

A Step-by-Step Guide to Revenue Growth



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ACME Software*

ACME software offers augmented reality blockchain cybersecurity software to SMB, mid-market, and enterprise customers.

- Developed Minimal Viable Product
 - Acquired 10 Beta Customers
 - Fixed all product bugs
 - Developed 3 customer case studies
- 
- Set goals to triple revenue next year
 - Hired 5 sales people in the following quarter
-



One Year Later

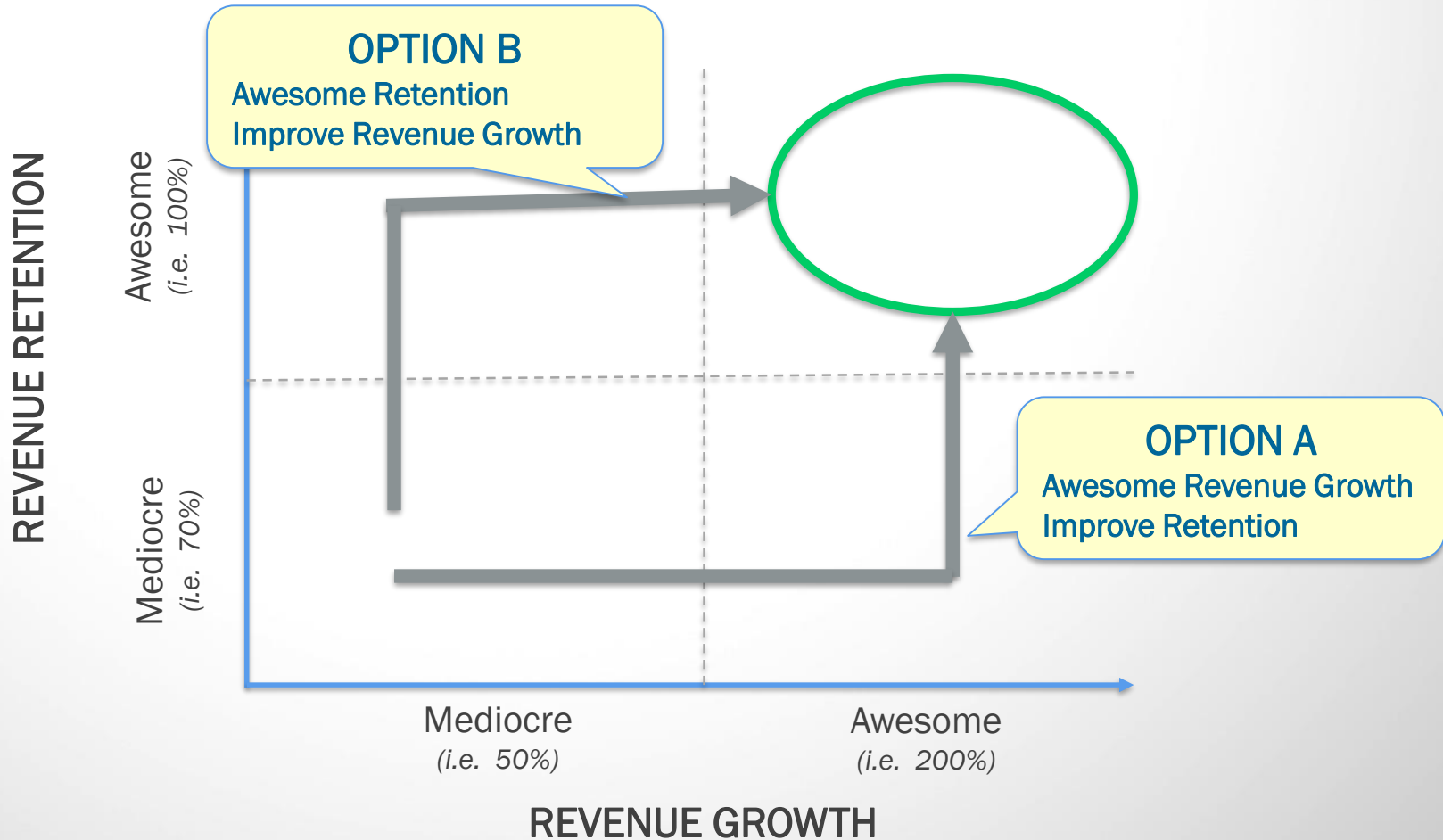
- Low usage of product by customers
- Customer churn rapidly increasing
- Product reviews online are suffering
- Fired 2 of the 5 salespeople
- Revenue grows 30%

Pothole Alert!

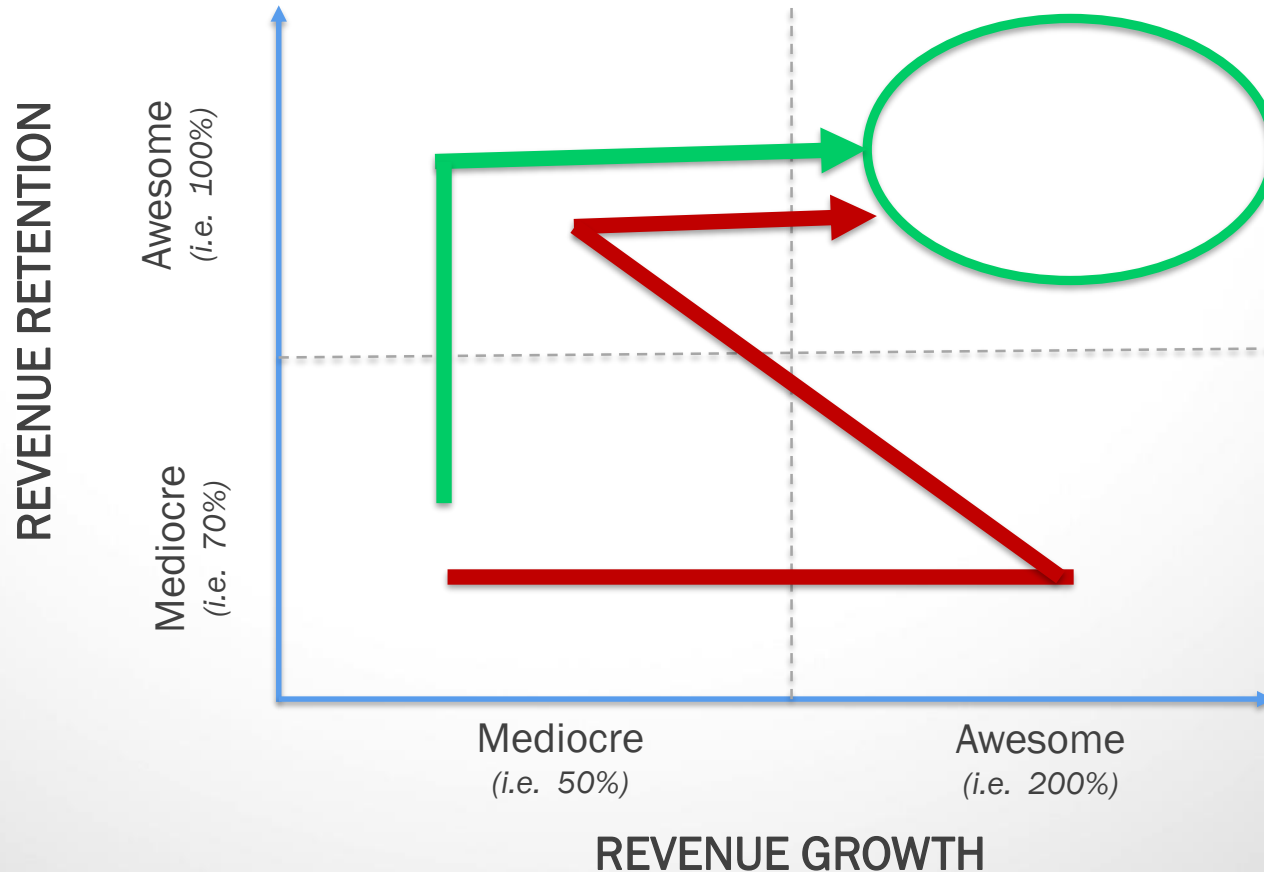


Many companies suffer from premature revenue growth

What is the optimal growth path?



Easier to accelerate growth with world class retention than fix retention while maintaining rapid growth



Step-by-Step Guide to Revenue Growth

When to scale? How fast?



Pothole Alert!



Sales is first and foremost about creating customer value. Revenue and profits are an outcome of customer value creation.

