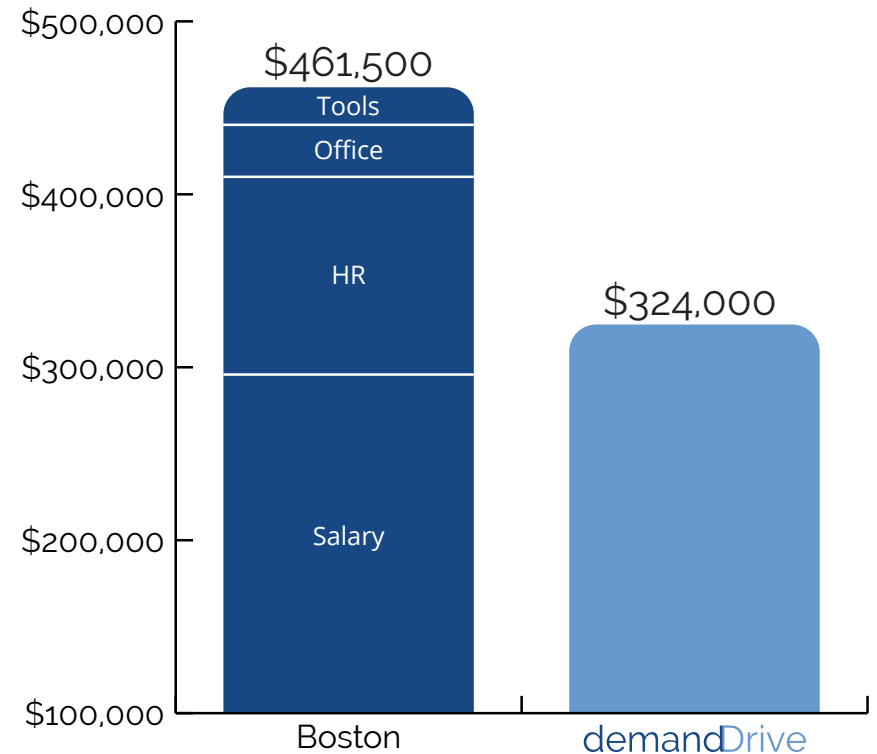


Bostonians pay an average of

\$5,693

more per person in taxes
than the rest of the country

The Cost of a 3 SDR Team in Boston



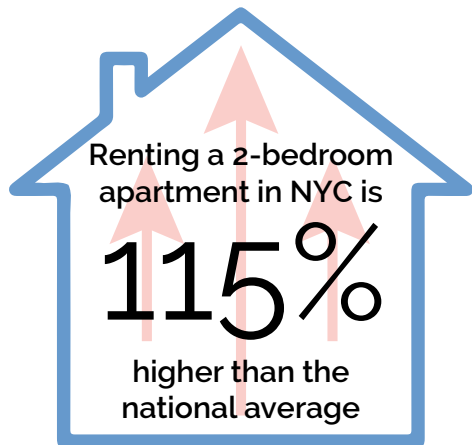
The great news here is that you can get the best of both worlds. demandDrive is located in the Boston area and frequently hires recent graduates. Because of our model, we can do this at a lower price and with more efficiency and success than most companies could do internally.

