

Andrew: This session is about how you, the person who's watching or reading the transcript or listening to us on MP3, how you can build a sales machine so you can grow your sales. The session is led by Steli Efti. This guy is fantastic when it comes to sales. He's been doing it for a long time. He's currently the founder of Close.io, modern CRM that eliminates data entry and integrates calling and emailing within the product. This is the machine; this is the software that salespeople use to close more deals. Before that, he launched ElasticSales, basically its sales as a service. His team of sales people would call up and I think even still do, call up customers, excuse me, do sales on behalf of their customers and am I explaining that right, Steli?

Steli: Yeah you are. We're not doing that anymore, but that was what we were doing. We were calling customers or calling prospects and closing deals for other startups.

Andrew: That's a pretty gutsy thing to do. Most people would be afraid to sell for other customers because they'd say, "How could I as a consultant create a sales team here that can sell better than my client?" But that's what you did. That's where you learn sales and that's where we're going to get a lot of what you're teaching here today. You showed me something in your hand earlier before we started, you just flashed it, what was that?

Steli: Oh. This is the book that we're about to release. It's "The Ultimate Startup Guide to Inbound Sales," describes all of our strategies we're going to talk about today and some more. And we chatted about offering a special discount to the Mixergy community, if they want to have it after the master class.

Andrew: So show the book again. What is it that you wrote?

Steli: It's "The Ultimate Startup Guide To Inbound Sales."

Andrew: Great. All right, so you're the guy who did sales for the companies. You do it now for your software and you wrote the book on sales. My goal here is not to keep touting how great you are, but to make sure that anyone who's watching this becomes a better salesperson, and more importantly, build a sales machine for their company.

Now, you weren't always this good. In fact, I don't want to spend too much time on this because it's kind of painful, but there was a time when you ran a business. Here it is, this is a screen shot from archive.org of Supercool School. And when you ran it, there was a time that you and your teammates got into a huge debate. Debate about what?

Steli: Yes. So, this had happened after we abandoned the plan to do enterprise sales for Supercool School. We talked about this in the enterprise sales master class that

people should check out. So we failed at closing these massive organizations. So we decided to go the other way and offer a self service platform with Supercool School, so people could just sign up and then pay us 15, 25 bucks a month and use the product. And all our energy and effort was on making this fully self service and we spent a ton of time, for instance, on things like debating if the onboarding screen, once you signed up for Supercool School, should have a three step onboarding process or a five step onboarding process or even an eight step onboarding process.

Andrew: And as a result of all these debates, did the company turn around?

Steli: No, it had no impact on the future of the business or how successful...

Andrew: And that's your point here with our session. A lot of entrepreneurs a lot of sales people focus on the wrong things. As a result they don't grow their sales. What you want to do, is give us the right things to focus on and show us how to do it systematically so we can grow our sales. And you did it, you actually launched, as I said earlier, software. Software, the transition from consulting where you do in sales for other people to actually creating software that stands on its own is really challenging. And frankly as a consultant, you make much more money, especially at first, then with software, where you're looking for monthly recurring revenue from one customer at a time. But you did it. You flew to Vegas to celebrate what with Closed.io?

Steli: Yes, we flew to Vegas with the team here to celebrate the moment where the revenue we made with Closed surpassed the revenue we made with ElasticSales. It was a big milestone for us.

Andrew: Huge milestone for software, right? A lot of entrepreneurs have trouble even setting aside enough time to build software on the side. You not only did it, but you actually got more revenue from your software than your services. I want to beat this to death because I've got to get into the points here that we're going to teach, but there's one other milestone I want to talk about. You went to Walgreens and you got cheap champagne one day. What was the cheap champagne for?

Steli: The cheap champagne was for when we hit the two million in annual revenue run rate. So once we hit that milestone and in hindsight we thought once we get to that point we would do a huge celebration. But what it ended up being is we hit that point, we were really proud. I went to surprise the team, went around the corner to Walgreens, bought some cheap champagne, came back. We all cheered and then we went back to work because it was a really busy day.

Andrew: All right, well that's an appropriate way to celebrate. Quick and then go back

and see if you can grow beyond two million. So that's setting up your credentials and showing people what is possible. Let's now get them to that Promise Land and here are the points that we're going to use. The first thing that you say is, you tell us to shorten our trial period. In fact, I was on your site, this is what Close.io has on its sales button. It says, "Get started, 14 days free, free trial and no credit card required." Why are you telling us to do 14 days or a short period? It has some to do with a client of yours that had a 60 day period? What's wrong with a 60 day free trial?

Steli: Yes. So nothing is wrong with the 60 day, nothing is wrong with 120 days. There's nothing particularly wrong with any trial period whatsoever. It depends on how you want to run the business and what your hopes and aspirations are with it. So with that particular client that we had with Elastic, they were operating under this illusion unfortunately, that their product was so sticky that the longer the people who used it for free the more locked in they were. So after 60 or 90 days they would get a better conversion rate than if the free trial was just 14 days or 30 days. And once we actually checked the numbers, it was clear that that was absolutely wrong. There's no reason to assume that.

And for most products, we all want our product to be as sticky as Evernote or Dropbox or something along those lines. But for most products it's just simply not true that people during the trial period, it's not even true that they'll use it beyond the first day, beyond the first log in. Most people, they'll login, they'll create a free trial and then they'll leave and forget about you and never come back. And the ones that do come back, it's not like if they keep using it for 30 or 60 day for free that that means that they're going to convert. So a lot of times companies waste time with sales cycles and they put their hopes on things that don't match reality. And the 14 day trial has the benefit of shorting the decision period for the customer.

So as a user, when you see you have 14 days to figure this out, it gives you a little bit more of a sense of urgency of like, "Let me check this software out, let me play around with it and make a decision if I want to use it or not." And for you as a company what I advocate is that you're going to be reaching out to them really proactively with drip emails, with calling them, with lots and lots of things, to then activate these people and help them in the decision process in the 14 days. Not just leave it up to them, but help them make a decision within a short period of time if they want to buy or not.

Andrew: You know what? That's counterintuitive. I would actually, frankly, think that with clothes, that people would be adding more contacts with each day. They'd be making more phone calls using the software, sending more emails, and then all of those records would be in the system. You experimented with 60 days too, for your software?

Steli: No, we never experimented with 60 days.

Andrew: You just went to 14.

Steli: We went straight to 14. There's a caveat to be said that I think that the question is, how much money can you spend in customer acquisition? Right? If you raise a hundred million in venture funding then you should have free plans and you can afford to invest heavily in things that might pan out in revenue two, three, years down the line. But if you're small, you're a bootstrap, you want to get to real revenue numbers really quickly, you need to be proactive. In 14 days, the thing is this with our software for instance, the CRM in general, when people trial it, they don't typically trial it full force. They'll have one person on the team look into all the different options. They're not going to import all their data. They're not going to add all the sales people to the system. They're not going to use it as a fully operational system. They'll play around with it and poke in it.

Andrew: I see. Fourteen day trial is not, start using it fully for those 14 days. It's 14 days to look around. Okay.

Steli: And some people might use it fully but many won't. Many will just look around. And also you can be very proactive in extending the trial. That's one of the times where we reach out two days before the 14 day trial is over and you'll get an automated email personalized from somebody on the team here that asks you, "Hey, did you have enough time? Do you need more help? Do you want us to extend the trial?" And many times that's the beginning of a real conversation where people go, "Yes, please give me another week or two," and this and this question and then we start engaging and closing these much more successfully.