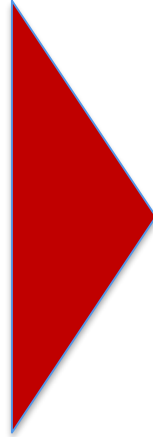
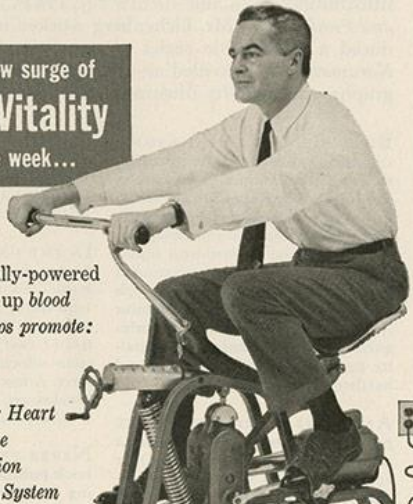
Prioritizing Customer Success: “Why Now”?

~~SHELFWARE~~

Now...feel a new surge of
Youthful Vitality
in just one week...

Read how electrically-powered
EXERCYCLE tones up blood
circulation and helps promote:

1. Youthful Vitality
2. Slimmer Figure
3. Strong, Healthier Heart
4. Good Muscle Tone
5. Improved Digestion
6. Relaxed Nervous System

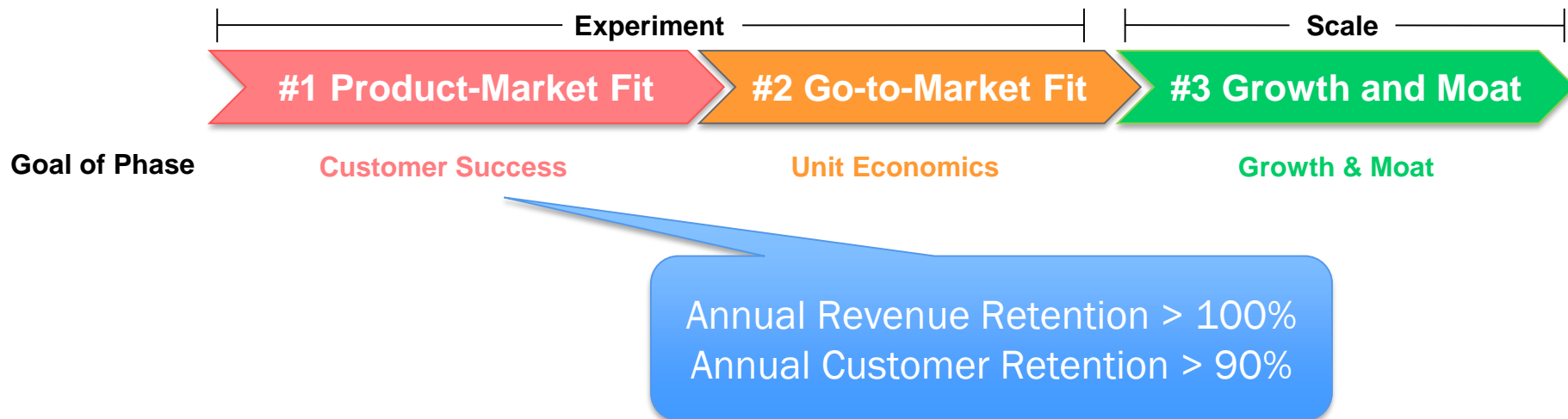


The subscription economy



Step-by-Step Guide to Revenue Growth

Measuring Customer Success



Annual Revenue Retention = $[\text{ARR (start of year)} - \text{Churn} + \text{Upgrades}] / \text{ARR (start of year)}$

Annual Customer Retention = $[\text{\#Customers (start of year)} - \text{Customer Churn}] / \text{\# Customers (start of year)}$

Pothole Alert!



Churn is a silent killer. Identifying a leading indicator to churn (and customer success) is critical.

Define the customer success leading indicator



2,000 Team messages sent



1 file added to 1 folder on 1 device



Using 5 of 20 features within 60 days

Defining your customer success leading indicator

- Observable in weeks or months, not quarters or years
- Measurement can be automated
- Ideally correlated to the product CVP
- Repeat purchase, referral, setup, usage, ROI are all common. Revenue is usually a mistake.
- OK to use multiple metrics

The Real Product-Market Fit

Consistent Customer Value Creation

1. Define customer success measurement
2. Define acceptable percentage of customers reaching value [product-market fit]
3. Measure by customer cohort

% of customers that achieve customer value by month of tenure

[illegible]

Align Go-To-Market organization with customer success leading indicator

Sales Hiring

- Hire “innovator” sales people vs. “coin-operated”
 - Mix of product manager and seller
-

Sales Compensation

- Align sales compensation with success leading indicator
 - 50% of comp on contract. 50% when leading indicator achieved
-

Customer Success

- Measure on % of customers achieving success leading indicator within 90 days
-

Marketing

- Define MQLs around customer attributes that are most likely to succeed
 - i.e. company size, industry, geography, role, tech stack, etc.
-

Product / Engineering

- Study customers that do not achieve the customer success leading indicator within 90 days. Align short term product enhancements around these observations.

Test and iterate Go-To-Market playbook using daily film reviews

1. Buyer Journey
2. Discovery Guide
3. Presentation Guide

Iterate Sales
Playbook

Conduct Daily
Film Reviews



Film Review Setup

- 1 salesperson records call
- 1 salesperson prepares positive feedback
- 1 salesperson prepares needs for improvement feedback

Film Review Meeting Flow

1. Listen to call as a team
2. Self assessment from salesperson with recording
3. Positive feedback
4. Areas of improvement
5. Open for team comments
6. Manager recap

Reflect on and
Apply Learnings

1. Was the sales playbook optimal for this prospect or were their gaps?
2. If there were gaps, are they unique to this prospect or representative of the customer segment?

Monitor customer success leading indicator

% of customers that achieve leading indicator status by month of tenure

[illegible]

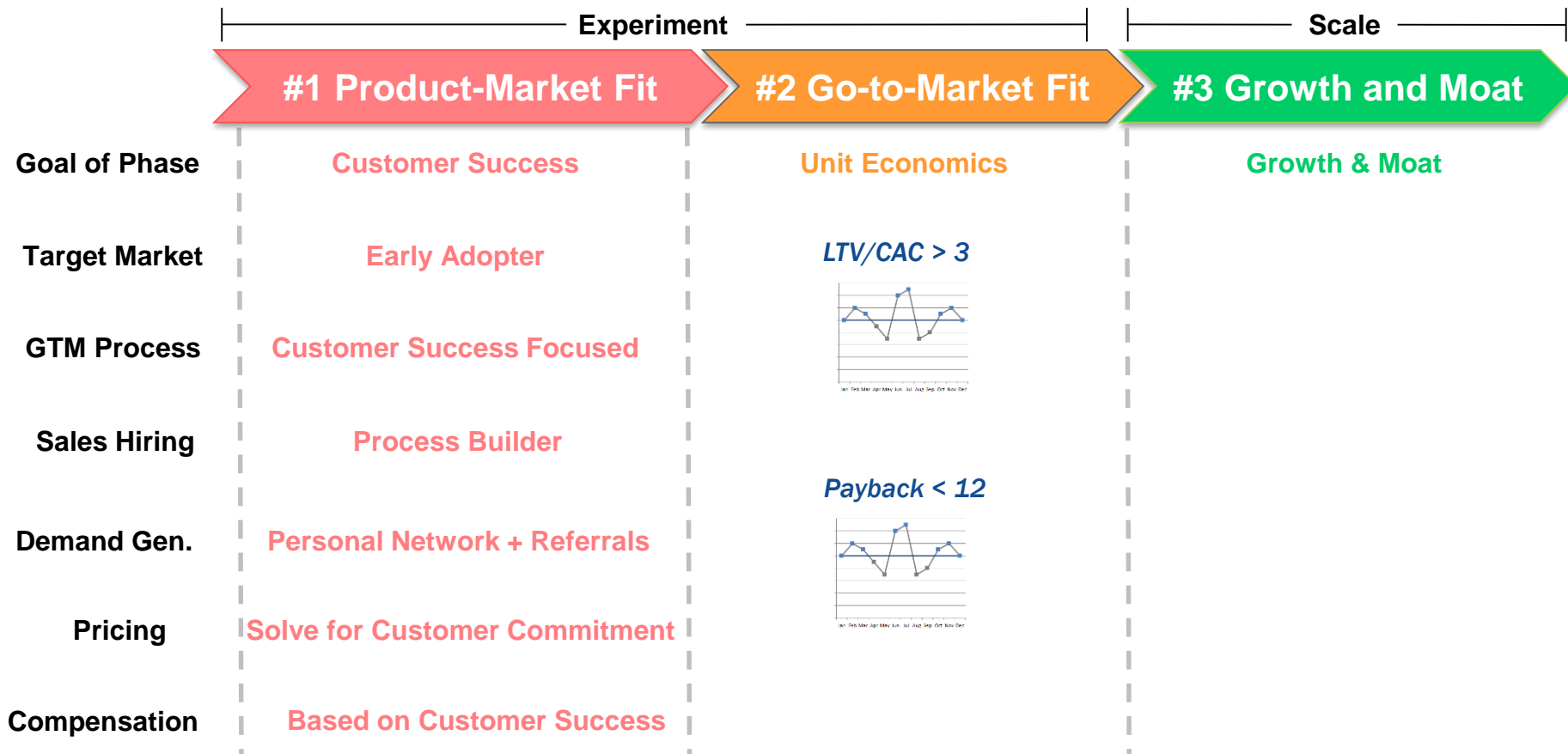
Step-by-Step Guide to Revenue Growth

When to scale? How fast?



