Close.io

SaaS SALES FOR STARTUP FOUNDERS

HOW TO SELL SAAS PRODUCTS WHEN YOU'RE NOT A SALES PRO

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How to Sell SaaS Products When You’re Not a Sales Pro

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Welcome to SaaS Sales for Startup Founders

Here's a quick history lesson:

Back when we were ElasticSales—an outsourced sales solution for Silicon Valley startups—we were disappointed by most of the sales software on the market. Nothing was designed to help us sell more effectively. If anything, they all seemed to turn salespeople into data entry specialists.

So we decided to fix the problem.

We started building our own internal solution in 2012, and eventually released Close.io to the world in January 2013.

Cool story, Steli. But what's your point?

We know how to sell SaaS.

We’ve been doing it for years—even before Close.io. We sold other startups’ software long before we ever developed our own.

We know what sales tactics work. We know how to generate leads and trials. We know how to close deals.

But SaaS is a super competitive marketplace, and it’s increasingly more difficult to attract new customers. We see startups just like yours make easily avoidable mistakes every day—and it only takes one mistake to keep you from building a successful company.

That’s why we created *SaaS Sales for Startup Founders*. We don’t want you wasting time, money, and energy on tactics that won’t build your SaaS business.

If you have questions like...

- How can we sell our SaaS product?
- Should we focus on self-service or sales-supported SaaS?
- When can we start charging money for our product?
- How long should our free trials last?

...*SaaS Sales for Startup Founders* will provide the answers.

And if you have any more questions after reading this book, I’m just an email away: steli@close.io.

Go get ‘em!

Steli

SaaS sales basics

Your product doesn’t sell itself

At Close.io, we work with startups that push boundaries and disrupt spaces. Their products solve problems and make people’s lives easier. You’d think these products would sell themselves. Not true.

Your product may be the hottest thing since sliced bread, but it’s not going to sell itself. Regardless of the problems you solve and how pretty your UI is, it takes a certain set of skills to turn leads into paying customers.

Here are three things to keep in mind as you craft your pitch to a potential customer:

Tellin’ ain’t sellin’

When I first started as a hustler, I often spent the majority of my day repeating the same laundry list of features. I’d go into a lavish product demo explaining every button, knob, and switch until the prospect began to drift off into an afternoon nap.

I don’t care how amazing your product is, simply telling someone what your product does isn’t going to make them want it. You need to create desire, and you can do that by getting the prospect to tell you exactly what they want. By knowing what they want, you’re in a position to sell them on how your product benefits them.

Telling: "Our platform measures over 100 different metrics, charts, and graphs for your website. Let me explain how each one works!"

Selling: "We have over 100 different metrics, charts, and graphs for your website on our platform. What type of metrics are important to you? What do you want to see?"

Always be listening

Every salesperson will tell you that their mantra is "always be closing." But is it really that simple? Think about it. You're selling a product with features that people will use for many different things.

If you asked ten people why they use Facebook, I'm sure you'd get ten different answers. The same is true when you're selling software.

Instead of showing people all of the things they can cut with your awesome set of knives, ask them what they want to cut. Once you truly understand what they need, and you show them how your product can help them, you've earned the right to close.

Your product doesn't sell itself

Deal with it. Even if your product ends world hunger, people still need to be reminded that there are hungry people out there. Your product may have a hundred features, but it only takes one of them to get someone to buy. Find out which one that is.

Hard or soft selling: What works best for SaaS sales reps?

What's the right attitude to sell SaaS products? Many people, particularly those whose first profession isn't sales, get this wrong.

They either:

- Sell like a wolf
- Sell like a lamb

Both of these sales styles won't lead to sustainable success.

Let's take a closer look at both of them, and then see what you can do to succeed in SaaS sales.

The wolf

Wolves are effective at closing deals. They operate with strength, free from inhibition, and don't hesitate to apply pressure to make the sale happen. They're the archetypical pushy salespeople, utilizing hostile strength to get what they want.

The problem is that SaaS is a subscription business. If you bring a customer on board who simply won't renew their contract after thirty days, you've gained nothing. In fact, your cost of selling to them, onboarding them, and supporting them during the setup phase is probably higher than what they paid you.

And more importantly, that sales modus operandi is just unhealthy. Don't be an asshole—it's not worth it. You might be the number one closer (you get a coffee and a Cadillac), but that doesn't count for much if it makes you miserable.

The lamb

Lambs are on the other end of the spectrum. Instead of hostile strength, the lamb operates with friendly weakness.

It's a soft sales approach, without influence and leverage, without power over the prospect, and without confidence.

The problem is that prospects don't want to give their money to companies that employ weak people. And those prospects who *do* will often be the kinds of customers you shouldn't work with in the first place. Lambs attract wolf customers.

Consultative sales?

Many self-proclaimed sales experts advise you to take a consultative sales approach. They say selling has changed.

This advice is all well and fine, but in the real world, too many people use this explanation as an excuse to avoid doing uncomfortable things.

If you're a consultant, your job is not just to dispense advice. Your job is to:

- Figure out what needs to be done
- Find a way to get it done
- Make sure it actually gets done

If you're not doing these three things, your "consultation" has no value.

The good parent

Instead of acting like a consultant, you should act like a parent.

Good parents have the best interests of their children at heart, but they also communicate from a place of strength.

- They give clear directions
- They confidently take charge of the conversation
- They lead with clarity

Imagine seeing your child do this:

What would you tell him?

"Well, I think there might be other alternatives to consider, if you're looking to have some fun. I'd be happy to inform you about the choices available, if you could spare five minutes of your attention."
Of course not. You'd communicate with strength and authority.

Good parents communicate in whatever way necessary to get the right behavior from their children.

I can already hear some people taking offense to this: “Prospects aren’t kids! They’re adults!”

Of course they are, but if you’re truly a good salesperson, you know more about your product and marketplace than your prospects. You’ve dealt with the challenges and problems your prospects face many times already. You have deeper domain expertise, and you can see some of the juvenile mistakes your prospects might commit.

A good salesperson respectfully exerts influence—and even puts the screws to a prospect—if that’s what’s required to get them to make the right decision.

In the end, you just need to sell with friendly strength.

How to validate your SaaS idea with the power of hustle

Building a SaaS business takes a lot of work. Before you start investing your time, energy, and money, spend a couple of days to find out if your SaaS idea has real potential to turn into a successful SaaS company. All you have to do is use the power of hustle to validate your idea.

Meet potential customers

Go out and talk to people who could be potential customers. Spend a whole afternoon walking into different businesses, and say, "Hi, I'm [your name]. Can I talk to the manager or owner?" When you meet the manager or owner, say, "Hi, I'm an entrepreneur about to start a new business to fix a problem that I think you have. Can I get three minutes of your time to see if this is something that you might want?"

This is the best way to get started. The big advantage here is that you're going to be able to get very valuable feedback by being able to see people's responses. It's very visceral, and you'll get a real sense for how they run their operations. Although you can't do this kind of market research on a large scale, the quality of the responses and insights is really powerful.

Call potential customers

The next thing to do is call potential customers. Even though you're missing out on a lot of visual clues about them and their business, you still get to have one-on-one conversations that will help you understand their wants and needs. This obviously scales better than in-person interactions.

Email potential customers

The next possible step is to email people. You can email a lot more people, but the quality of the insights you get will be different.

You'll be able to see open and response rates and read people's responses. Written feedback, however, is often a bit more filtered than what people would tell you over the phone or in person. The great thing is that you can aggregate and analyse results at scale.

Separate real buying intent from lukewarm interest

When you're an entrepreneur just starting out, lots of people will tell you that your idea is great just because they like you or want to encourage you. But there's a big difference between saying they would buy your product and actually paying money for it. How do you find out if they have real intent to buy?

Here's a simple question you can ask people to find out if they have real buying intent:

"What are all the steps I have to take for you to become my customer?"

I call this the virtual close.

Listen carefully, watch out for red flags, and make sure you get a very specific answer. Once you've reached a point where the virtual close has occurred, do a test closing.

There are many different approaches to the test close:

- "We want to start in 4 weeks—does this work for you?"
- "This beta program is heavily discounted. If you sign up now, you'll get it for half the price for life."
- "What is your company's decision-making process? How quickly can we make a decision on this?"

And then ask them for money. Just say: "Can I take your credit card info to process the payment?"

Make it risk-free. Tell them their payment is 100% refundable. If they're not happy with the product, they can get their money back at any point.

Not everyone will be willing to give you money. But you can at least get some of the people who say they want your product to actually pay you in advance.

Quick recap

Here are the four steps to validate your SaaS idea:

1. Talk to prospects face-to-face, so that you gain a deep understanding of their work environments and day-to-day responsibilities
2. Call prospects to see if the early problems you've discovered are validated with a larger test group
3. Email prospects to test your early findings at scale, gather more data, and build a list of prospects
4. Test close prospects to determine whether they are just curious or they're prospects with real pain points and a real willingness to buy your product

Self-service vs. sales-supported SaaS

Should you move from self-service to sales-supported Saas?

You’ve got a great self-service SaaS product. Leads are coming through your funnel, signing up for a trial, and upgrading—and you don’t have to lift a finger.

You’ve had a taste of success, but you’re wondering whether now is the right time to hire salespeople, ramp up growth, and close even more deals.

This is an extremely important decision in the life of your SaaS startup. Hire too soon and it could be a momentum killer for your self-service business.

But hire too late and you’ll miss out on the potentially massive revenue growth that comes from going upmarket into enterprise sales. If your competitors have a sales team in place to take advantage of these large leads, they’re going to be the market leaders.

To make this decision, you need to think systematically about your business, not just go with your gut. Here's a decision framework you can use to determine whether now's the right time for your company to build a sales team.

The decision framework for hiring a sales team

You need to do just three things to see whether you should transition from self-service to sales-supported SaaS:

- Decide whether you have a high CLTV business that can support a sales team
- Segment your large trial accounts and see if they are converting
- Reach out and identify their friction and challenges

Along the way, you want to look for places where a sales team can add value to trial accounts by making the buying process easier.

Is your CLTV high enough?

The first question you need to ask yourself is whether the economics of your business can support a sales team.

Take a look at your customer base. Are the vast majority of them individuals or prosumers? If so, it's likely that your customer lifetime value (CLTV) will be too low to acquire customers efficiently through sales. That's because each additional sale won't be worth the sales rep's time it took to close the deal.

Use this as a rule of thumb: if your customers have a lifetime value of less than $1,000, then it's likely that a sales team isn't right for your business. You'll need a frictionless way to acquire customers at scale, not a high-touch sales process.

If your CLTV is too low right now, you're left with two options:

- Go upmarket, build a self-service premium version of your product at 2–5x the price, and then revisit this question after you've gotten some customers

- Focus 100% on scalable, frictionless customer acquisition

If your CLTV is over $1,000, then it's possible that you have a segment of high value customers for which a sales process makes sense.

Are your bigger customers struggling to convert?

The next step is to take a deeper dive into your high CLTV customer base. If bigger trial accounts convert from trial to paid at a lower rate than smaller ones, that's an indication that bigger customers are encountering difficulties with your self-service process that a sales rep could help fix.

Start by segmenting your trial accounts by size—small, medium, and large—then, evaluate their conversion rates. Here's how.

Lead score your inventory

When a trial account signs up, they give you information about themselves and their company. At a minimum, you have their email address—and you can use that alone to generate a lead score for your customer.

For example, a regular Gmail or Yahoo email address is likely just from an individual customer, but a company email means that you potentially have enterprise interest. Pull up the name of person who signed up on LinkedIn to learn more about their role and the company they work for. If you're automatically adding your trial account signups as leads to Close.io, you can also use our Clearbit integration to enrich your lead data with their LinkedIn data and other social profiles.

Funnel segmentation

Add this one simple question to your current onboarding funnel that'll separate the business accounts from the individual sign ups: How big is your team?

This number feeds into your lead score to determine which segment the trial account will fall into. Also consider asking for the customer's role, company information, company size, budget, and more.

You can do this quantitatively, or with a SaaS tool that helps you create lead scores—or you can just go through your trial list and do this by making rough, qualitative judgments on each account.

Enterprise self-selection

The final way to segment your customers is to get them to self-select.

Have your regular 2 or 3 priced tiers, then start a 4th tier with all the regular enterprise offerings—multiple accounts, enterprise single sign on, awesome support—and write “Contact Us” instead of the price.

Large companies are used to buying a certain way, and will actively be looking for this type of sales channel. If you don’t have it, your big customers will try a regular account, but they'll turn around and leave when they hit an issue that would be easily solved by an account manager.

When you add a “Contact Us” plan, you’re giving the large accounts that have difficult buying requirements a way to head straight to you. If you have enough companies coming through this channel, you’ll know you need a dedicated sales team.

Finally, look at your conversion rates

You’ve segmented the large trial accounts from the rest. Now take a look at their conversion rates from trial to paid.

If your large accounts are converting at the same rates as the rest of your accounts, then there's not much that a sales team could do to raise those conversion rates.

However, if large accounts are converting at a lower rate than small accounts, you need to transition to sales support. Low conversion rates mean these accounts need more support to reach a buying decision, since self-service isn't working for them.

Is there complexity in the sales process for your bigger accounts?

The last step in deciding whether to build your sales team is for you, the founder of your company, to run an experiment. You need to call your large accounts and walk through the buying process with them.

This isn't a sales call. You're not in sales mode yet.

All you want to do right now is learn. Gain insights into the buying processes your customers are going through, find friction points, and identify challenges. You need to figure out whether a salesperson could make a difference. You need to identify any complexities in their buying process where human help could significantly increase conversions. These are your opportunities.

And you need to do that yourself, now, before you hire a single salesperson.

Find the friction

When you get on these calls you want to find out one thing: Are they decision-makers?

If you're talking to these larger trials and they are decision-makers, they have a credit card in-hand and they have the budgetary responsibility to make the call, then a salesperson isn't going to be much use in these scenarios.

But if you are talking to people who don't have the decision-making authority to pull the trigger on your product today and have complex buying cycles, then you have a great case for a dedicated salesperson who can make a substantial difference.

Buying cycles that have friction will include:

- Customers evaluating not only your solution, but also your competitors' solutions
- Multi-stage buying processes
- Multiple stakeholders involved in the decision-making process

If a potential customer is evaluating you alongside your competitors and comparing your offerings, then bringing in a dedicated account manager or salesperson will put you at least on par, if not at a massive advantage.

You'll be able to listen to their concerns and address them, rather than leaving your customer with no one to turn to for help and guidance. Having salespeople will also move the needle in terms of converting these leads into customers.

Identify challenges to buying

Additionally, there are business customers who have difficulty onboarding onto any new product due to significant business challenges that are nearly impossible to self-manage.

These might be specific to their business. Concerns about security, scalability, privacy, integration, and data management are likely to come up when dealing with enterprise-sized customers.

Even a great FAQ won't be able to answer these thorny issues. The customer is going to want to get on the phone to talk things through with you and your team.

Another sticking point might be budget. In a self-service scenario, with no opportunity to negotiate, they might decide that they can't afford your product. But if a salesperson can get on the phone with these customers and negotiate, this can be a win for both sides.

Concerns like these, which are difficult to address, are a good indicator that a salesperson could to make a great difference for that type of buyer during the trial.

If they've got friction or challenges that you can identify and resolve, then it's time for a sales team!

Now get started!

If you've gotten to a yes, it's time to get started building your sales team.

Note that this isn't a pass-fail test that will define your business forever. You need to re-run this experiment constantly.

As your business grows and your product changes, you might find that you start to have these enterprise clients hidden within your typical customers. By running through this decision framework, you can drill down into your data and find the accounts that need sales support.

Optimize your self-service SaaS model (with sales reps)

SaaS founders love self-service customers. They find your product through word-of-mouth, inbound marketing, or partnerships. They eagerly sign up for your trial. They automatically convert into paying customers. And no one on your team needs to sell or support them.

Unfortunately, the buying process rarely works in this way, especially in B2B. And if it does, there's still a good reason to hire salespeople—even if your product is so good that it practically sells itself.

"We have no salespeople" (except for the ones we don't tell you about)

There's a very successful SaaS company that proudly claims they don't have salespeople. I admire this company—their strategy is brilliant and I love that they're so product focused.

But they absolutely have a sales team! While they're not using sales to directly grow revenue, they do use their sales team to establish benchmarks against which they measure their self-service funnel.

A/B testing self-service vs. salespeople

Most of their users and customers sign up for their product without ever speaking to a salesperson.

But their secret salesforce reaches out to select verticals and cohorts of their users.

The company then measures how well their self-signups convert in comparison to users who've been contacted by a salesperson, what the lifetime value of those customers is, and how successful they are using the product.

And when the sales team cohort performs better than the self-signups?

They call it a bug

A bug in their "product" (the onboarding/marketing/UI) that needs to be fixed. They then deploy their product team to come up with ways to fix this bug.

The product team analyzes exactly what the salespeople did that made the difference.

Then they run a series of experiments and measure how every change affects the performance of the self-service process, benchmarking it against the salespeople's performance.

Running experiments to optimize the self-service process

There's an infinite number of things they can do to "fix the bug":

- Adding disclaimers to alleviate concerns at certain steps
- Adding, prominently featuring, or removing the option to skip a step in a process
- Tweak something in the user interface, e.g. adding a process bar
- Change the wording of a drip email
- Change visual elements to convey value in a better way
- Explore better ways to educate and sell users on the product

- Remove friction from the activation flow
- Add a step to the onboarding process
- Adding, removing, or changing push notifications
- Redesigning the documentation
- Improving their call to actions
- Adding social proof elements
- Removing form fields

This isn’t even beginning to scratch the surface of what’s possible. By employing a sales team and keeping track of their interactions with customers, they constantly get new data points on things they can do to improve their self-service process.

Having an internal sales team can help you build a better self-service sales funnel. Simply measuring the performance of your self-service signups versus those that signed up through a high-touch sales process will provide you with valuable insights on how to optimize various parts of your self-service model.

