

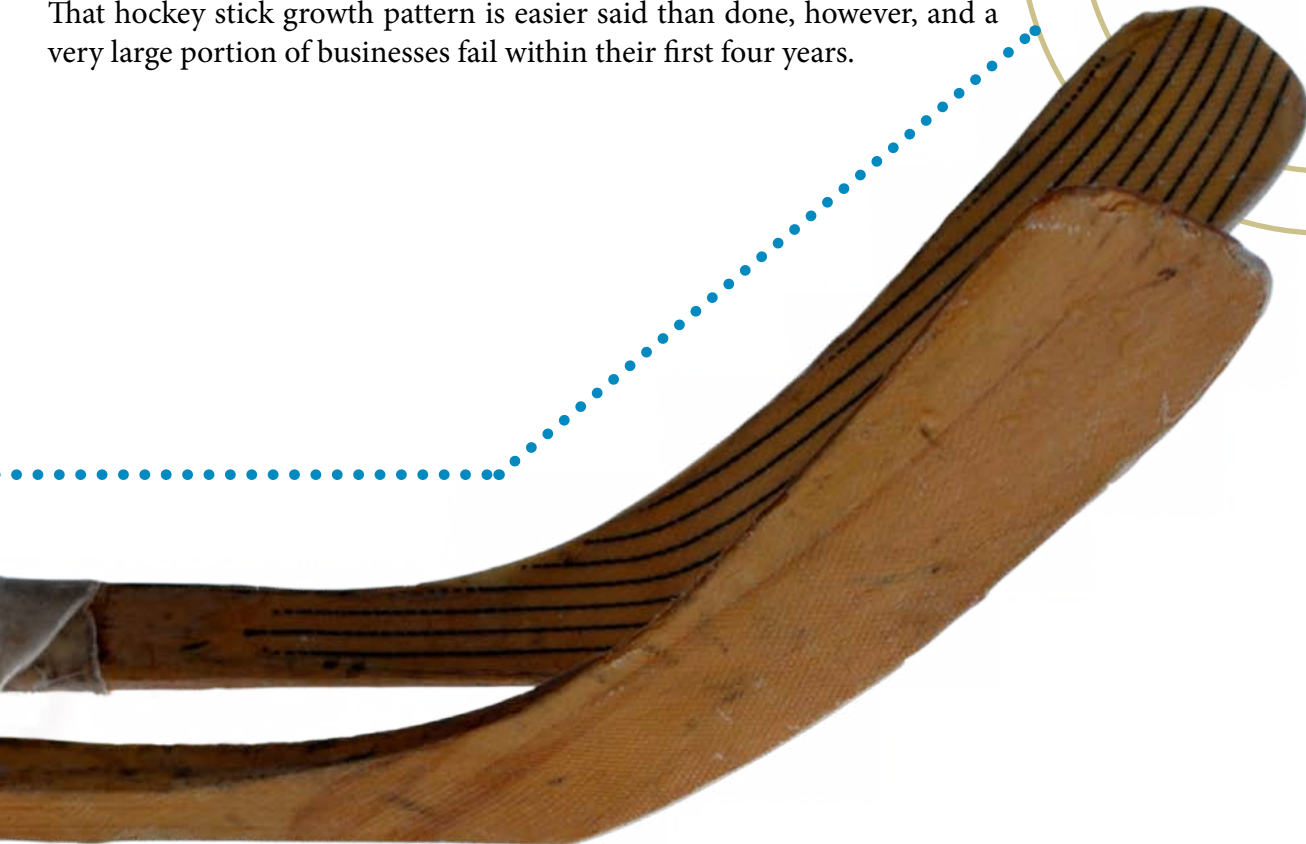
A decorative graphic consisting of three concentric circles of increasing size, connected by dotted lines. The circles are gold, and the dotted lines are blue. One dotted line connects the smallest circle to the middle circle, and another connects the middle circle to the largest circle. A third dotted line starts from the bottom left and points towards the largest circle.

HOW TO PLAY WITH A REAL HOCKEY STICK

a.k.a. how to successfully scale a business

When sitting down with Venture Capitalists to pitch their product or service, many entrepreneurs come to the table with big ideas and plans for sales that will go through the roof. They put it all on paper with an optimistic hockey stick shaped revenue forecast that has investors making money in no time – the shorter the flat portion of the stick, the faster the company and its investors start making money.

That hockey stick growth pattern is easier said than done, however, and a very large portion of businesses fail within their first four years.