New York City

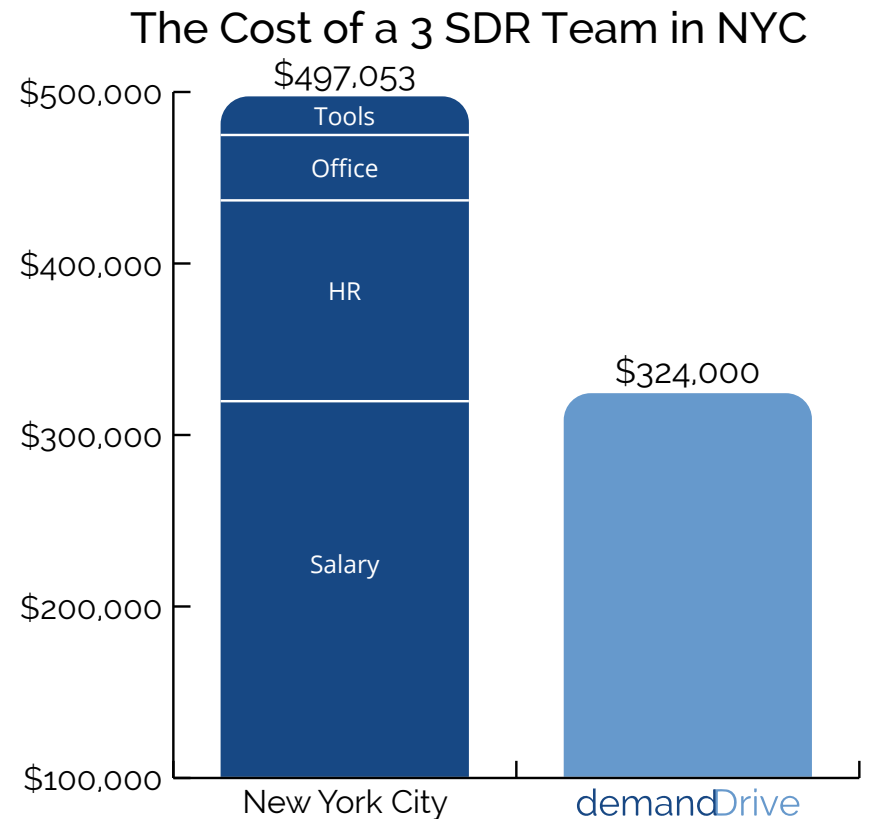
New York, New York. The city so nice, they named it twice. You know what else is doubled in NYC? The cost of just about *everything*.

Most folks are aware of the pros and cons of having an office/team among the 8 million other people living in The City. Yes, the opportunities you'll come across are tremendous, but so are their costs.

New York is one of the most difficult places to start a business without serious VC funding due in part to the premium cost of office space and salary (see graphics). If you don't take the time to find the most cost-efficient solutions to counterbalance the fact that you're in NYC your company will flounder quickly.



\$7,200
Average cost of a dedicated WeWork desk in New York City



New York is New York. It's well established. If your SDR team is all set and you aren't planning to scale any time soon you'll probably be fine, but if you're still building out or scaling the function, you'd be better off from a cost perspective in almost any other city in the country, whether it's in-house or outsourced.

Miami

While Miami is most well known for its weather and international flavor, there is a lot to like from a business sense as well.

Companies looking to make an impact in Latin America often place a regional or primary office in Miami. Inversely, many foreign companies will put their North American HQ in Miami because of its centrality on this half of the globe.

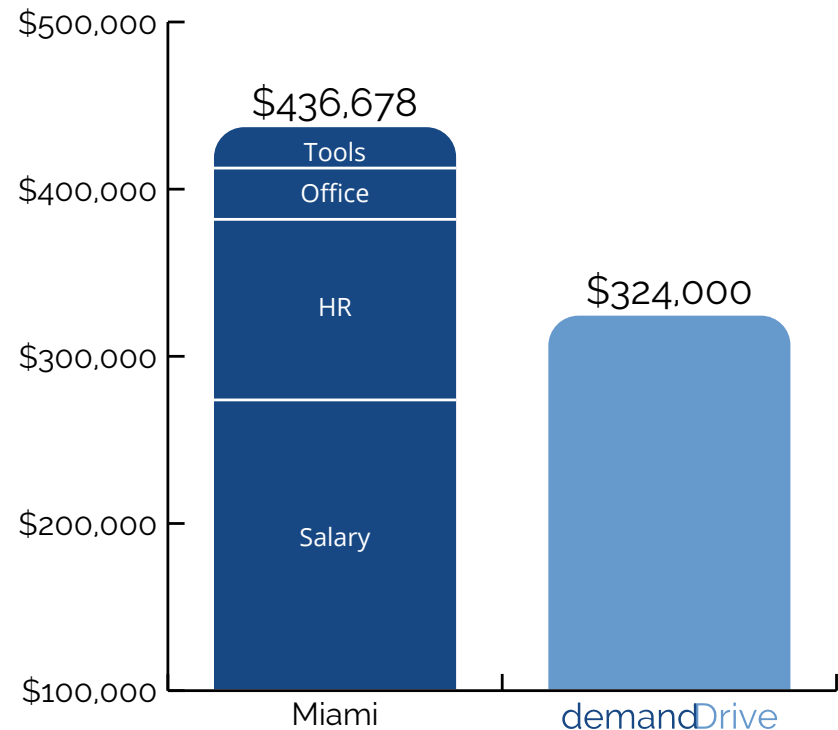
But it's not all sunshine in the Sunshine State. With a constant influx of transplants, the city is growing faster than it can handle, and commuters are paying the price. You also have to consider the cost of living in Miami will be higher when you take into account the areas in which your employees will actually live.



