

ConnectWise Growth Kit

Modes Influenced Sales and Marketing Guidance for TSP's

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Introduction: Why This Kit?

“How do I get out of owner-led sales?”

That question (or some form of it) is the most frequently asked in our peer groups and consulting engagements. That has been true for over 20 years. TSPs seem to be able to work themselves out of service delivery and back-office functions. Owners figure out how to put themselves into a position where they are doing the right mix of things they like to do and the things they need to do... except they would like to get someone else making sales. Some don't care for the activity itself (many of them can be techy/geeky/introverted.) Some realize they need to build a team they can leverage to drive revenue well beyond what they can do themselves. Either way, they want out.

Over the years, we've approached trying to answer that question by studying what different businesses have done, analyzing the root cause behind why they are “stuck,” and showing them a different path. We've built some content around best practices and pro tips. Despite those efforts, it is still among the most frequently asked questions.

A big thank you to Nate Austin and Steve Riat for sharing their years of wisdom that make up much of this kit. Also contributing and deserving of thanks and recognition is David Spire who also help share what he has learned.

This kit is the beginning of the culmination of what we've learned from partners who have experienced growing sales from a single owner to a full sales staff. We designed this kit to meet you where you're at and provide guidance to build a plan around your sales and marketing efforts. Understanding your Mode and how mature you are operationally is the key to building a plan that will work for you and your company. We'll be adding to the kit with more material to go deeper on some of the topics we haven't fully fleshed out.

There are a lot of resources available in a zipped file for download. A lot of value in allowing you to take what is provided and make it your own.

See the appendix for the list of files included.

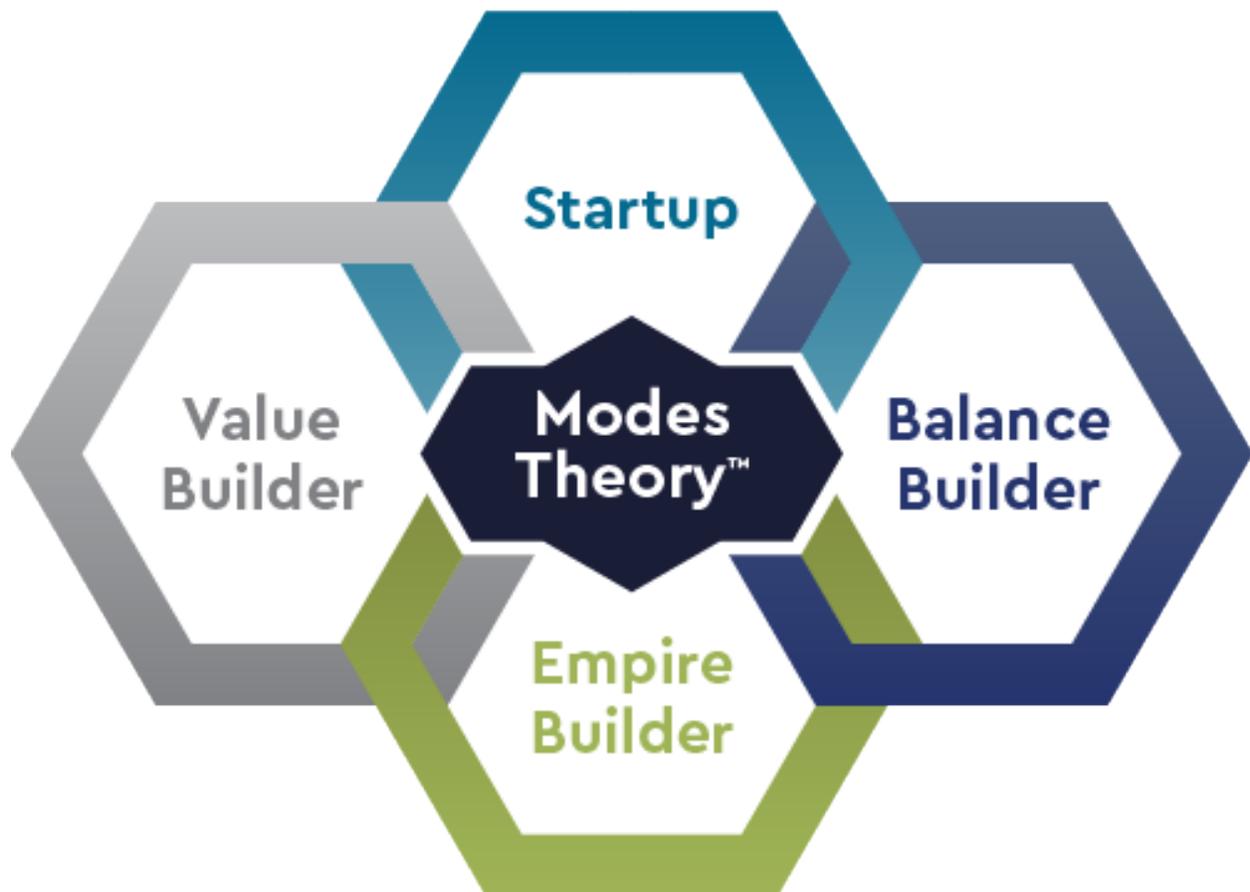
Three Important Mental Models

Modes Theory

What is Modes Theory?

Modes Theory™ is a system of purpose-built methods that help TSPs achieve successful business outcomes. Your Mode is not determined by maturity or size. Instead, different Modes exhibit different Operational Maturity Levels™ (OMLs) across the range of business performance. They are qualitative and quantitative, and Modes can change over time as your business needs change.

[Take the Modes Theory Assessment](#) to learn more about Modes Theory, your Mode, and how Modes impact your relationship with ConnectWise and your customers.



Startup Mode

The Startup builds multiple possibilities until they can define what they want their company to become.

Balance Builder Mode

The Balance Builder wants success but does not trade the owner's personal life for aggressive financial success.

Value Builder Mode

The Value Builder focuses on consistent, long-term value with growth and profitability in mind.

Empire Builder Mode

The Empire Builder seeks swift growth, trading short-term sacrifices in time and resources for substantial monetary gain and opportunity.

How Does My Mode Affect My Sales and Marketing?

Let's talk about what we typically see in different Modes.

Startup Mode

In Startup Mode almost all Sales and Marketing efforts are done by the owner. You may have someone playing the role of admin to handle some logistical things and social media postings. The efforts are to create awareness and some brand recognition. Leads come from friends, family, and word of mouth through existing clients.

Balance Builder Mode

In Balance Builder Mode, the owner is responsible for most sales efforts. See the section "Why is this so hard?" To learn why. Depending on the size (Revenue and Employees) you have some help in areas like Account Management, Sales Admin, Technical Sales, and Marketing.

