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— THE SALES — ACCELERATION — FORMULA —

Using **Data, Technology,** and
Inbound Selling to go from
\$0 to \$100 Million

MARK ROBERGE

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The Sales Acceleration Formula

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Mark Roberge

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Foreword

Sales doesn't get any exemption from the curse of living in interesting times. Everyone recognizes that today we face unprecedented challenges: the consequences of the Internet and e-commerce, the increasing power and sophistication of purchasing, the effects of globalization. There's no shortage of "interesting" challenges confronting sales organizations, sales managers, and their salespeople.

Now stir another nasty difficulty into the mix. Sales is suddenly in the strategic spotlight. Boardrooms across the world are looking more closely at sales strategy than ever before. What's driving this new interest? There are several reasons, but two factors stand out above the others. The first is the huge increase in competition. Today no niche is safe. There's an oft-quoted figure that the average company today has twice as many competitors as it had five years ago. Nobody knows how true this is, but many experts—myself included—believe it to be so. Assuming the figure is valid, that's another way to say that, statistically, the average company's market share has been cut in half. The second factor is the precariousness of the strategy that most companies have relied on to counter the effects of hypercompetition. Ask the average company to tell you its primary strategy for success in a competitive world. I did just that recently at a meeting of corporate strategists. More than 70 percent responded that their strategy was "innovation." And, in response to my follow-up question, "Is it working?" more than half said that it was not.

Now I don't want to knock innovation. It's a fine strategy if you can pull it off, and every company is forced to continuously innovate or risk going out of business. It's just that the knee-jerk response to competition has been to

innovate, and, as many organizations have found, innovation has its downside. For one thing, it's a very hard strategy to sustain. Even Apple, the poster child of strategic innovation, may not be able to pull it off for much longer. But there's another less recognized downside, and that's the diminishing window of opportunity. The whole idea of innovation is that it gives you a competitive breathing space—a period when you have something unique and special that puts you ahead of competitors. In the good old days, a decent innovation could look forward to a year or two of advantage in the marketplace before the competition could catch up. Not so today: you're lucky if you have a couple of months at the most. As a result, many companies are questioning their reliance on innovation as a growth strategy.

It's for this reason that an increasing number of leading companies have a new mantra—organic growth. As Jeffrey Immelt of GE describes it, organic growth is “using our sales and marketing assets to take the best business from competitors.” There's little doubt that organic growth is a sound strategy. The trick is how to pull it off. The prerequisite is having an excellent sales force that is capable of outselling the competition. Few companies have any understanding of how to create, train, manage, and grow such a sales force.

Fortunately, there's now no shortage of good advice. The last few years have seen a blossoming of really excellent sales books on subjects ranging from recruiting and training to compensation and sales management. The pieces of the jigsaw are becoming better defined all the time. Yet, to my mind, there's still something missing. However well we might understand each individual piece of the puzzle, we get nowhere unless we can assemble them into a coherent whole.

It's here that Mark Roberge and *The Sales Acceleration Formula* come in. Mark is an MIT-trained engineer who joined a three-person start-up called HubSpot. Let me spend a moment relishing Mark's lack of qualification for the job, which was to build “scalable, predictable revenue growth” or, in other words, sales. First, he knew absolutely nothing about sales and selling. Perhaps that's not such a crippling disadvantage, as it freed him from many of the superstitions, malpractices, and bad habits that weigh down many long-time sales leaders. But, for sure, if HubSpot had been a larger company, it would have thought twice before offering him a sales job, let alone putting him in charge of sales.

Mark's second disadvantage was his engineering background. There are not many people who can go from writing code one day to growing a sales organization the next. There's a deep mutual prejudice between engineering and sales. The engineer's stereotype of sales is that selling is the irrational art of manipulating people into buying things they don't need using unethical techniques that border on lying, cheating, and stealing. It's for this reason that some engineers, who I think would make outstanding salespeople, would rather starve than take up a sales career. Equally, sales has its prejudices about engineers. Too often, they view engineers as unimaginative, insensitive creatures from another planet. According to this stereotype, engineers are oblivious to people and they take a perverse delight in sabotaging the sales effort. I remember, years ago in Motorola, how salespeople called engineers “the truth-blurters” and did everything possible to keep them away from their customers.

