Andrew: This session is about creating predictable revenue, and it's led by Aaron Ross. He is Founder of Predictable Revenue, the consulting company that helps businesses double and triple their sales, tech companies that have, at least, a sales person or two, at least, if not many more and they need to get appointments should be talking to Ross, Aaron Ross, to Aaron Ross, to Mr. Ross.

Aaron: I like that, yeah. Mister, I like that.

Andrew: Mr. Ross.

Aaron: Feels good.

Andrew: We're both in Regus offices. So there's like this emphasis on being very professional in a Regus office when you work out of it. All right, on to being more professional. I'll point you guys to what we will be talking about today.

This is our outline. It is based on Aaron's book, "Predictable Revenue." I'm going to help facilitate and hopefully maybe keep things a little less than Mr. Ross, even though I'm wearing the jacket with the pocket square.

Aaron: Trust me, anyone who knows me knows that I'm not that formal.

Andrew: [laughs]

Aaron: I actually put on a collared shirt today.

Andrew: Way to go for the Mixergy audience.

Aaron: [laughs]

Andrew: All right. Let's get right into it. Aaron, this is the company that you ran about a little over a decade ago. I've got an article in Red Herring. It was showing that your company, LeaseExchange.com, was one of the 10 to watch. You raised money for it. What happened to it?

Aaron: Yeah. Wow. How did you find that? That's cool. I haven't seen that in a while.

Andrew: A lot of Googling.

Aaron: [laughs] So yeah, Lease Exchange was a company I started back in the late 90s and I think one of the first bubbles, or maybe the first Internet bubble. Raised venture

money. Hired a little bit of sales but it was one of these situations sales at the time wasn't sexy. It was all about PR and I guess it was that times version of Indel [SP] marketing. We weren't actually getting revenue in the sales team. I as CEO had no idea what to do because I didn't know anything about sales because I'd say I hired a VP of Sales, like, figure it out.

And ultimately the company went under. We tried to sell, and it went bankrupt. But the lesson I learned was as CEO, I know it's obvious in hindsight, but you have to know how to sell and how to build a sales team because that's actually what brings money in the door ultimately.

Andrew: Yeah.

Aaron: It's very useful for a company.

Andrew: Yeah. We were talking before. We officially started about how entrepreneurs often know they need sales. They get excited when revenue goes up. It's validating, but at the same time they feel like, well, maybe that's not the thing I should be doing. Someone else should do it. Maybe ...

Aaron: I don't want to sell.

Andrew: Maybe it's creating the product, right?

Aaron: Or let's see, I just want to create a product that everyone just comes in and buys it.

Andrew: Right.

Aaron: Instagram did it.

Andrew: Right, so why can't we do it too?

Aaron: Come on. The reality is you're not going to accomplish anything in life unless you know how to sell yourself, your ideas, or your products.

Andrew: And, yes, that company had to close down, but after that you ended up at Sales Force where you helped them grow their sales. This is an article from Sales Force. You left just before this, so you're still a part of that revenue. And at the time they were doing over $700 million in revenue. I wanted to show that to give people a sense of how big a field you were playing on once you got good at sales.

And, of course, since then you've gotten even better. Now this is what you do. Can you tell me just a little bit about what you were doing at Sales Force that allowed the company to grow their sales so much?

Aaron: Sure. What was interesting was in leaving Lease Exchange and there's about a year or two before I joined Sales Force, but the thing I knew was that I wanted to start another company. And before I did I felt I needed to know how to build a sales team or how to create a professional sales function or just to sell.

Every entrepreneur has the inherent ability to sell themselves. People recruiting, raising money. So I went to Sales Force. The only job they had in sales because I actually wanted to just sell was the lowest level job. It was answering the 800 line.

Andrew: Okay.

Aaron: I checked my ego at the door because I just wanted to learn.

Andrew: Wait, you started off at Sales Force answering their 800 number?

Aaron: That's the only job they had in sales.

Andrew: Okay.

Aaron: I figured, look, once I got in the door that I would ... I didn't want that job necessarily, but I wanted to get in and then I'd figure out some way to make a difference.

Andrew: Okay.

Aaron: And then so, that was going from whatever, CEO of a venture-backed company.

Andrew: Yeah.

Aaron: [??] the most junior level at Salesforce, 800 line. And within a few months though what happened was I saw and I learned quickly about how it was working and some, and saw that we were making this huge investment in field salespeople in Salesforce and started targeting bigger companies. And there's this old belief, which I think still happens a lot. Which is, "Hey, we're going to hire these expensive salespeople and they're going to bring in their prior relationships, they're going to have these businesses relationships and contacts and they'll help just bring them in."

Andrew: Yeah.

Aaron: And more often than not that doesn't work at all. Once in a while it might in certain situations, but usually you get nothing.

Andrew: So what did you do?

Aaron: Well I suggested, "Okay, we're making God knows how many millions of dollars in salespeople and product and so on and we have no pipeline, or very little. And Salesforce is getting a ton of inbound leads for their small business customers, but almost nothing for their larger customer where the money is."

Andrew: Okay.

Aaron: Or, most places. "So hey, why don't we create a, I'll figure out, [Inaudible 00:01:06] figure out a way to create an outbound prospecting process or function so we can go out and generate the pipeline we need."

Andrew: Okay.