Value Builder Mode

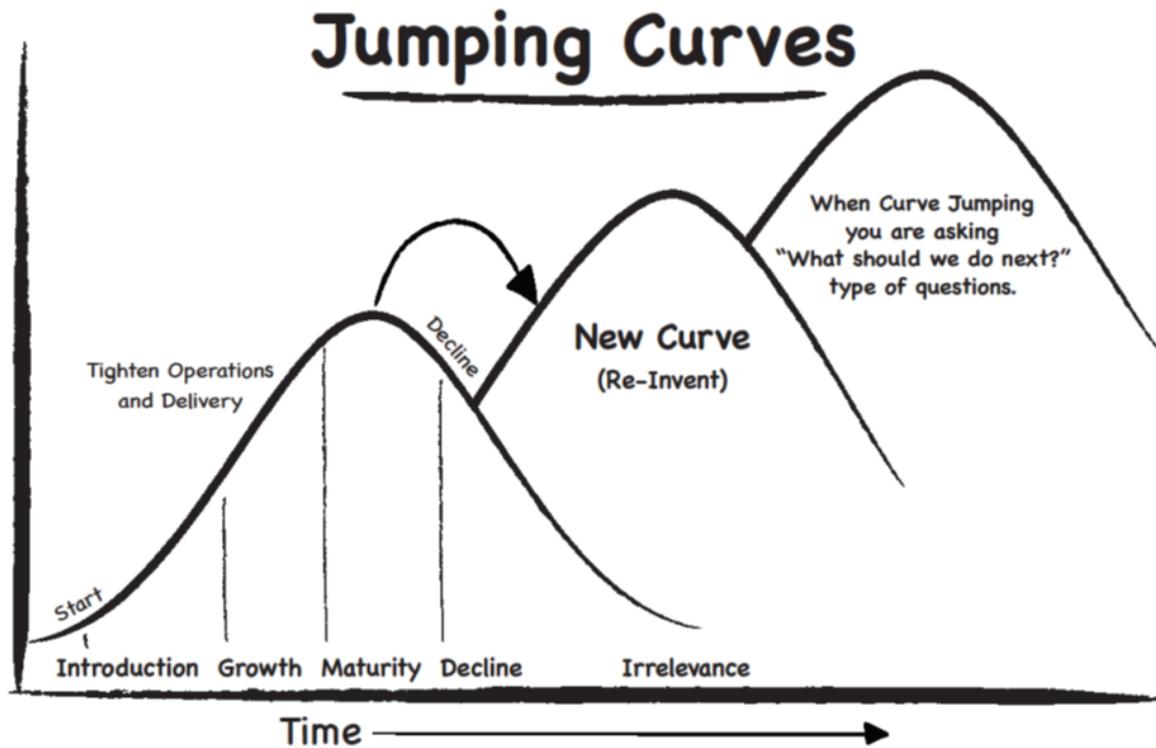
In Value Builder Mode we begin to see a strong possibility that the owner can step out of being primarily responsible for Sales. A Value Builder Mode company knows it's targets and has them broken down in a manageable way. They also have some level of understanding of the activities needed to generate sales – they have at least a basic understanding of how to work a sales funnel. They have tried several different ways to generate leads and have (hopefully) found some way to keep that engine growing. The Value Builder Owner, once they have achieved the size where the math work and the maturity to know how to build and work a sales funnel has only one obstacle left to overcome – the reality that Small Business Owners buy from Small Business Owners. It's difficult to completely disengage with sales until your company has a reputation large enough to equal the desire for a potential client to need to meet the “person in charge” before committing.

Empire Builder Mode

Empire building is another category that we won't cover in this kit. While many of the concepts are the same, the analysis of data, the systems in place and the accountability to hit targets changes the dynamics enough that we are going to build out guidance specifically for the Empire Building business.

Curve Jumping

There is a leadership model we use we call Curve Jumping.



Growth and maturity look different at different times. When you have a method that works you start to grow. You refine and tighten up delivery of that method to get the best return on your efforts. Eventually, however, the method will meet limitations as you grow. These limitations come in many forms. Could be resource constraints, could be technology changes, could be the market changes, could be your results just don't scale as large as your company is growing. It's as these peak times that you must consider re-engineering how you're accomplishing things. Doing what you've traditionally done only harder will not solve the problem. You need a new approach. You need to "jump curves". This new curve will lead to a new foundation of growth that will serve you well going forward.

There are a few challenges with Curve Jumping.

1. When do you jump curves? The feeling at the top of growth and the start of the decline feels about the same. You don't want to interrupt a good thing prematurely so determining the right time to jump is crucial.
2. You are going from a tried-and-true process to something that seems (and often is) brand new. Your instincts will fight you. You must lead people (including yourself) through an uncertainty that they are not used to. As you leap from your current safe

curve you will feel uneasy, unsupported, and exposed. This is normal and many struggle with the risk this represents. They pull back from the jump and remain on their existing curve. That is safe (unless your unknowingly headed for a steep decline you can't see – think Blockbuster when Netflix rose to popularity) but will keep you at the revenue and maturity plateau that is limiting your growth.

Building a business that transfers the sales responsibility from the owner to a sales staff is the most difficult curve for a TSP to jump.

The Entrepreneurial Journey

There is a pattern that things go through when you're building something. At the Evolve Peer Groups we identified these stages as:

Muscle and Feel: When you start something and hard work and honing your decision making is the difference between having enough money for payroll or not. If you're an owner that has risked seemingly everything there is a feeling in the pit of your stomach you will get at those times when that risk feels like it might not work out. During those times you learn to work hard enough and make decisions that will keep you from drawing close to that line ever again. As you learn that working hard and making good instinctive decisions (developing your Muscle and Feel) leads to good things you build a successful business. Congratulations! Statistics show that you're already more successful than a lot of people that tried and failed.

The challenge with the Muscle and Feel stage is that eventually the business will plateau at the point where you have no more energy and time to give. What must happen is you have to hand off ownership of some of what you do to someone else. The mistake many people make as they try and grow through these plateaus is that they try and hand off the "Muscle and Feel" to someone who is not as dedicated as the owner and does not have the pit of the stomach driven decision-making motivation as the owner. They never will be able to operate this way because they are not the owner. The other challenge with this approach is that if you hand off the Muscle and Feel approach you have no way to consistently measure performance. You will end up with marginally better efforts and the new person will be limited by their time and energy. What must happen is to "Curve Jump" into a new stage.

Managing to What Good Looks Like: Instead of handing off the Muscle and Feel what must happen is success needs to be broken down into a process and success at various stages quantified into some metrics. These success criteria need to measure if the correct activities are happening that will ultimately lead to success. Instead of relying on the instincts of the owner the system must drive the right behaviors and produce the right results along the way.

