ENTERPRISE SALES FOR STARTUPS

HOW TINY STARTUPS CAN CLOSE HUGE DEALS

STELI EFTI

CLOSE.IO CO-FOUNDER & CEO

Enterprise Sales For Startups

How Tiny Startups Can Close **Huge** Deals

Steli Efti
Close.io Co-Founder & CEO

Enterprise Sales for Startups: How Tiny Startups Can Close Huge Deals

Steli Efti

Published by Close Publishing
www.close.io

Cover by Close.io

TABLE OF CONTENTS

Introduction

Welcome to Enterprise Sales for Startups

Many startup founders daydream about enterprise sales.

One minute, you're developing software in a studio apartment. The next, you're on a beach with Bill Gates.

> **Bill**: "I'm so glad you created the perfect product for every single Fortune 500 business."
>
> **You**: "Me too, Bill. I can't believe how easy it was."
>
> **Bill**: "Want the last sip of this piña colada?"

For a short time, I thought enterprise sales was really easy. Until it wasn't.

I made my fair share of mistakes—and learned a lot of tough lessons—along the way. And that's why I created *Enterprise Sales for Startups*. I want to help you make smart decisions for your business, especially if you're considering enterprise sales.

Founders ask me enterprise questions all the time:

When should we think about enterprise? How do we get started? Isn't selling to large organizations risky? Why were you and Bill *sharing* a piña colada? Aren't you both billionaires in your dream?

I put together this guide to answer (most of) these questions. And I often use my own history with enterprise sales as a reference.

As for how to read *Enterprise Sales for Startups*, feel free to jump around. The ideal order really depends on your situation—are you just getting started or do you simply need a refresher?

Either way, it's a quick read. Perfect for the beach.

Go get 'em!

Steli

How I almost closed Google, Intuit, and Oracle

Enterprise sales can be treacherous, especially if you're an inexperienced startup founder.

It's just too easy to make mistakes. You fail to provide adequate support during a pilot. Or you don't get buy-in from key stakeholders. By the time you've learned from your mistakes, it's often too late—you've missed your window for success.

That's exactly what happened when my first startup went belly-up a few years ago.

It was mid-2007. We were a tiny team—just me and one engineer. Our open education Facebook app wasn't getting any real traction, and it seemed like we were slowly losing momentum.

One day, out of the blue, we got a message from a senior executive at Google: *"This is EXACTLY what I want to do internally at Google. I want to have engineers around the world teach each other."*

As a tiny startup, we were excited and terrified at the same time. We'd been struggling for so long in the end-consumer space. Maybe enterprise sales was the way to finally grow the business.

We set up meetings with Google and more high-level executives got involved. They loved our product and vision, but we still had our doubts. We were too small. Our product wasn't ready yet. We didn't know about enterprise sales. But the opportunity was too tempting to resist. So we decided to go the B2B and enterprise sales route.

This shit is easy

We set up meetings with several other tech companies through our investors. We hustled hard and pitched perfectly. The product concept was great and high-level leadership loved it—not just at Google, but Intuit and Oracle, too. They all agree to do a pilot.

At that point, we were high-fiving ourselves. I still remember thinking, *"Everybody says enterprise sales is so hard. This isn't hard. This shit is easy!"*

But 12 months later…

The Google deal fell flat. Intuit was a dud. Oracle broke our heart.

So what happened?

The senior director at Google was so excited that she ended up joining our advisory board. That's a great start.

Unfortunately, we assumed that paying for the pilot (and having a senior director on our advisory board) would guarantee our software's success. We assumed they would know how to implement the solution into their organization.

We obviously had no fucking clue about enterprise sales.

What we failed to recognize was that management pushed the execution down to a project manager. And that project manager wasn't excited about our software. She had little interest in promoting our platform as an internal tool within Google. So she went through the motions just enough to be able to say, ***"We tried, but it wasn't a good fit."***

You have to sell to ALL the stakeholders

That project manager was not a bad person. We just never made an effort to establish a relationship with her. We never sold her on our vision. We didn't ask her what we could do to support the pilot.

- We didn't provide her with any training materials
- We didn't offer a roadmap for the pilot
- We didn't share any KPIs
- We didn't supply internal marketing and promotional materials
- We didn't help her understand how this could be an opportunity for her career

We weren't aware of the other projects she could pursue, or the other vendors who wanted Google's business. We failed to manage the whole thing. And it fell apart.

We felt crushed. But we still had Intuit in the pipeline…

They probably know better than us

Intuit had an idea for how they wanted to use our platform, but we didn't think it would work. We figured they knew better than us—and we were afraid to bring it up—so we kept our mouths shut. They'd probably come up with a way to make it work and, in the process, teach us a thing or two.

Their "pilot" ended up being nothing more than a poorly written email to their internal user base. There wasn't any follow up or follow through. As you can imagine, the response to their pilot was weak, so they filed the whole thing away.

What mistake did we make here? We didn't raise attention to obvious red flags, we never suggested alternatives, and we failed to manage the entire process.

But the most painful experience was Oracle

We worked almost nine months on closing that deal. We built relationships with a senior vice president, director, and managers on different levels.

We had a huge pilot in mind. We worked out a detailed plan of action, identified metrics to measure success, and agreed on a budget. They'd be spending tens of thousands of dollars on the pilot.

After nine months of schmoozing, hustling, and planning, the senior vice president left Oracle to become the CEO at another company. He took all the people we built relationships with at Oracle with him. We were left with nothing.

It was soul-crushing. We felt like enterprise sales had chewed us up and spit us out. My partner left. I was totally burned out. We didn't accomplish anything. All that work and we had nothing to show for it.

If you want to fix weak spots in your enterprise sales approach, ask yourself these questions:

- Who are the key stakeholders involved in this deal?
- On a scale of 1 to 10, how much does each stakeholder want this deal to happen?
- Does each stakeholder see an opportunity in their career for this?
- Is each stakeholder excited and passionate about your solution? Have you sold the vision to each person?
- What are the major objections each stakeholder has?
- Do you manage the onboarding process and pilot yourself?

- Are you actively involved in making the pilot work for your prospect?

- Do you have clear metrics to determine how the prospect defines success?

You'll need to answer all of these questions—and a bunch more—if you want to avoid the costly mistakes I made with my first startup.

Be sure to keep this list close as you plan your own enterprise sales approach. And frequently revisit your answers to ensure that you're set up for success.

