Notes for and Analysis of Customer Discovery Interview with Matt Schatz, VP of Sales at WP Engine

A Part of the Premium Packages for *The Entrepreneur’s Guide to Finding Your First Customers*

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Notes from the interview:

* One of the biggest issues Matt faces with running sales at WP Engine is scale, meaning scale of the sales organization and how quickly it can grow.
  + One issue in scaling is finding the metrics that Matt and WP Engine are going to hold the sales reps accountable for.
    - e.g. contribution from marketing, contribution from reps’ own individual output (outbound calling or outbound discovery), contributions from third party indirect channel (partners)
  + Having these metrics is important for accountability and for knowing when it’s time to bring on and hire more sales reps.
  + Adding sales reps is particularly hard. Matt doesn’t have the luxury of hiring a recruiter or spending months hiring people because he has to work with a lot of velocity.
    - Building up a junior sales team is one way to solve this problem. Some people call this a market development team, but Matt calls it his “Qualification team” or “Q team”. Matt thinks of the Q team as his minor league baseball team. The goal is to train people on the Q team so that they’re eventually ready to go and perform well on the main sales rep team.
* Big issue that sales reps deal with, especially when they’re passionate and excited about selling a product, is that they focus too much on the product itself and don’t focus enough on the customer.
  + If reps focus too much on a product and its features and functions, they’re hoping that the customer can grab those features/functions and relate them to their own business. When that relation happens, the “aha moment” happens and customers see the value in the product. But, talking too much about the product is dangerous for any sales organization.
  + What grabs customers is not the features of the product, but how it’s going to make their lives easier. Once you’ve shown why a product will make customers’ lives easier, then you can justify why this will happen with the product’s features.
* Prices ranges for WP Engine’s products range from $29 per month all the way up to $15,000 or $20,000 per month.
* The Q team determines whether or not a customer is a self-serve customer or if the customer should be passed to a sales rep.
  + For customers at the $249 per month price range and under, the Q team makes sure they have all of the relevant marketing materials and information they need to make an informed decision.
  + For customers who would pay a higher price per month, the Q team qualifies those leads to make sure they’re a good rep for WP Engine and then passes those leads to the sales reps.
  + The Q team also has a big outbound sales role and component as well. This means the folks on the Q team looks at clients’ needs and if they’re being met and also looks for partners as well.
* Matt wants his sales reps to have as many qualified leads as possible.
* Having clearly defined metrics that determine success is extremely important for all sales organizations, especially new sales organizations.
* Sales reps also do some of their own outbound sales and lead generation to build their own book of business as well.
* The most important metric Matt keeps track of at WP Engine related to sales is revenue.
* While you have to focus on revenue, you also have to focus on the input metrics that affect and lead to revenue output. Input metrics are:
  + Average revenue per user (ARPU)
  + Number of leads
  + What percentage of leads are closing
  + What’s the ARPU per member of the Q team
  + What channels are the leads coming from
    - How many leads are coming from chat, email, phone calls in general and at different times
  + How many leads are going into the sales rep funnel and what percentage of those leads are passing through each stage of the funnel
  + Close rates per rep (if 4 reps are generating the same amount of revenue, but 1 rep is doing so at 75% efficiency, then that’s huge)
* Whatever sales software sales organizations use, the biggest mistake sales organizations make is not committing to that platform.
  + WP Engine heavily committed to SalesForce. At WP Engine, you don’t get paid on a deal unless it’s in SalesForce. By doing this, WP Engine has gotten instant 100% adoption right away.
* WP Engine uses Salesforce for keeping record and track of things related to sales and marketing.
* During reviews with sales reps, everything Matt talks about is in SalesForce, and reps are expected to know about everything they are responsible for in SalesForce.
* To get leads, WP Engine uses lists. **These email lists are of varying quality.**
  + **Sometimes the secret sauce of sales organizations that they won’t talk about is what lists they’re using because the quality of the lists is so variable.**
  + Matt and his sales team also use tools to track open rates in emails and to track when people visit WP Engine’s site after viewing emails.
* WP Engine works on monthly-driven quotas. **At the price points WP Engine has, it’s very hard for sales reps to go on the road and meet with customers in-person.**
  + So, sales reps at WP Engine try to bring the sales experience of having an in-person meeting into the office by using tools like Skype and WebEx.
* Most of the software the sales organization at WP Engine uses is to gauge the effectiveness of different sales strategies/campaigns.
* Personal relationships in sales are very important. A lot of the reps at WP Engine use LinkedIn to build personal relationships and one-to-one relationships with prospects and customers.
* When selling something, you need to determine if a customer has a need for your product. Sometimes, you have to go and uncover a need that a customer has for your product.
* When customers understand their needs and how you help meet their needs, they will often introduce you to other people who can benefit from your product. When this happens, one opportunity can turn into multiple opportunities.
* Matt loves to use phone calls and talking to people over the phone as a way to do sales.
* When you deal with customers and sell to customers, you deal with people who have lots of different learning styles:
  + **Some people are visual learners, some people are auditory learners, etc. Sales reps have to make sure their sales techniques incorporate all of the different learning styles.**
* In sales presentations and pitches, it’s important to customize for each individual customer this way you can talk about the customer’s specific needs and how your product will help solve and address those needs.
* With training at WP Engine, everyone does consistent training (from the Q team folks to the people who have been doing enterprise sales for 20 years). It’s important for everyone to consistently train and improve. Even major league baseball players train and take batting practice before and between every game and season.
* One training technique the sales team at WP Engine uses is a lot of roleplaying where someone plays the role of a customer and the other person plays the role of the sales rep. One of the biggest benefits from this type of training is perfecting the pitch for the company. Having a concise and specific pitch for the company that focuses on how it addresses customers’ needs is very important.
  + e.g. During Matt’s early days at Rackspace, he would bring in Graham Weston (early angel investor and first CEO of Rackspace) on some sales calls. Graham would come on these call and make a great pitch, and 2 minutes later potential customers would be opening their check books to buy and pay for Rackspace.
  + One of the first things sales reps at WP Engine do for training is that they have to work on their pitch of WP Engine. Then they have to go and give their finished pitch to Matt and then give it to the founder of WP Engine as well.
* A key to effective sales is having an effective, consistent, and disciplined sales process.
* Objection handling is very important when it comes to sales training and being up to date on competitors is also important to sales training.
* Communication between the sales and marketing teams at WP Engine is very important. To communicate between the 2 teams, everyone stays updated by keeping WP Engine’s internal sales site updated with new information.
* WP Engine also uses shared Google Docs for some communications between the sales and marketing teams as well.
* While the marketing team has a responsibility to the sales team, the sales team also has a big responsibility to the marketing team. If the sales team isn’t putting the right information into SalesForce, then the sales team doesn’t have the right to hold the marketing team accountable for not producing the right kind of leads.
* The sales team has to know customers well-enough so it can go to marketing and say we need more leads that fit certain descriptions or characteristics.