Hiring and paying SaaS sales reps

The ultimate sales hiring guide for startup founders

During my sales office hours, I often talk with B2B startup founders who are beginning to see success. They've developed their product to a point where the few customers they have keep using it regularly. Their retention rates are okay and they have early signs of revenue growth.

It’s time to ask the question: should I hire salespeople?

Here are the four stages of sales hiring for B2B startups.

Stage #1: Founder-driven sales (founders only)

The first person to sell your product should be you—the founder—and your co-founders. Even if you hate sales and suck at it. Even if you don’t have any sales experience and know-how. Do customer development yourself, and be as close to your prospects as you can.

Begin with the low-hanging fruit and tap into your network of:

- Friends and acquaintances
- Co-workers
- Past employers
- Alumni

At this point, the objective is not closing deals. Instead, focus on early stage sales exploration:

- Gain insights into your market
- Understand and listen to your customers better
    - What objections do they have?
    - How do they describe their problems?
    - What are their pain points?
    - How do they respond to your solution?
- Figure out which metrics matter for your sales outreach and your business
- Test different strategies, methods, and tactics to make sales and drive business
- Get started with cold emails
- Learn sales hacking 101
- Write a sales phone script

This phase is all about getting your hands dirty in the startup hustle and figuring out what works in the real world. It's all about lean sales and validating your idea with the power of hustle. The experience you gain will help you later evaluate salespeople.

Stage #2: Founder-led sales team (2–3 sales reps)

Once you have some success (made some sales, generated some revenue), the question you will ask yourself is: “How do I grow this? How can I take this to the next level?”

This is challenging, because you also need to focus on developing your product further. Balancing these two responsibilities isn’t easy.

Now is the time to hire your first sales reps. It's about bringing others on board and having them replicate the results you achieved in Stage #1.

Don’t hire expensive sales veterans here. You want them young and hungry. And hire two or three salespeople at the same time—add firepower to your sales efforts.

Why hire two sales reps at a time? Four simple reasons:

1. Friendly competition
2. Less dependence on individual performance
3. More data for future sales recruiting
4. More firepower

Once you have a sales team, you’re responsible and accountable for them. Sales thrives in this kind of competitive environment and team atmosphere. And staying afloat in an ocean of rejection will be a lot easier with a supportive team too.

When you tell your sales reps to try a new sales approach, it might work for one but not for the other. In that case, you know that the sales approach is working, and the problem is with someone's ability to execute.

If you have only one sales rep, you don’t really have anything to measure against. Two or three sales reps are still far from perfect for validating data, but it is a lot better than just one.

At this stage, you still need to be deeply involved. You’re managing and leading this team. You’re still pitching, doing outbound and inbound, working with your sales reps, listening to feedback.

You can’t outsource this. There are still too many critical decisions to be made. You need all these one-on-one experiences with customers, different sales channels, and lead generation methods. It’s not enough to monitor numbers. You need to be living them.

Goals you should accomplish before transitioning into the next stage:

- Test cold-email templates
- Use an effective sales lead management system
- Be experienced at negotiating deals and know how to handle discount inquiries
- Use drip marketing emails to convert leads better
- Have the ability to see early levels of predictability in your sales funnel

What about commissions/compensation?

Don't worry about setting up commission structures yet. It's too early. Hire these first 2–3 salespeople and work with them to get the sales process to predictability. Once you're there, then you can develop a commission structure with your sales team.

Read Aaron Ross's excellent book *Predictable Revenue* for some examples of how to develop your compensation structure with your sales team.

How to interview applicants?

There are many ways to go about hiring. Supreme hustler Jason Katzer shared this on our old ElasticSales blog:

> Elastic hires the best hustlers to join our sales team to generate growth for the hottest startups across the U.S. and abroad. Hustlers develop and scale sales campaigns for our clients, bring in new business for our company, as well as market and sell Close.io, our sales communication platform.
>
> We believe in transparency, so below is what hiring managers never tell candidates, an inside view on what I look for as I'm hiring our next Hustler.
>
> **1. Anybody can apply to a job on Craigslist. Express interest and make them follow up with you.**
>
> When I am screening resumes, I send interesting candidates a simple email with my Skype, telling them that I want to chat. Those who are smart enough to call me (since my work number is online and in my email) will get an immediate phone screen. Otherwise, after enough follow up I will get back to them.
>
> **2. Screen resumes for interesting topics.**
>
> Resumes don't really tell you much. I feel too many companies discriminate based on resumes. So I do the opposite. I take a quick scan for something I want to talk to the person about. Did they work at a company I hate? That's a plus! Boring hobby? Let's chat about it. A terrible resume, the kind that makes me cringe will fail, but it makes screening much more fun.
>
> **3. There is a reason I don't take job interviews, so I don't give them either.**

I don't care if someone is good at interviewing. On my first phone screen I want to know:

- Can you sell yourself?
- Can you sell me our company?
- What can you teach me that I don't already know?
- Do I want to hire the people you know?
- If I interrupt your thinking, how do you react?

4. "If you were to start a company, instead of getting a job right now, what would you do?"

I love this question. It started as an accident, but that ambiguous ending is there for a reason. Tell me what the startup does, or what you are going to do in that startup. Or both! Just tell me something with some real passion. If you have passion I'll deconstruct your idea to get a sense of how you think. If I don't like your idea or thought process, even better, because the candidate can then explain why they want to pursue that idea!

5. If they seem like a no, tell them so they have a chance to prove you wrong.

If someone doesn't have the skills or passion to move on to the next step, I tell them. This saves me from sending them some sad rejection email later and gives them the opportunity to prove me wrong. The most important skill for a hustler is to manage objections. Sometimes I even tell good candidates, “No, and here’s why,” giving them a chance to pitch after hearing an objection.

6. In a flat org, you have to work with the people you hire.

Many hiring strategies focus on hiring the best. Here’s the selfish reason why. Any problem this person can't handle is going to become a problem that I may have to handle, so I have to end our encounter genuinely wanting to work with a candidate.

7. The boring test.

Google had a great hiring test in its early days. Larry didn't want to hire anyone boring. He said that when Google got huge he never wanted to have a delayed flight and have someone come up to him at the airport and say, "Hey I work for you", followed by a boring conversation. It was his worst nightmare, so I stole it!

Stage #3: Junior sales leader (3–15 sales reps)

At this point, your sales exploration has matured: results are a lot more predictable. You've established an effective sales funnel. You're generating consistent growth. It's not about exploration anymore—it's about time you start focusing on sales execution.

Let's bring in some experienced sales leadership: a sales manager or sales director.

What should this sales manager accomplish for your company?

- Fine-tune the rough sales approaches you've developed
- Expand on the things you've learned
- Grow and manage your sales team
- Set up quotas, train, and coach your reps

You want to look for someone who has experience overseeing the growth of a tiny sales team of three people to 10, 20, or 30 people, because that's the next transition you're going to make. And it's one you don't want to be in charge of as a founder yourself.

These people should have started out as junior sales reps in a previous company, and then grown into a managerial or leadership role there, and have already managed a team that's a bit larger than yours, at a company that already is where you want to be in one or two years.

Good sales managers will improve existing structures and optimize processes. They usually do not excel at building something from scratch and figuring things out. But they will propel your business forward if they can build on something that's already there.

Stage #4: Senior sales leader (25+ sales reps)

Once you're beyond that barrier of around 15 salespeople and you want to go really big, the next breakthrough will happen at 25+ sales reps.

You'll need a senior sales leader, a VP of Sales who can manage a few sales managers and directors.

Someone with a proven track-record of scaling things big, who is a VP of Sales at a company that already is where you want to be three years from now.

A VP of Sales will work on sales strategy, scaling and expanding your sales channels and partnerships, and moving your customer base upstream, as well as improving your unit economics. The VP will:

- Build an organizational structure for the sales team
- Develop hiring and training plans
- Reorganize your commission structure
- Groom sales talent to sales management positions
- Open new offices
- Add new channels like field sales to your inside sales team
- Close larger deals

To bring such a person on board, you'll need to throw a lot of money and some equity at them—that's why this is such a crucial hire, and one that you shouldn't make light-heartedly. They will guide your sales team on a journey that can either make or break your startup.

It’s hard—but it’s worth it

Startup sales is tough. Nothing about it is easy. If you focus on the right things and hire the right people at the right time, you're going to be able to see your startup go from sales exploration to sales execution and ultimately sales scale.

Why you need to hire hustlers, not sales veterans

Who are the only salespeople actively looking for sales jobs?

The bad ones.

Good salespeople are too good at selling to be out of work.

If you want to hire sales veterans at your SaaS startup, you're going to need great compensation plans, big bonuses, expensive perks, predictable and scalable sales models, and an operational infrastructure.

As an early-stage startup, you most likely can't offer many of these things.

Don't look for salespeople—look for salespeople material

Look for people who have the emotional and mental blueprint of a great startup hustler. Unfortunately, these people don't typically want to be in sales. They usually have other goals and aspirations in life.

Help them view the sales job at your startup as a step that brings them closer to achieving their long-term goals. Many startup hustlers have aspirations of being founders themselves one day. Find entrepreneurial youngsters and give them a chance to grow in your organization.

So how do you spot someone who could be a great startup salesperson?

Characteristics of great startup hustlers

These are the key questions you need to ask yourself:

- Do they have hustler DNA? Are they willing to do what it takes?
- Do they have an entrepreneurial spirit?
- Are they self-driven and ambitious?
- Are they competitive and enjoy a good challenge?
- Do they enjoy communicating and interacting with others?
- Do they have a high tolerance for pain? Can they handle rejection well?

Are they coachable? Are they willing to listen and learn, willing to try new methods? Are they receptive to advice and can they handle critical feedback?

Where do you find startup sales hustlers?

The first place to look is always your own network: friends, acquaintances, founders whose startups just failed (or are on a path of failure), family members. Always ask if they know somebody who might be a good fit. The most obvious choices are often overlooked.

Hire for attitude, not experience

In the world of startup sales, you need resourceful and talented people with good business sense, not trained sales monkeys. Always hire for attitude, not experience.

How to design a winning sales commission structure

If you're faced with the challenge of developing a commission structure for your first sales hire as a startup, there are two very different ways you can go about it.

The collaborative way

You're looking for someone with whom you can collaboratively create a sales commission structure:

> *I don't know the right way to do this, but I want to find out together with you. I will pay you a base salary for the first couple of months while we develop the commission plan.*
>
> *If you want maximum money, go to a more established company that has*

everything in place already. If you want maximum learning and growth, join us as you'll work directly with me (one of the founders or senior hires at the startup).

We'll have to create this sales commission plan not just for you, but for every future sales rep as well. So this won't be an easy job.

Find someone truly excited about tackling this challenge, and then get to work together. Or go in the opposite direction.

The fake it till you make it way

Pretend to know what you're doing. Present your first sales hires with a commission structure that's based on the results you want: wishful thinking.

What if they don't deliver these numbers?

You let them go, lower your expectations, adjust your commission structure, and then hire new people.

Why can't you keep the same reps? Why do you have to fire them? Because they will be (rightfully) upset if you gave them a flawed commission structure.

They won't trust you and won't feel excited about working for you anymore. So bring in new people and start from scratch with them—this time with a more achievable commission structure.

Don't wait

Which way should you choose? That depends on your personality and the kind of company you want to run. Both are viable, both work, and more importantly both will get you going immediately.

One of the biggest mistakes I've seen founders make is to wait way too long to figure out "the perfect commission structure" before hiring salespeople.

There is no such thing as getting the commission structure right the first time around. This, just like everything else in a startup, will be about trial and error. Success will be achieved by moving and learning fast and course-correcting rather than thinking your way to perfect solutions and getting it right with the first execution.

We know founders that have been waiting for over two years before hiring much needed salespeople because they had analysis paralysis about the "right compensation structure". Don't be one of those startups!

Crunching the numbers

Once you've decided which way to go, you'll need to think about the actual numbers. How do you best incentivize sales reps? How do you align their interests with your business' interests? There's a delicate balance to it: you want them to be aggressive enough to pursue deals with determination, but you don't want them to close bad deals.

Coming up with the right commission plan is a difficult and complex task.

Real-life case study

A friend of mine got hired as the head of sales and business development at a cool startup.

He was about to hire their first salesperson, so he needed to come up with a commission structure.

Their product costs several hundred dollars a month. His idea was to pay out $100 every month for the sales rep who brought in the deal for the first 12 months.

He asked, "What do you think? Is that a good idea?"

I told him to not spread things out so much. Instead, pay upfront, but pay a little less.

Rather than paying out $1,200 over the course of 12 months, he could pay $600 after three months.

What's the advantage in structuring things like this?

It will keep the sales rep motivated. If a sales rep knows he'll still get commissions for the deals closed six months ago, he might become complacent. You want your sales reps hungry.

Is this the perfect commission structure for his business? I doubt so. But it's a decent way to get started.

Compensation/sales fit

But what about churn? Expansion revenue? I know there are a lot of details that need to be fine-tuned to design a compensation plan that will fuel and scale your sales efforts. I don't want to suggest that it's easy at all.

Just like it's impossible to hit product/market fit without having your product hit the market, you won't get compensation/salesperson (and sales model) fit without having salespeople perform under your compensation plan. Then, and only then, can you find the strengths and weaknesses of your commission structure.

Finding the right B2B SaaS customers

Create your ideal customer profile

Pretty much every week, I speak with founders and sales directors who struggle to reach their sales goals because they haven't nailed their ideal customer profile yet. Many of these are very small teams, but in some cases even startups with millions of dollars in funding aren't clear of who their ideal customer is.

So let's start with the basics ...

What is an ideal customer profile?

It's basically a description of a fictitious organization (company, government agency, non-profit organization) which gets significant value from using your product, and also provides significant value to your company.

Let's further examine the three parts of this ideal customer profile definition.

How does this organization provide value to your company?

- First and foremost, they pay you for the value you provide them—but there are many other secondary ways a customer could benefit your company
- They help refer you to other companies
- They become advocates for your company

- They give you access to resources to grow your business
- They provide you with valuable insights into new opportunities
- They're pleasant to deal with and don't require excessive amounts of support
- They let you use their logo and provide a testimonial that you can use in your marketing materials
- They’re a constant and never-ending stream of positive feedback and encouragement for your team

Having listed all these, it's worth restating that the most important indicator of value they provide to your company is the amount of money they pay you!

How does this organization get value from using your product?

- You help them make more money
- You reduce their expenses
- You alleviate pain points
- You increase productivity
- You raise morale
- You help them better service their customers
- You help them to become more successful
- And a thousand other ways…

But ultimately in B2B, it's about how you affect the bottom line, and if your solution doesn't have a direct correlation with profits or expenses, you should be able to demonstrate how it indirectly will affect the organization's finances.

Even though it’s a fictitious organization, the fiction is based on some solid facts and real data

You don’t just fabricate an ideal customer profile out of thin air. Instead, you systematically identify shared traits and characteristics of real customers who are succeeding with your solution. We’ll talk in more detail about how to do this, but first, let’s look at some of your real customers.

Make a list of your best customers

Create a list of your 10 best current customers.

You should be able to call these customers and ask them: “How much are you paying us for our solution? And how much value are you getting out of it?”

The second number they tell you should be a multiple of the first number. So if they pay you $100 a month, they should be getting at least $200 of value in return from using your solution.

It’s not enough that they pay for your solution. They need to actually get significant value from it and be aware of the value derived from your solution.

Sell to your customers in three stages

Don't assume that this magically happens by itself. You should take charge of making this happen by selling them in three stages:

- **Before they buy**, you need to sell them on the promise of your solution. You need to convince them that your solution has the potential to make them successful, and is worth investing in.

- **After they buy**, you need to sell them on actually implementing your solution. It’s not enough that they just paid you for it—they actually have to invest time and resources into utilizing it, so that the promised value is actually created.

- **After they've received the value**, you need to sell them on realizing that it’s your solution that has created the value. You need to ensure that the people in the organization are aware of the value your solution has created. This is not something that happens by itself, it’s something that needs to be engineered and directed (especially in large organizations, where there will always be individuals and departments eager to claim credit for achievements.)

Don't have 10 ideal customers yet?

If you can’t come up with 10 customers, drop everything else and focus on getting these 10 ideal customers. Either support some of your existing customers over to the top until they reach that level of success with your solution, or bring in new companies and onboard them to ensure their success with your solution.

Find common attributes

Now look at this list of your ideal ideal customers, and ask yourself: what do they have in common?

This is where you have to brainstorm and do your research. Dig deep and come up with lots of attributes for each of these 10 companies so that you later find commonalities.

Your ideal customer profile template

The best way to go about this is to identify which questions are worth asking your ideal customers. Here are some ideas to get you started in different directions:

- What's the size of the organization? (Measured in revenue, number of customers, number of employees, etc.)
- What's the size of the relevant department?
- Do certain certain job titles exist in the organization?
- Which industry or niche are they serving?
- From which academic institutions did they recruit their employees?
- Which companies have current employees previously worked at?
- Do they largely promote people from within the organization, or do they mostly bring in experienced leadership from outside? (e.g. in the first case, they might value training their personnel higher, versus in the latter they have more demand for recruiting services)
- How long have they already been in business?
- What's the number one reason that would prevent them from buying your solution?
- What's the number one reason that would make them decide to buy your solution? What makes your offer appealing to them?
- What goal do they want to achieve with your solution?
- How are they currently trying to achieve this goal?
- Why did they decide to try this approach? What was the decision-making process that led to this choice?
- What's the main pain point with their current approach?

