

Sales Market Fit

The Missing Piece to Unlock a B2B Startup's Growth

By **Gavin Tye**



INTRODUCTION



Sales are the lifeblood of any B2B SaaS startup. Yet the topic often gets sidelined or bumped down the list of priorities – it is almost treated like a dirty word.

There is a massive disconnect about what it takes to sustain a successful sales function in any business. The majority of businesses (not just startups) think it's the skill of a salesperson that will determine success, rather than the actual sales strategy.

One of the reasons for this confusion is common terms thrown around like “strategy”. To be clear, a go-to-market strategy is not the type of strategy I mean. The strategy I am talking about is how a startup should effectively position itself in the market – to communicate its value in a repeatable way so its target clients consistently buy. All by following a standard process. This is called Sales Market Fit, and it's the single most important factor in a startup's sales success. It is also the most misunderstood – basically no one seems to know about it.

I have been in sales for more than 20 years and strategy has hardly ever come up – let alone deliberately implementing one to create a competitive advantage to win more deals, more easily over time.

Why? Possibly because developing individual sales skills usually comes after many years of experience in different industries and there is no core framework based on science, principles, or truths that universally work.

This ultimately leads to a sales strategy that is based on hope rather than a deliberate set of actions – a recipe for disaster. While advancements have been made in various business areas, sales innovation has lagged behind.

What's needed is a fresh approach to sales, focusing on helping buyers make efficient decisions. Ignoring the internal challenges within your target clients' organizations is a surefire way to lose sales.

The truth is, if you knew why it is so critical for your B2B startup to find Sales Market Fit, you'd drop everything and devote all your attention to this. Your very success depends on it.

Nearly all businesses are struggling when it comes to sales. They struggle to predict revenue, miss quotas, have an endless revolving door of salespeople, and therefore spend much of their time trying to raise capital. But it doesn't need to be this way.

If you adopt this strategy, your business will begin transforming almost immediately – that I can promise!

What I am going to share with you in this whitepaper is not theory – it is not written by someone in an ivory tower with no real sales experience. I have been in the field since 2015 selling high-value SaaS, competing against large American Fortune 500 companies in one of the hardest markets in the world, Australia.

This whitepaper will equip your B2B startup with a comprehensive strategy that merges positioning, go-to-market plans, and effective sales processes.

It's a strategy that has closed multi-million dollar deals repeatedly in different industries and different markets, all following the exact same method. The method is not based on selling or on cheesy sales tactics. This is based on finding the right Sales Market Fit for your business through two components I can almost guarantee you have never thought about in your sales process before: your chosen market(s) and exceptional customer service.



You'll learn to pinpoint exactly why your deals are stalling and how to fix your process to change that.

You'll know why you need to find Sales Market Fit and how to do it.

WHY SELLING B2B SAAS IS SO DIFFICULT



I've done sales in many different industries and selling B2B SaaS is by far the most difficult. It took me a while to pinpoint why salespeople who come from other industries, like product-based industries, find it so difficult – and hence why founders also find it difficult.

Startups think they are selling one thing (their product) but the market actually wants something different (the outcome).

At my first startup, I thought I was selling an engineering drawing management solution (EDMS). So, I asked questions like:

- 01 Where do you store your drawings now?
- 02 What challenges do you have with your drawings?
- 03 How many drawings do you have?
- 04 What types of drawings do you have in your business?

As you can see, these questions related to what I thought I was selling. They really only appealed to people who specifically managed drawings.

It wasn't until I realised we were a business process improvement platform that I started asking different questions, and began to create wider interest within our target businesses.

This is how my questions changed:

- 01 How does your business use drawing in operations?
- 02 Who are all the stakeholders that require access to your information?
- 03 How do you securely share information with external parties?
- 04 How do they get access to this type of information in the field?
- 05 What are the financial and safety impacts if this information is wrong?
- 06 What incidents have occurred as a result of using the wrong drawings?
- 07 What are your current processes costing you?

This second set of questions changed everything because I began to focus on the customers' business processes and the outcomes they were looking for, not what I thought we were selling.

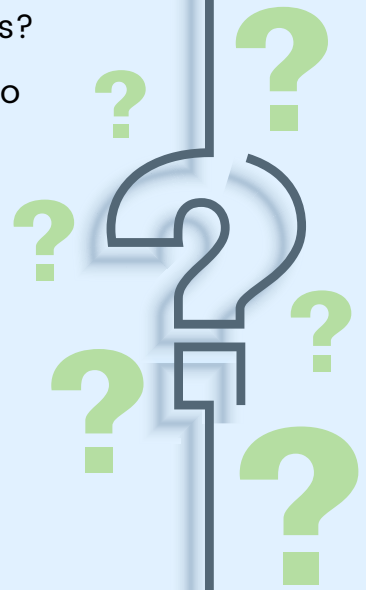
Implementing a sound sales strategy in your business requires this subtle but fundamental change.

WHO IS THIS WHITEPAPER FOR?

Sales is a team sport. This whitepaper is designed for founders, sales managers, salespeople, and even investors in startups. It offers a new lens through which to view sales, providing the context and control needed to win clients consistently.

This new way of looking at sales in your startup isn't a nice-to-have. This is especially critical in today's startup environment with a clear change in the market regarding accessibility to funding. The simple fact is, startups need to be better at winning clients. What worked yesterday isn't working today. Finding your Sales Market Fit is critical to growing and thriving. Without it, you'll continually struggle – feeling like you're always on the back foot and unable to catch your breath.

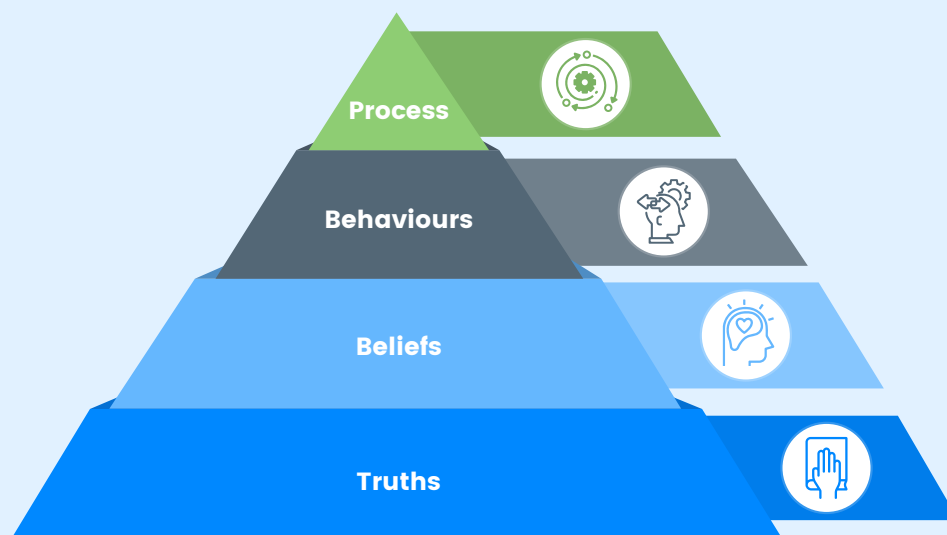
So read on to transform your sales strategy, unlock your startup's potential, and ensure its survival.



UNVEILING THE CORE TRUTHS OF SALES SUCCESS

In our professional and even personal lives, there is a set of rules, principles, or fundamental truths that must be abided by. Otherwise, everything begins to break down and success is difficult to achieve. These truths affect our beliefs, which in turn affect our behaviours, which in turn affect our processes.