Step-by-Step Guide to Revenue Growth

When to scale? How fast?



Step-by-Step Guide to Revenue Growth

When to scale? How fast?



Am I scaling to fast or too slow?

Set up Your GTM Speedometer

1. Automate your GTM Speedometer, shown below
2. Establish a pace, not a single hiring target (i.e. hire 1 rep per month, not 15 tomorrow)
3. Monitor your GTM Speedometer. If it looks good, increase your speed. If it breaks, slow down and fix.

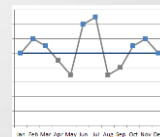
GTM Speedometer

Customer Success

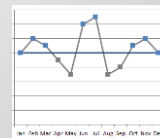
Customers Acquired	Month	1	2	3	4	5	6	7	8	9	10	11	12
24	January	3%	27%	33%	37%	40%	39%	44%	45%	45%	52%	55%	56%
26	February	2%	26%	30%	36%	38%	40%	38%	42%	43%	44%	49%	
29	March	3%	27%	34%	40%	43%	46%	49%	50%	49%	53%		
38	April	5%	43%	58%	64%	68%	68%	71%	73%	70%			
43	May	4%	49%	58%	63%	66%	71%	69%	73%				
41	June	3%	39%	48%	59%	65%	71%	73%					
37	July	5%	40%	50%	62%	70%	72%						
39	August	7%	56%	72%	76%	81%							
50	September	12%	68%	75%	77%								
55	October	6%	70%	78%									
48	November	9%	73%										
49	December	9%											

Unit Economics

LTV/CAC > 3



Payback < 12



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ACME Software*

ACME software offers augmented reality blockchain cybersecurity software to SMB, mid-market, and enterprise customers.

- ARR = \$10M
- ARR Y/Y Growth = 200%
- LTV/CAC = 4.3
- Logo Churn = 8% annual
- Revenue Retention = 115% annual
- Payback = 12 months



Raise \$30M to:

- Expand sales team from 6 to 15 in 2018
 - Expand upstream to enterprise customers
 - Diversity inbound marketing with outbound and channel partners
 - Maintain 200% Y/Y ARR growth
-

A large red arrow pointing downwards from the current metrics and goals towards the "One Year Later" section.

One Year Later

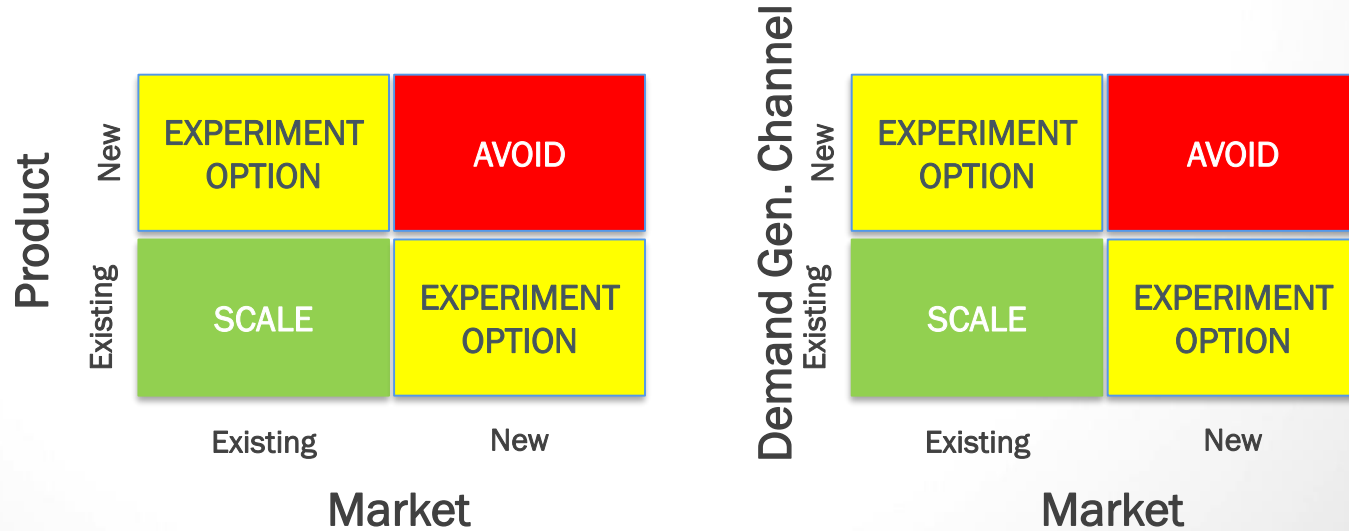
- Logo churn increased to 15%
- Payback Period increased to 19 months
- Growth slows to 70%

Pothole Alert!



Over optimism about the breadth of product-market and go-to-market fit across customer segments and demand generation mediums

Identify best growth options. Run experiments



ACME Software Revenue Segments

Source of Customer

Inbound	\$3M ARR 18 Mo. Payback 15% Logo Churn	\$5M ARR 8 Mo. Payback 6% Logo Churn	\$1M ARR 3 Mo. Payback 0% Logo Churn*
Outbound		\$1M ARR 23 Mo. Payback 3% Logo Churn	
Partners			
	SMB	Mid-Market	Enterprise

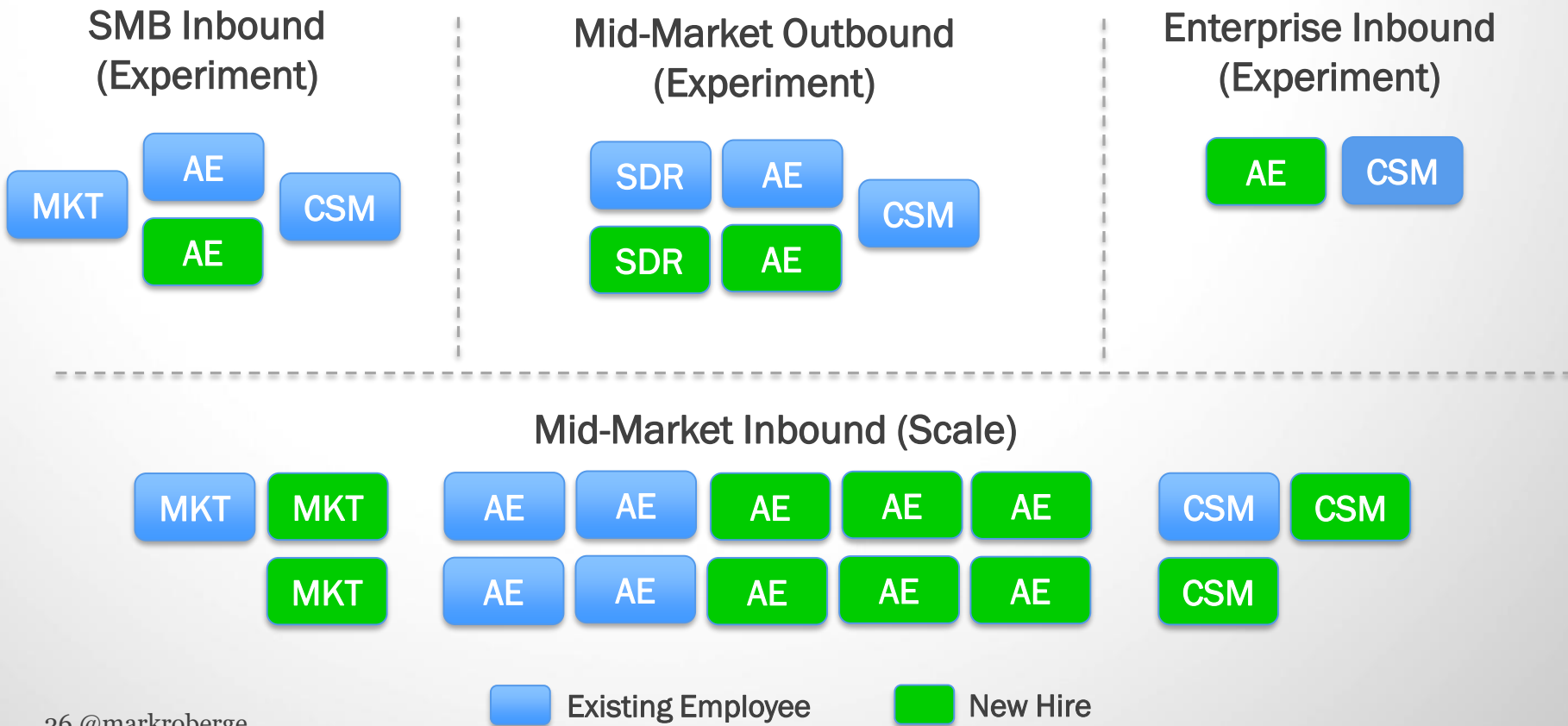
Size of Customer

Identify “Scale” vs. “Experiment” vs. “Ignore” Segments

Channel	Inbound	EXPERIMENT Prod-Mkt Fit ❌ GTM Fit ❌	SCALE Prod-Mkt Fit ✅ GTM Fit ✅	EXPERIMENT Prod-Mkt Fit ✅ GTM Fit ❌
	Outbound	IGNORE Prod-Mkt Fit ❌ GTM Fit ❌	EXPERIMENT Prod-Mkt Fit ✅ GTM Fit ❌	Experiment Prod-Mkt Fit ✅ GTM Fit ❌
	Partners	IGNORE Prod-Mkt Fit ❌ GTM Fit ❌	IGNORE Prod-Mkt Fit ❌ GTM Fit ❌	IGNORE Prod-Mkt Fit ❌ GTM Fit ❌
		SMB	Mid-Market	Enterprise
		Market		