- What are the three most important features for them?
- What's their buying process like?
- Did they ever make a purchasing decision to fulfill the need? If yes, how often did they already do this?
- Which industry publications, blogs or websites are they following?
- What kind of tools or services are they using?
- Where are they located?
- Any recent personnel changes? Restructuring? Other recent events in the company?
- Seasonal or temporal factors? (e.g. spending remaining budgets before end of year? Selling remnant advertising before going to print? Having to meet goals before end of quarter? Low demand during summer?)
- How have they been affected by changes in the economy or other developments outside their sphere of influence?
- What kinds of social media platforms do they use?
- What kind of usage patterns do they show?
- What's their culture like, what values do they practice?
- How do they position themselves in the market?
- What words do they use to describe their product or service?
- In which directories do they get listed?
- Which associations or trade groups are they members of?
- Are they more driven by a desire to be innovative or to reduce risk?
- Which trade shows or industry events do they attend?
- How technically sophisticated are they?
- Where do they source their materials?
- What distribution channels do they use?
- What's their awareness stage? Do they already know your product and just aren't motivated enough to buy? Do they know the end-result they want but not that your solution is capable of delivering it? Do they know that they have a problem, but have no idea how to solve it? Aren't they even aware of the problem, and need to be educated of the fact that they have a tremendous opportunity for improvement?

As you can already see, there are hundreds of questions you could be asking, and it's impossible to provide an exhaustive list. That doesn't mean you should be answering all of these.

Don't get stuck in generic templates which try to define your ideal customer in terms of broad demographic, psychographic, and behavioral attributes. These fill-in-the-blank customer profile templates are no basis for creating highly targeted lead lists.

Get together as a team for a couple of hours and brainstorm which questions are relevant to your ideal customers.

B2B lead generation basics for startups

How should you source your outbound sales campaign leads? I see a lot of people get this wrong—they choose the easiest, least intelligent way of generating leads, and it ends up hurting their business.

Highest quantity/lowest quality: Buying lists

If you buy from data providers like Data.com or Zoominfo.com, you should expect that a certain percentage of that data will be outdated. It's been a couple of years since I last use any of these companies, but back then about 30%–40% of the data I bought was outdated.

This will cost you twice: 1.) you spend money acquiring bad data, and 2.) you invest money, time, and resources reaching out to unqualified leads.

High quantity/low quality: Web scraping

An alternative to buying lists is to make your own list by scraping websites, which means you extract contact data from a website with a little program or script.

It's a bit of a gray area, and you should check if the website you want to scrape allows for that.

If you target a very specific niche and there are highly targeted websites, this can be a successful approach.

Low quantity/high quality: Outsourced lead gen team

Hire a company that manually finds leads for you, based on the criteria you establish with them.

Lowest quantity/highest quality: Create customer profiles

Look at your current 5 most successful customers. Successful in this context means: 1.) they get the most value out of using your product, and 2.) you profit greatly from them being a customer.Look for the strongest win-wins between you and your customers.

And then try to identify the core DNA of your most successful customers. Ask a lot of questions about these companies and look for common denominators:

- How big is the company?
- How many employees do they have?
- What other software tools do they use?
- What are the titles of all the employees?
- What kind of social media platforms do they use?
- Where are they located?
- What's their average deal size?
- How long have they already been in business?
- How did they hear about us? How did we acquire them?

You'll have to ask a ton of questions and then filter for the most relevant commonalities.

Based on that activity, you'll then create a very specific customer profile.

And then you find another 5 to 20 businesses that have the same core DNA (sometimes you can start with their closest competitors).

You don't need thousands of shitty names. You just need a handful of really great ones.

Reach out to those and strive to create high-quality sales conversations. Try to maximize response and conversion rates. Gain deep market insights that you can then leverage to make more sales and close better deals.

Find out what works best for you

You can probably tell that I personally prefer the highest quality, lowest quantity approach. But I encourage you to experiment for yourself. In some industries, for some businesses, the "spammy" high quantity/low quality approach actually works best.

How to sell your SaaS product to enterprise customers

Selling SaaS products to enterprise customers is arduous work.

You typically need 6-to-18 months to close an enterprise deal. First, you need to reach the right people within an organization. Then, once you've identified the right person, it's time to develop an internal champion. This doesn't happen overnight.

Selling a SaaS product also presents its own challenges:

- SaaS typically relies on self-signups, but most enterprises want to be sold by an account executive

- SaaS typically comes ready-made, but most enterprises want a customized solution

- SaaS typically lives in the cloud, but most enterprises want to look at on-premise versions

Enterprise customers are concerned about security. They want more control over users and data. They often have their own contracts and legal departments. It's important to consider all of this as you decide whether enterprise sales is right for you.

If you're up for the challenge...

Know what you can and cannot promise

Be upfront. Don't make promises you can't keep or commit to requests you can't fulfill. Don't say yes to everything they propose.

If an enterprise customer wants to do a pilot first, proactively manage the process. You want to make sure that your product actually gets adopted.

Know what to charge for enterprise deals

It's smart to charge a markup on your regular monthly price. They're going to request discounts anyway, so give yourself enough room to negotiate. Sometimes, you'll negotiate price with one department and, after you're passed to another department, they'll request another discount.

Remember to offer a big (and expensive) training and support package.

And don't accept anything less than a pre-paid 1- or 2-year contract. It's not worth selling monthly deals to enterprise customers. The work you have to put in—closing the deal, onboarding, setting them up for success—is worth at least an annual commitment from them.

If you put in the effort, and you make smart choices along the way, even one enterprise customer can drive massive growth for your business.

How to sell your SaaS product to governments

SeamlessDocs didn’t set out to revolutionize the way governments digitally process forms. The startup—whose software instantly converts PDF or Word docs into dynamic, smart, cloud-based forms—wasn't even thinking about the government.

They began like many other startups—with a vision, a couple of people, and a rough product. They had found some traction with small businesses, but not enough to achieve the kind of growth they aspired towards.

The turning point came two years ago, as Marc Ende, the company’s Director of Sales, was working late into the night. The phone started ringing: “Hey, can I get a demo? I work for the state of Tennessee. I’m in the HR Department, and was wondering if I can use your electronic signatures on my forms.”

This call changed the future of the company.

Suddenly, everything clicked. Instead of selling to small businesses with a few forms each, SeamlessDocs looked at the government, and saw an industry drowning in permits, registrations, applications, contracts, and surveys. They saw a sector ripe for disruption, and the perfect market for their product.

The whole team sat down and decided to radically shift gears in their sales strategy to dominate one industry: the government.

Why the government?

To most people in the startup world, the idea of selling to governments is baffling. They don't even know where to begin. If you work in a startup, the things you care about are probably the opposite to a life in public service: potential for growth vs. job security; freedom and autonomy vs. procedural process. The government seems impenetrable, with bureaucratic nightmares, tight budgets, and crazy contracts.

Endless questions pop up that steer most people well clear of pursuing the government. In many ways, selling to the government is uncharted territory for startups. It's the road not taken.

But because no one really understands how to sell to the government, it's a massive opportunity to blaze a trail, to go out there and actually do it.

The government is a huge space, ready to be disrupted. Today, 2.5% of government transactions are processed digitally. By 2020, this rate will jump to 33%. Once you get your foot in the door, it's a market that's waiting and ready to be cornered. Gartner analysts estimate that governments spent $424 billion on govtech in 2015.

Let's take a look at how SeamlessDocs transformed the trajectory of its business by focusing sales outreach on the government, and how you can do the same.

Four stages of closing the government

SeamlessDocs saw a huge opportunity for its business to grow and thrive by selling to governments. But one of the major obstacles getting off the ground in the B2G space was that there weren't a whole lot of precedents for what they were doing. They had a lot of questions, but not many answers.

The company took a big risk by focusing on government sales. They set out to sell the dream, and they got there through trial and error. What they learned redefined their business, and they were able to create a scalable, repeatable process for B2G sales that continues to drive growth for the company today.

1. Get your buyer personas straight

In any area of sales, it's important to get your buyer personas right and know who you're selling to, before doing anything else. This is especially true for the government, where you deal with many different buyers, all of whom affect the outcome of the sale.

When selling to the government, list-building is a lot easier than in traditional sales—all the information you need is available to the public. Unlike private companies, the government is transparent.

SeamlessDocs started simply. They went online.

They found the names, emails, and addresses they needed to start building their personas, and split them into three main categories:

- **User buyer**: the person who's going to actually use and implement the product, typically in the IT department.

- **Economic buyer**: the City Manager-type figure. This buyer controls the budget and signs off on purchase orders.

- **Executive buyer**: can be the same person as the economic buyer. City Manager, City Clerk, City Administrator, CIO, CTO—people who occupy managerial roles in government. This buyer looks at strategic issues and long-term effects of a product or service.

What SeamlessDocs learned about buyer personas in B2G sales is that they're much more fixed and isolated than in other areas of sales. Government departments tend to be siloed, in contrast with startups, where members wear different hats, play many roles, and have a good sense of what's going on between departments.

With governments, the IT department doesn't really know what's going on in the Mayor's Office, and the Mayor's Office definitely doesn't know what's going on in the

Department of Records. You have to get a sense for how these different entities communicate with each other—and it'll be different for each state or municipality. Understanding how these personas talk to each other allows you to delve deeper into the buying process, and develop a targeted sales strategy for each government.

2. Live on the phone (cold calls are your friend)

SeamlessDocs found cold calls to be the most reliable method of drumming up new business. Emails simply weren't as effective—90% of the demos that SeamlessDocs sets up are via phone.

Think about your average government employee, with an inbox stuffed with emails from concerned citizens. They're not going to give your cold email the time of day. Government employees live on the phone—live there with them. Getting someone on the phone is one of the most powerful ways to close deals, and it's especially true when it comes to B2G sales.

You want to start by calling up the relevant IT user buyers—for SeamlessDocs, that's the website manager. They're going to be the ones who understand the value of your product, and how it actually works. Get them to be your champions.

Kick the conversation off from an exploratory process. Find the specific pain points that your product or solution will resolve, and dig into the problem.

Here's how SeamlessDocs' Marc Ende would start the conversation: "Hey, I'm on your website right now and I see 80 different PDF forms that citizens are burdened with printing, faxing, scanning, and emailing. 10 days later, once they submit that form to you, Chuck, what do you do with it?"

He knew that governments had huge amounts of paperwork to deal with, but had to find out exactly which pressure points these problems fell under.

He'd then ask more questions:

- "So you're using a filing cabinet to manage thousands of submissions?"
- "Can I e-sign them?"
- "Can I submit them online?"

Governments aren't inundated with cold callers, and people who are trying to sell to them. They're open to giving you information—use this to your advantage. Use your cold calls to find out as much as possible about the specific problems you're trying to resolve and the people involved.

"You can find all [the information you need] directly on their website. If I called up and said, 'Hey, I want to know how much the IT Director salary is?', they'll have to give it to me. They're very open to giving information and they're also not overwhelmed by cold callers. There aren't many people who are trying to sell [to] them. So for the most part, they might not even know it's a cold call. They think you're just simply asking them a question. They have no idea. You're a concerned citizen because that's what they do get." — Marc Ende

3. Demo the problem, not the product

You have to do your homework in B2G sales. But no matter how much research you do, nothing beats the power of the product demo, in terms of actually getting inside the heads of your prospects and figuring out their actual needs and concerns. In your product demo, you're trying to get all the different buyers—user, economic, and executive—on board to help you push through the procurement process later.

Keep in mind that 70% of local government employees are over the age of 50. You can't just dive into the technical aspect of your product, because a lot of your audience won't know what you're talking about. Don't expect a City Clerk or City Manager to automatically understand what a "cloud-based form" is—or a "cloud-based" anything is.

In your demos, don't start with your product. Start with the bigger picture.

Figure out what the current process for managing things is.

Marc Ende would kick off the demo by asking:

- "How are you currently managing the form process?"
- "What are some of the inefficiencies that you see?"
- "Do you have any existing initiatives to redress this issue?"

Get everyone in the room to feel the pain behind the current process, and to see that there is a problem. Once that becomes clear, then you can flick on the product and zero in on how the problem can be solved. Frame your product as a specific solution to a specific problem, rather than just showing off your product.

Over time, SeamlessDocs learned that governments don't tend to like new things—but they love efficiency.

Efficiency is the buzzword that lights up faces during staff meetings. When you sell to governments, sell efficiency. Figure out how you can make things run more smoothly while saving time and money, and you'll be on the path to success.

4. Midwife the procurement process

Once you've aced the demo, your product still has to go through procurement before the deal is actually closed. There's a gap between the stage of getting people excited about your product and the point when it's actually purchased. To bridge this gap, you need to stay on top of the procurement process.

One of the most powerful lessons SeamlessDocs learned in B2G sales was to never make assumptions, particularly when it comes to the procurement. Just because Princeton is next to Jersey City, for example, doesn't mean their procurement processes look anything alike—and if you make that assumption, you flush time and money down the drain.

Procurement is complicated

Procurement is basically the way that governments buy things. There are two different kinds of procurement situations:

- **Single source**: there are multiple vendors supplying the product, and they each place a competitive bid on the contract.

- **Sole source**: there's essentially no direct competition—there's only one vendor capable of supplying the product.

Because its product was unique and new, SeamlessDocs fell into the sole source category. They didn't have to run through the bidding process with other companies, because those companies didn't exist.

Even if you're fortunate enough to be a sole source provider, though, you still need to do the legwork to let procurement run as smoothly as possible.

For example, if a government has a $5,000 dollar threshold for buying the kind of software your company sells, you have to know that. Then you can price strategically at $4,950 and make it easy for an economic or executive buyer to sign off on the purchase, without having to run it up the chain, or put it to a vote—dragging the process out indefinitely.

There are all sorts of different checks and balances that regulate the procurement, and they differ from government to government. You need to find out the specific procurement process for the government or agency you're dealing with, and follow it to the letter each time. The more you know, the more control you have over the entire sales process.

In Marc Ende's experience, government sales cycles, from beginning to end, are an average of 90 days—regardless of deal size.

Increase internal buy-in

The best way SeamlessDocs found to work around the ambiguity of the procurement process was by increasing internal buy-in from the various decision makers and buyers involved in the deal. If you get these buyers invested in the product and vision, and willing to make the deal happen, it becomes that much easier to navigate the red tape.

Before a council meeting, for example, or a vote on adopting SeamlessDocs, the company would reach out to the various buyers involved with educational content geared towards showing them the value of their product.

They'd point buyers to other governments and cities that they had helped make successful: "Don't listen to us. Listen to your neighbor all the way in Reno. Our product has a 99% approval rating from their constituents. They're using it like this. This is how you could potentially use it."

Governments are, by nature, skeptical of new solutions and entities. They hate to be first to anything. Use social proof in your sales process to help alleviate their concerns. Show them how their neighbor increased efficiency and cut spending through your solution, and how they can do the same.

Patience wins government sales

We love to criticize the government—for inefficiency, long lines, and bureaucratic despotism. But SeamlessDocs is just one of the companies actually out there on the ground, trying to help the government run more efficiently rather than just complaining.

And in doing so, they've increased the size of their team 8x, to 32 people—half of whom work in sales. Their list of happy customers is over 200 governments long, with hundreds more in the works.

What does it take to sell to the government? According to Marc Ende, it's **patience** above anything else.

Selling to the government is about much more than just making a transactional deal. It extends beyond the handshake. It's about pushing innovation on a truly vast scale. It takes salespeople who are committed problem-solvers, who are patient and dedicated to the task at hand.

In general, government employees move more slowly and are not incentivized so it's vital you do not pressure them into the sale with discounts or other tactics. The pace of the sale is contingent on established norms and the employees reflect those norms. Value sells, discounts don't.

This is a lesson that all salespeople can learn from. Look beyond just closing the deal, and the immediate parameters of the transaction, towards how you can provide real, long-lasting solutions for your customers. Ultimately it's knowing when to push forward, and when to be patient and bide your time, that will carry you across the finish line.

Selling like a SaaS sales pro

How to handle the 2 most common objections in SaaS sales

Imagine going to Starbucks. You order a latte, and as you reach for your wallet, the barista says, “That’s $3.00, and just $2.00 more to add a bagel. Would you like the bagel?” You say, “Yes,” take your food, and leave.

It’s a completely automatic, transactional sale. The barista didn’t have to sell you on the benefits of the latte or the bagel. He didn’t have to overcome any objections. All he did was present the information, give you the product, and take your money. Anyone can do that.

SaaS sales is different. There’s big money on the table, multiple stakeholders to accommodate, and value propositions which are more complex than choosing what to eat for breakfast. There’s friction in SaaS sales. It’s what makes the job tough—but it’s also why salespeople exist. It’s why they’re better compensated and harder to replace than a barista.

And yet, so many SaaS salespeople expect their job to be just as easy. That's why they get tripped up when customers hit them with these objections:

- "Your product is too expensive."
- "Your product doesn't have the right features."

Pricing and features are obviously important, but unlike baristas, SaaS salespeople can't just recite that information and see who bites—their job is to show buyers what value their product can bring to a company. Let's get into how you can move past these objections and keep the focus on value.

Objection #1: The price is too high

When mediocre salespeople hear "your product is too expensive", they take it at face value and give up on the deal. Good salespeople are able to take it in stride.

What the pricing objection really means is that you haven't properly communicated your product's value. You need to work together with the prospect to understand who will be using your product and what benefits they'll get: increased productivity, better margins, more customers—whatever that value is, make it clear to the prospect that it outweighs the price.

Plus, a lower price doesn't actually make a product more attractive—in fact, it does the opposite. Yes, everyone would like to pay less. But, as sales expert Lawrence Steinmetz points out in his book, *How to Sell at Margins Higher Than Your Competitors*, most customers understand that buying from a cheap competitor will lead to "intolerable" problems.

Look at it this way: what if you were looking at the menu for a nice-looking steakhouse and saw they charged the same as McDonald's? Sure, you might be happy to save some cash, but you'd also worry the food might make you sick. Your product is a ribeye, not a Happy Meal.

Back to value

Here are a few ways to navigate the pricing objection.

- **Don’t even discuss price until both you and the customer understand the value your product can deliver**. Remember: this isn’t a Starbucks transaction—price isn’t relevant at the beginning of the conversation. If they ask too early, say something like, “Well, what’s your budget for this project? That’ll impact how we can structure the deal.”

- **Refuse to lower the price**. When you doggedly stand by your price, it tells the customer that you believe in your product’s value. If they demand a lower price, say, “This is the best deal we can offer you,” and steer the conversation back toward all the issues your product can solve at the available price. In the words of Evan Carmichael, the founder of EvanCarmichael.com: "You don’t want to compete on price. Price is the worst way to stand out. It’s not a long term sustainable advantage."