The profitable distraction trap

Not too long ago, a founder told me an enterprise sales story that speaks to a problem many startups have.

The company had a highly technical product and zero customers. They'd focused on enterprise sales for months when—finally!—they recruited an internal champion at a large organization. He was an IT manager who loved their product, and he sent tons of buying signals.

Eventually, he said, "You guys should fly out here for a meeting with the purchasing department to make this deal happen!"

So the whole team got on a plane, ready to crush the meeting.

Ten minutes after entering the conference room, however, they realized that only one person was enthusiastic about the deal: the IT Manager. The other executives talked about *maybe* doing a pilot at some point, but a deal was miles and miles away.

This was more of a “getting to know each other” meeting. The IT Manager wanted the deal to happen, but he didn’t wield the power to push things forward.

Disappointed, the founders flew home.

The IT Manager felt horrible

He wanted to somehow make it up to the founder, so he said, “I still have a bit of budget left over for this fiscal year, and I have to spend it before the end of the month. If you can build a mini-product for me, I can pay you $25k.”

While this wasn’t a project the founder wanted to pursue—and it wasn’t on their core product roadmap—it seemed easy enough to execute and would give them their first customer.

So the founder asked me, “Should we close this deal or not?”

What was my answer?

I said, “Do you still believe in this IT Manager? Do you trust in his ability to communicate well within his own organization and get the deal done?”

He said no.

“Then find someone who can manage this process better.”

And forget about that tiny project in the meantime. Don’t worry about a small win that could *maybe* lead to a larger deal later on. It’s a profitable distraction trap.

There are 3 reasons why it’s dangerous to fall for the profitable distraction trap:

1. **It distracts from your core product.** Even if you estimate that the project would only take three weeks of work, it’s notoriously hard to predict these things

accurately. This could easily escalate into a three-month project and throw off the timeline for your core product.

2. **It weakens your follow-up negotiations.** You're currently in a position of strength. Your internal champion feels obligated to you because your team flew all that way for nothing. Taking on a small project shifts that dynamic. Demonstrate confidence in your product and your company. You won't change your entire product roadmap for one customer.

3. **Calling this organization your first customer would be unwise.** Most prospects and investors want to talk to your first customer, especially if you bring them up in conversation. If this first customer is totally unrelated to your core product, the reference is worthless. It'd actually make you look really bad.

How do you decline a deal like this while still maintaining a good relationship with your internal champion?

Try saying something like:

> *"We would love to help you, but this is not part of our product roadmap in the short-term. Let's keep in touch, and when your organization is ready, let's make the original deal happen.*
>
> *We appreciate that you want to support us in the short-term, and we think there's something you can do to help.*
>
> *Who do you know in other organizations that might benefit from our solution? Who in your circle of friends and peers should know we exist?*
>
> *Connecting us to these people would be the most valuable thing you could do for us right now!"*

This response shows that you want to focus on your core product, while still allowing the relationship to grow. By asking for referrals, you're also making sure to feed your funnel with warm leads and build up your enterprise pipeline.

Enterprise Sales Basics

Should you sell to enterprise customers?

If you’ve got a solution that you think can benefit enterprise customers, there’s plenty to consider.

Let’s cover some of the benefits and drawbacks of enterprise sales:

Benefits:

- Enterprise customers can generate a lot of revenue. They've got huge budgets and don't care about spending large amounts of money to solve important problems.

- Your company gains prestige and credibility. If you have Fortune 500 companies among your customers, prospects tend to trust you.

- Enterprise customers are sophisticate buyers. They're willing to pay the price for a high level of support and service, and they usually come into the deal with realistic expectations.

Drawbacks:

- It's very difficult to close an enterprise deal.
- Long sales cycles of 6-to-18 months are common.A lot of startups try to close enterprise deals prematurely, and shut down because they simply run out of money before a deal gets closed.
- Enterprise sales requires industry connections and networking.
- Complex sales has its own playbook. You need to understand how to sell to large organizations with multiple stakeholders.
- There’s a limited pool of potential customers, because there aren't that many enterprises.
- After closing a deal, you need to have the team and infrastructure in place to properly serve enterprise customers. Otherwise, you’re in trouble. There's no point in catching a whale if it sinks your boat.

Should you focus on enterprise sales first?

That depends on how well you know your target audience. Look for things that give you a competitive advantage:

- Do you have a personal or professional network you can tap into?
- Do you possess insider knowledge?
- Do you have experience working in or with enterprise organizations?
- Do you have some recognizable branding within enterprise markets?

If you don’t have any of these competitive advantages...

Start small. Map out the spectrum for which your product could be a good fit, and then focus on the smallest prospects. You want to sign your first paying customers as quickly as possible—build momentum and gain traction as fast as you can.

You want a high frequency of closed deals, even if they are small deals. As you build a steady stream of sales, look for signals that you're ready to move upstream.

Example: Close.io

At Close.io, we mostly sell to small companies with less than 100 users (salespeople). And initially, we were only focused on startups.

As we gained momentum, we started seeing medium-sized businesses and enterprises sign up for our product. They heard about us organically—mostly from customers who knew people within these larger organizations. At first, when these businesses signed up, they didn’t much farther than the free trial.

But the better our product became, the more our win-rate with enterprise customers improved. This is the kind of signal you want to look for. It means you’re ready to dedicate time and resources to sell higher-level customers.

