T H E

ULTIMATE
GUIDE

TO HIRING A GREAT
VP OF SALES

BY JASON LEMKIN

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THE
ULTIMATE
GUIDE
JUMP TO SECTION

SECTION

1

HIRING

ASSESSING

To start, a warning of the industry, patterns, and mishaps to learn from others who have been in your shoes.

In SaaS, the number 1 most common mishire is the VP of sales.

In fact, there is a VC saying that I used to really hate. It goes something like, "You've got to get past the carcass of your first VP of sales" or "It's the second VP of Sales when you really start selling" or variants thereof. It used to really bug me because I am a firm believer in the strategy of zero voluntary attrition and trying to hire fewer, more committed resources rather than a higher volume of mercenaries that turn over more often.

The thing is, it turns out the VCs are right because in SaaS start-ups, it seems like the majority of first VP of Sales fail. They don't even make it 12 months and totally screw things up as they fail. This is really painful. It's much worse than hiring a bad VP of Marketing. Because with a bad VP of Sales you can lose so much momentum, and create so much internal confusion, that this one bad hire can really cripple you as you try to get from Initial Traction to Initial Scale. So, I want to try to help you if you're going through this. It's going to take a few steps. First, I want to outline what a VP of Sales in a SaaS company actually does because I think this is 50% of the problem. Then later, I want to describe who to hire, and how, and I'll even give you a script to help you make the right hire.

Before we get there, let's outline in order of importance what a great VP of Sales actually does at a SaaS company from say $500k in ARR to $20m+ ARR:

Recruiting
They should spend 20%+ of their time bringing on great hires because you're going to need a team to sell. Recruiting great reps and making them successful is the #1 most important thing your VP Sales will do, and a great one knows this. They all either have in their back pocket,

and/or are constantly on the prowl for the next 2-3 great reps since sales is a lead-driven but headcount-closed business. To hit their number, they know they need the heads. It becomes mathematically impossible without them.

Backfilling and Helping His/Her Sales Team
Helping his/her sales team close deals. Working and closing key deals with them. Spotting issues before they blow up. Seeing opportunities ahead of the horizon. In general, making sure his/her 3 reports, then 10 reports, then 30 direct and indirect reports — work as effectively and efficiently as they can.

Sales Tactics
How to compete. Pitch scripts. Navigating FUD (fear uncertainty doubt) and anti-FUD. Segmenting customers. Optimizing how best to work with Demand Gen and Marketing. Getting feature gaps filled with Product and Engineering. In sum— learning and understanding how to maximize the revenue per lead.

Sales Strategy
What markets should we expand into? How do we shore up our base? Where should we spend our resources, our money? Once you're past $20M or so in ARR, strategy passes tactics and goes higher on the list — once the VP of Sales has a strong group of lieutenants/managers (e.g., Directors of Sales) to repeatedly execute core tactics.

Creating and Selling Deals Him/Herself
This is the last of the Top 5. Important, yes but #5 on the list of the 5 most important things your VP of Sales should be doing. (This is perhaps the unobvious part.)

It's the last point I think that is the root of half of the problems hiring your VP of Sales. Up until you make this hire, you the founder, have likely been the acting VP of Sales yourself, hopefully with 1-2 reps to help you (ideally two). You want to accelerate, do better … so you want to hire a VP of Sales to … sell better than you.

Makes sense.

Except it doesn't — because believe it or not, even at just $1-$2m in ARR, you're already getting too big for a VP of Sales to be spending most of their time selling

themselves. Let's say you hire your VP of Sales when you are at $1m in ARR and you want to get to $2m in ARR in the next X months. Adding in churn, you're going to have to add another >$1m+ ARR … quickly. To do that you're probably going to need at least 3 scaled-up reps working 100% to hit quotas of say $300k-$400k each (you can raise these later, but it's hard early). And to do that, if your all-commodity volume is say $5k … you're gonna need to close 200 deals in the next 12 months. 200 deals.

Then, as soon as you hit that run rate (which actually should happen earlier than month 12, because you have to hit the velocity earlier than that to hit the full year-end goal) … you're gonna need 6 more reps to hit the next goal. All of a sudden, that's 10 reps and 400-500 deals a year.

So yes, your VP of Sales should be out there closing the big ones, the huge deals, on a plane, on a jet, of course. Sometimes, soup to nuts, lead to close. It's great when they even take a quota at first, to do it themselves but there's no frackin' way your VP of sales can do more than a handful of all your deals directly, themselves. The deal volume to hit your growth targets is just too high.

So my uber-point here is - you shouldn't hire a VP Sales until you are ready to scale, build and fund a growing sales team. Any VP of Sales that doesn't see this — probably isn't a great VP of Sales for you. Instead, this person is either just a great individual contributor, a great figure-it-outer … or a deeply flawed candidate. Either way, not a great VP of Sales.

Additionally, a VP of Sales can not rescue you from "Great Product. No Revenues." Or rescue you from having no organic demand for your product; however, a great VP of Sales can take that tiny bit of initial traction, that small little trickle of inbound lead flow, those raw materials and do something really magical with them. They can drive your revenue per lead way up and put you in place to jump on and close every practical piece of business that comes through the door, create a real machine to monetize the prospects and leads that find their way to you, then add some gravy in outbound and other expansion on top of that.

That's the magic in a great SaaS VP of Sales.

ASSESSING
A R E   Y O U   R E A D Y ?

Are you ready to trust someone to develop and manage a sales strategy for your company?

Are you ready to bring on a member of your team, who will be spending a portion of their time growing the sales department with new hires? If not, then what stands in the way of getting to this point for your company?

Are you ready to dive into your sales tactics and are you able to give time and resources to understand how to maximize your revenue per lead? Then when will you be able to allocate that time?

Are you ready to trust someone to create and sell deals themself? If not, then for what reason, and how can you work towards this milestone?

Do you have a both a great product and revenues? Then a VP of Sales is unlikely to fix this for you, consider working towards this goal first.

Are you ready to scale? What obstacles or milestones stand in your way?

QUALITIES
W H A T   T O   L O O K   F O R

You've looked over your business model, your capabilities and have decided to hire your VP of sales. What are you looking for in an ideal candidate?

I've written a lot about this, but for most start-ups, you can boil it down to two points:

- Have they built at least a small team before? Have they hired at least 2–3 reps that have performed well? This isn't the same as having been a great rep herself, or having inherited a team. If you can hire 2–3 great ones, you can likely scale and hire 20–30. Do the diligence here to make sure she's really been able to recruit at least a few successful reps. This is a tough skill to develop.

- Has she sold as your price point, approximately? Sales of $3,000-a-year products are very different from $300,000 or even $30,000-a-year products.

What is much less important Don't over index on domain expertise. This can be learned in a month or two. The skills to build a team at your price point? That takes years to learn.

Don't expect a VPS candidate to be good at everything — no one is. No VP of Sales is equally great at both inbound and outbound sales. At both big deals and small deals. Etc. Etc. Mostly, experience selling at your target price point solves for the trade-offs here. Don't expect your VPS to be great at all the aspects of sales.

