



 **STORM VENTURES**



# My Top 10 Mistakes On The Way From \$0 to \$100m ARR (Really, First \$20m ARR)

*Don't Make Them. You'll Grow Even Faster.*

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# All about Jason M. Lemkin



2x Founder/CEO Selling to the Enterprise.

Managing Director, Storm Ventures.

- Co-Founder/CEO EchoSign, acquired by Adobe for nine figures
- Grew business from \$0-\$100m+ ARR in '13 at EchoSign + Adobe
- Managing Director at Storm Ventures: First/Early Investor in Enterprise start-ups, including Marketo, MobileIron, Talkdesk, EchoSign, GuideSpark, Metacloud, Algolia, etc.
- SaaStr founder community – 1m+ views a month on web + Quora

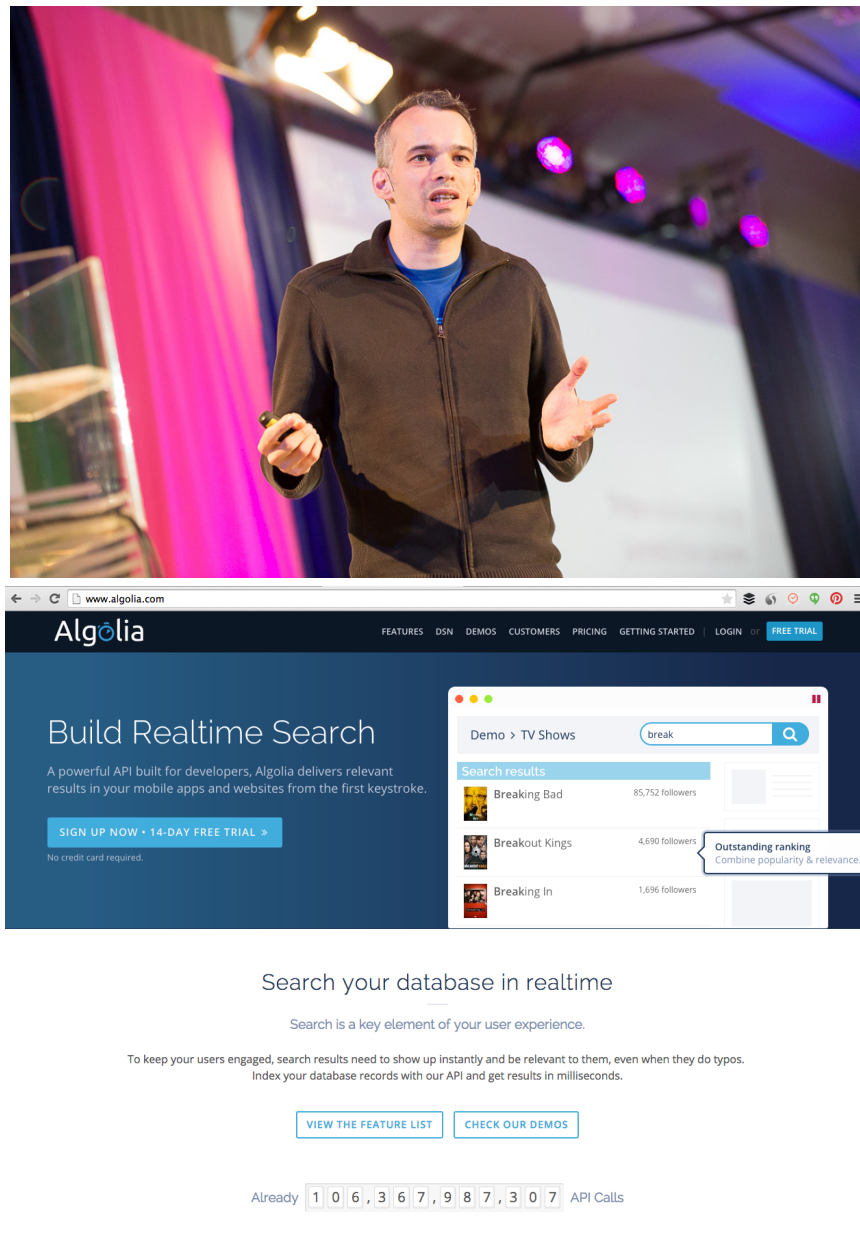


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# All about Nicolas Dessaigne / Algolia



- Instant Search-as-a-Service (milli-seconds) API.
- ~\$0 to \$2m ARR in 12 months (“pre”-Hyper Growth), selling to VPEs and developers — but after 1.5 years getting there, and stop through YC W’14 and key change in business model (and product)
- Proven team, but new as founders — senior technical team at leading French search company, Exalead acq. for ~\$200m
- Relatively limited experience selling, but *strong* commitment to developing both outbound and inbound sales — and following ROI

## Y Combinator Posthaven

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**Algolia (YC W14) launches a Search API that lets you provide Apple Spotlight-like realtime search for your app or service**

by Garry Tan

# Mistake #1: Not Hiring 2-3 Sales Reps.

- A/B Test Helps You Learn
- Any Sales Rep That Performs is Cheap
- 1 Rep Performing = *Repeatable*.
- 2+ Reps Performing = *Repeating*.