Andrew: It almost triggers reciprocation because you're giving them something for free that they didn't expect to get it and didn't feel earned and so they feel obligated at least to continue the conversation, not necessarily to buy. Is there anything magical about 14 days? Is it, you just want us to have a shortened trial period. You're not specifically saying 14 as opposed to 7 as opposed to 10 as opposed to 1.

Steli: Yeah. No, I'm not dogmatic about it. There's not a single number that I think beats all of the numbers for all businesses. But I think that for most SAAS products, two weeks is a good time. Many people are fearful of having a higher price or having a shorter trial period. But I don't want you to make decisions based on fear, I want you to make them based on real reasoning. So if fear is all that stops you from making the 30 day trial into a 14 day trial, you should try it out and see if you get more engagement, more active users and more customers through that in a shorter period of time.

Andrew: So somebody signs up, they try it. But you don't just leave them to try it on their own. Let's go back to the big board here. You say, call your trials, the people who are trying your software within five minutes. Is that number specific? Do you really mean five minutes?

Steli: I really mean five minutes. And again, I do realize that oftentimes as a startup, you don't live in a perfect world with perfect resources. So you'll have to adjust this. But generically, the philosophy here is that you want to call your signup, specifically if you're B2B, you need to call your signup your trial users, and calling them within five minutes the reason why that's so important is that your reach rate is going to go up dramatically. There are studies that show it goes up by 100% even. Some professor ran some studies.

Andrew: What was it for you? When you're saying in the past what you guys used to do is wait how long before... in fact, before we talk about why five minutes. Why call them up at all? They just signed up. They want to try it. Nobody seems to want a phone call. Why call them up?

Steli: Well for multiple reasons. Number one is you want to call them to welcome them to the platform. You want to call them because you want to qualify them and figure out, who is this person or this company? Why are they interested. How did how did they hear about us? Learn more about your market, your customer, and then you want to see, what is the goal that this person has? Why did you signup? What do you want to accomplish? And make sure that you point them in the right direction to get to that goal and accomplish that. So we would reach out, we'd tell people, "Hey, I know you just signed up three minutes ago. I wanted to say a personal welcome and I want to see what do you want to do with a platform?"

You'll see a lot of times people will say, "Well, this is too early for a call. I don't know yet. I'm still playing around with it," and then once you ask them, "Why did you signup in the first place?" they'll start talking for 15 minutes telling you all the problems they have or the issues the team has with the current solution. They'll give you this wealth of information that will then help you help them get something real out of it. Or you might just discover within five minutes, a lot of times that happens, we'll discover in the first five to ten minutes on the call they're not a good fit. We will not be able to make them successful and then we'll point them in another direction to save them time.

Andrew: I see. I guess we'll get to qualifying later on. So did you try saying, hey, you know what? Whenever we have time or maybe we'll batch it and once a day we'll make calls to all the customers who joined within the last 24 hours. Did you try something beyond five minutes?

Steli: Yes. Yes. So at the beginning we would just call randomly whenever we had a chance to call. So maybe it was an hour later, maybe it was two days later, depending on our workload. The most painful thing about calling and why lots of startups don't want to call their signups or one big reason why calling seems ineffective, inefficient is that, you spend the majority of your time listening to dial tones, voicemails, just not talking to human beings. It takes so much time. You can't just batch call a thousand people like you can do with email. You just sit there manually one by one, takes up all your mind share, and your own time.

So we realized that we wasted a ton of time. Although these were inbound leads, we would still not talk to most of them. Most of the time we would just listen to dial tones and voicemails and not reach a human being to have that conversation. And once we shifted into calling within the five minute mark, what happens is that because it happens within five minutes, the likelihood of that person still being on their computer or on your website actually, still checking it out, having some time, not being in a meeting on something else that's important. The chance of that is just dramatically higher. And then when you call, they'll still know who you are, they'll have full context of what this is about, and you have a bit of their time. And it makes a massive difference in your reach rates, which makes calling a lot more efficient, a lot more effective, a lot more worthy of your time.

Andrew: I see. You were going to give us studies but you know what I think is even more interesting is one of your clients went and did that, actually cut down from, I forget what it was, anything from 3 to 48 hours, whenever they could. And that got them a 10 to 15% reach rate, which means that sometimes 90% of their calls would end up with just voicemail, which often is not returned. They then switch to this five minute call suggestion and they got a 67% reach rate. Sixty-seven percent of the time they got to talk to a customer which is amazing.

So I want to know how you do it? What do you do to make sure that you can get on a call with someone within five minutes? And this is what you gave AnnMarie Ward in the production call that she did with you. What is this?

Steli: So this is actually a screen shot of a part of our own software Close.io. In Close.io what happens is that when a lead signs up, the software creates an automatic task, assigns it to a user and tells that user to call within five minutes. What happens as a result of that creating that task is that you as a user you get an email notification. You open that email there's a link, there is the note that says, "New signup, call within five minutes." And there's a link. You click that link and it loads up Close.io, it starts calling that particular signup.

Andrew: I see.

Steli: So it's a super efficient model and we've had to tweak it when we first started and we had a few signups a day. We religiously were calling them within five minutes. And as the business grew and we had too many to call within five minutes with the amount of people we had, we started prioritizing leads and doing some more magic to prioritizing; call the most important leads within five minutes and maybe the ones that weren't as high value sources of opportunities, call them a lot later. Or not call them at all and automate that process.

Andrew: Okay, so Close makes it a lot easier to contact customers. But no matter what system we're using, if someone has a trial, even if we just have a Gravity form or a Wufoo form as the onboarding process, we could have the phone number and the name of the person who signed up, emailed to us and we can use it to call from our phone. The important part is, that we do that. Your software just makes it easier and it also helps prioritize. What about if a call comes in after-hours? What happens if someone signs up at midnight, if someone signs up at 4 a.m.? You're not expecting a five minute response are you?

Steli: No I'm not. So what we do in the early days was, we were just working very late, or even when I was at home at midnight still checking an email, doing something, if I saw a new signup coming in I would just decide to be proactive and call them and wow somebody. Like somebody from Europe or South Africa or anywhere else in the world would signup and then get a call and their mind would be blown, especially when I told them that I was calling from California. So it was just a way to wow people but we didn't expect to call people within five minutes 24 hours a day. That's something that you want to do once you have the resources and the bandwidth and the people. But the early days you'll have to make certain adjustments and sacrifices. And one of them is that you can't call people within five minutes at 3 a.m. in the morning if you have a team of four people, somewhere in the U.S. It's not going to be possible.

Andrew: Right. Get the trial, get it quick, then make a phone call. Then the next thing we should talk about is what you mentioned earlier. You say set up drip emails to activate your inbound leads.

Steli: Oh, yeah.

Andrew: What kind of emails are we talking about? I would think that the phone call would activate the inbound lead, meaning they signed up for the trial, get them to actually use it. What is the drip email do?

Steli: Yes, that's a great question. The drip email does the same thing. It just does it in different ways. So we're big believers in over communicating and being overly proactive during a trial. For every inbound lead you want to be as proactive in communicating to them and with them as you can to get the maximum of out of every single lead that comes and checks out the website. These leads are worth so much to you.

So what we have done is, you get a lot of email when you signup for a trial for Close.io and one layer of email for instance is these drip emails that we set up where you get personalized emails that are automated. When you signup for instance within five minutes you'll get a little welcome email. But it's not going to be in a beautiful HTML welcome email from noreply@Close.io with like big logos or just super generic. It's going to be an email coming from a person on the team here. It's going to be somebody saying, "Hey, I'm your personal account manager. My name is Kevin. If at any time you need anything, let me know. Here's all my contact information. Let's do this." That's going to be one personalized email.

