

The Sales Operations Playbook

A Guide for B2B Startups



By Iskender Dirik

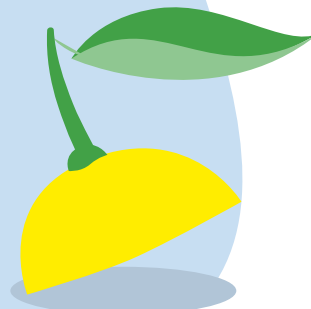


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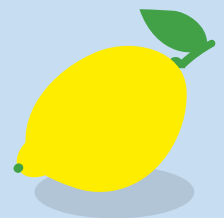




Introduction

Increasing sales is critical to the success of B2B software startups. A healthy customer base is essential to being able to access investment, scale up, and achieve ultimate success. Yet, many startups are founded by entrepreneurs who have backgrounds in technology, not sales. They don't necessarily have the skills or experience they need to build an effective sales organization. They aren't sure where to start, but even the best product in the world won't sell itself. As sales expert (and engineer) Stefan Groschupf says, "If you want to create a successful company, it is as critical (or even more so) to build your go-to-market functions as it is to build a great product."

When I talk with B2B enterprise software entrepreneurs that are looking to scale up their business, and I ask about their biggest challenges, they always answer "sales". That's why we've created this guide. Based on the insights of founders, experts, and entrepreneurs who have built successful startups,





this guide aims to demystify the entire sales process for startups. This guide explains where to start, what to do, and what to avoid. It covers everything from making the first sale to structuring the organization, expanding internationally, building a partner channel, and identifying salary ranges for key roles across different countries.

Sales is not a black art—success doesn't just happen magically. It can be learned and mastered by even the most technical founder. You need to lead it.

Wherever you are in the startup process, this guide will benefit your sales strategy, now and in the future. I hope you find it useful.

Iskender Dirik

Managing Director
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Microsoft for Startups



PS: I'd like to thank all the contributors who've so generously given up their time for this guide—check out their biographies at the end to find out more about them and their experiences.



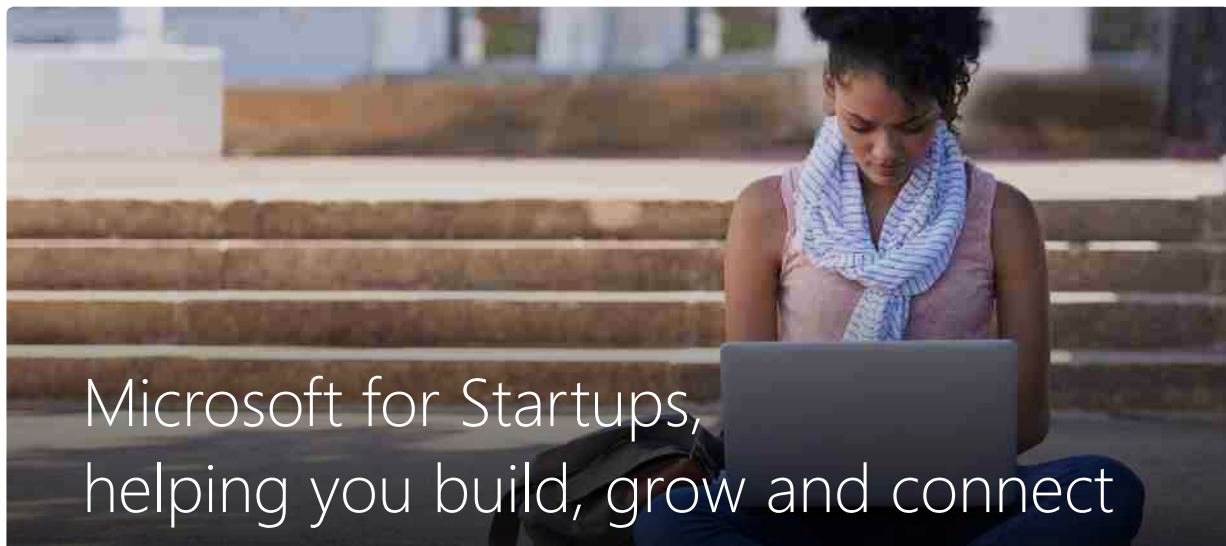


About Microsoft for Startups

Microsoft for Startups supports entrepreneurs in building and growing their business with free access to technology and business resources. Our teams work with startups around the world, providing them with free access to the Azure cloud, enterprise grade technical support and development tools. In addition, we provide dedicated resources to support startups in effectively selling their cloud solutions to enterprise organizations, in partnership with Microsoft's global sales organization and partner ecosystem.

Microsoft ScaleUp Program

The Microsoft ScaleUp program (previously known as Microsoft Accelerator) is designed for Series A startups and offers access to sales, marketing and technical support. Eligible startups partake in the immersive program at one of our seven global locations followed by ongoing support from a dedicated team of success managers.



Microsoft for Startups is a unique program designed to accelerate the growth of startups with free access to technology and business support.

To learn more and to see if you qualify, visit startups.microsoft.com



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Creating Demand

Once you have your product, you clearly need to create demand for it in the market. That means understanding your sales funnel and how you use content to move prospects through it, and then providing your sales teams with the means to close the deal.

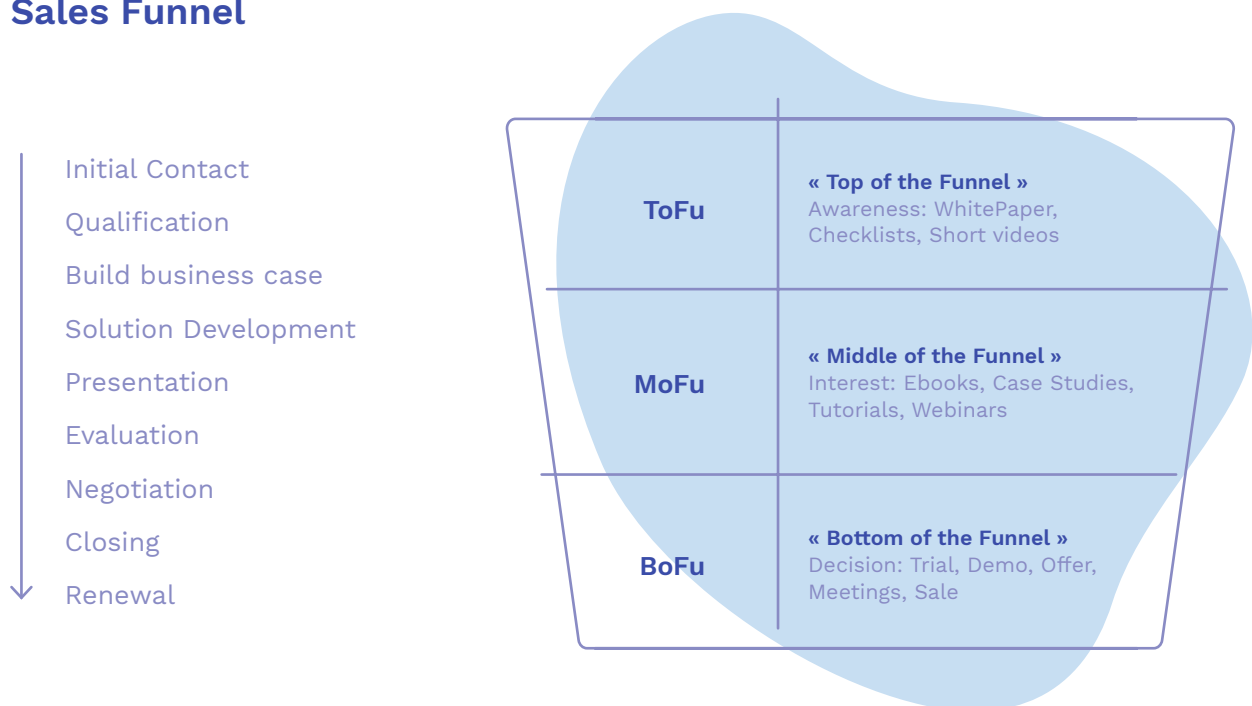


“You will only win on the streets if you are able to present in a compelling way that your solution is ‘good enough’ to solve the customer’s particular issues, not necessarily that it provides the best technical solution to a problem.”

— Jens Hutzschenreuter, Digital Business Group

To start, the first thing you need to understand is how you meet these needs and what the sales process is within your market.

Sales Funnel



Source: Stefan Groschupf, Automation Hero

Spend time to understand the buyer journey for your product or solution. Prospects have different needs and different levels of interest across the stages of the sales funnel. Think about how you can first attract them and then move them toward the final sale.



Top of the funnel (ToFu): This is the early stage of attracting prospects and creating awareness. Achieve this through high-level marketing content that explains general concepts through white papers, checklists, and short videos.

Middle of the funnel (MoFu): The deliberation phase where the prospect begins to ask if your product will meet their needs. To help here, you need more in-depth material that gives evidence of your benefits—so longer white papers, case studies, tutorials, or the chance to evaluate the product itself.



“The only thing you need to focus on is what makes you different, and that is where you need to focus all of your marketing efforts.”

— Daniel Reisner, Herzog Fox & Neeman

Bottom of the funnel (BoFu): Only at this point do salespeople become involved actively. This is where buying decisions are made—ensure you have all the materials available to your sales team so they can convince and close. The key aim is to make selling a repeatable, efficient process. Remember, your time is precious, so don't waste it on those that aren't looking to buy.

“Make things trainable and understandable. Salespeople won't stop talking just because of a lack of information. They'll continue to talk and sell whatever comes to mind, which is dangerous.”

— Ian Collins, Wysdom



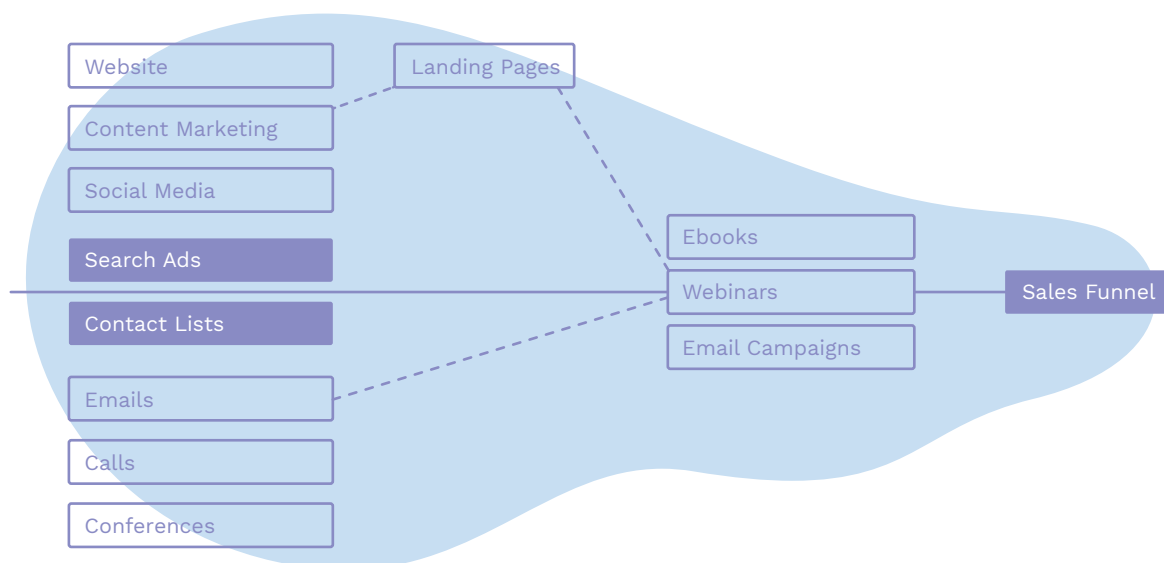


How do you start the awareness process to get people into the top of your funnel? You need to create demand, which comes in two forms:

- **Inbound:** prospects find and contact you, through your marketing and their own searches.
- **Outbound:** you find prospects, either by buying contact lists to call or by researching potential prospects. For example, if your product helps those involved in billing in telecoms companies, you need to create a target list of the top 50 telecoms companies, including whom to approach.

Aim to create a 50:50 balance between inbound and outbound leads. The following diagram shows the process for bringing people into your sales funnel. It shows the type of marketing content you need to generate demand and to move it forward. You need to ensure that content is useful and solves customer pain points—otherwise, it won't resonate and they won't be interested.

Demand generation



Source: Stefan Groschupf, Automation Hero



Prospects now drive much of the process for enterprise sales themselves, doing more of their own research before making contact with vendors. This means that content marketing is key—you must have the right information available for them to find and read. Before creating your content, research the current market landscape to make sure you focus on relevant topics. Look at the specific keywords that prospects are searching for, measure your performance, and continually look to improve the process.

Content Marketing



“Content marketing is the number one way of getting customers interested in you.”

— **Stefan Groschupf, Automation Hero**

“At the early stage it isn’t even sales – it is evangelizing. You’re feeling out the market, gathering feedback at the same time as you are soft selling.”

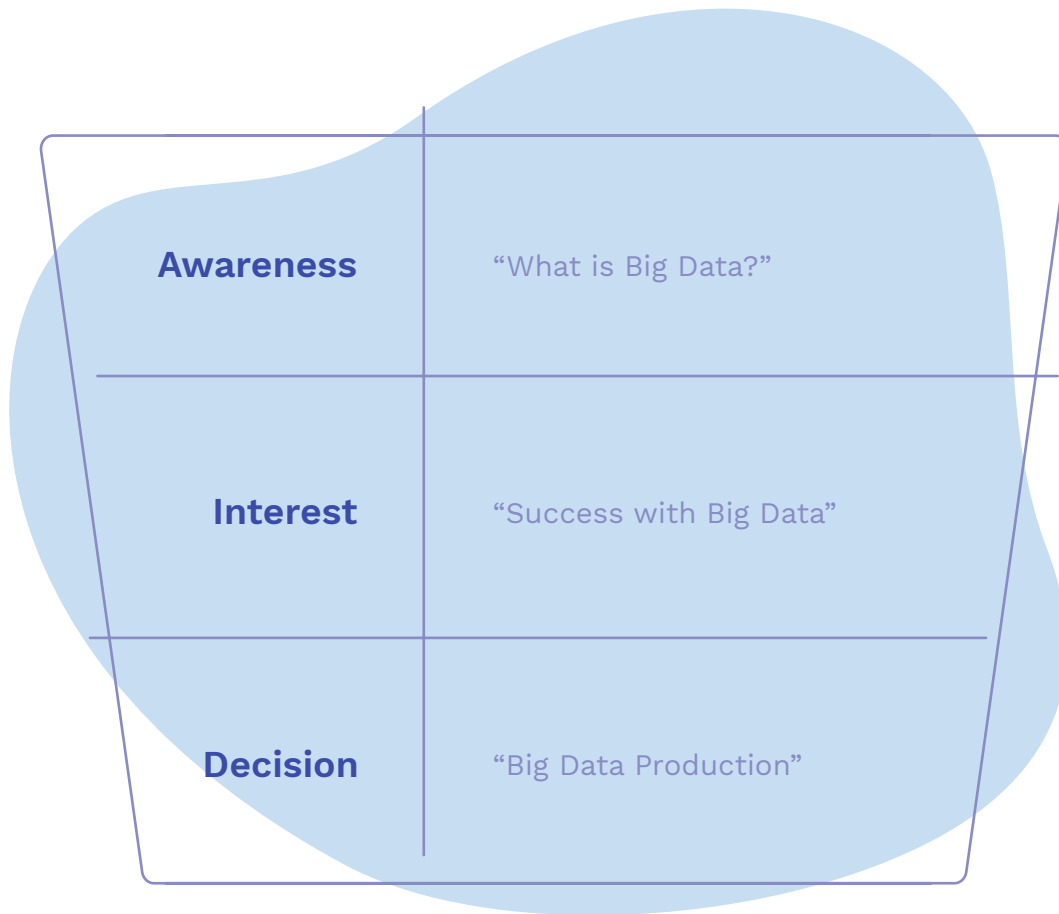
— **Ian Collins, Wysdom**



A specific way of evaluating buying interest and helping qualify where your prospects are in the sales funnel is to use content honey pots. These provide a variety of related pieces of content—you can then map interest in relation to the sales funnel. So, if a prospect downloads a white paper on “What is big data?” they are likely to be at the top of the funnel, compared to “Big data in production” which is much closer to the point of reaching a decision.