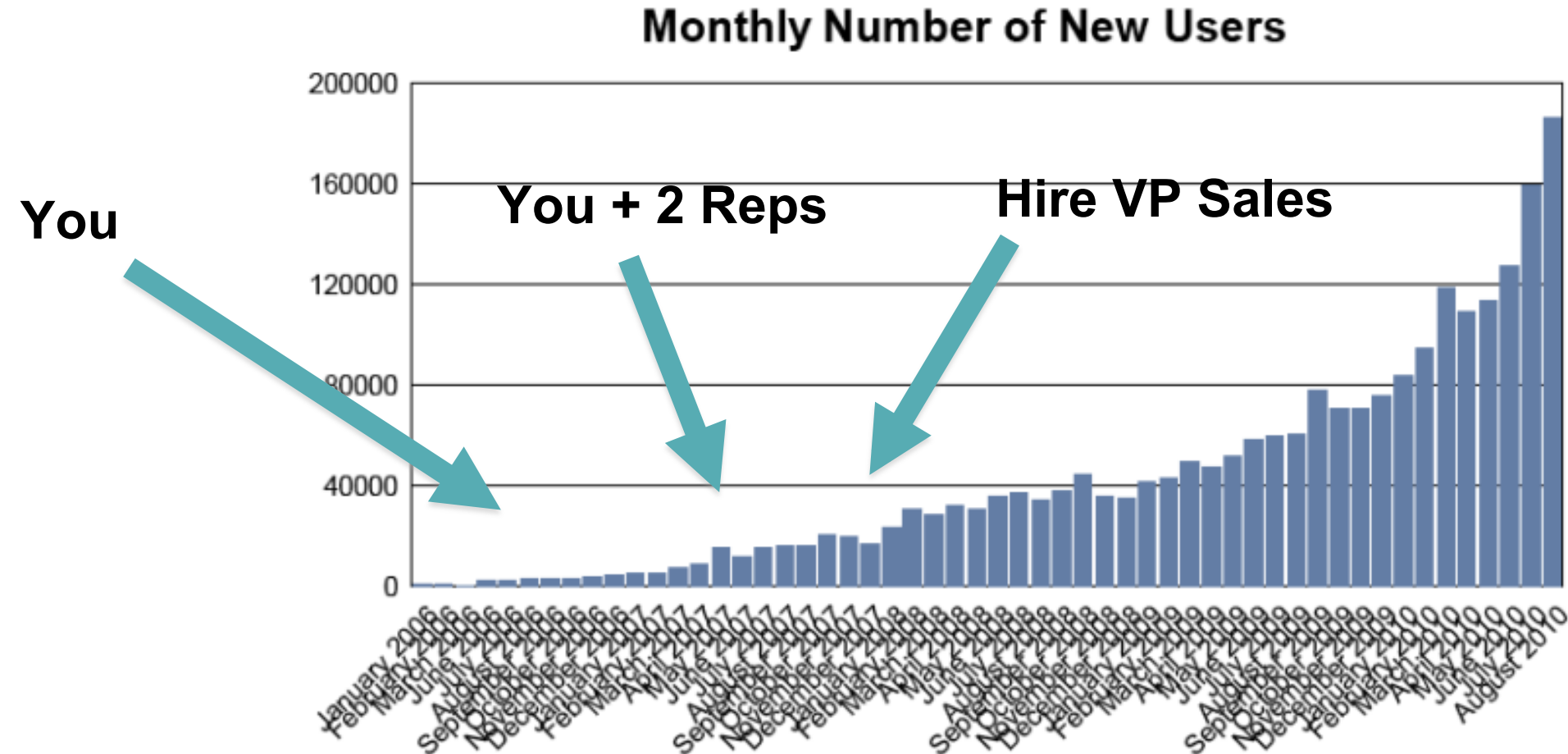




# Mistake #1: Not Hiring 2 Sales Reps.

You Have to Sell It Yourself First. And Then Hire 2+ Reps.