Miami is one of the less expensive options of the cities we analyzed, but it's still pricier than outsourcing. demandDrive has an office in Miami which gives us the ability to focus on more Latin American and international programs, allowing our clients to save on the cost of building a team just for the sake of having it in an international city.

Over the past decade the Miami area has seen an increase of almost 29 percent in the share of commuters who travel at least 90 minutes to get to work.

The Cost of a 3 SDR Team in Miami



Chicago

As far as major American cities are concerned you could do worse than Chicago from a cost of living standpoint.

Relative to the other major metro areas we analyzed, Chicago's cost of living is reasonably low. For some companies, Chicago gives them the best a big city has to offer without forcing them to sacrifice too much in the way of spending.

That being said, it's all relative. While Chicago won't cost you as much as New York or San Francisco, it's still pricier than outsourcing or building your team in a smaller metropolis.

Chicagoans still have to pay higher rent and significantly higher taxes than the rest of the country.

Chicagoans pay an average of

\$2,076

more per person in taxes than the rest of the country

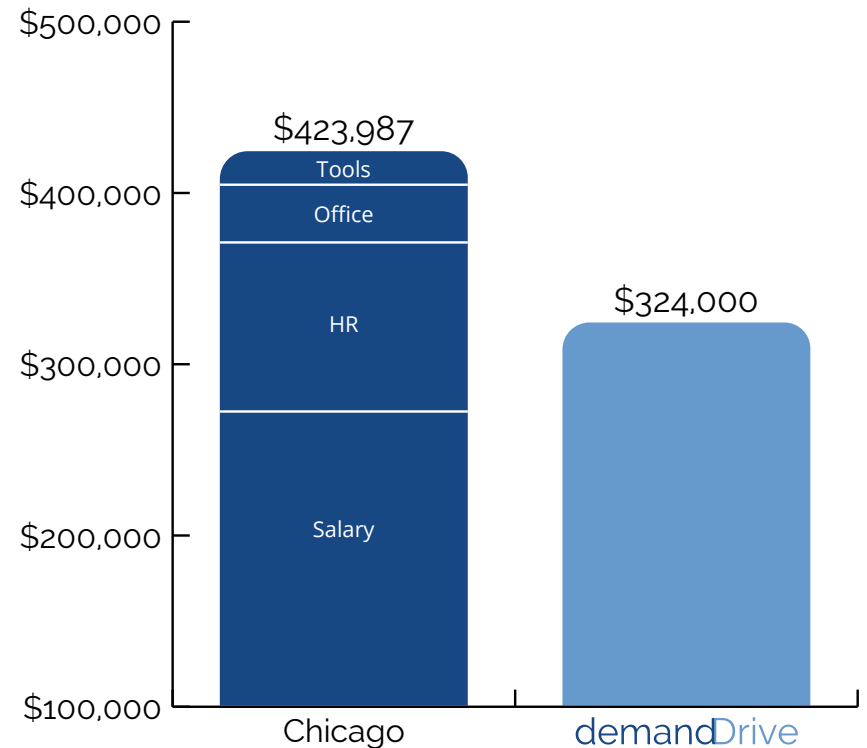
Median Gross Rent



only **4%**

above the national average

The Cost of a 3 SDR Team in Chicago



For an enterprise or legacy company that needs to be in a central hub, Chicago is a decent place to build a sales development team (if you're committed to doing it in house). For everyone else, there's demandDrive.