Two days later they'll get a personalized email from me saying, "Hey, I wanted to welcome you. I'm one of the founders of the business. If you ever need anything, have feedback, want to chat sales or sales software, I want to talk to you. You can always get in touch with me." A few days later, depending on if they're active, depending on if they do an import of their leads into our system, if they make a lot of sales calls, depending on their activity, we'll send them an email that either tells them, "Hey, it seems like you need some help. We haven't seen that you haven't been able to try these free features out. Let's get on a call and make this happen." Or if they've been very active we'll congratulate them and tell them, "Hey, your trial is going really well. It seems like you've been using this a lot. Let us know what else can we do to make you really successful, really kill it with Close.io."

And then they'll get an email from me that's super long about the story of our company. After seven days I'll send them an email, an automated email will be sent to them from me that shares the entire story and journey of our business. And it's a super long email but it's one of our best converting emails and people are really touched. People go right back sharing their story and it's a really emotionally engaging email. And a few days before the trial end they'll get an email saying, "Hey, your trial is about to end. Did you have any more questions? Do you need more time? Let us know, we'll make it happen."

All these emails, maybe seven or eight emails within a 14 day period and that's just one layer we have. A lot of other emails that people also get additionally, they get our newsletter, they'll get four emails that are a little bit of a tutorial on how to use Close.io. So people gets lots of emails from us with great content hopefully. And it makes our

conversion rates go up, it makes our activation rates go up. It makes people respond and start a conversation with us which we want to accomplish with as many of our inbound leads as possible.

Andrew: You mention that the salesperson will send a personalized email and then you will send a personalized email. How can you send a personalized email, as the founder of a company with lots of obligations, to everybody who signs up?

Steli: That's a great question. So what we do is we use a drip email tool. So there are tools out there, there's GetDrip, there's Customer.io which is the one that we're using. That's a tool that allows you to write email templates and then select what is the email user this should be sent from. It allows you to have little tags, so it changes the first name and it can just customize little bits of information.

Andrew: I see. So by personalized you're not saying, "I checked out your site," etcetera. You're just personalizing using mail merge, essentially.

Steli: Yes.

Andrew: And then you evaluate the responses here. This I think, I mean the details of this aren't that important but I'll zoom in a little bit so people can see it, this is your drip campaign emails. These are the emails. I see that each one you see the open rate, you see the clicks, you see the conversion rate and that's how you have a sense of how effective these emails are. That's what you're keeping track of.

Steli: Yeah.

Andrew: Okay, so the ones that are important are the ones that get people to... here's what I have. You want them to know that it's a real person and see if they will reach out to you because if they talk to you, they're much more likely to tell you their problems, their needs, and then you guys can sell them. Especially since you have real sales people. You also want them to know the story of your company. That's why that big email converts, the long one. And you want them to know how to use the software itself. That's why you have this four sequence email. Did you also say that you have an email that goes out when someone doesn't use a feature that they might want to check out? You do?

Steli: Yes, so in a drip email tool you can specify certain things based on how people behave on your platform. What kind of pages they look at, if they went to the billing page or not, if they're using certain features or not. Based on that behavior, you can tell if somebody is slipping away in the trial and you're going to lose them or if somebody is

very engaged and very likely to convert into a paying customer. And based on these activities you can customize and automate very specific emails to be sent to them.

Andrew: So Steli, this feels very overwhelming to someone who's listening to us and realizing they should set it up for the first time. Out of all this stuff, the newsletters, the how-to's, the emails from the founder and the salesperson, the activation for features that they hadn't used. If we wanted to start, what's the first email that we should send out as part of our drip?

Steli: A welcome email.

Andrew: Just welcome to the system.

Steli: "Welcome to the system. I want to talk to you and help you get the most out of it. When's a good time to chat?" And you want that email to come from a personal email address. Steli@close.io.

Andrew: Even if you're not manually typing it out, you still do not send it from no-reply?

Steli: Do not send it from no-reply, do not send it from hello@ or support@ or any generic email. The reason for that is that anything that feels generic, like something that's been written to many people, not from a human being, will automatically get less response rates. We don't respond well to messages that don't feel like they've been written and addressed to us personally.

Andrew: All right, cool. Let's go back now into the big board and the next big thing for us to talk about is qualify your leads to close better customers. You started mentioning this earlier and people might have noticed that I intentionally cut you off so that we can focus on it right here.

Steli: Yeah and before we go into this, I want to just say one more thing on the email side of things. One main message that I have to people out there is, you need to send more emails to your trials. You need to. Whatever number it is that you have today, just double it.

Andrew: Really? I would think they just signed up. Leave them alone, let them experiment. Don't be a pest.

Steli: No, no. When they signed up, it's your obligations, your responsibility to make them successful and successful means get whatever they wanted to get because they invested time in doing the trial. It doesn't matter if it's information that they wanted to

get, whatever they wanted to accomplish, it's your responsibility to manage their trial and help them accomplish that.

They have other responsibilities. They have families, they've little children, things happen. They forget. It's not their job to make this trial a success. It's yours. A famous SaaS VC once told me if some people don't think you're spamming them, you're sending too little email. And I do believe that your email should be high quality, great content, sincere. You should be trying to service them and make them successful. Not be selfish with emails. But if you do so, you have to send them a lot of emails because otherwise they'll forget and they will not have the information, the assistance that they need to get what they wanted out of the trial. Really, I can't over stress that whatever the numbers that you sent today, just double that number and you'll see your conversion rates rise and people will appreciate it.

Andrew: So I've got to tell you, this is now your third appearance on Mixergy. You did the interview, you did a course, you're now doing a second course here with us. I can see such a dramatic change in you, I can tell, even if you hadn't told me at the top of the interview that story about getting the champagne to celebrate a two million dollars, I could tell that you're doing really well. There's swagger, there's confidence, there's experience and there's the ability to tell people something that's scary and dangerous. Like email people to the point where some of them think you're spamming. You guys really must be killing it now.

Steli: We're doing well, we're doing well.

Andrew: I can tell.

Steli: I appreciate that feedback. It's an honor to be playing a really small part of the Mixergy community. I told you I've been a huge fan. When we were doing Supercool School I was watching your interviews. I'm watching them today and learning lots. It's super. It's a little bit of a trip to be on here as it is.

Andrew: I'm glad that you are. And one of the coolest parts is that people aren't just listening to you, but I sometimes say if you hear something useful, you should let the person know. And before we started you said "Andrew, I'm actually hearing from people who both are signing up because they had learned something from me, but in some ways even cooler who just are sending a note saying I learned something from you. Thanks so much. It was really helpful." And I know I do learn from you all the time.

Apparently I should be spamming people more. Let's go on to the next. I shouldn't say spamming. But you're saying get rid of the fear that you are over emailing and take the

brakes off. That's something that frankly I need to do more of and I don't know that I'm going to get to the point that will make you happy. But I should do more than I do right now.

Steli: Just double what you're doing right now.

Andrew: All right. I do know actually talking to my customers, they want specifics like that, even just saying double where you are right now is actionable for many people. All right, so you had a situation where your salesperson was trying to close a deal and spent 14 days on the trial with the person, talking with your customer and then again and again. Talk to me a little bit about the issue as you experienced it with dealing with unqualified customers.

Steli: Yes. So a lot of people think that because we're selling, we're selling to everyone we're trying to get everyone's money and that's a bad idea. You don't want everyone's money. You want the right kind of money. You want money from customers that you are certain you can make successful, that want to use your product in the right use case with the right workflow, that have the right type of needs, the right type of environment, whatever that is for you. In our case we know that we don't want enterprise clients so we're looking for small businesses, mid-size businesses, startups. We know that we're looking for companies that do inside sales and not field sales, knocking on doors because our software was not made for that.

