

Growing Sales on a Budget

By William Lieberman

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One of the hardest things for a small / emerging company to do is grow sales while servicing clients (or delivering your products) while keeping control on operations, human resources, finance, and what little time you might have for a personal life and family. When I chaired Xtiva, a B2B sales compensation software platform for financial services, the key was to develop strategic alliance partners from the very beginning.

We sold back-office software to financial services firms throughout the U.S. Our target market included approximately 3,500 brokerage firms that used an in-house solution, either spreadsheets, or their own legacy applications. From the beginning, we wanted to reach this target audience without having to hire a lot of expensive software sales executives. In 1996, when Xtiva had 3 employees and 3 clients, we approached one the main industry participants, Bear Stearns, that had about 200 brokerage firm clients at the time. We suggested forming a marketing alliance whereby we would provide their clients with preferred pricing and technology integration.

In exchange for Bear Stearns being able to tell their current and prospective clients that they negotiated preferred pricing for Xtiva's products, we received significant marketing and sales support. They agreed to have us attend their client conferences as vendors in the exhibit hall (the only vendor offering our solutions). We wrote articles in their client newsletter. We were on their web site. We trained their salesmen and account managers and had regular meetings with them to keep them updated on our products and services. We developed Bear Stearns-branded materials for their sales people to give away to their prospects. We even requested their client list so we could create targeted sales campaigns. Lastly, Bear Stearns performed billing and collections on our behalf so we had no receivables from their clients.

Since this time, Xtiva has developed similar relationships with other major alliance partners including ADP Clearing (division of ADP), First Clearing (division of Wachovia), National Financial Services (a Fidelity Investments company) and RBC Dain Rauscher (a subsidiary of Royal Bank of Canada).

Xtiva continues to look for and implement strategies and partners that could further their reach in the sales force. In addition to channel partner strategy, they've outsourced lead generation to a specialized consultant in the market space. They provided him with their top 100 "wish list" of potential clients for which they did not already have a relationship. The consultant has years of experience in cold-calling into financial services firms on behalf of software vendors, both as an employee and as a consultant. For about half of the base salary of a dedicated sales person, and \$250 per meeting, Xtiva has a highly-experienced individual who hands off warm leads to their sales force who then go in and do the meetings, proposals, ROI analyses, etc. Another strategic implementation tool is to have a dedicated person performing the demonstrations. Sales people, although they obviously know the applications' features and benefits, are not always product experts. They are paid to close business. In Xtiva's case, the demo representative is someone who has been a client services rep for several years and is responsible for all new client training.

As such, her client support function has been backfilled with a cheaper resource to free her up to do all the demos so the salespeople can focus on the solution selling and, hopefully, closing new sales! The bottom line is Xtiva is able to have 5 full-time sales people trying to get to 3,500 prospects and they are 100% productive.

A few other tidbits/suggestions for growing sales on a budget:

- Eliminate printing hardcopy sales collateral. You can still generate new materials. However, everything is converted to .PDF format for e-mail distribution and placement on your website.
- Avoid mass mailings. They are an inefficient use of resources (time and money) in a business-to-business market.
- Go to a few, very targeted industry shows. In most cases, align yourself with partners/exhibitors as part of their booth so you do not have to pay the exhibitor's fees (which can be as much as \$15,000).
- Retain an outsourced public relations firm for a fraction of what it would take to do that work in-house. They assist with press releases and getting articles in front of the reporters at the industry magazines / newspapers in our space.
- Avoid advertising and the unnecessary associated costs. Targeted selling has a much higher ROI.
- Hire sales people that have industry experience only

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Mr. Lieberman is the founder and CEO of The CEO's Right Hand, Inc. (www.theceosrighthand.co), a New York-based consulting services firm that provides the full breadth of strategic, financial and operational advice to founders, CEOs and Executive Teams. As an experienced entrepreneur himself, he has served in various C-suite leadership and advisory roles across a wide spectrum of industries. His first venture was CMR Technologies, a FinTech company based in San Francisco serving the investment management consulting space. From CMR, Mr. Lieberman formed Xtiva Financial Systems, a software company specializing in sales compensation solutions for the financial services industry. Mr. Lieberman served as Xtiva's CEO, building the company to over \$10 million in revenues and 100+ clients. He also served as the President and CFO for Interactive Donor, a New York-based Benefit Corporation which incentivizes charity through rewards.

Mr. Lieberman holds double Masters degrees, one in Business Administration and the other in Computer Science from the University of California at Los Angeles. He completed his Bachelors in Computer Engineering from the University of California at San Diego.

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