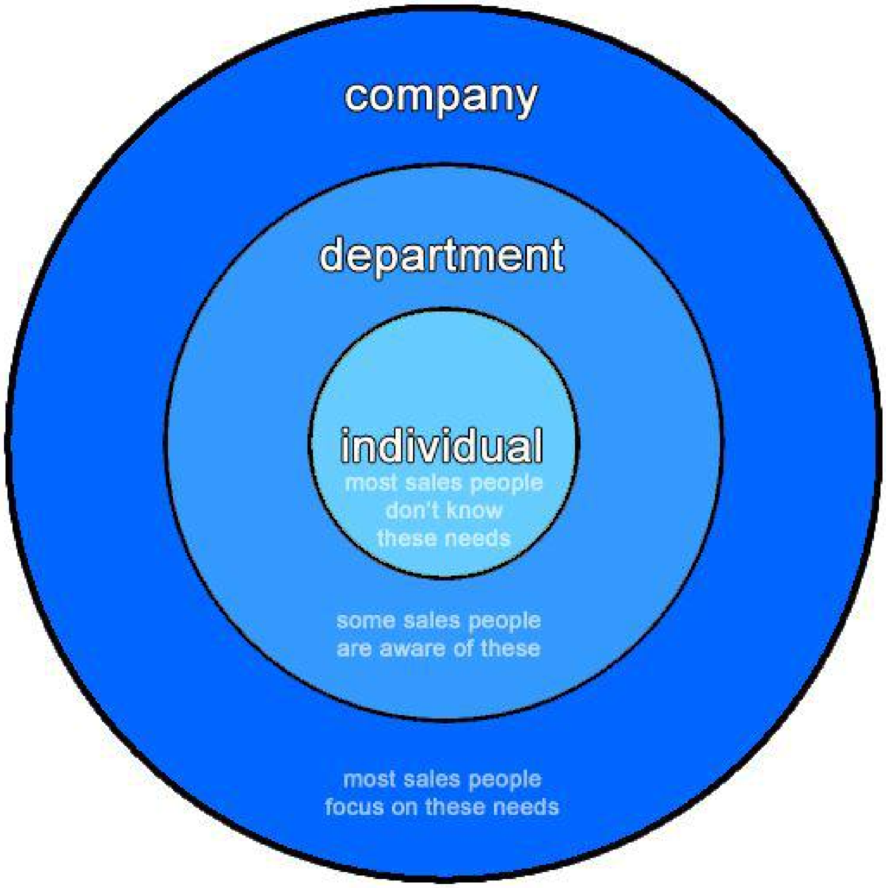
This isn’t the only way to grow, but it’s something to think about. Over time, we’ve seen this path have a much higher success rate than those who try selling to enterprises from the get-go.

The 3 levels of customer needs

What’s one of the most common mistakes startups make when they commit to enterprise sales?

They assume that selling to businesses literally means selling to businesses. But enterprise sales is multi-dimensional. In reality, you’re selling to:

1. The company
2. The department
3. The individual person



In an ideal world, you need to focus on selling on all three levels. Unfortunately, in the real world, you often have to prioritize.

When you're qualifying—and selling to—prospects, whose needs should you consider? Let's look at all three in more detail.

The company

Most salespeople focus on these needs, which include:

- Big strategic initiatives
- Product and feature launches
- Total revenue numbers
- Cost savings
- Large-scale marketing and brand campaigns

- Competitive gameplans

The department

Some salespeople are aware of departmental needs, which include:

- Specific KPIs
- Department-specific projects
- Department-specific initiatives
- Company politics (e.g. wars with other departments, competition for budgets and resources, etc.)
- Potential changes in management
- Department-specific solutions for company problems
- Circumnavigation of externally-imposed constraints

The individual

Few salespeople focus on the needs of actual decision-makers—or the internal champions who are trying to help decision-makers make the right choice. These needs include:

- Career goals (e.g. promotion, raise, job security, etc.)
- Credit for key deliverables
- Life goals
- Family goals (e.g. spending more time with family, moving, providing their kids with a better education, etc.)
- Getting hired by another company

There's a great story about the importance of individual buyer needs when selling to large organizations in Ben Horowitz's book, *The Hard Thing About Hard Things*:

> An early lesson I learned in my career was that whenever a large organization attempts to do anything, it always comes down to a single person who can delay the entire project. An engineer might get stuck waiting for a decision or a manager may think she doesn't have authority to make a critical purchase. These small, seemingly minor hesitations can cause fatal delays. I could not afford any hesitation, so I scheduled a daily meeting with Anthony, Jason, and the team—though they were now based in Plano. The purpose was to remove all roadblocks. If anyone was stuck on anything for any reason, it could not last more than twenty-four hours—the time between meetings.
>
> Meanwhile, Anthony worked furiously to find the exciting value we could offer EDS. We started with little things that did not change our fate, but revealed important clues. We flew our main EDS executive, Frank, out to meet with our top engineers and architects. In booking the trip, Anthony reported that Frank requested the longest layover possible in the connecting airport. I thought that I misheard him. "What, he wants a long layover?"
>
> Anthony: "Yep."
>
> Ben: "Why would anybody want a long layover in an airport?"
>
> Anthony: "Apparently, he likes to hang out in the airport bar between flights."
>
> Ben: "Why does he like to do that?"
>
> Anthony: "I asked him the same question. Frank said: 'Because I hate my job and I hate my family.' "

In this case, they ended up buying a whole company just to meet one of Frank's needs. If you haven't read this book yet, I recommend you do so.

How to deal with conflicting needs

Sometimes the individual's needs are aligned with company and department needs, but many times they are not. Too often, there's conflict between what the company wants and what the individual wants. So what do you do when this happens?

Give the individual what they need to sell your idea to their department and, ultimately, their company. Focus on their needs first and foremost.

When you make a genuine connection with that person—when you identify (and meet) most of their needs—you're much more likely to find an internal champion. And in enterprise sales, sometimes all *you* need is one person on the inside to kick down doors for you.

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.

The 7 essential rules for successful enterprise sales

Enterprise sales is a unique game with its own playbook, so it's important to know the rules before you get started.

Here are the seven essential startup rules for successful enterprise sales:

Rule #1: Expect long sales cycles

It can take 6-to-18 months from first contact to a closed deal.

Rule #2: Deals fall apart (even if you do everything right)

In enterprise sales, you can lose a sale for reasons you have zero control over:

- Primary contact leaves the organization
- Changes in corporate strategy
- Changes in the economy
- *This list could go on for pages...*

Rule #3: Sell to multiple stakeholders

Sell to different groups within an organization—up and down the hierarchy; vertically and horizontally.

Understand that different groups have different needs, and you need to cater to everyone. If the CEO tells the team to buy your product, but you don't have buy-in from the IT department, there's a chance the solution won't get implemented correctly and you'll lose that customer.

Rule #4: Don't underprice your product

Many startups breaking into enterprise sales want to offer heavy discounts or even pursue a freemium model. They falsely think that pricing could keep them from closing an enterprise deal.

Lowering your price—or giving it away—diminishes your product's perceived value *and* its importance for their entire organization. Free isn't valued in the enterprise world, like it is for other consumers.

Rule #5: Decisions are made by employees, not the company

Employees don't always make decisions based on their company's best interests. They often make decisions that first and foremost benefit their own careers. Remember to connect with their needs (on an individual level) before discussing the company's desired outcomes.

