



SALES LEADERSHIP LESSONS FROM THE FORMER COO OF VMWARE

Carl Eschenbach

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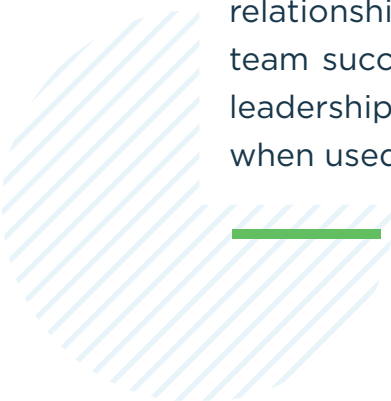
ABOUT THE AUTHOR

Carl Eschenbach is a partner at Sequoia, where he focuses on infrastructure technologies. Carl has thirty years of high-tech industry experience including infrastructure software, networking, telephony and storage. Prior to Sequoia, Carl was President and COO of VMware, where he helped grow the company from \$31M to \$7B in revenues and from 200 people to 20,000. Prior to joining VMware, Carl was Vice President of North America Sales at Inktomi, and held various sales leadership positions with 3Com, EMC and Lucent Technologies.



INTRODUCTION:

As sales leaders, you play an instrumental role in your company. You are responsible for revenue. Your ability to lead your team and your team's ability to execute and deliver drive the success of the entire organization. In my experience growing and running large sales teams, I have found that the relationship between Sales and Sales Operations is absolutely critical to sales team success — which ultimately results in more company success. The five leadership lessons in this ebook apply to both Sales and Sales Operations and, when used together, will make your teams into true company leaders.





**BE A
BUSINESS PARTNER,
NOT AN OPERATOR.**

STRENGTHEN THE PARTNERSHIP BETWEEN SALES & SALES OPERATIONS.

As your organization scales, your role as a sales leader grows. As your time spent on the road with reps, customers, and partners increases, identifying a strategic business partner as your sales operations leader becomes that much more critical. They become your eyes and ears into the operation, and you begin to trust them to make strategic business decisions on your behalf. The more confidence you gain in your sales operations leader as your business partner, the more authority and empowerment will follow.

For example, I'd empower him or her to make business decisions on discounting, deal structure, and deal terms. They become strategic enough that the rest of the company knows they can make decisions on your behalf, with the following in mind at all times:

- + How you think or how to do the right thing for the company
- + How to be responsible to make sure the company achieves results
- + How to maintain compliance while delivering revenue
- + How to attend to the needs of the customer

BUILD STRONG CROSS-FUNCTIONAL RELATIONSHIPS.




**Reach out and ask
for meetings to learn
more about other
areas of the business.
As you're learning,
what you're really
doing is building
relationships you'll
leverage in the future.**

Sales leaders must recognize that in order to be successful in their roles, they need to think in context of serving the entire company. They have to build cross-functional relationships. This is true for both Sales and Sales Ops: it's about extending an olive branch into other functions and not just staying within your own comfort zone of the sales organization.

Start by reaching out — particularly to Finance, Legal, and Product. A lot of people come to Sales or Sales Operations and they don't know revenue recognition, FP&A, and planning. They don't know what comes out of the factory and how people set up pricing and packaging to maximize bookings of a new product. If you don't understand revenue recognition or the more difficult contract and legal terms, it's okay to start by asking those questions to get educated.



**MAXIMIZE
SELLING CAPACITY BY
REDUCING FRICTION.**



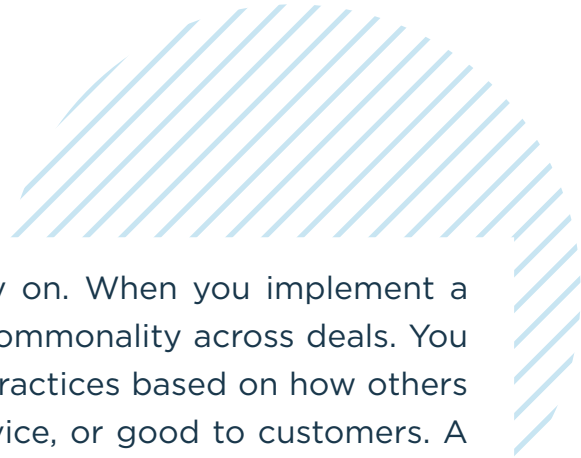
RECOGNIZE HOW MUCH TIME REPS SPEND AWAY FROM THE FIELD.

At VMware, as we launched new products, versions, and releases, everyone was vying for access to the sales force to train and enable them to take that product to market. So we implemented a program I called ‘Shield the Field.’ We came up with a process whereby my sales operations leader and I had to approve all sales training and enablement before the requestor could actually train the field. We limited the amount of time allocated to training each quarter, which allowed us to maximize our selling capacity every 90 days and spend more time in front of customers.