5 STEPS WITH A REAL FOR PLAYING HOCKEY STICK

Entrepreneurs and companies launching a viable new product or service that want to “play with a real hockey stick,” and not only stay in business, but really win at their game, need to:

- 1. Definitely Outline the Market** — Know who the customer is, where they live and where to fish. By concentrating the sales effort in specific areas, whether geographic, demographic or a combination of the two, one can effectively acquire the lists and other assets needed to build a database of prospects and streamline sales processes. One of the more common mistakes made by early stage companies is defining the market too broadly and losing focus.
- 2. Understand the “Why”** — As VC investor Brad Feld, managing director at Foundry Group wrote several years ago in his blog post [Early Stage Marketing and Sales – The “Why” vs. the “What”](#) it is very important to understand the “why” – why people care about the product, why they go from slightly interested into a real prospect and why they ultimately buy.¹ The “why” will drive both marketing and sales. It will also help determine which levers to push if a plan needs to be adjusted.
- 3. Build a Scalable Sales Machine** — Get the pieces in place needed to scale. Consistent and sustainable revenue growth is direct corollary of a solid sales infrastructure that includes
 - A definitive territory management plan
 - A good contact relationship management system
 - A solid email marketing platform
 - A consistent lead gen, follow up and nurturing process
 - A strong marketing website presence
 - A built-in process of measurement and refinement
 - The management and people to pull it all together
- 4. Know what to measure and measure it** — No matter what systems are in place there will be times when things do not go exactly according to plan. Tracking the right metrics makes it easier to identify knowledge gaps, drill down on the source of a problem and change direction if needed. When it’s right, you know it is right and can replicate the system elsewhere. When it’s wrong, you can change course without going too far down the wrong path.

Five-time serial entrepreneur turned VC, David Skok hit the nail on the head in his blog post [Designing startup metrics to drive successful behavior](#) when he wrote, “One way to look at how companies work is to imagine them as a machine that has Outputs, and Levers that you, the management team, can pull to affect its behavior. Weak management teams have only a limited understanding of how their machines work, and what levers are available to affect performance. The better the management team, the better they will understand how that machine works, and how they can optimize its performance (what levers they can pull).”¹¹ Most people track results in terms of sales and revenue. *What differentiates the real players is that they track leading indicators as well.*

While having the above bases covered is critical to playing with a real hockey stick, it’s also imperative to know when you are ready to hit that upward curve and not ramp up too soon. As Mark Leslie and Charles Holloway wrote in their widely respected Harvard Business Review article, “The Sales Learning Curve,” hiring a full sales force too fast just leads the company to burn through cash and fail to meet revenue expectations.¹¹¹

5. Know when to ramp - The mantra to follow, then, is not to invest when the revenue curve is flat. That is the period of the learning curve where you are figuring it out and getting your systems in order. Assuming you've got a definitively outlined market, you understand the "why", you have sustainable and repeatable sales systems in place and you know what levers to push and when to push them, however, how long do you stay in the flat? How do you know when you've hit the point you should start adding reps?

Look for the following indicators

- There is a clear indication that the market has accepted the product or service
- Business is being closed with frequency and consistency
- Forecasts are being hit with regularity
- There is a clear understanding of what is being done and why it is working
- There are processes in place to train new hires to execute and deliver results with predictability

SHORTEN THE FLAT END OF THE STICK

Given the choice, who wouldn't want to shorten the flat end of the hockey stick, start generating revenue sooner, get out of the zone of trying to figure out how to make payroll and into the game of building an organization?

While there is danger in ramping too soon, that is not to say that with the right team in place the cycle cannot be shortened.

Start by using your initial dollars wisely and getting a team around you that knows first-hand what it takes to grow a business – one that has "been there, done that" and can act as scout, forward, center, winger, goalie, coach, referee and cheerleader all rolled into one.

BUY VS BUILD

A **virtual sales organization** is all of that and more. Not only do you get the coach and players, you get the skates, sticks, puck, ice, scoreboard and arena as well – the entire infrastructure you need to get solidly in the game.

Companies that choose to focus on their strengths and outsource their sales and marketing efforts to a professional sales organization like NuGrowth Solutions, benefit in more ways than one. They get unparalleled sales leadership, dedicated inside sales representatives, an effective demand generation team and proven territory management systems all for roughly the same cost as a VP of sales. They also get an organization that is built to scale, an external perspective and an outside team that is vested in the success of their venture.

"It is rare for organizations to be able to field the kind of sales team we can source, train, develop and execute in the timeframe with the same level of effectiveness as we can," said NuGrowth CEO Greg Tillar.

PARTNER EFFECTIVELY

If your organization could benefit from a proven model built to scale quickly and a team of innovative, seasoned business development professionals committed to increasing your client base through repeatable and scalable outsourced marketing and sales services, NuGrowth is your solution.

We are passionate about helping our clients grow and go into each engagement with the understanding that the success of our partnership is based on trust and mutual respect. While we own the sales processes, our clients own the client relationships so team unity is critical.

If you are interested in working with a partner you can trust to grow business and leveraging a virtual sales and marketing model, please give us a call at 800-966-3051.

- I. Feld, Brad. "Early Stage Marketing and Sales - The "Why" vs the "What"?" FeldThoughts.
- II. Skok, David. "Designing startup metrics to drive successful behavior." For Entrepreneurs.
- III. Leslie, Mark, and Charles A. Holloway. "The Sales Learning Curve." The Harvard Business review, July 2006