Rule #6: Start selling before your product is ready

It takes a very long time to close an enterprise deal, so start as soon as possible. You don't need to present a perfect product.

All you need in the beginning is an idea. You're not going to make the sale in that first discussion. You're there to get advice. Tell them you're developing something that could be really useful to them, and that you'd like their feedback as you develop your product.

Keep them in the loop and use the time it takes to develop your product to build a relationship and establish trust. That way, when you're ready to launch, some enterprise customers should be ready to buy.

Rule #7: Start mid-market and move up

Gain some momentum in the SMB space and move upstream into the enterprise world as your product develops, your team grows, and as you establish the capability to service large enterprise customers.

Internal Champions

Build an army of internal champions

Whenever you're selling to an enterprise, there are many people involved in the deal. One of the most painful mistakes you can make is to assume you've won the deal just because the decision-maker said yes.

I've committed this mistake many times. An influential person in the organization buys into my value proposition and commits to a purchase. Deal won! I sit back and relax. There's other people I'll have to talk with, but the deal is done.

Then some engineer wants to talk with me about integrations. Sure, I'll help him out. I'm a nice guy, and I want them to be successful.

I get on the call, assuming it's going to be a pleasant conversation where an enthusiastic engineer asks me for some expert advice.

From surefire win to lost opportunity

But instead, the engineer asks a lot of tough questions. He seems disengaged and critical, and eventually starts pushing me around, saying things like, "If you can't figure out X, Y and Z, you can forget about this deal I'm not going to sign off on this!"

Wait a minute. What just happened here? I thought the deal was won, and now this guy is giving me a hard time?

Believe me when I tell you: seeing a done deal fall apart hurts badly.

Here's how you can prevent this from happening:

Learn about different stakeholders

Whenever you talk with someone who is involved with the deal for the first time, figure out how they feel about your solution. How do they think it will affect them? What's their agenda? What are their concerns, objections, and fears? What's in it for them personally? How does their department look at this deal?

Sell each stakeholder individually

Once you understand the wants and needs of each stakeholder, sell them your solution. Show them how they'll benefit. Find opportunities to make it attractive to them, so that each stakeholder has his or her own reasons to want the project to happen.

> "*Deals close when everyone involved, every stakeholder, influencer and decision maker feels the impact of going with your product or service will change their world for the better and that your solution is key in reaching the goals and objectives they're trying to accomplish.*"
>
> *- Jim Keenan, How to Know When a Deal is Ready to Close*

It's called complex sales for a reason—you have to sell your solution multiple times with different value propositions for different stakeholders.

Does this sound like a lot of effort? It is. But it's a lot better than losing a prospect you could have closed. I know salespeople who constantly put in 90% of the effort that's required, lose the deal because of that last 10%, and then move on to the next prospect, only to put in 90% of the effort again. They're constantly working like a horse without progressing in their careers. Don't be one of those salespeople.

CEO or intern, everybody matters

It doesn't matter whether you're talking with a big shot or a nobody in the organization. Sometimes the person who helps to derail a deal isn't the CEO or the VP, but an intern or a secretary.

You should treat people with respect just because it's the right thing to do—but it also makes a lot of business sense.

Build your army of internal champions

When you've successfully sold your solution to each stakeholder, you're much better positioned to make the deal happen—even if there’s suddenly strong opposition from someone in the decision-making chain.

Every interaction you have is an important sales conversation, and you should treat it that way. If you can do this, you'll have a very prosperous career in B2B sales.

Even if the CEO loves your product, you can still lose the deal

If your startup is selling to an enterprise, always make sure to identify and understand all the stakeholders involved in the deal.

As a founder, you might find yourself faced with a new challenge: breaking into enterprise sales. Few people come into this game with a playbook in hand. I sure as hell didn't, and I learned my lessons the hard way.

What’s one of the most painful (and expensive) learning experiences a startup can go through? Investing months of work into a deal only to see it fall apart in front of your eyes.

The CEO is the beginning—not the end—of the deal

Startup founders often get introductions directly to CEOs through their investors or advisors. Once a CEO (or any senior executive) takes a pitch meeting and gives off buying signals, many founders think that the deal is almost done.

But the CEO is only the beginning of the deal. CEOs tend to have one or two major strategic initiatives they champion every year. Everything else gets delegated down the organization to a more appropriate person. So even if the CEO likes what you do, she's not going to be your internal champion.

A successful meeting with the CEO will most likely end with an introduction to someone else. Now the real selling begins.

There are two big steps after the CEO wants to buy your solution:

1. Selling all other stakeholders involved in the deal
2. Selling the person that’s going to manage the project internally

Step #1: Close all the stakeholders

In any organization, there are always a lot of hoops to jump through before a sale is actually made.

Make sure to have a realistic roadmap of an enterprise’s typical purchasing process. The simplest way to do this is to use the virtual close and ask, “Once you have decided to buy our product, what typically needs to happen next to get the deal done?”

Realize that selling to the enterprise is a complex job that can take anywhere from six months to two years.

Do your homework to make sure that you don't invest all that time in a bad deal. There are no guarantees in this game, but the stakes are too high to be sloppy at any step in the sales process.

You need to be able to answer questions for every internal group that's involved in the purchase of your product—legal, procurement, IT, etc. Reach out to them early and start a dialogue to learn what they'll need from you to help move the deal forward.

You can't afford to be passive. It's your job to manage the complexities and support all stakeholders in moving the deal to a close.

Step #2: Close your internal champion

The person who ultimately manages the implementation for your product might not share the CEO's excitement for it. You need to convert this person into an internal champion or you'll have no chance for success, no matter what the CEO said in your initial meeting.

Do everything you can to sell this person on your product's benefits to the company, but even more importantly, on the benefits to their career.

Find out how you can support and empower them to promote your solution within the company. Find out how you can connect the successful implementation of your solution to their own personal goals and ambitions. Find answers to the following questions:

- What goals do they have and how can your product help them?
- Which objections and fears do they have with regard to your project?
- Which objections will they encounter when implementing your solution in the organization?
- What is the best way for you to empower them to succeed with this new project?

You need to invest a lot of time and effort into the relationship with your internal champion. The CEO might have opened the door for you, but it's ultimately the project manager who can make this project a massive success or a devastating failure.