But once you have 2 that perform ... get your VP!



# Mistake #2 – Hiring Early Reps I Wouldn't Buy From

## Later – It Takes a Village

- Later, you'll need many types of reps. Eventually.
- But in the early days – leads are so precious.
- You'll never be comfortable to handing them off to someone you don't trust. Someone you wouldn't buy from.

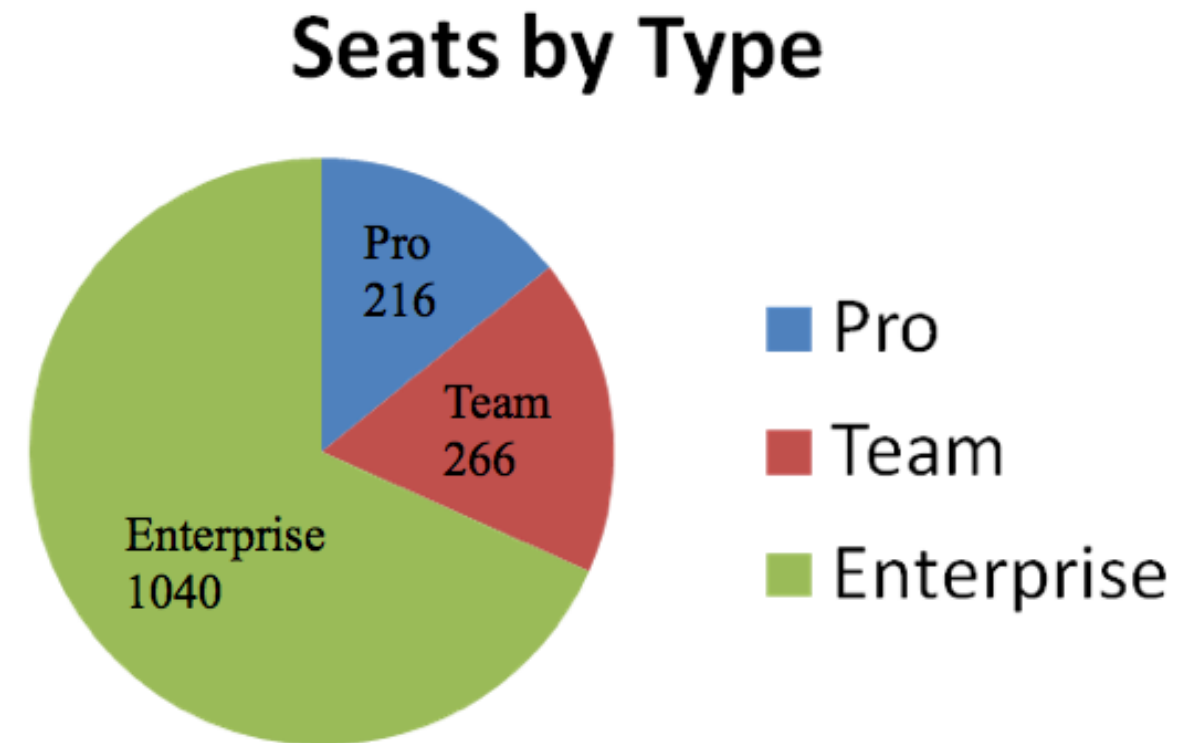




# Mistake #3 – Not Seeing The Pattern Early Enough.

The Pattern is Set EARLY - \$500k ARR

- Once it's repeating – be confident.
- You'll have an “organic” type of core customer.
- **So from \$1m - \$10m ARR – just double down** on what seems to be working.
- Deal sizes, etc. will go up. But pattern will stay same.
- **It will keep working.** It will.

