

Don't Hire Salespeople...Yet

Presentation for Heavybit
April 29, 2014

Background



Dave Hersh

- Founding CEO – Unnamed Startup
- Board Partner – a16z (2012 – present)
- Founding CEO Jive Software (2001-2010) (IPO 12/11)
 - Chairman, Jive (2010 – 2011)
- Investor / Advisor / Boardmember
- Strategy Consultant ('94 – '99)
- E&Y Entrepreneur of the Year
- DePauw University - BA

Blah, blah, blah.

Lots of Sales.

After This, Hopefully You Can...

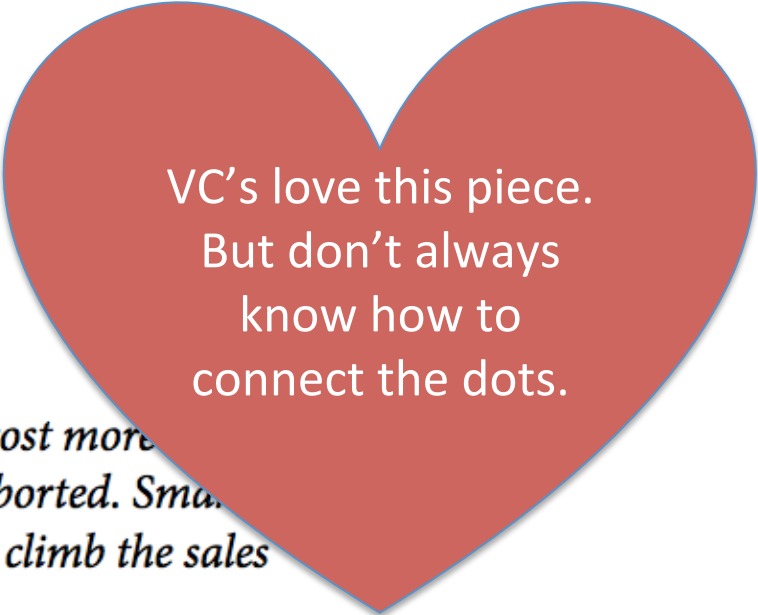
1. Understand how to begin weaving sales DNA into your startup.
2. Explain the different B2B sales approaches.
3. Describe how to structure a sales org for the different phases of company growth.

SALES LEARNING CURVE

The Sales Learning Curve

by Mark Leslie and Charles A. Holloway

Because new-product launches often take longer and cost more than expected, many promising offerings are prematurely aborted. Smart companies give themselves time and money enough to climb the sales learning curve before ramping up the sales force.



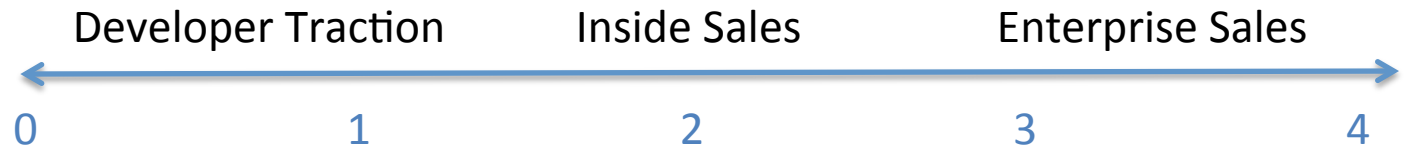
VC's love this piece.
But don't always
know how to
connect the dots.