If we don't address the real truths, the nature of things can't take effect. Everything feels like a struggle, success is elusive, and failure is the ultimate outcome.



Some professions, like accounting and software development, have clearly defined truths that are easy to follow. There is a clear delineation between success and failure in these professions and it is largely determined by how well someone follows these truths. Here are a couple of examples.

Accounting



Integrity and Transparency
Accurate and honest reporting is non-negotiable in accounting.



Compliance with Standards:
Adherence to Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS) is essential.



Confidentiality
Accountants must respect the sensitive nature of the financial information they handle.



Continuous Reconciliation
Regularly reconciling books with actual financial statements ensures accuracy.



Risk Management
Understanding and planning for financial risks is crucial for long-term stability

Software development



Code Maintainability: Writing clean, well-documented code is essential for long-term project success



Version Control: Using version control systems like Git is a must for collaborative development



User-Centric Design: The end-user's experience should guide the development process



Testing is Integral: Code should be thoroughly tested to ensure it meets all requirements and is free of bugs



Agility and Adaptability: Being able to adapt to changing requirements or technologies is crucial in the fast-paced world of software development

These truths permeate through the above industries and affect people's beliefs, behaviours, and processes. When any of these truths are ignored and poor processes are created, massive issues arise and affect the quality of work on many levels.

When it comes to the discipline of sales, there is also a fundamental set of truths at play. When ignored, we see the same impact: lack of sales, poor performance, and churn in sales teams.

I want to open your eyes to these truths because once you become aware of them, you can begin to understand how to get control of this function in your business and ultimately control the destiny of your startup.

Most importantly, you'll reduce the uncertainty and stress levels you're experiencing when it comes to winning clients.

FUNDAMENTAL SALES TRUTHS

Below is a list of some of the most important sales truths you must account for when finding Sales Market Fit for your startup. Ignoring any of these increases the risk of the sale not going ahead, which is what we want to ultimately avoid.

- 01 A sale is a consequence and can only occur once someone first decides to buy
- 02 There are always 2 sides in every sale
- 03 People hate being sold to
- 04 A sale is a journey
- 05 Demand must be present before a sale can be made
- 06 Perceived value must outweigh the cost
- 07 Sales has moved from the information age to the influence age
- 08 70% of the sales process can be completed before the buyer even speaks to you
- 09 Taking a proactive approach is the cornerstone of success

Some of these at first glance might seem obvious, but how you account for them consistently in your strategy requires a fundamental change in perspective. Let's break these down and I'll show you what I mean.

1

A sale is a consequence and can only occur once someone first decides to buy

All businesses and salespeople have sales targets to some degree. They are required to go out into the world and turn effort into revenue to hit their goals.

What they don't account for is this truth.

In any capacity or circumstance, a sale cannot occur until someone first decides to buy what that person else is selling. Essentially, a business or salesperson cannot achieve their ultimate goal until someone makes the decision to buy.

Because this is universally true in all markets, in all countries, and for all businesses, it makes sense to help someone get to a buying decision as quickly as possible because that will give you more control of the outcome at the end of the day.

Furthermore, this change in perspective opens up another fun and important question: "How do people get to the decision to buy something?"

This one fundamental change in perspective will allow you to reverse engineer the buying journey of your clients and turn your sales approach around. Rather than waiting and hoping, you can leverage a reliable, repeatable, winning strategy.

This calls for you to become the expert on the stages every client must go through in order to purchase what you have to offer.



2 There are always 2 sides in every sale

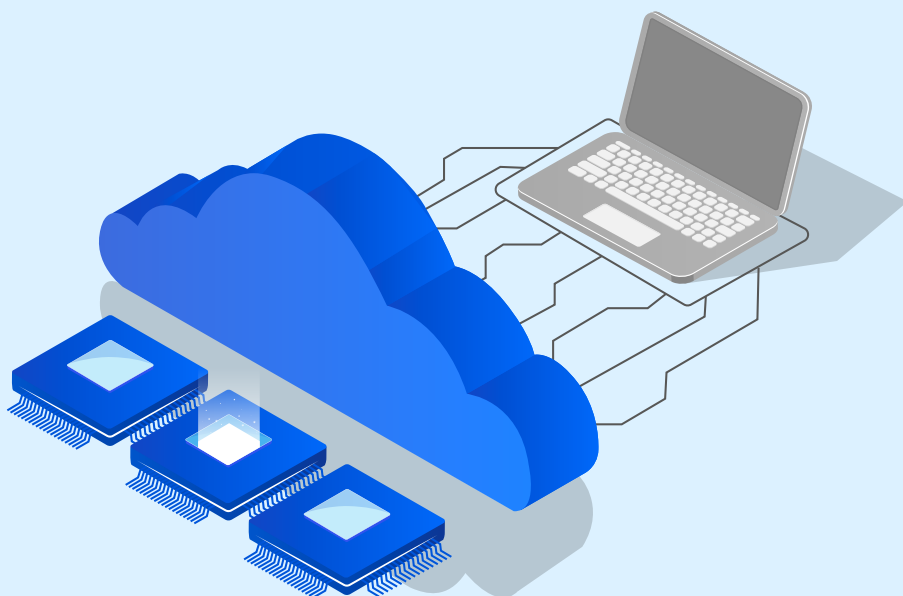
The aim is to help your clients get to a buying decision and to do that, you must frame your value in terms of the benefits they will receive – not what you think is valuable. Communicating the value your startup provides in relation to what your clients really want requires a massive repositioning of value.

For Example

let's say you have a highly valuable, cutting-edge piece of functionality that no other competitor has. Most startups will try to demonstrate this value by talking through the functionality – screens, buttons, and other bells and whistles. But instead, you must position this value for the benefit of your client. “This piece of functionality will increase revenue in your business by allowing you to make faster decisions than your competitors and provide a better service.” See the difference?

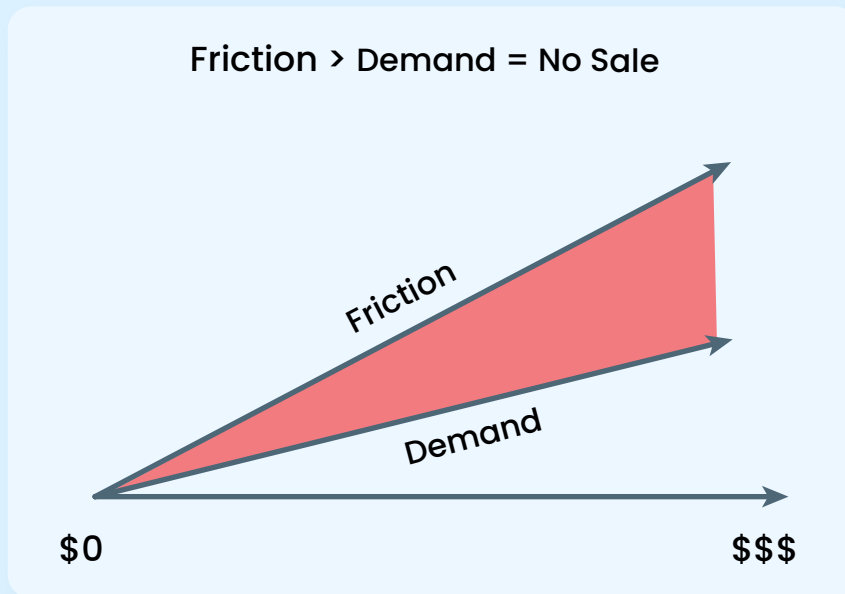
Businesses typically make the decision to purchase something for 3 reasons: to increase revenue, to reduce costs, or to reduce risk. So the real value your solution offers must be tied to some or all of these drivers.