These are dangerous stereotypes and unfortunately their remnants persist even today. The reality is that sales has been forced to grow up in recent years. You cannot succeed in today's B2B sales world unless you embody many of the

disciplines that are part of good engineering training: numeracy, logic, and analytical ability, for example. If ever there was a good case study of why these traditional engineering methods are crucial to growing a sales organization, you'll find it here in this book. Mark brought with him to HubSpot the engineer's way of thinking. He analyzed the success factors, set up logical processes, and incorporated measurement and analytics. Throughout the book, what comes through to me is a smart thinker, using his training to pinpoint crucial issues, to think about them in a fresh way, and to come up with workable solutions to problems where others might have given up.

The result has been a sales organization that within seven years grew from the proverbial three-person-in-a-garage operation into a successful \$100 million company. The how-to-do-it journey that Mark Roberge describes here is unique in several respects. First, it is an outstanding example not only of how to identify the key pieces of the jigsaw (he has four that are particularly crucial for success) but also of how to assemble the pieces into a coherent and effective whole. Second, as we've already seen, it's the best case I know of how a thoughtful, analytical approach pays off in terms of sales growth. Third, his story covers the whole spectrum of sales growth. It begins with the issues of a typical start-up, such as how to hire your first salesperson, and continues all the way through to the very different set of issues that a \$100 million company faces. This is soup-to-nuts with a vengeance and it makes for fascinating reading. Whether your sales force is a tiny one-person start-up or a sophisticated 500-person operation, you'll find much in these pages that is relevant, useful, and thoughtful.

Neil Rackham

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Thanks to my grandparents, who taught me at a young age that the opportunity to pursue a great education and one's personal passions was not always an option for past generations. I vowed to make them proud and never take these opportunities for granted.

Finally, thanks to my wife, Robin, and my two boys, Kai and Zane, for providing the love, purpose, and motivation that drive me every day.

Introduction

“Scalable, predictable revenue growth.”

I jotted these four words down on a notepad. It was 11 p.m. on a Thursday night. I had just signed the paperwork to join a three-person marketing software start-up called HubSpot. I had met the cofounders, Dharmesh Shah and Brian Halligan, while we were students together at MIT. They were smart guys with a big mission: help companies transform their marketing from outbound to inbound.

My job was to build the sales team.

I was up late that night thinking about the road ahead and the mission I had chosen to accept.

“Scalable, predictable revenue growth.”

That's what I had to engineer.

Seven years later, HubSpot crossed the \$100M run-rate revenue mark. During my tenure as SVP of global sales and services, I led the company to the acquisition of its first 10,000 customers across over 60 countries. I had a team of over 450 employees across the sales, services, account management, and support organizations. Few sales leaders have completed this journey end-to-end. In my case, I completed it without any prior experience building a sales team. As a matter of fact, I had never even worked in sales. I am an MIT graduate. I am an engineer by training. I started my career writing code. Somehow, I found myself in the sales leader seat. Throughout the journey, I challenged many conventional notions of sales management by utilizing the metrics-driven, process-oriented lens through which I'd been trained to see the world.

When people heard about my journey, they became intrigued. They were curious as to how an engineering methodology had successfully scaled a sales team. Their curiosity translated to thousands of phone calls from sales executives and business owners. It led to hundreds of speaking engagements. Eventually, it led to this book. That was not my intent. I was simply trying to provide for my family and contribute to the mission that Brian and Dharmesh had set out to achieve. All that said, I am happy to share my stories of scaling the team. I hope it helps many of you do the same.