HARVARD BUSINESS REVIEW • HBR.ORG • SALES • JULY–AUGUST 2006

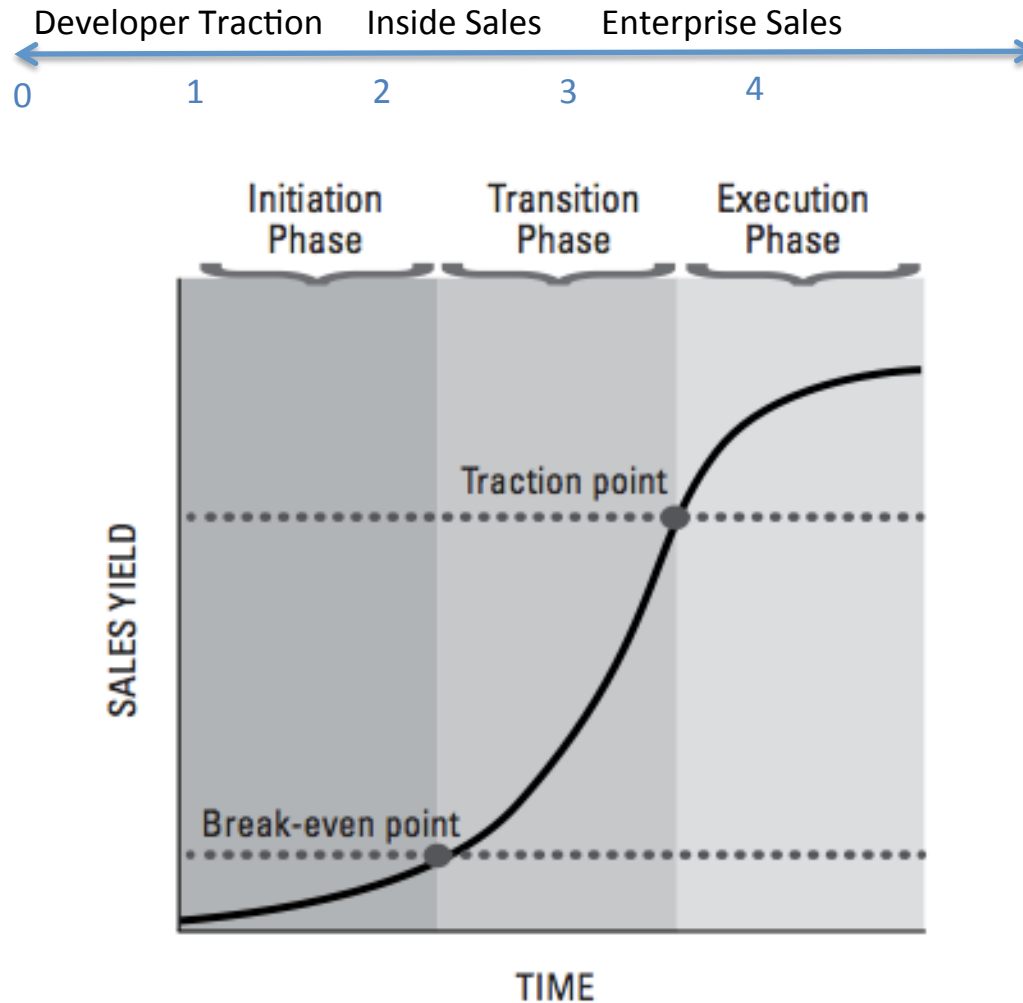
Your Working Model

Priority

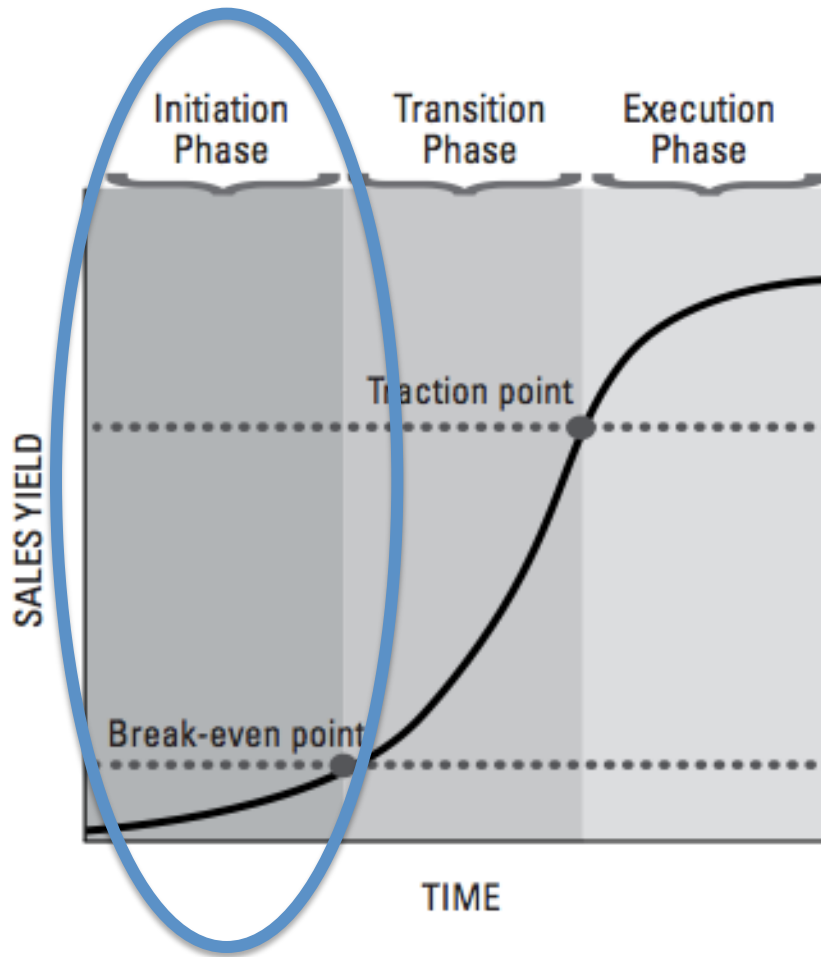
Years



Sales Learning Curve



Sales Learning Curve