Southern Texas

We coupled Houston and Austin together here because, both being in Texas, we found that many of their pros and cons (like state taxes and primary commute types) fall in the same range.

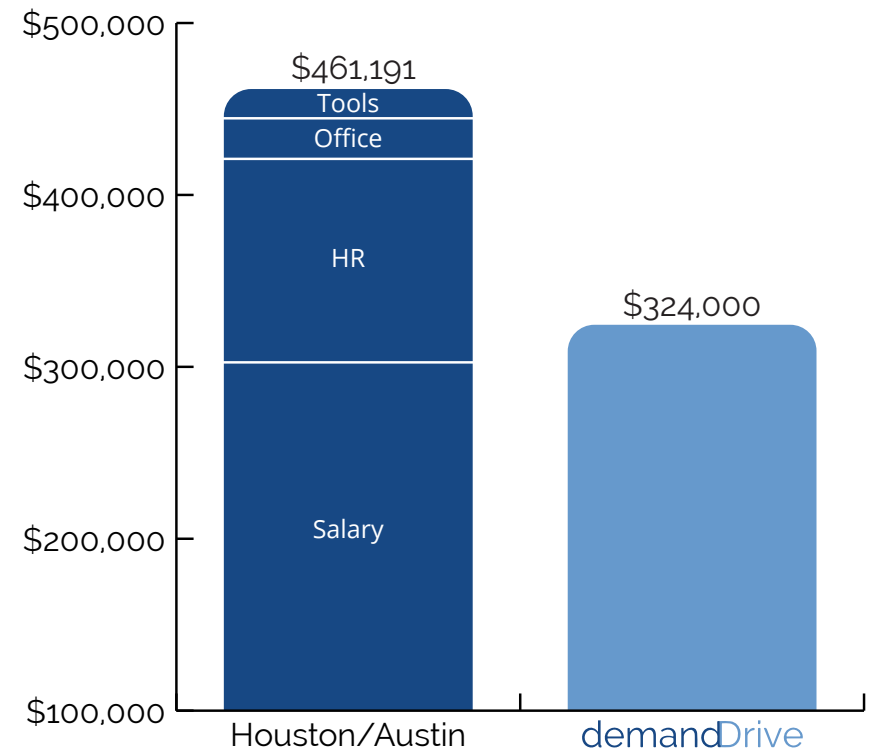
That being said, there are still some clear differences between the two. Houston is currently a more expensive place to live and commute, while Austin's rapid growth has caused multiple infrastructure challenges for the city. The cost of living in Texas is often considered lower than the national average, mainly because that statistic takes into account the large swaths of rural Texas. Living in either of these cities causes the price of nearly everything to jump above the national average, especially when it comes to SDR pay.



Houstonians have the 2nd most expensive commute in the nation...

...while Austin has the worst drivers in all of Texas.

The Cost of a 3 SDR Team in Texas



In terms of locations to build an SDR team, Texas will come out somewhat cheaper than the heavy hitters like NYC and SF, but between the transit challenges, salary costs, and cost of living projections, it would be smart to consider alternative options before building your SDR team in Texas.

Phoenix

On our list, Phoenix represents many of the smaller (but growing) US cities where price-conscious companies are beginning to put their headquarters.

Most of these growing cities are ill-equipped to handle their current population growth rate, especially from a transportation standpoint. With the commute types shown below, it's clear that heavy traffic will soon be a major issue if there's no increase in public transit usage.

Housing a 3-person SDR team internally in Phoenix vs San Francisco will save you roughly \$100,000. However, what you make up in cost you lose in potential talent acquisition. The dearth of elite education in Phoenix will greatly reduce your ability to find & attract top talent.