So we know who our customer is and we qualify people before we sell them. First thing we do is we're trying to figure out, should you be a customer? Is our software really the best piece of software for you. And we're not trying to sell you if we can't answer that question with a "yes." If it's a "no," we'll tell you don't buy us, go somewhere else. If it's a "yes" then we will try to sell you and get you on with real conviction.

Andrew: Is that because you talk to your customers that if you just had software like Highrise for example with no sales team, and somebody decides hey I'm going to use it to keep track of my grocery list even though it's meant for CRM. You say, you know what? Who cares? Do it. Enjoy it. We will make it available because you're committing human resources; their time on the phone, their emails etcetera, that's where it just doesn't make sense. Am I right?

Steli: Yes and no. So it's not just because of that. It's because truly, if somebody wanted to give me tons of money and they use it in a way that's going to make them very unhappy or unsuccessful, I don't want that because the problem with that is that whenever somebody else asks them, "Hey, have you ever heard of Close.io?" They're going to say, "Yes. It's a really shitty like laundry list, a shopping list tool." And people

go, "Shopping list? I thought it's a project management tool." And now I'm creating confusion and creating a bad reputation. I want people to be raving that not just that they're paying us money, but that they're getting a lot more value from it than what they're paying us and to accomplish that it needs to be a good fit.

Andrew: Okay, I don't know if you can see this, but this is an email from someone, actually this is a note.

Steli: A note on in Close.io.

Andrew: On someone's account. It says, "We're changing the way we're growing our business and do not need this software at this time." This is someone who canceled.

Steli: Yes.

Andrew: Why is this?

Steli: This is particularly painful because this was not because the business really changed direction or anything like that. It was because they weren't qualified properly. So here's a deal where the prospect tells our salesperson that if they're going to hire all these new remote workers to do certain types of sales and they have all these grand plans and how to do that. And if you ask a few more questions in the qualifying process, we would have learned that what they're trying to accomplish is probably not going to happen. It's not a good idea, it's not going to work well within our system. But we got, or our team got too excited about the positives and didn't really investigate enough in the qualifying process to uncover the red flags.

What happened as a result, is not just that they canceled and we got a little bit of money. Is that we invested time in closing this deal in extending the trial, extending the trial again. We serviced that account, we gave them extra engineering support. We jumped on multiple cause, we onboarded them, we trained the team. We invested a lot more than what we got just in a few months of being paid. And then they leave, which is always a super painful and demoralizing process because you've invested so much in a relationship that never had a chance to succeed. And it's especially painful to me because if you look at why that happens, it was because we didn't qualify as well as we could. And I just hate that we missed out on that and we did a bad job at that.

Andrew: At what point you qualify someone to know whether they're worth pursuing as a customer?

Steli: That's the very first thing that I do. It's the very first thing I try to do so.

Andrew: You mean on the site itself?

Steli: On the site you can do a bunch of things but that's not perfect. So on the site itself the things that you can do to qualify is it has to do with your pricing, it has to do with if you require a credit card or not, it has to do with how much information you're asking them for, like if you asked for a phone number or not, if you ask them to tell you how big their team is. The more things you ask them for, the more you communicate to them who your ideal customer is, what your price point is and things like that. That can discourage certain people that you think are not a good fit of signing up.

So you can do a bit on the messaging and marketing side. But real qualification happens on the phone or in the conversation with somebody. And when we reach out to say hello during the trial, we'll try to understand what are your needs and understanding what you're needs are are the first step in the qualifying process. But the first thing they'll do when I communicate with somebody is trying to qualify them very first and figure out, can I help this person or not.

Andrew: I see, just by asking basic questions like tell me about your company? What kind of company do you have? How do you sell? That kind of thing. If you ask, how do you sell? And they tell you, "Well we have sales people out in the field," then you know it's probably not going to be a good fit.

Steli: Exactly. You know who your best customers are and then you try to find out what do they have in common. And then based on that you'll see if this new prospect fits that criteria or not or if they want to do things with your software that you think are just a bad idea, will not work well.

Andrew: All right. No grocery lists onto the big board. The next thing that we want to tell people, is give a demo that actually sells. You had a client who did what instead?

Steli: They gave demos as if a demo was a training course for customers, that went on forever, with no direction towards the end, which is what many companies do. Many companies set up the product demos, the one-on-one product demo with a customer even when they do webinar demos of the product. They set it up in a way that is more training than sales. And a demo should be sales. You should demonstrate value, not demonstrate all features and functionalities. Not train people in being proficient users. But demonstrate why what you have is really addressing their need, so they should investigate more time and energy in becoming customers and then proficient users.

So the demo that this specific client had was an hour and a half long demo and they

would go through every single click in the universe. Like, "Oh when you click this," and they would do stupid clicks and they would explain everything that a page can do and then you set up your analytics and then you would click this button to save the information, you would click the button and you watch them, watch the save thing spinning wheel spin and then three seconds later, it's safe. Now, we saved it.

And I was wondering why the hell do we have to see this? You explained how the page works. You showed how you set up the data. Why do we have to watch somebody click a stupid button and for two, three seconds look for a little safe icon to pop up. So this person would just click on everything and show every little detail to the degree where after 10 minutes you're just like you were brain freezed out of your mind.

Andrew: Overwhelmed. What did you tell them to do instead?

Steli: Well, what I told him to do instead is to shorten the demo to a 10 or 15 minute show me the most important things.

Andrew: Ten or 15 minutes?

Steli: Yeah.

Andrew: Okay.

Steli: Even that could be too long if you don't know what you're doing. So first you qualify me to understand what do I care about, what other functionalities and features and things that I need, why do I need them? What do I want to accomplish with them? Then when you demonstrate a product, you can focus on these things. Maybe I should just check out the big two or three items that really relate to what I care about and what I need. You demonstrate how your software accomplishes these things and hopefully in an impressive way.

You do a 10, 15 minute show me really broadly and quickly how this thing works and how it does what I want it to do. And then you give me another 10 to 15 minutes to ask my questions. Go into more depth and say "Well what happens when I click this link and how do I exactly do this and this and this? But you have to keep the prospect focused so that they don't run off with a million questions that might not even be relevant for what they want to accomplish. But you kind of rein it in and make sure that we focus on the top priorities in the demo and demonstrate the most important things versus demonstrating everything.

Andrew: And when you did that, at what point do you sell? Now we've got 15 minutes of

show and tell and then 15 minutes of question and answer. What point you sell?

Steli: At the end.

Andrew: Right afterwards? "You want to buy?" Is that what you say?

Steli: I mean that's not a bad question. It might be a scary one for you to ask. But that's why it might be the right one. Maybe you'll say it a little bit more elegantly and you'll say, "Hey, what did you think? What's your first impression? Do you think we are the right fit? Did you like what you saw? Is there anything that would prevent you from becoming a customer after you've seen the demonstration? Is there any open question that I haven't answered yet?"

Andrew: I see.

Steli: You've demonstrated the product, now turn around and ask them, "What do you think? How do you feel about this?"

Andrew: One of things that I noticed, this is a screenshot from your demonstration. The important part for me is that lower left, first of all looks like you just used "join me," right? Just simple screen share. What is that clock on the lower left doing?