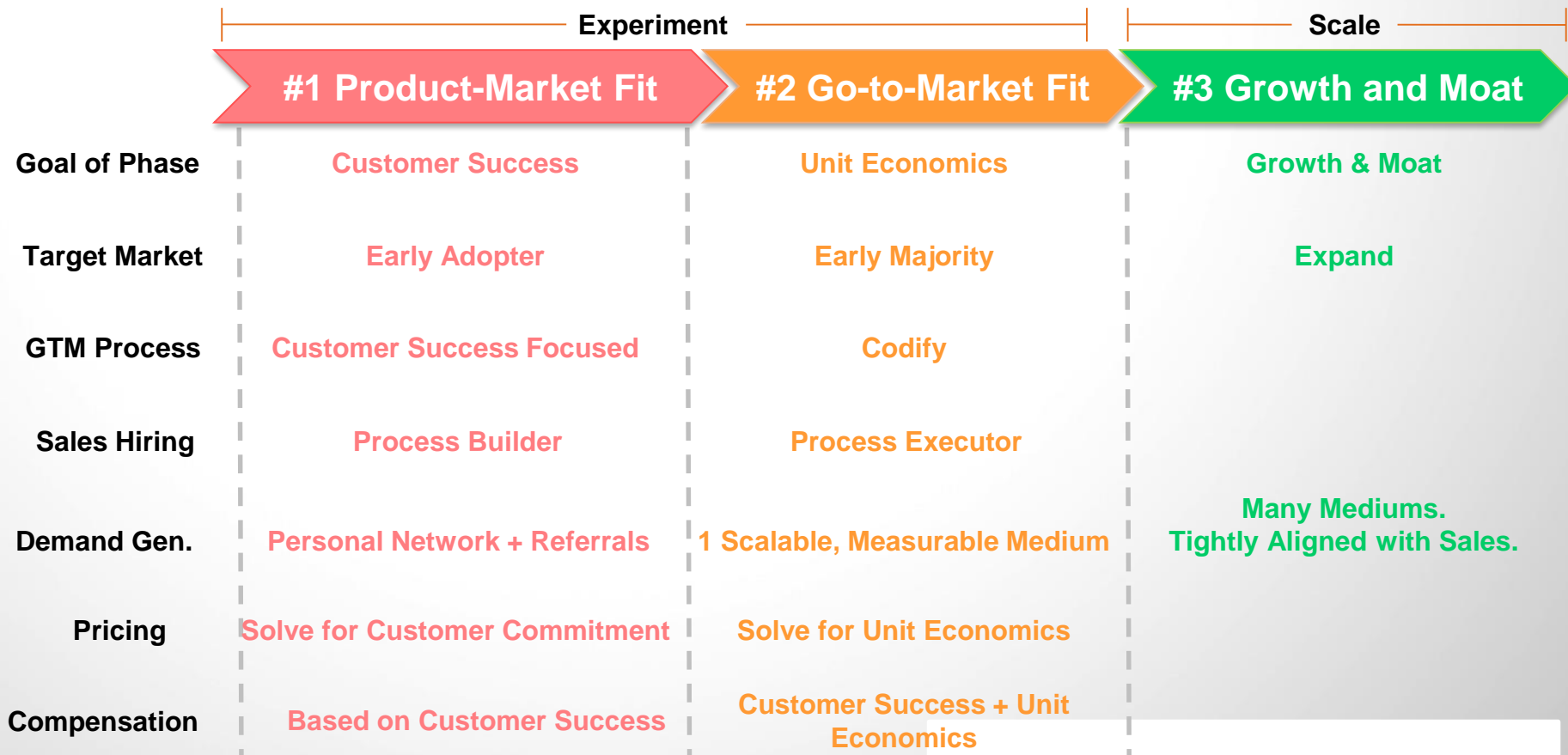
Scale teams where there is Product-Market and GTM Fit

Setup small cross-functional teams for experiment segments



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Sales and Marketing Alignment

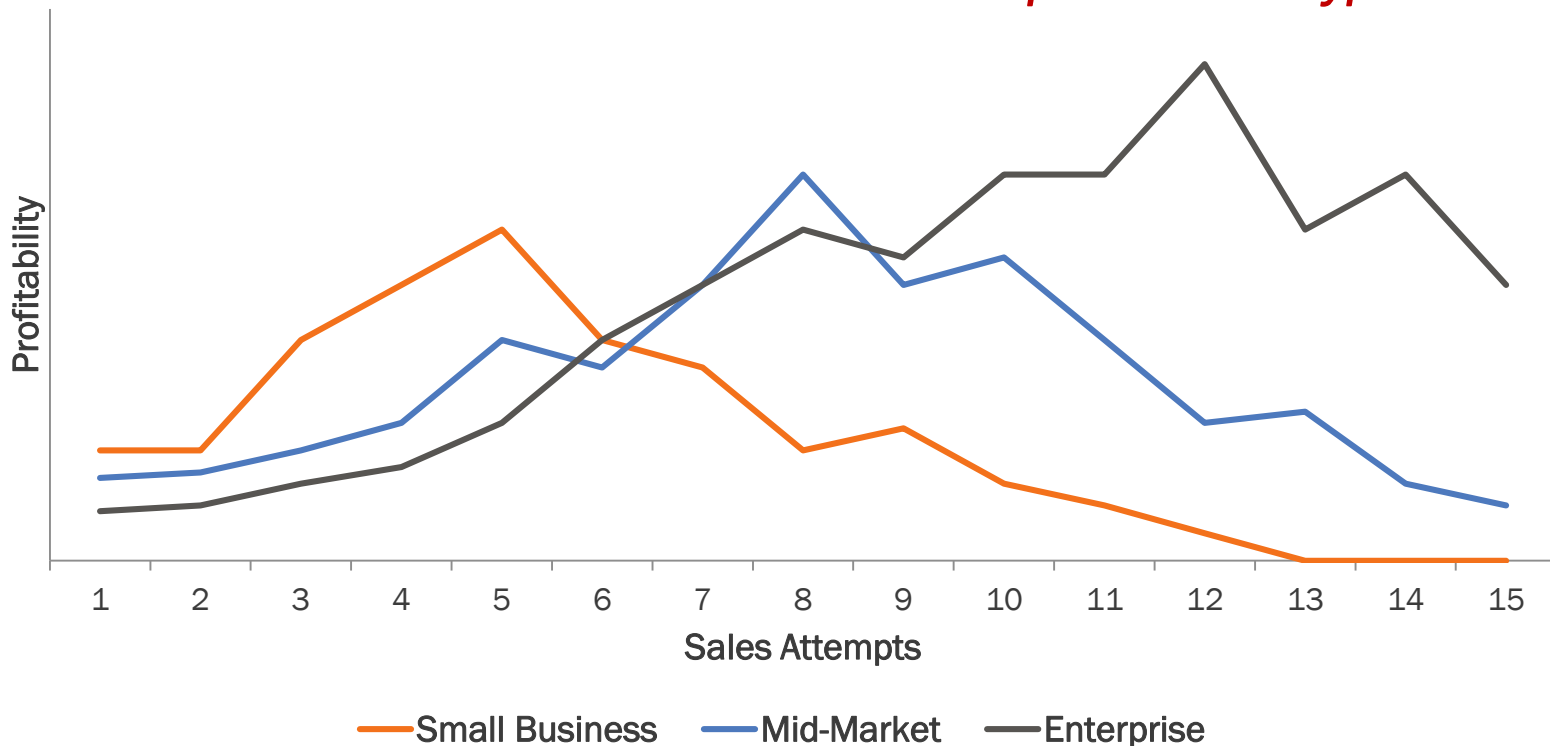


Step by Step Guide to the Marketing SLA

		Better Lead Engagement →		
Firmographic	A	\$80	\$90	\$100
	B	\$20	\$55	\$75
	C	\$10	\$25	\$40
		↑ Better Quality Companies		
		Engagement		
		C	B	A
		Blog Sign-Up	eBook Download	Demo Request