Aaron: And up until that point Salesforce had tried hiring some outside firms to prospect for them, do telemarketing. They had some people internally making cold calls, they tried to get salespeople to prospect, and nothing worked at all. Like literally there'd be projects where you'd spend $10,000, $15,000 and then got a zero percent result. I figured it wouldn't be hard to beat that with a bit of focus.

Andrew: And so what you, if I'm understanding it right, just to be extremely careful about this, you helped create a lead generation process for Salesforce that helped increase recurring revenues by $100,000,000?

Aaron: Yeah, it was in a few years there, and basically gave them the ability to go out and generate as much pipeline as we needed.

Andrew: Wow, okay.

Aaron: So in other words, it's that gap. We have 50 salespeople and they have a quota of X and they're only getting Y leads, which isn't nearly enough to feed them. Like what do we do, how do we give them enough pipeline so they can hit their numbers and the company can hit its numbers?

Andrew: Okay, all right. I was tempted to say, "Well what did you do? Be more specific." But of course, that's what we're going to be talking about today, what you did there that is applicable to the person who's listening to us now who's build a Salesforce or getting more leads for an existing Salesforce. I should also say that this is where you are right now, this is the company that you built. And let's go into the first of the big ideas that we're going to be talking about to help the person who's listening to us to create a sales machine. And the first is to figure out what's not working and try something new.

Aaron: It sounds sort of self-evident but . . .

Andrew: Sorry?

Aaron: I said it sounds sort of self-evident but people get this wrong all the time.

Andrew: Where do they start instead?

Aaron: Well they do more of what's not working.

Andrew: Oh, okay. SO give me an example of how it's done right. This was a company that was having some issues, what did they do when they did it right?

Aaron: Well HyperQuality, and this is a few years ago, but HyperQuality was very typical of a software company, where you have an executive team that is used to the traditional way of selling. It's changing, but the traditional way of selling is you hire salespeople and they prospect and they bring in- You've got marketing generating their leads and salespeople have to do all their own prospecting to fill the gap.

Andrew: Okay.

Aaron: Whether they're inside or outside. And it rarely works and it's not repeatable, and for sure not predictable. Salespeople shouldn't prospect.

Andrew: Okay.

Aaron: But what they did is, my partner at the time, Marylou, we helped the company say, "All right, if you take," she actually did this for them, "a dedicated prospector, a prospecting function, who can focus on prospecting and is doing it full-time, can do it right, and stay on top of things, it makes it much easier to create a predictable and repeatable way to get sales appointments.

Andrew: Okay, and so they went from two leads a month and the leads were being

generated by salespeople, am I right?

Aaron: By inbound, by word of mouth usually they were inbound.

Andrew: Word of mouth, someone would call in and they get just two a month?

Aaron: Yeah, two.

Andrew: Okay.

Aaron: This is, again, an enterprise company in a market where customer, it's like a niche market. And about their marketing , maybe it wasn't that great, but they only got two qualified leads a month. They probably got hundreds of registrations but most of them just were not a good fit.

Andrew: Got you. And then within 90 days, the woman whose image I show up on the screen, Marylou Tyler, who was co-founder of your book, excuse me, co-author of the book, she was able to increase their qualified leads to eight a month. And the way she did it was by saying, "Salespeople should not be prospecting." What else did she do that allowed that to happen?

Aaron: Well, part of it is that focus on . . . going back to companies who do the wrong thing and then they do more of it, a lot of companies are not getting enough leads and so management tells sales people: make more calls, send more emails.

Andrew: Okay.

Aaron: You're not getting leads, so do more of what's not working.

Andrew: Okay.

Aaron: So this company, where they're open to change--let's try something new. Let's have someone who's dedicated to prospecting do it. That's one of the most important points, is having a focus. Now, whether it's a person or a team, or maybe even an outsource service, it's focusing in a place and figuring out what kind of system can you use to actually get those appointments in a predictable way. So she used the system that created salesforce. It's called cold calling 2.0 because, honestly, it's like calling on cold companies but without cold calls, without phone calls. It's mostly an email-based prospecting. It was very effective in getting them a lot more appointments compared to what they'd tried before.

Andrew: Okay. So what we can take away from this is they evaluated what was not working for them and they realized that it's the prospecting part of their sales process that wasn't working and then they tried a new approach, which happened to be the approach that you're going to tell us about. Right?

Aaron: Yeah.

Andrew: So that's what you want us to do, not, "Hey, we're not making enough sales. We need to make more phone calls" It's, "Look at what's not working before you decide what you need to be doing more of or different of."

Aaron: Yeah, because, again, marketing was generating lots of leads but they mostly weren't any good. Sales people were prospecting but not getting anything, so what's something new they could try? And this worked.

Andrew: All right. Then we'll get into that in a little more depth in a moment, but the next big point that we want to talk about is to keep sales emails short. Do you have an outline that we can keep in mind as we're sending out those cold emails or any sales email?

Aaron: Yeah. I found an example here. I think there's one phrase I kept saying at a workshop for SAP recently. The phrase I kept saying over and over again was: keep it easy to understand and easy to answer to, or easy to respond to.

Andrew: Okay.

Aaron: Think about the ones where it's a cold email or maybe you don't know them very well, so let's forget where you're doing a lot of emailing and you're deep in a deal. Most sales emails are too long. They have too much jargon and they're just vague.

Andrew: Yes.

Aaron: "Let me know if you need any help." That's a terrible call to action.

Andrew: What is a better call to action? I know what you mean. "Let me know if you need any help." I don't respond to those because they just tell me to let them know if I need any help so I assume it doesn't need a response, and so I don't respond and then I get an email back saying, "Well, you didn't respond to this. Did you see it?" Yeah, I saw it.