Steli: That's a timer to keep us in check, keep myself in check. It's 15 minutes that I have and that forces me to prioritize. The problem is that when I have an hour block, is that I'll try to fill it and I don't feel any sense of urgency, I don't feel any need to prioritize. So I'll just give anything and everything as much attention and time as the next thing and I will not be in control, I'm not going to be managing the time, I'm not going to be managing the demo.

Andrew: Okay, and that's just an online clock. I forget which one it is but I've used that too. And you just keep it for yourself. Stopwatch, yeah.

Steli: Online Stopwatch. You just take joined up, meaning you set up the page that you have and I've done it with calls where I've forgotten to set it and people saw the time and I said, "You know what? I want to make sure that we're focused. I want to make sure we get the priorities done, so we'll have this thing to keep us in check." And people will smile and appreciate that this is not going to be an hour long rambling that at the end all the parties that were involved feel like, "Was this really worth our time?" But that this is going to be focused

Andrew: I'm looking it up because I don't know if I got darker or my lights are not directly on me but I'm looking dark today.

Steli: I didn't notice a change.

Andrew: Angle it just like that. They never do this at Lynda.com. There's so much more professional and lighter maybe I don't know. Back to the big board. Actually, that did make a difference, that little twist of the light. Next big thing is you say go for the close. You actually started talking about this right now. But you watched a customer of yours, do what?

Steli: I've watched so many customers end a conversation with the fear of closing and just leaving a big void at the end. People would go through a really good conversation. It was clear that both sides were very engaged, that this was a good fit and at the end of the call I would listen to CEOs and founders go, "Well yeah, I mean this was great. It's very exciting stuff. Well I'm going to send you more information and then I'm looking forward to hear from your team." I'll be like, what the hell was that all about?

Why can't we just ask the question, "Hey, do you want to become a customer? Are you guys ready to roll?" Why are we so afraid of it and instead of just asking for the close, we just avoid that and we end the call with no direction. Basically leaving the responsibility to the customer to close themselves. Well I've done my part, now you guys go and convince yourselves. No, it's your responsibility to help them make that decision to close the deal.

Andrew: So you mentioned that the way to lead to it is to say, "Do you have any questions? Is there anything that would keep you from buying today?" What do you do to make the sale right there? Are you offering a discount? Do you say, all right, now here's a link, go use it and buy. What do you do?

Steli: I mean it depends on your product. You could just go, "Hey, do you have your credit card ready? Let's get this done right now." We don't want people to give us their credit card numbers for Close.io. We'll want them to put them in the system themselves. But before one of our guys went to lunch, I heard him say, "Are you ready go? All right, let's do this. Let's set you up. Do you have your credit card ready?" "Yes." "Okay, log into Close.io. I'll make sure that this works out. I'll be your virtual assistant at this. Go to this page, click this type in your credit card."

Andrew: So I'll be here in case you have any problems. Let's do it together.

Steli: Yeah, it might be that it in some cases it might be that I say, "Hey, I'm sending you

a contract over right now by email." The close might just be to decide what the next steps are. Maybe they're not ready yet to buy but you need to decide, what is the next step towards the buy? Maybe it's for them to look at the contract and sign it. Maybe it's for you to schedule a follow-up call with more stakeholders. To close means to get to the next action step, an action item on the way to them becoming a customer. And philosophically what I want people to know, the way that you need to think about this is that, you need to ask for the close often and early. And you need to be expecting the yes and embracing the no.

What I mean by that is that, you need to be comfortable asking the question, "Are you guys ready to buy?" And when they say "no," it's not the end of the world. It's just the beginning of the deal. When people say, "I don't think we're ready yet." You go, "Of course you're not. It's still early, but I wanted to check in. You seem like smart, sharp and ready to go. But we'll come back to the question later on. Most of our customers are not ready yet. But you'll be ready by the next time we talk." And I realize that this is not something everybody is comfortable with.

But it's not so much the words, it's more the basic philosophy. You have to get good at closing deals. You have to ask a lot and be okay with the shots that you're missing, just like the Michael Jordan thing with like more missed shots than made ones. You have to get comfortable with asking this question. And a lot of times the first reaction you're going to hear is not going to be "yes" and you need to get comfortable with that as well.

Andrew: You know, I'm surprised that you are making a lot of calls, a lot of demos. I was going to say, your product doesn't seem like it's expensive enough to have enough margin to do that. But I guess it's one of those things that people buy on a perceived basis and then they implement it throughout the company and so they're more likely to want a phone call and a demo and to interact with you. Do you recommend this kind of call based sales process for other SaaS and at what point does it make sense and at what point is it just too much?

Steli: So that's a great question. Here's my answer to this. At the beginning when you're just starting out, everybody should do this because the economics don't matter as much. What you're trying to do is you try to learn as much as possible about your market. So call everyone, visit everyone, just drive to their offices and just give presentations. It doesn't have to scale. It doesn't have to make economical unit, economic sense. You're just trying to figure out get the first customers, make the first learnings. You need to go the extra mile and do what doesn't scale and really hustle.

Once you have that initial thing going, eventually you have to ask yourself, how much can we afford to acquire a customer? How much can we spend in terms of time, energy,

resources, money? In that case typically, what you're looking for is that you're probably not going to... to do this type of sales, which is basically inbound, light touch inbound sales, leads come to us and we'll send them a bunch of automated emails and we'll jump on a few calls and demos. You usually want to be in the B2B sector, so customers that are businesses. And you usually one to have at least a few thousand in customer lifetime value. Probably at the healthier pace at the 5 to 10 to 15,000 over the entire lifetime of the customer.

Andrew: So what is the cost to have an outbound sales process per customer?

Steli: Outbound is different.

Andrew: Sorry, inbound with a personal touch like this.

Steli: Yeah, it's hard to say because it depends so much on where you are. If I have some junior CEOs inbound sales reps and I hire them in Las Vegas, it's going to be different than if they're in San Francisco or New York. So it depends a lot on that. It depends on a lot of factors. But generically speaking, you want to make a few thousand dollars per Close customer to be entertaining the idea of having sales reps.

Andrew: What if we talk about it on a time basis? How much time does a salesperson usually have to invest to close a sale, and that would include the no's.

Steli: Yes, so in our case typically two to three weeks, that's our sales cycle.

Andrew: What about number of hours total that they would spend over the last two to three weeks?

Steli: It's so hard to say. It also depends. Our sales guys, they will talk to a new young startup that might just be \$300 per month in total value for us for the first few months. And then they might talk to somebody that's worth \$4000 a month to us. Obviously the sales rep will invest a lot more time, will have to invest usually a lot more time, for the \$4000 deal than for the few hundred dollar deal. But honestly, at this stage, what we're looking for is overall productivity. So we'll see, is this sales rep bringing in a lot more than what they cost to us. Is that profitable, because if you raise a hundred million in venture money, you could be spending \$100 for every dollar in revenue. So you don't care that much. All you care about is ramping up revenue as quickly as possible.

Andrew: How much did you guys raise?

Steli: For Close.io, nothing. It's basically all bootstrapped.

Andrew: ElasticSales that did it.

Steli: It was actually even one thing before ElasticSales. So the company, the business was called SwipeGood back then. That raised over a million in seed funding, pivoted to Elastic. Elastic had a little bit of that money left and then it was growing by revenue and profitability and Close.io had no venture money whatsoever.

Andrew: I see, okay. So if I'm understanding you right, what you're saying is, look if you're getting started make calls to all your customers so that you learn from them. It's not about being economical. It's about getting to know the kind of person who's going to buy from you and what it's going to take to get them to buy and so on. After you do a little bit of this, you'll get a sense of what it costs you per sale, per close, and then you can decide whether it's economical to keep it going or maybe you raise your prices or you stop.

