SYSTEM2LABS

PRACTICAL GUIDE FOR EARLY STAGE BUSINESSES

HOW TO GROW YOUR B2B SALES

*This guide is brought to you by **System2Labs***

System2Labs is a new generation advisory firm focused on helping B2B startups of all stages to sustainably grow sales. Our advice is based on 15+ years of helping companies of all sizes grow. We decompose the best practices that helped other startups and established companies grow, combine it with the knowledge accumulated by the most professional management consulting firms, VCs, PEs, and accelerators, put it in a practical form, and make it accessible to all founders. Learn more at www.System2Labs.com

How to Grow your B2B Sales – Practical Guide for Early Stage Startups

Introduction – why "Sales" matter more than you think

For most early stage businesses, revenue is the number one metric. If you are looking for external investment, your traction (which in B2B means sales) will be the single most important factor for investing into your business. If you are an independent business owner, you rely on sales even more as the most important contributor to your cash flows and profits.

Yet the idea of sales often has a wrong perception among founders and early executives. As a founder may think that "sales" is something you figure out after you've built the product and achieved product-market fit. Or you may think it is a separate function that gets your awesome products to customers. Something you hire "others" to do. Something "others" who are charismatic, persuasive, and pushy are good at. This is not how we think about sales at System2Labs. "Sales" is everything that has to do with your growth strategy, your Go-to-Market model, understanding of your customer and user needs and how to bring something of value to them. Sales is about figuring out the whole demand part of your business equation – making sure that there is a market for your product.

In 15 years of my career in strategy, sales, marketing, and product management I've seen hundreds of companies grow. As a management consultant specialising in revenue growth for Private Equity owned companies, I've helped dozens of companies achieve or accelerate profitable growth.

> **"Sales is about figuring out the whole demand part of your business equation – making sure that there is a market for your product."**

What I know is there is no magic to sales, but there is hard work, dedication, and science. Most companies who achieved sustainable growth were deliberate in creating consistent results. They were not counting on "build it and they will come" wishful thinking, they were not relying on heroic individual sales people, or high-value introductions. They did the hard work of understanding their industries, their customers, and built a reputable sales process to give their customers what they wanted or needed. There always examples of companies that got lucky, but luck is not a viable strategy, right?

There is a lot of advice to founders out there. Most of it – be it from fellow entrepreneurs or even VCs - is based on extrapolations and interpretations of a few large successes. As impressive as these successes are, they often cannot be directly applied to other companies. This guide is different. Our advice is based on the best revenue building practices tested on hundreds of companies. These are the practices that companies consciously employed and achieved results. This is the kind of advice that the best top management consulting firms and the most professional VCs and accelerators give to startups, all in a digestible practical form.

This Guide gives you step-by-step guidance on what exactly you need to do in order to sustainably grow sales. Just follow the steps, do the work, and you will definitely see the results, I promise.

Marina Gurevich,
Founder and CEO
SYSTEM2LABS

Five steps to achieving sustainable sales growth

1. **Define your target customer profile**

2. **Communicate your value proposition**

3. **Built your sales process and sales funnel**

4. **Define sales organizational structure and key roles**

5. **Recruit your first sales hires**

This guide focuses on the five key steps that most B2B startups should do in order to achieve sustainable sales growth. The guide walks you through the steps one by one and offers practical tips, tools, templates, and frameworks that you can apply in your business right now.

Note that by early stage startup we typically mean a business that has launched a product, has strong growth ambitions, and employs fewer than 20-25 people. It may or may not be part of an accelerator/ incubator program, it may or may not have angel, seed, or series A investors. The guide is targeted to early stage startup founders and executives, but most of our advice here would be relevant to growth stage startups or new businesses within more established companies.

How to Grow your B2B Sales – Practical Guide for Early Stage Startups

1 Define your Ideal Customer Profile

You have probably heard about defining your ideal customer profile about 500 times. You have probably also skipped this exercise for your business because it was too obvious, too squishy, too "marketing talk" like. Or you answered it a while ago, considered it done, and never came back.

"Who is your target customer? What is your Ideal Customer profile?" At System2Labs, we've heard many answers to this questions from dozens of companies, ranging from seed stage startups to established companies owned by the world's best Private Equity funds. Most answers are too generic and are not serving the companies very well.

Let us be very concrete here and start with an illustrative response. This response is a quintessence derived from many answers. *"My target customer is a data scientist at a small or medium-size company (SME) that has a problem that can be solved with AI"*. Some founders may be more specific and mention inefficiencies that their target customers may have (e.g., "they are still using Excel") or have technical qualifiers (e.g., "companies who use software X/ solution Y"). Few founders talk about the core problem they are trying to solve for concrete companies and real people inside these companies.

Who is your target customer? What is your Ideal Customer profile?" Most answers are too generic and are not serving the companies very well.

To define your target customer, you should think about your ICP – Ideal Customer Profile. ICP is the description of your target customer. Let's look at the example above in more detail (shown in Figure 1) and see how to improve it. You can use this example as a template for your own ICP.