Aaron: I don't know what kind of help. Tell me what you can help me with and I'll tell you

if I need it or not.

Andrew: Right. So then what's a clearer call to action within an email if it's not the one we just talked about?

Aaron: Well, the one you've got here on the screen.

Andrew: Let's take a look at it.

Aaron: Yeah. Again, there's lots of different types of sales emails. You always got to try. There's not one type that works for everyone, but the principles here are sound. So, for example, it's short--two or three sentences. HubSpot did a study that suggested the ideal initial sales emails, the first or second email you exchange with someone, should be 300 to 500 characters.

Andrew: Okay.

Aaron: So I always think two to three sentences is a good rule of thumb. Try to dejargonize [SP] it. So don't put in words like "leverage," "scalable."

Andrew: But they make me sound so corporate, like calling you "Mr. Ross."

Aaron: I know. You see, especially early stage entrepreneurs, guys who are under a million or two, you develop all this messaging when you're pitching VCs and investors, and all that is basically crap for when you're trying to use it for prospects because prospects don't care about you do. They care about what you can do for them.

Andrew: Yeah.

Aaron: A lot of what we do at [??] is help people English-ify their emails or phone calls and just turn it into simple English. But, again, this email.

Andrew: Yeah, let's take a look at this. Here, I'll read it out. Subject line, "10 Times [insert company name] Traction in 10 minutes. Hello, [first name]. I have an idea that I can explain in 10 minutes that can get [company name] its next hundred best customers. I recently used this idea to help our client, [insert name of competitor or other company], almost triple their monthly run rate. [first name], let's schedule a quick 10-minute call so I can share the idea with you. When works best for you?" And so what you like about that is that it's short. You also like that there is a clear call to action. When is the best time for you? And you also like that we don't talk a lot about the company itself. In fact, I can't even tell what this company does, but I can tell what it will do for its

client.

Aaron: It's intriguing. Okay, intriguing. Now, I will say this is not one of my email templates which I don't like to share.

Andrew: No, I found this on ringlead.com, their cool email template.

Aaron: Yeah, and by which it's a good sample. So I'll tell you about the things I like and don't like.

Andrew: Okay.

Aaron: Someday I'm going to do a lot more around email writing. So the thing I like about it is it's pretty short and it's intriguing. The first thing is curiosity because people open emails and respond to them, at least open and read them typically for one or three reasons. It's either personal, so it's like, "Hey, Andrew. I saw we lived in L.A. Together. I know your wife."

Andrew: Yep.

Aaron: And the second reason is because it's useful and it's something they learned. And the third is because it's intriguing and you can combine them, but those are basically the three reasons. I like intriguing with prospecting.

Andrew: And this one is intriguing. I could increase your traction in ten minutes.

Aaron: Yeah, I think it's over selling it in subject [??].

Andrew: A little too gimmicky, ten times your traffic in ten minutes.

Aaron: So again, I like is that each sentence is short and sweet, to the point.

Andrew: Yep.

Aaron: Also, here is a really important tip is that they broke it up into different sentences, so there is white space, because it's easier on a phone to read a sentence and then a sentence, and a sentence. When it's all lumped into one big sentence it's just harder to read.

Andrew: Yeah.

Aaron: And they use social proof which would be we helped your competitor do this.

Andrew: That's cool.

Aaron: The last thing I would take off at the very end, the when works best for you. Again, we could improve the last sentence, but in general [??].

Andrew: What would work? You know what I do is I say, "Can I call you on Tuesday at 11:00 a.m.?" Even though I know that chances are good that they're not free Tuesday at 11:00 a.m., I like that they at least hit reply and say, "I can't do that time." And then we could at least start the conversation about when.

Aaron: Exactly. It's better to offer something concrete or specific whether it's what's the best way to get 20 minutes on your calendar which is more asking about the method or like you said, "What about tomorrow at 11?" Because what you want and this is true in the email in general, and easy to understand, and easy to respond to, it's better to get a no that doesn't work for me because usually then they say, "What about this other option?"

Andrew: Right.

Aaron: Where you die, where you get killed here is when people get confused because when they get confused they don't respond at all.

Andrew: Okay, all right.

Aaron: When it's too vague. I'll give you one more example on what not to do with this kind of email.

Andrew: Okay.

Aaron: If you can ask someone a question, so let's say, you want to ask a question. I think a great one usually is, let's say you sell software, ask them what kind of tool they use. So let's say you sell marketing software. Okay?

Andrew: Yep.

Aaron: And they say, "Hey, by the way, what do you use today for your email marketing?" It's a software app. Okay, that's simple that understands simple to answer. Oh, a question you shouldn't ask, "What are your email marketing goals for this year?

Andrew: Ah! Yes, I see, okay.

Aaron: And we're like, wait a second. I don't really know. I got to think about it. Okay, move on.

Andrew: And these would be just be a simple, easy to answer question.

Aaron: Yeah, to start the conversation. Now once you have more of a relationship then they're willing to put more energy into answering more complicated questions. But the idea is, especially on email on a phone call when they're getting to know someone is, you don't want a yes or no question, but you don't want the question to be so vague that people are like it's really hard to answer.

Andrew: Okay. Then I end up putting it off until later and then later becomes three weeks. And then well, it's been three weeks, I should just move on, they apparently mean.