The Sales SLA

Calculate the ideal number of sales attempts for each type of lead

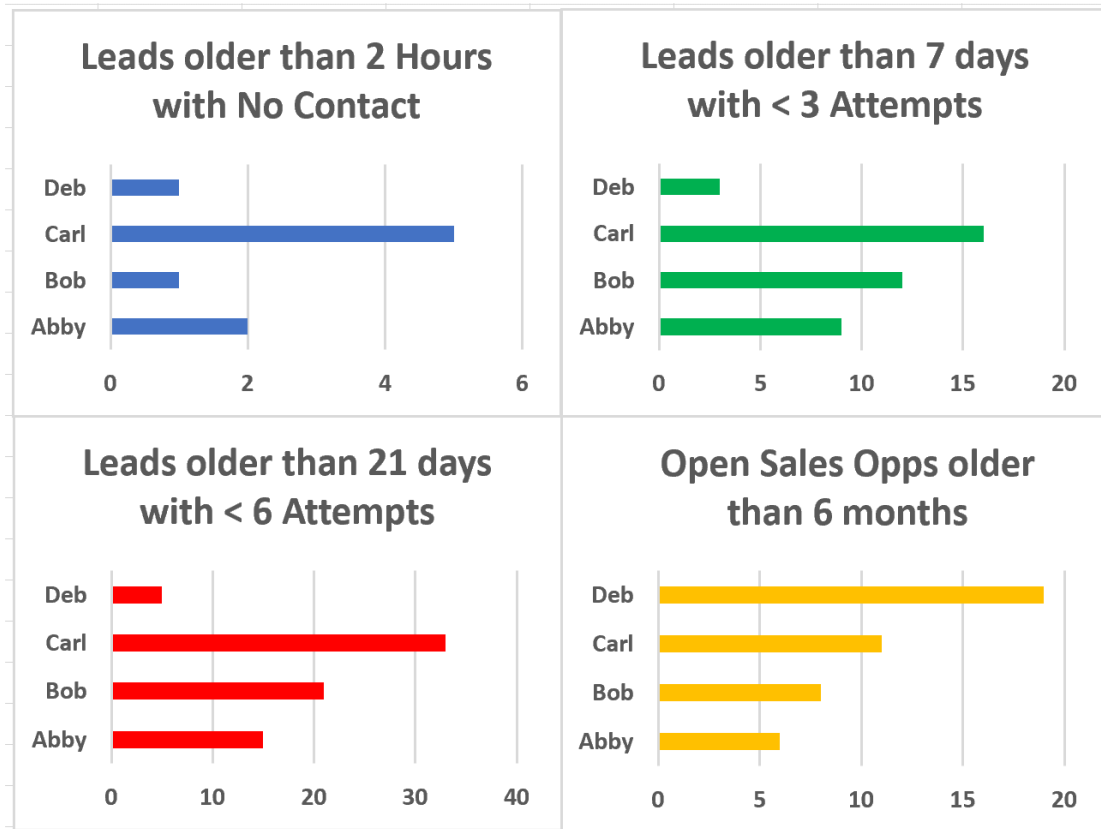


* Data has been altered from actual HubSpot data for the purposes of this presentation.

The Sales SLA

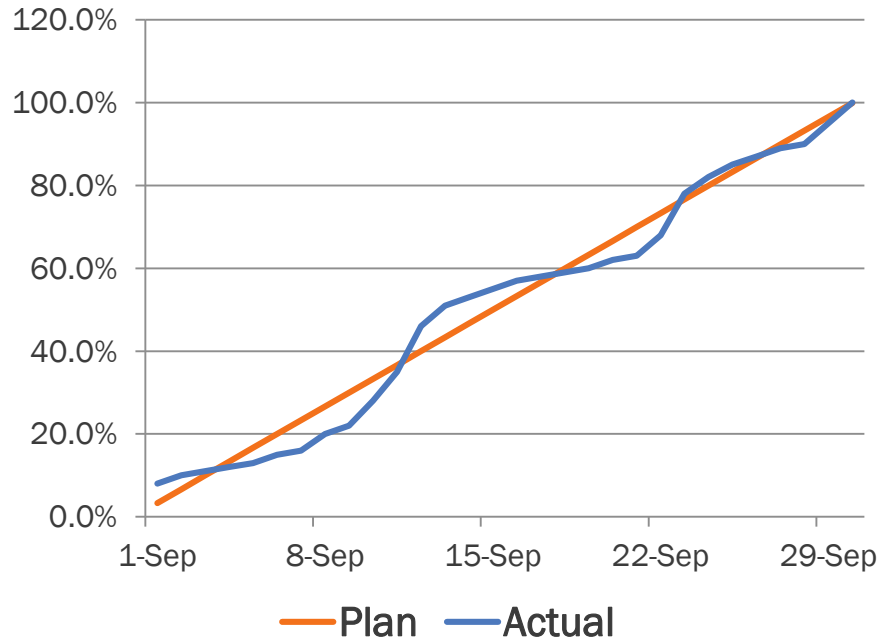
Sales SLA Criteria

1. Contact new leads < 2 hours
2. Contact leads > 3 times within 7 days
3. Contact leads > 6 times within 21 days
4. Close Sales Opps in < 6 months

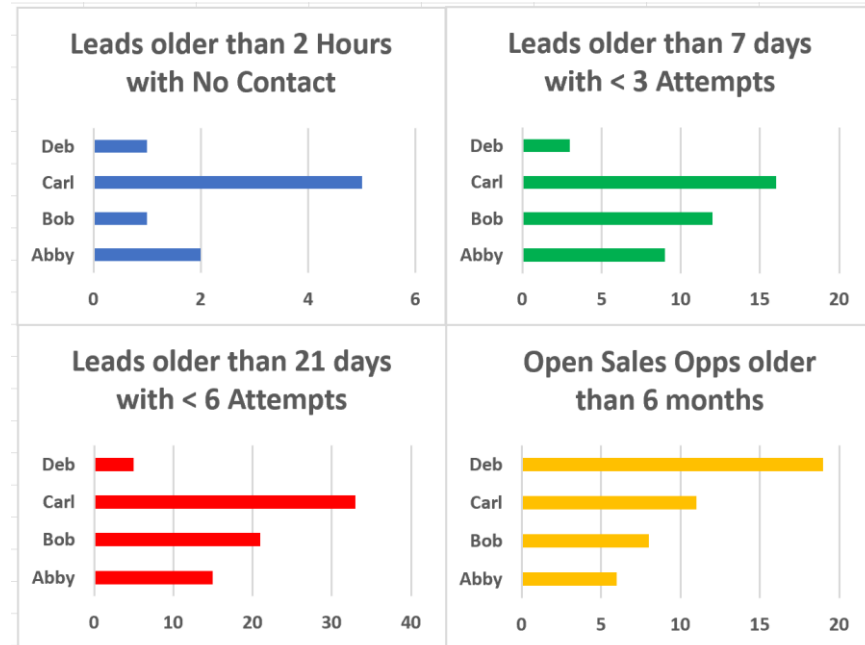


Monitor Sales Activity and Marketing Daily

Marketing SLA Status



Sales SLA Status



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When to scale? How fast?