Two challenges that occur at this stage are:

1. You will not get the measurements and activities right the first time. It may work for a while but inevitably there will be less than desired results. What generally occurs is the owner pulls back control, takes the function back for themselves and we're back to Muscle and Feel. Instead, what must happen is you tweak the activities and metrics until the system, activities and management consistently produce the desired results. Easier said than done.
2. The owner never fully trusts the process and their Muscle and Feel behaviors micromanage the new manager and process to a degree that they don't get fully tested. The owner does not gain any new time back because they are micromanaging the new way based on their Muscle and Feel behaviors. Eventually the owner sees the "new

way” as inefficient and ineffective (because it really wasn’t a new way at all – just more overhead and expense) and goes back to the Muscle and Feel process. We’re back to that plateau.

If the function can be successfully defined into a process, proper metrics applied and good management put in place, the owner is freed up to spend time on other things and the business is much stronger for landing that function on a new, more mature, curve.

Building Teams and Strategy

Once you have a few leaders in place that own their functional areas and are “Managing to what good looks like” the owner must learn to include this new management team involved in strategic decisions. This can be another difficult curve to jump. The owner typically has made decisions unilaterally. Making key decisions can affect the performance of a team or multiple teams if those leading are not brought into the planning process and given a chance to speak into how the changes are implemented.

Another challenge at this stage is getting the leaders to operate as a team themselves. Ideally, they are problem solving together. They are working through cross department challenges without having to get the owner involved unless necessary.

This dynamic is where the typical sales/service tension comes in. Sales should be selling in a way to put the service team in a position to succeed and the service team should be operating in a way that removes friction and barriers for sales. Getting this balance right is a difficult task and one that needs to be constantly revisited.

Leading towards Legacy

If you successfully get a management team to be able to build a strategic plan, execute that plan together and move the business forward with the owner providing the expected outcomes and strategic guidance you have a business that can go wherever their vision can take them.

This is the goal for most owners and one that, if we include sales, begins at about \$10 Million in sales. That is anecdotally the number where a sales manager begins to take the reins from an owner and the management team is complete – until you get to the Empire Builder Mode which a topic for another paper.

Why are Sales and Marketing Curve Jumps So Hard?

The answer can be complicated. There are several factors contributing to SMB sales and marketing that make building a Sales and Marketing staff and engine difficult. Let’s look at some of the reasons why this is so difficult to accomplish.

Owners Prerogative

As a salesperson, you likely used what we call “Owners Prerogative” to make sales happen. You have the authority and autonomy to (with confidence) promise whatever you thought prudent to make a sale. It is your right, and it works very well in directing a sale to closure – especially when the sale is right at the finish line and that extra bit of last-minute negotiation is what will push the sale to close. The challenge is any salesperson you hire to close deals will not have that same authority or autonomy. Therefore, they will lack confidence vital to closing deals with the same gumption you do yourself. If that owner’s prerogative (ultimate authority/autonomy) is what your company relies on to close deals, you will find your team struggling to close deals at the level you are used to.

Respect for a Salesperson, Organizational Ambiguity and Growing Pains:

The first salesperson you bring in will likely have a larger challenge than closing deals. They will be the ones to “break the ice” regarding several things that ultimately need to be addressed:

- Typically, services and solutions are built to be technically correct but not necessarily friendly or easy to sell. Many times, there needs to be a streamlining of services and offerings and clear value proposition language built into marketing materials.
- Sales Processes and Measurements: You likely won’t have much in the way of good data. Think conversion rates and the stages of a sales funnel. Much of this has simply been “muscled” by the owner and we now need to build systems, definitions, tracking, and reporting to get visibility into progress.
- Sales and Service processes and tension: processes have been functioning under the dynamic of the owner being the sales side and their authority and autonomy likely has kept things somewhat balanced and moving. The new salesperson will not be able to promise a client something different and come back expecting the service team to change what they do for this new opportunity. This is a maturity and discipline muscle that will need to be worked out.
- Changes to what the client can expect: They will no longer be dealing with the owner. It will be easy for them to fall into an attitude of “we’re not important anymore” where it’s easy for the new salesperson to simply become a middleman.
- Sales Engineering: Who plays that role now? If it’s the owner, you continue to rely on the owner’s experience to make sales. That makes sense for a while. Have the salesperson get a sale so far along and then bring in the owner. At some point,

however, you will need to replace that “Sales Engineer” role with someone who is not the owner. This introduces service time, margin considerations, skillsets, and ability challenges that must be overcome.

- Avoiding having two systems: One system for the owner and one for the staff because the owner can't be troubled to (nor should they?) follow the structure required for the rest of the team to function well. The owner likely won't need a Sales Engineer, but the proper process would call for one for the rest of the sales staff. It's easy for a disconnect to happen where the owner is selling one type of solution explained one way and the rest of the sales staff to be selling another explained differently by a Sales Engineer.

How Small Businesses Purchase

Small business owners buy from small business owners.

Outsourced IT expenses can be one of the biggest financial service and asset investments a small business will make. Do you think they will trust that investment with someone who has little to no business experience? Not likely. One of the hard-to-quantify hiring practices you will have to learn is to discern how large of a check someone will trust a salesperson with....

A non-owner salesperson might have trouble even getting to the potential client's owner (would you take their meeting request, trust what they say, take them seriously?), who ultimately is the person who will make the decision. Someone - not the owner - may meet with them, but then they must work their way up to the real decision maker – the owner. Likely this non-owner at a potential client will be in something of a gate-keeper role and will be looking to be working with the most serious person from your organization before they share anything.

This non-decision maker not only represents a different challenge in the form of gatekeeping, but they also likely won't know the strategic aspects of the business. You must find a way to get to the true decision maker.

Small business owners want to buy from other small business owners. They want to look them in the eye and gain a trust that the significant amount of money they are spending and the risk they are taking trusting you to keep their data secure, recoverable, and accessible is in good hands.

Bringing Sales minded people into a technical organization.

At the end of the day, what we're selling is trust. For many technically minded people, trust is an exercise in logic. Does it make sense? The reality is that people purchase much more based

on the feeling you give them (trust is a feeling), which requires a different mindset than a technical-minded salesperson's much more logic-centered approach.

The owner, whether they realize it or not, inherently creates a sense of trust as “the owner of the business.” They can rely on their technical acumen and owner authority to close the deal. A non-owner has a different and much more difficult job. They must identify the opportunity, build the initial trust, project manage the technical sales part of the process, build and maintain credibility as a non-owner/non-technical person, handle price objections, and close the deal. Without having the autonomy and authority of the owner.