Aaron: Yeah, so and like they what are your goals, what are your challenges?

Andrew: It's a good example of a tough one.

Aaron: Yeah.

Andrew: And why am I going to tell a stranger that? Okay, onto the big board. The next thing we're going to be talking about is specialize.

Aaron: A very important one, yeah.

Andrew: Separate your team's responsibilities. Why is that so important? I saw that you were jumping in.

Aaron: I think this is probably the number one most important thing for companies to understand in sales. And I believe this is becoming more of a standard especially in Silicon Valley. And I'd like to think a lot of it is because of the book. I hear a lot of companies say it's their sales play book, but I know across even the U.S. and big companies, and there are a lot of companies who don't get this. And this is really about, you know traditionally sales people had to do everything. They first responded to their own inbound leads. They did their own prospecting, closed their own deals, and managed their own prospecting.

Andrew: What do you mean by prospecting?

Aaron: They had to do their cold calls or knock on doors.

Andrew: Cold calls, okay.

So they get the leads coming in. They have to do their own phone calls. They have to then follow-up with people who seem interested. They then go into meetings with them, either online using a serves like Google Hangouts or in person, etcetera. And so that's not the way to go. What is a better approach then?

Aaron: Yeah, because what you have when that happens you have people who are multi-tasking, doing lots of things not very well. And what Salesforce was a leader in, and I've just helped popularize this this idea of specializing you sales roles.

Wherein if you have . . . this isn't for consumer sales, you have like a one call sale, but especially business to business products having different sales people focused on their specialty. Like you have outbound prospectors, who they are very dedicated to just prospecting. And they don't close deals, and they don't respond to inbound leads. That is upper left number one.

Andrew: Here let me show it. This is a process that you want us to have?

Aaron: No. This is probably the most important idea still. At some point they'll change because everyone will be doing it, but this is probably the number one place to start to make everything work better. Generally four core roles, I mean this is more of a template. Is that you have prospectors prospecting and closures closing. So number three in the middle.

All they do, they have some sales people who are just closing new business. And a fourth role on the right, which is post sales anything, could be customer success, it could be account management or a mix. But once someone's a customer.

Andrew: Somebody else needs to talk to them.

Aaron: Someone else, yeah there's a baton handed off and there's a . . .

Andrew: Let me break this down. I want to make sure I'm fully following it. So left most two rectangles, one of them is outbound reps, that means there's a dedicated group of people who just make phone calls and see who out there in the world is interested. A different group of people still are the inbound reps, who except calls in. And I'm imagining for a smaller company that might be the same person. Or are you saying

even there it wouldn't be?

Aaron: Well I'll tell you, once you go over the roles I'll tell you how to apply this if you only have one person at the company.

Andrew: Got you. Okay, so one role is an outbound sales rep, that person makes those calls out into the world and sees who's interested.

Aaron: Outbound prospecting. Yeah, more outbound emails but yeah, the principle is you're reaching out to people who aren't calling you.

Andrew: And the inbound rep is someone who takes calls from people who see the Webinar and are interested. Or go to the Web page and are interested.

Aaron: Go to your Website, register on the Website. Start a pre-trial, ask for demo. And neither of those, usually almost always neither of those roles close deals.

Andrew: Okay, and then you have different role for closing the deal. That is the real sales person as we understand them. Explains, guides, closes the sale. And then finally you have someone who just maintains the deal, maintains the relationship and make sure that everyone's happy.

All right so if we have a big organization we at least have four people, if not four groups of people who are handling this. If we're starting out you had mentioned though, the one person organization. How would that break down then?

Aaron: So we have a small team. What happens is, specialization is still important but you specialize your time. So for example let's say that you're a CEO and you're the only person who's selling. You're one CEO and there's a bunch of engineers, and you don't have enough leads. So you, I need to prospect, I need to go out and get some customers. You can't do it five minutes here, and five minutes there, it's impossible to do effectively.

Better is to say, block out time on your calendar at least 90 minutes or two hours to do that. Could be a day, could be Tuesday's it could be, you know, whatever it is, but you've got to block out our calendar. So you specialize your calendar time. You wouldn't need to do it for every role. But it's really for the things that are most important that aren't getting done, where you'd focus time. It's really about focus.

Andrew: So it might be something like, every Thursday at 2:00 I make outbound calls and see who is interested and then I get them into the pipeline.

Aaron: Could be sure. Yeah, every Thursday, every other Thursday, Monday, Tuesday, Wednesday could be, you know again last week with let's say with ten sales people even when sales people have to prospect, you know, as part-time you got to calendar it.

Some people want to do it in the morning for themselves. Some people are afternoon with a buddy. The way you do it is different but it's about having that focus time were you are dedicated to it and you block out all the distractions.

Andrew: Okay, all right. And I imagine then the first and easiest role probably to hire for is the inbound rep person who just takes all those inbound calls for people who say the Webinar etcetera.

Aaron: Yeah, and now if you have inbound leads what happens is pretty commonly with an early state company CEO's closing deals. And usually the best first hire is a prosecutor. If you have lots of inbound leads already, you hire an inbound rep to respond to them. If you don't really have many inbound leads so if you probably have less than like 100 a month, then you kind of start with a prospector.

Andrew: Mm-hmm.

Aaron: Because you don't really need an inbound person for a few leads, so you start with a prospector. Then, once the prospector's setting appointments for the CEO, and they get too busy, after that, you might promote the prospector to closing. You might hire a closer.