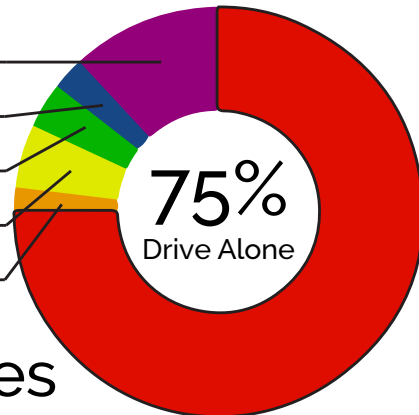
Carpool - 11.9%

Other - 2.6%

Public Transit - 3.6%

Work at Home - 5%

Walk - 1.9%



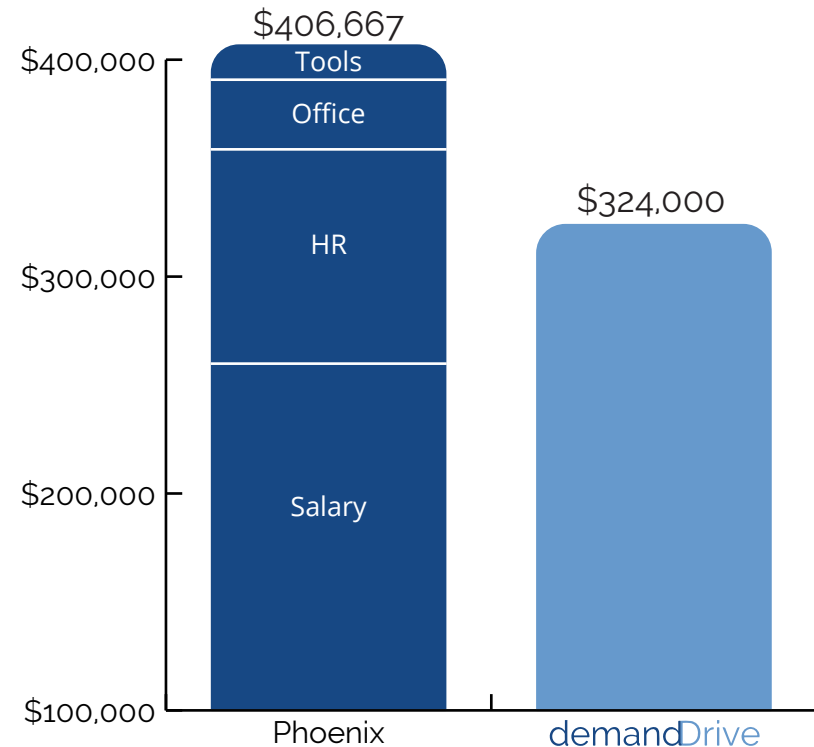
Commute Types



0

The number of universities in Arizona that made it into US News & World Report's ranking of top 100 universities in The United States.

The Cost of a 3 SDR Team in Phoenix



If you've been given a limited budget you should be considering smaller cities like Phoenix as an option. It's definitely a better move than putting your team in a place like New York - but you could still save even more. If you're truly mindful of the cost of your program, perhaps an outsourced firm could provide what you're looking for.

San Francisco

SF is currently considered one of the biggest hotbeds for technological advancement in the world.

From a community standpoint, there may be no better place to start a business. The area is ripe with VC firms ready to hand you millions, and if you play your cards right there's a decent chance your company is eventually acquired by one of the local unicorns.