This can be particularly difficult for founders who are subject matter experts because they often incorrectly assume that the market knows the problems they solve as well as they do. In most cases, this is simply not true.



In addition, startups don't account for the internal decision-making processes potential clients may need to go through in order to purchase – let alone help them through this journey. We'll call this "sales friction".

Depending on the price point, approval and procurement processes, sales friction can be quite high. If demand isn't large enough, the sale will most likely not go ahead because it is just too much work.



If your sales opportunities are dying a slow death after the demo – maybe you submit pricing, and the relationship just fizzles out – this is often the reason. You haven't created sufficient demand and you haven't helped the other side of the sale (the client) navigate their internal processes. The sales friction is too high. This equals no sale in almost every situation.



3 People hate being sold to

It's no secret that we all hate being sold to, but a funny thing happens when startups feel pressure to close deals and increase revenue. Suddenly, they start trying to push deals along. This translates into applying pressure to deals and can break rapport.

I'm not saying we shouldn't push to close deals quicker because we always need to find a way to create urgency. But there are only so many things we can do here. This is one area where buyers have so much more power than they did 20 years ago.

If you try to sell too hard online, potential buyers will just ghost you and bam, the sales opportunity is over. They don't owe you anything and aren't required to let you down easily.

Instead, consider making excellent customer service the cornerstone of your startup's culture and finding your Sales Market Fit. Excellent customer service should encapsulate the following:

Genuinely come from the position of wanting to help them make the right decision

Anticipate your clients' needs

Lead them through their journey to find the right solution

Do pre-work and develop tools to help them quantify their current processes to make an informed decision

Don't be afraid to tell the truth



Know the real value you provide

Know their journey better than they do

Teach them how to properly solve their problems

Be proactive

Ask yourself, has any business you ever dealt with provided excellent customer service like the above? How did that make you feel? Did that experience build loyalty? How rare was that experience?

Those on the front line of sales are often the first contact the market has with that business. How they treat potential clients demonstrates the culture of your company. This is where differentiation and a massive competitive advantage can be born.

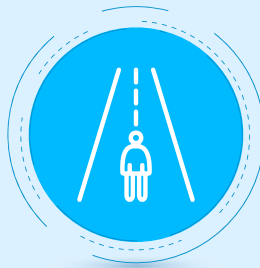
4 A sale is a journey

We can learn many lessons from other areas of our lives. One of these is the parallel between sales and a physical journey we might undertake. You see, a sale, just like a journey, has 3 main components; the beginning, the route, and the destination.



The Beginning

Every journey needs a starting point. It is impossible to give someone directions on where to go or how to solve a problem until we first know where they are starting from.



The same is true for when you want to offer your product as a solution to a problem in the market. If you can articulate your industry's root problems (starting point) and get every potential client to that starting point, you can position your product as the best solution (destination).

Establishing a beginning is crucial to creating a repeatable sales framework and process, which will then enable you to accelerate business growth over time. 95% of startups don't do this and it's killing their business.

The Destination

At the end of the day, B2B SaaS platforms are business process improvement tools. In most cases, they significantly improve antiquated processes to either increase revenue, reduce costs, or reduce risk. Often, it's a combination of all three.



Most startups have no problem speaking about their solution and how it helps solve certain problems.

But for your clients to truly see the value your solution provides, you need to find a way to quantify their existing process to show them that their current ways are untenable. This way, you remove indecision as your biggest competitor.

To maximise the value of your platform, you must recognise what you are really selling. It's only after doing this that the true value of your platform will have a real impact in comparison.

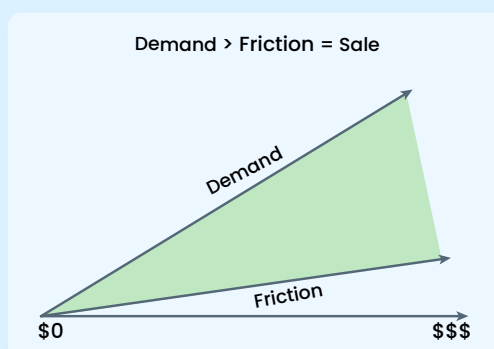
The Route

In the sales process, the route is the journey that you as the subject matter expert will lead them on to make sure they gather all the relevant information required to make an informed decision and then choose the right solution for their requirements.



This requires you to become an expert in their journey, be proactive, and articulate the root causes of their issues so they take action and make the choice to buy.

When you do this, you'll increase demand for your product because you will own your value message and reduce much of the sales friction I mentioned earlier. If friction is reduced and demand increased, a sale is more likely to occur.

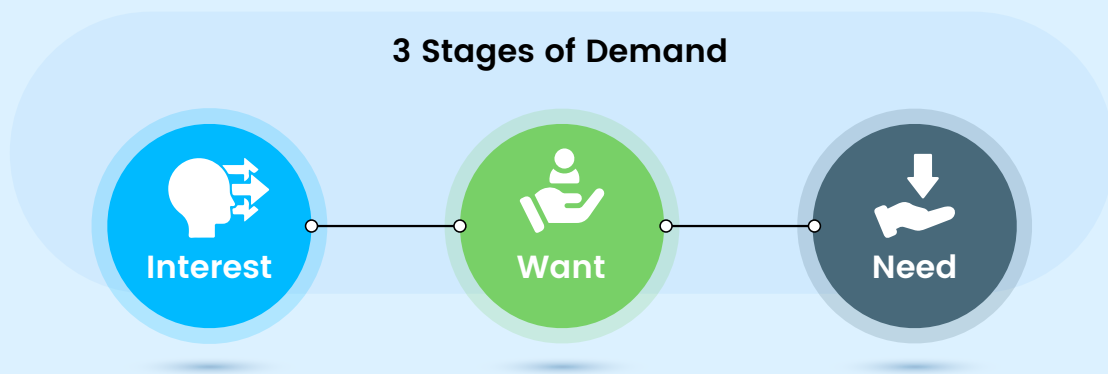


5

Demand must be present before a sale can be made

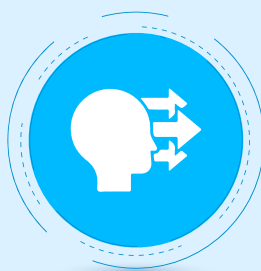
Very few people set out to deliberately create demand in every single sales meeting. I believe the main reason is that demand currently sits with the marketing function of a business.

Not all demand is created equal. There are 3 distinct levels when it comes to sales, which happen in a very specific order. To increase the likelihood of a sale you must aim to transition through all 3 to reduce sales friction.



Interest

The first stage in the 3 stages of demand is where most startups operate in demand generation. Natural curiosity places your potential customers here but in the world of B2B SaaS sales, interest isn't usually enough to navigate their complex world of decision-making all the way through to solution purchase.



Often clients can't distinguish between options on the market, or they don't have enough information to fulfil their approval processes. Because their motivation level isn't high enough, they won't solve these problems in order to purchase. Or they simply don't see enough value to buy.

Just ask yourself, when has this been true in your life? I think you'll be surprised to realise this happens quite a lot.

If you or your team are doing demos and sales aren't going any further, it might be because you aren't transitioning into the other stages.

Want

The next stage of demand creation is WANT. If you are selling a lower priced B2B SaaS product, want might be enough to get a sole decision maker to make a purchasing decision but you still need to work for it.