Andrew: Got you.

Aaron: You're basically creating this farm team system to grow people up in your system, and it's pretty hard. I find it's very common for, at least, founders who don't have a lot of sales experience, they usually hire the wrong salespeople.

Andrew: What do they do instead?

Aaron: Sales is this mysterious thing, and they see this resume. "Oh, someone worked at Siebel, or someone worked at Salesforce. Someone worked at Facebook, they sold all this stuff." They don't realize that that person succeeded in a big company with a big brand, and so on. And so, I think what's usually a less risky way to go is hiring more junior people to start who are very hungry, coachable, and eager to learn sales. It's not rocket science, really, it's not. They can figure it out, so grow them up from the bottom.

Unless you have some board members, or you have someone who you know who really has an eye for sales talent. . . It can make a big difference to bring in an experienced salesperson, but I find that, without help, most, a lot of founders, it's their first time, just, they don't know how to hire a good one.

Andrew: So it's better to hire someone who's junior, who is trainable, coachable, and then tell them about this process and put them in that box that you labeled number one.

Aaron: Yeah. Give them the chance to focus on it, because, if you're a founder, you can only do it part-time, so it's really hard to. . . But if you can have someone who's smart and hungry, who can focus on how to sell full-time. They'll figure it out.

Andrew: Yep. All right. Let's bring up the board again. Number four, we're going to talk about not focusing on just closing the deals instead of. . . Instead of doing that, we should be thinking about giving value afterwards. You worked with a client who had that issue. What happened to [Guild]?

Aaron: Yeah. Well, [Guild], I think it's a lot like a lot of tech companies, a lot of startups. It's very focused on getting customers in. "Need more customers, we need to grow revenue." What happens is, especially in SaaS companies, you get your first 10 customers, or 50, or 100, and then a whole bunch of them fail out when their renewal comes up, or even earlier. So it goes from, "More, more, more customers," to, "Oh my god! Save the customers we've got."

I think it's so important for companies to stay focused on yes, get more customers, but get the right ones, and know how to make them successful.

Andrew: I see.

Aaron: So customer success, usually people wait too long to create a role or focus around customers. . . the idea of customer success or customer success management role of function or program.

Andrew: Going back to this illustration that you created, I spent a lot of time in that conversation talking about Sections 1, 2 and 3, and hardly any on Number 4. This is what you're talking about. We need to spend more time on Number 4, nurturing that customer after she buys and building that relationship so that we don't increase churn. Is that right?

Aaron: Yep. It's a lot easier to keep the customers you have than to get new ones.

Andrew: All right. So then, at this company, when they did that, they were losing four percent of their customers every month, which roughly was 50% a year, which is dramatic.

Aaron: Ouch.

Andrew: So, after that, you were able to cut their churn from four percent to one percent. That's a quarter, 75% off, too many percentage points.

Aaron: Yeah, they went from losing 50% a year to losing, now, under 15% a year, which is about standard for SaaS companies.

Andrew: That's huge.

Aaron: In terms of the number of customers. Yep.

Andrew: All right. So, if we buy into that and we say, "All right, we're ready to do it ourselves. We want to focus on box number four, what are some of the things that we can do to maintain customers, to have our reps do?

Aaron: That's a good question. I think a lot of it is just putting. . . My focus is having. . . It could be a monthly meeting...Sorry, I mean a weekly meeting with executives about it, if you can't have a dedicated person. If you have a dedicated person, even better, and then they will help figure it out. Usually what happens it, it can be a combination of sales education to make sure salespeople are targeting and closing the right kinds of customers, setting appropriate expectations, plus having, hopefully, someone who's dedicated after the sale to be there to make sure that the launch implementation. . . The customers know how to use the product, and their hands are held through the point where they have their own momentum. Right?

All right. It's pretty common. Customers come in, they buy a product, and they're like we bought it, we're really excited, but now what do we do. They lose momentum and they can fail out. You can't let your eye off the ball with them until probably three months after they've bought and you see they have their own momentum and are self-sufficient. Then, you can take less attention off of them.

Andrew: I'm going to do a session on that. I was just looking at my calendar on the phone to see when that's coming up on just how to nurture a customer after they've come in, what are some of the specific things we can do, and what are some of the broader ideas we need to understand. I don't have the exact data right now, but we're going to have to have that up on the site because that is important and it's hardly ever

talked about.

Aaron: Yeah. It's becoming more popular now, this idea of customer success. It's one of the thing I'm most excited to write about. I think now it's more of a standard, especially in Silicon Valley. You invest in customer success early.

There's a client I had called Bright Edge. I started with them I guess it was a few years ago when they were a million dollars. They went from one million to 20 million in three years in revenue, mostly through that outbound prospecting system. Part of what helped them make prospecting successful was they really knew their customers and what it took to make them successful and which kinds of customers could be success to target and which ones to avoid.

Andrew: I see.

Aaron: When they were 10 to 15 people they had already made their first hire for someone who was just customer success. Earlier is better in terms of... It's an investment. It's not a cost. It's not glorified customer support. This is hiring someone who's going to be a high return investment because they're going to save you a ton of churn and make you much smarter about the kinds of customers that you should go after.

Andrew: Because when you're talking to a customer after they bought, you get a better understanding of what makes them happy, who is never going to be happy, who it's a good fit for, etcetera.

Aaron: Yeah, how to make them successful. Plus, when you have happier customers and somebody who's dedicated to them, it's easier to get case studies and testimonials which you need whether you're marketing, or selling, or prospecting, or closing. It's really important.