USE A DEAL DESK TO CENTRALIZE SALES EXECUTION.



I began to see so many requests for the Sales team's time that we started to impact their selling capacity every single quarter.

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Implement a Deal Desk early on. When you implement a Deal Desk, you start to see commonality across deals. You can identify and share best practices based on how others are selling your product, service, or good to customers. A centralized Deal Desk creates a repeatable selling motion and simplifies the way you run your business: you reduce friction among sales reps to build proposals, deliver them, and come up with the right pricing.

The earlier you do that implementation, the better off you are. As you grow and expand into new territories, if you do it without a Deal Desk, everyone tries to make their own decisions and get approvals from Corporate. Then you have multiple reps coming to multiple people at Corporate, whereas a Deal Desk means one organization makes a decision for everyone across the board. Keeping it centralized enables economies of scale and a consistent, repeatable selling motion.



**RUN AS
EFFICIENTLY
AS POSSIBLE.**



Find opportunities to save in the following areas:

+ Span of Control

Ask yourself: what does our management structure look like and how many people can an individual manager support? We should easily be able to manage 7 people — potentially even 8 — and in some roles, like Inside Sales, it can be even more. Where I saw a 3:1 or a 4:1 ratio, those were areas to improve operating margin.

+ Sales Operations

As you start to scale and grow, each region, country, or geography believes it needs its own sales operations person. If we didn't stop and look at it, Sales Operations would creep, with a lot of people duplicating efforts. Centralizing Sales Operations kept our costs down and allowed us to put more feet on the street.

+ Rep Productivity

We didn't add new feet on the street until we hit our productivity metrics. Many people add a lot of reps and bet on the come — and then the come never happens. You're left with a lot of extra expense and operating costs from that excess capacity when people don't deliver results.

WHERE POSSIBLE, CENTRALIZE INSTEAD OF DISTRIBUTING.



Keep things as central as possible, and only distribute when you need to. Always keep the governance policy and operating model at the central location.

The more distributed we became, the more inefficient we were. We didn't always get the economies of scale and leverage we wanted by becoming distributed and placing our sales operations people closer to the field itself. Everyone believes they should sit there, but I think a centralized model allows you to do it efficiently and probably more so because you get repeatability and best practices. Execution can be done remotely, but you never give up governance, compliance, and control to the remote areas — they only implement what the centralized operations team wants them to do.





**SIMPLIFY
TO SCALE.**

KNOW SCALING WHEN YOU SEE IT.



It's not that you don't need policies and controls and compliance: you do, but you can do it in a very simplistic way. Identify the decision makers, empower them, and don't get others involved.

Scaling doesn't mean scaling headcount. Scaling means looking at bookings: are you scaling and growing your bookings at the pace you want? You'll know you're scaling when you look at your financial results: when you're hitting your Quarter-over-Quarter and Year-over-Year sequential growth goals.

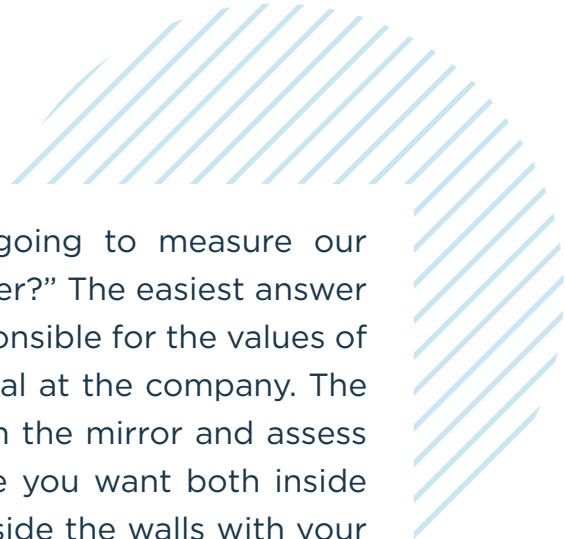
As companies grow, they involve more people in decision-making, which slows you down. You become "Sales Prevention," where too many people can say no, and not enough can say yes.

Deal Desks and compensation plans are good examples of scaling. If possible, get comp plans down to a single page where a rep can understand it immediately. The second a rep has to pull out a calculator to figure out how they'll make money in commissions, you've made your plan too complex. The rep spends time figuring out how to maximize their comp plan as opposed to maximizing bookings.

STAY INVOLVED WITH YOUR TEAM AS THE ORGANIZATION GROWS.



You cannot manage effectively from a glass house: you have to be out there with and amongst your people day in and day out.

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People often ask, “How are we going to measure our cultures or values when we get larger?” The easiest answer is to look in the mirror. You are responsible for the values of the company — as is every individual at the company. The easiest way to measure is to look in the mirror and assess whether you deliver the experience you want both inside the walls of your company and outside the walls with your customers and partners.