SYSTEM2LABS

Figure 1 Profiling your ideal customer

	Not so good ICP	**Good ICP**
Summary	My target customer is a data scientist at a small or medium-size company (SME) that has a problem that can be solved with AI	Data architects of 5,000 B2B e-commerce businesses in the USA with $1-10M in revenue (or a recent investment round of 1M+) that cannot scale their operations and serve enterprise customers due to unstable back-end systems
Pain point	"Problem that can be solved with AI" is unclear. What problem do they have? Why is it painful?	Problem is "unable to scale operations" is clear, specific, important, and potentially verifiable
Who at that company has this pain?	Are their problems significant enough to pay money for it? Do they have money, motivation, and authority to purchase 3rd part solutions?	Companies in this segment may not have a data scientist but they do have a "data architect" who is responsible for the back-end architecture
Can you narrow the segment enough to be actionable? Can you quantify it?	"Data scientist at a SME company". Are there many SME companies that have data scientists? From all the SME companies, what are the ones that are most likely to have data science teams? In which industries, is data science function core to the business?	"5,000 B2B e-commerce businesses in the USA with $1-10M in revenue (or a recent investment round of 1M+)" is clear. It is focused on a specific industry (e-commerce) with clear regional scope
Where do you find your IPCs?	Where do you start looking for any small and medium sized company?	The definition is actionable, you can start by looking at a database of e-commerce companies in the USA or looking through investment round statistics

How to Grow your B2B Sales – Practical Guide for Early Stage Startups

There are a few typical questions we often hear from founders at this stage:

Q1 "But there are so many things we can do with our product, why should we limit our market?"

With limited time and resources, it will simply be much easier for you to understand your target customers, approach them, qualify them, offer a valuable solution, generate credibility, and specific references or cases.

You have to start small by focusing on a specific group of people and delight them. By "delighting" customers we mean giving real people a very tangible solution to their real needs, delivering more value than they expect, giving them more service and attention that they get elsewhere. Like Y Combinator's Sam Altman says, "It's better to have 100 users love you than 1 million kinda like you". As we've written in our article *What Startup Founders don't know about Sales*, early stage business is a rare moment in time of your company when you as a founder have a chance to do deliver personal service. Make use of it and people will appreciate.

> ## "It's better to have 100 users love you than 1 million kinda like you" - Sam Altman, President of Y Combinator

Finally, don't think that starting with a smaller segment is not ambitious enough or won't allow you to scale. Most successful startups started with a small target market. Facebook started with a network for Harvard students. AirBnB started with rentals during conference events in a few cities. VMware's initial target was physics and chemistry professors. If you are working with a technology or an innovative product, you most likely start with the early adopters, as explained in the classic book and technical entrepreneur Bible *Crossing the Chasm*. For an early stage startup it is difficult to get traction and awareness in a larger segment, and larger segments are also more obvious to competitors. Once you gain some traction in small targeted segments, you will be in a good position to expand. Become the king of your segment, then expand to the next one.

Q2 **"We don't have many customers yet, so we don't know who needs our product the most. Let's see how they respond and build from there".**

This is *Alice in Wonderland* story. If you don't know where to go, it doesn't matter which road you take. You may have heard many interviews of successful founders saying that they didn't know what they were doing, that they just took a risk, and got lucky. In many cases it is true, but it has limited value as an advice. First of all, there is survival bias, you generally hear this from people who made it and don't hear it from those who didn't. Secondly, people are generally not very good at explaining their own success due to many cognitive biases, such as narrative fallacy, confirmation bias, and a dozen others.

You have to be proactive about selecting your target customers. Do some research of your market, pick one segment, then stick to it for some time. You may (and will) have to change or expand your target customer segment later but chances are you will have quite a few happy customers by then.

> ### You have to be proactive about selecting your target customers. Do some research of your market, pick one segment, then stick to it for some time.

Q3 **"We've got a great deal with a large customer. We will build a solution for them and will then use it to expand into their industry".**

Beware! Using your resources on developing customised solutions for a single customer is very risky for an early stage startup. You may be impressed (and overconfident) with a quick win of such a large customer, but this is often deceiving. We saw many startups suffering from this mistake, as the developed solution was too customised to be used by other customers, or the demand for that solution was too idiosyncratic to be offered to anyone else. At the same time, the teams lived in a "false sense of security" without really understanding what the wider market needed and what it took to acquire customers. This mistake can be fatal for a startup.

We hope you are now convinced that being proactive in identifying the target market and describing your ICP is the most reliable way to go. If you need extra help identifying the your ICP, here are a few thought triggers for you:

- Who **has the most pain** in relation to your offering? Which industries? Which companies in these industries? Which departments in these companies? Which users in these departments? Do your research on this, find some companies in related industries, brainstorm with people you know (ideally from very different background than yours)

- Which potential decision makers (who have enough pain or enough potential upside to care) are **easier to get access to**? Perhaps, people from the industry you know, people who will respect your credentials, people you are already connected to? People who visit the same web-sites and events as you do (e.g., HackerNews, ProductHunt)?

- About which group do **you know something that others don't**? Is there a group of people you deeply understand, either because you were of them or worked closely with them? Or perhaps you know that their needs are not met with existing competitor offerings?