This type of person will be much different than anyone else in your organization. They will likely think differently, have different priorities, value different things, and not want to get bogged down in the details that have historically been important to the technical mindset that has ruled the culture. They will seem high maintenance (and likely could be) and be a cultural challenge for the rest of the company. They may very well seem like a fish out of water.

While on paper the idea of building the sales structure and process is the same as the service side, they are different people who need to be managed differently. It will take longer and look different than the way you build structure and process into your service organization because they are different types of people. You must allow for systems and habits that work for them. There needs to be structure, but not so much that it's stifling.

They will be a team of 1 at first. There will be a cultural shift that has to happen.

[Working Cold Leads Is Different from Working Warm Referrals.](#)

Once again, we'll point out that we're selling trust. With a referral or somewhat warm lead the challenge of establishing that trust has been largely filled by the transitive property of a familiar face telling them “I trust them you should consider it too”. If the referral is not there the conversation starts in a different spot with a different objective – establishing enough trust to continue. This can begin to be established through several different ways:

- Industry/technical knowledge
- The inherent trust that is conveyed when talking to “an owner”
- Business acumen and communicating in a way that builds relationship and empathy with the owner.
- Finding ways to position your company in a unique way that provides value.

We've consulted and strategically talked with hundreds of companies. The two most common (almost universal) differentiators partners bring up are:

- Our people.
- We care more.

See the irony? Almost 100% of businesses claim that what sets them apart is the same thing the last person told them and the same thing the next person will tell them. Your people and your care are not differentiators. You will need to have a value proposition that sets you apart.

Most businesses have been built (rightfully so), starting with family and friends and then expanding that reach to their family and friends. Continue that trend and you can grow a decent-sized Technical Services business. Those “leads” are warm leads - or as a company grows, they may be reputation-based referrals. This is a great way to build a business. The challenge comes when you need to begin growing using leads that are not referral based. Many owners think they are great at working leads. And they generally are with an asterisk. The asterisk is the leads are warm. What happens when you must sell starting from cold leads? Leads that don't know who you are or why they should believe anything you say? That is a skill and a narrative that needs to be mastered. You will find that the percentage of leads that close that start as cold leads will be much different from the warm leads you've had as you've grown your business.

Understanding the Maths and Why You Have Trouble Making it Work

One of the primary reasons it is difficult to build from owner-led sales to having a sales team is the financial reality accompanying the effort. We will assume you understand proper benchmarking for a TSP and have timely tracking and reporting into Gross Margin by Service and Product type as well as a handle on your Sales, General and Admin spending. When you have your financials organized properly, you can turn the financial management of your company into a straightforward math problem and manage to a known model. The “Best In Class” model from Service Leadership lends itself towards a key sales metric called “Sales Multiple of Wages.” This metric is defined as the ratio of Gross Margin Dollars generated divided by the overall remuneration (base plus commission) of your entire sales staff, including admins. In the context of a financially viable TSP, this Sales Multiple of Wages needs to be a minimum of 4 and Best In Class companies achieve 8. Let’s look at a quick example.

If you have one person doing sales making \$100,000 a year in total (base plus commission,) they need to generate a minimum of \$400,000 in Gross Margin dollars and ideally \$800,000.

Gross Margin \$ (GM\$)	Remuneration (R)	Sales Multiple of Wages (GM\$/R)		
\$400,000	\$100,000	4		
\$600,000	\$100,000	6		
\$800,000	\$100,000	8		

What does that look like in sales? Let’s assume (for simplicity’s sake) that you are a services-only company operating at “Best In Class” Service Gross Margin of 50%. Your salesperson must account for the following Top Line Sales every year.

Gross Margin \$ (GM\$)	Remuneration (R)	Sales Multiple of Wages (GM\$/R)	Top Line Sales at 50% Gross Margin	
\$400,000	\$100,000	4	\$800,000	
\$600,000	\$100,000	6	\$1,200,000	
\$800,000	\$100,000	8	\$1,600,000	

If you are not quite operating at “Best In Class” Service Gross Margin % - let’s say 43% - then the Top Line Sales for your salesperson needs to look like this.

Gross Margin \$ (GM\$)	Remuneration (R)	Sales Multiple of Wages (GM\$/R)	Top Line Sales at 50% Gross Margin	Top Line Sales at 43% Gross Margin
\$400,000	\$100,000	4	\$800,000	\$930,233
\$600,000	\$100,000	6	\$1,200,000	\$1,395,349
\$800,000	\$100,000	8	\$1,600,000	\$1,860,465

So, in the best-run companies, a \$100,000 salesperson needs to cover somewhere between \$800,000 and \$1,600,000 in top-line sales for their clients. If you plan to remunerate them \$50,000 for the year, those numbers get cut in half. That salesperson would need to generate between \$400,000 and \$800,000 in top-line sales for their clients.

Let's say, as the owner, you allocate 50% of your time to sales efforts (both hunting and farming), and you are paying yourself a total of \$200,000. We must allocate half of your salary (\$100,000) to sales. Let's also say that you have an administrative person who helps set appointments, put together quotes, and helps you track your sales. If you pay that person \$40,000, we must include that salary in our "Sales Multiple of Wages" calculation. We now have \$140,000 allocated to sales remuneration, so we must generate a minimum of \$560,000 and, ideally, closer to \$1,120,000 in Gross Margin Dollars. If you're managing Service Gross Margin at 50%, you should generate between \$1,120,000 and \$2,240,000 in top-line revenue. Anecdotally this holds true as you grow. The sales leaders we worked with report a good salesperson with an admin can generate roughly \$3-4 Million in sales.

So far, so good. The challenge comes when you look to add a resource. If you think you need to pay a salesperson \$100,000, we've seen above that they need to bring in an additional \$800,000 to \$1,600,000 in top-line sales. Here are the hard realities:

- Can your company operationally handle that much growth?
- Can you financially afford to wait for a \$100,000 salesperson to become effective in bringing in that additional revenue? Our sales leaders say that wait can be as long as 18 months. Generally, the answer is no.
- If you bring in someone "greener", can you, as the owner, take the time to coach and mentor the person to make them effective? This is usually difficult as the owner is in "Muscle and Feel" mode keeping the business going and doesn't have a lot of spare time to do a lot of training. Any many times owners are not that good at training.

It's a conundrum. How do you add a new sales role, create or mature your processes, handle the culture shock of bringing in sales-minded people, wait for them to become productive (usually 6-12 month ROI on a salesperson or start over if you hire incorrectly), and remain viable financially?

It's very difficult.

Building a Sales Team

Most businesses have a decently mature service delivery organization by the time they get serious about growing a sales staff. There are some learning you can take from building a service team but there are also some differences to keep in mind.