I picked up the notepad again and continued writing:

1. “Hire the same successful salesperson every time.” (*The Sales Hiring Formula*)
2. “Train every salesperson in the same way.” (*The Sales Training Formula*)
3. “Hold our salespeople accountable to the same sales process.” (*The Sales Management Formula*)
4. “Provide our salespeople with the same quality and quantity of leads every month.” (*The Demand Generation Formula*)

These four components represented my formula for sales acceleration. If I could execute on these four elements, I believed I would achieve my mission of “scalable, predictable revenue growth.” For each of these components, I devised a repeatable process, leaned into metrics, and ran calculations, making each of these tactics formulaic in nature. In this book, I refer to these predictable frameworks as the Sales Hiring Formula, the Sales Training Formula, the Sales Management Formula, and the Demand Generation Formula. These formulae reflect the majority of my journey and make up the majority

of this book. To clarify, these formulae are not algebraic in nature (e.g., " $X + Y = Z$ "). I wish that scaling sales was that simple! Instead, by using the word "formulae," I'm referring to the collection of repeatable processes, metrics, and calculations I used to complete my mission of generating predictable scale.

In Part I, I outline the Sales Hiring Formula. You will learn how to leverage metrics to predictably hire the same successful salesperson profile every time. You will learn that there is no universal mold for "the ideal sales hire." The ideal sales hire depends on the company's buyer context. A top performer at one company may fail at another. However, the process to engineer the ideal hiring formula is the same for every company. Devising this formula early on in a company's development is critical to ensuring that the team hires only salespeople who have the highest probability of becoming top performers. As a practical example, I share the traits that were consistent across HubSpot's top sales performers, explain how I came to this conclusion, and describe how I consistently evaluated candidates on each trait.

In Part II, I outline the Sales Training Formula. You will learn why the "ride-along" training strategy, in which a new hire shadows a top performer for a month, is dangerous. I outline how to bring scale to your sales training efforts by defining the three foundational elements: the buyer journey, the sales process, and the qualifying matrix. I outline how to bring predictability to the training program using exams and certifications. I also provide a blueprint on how to manufacture helpful salespeople with whom your prospects will actually want to interact. In today's buyer-empowered marketplace, a sales team known for its customer-focused qualities will outperform its more inwardly focused competitors.

In Part III, I outline the Sales Management Formula. I wish I could retitl all of my sales managers, calling them “sales coaches” instead. In my opinion, effective sales coaching is the biggest driver of sales productivity. All sales managers should maximize the time they invest in coaching. A common pitfall for new sales managers is the tendency to overwhelm their salespeople, especially new hires, with an endless list of feedback on current sales processes. My most effective sales managers avoided this trap of feedback bombardment. Instead, they perpetually identified the one skill that, if improved, would lead to the most substantial improvement in each salesperson's performance. They then customized coaching plans to hone in on the development of those particular skills. I encouraged HubSpot sales managers to use metrics to diagnose each salesperson's most deficient skill area. I call this sales management approach “Metrics-Driven Sales Coaching” and have keynoted on the topic at many events. I'll explain how to set up a culture of metrics-driven sales coaching, diagnose skill deficiencies through metrics, and motivate desired behaviors through contests and compensation structures.

In Part IV, I outline the Demand Generation Formula. The Internet has completely transformed the way buyers research products and services. Today's buyers are empowered to find the products they want, when they want them, with near-perfect information on the competitive landscape. Buyers may conduct a simple search in Google. Buyers may engage in a social media discussion. The buyer is in control. At HubSpot, we recognized this shift and completely reinvented the Demand Generation Formula to accommodate it. In Part IV, I illustrate how HubSpot built a modern Demand Generation Formula that aligns with today's buyer behavior and generated over 50,000 new inbound leads per month. You will also learn how we took a

quantified approach toward aligning sales and marketing, using our Sales and Marketing Service Level Agreement.