2 Communicate your value proposition

Once you know your ICP, what their pain points are, what they need, and where they are you can offer a solution which is valuable to them. You should be very deliberate about defining your value proposition, framing and articulating it in a way that talks directly to the ICP's needs. Why? Because once you've understood your target customer and made an appealing value proposition for them, selling is easy.

Once you've understood your target customer and made an appealing value proposition for them, selling becomes easy

At System2Labs, we have seen marketing-led Fortune 100 companies, as well as best-in-class creative agencies and design thinking consultants define value propositions. The good news is that the way to do it is quite well known, and it works. You don't need to have expertise or hire an agency. All you need is half-a-day to a day dedicated to it and the template below. Once you've done it, you will be in the top quartile of B2B companies and this will give you a huge advantage.

One way to crystallise your value proposition it is to have an ideation workshop, which should involve key members of your team and ideally some outside thought partners. Larger companies have executives, employees, engineers, designers, customer, and outsides in this ideation workshop. Define what it mean in your context. Make is fun. Brainstorm as many ideas as you can, then narrow them down, write down, discuss, get feedback and decide. You can get inspiration on the ideation tools here. Be careful, though, to not get in the trap of groupthink and agreeing on a compromise. A compromise-decision that nobody likes and nobody hates is a rarely the best, especially for an innovative company.

Figure 2 gives you a template of the value proposition using us, System2Labs, as an example.

Figure 2 Template for defining your value proposition

Customer insight (in ICP's words)	This should be framed in the first person as if your ICP is speaking. The value proposition should have a 1) customer problem statement or what are they doing now instead of your solution, 2) pain point that is personal to them, 3) stated desire for a solution. Note that solution does not need to be your product as they may not know that your product exists. E.g.:		
	"We have a great idea and a great product but getting traction with the customers isn't easy. I know we need to think about sales & marketing and be more proactive, but I am not sure how and I am not sure if I am good at it. There is a lot of information out there but I don't want to spend time studying it. I wish there was a trusted adviser who could help me define what to do and offer very practical advice that is specific to my situation." – Founder, an early stage startup with big ambitions		
Value Proposition (VP)	Talk directly to the ICP. Use active words and clearly articulate your value and your offer. Make it as specific as possible. E.g.: *"System2Labs helps startup founders and executives enhance value by building repeatable, scalable and profitable sales engines. We offer **best-in-class practical** advice that is **accessible to all founders"**.*		
VP Pillars	Best-in-class	Practical	Accessible
Reasons-to-believe	System2Labs founder and the main consultant has 15 years of experience helping startups (incl. Y Combinator), companies owned by top tier Private Equity funds, and Fornute100 companies achieve growth in the B2B businesses. The quality of advice (comparable to top tier top management consulting firms, VCs and accelerators) can be verified for free	The founder has helped dozens of companies of all stages in diverse industries achieve growth Free guides with clear step-by-step approach, practical tools and templates give a view on the practicality of recommendations	Target customers don't need to pay management consulting fees, be funded by a top VC (who has enough time for them) or be part of a prestigious accelerator program to access the advice High quality information (guides, articles) is available for free online. The quality of the information can be verified prior to getting a service
Call to action to test? **(Results ahead of time)**	See the full founder credentials and example of content	Download practical step-by-step guides	Book a session online (free trials) Get a fast response time

How to Grow your B2B Sales   – Practical Guide for Early Stage Startups

What do I do with my value proposition?

Your value proposition should be the core of all your customer facing messaging as its role is to attract your ICPs. Here is where to start:
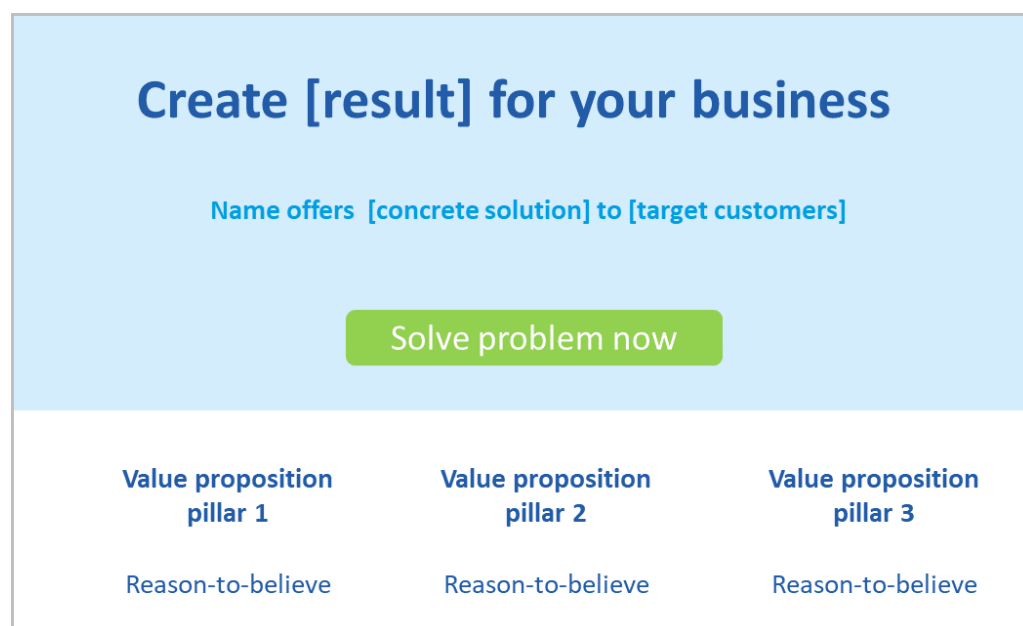
1. **Web-site**

The value proposition should be reflected in the headline of your home page. As an early-stage business, the best strategy is to be very explicit in your communications. Your message should be very straightforward, and your ICPs should immediately understand what it is that you are offering.