Content Honey Pot



Source: Stefan Groschupf, Automation Hero

“You need marketing much earlier than you think. Founders have probably been in a darkened room for two years developing the product, and they may not be aware of changing market dynamics. Getting ‘market in’ data is critical and letting the market know who you are is more critical.”

— **Edward White, Interana**





- Research the keywords and types of content your audience is looking for
- Write and design compelling content
- Put it behind registration walls
- Promote it via PR marketing, advertising and social media
- Get the links out there so that it is widely shared
- Measure, optimize and improve



Building your sales model

Startups will have different go-to-market strategies depending on their price, target sectors, and maturity. These will impact the type of salespeople you need, their compensation, and the length of the sales cycle.



“Before starting, ask yourself three questions in the following order. What am I selling? (In other words, what customer pain am I solving?). Who am I selling to? (In other words, who will end up using my product and who will end up buying my product – sometimes these are different people), only then comes the third question – How do I sell it? Once you answer those, you can understand what the right sales model is for you.”

— Amnon Drori, Octopai

Different sales strategies for startups

Self Service	Inside Sales	Field Sales
<ul style="list-style-type: none"> • Simple Products • Low Price < \$1.000 • High Volume • Short Sales Cycles • Highly Profitable • Difficult to build • Easy to scale 	<ul style="list-style-type: none"> • Complex Products • Medium Price < \$20.000 • Medium Volume • Sales Cycles < 3 months • Profitable • Fairly easy to build • Scale through sellers 	<ul style="list-style-type: none"> • Highly Complex Products • High Price > \$50.000 • Low Volume • Long Sales Cycles • High Sales Cost • Easy to build • Difficult to scale

Sources: Stefan Groschupf, Automation Hero

For simple, low-priced products, a sales team is cost prohibitive. Therefore, make it easy for customers to buy directly through self-service on your or partner websites (such as online marketplaces), and focus your time on driving demand through marketing and advertising campaigns. This model allows you to sell globally without a sales force, but your product must truly address a large market to succeed.



Using marketplaces to scale



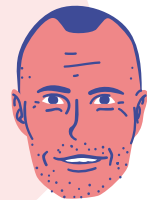
“We have over 500+ downloads of KenSci Clinical Analytics through Microsoft AppSource from customers and partners across US, Canada, Denmark, Singapore, and New Zealand, where we have no field sales coverage. For a small company, the value of this scale is incredible – it gives us an opportunity to address and prioritize product investments over customer acquisition investments, which in turn helps us deliver more value.”

— Sunny Neogi, Chief Growth Officer, KenSci

Startups with products that have a global appeal can successfully grow quickly and scale early leads by showcasing their products on online marketplaces, such as **Microsoft AppSource** or **Azure Marketplace**. This enables them to be easily found, downloaded, evaluated, and bought by customers, without needing to employ a salesforce. While this primarily works for less complex solutions, it can also help the buying process for enterprise software by making it simple for corporates to test or trial your product without needing extensive support from your engineering team.

“We are a small company with just over 30 employees in two countries. Yet we have tens of thousands of customers in over 200 countries, all secured through AppSource. That was achieved without a single salesperson on our staff.”

— Mathias Bjorkholm, CEO, Pickit



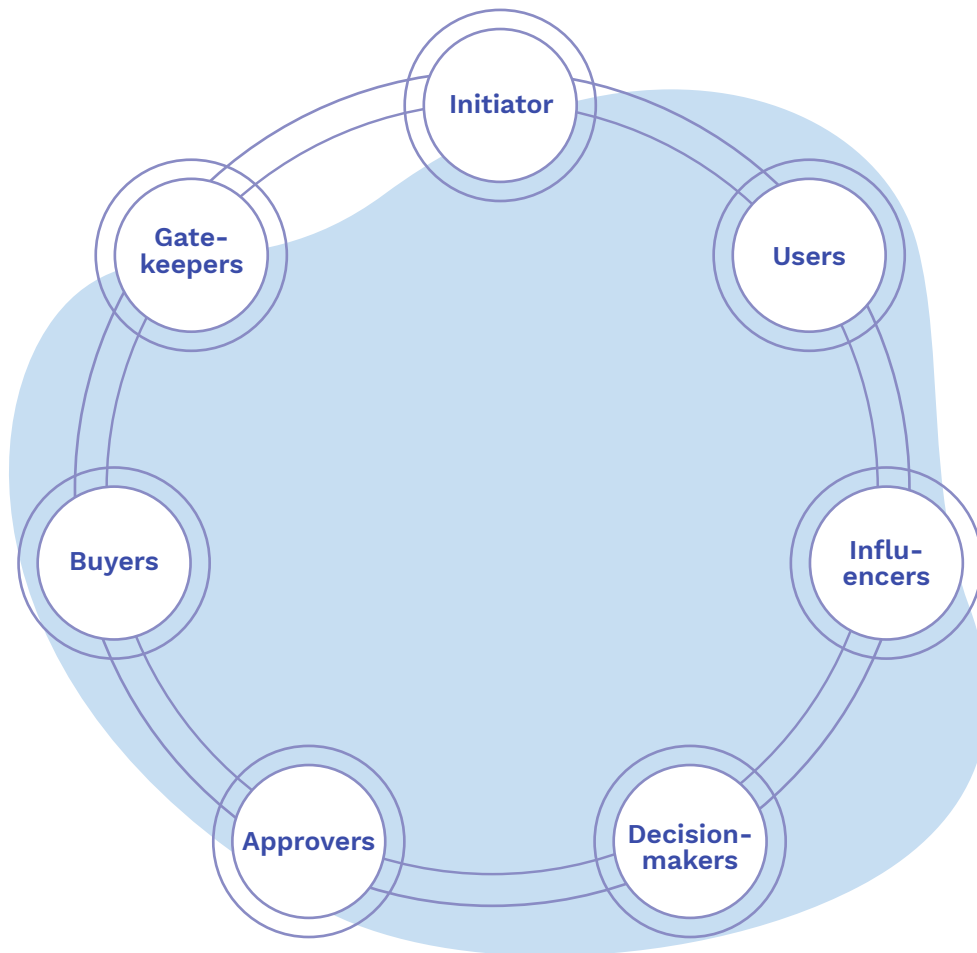
If your product is more complex, but still has a relatively short sales cycle, the likelihood of prospects wanting to physically meet your sales team is low. Therefore, you should focus on creating an inside sales team, operating by telephone/email.



This also means that you can target multiple countries from a single location, subject to language requirements. Many startups employ expatriates in their inside sales team to target their home country—for example, having a Spaniard based in Berlin who targets Spanish prospects.

For most complex, big-ticket products with high prices and low volumes, you need a dedicated field sales force that can go out and meet prospects face-to-face, answering their questions and closing sales. Bear in mind that these sales cycles can be extremely long, so your funding has to be able to outlast them.

Buying Center



Source: Stefan Groschupf, Automation Hero



The days of a single person being responsible for the buying decisions are long gone. In enterprise sales, you interact with multiple influencers within the buying process. Here are some typical roles:

- **The initiator**, who first looks at your product or solution and begins the sales process
- **Users**, who will be relying on your product on a daily basis
- **Influencers**, such as consultants, who have opinions on the product and what need it solves
- **The decision maker**, who is signing off on the purchase, typically a VP or director in an enterprise organization—bear in mind that they may not hold the budget
- **Approvers**, such as procurement departments
- **The buyer**, normally the CFO or Head of Finance
- **Gatekeepers**, those that can prevent a sale. This could be the CIO on technical grounds such as not wanting data to go off-premise into the cloud

To help satisfy everyone within the buying center, adopt this three-step process:

1. **Identify who is involved: What are their job titles and responsibilities? What are their pain points?**
2. **Build a value proposition matrix that matches your product or service against these pain points. How do you overcome them and what is the added value that your product brings?**
3. **Create appropriate messaging for each person. Bear in mind that people buy painkillers, not vitamin pills. That means they will choose solutions that solve their problems now, rather than investing in things that might benefit them at some point down the road.**



“Look to answer two simple questions to build your elevator pitch – why will other people need this solution now? And then why would they pick my solution to solve that problem?”

— Neil Ryland, Peakon



If you are unsure of your messaging, then A/B test. Run ads on channels such as LinkedIn, targeting your selected audiences with multiple ads, each with a different pitch. Measure clicks to see which resonates most strongly.

“At the end of the day, there’s a person who holds the P&L in a Fortune 500 company—they are the major decision maker. But the CFO has a veto for CAPEX reasons, the CIO has a veto for technical reasons, and there are a significant number of influencers.”

— Jean Belanger, Cerebri AI



“Find the person who feels the pain and believes that you’re the solution. That cuts through the size of the company.”

— Clare Jones, what3words





Building a sales team

Your sales team will evolve over time—but as we've said, it is important that it starts with the founder. Initially, you need to evangelize and test the product in the market, shaping it so that it meets market needs.

It is vital that you don't hire salespeople too early—you need a mature sales pipeline, value proposition, and use cases to ensure you get value from them. That's why it is the role of the founder to explore and gain early sales, validating your product in the market.



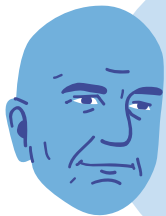
“The job of the founders is to figure out sales. Once you have done this, after raising Series A funding, then build up the sales team. The product has to be transportable and packaged right before you bring in sales.”

— **Jens Lapinski, Angel Invest Ventures**



“If at least one of your founders or your CEO is not your best salesperson, you are usually in trouble.”

— **Jean Belanger, Cerebri AI Inc.**



Only then, once you have successful customer use cases under your belt and demand reaching the bottom of the funnel, should you bring on sales people. Begin by recruiting generalists at the account executive level, who can work with you to handle the end-to-end process, then specialize as your revenue grows.

“Tech founders need some expertise in sales or have to hire someone with this skill set. There has to be someone who knows how to develop a product that is needed in the market.”

— **Jens Hutzschenreuter, Digital Business Group**





“Founders often don’t get out of their comfort zone in terms of sales, particularly between seed stage and Series A. They have to get on a plane and SELL!”

— **Stefan Groschupf, Automation Hero**

“Never hire just one salesperson at the same level – hire two. That way you can find out if the product is not working in the market, or if the salesperson is not working.”

— **Jens Hutzschenreuter, Digital Business Group**



“Employ a sales manager when, as the sales leader, you realize that you are spending less than 40 percent of your time on strategic work and can’t answer the question ‘what will my business look like this time next year.’”

“The traits I look for when hiring for early stage sales execs are Loyalty, Attitude and Tenacity (LAT), as I have yet to meet anyone that coaches someone these traits.”

— **Neil Ryland, Peakon**



Roles and Responsibilities

Roles	Responsibilities	Profile	Numbers of FTEs		
			Seed Stage	Series A Stage	Growth Stage
VP Sales/CSO	Leading the sales team effectively while aligning sales with other process in organization	Managed sales team before, strategic, structured, and analytical mindset. Must align sales with rest of organization	0	0	1
Sales Manager	Leadership of sales team; Recruiting and onboarding	Top performer, either from your competition, promoted internally or with experience selling to the same markets that you are targeting, 3-5 years experience; needs to be data-driven and capable of aligning team	0	0-1	3
Account Executive (AE)/ Sales Representative	Point of contact for customer for initial stages of the sales funnel	Ambitious, hungry, could be extrovert and introvert (many clients are introverts!), but key in being likeable and good at listening	0-3	2-10	18-24
Pre-Sales/ Sales engineer	Point of contact for customer before deal is closed; answer any in-depth questions about product for Requests for Proposals (RFPs)	Technical expert (often business informatics background) and/or ex-consultant with tech background (e.g. ex-KPMG, BCG etc.)	0	1-2	4-5
Sales Development Representative (SDR)/Business Dev. Rep.	Lead qualification and generation	Junior position; at start of sales careers, strong communication skills. Hire these early to free up founders to focus on bigger opportunities	1	1-4	9-12

See appendix for detailed source references.

The ratios in this table will vary depending on the complexity of what you are selling and the sales model you adopt. For example, if you are a high-volume, self-service based business, you will not need a sales force at all.

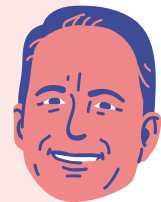


To help understand the size of sales team you need, Christoph Janz of Point Nine Capital has created a spreadsheet-based model¹. This uses your Annual Recurring Revenues (ARR), monthly growth, and churn rates to outline the numbers and roles you require to hit your overall growth targets.

A sales team cannot function effectively in isolation. Don't forget supporting roles—as shown in the Supporting Roles graphic. You need to be generating inbound leads and keeping customers happy. This is particularly vital in a software as a service (SaaS) business with annual renewals, making the customer success team crucial to growth. Some companies even have a VP of customer success, rather than a VP of sales. The average cost to bring in a dollar of annual contract value revenue is \$1.18²—you must therefore retain and upsell to grow.

“Sales always wants more than marketing delivers – more than anyone could deliver theoretically.”