***What do you look
for in a sales hire?***

*The ideal sales hiring formula is
different for every company...*

*but the process to engineer the
formula is the same.*

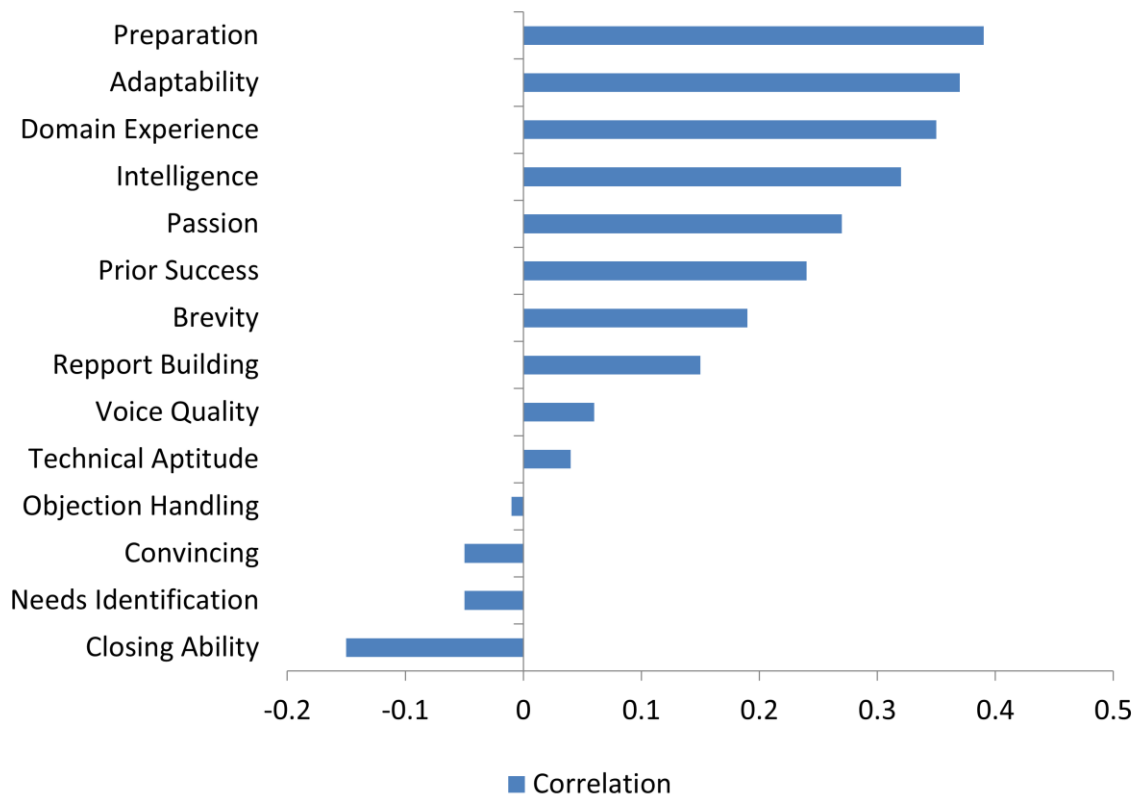
HubSpot Sales Candidate Assessment

CANDIDATE SUMMARY

Candidate Name: John Doe
 Date of Interview: 1/1/2012
 Interviewer: Mark Roberge
 Primary Criteria Score: 71%
 Summary of Strengths: <Insert Strengths>
 Summary of Weaknesses: <Insert Weaknesses>
 Next Step Recommendation: <Insert Recommended Next Steps>

PRIMARY CRITERIA	Score	Weight	Weighted Score	Max Score
Coachability	8	9	72	90
Curiosity	9	9	81	90
Work Ethic	7	8	56	80
Intelligence	6	8	48	80
Prior Success	4	7	28	70
Passion	8	5	40	50
Preparation	8	3	24	30
Adaptability to Change	7	3	21	30
Competitiveness	8	3	24	30
Brevity	6	3	18	30
TOTAL			412	580
				71%

Engineer Your Own Sales Hiring Formula



Hold the organization accountable to defining the sales hiring formula



6 months post-hire, reflect on why the hire is great (or poor)

Assess hiring manager performance. Iterate sales hiring formula

Assess and hire candidates against formula

Which criteria scored highest for HubSpot?



INTELLIGENT
or
COACHABLE
or
CURIOUS

The HubSpot Sales Hiring Formula

- Coach-ability
- Curiosity
- Intelligence
- Work Ethic
- Prior Success



My Sales Interview Process



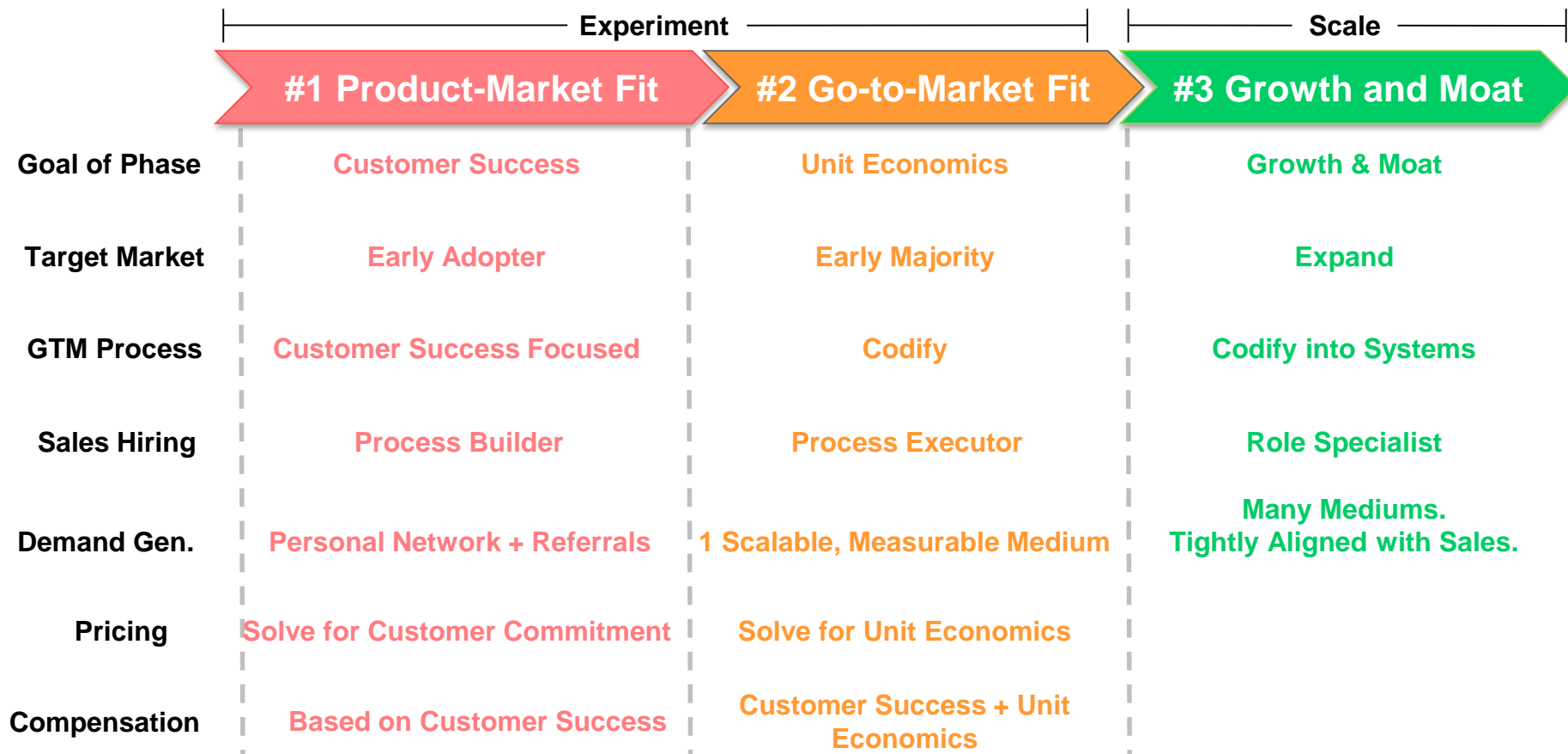
- [Interview starts in the lobby. Let the candidate lead.]
 - Does the candidate break the ice?
 - Did the candidate do any research on me?
 - Does the candidate execute a genuine, natural set of questions about me, my weekend, the company, etc.?
- Why are you interested in working at this company? Where do you hope to be in your career in 5 years?
 - [Easy questions to warm the candidate up. Well articulated career goals never hurt.]
- I see you are an account executive at [insert their company]. How many account executives are there? What was your rank? Is that based on bookings or revenue? Is it based on the year or the quarter?
 - [Assess "Prior Success". Top 5% is strong. Top 25% is the bar. If the candidate is not in the top 25%, the candidate must be very strong in other areas.]
- What was it about your approach that allowed you to achieve such a high rank? Why weren't you #1?
 - Understand their perception of their strengths.
 - Beware of external excuse making for the second question (i.e. bad manager, bad territory, bad product). A strong self critique is preferable.

My Sales Interview Process (cont.)

- Let's do a role play. I will play the VP of Marketing at a small security software company. You will play a salesperson at HubSpot. Let's assume I downloaded a whitepaper from your website on Inbound Marketing, leaving my email and phone number, and this lead was provided to you this morning for follow up.
 - Test whether sales candidate has a naturally curious sales approach.
 - Observe how the salesperson starts. A 10 minute pre-amble on their background and company is not good (show up and throw up).
 - A series of thoughtful questions about the prospect's goals in downloading the white paper is good
- During the role play, ask a challenging question about how SEO or inbound marketing works?
 - Tests candidate's preparation and learning curve
- [Stop the role play] How did you do?
 - "Excellent" is not a great response.
 - A detailed analysis of what the candidate did well and could have improved on shows humility and the openness to coaching.
- In every interview, I provide candidates with one strength and one area of improvement. [Deliver coaching]
 - Tests openness to absorb coaching.
- [Repeat the role play]
 - Tests ability to apply coaching.