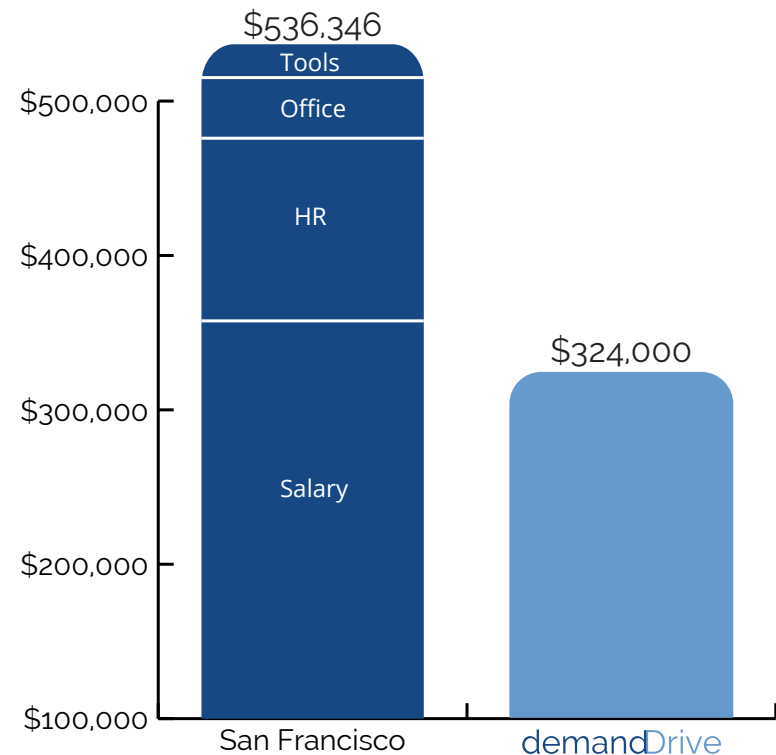
The downside of San Francisco lies in the cost of living for you and your fellow employees, as it's one of the most expensive cities in America. While it feels like nearly everything costs too much in The Bay the biggest detractor to building a team is the premium put on space both for an office and for a resident.

Median Gross Rent
74%
above the national average

\$7,200

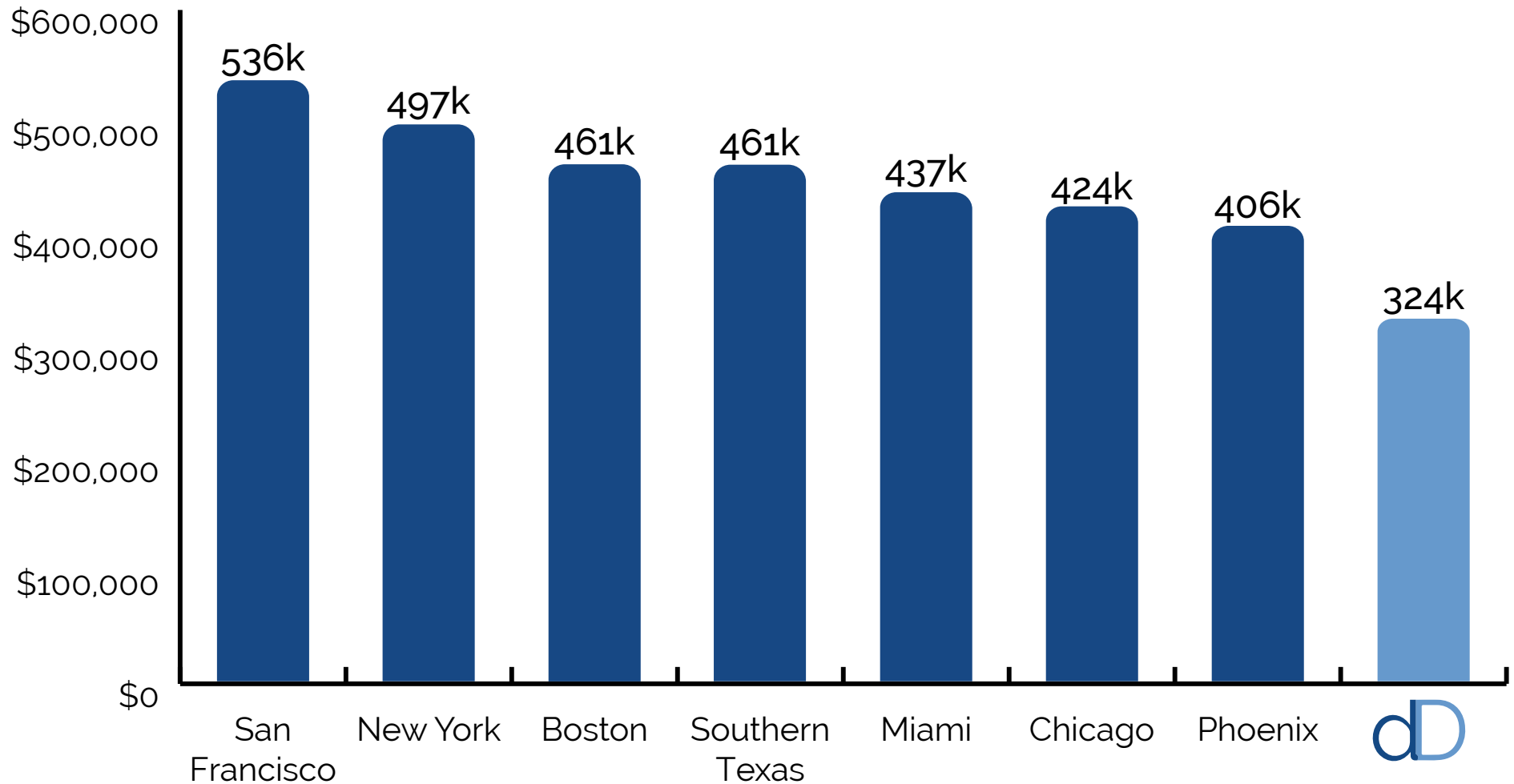
Average cost of a dedicated WeWork desk in San Francisco