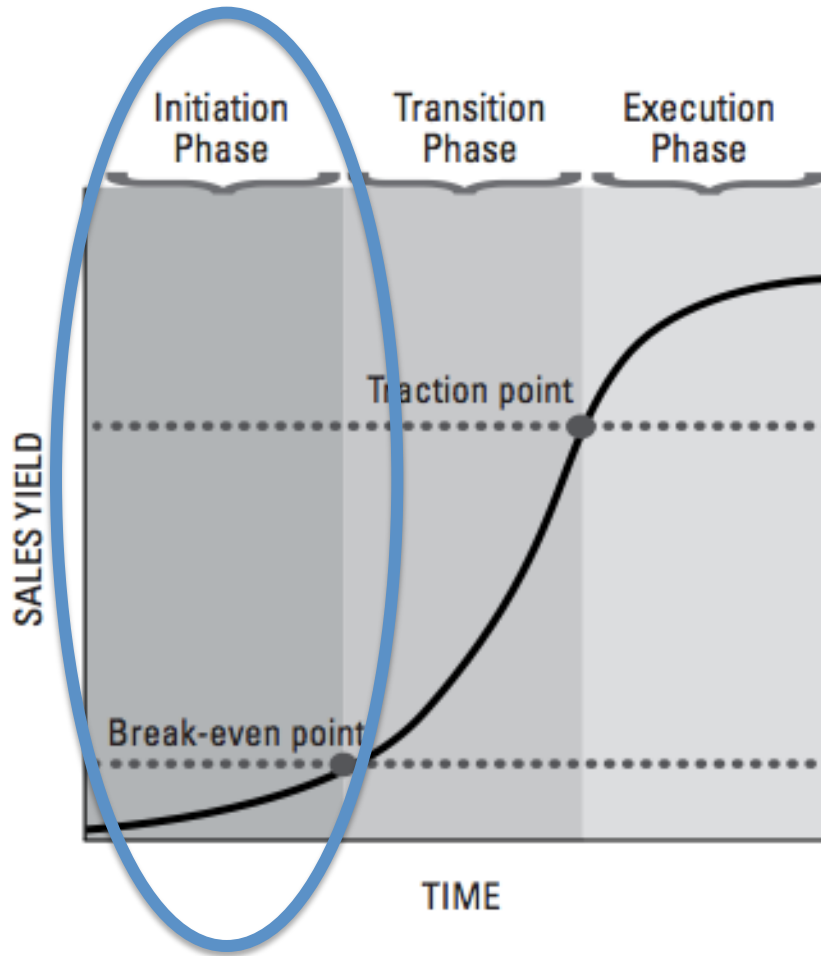


Athletic Generalists:

- Not coin-operated
- Flexible: can talk to anyone
- Broad: equally comfortable with prod/mktg/sales
- Business builders / learners
- Equity-driven
- Goal is to work themselves out of job