- **Reframe the issue**. Shift the conversation from what they’ll pay upfront to what they’ll save in the long run. A recent Gartner survey reveals that the majority of companies who buy SaaS do so because they believe it will ultimately save money—in other words, they know that the value over time outweighs the price. Remind them of that by asking something like, “But what will it cost to keep doing what you’re doing?”

You might think you’re building a strong relationship by giving the customer the discount they want, but really, you devalue your product by telling them, “You’re right, it really isn’t worth what I originally said it was.” That customer will ditch you the second a cheaper option comes along. But, if you focus your sales conversations on what your product provides, customers will start to see the price as an investment in their future, rather than just another expense.

At Close.io, we encounter the pricing objection all the time. Prospects say they just want a simple CRM for calls, they love the product, but it's just too expensive.

We then learn more about their sales process through a simple series of questions:

- How many sales reps do you have?
- How many calls does each rep make a day?
- How long does it take them to log a call in their CRM?
- How much time do their reps spend on average with data entry in their CRM?
- How much are they paying their reps per hour on average?

- What's their average reach rate, qualification rate and close rate?

Many times, when prospects do the math, they're able to see that even though our inside sales software costs more than other CRM tools, they're still getting the better deal because Close.io can improve their sales productivity more than other vendors. It's simple math, once they do the numbers, the value becomes apparent.

Think of ways to do this for your own product. If your product costs $30 more per user than an alternative vendor, but it'll help the prospect to make an additional $600, it would be penny wise and pound foolish to get hung up on price.

Objection #2: I need a new feature

“If I had asked people what they wanted, they would have said faster horses.”—Henry Ford

Common scenario: a SaaS salesperson thinks they’ve found the ideal prospect. Product solves a problem? Check. Right industry? Check. Interested? Check.

But then, the customer hits them with the dreaded, “I like your product, but I wish it had this feature.”

A mediocre salesperson will panic and ask himself, “What do I have to say to make this sale?” A good salesperson will instead ask, “What does this really mean? What pain does the customer wish my product could relieve?”

Put yourself in the customer’s shoes. They’re trying to envision exactly how your product will make them more successful on a day-to-day basis. When they ask about a missing feature, it means that in their mind, there’s a gap between what your product can do and what they need it to do—some burning issue they don’t think it can solve.

Ask the right questions

"By asking great questions, salespeople create great value in the eyes of their prospects."—Marc Wayshak, best-selling author and sales strategist

The feature request only gives you a superficial idea of what the customer wants your product to do. You need to dig beneath the surface by asking questions that uncover the real, pressing need behind this feature. That's the best way to refocus the conversation on your product's value.

No customer hears about a great product and thinks, "Oh man, let me think of some random features I could tack onto this thing!" They think "Wow, sounds useful, but I don't see how it could solve X for me. What if it did Y?" Asking questions is the only way to learn what they're looking for.

You're an expert on your product and your industry. Act like one. Ask how that feature would enhance the customer's experience. Learn from your engineers, and consider questions like:

- Can you tell me exactly what problem that feature would solve for you?
- Who on your team would that help most?
- In the big picture, how would solving that problem help your company?
- Can any of our current workarounds do that for you?
- Is this a make or break issue? Why?

Asking these questions enables you to collaborate with the customer to uncover the issues your product can solve for them.

Not only that, but these questions establish trust. A sleazy salesperson would say anything to close a deal: "Oh, you know, that feature is actually coming out in a week, so why don't you buy now?"

You, on the other hand, made an effort to learn about the customer's business and showed genuine interest in their success.

If you were sick, would you trust a doctor who pitched a medication before he asked about your symptoms? Nope. Customers won't trust you if you do the same thing.

As with the pricing objection, adding on whatever feature they ask for sends the wrong message about your product. You think you're being helpful, but really the customer is thinking, "Wow, do they change the product every time someone asks them to? Will this thing even look the same in two months?"

The way to really help the customer is by exploring creative new ways to solve their biggest issues. Listen closely to what they tell you, but then see how their feedback fits into the bigger picture to avoid feature creep.

It's unavoidable that people will request features you don't offer. At Close.io, we hear feature requests all the time. People want emoji support in our WYSIWYG email editor. They want icons for different kinds of tasks. They want automatic announcements for incoming and outgoing calls that calls are being recorded. And they've got good reasons for wanting these features.

But indiscriminately fulfilling their requests would lead to the monstrous kind of bloated sales software we always wanted to avoid. Product strategy means saying no.

Adding more features is easy. A lot of software vendors follow the "more features = better" philosophy and proudly display feature comparison charts on their homepage. But to create a product that really helps your users succeed, you need to think more deeply and uncover what the few things that truly matter are, and focus intensely on getting them right.

SaaS isn't transactional

SaaS sales would be a lot easier if pricing and product features were all that mattered. But guess what? Then no one would need SaaS salespeople. If you get held up on these objections, you make yourself replaceable.

SaaS salespeople don't get business by just listing off some features and naming a price—they do it by working together with customers to figure out how their product can help them succeed. When you become a source of value for customers, new business will come flowing in.

How to charge money for things that don’t exist yet

I was talking to a good friend of mine who founded a very successful SaaS startup a few years ago and is currently considering a major new direction for their product.

He was asking me about my opinion on this new direction and the sales implications of going after a particular market with a very particular approach. As I was asking more and more questions to dig deeper into the matter, he said one thing that raised an immediate red flag for me:

> “We’re getting a lot of interest for this but many potential customers want a key feature that we don’t have yet, so we can’t sell to them today. I think we’re going to build out the product over the next few months, since we know exactly what the market wants, and then start selling.”

Wrong answer.

The best way to discover if your product has a real market is to **sell first** and **build second**.

I told him what I always tell founders, "You need to charge for the product today."

No matter if it's ready or not. Getting interest from businesses and getting actual customers is not the same thing. Not even close.

You want to test interested parties to discover if they are true buyers with real buying intent.

But how do you do that when you know they need key features you don't have? How can you charge for something that doesn't exist yet?

It's simple.

Give incentives

They might not be able to benefit from the features they need right away, but they can pay upfront in order to receive one of two key benefits:

1. A massive discount for pre-ordering your product
2. A shortened timeline for the feature release if they commit today

The minimum viable pitch

Here's what you say:

> "It's clear that once we have this feature, we're going to be the perfect solution for you. We're planning to get that feature done and released in six months. The pricing will be around $X, which would deliver [insert value] to your business.
>
> We want to give you the chance to get on the early customer list for this and gain some massive benefits. If you commit to making a deposit today in order to purchase this product once we have this feature, we will give you a lifetime discount of 50% and we will move the development in our roadmap to be finished in three months instead of six."
>
> The deposit is fully refundable, so in case something unexpected happens to

your business in the future, you have no risk. Sound fair enough?”

Most prospects won't bite and that's okay

If they aren’t interested in this deal, chances are they aren’t a real early customer anyway.

Their pain is not big enough and their intent to purchase not strong enough to get them excited about these benefits.

But if you can’t close one out of ten prospective customers on this type of early-bird deal, you’re in trouble and might not really be onto something in the first place. You might want to spend a bit more time validating that there is a real demand for this product (or feature) before spending months and millions in feature development.

Fast track to product/market fit

The hardest (and most important) thing in the early phase of every startup is getting to product/market fit. Don't build and then sell. Do it in reverse. Once you have people that give you real money in order to get the chance to buy your product earlier (and for a discount), you know you're really onto something worth building.

It’s a simple strategy that will help you to get to product/market faster and with a lot less pain.

How to respond when you lack a feature the prospect requests

What do you do when you're in a sales conversation and the prospect asks for a feature you don't have?

Most salespeople answer in one of three ways:

- We don't have that right now, but I can tell you it's in the pipeline, and we're going to have it soon.
- We don't have that feature, because we found _________ (some excuse or explanation, e.g. customers who think they need this feature often don't really use it).
- We don't have that feature right now, but if it's important to you I'll pass it on to our development team and I'm sure they can make it happen.

It's the kind of overpromise/underdeliver answer you'd expect from a sales rep eager to earn a commission. Lots of hot air.

What's fascinating to me is how engineers often handle the same scenario in a completely different way.

Engineers are a lot more elegant and skilfull about it:

- We don't have that feature right now. Can you tell me why you need that, and how exactly you want to use it?

That's a brilliant response! They're now finding out the real need behind the feature. What does the prospect actually mean when they asks for that feature? What specifically do they need this for? What's the use-case?

Many times, the prospect will then respond by telling them about some kind of workflow. In order to understand the workflow and needs of the prospect better, an engineer will typically ask more specific follow-up questions.

At the end of this process, the engineer will basically say one of these things:

- Ok, I get why this is important to you. I understand why you want this. Unfortunately, it's not something that our solution can do right now. We might implement this at some point in the future, but it's not in the immediate pipeline. Is this a dealbreaker for you?

- Ok, I get why this is important to you. I understand why you want this. We don't have this feature, but I can offer you a workaround that accomplishes exactly what you want with the feature-set we have today. Here's what you do. You use our API to [insert engineer speak]. This might be a little bit different compared to what you're used to, but you get almost the same outcome.

As a sales connoisseur, I love this.

Engineers are often a lot more precise in identifying and understanding the prospect's needs, and thus they're often better equipped to see if the product can fulfill these needs. That's what sales is all about.

Engineers are the ultimate solution-driven salespeople. I've seen them come up with workarounds, product integrations, and find hacks on the prospect's side to make everything work.

Engineers can often find another way to accomplish the same thing with the software as it currently is—without having to rely on the missing feature.

What to do when your prospect doesn't want to switch software

When you're trying to get a prospect to drop their existing software vendor and switch to your software instead, you'll almost always encounter resistance. How do you manage—and overcome—that resistance to switching software?

I'm going to assume that the software you're offering them actually serves their needs a lot better than the software they are currently using. So switching actually is in their best interest.

The cost of switching software

Understand that the cost of switching is high—it's not just about how much their current software costs compared to your offer, but also training, adopting new processes in the organization, and many other unquantifiable factors.

How do you get an organization to switch software?

You're going to need two things to get an organization to switch:

- Patience
- Follow-up

That doesn't sound exciting, but it works. And that's all you should care about.

The #1 reason why organizations don't switch software

Patience and follow-up will help you overcome the most common obstacle to getting them to switch software: **bad timing**.

Look at things from their perspective, and you'll understand why bad timing can make a deal almost impossible. They might just have gone through a three-month process of talking with different vendors, evaluating all the products in your market, sitting in meetings, championing that software throughout the organization, getting sign off on the budget, overseeing implementation...and then YOU called to pitch your software.

There's no way they're going to switch to your product at that point, even if your product is 10x better. The cost of switching to your software is currently higher than the value they'd gain from adopting your (better) software.

Be in it for the long haul

You need to acknowledge that this isn't the right time, and adopt a long-term approach. The time it takes to close this deal isn't measured in weeks, but months. Think 6-to-18 months to get them to switch software.

That shouldn't bother you—that should excite you. You're building a pipeline of great, high-value leads that you can close next year. This is an opportunity to build a relationship with them and get to know them better and learn about their sales process.

Systematize your follow-up

Follow up with your prospect every month or every quarter via email or with a quick call. Stay on top of their mind (in a positive way). Just by following up consistently, you build a certain level of trust.

If you're managing more than 100 leads, you'll need some kind of sales pipeline management software to stay organized.

Be ready when the day comes

When their current contract runs out, or there's another change in the organization where the barriers to switching software are lowered, they'll remember you. And they have just spoken with you a few weeks ago. You already have a relationship with them and they know you. You've invested months to position yourself favorably—it's time for the right hook.

How to decide if a prospect is worth your time

Of course you don't want to waste a lot of time on prospects who will never close. Being perpetually stuck in "I'm working on my pipeline" land is the sign of lousy salespeople.

Decide whether the prospect's problems are a good fit for your product. If their wants and needs match what your software really excels at, then keep following up with them, even if the likelihood of them buying is currently very low.

Also consider how much the customer is worth to your business. If it's not in the thousands of dollars, it will be hard to justify that much follow-up from an economical point of view.

On the other hand, if a prospect is showing some buying signals, but isn't really a good fit for your product (even though they're interested in buying), there isn’t much use in following up with them.

How to sell an upfront fee

Your prospect loves your product. They're drooling over the features, and they're already planning the integration into their own system. You're both ready to sign on and get cranking.

Then you mention your setup fee or deposit. It's nothing out of the ordinary, but to your prospect, it's a punch in the gut. They're offended. They don't want to pay. They're ready to walk away.

If your product has a deposit or setup fee, you definitely recognize this scenario. Entire sales hinge on whether you can sell the fee to the customer.

All the prospect sees is another expense, and it's impossible to sell an expense.

But what you can do is change the terms of the conversation. Make the fee valuable to the prospect, and they'll actually want to buy it. Here's how.

Why you have an upfront fee

It's counterintuitive, but the reason why you have an upfront fee or deposit is for your customer's benefit—it's to make them more successful.

A deposit filters out customers who aren't willing to make a longer-term commitment to the relationship. That filter means that you can focus 100% of your attention on serious customers and do your best for them, rather than spreading yourself out too thin over a huge number of customers.

A setup fee makes it possible for you to pour resources into the customer relationship from the get-go so that the customer can hit the ground running. You're able to put a customer success manager on the account, conduct training and onboarding for the team, and pour engineering time into custom integration and development to make sure that they're 100x more successful down the road.

Your company has these fees for a reason. They allow you to perform your service better, help your customers, and deliver a better product. Your job in sales is simple—to help the prospect see that value.

Position your deposit as part of an exclusive, top-tier service

Value: Be part of an exclusive service that only works with the best and most committed customers.

When you communicate that you have an exclusive service that doesn't accept everyone, you're signaling to your prospect that those customers who you do accept will get a premium product and experience that's worth the deposit and more.

Consider Mailbox, the wildly successful email app that Dropbox eventually acquired for $100 million. 800,000 people downloaded the app and signed up to join the waitlist for a product that they couldn't use. It is precisely because they can't use it, and have to wait, that they think it must be an amazing product that they must have.

This is hardwired into your brain. In a 2008 Caltech study, researchers scanned people's brains while they sampled different priced wines. The subjects always reported that the more expensive wines were more flavorful, and this was backed up by the scans, which showed increased neural activity in the brain's pleasure center. The catch? Actually, the wines were all the same, only the price was different. We get more pleasure out of a premium product. As founders, we often undercharge for our product because we lack the confidence - but being cheap is not the way to go. Instead, aim to create more value.

Objection: Can't you make an exception? We want to try it first to see if it's effective before committing.

Closing the deal: If you're not ready to make a commitment, no big deal.

At this point, it'll be tempting to try and negotiate, offering to lower the fee just to close the deal. Don't. Not only will this lower the status of your product in their eyes, it will also harm your team's ability to deliver your top-tier, premium service.

By showing that you're okay with not getting the prospect's business and by backing up your talk by not negotiating, a funny thing happens—customers will want you even more. That's because everyone wants what they can't have.

Embrace your deposit as part of your branding and positioning as a luxury brand, and you'll turn it into something that shows your customer your value and ultimately makes you even more desirable.

Re-frame your fee as an investment in success

Value: Invest in your success now, and you'll be paid back 10x.

Framing the fee as an investment helps your prospect understand what you're going to do with the money. You're not nickel-and-diming them. You're not making any money at all off the setup fee. The entire amount is going to the cost of ramping up premium support, engineering consulting, and more.

New customer relationships involve investments by both sides, not just on their end—and prospects often forget that. Make the prospect aware of how much you're committing on your end to make the relationship a success. They'll see that you're making investments in success and that it's only fair that they invest as well.

Objection: Your competition doesn't have this fee.

Closing the deal: Our competitors do have the fee—they're just not up front about it.

All these services have to be paid for, it's just yours are explicit and upfront.

Offering bad news upfront might seem like a bad move. But here's the thing — people trust negativity. Studies have shown that even infants show a negativity bias. We implicitly give more credibility to bad news, increasing our trust in the giver.

If the prospect goes with a competitor that doesn’t have a fee, then in two months they are going to face one of two negative consequences—one bad, the other worse:

Months wasted ramping up slowly

Instead of charging the fee up front, your competitor builds the fee into their monthly recurring price. That means that rather than ramping up quickly and all at once, they ramp up slowly over several months.

Your prospect loses the full value of his investment, while your customers speed past, having ramped up immediately, from day one.

No resources spells total failure

No fee at all means no resources, no staff in place, and no dedicated engineers or account managers. None of the support and infrastructure that you are offering them with this one-time payment is available without the setup fee.

When they realize that, they'll spend 2x as much on hiring their own staff and separate consultants. Six months down the line and they will have invested more time, money, and resources and will be months behind where you promised they would be.

Using your service, with your setup fee, they're investing at a fraction of the cost, upfront, and in 6 weeks they are up and running, and crushing it.

Change a fee from an expense into added value

Don't hide your fee. Don't apologize for it. Own it.

Whenever a customer balks at an upfront fee, don't worry. They can only initially see it as an expense to be negotiated down or out. But you can use your knowledge of what these fees are for to reframe them to showcase their true value.

Remember these 3 points:

- Position yourself as something exclusive and in-demand in the market, something apart from the market
- Show that you are making an investment in the relationship
- Be honest about something that needs to happen up front and expose the hidden costs of your competitors.

By doing this, you can close the deal, protect your product's value, and define your own space in the market.

3 reasons why SaaS startups should charge their users early

A lot of startups are hesitant to make their users pay early. After all, it's the internet, right? "This is just an MVP, we need to build traction first, we're focused on growth, and …"

Let me stop you right there. You already know why you shouldn't charge users. There are plenty of reasons, but they're often just a front for ...

The real reasons most startups aren't charging users

They simply lack confidence in their product.

There's a subtle, but definite underlying fear that their whole business model isn't working out—and they'd rather keep the faith in an unverified idea than risk seeing their dream smashed into pieces.