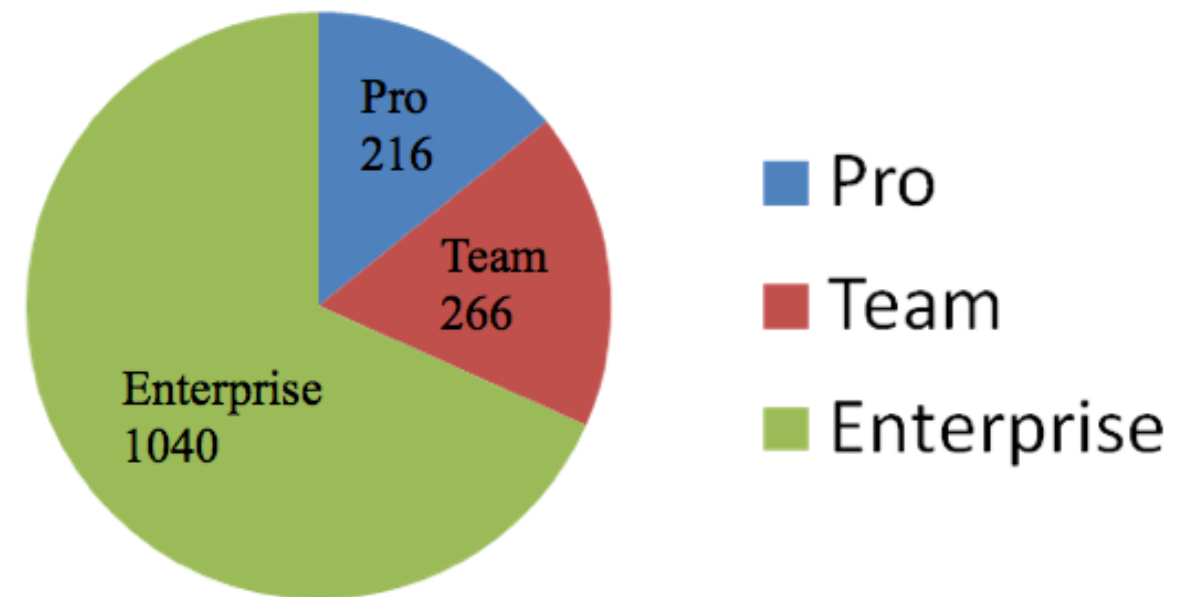


# Mistake #4 – Not (Intentionally) Going Upmarket Faster.

## Nothing is an Anomaly

- If You Can Get 1 enterprise customer – you can get 10.
- If You Have 1 customer in an industry – you can get 10.
- The outliers aren't anomalies. They are The Future.
- Corollary: **Go Upmarket as Soon As You Can. More \$\$\$, Same Work.**