Internal champions are great, but you still sell to decision-makers

One of our reps was in the process of selling our inside sales CRM to a pretty large company.

The company had sales teams all over the world, and their U.S. team manager loved our product, and wanted to champion it within the company.

But the ultimate decision-makers (VP of Sales & CEO) were both located at their headquarters in Italy. Our sales rep had never spoken with them. Instead, he coached the U.S. team manager on how to handle common questions and objections.

Here's what the sales rep told me at one point: "Now I'm just waiting until the end of the month, because that's when she's going to be able to get buy-in from the VP of

Sales and the CEO."

Alarm bells started ringing in my head.

You should talk with decision-makers, not just your internal champions! It's great if you have a passionate advocate within the organization, working from within to help you close a deal. But don't rely on that person to do all the heavy lifting.

Stay in control of moving the deal forward

It's your responsibility to make the sale happen. When you hand over the responsibility of moving the deal forward to an internal champion, there's not much left you can do. Your potential to be proactive goes down. You just have to sit back and wait, which is a terrible thing to do in sales.

Internal champions can't sell your product as well as you can

Even if you've coached and trained your internal champion on how to sell your product to different stakeholders, they will never be as good as you are at selling your product, handling objections, and answering questions.

When the internal champion doesn't know the answers to questions a decision-maker deems important, it will make the internal champion look bad.

The decision-maker will think: "Well, if they don't even know the answer to these obvious questions, should I trust their judgment on this? That product is probably not a good fit for us."

Avoid ineffective communication

The internal champion will have to go back to you—the actual sales person—to ask these questions, and forward your answers to the decision-maker.

Not only is this a waste of time, it's also a low-impact way of communicating the value your product provides. It's going to distort the value proposition of your product. Take control of the situation and get involved.

Get access to the decision-makers

If an internal champion wants to make the deal happen for you, here's what you should tell them:

> "I'm glad you love the product—thank you so much for championing this. Let's do this together. I want to be of service to you and support you as much as possible in this process so that it'll be a success for all of us.
>
> I know that [the decision-makers] will have questions about our product and company that you couldn't possibly know the answers to.
>
> Let's schedule a quick 30-minute call with you, me, and [the decision-makers]. We'll be able to answer all the questions and I can be there as an expert supporting you in making your case."

What if a gatekeeper wants to shield the decision-maker?

Sometimes the decision-makers have instructed their gatekeepers to keep you away from them. They don't want to deal with sales reps.

Typically a gatekeeper will tell you something like:

"Our VP of Sales wanted me to do all the research and come back with all the information for them, so that they can make a decision, without having to interact with account managers from different vendors."

There are two approaches that work well in these situations:

- **Be an expert, not a sales rep:** "I believe there is no selling to be done at this point. You're already sold on the product. I just want to be available in that conversation, so that when they have questions, they immediately get a knowledgeable answer, and I'll be there for them to answer their follow-up questions. This will save everyone involved a lot of time and effort."

- **Pull the CEO card:** "I get that your CEO doesn't want to talk with account managers from all these different vendors. And because this deal is so important, and your CEO will be involved in making a decision, I'll bring in our CEO. That way they can talk together and have a meaningful conversation."

A lot of this is just about acknowledging the importance and status of the decision-maker (bullshit ego play), but that's how this game is played in many companies.

If you find yourself in a sales process that involves multiple stakeholders, and the real decision-makers are not talking with you directly, do everything in your power to get access to all of them.

Sell every single one of these decision-makers on making the deal happen, and don't rely on some internal champion to do all the selling for you. Stay in control of the sale.

How to deal with lazy stakeholders

Your software product is up for renewal. You know it’s a great fit for the company, but the administrator responsible for your software seems uninspired.

They’re slow to answer emails or don’t answer them at all. They’re unfamiliar with the most basic features of your software and simply don’t care.

You go crazy, imagining the administrator lying around all day, picking the lint out of their belly, while they should be working. They become the target for all your frustrated hopes and ambitions. You’re itching to run to their boss with a laundry list of complaints.

Take a step back and breathe.

If you’ve reached the renewal point and you’re only now trying to remediate issues with the administrator, you’ve already screwed up. It's too late to salvage the situation.

The most likely reason an administrator seems lazy or disinterested is because *you’ve* been lazy—you never put in the effort to make the relationship work.

Your approach is fundamentally flawed, and it's time revamp your entire sales process. What you need to understand is that nobody's obligated to be on your side—having an amazing product doesn't automatically guarantee you a software renewal.

Nurture these 3 relationships to foster long-term success

It feels great to close deals and get checks in the mail—these are easy indicators of success. But SaaS sales are built on more than just closing. They require an iron bedrock of solid relationships and good communication that's built over time.

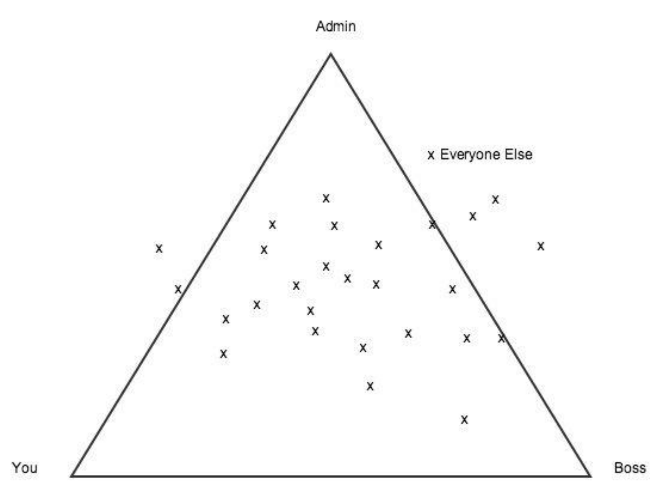
Especially with subscription-based software sales, closing the CEO is just the first step. If you think they're the only one involved in the decision-making process, you're deluded.

To succeed at SaaS sales, there are three other critical relationships you have to nurture. Let's run through the key players:

- **The administrator:** the person at the company responsible for the implementation of your software

- **The boss:** the person with the budget, the ultimate decision-maker

- **Everyone else:** all the other stakeholders involved in the deal



You + admin

The day-to-day application of your product will almost certainly be delegated down in the organization to an administrator or project manager, and it's critical that you secure this person's backing.