> "One of my Top 100 mistakes was not charging on Day 1. If you don't charge, you have no idea what people will actually pay for."—Jason Lemkin

Of course, it's often not that bad. In most cases, it's possible to fix the business and transform it into something that works. But you can only do that once you put it to the ultimate test, see how it functions in the real world, and expose it to the possibility of failure.

Here's why you should charge anyway—let's start with the most important reason first.

Reason #1: Insights (that actually matter)

On the way to product/market fit, startups constantly tweak, improve, and optimize their product.

Most of the improvements are driven by the feedback they get from a.) their market and b.) their users.

If you're not charging users very early on, you're taking an enormous gamble. You might be listening to the wrong people, and optimizing for the wrong audience.

There's a hierarchy of data value:

- Feedback from people who say they like your product
- Feedback from people who say they will buy your product
- Feedback from people who (actually) buy your product

Unless your business model is to give away your product for free to your users, you should **focus in on the feedback you get from people who actually pay for your product**. That's the source of your most valuable insights.

Example: Which vertical to pursue?

Let's say you have a product that could be valuable in many industries, and you haven't decided which vertical to focus on.

You might find that you have three main groups of users:

- Political campaigns
- Brands
- Small businesses

Maybe the political campaigns are the most enthusiastic and vocal. They give you the most love and energy. They're all excited, saying, “Oh my god, this is going to change everything!”

And you’re thinking: "Wow, these guys love us! We should go after this market!"

But once you ask for money, the brands go, “Yeah, here’s my credit card.” The political campaigns? “Well, that’s too expensive. You know, with our budget constraints...”

And all of a sudden the picture has changed completely. Now you're thinking, "We should totally focus on brands! Because they really want to buy this, whereas the political campaigns just want to use it!"

Let the money do the talking

People will say all kinds of nice things about your startup and your product. But don’t take that at face value. **Don’t base your business model on opinion polls and enthusiastic feedback**.

We're not in politics, we're in business. The only vote that truly counts is what they vote for with their own money. If they’re willing to part with their cash for what you have to offer, you know they’re truly getting value out of it.

Reason #2: Find your price point

Early on is the best time to experiment with different pricing. But you can only do this if you're charging money.

Avoid market-based pricing

Many startups look at the pricing of other similar startups and copy their pricing. Seems reasonable, but it can be a very misleading strategy. By all means, research your competitors' pricing, but don't just assume that's going to be the right pricing for you.

Experiment

When your product is still in its MVP stage, you should run bold experiments with pricing. Hit them with heavy numbers.

Test outrageous prices

And see what happens. You think the right price is $249? Make it $500 and see what they say!

Anticipate and be prepared for their reaction when you're doing this, but be immune to it. Approach this experiment with the following mindset: “Well, the next five are going to say no because I’m telling them a crazy number.”

Is that the reality of how people react? It might happen that you say $500 and it has zero impact on the conversation. And then you go back to your team and go: "Holy shit, we should totally charge $500, because nobody even flinched when I told them that number!"

Settle in the upper middle

If you've aggressively experimented with pricing, you'll have a spectrum of responses in between these two extremes:

- A price so low most people don’t seem to care about pricing at all. When you tell them that price, most of them won’t push back, they’ll just say “Okay, I'll buy.”

- A price so high most people won’t buy, and will complain you’re too expensive.

Your ideal price is between these two numbers. If 10–20% of your prospects tell you you're too expensive, and 10–20% don't even blink when you mention the price, you're in the golden middle.

You want to settle in slightly above the middle, so that most people say: "Hey, that's quite a high price, but you know what, the value I get from your product is so high, I'll pay it anyway."

Harry Beckwith, author of *Selling the Invisible*, suggests raising your prices until 15–20% of your qualified prospects resist your pricing.

Reason #3: Money

Call me old-fashioned, but running a business that makes money is not the worst thing in the world. Getting funded is awesome, but even in Silicon Valley, generating revenue is a good thing. Investors like it, and it can give you the freedom to choose whether you want to do the VC dance or not.

Are you charging your users?

A lot of founders delay charging users. They feel their product isn't ready yet; they don't want to alienate users, and they'd rather have 1,000 free signups than try to sell one prospect at a time. Big user numbers, impressive growth charts—all that can help to sustain your belief in what you are doing and keep you going. But you can't build a sustainable business based on wishful thinking and vanity numbers.

Start charging money. It makes things more difficult in the short-term, but these obstacles provide a lot of valuable lessons. Always keep in mind that the most important people for your startup—those you should listen to most religiously—are your paying customers.

How to propose annual contracts to your SaaS customers

SaaS customers love the freedom and flexibility that monthly subscriptions give them. But as a SaaS business, you want to sign them up for annual deals whenever possible—it increases cash flow and predictability, and decreases your churn. How can you make them "give up" freedom and flexibility, and commit to your product for a whole year?

The scripts and templates in this chapter will answer that question, and help you close more annual deals. But first, let's find out if now is the right time for your SaaS company to start selling annual contracts and prepaid deals.

When should you start selling annual deals?

If your SaaS startup is below $1MM ARR then you probably should not focus on this.

Instead, keep your customers on monthly plans. Why? Because you want to understand churn first and see how long people stick around by choice and learn from that process.

If you're above $1MM ARR, it's probably a good time to offer annual plans, either prepaid or monthly.

A word of caution

Be aware that annual plans present advantages and disadvantages:

+ Lower churn
+ Red flags when customers don't want to commit
+ Cash flow with prepaid deals
+ Predictability
- Forcing unhappy customers to stick around
- The great churn illusion*

* including annual contracts in your churn math instead of only including customers who can churn in your churn numbers

Crafting your pitch

The core idea you're selling them is basically this:

- Long-term commitment once they know they love your product
- Discounts and benefits
- Investment in the relationship, e.g. we can work harder for you when you commit longer term to us

Emailing your customers

Here's the email template you can use to schedule phone calls. We're getting a 89% open rate and 60% response rate on this email.

Subject: I want to offer you a better price for [product]

Hi [firstname],

Hope you're doing well. You've been with [product] for a while now and we would like to thank you and deepen our relationship by offering you a better price for [product]. Let's jump on a quick call this week and explore all ways to make this happen for you!

What's a good time for a 15min call this week on either Wednesday or Thursday afternoon?

Cheers!
[your name]

Here's a template you can use for self-signups:

Subject: I want to offer you a better price for [product]

Hi [firstname],

Hope you're doing well. You've been with [product] for a while now and we would like to thank you and deepen our relationship by offering you a better price for [product].

Do you see yourself using [product] over the next year? If so, then here are 2 great options to get a better deal before the end of April:

Option 1: 1-Year contract - You pay monthly and save 10%
Option 2: Annual Prepaid - You pay annually and save 15%

All you need to do is to let me know by April 30 which options works best for you and I can take care of the rest.

Cheers!

[your name]

Phone script

Hi [Name],

How's it going?

[Answer]

Great, is this still a good time for us to chat?

You've been with us now for months, and I wanted to first check-in with you to see how things are going?

[Answer – Going great]

What have you enjoyed to most about using our software? (remind them of why they love your product)

[Answer – Going well but with issues or questions]

Manage issues, answer questions and follow up with:

Other than that, are things going well?

[No]

Manage objections.

[Yes]

Do you see yourself using our product for the next 6-12 months?

[Yes]

That's great, then why don't you guys switch to annual billing and save money?

[How does that work?]

Pretty simple, you could pre-pay for the year, switch to annual billing, and get 15% discount , so you don't have the haste of paying monthly and you save $$$.

[Objection – cash flow]

That makes sense. So if you could pay monthly, and still get the discount, would you be interested?

[Yes]

I have a great option, you can sign a 1 year contract with us, and you get a 10% discount. You still pay monthly, and save money doing it. Sound fair?

Objections:

1. We don't want to commit for that long. We're a small business and things change.

I hear you. Do you think it's a safe bet that you will be around in a year? Do you think you're likely to hire more people later this year?

If yes, then you're just making a sound financial decision by taking the discount now.

Plus anytime you hire anyone new, you would automatically save money on each new license, without actually committing to keeping those licenses. Make sense?

2. We want to have the flexibility to switch if we outgrow you.

I hear you. You want the flexibility of being able to switch to other tools as you grow. But let me ask you, do you really want to make the switch once again this year (remind them of the pain of switching), specially when you already have our solution working well for you? You still have the flexibility to re-evaluate after 12 months.

3. We're a startup, so cash-flow is the most important thing.

Exactly, which is why the 1 year contract is such a great option. You save 10% on your bill every month. That's hundreds of dollars saved and makes your cash-flow situation even better.

Optimizing demos and trials

Note to readers:

If you want to learn more about product demos for your SaaS startup, check out *Product Demos That Sell: How to Deliver Winning SaaS Demos*. Get your free copy at resources.close.io/demo, or purchase the paperback and Kindle editions on Amazon.

How to give product demos that sell

Want to deliver a demo that actually turns prospects into buyers? Here's what you need to know:

Demo structure

Structuring successful demos is something you'll get better at with experience. The more often you do this, the sharper your instincts will be. But to give you a headstart, I'm going to share a general blueprint that you can follow.

If you have a good reason to structure your demos differently, by all means, do so! I'd rather have you experiment with ten different ways of structuring your demo and fail nine times (but learn a lot), than dogmatically stick to one sequence just because I said so.

Always go from macro to micro

When you're demoing a feature, always give your prospects the big picture first. They should never watch you demo something and not know what the purpose of it is. If a prospect wonders, "Why is this guy showing me this?", then you haven't properly explained what it is you're going to demonstrate.

Here's an example of how to do this specifically:

Sales rep: "You've said that you need a better way of managing your sales pipeline, because right now it's a mess due to manually scheduling. We've solved this problem for you—I can show you how to automate your pipeline management, so you won't have to deal with manual task reminders anymore. Does that sound interesting to you?"

By doing this, you achieve three things:

1. You give them context for what it is you're about to show them, and help them to understand how they will benefit from this
2. You engage them by making them say something
3. You confirm that the feature you'll demonstrate is actually relevant to them, ensuring you make the best use of the time you have with your prospect

The product demo is not the time to bombard prospects with minutiae. You're the expert on your product and if you play your cards right, your prospect-turned-customer will also become an expert. However, before you can reach that moment, remember:

> Reveal your capabilities in layers, in accord with the customer's level of interest... First, show the route to achieve the desired result with the fewest number of mouse clicks (the "Do It" pathway). This proves your capabilities and helps build a vision in your customer's minds: they can visualize themselves using your software. Then, as your customer asks questions, you can drive deeper to show more relevant breadth of the Specific Capabilities desired (the "Peel Back the Layers" pathways). Note that the highest-ranking audience members may only need to see the "Do It" to be convinced. — Peter Cohan

Sketch the big picture first, go into details later.

Which features should you feature?

When you're demoing a product, you always want to demonstrate value, not features or functionalities. Nobody cares about the features of your software—the only thing they care about is what it'll do for them.

> Your product is only as good as the problems it can solve for someone. What I want to hear during a demo is what problems you are solving and for who[m],

> not a laundry list of features in your product. — Ryan Leask

If you’ve properly qualified them and understand their needs, you’re in a position to deliver a compelling demonstration rather than throwing darts in the dark.

Begin with a big bang

Once you've gotten the introduction and qualifying out of the way, and you start with your actual product demo, it's important to start with something sensational.

> I remember getting my first demo of a spreadsheet in 1979, from Dan Fylstra, the president of Personal Software. Dan understood some of the basics of giving a good demo. Before minute #1 was over, I had seen him enter a new number in one cell and watched the numbers ripple down and to the right. I know it was a great demo and a great product because I still get goosebumps thinking about it! Of course you can't expect to have a product as revolutionary as VisiCalc was in 1979, but there must be something that wows 'em every time. Don't save that for the end. Put it up front where it belongs. — Dave Winer

For some reason, I see sales reps saving the good stuff for the end. That will backfire most of the time. Because if you keep the good stuff for the end, all that's left is the boring stuff for the beginning and the middle—and you'll likely lose your prospects' attention before you even get to the end.

Yes, you should have a great ending, but only after you had a great beginning!

Start with a killer feature of your product that serves an important need for your prospect. Based upon your qualification, you know what their pain points are, you know where they're itching. Scratch that itch. Show them how your product resolves a major frustration or helps them achieve their objectives faster, with less effort and more fun.

> [A] demo allows the customer to see and feel how things will be better if they buy (and worse if they don't). — Geoffrey James

Paint a vivid picture in their imagination of how your product can make their lives easier and help them do their jobs better.

Create a vision of how your product makes them a better version of themselves.

> A real demo should start with one of the specific problems or challenges the customer or prospect said they are having. They sound more like this: "During our previous conversation you stated your team was having a difficult time sharing documents and collaborating was difficult. In this part of the demo we want to show you how you would be able to share documents easier and increase collaboration without breaking your current file structure and maintaining federal compliance." — Jim Keenan

It's important that this clearly relates to one of their main priorities. It shouldn't be a minor feature or small optimization. This is even more important if you're demoing to someone in a managerial position. They want to see how your software can affect the big picture.

Start off by talking about something in big, general terms before you drill down into specifics. Show them what your software can do to them, then ask: “Would you like to see how this works, or do you want to move on to the next item?”

Asking them this question keeps them engaged, and you get feedback on how relevant a given feature is to them.

The worst thing you can do is just string together feature after feature, and make your prospect sit through a long parade of things they don’t care about.

Rules of effective demo engagement

An effective demo is as much an art as a science. As such, mastering the technical qualifications is only one part; you must also convey competency and passion. As Maya Angelou once said, “People will forget what you said, people will forget what you did, but people will never forget how you made them feel.” Make your prospects feel great about you and your product.

Speak their language

If you've noticed while qualifying a prospect that they use certain words and phrases, use these same words and phrases later. Check out their website and see the wording they use in there. Look at previous email exchanges and study the terminology they use. Make an effort to speak their language.

But don't launch into jargon just to appear like you're a knowledgeable insider. If you use acronyms they don't understand, they usually won't ask you what it means. It's just like in school: nobody wants to be the person who asks the stupid questions.

Handle your mouse like a pro

Keep in mind that people are following your mouse movements. When you want people to see how you're doing something, move your mouse cursor more deliberately than you usually would. No herky-jerky movements, please.

When should you interrupt a prospect during a demo?

A prospect is asking you a long-winded question and when they're halfway through, you already know what their question is. Eager to show them how well you understand them, you jump in and answer the question they've not yet completely formulated.

Never interrupt a prospect who is asking a question. In the worst case, you've made a wrong assumption and answered a question they didn't ask, which will alienate them twice: once because you've cut them off, and again because you've just demonstrated that you absolutely misunderstood them.

Recovering from a blunder like this is tough, so it's better to avoid putting yourself in a tough spot in the first place. And even if you actually answered the right question ... nobody likes a know-it-all. Let people finish their sentences.

Answering questions with questions

Sometimes the best way to answer a prospect's question is by flipping it around on them.

> **Prospect**: "Well, how does your software handle lead assignments?"
>
> **Sales rep**: "Oh, leads are automatically assigned to a rep based on the parameters you entered!"
>
> **Prospect**: "Yeah, we've tried that in the past, that really destroyed our

numbers."

That didn't go well, did it?

Now let's look how the same dialogue could have played out if the rep had flipped that question.

> **Prospect**: "How does your software handle lead assignments?"
>
> **Sales rep**: "I love that you asked that question, because it's one of the things our customers really like about our sales software. Now tell me, how do you want your software to handle lead assignments?
>
> **Prospect**: "We've had this semi-automated system, and it really messed up our numbers. We found that this is one of the areas where it's really worth manually reviewing and assigning each lead."
>
> **Sales rep**: "Absolutely, you can do that with our software."

If your software has different options for handling a certain workflow, then it's best to first inquire what the prospect prefers. Many times your product is flexible enough to adapt to their preferred workflow, but if you make assumptions and tout one way as superior, it's hard to step back from that.

Flipping questions is a great way to learn more about the underlying motives and reasons for why a prospect wants things a certain way.

Questions you can't (or don't want to) answer?

Even if you've got serious product expertise, sometimes a prospect will ask you a question for which you don't have an answer. Or a question which would derail your demo if you took the time to answer it.

In these cases, just respond: "That's an interesting question. I have an idea what the answer will be, but I'm not 100% certain. Let me write this question down so I can follow up with you in a day or two about this."

Then, write down their question in a text file, in front of their eyes where they can see it. This will put their minds at ease and provide some closure.

Ask questions that dimensionalize the value you provide

Let's say you've identified a problem they have, and you have the solution. What you want to do is not just show it to them, but first dimensionalize it.

> **Sales rep**: "So, currently your company is losing out on sales opportunities because leads are falling through the cracks. You've got tasks and notes and reminders in your system for hundreds of leads, and it's just a big mess right now. None of your reps are able to consistently complete all tasks on time and follow up as planned with every lead. That sounds like you're losing out on a lot of potential deals, right?"
>
> **Prospect**: "That's right, that's why we're looking for a better system now."
>
> **Sales rep**: "I see. If you would just make a guess, how much revenue do you think you're missing out on because of ineffective lead management?"
>
> **Prospect**: "Well, I haven't really run the math yet, but I'd say roughly $2,000 to $3,000 in deals per rep each month."
>
> **Sales rep**: "Wow, and you've got 16 reps working for you currently?"
>
> **Prospect**: "That's right."
>
> **Sales rep**: "So we're talking hundreds of thousands of dollars in lost deals every year. Well, I'm now going to show you a feature that'll make you hundreds of thousands of dollars over the next twelve months. Do you want to see this?"

You bet they do.

Highlight the highlights

Don't assume you've got your prospect's undivided attention just because they're attending your demo. Especially if you're giving a remote demo, it's almost certain that prospects will multitask: checking email, Twitter, Facebook, etc.

Knowing this, you want to highlight the highlights and mark what's memorable to ensure you have their attention when it matters the most.

When you reach that critical moment when you really want your prospect to listen, use the prospects' name (if it's a one-on-one demo) and pause for a second. Tell them this is the most important thing you'll tell them today, make sure they're listening, and then make your point.

