

14. Early Customer Traction Depends on a Sound Sales Strategy and Building around the Right Sales Leader

While the early success of every startup is largely a function of the quality of the team, it takes time to design and develop a product that customers will pay for. For this reason, the majority of the startups that I have come to know over the past 25 years in Silicon Valley have been founded by entrepreneurs with highly technical backgrounds that play prominent roles in the product development effort. Oftentimes, there is very little thought given to defining the sales strategy or putting dedicated sales resources in place in the early going while the product remains fluid and largely undefined. The focus on burn rates and preserving equity to attract top engineering talent trumps the desire to pursue outsized investments in sales leadership, yet early customer access has proven to yield undeniable benefits. Where then does the sweet spot lie as it relates to defining a sales strategy and adding dedicated sales resources in the company's early days?

Before peeling back the onion on this topic, it is important to reiterate the importance of customer collaboration in the product development process. The sooner a company can gain access to the right level of people at the right target customers, the more likely it will be to pursue a solutions architecture that makes the most sense. In *Measure What Matters*, Andy Grove highlights the importance of the sales process and the learning that occurs when engagement with customer prospects at the right level takes place. "Innovation tends to dwell less at the center of an organization than at its edges... People in the trenches are usually in touch with impending changes early. Salespeople understand shifting customer demands before management does." The entrepreneurs who come to understand this dynamic in the

startup's earliest days and invest in an effective sales strategy reap outsized benefits from their foresight.

Experienced and proven sales resources with the right relationships will command a healthy compensation package, making the timing of adding the first one all the more critical. One of the most effective strategies I have seen employed in recent years involved the use of a highly-specialized sales professional who was initially brought on in a consulting role. There were no long-term commitments initially extended on either side, which afforded both the opportunity to spend some time working together to ensure there was a good fit. Most importantly, this type of arrangement provides the company with an extended litmus test to validate that a cultural fit exists. How does the sales resource work within the context of the existing team and what are the character attributes of the person? Only time and experience working together can reveal these things, which are important to understand before turning a newcomer loose to represent the company in front of its customers.

Unfortunately, this approach is not always a viable option, making the addition of that first dedicated sales resource a milestone that cannot be taken lightly. The best sales leaders are resilient, mentally tough, and tenacious, yet they maintain a level of humility which endears them to both the company and its customers. JPMorgan Chase outlines the qualities they look for in the company manual titled *How We Do Business*: "Have a fierce resolve in everything you do. Demonstrate determination, resiliency, and tenacity. Do not let temporary setbacks become permanent excuses. Use mistakes and problems as opportunities to get better—not reasons to quit." The concept of team must be well understood. In *My Personal Best*, legendary college basketball coach John Wooden was consistent in his message that, "No player is bigger

or better than the team.” This notion of humility is a common theme in Patrick Lencioni’s *The Ideal Team Player*, which cites “The need to hire people who are hungry and go beyond what is required. They are passionate about the work they are doing. Hungry...smart...it’s like emotional intelligence, but simpler. It just means a person has to know how to act and what to say and what not to say. People smart - which is a lot more than being nice...Humility.” (The Ideal Team Player – Patrick Lencioni) It may sound a bit like catching lightning in a bottle, but it is paramount that leaders lead by example in all aspects of the business and consistently reflect the culture and objectives of the company.

In addition to these important qualities, finding a sales leader with experience building teams and executing different sales strategies is also critical. The complexity of the product and the sale is a factor in determining the most effective approach, but the decision to build out a direct sales organization, to leverage existing channels, or to drive scale through an OEM partnership cannot be taken lightly. Defining the most appropriate sales model to pursue early on can weigh heavily on a startup’s time to revenue which inevitably anchors the company’s valuation as funding discussions evolve. At the accelerated pace that characterizes the early days in startup-land, it is plain to see why it is so important to build around the right sales leader and deploy the most effective sales strategy from the onset. Those companies that do, put themselves in a position of strength, maximizing their chances of reaching escape velocity.