Caveats

Growing Sales vs Growing Service	
Similarities	Differences
Multiple Tiers	More Variable Comp in Sales
Senior team members hard to find	Hire Service when workload in needed now
Hire to fill gaps	Hire Sales when growth is needed in 6+ months
Focus based on skill/role <ul style="list-style-type: none"><input type="checkbox"/> SE, Project, Help Desk<input type="checkbox"/> Inside sales, Outside sales	ROI for Service Hire – 1-3 Months ROI for Sales Hire is 1-3+ Years

The biggest difference is the ROI in the hiring investment. With a service hire you can put them to work and make them productive relatively quickly – 1-3 months. With sales hires it can take 1-3 years really achieve a return on your investment. There is much riskier to bring on a sales person than a technical person.

Sales is both an art and a science. The KPI's and Jobs to be done" is the science of it, how well they do those things is the art of it. It's difficult to hire a socially awkward person and make them a productive salesperson. There is a balance that needs to be achieved between the art and science of building a sales team.

When building your team there are some things to keep in mind.

- Don't put tasks on them that don't contribute to driving revenue (covering phones, other tasks that no one else wants to deal with, etc.)
- Don't make them deal with service issues. Your service team needs to deal with those.
- Don't get them caught up in dealing with invoicing questions or disputes.

The Four Key Roles

The four key roles are Sales Administration, Inside Sales, Outside Sales, and Sales Manager. Borrowing some aggregated data from 2023 Service Leadership Solution Provider Compensation Report by region the compensation averages are:

4 Key Roles for a TSP Sales Team APAC*



*Not including SE

**Based on SLI 2023 Solution Provider Compensation Report

4 Key Roles for a TSP Sales Team EMEA*



*Not including SE

**Based on SLI 2023 Solution Provider Compensation Report

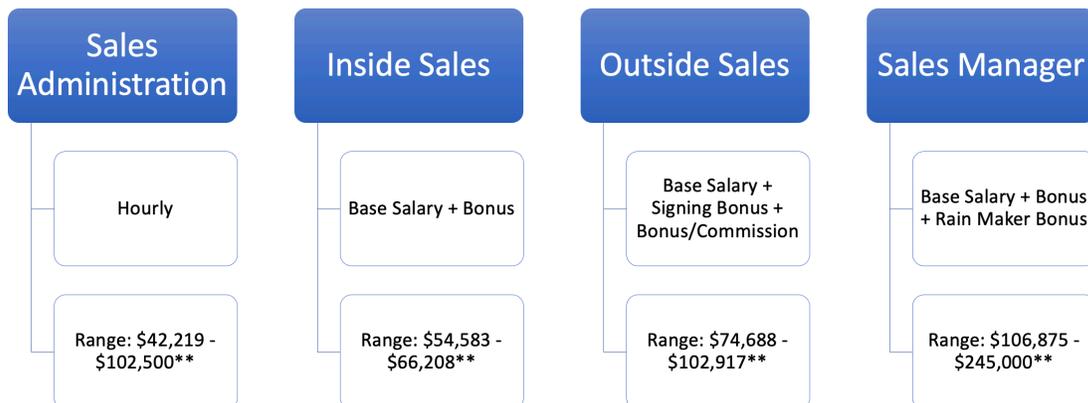
4 Key Roles for a TSP Sales Team US*



*Not including SE

**Based on SLI 2023 Solution Provider Compensation Report

4 Key Roles for a TSP Sales Team Canada*



*Not including SE

**Based on SLI 2023 Solution Provider Compensation Report

For the Typical Startup to Balance Builder

There are characteristics we typically find in service and sales that are by Mode. Remember revenue and size is not necessarily a direct correlation to your Mode but it can be a good

leading indicator. Rather, we find some behaviors to be a better indicator of Mode. Some of the characteristics of a Startup and Balance Builder company are:

- A Service Team that is likely one team (vs a Helpdesk, Professional Service, Projects, etc.) They have a relatively flat service structure.
- Managed Services offering have multiple tiers and also include ad hoc services (one step above the “anything for a buck” revenue model)
- They could have a good number of “project only” customers.
- Little to no formal process definition on for service and sales
- They have a look reference architecture, but it’s loosely defined and enforced
- Product and Service revenue is “wavy” and there is usually inconsistencies in the revenue generated by month

Addressing these things are the behaviors that will help you become either a more mature Balance Builder or lead to more Value Building tendencies.

If you are in the Startup and growing Balance Builder Mode, where do the four sales roles fall?

Startup Sales Team	Balance Builder Sales Team
Owner ~ 50% Sales: <ul style="list-style-type: none"> <input type="checkbox"/> Outside Sales <input type="checkbox"/> Inside Sales <input type="checkbox"/> Solutions Engineer 	Owner 50% Sales: <ul style="list-style-type: none"> <input type="checkbox"/> Outside Sales <input type="checkbox"/> Solution Engineering
	Inside Sales Role: <ul style="list-style-type: none"> <input type="checkbox"/> Quoting, QBR’s with non-Tier 1 clients
Admin/Assistant: <ul style="list-style-type: none"> <input type="checkbox"/> Quoting/Inside Sales <input type="checkbox"/> Procurement <input type="checkbox"/> Executive Assistant 	Sales Admin/Assistant: <ul style="list-style-type: none"> <input type="checkbox"/> EA <input type="checkbox"/> Light Quoting, Procurement <input type="checkbox"/> Appointment Setting <input type="checkbox"/> Marketing Admin

The Startup and Balance builder typically cannot afford to delegate Outside Sales. Small business owners buy from leaders who carry themselves with authority and can convey trust at the business level. This ability comes from a maturity and experience that also includes a higher salary than the typical Startup or Balance Builder company can afford to pay. Therefore, the Outside Sales role stays with the owner until the company consistently generated enough revenue to allow them to afford that salary. Anecdotally that begins comfortably about the 5-million-dollar mark when the business can begin to think about training up an outside sales person.

What you need to do is leverage your Admin/Assistants and some inside salespeople to build a pipeline of outside sales prospects that the owner can work.

In talking with Sales Leaders who have growth through this size they describe the challenge of adding sales staff and maintaining an EBITDA (Earnings Before Interest Taxes Depreciation and

Amortization, Net Income, or Bottom Line) anywhere near best in class. The challenge is you invest in some sales help, and it has a 1-3 year ROI so your numbers take a hit. By the time you get them ramped up, figure out processes and become comfortable that it's consistently working you are ready to reinvest in the next "curve jump" and you bring your numbers back down to below "Best in Class" or BIC. It's tough to work through these financial, operational and maturity dynamics. The burden will continue to fall on the owner as they (in the short term) take on a mentoring, training role with new salespeople as you must continue to do all of the other things that require your attention to keep your business operating at a reasonable financial performance level.