Steli: Yeah, and typically you should raise your prices. Double your price, that's another good advice that generically is good advice. But once you get this going you could look at your salesperson and say I'm paying this person 4K, 5K, 6K, 7K a month and they're bringing in X per month. And if you're bootstrapped, the math is simple. At the beginning you might want to recoup what you're spending immediately and over time you might be able to afford to recoup at a later. So you're going to hire more aggressively or less aggressively.

Andrew: Okay. Let's move on here to the next big point, which is deal with discount inquiries properly. I'm going to bring up my browser here because there's a tweet I think that we should look at. Here's one from a guy named Craig Clark and what he's saying is "@Close.io I'd pay more for you than I do Highrise" which is a competitor. But the pricing structure is too prohibitive if I wanted two to three for a small business to use."

So essentially he's saying I like you better. But I'm afraid of the costs because I'm going to have two or three people use it and I'm a small business. I should actually even zoom even more though. I read it and I think we got his point here and I'm sure you get this often. What did you do, how do you handle this?

Steli: That's something that we deal with every day. People reaching out asking for discount or complain that our price is too high or telling us that they will buy our competitors product because they negotiated some really crazy deal with them and asked us if we could match or beat that price. And our basic philosophy is that we're never going to negotiate on price. We're always going to negotiate on value. And what that means is that our response always is, if all you care about is getting the cheapest

product, please go with our competition. We're more than happy to help you get a better price with them. So we will be a tool in your repository to get the best maximum price. But we are looking for customers that want to crush it in sales and want to get the most value, not the cheapest price. So that's just generically a philosophy.

So a lot of times we'll offer them and tell them, "Listen, you haven't trialed the product yet or you haven't given the product a real run for its money. Sign up for a trial. Really use Close.io for two weeks, three weeks whatever it is and once you truly know what the values that we can provide to you, at that time we're more than happy to talk about price and we'll promise we'll make you happy."

Andrew: But are you then frankly on the down low, are you talking to them one at a time? This is what you said to him. Let me bring up the browser again. There's a browser. That's his question, the one I read before. Your response or someone on your team said, "Give the trial a shot, play with the product. If you're happy email us and I bet we can work something out." And here's this great response back from him. "You guys sure know how to say all the right things. I'll set up a trial soon." But are you implying with the "give the trial a shot. Play with it and if you're happy, I bet we can work something out," that privately you will give him a discount because he has a small business? Is that your policy.

Steli: Our policy is that, sometimes we give discounts. We're not like completely opposed to discounts. But it depends on why and how much and it depends on a case-by-case basis what we're able to do. What kind of plan you want if you used telephony within Close.io, call internationally, different costs to us so we have different ability to give you a discount than if you're using something without telephony. If you sign up a one or two year contract, it gives a different room to work with.

But what we're saying is let's set the right priorities. First, let's decide that we're the best product, that we're the right product for you and then let's figure out the pricing discussion. Let's not talk about pricing before. And the reason for that are simple. There some of them are very logical for the customer which is like they're negotiating on something that they we both have an establishment that we're even the right solution. But also selfishly for us, it's the right sequence in negotiating because once they've invested and figured out we are the best thing in the world and they want to buy it, then the negotiation is a completely different one than when they have invested zero in it and they don't care about us and they're just trying to get through a number that [inaudible 00:51:39].

Andrew: That makes a lot of sense. I see. By the way, this is a side track completely. But here's how this whole conversation started. This guy Craig says what is like

Highrise CRM but with excellent, dare I say seamless Google Apps integration, just for small business. So cheap is good. And then CRM Online, which I guess is a Website for CRM recommends a couple of things. You guys respond and say, "Check out Close.io." He says, "Sure I will check it out." And then he says, "Can I tweet back?" which of course, you can tweet back.

But you also give an email address and then he has more questions. And basically you're getting him to try this just because he asked a question about CRM. He wasn't directly engaged with you, he was just curious. I thought that was a really interesting sales process. A really interesting way to catch somebody who's at the right point in the consideration process and frankly from what I can see here, never even heard of Close.io.

Steli: Yeah that's absolutely true.

Andrew: Back to the big board here, because we have so much to get to and we're already running late. Next big thing is to say, give customer references at the right time. When is the wrong time? Why not just say, "Here's great software." In fact, if I look at your home page I was really impressed by the people who you got on here. I don't know if anyone noticed it.

But you have both Jeff Zwelling, who is one of my most popular interviewees on Mixergy because he is the founder of EchoSign among other things. And you have Joseph Walla the founder of HelloSign. Two competitors both like your software and they're both talking about how good it is. Why not give more references early on? If someone's interested say, "Here, this software is so good. Here are 12 people you could talk to."

Steli: Yes. So the reason for that is that you don't want to burn out your references and you want to make sure that any time one of your customers talk to a prospect of yours, the chances of that prospect becoming a customer and having a shared success story is very, very, very high. It should be almost 100%. You should be almost 100% certain that when you put your happy customers with new prospects, that these prospects also become customers. Because your references will know, your references will hear later on that, that call lead to that prospect becoming a customer or lead them to not become a customer. And you want to make sure that they get as much success as possible.

To do that, what you need to do is you can't give out references as if it's free candy at the beginning of the sales process. A lot of times people will check out the software, just on the website, they'll just check out Close.io on the website. They haven't even set up a trial. They'll send us an email and say, "Here's the 400 requirements I have. I have

met all these and I need to talk to four of your customers as references before we can move on with this."

And what we'll tell people, we'll engage with them, we'll call them. We'll tell them, "Hey, we're absolutely happy and thrilled to give you references, as many as you want at the right time. Once both of us have really investigated this deal and we're both sure this is the right deal and we have the pricing figure out and we have everything ready. All you have to do is now sign and you're ready to go. The only thing that's still missing is for you to make sure that you could talk to some outside customers to get that assurance that we deliver what we promise. We'll give you as many of these references as possible."

When we tell people that, "Hey we're happy to give you many references at the right time. Let's first figure out that this is the right fit. Let's make sure that the deal is right and once both things are figured out we'll get you references." Everyone, not a single time somebody complained about that, every single time people say, "That makes perfect sense. I'm happy with that."

The difference it makes is that when we do put them in touch with our successful customers, if they become customers, because we've made sure that we give them the highest value prospects, and then what happens is that our customers feel part of the success and responsible for that success. So they're excited when we tell them, "Hey, can you take a quick call?" They'll know I'll talk to somebody and these guys also are going to become Close.io customers [inaudible 00:55:50].

Andrew: I see. They'll feel like, "I did that for them. Last time I did this. I closed the sale. Another time before that I helped somebody find software that they're happy with. So yeah, I'll do it again." It's not, "Last time I did it, I wasted my time."

Steli: Nothing is worse than taking up the valuable time of a customer. The customer talking to a reference for an hour and then figuring out that oh, they really needed this feature that we didn't have so they went with a competitor. What the hell? You wasted somebody's valuable time and then you deliver failure as a result to them. That's super frustrating.

Andrew: I think you've even said half the time they don't even want the reference. What they really wanted was just to try the software, make sure it was real and they had this request for reference because they thought let's just cover all of our bases. Not necessarily something that they want.

Steli: And that's also true for the discounts by the way. Half of the time or a majority of

the time when people tell us, A, the price is too high at the beginning when we convince them to give the product a try before worrying about the price, by the end they just buy. They don't even mention discount pricing anymore. They just convince themselves of the value. We don't have to talk about that anymore.