You create a want for your solution when you demonstrate how their world will be improved by your product. This can be achieved during the demo process, showing the outcomes they will receive compared to their current ways of doing things. An outcome-focused demo relies heavily on your storytelling ability – as well as the quality of your discovery questions to uncover their challenges – to give you the right ammunition during the demo.

A feature-based demo will not help create want because it doesn't paint a compelling enough picture of improvement in a client's business.

Need

If you are selling anything B2B, your biggest competitor hands down is indecision. If you can't highlight a clear need for "change" in a potential client's business, you will be battling indecision regularly. As the contract value increases, so does the chance of indecision because people don't want to make bad decisions, don't know how to navigate sales friction, or can't equate value to the purchase price.



This is why wherever possible, you should aim to create 2 types of need: a need for change and the need for your solution. These can be done simultaneously.

Remember that a sale is a journey and you need to create a starting point. Businesses make purchasing decisions based on revenue generation, cost reduction, and risk reduction. So, you need to be able to help your potential clients quantify the impacts of their processes in those 3 ways.

If you skip this one fundamental step, businesses will not be able to properly articulate the value of your solution because they have nothing to compare it to.

But if you can successfully create the need for change, you won't have to sell your solution because your target markets will clamour to buy. Many of my clients in different SaaS markets have successfully achieved this over and over again. You can and must do this too!

6 Perceived value must outweigh the cost

Have you ever paid for something that cost more than the perceived value? The answer should be no, otherwise, you have been throwing money away. With every single sale, your clients must believe they are getting a huge amount of value from the purchase.



Unfortunately, nearly every startup leaves it up to the client to make the connection to value. This is a massive risk – and it's what stops sales from going ahead in many instances.

In every sale, you should aim to demonstrate an ROI between 10–20x made up of a combination of revenue gains, direct and indirect cost reductions, and qualitative reduction of business risk. This is where your subject matter expertise is critical. Your clients simply don't know the impact of these problems like you do and may not build out a big enough case to warrant the need for change.

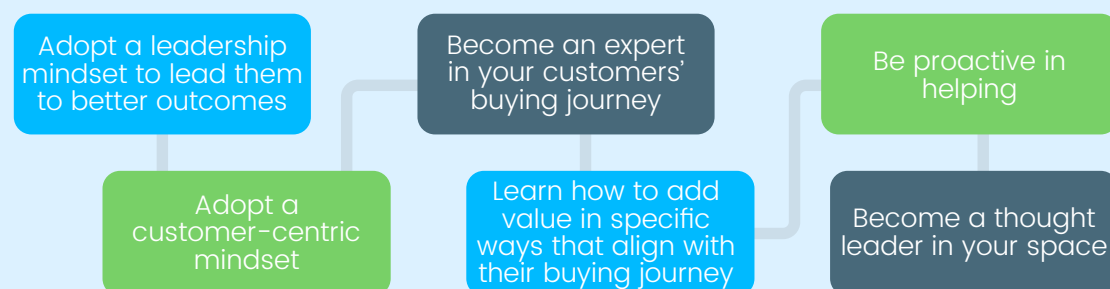
By actively addressing this truth and articulating a tangible ROI, you'll achieve a couple of things: value stacking without giving anything away and reducing the chances of indecision because their current processes are just too costly.

7 Sales has moved from the information age to the influence age

Buyers have so much access to information these days. There's no shortage of information about the problems you solve online and some of it probably contradicts itself. Your buyers have easy access to your competitors, who are all probably saying something similar on the surface to you.

Access to information is not the problem you need to solve. The real challenge in sales today is how to influence your potential customers' thinking and get them to see your solution as the obvious choice.

To truly influence their thinking, you must:



Luckily for you, your competitors are likely still in the mindset of simply dishing out information. Cultivating influence will set you apart.

8 70% of the sales process can be completed before the buyer even speaks to you

If you are new to the market and approaching an industry problem in a unique way, this is a challenging truth to confront. You see, if you wait for someone to come to you, at this point they are a long way through their buying journey and probably already have a picture in mind of their ideal solution.

It can be very difficult to change their mind at this late stage and worse still, you are now competing head to head (probably at a disadvantage) with your competitors. Without a competitive advantage, you will likely lose in this scenario.

To create an unfair advantage over your competitors, you must engage earlier in the journey, influence how they see their problems and the impacts—and what the ideal innovative solution looks like.

That means prioritising activities like lead generation, content creation, and proactive sales outreach. Unfortunately, most startups don't take a proactive approach that aligns with their target market's receptiveness. That is why they continuously struggle to win clients.

9 Taking a proactive approach is the cornerstone of success

The very nature of a startup means tackling problems and going into new markets. To be successful as a new business, you must be proactive on all levels.

Unfortunately, many startups aren't as proactive as they need to be to succeed. They don't prioritise activities like lead generation, value creation tools, or sales outreach.

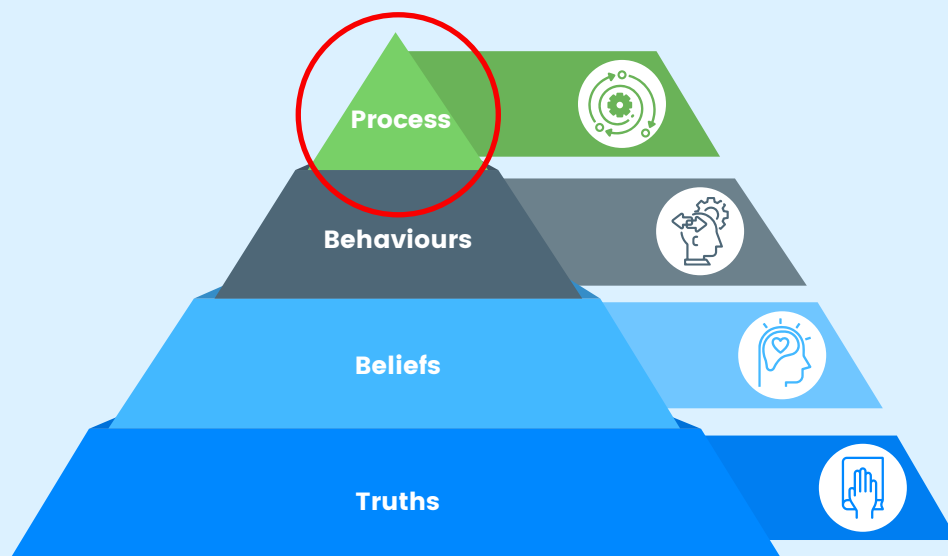


I'm sorry to say business is not going to just come to you. You are going to need to go get it, year after year after year. If you are always trying to be better, it will be very hard for your competitors to match you when you're always 2 steps ahead.

Hopefully, you are beginning to see that all the truths, while separate, are interlinked and rely on each other to create a robust differentiated sales strategy. It was only after I started accounting for these truths that my ability to close B2B SaaS deals dramatically improved.

WE'VE ADDRESSED THE TRUTHS, NOW LET'S LOOK AT THE PROCESS

At this point, you're probably fundamentally rethinking what your business needs to do to make sales and have pinpointed some key areas for immediate improvement. This realignment of truths will change your beliefs and behaviours, resulting in different outcomes from client interactions that put you on the path to winning more sales.