This structure will likely work (you'll add another Inside Sales or two and possibly another admin) and financially make sense until you reach the 5-7 million dollar revenue mark.

Rough numbers show that a good Inside Salesperson and a helping admin can cover roughly 3 million dollars in revenue. So if you're a 5-6 million dollar business the math and anecdotal experience shows you can have about 2 Inside Sales people and 2 Admins working that Revenue base while the owner is still providing air cover on account management and doing the majority (all) of the heavy lifting when it comes to outside sales.

At this point you'll begin training up one of the Inside Salespeople to begin to handle the larger clients. This is also the time when the Owner needs to look for some help to get some coaching on how to manage a sales staff and develop better methodology.

For the Typical Balance Builder to Value Builder

Some of the characteristics of a maturing Balance Builder and Value Builder company are:

- Service Team broken into multiple roles (Project, Managed Services, Help Desk, NOC, etc.)
- Managed Service Platform Maturing – one primary offering accounting for a majority of sales.
- Still some legacy clients but a more refined Target Client Profile.
- Projects only for existing or new clients being onboarded onto Managed Services.
- Maturing process maturity (and adherence.)
- Reference architecture more tightly defined and adhered to.
- Product and Project revenue inconsistent but Managed Services revenue consistent, growing, and substantial.

If you are in the maturing Balance Builder or Value Builder Mode, where do the four sales roles fall?

Balance Builder Sales Team	Value Builder Sales Team
Owner ~ 50% Sales: <ul style="list-style-type: none"> <input type="checkbox"/> Outside Sales <input type="checkbox"/> Solutions Engineer 	Owner 50% Sales: <ul style="list-style-type: none"> <input type="checkbox"/> Sales Manager <input type="checkbox"/> Outside Sales <input type="checkbox"/> Large Account QBR
	Executive Assistant: <ul style="list-style-type: none"> <input type="checkbox"/> Whatever the owner needs
Inside Sales Role (X2) <ul style="list-style-type: none"> <input type="checkbox"/> Quoting <input type="checkbox"/> QBR's 	Inside Sales (x3 – one a Senior role) <ul style="list-style-type: none"> <input type="checkbox"/> Quoting <input type="checkbox"/> QBR's
	Outside Sales
Sales Admin/Assistant: <ul style="list-style-type: none"> <input type="checkbox"/> Light Quoting <input type="checkbox"/> Procurement <input type="checkbox"/> Executive Assistant 	Sales Admin/Assistant: <ul style="list-style-type: none"> <input type="checkbox"/> Light Quoting <input type="checkbox"/> Procurement <input type="checkbox"/> Appointment Setting

The challenge in this stage is to begin to build up Sales Management practices and then finding the right person and affording to begin the Sales Management handoff processes.

This is another hire (typically entirely overhead that needs to be made up for in increase sales) that will drive performance below BIC. You will need to execute well and likely focus on more outside sales as an owner to overcome this hurdle until the team starts performing well under new management.

The owner does not get to just “step out of sales.” There is a final handoff and delegation of sales management and even then, the owner’s role is heavily auditing based. They also must deal with the reality that small business owners want to know and have some level of relationship with the small business owner they are dealing with. As an owner you may not have the role and the title, but you will still work on bringing in new revenue and helping manage key existing clients.

We haven’t talked much about Solution Engineers, but a general guideline shows that it’s about one Full Time Equivalent Solutions Engineer for 10 million in revenue. So, if you’re a 5 million dollar revenue company a general guideline is a half time Solutions Engineer.

Compensation Plans

Compensation Plans can change every year. The likelihood that you get a comp plan that serves your businesses changing needs and allows your salespeople to achieve a reasonable compensation level that will work for longer than a year or two is low. You will be tweaking

your plans and dialing them in especially as you mature and your sales role, processes, and structure change. Your sales compensation plan needs to align to your business goals so the more mature and precise you are with your financial planning the better your sales compensation planning will be.

What Makes a Good Compensation Plan

What makes a good compensation plan? One that works for the business and for the sales team. There are 6 things to keep in mind when you build yours.

- Simple to Explain, Calculate and Track
 - The criteria in your plan will drive behaviors in ways you might not expect. Comp plans should be simple, easy to calculate, and the salesperson should know what they are going to make without a lot of mental gymnastics.
- Aligned with Business Revenue Targets
 - The plan needs to drive the business outcomes. The management over the plan also needs to have incentives that align with achieving the plan. There should be top-down alignment so there is not competing forces in your business.
- Ability to Adjust Annually
 - Don't set the expectation or lock in what you think is the perfect plan longer than a year. You will want to make changes and the team should expect reasonable changes to allow you to achieve business goals.
- Fair and Reasonable Performance Goals
 - The numbers need to be achievable and be "withing reach" so the salespeople remain motivated to perform. Don't say you can make \$250K if only one person who hits the jackpot may have that opportunity. Stretch goals are good if there is reasonable normal goals and a sliding comp model-based performance – see below.
- Eliminate Behavioral Conflict of Interest
 - Comp drives behavior so think of the negative consequences that could happen based on the activities they will focus on to get paid.
- Look Weekly, Tracked Monthly, Measured Quarterly and Annually
 - You don't want to get them in to a behavior where they want to discount at the 'end of the quarter' to hit their goal, so they get paid.

Compensation Plan Model

What does a comp plan look like for a salesperson? This is deep dive topic that has several "it depends" components. A basic structure (for a starting point) is to have a target number in mind with Bonus.

Say the total comp should be \$100,000 if they hit their quota. You might structure a comp plan that includes a \$50K base with the change to earn a \$50K bonus if the person hits their numbers. A way to make this something more nuanced than “all or nothing” is to use a sliding scale for the bonus. If they achieve 100% of their quota they receive 100% of their bonus. If they achieve less than 80% of their quota they will receive none of their bonus. If they achieve something between 80% and 100% of their bonus they receive a 5% of their bonus for each % point they reach between 80% and 100%. For example if they sell 85% of their quota they would receive 25% of their bonus (they performed above the floor but only 25% of what was ideally expected so they get 25% of their bonus.)

The money they generate for the company (if the comp plan is built appropriately) and the bonus they earn should also include an overperformance factor to keep them motivated to continue to sell. Extend the bonus payout to include a stretch goal that kicks in at 110% of quota and pays an addition bonus for every % point above 110% until they reach 125% of their number.

The important thing is to have a clear floor where they know they are underperforming and will be put on a Performance Improvement Plan and a stretch goal to keep them motivated if they are over performing.

Tips by Role

Here are some tips as you bring on new Sales roles.