For any business leader, it’s critical to stay deeply engaged and close to your people. As your business grows, it doesn’t mean you should become disconnected from the field; in fact, you probably need to be more connected to ensure the culture you want is established.

To maintain the culture you want, you have to be accessible. The greatest sales leaders typically have very high EQ skills and very high people skills. If that is the case, they have to be accessible to everybody. I don’t believe in setting strict hierarchies to get access to sales executives. They should be willing and wanting to meet and talk to as many people as possible. By doing that, you, as the leader, start to define the culture you want to establish amongst your team.



**BE
STRATEGICALLY
TACTICAL.**

BE STRATEGIC.



I fundamentally believe doing things day in and day out — things that are tactical — can also be very strategic.

People say you're either very strategic or very tactical; these are not mutually exclusive. For example, consistently delivering results every 90 days sounds very tactical but is actually very strategic to the company's long-term viability. You need to do regular forecast calls and be regularly involved in those calls, so you understand what's working and not working in the business.

As organizations get bigger, many sales executives have their sales operations leaders and business partners run their forecasting calls. They're not even part of them; they just get a report. I don't think that's a good idea. Some people say those calls are too tactical for a sales executive. I think that's being strategically tactical because you know everything that's going on in the business. You have a pulse on what's going on day in and day out.

Be maniacal on forecasting and forecasting accuracy; always measure and look at the data. I like to think about it in terms of the rearview mirror and the windshield. The rearview mirror is often tactical in looking at past performance, and you need that data. But there's a reason the front windshield's much bigger than the rearview mirror: because it's the future and where you're going.

BE TACTICAL.

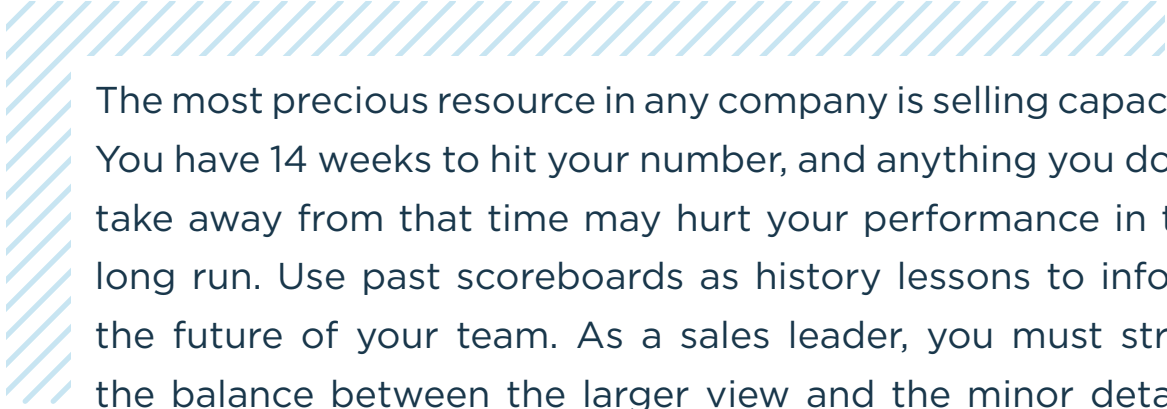


When you miss a quarter, the most important thing you can do is to know why you missed and what the corrective actions are.

Understanding and combining your tactical data will help you make strategic decisions about how to go to market in the future and avoid past pitfalls.

One of the challenges of sales is that good numbers mask all problems. As long as you're delivering great results, no one really questions how you're running the operation. Though I hate to admit it, it's only a matter of time before everyone runs into challenges delivering results or comes up short in a quarter. And when that occurs, you need to be strategic in that you must know why you hit the wall and what happened. That's thinking strategically, but the only way to do that is to be tactical. Make sure you inspect and run the business in a very rigorous way, and be tactical in your approach to running the company or the sales and sales operations organizations.

CONCLUSION



The most precious resource in any company is selling capacity. You have 14 weeks to hit your number, and anything you do to take away from that time may hurt your performance in the long run. Use past scoreboards as history lessons to inform the future of your team. As a sales leader, you must strike the balance between the larger view and the minor details, between the windshield and the rearview mirror. With that in mind, you can guide and grow your teams to greater revenue and success.

ABOUT CLARI

Selling is hard. Clari makes it easier.

As a team, we know and live sales. We obsess over how to apply data science, beautiful design, mobile, and cloud technology to create a user experience people love – all to make sales teams more effective and productive.

We help sales executives know whether they will hit their forecast and how to ensure record quarters in the future. We help sales managers coach their teams to become top regions. We help sales reps crush their quota by making them smarter about their prospects, and less bogged down by admin, like CRM updates.

We are committed to this because we believe sales is a noble profession. Sales drives growth... and shareholder value. We are inspired by sales teams at companies like Cisco, Box, and VMware who use Clari to close more deals, faster.