QUALITIES

WHAT ARE YOU LOOKING FOR

Identify three key qualities that are unique to your company that you are looking for in an ideal candidate.

1
_____
_____
_____

2
_____
_____
_____

3
_____
_____
_____

T H E
INTERVIEW
W H A T   Q U E S T I O N S   T O   A S K

Let me give you a partial interview script that may help a bit. You'll have to vary it for different types of SaaS businesses a bit, but it will basically work for all SaaS companies from say $200k in ARR to $10m in ARR or so — a wide range. After that, you'll probably be looking for a different type of VP of Sales.

Before we get there, as a reminder, I strongly recommend you hire 1-2 sales reps (ideally 2) before you hire a VP of Sales. Make them successful first so you can practice what you preach. This will also help you grow big enough so a VP of Sales can actually help, not hinder you. Now if you are ready but haven't done it before in SaaS, here are 11 good screening questions to see if you have a real VP of Sales candidate in hand — or not. These questions don't have right or wrong answers but will help you determine the quality and fit of the candidates:

How big a team do you think we need right now, given what you know?
If he/she can't answer — right or wrong — pass.

What deal sizes have you sold to on average (and range)?
If it's not a similar fit to you, pass. If they can't answer fluidly, pass.

Tell me about the teams you've directly managed and how you built them.
If he/she can't describe how they built a team — pass.

What sales tools have you used and what works for you? What hasn't worked well?
If they don't understand sales tools, they aren't a real VP of Sales.

Who do you know right now that would join you on our sales team?
All good candidates should have a few in mind. Tell me about them, by background if not name.

How should sales and client success/management work together?
This will ferret out how well he/she understands the true customer lifecycle.

Tell me about deals you've lost to competitors.
What's going to be key in our space about winning vs. competitors?

How do you deal with fear, uncertainty, and doubt in the marketplace?
This will ferret out if they know how to compete — or not.

Do you work with sales engineers and sales support? If so, what role do they need to play at this stage when capital is finite?
This will ferret out if he/she can play at an early-stage SaaS start-up successfully — and if he knows how to scale once you scale.

What will my revenues look like 120 days after I hire you?
Have him/her explain to you what will happen. There's no correct answer but there are many wrong answers.

How should sales and marketing work together at our phase?
This will ferret out if he/she understands lead generation and how to work a lead funnel. Believe it or not, most candidates don't understand this unless they were really a VP Sales before.

These questions aren't magic. None of them are particularly insightful or profound in isolation. In fact, hopefully they are kind of obvious. What they will do is create a dialogue. From them, you'll be able to determine if:

- This candidate is for real, or not.
- This candidate can really be a true VP, a leader, a manager and take you to the next level — or not.
- The candidate is a good fit for your company and space in particular.

If any of the answers are terrible, pass. If any don't make sense, pass. If you know more about any of these questions than the candidate does — pass. Your VP Sales needs to be smarter than you in sales, sales processes and building and scaling a sales team.

V E T T I N G
CANDIDATES

You're ready to make the hire. You know what to expect and you've got your script of questions to help ferret out the posers. Now — who do you hire? Just so you know, there are 4 different types of VP of Sales. If you want it to work — make sure your top candidate is the right type for your SaaS company. First, let's look at the 4 stages of ARR and the 4 types of VP of Sales that match those stages. Because the #1 mistake is hiring someone for the wrong stage, with the wrong stage experience:

The Evangelist is someone that is generally very smart and passionate about your product (and already understands it in the first meeting) and is very customer-centric. The Evangelist can immediately go out and just start selling your product to anyone they can get a meeting with and chat the ear off any in-bound prospects. The Evangelist can seem like just who you need to hire, if you've never hired a VP of Sales, you'll like the Evangelist. A lot.

E V A N G E L I S T

The problem with The Evangelist? This person has never actually built or scaled a sales team before. They know how to think creatively and cross-functionally. They're fun to work with. But 9 times out of 10, this is a waste of a hire and your time because you have to be the evangelist, along with the first 1-2 reps you hire. Look for these skills in your first reps but after that, you need someone that can scale and really build a team … not just be engaging. The only exception here is if you are just a disaster at anything customer-centric and you can move this person over to say "VP of Biz Dev" after they hire the first 1-X reps and a VP of Sales for you. That can work if the founding team simply lacks any innate customer talent whatsoever. But if you do this, you're going to need to bring in a real VP of Sales pretty quickly, as soon as you hit $1-$2m in ARR probably.

Mrs. Make-it-Repeatable is the unicorn. This is what every SaaS company post-Initial Traction needs. The problem is 99% of VP of Sales can't do this phase. In this phase, you have some customers. Not a ton, but some. You have some in-bound leads. Not enough, but at least a few. You have a micro-brand. You've hired 1-4 reps on your own but you have no idea or ability how to scale this or get to the next level.
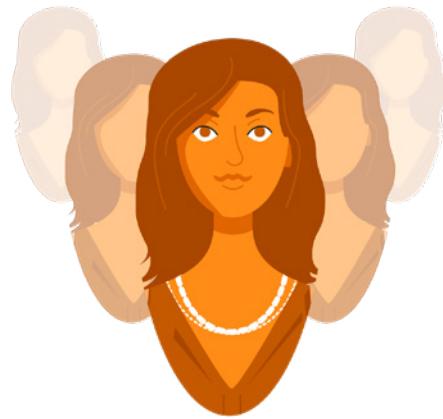
Here's what happens with Mrs. Make-it-Repeatable: almost immediately, your revenue per lead goes up because she knows how to close. She knows how to hire and recruit. She knows how to build the basic processes you need to do it again, and again, and again because she likes winning, she likes managing, and she likes figuring out the puzzle of how to get from $1m or $2m to $10m or $20m+.

This VP of Sales has to make it happen. She can't pretend or hide behind PowerPoint presentations or "pipeline" dashboards. She can't take credit for other people's work. She can't just be a glorified order taker. Most folks with Director or VP of Sales "experience" on their resumes can't handle this phase but if you find someone at this stage that has actually done it before, for real — it's glorious. Find this person.
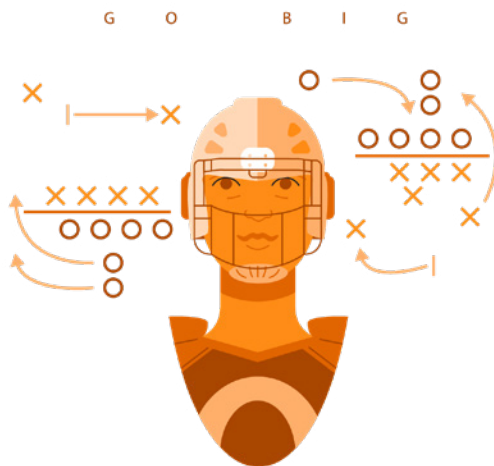
Mr. Go Big is hard to find for real, too, but it's not quite as hard as Mrs. Make-it-Repeatable. Why? Because coming into a decently funded SaaS company with $10-$20m in ARR ... well ... it's all a process. You sort of do the same thing, again and again. Hire the right people. Work on an SDR program. Make field sales work. Figure out out-bound. Get the lead generation engine really working with the VP of Marketing.