The Cost of a 3 SDR Team in SF



The recklessly high cost of living in San Francisco equates to an increase in every region-based factor in our analysis. Out of the cities we took into account San Francisco has the highest salary, HR, and office costs, as noted in the graph above.

Regional Comparison of Building an Internal Team:



Why demandDrive?

The support of a large team...

demandDrive has 80+ in-house SDRs working together on a daily basis. Every day, our reps are surrounded by colleagues with a wide range of skills and experience. This collaborative environment - one that you might only find at enterprise organizations - fosters growth and encourages innovation on the ground level. Comradarie and competition are both natural and easily facilitated with the structure of our team, leading to a motivated and fully invested SDR.

...and the opportunity of a small team

Even with a massive group, demandDrive fosters a small team environment that is conducive to reps taking ownership of both client & internal projects. Our SDRs have ample opportunity to contribute, on both strategic and tactical levels, to the growth of demandDrive. These experiences help diversify and improve their sales & business skills, creating a more well-rounded and effective SDR. Plus, this helps us attract top-talent in a very competitive industry and job market - something you don't want to burden yourself with.

Transparency

We also encourage our reps to communicate directly with their clients on a regular basis (more than our standard weekly client calls). In addition to providing a high-quality service, this also creates a dynamic that encourages each rep to become fully invested in their client's success, acting as a true extension of their team.

Unparalleled Training

dD SDRs complete a comprehensive, detailed training program during their first 3 months, after which they become dD Certified reps. Our training program enables our reps to continuously develop their on-phone messaging delivery, preparation & research tactics, and overall sales acumen. In conjunction with our training, we run a knowledge transfer with clients to educate our reps to the fullest extent in order to create an extension of your team. Post-certification they receive continuous coaching and development as well as access to opportunities for career development.

Proven, Proprietary Process

Now a little about demandDrive. Our lead generation process is a defined, repeatable, and metrics-based process that has been implemented at 200+ tech companies. It can be customized for inbound, outbound, account-based, and event programs to name a few.

Our management team is not only well versed in sales development, but they're also experts in sales enablement technology, CRMs, process development, and program management.

Most importantly, we're built on the idea that a consultative, transparent relationship is the best way to drive leads for our clients. By combining the flexibility of outsourcing with the continued development of a close-knit internal team, we're well positioned to meet our clients' demands. All of this allows us to produce predictable and sustainable revenue for our clients.