Analysis about the interview:

This was my second customer discovery and development interview. One of the most interesting things I learned from this interview is that scaling a sales organization is complicated and requires a lot of work. I learned that to scale a sales organization or any part of a company that company needs to have clear and well-defined metrics in place that show what success looks like. Also, when scaling a sales organization, it seems like it’s helpful to have part of the organization in more of a learning and training role (while still helping the company make more money and reach its objectives) and to have another part of the organization that goes out and actually pitches and sells products. For example, at WP Engine, Matt has his “Q Team,” which is more of a junior team that is being prepared to eventually become sales reps while at the same time helping the sales organization with very essential tasks. Matt then also has his sales rep team, which more experienced salespeople work on. It’s interesting and helpful to see how a sales organization gets scaled.

While the most important metric in any sales organization is revenue, it’s been interesting to see in this interview and my first interview how sales teams also value and analyze other important metrics that influence and affect how much revenue is generated. Another interesting piece of information from this interview is how sales software is only successful and valuable if the whole team buys into it and uses it. This is so important, that the folks on Matt’s team do not get credit for any deals they do unless those deals are in the sales software they use, which is SalesForce. Though this piece of information doesn’t help me in coming up with a product idea, it does help give me ideas and advice of how I would onboard customers into a sales app. It seems like the best way to onboard people into a sales app would be to encourage directors and VPs of sales to not give credit to salespeople unless they’re using the software.

Now it’s time to look at what ideas and pains or needs for vitamins came from this interview. Similar to something Tim Bertrand does at Acquia, Matt and the WP Engine sales team also buy email lists as a way to get leads. But, in this interview Matt made a fascinating comment about these email lists. He said that the email lists are of varying quality, and that many sales teams keep which lists they use secret because doing so is a competitive advantage. If you have better email lists for leads than your competitors, then you’ll likely get more customers than them in a faster and easier way. This leads to 2 potential product ideas. The first is an email list service that is known for always having high-quality leads. Because these email lists and leads are so valuable, and because it sounds like it’s hard to find good lists and many lists have a poor quality, creating either a service or a product that only delivered great lists would be very valuable. This might be a hard product to develop, but it seems like it might be valuable. The other product idea is a service or product that reviews as many of the different email list companies and products based on their quality and then sells those reviews to sales organizations. These reviews could be very valuable to sales organizations because they would help sales teams avoid wasting money and time buying, using and testing bad lists, and they would also help sales teams be more efficient in how they get sales. I’m going to explore both of these ideas in my next interviews.

From my interview with Matt, one other fascinating insight came up that could lead to a product idea. Matt mentioned that at WP Engine’s price points ($29 to $20,000 per month), it’s impossible and unprofitable for sales reps to go on the road and pitch and sell WP Engine to customers at their offices and places of work. Because of this, sales reps have to do pitches from the office using tools like the telephone, Skype, and WebEx. As mentioned, customers have many different learning styles, which means that doing sales pitches and demos over the phone or Skype might be difficult and less effective. WebEx seems like a good software solution, but there could be an opportunity to create better and/or simpler software to help with sales pitches and demos. In my next interviews, I’m going to ask people about tools they use to do pitches and demos, and see if there is maybe an opportunity for a product in that space. Before these first 2 interviews, I went in thinking that good product ideas for sales teams would be automated email marketing software and a lead generation product, but I’ve learned that those general opportunities might not be needed by customers. Now, I know that email lists seem to present a nice product opportunity and demo software could be interesting as well. Plus, from these two interviews, I’ve learned so much more about sales and come up with many ideas for content and blog posts I could use if I wanted to build an audience of people who do sales.