— Ian Collins, Wysdom



¹ Source: Christoph Janz, Point Nine Capital via The Angel VC
<http://christophjanz.blogspot.com/2015/06/by-time-youre-at-2-3m-in-arr-you-need.html>

² Source: Pacific Crest Securities/Matrix Partners SaaS Survey
<https://www.forentrepreneurs.com/2015-saas-survey-part-1/>



Supporting roles

Roles	Responsibilities	Profile	When to hire
Marketing Team	Generate interest in product; customer engagement activities such as events; Delivering to sales people; align marketing and sales reporting; generate leads for sales-people	Focused on delivering sales leads. Pragmatic - start with a generalist and then specialise (digital, branding, PR etc.)	Most important; Hire early and develop team as you grow
Customer Success Team	Increase customer satisfaction and retention-crucial for SaaS-based subscription businesses. Should bring in sales representatives when potential for upselling or co-selling is determined	Consultative, problem-solving, and able to build rapport with customers	Once you have 5-7 customers on board
Legal Team	Legal and contractual work	Ideally a pragmatist. Start by employing someone who has legal and other experience (e.g. a CFO)	Use external resources, keep off your payroll as long as possible

Sources: Jean Belanger, Cerebri AI; Jens Hutzschenreuter, Digital Business Group; Edward White, Interana; Ian Collins, Wysdom

As your startup and sales grows, be careful to avoid silos building up between different parts of your team (such as Sales Development Representatives (SDRs) and Account Executives (AEs)) and with other parts of the organization such as marketing. Put in place processes to ensure that information is communicated clearly between roles—prospects hate having to repeat themselves again and again to different people during the sales process.



“It can be highly irritating for a big customer to answer questions from a SDR, who then hands over to an AE, who then passes them to a customer success team, etc. Focus on a work split model that fits with your business.”



— **Jens Hutzschenreuter, Digital Business Group**

“I’ve seen companies—especially bigger organizations and corporates—where different parts of the sales team work in isolated silos. They close a deal, sign the contract, and throw the ‘dead body’ over the fence. This may work in the short term, but doesn’t create sustainable value in the long term.”



— **Jakob Gillmann, Adjust**

The structure of your sales team will change dramatically over time, but the figures in the Roles and Responsibilities graphic above shows the typical numbers of people with each role at different funding stages.

“First-time founders usually underestimate how hard it is to scale sales.”




— **Stefan Groschupf, Automation Hero**


Incentivizing salespeople properly is critical to engaging them, particularly as you enter the growth phase. The following salary benchmarks give you an idea of how to structure salespeople’s packages and what they expect.




Supporting roles

Salary benchmarks – Germany, United Kingdom and United States

Roles	On Target Earnings	Fixed Salary	Variable Comp 
VP Sales	€130k - 200k+	€65k - 100k+	30% - 50%
Sales Manager	€80k - 110k	€50k - 70k	30% - 50%
Account Executive	€75k - 125k	€45 - 75k	40% - 35%
Pre-Sales/Sales Engineer	€40k - 90k	€40k - 90k	Usually no variable salary; quite similar to an engineering salary
Sales Dev. Representative	€32k - 45k	€27 - 34k	10% - 30%

Roles	On Target Earnings	Fixed Salary	Variable Comp 
VP Sales	£150k - 200k+	£65k - 100k+	40% - 50%
Sales Manager	£90k - 110k	£45k - 70k	40% - 50%
Account Executive	£75k - 125k	£35k - 60k	50%
Pre-Sales/Sales Engineer	£40k - 90k	£40k - 90k	Quite similar to an engineering salary
Sales Dev. Representative	£38.5k	£80k	10% - 30%

Roles	On Target Earnings	Fixed Salary	Variable Comp 
VP Sales	\$250k - 450k	\$150k - 200k	40% - 50%
Sales Manager	\$250k - 300k	\$100k - 200k	40% - 50%
Account Executive	\$80k - 140k	\$40k - 70k	50%
Pre-Sales/Sales Engineer	\$70k - 150k	\$55k - 120k	20%
Sales Dev. Representative	\$40k - 65k	\$32k - 52k	20%



Bear in mind that other factors will impact the package that sales people expect:

- You'll pay 20 percent more for salespeople in hotspots such as London and New York.
- In Germany, salespeople will want a car.
- The United States (and United Kingdom) are more focused on variable compensation than other markets.

Bonus schemes

Across Germany, the United States and United Kingdom bonus mechanisms are broadly similar, although they do vary between individual companies. The main difference is that, in the US in particular, senior sales staff will expect equity when joining a startup.

Roles	Bonus Scheme
VP Sales	Based on overall company and sales team performance equity grant (0.5-1% - more common in US/UK)
Sales Manager	Based on team performance; Some share in long-term value (particularly in US/UK)
Account Executive	SaaS: 10%-20% of first year deal revenue one-off license: 5% - 10% Service Business: 5% cross- and upselling: should be treated as new sales renewals: either nothing or 10% - 25% of initial value (depending in business). Additional bonuses for fast sales or early subscription sales possible
Pre-Sales/Sales Engineer	Can provide a bonus linked to successful sales close; link to total revenue v target or RFP win rate numbers where they are involved in deals
Sales Dev. Representative	Can be linked to: meetings secured, quality and quantity of leads, opportunities being accepted as qualified leads, bonus on deal close

See appendix for detailed source references.



Sales costs

Be clear on how your sales costs break down and therefore how they will impact your bottom line. The following example demonstrates how to calculate sales costs for your business.

Example Sales Cost

Team: 1 sales manager + 5 account executives

Salary:

Sales Manager: €100k/y (50% variable);

Account Executive: €80k/y (40% variable)

Assumption: Each account executive brings in **€400k** in revenues.

So: 5 account executives x **€400k** revenue each = **€2 million** total annual revenue

For €2 million in revenue, the company pays **€210k in commissions:**

€50k commission for sales manager (= 50% of €100k/y)

+ 5 x €32k commission per account executive (= 40% of €80k)

= **€210k** in commissions

Assuming that the account executives and the sales manager achieve 100% of their sales quota and thus get 100% of their variable salaries.



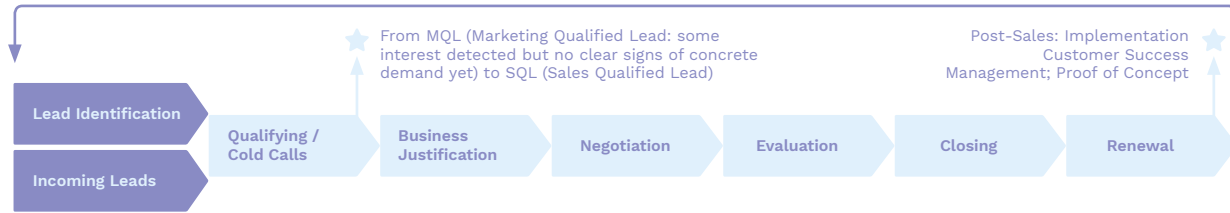
The sales process

Once you have generated demand and recruited a team, how do you translate it into revenue? The sales process will vary depending on your market and business model, but it is vital to understand your process, map it, and follow it. The more complex the software, and the bigger the organizations you are selling to, the longer the sales process is likely to be—it is not uncommon for a €100,000 deal to have a 6-12 months sales cycle.¹

¹Source: Stefan Groschupf, Automation Hero



Sales Process



Description						
Inbound/ outbound lead prospecting	Follow up on prospects - qualify as prospects with a need	Proved executive overview of how product meets business needs for all stakeholders	In-depth, product demo etc.	Become vendor of choice	Move from verbal agreement to issued purchase order	Re-sign customer for another year
Conversion rates						
n/a	10-25%	30%	50%	75%	90%	90%
Roles involved						
Sales Dev. Representative	Sales Dev. Representative	Sales Executive	Sales Executive Pre-Sales Engineer	Sales Executive/ Sales Manager/ VP of Sales/ Legal	Sales Executive/ Sales Manager/ VP of Sales/ Legal	Customer Success Team/ Sales Executive
Tasks						
Find and initial qualification of leads	Understand customer challenges Send initial information	Takes over SQL as relevant, concrete opportunity Demonstrate ROI, build business case	Product demonstration Product evaluation trial	Demonstrate compelling fit for customer needs	Detailed contractual/ legal negotiation	Demonstrate value delivered Upsell and cross-sell if possible

“Don’t use the preset sales probabilities in your CRM system—it creates a false sense of security. Measure what is happening on a monthly basis and then apply those real-world metrics to your pipeline.”



— Stefan Groschupf, Automation Hero



Turn sales into a repeatable, learnable, and teachable process that is specific to your business.

Often, salespeople are anxious to push forward to the Evaluation phase and don't spend sufficient time on Business Justification—this creates problems for finally closing the deal. Don't rush to create a proof of concept (POC) before you have fully qualified and understood why someone should want your product. Otherwise, the POC may be a success, but will not lead to a sale.



“Find a buyer who has a need that fits with your product vision and agrees to a ‘If you, then I’ scenario—‘If your product solves this problem for me, I will purchase.’”

— **Edward White, Interana**

Very often the time required for negotiation is seriously underestimated. Remember that closing takes time, and will need continued senior involvement from your team to shepherd the agreement through all the stakeholders on the customer side.

“There's a lot of documentation that comes after the handshake. At big companies, the legal team is very disconnected from the business team.”

— **Ian Collins, Wysdom**





The sales cycle is just that: a continuous cycle. Particularly for SaaS businesses, you need to ensure that the customer is happy and getting best value from your software if they are to renew. Remember that you need to minimize churn to grow, and that means focusing on customer success.



“It is absolutely typical that your customer acquisition cost is as high or higher than your initial revenue.”

— **Stefan Groschupf, Automation Hero**

Accelerate your revenue gains with AI.

Sales representatives waste 63% of their time on non-revenue generating activities because of inefficient and ineffective sales processes, according to a study by InsideSales.com Labs. That’s why Automation Hero is introducing a proactive and adaptive sales AI assistant powered by an unparalleled business automation AI platform to help with repetitive sales tasks.

By leveraging powerful deep-learning algorithms for classification, prediction, and recommendation, Automation Hero augments sales reps and sales processes to significantly increase sales efficiency and revenue growth. A recent MIT survey found that 85% of executives believe that AI will enable their companies to obtain or sustain a competitive advantage, but only 20% have incorporated AI in some way. Be sure to get ahead of the curve now.

Find out how you can accelerate your sales productivity by visiting automationhero.ai





“You can only be successful when your customers are successful. If you onboard someone who doesn’t need your solution, they will churn—before you get a return on your customer acquisition cost. The customers have a bad experience, and won’t be happy. This is not good for your brand, and it doesn’t make economic sense.”



— Jakob Gillmann, Adjust

As well as guaranteeing retention, boost your revenues by:

- Cross-selling new functionality to existing customers
- Upselling more licenses to existing customers as their usage grows

Post Sales

Cross-sell

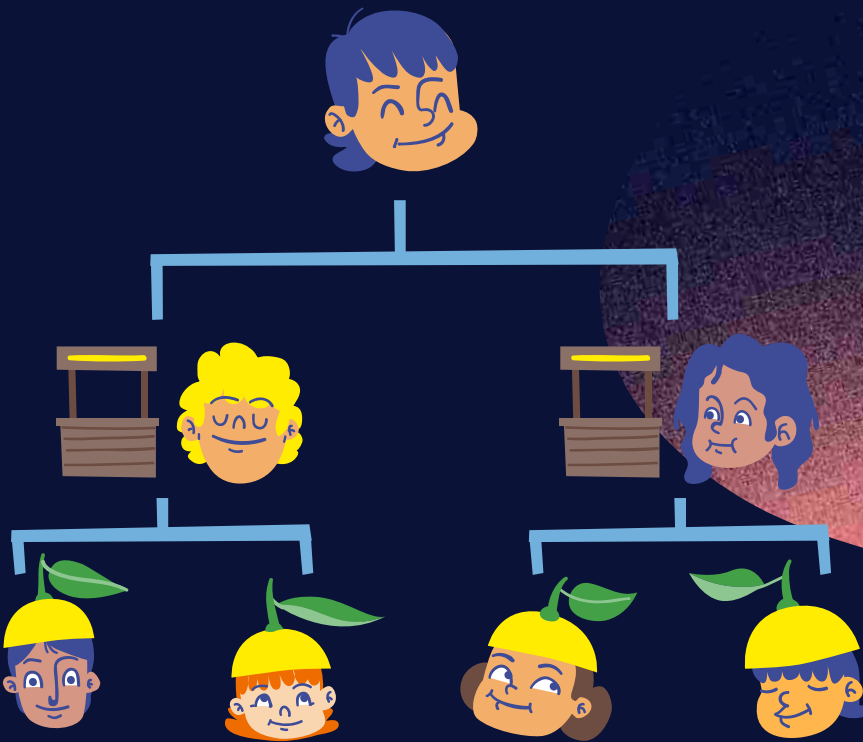
- Premium product bundles
- Additional functions
- Integrated bundles
- Services

Upsell

Learn how to price to upsell!

- Scale with users
- Scale with hardware
- Scale with data
- Scale with usage
- Scale with importance

Source: Stefan Groschupf, Automation Hero



Managing a sales team

Once you have a sales team onboard, you need to ensure that they are delivering results. In early stage companies, before a VP of Sales is onboard, this management should be the direct responsibility of a founder. Even when you have a VP of Sales, you still need to ensure that the process and management is seamless.

As the Managing Salespeople graphic shows, start with your business objectives, translate these into sales targets, and, finally, engage in actual sales activities. Don't just create a revenue target out of thin air and expect things to work out — you need to divide it into clear and easily-measurable sales goals.



Managing Salespeople

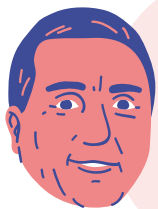


Source: Stefan Groschupf, Automation Hero (from the book Cracking the Sales Manager Code)

Here are five areas to focus on when managing your sales teams:

1. Change as you grow

Enable your salespeople and ensure that they are supported with the right structure and materials to drive revenues. Start with hunters, who can bring in new sales, and as you grow, add more farmers that can increase revenue from existing customers. Change your compensation plan every year as your company grows.



“I break it into three buckets—zero to \$5 million, \$5 to \$20 million, and \$20 million plus in revenue. The first stage is all about customer proof, the second repeatability, and the third scaling out.”

— Edward White, Interana



“Make sure you align your comp plan to the strategic objectives of the business, otherwise salespeople will go around it to hit quota.”

— Neil Ryland, Peakon



2. Look for continuous improvement

Invest in training and learning from what goes right and what goes wrong.



“The issue is that people don’t take the time to practice—they just compete. It is the equivalent of a football team or an athlete just turning up to a match or competition without any practice.”

— Peter Krauss, CoSelling

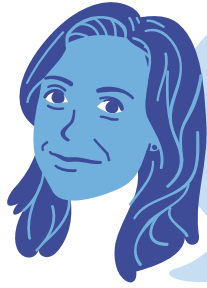
“Specifically, young, pre-product market fit teams need to get direct prospect feedback from those who end up not buying. That’s pure gold when it comes to product development and building your overall go-to-market strategy.”

— Jakob Gillmann, Adjust



3. Create a team and strong working environment

Build a culture—and give your salespeople ownership of it, so they are accountable to each other. Ensure that you support remote sales staff, particularly as you grow through video conferencing and messaging systems.