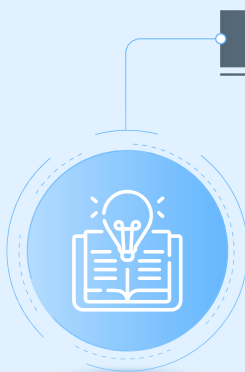
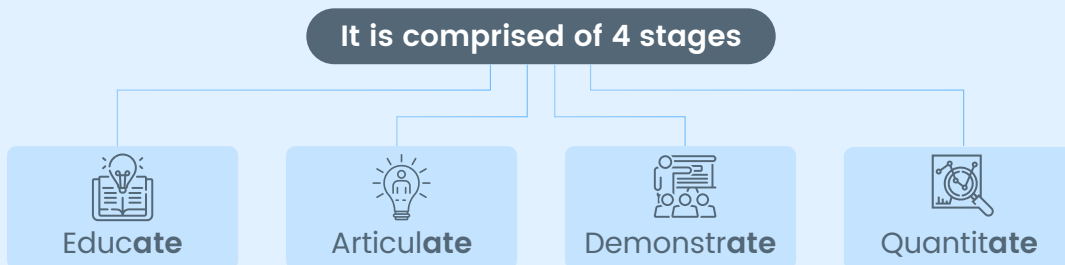


Now it's time to create a repeatable process for positioning, demonstrating, and proving the value your solution brings to the market.

The 4ATE method is a simple system we'll use to do this, accounting for all the sales truths we've just covered. The simpler the process, the easier it is to follow and to manage as you build out your team so you can scale effectively and deliberately.

THE 4ATE METHOD

I discovered this method as a repeatable way to navigate the complex world of B2B sales. We'll Use this method to create a starting point and end point for the sale while cementing your startup as an industry thought leader.



Educate

I'm going to assume your solution solves a specific problem, hopefully one that exists in many different businesses and possibly in multiple markets. Before speaking about your solution, you need to educate on the industry problem and visualise the business processes you will ultimately improve. You want to create the starting point.

Why? In doing so, you shape the problem and frame it in a way that sets up your solution to address the root causes. Below is how I educate on the effects of not having Sales Market Fit.

When you don't have Sales Market Fit

Lack of visibility

2 sides to every sale

Internal processes

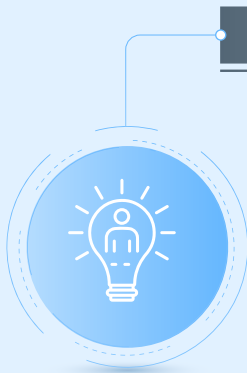
Friction > Demand = No Sale

Consequence

- Don't maximise competitive advantage
- Lack of differentiation
- No ability to influence
- Stalled deals
- Lack of clients
- Lack of revenue
- Increased CAC

- 01 The vendor does not create the right relationship with the potential client
- 02 There is a lack of visibility into the client's internal decision-making processes to get approval to buy
- 03 Which means the vendor can't create tools and processes to maximise the value of their solution and help the client along their journey
- 04 It is difficult to provide great customer service and differentiate from the competition
- 05 Sales friction remains high while demand remains low. This equals no sale!
- 06 Consequences include stalled deals, lack of clients and lack of revenue, etc.

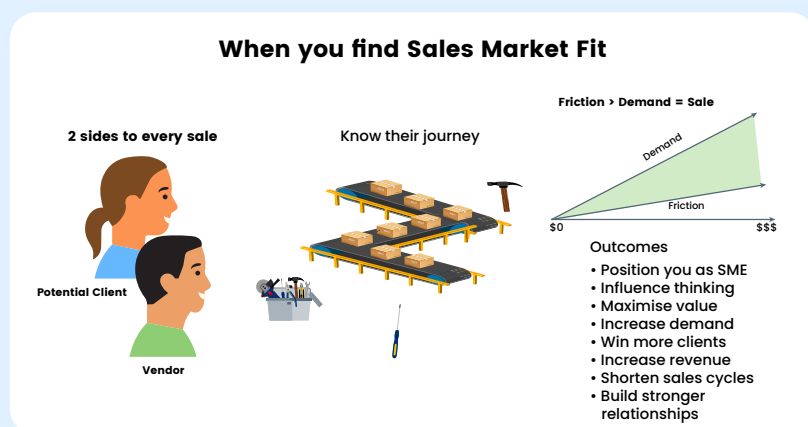
Does any of this sound familiar from your sales interactions?



Articulate

The next step is to articulate the outcomes your solution provides and the fundamental improvements it offers to the actual business process. As you now know, most startups don't recognise what they are really selling – which is the fundamental business process improvement their clients want. Framing the problem and solution correctly increases the chances a potential client will take action towards deciding to buy.

To give you an example, here is how I articulate what happens when you find your Sales Market Fit.



- 01 The vendor creates the right relationship with their potential client and leads them to better outcomes
- 02 Because they are experts in their buying journey, they have visibility into their decision-making processes
- 03 They create tools, processes, and workshops to demonstrate value at the right time
- 04 This is the foundation of excellent differentiated customer service and can create a massive competitive advantage
- 05 They reduce sales friction while increasing demand, which increases the chances of a sale
- 06 Consequences include winning more clients, shortening sales cycles, maximising revenue, etc.

The intention of this phase is to lay out your solution compared to the industry problem so clearly that even a decision-maker who is somewhat removed from the issue can quickly visualise the benefits of your solution.

Demonstrate



The next stage in the 4ATE method is to demonstrate the outcomes that you just articulated. To do this effectively, it is important you complete a discovery process highlighting the specific challenges you know exist in your potential client's business due to your domain expertise.

Once the problems are uncovered, you can draw a clear line to your solution and the associated impact through an outcome-focused demonstration. Done correctly, you will significantly increase demand and a real WANT for your solution. In many lower-priced B2B SaaS deals, this is often enough to get them to buy.

Remember the fundamental truth: People hate being sold to. You can get around this by sharing relevant stories of value received by other clients. Paint a compelling picture of the value your startup offers so your audience can relate this to their own business.

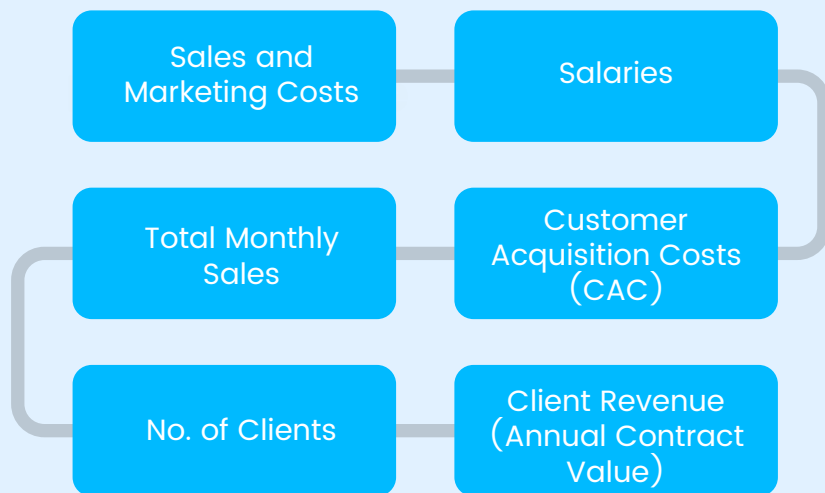
Quantitate



Of these 4 stages, Quantitate is by far the most impactful, especially for B2B SaaS platforms that tackle complex problems of high value. If you can prove a substantial ROI in a way your clients will find valuable, you have gone a long way to creating a real NEED for your solution because you genuinely want to help.

Now you need to help your audience understand the impact of their current processes. Drawing this line in the sand first is important so you can measure the value of your solution against it.

To illustrate this point, I have created an example Revenue Metrics spreadsheet for a B2B SaaS company to contrast the impact of their current sales processes with a better future state based on finding Sales Market Fit. In the spreadsheet we track the following:



Many of my clients have developed tools exactly like this, which has unlocked their pipeline and transformed their own client acquisition process.