Not so good	Good
- Passive voice, generic language (e.g., "Our Name is a powerful platform that does many great things. It is awesome") - Generic and descriptive language - Call-to-action is not directly related to the value proposition - Call-to-action is not easily clear	- Direct command voice[1], active verbs (e.g., create, achieve, get) - Very concrete, explicit, and actionable language - Call-to-action is related to the proposition and reason-to-believe - Call-to-action is LOUD and clear

The best-practice home pages for early stage startups look like this:

Figure 3 Template for a selling home page

The best-practice home pages for early stage startups look like this:

Create [result] for your business

Name offers [concrete solution] to [target customers]

Solve problem now

Value proposition pillar 1	Value proposition pillar 2	Value proposition pillar 3
Reason-to-believe	Reason-to-believe	Reason-to-believe

---

[1] Some of these ideas are based on Garry Tan's lecture at Y Combinator Startup School 2018, you can listen to him speak about this topic after 45:00 in this video

2. Marketing communications

As this is not a Guide on marketing, we will not go into details here. However, if you know your value proposition messaging, your marketing materials are 80% done. Make sure your PR copy (e.g., messaging that you may use to approach journalists), your e-mail and social media marketing are based on your value proposition messaging.

If you know your value proposition messaging, your marketing materials are 80% done.

3. Sales communications

- **Outreach e-mails** to potential customers

- **Requests for referrals:** any communications in relation to possible referrals, e.g., when asking for a referral, add a message that they can use to describe you

- **Verbal communications with potential ICPs**, e.g., in conferences, meetups, or even forums (Quora, Reddit, etc): you should literally learn your value proposition by heart, rehearse and be able to repeat in a *natural and informal* manner in the middle of the night

- **Sales pitches**: unless your sales model is totally self-service, you should have a sales pitch deck. Your sales pitch should be professionally done and go into more details of your value proposition, reasons-to-believe, as well as your services, and ways of working with you

4. Other communications

- **Internal communications**: everyone in your company should know and understand the company's value proposition; in the best case, they were involved in creating it; otherwise, make sure that you communicate and explain it very well

- **Potential hires:** communicate your value proposition in all your interviews and discussions with potential hires; it makes it clearer for them what exactly you do, may motivate them to join you, and, as a side benefit, you can also practice telling your story

- **Investor pitches:** if you are attracting external investors, share your customer value proposition with them. Make sure to be clear that this is a value proposition for customers (not for investors); by the way, we do recommend having a value proposition for investors as well, you can use the same template (Figure 3) for creating it

3 Built your sales process and sales funnel

Now that you've defined your target segments, understood your ICP, created a value proposition for your target, it is time to decide how you go after attracting these ICPs. If there is one thing to remember from this Guide, it is this: going after your IPCs is all about a consistent and repeatable process, there is no magic. You don't need to be a sales guru or persuasion master. When you know IPC's needs well and have a compelling value proposition, selling is easy.

If there is one thing to remember from this Guide, it is this: going after your IPCs is all about a consistent and repeatable process, there is no magic.

How to define the sales process?

1. Think about the **journey that your ICP** goes through when thinking about the problem that you would like to solve for them. What solutions do they currently use? How do they think about changing these solutions? Are they aware of your type of solution or do you need to educate them about it? Most customer journeys are look something like this, but make sure you define it very specifically for your business:

Figure 4 Example customer journey

- **Realized a pain point or need**

- **Researched a solution**, e.g., searched online, asked friends, checked with the incumbent supplier

- **Compared options** to solve the problem, e.g.: "do nothing", do on my own, select among a few options that I am aware of and that are available to me

- **Made the decision** about the option

2. Define the **key stages of your sales process**. They should conceptually reflect your IPC's journey. How do you make your target customers aware a need exists? How do you make them aware of a solution? How do you help them research and compare the options? How do you help them make the final decision?

    Sales process is unique to every company. You can start with Figure 5 as inspiration to creating your own process. The good news is that once you have it done, it becomes much easier to delegate, scale, and grow. The process becomes your repeatable scalable, and reliable sales engine.