“As you scale, make sure you work together across departments much more than when you are tiny. It’s critical to build ways of working collaboratively with your teams.”

— Clare Jones, *what3words*

4. Support your sales people

Focus on sales operations. This is essential to driving incremental improvements and handling reporting.

“If you don’t build a strong technology stack to automate a lot of the processes and drive the messaging, you end up with a very, very expensive and inefficient sales team that’s disengaged.”

— Neil Ryland, *Peakon*



5. Be fair on territory management

Set clear rules on sales territories and how you assign leads. Avoid conflict by tying part of each salesperson’s comp plan to overall sales performance. However, balance being fair with gaining revenue—feed the greedy, not the needy.



Selling through partners

By Caroline Egan, Inspiren

In addition to focusing on direct sales, startups should explore how partner relationships can assist their growth. Partners have potential to support your organizational objectives in many ways, for example, access to market, financial and market credibility, procurement, delivery capability/skills, and scale. Remember that there are wide range of partners, so you need to understand the ecosystem, even if you aren't immediately focusing on partner sales. Follow these seven tips from channel expert Caroline Egan to understand and optimize your partner strategy.



“It is not difficult to recruit a partner.
It can be really difficult to recruit the right partner.”

— **Caroline Egan, Inspiren**



1. Start from day one.

Think about partners when building your overall go-to-market strategy. Even if you don't plan to partner now, don't do anything that will negatively impact your ability to partner going forward. Your customer buying behavior, competition, and market dynamics may change.

2. Understand partner types.

Don't think of partners solely as resellers. They are much more varied—and potentially more valuable—than that. They could even be involved in your direct sales as advisers, influencers, or consultants. Ensure that your strategy reflects this. Consider how your target prospects are influenced by other organizations and how they purchase solutions today—this will help you to identify partners that can potentially give you easier access to market and support the whole journey of engaging new prospects to selling solutions, successful delivery, and customer success management.

3. Build an ideal partner profile.

Draw up a checklist of what you are looking for in a partner in terms of skills, market positioning, and complementary products or services. Start with a small number of partners, learn, and then refine your strategy. This will help you to understand an ideal partner when you find one and reduce the number of non-performing partner relationships.



“If you don’t know what you are looking for in a partner and what you need, then how can you possibly know when you find it?”

— Caroline Egan, Inspiren

4. Make your product channel ready.

If you are looking to sell through a channel, ensure that your solution is packaged enough for partners to pick it up and sell it. That means going through the sales process yourself first, and then fine-tuning it to effectively activate partners and drive a repeatable, profitable, and happy sales and customer engagement process.

5. Have a plan.

Create a simple business plan for every partnership and monitor it on an ongoing basis. This ensures that everyone understands their roles and responsibilities with clear objectives, owners, and milestones. Communicate on an agreed regular basis. Having a plan means there is a documented view of what success looks like and what it will take to get there.

“Startups absolutely cannot afford to just bring on lots and lots of partners and spend all their energy to do that if those partners then don’t deliver.”

—Caroline Egan, Inspiren





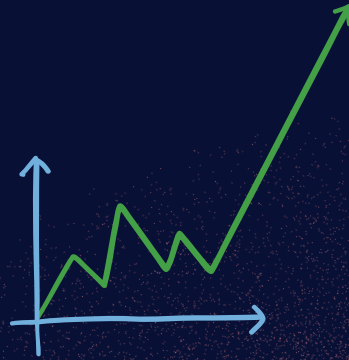
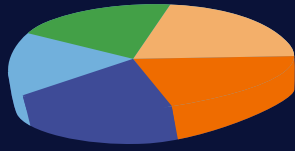
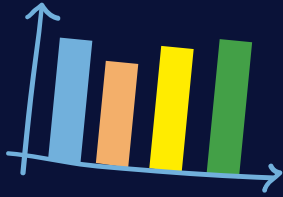
6. Replicate your process.

Building a process for working with partners from an early stage is critical. Without a replicable process, precious resources will be consumed and the cost of sale in working with partners will be too high. Having a simple and repeatable onboarding process for activation and enablement is particularly important to not only use resources wisely, but also to reduce time to revenue and a successful partnership.

7. Set clear margins.

When setting margins, consider the gives and the gets. What are you giving to partners and what are you expecting to get in return? Understanding this gives you a clear idea of the cost of sale for the partner and therefore impacts margins. For SaaS sales, think longer term—how will the margin change in Year 2, Year 3, and beyond?

To find out more about how to incorporate partners into your sales strategy, [read Caroline's white paper.](#)



7

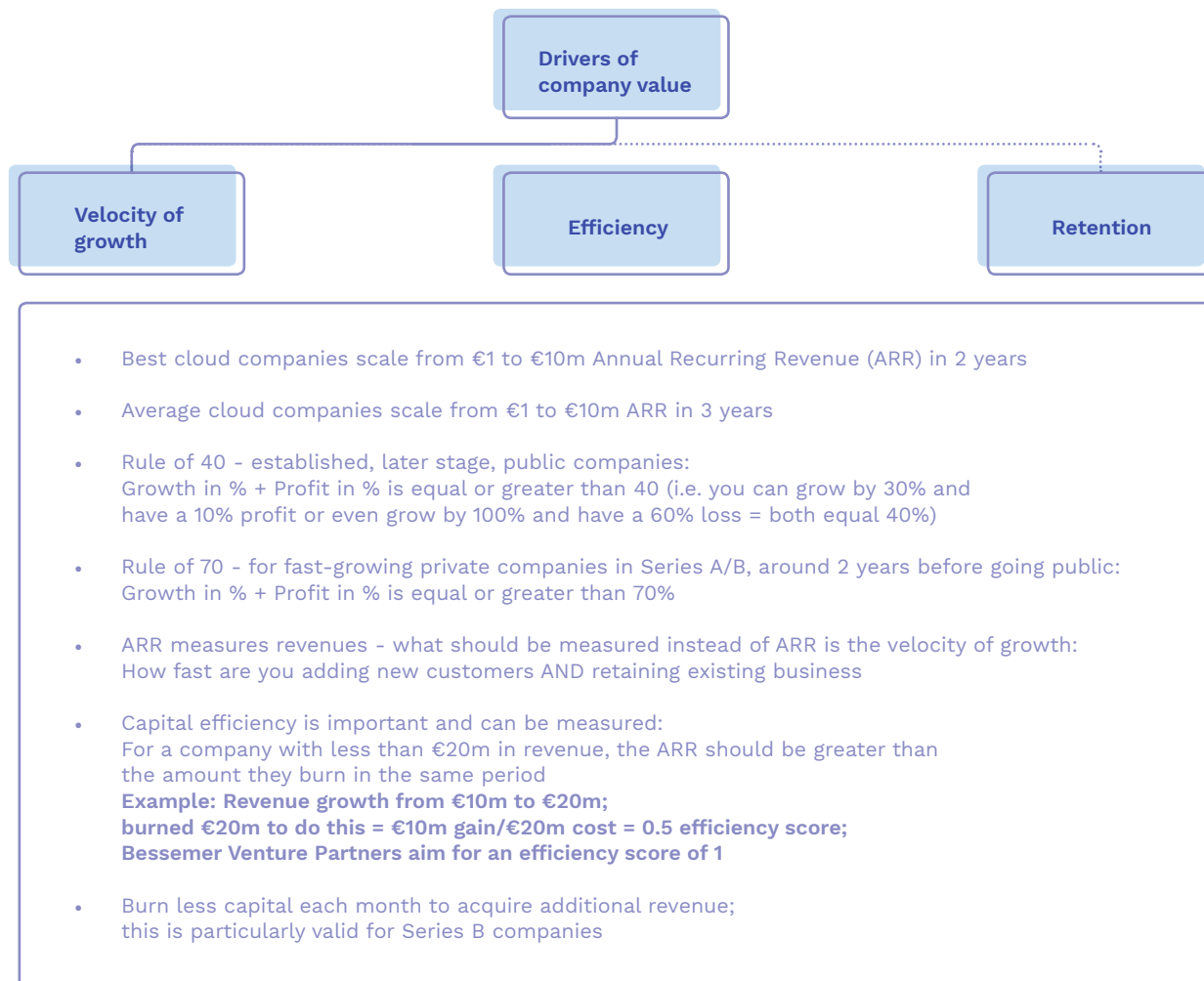
KPIs for sales growth

Measuring your sales growth is crucial to understanding your trajectory, and is a vital part of the calculations made by investors at funding rounds. These KPIs, such as Annual Recurring Revenue (ARR), are used to benchmark your performance against others in your industry.



The KPIs for sales growth graphic—based on a SaaStr podcast interview with Kristina Shen, a Partner at Bessemer Venture Partners—sets out some of the KPIs and rules that investors follow when it comes to company value:

KPIs for sales growth



Source: Kristina Shen, Bessemer Venture Partners

Source: SaaStr podcast 176 <https://player.fm/series/the-official-saastr-podcast-saas-founders-investors/saastr-176-what-saas-startups-need-to-raise-a-series-a-today-why-we-need-a-new-framework-to-think-about-saas-multiples-and-how-the-rule-of-40-changes-with-scale-with-kristina-shen-partner-bessemer-venture-partners>



The KPIs, and what investors are looking for, will change from Series A to Series B. And bear in mind that ARR only tells part of the story—it could mean that you are adding new customers, while still churning existing ones. Therefore, ensure that you are monitoring deeper metrics (such as upselling or speed of leads closing) to get a complete picture.

“You need to focus on the velocity of the growth of new business and churn on existing ARR. These are really the two types of metrics you should be focusing on.”

— **Jens Lapinski, Angel Invest Ventures**





KPIs for sales growth

ARR growth is a good way to see whether companies have hit their inflexion point, but some companies hit the inflexion point before it's reflected in the ARR

Deeper metrics

- Velocity of increase in pilots (bottom of the funnel pipeline)
- When pilots are running: how engaged is customer and how quickly does software spread
- Positive conversations with existing clients on software
- How quickly leads are growing
- How well and fast SQL (Sales Qualified Leads) are closing
- How well products are upselling to existing customers

Series A

Focus

- Market, competition, unfair advantage

Considerations

Velocity of growth

- Sometimes investors make a “velocity bet” = if growth is there, they trust in the founder to be the rest

Series B

Focus

Velocity of growth

- Reasonable CAC payback period of 12 months for average SaaS companies
- Enough data to analyse how retention and churn is performing; Healthy customer base? Scalability of the business

Considerations

- Market, competition, unfair advantage

Source: Kristina Shen, Bessemer Venture Partners



Entering new markets

Once sales begin to flow, you can look to expand into new markets. But don't rush to open new offices—doing that has a price tag, so ensure that there is demand first. Can you deliver using expatriate salespeople in your existing office or through one of the founders travelling there regularly? Follow a structured, checklist approach to entering a new market, as shown in the KPIs for sales growth graphic, to maximize your chances of success.



Which market?	
How do you identify the next market to enter?	Look at demand (such as inbound requests), market size, existing reference customers, business drivers, and the complexity of setting up there; then compare different markets and choose the most attractive in monetary terms.
Office	
When do you open an office in the new market?	In the early stages, you can simply rent an office address and travel there to keep costs light. As the business develops, you can then create a full organization.
Legal Entity	
When do you establish a legal entity/local subsidiary?	You may need to create a legal entity early to help with sales. However, that doesn't mean you need to employ staff directly until much later.
Founders	
What should be the role of founders when entering a new market?	In Europe, a founder can simply travel to manage new markets. However, if entering the US, one of the founding team should move there for at least a year to provide direct oversight of operations.
First Employee/Sales Rep.	
When do you hire the first sales rep. for the new market?	Start searching for candidates immediately after you enter the market, but don't employ someone until you have certain amount of traction, such as 2-4 test customers. Then you can commit to hiring an account executive with relevant market experience, selling to your target markets.
Next Employees	
Which employees should be hired next?	Scale the sales team as in your first country, adding a SDR, pre-sales engineer as you grow.
Country Manager/MD	
When do you hire a country manager? What skills do they need?	Don't hire a local country manager until you have a sufficient size of team (around five people). Ensure that they have local language skills, but most importantly that they have experience of selling locally to your target market.

Sources: Stefan Groschupf, Automation Hero; Amnon Drori, Octopai; Jens Hutzschenreuter, Digital Business Group; Jens Lapinski, Angel Invest Ventures



“If I have strong financial backing, I would rather lock up European markets before going into the United States. It is a huge step and shouldn’t be taken lightly because the time required from founders will be tremendous. It will take at least between \$500K and \$1M to enter the US market with an initial team.”



— **Jens Hutzschenreuter, Digital Business Group**

“Before Series B funding, your ability to add additional revenue in one market with the cash that you have almost always exceeds your ability to add additional revenue if you split it and enter a new market.”



— **Jens Lapinski, Angel Invest Ventures**

If your local market isn’t big enough, move your sales team elsewhere. For example, develop in Israel, sell in the United States.

“You need references to enter a new market. Social proof is especially important in the US as they are bombarded with sales messages each and every day.”



— **Jens Hutzschenreuter, Digital Business Group**



“As a European startup you need use the U.S. as the first market. Selling a software product in Europe takes twice as much time and you get half the license fees compared to the U.S. You sell twice as fast in the U.S. and get twice as much money.”

— **Stefan Groschupf, Automation Hero**

Remember, no two markets are the same—you can’t necessarily copy/paste what works at home. Business drivers, regulations, and even how customers buy can be radically different.

“If you head into Europe from the US, I suggest start with your tea drinkers, then go to the vodka drinkers, then come round to the beer drinkers, and then you’ve got to be really brave and very well connected to go into wine country! But regardless of which market you enter, think about your talent pool in the location you select, pipeline cost, competitors and how you can build pipeline before you hit the ground.”