Example: generalists who may come from product, BD, marketing

Sales Learning Curve



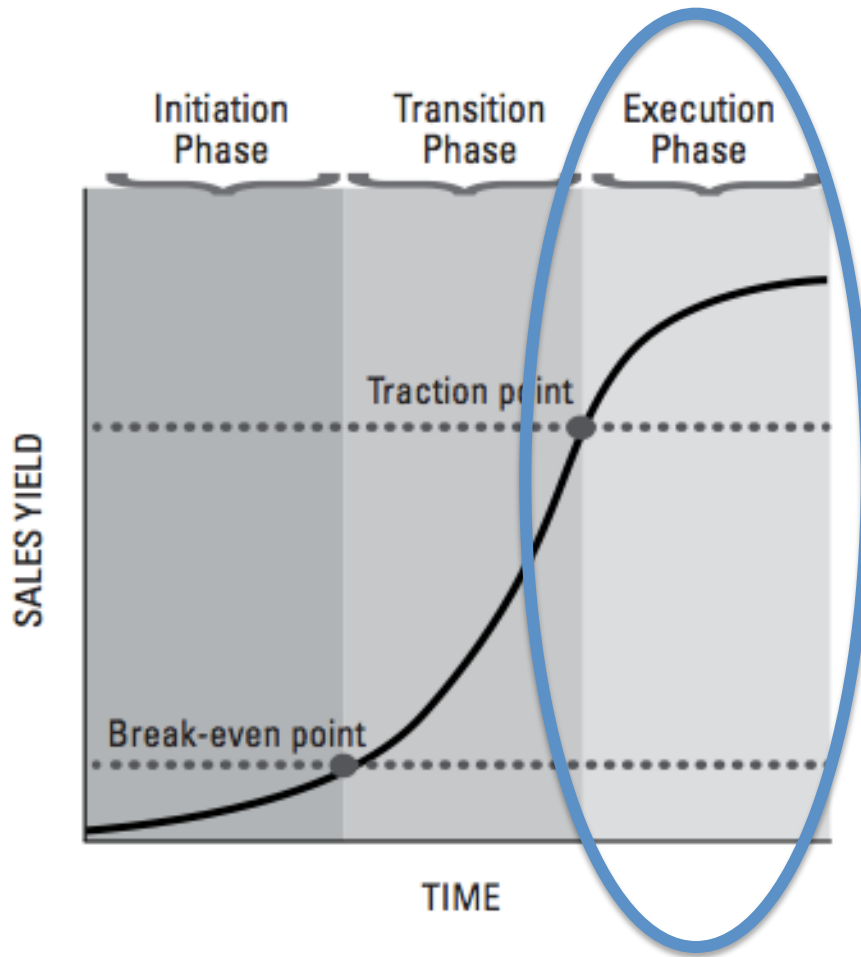
What Not to Do:

- Hire traditional sales managers, reps, or big company execs.
- Let the rep do everything.

Success:

- Rep pays for themselves
- Handful of good deals
- Beginnings of a model

Sales Learning Curve

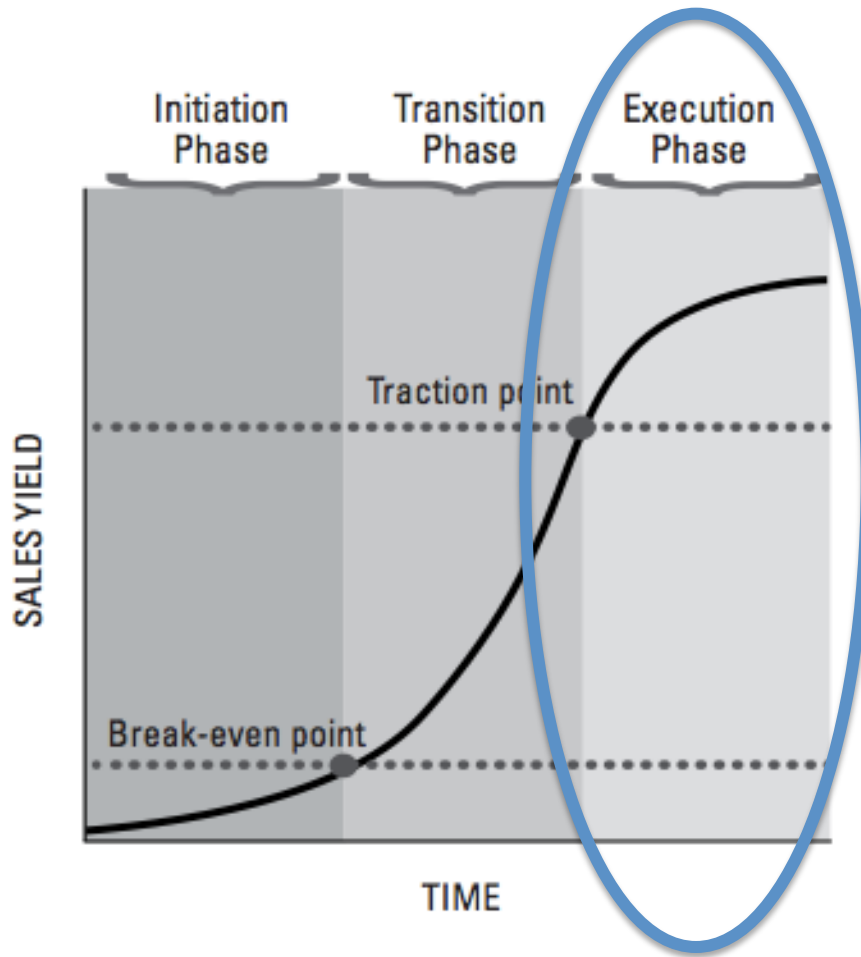


Enterprise Sales Pros:

- Highly coin-operated
- Lots of structure
- Strategic
- Process-driven
- Repeatability = easy scale
- Require specialists / support
- Cash-comp

Example: reps who worked at larger companies in similar categories.

Sales Learning Curve



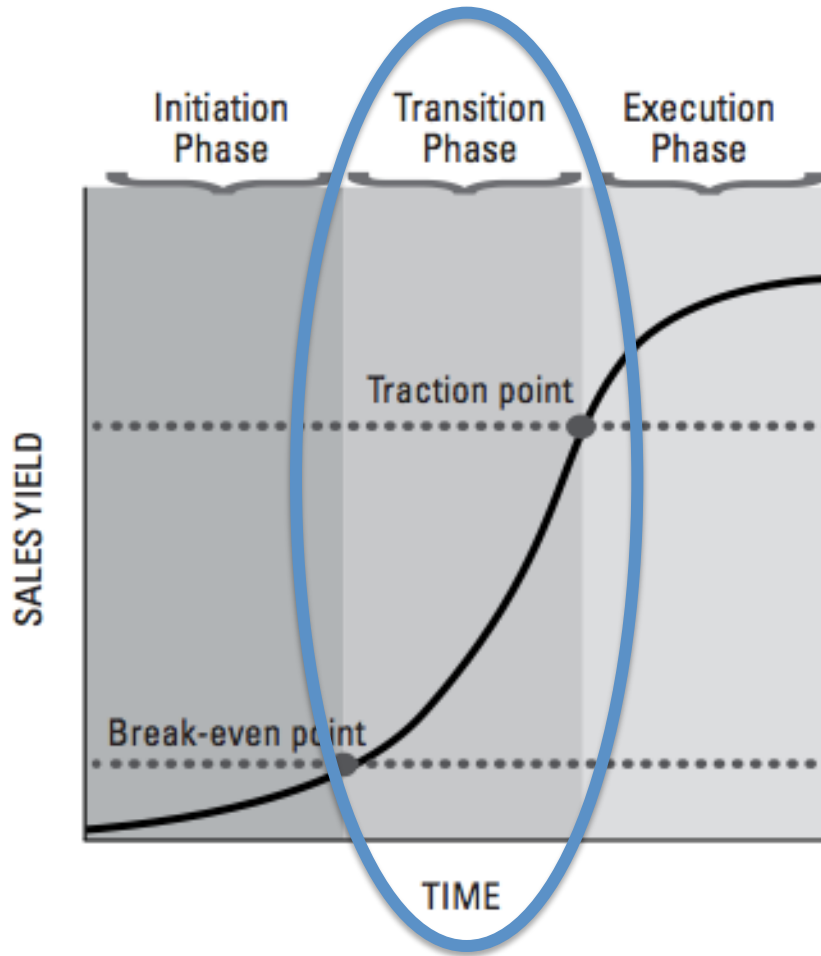
What Not to Do:

- Hire entrepreneurial types
- Skimp on sales enablement
- Extrapolate the success of a few to lots of new hires

Success:

- Each new hire follows a consistent success pattern

Sales Learning Curve

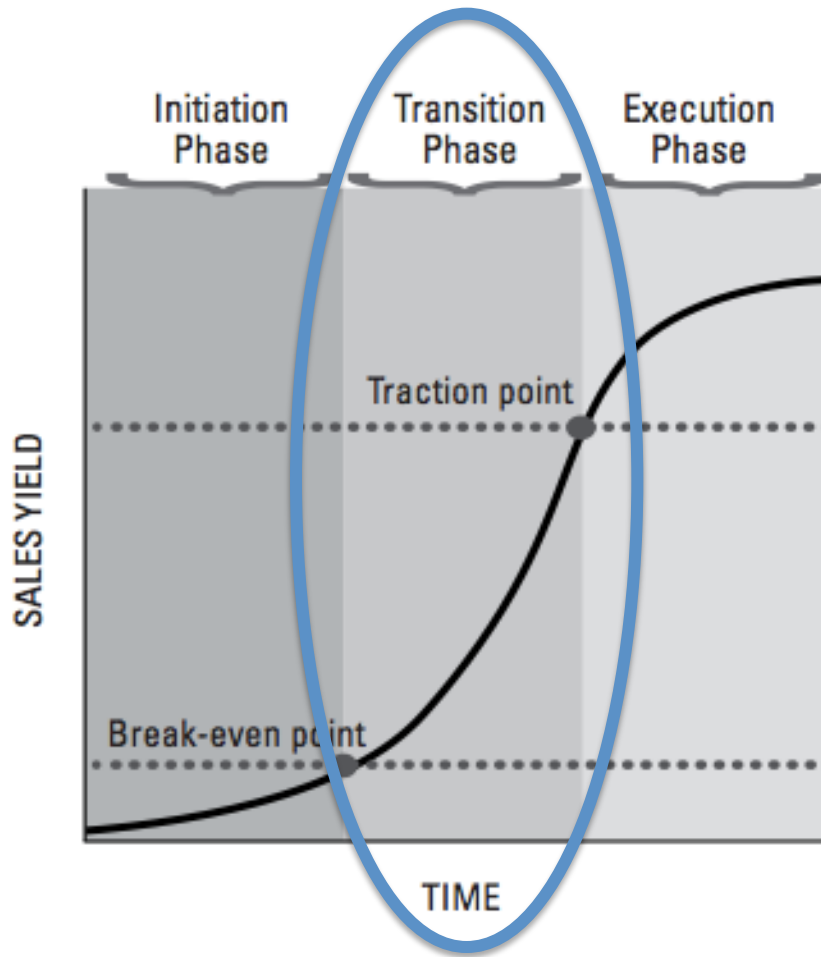


Enlightened Reps

- Can build out infrastructure
- Strategic yet athletic
- Look for repeatability
- Don't need lots of support
- Cash and equity-driven
- Have “seen the movie” before

Example: Directors of sales from a company that went through a similar growth path.

Sales Learning Curve



What Not to Do:

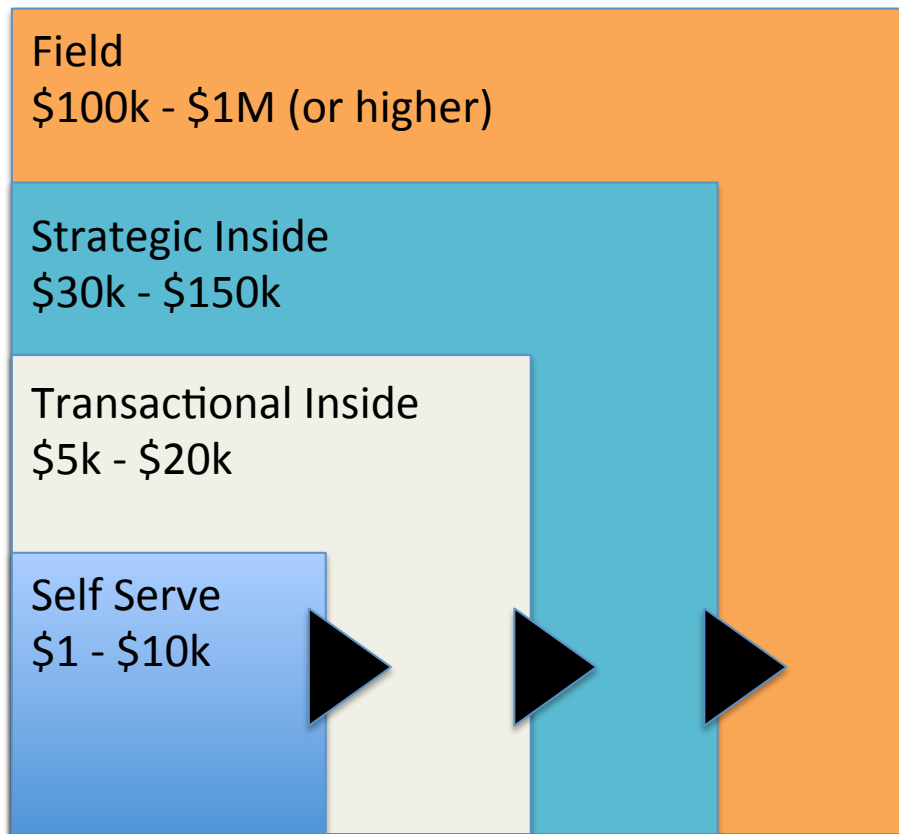
- Think it's all figured out and hire "execution phase" reps
- Put in too much structure
- Hire a sales leader who can't "find the vein"

Success:

- Twice their cost
- Repeatability

Note: Best rep for me was early inside rep.

Types of Sales Approaches



NB: Inside Sales
growing at ~10X Field
Sales.