Inside Sales:

- First Quarter – Guarantee the Bonus.
- Second Quarter – Bonus paid based on completing Onboarding Goals in Q1.
- Thirst Quarter – Bonus paid based on achieving revenue goals in comp plan in Q2.

Outside Sales:

- First Quarter – Guarantee a delta above base.
- Second Quarter – Earn a bonus above base for Activity Goals from Q1.
- Third Quarter – No more guaranteed bonus – on full comp plan.

Key Performance Indicators and Measurements for Inside Sales

- 100% QBR Attainment EVERY Quarter.
- Certain (good guideline is 20%) percentage of Project/Professional Services Pull through of the MRR they manage.
- 20%+ Gross Margin on One Time or Hosting Product Sales (not including M365 licensing.)

- ❑ Completion of their Quarterly Plan (Something they are doing beyond the regular day to day rhythm of their job like certs.)

Key Performance Indicators and Measurements for Outside Sales

- ❑ Annual New Client & MRR Attainment (ie 6 New Clients AND 40K MRR a year.)
- ❑ 20% Gross Margin on Product Revenue.
- ❑ Set 1-2 First Meetings Per Week.
- ❑ Attend 2 Networking Events Per Week.

Hiring and Onboarding Sales Staff

Common Sense Basics

Some best practices and practical tips to follow as you hire and onboard your sales staff. A lot of this is basic information that you should have down as you've built a service team. We bring these things up as a reminder to also do them when you hire your sales staff. Don't just plan to hire them and figure it out when they start. That's a bad plan. There are plenty of templates and models included with the Growth Kit you can use to get you started.

1. Have a Job Description and Role Definition.
2. Have a Compensation Plan.
3. Define Milestones (30, 60, 90 days, 6 months, year.)

Experience or Rookie?

Depends on where you're at as a company. Typically, you are not ready (mature) enough in your processes and approach to hire a seasoned veteran who will expect certain things. They could also bury your service team in work if you're not careful which sounds like a good problem but is not. Your first hire, then, will be a rookie that you can afford, mentor and shape to fit your organization.

Another thing to keep in mind is that Sales Manager often experience that if they do hire the experienced salesperson, they may not have the drive, the "right" sales experience, etc. and it can easily become an expensive mistake.

Technical or Sales Minded Mentality?

There is a difference in the Technically Minded person when it comes to sales. Often, they struggle with justifying healthy margins if they don't understand or have a business

background. Your Salespeople need to have enough technical aptitude that they can pick up the language and vocabulary, but technical problem-solving skills are certainly not required and sometime can be a hindrance. Either mindset will work but be mindful of what you're getting when you do make the hire. Remember, you can teach some sales, you can teach some technical, but you can't teach culture and values so hire for fit first.

Where Do You Look for Sales Reps?

When you're first starting out the short answer is anywhere. In the accompanying video Steve Riat talks through several varied areas where he has found salespeople. These are people that he and his company have found with the raw materials to be good salespeople and they bring them on board and train them up. You will likely not find salespeople with experience in our industry so finding someone with the right rough skillset often is a great way to build a valuable employee in your organization.

What Traits and Experience are You Looking For?

The type of sales we do is different than selling telecom circuits. It's different than selling copier pay per click type sales. It's different than a transactional cell phone sale. We're not selling commodity; we're not selling transactional. While these are all "technical sales" roles, people that have experience doing them likely will struggle to do what we do. We're selling long-term, relationship based, complex, value-based sales. It's a different sales skill than almost any other technical sales role in the technology industry. Have in mind that you're looking for someone who gravitates towards being good at long term, relational, complex engagements. These won't be quick win or short sales cycle deals they will be working. If they have previous experience in technical sales be mindful that they may not transition well to the type of sales we do.

The salesperson will not be able to lean on a vendor data sheet of speeds and feeds and lean on the brand name reputation of a well-known name like Microsoft or HP or Cisco to help them close deals. Those things generally don't matter.

A good salesperson should be able to speak to you at your level and 'sell themselves' with confidence.

People that have a track record of doing more than the minimum like leading a fraternity in college or are involved with coaching or things outside of the minimum existence are generally good people to take a chance on.

Interviewing Strategy

Here is the process used by Value Builder Sales organizations.

- Filter Resumes (1 day)
 - Looking for College Degree, Extra Curriculars, Experience.
- Screening Conversation/Video Call (within one week)
 - 15 minute call – ideally video in part to check for technical ability.
 - Can they carry a conversation?
 - Get Salary Expectations to ensure ballpark alignment.
 - Are there any blatant issues that would filter them out before meeting them?
- In-Person Interview (second week)
 - 2-3 of these.
 - some staged and some ad hoc.
 - different levels of people.
 - Talk pay range early if you haven't don't that in the first call.
 - Understand skillset and experience.
 - Check attire and how they carry themselves – this will be as good as it gets.
- Culture Fit/Addition (second week)
 - Interview with people currently doing the job they are interviewing for.
 - This is the applicant's opportunity to ask questions about what the job is like and get answers from the people doing the job.
- Eyes Wide Open & Offer Conversation (second week – possibly 3rd)
 - Generally, by this time have sent them benefits package details.
 - Brutal honesty about it's a hard job.
 - What they will find they might view as negative (1-3 year to ramp to full salary potential.)
 - Possible late evenings with networking events, etc.
 - Full Comp Plan Disclosure.
 - Explain plan and tell them offer letter is coming and give them a chance to ask questions now.
 - Ask if they get a counteroffer what will they do?
- Formal Offer (third week)
 - Limited time only – usually 48 hours

This entire process should take 2-3 weeks. If it's a more expensive hire or there are extenuating circumstances, it can go longer but time kills deals, so you want this to move along.

The more you hire the more you will learn what great candidates look like.

Onboarding Process

What do you do when you make the hire to ensure things get off on the right foot? Especially with Salespeople you are setting the culture they are selling when they represent you. You want this to be professional and represent what you want the portraying to clients.

1. Welcome Package to Individual/Family
2. Background Check
3. Deck Prepped for First Day
4. Equipment Ready to Go (wiped reloaded or new, setup with company apps, etc.)
5. Company Apparel/SWAG

Day One

Set positive clear expectations. Everyone they know will ask them how their first day went. You want the answer to be positive.

Tell the story of your company. Why it matters and what it means. You want them to be able to tell this story so get it engrained early.

Ongoing Onboarding Tips

Here are some guidelines for finishing the onboarding process well.

1. Schedule the first two weeks of their calendar (meet team members, learn software, etc.)
2. Share the Onboarding Document with the new team member in Teams and in a one-on-one with them.
3. Daily or every other day check-ins for the first two-weeks.
4. It's YOUR responsibility to ensure progress towards 30,60,90-day milestones is happening.
5. Remember (from Satya Nadella): Clarity; Energy; Results.