— **Neil Ryland, Peakon**



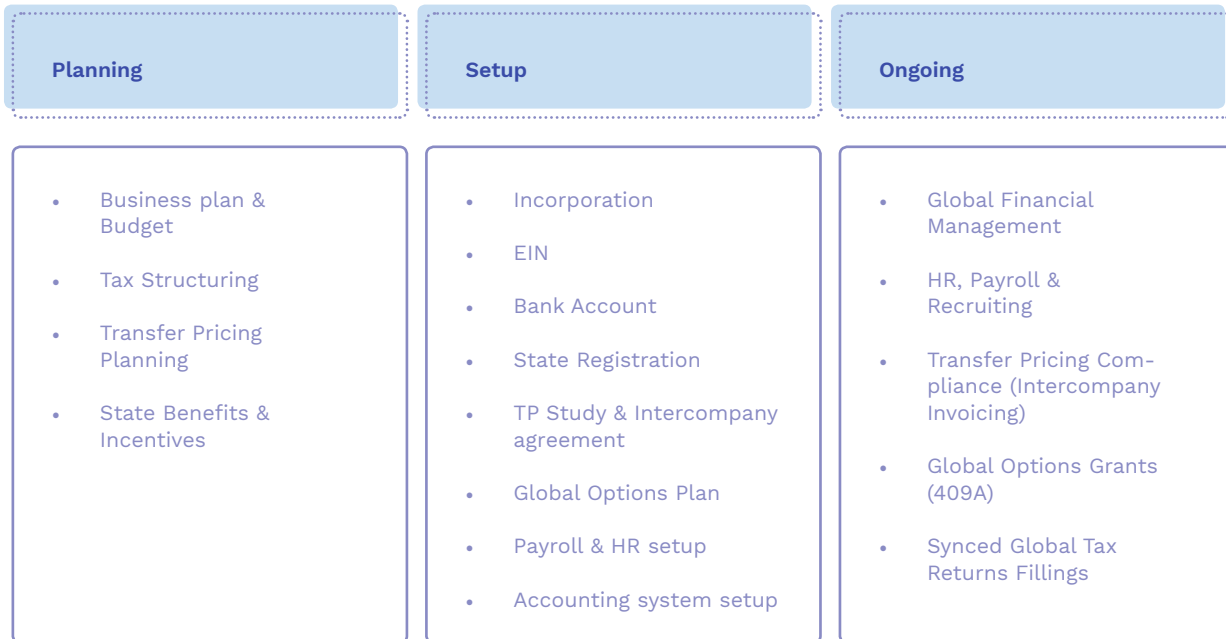
Entering the United States

By Kimberly Drory and Gilad Pinhas, ERB

The United States is the biggest potential market for most B2B technology startups and, in many cases, success there is essential to growth. Treat your entrance into this market as a three-stage process (planning, setup, and execution and processing).

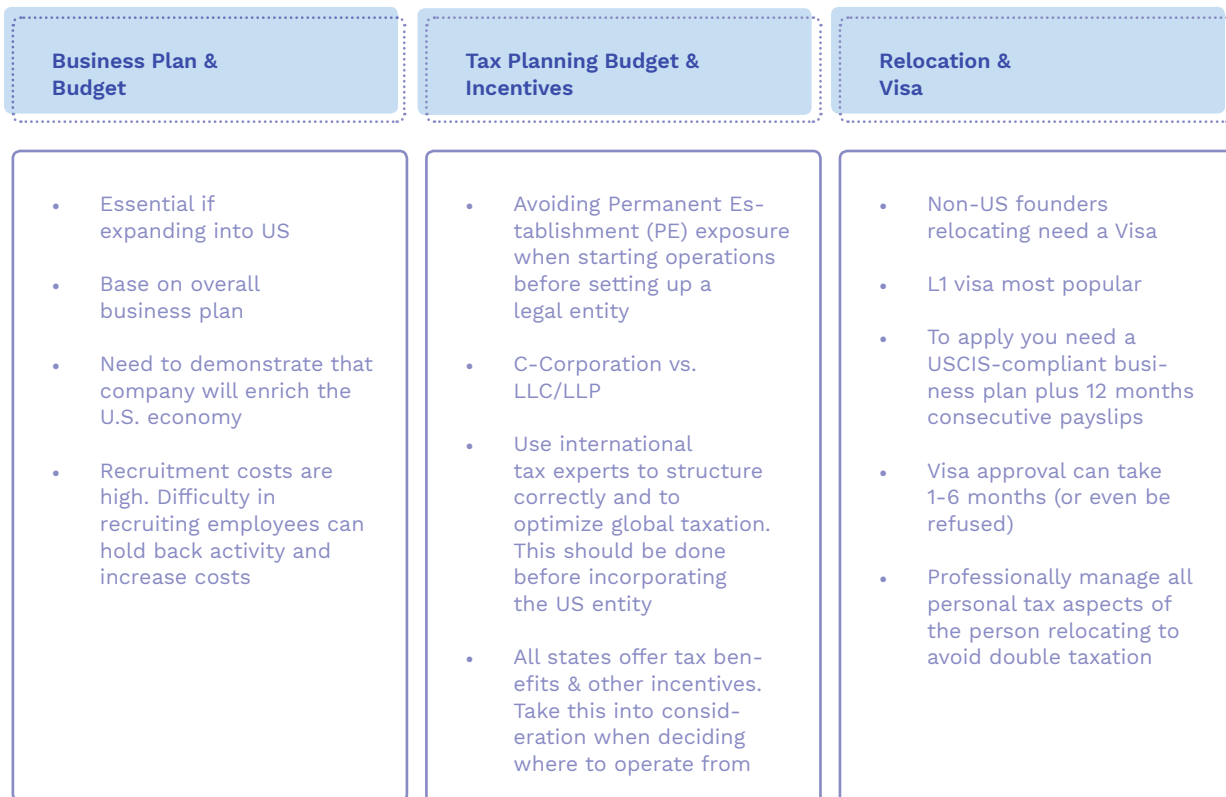


General – road map



Source: Kimberly Drory and Gilad Pinhas, ERB

Planning



Source: Kimberly Drory and Gilad Pinhas, ERB



Although it is possible to sell in the United States without a physical presence, it can quickly become complex in terms of taxes—not to mention tiring for European founders who are constantly crossing the Atlantic. Begin planning early because, if you fail to do so, you are putting yourself and/or the company at risk for tax exposures. If you have yet to establish the company and are using a third-party agent or traveling frequently to the United States for the purpose of sales, you are exposing yourself to Permanent establishment taxation.

Execution

Setting up the US entity	HR/Payroll	Tax & Accounting
<ul style="list-style-type: none">• Limited Liability Company (LLC) or C Corporation (C-Corp)?• Incorporate company• Apply for Employer Identification Number (EIN)/Individual Taxpayer Identification Number (ITIN)• Open bank account• Select headquarters location• State registration once have employees• Around 1-2 months total time	<ul style="list-style-type: none">• Engaging third party Professional Employee Organization (PEO)/Processor• Setting up company pension/health insurance policies• Staff expect a good benefits package(workers' compensation, health insurance)• Have to offer benefits to all• Biweekly payroll	<ul style="list-style-type: none">• Need to convert your local accounting system to operate as a multi-currency system• Need to set up proper intercompany accounts• Need to convert company Options Plan into a Global Options Plan (409A)• Have Transfer Pricing (TP) Study & Agreement in place• Consider 83 (b) election filing to minimize tax on founder share sales

Source: Kimberly Drory and Gilad Pinhas, ERB



Once you are done with the planning stage, you can incorporate the US entity. Doing this in Delaware offers tax and legal advantages. At the same time, apply for an Employer Identification Number (EIN) or Individual Taxpayer Identification Number (ITIN). Incorporation and getting an EIN can take approximately two weeks to two months depending on the company's holding structure.

Most startups incorporate as a C corporation (C-Corp), which is an independent legal entity, separate from its shareholders and paying its own taxes. The alternative, a limited liability company (LLC), differs in multiple ways, including passing through profits to its owners, who are then liable personally for taxes.

“There are 50 states to choose from. When companies choose a location, they should go where they think they can have more value for growing the business.”

— Gilad Pinhas, ERB



With incorporation and an EIN, you can open a bank account. Pick your bank carefully—you need one that understands global startups. A bank that has a presence in your home market is an advantage. If a bank knows your VC investors, that can also speed up the process of opening an account.

Incorporation doesn't impact where you set up your office—very few companies actually operate in Delaware! Don't necessarily pick Silicon Valley or New York for your office—many states offer incentives to attract companies in specific industries through the SelectUSA program. You may also find it helpful to be closer to investors and advisors.



Given the cost and time involved in hiring, many businesses start by working with consultants. These are not full-time employees, so you do not have to provide a benefits package, which full-time staff will expect along with their salary. If you offer specific insurance coverage (such as health insurance), you have to offer it to all employees—but you can vary the percentage of participation you provide to different staff members. Use a professional employee organization (PEO) to get a better rate on these benefits policies and lower your risk.

Make sure you follow regulations around tax and filing of relevant paperwork. Often, it is simpler, and in the long run cheaper, to work with someone that has done this before for other startups.



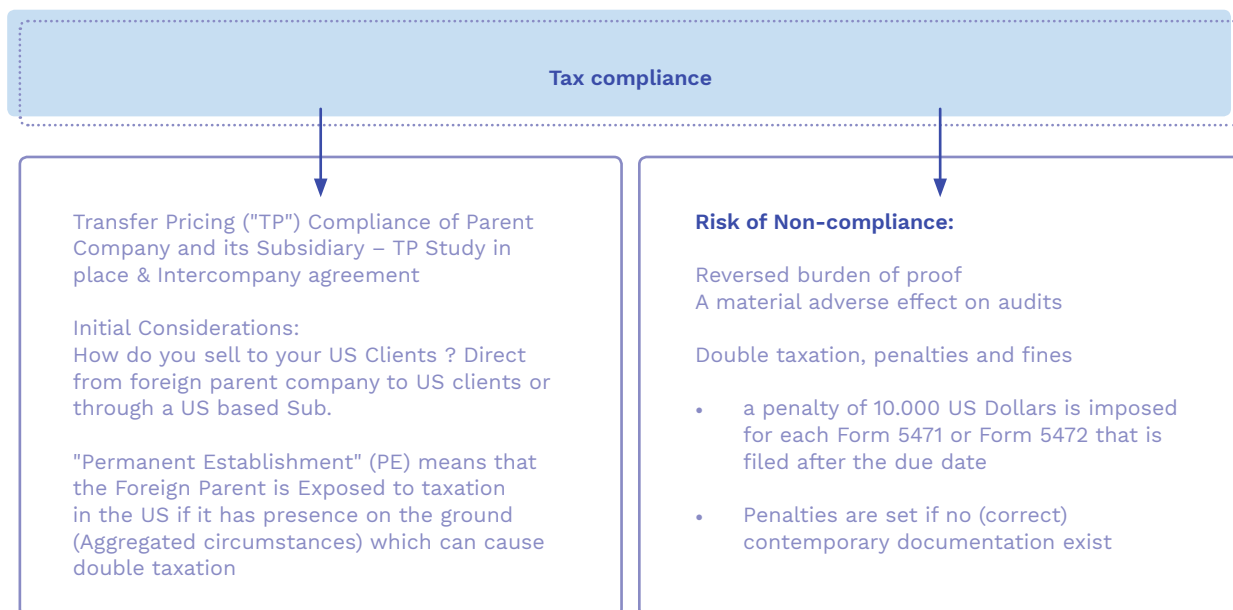
Processing stage

Once your business is up and running in the United States, and is making sales and employing staff, you need to ensure that you are meeting regulations. These fall into three main areas: tax compliance, transfer pricing, and tax considerations.

1. Tax compliance

When it comes to paying tax, the financial risks of non-compliance are enormous. Ensure that you have the right documentation in place, are filing on time, and structure your US subsidiary to avoid the possibility of paying double taxation in two countries. Remember, even if the company is inactive, once it has been created, it always needs to file a tax return.

2. Processing

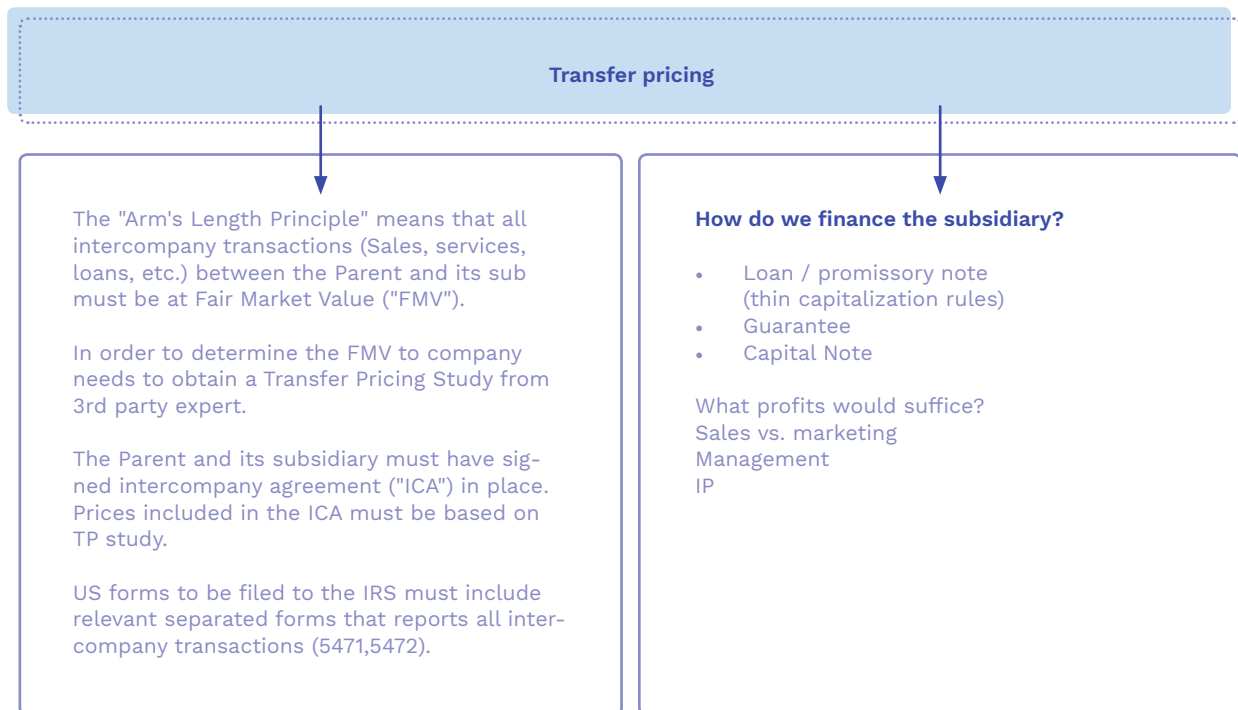


Source: Kimberly Drory and Gilad Pinhas, ERB



3. Transfer pricing

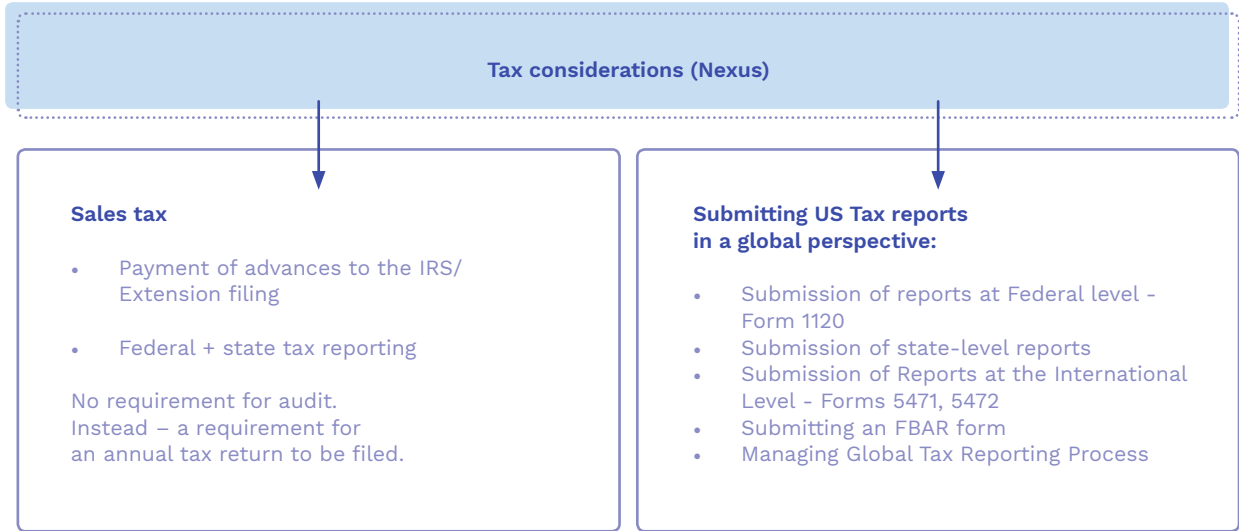
Clearly, your US subsidiary will be using IP, time, and even materials provided by its parent company. These can be charged for, but the transfer pricing rules that govern them are strict. You must demonstrate and document that you are charging a fair market rate, based on the Arm's Length Principle, working as if the two companies and owners were unrelated.