You want to turn them into an internal champion by doing the following:

- Provide the admin with training materials
- Present KPIs to evaluate your product
- Allow them to understand how this can advance their career
- Take a genuine interest in them as a person

When it comes to deciding whether or not to renew, the administrator of your software is the first one approached, and you need to take the time to sell them on your product.

Admin + boss

The most powerful way to get the admin on your side is to make them look good in front of their boss. You can achieve this by aligning their success with the success of your product. Find out what their needs and motivations are.

From the start of the relationship, ask the boss about the administrator:

- "What's your relationship like with the admin?"
- "What are their responsibilities in relation to mine?"
- "What's the best way for me to work with them?"
- "What are their deliverables?"

The Law of Reciprocity in sales applies. Make the administrator look good in front of their boss, and they'll make you look good when it comes time for renewal.

You + everyone else

Enterprise sales is a complex process that requires the effective collaboration of multiple stakeholders across the board—legal, procurement, technical team, and so on. Identify these key stakeholders and reach out to them immediately.

You can't always know who has influence on the deal, which means that nobody's too unimportant to sell to. Sell to the intern. Sell to everybody in the room. You want to integrate your product across all levels of the company, from the bottom up.

How to navigate interpersonal issues

Going the extra mile to build relationships with all stakeholders preempts a lot of problems. You develop a base of internal support within the company that's actively enthusiastic about your product.

If you've taken the time to invest in the administrator and they remain uncooperative, reach out to their boss.

Here's how you should proceed based upon this response.

Test the waters

Start with the facts.

"Hey, we've been working together for a month or two. This is what's been working." Slip in a nice promotional detail on how well your product works for the company.

Then, tread into grayer territory, doing your best to remain objective.

- "Here are some questions I have on how to proceed going forward, due to issues X, Y and Z."
- "Here are my internal communications with the administrator."

- “What do we need to do to make sure this issue gets resolved? Should I take on more responsibility? How can we reconfigure expectations to everyone’s benefit?”

Instead of assigning blame, describe the situation, and outline the problem as factually as possible. Demarcate the parameters within which you’re working.

And close the renewal

The response you receive from the boss will likely fall along two lines, which will determine how you proceed.

1. The administrator is acknowledged as a weak-link

You find someone else in the company who is aligned with you. In this scenario, it’s appropriate to be more open about the issue and your problems with the administrator.

You’ve put in the time and built relationships with stakeholders—try to get them and the boss towards renewal.

2. Your concerns about the administrator are brushed off, and you’re told to resolve the problem on your own

You can let the matter lie with your fingers crossed, and hope for the best come renewal time, or take your issues more directly to the stakeholder and confront them—it’s a coin toss.

You’ve tried your best to invest in the administrator, demonstrated interest in their success, and you’ve reached out to other stakeholders as well.

Even if the deal collapses, you’ve done everything you can. Investing in *people* is just good business practice, and will facilitate your future success.

Stack the deck

There are no guarantees in sales, particularly when the deal involves diverse interests and multiple stakeholders. But it's not a crapshoot either.

You can position yourself for the most favorable outcome by shifting your sales mentality from short-term transaction-based thinking to focusing on long-term relationships, which is really where you build the most value for your customers, your company, and yourself.

Always keep in mind that the growth of your SaaS businesses is built on enabling the success of others. By incorporating this framework into your sales approach, you open yourself to near infinite upside.

Enterprise Sales Tactics

Want to close more deals? Ask this question

How often are your deals derailed by the unexpected?

A prospect says, “We need to run this by legal" or "Technically, procurement has the final sign-off."

When faced with surprises, many salespeople blame the prospect. *I qualified them. I asked questions. They don't have their shit together.* But if you’re caught off-guard by legal or procurement, you didn’t do your homework. You didn’t ask the right questions. You didn’t go for the virtual close.

After you’ve qualified a prospect, this should be one of the first questions you ask:

“What will it take for you to become a customer?”

You're doing two things with this question:

1. Exploring the prospect's buying process

2. Encouraging them to imagine a scenario in which they buy your product

Here's what a typical conversation might look like using the virtual close:

> **You**: "I definitely think we're a good fit. What will it take for you to become a customer?"
>
> **Prospect**: "We'll probably have to take this information back to the team."

Don't be satisfied with this response. Keep asking follow-up questions. Push for more information. It's your job to eliminate last-minute surprises during the sales process. Think: *What else do I need to know?*

> **You**: "Once your team reviews this information, what typically happens next?"
>
> **Prospect**: "We'll schedule another call and get our stakeholders together. I'm sure they'll have more questions."
>
> **You**: "Okay, and let's say I answer those questions to their satisfaction. What happens next?"
>
> **Prospect**: "We'll probably want to get a pilot proposal from you."

This is where you can ask more specific questions, like:

- What's the average length of a proposal?
- Is there any specific information the proposal should include?
- What's the average length of a pilot?
- How do you measure success?

Even after you find out the necessary information—they want a 5-page proposal that includes a high-level breakdown of the onboarding process, the pilot will last 1-3 months, and their main KPIs are sales growth and customer acquisition cost—you're still not done.

> **You**: “Once we send over the proposal, what typically happens next?”
>
> **Customer**: “Well, then it would have to go through legal.”

At this point, most salespeople might stop asking questions

They've learned a lot about the prospect's buying process, and they’ve identified some important next steps. **But stopping is a mistake.** They still haven't arrived at the virtual close.

You need to keep pushing:

> **You**: “After legal gives the go-ahead, are we ready to move forward?”
>
> **Customer**: “Yes, we’d only need to run this past a few higher-ups, then the ethics committee and procurement.”
>
> **You**: “Interesting. What can you tell me about this part of the process?”
>
> **Customer**: “Well, the ethics committee usually takes a couple weeks to review agreements, and if everything looks good, they'll send it to procurement, who has the final sign-off."
>
> **You**: “Great. And then we're in business, right?”
>
> **Customer**: “Yes. At that point, we'd purchase your product.”

Now you have the whole roadmap for success. You understand exactly what it's going to take to close this customer. No surprises.

What are the benefits of the virtual close?

- You understand all the necessary steps to close a deal
- You guide the prospect through these same steps to avoid confusion
- You explore opportunities to shorten the time it takes to close (eg. running the proposal by the ethics committee and procurement at the same time)
- You help the prospect visualize a future where they become a customer
- You discover major red flags that could slow down the deal or prevent it from happening

This last reason is why **you need to ask for the virtual close as soon as possible**. If they say, "We have a 78-step approval process and our budget is $125 per month," is it really worth your time?