Andrew: Back to the big board again. We have lots to cover here. The next big point is, use peer negotiation to avoid costly mistakes. Let's illustrate this because I don't think I've heard peer negotiation as a term before. The problem you had was, do you have an example of where this goes wrong, and why something called peer negotiation is important?

Steli: Typically, what happens is that the longer you invest in a deal, the more invested you get. And the more invested you get, the more emotionally invested, the harder it is for you to let go of that. Which means that if you've worked on a really important deal for very long time, you will lose your ability to be an effective negotiator and you will tend to give in more and more and more because it's too painful to losing the deal or risk losing the deal. And this is such a strong psychological factor that it doesn't matter how much of a sales guru, it's how experienced you are in sales. Everyone falls victim to this problem. So you need to be aware of that and we found a hack to manage that.

Now when you're a big business, the reason why these large companies are so great at negotiating is that that there is never one person that goes from A to Z with a deal. You start with one person, that's a champion. They get really excited about what you do. They have you jump through all the hoops. They get all their questions answered. They do the demo. They do the calls. They do everything. And then when they're really excited, the point where you've invested a month or two and they seem ready to go, they push you over to the legal department. And in the legal department the person you're talking to has not invested any minute and it does not care at all about this deal. It cares about completely different things.

So this person on the legal department will have you jump through more hoops and give in on things that two months ago you'd just have said, "No, I'm not going to change our contracts. No, I'm not going to change the terms of service." But now you've invested three months, so you're like, let me do this one thing and get this deal done and this other thing. And then when legal is through they're like, "Now you go over to the procurement department," and they push you over to one more department. And every time you start renegotiating with somebody that has no stake in this deal, doesn't care and has different priorities and you give in a little bit more, a little bit more, until at the end of the whole process, you've given them a deal you would have never agreed to at the beginning. A deal that maybe is crazy and it's all because you've invested so much time while the big company didn't because they have so many people and so many

departments they have to go through.

Andrew: Do you think they do that intentionally? That that's part of their process of not just covering all their bases and making sure that legal is protected, but also let's wear the guy down because it doesn't cost us much and it gives us long term savings.

Steli: Some companies and some departments do the procurement departments, so instead of buying departments, they're set up to negotiate, squeeze the last little bit of blood out of your system. But I think in many cases the individual in the organism or in the organization doesn't know that, is not maybe aware of it. But the organization is set up in a way where one individual doesn't have the entire negotiation power over what the company buys or not and it has to go through different departments and a side effect of that.

Andrew: I see. So the main goal is not to wear you down and get a lower price. But it's a nice by-product of a process that wears you out. As long as they're going to spend all these resources, they might as well get a discount. So your solution, sorry to interrupt...

Steli: One second. I think we have the cleaning crew.

Andrew: You've got to show me. You said that this might happen.

Steli: I don't know if you're going to be able to see them. They're probably trying to hide. Let me go over and talk to them real quick.

Andrew: Okay. We're going to see if they will hopefully pause things while we finish up one last point. We had a whole lot to set up before we got started. One of things that we did was, he put earphones on so that if people come back from lunch, they won't hear him in the office. And the other thing he did was he sent a text message to the cleaning people to see if there was a way to keep them from coming in. That text message apparently didn't land. Good, it looks like they're good to... by the way, beautiful office.

Steli: Thank you.

Andrew: In Palo Alto. What are you spending for an office like that? That's really sweet.

Steli: This is just a really beautiful apartment on the 12th floor, we have a view of Stanford campus and so we spend a lot less than we used to with ElasticSales let's just say that. It's just a few thousand dollars a month.

Andrew: Okay, I'm paying now 14, 1500 a month for an office for two people here in the

heart of San Francisco.

Steli: So, we're paying probably like double that but it's for six people and it's a really, really beautiful [inaudible 01:01:38].

Andrew: Yeah looks like it. So if that's the problem that we're trying to avoid, which is that a sales cycle can take so long that the salesperson's worn down and basically ready to take anything because there's so much time in on it. What is peer negotiating and when does it come into play?

Steli: Yes, so our hack for this is that whenever somebody, it doesn't matter who it is, if often times involves me as well. If I'm working on a deal for more than a month and I haven't closed it yet, I cannot close it myself without getting the approval of somebody in the team. And in our case, it doesn't matter who it is. It could be anyone in the team. Junior engineer, doesn't matter if they're sales people or not, any one of the team has to okay the deal. And the way this typically works is that after a month in the negotiation I'll pick somebody from the team and I'll have them as a critical sounding board and go, "Well you know this is what I initially offered. This is why they're seeing this, this is where we're on the negotiation. Here is what they want."

A lot of times the interesting thing is that, the person and this includes me, I will take on the role of the customer and I will sell really hard, why this isn't a reasonable request. I will even describe the negotiation a way that should make the other person go, "Okay, let's just give it to them." And then the other person in the team will ask some really critical questions, we're a pretty critical group of people here that are very high on the BS calibration level. And even the most junior engineer that we have, I'll talk to him and he'll go, "Yeah, but why do we offer them this?" "Well because they really need this because of X, Y and Z. And this and this and that and that" and the person will go, "Yeah but it doesn't seem to make sense. All of the customers get this and..."

Andrew: So you're saying its a sounding board. Its not like you then have two different people on the call with the customer. It's not like another person calls on their behalf. It's just, hey, it's been about a month, they're asking for this. I think I should give it to them and what you want is somebody else on the team to splash some cold water on the face of the person who has now been exhausted through a long sales cycle and says I don't think that makes sense. If you were doing this in the first week, you'd know that this wasn't right okay.

Steli: Yeah and the crazy thing is that usually the dynamic of the conversation will go something like this where the other person will challenge it, then the salesperson will defend it and will push against. And after a little bit of back and forth, I'll go, " Shit you're

right. Damn it." And now I'm forced to go and risk losing the deal by telling a customer "no" for something.

The other day or a few weeks ago where one of our sales reps would be like, "I think that I should give them... we're negotiating on price. They're really such a large team and they're really price sensitive for this and this reason and I think I'll offer them a 15% discount that's going to get the deal done," and the most junior person the team goes, "Why 15, why don't you offer them 5 to begin with?" And the salesperson is like, "Well I don't think it's going to be enough and this and that and that. "And we all just look at each other and the salesperson is like, "Damn it you're right, you're right. Why don't I just start with 5?"

Andrew: Let's start with five if you're going to.

Steli: And this is somebody that's awesome at negotiation, has just worked so long on this deal. It's such a big deal, so this person is afraid of losing it. Saying something that might risk the deal. So you know what happened? He offers 5% and they take it. They're happy with it and it's just like ah.

Andrew: What a great example.

Steli: Yeah, we would have offered 15 for no reason whatsoever.

Andrew: One thing I noticed about your sales page and I've got to get to the last point, but you actually list the price for enterprise customers. I notice a lot of interviewees that I have on will have an enterprise level but they'll say, "Call to talk." Why do you do that? What do you think about that?

Steli: You know, that's a good question. Our enterprise plan is not really truly enterprise in the sense that large Fortune 500 companies should use that plan because we don't want those customers. They're not a right fit for us. But enterprise for us, it was just like that the basic plan in the business doesn't mean that basic, those are not businesses. They're just using a different pricing plan. So enterprise for us are the most serious customers that we have that have 100, 200, or 300 sales people that are much larger than just a two person, new startup that's using us. It's just a lot more sophisticated as a customer. And we like to have per user pricing, so we don't like to have the "call us" if you need it. But in some cases makes sense. If you sell software that's worth millions, call us if you need a price, is the right way to go.