It's hard to find these candidates but you can find them. Just get them from a company that recently went through this phase, but don't expect 95% of these candidates to be able to do the earlier phase, from $1-$10m, if they haven't really done it before. Our VP of Sales at EchoSign, Brendon Cassidy, was able to do the whole thing. It helped that he was the first head of sales at LinkedIn and build out corporate sales

there from zero leads and almost zero revenue ... and unlike Brendon, not all Mrs. Make-it-Repeatables can scale and grow into Mr. Go Big.

Also, note one key thing: it's extremely unlikely any VP of Sales candidate from Salesforce, from Successfactors, from Oracle, from whatever big SaaS company can possibly fill either of these roles. They will all almost certainly fail. Why? They just never even remotely did it. Joining Salesforce when it was at $1 billion in revenue, even as a manager? Yes, it's SaaS ... but the sales processes at $1b+ just are so different from an $1-50m ARR start-up. It's not their fault — but they just won't understand how to do either of these phases. With enough capital, they can hack the Ms. Go Big phase but even then, it's rough and expensive.

Mr. Dashboards is unfortunately what you get a lot of when you try to recruit out of the Big Cos. This guy really understands how to sell up. How to make an internal presentation and he often looks pretty good in a suit. Your board will probably love him. But really, all he does all day is look at and think about dashboards and meet with his managers. What changes can I make to the team to get the dashboards up? How do I get more resources? More budget? Who can I hire, and who can I fire? How do I get rid of the bottom 20%? Where should the SKO be this year, and what sort of suite can I get? What events can I do behind a secret rope for my top 50 prospects?

At some point, you may need Mr. Dashboards. That's fine. A manager of managers of managers. But whatever you do, don't hire him until you are past "unstoppable" because unless he or she did it for real before they were Mr. Dashboard — they have no idea how to get you to $5m, or $10m, or $20m.

OK, now you say, I get it, there are basically 4 types of VP of Sales for a SaaS company. I'll make sure to hire the right one. But it doesn't stop there really, because once you have the right candidates with the right backgrounds above, then you need to make sure of three more factors:

Can They Do Competitive Sales?
Many VP of Sales are NOT good at competitive sales. That may be fine depending on your market but if your market is extremely competitive,

make sure your VP of Sales comes out of that background. Folks out of Salesforce, for example, are great at many things but competing, in my experience, is not one of them. At Salesforce, they need to be good at closing, at upselling, at driving up the deal size, at getting people to buy something they may not even deploy for a year.   It's tough. They are competing for budget dollars and against inertia. But they aren't really competing with Oracle, Microsoft and Netsuite. Not in a deadly, winner-takes-all-fashion. Not really. So if you are in a competitive space make sure you hire someone that loves to compete. If they do, it's fun. If they don't, they'll flail and be miserable. And thus fail.

Experience With Similar Deal Sizes.
Broadly speaking, there are 3 categories of ACV for most SaaS companies: $x,000. $XX,000. and $XXX,000. Of course, you may have customers of all different sizes, we do and did. But know your average deal size, your ACV. Hire someone that has only done $50,000+ deals, and they'll have no idea how to manage a high-velocity in-bound team doing $5,000 deals. Hire someone with tons of $5,000 experience — I doubt they'll know how to sell to power. How to really get on jets and close. How to do field sales, etc. So, make sure your VP of Sales has at least some recent experience at a somewhat similar deal size / ACV.

In-Bound vs. Out-Bound.
If your model is primarily in-bound make sure you hire someone that has managed a lot of in-bound. If you need an out-bound component, make sure the VP Sales can do that. Can he or she hire a whole floor of biz dev associates, trying to get meetings set up? Most VP of Sales have done a bit of both; but, whichever is a bigger part of your business, match that to their experience.

Can't I just promote my #1 salesperson?

I do think so, outside of the Fortune 500 at least. I can tell you empirically the best VP of Sales I knew were strong salespeople early in their career. Not always the #1 top salesperson, but very strong. In the top 20% or so, ideally higher.I agree the #1 job of a VP of Sales is recruiting, on-boarding, and implementing processes and goals. Once a company is very large, has a very strong brand and very deep processes, that job is very different from selling door-to-door, no doubt.
But most of us aren't F500 companies.

Most of us are looking for sales leaders to lead a team of 5, then 10, then a team of directors to scale to 30, 100 and beyond:

- The top salespeople know. They know if the VP of Sales is great or not and they won't respect her if she isn't.

- You really can't recruit what you don't know how to do. The mediocre salespeople I've seen promoted to manager levels recruit mediocre sales reps under them. Like all the time. You don't want this.

- Competing is tough. You have to know how to win in competitive deals. In very big companies sales is competitive but often simplistically so. The competitive dynamics in a feature-poor start-up are different. Big company sales leaders who aren't great salespeople wilt in the face of better-funded, more feature-rich competition.

- You can't diagnose problems. Sales leaders who haven't been great reps have trouble doing root cause diagnosis. The ones that are great at sales, by contrast, figure out the root cause of issues in a few days. Max.

If you want to be a successful VP of Sales, you have to work your way up and you have to be in at least the top quartile from the beginning to get there. Be careful of folks who got promoted to manager only in very large companies or dated, fading companies, or non-competitive companies. They don't learn these skills.

PAYING

What is the typical compensation for a VP of Sales at a SaaS startup?

I'd say at $2M+ ARR the range is pretty broad, from $200k in on-target earnings if the company is self-funded / bootstrapped, to $250k for a well-off start-up, to perhaps $300k if the company is hot and venture-backed. At the next level, (say $6m-$10m+ ARR, growing quickly, venture backed), it can be double that.

I think base/OTE bonus of 50/50 is pretty typical.

To me, if it's a fast growing SaaS start-up, I think the key thing for VPs is to fully participate in the upside. If you kill it and hit and exceed the stretch plan -- there should be no ceiling on your comp, no implicit or explicit decelerators, no caps. It's a start-up after all. If you are a rockstar and blow out any practical plan, your comp should be a linear % of that in a start-up, period.

If it took you 5+ years to get just to $2M-$3M in ARR ... that's nice for a bootstrapped start-up but it's not a rocketship. Also, having 40 employees on $2M-$3M in ARR is pretty lean. In fact, exceptionally lean. You can see here $150k-$200k in revenue per employee is more typical. So your company likely doesn't pay all that well in general and you're going to end up on the low end of this scale.

Should a VP of Sales be clawed back on commissions?

Just bear in mind, in almost all scenarios, clawbacks are overrated.