Deal with fails, bugs, and crashes

If you give demos on a regular basis, things will go wrong. It's inevitable. Expect it and be prepared for it.

“Oh, I really don't know why this is happening now, I've never seen this before” is not something that will make your demo attendees trust you and your software more.

The worst thing you can do is to allow a bug to throw you off your game.

Requests that are hard to fulfill

Sometimes a request from a prospect is hard to fulfill, or you might not be sure if and how to fulfill it. Here's what you can say in such a case:

"I see this is an issue that we'll have to deal with at some point. Let me write it down so I can follow up with you after discussing this with the right person in our company."

Then, write it down in your demo notes.

Managing time

Managing time is extremely important to keep your demos effective. One of the main differences between an amateur and a professional is how they control their time.

An experienced demo pro will complete the demo within the agreed upon timeframe. An inexperienced person will apologize for going over time until the prospect cuts them off.

If you already know what you want to cover during your demo, set topic start and stop times.

Start your demos on time. If you start late because your prospect is late, confirm that they'll still bring the full amount of time to the table they've promised you. And if they insist on stopping at the originally scheduled end time, you're still better off knowing that so you can adjust your presentation accordingly, rather than being interrupted midway.

How long should your demos be?

15 minutes or less. Most founders think their software can't be properly demonstrated in 15 minutes, but most demos are way too long.

Do you want to know why?

Because they're confusing product demos with product training.

Product demos ≠ product training

The purpose of a demo isn't to teach your prospects how to use your demo. It's to show your prospects how your product can benefit them.

Waiting for a page/feature to load

Let's say there's one function of your app you'd like to show your prospect that takes a few moments to load.

If you know this in advance, the best thing is to already preload it in another tab or window.

If that's not possible, then be prepared for it by having the words ready to mask the delay or ideally, a well-placed question that will prompt them to provide you with some related information. By the time they've completed their statement, the page has already loaded.

End with a close

What's your closing statement? It better be a strong, clear call to action. It's your job to get the prospect to take the next step.

I once sat in a pretty awesome demo and was ready to buy on the spot. Then, the guy finishes off like this:

"Thanks for taking the time to learn about our software, I really appreciate it. I hope this has been useful for you, and if you have any further questions at any time, just let me know. Thanks again, have a great day!"

What?

Are you kidding me?

Well, I guess it's not yet time to buy? I'll sleep on this and discuss it with some colleagues (who haven't attended the demo and don't know anything about this product).

Of course, the next day, I've got a thousand other things in my head, and the deal never happens.

Sell them when they're ready to buy.

Ask them to take out their credit card and sign up now.

Why your SaaS trials are way too long

No matter the industry, few things tempt prospective customers more than giving away something for free.

The key is turning those freebies into long-term business.

We help a lot of SaaS companies convert more free sign-ups into paying customers. Along the way, we've seen plenty of them initially offer too long a free trial. Fortunately, this can be fixed easily, resulting in a streamlined marketing funnel and more paying users.

So how long should your free trial be?

Short.

Probably shorter than you feel comfortable with. Many founders worry, and with good reason, that people won't convert after a short trial. There's an overwhelming likelihood of rejection and who doesn't want to postpone rejection?

In our experience, 99% of B2B SaaS products should limit the trial to 14 days max.

Here's why short trials are better for your bottom line

1. People don't really try something for a full month

If you look at the usage statistics of free trial users, you'll find the vast majority don't take full advantage of your trial. Only a tiny minority will use your product for more than three days in a row during a trial.

This is typical conversion behavior: Just like you'll never get 100% of people to buy your product, you'll never get 100% of people who showed a bit of interest to spend massive amounts of time trialing your product. Ask yourself, "How many times have I signed up for something I never really gave a shot or used at all?" Probably a lot.

Don't just take our word for it—check your analytics and find out how many of your users actually log in for their free trial on days two, three, and beyond.

2. More engagement

By keeping your trial short, you actually increase the likelihood that your customers will take the time to get to know your product.

It's probably a psychological effect—they know they've got just a few days to check it out, so they're more motivated to actually do it. Whereas, if you offer them a one- or two-month trial, it'll be easier for them to put it off (and then forget about it).

3. Lower customer acquisition costs

If you have salespeople, it'll shorten your sales cycle. Shortening your sales cycle from six weeks to three weeks will reduce your CAC (customer acquisition cost) significantly. This is one of the most important metrics of every SaaS startup, and its impact will become greater the more you grow. It'll improve the overall economics of your business.

You might be saying to yourself: "But my clients need more time to evaluate our product!"

That's fine, but don't just give it away like that. Instead, make them ask for it. Have one member of your sales team contact them and ask them, "Do you want me to extend the free trial for you?" Sending automated emails asking trial users if they need more time is a great way to go.

You'll probably get a high percentage of responses (somewhere around 30%) asking for more time. That's a great way to engage with these prospective customers, find out more about their needs, and help them convert.

"But my signups will go down if I offer a shorter trial!"

Yes, you're probably right, fewer people will sign up for your free trial. But let's take a step back and look at the bigger picture: What do you want to focus on? Vanity metrics or paying customers? For whom do you want to optimize your conversion funnel?

- The large group of people who are mildly interested in your product, sign up for a free trial, and never look at it again

- The small but crucial group of people who will see value in your offer, actually use your product, and pay for it

Help the right people to commit to your product quickly and easily. The mildly interested people don't waste time signing up for a free trial for something they'll never really use. Your clients will start benefiting from your product sooner, and you'll get money coming in quicker. Everybody wins.

When longer trials are better

For about 1% of B2B SaaS products, longer trials really are better. However, sometimes it seems that 99% of SaaS founders think they belong to this 1%. There's really just one scenario where having a longer trial (or a freemium plan) is better: if your product is designed so that using it really locks people in.

This would mean you have a product that makes it dramatically more difficult to switch to another product the longer they use it. Two examples:

- **Dropbox.** Once you upload your pictures and files, you really don't feel like downloading all those files again and uploading them to another service.

- **Evernote**. If you organize enough of your thoughts and ideas in Evernote and find a way to make it work for you, you'll need to have a really good reason to switch since there's such a high cost to move to another product.

Don't assume your product will sell itself when given a longer trial period.

It's time to shorten your trials and start selling!

Why you need to call every trial signup user within 5 minutes

If you're a B2B SaaS startup, you need to call your free trial signups to convert more of them to paying customers.

Why call within 5 minutes?

Because that's your best chance of actually getting people on the phone. The longer you wait, the greater the likelihood that you will be wasting time on voicemails or waiting in vain for someone to pick up.

The reason why many startups don't want to call people is that it can be a huge time waster. Calling within 5 minutes can fix that.

Dr. James Oldroyd researched how big the difference is in reach rates depending on the speed to call. He looked at two things:

- What are the chances of reaching a lead if you follow up after ____ (x amount of time)?
- What are the chances of qualifying a lead if you follow up after ____ (x amount of time)?

Turns out, following up with a lead is best within 5 minutes, and after that there's a very significant drop. You might say this is obvious, but most people underestimate how big that difference is.

What is the difference?

Call within 5 minutes and your chances of reaching a lead will be 100 times higher than calling after 30 minutes of sign up. Your chances of qualifying that same lead? 21 times higher.

The difference is even more pronounced if you wait longer than 30 minutes.

Our own experience helping over 100 venture-backed startups optimize their sales funnel supports the numbers from this research.

Not only do you reach more people but your conversations are better.

They will know who you are and why you're calling them. They're at their computer right now, not in a meeting. It's the perfect time to speak to them about your product.

What should you say?

You don't need to be a slick salesperson or smooth talker to make this call. Simply say:

> "Hi, my name is ___. I wanted to personally reach out and say hello. I saw that you just signed up, and I know you haven't had a chance to play around with this software a lot, but I wanted to see if you have any questions that I can answer. What can I do to make sure that you maximize your trial experience?"

People love this.

This will often be a good opportunity for your trial signups to ask you specific questions. They want to know how a certain feature works or how your product can help them accomplish a certain task.

If you can answer these questions in a personal and direct manner, it will make a huge difference in how activated these users will be during their trial and how many of them ultimately convert to paying customers.

Calling within 5 minutes of sign up is probably the most effective thing you can do to improve your overall sales numbers!

Many startups work on optimizing the end of the funnel, training their salespeople, and improving their demos and sales scripts.

All that is important but worthless if you don't reach enough people to sell to in the first place.

The funnel math

Let's say you have 100 signups per day, call all of them within 1–2 days, reach about 20% and convert 50% to paying customers (a pretty typical conversion funnel).

This means you close **10 out of every 100 signups**. Not bad.

Now let's say you work hard to improve your conversion rate and now are able to close 75% of the people you reach. Impressive! This means you're closing 15 out of every 100 signups.

What would happen if you decided to optimize your reach rate instead and start calling people within 5 minutes of signup?

Your new conversion funnel looks like this:

100 signups, reaching 50% of people (within 5 minutes), and closing 50%—which means you're closing **25 out of every 100 signups**.

That's a 66.67% increase.

If you're calling trial users, stop everything else you're doing right now and start implementing the 5-minute rule!

3 ways to nurse lost trial leads into activation

Like most SaaS businesses, you offer a free trial for your product. Through the trial, you've done your best to drive customer engagement.

Customer onboarding seamlessly runs new users through all the shiny features of your product, and your mastery of the free trial lifecycle email has them active from beginning to the end.

According to research by Softletter, 66% of SaaS vendors report free trial conversion rates of 25% or less—but industry averages are just benchmarks. Whatever your trial conversion rate is, you want to improve that number.

Don’t stop when the trial does. If you give up on unconverted users after the trial, you lose out on all the potential customers that could be activated later.

Free trial users took the time and effort to sign up for and test your product. They're warm leads you should nurture. Don’t turn your back on them just because the trial’s over. Try to reignite the spark that got them using your product in the first place.

Here are 3 simple ways to get unconverted users back into your funnel—right where they should be.

1. Shorten trial periods and offer generous extensions

A 30-day trial is too long. For the majority of SaaS companies, it's better to have shorter trial periods, with liberal extensions, than a longer trial period.

These are the main benefits of having a shorter trial period:

1. Users will know they have less time to check out your product, and be more proactive during the trial
2. Shorter trial periods mean shorter SaaS sales cycles, and lower customer acquisition costs
3. You're able to conduct more testing, which allows you to learn faster and iterate faster

At the end of the day, your SaaS product probably doesn't take 30 days to evaluate. Limit your free trial to 14, or even 7 days.

You can always provide users who need more time to evaluate your product with extensions.

Don't just give your extension away, though it's already free. When it comes to offering an extension, contact trial users and ask, "Do you want me to extend your free trial for you?"

Around 30% of unconverted users will request more time. It's a great way to initiate a conversation with them, find out more about their needs, and eventually steer them along the path to conversion.

The most common reasons prospects need more time are:

- They have to test your product more internally, and go to a higher-level decision-maker for the final call

- They've been too busy to try your product out

Larger accounts have lengthier decision-making procedures for implementing new software, and warrant extensions on their trials. They also tend to be prospects you'll want to focus your sales efforts on.

But even for general users, giving an extension costs you nothing, and allows prospects to gain a deeper experience of your product—which is why you have a free trial in the first place. Use extensions as a way to increase customer engagement with your product, and keep them coming back for more.

2. Send an open-ended exit survey

When the free trial expires, avoid sending a tedious survey with pre-filled answers that ask how users "felt" on a scale of 1 to 10. Most people won't bother to answer.

Instead, start collecting feedback by asking one simple open-ended question: "What prevented you from choosing our solution?" You're guaranteed to increase response rates several times over.

The answers you receive won't be nearly as easy to quantify as those from a survey form. But they'll often be answers you don't expect, and more valuable to the success of both your free trial and your product.

By sending the message from a real person, and giving users the option to hit the "reply" button, you invite better responses:

- Even if the feedback is negative, it opens the door to further discussion, and even potential conversion

- Trial users will notice bugs and glitches that your paying customers have grown used to, or learned to work around

- They'll hand you concrete, actionable feedback that you can implement without waiting for quantifiable data to pile up

Some of the responses will even present immediate touch points to re-engage—and convert—lost trial users. Pick up the phone, and call them.

Calling new trial users within 5 minutes after sign-up can boost your conversion rate by more than 2x. The same logic applies after the trial.

For example, if a user liked your product, but thought it was missing a certain feature that you already have, get them on the phone. Tell them about the feature, and how best to implement it for their business.

If you're in the early stages of your product and have a very low volume of sign-ups, you can even take an aggressive approach and require them to call you to cancel their trial. This way you increase the chance that you actually get to speak with your users.

Try to streamline a process for incorporating this feedback into your business by dividing it between your various teams. Segment out responses based on the specific problems they address.

- Issues surrounding specific feature implementation can be taken to your Customer Success Team to ramp up your onboarding procedure

- Problems with user experience and workflow inefficiencies go to your Product Team

- Concerns about pricing can be delivered to your Sales Team

Approached the right way, unconverted users will teach you the most about the shortfalls in your free trial process. Learn why they're not buying. Get inside their heads to discover how you can use your free trial to unlock value for your product, and you'll boost your conversion rate dramatically.

3. Extend your drip email strategy beyond the trial period

Customers aren't necessarily ready to make the purchase right now—but that doesn't mean they won't buy your product in the future. You want to keep in touch with former users without shoving your product down their throats, or blasting out spammy "you're missing out" emails.

Re-engage former users by launching a drip email campaign that starts after the trial period is over.

Look for ways you can provide additional value to unconverted users beyond your product. You want to nurture their interest in your company and your mission, without driving them away by being too pushy on the sales side.

Here's how to proceed once the trial ends:

1. Target your most active users during your trial, who frequently logged into your product and tested multiple features.

2. Launch a drip email campaign over the next six months that delivers relevant and educational content to former users. The purpose of each email should be to enable the success of its recipients.

3. Make it easy in each email for users to reply. Provide a call to action button that puts them in touch with a member of your sales or customer success team.

4. After they respond, you can find the touch points that allow you to reopen the sales conversation with former users—when they're ready.

Highly active users who don't convert are some of the best candidates for reactivation later. They've already engaged significantly with your product.

These active users probably already work in a field that's related to your product and your company. Re-engage them with what you're doing rather than what you're selling.

By keeping them in the loop, you walk them down steps in your sales-funnel that will help convert them into paying customers in the future.

Optimize your free trial

Your free trial is one of the most important tools in your SaaS sales arsenal. It allows you to prove value to buyers before they spend a dime, and implicitly sells value over price. Keep looking for ways to fine-tune it.

The majority of people who take your product for a spin on a free trial probably won't convert. But that's no reason to put them on the back-burner. Not only will some turn into paying customers later, but they're also a vital resource for improving the overall quality of your free trial.

Your lost trial leads can become your greatest teachers when it comes to optimizing your trial. Whether it's better onboarding, more valuable lifecycle emails, or overall user engagement—they have the answers. They know why they didn't take the next step. Use that knowledge to ramp up your trial, and convert more leads into customers.

Increasing customer lifetime value

Make customers buy and use your product

In SaaS sales, it's not enough to sell your customers on buying your product. You need to sell them on using it too.

Many founders underestimate how much this matters, and their SaaS startups will never gain traction until they get this right.

I recently talked with two talented founders working on their early-stage startup. They did a lot of things right. They had a bright idea, which they packaged beautifully and sold successfully.

Great hustle and vision is not enough

They had signed up 100 businesses for their alpha, and they were confident that they could get 1,000 businesses to become paying customers within one year.

They told me about their grandiose marketing, sales, PR, and distribution strategies. They told me about product improvements they had in the pipeline, and features they would implement over time.

But there was one thing they didn't talk about: the value their current users got out of using their app.

Which users get the most value from your product?

I asked them a simple question: "Who is your most successful user currently? Which of these 100 businesses you signed up gets the most value out of using your product?"

They told me the name of some company.

How much value are your most successful users getting from your product?

I asked them: "How many contacts has that user imported into the system?" (We had previously established that the number of imported contacts was an meaningful gauge of the value a user would get. It would take at least 300 imported contacts for the product to be truly valuable for a user.)

Do you know how many contacts their best user had imported? **30**.

Their very best user would have to import 10 times more contacts to even begin getting value out of using the product.

Make your customers successful before you sign up more customers

If your product doesn't deliver value to its users, don't worry about sales, marketing, PR, or growth. Forget features and functionality. Even if you've got the sales chops to win businesses as paying customers, it's meaningless if they churn after their first or second month.

In the case of this particular startup, they needed to make at least 10 of their current users successful. And we already had defined what "successful" meant in this context:

having imported more than 300 contacts, and using the app on a daily basis.

Your minimum viable product does indeed need to be viable!

What's your product's perceived value?

In SaaS sales, it's all about value perception in the eye of your customer. There are some truly valuable products that don't get perceived as valuable. And there are inferior products that do get perceived as super valuable by the people who pay for it. This perception matters a lot, because it's what will keep your customer paying month after month, or cause them to churn.

If you call up your best customers, and they don't tell you how amazing your product is and how much value they get out of it, put everything else on hold on work on fixing that first.

Know the difference between *happy* and *successful* customers

Great news: Your startup landed its tenth customer today. You haven't seen a cancellation yet, and all your clients are amped whenever you talk to them. You're ecstatic about your startup's traction. The possibilities feel endless and you're already thinking about your 50th, 100th, and even 100,000th customer.

Slow down. This is where too many startups jump the gun trying to aggressively expand, when they've only just gotten up off the ground.

Just because customers are satisfied, and aren't filling your inbox with complaints, doesn't mean you're ready for lift-off. There's one fundamental question you **need** to answer in order to truly grow: How many of your customers are *happy*, and how many are actually *successful*?

Why successful > happy

It seems like a counterintuitive question to ask—and most people don't. Happy customers don't mind paying you each month. They're low-touch and don't bother you. They don't overwhelm you with support requests.