Source: Kimberly Drory and Gilad Pinhas, ERB

4. Tax considerations

Once your company is registered, you will need to file tax returns and reports on a state level (that is, where your US office is based), on a federal level, and globally. This means that tax returns must be synchronized between the country you are based in and the US, and then filed methodologically together. Many startups fail to do this, leading to investigations and fines.

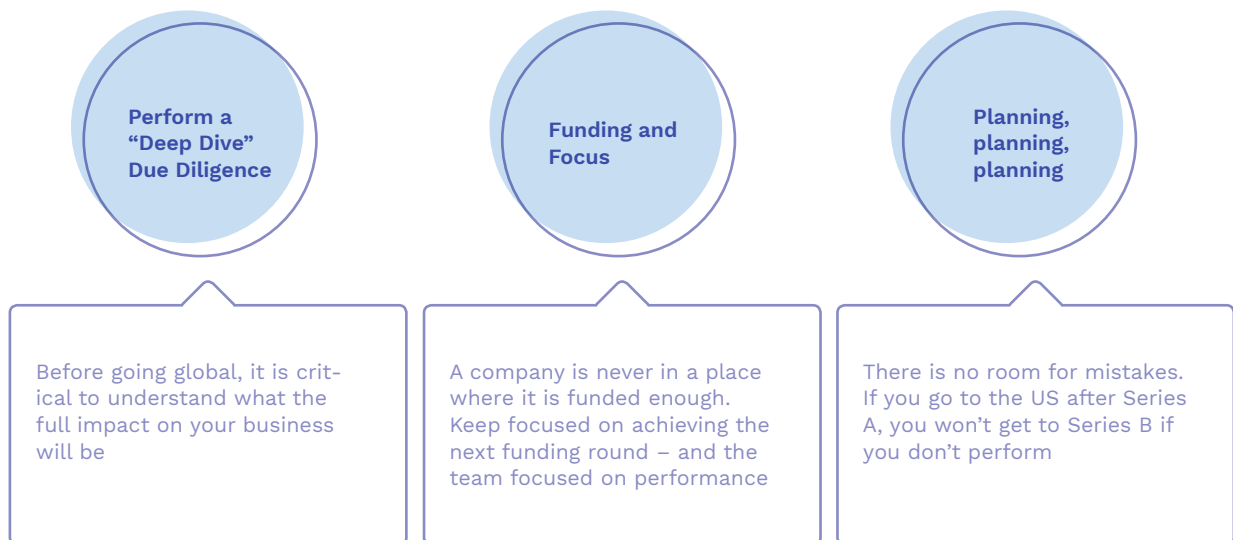


Source: Kimberly Drory and Gilad Pinhas, ERB

Key advice to follow before entering the United States from
Kimberly Drory and Gilad Pinhas, ERB:

- Perform a deep dive due diligence
- Organize funding and maintain focus
- Plan, plan, plan

Top 3 US expansion hints





How to adopt insight selling in your business

By Peter Krauss, CoSelling

The techniques you use to sell have a big impact on your success, particularly when you are approaching larger/Fortune 500 organizations. You have to focus on meeting the customer's known—and especially their unknown or under-estimated needs—and building a rapport with prospects that demonstrates your understanding and expertise of their business. You have to address the customer's business value, not the specifics of your solution. First, let's look at the most common methods of selling in this box out.



Depending on the complexity of your product and the maturity of the market, there are three phases of selling.

The Evolution of selling

Phase 1: product selling

Smart people selling a product for a good price leads to high margins. High margins attract rivals who charge lower prices, which depresses margins.

Phase 2: solution selling

Now companies combine multiple products to create solutions as differentiators. To sell such a solution, you need to solve a problem. In this scenario, all vendors ask the same question repeatedly about those pain points, which annoys prospects.

Phase 3: insight selling

What customers look for today are vendors offering a piece of wisdom—something they haven't seen before, have overlooked, or under-estimated. Provide them with such an insight and you, the salesperson, will be seen as a trusted advisor. This positions you perfectly to sell to the prospect because you have built a strong, insight-based relationship.

As the box out demonstrates, insight selling is an extremely powerful way of closing deals. Here are six key ways to successfully adopt it in your business:



1. Create the right content.

Humans prefer not losing to winning, so tailor your value proposition and content accordingly. What is your prospect losing by not using your solution? What is the true cost or risk of the status quo to them?

“Invest time in defining really good questions that make the customer think about his situation—don’t give him an elevator pitch.”

— Peter Krauss, CoSelling



2. Have a goal.

Once you have the content, understand the ideal sales process and follow it step-by-step. Control the sales call, have a plan and a clear objective. Your objective should be simple and measurable, like “book a meeting with the prospect” or “commit to a workshop,” not “teach the prospect about my product.” Don’t oversell in the early stages of the sales process.

3. Follow a clear process.

Know the sales process for your industry and follow it step-by-step. As a result, you will be able to predict what will happen at each step and anticipate the questions that prospects will ask, so have the answers ready.



“Your inability to answer foreseeable questions destroys customer confidence in you and your solution.”

— Peter Krauss, CoSelling



Define a good script, create lively stories, construct a precise elevator pitch, train your salespeople, and ensure they learn it. Make sure they have prompt, to-the-point answers. Teach your team to lead prospects to your solution, not to lead with your solution.

4. Use acronyms as a structure to help.

When preparing for a sales meeting, and during a sales call, you need to ensure that salespeople get all the important information you need and don't miss out on anything vital. Go through these acronyms internally, and use them as a checklist to prepare questions as a guide in a sales conversation. However, be sure not to use them in front of the customer.

Sales acronyms

SPIN

S: Situation

P: Problem

I: Implication (what does it mean to the customer?)

N: Need-payoff

Ask questions to understand the prospect's Situation, then make the prospect aware of Problems that need to be solved. Shine a light on the Implication of not solving/addressing the Problems, and then get the prospect to then visualize the Need-payoff (that is, what the benefits will be of a solution).

BANT

B: Budget - how much is the prospect willing and able to spend?

A: Authority - who is the decision-maker?

N: Need - is there an urgent business problem to address?

T: Time - what is the timeframe for finding a solution?



5. Always be learning.

Analyze why you lost deals, and also why you won.

Where was the winning point? Who did you convince? How?

6. Target the right quality and quantity.

If you are in a big market, make sure you use your time wisely. For example, it can be better to spend five minutes on initial calls, thus reaching more potential clients than preparing each call for 30 minutes and reaching no one. Be clear what your objectives are at each sales stage, and then trust the numbers. In early sales stages, quantity equates to quality.



Negotiating the best deal

By Daniel Reisner, Herzog Fox & Neeman

Negotiating sales deals, particularly with Fortune 500 companies, can be unnerving for startups. However, these eight hints will help:



1. Improve confidence

Overcome the fear factor by increasing your self-worth. Remember, you are talking to this potential customer for a reason—they are interested in your product. Identify your product’s key differentiators along with your own strengths, and use your passion about your business to improve your confidence.

2. Identify the sources of power

Power in negotiation is the capability of forcing the other side to change its position due to something you possess. Identify the sources of power for yourself and your prospect. For example, do you have a valid alternative? If yes, then use its existence as leverage.

Use the power of weakness—for example, ask for shorter, less complex contracts, given that you are a small startup without access to expensive lawyers.

Types of preparation

- **Strategic:** what are your interests and what are the interests of the other side? Is there a “zone” of possible agreement?
- **Tactical:** what are your starting positions?
How do you justify them?
- **Operational:** what is your optimal negotiation team?
When, where, and how would it be best for you to hold the negotiations?



3. Prepare, prepare, prepare

Think through negotiations—not what you are going to say, but where your interests lie. What do you want to achieve? What will lead you to walk away? Repeat this for everyone involved to plan your strategy.

4. Take control of the process

Prepare a written agenda. This demonstrates professionalism, and gives a structure to the discussions that should benefit you.

5. Listen

Stress can lead you to talk too much. By listening instead, you get information on what the other side wants, and you make people feel better and ultimately more receptive. Avoid shouting or loud tones; rather, use a low voice, a technique that encourages people to listen to you.

“Most people going into negotiations encounter high levels of stress. And, as a result, this has an impact on their effectiveness and also on their capability to listen.”

— Daniel Reisner, Herzog Fox & Neeman



6. Location is not an issue

Don't be concerned about where you negotiate. Home team advantage is only a factor if you believe in it. Being away from your office can be a positive—you can hit the pause button, say that you need to check with a boss or colleague who is not present, or ask for a break more easily. This is more difficult if you are in your own office, where everyone is available.



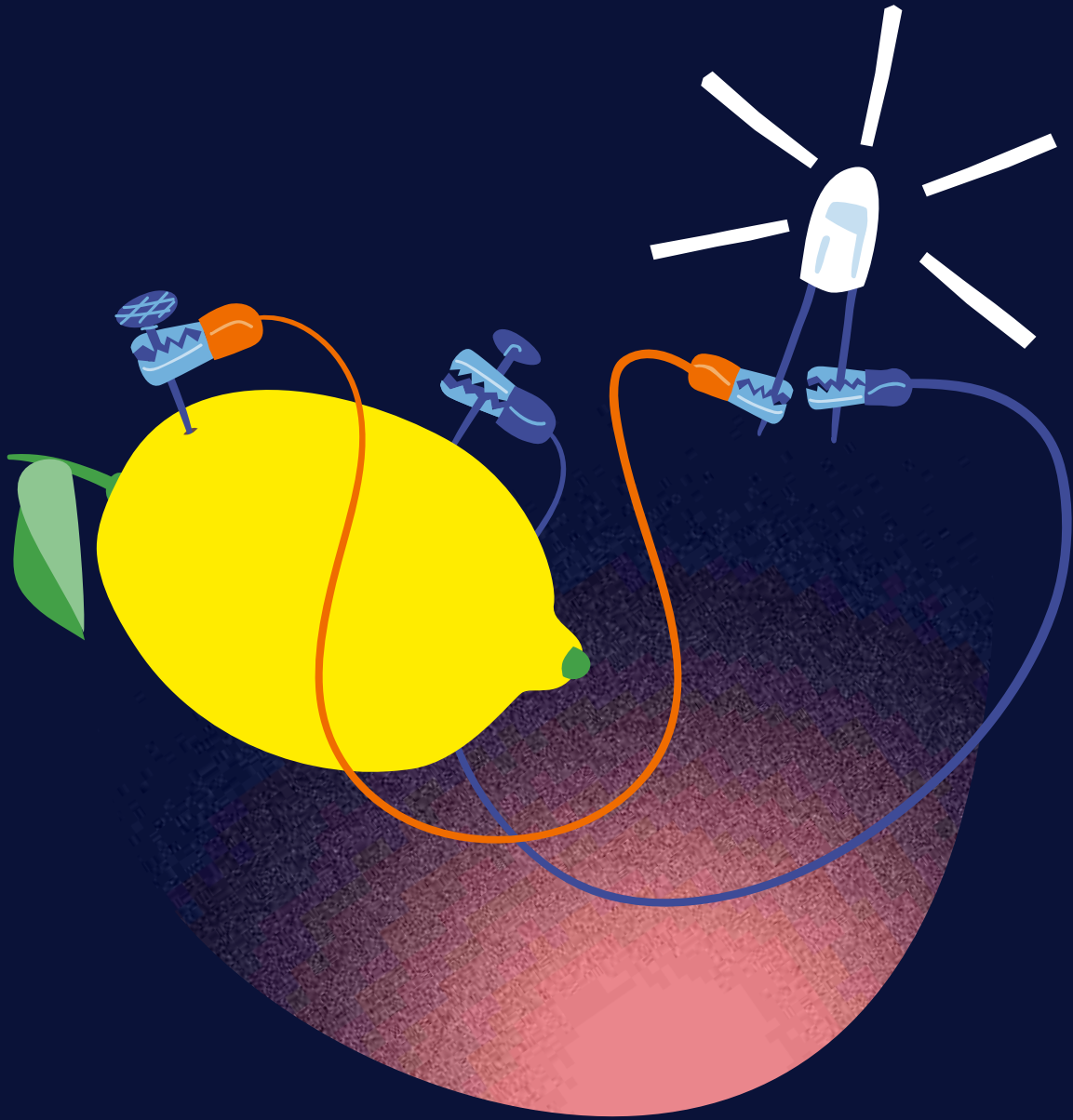
7. Recognize when they are ready to close

Only through practice will you learn how to spot the moment when prospects are prepared to agree to terms—you'll understand the signs after completing multiple, successful negotiations.

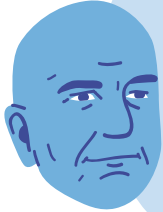
8. Results are based on the negotiator, not the negotiation

Negotiations are not won or lost on the facts, but on the skills and dynamics of the negotiating partners. While you can improve your skills through training or by bringing in consultants to help, you can't become an expert negotiator if you don't have the natural aptitude.

Make sure you send your best player to carry out negotiations—even if that's not you or your cofounder. After all, a football team wouldn't keep its best player on the bench. This can also give the negotiator the option of adding a level to refer upward to act as a final arbiter of what has been agreed.



Sales hints



“In software, you can always get one or two customers to buy. Getting 50 to buy is a different story.”

“Variable sales compensation must be part of a comprehensive plan which is revised annually.”

— **Jean Belanger, Cerebri AI**



“Know yourself well and build the team around you to fill the roles that you are not good at.”

“With a new product, people are really buying trust from us, that we are not going to screw up, that we are going to deliver. They are putting their careers on the line.”

— **Ian Collins, Wysdom**

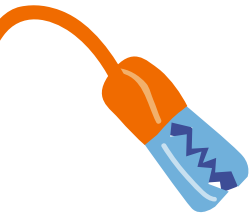


„Don't waste your time at least at first with very difficult customers that are far away from the bullseye. Find out where you can gain fast traction to build trust among those customers who are easier to acquire.”