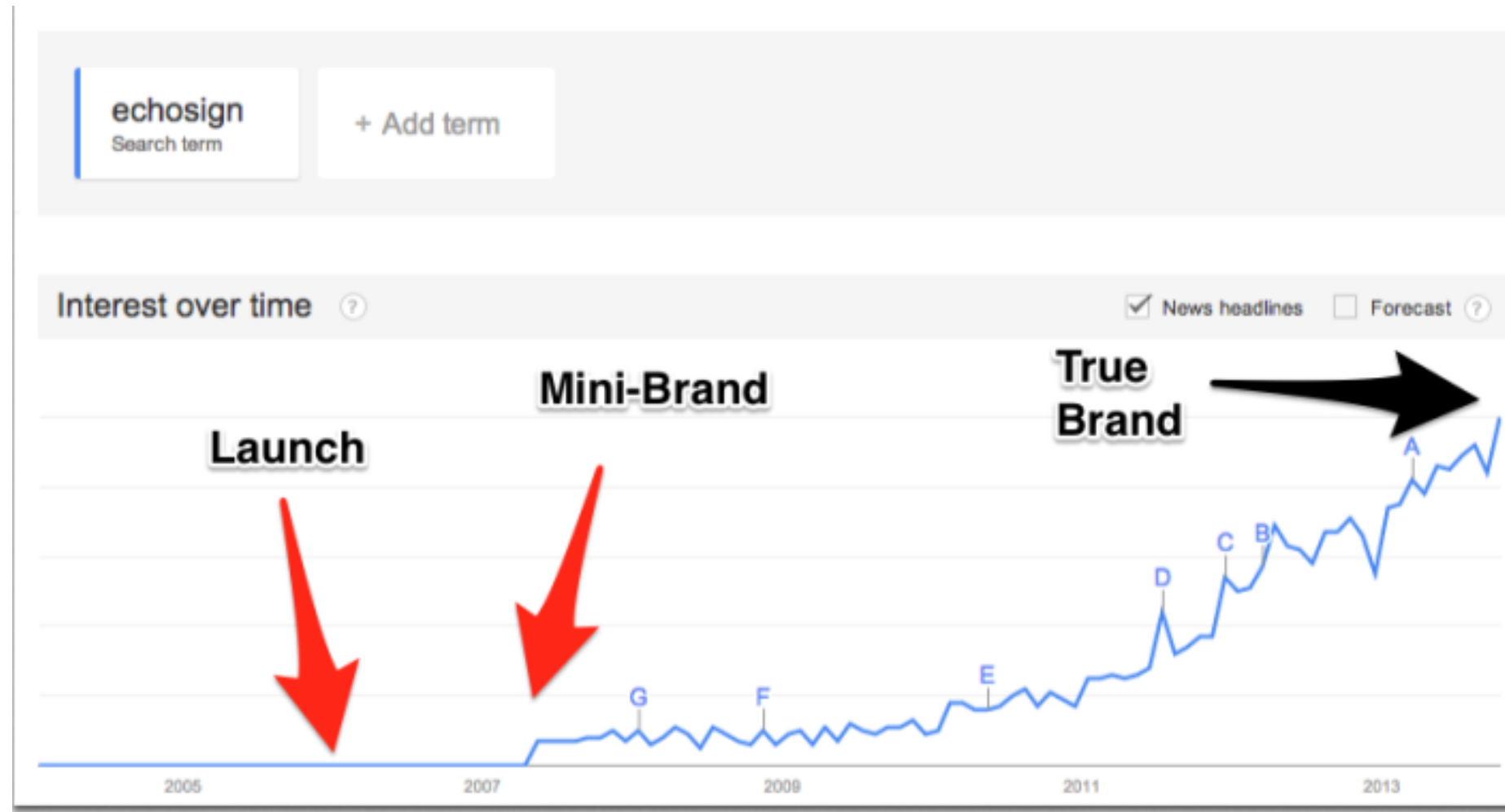
Seats by Type





# Mistake #5 – Not Seeing the Power of a Mini-Brand

Brands are Highly Defensible. Proxy for Whom to Trust.



# Mistake #6 – Ever Allowing Revenue Per Lead to Drop

Revenue Per Lead Should **Never** Drop. That's Your Fault.

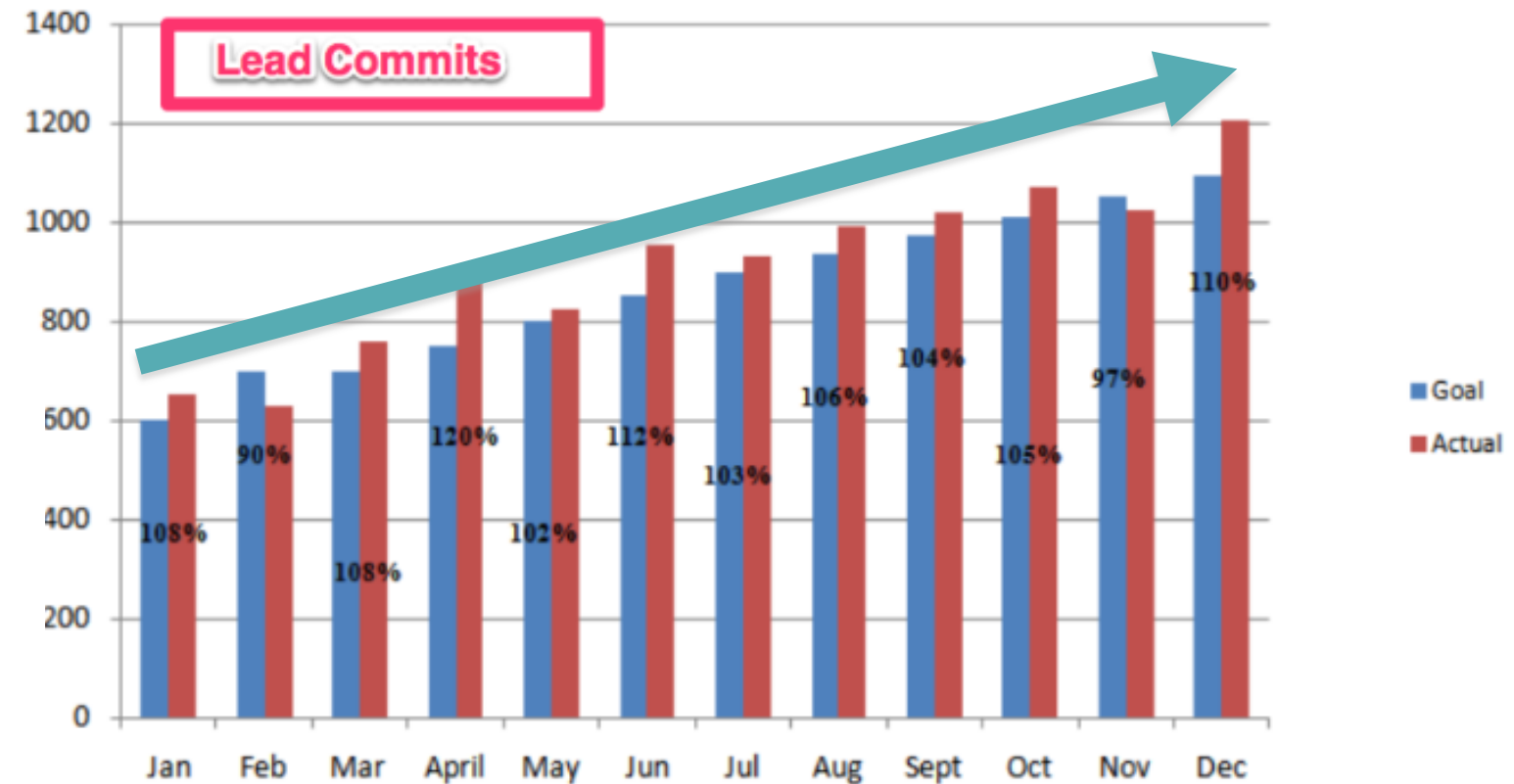
- PR. Marketing. Upgrade the Team. More Customer Success.
- Competition doesn't really matter for RPL – if you have a great team and a *relative* competitive advantage.
- Deal Sizes should only go **up**.
- You should only get **better** at closing.