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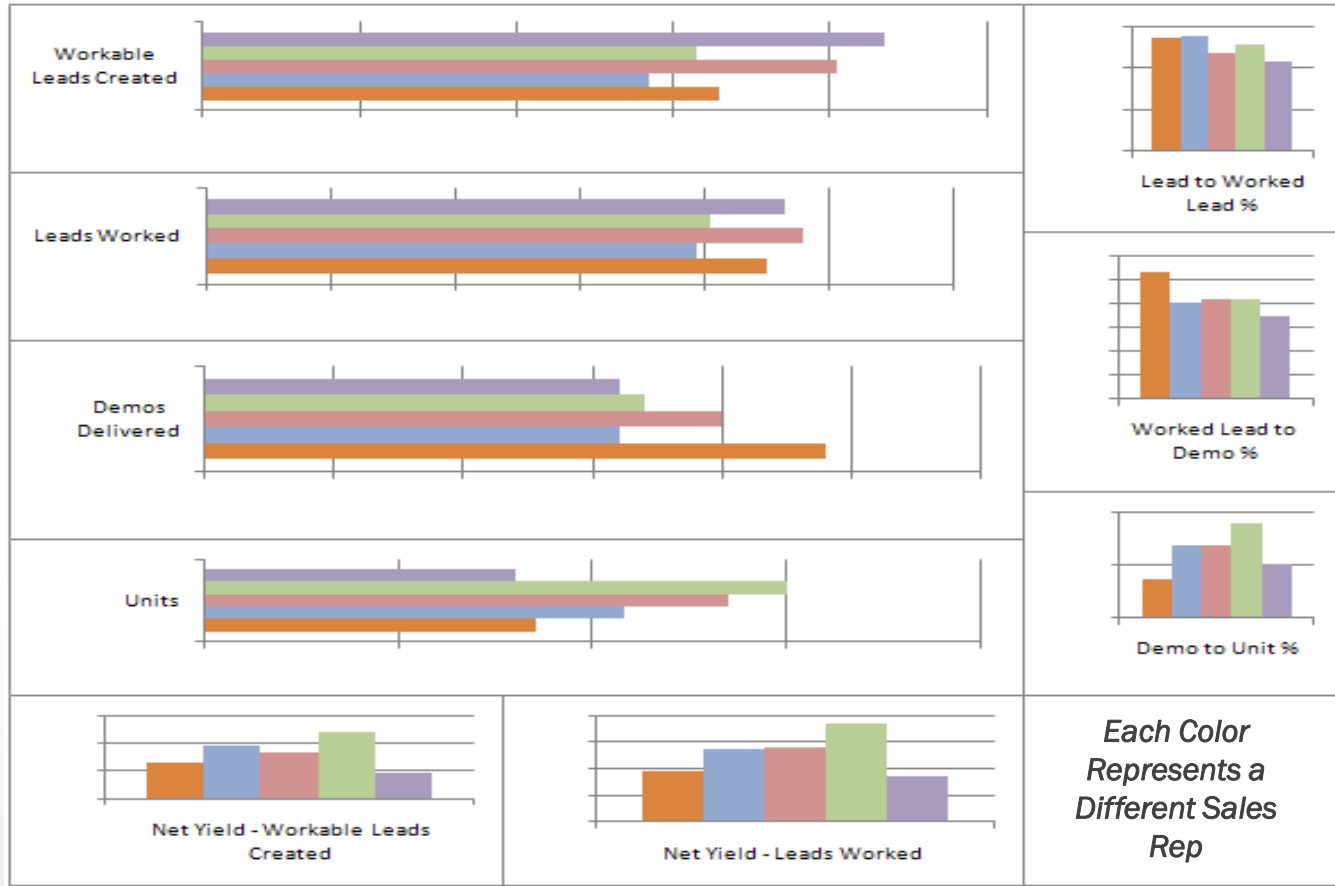
Coaching: Golf vs. Sales

“Data-Driven Sales Coaching”

Use data to diagnose the skill deficiency.

Customize a coaching plan.

Engineer a data-driven sales culture



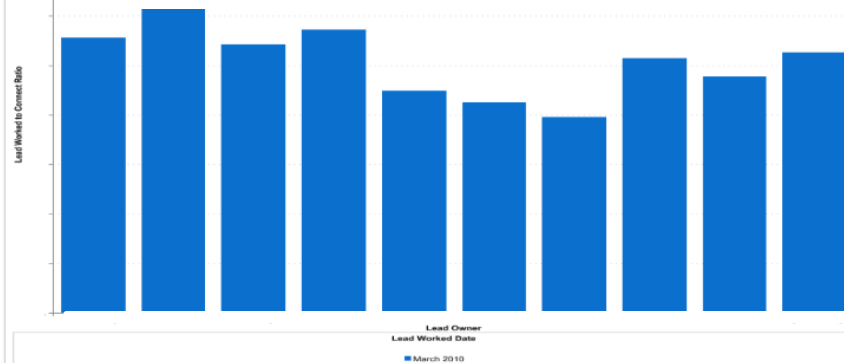
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“Peel Back the Onion” for More Insight

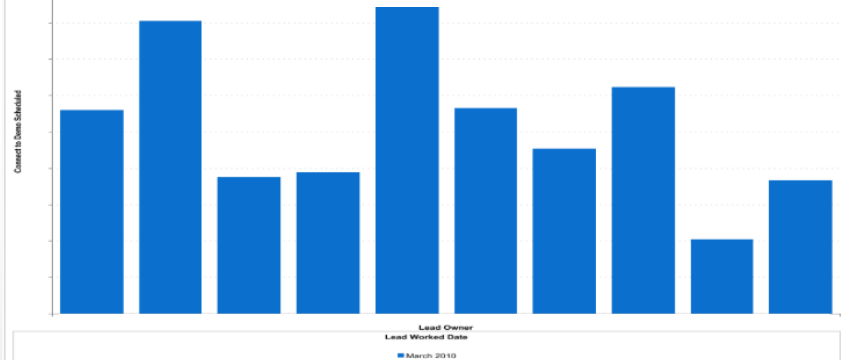


Worked Lead to
Demo %

Lead-Worked-to-Connect Ratio



Connect-to-Demo Ratio



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Hold organization accountable to a data-driven coaching culture



Morning

1st Day of Month

Sales Person / Manager Independent Reviews

- Think through qualitative performance
- Review individual metrics
- Think about Skill/Development Plan

Afternoon

Manager Meets with Sales Person

- Discuss qualitative performance
- Review individual metrics
- Co-Create Skill/Development Plan

2nd Day of Month

Director Meets with Manager

- Review Skill/Development Plans for each sales person

VP Meets with Director

- Review Skill/Development Plans for each sales person



Example monthly coaching plan

REP	DIAGNOSIS	COACHING PLAN	METRICS GOAL
Brian	Over-investment in unqualified opportunities	Weekly opportunity review of BANT post discovery call.	Demo-to-Customer ratio > 30%
Erin	Developing Sense of Urgency	Pre-call planning and post mortem reviews on urgency	Discovery-call-to-customer % > 30%
Fred	Time management issues	Place 2 hours of prospecting into daily calendar. Send daily email to manager of new leads contacted and appointments set.	Average 5+ new appointments per week
Carlos	Lack of personal goals	Personal conversation on financial goals. Map to daily activity.	Average 5+ new appointments per week

Hold team, especially management, accountable to coaching progress

June Coaching Plans

R E P	DIAGNOSIS	COACHING PLAN	METRICS GOAL
Britan	Over-investment in unqualified opportunities	Weekly opportunity review of BANT post discovery call.	Demo-to-Customer ratio > 30%
Erin	Developing Sense of Urgency	Pre-call planning and post mortem reviews on urgency	Discovery-call-to-customer % > 30%
Fred	Time management issues	Place 2 hours of prospecting into daily calendar. Send daily email to manager of new leads contacted and appointments set.	Average 5+ new appointments per week
Carios	Lack of personal goals	Personal conversation on financial goals. Map to daily activity.	Average 5+ new appointments per week