Figure 5 Template for creating your sales process

Sales stages	Key activities
1. **Find leads**	• Find **reliable sources of ICP leads** across various channels, e.g., inbound on your web-site, trusted databases and lists, introductions and referrals, own connections, targeted outbound reach outs, events and conferences
2. **Qualify leads**	• Find **3-5 qualification criteria** that your IPC has to have, e.g., e-commerce business, a 1M+ funding round completed in the last 6 months, has own data architect on the team, uses technology X • **Evaluate all your leads** against these criteria • **Focus your efforts** on qualified leads
3. **Prospect and discover needs**	• **Identify 2-5 topics that you need to "discover"** about your ICP to better be able to help them, e.g., what specifically makes them unhappy with the existing solution, what upside do they get from your solution, what are their overall business and personal needs • **Prepare a list of questions** that helps you do the discovery conversations but do not be robotic in going through the list; think about conversational questions, note that most IPCs don't like answering direct obviously qualifying questions (e.g., "What is your budget", "Are you qualified to make the buying decision") • **Listen well:** keep an open mind and listen to your potential customer; in a discovery conversation you would like to listen 70% of the time
4. **Offer solution**	• **Offer a solution** that is very relevant to the needs that you've discovered; if you are working with e-mail templates and pitch decks, make sure that you adjust them to reflect the individual needs of each customer • **Be very explicit** in what exactly you are offering and at what terms
5. **Negotiate and close**	• **Drive the deal to close**, be sure to follow up quickly (within a few hours) on all questions • **Have contracts and pricing ready** in case you offer customised pricing and deals • **Talk about value rather than price,** e.g., total cost of ownership savings or business upsides for the customer, rather than your price or how your price compares to competitors • **Record and analyse** the reasons you win and lose the deals

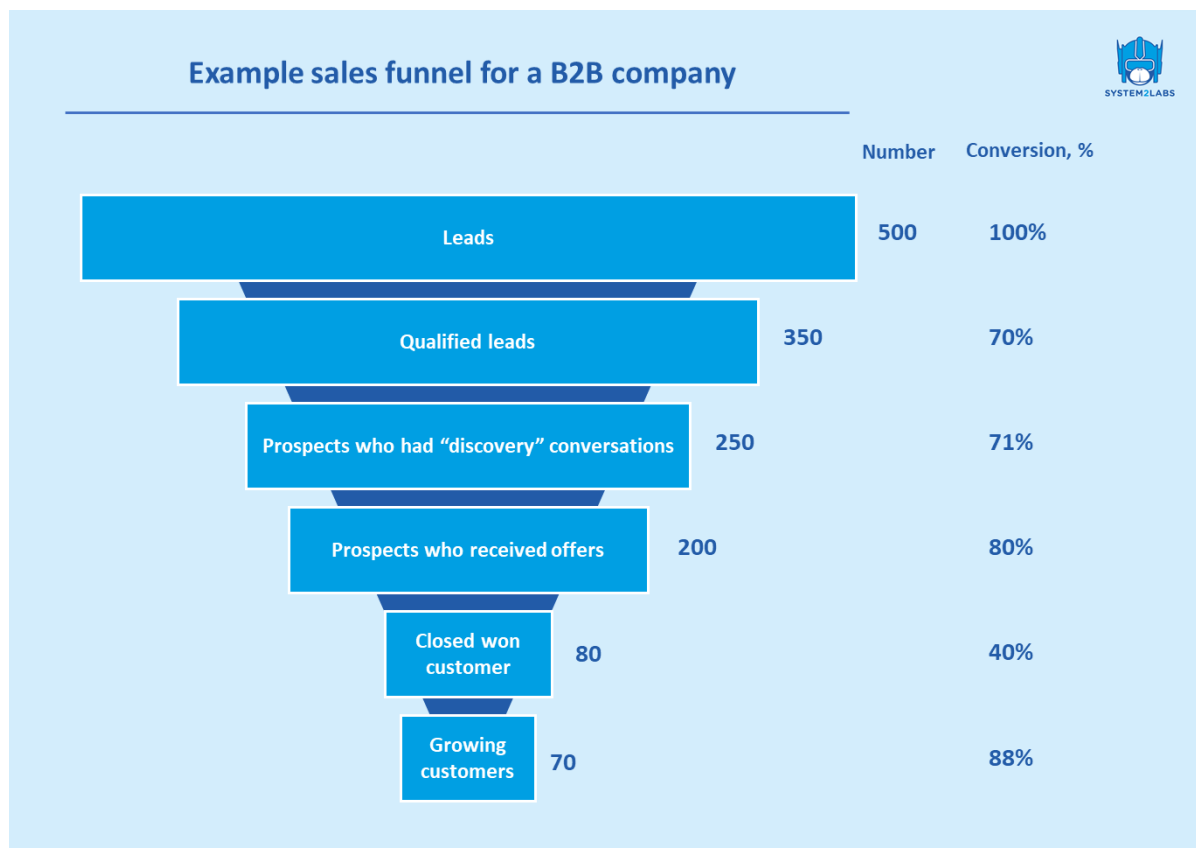| Sales stages	Key activities
6. **Maintain and grow**	**Deliver great value** as promised; this may sound obvious but in the hustle of finding new customers can often be forgotten - Follow up with our customers to **understand how they are using the product,** what results they get, what can you do to improve **Do further discovery** to understand what else they may need from you; if you have other products, think about up-selling and cross-selling paths **Develop relationships** with them, make it more personal, discuss referrals and cases

Sales process is unique to every company. The good news is that once you have it done, it becomes much easier to delegate, scale, and grow. It becomes your repeatable scalable, and reliable sales engine.