# Mistake #6 – Ever Allowing Revenue Per Lead to Drop

- Leads Doubled in Year of Hell
- Yes, We Grew. But, Revenue Per Lead *Declined*.
- Whose Fault?



# How My [2nd] VPS Doubled Sales in 90 Days

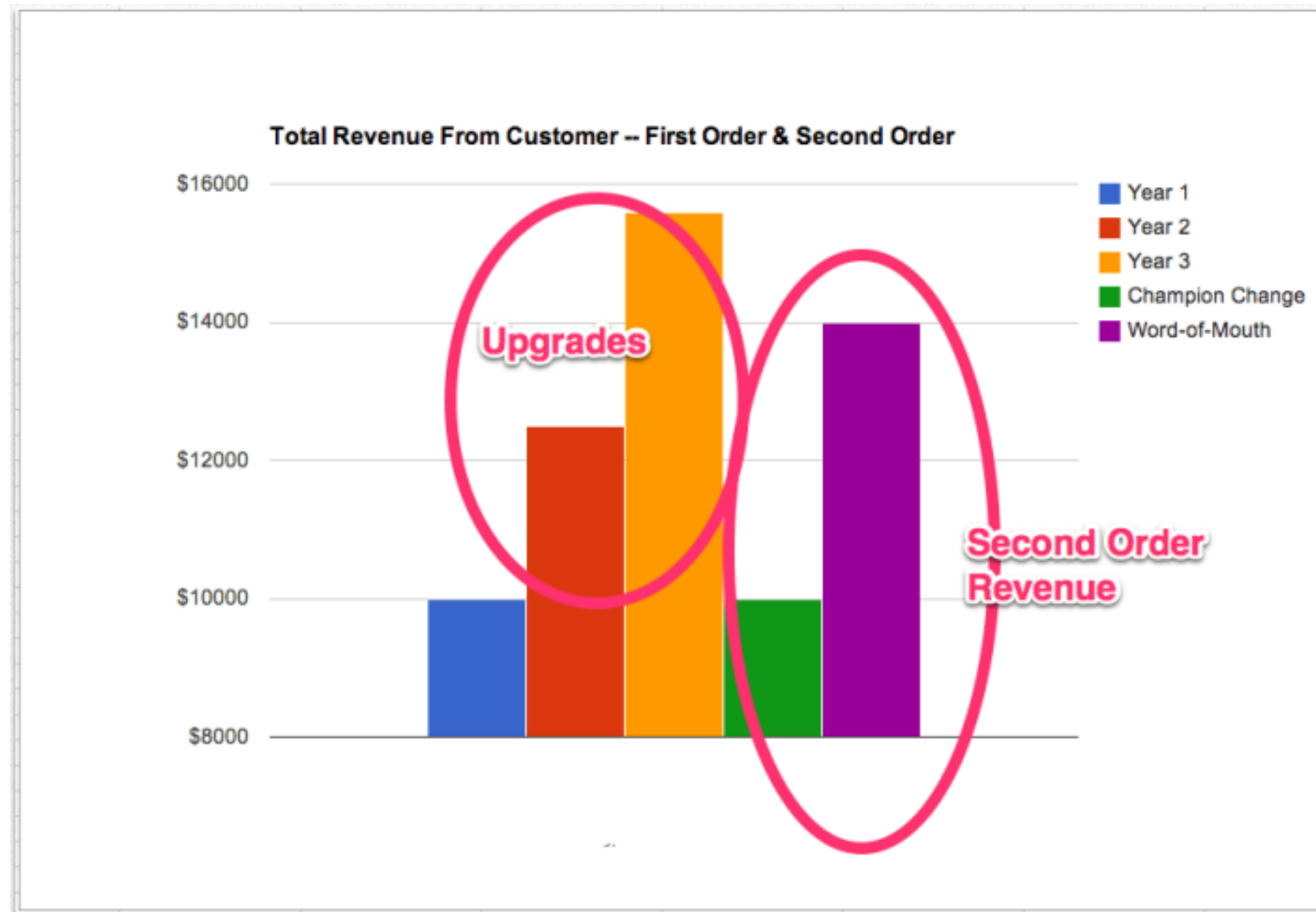
*Hint: It Wasn't New Prospects or Customers.*