AS IS Sales Outcomes																									
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	Total
Founders Salary (pm)	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Founder % spent in sales	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Salespeople Salaries									\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Marketing costs	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$500.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00
Other sales costs	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00
Total monthly sales costs	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$13,700.00	\$12,700.00	\$12,700.00	\$12,700.00	\$12,700.00	\$12,700.00	\$12,700.00	\$22,900.00	\$22,600.00	\$22,600.00	\$22,600.00	\$22,600.00	\$22,600.00	\$22,600.00	\$22,600.00	\$22,600.00	\$322,400.00
CAC						\$21,600.00						\$59,000.00			\$38,100.00		\$45,500.00			\$67,800.00				\$90,400.00	\$322,400.00
No. of Clients						1						1			1		2			1			2	8	
Client Rev (ACV)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30,000.00	\$0.00	\$0.00	\$30,000.00	\$0.00	\$60,000.00	\$0.00	\$0.00	\$30,000.00	\$0.00	\$0.00	\$0.00	\$60,000.00	\$240,000.00
Finding Sales Market Fit Difference																									
	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	Total
Founders Salary (pm)	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Founder % spent in sales	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
Salespeople Salaries									\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00	\$20,000.00
Marketing costs	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
Other sales costs	\$18,600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
Total monthly sales costs	\$21,700.00	\$3,700.00	\$3,700.00	\$3,700.00	\$3,700.00	\$3,700.00	\$3,700.00	\$3,700.00	\$13,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$12,900.00	\$23,100.00	\$22,800.00	\$22,800.00	\$22,800.00	\$22,800.00	\$22,800.00	\$22,800.00	\$22,800.00	\$22,800.00	\$344,400.00
CAC						\$36,500.00				\$37,900.00					\$64,500.00		\$45,900.00			\$68,400.00			\$91,200.00	\$344,400.00	
No. of Clients					1					1					3		3			4			5	17	
Client Rev (ACV)	\$0.00	\$0.00	\$0.00	\$0.00	\$30,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$90,000.00	\$0.00	\$90,000.00	\$0.00	\$0.00	\$120,000.00	\$0.00	\$0.00	\$0.00	\$150,000.00	\$510,000.00
Assumptions																									
Measure	As-Is	To-Be	Difference	Founders time will decrease in sales as sales people come into the business																					
Total Sales Costs	\$322,400.00	\$344,400.00	\$22,000.00	Results may slightly improve in the first 12 months as the strategy is bedded down																					
No. of Clients	8	17	9																						
Revenue	\$240,000.00	\$510,000.00	\$270,000.00																						
Avg. CAC	\$40,300.00	\$20,258.82	-\$20,041.18																						
SMF Return on Investment																									
Program Cost	Revenue Growth	ROI																							
\$18,000.00	\$270,000.00	15																							

SMF ROI Example

1. The AS-IS metrics show the outcome of hiring salespeople without a set process and the resulting slow growth in clients/revenue
2. It also shows the increased CAC costs over time as new salespeople are hired without them winning clients
3. The SMF metrics show improvement to the business with more than 100% potential growth in clients
4. This also translates to more than 100% growth in revenue while reducing CAC costs over time.
5. Salespeople are more productive quicker because they are being incorporated into an effective sales strategy
6. It helps manage expectations by clearly showing the bulk of the ROI will be experienced in year 2 and beyond

This example is designed to help you get a sense of what you need to produce to demonstrate the improvements your solution offers. You must do your best to present a compelling message that positions working with your company as an absolute necessity for success. This message should be grounded in truth and honesty based on your subject matter expertise.

The next step in this journey is to change your sales process. We'll need to adjust your pipeline to align your efforts with your clients' decision-making journey. Each stage aims to achieve very specific outcomes so you can help them get to a buying decision as quickly as possible.

WHY TRADITIONAL SALES PIPELINES DON'T HELP CLOSE SALES



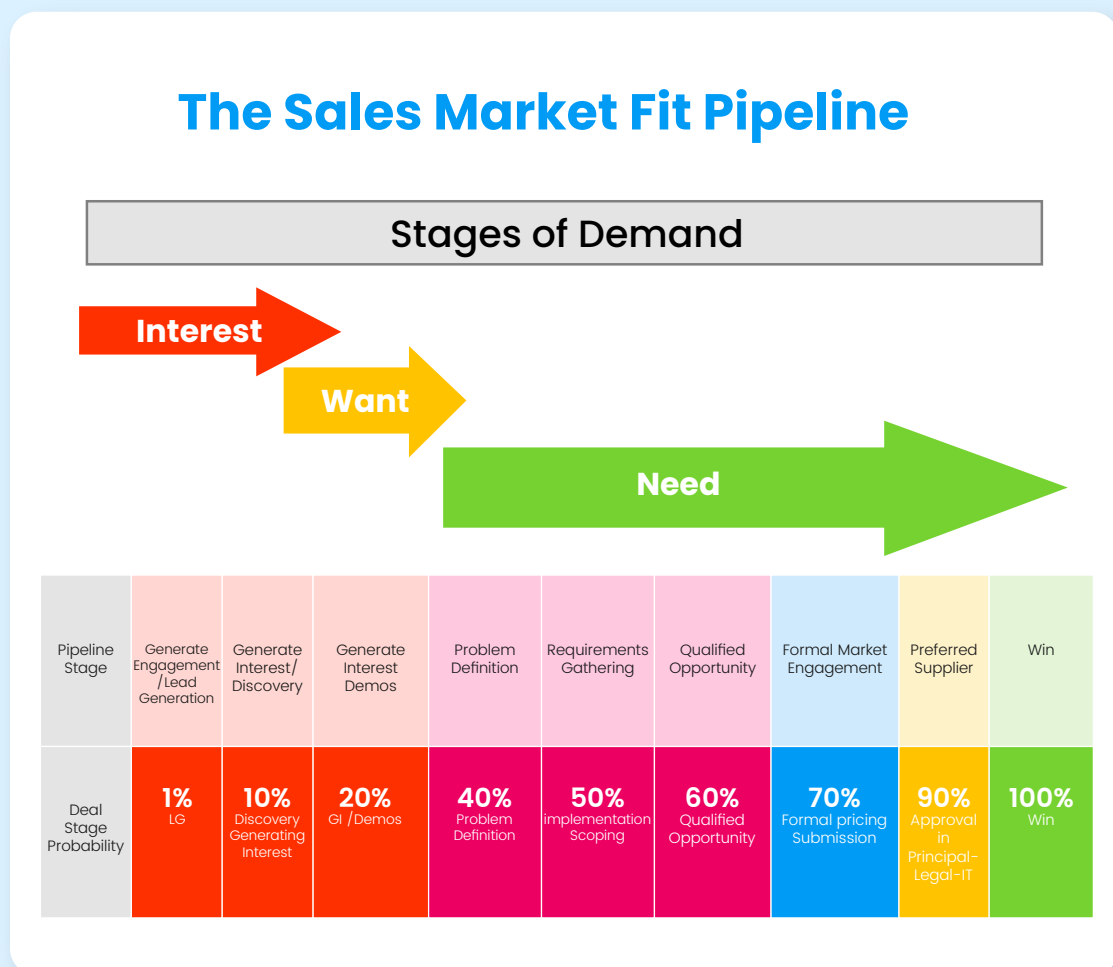
Above is a typical sales pipeline structure for many businesses. Notice that it doesn't account for any of the sales truths previously outlined. Nor does it include any context for the journey your client must go on before buying your solution.