Now, creating a sales process and, especially, consistently following through it, may feel overwhelming. The best way to deal with this overwhelm is to structure your thoughts and accept that the process is the numbers **game.** Here is how to do it:

1. **Understand your sales funnel numbers**

Start from the end. What do you want your revenue to be in the next 12 months? How many customers is that? How many offers do you need to make in order to get to this number of customers? How many prospects do you need to speak to? How many leads do you need at the top of your funnel? Figure 6 gives you an example of a sales funnel dashboard that you can use as a template for quantifying your sales funnel.

Figure 6 Example sales funnel

Example sales funnel for a B2B company

	Number	Conversion, %
Leads	500	100%
Qualified leads	350	70%
Prospects who had "discovery" conversations	250	71%
Prospects who received offers	200	80%
Closed won customer	80	40%
Growing customers	70	88%

2. **Collect sales funnel data**

Recording data may sound like an over-kill for an early stage startup. However, we highly recommend doing it because the alternative is to keep everything in your head (which creates the feeling of overwhelm), in Excel (which is inefficient, many have tried), or live in the unknown (not a viable strategy). The best way to record sales funnel data is to have a simple and inexpensive CRM system. Hubspot, for example, offers a free CRM solution which is easy to set up and use.

3. Quantify your sales funnel

The most important advantage of recording your data is the ability to analyse where in the sales funnel you fall short. It will allow you to see the conversion at each stage of the sales process so that you could tailor actions, experiment, and measure. Make sure you have a sales funnel dashboard, print it and put it on the wall weekly. Share with the team, make it part of the game, make everyone accountable for a part of the process.

You may do sales funnels similar to the one shown in Figure 6 by person (sales rep or founder), by type of customer (new vs existing), by type of channel (online vs in person), by type of customer (e.g. by industry or by country). Once you start using it and see the benefits, you would not like to go back to the land of the unknown.

Once you start using the sales funnel dashboards and see the benefits, you would not like to go back to the land of the unknown.

4. Learn how to deal with "No"s

Understanding that sales is a numbers game implies understanding that getting many (many!) "No"'s is also part of that game. Even when you know your ICP inside and out and when you have the best possible solution in the world to help them, there will still be people who won't like it, won't act on it, or won't know about it. Many people in sales say that "No" is the second-best answer. The best answer is certainly a "Yes", and the worst answer is no answer. Make sure that you have clear rules on how you define a "No". For example, if you had 5-6 conversations with a prospect, they kept promising things but never followed up, is this a "No"? Make sure you set up clear rules for yourself and walk out when you think the probability of closing is very low. For an early stage founder or executive (and, quite frankly, for everyone) time is the most valuable resource.

On the psychological side, the only way to learn to deal with "No"s is just to get a lot of them. Once you get through your first 10, 100, or whatever number it turns out to be for you, you will start to think differently about them. They will no longer feel personal or that your product is not good enough, they will feel as a natural part of the process of getting to "Yes"es.

The only way to learn to deal with "No"s is just to get a lot of them. Once you get through your first 10, 100, or whatever number it turns out to be for you, you will start to think differently about them.

④ Define sales organizational structure and key roles

You have probably heard many strong opinions on what kind of sales people to hire first. VCs, fellow entrepreneurs, and various thought leaders will likely tell you different things. Hire an inbound rep first, hire an outbound first, do sales yourself, never try to do sales yourself, hire a hunter, hire a farmer, hire a senior VP of Sales from an established company, hire your best friend you trust. For every opinion, we can find at least one very successful person who strongly believes and promotes it.

The truth is that the kind of person you hire will depend on your company needs, your business model, and many other factors specific to your business.

This decision is yours to make. Here we provide the way to think about this decision.

1. Define your business model

Even if you are three founders and a dog now, be deliberate about thinking through your business model early on.

- What is your expected **annual revenue per customer**? It is unlikely that you can be profitable having outside sales reps if your average revenue per customer is expected to be about $5K. There are different thresholds about the exact number of when sales people make commercial sense. 35$K in annual revenue per customer is a number that is quite often <u>cited</u> for more established companies. Make sure you make your own business case, based on your financials and resources.

- How **complex is your sales process**? Are you selling to small companies or larger enterprises? If you are selling to enterprises, you will probably need outside sales people who will be able to navigate through complex buying organisations. You will also likely need to charge enough to make an outside sales model be profitable for you.

VCs, fellow entrepreneurs, and various thought leaders will likely tell you different things. Hire an inbound rep first, hire an outbound first, do sales yourself, never try to do sales yourself, hire a hunter, hire a farmer, hire a senior VP of Sales from an established company, hire your best friend you trust.

2. Understand what sales roles exist

In Figure 7 we map all the different sales and commercial roles that currently exist in B2B businesses. They are given in order of sales funnel focus, from the roles focusing on the top of the funnel (lead generation), to mid-funnel (closing), to bottom of the funnel (after-sales).