“Validate what you're selling and whom you are selling to. Always continue validating.”

— **Amnon Drori, Octopai**





“Acknowledge the growth stage you are in right now and the one you want to reach next, and ensure you have the flexibility – especially people and processes – to bring the sales organization from one stage to the other.”

“Think for yourself. Figure out the growth model for your specific company and market. It isn’t enough to take someone else’s blueprint and go-to-market approach and simply apply it.”

— **Jakob Gillmann, Adjust**

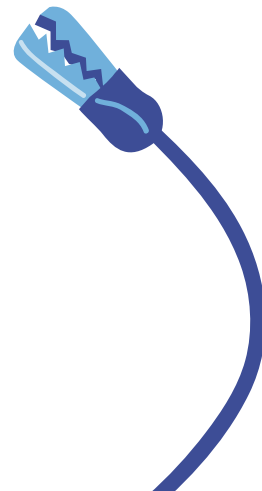


“Don’t hire someone simply because he is charismatic – hire someone who gets things done. A good project manager is the perfect sales rep.”

“Customer experience is everything. Ultimately, the differentiator between good and great companies is how strongly they focus on customer success and implementation, post-purchase.”

“Tech founders have issues recruiting good salespeople as they don’t know what they are looking for – and salespeople are very good at selling themselves.”

— **Stefan Groschupf, Automation Hero**





“The two key skills you need in sales are asking effective questions and active listening. With these you can produce 30 to 40 percent of your ultimate sales success.”

“There has to be strong collaboration between marketing and sales – both sides need to hold the other accountable.”

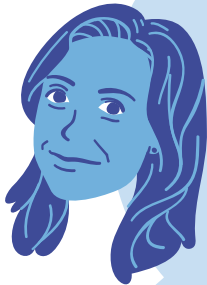
— **Jens Hutzschenreuter, Digital Business Group**



“Hire for intelligence, passion and dedication early because those are the people that as you grow, will become unbelievably valuable.”

“It’s important to acknowledge that as a woman it can be really hard in tech sales, and in tech in general - find other women to talk to and find your mentors early.”

— **Clare Jones, what3words**



“Get help with hiring salespeople. A sales expert should hire salespeople.”

“There’s no point hiring salespeople until you’ve figured out what they should be selling.”

— **Jens Lapinski, Angel Invest Ventures**

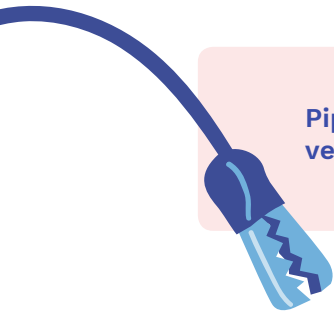




“Measure the pipeline quality and the revenue that comes out of it, not vanity metrics such as the number of meetings booked or the number of calls per day. Pipeline velocity is the key metric to understanding your chances of success.”

“The two most successful traits in a salesperson are focus and discipline.”

— Neil Ryland, Peakon

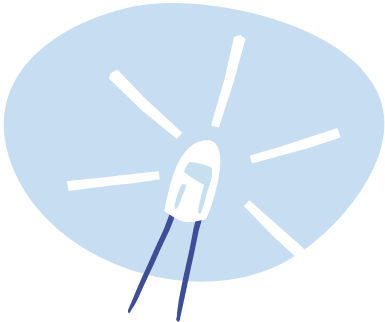


$$\text{Pipeline velocity (v)} = \frac{\text{Qualified Opportunities (\#)} \times \text{Win Rate (\%)} \times \text{Deal Size (\$)}}{\text{Length of Sales Cycle(days)}}$$

“Push your sales reps. They’ve got to be doing calls. They’ve got to be outbounding. Always be generating your own luck.”

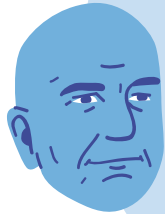
“When you come across really good sales talent, you should hire that person.”

— Edward White, Interana



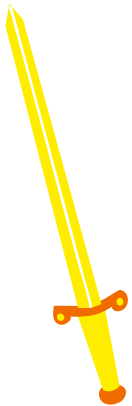


Rules of thumb around key metrics



“In software if your payback period is more than two years in North America, then you are in a world of hurt. Under two years you are in the ballpark, and if it’s less than a year you’re in the sweet spot. Other regions and countries vary somewhat, but in our experience, most large enterprises want to see a relatively fast payback on their purchases of intellectual property such as software and AI technology.”

— **Jean Belanger, Cerebri AI**



“Aim to have 50 percent of deals coming from inbound and the other half from outbound – that’s the holy grail for sales.”

“In software sales attrition is high. Always be at around 120 percent of the headcount you need. Make fast decisions on sales performers.”

— **Edward White, Interana**



“It is best practice that the first ten to twenty contracts have to be done by the founders themselves. Only if the founders have closed ten contracts will they have the ability to teach it to somebody else.”

“Up to 5-6 salespeople can be led by one of the founders. If you have multiple founders, the most communicative should have clear responsibility over the team.”

— **Jens Hutzschenreuter, Digital Business Group**

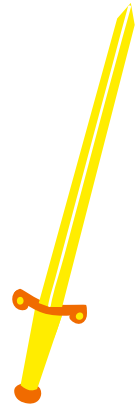




“Spend money the way it comes in. So, if you think you will make \$10 million this quarter, you want to spend like you will make \$10 million. If you under-spend you lose market share.”

“The expectation of Software as a Service models is that you achieve 90%+ renewals.”

—Stefan Groschupf, Automation Hero



“If you want to have one functional salesperson in three months’ time, you should probably be hiring two. Assume that only half of your salespeople work out.”

“Investors want to see a proven sales process – have a clear link between pilots, contracts and then retention as this gives high certainty around future revenue growth.”

“If you have something that resonates with the market, you will convert between one in four and one in three of your qualified leads as an early stage company.”

— Jens Lapinski, Angel Invest Ventures





“Hire the best in sales. The cost might seem impossible but it needs to be done. It’s not even an 80/20 rule, it is more a 90/10 —10 percent of salespeople are the best at what they do, and you need to pay for them.”

— **Ian Collins, Wysdom**



Rules of thumb: sales costs vs. revenue

When calculating sales costs, make sure you include every relevant expense involved in attracting, acquiring, and retaining customers. This means using not just sales and marketing costs, but also the costs of your customer success team. Here are some useful tips on sales costs from industry experts.

“The sum of all marketing and distribution costs in one year should be lower than the corresponding revenue.”

— **Gero Decker, Co-founder and CEO at Signavio**
in “The Art of Sales” podcast by “Digital Kompakt”



“For every dollar you spend you should get a dollar back in terms of Net New ARR.”

— **Kristina Shen, Partner,**
Bessemer Venture Partners in SaaStr podcast interview

“It’s important to determine where cuts in sales costs will hurt customer perceptions and negatively affect their buying behavior.”

— **McKinsey**

See appendix for detailed source references.



Book recommendations

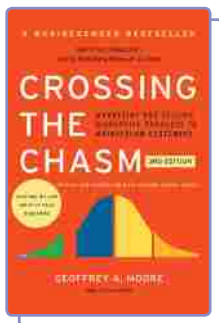
We asked our contributors about their favorite sales books – here are the results:



The Challenger Sale

by Matthew Dixon and Brent Adamson

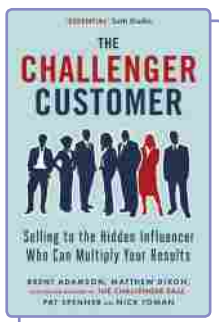
Recommended by: Jakob Gillmann, Adjust; Edward White, Interana; Stefan Groschupf, Automation Hero; Jens Hutzschenreuter, Digital Business Group; Peter Krauss, CoSelling



Crossing the Chasm

by Geoffrey A. Moore

Recommended by: Ian Collins, Wysdom; Amnon Drori, Octopai; Jakob Gillmann, Adjust; Clare Jones, what3words



The Challenger Customer: Selling to the Hidden Influencer Who Can Multiply Your Results

by Matthew Dixon, Brent Adamson,
Pat Spenner, and Nick Toman

Recommended by: Jakob Gillmann,
Adjust; Peter Krauss, CoSelling



The Hard Thing About Hard Things: Building a Business When There Are No Easy Answers

by Ben Horowitz and Kevin Kenerly

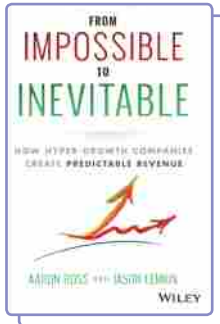
Recommended by: Jakob Gillmann,
Adjust; Clare Jones, what3words



Pitch Anything: An Innovative Method for Presenting, Persuading, and Winning the Deal

by Oren Klaff

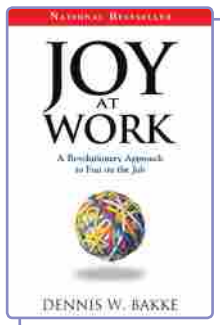
Recommended by: Jens Hutzschenreuter, Digital Business Group; Neil Ryland, Peakon



From Impossible To Inevitable: How Hyper-Growth Companies Create Predictable Revenue

by Aaron Ross and Jason Lemkin

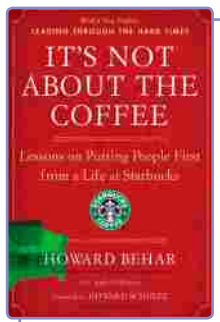
Recommended by: Jakob Gillmann, Adjust; Jens Lapinski, Angel Invest Ventures



Joy at Work

by Dennis Bakke

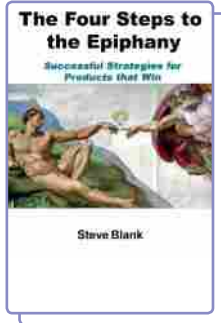
Recommended by: Amnon Drori, Octopai



It's Not about the Coffee: Leadership Principles from a Life at Starbucks

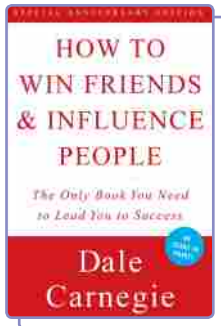
by Howard Behar

Recommended by: Neil Ryland, Peakon



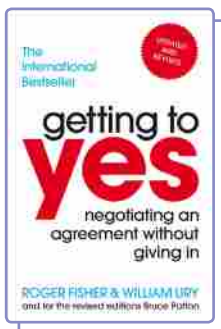
The Four Steps to the Epiphany

by Steve Blank
Recommended by:
Jens Lapinski,
Angel Invest Ventures



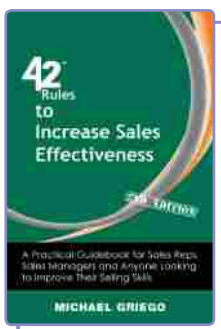
How to Win Friends & Influence People

by Dale Carnegie
Recommended by:
Neil Ryland, Peakon



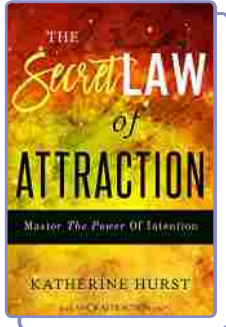
Getting to Yes: Negotiating an Agreement Without Giving In

by Roger Fisher and William L. Ury
Recommended by:
Peter Krauss, CoSelling



42 Rules to Increase Sales Effectiveness

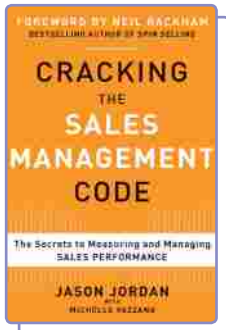
by Michael Griego and Laura Lowell
Recommended by:
Stefan Groschupf, Automation Hero



**The Secret Law of Attraction:
Master the Power of Intention**

by Katherine Hurst

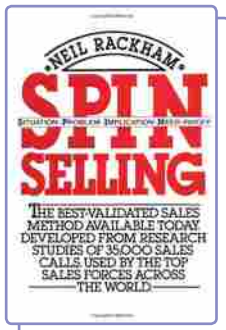
Recommended by:
Neil Ryland, Peakon



**Cracking the Sales Management Code:
The Secrets to Measuring and
Managing Sales Performance**

by Jason Jordan and Michelle Vazzana

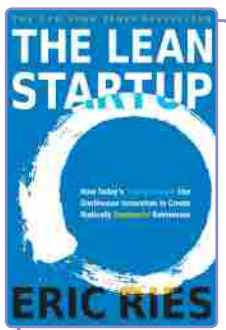
Recommended by:
Stefan Groschupf, Automation Hero



Spin Selling

by Neil Rackham

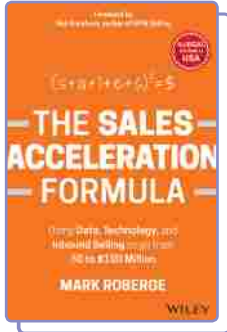
Recommended by:
Peter Krauss, CoSelling



The Lean Startup

by Eric Ries

Recommended by:
Amnon Drori, Octopai



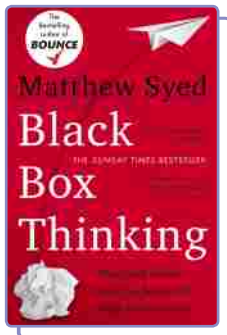
**The Sales Acceleration Formula:
Using Data, Technology,
and Inbound Selling**

to go from \$0 to \$100 Million

by Mark Roberge

Recommended by:

Jens Hutzschenreuter,
Digital Business Group

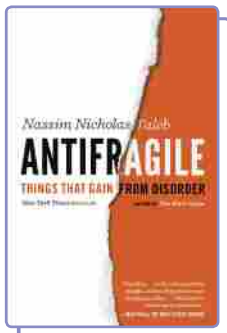


Black Box Thinking

by Matthew Syed

Recommended by:

Clare Jones, what3words



**Antifragile: Things That
Gain from Disorder**

by Nassim Nicholas Taleb

Recommended by:

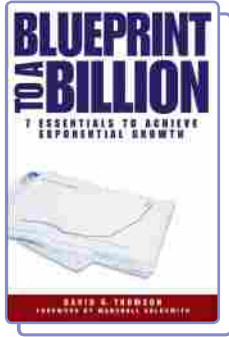
Jakob Gillmann, Adjust



**Hustle (TV show) –
The Road Less Travelled
(Series 5, episode 6)**

Recommended by:

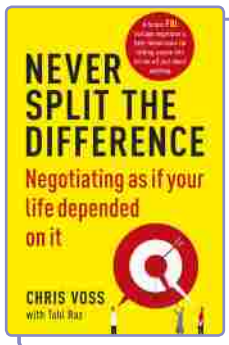
Jens Lapinski,
Angel Invest Ventures



**Blueprint to a Billion:
7 Essentials to
Achieve Exponential Growth**

by David G. Thompson

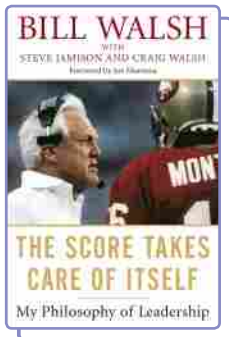
Recommended by:
Edward White, Interana



**Never Split the Difference:
Negotiating As If Your Life
Depended On It**

by Chris Voss and Tahl Raz

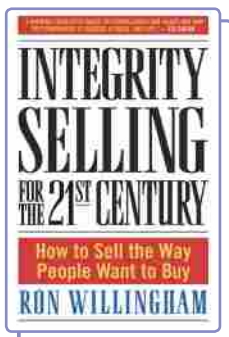
Recommended by:
Clare Jones, what3words



**The Score Takes
Care of Itself:
My Philosophy of Leadership**

by Bill Walsh, Steve Jamison,
and Craig Walsh

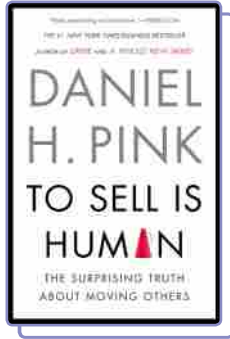
Recommended by:
Jakob Gillmann, Adjust



**Integrity Selling
for the 21st Century:
How to Sell the Way People
Want to Buy**

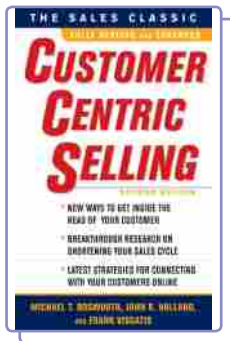
by Ron Willingham

Recommended by:
Edward White, Interana



**To Sell is Human:
The Surprising Truth
About Persuading, Convincing,
and Influencing Others**

by Daniel H. Pink
Recommended by:
Peter Krauss, CoSelling



Customer Centric Selling
by Michael T. Bosworth,
John R. Holland and Frank Visgatis

Recommended by:
Neil Ryland, Peakon



Acknowledgements and biographies





Jean Belanger, Cerebri AI

Jean has been CEO of three software companies, the first—Metrowerks—started with four people and went public three years later, and was later sold to Motorola. He was awarded MacWorld’s World Class Award for Outstanding Contributions to the platform, in addition to being a finalist for the E&Y Entrepreneur of the Year Award. Metrowerks won Software product of the year on the Apple Mac platform. His second company, Reddwerks, was a pioneer in the Internet of Things, providing supply chain solutions to major retailers including Walmart, CVS, and Best Buy. He co-founded Cerebri AI in 2016. Jean holds an MSc (Finance) from the London School of Economics (LSE).

The **Cerebri** Value system measures customer experience—the value customers place on their commitment to the brands and products they purchase. Cerebri helps Fortune 500 companies understand their customers, enabling customer success and increased revenues.



Ian Collins, Wysdom

An entrepreneur and investor, Ian has founded seven tech companies in the last 20 years, primarily in the enterprise software space, including Wyrex, Mobile Diagnostix (HP), Clickfree, and most recently Wysdom. Ian invests, mentors, and sits on the boards of several startups in the Toronto area. He has raised over \$150 million in venture capital.

Wysdom is the world’s leading cognitive care solution, using AI to provide a single place to understand the customer need, respond with a great solution, and learn from customer behavior. Headquartered in Toronto, Canada, with offices in Kansas City and London, Wysdom is trusted by leading brands like Rogers, Sprint, C Spire, and Digicel.



Amnon Drori, Octopai 

With 20 years' experience in the high technology industry, Amnon specializes in technology-oriented, pioneering startups working in new areas. He has been involved in four previous startups, two of which were acquired and the other two went public. These include Panaya (acquired by InfoSys) and Zend (acquired by Rogue Wave Software).

Based in Tel Aviv, Israel with offices in NYC, Octopai was founded in 2015 by BI professionals who saw a real pain point in the sector. Octopai developed a centralized, cross-platform metadata search engine that enables BI groups to quickly and precisely discover and govern shared metadata, which dramatically increases productivity, shortens time to market, and reduces risks associated with erroneous data.



Caroline Egan, Inspiren 

Caroline Egan is a Director of Inspiren and has over 30 years' experience in the technology sector, developing high-performing international channel and partner models working in both high growth scale-ups (for example, Arbor Software and Remedy) and in large vendor organizations (such as, Microsoft and Informix (IBM)).

In addition, Caroline has coached and supported over 300 start-up/scale-up technology organizations, and developed partner strategies, models, and programs through working with VCs, International Development Agencies, and large vendors. She is also the appointed Executive GTM Advisor for Microsoft Scale-up and Start-up in Europe.

She has run her own successful channels and alliances consultancy, has mentored high growth Cloud IP vendor organizations through VC and devel-



opment agencies, and held a director level and head of channels role at a leading B2B sales and marketing agency in London for three years.

Jakob Gillmann, Adjust



Jakob is VP of Growth & Sales Operations for Berlin-based Adjust, where he has worked since June 2016. Originally focused on building up the demand generation teams in sales and marketing, he now devotes himself to optimizing sales operations and processes across the global business.

Adjust is the industry leader in mobile measurement and fraud prevention. The Berlin-based company provides high-quality analytics, measurement, and fraud prevention solutions for mobile app marketers worldwide, enabling them to make smarter, faster marketing decisions. With Adjust's open-source SDK, app marketers can measure and analyze user behavior, user acquisition, marketing ROI, and much more. Adjust's platform proactively keeps datasets clean through its Fraud Prevention Suite, verifies in-app purchases in real time, and provides streamlined reporting for clear, actionable, and comparable metrics. Adjust is a marketing partner with all major platforms, including Facebook, Google, Snap, Twitter, Naver, Line, and WeChat. Dynamic Adjust Integrations are used by over 1,200 leading networks and analytics providers worldwide. In total, more than 20,000 apps have implemented Adjust's solutions to improve their performance.



Stefan Groschupf, Automation Hero

Stefan is an AI and big data veteran and serial entrepreneur. He was one of the few early contributors to Nutch, the open source project that spun off Hadoop, which 10 years later, is considered a \$20 billion business. He built his previous company, Datameer, from the ground up to become a leader in data analytics, and is now focused on leveraging AI to solve the biggest pain point for businesses—sales productivity.

Stefan's experience with developing and advising high-growth startups spans from product inception and development to scaling and operations. At Data-meer, he raised ~ \$100 million in venture capital and doubled revenue six years in a row. His passion for entrepreneurship has led to his active involvement with a number of accelerators, coaching entrepreneurs on a path to success.

Automation Hero's innovative AI sales automation platform improves sales reps' productivity by offering the industry's first personal adaptive and proactive augmented intelligence assistant, Robin.

Leveraging powerful artificial intelligence algorithms, Robin processes big data from users' CRM, customer interactions, and Automation Hero's database to identify and automate sales processes.



Jens Hutzschenreuter, Digital Business Group

After beginning his career advising large corporate companies on sales and marketing at the Boston Consulting Group, Jens co-founded City Deal, which grew to operate in 16 companies in six months, before being acquired by Groupon. He then worked for Groupon in Europe, Asia, and the United States,



developing a highly structured and effective approach to B2B sales. Since moving back to Berlin, he has founded two companies, Digital Business Group and Sales Potentials, in addition to sharing his experience as a mentor with startups through multiple accelerators.

Digital Business Group provides sales consulting and interim management for tech companies, while **SalesPotentials** is a B2B sales and business development headhunter.

Clare Jones, what3words 



Clare is the Chief Commercial Officer at what3words; prior to this, her background was in the development and growth of social enterprises, including in impact investing. She studied for an undergraduate degree in English, with her graduate degree in the Geography Department at the University of Cambridge. Clare also volunteers with the Streetlink project, doing health outreach work with vulnerable sex workers in South London.

what3words is the world's first addressing system designed for voice. Every 3m x 3m square in the world has been assigned an address made of just three words from the dictionary. These three-word addresses can be used to route cars or drones, used as an address when ordering online, or simply given as a meeting point for a picnic in the park. what3words is used in 170 countries and is being adopted by governments all around the world as an official addressing system. Its investors include Daimler, Intel Capital, Aramex, and Deutsche Bahn.



Peter Krauss, CoSelling

As a sales and leadership trainer and authorized Facilitator of the Challenger Selling Model™ at CEB, Peter has trained over 10,000 delegates since 2006. Before starting his training business, he served for over twenty years in sales and marketing management functions in leading technology companies. Peter has strong experience in sales efficiency and leadership development through interactive workshops, coaching, change management and training, and has worked across Europe.



Jens Lapinski, Angel Invest Ventures

Jens has over 15 years' experience in running/building and investing in startups. This includes launching the Berlin office of Techstars, where he managed four programs and invested in 40 companies, which have raised \$75 million plus in aggregate. Before Techstars, Jens was a partner at Forward Labs (now Forward Partners), which he co-founded in January 2012. Forward Labs built profitable startups at high speed using lean startup principles.

He is now the CEO of **Angel Invest Ventures**, an Angel Fund based in Berlin which makes ten to twenty angel investments each year. He is also an advisory board member at signals Venture Capital.



Daniel Reisner, Herzog Fox & Neeman



Daniel is widely-recognized as one of Israel's leading Public International Law experts, a result of his 19-year career in government in this field. In addition, for over 20 years, he served as a senior member of Israel's peace delegations with both Jordan and the Palestinians, working in the triple role of negotiator, legal advisor, and drafter. Since retiring from government service, he has entered private practice and today heads the international law, international trade, defense, and homeland security practice groups at Herzog, Fox & Neeman (Israel's leading law firm) in Tel Aviv.

Neil Ryland, Peakon



Following a degree in sports science, Neil began his sales career in telesales. He was then part of the founding commercial team at Huddle, a leading enterprise content collaboration platform for governments and enterprise. As the company's chief revenue officer, Neil built teams in multiple regions and oversaw the rapid expansion of a UK basement startup to a global company. He joined Peakon as Chief Revenue Officer in October 2016, heading the company's commercial operations from the company's London offices. Peakon has grown at 606% in 2017 and now has global offices in New York, London, Berlin, Copenhagen, and Auckland.

Peakon's employee engagement platform is used by hundreds of businesses across the globe to listen to their staff, enabling everyone in the organization to reach their full potential.



Edward White, Interana

Originally from Ireland, Eddie has spent the last 16 years working in the US technology industry, with a focus on data analytics for the last decade. He helps companies to build and grow sales and develop their business, and is currently vice president of business development for Interana.

Founded in 2014, by the team that build the Facebook data platform, Interana is the only platform that makes it possible for any employee to ask unlimited, unbounded questions and get answers from all of your raw event data generated by users, in seconds. Employees can ask virtually anything - from product development, to customer success, to engineering efficiencies and get answers about how customers interact in real time and through time.

Kimberly Drory, ERB

Kimberly Drory is a certified attorney. As head of ERB's Global Business Development department, Kimberly caters to the business development of both ERB and its portfolio companies. This includes working with the companies in Israel and in the US on building their road map, fine-tuning their needs, and helping them reach their goals.



Gilad Pinhas, ERB 

Gilad Pinhas is an Israeli CPA and certified attorney with over 16 years' experience in the field of finance, technology companies, multi-national companies, and startups. He heads the US division of ERB and works closely with companies expanding into the US from early stage set up through to on-going financial management.

Based in Tel Aviv, New York, California, and London, ERB provides outsourced financial, tax, HR, and accounting services to companies looking to build their business globally. It specializes in working with startups, using its 23 years of experience to provide a one-stop-shop solution to their financial and bookkeeping needs.



Iskender Dirik 

Iskender Dirik is an entrepreneur, venture capitalist and tech expert with 20 years of experience in the digital world.

He is MD/CEO at Microsoft ScaleUp and Microsoft for Startups in Berlin. Iskender is also Venture Partner for EQT Ventures, one of the largest Venture Capital funds in Europe. Prior to that, Iskender led a corporate venture capital fund and was for six years MD/CEO of a tech consulting and software development firm.

He founded his first company at the age of 21 and built and sold a couple of tech startups afterwards.



Appendix

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Jens Hutzschenreuter, Digital Business Group:

“one sales manager/team lead for 6-8 sales reps;
one pre-sales for 3-6 SDRs, one SDR for 2-3 AEs”

Jens Hutzschenreuter, Digital Business Group:

“in growth stage, you see one VP of sales, 3 sales managers, 18 sales reps,
4-5 pre-sales guys, and relevant number of SDRs”

Stefan Groschupf, Automation Hero:

“in growth stage, each sales manager should have 6-8 AEs”

Stefan Groschupf, Automation Hero:

“1 SDR; 2-4 AEs, zero everything else for seed round”

Stefan Groschupf, Automation Hero:

“In general, you should have the following ratios at every stage:
1 SDR for 2 AE, 2 sales engineers for 3 AEs (if your product is very technical;
if not, you need less, which is better for you, but don't risk bad Proof of Concepts or customer experience),
1 sales manager for 5-7 AEs maximum

Amnon Drori, Octopai:

Seed stage 1 AE, Series A 2-10 AEs, 1-2 sales engineers, 3-4 SDRs

Jean Belanger, Cerebri AI:

Seed stage 0 AE, Series A 2-4 AEs, 1-2 sales engineers, 1-2 SDRs

Jens Hutzschenreuter, Digital Business Group:

Seed stage 3 AE, Series A 8 AEs, 1 sales engineer, 3 SDRs

Neil Ryland, Peakon:

Seed stage 1 AE; Series A 2-4 AEs, all depends on market size and traction

Peter Krauss:

Seed stage 1 AE; Series A 2-4 AEs, 1-2 sales engineers, 2-4 SDRs



Appendix

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Thank you to all our contributors for their input on these benchmarks, particularly:

Jens Hutzschenreuter, Digital Business Group (Germany, United States)

Gero Decker, Co-founder and CEO at Signavio (Germany)

Neil Ryland, Peakon (United Kingdom)

Edward White, Interana (United States)

Jean Belanger, Cerebri AI (United States)

Amnon Drori, Octopai (United States)

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Source: Art of Sales Podcast via Digital Kompakt

<https://www.digitalkompakt.de/b2b-sales-podcast/>

Source: SaaStr podcast 176

<https://player.fm/series/the-official-saastr-podcast-saas-founders-investors/saastr-176-what-saas-startups-need-to-raise-a-series-a-today-why-we-need-a-new-framework-to-think-about-saas-multiples-and-how-the-rule-of-40-changes-with-scale-with-kristina-shen-partner-bessemer-venture-partners>

Source: McKinsey

<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/cutting-sales-costs-not-revenues>

Learn more about Microsoft for startups:

<https://aka.ms/salesplaybook>



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