This is exactly why we first addressed the fundamental truths before creating the process. Context matters. You want to know exactly where a potential client is on their journey and match the right value-added activity at the right time to move them towards a sale.

The Sales Market Fit Sales Pipeline

To find your Sales Market Fit, you must become an expert in the key stages your clients go through in order to make the decision to buy your solution. That process is represented in this sales pipeline. Your potential clients are going through these stages anyway. If you don't help them through, the chance of making the sale significantly diminishes. But by engaging with them along the way, you dramatically increase your odds of success.

Below is the Sales Market Fit pipeline – we'll break down each section in more detail next.



On the surface, you might not notice much difference from what you're already doing – but the devil is in the details.

The purpose is to help your future clients obtain the right information they need to make a purchasing decision. You aren't trying to sell your product – you are trying to lead them through a very specific, efficient process to reduce the length of sale and increase your win rate over time.

1. Generate Engagement/ Lead Generation

It's crucial to focus on generating a consistent flow of leads in your business, but you need to ensure you maintain a consistent message of value from the very first touchpoint until the contract is signed.



While creating a lead generation strategy is beyond the scope of this whitepaper, your sales pipeline must include a stage for triaging incoming leads before progressing further downstream.



Simply put, you want to get them interested in the potential of your solution and the main way to do this is through demonstrating your domain expertise.



This stage is also important to begin gauging where they are in their buying journey and how urgently they need to solve their challenges. It is important to match your effort to their level of urgency. This can be refined as they move further into the pipeline.

2. Generate Interest/Discovery Stage

This is where the Sales Market Fit pipeline begins deviating from traditional sales processes. As a subject matter expert, you should be well aware of the problems in their business – but what you probably won't know is their process. To set up the deal for ultimate success, you'll also need to start identifying key decision makers – you'll keep doing this throughout the entire process.

Goals of this stage:



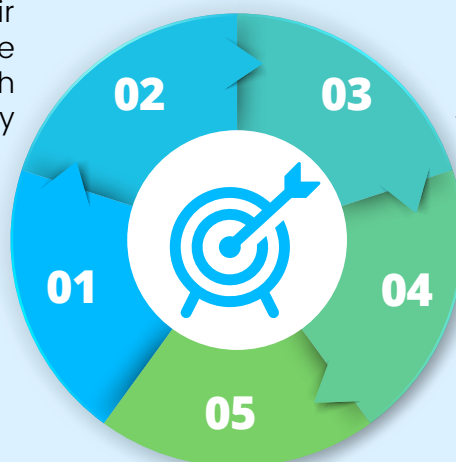
3. Generate Interest/Demos Stage

Now that you've sparked interest with your target client, you'll move to the next stage of creating demand, which is WANT.

Goals of this stage:

Focus on creating champions within their business, because the sale will be much easier with them driving it internally

Deliver an outcomes-focused demo showing how their problems will be alleviated with your platform



Continue building and checking your understanding of their challenges

Further build rapport through honest discussion

Socialise high level price early so you can qualify them quickly

If appropriate, depending on the deal size, it is important to follow the following demo flow where possible.

Initial Demo (1 or 2 key influencers) => Group Demo (Broader influencers)

WARNING



Going straight to a group demo can stifle honest conversations about their challenges and priorities, so this should be avoided where possible. It is important to limit an initial demo to 1 or 2 key people. If a group of people will be involved in making the purchasing decision, it's especially crucial to follow this order.

Addressing price early

Let me be clear here: we want to create a win/win situation for both your business and your potential client, especially if you are selling something of high value with variable pricing.

You might want to avoid giving a firm price too early in the discussions because you will probably leave something on the table. That said, it is important to align pricing expectations so they won't be surprised further down the track. If pricing expectations do not align, you will waste valuable sales effort when at the end of the day, they can't buy your solution because it's just too expensive.

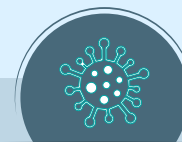
When I was working for the engineering drawing startup our price point started at a minimum of \$9k per month and went as high as \$45k per month. To address this vast difference, I would give a range of small, medium, and large pricing. Additionally, I shared 3 specific criteria:



Examples of what type of client might fit into each category and why



The anticipated ROI others had received from working together



The journey I would take them on to ensure they made the right decision and could justify the cost of purchase

A common mistake is submitting pricing too soon without any reference to value. This triggers a number of issues – in particular, people just see cost, not the value received.

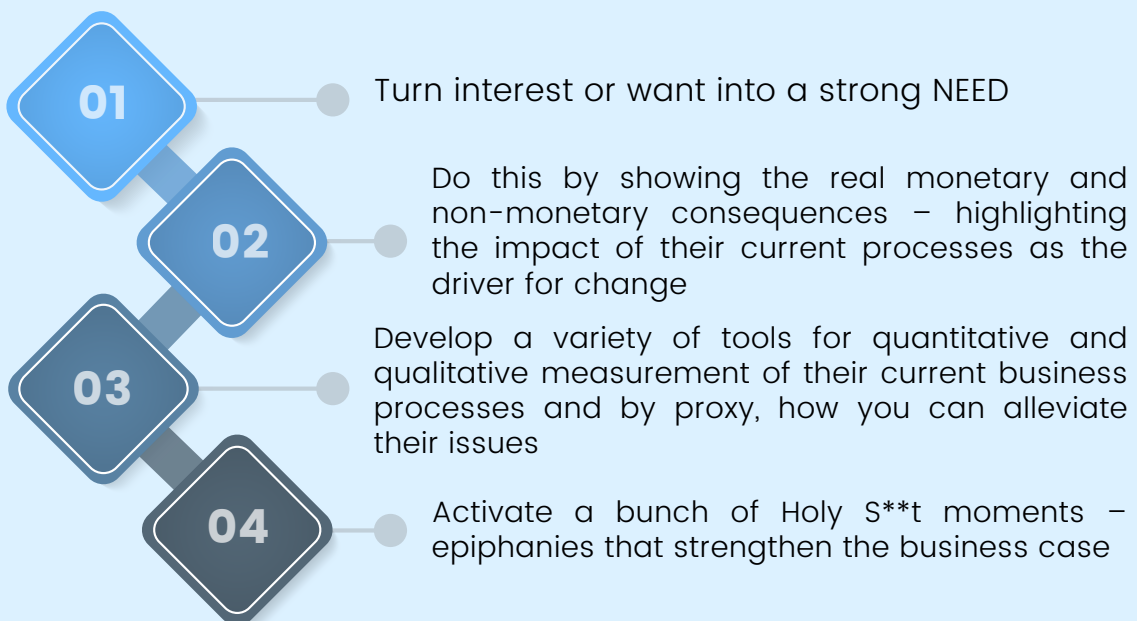
These early stages in the pipeline serve as a form of qualification to ensure you can help a potential client and they will pay what you need them to pay if they see the problems the same way you do.

All going well, you will have created a real want for your platform in their business. Hopefully, that is enough to get them to buy – but in my experience it often isn't. It's better to recognise this early and have a plan of attack to help your ideal client through the next stages of their internal decision-making journey.

4. Problem Definition Stage

This is when your potential client will likely decide they want to buy your product or service. However, they may not be ready to buy because they need to create a business case for approval. Therefore, you will help them gather the information they require to reduce sales friction, increase demand, and the likelihood of a sale.

Goals of this stage:



If possible, aim to co-create and obtain a copy of the business case so you can learn from it and reuse the content in the future.