They might also say, "Our budget is allocated until 2020, so we can't buy your product any time soon, but we're still interested in a pilot."

That's pretty good to know, right? You want to discover these red flags in the first conversation, not three months into the proposal process.

When you ask for the virtual close, you gain clarity

99% of “surprises” are things you could've foreseen if you'd taken the time to understand the prospect's buying process. Remember, when a deal derails, it's likely because you didn't do your homework.

Practice the virtual close. Memorize this very simple question: "What will it take for you to become a customer?"

Then ask the prospect more questions until they finally say the magic words: "Yes, that's when we'd purchase your product."

How to create urgency to close deals right now

When selling SaaS products to enterprises, how can you move the sale ahead when a prospect is stalling? What can you do to accelerate the sale and close the deal sooner?

There are essentially three ways of creating urgency in SaaS sales.

Limited alpha

If your product is new, or you release a major new plan, you can invite them to a limited alpha. You could even keep it to 10 seats.

Tell your prospect:

- "This looks like a really great fit, but I want you to know that **we are going to run a limited alpha—which means that only 10 companies will get access to our product**. We currently have around 40 companies interested in participating. We're now trying to identify which ones will be the best candidates for this alpha, so that we'll be able to support and turn them into massive success stories."
- "You'll have to **make a decision within** ____ (the next x days/weeks) because we'll launch the alpha on ____ (start date)."
- **"It's first-come, first-serve.** So whenever one company that we believe to be a great fit decides to go ahead, they get the next limited spot."
- "**We only have four more spots left,** so let's make sure we **don't lose this opportunity.** Let me give you all the information and support you need to be able to make a decision as quickly as possible."

By limiting access to your product, you create scarcity, which creates urgency to make a decision and enhances the perceived value of your offer.

Upcoming price increases

As your product grows and matures, and you offer more value, you'll probably increase the price of your product. Many established SaaS companies do this, maybe once a year or sometimes even multiple times a year.

It's a great incentive for customers to make a quick buying decision, so that they can lock in at the current (lower) price.

For instance, when Amazon Prime prices increased, they gave new sign-ups a chance to beat the price increase if they bought within one week.

Make them an offer they can't refuse

Run a special promotion, or give the prospect a special deal. There are four kinds of incentives SaaS businesses can offer:

1. **Discount**

   "If you buy this week, you'll get a 10% discount, so you'll save X dollars every year per seat."

2. **Special features or higher tier plans**

   "If you buy in June, you're going to get the business version of our product for the basic price plan."

   It's also a discount—the difference is that you increase the value rather than lower the price.

3. **Buy 1, get 2**

   "If you buy in June, you'll get a free seat for every seat that you purchase. So if you buy three seats, you'll actually get six seats."

   Buy 1, get 1 free works for SaaS businesses too :)

4. **Special services**

   "If you buy this week, you're going to get our Advanced Customer Acquisition training package for free."

   Think about special support packages, consulting packages, training, onboarding, etc.— any kind of special service to help them succeed with your SaaS product.

   For example, look at HubSpot's $2,000 Inbound Success Training package, which is mandatory when you buy their pro plan. Lowering the price of the package, or even giving it away for free, can be a great incentive to push a stalling prospect towards a quick purchasing decision.

How to shorten the sales cycle

Enterprises typically have very long buying cycles. Six months or longer from initial contact to closing a deal is the norm.

But there are ways to fast-forward this process and close even large enterprise deals in less time.

Enterprises are typically big buyers, but they're also very slow-moving organizations. Deals are worth tens or hundreds of thousands of dollars, but it takes so much time and so many steps to actually get a contract signed. Here are two things you can do to accelerate the sales process.

1. Understand the enterprise’s buying cycle

Have a clear vision of their buying journey. What are all the steps necessary to close the deal? Who are all the stakeholders that are going to be involved? Make a list of everything that needs to be accomplished all the way from initial interest to signing the contract and wiring the money.

How do you do that?

You ask the prospect: "What’s it going to take for you guys to buy? What are all the steps involved?"

The prospect will likely say something like, "Well, we'll have to get approval from this department and get buy-in from this stakeholder."

The most common mistake startups make at this point is answering, "Sure! Sounds good!"

Why is that a mistake?

It's a mistake because more often than not, they haven't told you their whole buying cycle yet.

That's why you ask another question, like: "So once we've done these things that you described, are we in business or do we still have things to do?"

And then you let them guide you through the virtual close. They will essentially describe a virtual roadmap of all the steps that are required to get the deal closed and their money wired into your account.

Once you’ve mapped out their buying cycle, you move on to the next step.

2. Parallelize processes

Find out which of these steps you can go through in parallel. Rather than doing Step 1, then 2, 3, and 4, try to find opportunities to take multiple steps at once. Maybe you can already get started on Step 5, while you're still working with them on Step 2.

Most companies go through the sales cycle sequentially. That's fine. But if you want speed, you split the cycle up into several threads that run in parallel.

This is what a typical enterprise sales cycle looks like (extremely simplified, just to illustrate the principle):

1. You work on getting the green light from the various stakeholders
2. You talk with their procurement department, which specializes in purchasing from outside vendors
3. You often have to go through legal to finalize contract language

Rather than doing this one step after the other, get started on these three threads simultaneously.

Here's what you can say

When you're talking to the prospect and it seems like this is a highly probable opportunity, tell them:

> "After our initial call, it seems that this would be a great fit.
>
> Now we know that there are many different steps involved, and we'll need to talk to multiple stakeholders and departments to make sure the entire organization is on board and you guys are ready to proceed.
>
> Once we've established that somebody is a great fit, we're usually able to make the deal happen. We're going to work with you and make this deal happen, too.
>
> In order to make this a smooth and speedy process, we'd appreciate is if you could put us in touch with your procurement and your legal department now, so we can start that process in parallel. That way, by the time we have approval from all the different stakeholders, we're ready to rock 'n' roll. We're not going to be slowed down by things that need to be done by procurement and legal.
>
> Does that sound fair?"

Nine out of ten times people will say, "Yeah, that actually sounds like a really good idea." And they put you in touch with procurement and legal, so you can start the process ahead of any final agreements.

This can cut weeks and even months off their buying cycle.