In Part V, I discuss technology and experimentation. Over the past few decades, the business world has experienced so many advancements in the way Finance manages its budget, HR manages its people, IT manages its data, and sales executives manage forecasting. However, how has technology helped the frontline salesperson? It hasn't. Salespeople have largely been ignored by decades of technological advancements. In fact, in some cases, technologies used to run sales teams actually slow salespeople down. At HubSpot, we worked hard to equip our salespeople with technology to help them sell better, faster. This technology enabled better buying experiences for our customers by providing our salespeople with a view into their buyers' context and interests. Our salespeople were able to engage buyers in the most helpful way at the most helpful time. This same technology streamlined the processes salespeople followed every day, eliminating unnecessary administrative work and maximizing selling time.

In Part V, you will also learn the importance of experimentation throughout the sales scaling journey. Through a cadence of theory development, test execution, reflection, and iteration, I used the results of these experiments to constantly evolve our sales process. I will share the best practices behind experimentation by offering specific examples of some of our most successful work.

Business owners, sales executives, and investors are all looking to turn their brilliant ideas into the next \$100 million revenue business. Often, the biggest challenge they face is the task of scaling sales. They crave a blueprint for success, but fail to find it. Why? Sales has traditionally been referred to as an “art form,” rather than a science.

You can't major in “sales” in college. Many people question whether sales can even be taught. Executives and entrepreneurs are often left feeling helpless and hopeless.

The Sales Acceleration Formula completely alters this paradigm. In today's digital world, in which every action is logged and masses of data sit at our fingertips, building a sales team no longer needs to be an art form. There is a process. Sales can be predictable.

A formula does exist.

Part I

The Sales Hiring Formula

1

Uncovering the Characteristics of a Successful Salesperson

World-class sales hiring is the most important driver of sales success.

When you are scaling a sales team, the to-do list is endless. Hiring, training, coaching, pipeline reviews, forecasting, enterprise deal support, leadership development, and cross-functional communication are all part of the day-to-day. Dozens of urgent “fires” are blazing around you at all times. Unfortunately, you have only enough water to put out a select few. Choosing the right fires to extinguish might dictate your ultimate success...or failure.

This certainly described my situation in 2007 when I joined HubSpot, a marketing software start-up in Cambridge, Massachusetts. I was the fourth person to join the company and the first sales hire. In my first month, I acquired 23 new customers for the business. Clearly, we had identified a need in the market. We were on to something big. It was time to accelerate sales. It was time to scale.

The to-do list required to scale the sales team consumed my mind. I had a vision for what world-class execution would look like across each component of the scaling process. Unfortunately, like any start-up, funds and resources were limited. A world-class effort across all components would have meant a 150-hour workweek. I had the energy for about 80 hours per week, tops. Corners needed to be cut, at least temporarily. If I could be world-class in only one discipline, which should I choose? Which fire should I extinguish first?

The first bet was made: I would attempt to build a world-class sales hiring program.

To this day, I'm glad I prioritized sales hiring excellence. Even if I was world-class at sales training, managing, coaching, and forecasting, it would not be enough to offset a team of mediocre salespeople. On the other hand, a team of top performers will find a way to win under any circumstances.

Unfortunately, the behaviors I observe in company executives are often not aligned with this strategy. These executives pour their daily energy into closing a big account or running an inspirational staff meeting or coaching an underperforming salesperson through a skill deficiency. Sadly, when it comes to recruiting and interviewing for their own sales team, they simply wing it. They fail to invest in the strategies that will predictably yield a team of top performers. Closing that next big customer in order to make the quarter helps win the battle. Finding a top salesperson, one who will bring in hundreds of big customers for years to come, helps win the war.

“World-class sales hiring is the most important driver of sales success.”

So what does a world-class sales hiring program look like? What formula will help me identify whether I am sitting across the table from an A+ candidate?

Over the years, I have hired hundreds of salespeople for the HubSpot sales team. I have advised many companies on their own hiring process. After reflecting on these efforts, I found some very bad news.

The ideal sales hiring formula is different for every company.