4 Steps to Becoming a Sales-Focused Founder (and Why It's Important)

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Remember Pebble?

Users loved the original "smartwatch," which all the way back in 2013 could show texts and notifications on your wrist. But despite rave reviews and being years ahead of its time, Pebble fell woefully short in the one metric that really mattered: sales. It was ultimately sold to Fitbit for a mere $23 million — a sad end to an amazing product.

For startups and their founders, this kind of product-sales disconnect is surprisingly common. It will only become more pronounced in today's uncertain economy, where customers are spoiled for choice, leaving businesses to live or die on the strength of their sales efforts.

As the founder of three software companies, I learned the hard way that having an effective sales strategy matters just as much as creating a great product. When I started my first company, a platform for monitoring software performance, I came from an engineering background and focused relentlessly on product. (No surprise, considering the sum of my sales experience at the time consisted of selling farm equipment at my father's shop back in India!)

The problem with that attitude? Once a company starts growing, sales, marketing and distribution are as important as the product itself. You might make the best TV in the world, but

if you can’t get it on the shelf at Best Buy, you won’t last long. All told, about 40% of new product launches fail, so businesses need all the sales muscle they can muster.

Looking back, my journey to becoming a sales-focused founder had some clear stepping stones. For other founders and entrepreneurs, especially those like me who may be new to sales, here are four steps to going from sales skeptic to expert:

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Step 1: Accept that sales actually matter

As an engineer, I’d never stopped to think that sales could be a competitive advantage. To me, the word conjured stereotypical (and inaccurate) images of slick-haired guys who were good at schmoozing customers. I know so many founders in that boat: Sales is an afterthought … until you discover that your brilliantly engineered product isn’t selling.

In the early days at AppDynamics, we shot from the hip with sales, an approach that had gotten us to several million dollars in annual revenue, primarily by landing a few big accounts like Netflix. But a fellow CEO pointed out the obvious: If we ever hoped to cross the $100 million threshold someday, we needed to get scientific about sales.

For me, the crucial first step was education. If a software engineer can learn programming, they can learn sales. So I embarked on what amounted to a mini degree.

I studied companies similar to mine that were three to five years ahead: How did that company run its sales process, and what kind of salespeople did it recruit? Leaning on experts helped too. For example, I hired John McMahon, a top authority

on enterprise software sales, as an advisor for weekly whiteboard sessions.

For busy founders, this education represents a significant time investment but is well worth it. In one study of 500 B2B companies, the top 25% generated 2.6 times more ROI from sales costs than their peers in the bottom quartile.}

Step 2: Build your sales machine

So many companies make products with great technology but they never stop to answer a critical question: How does our product actually make customers' lives better?

For us, this quickly became clear: We kept heads from rolling. Our software enabled companies to monitor and quickly troubleshoot performance slowdowns – the kind of glitches that led to downtime, lost customers, and disgruntled CTOs. Once the product-value connection was clear, my team and I got scientific about building a sales machine.

The first step here was pure math. Let's say our annual sales target was $10 million, with each deal worth an average of $100,000. By factoring in average closing rate (30%, for instance) with average closing time (six months), we were able to calculate exactly how many leads we needed in our funnel and how many salespeople we needed to get there.

Hiring, training and incentivizing is equally important. We learned to quickly part ways with reps who weren't right for the job, and to promote high performers just as quickly. Alignment with the rest of the company and timing matters, too. Are your product and go-to-market teams ready to ramp up? How much cash is on hand to burn while the sales machine ramps?

Done right, the flywheel starts turning. In one study of B2B companies, those with a rigorous sales process saw an average

of 28% higher revenue growth than peers lacking one. By contrast, half of underperforming organizations in another survey had non-existent or informal sales processes.

Related: Want to Sell More? Don't Start With Your Product or Service — Start With Yourself.

Step 3: Relentlessly focus on people (and champions)

Numbers aside, at its heart, sales is all about people. That's why I still spend at least a third of my working hours chatting with prospects and customers, in person or via Zoom. It's a powerful way to get product feedback and an even better way to find your champion.

Your champion is the person on the inside of a company who's going to bat for you — who will evangelize your product to bosses and decision-makers, giving you a leg up on the competitors. In the early days, I struggled to grasp how important having a champion is. But in the absence of the right relationship with the right person, our proposals never had a chance.

Finding a champion for your product at a small company is one thing. At a large corporation, because there are so many decision-makers, making a sale is like getting a bill through Congress. Cultivating not just one but multiple champions is critical.

Just choose the right ones.

Step 4: Remove surprises from the sales process

B2B sales is a long game. With large customers, the courtship typically lasts six to nine months. Nobody wants to find out

four months in that they've been talking to the wrong person because their contact has no plans to buy or can't greenlight a purchase.

The trick to avoiding such bombshells? Don't take shortcuts. Take time to pinpoint the real decision-makers. Understand their pain points (not just yours). Make sure your product meets purchasing criteria (or better yet, help write the criteria – the not-so-secret trick to winning most contracts). Anticipate what rivals are telling customers – including what they're saying about *you*.

If this seems like a lot to remember, it is. But online training tools like MEDDPICC and SalesHood break the sales process down into manageable chunks. At the end of the day, sales is a huge commitment of resources, with B2B SaaS companies typically spending 35% of revenue on it and marketing. Removing surprises can yield big savings.

Now that I've built and refined sales machines at three companies, I know that improving the process never ends. I've also learned the importance of hiring an expert VP of sales and CRO. Whether it's reaching $1 million, $100 million or $1 billion in annual sales, I wrestle with the same questions that preoccupied me at the start, from hitting targets to sussing out traps laid by competitors. I may be a founder and CEO, but I'm still getting my degree in sales.

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