Figure 7 Main sales and commercial roles in B2B companies

Sales role (from top to bottom of the sales funnel)	Description
Lead generation specialists	Focus on **finding lead data** (e.g., names, e-mails, social media) on your ICPs, developing them, pre-qualifying them, and in some cases scheduling calls and meetings for the sales people
Sales development representatives (SDRs)	Focus on **outbound prospecting**, they take leads from lead generation specialists and call them to qualify their needs
Account executives (AEs)[2]	Focus on **moving the customer along the sales process,** and ultimately closing deals. These reps typically do demos, customer calls and visits, prepare proposals, negotiate proposals, and manage objections. These reps usually carry a quota, i.e. a sales target in either new bookings or total revenue. There are different ways to segment sales reps: • **Inside and outside**: outside sales reps are those who travel to see customers face-to-face. This is a very common way in traditional industries and high-touch enterprise sales models. Inside sales are the sales reps who work from the office and interact with customers by e-mail, phone, messaging, or other digital methods. • **Reactive and proactive**: this usually refers to inside sales. Reactive inside follow up on inbound leads, while proactive sales reps reach out to potential customers directly • **Hunters and farmers:** hunters are sales reps that are tasked solely with winning new customers and farmers and the sales reps that are tasked with maintaining and growing (up-selling, cross-selling, land and expand) existing accounts

---

[2] This is the roles that is that is most commonly referred to as a "sales rep". There may be other titles for the role, such as "sales manager", "sales executive", "area sales manager", "sales consultant", etc. The trend is towards removing the word "sales" from the title.

Sales role (from top to bottom of the sales funnel)	Description
Account manager	Work on allocated ("named") accounts and are responsible for maintaining and growing these accounts, including up-selling and cross-selling to these accounts. This is a farmer-type role. A subset of this role is Key Account manager, a sales person dedicated to a few high-value and/or high-potential customers.
Channel managers	Managing sales channels (e.g., distributors or other intermediaries); in most cases, it is not advisable for an early stage startup to have channel managers
Technical sales manager, or sales engineers	Focus on advising prospects and customers on technical solutions. For example, in businesses where specialists (e.g., engineers, doctors, lawyers) are important influencers, these specialists would often like to deal with people who "speak the same language" and are less commercial; in case of early startups, founders most often take on this role themselves.

Although not commercial, services roles:

Commercial and service roles	Description
Customer service specialists	Responsible for answering customers' or potential customers' questions before and after the sale. Their primary role is customer satisfaction. Customer service may also have some commercial functions, e.g., converting unsatisfied customers who call to cancel or proactively managing renewals.
Customer success managers	Responsible for onboarding, helping with implementation, and other on-going customer demands. The goal of customer success managers is to make sure that the customer actually uses and is satisfied with the product or service. This function would also typically create case studies, and collect testimonials. In some cases, customer success manager role is combined with "account manager" role.

3. **Define the roles that you will need in 6, 12, 18 months from now**

If you are reading this and thinking "this is too many roles and functions", that's ok. An early stage business will have a few roles that combine many of the functions described above. We tell you about all the roles now to help you understand the needs of your future organisation. Having a plan for your later stage organisation will also help you attract the right people now and be clearer with them about the future of their roles and their career paths.

4. **Decide how many people in which roles you hire, and when**

For most early stage businesses, it makes most sense to start with 2-3 AEs and 1-2 specialist roles (e.g., lead generation, customer service) depending on the needs of your business.

Talking about the seniority of your first sales hires, here at System2Labs we recommend not hiring a senior sales person at early stages because for now this person should be you (founder or early executive). We've heard the idea of hiring an external sales rep often enough that we've dedicated an article to this *What startup founders don't know about sales*.

We recommend not hiring a senior sales person because in the early startup stage this person should be you, the founders.

Hiring an expensive VP of sales early may:

- Delay finding product-market fit
- Increase your burn rate
- Cost you time and give a "false sense of security"
- Be very hard to do, as high-performing sales VPs are both rare and in great demand

You should also know that sales skills are not very transferable. If the person was a star in her managerial sales job, she may not be necessarily good in rolling up her sleeves and working for a small business. Usually it makes sense to involve the VP of Sales when you have figured out your product market fit, achieved significant revenue flow and would like to accelerate growth.

Before that, the VP of sales is you. In case this thought makes you sweat and you are convinced there is absolutely no way you or anyone on your founder team can do it, we would suggest you consider adding a strong commercially oriented founder. This would also be our recommendation in case you are targeting a very traditional industry with high-ticket items and nobody in your team has the credentials to reach out to the key decision makers.

Let's start this step with reiterating the wrong reasons to hire sales people:

- "I am not good at selling, I don't have business background, so I'll find somebody to sell"
- "I don't have connections with these target customers. I hope that guy will get us there"
- "We don't seem to get enough traction, we need an experienced sales person to get our feet in the door"

As a founder or a startup executive, you should only recruit your first sales hire when you know what it takes to do the job.

Well before you start hiring, you should define the metric at which you should hire sales people. It has to be related to some validation of your sales process, e.g., we need somebody else once we close X deals of at least $Y size, or reach $Z in revenue in one month. Once you are close to achieving this metric, you should start hiring.