Andrew: Final point here. Create a follow up system so that you can recover customers that seem at times to be unwinnable. Here is one of the people who followed your

advice, this is Brandon Gracey. He says, "Steli's philosophy on follow-up sent me back to significant prospect that had gone very cold. A mix of 41 emails and voicemails later, I got my response. You win. Let's connect at the trade show." Long story short, they're onboarding this month. That is the founder of Handshake.com, a software that eliminates paper order, taking orders on paper. What is this follow-up...

Steli: He's not the founder. I think he is the VP of Sales over there.

Andrew: VP of Sales, excuse me. I just assume now everyone's founder that I talk to. I don't call my dad, my father anymore. I just say, "Here's the founder of Andrew Warner."

Steli: I also refer to our kids as like we launched the oldest one two years ago and...

Andrew: The lingo is stuck in my head. When I talk to my parents I go, "Hey this is Andrew Warner." They go, "All right, I know the last name. Hi son." Anyway, so what is the follow up process?

Steli: So the follow-up process, it's a simple philosophy. The thing that I want to share here is that silence does not equal rejection. So people go silent. People you've engaged with in the deal, people have checked out your product, people that were really excited. They go silent eventually. You sent them emails, you don't hear from them, you call them, they don't call you back. And most people will assume that, that means rejection and they'll create a very elaborate story in their mind. Usually they make it very painful of how much of a rejection it is.

So to not get more virtual rejection and to not be annoying and feel like you're the type of person that annoys others, which doesn't feel good, they'll just stop and assume this didn't happen because they didn't like me, they didn't like our deal, they hate my shoes, whatever it is. They'll come up with a story in their mind. I think that's crazy and it's really harmful and it's very bad for business.

My basic assumption about this is when I don't hear from someone, is that they are busy. They have different priorities, something came up, something in their personal life or in their business life came up and this not a priority right now. But it's my job to keep championing this deal to keep following up until it becomes a priority again and they can respond to it. So my personal follow-up philosophy is that when I have a good conversation and when somebody came into us as an inbound lead, we will follow up indefinitely until we get a response. And it doesn't matter if the response is yes or no, both are good.

What kills startups is not a yes or no. What kills startups is the [inaudible 01:08:59] gets

the big in-between, we don't know why they didn't buy. We have to make up stories in our mind. Or, we will keep the hope alive that they might come around it someday but we're not doing anything proactively to make that happen. That's what screws companies and entrepreneurs and founders. So, I, with sales I'm in the business of generating outcomes and my follow-up philosophies, follow-up indefinitely forever with somebody if I had a good initial conversational connection until I get to a result. Yes/no, are both good.

Andrew: So follow until you get a result. If they don't respond, keep going back.

Steli: Yes.

Andrew: Interesting. We did one follow-up process just for potential interviewees and course leaders here at Mixergy where our process used to be very straightforward, find a potential guest. Have somebody else approved to make sure that you're not just excited about a person and there's no substance there. Then find their email address. Then send out a request to do an interview. And then if they didn't respond, we would just let it go. We just added a follow-up step and saw dramatic responses. I think people respond to the follow-up more than they do to the initial request. But we do just one. You're saying if they have an interesting conversation, like if somebody says, "Yes I'll do the interview," and they don't book it, you're saying just keep following up with them until they either say I don't want to do this interview or until they book.

Steli: Yes. Again, we can make the same basic assumption as earlier where in the early days when you start your interviewing show, you might follow-up indefinitely with everyone. Eventually once you are where you guys are at today, you might have to decide how much is an interviewer worth to you and if it's Bill Gates it might make sense to follow-up indefinitely for five years. And if it's Steli Efti might just be two follow-up. You have to move on with life because it's just not worth the energy and time. But generally you should follow-up a lot.

Personally I try to have a very high level follow-up and it's opened doors and created opportunities time and time again when they seem closed before. And I've taught this, I've been you singing the gospel of the follow-up every single day and it's the one thing that consistently people come back to me with results that they're just amazed by. And maybe one thing that I forgot to mention earlier but I want to share now is, we talked about these drip emails and setting up kind of somewhat of an automated process. A really effective drip email I've seen in B2B startups and B2B software companies, is that they'll send a couple of emails like the ones I described, "Hello, here is our story. When can we talk?" Blah, blah, blah. "Here's a discount code," whatever it is. And then after seven, eight, nine emails, they'll send a breakup email. And the break up email is

basically, the subject line could be goodbye from Steli, a goodbye from Close.io.

Andrew: Yeah, because that's dramatic. It gets attention.

Steli: Oh yeah, and then they say, "Hey, I've tried to reach out multiple times. I've left voicemails, I sent you all these emails. I'm really excited about you, but it seems like it's not a priority right now. I'm going to take you off my list. You're never going to hear again from me. But when the time is right and you want to talk, here's all my contact information. I'm going to be excited. Good bye." And that email gets incredible response rates.

Usually that's the email that I will respond to something that I've ignored to all other emails because it's you're taking this away from me and you're like, "No, no. I'm actually interested. I was just busy with all these other things." So it's a very powerful email to use in the automated follow-up. But you can also personally use this if you follow-up with somebody 20, 30 times and eventually before you're ready to give up just send that email. When you're like, I don't want to keep following up with this person, just send the breakup email. You'll see a lot of these people will respond and thank you for reaching out and apologize that they didn't respond earlier.

Andrew: I get that. I get it completely. A fear of loss, loss of version. All right, we've got a lot here that's substantive. I think that any one of these points, I'll bring up the big board, any one of these points on its own is useful, especially that follow-up. Together, they're incredibly powerful and I can see why you guys keep growing at Close.io. What's the name of the book? In fact, can you hold it up again?

Steli: Yes, the name of the book is "The Ultimate Startup Guide to Inbound Sales."

Andrew: Inbound, because in the past you wrote "The Ultimate Startup Guide to Outbound." You have them both there. What's the difference between inbound and outbound?

Steli: Well outbound is all about you cold calling prospects, you cold emailing prospects, you reaching out to businesses and people that have never heard of you and didn't show any desire to know of you. And you try to educate them of the existence of your company and then get them interested and close them. So that's outbound, you're going out to generate business. And inbound is when you do marketing, PR, whatever it is, you create awareness so people come to you and want to know more and then you sell them on what you do and try to close. So that's inbound and that's outbound.

Andrew: And now you've got Inbound. We're now recording this before you officially

released and published it and you still don't even have a landing page for it. But we will have one by the time the session is up and we'll link to it. And you wanted to give a discount, my guess is you want to give a discount not because you're the kind of person who gives in on price very quickly, but you say let's see how effective the Mixergy audience is. Or let's see how effective promoting to the Mixergy audience a book is. And that's why you're offering a discount. What's the code?

Steli: The code is going to be "Mixergy" and honestly it's a bit of both. So in this case, even if I didn't know what the numbers were, I would want to offer a discount code because I just love the audience and I was the audience. And I want people to read this not because selling this book is going to make us rich or anything like that. But because I want them to be successful. I want less companies to fail and less companies to go through the painful experience that I had to go through just from a... these are my people, like entrepreneurs, startup founders. But it's also good business. It's good for us to know how much of a response we got from the audience.

Andrew: All right. I'm curious about that too. Congratulations on the book and the success of the business. The business people have heard us say all the time, Close.io. But I will say that find a way to connect with Steli and say thank you. Great relationship to have and to start today. So if you've got anything of value, do it. I'm going to say it right now, Steli, thanks so much. I learned so much from you today.

Steli: Hey Andrew, it was a pleasure

Andrew: You bet. Thank you everyone. Bye.