By all means, clawback bookings that don't convert or deals that don't last the expected duration, etc. It's good practice because if nothing else, it lets you pay the sales team early. Salespeople may not like clawbacks but if the alternative is to wait for cash to hit the bank ... 99% of salespeople will take the cash now with a potential clawback down the road.

The thing is, clawbacks in practice don't happen that often. When they do, they are often for fairly small sums compared to all your revenues and they often happen to salespeople who are out the door anyway. Those people often leave a few commissions behind anyway, so netted against that, the clawbacks may not matter.

Clawbacks are one of those things, like their close cousin, customers that sign but do not pay, that drive us nuts. Let it go, mostly as a concern in practice. Usually, it's a rounding area ultimately.

And if it's a big cash issue, pay commissions on receipt of cash. That solves most clawback issues.

3

MANAGING
YOUR FIRST VP OF SALES

I was catching up recently with one of my favorite sales leaders, Matt Cameron and I asked him to weigh in on the subject.

He put together a great piece below on how CEOs/founders can learn to manage their first VP of Sales hire, once you have an initial sales team to manage and build (6-8+ reps, going up). Before that, you won't be quite ready for this amount of structure. It's a terrific list of flags to look for and also ways to manage a functional role you likely have never had to manage before.

Matt was previously the WW Head of Corporate Sales at Yammer, VP of Sales at Kahuna and a Director of Enterprise Sales for Salesforce.com. He enjoys building sales engines for high growth companies, which continues to be his passion.

" Managing a sales leader for the first time can be quite a challenge for any CEO. This is intended as a basic guide for ensuring that your sales dragon doesn't use their powers of persuasion to obfuscate your reality. Whether your head of sales is a seasoned veteran or a first-time manager, you should expect more than, "weaving the blanket of revenue that keeps you warm at night", in response to a question about what sales is doing. As CEO you must set the agenda for executive inspection and the following will give you a big head-start. For the sake of brevity I have listed a cadence of inspection points in the table below and pointed out the things to be wary of at the bottom of each. As an overarching theme I would encourage you to augment this list with business specific metrics and implement a standard, period-over-period reporting cadence that will allow a clear understanding of sales performance. It is worth saying that it is never too early to have the following data, so if you can't get your hands on it, you should look at enabling resources (a sales operations headcount + reporting tools) and make it happen ASAP. **"**

The list of inspection items is not exhaustive in terms of what a new business sales manager should be looking at, but rather, what should be passed up in summary form to the CEO.

WEEKLY 1:1S WITH EVERY REP

• Pipeline coverage and quality • Attainment and plan to close gap • Downgrades, Slips, Neglected deals • Obstacles to success • Focus deals • Forecast Commit/Best Case (done either group or 1:1)
Why and what you should inspect You should be asking what has changed week on week and why. Your sales leader should be able to name the items that have changed and why. Importantly, she should be able to articulate an action plan.
Problem signs • Your leader can't name the deals that matter within this period. • Excuses are made for deal slippage • Execs outside the sales org are not being leveraged to close deals (Esp. enterprise)

'Lead to close' pipeline stage conversion metrics
- Find where the funnel is leaking

'Deals by lead source' review
- Ensure demand gen $ are being well spent

Pipeline velocity
- Are we getting more or less efficient?

Attainment by rep (Month on month comparative)
- Learn ramp patterns and catch failing reps early.

Productivity per rep (MRR/Headcount)
- Are you meeting the board plan?

Loss reason reviews
- React quickly to patterns

SDR production
- Watch for attainment against number of opportunities but falling short on sale targets

Forecast and forecast accuracy
- Look at 90/60/30 forecast accuracy snapshots

Why and what you should inspect

The operations review is mission control for understanding the key dynamics in your business – Marketing spend efficacy; Sales efficiency; Predictability. You should be checking that marketing is feeding sales per the plan, that reps are being enabled and ramped to plan and that your sales leader's forecast can be trusted. It is also an opportunity to get product/GTM feedback from losses.

Problem signs

- Your sales leader can't pinpoint root cause of funnel issues
- Your sales leader can't explain sales velocity changes.
- 'Forecast to actual' accuracy varies widely
- No sensible plan to close attainment gap (especially deflecting responsibility)

- Review all ops items above for quarter over quarter
- Review progress against territory coverage plan
- Hiring plan to actuals
- Review development/enablement plans

Why and what you should inspect

The QBR is a checkpoint for ensuring that the plan is working and that you have the right resources in place to execute it.

Problem signs

- As above from operations review
- Hiring is behind plan
- Accounts are sitting idle
- Reps are not involved in a structured development/enablement plan

DEFINING
YOUR VP OF SALES

What should her core goal / KPI be? There are 3 general options:

Your VP of Sales is responsible for net new revenue only.
Churn is not her responsibility, nor is there any material credit for multi-year deals. This is the cleanest structure for a true closer. The VP of Sales is responsible for closing $Xm in net new revenue this year, period. Post-sales, other than upsells which add to net new revenue for this year, is someone else's job.

Your VP of Sales is responsible for the Annual Recurring Revenue target for the end of the year.
This makes your VPS also implicitly responsible for churn, as well as net revenue retention for all accounts. This aligns your VP of Sales' number much better with the CEO and the company — because all the company cares about is its ARR at year end. If your VP of Sales is responsible for the "all in" number and isn't responsible for post-sales, it creates a partial misalignment. Up until $8m-$10m ARR or so, this misalignment is relatively small b/c it takes a while for renewals (and churn) to be material. But after that, the misalignment can be large if the VP of Sales is a strong closer but churn is high and/or increasing. The lower your churn and the higher your net revenue retention, the less misalignment there will be. But still — do you want your VP of Sales worried about post-closing stuff? Maybe not. An ARR goal sounds good, but it can lead a VP of Sales to spend a lot of time on things other than closing.

Your VP of Sales is responsible for a "bookings" number, including renewals, multi-year deals, etc.
This is common at bigger companies — but is very confusing for startups. Should a VP of Sales in a low/net negative churn environment really get a ton of credit for renewals? If so, that may be (and in fact, likely will be) at the expense of new bookings. After all, renewals are easier than closing

a new customer. Bigger companies tend to incent multi-year contracts as full credit bookings for the entire amount, over all the years. But that doesn't help you build your ARR faster for this year. It may even hurt your ARR if it leads to excessive discounting to get multi-year deals. So I don't like this variant, but many BigCo VPs of Sales will be used to it. They'll see all "bookings" as the same. But you won't.

I say try to go with #2, fear #3, and fall back to #1 if #2 is too much for your VP of Sales to process. What you don't want to do is push your VP of Sales to also own Customer Success and retention if she just wants to close. If she just wants to close, let her do just that.

FIRST 90 DAYS

Recently, I met with a great SaaS founder doing about $1.5m in ARR. She was telling me about her VP of Marketing who, in the Bay Area, she was paying $95,000. I was a bit skeptical. 'Cuz that's kinda low for a true VP out here in the Bay. Something sounded off.

