Notes for and Analysis of Customer Discovery Interview with Aaron Stead, VP of Sales at Infusionsoft

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

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Notes from the interview:

* Aaron in his role as director of sales at Infusionsoft and Infusionsoft as a company in general have many challenges, which is usually a good sign for a fast growing company
* **Aaron believes that the biggest challenges that he has and that Infusionsoft has are related to people challenges**
  + At Infusionsoft, hiring good people comes down to leadership and mindset
  + With the small businesses that Infusionsoft serves, Aaron sees a similar problem where the small businesses, their owners, and employees all have to focus on and emphasize leadership and mindset
  + Infusionsoft is growing so rapidly that it’s constantly trying to find leaders who can step up in a big way and add value
  + Mindset is especially big, important, and challenging when it comes to hiring at Infusionsoft
  + Mindset encompasses people’s thoughts, habits, and beliefs, and certain mindsets can stop or prevent people from being as successful as they could be
  + Mindset Infusionsoft looks for when hiring salespeople and employees in general:
    - One of Infusionsoft’s core values is Infusionsoft and its employees face challenges with optimism
    - Infusionsoft believes that all problems are solvable if people keep the right mindset and the right tenacity
    - A big mindset characteristic at Infusionsoft is “owners vs. victims,” meaning people should take on the responsibility of owning challenges and never feeling victimized by work-related challenges
    - These characteristics are common with entrepreneurs and small businesses
    - Entrepreneurship and small business is a hard fight, and effective and successful people have to maintain the mindset that they’ll come through the other end and be successful
* At Infusionsoft everyone has 3 big key metrics:
  + One of the 3 key metrics for a senior executive at Infusionsoft like Aaron is leadership development
    - This means developing his own leadership skills and increasing the leadership capacity of the company as a whole
  + **Aaron is always out looking for the next distribution system for Infusionsoft, the next way for Infusionsoft to go to market, and/or the next big strategic partnership for Infusionsoft**
* Another struggle Infusionsoft has is hitting and achieving short-term results while ultimately building a system that will sustain in the long run at the same time
  + Aaron is always thinking about this challenge
  + Aaron defines success for himself and team at Infusionsoft as a situation where they’re meeting all of their short-term goals, but they’re doing it in a way that helps them build a system for the long run
* Sales-related metrics Aaron and Infusionsoft keep track of besides revenue:
  + Aaron and his team spend a lot of time on the machine-like components of the sales organization: the parts of the sales organization and system that affect and contribute to revenue
  + Keeping track of these components and metrics all comes down to math
  + For example, if a company needs 5 new customers to come out the end of the funnel, then you need to understand how many leads you need to have starting in the funnel at the top
  + Understanding the length of the sales cycle is very important; also understanding the average selling price of the product and how salespeople should be compensated is very important
  + Having a successful sales organization is all about using a mathematical system to understand what you need at each component and piece of the sales organization and system
* Infusionsoft tries to optimize all of the sales-related metrics in the sales funnel in order to maximize on the revenue that is generated
  + These metrics in the sales funnel are leading indicators; they help give a sense of how much revenue Infusionsoft will generate before this revenue is actually generated
  + Without keeping track of and improving these leading indicators, the only way you find out if you’re having trouble growing revenue is if your revenue declines or increases each month or quarter
    - For a sales organization, revenue is a lagging indicator and metric because it is the last piece of a system that is affected by many other metrics and processes that come before it
  + Stage-to-stage conversion rate in the pipeline is a big leading indicator
  + Talk time for sales calls and number of sales calls are also other important leading indicators
  + Each sales manager has a weekly coaching session with his or her individual sales reps
  + Without managing and keeping track of leading indicators, sales organizations and companies will always find out if there’s a problem with revenue production and output when it’s too late
  + Knowing the health of leading indicators and metrics helps prevent revenue problems and helps predictably grow and increase revenues
* Software Aaron and the sales team use on a daily basis to do sales work:
  + The primary sales software Infusionsoft used for the first 9 or so years of its existence was its own product, Infusionsoft!
  + Eventually though, Infusionsoft grew to a point where it was no longer its own target customer
  + Over approximately the past 2 years the sales team at Infusionsoft has moved to using a combination of mid-market tools for marketing automation, CRM, different chat technologies, different customer success technologies
  + Infusionsoft is very active in the use of automation software and technology
* Infusionsoft tries to apply human touch to its sales and marketing in the places where it makes the most sense
  + In every other place related to marketing and sales where human interaction doesn’t make the most or much sense, Infusionsoft is leveraging marketing automation technologies, content creation, education, SEO, and PPC ads
  + Infusionsoft holds the sales process or human intervention part of the process for as far down the sales funnel as it can get
* Infusionsoft has a lead qualification team because the company wants to keep its sales reps spending as much time as possible on converting deals and being engaged in the sales cycle rather than trying to track people down
  + For a software company, human capital is the most expensive resource
    - Within those human capital resource, the sales team and organization is generally one of the biggest expenses and resources to pay for
  + Infusionsoft does a lot lead filtering and qualification using technology
* **Infusionsoft does almost 100% of its sales demos, calls, and pitches from inside sales reps who work at the office**
  + Infusionsoft has a few travelling sales reps, but most of the time most of the sales reps work from the Infusionsoft offices
  + Infusionsoft uses the standard web conferencing technologies for doing sales demos and pitches like WebEx and GoToMeeting
* **Infusionsoft and its reps have run into the problem of where small businesses often have slow internet connections, which makes giving demos and pitches using bandwidth-heavy technologies like WebEx and GoToMeeting more difficult (very interesting to see this problem affects other companies after Greg Davidson from Krossover Intelligence described it)**
  + Aaron says it isn’t a huge issue for Infusionsoft, but Infusionsoft also does some overseas work from its main sales office
    - **When selling to leads and customers who are overseas, the problem of slow internet connections is much bigger and Infusionsoft struggles with that**
* To train new sales reps and provide ongoing sales training, Infusionsoft partnered with a company called Proactive Selling
  + Skip Miller is the author of *Proactive Selling* and the main person who runs the training company, and Infusionsoft has a very elaborate sales methodology that the team has created to do sales
  + Skip is with the Infusionsoft sales team 2.5 days a month where he helps with continuing education of the team
  + The core methodology that the Infusionsoft sales team uses is built out of the *Proactive Selling* methodology and new hires go through a pretty extensive crash course related to the methodology when they first join Infusionsoft
  + The training for new hires involves a bit of live training, and then most of the training is pre-recorded at your own pace training using a learning management system
* **To get leads, Infusionsoft also has a great ecosystem of partners (affiliates) who help drives leads and customers for the product**
  + Infusionsoft has about 3,000 certified affiliate referral strategic partners across the world who refer others to Infusionsoft
* Infusionsoft sales and marketing teams are always trying to increase traffic, demand, and number of leads, but Infusionsoft always wants to make sure it’s getting quality traffic
  + If you don’t have quality leads and traffic coming in, then you’ll be wasting lots of money on traffic and leads that never convert to customers
* Infusionsoft doesn’t really buy any email lists, but it does do a little bit of purchased lead work and co-rental of email lists work to get leads (very small part of what Infusionsoft does)
  + Because Infusionsoft primarily sells to small businesses, it’s hard for Infusionsoft to find high-quality email lists to buy with lots of good small businesses on them
* **Most of Infusionsoft’s hires and job candidates come in via word of mouth referrals**
  + Infusionsoft believes that its best employees are going to recruit other really high-quality employees because those are the people they hang out with
  + Infusionsoft had 17 applicants for every job they hired for last quarter
* The communication between the sales and marketing teams at Infusionsoft is very important
  + CMO and Aaron have a 1 hour meeting every week
  + The marketing and sales teams have weekly, monthly, quarterly, and yearly meetings to keep communication strong