JIVE STORY

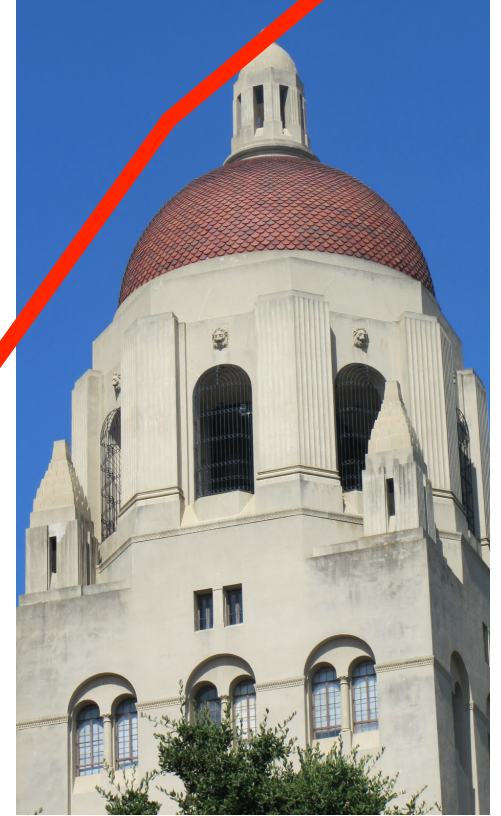
\$60M

\$45M

\$30M

\$15M

\$0



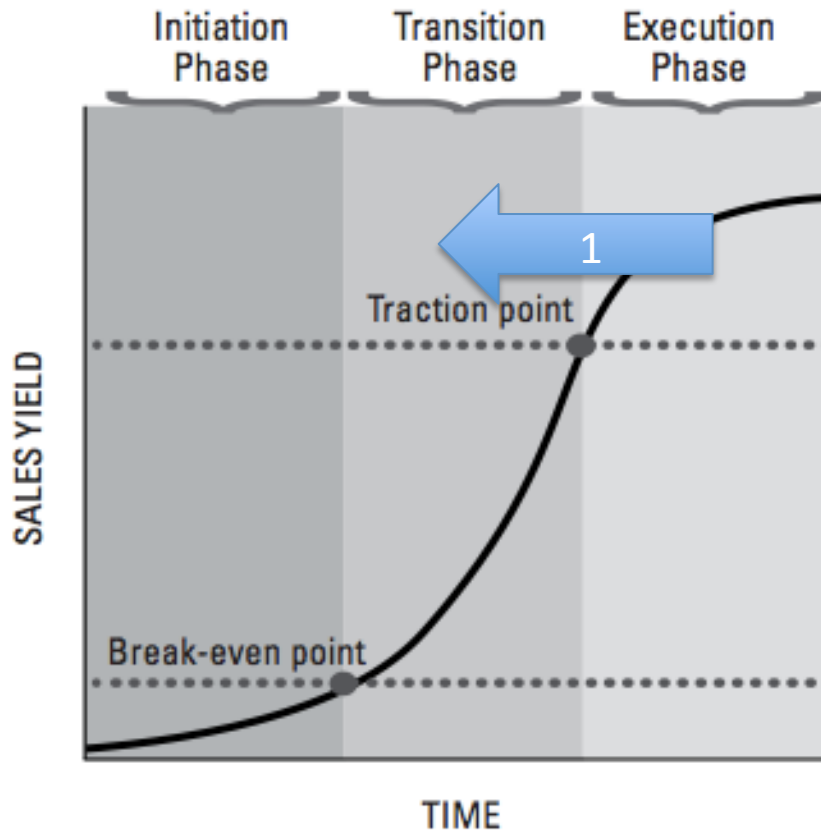
2001

2004

2007

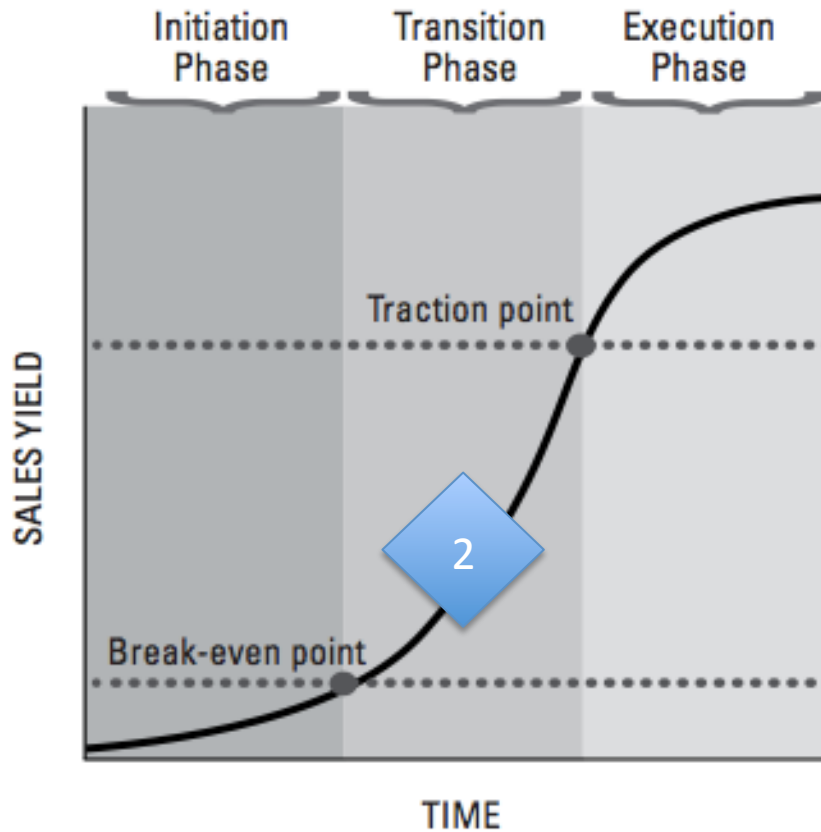
2010

Three Big Screw Ups



1. Hired “execution stage” reps way too early
2. Didn’t have network for hires
3. Hired ahead of results (2008)

Three Successes



1. Rebuilt amazing team (from similar stage co.)
2. Used wanna-be VP's early on
3. Orchestrated transactional > inside > field model

Recap

- Use Sales Learning Curve as model for hiring:
 - Get athletic, generalist business builders first.
 - Then reps who have a mixture of skills.
 - Then coin-operated reps when it's proven
- My tips:
 - Be patient on repeatability.
 - Tap into a solid network if possible.
 - Use career advancement to get great reps early.

Q&A

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