- Immediately Upgraded the Team to Proven Closers. The First Week.
- Got the Most Out of the Team He Inherited – And Got Rid of the Ones That Weren't Working.
  - 1 + 2 alone Doubled Our Revenue Per Lead.
- He Didn't Even Attempt to Do It Alone.
- He Ended Pipeline as a Metric – And Any Real Credit for It.
- He Embraced Competition.



# Mistake #7 – Too Much Time on Prospects v. Existing

Sales Is Just the Start of a 5-7 Year Journey. Visit all your top customers. Not just prospects.



# Mistake #7 – Too Much Time on Prospects v. Existing

- Get Off the Mac.
- And On a Jet.
- Visit ALL Your Best Customers. And ALL Your Top 20% of Revenue Customers. ALL of them.



# Mistake #7 – Too Much Time on Prospects v. Existing

- Happy Customers will churn if you don't visit.
- Unhappy customers will stay – if you visit.
- Year 3 is when you lose them. Hard to see in early days.



# Mistake #8 – Not Firing a Bad VPS in 1 Sales Cycle

- You Should Know Subjectively **In Just a Few Months** – Just 50% of The Way Through Your Average Sales Cycle
- Numbers Should Increase in 1 Sales Cycle – with Keen Focus on Revenue Per Lead
- First Few Hires Should be Clear Upgrades – and made quickly + seemingly effortlessly





# Mistake #9 – It Get SO Much Better at Initial Scale

- No Matter How Bad You Are at X, or Inexperienced at Y ... You Will Learn in SaaS.
- **Everyone** Great Will Get Ever Better.
- **You** Will Get Even Better. Guaranteed.
- You Will *Become* a Great SaaS CEO.



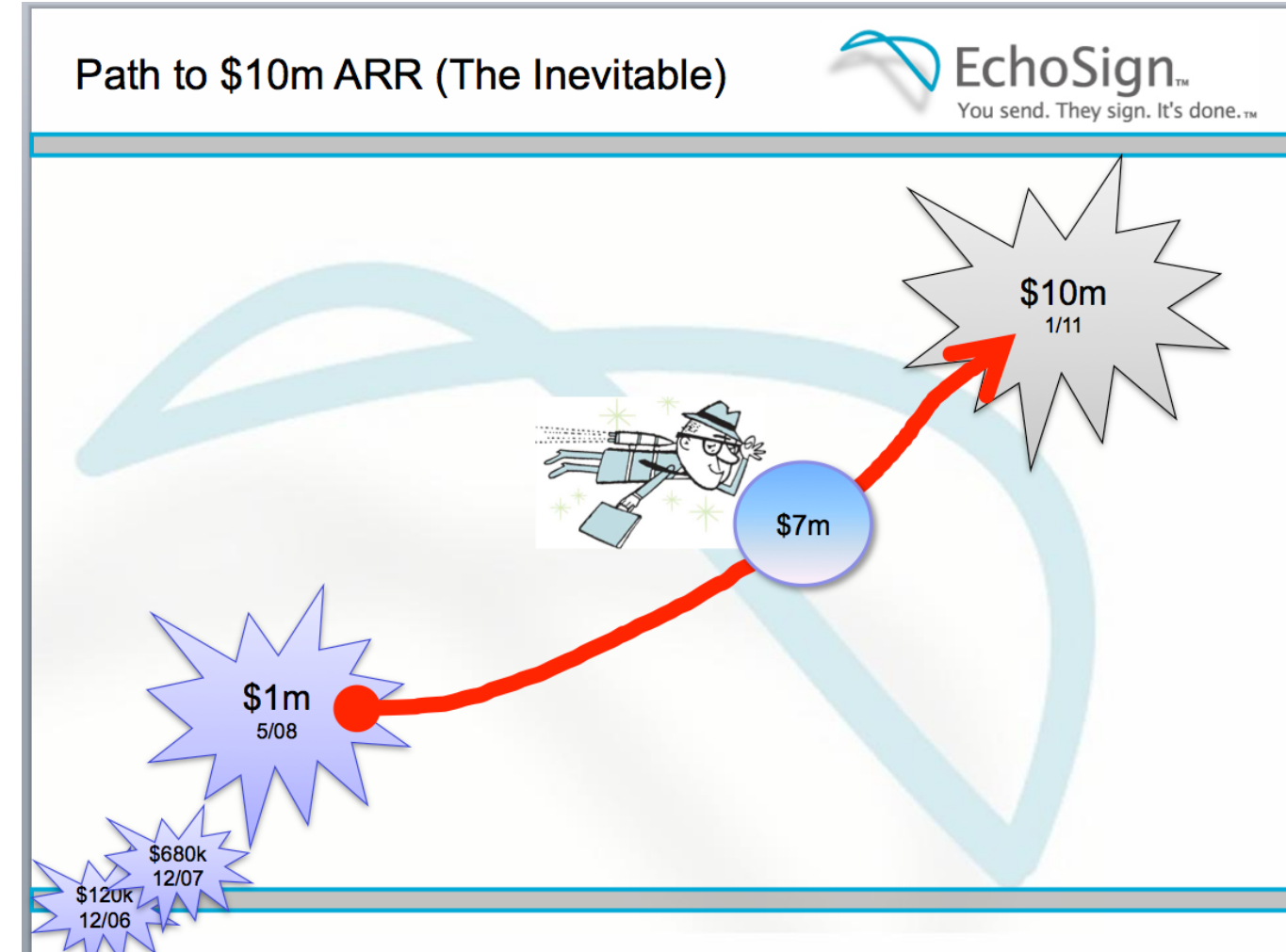
# Mistake #9 – It Get SO Much Better at Initial Scale