Analysis about the interview:

This was my fourth customer discovery and development interview with the director of a sales organization at a company. This interview had some very interesting insights into Aaron’s sales process and team at Infusionsoft and the problems Aaron and the sales team face. It was interesting to hear that one of Infusionsoft’s biggest problems and one of Aaron’s biggest problems is hiring great people to join the team. Aaron emphasized this as being a big problem, but Infusionsoft seems to have lots of candidates applying for jobs at the company. Like Aaron said, last quarter each position that Infusionsoft hired for had an average of 17 applicants. While this might seem like a big problem in the eyes of Infusionsoft and Aaron, I don’t think there’s an opportunity for a product here. The only thing that might make sense would be to create a tool like Sourcing.io except for sales and marketing employees, but I would have to do much more research and many more interviews before making that decision.

The most fascinating and important insight from my conversation with Aaron was that he and his sales reps have a similar problem to the problem that Greg Davidson and his reps at Krossover Intelligence have. This problem is that because they sell their product to customers who generally have unreliable and/or slow internet connections, which makes giving demos and pitches using high-bandwidth software like WebEx or GoToMeeting very difficult. Though Aaron said this is generally not a huge problem for Infusionsoft and its sales reps, he did say it’s a big problem for when Infusionsoft sales reps are selling the product to customers overseas. Now that two directors of sales organizations have told me that they face problems with customers’ internet connections, this is a definitely a problem and product opportunity that I want to explore further in the future.

The other two important insights from this interview were related to how Infusionsoft reps do demos and part of how Infusionsoft gets leads for its business. Aaron said that he and the Infusionsoft sales team don’t really purchase email lists as a part of their lead generation strategy, but because two people in previous interviews mentioned that they use this strategy for getting leads, it’s something I want to ask about more and explore further in future conversations. I think it’s particularly interesting and valuable to keep asking people about email lists because of what Matt Schatz said about these lists having different qualities. Like I said in a previous analysis, there could be an opportunity for a product that delivers only high-quality email lists or a product that reviews different email lists based on their quality and then sells those reviews to sales organizations. The other interesting thing from this interview with Aaron was that he said Infusionsoft reps mostly use WebEx and GoToMeeting to do sales demos and pitches. Aaron seemed to be pretty satisfied with these two products, which means I’m guessing his sales reps at Infusionsoft are also pretty satisfied with these two products. But, I think it would be valuable and interesting to continue asking about the products that companies use to do demos in future interviews. While WebEx and GoToMeeting are feature-packed products, but having a feature-packed product isn’t always good. Though these products are great for many organizations, I would hypothesize that there are many companies that are dissatisfied with these products and would prefer something simpler. I’m going to continue asking about directors of sales about what they use for demos and if they like these tools, because perhaps at some point I will discover a need for a simpler product. Creating a new demo product definitely isn’t the most promising opportunity right now, but it doesn’t hurt to keep learning about how companies do demos and trying to see if they need better tools to help with demos.