I asked how about this VPM's lead commit. His opportunity commit. What his KPIs were. No lead commit or revenue commit.   OK.   No quant goals yet. Well….

OK my next question: this VPM must be new. How long has he been there?
"9 months." Oh… Well. Then, this VPM may be great. But. He will never. Ever. Never. Get you leads. Ever. It's too late.

I see this all the time in marketing hires that come out of non-demand gen roles. More on that here. But sometimes I'm wrong. Sometimes a marketing lead with a corporate marketing or even product marketing background actually signs up for a lead or other commit. For real but when they do — it's always in the first 90 days, or sooner. If a VP doesn't do something you expect them to do in the first 90 days — then they never will. Not really. Here's a list of where I see this:

- A head of / director / VP of Marketing that doesn't get you new leads in 90 days, true new MQLs. Never will.
- A head of sales that doesn't recruit at least one strong rep in the first 90 days. That hits quota or better. Never will.
- A head of product that doesn't take over the roadmap, and redirect the engineering team to do something better, faster and bigger. Never will.
- A head of customer success that doesn't own churn, or net revenue retention in the first 90 days. He can't. He never will. He's a best efforts guy.

I can go on. A VP of Sales that has never done outbound, if they don't take it on fairly early — they never will. At least, not well. Some will argue. But really, it's true. By

the same token, a VP of Sales that has only done big deals and field sales and never really managed a high-velocity inside team … if she doesn't put one together fairly soon and take ownership of … she never really will. Not well.

We do what we are good at, most of us. The best of us also work hard to stretch. And when we stretch, we bring in the help, the resources that know how to do what we don't know how to. We bring in great people in the areas we don't know. The best ones. Because we have to. What the failures do instead is bring in a mediocre resources because the VP doesn't know how to do it either. He brings in someone too junior or mediocre. Someone with 12 months experience, reporting to someone who didn't really do it. Someone that can't possibly help the VP who hasn't done it her himself.

Net net, no VP can do it all. No way. Especially when most of you are hiring stretch VPs in your first management team. No VPs can be great at inbound, outbound, field, SMB, Enterprise, Channel Partners, Strategic Accounts, High Velocity Sales. No way you can be great at it all, but at least, make a clear list of what you expect each VP to do. And Whatever they make no real progress on in 90 days — push more if you want but really you should write it off and either down-spec their role and keep them, and make them a success, just in a more bounded role than you'd hoped.

Or, move on.

SECTION

4

MINTING

PERFECTION
DON'T EXPECT IT

It's worth also focusing on a related, high-level point. If you sell to multiple customer segments (i.e., small, medium, and large) and through multiple processes (in-bound, out-bound, upsell, channel, partner) ... you can't expect your VP of Sales to be perfect at everything.

And surprisingly, many founders do. Here's the thing. Usually:

- Elephant Hunters aren't really very good at Inside Sales.   VPs of Sales that have come up through field sales, hunting six and seven figure deals ... usually are actually kind of terrible at high velocity inside sales for four and five figure deals. They can't handle all the noise, and all the endless questions, and the endless hiring, and the sheer number of issues and drama around such small deals vs. a great VP of Sales that really is focused on inside sales, loves it. Loves being in the pit. Loves managing a large team, pushing them all to goals and dealing with the same set of issues. Again. And Again. And Again.

- Inside Sales leaders (Often) Leave Money on the Table in Very Big Deals. Most VPs of Sales that are good at Inside Sales can also close larger deals — but they don't totally optimize it. They want to close fast and easy by nature and so it sounds great when they close a $250,000 deal but maybe a VP of Sales out of true enterprise sales, field sales ... could have closed the same customer for $500,000 a year.

- Inside Sales Leaders Don't Love Getting on Jets. Elephant Hunters May Spend Too Much Time on Them. If you are used to managing dozens of inside sales reps, you don't want to get on a jet unless it's a crucial deal but elephant hunters know you have to get on a jet to close the big ones.

- VPs of Sales Trained in Inbound May Have to Learn Outbound, More or

Less. If your VP of Sales has grown up in an in-bound environment, she may have to learn how to build a true outbound team.

- VPs of Sales Trained in Outbound May Not Know How to Optimize Working with a VP of Demand Gen / Marketing. VPs of Sales that have done it the hard way, without many in-bound leads … may not know how best to work with a great VP of Demand Gen. So — importantly — they may not process all those in-bound leads as well as a VP of Sales trained in in-bound.

- Many VPs of Sales Just Want to Be Closers. They Often Aren't Perfect at Upsell or Customer Success. Many true closers only want to be involved in the minimum necessary once the contract is signed. On the other hand, VPs of Sales that have also owned customer success often want a broader purview, to own the whole customer lifecycle, including upsells years down the road. That can be good — but these folks that want to own all the revenue often aren't as strong of pure closers.

I could keep going. My real point is to do your best to optimize your VP of Sales hire around your target ACV. If your average customer is $50,000 in ACV and you hire a great VP of Sales with lots of experience at that price point … then she may not be as good at $5,000 and $500,000 deals. But at least she's optimized around your core deal and beyond, help her … and cut her some slack. Let her be good at what she does, especially on the path to $10m ARR and Initial Scale. Put her in her zone. Then, help her add managers under her that are good at the stuff she is less experienced in.

No VP of Sales is great at every deal size, every type of customer and every type of sales, expecting that is a recipe for frustration. Even if she kills the plan for this year. Because you'll also see all the places she could have done even better.

LESSONS
SCALING TO $100M+ ARR

Ross

We've got some top lessons here from scaling up to $100 million. Why don't we actually start with probably one of the most important ones, which is, let's say you've got a sales team and you're 1 million or 10 million. Isn't it true that when you get that right VP of Sales, you get your right structure, that will take you up to $100 million? You don't have to do anything else, after that. You just grow it?

Stein

Totally, just rinse and repeat.

Ross

How often do you need to re-change the leadership or restructure the whole team as you're growing? How often have you guys had to do it?

Schilke

Hopefully no more than three times in Talkdesk's case, right?

Stein

Three of those, yeah.

Ross

Josh, you might know. Actually, of the three companies, how often do you see them, people come and go?

Stein

I'd say for entrepreneurs of a million of ARR, five million of ARR, the most common thing we'll see in their plans is the financial plan will ramp straight up. It's just a projection forward of the assumptions around sales efficiency, churn, quotas, and whatever else.

Having actually done it, the one thing I can tell you is what got you to one, is almost certainly not going to get you to 10, in terms of the exact process that you are using

and the people you are using. I can guarantee you it is not going to get you to 100. Most companies we work with go through at least one, if not three, four, or five major shifts. When I say major shifts, I mean transitioning from inbound to outbound. I mean completely rethinking their territories, and their assignments.

Ross
Inside the fields.