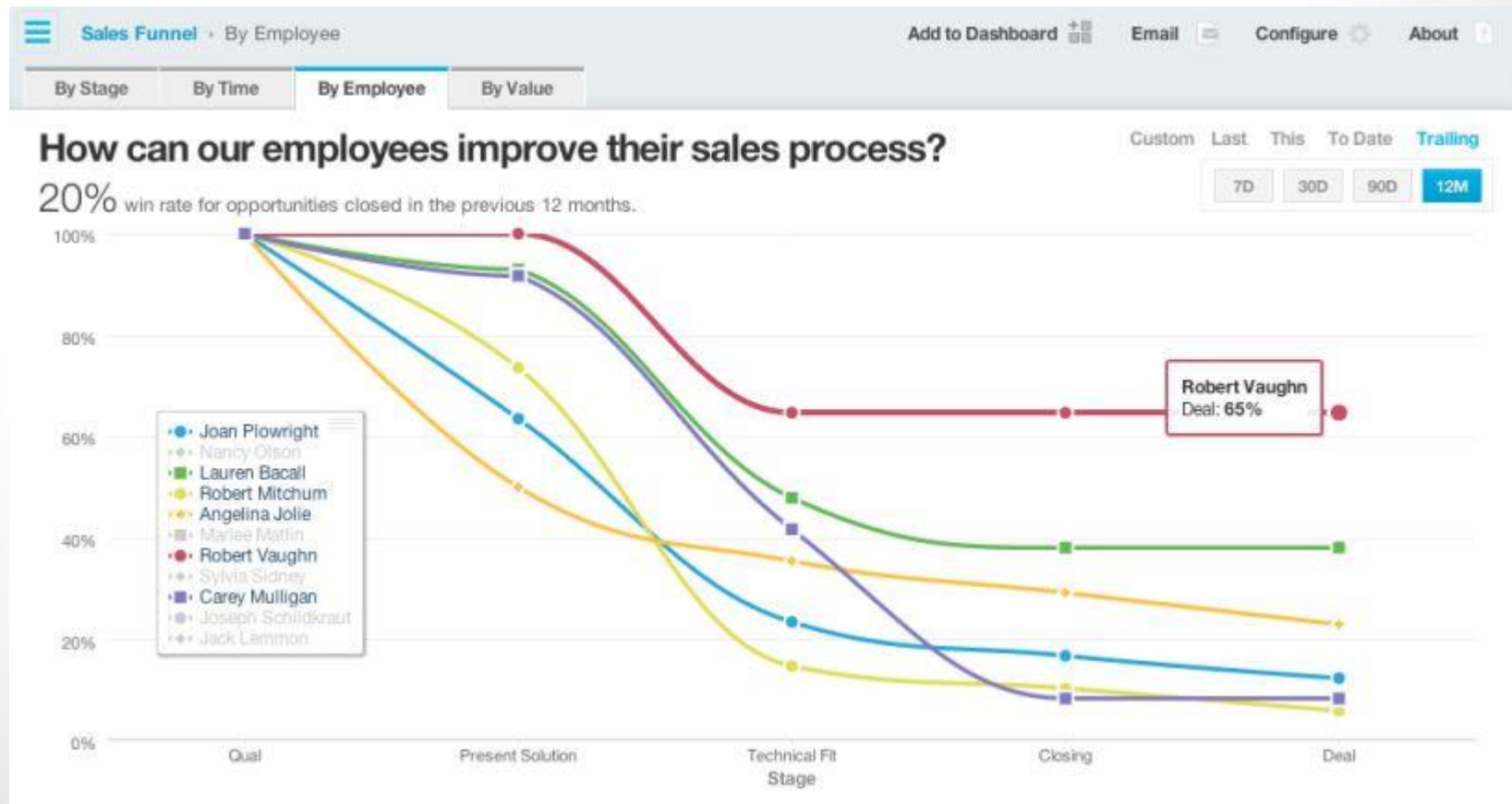
July Coaching Plans

R E P	DIAGNOSIS	COACHING PLAN	METRICS GOAL
Britan	Over-investment in unqualified opportunities	Weekly opportunity review of BANT post discovery call.	Demo-to-Customer ratio > 30%
Erin	Developing Sense of Urgency	Pre-call planning and post mortem reviews on urgency	Discovery-call-to-customer % > 30%
Fred	Time management issues	Place 2 hours of prospecting into daily calendar. Send daily email to manager of new leads contacted and appointments set.	Average 5+ new appointments per week
Carios	Lack of personal goals	Personal conversation on financial goals. Map to daily activity.	Average 5+ new appointments per week

August Coaching Plans

R E P	DIAGNOSIS	COACHING PLAN	METRICS GOAL
Britan	Over-investment in unqualified opportunities	Weekly opportunity review of BANT post discovery call.	Demo-to-Customer ratio > 30%
Erin	Developing Sense of Urgency	Pre-call planning and post mortem reviews on urgency	Discovery-call-to-customer % > 30%
Fred	Time management issues	Place 2 hours of prospecting into daily calendar. Send daily email to manager of new leads contacted and appointments set.	Average 5+ new appointments per week
Carios	Lack of personal goals	Personal conversation on financial goals. Map to daily activity.	Average 5+ new appointments per week

Data-Driven Sales Management Applicable to Enterprise Sales



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Opportunity to remove subjectivity from promotions and compensation adjustments

Success and failure in sales is highly quantifiable. Take advantage.

Title	Compensation	Requirements for Promotion to Next Level
Principal Sales Associate	\$40K Base \$60K Variable 15K additional options	> \$210K MRR Install Base > \$7K MRR per Month > 8 Months Upfront Payment
Senior Sales Associate	\$40K Base \$50K Variable 10K additional options	> \$130K MRR Install Base > \$6K MRR per Month > 7 Months Upfront Payment
Sales Associate	\$40K Base \$40K Variable 5K options	> \$60K MRR Install Base > \$5K MRR per Month > 6 Months Upfront Payment

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STAGE 2 CAPITAL



Jill Rowley



Jay Po



Mark Roberge



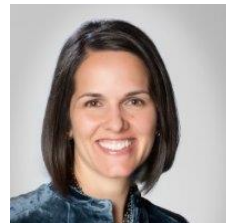
BESSEMER
VENTURE PARTNERS

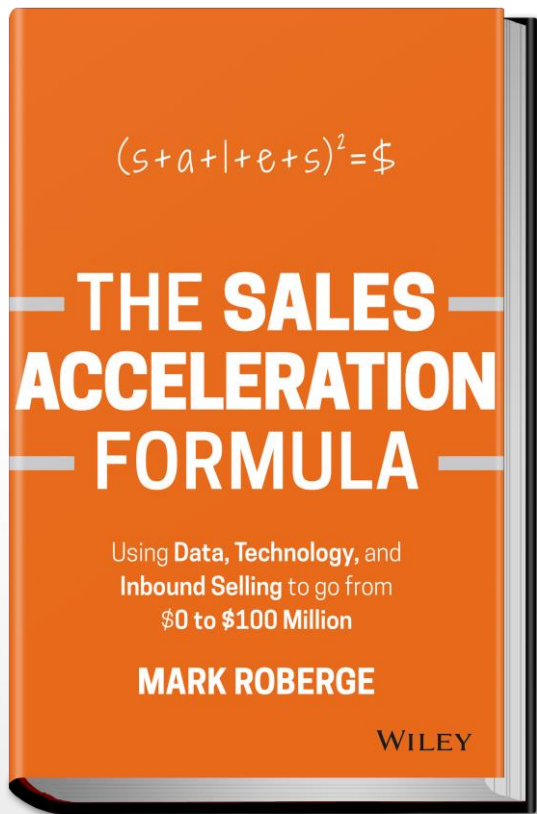


HARVARD
BUSINESS SCHOOL

OUR LPs ARE SALES, MARKETING, AND CUSTOMER SUCCESS EXPERTS

- Jay Simons – President, VP S&M @ Atlassian
- Emmanuelle Skala – SVP Customer Success @ Toast, Digital Ocean
- Oliver Jay – Head of Sales @ Asana, DropBox
- Syndey Sloan – CMO @ Salesloft, Jive, Adobe
- Brian Halligan – CEO @ HubSpot
- Hilary Headlee – Head of Sales Ops @ Zoom, MindBody
- Josh Allen – CRO @ Drift, CarGurus
- Carol Meyers – CMO @ Rapid7
- Jed Nachman – COO, CRO @ Yelp
- Lesley Young – Global Sales @ Facebook Workplace, Box
- John Boucher – SVP @ Oracle, ServiceSource
- Kara Gilbert – Chief People Officer @ Turbonomic
- Andrew Rains – CRO @ Automotive Mastermind, VTS
- David Meerman Scott – Speaker & Best Selling Author
- Jeetu Mahtani – SVP International Sales @ HubSpot
- Lou Shipley – CEO @ Blackduck Software
- Tom Chavez – CEO @ Superset, Krux
- Bill Vellante – GM @ Infor, Workday, Oracle
- Jim Norton – CRO @ Dosh, Conde Nast, AOL, Google
- Larry D'Angelo – Chief Sales Officer @ LogMeIn
- Mike Volpe – CEO @ Lola, CMO @ HubSpot
- Michael Manne – CRO @ Reonomy, Namely
- Mike McGuinness – Chief Customer Officer @ Veracode
- Mike Arntz – SVP Sales @ SmartSheet, NetSuite





All proceeds go to



Ayele Shakur
Build.org CEO

How we did it: Gender Equality, Equal Pay, and Racial Equality with Salesforce



Molly Ford

Sr. Director, Global Equality
Programs
Salesforce
@QueenMollyMol



Leyla Seka

EVP, Mobile
Salesforce
@LeylaSeka



Thanks!



Mark Roberge
Managing Director @ Stage 2 Capital
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