## \$1m - \$10m: Toughest Slog (Usually)

Too Much to Do. Too Few Resources.

And that's where you'll be after \$1-\$2m in ARR. Seeing the early signs of success — but In Pain. Why? Because you have too many things you absolutely have to do to make it — with too few resources:

- **You'll have real customers — plenty of them by number, if not yet by revenue — but not enough resources to serve them.** You'll almost be overwhelmed with their needs and in-bound requests.
- **You'll have a real sales team, the core of one — but not a large enough one to experiment, or add redundancy, or management layers.** Sales ops? SDRs? Lead qualification reps? You want it all, but it doesn't seem like you can afford them here. The math doesn't pencil out yet.
- **You'll have a strong product — but it won't be anywhere near feature complete.** You'll constantly be struggling to meet just the bare minimum requirements of your real customers, and in some ways, given all the new customer demands, it will feel like your product is further behind than Day 1.
- **You can't take a hit. If your VPE, or head of marketing, or someone key quits — you're almost dead.** There's no fat on the system. You lose one key resource — and all that hard work, all that momentum you are building ... can almost disappear overnight.
- **The next phase is loooooong.** Yes, you can see \$10m in ARR if you squint. But it seems so far away, so hard.



# Mistake #10 – Not Doubling The Plan. 😊

- Once the team was (finally) Great – We Exceeded the plan. Every quarter, every year. Always.
- But
- I should have challenged us to do Even Better Than 120% of Plan.
- How? ....



# Imagine a World ... (1/3)

- Image a World Where Capital Doesn't Matter.
- Image a World Where You Can Hire Whomever You Want.
- Image a World Where ROI Can Be Measured in 36 Months (for the *incremental* customer).
- Then ... What Could You Do?

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# Imagine a World ... (2/3)

- **For Sales, who would you hire, and when,** if you could hire as many people as you wanted?
- For Marketing, where would you spend if the ROI could be 'any' ROI? **What brand marketing** would you do? **What new programs** would you develop?
- **For Product, what new areas would you enter?** What new products would you build?
- **For Engineering, what would another 10, 20, 50 engineers do for you?** What would you rebuild? Improve? How many more features could you push out? What could you do that is simply, super cool for your customers?

# Imagine a World ... Why it Works (3/3)

- The Mediocre Ones just Spend, Spend, Spent in this Exercise. & The Real World.
- **But the Great Ones – Only Spend On What They Think Works.**
- The Great Ones Do Things They Are, On Balance, Always Accretive.
- So as CEO ... Just Find a Way Here. To This World. That' Your Job.



# When It's Good – It's Really Good

- Great Teams Have Low Turnover – They Want to Stay Together
- Great Teams Feed on Themselves
- Great Teams Energize the Rest of the Company
- **Spend 20% Of Your Time Recruiting!**







# Q&A