But the gap between a happy customer and a successful customer is massive, and whether you realize it or not, it has huge implications for your startup's growth. Here's how you can identify the differences between the two:

While happiness is nebulous and fleeting, success is something tangible you can build a business on. For successful customers, the value your product creates far outweighs what they pay for it. Customers seeing that kind of ROI are much more likely to stick around long-term. As a startup, you need successful customers to grow and scale.

Successful customers are a sign that you're on the road to product-market fit. Even though your product is new and unpolished, there are already people who can't live without it—they go to work every day and use it to get shit done. As Marc Andreessen points out, failure to find that kind of market is the "#1 company killer." Your successful customers suggest it's a killer you can beat.

Successful customers have a vested interest in your improvement because the better your product is, the stronger a company they are—your product is that vital to them. They give you feedback on how the product needs to evolve, which empowers you to iterate, improve, and serve your market better in the long-run. They'll help you find more successful customers through referrals.

You form long-standing relationships with your successful customers that empower both of you to grow and thrive.

3 steps to get more successful customers, faster

Once you hit the tenth customer mark, you can't just keep plowing ahead with the growth strategy that got you early traction. It's time to get disciplined and come up with a process that ensures you're only selling to customers that you know will become successful. Here's how to do it in three simple steps.

1. Ruthlessly qualify leads

When you're first starting out, lead qualification probably isn't a priority. You'll take customers however you can get them.

For example, some of your early customers are probably friends or acquaintances. As Jason Lemkin and Aaron Ross point out, you're not ready to grow if that's your primary customer acquisition strategy. Or maybe your salespeople are just out there throwing darts in the dark, signing anyone they can convince to buy (even though they might not be a good fit). Customers who just fall in your lap like that are buying because they like you or your company, and not for solid business reasons. That's the definition of a happy customer.

You need a scientific, replicable way to save your salespeople from chasing the wrong customers. It starts with an ideal customer profile (ICP)—a description of the perfect hypothetical customer based on your most successful customers. Compare every lead to that ideal. When your salespeople engage those vetted leads, they need to learn how your product can solve each prospect's unique business needs.

Lead qualification in practice

Here's what your lead qualification should look like after early traction:

- **Identify your most successful customers.** You can use a billing analytics software like ProfitWell to look over all your customers, pull the ones who have been the most successful with your product, and build an ICP.

- **Find similar-looking leads.** Next, use a lead targeting service like Mattermark to hone in on companies resembling that ICP in terms of industry vertical, ARR, team size—whatever your data indicates is important.

- **Ask the right questions**. When your salespeople engage those leads, they need to ask questions to uncover how your product can make that prospect more successful before they even consider closing. If I was selling content management software, it wouldn't be enough for a company to say, "Oh, we do content." I'd have to ask about what kind of content, whether they collaborate, how important SEO is, and make sure their use case matches the product.

That's how to get your salespeople to only focus on prospects that will become successful customers.

2. Drive customers to your sticky features ASAP

When great prospects sign up, you can't assume they'll automatically be successful with your product. You need to facilitate their success and make sure customers are actually using your product—otherwise, they're just sitting there paying you for no reason.

The key is to identify your software's stickiest features—the ones that unlock your product's core value and correlate with long-term success and retention. Steering new users toward these features needs to be the focus of your onboarding process.

For example, at Close.io, we know that importing contacts is the necessary first step for a customer to be successful. Our product is a CRM—its primary purpose is to manage a salesperson's list of leads. If there's no one to contact in our system, there's literally no way to get value from the product, and no reason to be a customer.

How to facilitate early customer success

Here are the strategies we've been successful with in getting free trial users up and running with a new SaaS product:

- **Track feature usage**. Use an event-tracking platform like Amplitude or Mixpanel to see which new customers are using your most valuable features and which ones need that extra push.

- **Create a drip email campaign**. Send new customers a scheduled series of 4–6 emails within their first few weeks. Make them sound conversational, but include calls to action prompting users towards those sticky features.

- **Make your free trial short**. Free trials are a great way to get new customers, but most SaaS companies' free trials are way too long. Limit yours to 14 days or less, and get customers thinking, "I don't have much time with this thing, so I'd better be rigorous and test what it can do."

If you've found a customer you know you can make successful, don't let the opportunity go to waste. Put in the extra work during onboarding to make sure they're able to crush it with your product.

3. Don't be scared to talk to your customers

Talking to customers personally is incredibly valuable, but too many founders are scared to do it. They think, "Hey, if they're gonna keep paying me, why rock the boat?" It comes back to an underlying fear that customers don't actually need the product. Founders worry that talking to customers will make them realize, "You know, this product doesn't actually do much for me."

But that's exactly why you need to talk to them. After all, what do you call someone you never talk to, who just sits there paying for your product but isn't actually getting results? That's right—a happy customer. You should've never signed them in the first place. Building sustainable startup traction requires you to do more and go that extra mile.

Talking to customers does more than let you ensure they're successful. It's a chance to get feedback on how the product could serve them better, build personal rapport with your clients, and even set the stage to upsell them to a higher plan. When you consider all those benefits, and the fact that the biggest risk is uncovering a happy customer, it's a no-brainer.

How to reach out

There are several different ways to personally engage with customers. Consider the following options:

- **Set weekly calls**. As Paul Graham says, in your early days you can do things that don't scale. A weekly call gives you a set process to check in with successful customers and make sure they stay that way.

- **Visit in person**. Everyone knows this is a good idea, but very few startups actually do it. Visiting your customers is a huge differentiator, and gives you the chance to enhance a customer's experience in new ways. For example, I once visited a customer and noticed that they displayed our sales CRM on a TV in the office. It looked like crap since it wasn't optimized for that device, but once I saw it, I called up our engineers and had a fix deployed within the hour.

- **Ask them to do a case study**. Case studies of successful customers are crucial for your company's reputation. They're also an opportunity for your customers to get their names out there (a win-win) and the exercise itself reminds them of how valuable your product has been.

Each of these tactics is a way to verify that your customers are successful, not just happy.

Successful customers are the ultimate reward

The only way to grow and thrive in SaaS is to consistently make customers more successful. If you've got a wide enough base of companies your product can help succeed, you have the makings of a healthy company.

Beyond that, your customers' success has a huge impact on morale. Your team will be crushed if they put in the work to close new customers day in and day out, only to see them churn and say, "Eh, that was okay but not a must-have." It creates doubts about the worth of the product and the company's future.

But on the other hand, successful customers are the most inspiring part of working at a startup. When your team sees people using your product every day, hyping it up on social media, and getting outsized results, it reminds them what they're in this game for and makes them feel proud to be associated with your product. That's the kind of customer that can really fuel your startup's traction.

Why startups need to visit their customers

When was the last time you actually visited a customer?

If you're a startup, I'd bet on the fact that you haven't visited a customer in a very long time (maybe ever). At the same time, if I'm talking to another entrepreneur and say something like, "It's super crucial you physically visit your customers," they all look at me as if I just said the most obvious thing in the universe.

Few startups actually visit their customers

Visiting customers is like working out or eating healthy: everybody knows they should do it, but very few people actually do.

We launched Close.io in January 2013. Our first customer visit? May 2014. It took us more than a year to set foot in a customer's office. Isn't that crazy?

We get why so many startups put this off:

- It takes a lot of time. One customer visit can eat up half of your day—driving there, spending time with them, driving back. You're just too busy to fit that into your schedule.

- It's too easy to append this to the end of your long to-do list.

- Your customers aren't worth hundreds of thousands of dollars to you, so it's too easy to tell yourself it's not worth investing all this effort into a customer visit.

- It seems more sensible, urgent, and important to focus on getting new customers to sign up, rather than visiting those who are already on board.

- The benefits seem intangible.

What are the benefits of visiting your customers?

Here's a quick rundown of the value we got from our first customer visits.

Motivation

Seeing real people use your product is fucking inspiring. It energizes you. It recharges your batteries.

When you experience how your product empowers people to perform better, it boosts your morale. And that's the most valuable resource you have as a startup. How fired up are you about your mission? It's like pouring gasoline on the fire that fuels your engine.

Everybody on your team—from CEO to intern—should visit a customer, just for this reason alone.

It is different from hearing customers tell you how much they love your product or how great they think it is. You just have to experience it. You need to see real human beings depending on what you built. You need to witness how your product helps them to operate better, to be better at what they are doing.

The impact you make on other people's lives is a much stronger driver than any number on a spreadsheet can ever be. Do not underestimate how much this affects you. It's powerful.

Context

Your customers are more than the sum of all their clicks on your product. Yes, you might be monitoring product usage and read all the feedback people send you via email or even tell you on the phone, but you're missing a lot of crucial context if you can't see your customers using your product within their work environment.

- How exactly are they using your product?
- What's happening around them?
- What else is on their screen?
- What's competing for their attention?
- What's their workspace like?

When you visit your customers, you get to see the environment in which they use your software. You experience how your product is embedded into somebody else's workday and get a sense of the entire puzzle, rather than just a single piece of it.
And it's little things, like...

- What kind of headsets, chairs, and desks are they using?
- What other software and apps are they using during their day?
- Which little hacks did they come up with to make them more productive and efficient?
- What makes them smile? What makes them frown when interacting with your app?

It just gives you a better picture of what's working and what's not.

Even a multi-billion dollar startup like Pinterest is visiting their users at home. Mind you, that's users, not even paying customers.

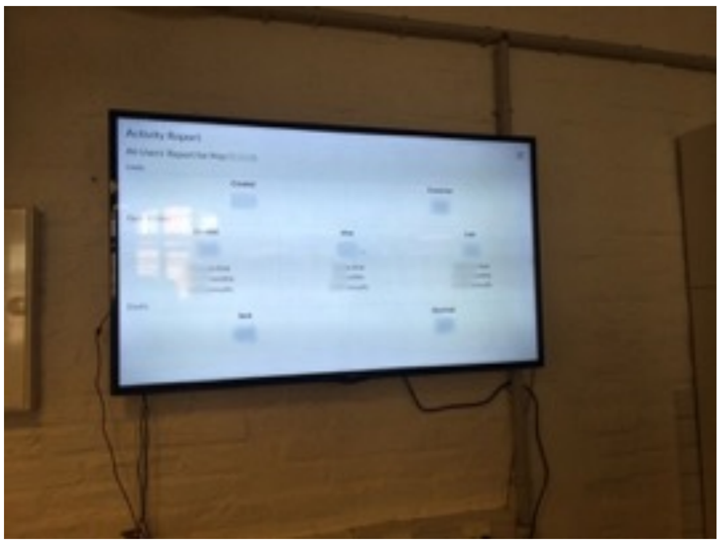
Sounds too abstract? Let's look at some concrete examples.

A better dashboard

One customer we visited had a TV on their wall displaying our reporting screen. But our reporting page wasn't optimized for full-screen TV display—it looked crappy.

When I saw that, I remembered one of our engineers had already worked on a quick fix that would make it look better, but we never released it. So I took a picture of the screen, sent it over to our team on HipChat and asked if we were really okay with having such an ugly display page in our customer's office.

Phil released the quick fix within an hour and our customers loved it. It's the small things that can sometimes make a big difference.



User guide

One of our customers had a guide laying around. Just a couple of pages that told their employees how to use our app.

We loved it. Yes, we have a getting started guide, extensive documentation, video walk-throughs, weekly live demos and all that, but this was a quick and easy way for team members to get up to speed with our sales communication platform.

We took a couple of snapshots and are now turning this into a template we can share with all our customers.

Relationship building

Meeting someone in person adds another dimension to your relationship with your customer. You can do a lot of relationship building via email, chat, phone, and Skype, but nothing has the same effect as meeting someone in person. It creates a human bond between the two of you.

It deepens the commitment on both sides. If one of the people we met needs help one day, we'll be more eager to support them. And I'm pretty sure they'll be more forgiving if there's ever an issue with Close.io and be more loyal to our product. Jason Lemkin never lost a customer whom he had personally visited while he was CEO of EchoSign. Spending time with your customers transforms a transactional relationship into a partnership. It builds empathy on both sides which ultimately leads to better business.

Insider's view

You get the inside scoop on a company. You get a feel for the office politics and what the internal power dynamics are. Which role are people in the company playing? What are some of the secret things your customers are working on and what does their future look like? You'll learn a lot about their business if you spend some time at their office.

Upselling to a higher plan

One of the customers we visited was on our Basic plan (which does not include calling). They made tons of sales calls through another provider. We didn't like that at all, because if you're our customer, and you're making sales calls but not using Close.io to call, you're basically driving a Porsche with the parking brake on.

We talked about this with the founder, but he said there'd be no way they'd use Close.io for calling again. Our calling feature inside the app once was down for several hours, and it hurt their business. They didn't want to get into a situation like that again. "No chance."

We then asked the guy in charge of managing the sales team if he would be open to giving VoIP another try. His reply? "I'd love to go back to calling with Close.io! It would make the lives of our sales reps so much easier!"

Now that we had our "internal champion," we gave him everything he needed to make the transition happen and they're now using the calling features in Close.io.

The extra revenue is good for us but the effect this will have on *their* business is even more important. It will pay for the upgrade many times over, their sales reps will be happier, and they'll get so much more value out of being our customer.

You can't predict which benefits precisely you'll get from visiting a customer—but you will always get value from it!

What do you say when you visit your customers?

Hopefully by now you are sufficiently motivated to actually visit your customers. But what do you say and do? How do you get the most value out of these visits? How do you prepare for them? How do you wrap them up? How do you get started when you visit their office?

Setting up the meeting

First of all, you set up the meeting with the founders or CEO. That's the person you'll be officially meeting. But it's not necessarily the person you'll spend most of the time with. Focus on the person managing the team that's using your product.

What to talk about

- Start out by talking in general, broad terms about their business and your business. Then progress to more specific topics and product use cases.
- Be both a student and a mentor. Learn as much as you can about your customer, and look for opportunities to help them.
- Inquire about their workflows.
- Ask them to describe their goals in detail.
- How do they implement your product? Get a sense of the nuts and bolts.
- What bugs do they encounter?
- What features are they missing?
- What do they like?
- What do they hate?

Ask for and give referrals

This is a great opportunity to get referrals. And to refer them to others as well. Don't just limit referrals to potential customers—any reason to put them in touch with other people is fair game.

How often should you meet them?

I don't know what the right formula is here. I'd say it depends on your startup, but in general: you should meet them more often than you're meeting them now.

Jason Lemkin recommends every co-founder, CEO, and Customer Success Manager should meet on-site with five customers a month.

Whatever number you decide, it’s time to get out there and meet with your customers today.

Turn outages into opportunities

A while ago, our customers couldn't use Close.io to make calls for a couple of hours because of a technical problem with our telephony provider.

If salespeople can't make calls, they're losing money and missing opportunities, which is the last thing we want to happen to our customers.

But rather than letting this outage drag down our business, we turned it into a sales opportunity, and we actually came out winning.

Crisis situations are inevitable at any stage of your company. There will be outages, bugs, and errors, which is why I want to share our crisis-into-opportunity gameplan with you.

To be clear, this only works if you have a valuable and stable product. This isn't a compensation strategy for shitty software. It's a strategy for those rare times when a crisis disturbs business operations, despite your best efforts to prevent such an event from happening.

What to do when lightning strikes

Be prepared. When Slack users took to Twitter over a massive service outage, Slack was ready. Using an internal team tool that notifies them of customer support inquiries via Twitter, within a few hours the @SlackHQ account had tweeted over 2,300 personalized messages to users tweeting about #Slackdown. Users loved their hands-on approach—and Slack gained over 3,300 Twitter followers in a day.

Fix things first. That should be your number one priority. Do everything you can to get things up and running as fast as possible.

Be transparent. Let your customers know what's happening and share updates frequently.

Be as helpful as possible. Do more than what's expected of you, and more than what would be "reasonable" if you'd look at it from a purely rational perspective. Think of it as an opportunity to really demonstrate how much you care. Call as many of your affected customers as you can on the phone.

Apologize with friendly strength. Don't let aggravated customers abuse you. You're not their emotional punching bag. Show them you're genuinely sorry—but do it from a point of friendly strength. Don't be apologetic, don't come from a place of fear and urgency. And by all means, don't make it one of these meaningless corporate "apologies." Own the apology and be personally responsible.

Assess the damage. Find out how much of an impact an outage has on your customers. In our case, there were some customers who weren't calling during the outage anyway, others just used their cell phones. So with those people, it wasn't much of an issue. For others though, it seriously affected them.

Support them. For those whose performance was badly affected by this, we advised them on quick workarounds to enable their sales teams to start making calls ASAP.

Ask about their overall satisfaction level. Once you've put out the fires and helped them to get things up and running again—don't hang up the phone. You've just had a long conversation, so ask them: "Hey, apart from this one-time crisis right now, how happy are you with our product? How much value have you been getting from the software? What do we need to do better?" Ask a few probing questions so you get a feel for the overall strength of the relationship with this customer.

Address issues that affect overall satisfaction. Some of the companies had issues, problems, and grievances, and we worked with them on those, and put them on a watch list to support until we could get them to a high level of satisfaction.

The next step is where the magic lies:

Crisis management → support → success → sales

Some companies told us they were super happy and got a ton of value out of our sales communication software. At this point, we'd turn the crisis call (that had by then morphed into a support and success call) into a sales call.

“If you're happy with the software, and our product provides a ton of value to you, let's make this an even bigger win-win. Could you see yourself using Close.io for the next year or so?”

If they said yes, we pitched them on a pre-paid or annual contract, rather than the monthly contract they were on right now.

That day, we converted several monthly customers into annual customers.

Rather than having a whole day wasted on crisis management, we turned it into a great sales day and made a big chunk of extra revenue.

How to upsell

Your current customers are the best prospects for future sales.

Yet very few startups act that way. Whenever I talk with founders, I notice that—when it comes to existing customers—they mostly focus on these three questions:

- How can we retain them?
- How can we support them?
- How can we get referrals from them?

If your company isn't generating a steadily increasing percentage of revenue through upsells to your existing customer base, you need to reevaluate your sales process.