Stein
Inside the field. Breaking field into commercial enterprise and field different sizes of accounts. People is the other one. There's like the rare unicorn who I've seen go from 0 to 200. Jim Herbold at Box did that. It's the one and only time I've ever seen that. Especially if you're the CEO of the company, you need to be prepared that you're going to, at best, have to top your sales leaders along the way. By top, I mean bring in someone on top of them like a VP, SVP, EVP kind of thing, or probably transition people. I would say, between 1 and 100, three or four transitions of sales leadership is probably average.

Bothwell
I think the big thing, too, when you start thinking about that growth, you're looking at every six months. You're continually measuring and tweaking. The big thing in regards to the sales organization, you get the bought ins. They need to get bought in. There's going to be change. That's the only one thing that's going to be consistent. You're always looking out six months. You put your plans in place and you go march towards them. When you get a really good ops strategy person in place, you're continually looking out those next six months to figure out, what do you need to tweak to get right, to continue to hit the targets in the growth and projections. When you continue to rinse and repeat that cycle, amazing things can happen. We went through that before at Talkdesk. We were continually doing that, rinsing and repeating, figuring out what tweaks we needed to make to continue that scale, and growth, and trajectory.

Ross
OK, Aaron what is a mistake you've made while scaling that you see people make commonly?

Schilke
You hear it all the time, the hiring profile. I remember learning a lesson of hiring a highly successful sales rep, or a number of reps, that focused on an IT sale. They had a very difficult time making that transition to selling business applications. It

manifested itself months into the tenure in the fact that they didn't understand how to conduct proper discovery and really evaluate which opportunities we ought to be pursuing. They weren't accustomed to doing that.

Ross
Do you think, though, that was because they were so experienced, it was hard to teach an old dog new tricks, or because the skills were so different? It was just hard to learn the new skills? Were they inflexible?

Schilke
Yeah, it depends on the person. I think it's a little of both. I can think of a couple of examples, certainly some examples where you hired somebody who was tenured that had a long track record of success. It was very difficult to reteach the skill set. I think there are cases where you can find somebody who is early enough in their career and hungry enough and eager enough to learn, and coachable, that they can make the transition. My mistake was not understanding that dynamic early on, so we learn from those mistakes.

Bothwell
I think the other big thing, too, is letting go. It's not about firing people, but when you go from 1 to 10, just like you might go through two or three different VPs, you might go through different types of AEs and leadership too. As you scale, you understand where the target market is. You go from commercial, maybe to mid market, up to the field. There's a few people that always make that transition all the way up. I say letting go, because it's not about firing.

If you have the right expectations set throughout and you can communicate that with people, they'll agree. Even coming to talk to us, we've had some people, they self opted out. They're like, "This is not for me," as we go from this target up to the next phase of the organization. Be comfortable with that. Don't hold on just because you have a relationship or they're a good person. Let them go spread their wings and figure out what's great for them because it will have better impact to your company, and also to your sales organization.

You always think about the bell curve of your C, B, A players. Your A players will recognize and represent, especially as you bring in the new account executives, new management, whatever it might be as you continue that growth curve.

Stein
I think all of these guys are talking about the people factor. They're in the trenches

actually doing it. As a sales manager, it's all about hiring the right people, giving them the training, giving them the skills. As a board member and an investor, I'm working with the CEO. I think the biggest thing that I see companies screw up as they're scaling is just forgetting to think about how hard it is to keep up a growth rate like 100 percent.

We have a venture fund and we have a growth fund. Our growth fund partners say what really separates the men from the boys in these companies is the year of going 25 to 50. That's really hard. That's maybe 10 percent of the companies that we see. Lots of companies double to 25. Going 25 to 50 is incredibly hard. The big filter is 50 to 100. If you can go 50 to 100, grow 100 percent at that scale, you're almost certainly going to be an IPO scale company.

If you think about what that entails, it means in that 12 months, you have to add more ARR and more revenue than you've done since the inception of the company to date. The thing people forget is you have to do the planning for that and lay the groundwork for that, usually 12 or even 18 months ahead. For example, in hiring those reps, if you haven't hired those reps six to nine months before the start of that 100 year, you're not going to get there. There's just like this long lead time. I've seen more companies get so fixated in the day to day execution that they forget the broader planning context and how much the investments you're making today are really about the next year.

Ross

Josh, really important, when you look at companies who are trying to set aggressive growth targets...Balance that between, if we miss our targets, we're going to reduce trust with our boards, our executives, how do they navigate that, because around a CEO board trust versus aggressive growth?

Josh

Predictable Revenue, I'm a huge fan. I think predictable is the key. If you're talking about investors, your board, and the capital markets more broadly, predictability is everything. If you can call the ball and say, "In the next year, I am going to do this," and then deliver on that, your board will be happy. Capital will be easy to raise and at good valuations. If you are missing your targets, it's going to be a nightmare because people are going to lose trust.

What distinguishes early stage venture versus later stage growth capital and the investors that buy at the growth stage or at IPOs, is if you are able to say, "Look, give me $100 million. I'm going to put it into my magic sales machine and $200 million

of ARR's going to pop out the backend," and you can show people that you do that reliably, you are going to have infinity capital coming to you.

Ross

Which is a good thing.

Stein

Which is a good thing. That's what we do as venture investors. We take that risk early and work with the companies while you're developing, but it's all about predictability. If I had one piece of tactical advice for the CEOs in the room, hire an FP&A person within your first 30 hirers.

Ross

FP&A is...?

Stein

FP&A is Financial Planning and Analysis. What it means is someone who is good with a spreadsheet, who can sit with your sales VPs, who are by their nature optimists, who can sit with your finance team and who can say, "Here is the forecast for the quarter." If you know what the topline is going to be within some band, you can spend with conviction. Topline minus bottom line is your burn, and your burn versus your cash is your life. There's nothing worse than ramping up your expenses, thinking the revenue's going to go up, punting on the revenue, and then ending up in a hole. That's when everyone starts freaking out and getting scared. Being able to say, "This is what I can do. This is what I can deliver," just from a career protection standpoint as a VP of sales, have that FP&A guy to keep you honest.
You want someone who can go top down and bottom up through your pipeline to really understand what can happen.

Ross

Yeah, I think with that, the board CEO level, the VP level, I mentioned this before, it's having that phenomenal Director of Sales Op and Strategy that analysts that you probably hire in the first 10 to 20 employees, you're probably giving direction to on a daily basis saying, "Go run this report, look at these metrics, come back to me," and then you're double checking. As you go scale, you don't have that capacity. You need that partner that can go work with the FP&A person, look at that predictable revenue, and start to build it out. That person that can not only partner in finance, but most likely with marketing, depending on where you're at scaling wise, if you have marketing operations, you want that person to look at the whole funnel through and through.

That way, you can look at everything. That goes back to my point. Looking out six months, where are we at pipeline wise, where we are at marketing wise because when you go build out these business plans, everybody needs to be held accountable. Also, things break, occasionally. Things don't go to plan. Where are we struggling? What do we need to tweak? What do we need to do in order to get back on track? That way you have a consistent communication story across teams. That's extremely important. That communication, not just with sales and marketing, but other departments like finance, it's huge as you go scale.