Sales Management

Sales Management is more than people management. There are a number of focus areas a Sales Manager needs to mind, refine and apply.

Managing Goals:

Managing Goals and activities is the key to Sales management. This is before individual deals. Make sure you are managing behaviors, activities, and effectiveness before focusing on deals or you will miss the forest for the trees when it comes to building sales.

- How you define what winning looks like.
- Goals need to realistic and attainable.
- Goals should be aligned with business targets.
- Goals need to be within the influence/control of the rep.
- Monthly, Quarterly, and Annual Targets.
- Monitor weekly and monthly and measure quarterly and annually.

- Adjust and iterate as needed.

Managing People:

You must work with each rep to ensure they are performing to defined expectations. If not, what does a PIP (Performance Improvement Plan) look like to get them back performing to expectations or worked out of the organization? People can have problems and often need help to work through them. Performance Improvement Plans are the tool to manage a person up or out.

Basics questions to answer for your One on Ones:

- What's your cadence?
- What's the agenda?
- What are your scorecard items?
- Pipeline reviews at what level?

Managing Processes:

Do the current processes serve the revenue generation needs, provide a good experience to the client, and enable the salesperson to focus on the relational and interactive part of their job? Things you need to solve for include:

- Defined Sales Stages for Opportunities.
- Sales to Project/Ticket Process.
- Quote to Cash Process that serves your organization and the client.
- New Client MRR Sales Process.
- Onboarding Client Process.
- Service to Sales Escalation Process.

Managing Systems:

Do you have the necessary systems in place (along with clearly defined roles and processes to work those systems) to drive the revenue and customer satisfaction goals for the company? If not, what is being done about it?

Some of the systems you need to build and maintain include:

- CRM Notes (Business, Contacts, Calls and Meetings)
- Contact Record Minimum standards
- CRM & PSA alignment and integration
- Ticket Management
- Deal Management

- Next Step
- Confidence
- Close Date
- Age

What Are Keys to Success?

1. Get them tracking activities.
2. Routing cadence of review – activities first and then individual opportunities.
3. Where are they stuck:
 - a. Qualifying
 - b. Quoting
 - c. Closing
4. Coaching and personal development plans

Appendix 1 – Resources

These files are a loose collection of samples, templates, documents, and models you can use as starting points to create your own Utility Library purpose built for your organization.

90 Day Orientation Plan Folder:

Inside Sales 90 Day Orientation Plan: First 90 days plan for Outside Sales Rep.

Outside Sales 90 Day Orientation Plan: First 90 days plan for Outside Sales Rep.

Sales Admin 90 Day Orientation Plan: First 90 days plan for Outside Sales Rep.

Compensation Plans Folder:

Compensation Plan Template – Inside Sales.docx: Sample compensation for an Inside Sales Rep. Includes compensation, bonus plan and performance goals.

Compensation Plan Template – Outside Sales.docx: Sample compensation for an Outside Sales Rep. Includes compensation, bonus plan and performance goals.

Compensation Plan Template – Sales Manager.docx: Sample compensation for an Sales Manager. Includes compensation, bonus plan and performance goals.

Compensation Plan Template – Sr Hybrid.docx: Sample compensation for a Sr. Hybrid Sales Rep. Includes compensation, bonus plan and performance goals.

Compensation Plan Template – Sr. Inside Sales.docx: Sample compensation for an Sr. Inside Sales Rep. Includes compensation, bonus plan and performance goals.

Compensation Plan Template – Sr. Outside Sales.docx: Sample compensation for an Sr. Outside Sales Rep. Includes compensation, bonus plan and performance goals.

Job Descriptions Folder:

Job Description – Hybrid Sales.docx: Sample job description for a Hybrid Sales Rep. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Job Description – Inside Sales Sales.docx: Sample job description for an Inside Sales Rep. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Job Description – Outside Sales Sales.docx: Sample job description for an Outside Sales Rep. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Job Description – Sales Admin – Account Coordinator.docx: Sample job description for a Sales Admin/Account Coordinator. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Job Description – Sales Manager.docx: Sample job description for a Sales Manager. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Job Description – Sr. Hybrid Sales.docx: Sample job description for an Inside Sales Rep. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Job Description – Sr. Inside Sales.docx: Sample job description for a Sr. Inside Sales Rep. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Job Description – Sr. Outside Sales.docx: Sample job description for a Sr. Outside Sales Rep. Includes role mission, reporting, pay, hours, duties and responsibilities, accountabilities, metrics, needed competencies and skills.

Miscellaneous Docs:

Culture Interview Purpose: Document explaining the purpose and importance of the culture interview.

Culture Interview Questions: Sample questions to ask during interviews to identify Humble, Hungry, and Smart

Culture Interview Training: PowerPoint deck for training Culture Committee members on proper Culture Interviewing protocol.

First Meeting Objectives.docx: List of first client meeting objectives and questions.

Hiring Referral Bonus.docx: Internal explanation of how referral bonus works.

Interview Matrix for Sales Manager.docx: Scripted list of questions and who will ask them during an interview for Sales Manager position.

Interview Questions for Sales Person.docx: Sample questions for Sales Person interview.

Managed Service Signing Bonus Form – Hybrid Sales.docx: Sample form for requesting bonus for signing a new Managed Services Client.

Managed Service Signing Bonus Form – Outside Sales.docx: Sample form for requesting bonus for signing a new Managed Services Client.

Maths Model: Spreadsheet modelling to determine your budget for Sales and Marketing spend based on % of Revenue and % of Gross Margin.

Operationalize Your Growth Plan.xlsx: Spreadsheet modelling tool to break down your revenue growth expectations into monthly new sales goals and the impact of those new sales on ticket and project volume.

Opportunity Type and Stages Definitions.docx: Sample Opportunity Types, Stages, Statuses, and Forecast definitions that are to be tracked as defined.

Post First Client Meeting Checklist.docx: Expected follow up after a First Meeting with a client.

Sales Activity Definitions.docx: Sample Sales Activity Types and Definitions

Sales Manager Compensation Modeling.xlsx: Sales Manager Compensation Modeling spreadsheet

Sales Manager Offer Letter Template.docx: Sample Sales Manager offer letter.

Sales Manager Rain Maker Bonus Template.docx: Form for Sales Manager to submit for bonus plan.

Sales Rep Sample Job Posting.docx: Sample Sales Rep Job Posting.

Sample OneNote Performance Management Document.docx: Sample manager tracking meetings through OneNote.

Sample Sales Supervisor Job Posting.docx: Sample Sales Supervisor Job Posting.

Team Role & Comp Modeling.xlsx: Spreadsheet modelling tool to plan your sales organization based on average salaries and your sales budget.