Contact Us

Bibliography

- Apartment List. "Apartment List." 100 Best Apartments In New York, NY (with Pictures)!, 24 June 2019, www.apartmentlist.com/ny/new-york#rent-report.
- Glassdoor. "Company Salaries." Glassdoor, www.glassdoor.com/Salaries/index.htm.
- Gringer, Bonnie. "Average Commute to Work by State and City | TitleMav." TitleMax, 4 Apr. 2018, www.titlemax.com/discovery-center/money-finance/average-commute-time-by-city-and-state/.
- Hadzima, Joe. "How Much Does an Employee Cost." How Much Does An Employee Cost, MIT, 2005, web.mit.edu/e-club/hadzima/how-much-does-an-employee-cost.html.
- Hedding, Judy. "How Arizona Ranks: Building Wealth, Mental Health." TripSavvy, TripSavvy, 3 June 2019, www.tripsavvy.com/phoenix-top-ten-city-bottom-ten-city-2683275.
- Hernandez, Brian, and Reena Diamante. "Austin Drivers Worst in Texas; San Antonio in Close 2nd, Report Finds." Spectrumlocalnews.com, Spectrum News, 19 June 2017, 12:41, spectrumlocalnews.com/tx/austin/news/2017/06/28/we-re-no--1--austin-drivers-worst-in-texas--san-antonio-in-close-2nd--report-finds.
- Livability.com. "Phoenix , Arizona." Livability, 2 Feb. 2017, [livability.com/az/phoenix?find-best-place-city=Phoenix \(AZ\)&find-best-place-state=/al](http://livability.com/az/phoenix?find-best-place-city=Phoenix (AZ)&find-best-place-state=/al).
- Livability.com. "Houston , Texas." Livability, 2 Feb. 2017, [livability.com/tx/houston?find-best-place-city=Houston \(TX\)&find-best-place-state=/al](http://livability.com/tx/houston?find-best-place-city=Houston (TX)&find-best-place-state=/al).
- Livability.com. "Austin , Texas." Livability, 2 Feb. 2017, [livability.com/tx/Austin?find-best-place-city=Austin \(TX\)&find-best-place-state=/al](http://livability.com/tx/Austin?find-best-place-city=Austin (TX)&find-best-place-state=/al).
- Loughead, Katherine. "State and Local Tax Collections Per Capita in Your State." Tax Foundation, 2 May 2019, taxfoundation.org/state-local-tax-collections-per-capita-2019/.
- NerdWallet. "Cost of Living Calculator | NerdWallet - City and Salary Comparison Tool." NerdWallet, www.nerdwallet.com/cost-of-living-calculator.
- Salviati, Chris. "April 2019 United States Rent Report - Apartment List." Rentonomics, 20 June 2019, www.apartmentlist.com/rentonomics/national-rent-data/.
- Schiller, Andrew. "Miami, FL Crime Rates." NeighborhoodScout, NeighborhoodScout, 10 June 2019, www.neighborhoodscout.com/fl/miami/crime.
- Staff. "Houston Named No. 2 Most Expensive Commute in the Country." Bizjournals.com, Houston Business Journal, 7 Dec. 2018, 12:44pm, www.bizjournals.com/houston/news/2018/12/07/houston-named-no-2-most-expensive-commute-in-the.html.
- US Census Bureau. "U.S. Census Bureau QuickFacts: Boston City, Massachusetts; Chicago City, Illinois." Census Bureau QuickFacts, www.census.gov/quickfacts/fact/table/bostoncitymassachusetts,chicagocityillinois/HSG860217.
- US Census Bureau. "U.S. Census Bureau QuickFacts: Houston City, Texas; Miami City, Florida; New York City, New York; Phoenix City, Arizona; San Francisco City, California; United States." Census Bureau QuickFacts, www.census.gov/quickfacts/fact/table/houstoncitytexas,miamicityflorida,newyorkcitynewyork,phoenixcityarizona,sanfranciscocitycalifornia,US/HSG860217.
- US Census Bureau. "US Population Tables." Index of /Programs-Surveys/Popest/Tables/2010-2016/State/Totals, www2.census.gov/programs-surveys/popest/tables/2010-2016/state/totals/.
- US News. "The 100 Best Universities in America." U.S. News & World Report, U.S. News & World Report, 10 Sept. 2018, www.usnews.com/best-colleges/rankings/national-universities.
- WeWork. "Shared Workspace & Coworking Space." WeWork, www.wework.com/workspace/shared-workspace.