Andrew: Cool. And, you got measurable results for Guild. They did when they made these changes. Speaking of numbers and measurability, people might've noticed that it took me a while to get all those stats out right for Guild. That brings up another point, point number five, which is you're recommending fewer but better metrics. You had an issue with this guy. Who is this?

Aaron: Frankie V.

Andrew: Frankie V.

Aaron: The president of worldwide sales at Salesforce. The title's always changing.

Andrew: I think he's listed as executive vice president now on their website. Where I was looking for his photo I saw that. Frank van Veenendaal...

Aaron: Veenendaal.

Andrew: Veenendaal.

Aaron: Veenendaal, yeah.

Andrew: Veenendaal.

Aaron: I worked for him. Of course, I like metrics. I was an engineer. What I found when I was managing the sales team was it was easy to either overwhelm my team or management with different metrics, charts, trends, and so on. It was important for me to look at all these things but then to distill it down to what are the few key things that people need to focus on. Everybody...

Andrew: With a company that big that I'm sure prides itself on metrics, how do you distill it down for him? What do you come up with that ends up making the whole company more efficient without losing data because you want simplification?

Aaron: There were two metrics that we focused on for him and also that he could use to share with the executive team in terms of proof of the contribution of this particular sales team. One, for example, was every month Salesforce looked at the top ten biggest deals that closed that month. We would go back and highlight which deals came from the prospecting team...

Andrew: Okay.

Aaron: [??] It turns out about 50% month after month. About half came from the team. We always audited, fact checked, and dug in to make sure that we weren't taking credit for what we didn't do. Mark Benioff looked at this very closely.

That was one way to highlight the impact the prospecting team was having on the business. We color coded, and he'd send it out. That was one. Another one was just a percentage of all the revenue that was being sourced by this team.

The first one's a list. Here are the top ten, and these color coded which are sourced from outbound prospecting. The other was a pie chart that said this percentage came

from X or this percentage came from prospecting. And it was about 37 or 40%, you know, which is a big chunk of revenue. Almost half of the revenue was coming from prospecting. And so, again, he sort of used that to, I don't know if to market it, but just to show the executive team how important it was and why it was important to invest in that effort.

Andrew: Okay. So you were only working with him on prospecting, right?

Aaron: Yeah.

Andrew: But he was working with lots of different departments, working on lots of different things. If every one of those groups of people sent in a flood of data it would have been unmanageable.

Aaron: Totally.

Andrew: So you just said I'm just going to give them two things. I'm going to tell him what percentage of the big deals, of the number of big deals what percentage of them came from our Cold Calling 2.0 System. And then what percentage of money came in. So the percentage of the overall number of big deals and the percentage of cash that comes from this, and then he can watch as that grows. And it also allows you guys to see how much bigger you're getting without looking at all the details.

Aaron: Yeah. Because that's really what the executives cared about, which in my case how much money is it making us at that point. And I think, again, when you're a sales person/entrepreneur it's easy to forget to put yourself in someone else's shoes and realize whatever you're trying to communicate to them, whether it's over email, they have so many other things going on.

I think empathy is really important. I think empathy is the right term in this case, but it's important to be able to put yourself in their shoes. All right, if I was that person, what would I really care about? I had to pick a few things and you can't dump a whole bunch of information on someone.

Andrew: If you do that, you're able to grow the prospecting team from just six people to 200 more than I could put up on the ...

Aaron: Yeah.

Andrew: ... on the screen.

Aaron: Two hundred people around the world.

Andrew: Prospecting. I've said this before, but it was something that stuck with me. My earliest interview with Noah Kagan who was the sixth hire at Facebook was about this specific issue of you get so much data as a business person today, as someone who's the tech person. And his interview was about limiting what you take in, and he told me that when he worked with Mark Zuckerberg the data, the single point that they kept talking about was growth.

So if Noah came up with a great idea, it came back to growth. Is it going to move our number? And if not, then let's not focus on it right now. Let's spend time on just that one number. And obviously that worked for them.

Let's go back to the big board. Number six, create repeatable processes. Before I show the visual for that, what's the problem here that we're solving?

Aaron: Yeah. I'm going to give an example that combines a big of the viewer metrics with repeatable process.

Andrew: Okay.

Aaron: It's actually right now there's a company I'm working with called Education Inc. on the East Coast.

Andrew: Okay.

Aaron: It doesn't matter what they do. It's hard to explain, but they had a customer success challenge. They're keeping customers happy, and I think we went through ... We started with just picking out one or two key metrics to focus on that they should care about because they're making all kinds of stuff, appointments and emails and this and that and the other. It was just too scattered.

So first by focusing on just one or two real important things it made it easy to say, "All right. If you want to move in this case, I think it was called the percentage of unbilled hours. But it was this key metric. Then it was simple to say, "Well, all right, what affects that?" Let's say it's a certain kind of contracts. Okay, well, how can we go out and improve these contracts?

And it just made it a lot easier to focus in on a way so this metric and what can we do in a repeatable way to improve it. So I finally zeroed in on focus and thinking when you try to do too many things with too many metrics it's impossible to create some repeatable

systems. And you can't have predictable revenue without some kind of repeatable systems within the company.

Andrew: Okay. Let's take a look at the system that we want to show for this. It is up on everyone's screen. Now there it is.

Aaron: Yep, one of my favorites.