Schilke

As we look ahead, for our business, I'm building out the field organization, I look not only six months, but really 18 months out into the point that Josh made, really laying the groundwork and the foundation today for what we'll do this year. At the stage we're at today, we're heavy on sales development, continuing to focus on building out momentum on marketing, and really getting ahead of the curve on the partner ecosystem.

For my business, the partner ecosystem is something that we'll invest heavily in this year, substantially in the first half of this year, really to expect results the back half of this year, really seeing that growth curve the end of next year. We're starting to pull on a few levers to make sure that we have the pipeline coverage so that we can get to the predictability that Josh is expecting of us.

Ross

Do you guys remember how big Talkdesk was before you hired a first dedicated sales ops person? Usually, people wait too long before they get someone.

Bothwell

It's before our time. I think there were probably about 10, 15 reps. They brought somebody in to come in and the guys looked at that.

Stein

It was in the mid single digits when I invested. Part of it, Talkdesk grew so fast, it went from one to mid single digits like, it was a million a month. It was crazy. That hyper growth can actually be really challenging. You're building so fast, you forget to add some of the plumbing that you would normally build. There is a little bit of a catch up process. I would say probably between 5 and 10.

Ross

Reps?

Stein

No. 5 and 10 million in ARR. They've got big silly fast.

Ross

Yeah, it's a problem, but it's a horrible problem to have.

Stein

It's a good problem.

Ross

We're going to spring a bit of question on you, I realize, going back to really tactical stuff, everyone asked about sales process. How do I figure out my sales process? What do you need for your sales process? What is your steps? Two part question. First, you may have different ones, maybe you want to layout a few of the steps, not the whole thing. How you come up with your sales process and evolve it? I'm always feeling like, it doesn't work to get someone else's. You always seem to be successful when you come up with your own version of it.

Bothwell

I think, first, you always need to keep it simple. Don't walk in and with 12 different stages. That just becomes more administrative work.

Ross

How many do you guys use?

Bothwell

We use six stages today. We still keep it simple. It's also going to be dependent on what type of sales cycle you have. You might have some sales cycles that are very transactional, or you might want to keep it even more simple. For us at Talkdesk, I think the market's evolved, especially the SaaS market. We think how people buy today, very educated buyers. You can go that demo, trial, buy methodology which is really easy. Josh just pointed out that 5 to 12 million. We're in hyper growth where you're almost slinging product in some ways.

As you try to go to scale to that next level, for us, we often think about moving away from qualifying but they're trying to understand more about these companies. We call it discovery, trying to understand more about the buying process, not just the

technical aspect of things. We actually want to really evaluate and partner with our prospects and customers throughout the rest of that journey. There's tons of statistics out there depending on who you read and what you're following. One of the key ones, I think it's from Forrester, is 36 percent of that internal buying process, when somebody is buying, is completed. 64 percent...

Ross
Inbound leads, but not for outbound, right?

Bothwell
Outbound's a whole different metric and stuff. With that 64 percent, you need to get your salespeople tactical enough to go help them identity why they should be doing business. You'll see it all the time. It's always no decisions is close lost. The question you'd ask yourself as a VP and as you look at training and development like, "What are we doing to help our account executives and sales people to go deliver that?" and then move on to the close at the end of that.

Ross
How did you get that six step sales process? Did you take a little bit of this at the other, did you find that out of a book, did you make it up on a whiteboard?

Bothwell
A little bit Predictable Revenue, and just over the years, we went through a lot of different processes. Zendesk started in the SMB, moved up to mid market and then I ran the Enterprise Business Unit before coming in over to Talkdesk, just seeing what works, different experiences, and Salesforce as well, early on in my career. It's just a multitude of that.

Actually, coming in and running some sales cycles through and through to see what was happening and where did we want to take the organization and the team to go hit where we want to be the next 24 months, just not the next 12 months. Again, it should evolve. It might change in six months based off the type of buyers we're seeing and as the product evolves and where we want to go into the market.

Ross
Actually, so, it brings a really good a question I thought of, either when you got started, how do you keep a hand in the day to day of your team so can stay connected to what they need and how it works? Do you player/coach? Do you do one on ones? Do you handle your own sales? How do you get on top of it?

Schilke

For me, we use the same sales process here, Andrew and I. Our sales cycles are really bifurcated in the field. We're transforming the context in our space. We're selling into a very defined mature category in bringing cloud software. It's very similar to the conversation that Salesforce was having, customers in early 2000. Our sale process has a very similar rigor to Andrew's, for 80 percent of the opportunities in a certain segment of the lower end of the enterprise. It's just the cadence between stage two and stage three and stage four is much longer.

There's quite a bit more of strategy involved, not necessarily exclusively my team versus his, but more of strategy involved in between those stages. From the initial discovery and qualification to how you actually work through the evaluation. There are moving parts, the stakeholder group may be broader, partners may be involved, there's a little more complexity and you have to have a solid handle on the strategy. That's where you win your deals. That's where you learn whether you'll spend time on the deal or not.

The other part of it is there's maybe 10 percent, 5 percent of our opportunities are evangelizing for the deals that we'll do in a year or two years. Those are $2 million to $3 million ARR deals or more, but the market's not quite ready to take the risk to digest something like Talkdesk. There's a little bit of different cadence. We actually don't have a separate defined sales process in Salesforce for that, but we do have different strategies.

To your question about how do you get a pulse? For me, it's fairly easy at this point, as I've come into the business and really starting a startup within a startup. I jump on calls. If I have time and an SDR can log me into a call and not introduce me as anybody in management, I'm just part of the sales team, I'll listen in, I'll contribute. You have to learn by doing, the nuance of the market. I run sidecar on deals if I can. That's how you'll learn. That's how you'll learn the nuances of the challenges that the reps are running into. In coaching and development, even with tenured reps, it's still important, as we're all trying to become more effective at selling in what is...there's a new dynamic in this market. People might have come from the contact center space but maybe not from a space where you're disrupting the incumbent competitors, tactical.

Stein

Just as a tactical piece of advice. You touched on something very important. Being able to listen in on calls, barge in, coaching reps. Talkdesk actually as a platform is incredible for that. If you're using a call center solution like a Talkdesk, you can have

a manager be able to listen in to call, join a call. We have Slack integration, so you can do out of band Slack integration while you're coaching the rep on the call live in an out of band way. I'm always encouraging our teams, "Use all the technology that you can" we were scaling Box. That was one thing that Aaron was religious about, was just trying everything.

When we get pitches for an enterprise software companies, Box is almost always like one of the early customers, because that's part of their culture. I'd really encourage you to utilize technology.

Bothwell

To wrap this part up, I think also two things, one, we have a methodology on our management team. 90 percent of the time, it should be coaching and 10 percent of the time, it should be managing, directing. You should be continually developing your reps and helping them scale. You shouldn't walk into feedback at the quarterly review with the rep and they're blindsided by some feedback. That should happen at real time consistently. The other 10 percent, you're managing and telling them what to do.