Whenever you're able to save time, it makes your life (and your customer's life) easier, and it helps you become a more profitable, faster-growing company.

Forget quick experiments

When a large prospect shows interest in your startup, it's easy to jump on the bandwagon. But there's one thing you should consider before exploring a future in enterprise sales.

Let's say you plan to sell your product directly to consumers, but an enterprise prospect asks you to build on top of SAP, so they can use your software internally. What should you do?

Many founders, especially those with limited enterprise sales experience, might say, "Let's try a pilot and see if companies who use SAP also have a need for our product."

Here's the problem:

You don't know very much about the market. Is the prospect really worth abandoning your plans to sell to end-consumers or SMBs? Is SAP the best platform for your product? It's hard to know the answers without first collecting data.

While it's important to compare your options before committing to enterprise sales, it's difficult for most startups to test the waters with a series of rapid-fire experiments. Why? **Because experiments like this—even the quick ones—take at least 12–18 months**.

If you want to pursue enterprise sales, you need to be all in

Can you commit yourselves to enterprise sales—and *only* enterprise sales—for the next two years? This isn't a market to dabble in. You can't test enterprise *and* direct consumer sales concurrently, unless you have a big team with tons of experience.

Think about all the steps you'll take to determine whether this is the right course of action for your startup:

- Transition the prospect's initial interest into a demo and/or paid pilot
- Convince the prospect to purchase your product (and sign a long-term contract)
- Implement your product
- Generate recurring value for the customer
- Conduct a case study—prove that what you're selling solves an enterprise-level problem

Then you have to replicate this process over and over again to justify the switch to SAP-focused development. What works for one company might not work for others.

We're talking about a massive task list and overall timeframe. It'll be two years before you know whether enterprise sales is right for you. Can you risk that much time just to collect data? By the time you get your answer, it could be too late to pivot or put those insights into practice.

Do your own 360-degree research

If an enterprise prospect wants you to build your product on top of SAP, don't just take them at their word. Instead…

Talk to SAP employees

Tell them what you're building and ask them whether they think your product is a good fit for their customers and platform.

Talk to SAP consultants

They'll have a lot to tell you about implementation and customization. Ask for their advice, feedback, and pain points.

Talk to startups who have built products on top of SAP

Meet with successful and unsuccessful companies. Learn from their experiences and mistakes. What do they wish they'd known beforehand? What were some unexpected costs? Where's a good place to start?

Talk to competitors

See what kind of response you get when you discuss your product. Show them what you're trying to do and explore better opportunities for market-fit. Learn how they sell their own solutions.

Are you ready to make the commitment?

If you're not sure, take the time to do more research. Don't experiment just because a prospect showed a little bit of interest. Don't commit just because one or two enterprise executives liked your presentation.

Ten years ago, at my first startup, we transitioned to enterprise because companies like Google, Intuit, and Oracle showed some interest. We gained early traction and I thought, "Man, this enterprise shit isn't hard. What's everybody talking about?" But it turned out to be very difficult. By the time we found out enterprise wasn't right for us—15 months later—it was way too late.

We made a bunch of rookie mistakes following a path we didn't understand. In the end, we wasted an incredible amount of money, energy, and time, which is the most critical resource any startup has.

If you're ready for enterprise sales, there's only one thing to do

Go all in. Dedicate the next 12–18 months to enterprise success. Commit fully to research, testing, and implementation on a large scale. After all, there's no such thing as a quick experiment in enterprise sales.

The LOI hack that closes deals quicker

Are you in the final stages of negotiating a deal with an enterprise partner? And now you need to send over the paperwork?

Here's a simple sales hack to get a Letter of Intent (LOI) template that gets signed quicker, and keeps the legal hassle to a minimum. This method works for letters of intent, but it also works for other kinds of purchasing contracts, term sheets, and legal documents.

The typical way to craft contracts: Slow, painful, and expensive

© 1996 Ted Goff

"The paper and ink content is within acceptable norms, but the contract itself appears to have too many clauses."

Even if you use a good LOI template, you'll often find that it creates a lot of friction. Here's what the process normally looks like:

1. You download a template online and tweak it with the help of a lawyer
2. You send the LOI to your buyer
3. Your buyer sends the LOI to their legal department
4. The legal department dissects your LOI as if they're investigating a high-profile murder case—they go over every line to make sure it's 100% waterproof; the legal department does not care how long this takes
5. Legal makes edits and sends them back to your buyer
6. The buyer sends the edits to you
7. You adjust the wording according to their requests (with the help of your lawyer)

8. You send the revised LOI back to the buyer

9. The buyer sends it to legal again

10. The process continues for several rounds

It's an expensive, time-consuming ping-pong match between lawyers.

Wasting a lot of time in the contract stage is something you want to avoid as much as possible. It can starve a good deal to death. During the weeks and months it takes a buyer to sign the damn thing, there's always a chance something comes up to render the deal useless.

Keep the process moving forward. It's too frustrating to lose a deal right in front of the finish line.

How to craft the right LOI for your buyer

Rather than trying to come up with a letter of intent in a vacuum, ask *them* for one and use that as your template.

Call up your buyer and say:

> *"Hey, can you share a letter of intent or contract that you used in the last six that was already approved by your legal department when buying something similar to our service or product?*
>
> *If you have something like that, let's try to use that as our template for this deal."*

Most times, the buyer will send over a contract or other document. Then you can just edit accordingly. The big advantage is that it's pretty much pre-approved. You're already using language their legal department is comfortable with.

You'll get through their legal department a lot faster, they'll sign sooner, and you'll close the deal quicker. Everybody's happy, except any lawyers who get paid by the hour.

Final Thoughts

Thanks for reading Enterprise Sales for Startups

Enterprise sales can be risky, but if you have a great product—and you make smart decisions along the way—the rewards are massive.

If you've decided that enterprise sales isn't right for you, that's totally fine. Keep selling to startups and SMBs. Build a track record of success. Move upstream as your product develops and your team grows. That's how many startups (just like you) eventually make the leap.

But if you're ready for the challenge, I have one last piece of advice:

Start today.

You've got long sales cycles ahead of you. And internal champions to recruit. And multiple stakeholders to sell.

Seriously, there's tons to do.

So take action immediately. Commit to enterprise sales right now. Close this guide and generate a gameplan. There's nothing else in your way. The beach is empty. Bill's started the blender.

And remember, if you have any other questions, I'm just an email away: steli@close.io.