Andrew: These are, by the way, all hand made. You made these visuals?

Aaron: Yeah. Well, this one I designed. I had someone color it, but all the art I did myself.

Andrew: Okay.

Aaron: So I don't think we've shown any of the art yet, but on the cover of the book we've got one coming up soon.

Andrew: Okay.

Aaron: This one I actually do art sketching and so on. It's interesting I've noticed more around the web, more hand drawn stuff.

Andrew: I like it.

Aaron: There's that organic, authentic human feeling to it that is catching people's attention.

Andrew: Okay, so what are we looking at here for Cold Cqlling 2.0?

Aaron: Well, I'd say look if you want predictable revenue and a company that grows through sales, you have to have predictable lead generation. Because lead generation is your big lever.

Andrew: Mm-hmm.

Aaron: You know, it doesn't matter how great your sales process is. If your lead generating is crummy, you're going to struggle. If you have great lead generation, you can get pretty much get everything else wrong and still do pretty well. So in this case, one of the most predictable ways to generate quality leads is through prospecting if you have a repeatable way to do it. And this is when I came up with Salesforce. This is my

particular system. Call it cold calling 2.0, because it was really more about sending cold emails and not making cold calls. But this is great. Whatever you do, you can channel most things into funnels. Whether it's development with bugs and features and so on. Marketing. This is a prospecting funnel.

Andrew: I put my dating into a funnel when I was dating. How many women do I need to talk to every night. And of those, how many are going to actually give me a phone number? Of those, how many can I get a follow up. I know what you're talking about.

Aaron: With your conversion rates and so on.

Andrew: Yeah, my conversion rate was low but at least I had a funnel with a lot of people, a lot of prospects at the top.

Aaron: And this is different, because from what I knew, almost all of the prospecting systems out there were all about how many dials a day did you make, and how many people pick up, and how many appointments did you get. And what I found was that that didn't work at all for me. Cold calling was waste of time. I didn't like it. The people I called didn't like it. So anyway, I came up with this different approach using email and a referral system. And I found that if I sent, let's use round numbers. Again, it began with being really specific and smart about who I was going after. The kinds of companies, the kinds of people.

Andrew: Okay.

Aaron: When I reached out, I'm usually asking for a referral. So let's say I sent like 1000 emails a month, just use a round number. I could see about a 10% response rate. So you have 100 responses. And this is over, now over hundreds of thousands of emails, I don't even know, but it's a pretty consistent response rate. Seventy nine percent.

Andrew: Okay.

Aaron: I get a regular set of responses, which turn into like a hundred conversations a month, quick conversations. Are we a fit? And then from there, setting up ten to fifteen appointments for salespeople. Of which seventy five percent would be accepted or convert into a qualified sales opportunity. The salesperson says, "I'm going to take this and put it in my pipeline." And then from there, twenty percent of those we close. So once you do this for awhile, you can get your data. It's going to vary a bit by company, but you can have a predictable way to generate leads because you say you have a certain number of emails 'x', turns into appointments 'y', which turn into a certain amount of revenue 'z'.

Andrew: Why couldn't this work out when the salespeople were doing the prospecting themselves? Why couldn't it be repeatable at that point?

Aaron: It's just too hard to juggle. You know, to do it a few minutes here, a few minutes there. This works really well when you've got someone doing it full time. It just needs focus to do it really well. And to be consistent with it because it takes consistent outreach and consistent follow up. So salespeople, what they needed, in order for them to prospect, I think they should but it should be like a very small number of target accounts. Like 5 or 10 or maybe even less depending on who you are. Or either strategic accounts, special ones, or partners that they could get referrals from. But like a small number of special situations because that makes it easier to focus on doing a few things, going deep with a small number of targets.

In other words, what works with prospecting is, and this is more the principle or targeting, talking to 10 companies 10 times each rather than a hundred companies once. Focus on fewer, better accounts. And also, frankly, salespeople are not very good at it. They don't like to do it, they're not good at it, it's not repeatable. Because even if a salesperson is good at prospecting and closing, which is very rare, they prospect, they fill their pipeline. They have to stop prospecting because they are now busy closing. They get into this up and down cycle. It's not a scalable, repeatable way to build a sales team or to generate leads.

Andrew: Alright, let's go on then to the next and final point, which is, "Move to Self-Management by Using the 80/20 Rule". So, we see now how you're able to build up your team at Salesforce, but there was also a problem that was building up along with the team and along with the revenues. And that's that there were too many responsibilities on you.

Aaron: Mm-hmm. Yeah, because at one point I had up to fifteen direct reports, plus I finally got a protege to be like a helpful manager. But I found after about ten, when I had ten people reporting to me that still felt like a team.

Andrew: Yeah.

Aaron: And after that it was just too many we sort of lost that feel of actually being on a team and I didn't feel like it was working. People weren't getting the right coaching and it just didn't feel right. I wanted the team to be independent of me, because I didn't want to be trapped by the team and I wanted the team to be able to depend on me but not be dependent on me.

Andrew: Yep.

Aaron: Because if they were dependent on me, I would never be able to take a break, be promoted, go on vacation, or who knows what else. I wanted it to be able to last beyond when I left.

Andrew: Yep. And so you built this out, explain what this is, and here I think this visual is going to help us understand it.

Aaron: It's a bit. It's a little related to the sales which is the idea of how you manage your company, your team, trickles down throughout the culture.

Andrew: Okay.