In most cases, it is better to hire two-three sales people than to hire one. This is important for two reasons:
- Healthy competition is the nature of most successful sales organisations
- You diversify your risks and you learn to identify and recruit the sales talent that fits your business the most

How do I hire my first sales people?

1. Create a **list of qualities and skills** that you know the sales rep will need to sell to your ICP. You've done sales yourself, so you probably have a pretty good guess what they are. Make sure they are based on what you see for your business and not some stereotypical qualities you think the sales people should have. For example, Mark Roberge, the former SVP of Sales of Hubspot, defined the following list, which he explains in his book:

- Coachability
- Curiosity
- Prior success
- Intelligence
- Work ethic

Note that these are very specific to the company (Hubspot) and company's life stage at the point when these were defined. They were also tested and validated in that environment. You should define yours based on what you know to be true about your sales process in your business.

2. Identify **places where the people with these qualities are**, e.g., are these recent graduates, people currently employed at your competitors, people from a certain industry or product specialisation. Be very specific, make a list of potential employers, universities, or even the web-sites they are on. Ask friends and colleagues where to find people with these skills, try to look outside of your typical box.

3. **Create a story** of why your company is a great place for them to work. You should deeply believe in this story yourself, so make sure you spend some time thinking about it. Use the value proposition template as input (and, you guessed it right, you can use the same template Figure 2 to define a value proposition for your employees).

4. **Create a job description and a job posting** and post it on relevant sites (e.g., AngelList). Don't use generic corporate language, communicate your story and what you are truly looking for. Be clear in "what's in it for them" and what specifically you need in the application.

5. **Create a list of candidates** who may possess the skills you are looking for. The sources are listed in order of relevance and ease to approach the candidates:

   - List people you know and people in your extended network
   - Ask for the recommendations and referrals from people you trust
   - Use LinkedIn to search for the people
   - Go to the places where these people are, online or in person

6. **Proactively approach these people**, even if you think the odds of recruiting them are very slim. Make a commitment to yourself to **offer them an interview.** You never know what they reply if you don't ask. Hopefully, by now you are not afraid of getting a "No"

7. Prepare a **list of questions or tasks** to test candidates for every skill you need:

Figure 8 Template for creating skills tests

Skill	Test question or task
Example 1: Resourcefulness in lead generation	• "Here is my Ideal Customer Profile. Think about 5 different ways to look for people who fit this profile. You have 10 minutes to do a search if you would like to" • "Here are a few people on LinkedIn who I think fit this profile. Could you draft an e-mail to one of them".
Example 2: Coachability	Give the candidates feedback on how they could have done the task better. Ask them how they would adjust their actions based on this feedback.

If you have a large applicant pool with few qualified candidates, it is a good idea to add a qualification step as part of your application to screen the candidates. E.g., ask them to complete a 15-minute task and submit it together with their CV. You would be surprised how many people will drop out at that stage.

8. Make sure you consistently **test all the candidates for the identified skills** in a similar way and can compare the results. While most interviewers believe that they are very good at "reading people", it was shown in many studies that unstructured (question and answer type) interviews are generally ineffective in finding the candidates who will perform the best. However, structured interviews (asking similar questions to different people) have proven to have a _much higher predictability_. Structured interviews may not feel as fun but they are the best way to avoid costly mistakes. Make sure that you ask all candidates the same questions and rank them on each of their response.

Structured interviews may not feel as fun, but they are the best way to avoid costly mistakes. Make sure that you ask all candidates the same questions and rank them on each of their response.

9. **Make the offer.** We will not go into the compensation aspects in this guide (stay tuned for our _Guide for Growth Stage Startups_ where the sales compensation topic will be covered in more detail), but we urge you to consider these two elements:

- **Sales people are generally financially oriented** and respond well to financial incentives. Make sure that you set measurable targets and have a significant variable component that links to this target

- Make sure that you have a **strong non-financial component** that makes your offer attractive. This links to the story that we covered under point 3), but this also relates to practices that you will need to instil, like the "culture of winners", recognition, and small celebrations

This guide covered most of the topics you should know about sales as an early startup founder or executive. We hope that you take the advice and use it to grow your company to the next level. When you are there, make sure to get a copy of our next guide *"Growth stage startup: How to scale your revenue model"* and make sure you subscribe to our Newsletter where we post new articles. Our Newsletter is focused on informing you about the new free articles, guide, and tools on growth oriented topics. We will keep your data private and will not spam you with commercial offers. You will be able to unsubscribe at any time.

In the meantime, if you have any questions implementing the advice or would like to get tailor made recommendations for your business and your specific situation, make sure to visit our Services page and book a free consultation with us.

Book a free consultation

We wish you a lot of success!

Marina Gurevich,

CEO and founder

SYSTEM2LABS

System2Labs is a new generation advisory firm focused on helping B2B startups of all stages to sustainably grow sales. Our advice is based on 15+ years of helping companies of all sizes grow. We decompose the best practices that helped other startups and established companies grow, combine it with the knowledge accumulated by the most professional management consulting firms, VCs, PEs, and accelerators, put it in a practical form, and make it accessible to all founders. Learn more at www.System2Labs.com

How to Grow your B2B Sales – Practical Guide for Early Stage Startups