Before we dive into the how and why of upselling, let me address one thing first:

Upselling isn't evil

Think upselling is a sleazy business tactic? I'm not surprised—most of the memorable experiences we have as consumers with upselling are often obnoxious and annoying:

- You want to register a domain, but first you have to click your way through three pages of overpriced hosting and email forwarding options, website backup plans, and ridiculous certificates.

- You call your mobile phone provider to ask one simple question, but you have to withstand a barrage of special promotion offers and value propositions.

- You walk into a restaurant for some fried rice and dimsum, but the waiter keeps pushing the $80 abalone.

Put aside any moral judgements for a moment. Upselling, when done right, isn't a nefarious practice at all. In many cases, it's the right thing to do for you *and* your customers.

Does your product provide real value? Are you making customers more successful? Does it help them achieve their desired outcome? For every $1 they invest in you, do they get $1+x value in return?

If the answer is yes, then you should look for opportunities to support them even further in their quest for success.

Upselling to a customer is easy

If they've already bought something from you, you've already gained their trust.

If you'd invest even half as much effort into upselling your current customers as you invest into new sales leads, you'd probably make a lot more money with a lot less effort.

So why isn't upselling a common practice? Why aren't you focusing more of your sales efforts on upselling to your customers?

Upsellophobia

There are basically two things salespeople fear when it comes to selling to their current customers:

1) They don't want to harm customer relations

If you're under the misconception that selling is selfish or annoying, then you obviously don't want to do it to your existing customers. You don't want to risk upsetting people who are paying you money.

But if that's what's holding you back, you need to get over yourself.

2) They're worried about unhappy customers

If you're harboring suspicions that your current customers aren't satisfied with your product, reaching out to them can seem risky. Maybe they're not really satisfied, but as long as you don't rattle the cage, they'll keep paying you money. If you re-approach them to sell them more, it might just be the straw that breaks the camel's back and prompts them to cancel.

If that's your line of thinking, consider this: by giving them the chance to voice their discontent, you get a clearer understanding of the problem, and you're better equipped to solve it. It's an opportunity to improve your product, sales process, training, or onboarding.

If you're the kind of company that doesn't just avoid problems, but proactively seeks to solve them, it can strengthen the relationships you have with your customers and turn them into evangelists for your brand.

How to upsell

Here are four simple upselling ideas you can put to use right away:

Qualify upsells from the beginning

Even when they're still just an opportunity in your sales pipeline, start qualifying prospects for future upsells.

Ask them:

- How are you planning to grow the business?
- How are you intending to grow the usage of our product?
- What your vision for the next twelve months?
- If everything went right, would you use our product at the current capacity, or would it grow? And to what degree?

By doing this, you create a goal to work towards as partners with mutual interests.

Announce the upsell

When you're closing the initial deal, already let them know you'll upsell them in the future.

Ask them:

- If we deliver on all our promises, I will come back to sell you more, so that we get more revenue from you, and you get more value from us.
- If we deliver all this value to you, is it fair that I approach you in 3 / 6 / 9 months once you've accomplished x, y and z to take our relationship to the next level?

It's a simple thing to set the tone for the relationship and to prime them for what's ahead.

Determine future opportunity value

Try to figure out what the value of this opportunity could be in the future. You want to focus on opportunities that will grow over the next 12 months and more, and prioritize your sales efforts on opportunities with strong expansion potential.

With our sales CRM for example, we love it when fast-growing sales teams sign up for our service, because they'll buy more seats as they expand.

Quarterly check-ins

Reach out to your customers at least every quarter and have a real conversation to gauge how satisfied they are, how effectively they're using your product, and try to identify ways to deliver more value.

Don't just do this when you've got a promotion going on or when you need to make quota. Do this with the partnership in mind. Sometimes this means doing things like introducing them to a potential customer, sharing valuable insights with them, or helping to make them successful in any way you can think of.

Every interaction with your customer should be an extension of the value they get from your product.

The ultimate upselling tip

The best advice I can share is: stop overthinking and start doing.

Here's a simple 3-step-plan for you right now:

- Take a piece of paper and a pen, or open a text editor.
- Write down 10 names of current customers you think are happy.
- Send them an email or call them today and ask them if there are ways to serve them better. Ask them to get on a quick 15-minute call and have a conversation about this.

It really boils down to this: upselling today in a makeshift way is a lot better than upselling next year with a sophisticated, clever plan.

Losing (or firing) B2B customers the right way

Why you need to call your churning customers (and how to do it right)

It's hard to confront failure. When your customer cancels, the last thing you want to do is talk to them.

There is real fear in phoning someone up, knowing they are going to criticize you. What if this is just the first of an avalanche of cancellations? What if they point out a fundamental flaw in your product? It's easy to concentrate on what you do well, and leave these terrifying doubts alone.

But that same reason why it's so hard to talk to your canceled customer is the reason why you absolutely must start calling them: you need to learn the truth about your product, and you need to know now.

Why your customers churn

Fundamentally, there's one single, harsh reality behind your customer cancellations: You are not providing **value**.

This failure comes in two flavors:

1. Your product doesn't give them the features they need, so you're not providing **literal value** to your customer.

2. The value of your product is hidden somehow and they can't see why they should continue to pay for it, so their **perceived value** of your product is low.

Face up to that, and you have an opportunity to save and grow your company. Hide from the truth, and you won't just have lost a single customer—you'll lose your entire business.

It turns out that avoiding discomforting information is a trait that can literally kill you. Research has shown that some people will avoid unpleasant information to an extreme, even when it puts their life at risk, such as by not getting a cancer screening. These people selectively expose themselves only to information that's favorable to them, preferring to be validated rather than correct.

Don't hide behind your desk and only hear what you want to hear. Be brave, and call your churned customers to learn exactly why they churned.

Sure, some of the issues will be unavoidable, like having your customer go out of business, and that will hurt because there's nothing you could've done to stop it. But you'll find that the vast majority of issues will be avoidable—things like product or support problems—and that'll turn a depressing conversation into something that's incredibly empowering.

Here's how to call your churned customers and turn your learnings into changes that will give your business a chance at success.

How to start the conversation

Get your churned customer on the phone. Only do email as a last resort. Having a real conversation with your departing customer is integral to learning something meaningful from the exercise. It's all about going deeper, asking questions, and coming to a real, detailed understanding of your customer.

Start with this:

- "Hey, I wanted to personally take the time to reach out. I saw that you just cancelled the service, which I'm really sad about, and wanted to find out what happened. What can we do better, and what we can do for you today?"

- "Is there anything I can do for you so that what happens next creates the maximum value for your business?"

- Continue asking open-ended questions to find out what the problem is and drill down into the specifics of their issues.

There's one crucial reason why the focus of the call is to create value for your churned customer: if you're making first contact now, you've already missed the warning signs.

You've missed the months of the customer logging in less and less, plummeting usage stats, even multiple downgrades prior to total cancellation. Your customer has been paying you and you haven't been delivering value.

That's the situation that this call is meant to take a step towards rectifying.

You must show them that you want to find out what happened, and take responsibility for what didn't go right. In the process, you'll learn not just what you can do in the individual case, you'll take away the invaluable learning of how to build value for your customers going forward.

3 key areas of your business you'll improve by learning from churned customers

Most people will tell you that you have to call churned customers because it's an opportunity to win them back—but that's 100% the wrong approach. It will lead you astray and misplace your focus on closing deals and extracting short-term value.

Put your complete focus on learning how you can deliver more value for your customer.

Those learnings are going to serve you well in the long-term. Only incidentally might you find that the best way to bring value to your ex-customer is to get them back on the product—and if that's the case, close the deal.

If you don't discover a way to keep them and keep them successful, let them go. It doesn't make sense to pressure them into staying for another month or two. They'll churn eventually and when they do, they're going to be a lot unhappier than they are now.

Always act in the best interest of your customers, and keep building value in these 3 areas of your business using your churned customer's feedback.

Your sales process didn't work

It's surprising, but you'll find that a ton of your customer relationships were doomed from the get-go. They were a good fit for the product but it was only a matter of time before they churned.

This typically happens as a result of selling to a customer before you really go deep with them to figure out what the problem they want to solve is and how the solution to that problem should work for them.

You need to do the work now that your sales process should've done up front. You're likely to find out that:

- Your product solves a related problem but not the specific problem the churned customer has.
- Your customer wasn't deploying your product towards a strategy that had a likelihood of success.
- Your product didn't fit into their workflow.
- The customer's pricing tier wasn't a good fit for their needs.

Do this one thing to change your sales process: qualify your leads better. Your sales team shouldn't be doing this:

> **Salesperson**: "What is really important to you?"
>
> **Prospect**: "What we need is a way to get metrics on our sales emails."

Salesperson: "Guess what, our product offers sales analytics!"

Train your team to go deeper.

Salesperson: "What is really important to you?"

Prospect: "What we need is a way to get metrics on our sales emails."

Salesperson: "Why are you tracking metrics on your sales emails? What kind of metrics do you want to track? How are you going to use the metrics?"

Keep going until you reach an understanding, and you feel confident that your product will deliver value so that your customer will find success using it.

The reason why this is so important is that you want to focus 100% of your energy and resources on customers who have a chance to succeed with your product. Diluting your pipeline will waste your time and money. Worse yet, it will confuse your team on who your best customer is and what the solution exists for.

Your support structure failed

It hurts when you hear from your customers that they didn't feel supported, saying: "Every time we struggled or needed help, you didn't support us or helped us too late."

When you hear that, you'll immediately want to jump into your support process and fix things. That's understandable, but before you do that, pause for a second.

The easy answer is to just make your support better, but that's often not the right answer. Consider these 3 possibilities as the root cause behind a negative customer experience:

- **Mismatched expectations**: Customers can have different expectations on support levels from what you offer, and that can result in customer frustration. Adjust your sales and marketing to better manage expectations around whether you offer one-to-one support at all, wait times, and in-person customer success and consulting.

- **A failure in sales, marketing, onboarding, or product**: You've brought on the wrong kind of customer (say, a non-technical person for a developer tool) or your product has some nasty bugs. Better support doesn't get at the root cause of a negative customer experience.

- **Bad support**: It's just support. If your response times are too slow or the quality of your support isn't sufficient, dig into the support process, remove bottlenecks, and make whatever changes are necessary.

Think about this all in the context of your business. If you have a frictionless SaaS product, the economics of your business might not justify a top-notch support team and close customer hand-holding. Instead, you'll want to make the support level clear in your pricing plan and use that to segment your plans into a prosumer or SMB plan and an enterprise plan with higher support and 2x-10x the price.

Your product didn't inspire

When you hear, "Your product doesn't do X, Y, and Z," and you know that it does, don't immediately shout, "But we do have X, Y and Z!"

Take a deep breath, and ask, "Tell me more about X, Y and Z. What do you need X, Y and Z for? How does it need to work? What does it need to accomplish?"

When you find out their exact problem, if you see the following two scenarios, bring the churned customer back:

- They didn't know about a feature that you have that solves their problem. Their perceived value of the product was low, but the literal value of the product for them is high because you do solve the problem. If that's the case, then you should say, "We can do this. Sorry we missed the opportunity to do this for you, but maybe we still can. Let me guide you through it, here's what the product does . . ."

- You have a new feature coming on the roadmap that solves their problem. A good rule of thumb is if the feature is coming within a maximum of 2 weeks. Then, say to them, "We're actually about to release this. Let me understand a bit better how exactly you need that feature to work, and we can see if it matches what we're developing."

In these two cases, it's in the best interest of the customer to stay, and now is the time to make a passionate pitch for your product. Help them avoid the "grass is greener" trap that tempts them to switch to your competitor by emphasizing that you're a known entity, while starting a relationship with a new provider comes with a ton of unknowns and risk.

Sometimes, they need to go

You might hate the idea of calling up people who are unhappy, who are going to tell you what you've been doing wrong and why they are taking their business elsewhere.

Worse yet, the right way of talking to your churned customers means not accepting surface-level explanations for what happened. You'll have to dig deep into the painful reasons why they canceled to get the root cause of what's not working.

But what makes it so tough is also the reason why it's going to help you succeed. You'll take that feedback and put it back into the product, sales, marketing, support, and all areas of your business, making sure you make more and more customers successful.

When and how to fire your SaaS customers

As a B2B startup, there's going to come a time when you have to let go of a customer. It's an ironic role-reversal when you finally are in a position to say no to someone who wants to pay you money, but firing a customer can be just as hard as winning a customer. Here's how to do it right.

A fellow Y Combinator startup recently had an issue with one of their earliest customers. This customer once was very valuable to them: they helped the startup to generate revenue, gain credibility, and validate some of their ideas.

But this customer wasn't a good fit for the startup anymore. The customer made too many demands which distracted them from their core mission.

It was time to break up with this customer, in order to focus on building their product in a more scalable fashion.

2 ways to get rid of them

There are basically two ways to fire a customer.

1. Create a situation where they fire you

The best way to create such a situation is by simply raising your prices to such a ridiculous level that they're surely going to cancel (or if they don't cancel, make the number so high that you'd actually be happy to keep them at that price).

Get together with the person with whom you have a relationship and tell them:

> "Listen, our business model has changed and we can't service you successfully anymore at the current price point. The economics make no sense for us. We're forced to increase prices, and your new price is going to be $___________ [insert ridiculous amount].
>
> I totally understand if you're not willing to go along with this, and if you decide that you don't want to pay this new price to keep using our product, we're going to help you transition out in the most successful way possible. We're going to give you plenty of time and do everything in our power to help you move over in a smooth way. But this is what it is, this is the new price, and I wanted you to know this as soon as possible, so you have a chance to make decisions and choose how to move forward with it."

2. Be upfront and honest

Just pick up the phone and tell them about the situation. Tell them that this business relationship doesn't make sense for you anymore. Tell them your business model has changed, your focus as a business has changed, and you can't continue servicing them as a customer anymore, because it would prevent you from growing as a company.

Be proactive, honest, and transparent about it. Everybody understands that a business relationship needs to beneficial for both parties, and if it ceases to be, it's time to part ways.

Do it like a pro

You don't just want to make them feel like an unwanted customer. Breaking up—even if it's *just* a business relationship—can be emotionally tense. Show them that you really care. Do more than is expected of you, especially in a situation where things are difficult, and you'll discover that people talk highly of you.

Don't let this breakup turn into a dramatic conflict between the two of you. You don't want a disgruntled ex-customer to run around and badmouth you.

Do what's good for your reputation, good for your brand, and what's the right thing to do anyway.

Be super helpful

Offer them as much help and support to transition to a new solution as you can afford. Provide them with a stellar offboarding experience, so that they have minimum pain moving out from your product into the next. Give them enough time to manage the transition. Even drive to their office and work physically when they need it.

Consult them on what's next

Maybe they'll need help to figure out what to do next: Build an in-house solution? Change to one of your competitors?

You know their requirements, and what the market has to offer, and thus are in an excellent position to give them great advice. Do it.

DIY

Who should tell the customer that they're being let go? Not some account manager, support staff, or low-level employee. It should be you, or a person with real authority who has been involved in the deal.

Don't break up by email

Ideally meet them in person, look them in the eyes, and tell them what's happening. If you can't meet them in person, call them on the phone. But don't send them an email.

Do it fast

Don't delay the break up. Once you decide that you're going to fire a customer, communicate it with the customer as quickly as possible. Act fast. Don't wait around for weeks. Don't postpone it because it's uncomfortable and you hope that you'll conjure up a better way to deal with this. The more you postpone this decision, the more problems accrue—the more they depend on you, the more money you took from them, the more promises have been made to them.

As soon as you decide that this is not a good customer, you'll start deprioritizing them. People on your team won't be motivated to serve them well. It's just going to create more issues, conflicts, and challenges until you actually break up with them.

Just get it over with, so that both of you can move on as quickly as possible.

Do it with friendly strength

A lot of people feel really bad about breaking up. It's difficult, uncomfortable, and it'll probably upset the other side. It's natural to want to avoid that. And many people execute the break up with weaksauce.

They go in and feel so apologetic and guilty about breaking up, that they'll make a really weak pitch: "Well, we're thinking about this, and I know this sucks, but we also don't know what to do about this ..."

That weakness will just outrage the other side even more. And it can often lead to an abusive reaction from the customer, who'll vent at you more aggressively. They'll often request unreasonable concessions, and they will try to strong-arm you into things you shouldn't agree to.

That kind of apologetic approach can create an environment where they push you to agree to change your mind. They'll coerce you until you give in and say: "Well, you know what, you made some really good points. I'll go back to my team and we'll think about it again. Maybe there is another way."

No, screw that. You made your decision, you stand by that. And when you tell them, tell them in no uncertain terms.

> "Listen, here's what's happening. I feel really bad about it, but it's reality: we can't service you anymore, and we need to part ways. We'll give you guys two months to transition off. We'll help you with finding another option, we'll come to your office and help you offboard, we'll do anything in our power, but within the next two months, you guys need to find another solution. We can't service you

anymore. It's not going to work."

This is what's going to happen

You're not negotiating with them. You're telling them what's going to happen. Friendly, but strong. It might create temporary discomfort, but they will actually respect you a lot more for it, and it saves everyone time that might otherwise be wasted on trying to negotiate the case. They'll realize that this is real, there's no way around this, and they'll ask the right question: *How do we move on from here?*

Final thoughts

Thanks for reading SaaS Sales for Startup Founders

There's plenty of competition in the SaaS marketplace, but if you put this advice into practice, you'll be ready for any obstacle in your way.

Since we're at the end of the book, let me leave you with one last piece of advice—it's something I tell startup founders again and again.

Start solving problems today.

You've already got a lot working against you. Competitors' products are under-priced. Their features are over-promised. And everyone claims to have an "A.I. component."

If you're going to succeed, you need to make smart decisions, and you need to start making them right now.

Take the next step immediately, whether you're creating an ideal customer profile or finalizing the length of your trial.

When you’re confronted with a SaaS sales obstacle—or you need some inspiration—revisit the lessons in this book. And remember to check out the Close.io blog (blog.close.io) for more highly tactical sales advice every week.

Go get ‘em!

Steli