You can expect the tools you develop in this stage to continually evolve over time as you gather more information and find your Sales Market Fit. The most important thing is to start with what you have now – because every missed opportunity to help here massively increases the odds of a lost sale.

5. Requirements Gathering Stage

All going well, you have progressed from defining the problem and your potential client now has approval to solve the problems you've worked hard to quantify. Depending on the size of the deal, this could be a simple process from here – or it could be more detailed.

Here are some of the complexities you might encounter.

- 01** Do they have a formal procurement process they need to follow?
- 02** Do they need to get additional quotes from competitors?
- 03** Do they need to involve other departments and get their input on functionality?
- 04** Do IT and Legal need to get involved?

These are all questions you will need to build out responses for. The goal here is to help solve the problems you uncovered during the previous stages.

This is the final stage of creating demand in their business – from here, your startup can help them solve their specific problems. With all the requirements in hand, this will provide enough information for you to accurately begin putting together the appropriate pricing for the next stages.

6. Qualified Opportunity Stage

It may seem late in the game to qualify opportunities now, but here's the reality. You already qualified whether they would be an ideal type of client in the discovery phase and would have discounted them from going through the previous stages if they weren't – because you don't want to waste time. Plus, sometimes sales or deals will go quiet for a period of time while final plans are made on the client's side. Without an expected timeline for purchase, you'll naturally find it difficult to forecast the sale.

So, this stage exists as a bit of a holding stage until you can answer the following 7 qualification questions.

- 01 Does the client have a designated project or activity around your offering?
- 02 Is there an expected timeline for rollout?
- 03 Has there been a compelling event or similar that has created a need within the business?
- 04 Is there a project owner or sponsor?
- 05 Has the acquisition process been determined?
- 06 Is there a budget allocated and approved?
- 07 Is there an approach for delivery?

These questions will help you determine when the sale is likely to close and to help remove any roadblocks that might stop the deal from occurring.

7. Formal Market Engagement Stage

Consider your competitors for a moment. Is this the stage at which they begin engaging with your potential client? If that's the case, then you'll have a massive head start – no matter their size, your startup will have the advantage here.

You've more than likely been here before with leads, submitting a proposal or formal pricing in an attempt to win them as a client. There are a few notable exceptions this time around, though.

- 01 You've worked hard to help your potential client quantify their challenges so they can make an informed decision to improve their business
- 02 You've built strong relationships in their business
- 03 You know their business better than the competition
- 04 You've demonstrated your solution's ROI in a variety of ways
- 05 You've created DEMAND without selling

8. Preferred Supplier Stage

Depending on your price point and the contract value of your solution, you may be given verbal approval before formally signing the contract. The timeframe between these two events can be quite lengthy and result in a significant delay in receiving revenue. This delay can add significant time to the length of sale and provides an excellent opportunity to reduce sales cycle length.

Some of the most common causes for these delays include:



There isn't a magic bullet to suddenly make your business more efficient in this stage except for adopting a continuous learning approach and constantly iterating the content you've created to be more effective.

If you are continually reactive at this stage, you will find it difficult to reduce the length of sale but the better you get at transitioning through this period, the quicker you will close deals. This is why you should consider adding this stage into your pipeline – so you can specifically develop strategies and tools in preparation.

If your solution is at a lower price point and other departments don't need to get involved, ignore this stage and proceed straight to the next one.

9. Win Stage

When you get to this stage, first of all, congratulations! It isn't easy winning clients as a new startup. Because it is so difficult, it is important to apply a continual improvement mindset and extract as much information as possible from every single win. These learnings will translate into faster revenue growth, improved win rates, and reduced sales cycles.



To capture these learnings, I recommend you adopt a formal 'lessons learned' process to ensure you systematically record what worked well during the journey of winning each client so others can learn and apply.

Here are some example questions to help you get started.

- 01** Were there indications earlier that we might be successful?
- 02** Did we leave any concerns unanswered?
- 03** What part of the Sales Market Fit process did we not do and why?
 - a: Did it have an impact?
- 04** Were there any significant Holy S**t moments?
 - a: How did we create them?
- 05** What did we learn during the process that can be applied elsewhere?
- 06** What content is reusable within the business?
- 07** What unexpected speed humps or roadblocks came up?
- 08** How can our team use these lessons to improve with the next client?

Rest assured, it gets easier over time. Oh, and don't forget to celebrate the WIN!

10. Loss Stage

This is the final stage in the Sales Market Fit pipeline and is one of the most important.

Losing a sale hurts, especially if you have been pursuing them for a long time. I have been there and know the feeling all too well.

You are going to make mistakes and lose deals. It's inevitable. What you want to avoid is making the same mistake twice. If you can avoid doing this, you'll eventually run out of mistakes to make. This is what leads to increased revenue, improved win rates, and reduced sales cycles.

Here are some questions to ask yourself after a lost sale:

- 01** Were there indications earlier that we might not have been successful?
- 02** When did we get the sense this may not turn into a sale?
- 03** Why do we think we didn't win them as a client?
- 04** Did we leave any concerns unanswered?
- 05** What part of the Sales Market Fit process did we not do and why?
 - a: Did it have an impact?
- 06** What did we learn during the process that can be applied elsewhere?
- 07** Did we create any Holy S**t moments?
 - a: What did we do specifically?
- 08** What content is reusable within the business?
- 09** What unexpected speed humps or roadblocks came up?
- 10** How can our team use these lessons to improve with the next client?

Similar to the 'lessons learned' process for a win, consider implementing a formal 'lessons learned' process for lost deals so you can reduce the chances of repeating similar mistakes. Capturing this information will equip you to be better prepared the next time around.

As you can see, this is an overview of how to restructure your sales pipeline. This formula will give you more clarity and context around the specific actions you need to take throughout your potential client's journey to ensure you offer the most value possible and increase the likelihood of making the sale.

COMMIT TO THE JOURNEY

As with anything worthwhile, things don't happen overnight. Finding your Sales Market Fit is going to take time and will require a long-term commitment to evolve the strategy as your business grows.

This commitment to evolution is essential because as markets change and your startup's competitive advantage evolves, how you win clients will change. It can never be a one-and-done exercise. You will be required to continually innovate to stay ahead of the competition.

That said, every journey starts with just one step. You will begin to get a different reaction from the market once you begin implementing the 4ATE method and addressing the truths that must be accounted for in every sale. The contrast will be noticeably different compared to your previous approach, and this is a great sign. It means you are on the path to finding your Sales Market Fit.

WHERE TO START

No matter where your startup is on this journey, finding Sales Market Fit must be one of your biggest priorities. Without it, your ability to grow efficiently and effectively will be a struggle. You'll feel like you can never quite solve the sales puzzle – like there's something always eluding you. Every sale takes more effort than it should. There's a bigger element of hope in your sales strategy than you're comfortable with – exemplified by the stress that comes with waiting for deals to close.

To help you find your own Sales Market Fit faster, choose from one of these options:



Complete a free questionnaire to receive a detailed report on your current level of Sales Market Fit, plus recommended next steps.



Book an appointment to discuss how we can help you find Sales Market Fit and start making a dramatic impact on sales in your business.

Now that your eyes are wide open to what it takes to unlock your startup's growth potential, you can get to work on addressing the likely missing ingredient. It's a gap you're absolutely capable of tackling, but it is important to begin this journey as soon as possible. At the end of the day, you're in a race against your competitors and I can help you WIN.

Good luck, and I wish you all the best.



Sales Market Fit

I'd love to connect on the socials below



<https://www.linkedin.com/in/gavintye/>



Gavin Tye (@GavinTye) on X