Aaron: So if you are micro-managing your people. Let's say you're a CEO and you micro-manage your execs, they're going to end up at some point micro-managing their people. Or actually here's a better example, say you're CEO and you're always putting the pressure on the VP of sales. All right.

Andrew: Yep.

Aaron: The board is pressuring you, VP of sales turns around to the sales people like, "Where's those deals, come on we need to get in this month." Sales people turn around to the customers or prospects and they do whatever they need to do to get the deals in, whether or not it's good for the customers necessarily, or whether or not it's good for the long-term health of the company. You know, crazy big discounts, promising custom work, all sorts of things just to get the deal in.

Andrew: Yep.

Aaron: And there's that short-term scramble, fire-fighting, you can see companies who are always in the short-term scramble or fire-fighting mode. Or other companies that have more of an even keel long-term approach. So what I find as CEO, especially because it really starts with the CEO, but this can apply to management, which is how can you promote more of a culture of trust in helping your employees take more responsibility. You know, act as mini-CEOs because ultimately it's more fulfilling for them, and you get better results when they can make more of their own decisions and it makes the company more scalable. Because as long as the CEO or head of sales is required, let's just stick to sales. As long as the company sales are dependent on a CEO or frequent sales-

Andrew: Yep.

Aaron: You're only limiting your growth. You have to be able to design the CEO or head of sales out of the sales process in order to grow.

Andrew: Okay. And it seems like one way that you did that was by breaking up the roles, those four roles that we talked about earlier-

Aaron: That makes a big difference.

Andrew: That makes a huge difference. Doing things that are repeatable makes a huge difference because if they're repeatable people know them, they get better at them, they don't need you. But this 80-20 principle and the way you applied it is interesting to me. That you broke your work apart into 20% important work that you had to do, and 80% distributable work that other people could do, right?

Aaron: Yeah and so, when I had a team and I was thinking, "Alright, there's some stuff that I need to do and I want to do. And there's a bunch of stuff I don't want to do." So how can I take the stuff I don't want to do, like training new hires.

Andrew: Yep.

Aaron: Like after the 20th person I'd hired, do I want to sit down and teach him how to use Sales-Force? I don't, but... so not only do I not want to do that, it's not a good use of my time when I've got a big team, and some of the people on the team actually really enjoy helping. And-

Andrew: Okay, so then that's part of the 80% that you distribute out to someone else and someone else then becomes responsible for that.

Aaron: Yeah. So by having someone on the team take over... actually what I did was I broke 15 people up into three sub-teams, so each sub-team of five picked their own team-lead, like a quarterback.

Andrew: Yep.

Aaron: So okay, here's your five and you guys choose your leader. And then each sub-team leader was responsible for a few key things like bringing on new hires or training the new hires. Getting the team reporting right, coaching their own team, and so on. And it gave them a chance to exercise their leadership skills, it took some of the stuff I didn't want to do off my plate, and they enjoyed it more because they got to be more like mini-

CEO's, but not everybody wins at that point.

Andrew: Got it. That makes sense and now you have an organization that has independent cells, lots of people get experience, and you're not the bottleneck anymore.

Aaron: Yeah. Part of it is about letting go and not trying to control everything, which can be hard for a lot of entrepreneurs like us.

One example, and this is in the book, is how I think transparency is often the easiest place to begin. Whenever I did my monthly reports to my [Inaudible 0:00:20] seniors, I shared those with the team. I believe that most companies, when you do board meetings you should share those with the company as well.

Even at Salesforce with the sales compensation, I involve the team in designing, or updating, or reporting on their own sales compensation. What I found is by involving people in here's the current comp, what's working and what's not, what should we change, how should we log it and report it and so on, it took a little more work at the beginning to involve people in feedback and so on, but it shortened everything.

It made it overall an easier process, because there weren't surprises later for them. They knew about it up front. They were more bought into it when the comp plan changed. I didn't have to feel like I needed to do all this work by myself off in a corner and then come back and dump it on people.

I feel like if there's really one phrase I would leave with you about management and what works, and in sales, too, are these two words: no surprises.

Andrew: No surprises.

Aaron: No surprises.

Andrew: Predictability.

Aaron: Yeah. If there's nothing else you remember, I'd say no surprises. Employees don't like to be surprised, C.E.O.s don't like to be surprised, and customers don't like to be surprised.

Andrew: That's a good place to end it. Before I show the book title one more time and a list of the things we've covered here, let me ask you this. This is a brand new or sort of brand new system for me where, I suppose, we were... Oh, suddenly we're getting an echo. Interesting.

Aaron: Bonus.

Andrew: Bonus, right. I wonder what's bringing it in. Anyway, what I was going to ask you was now that you've seen this new system, does it feel a little distracting to fool around with all the different [??] and your video and my video.

Aaron: Not so much. I'm focused mostly on the camera here.

Andrew: Okay.

Aaron: Because if I'm looking down here I probably would be annoying to the viewers. I could see if I needed to look around it might be, but it seems like it's great. It's working well.

Andrew: All right, great. I'm the one, though, who does need to look around a whole lot, and I hope it's not too distracting.

I'll ask the audience, give the audience a question. Does it seem distracting to you? I'm not talking about this echo that suddenly came in.

Why don't I end it with this. Here is the book, "Predictable Revenue." If you read it you will see there are no echoes in there, just clear business advice that you can use. The website is predictablerevenue.com. Thank you so much.

Aaron: All right, Andrew, thanks very much.

Andrew: You bet. Bye.