

# Sales – capturing value creation

# How will they buy?

- ▣ Web Direct – place the order to buy on the web
- ▣ Direct – outbound sales, inside/outside
- ▣ Indirect/Channel – fulfills demand, doesn't generate
- ▣ Retail – BestBuy, etc

# Sales Model Hypothesis

	Known Market	Unknown Market	Low Price Point	High Price Point	Known Search Words	Unknown Search words
Web Direct	✓		✓		✓	
Direct	✓	✓		✓	✓	✓
Indirect	✓		✓		✓	
Retail						

# Sales is Activity Driven

- Responding to inbound leads
- List purchases
- Outbound outreach
  - Emails
  - Calls
- Track total sales leads per month and source

# Sales Motion

- You're sales person #1
- Master the sales script the can be replicated
- Build a sales process and cadence, e.g.
  - Sales call, demo, white paper, proposal
  - Designed to get to next step
- Close with “Recommend”, you're the expert, ask for the order
- Don't stand in the way of scalable sales – you're not required to close every deal

# First Sales Hires

- Hire doers – that have been trained
- Don't hire before the product is ready to sell
  - They will move into “strategy mode” and not want to go sell
- Transactional sales process or educational sales process?
  - Price/availability
  - Educational – takes time to mature – see customer journey map
- Salespeople are good at selling themselves, and occasionally good at selling your product

# Sales Compensation

- General compensation philosophy
  - "below market with upside in commission/bonus"
- Incentivize activities early only, results as you know product/market fit
- Comp plan should have goals/quota that can be adjusted as the product is easier to sell
  - Quota is always "wrong" but is easier to change than the comp plan
- 6 Rules for Startup Sales Comp [blog post](#)

# Tools

- Hubspot Free for CRM
- Track contacts, documents, white papers, proposals
- Set reminders, tasks and calendar invites

# Workshop

# Write out your sales script

- Hi, I'm Name, from Company Name, our company provide a product helps companies like Name/Yours value proposition (make money/save money, get to market faster, increase recruiting). Most of our clients see the biggest benefit from \_\_\_\_\_ to \_\_\_\_\_. What do you use today for that function?
- End with a question, start engagement

# Write out a Sales Job Description

- Where did the person get trained?
- What skills do you need them to have?
  - Proposal writing?
  - Demos
- What experience do they need
  - Industry
  - Price point

# Sales

- ▣ Model – Pick one, why?
- ▣ Strategy
  - ▣ Who
- ▣ Tactics
  - ▣ How
- ▣ Tools
  - ▣ Sales tools

# Business Development

# Business Development

- ▣ Strategic relationships
- ▣ Who has the list you want
- ▣ How do you get the partnership

# Business Development

- Strategy
  - Who should you get as a partner
    - How will you build the relationship?
  - What channels
- Tactics
  - Messaging/Value proposition
- Tools
  - CRM

# Financial Modeling Note

# Templates

- ❑ Do this after you get in the program – not highest and best use today
- ❑ Four Templates
  - ❑ Marketplace
  - ❑ Subscription
  - ❑ Transaction Fee (works for commerce)
  - ❑ Productize a service
- ❑ Templates in shared [Google Drive](#)

# Financial Model Heuristics

- ▣ \$0- \$40 is likely OK
- ▣ Start with Assumptions
  - ▣ Product 1, 2
  - ▣ Services
  - ▣ Release timing
- ▣ Scale Revenue first
  - ▣ Customer count and timing
- ▣ Keep expenses in line as you grow

# Go-to-market plan

# Go-to-Market Plan

- ▣ Revenue Model
- ▣ Marketing
- ▣ Sales
- ▣ Business development plan
- ▣ Pricing

# What to track – best practices

- Marketing Metrics – “Marketing Machine”
  - Ad Spend
  - Traffic
  - Marketing Qualified Leads (MQLs)
- Sales Metrics “Sales Motion”
  - Outbound/Inbound
  - MQL to SQL Conversion
- Business Development – Partnerships
  - What’s in it for them?
- Pricing

# Before the Program

- ▣ What are your priority tests?
- ▣ Do you need product final to do that test?

# Five Factors of PMF

1. Traffic – monthly web traffic
2. Leads (demos or downloads)
3. Customers (conversion rates)
4. Time to close
5. Annual (average) contract value increasing

Trends – is traffic trending, are leads converting.  
All five equal the “magic of compound interest”

# Post – PMF

- ▣ Predictable & Scalable Revenue
- ▣ Customer profiles
  - ▣ Cohort analysis
- ▣ Churn
- ▣ Scalable marketing
- ▣ Hypothesis + Data

# PMF Scorecard

- ▣ ***How would you feel if you could no longer use [product]?***
  - ▣ The answers are the following:
    - ▣ Very disappointed
    - ▣ Somewhat disappointed
    - ▣ Not disappointed
    - ▣ I no longer use [product]

Shout out to:  
Sean Ellis  
Andrew Chen

# Tracking Over Time

- ▣ Churn Rate
- ▣ Net Negative Churn
- ▣ NPS vs CSAT
- ▣ Product usage level
  - ▣ Frequency
  - ▣ Recency
- ▣ Growth Rate

# What is “Traction?”

# Predictable/Forecastable Revenue

- ▣ De-risking your <time> investment
- ▣ Predictable revenue moves you from valuations based on trailing 12 to future 12
- ▣ Target customer
- ▣ Sales Cycle
- ▣ Tools trail Strategy and Tactics

# Customer Acquisition Hypothesis

- Cost of Customer Acquisition (CAC)
- Lifetime value of Customer (LTV)
  - 36 month calculation in a mature business, 12 months for you
- **Time** to close sale
  - How does this change with product/market maturity?
- Churn/Retention
- Average Revenue/measure (User, Account, etc)
- Word of mouth vs. Virality