The other part is, it's just having a sales cadence. The reps should know when they should forecast and when the manager should know when they should have one on ones on a weekly basis. At my level with a bit of a larger team, it's just even doing monthly key deliveries to make sure we have a pulse and the right strategy top down, to make sure we can go win those key deals because those key deals can really move the needle really quickly for you.

Schilke

I mean this is kind of a Captain Obvious statement, but make sure you really deliver about staying aligned on expectations with your CEO. We've got two heads of sales here. We do our best to work diligently to operate as one. That's something that Andrew and I continually focus on a weekly basis, daily basis. We talk a lot at the end of the day and make sure that we're in line. I think that helps us communicate more effectively with Tiago, our CEO. I think when you have a gap between where you are and where you need to be, you need to reconcile that, square up with that, and make sure that you're having that conversation on a regular basis so that you're on the same page. I think it's a very important constant dialogue that you need to be having. Don't wait quarterly to have it. Keep out in front of it.

Bothwell

Don't be afraid to try new things. Just because of what you're doing today, it doesn't mean, to Josh's point, you're going to be doing it tomorrow. Whether it's some new packaging, whatever, work with product marketing. If you see there's a window of opportunity, go test it. Go test it with a couple of reps, see if it works. If it works, then go scale it. Don't be afraid to try new things.

Stein

Mine would be, to some degree, just scaling to 100 is math. It's the number of leads, lead to opportunity, opportunity, win rate, ACV, etc. Keep an eye on all those variables and the further out you can forecast, the further out you can be predictable and have those headlights where you know problems are coming six months in advance, or a year in advance, and you're not making commitments that you can't honor. That's going to be critical.

There's nothing better than a company that is just hitting its plan, quarter after quarter, year after year. Those are the companies that just have the smooth path to success.

Bothwell

Got it. Don't wait to go outbound. Just because you're getting a ton of inbound leads and all that stuff, don't wait.

Stein

I would totally agree with that.

Bothwell

 Start at day one. Even if marketing falls off or there's a change or something like that, you're still held accountable. Start it from day one and level that. Set that expectation that that's part of your guys' build and part of the program. Extremely important. If you can do that 1 to 10, imagine 10 to 50, 50 to 100, because that's going to become a bigger dependent as you scale and graph.

Schilke

There's nothing worse than getting a hold of a customer who's just made a decision to go with your competitor because you weren't on it. You got to get after it. Particularly when you're at our stage, people don't necessarily know who Talkdesk is in different segments of the market. We did a transaction in Q3 that came from a world tour event. They loved what he had and said, "Where the heck have you guys been?"

Bothwell

Educate the market.

Schilke

Yeah, education and being proactive about that is super critically important.

Ross

Thank you, everybody.

5

TERMINATING
Y O U R   V P   O F   S A L E S

We've written a lot on how to find a great VP of Sales, what the risks are, what risks to take, etc. We've also summarized a few critical factors that will tell you, within 90 days, if your VP of Sales won't work out. This post was pretty controversial originally, but I think most folks now agree with its conclusions:

But given how often folks still don't pull the plug on a bad VP of Sales hire for up to a year ... I wanted to bullet out a longer, 10 point checklist of Warning Signs. That she or he just isn't going to work out ... at your start-up. Maybe at a different one, at a different time, or stage, or subject matter they might be successful. But not as your start-up:

The Blame Game – Down
As soon as you hear a VP of Sales start to blame her/his own reports for missing a number, it's over.   These are her/his own reports, after all. When a VP of Sales has lost confidence in his ability to hit a number, it's always easy to blame someone on their team. But a great VP of Sales never does. They just ... take care of their mishires.

The Blame Game – Product (too much)
A little of this is OK, and fair. The product is always feature-poor and missing critical needs for customers. But that was also true before you hired the VP of Sales ...

The Blame Game – Competition
Yes, competition is brutal. But again, it was right before he started, too. A great VP of Sales gets better at competing over time. Not worse.

The Blame Game – More Time
You can't expect results overnight.   But you can expect some improvement in 1 sales cycle. More on that here. More time does not cure sales woes.

An (often big) drop in quota attainment
Quota attainment should go up when you hire a great VP of Sales. But with a mediocre one, or really, a VP of Sales that is just a bad fit ... you often see quota attainment plummet. Quickly.

Top reps leaving
The best VPs of Sales know how to keep their winners. They never let them leave, in fact. If you see winners leaving, you have the wrong VP of Sales. Period. This may sound obvious ... yet, this is very common to see.   Don't accept excuses here. This is as clear a sign as you are going to get.

"We'll make it up next quarter"
Sometimes this is true. There are always better and worse quarters. But a great VP of Sales never, ever simply dismisses a bad quarter by saying they'll make it up next quarter. Instead, she says "this was a tough quarter. Here's what we screwed up: ___, ___ and ____. It's mostly fixed now. So next quarter, ..."

A crazy plan that doesn't really make sense or tie to data
Related to the prior point. A bold plan can be good. But no, you can't just magically quadruple sales in Q4 when you were only growing 20% in Q1. A crazy ramp is an excuse in disguise and waiting. It's kicking the can on having to explain that you don't really know how to improve sales.

A drop in revenue retention
A strong VP of Sales in a start-up is focused on the ARR goal, not just new bookings. She'll know some of her highest leverage in hitting the ARR plan for the year is increasing upsell, increasing net revenue retention, and decreasing churn. Even if Customer Success isn't remotely part of her nominal job description, she'll still want to own enough of it to see flat or improved revenue retention. Of course she will. Her job is just that much harder if retention declines.

Not understanding the business and/or key metrics
I see this too often   A VP of Sales that doesn't know how the company defines an MQL. That isn't sure how many leads sales got last month. That isn't clear on how a new key feature works. That doesn't know the status of a key Top 10 deal (this one is way too common).

Fear
Sales is hard. It's hard to hear 50 "Nos". It's hard to lose a big deal to a competitor after you put months in a deal. It's hard to be judged quantitatively every month and quarter. It's hard to always have to do better. It's just hard. And sometimes, it's simply too hard. When you see fear in the eyes of your VP of Sales, it's over.

When you hear these 10+ excuses, it's time to make a change. Waiting won't help. It will just make it worse. They'll hire more mediocre reps that will miss more quotas. They'll continue to wave their hands and try to hide issues. And you'll delay making the time to level things up.

And finally, remember this is your fault. Oftentimes, a mishire here goes on to be much more successful at a different start-up at a different phase, at different place in time. It doesn't necessarily mean she/he can't be very good, or even great, somewhere else. But if she/he isn't going to work out at your company, that's on you. So make a change.

HUNGRY FOR MORE?

SaaStr is the world's largest community of SaaS executives, founders, and entrepreneurs. Our goal is to help everyone get from $0 to $100m ARR with less stress and more success. We do that with a combination of industry-leading content and community connections.

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