THE SERIES A FOUNDER'S

GUIDE TO REVENUE OPERATIONS

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Foreword

Scaling a business from Series A to Series B typically means growing revenues from $3m ARR to $10m ARR.

For companies at the top end of the venture track, following the T2D3 model (tripling revenues two years in a row, then doubling for three years in a row) this means reaching this next milestone in just five quarters.

As you go through this rapid transition it is going to feel like you are building an entirely new company.

You'll move from founder-supported sales to an independent sales team running a predictable, repeatable sales process.

You will treble the size of your Go To Market function introducing more complexity and management challenges as siloes appear across marketing, sales and customer success teams.

And you will need to hire in senior leaders that have experience of scaling a team to $10m ARR and beyond.

You have many jobs to be done, and in this guide you'll find out what's in store, some of the most common challenges other founders have run into, and how a strategic Revenue Operations model can give you the confidence you will need to accelerate to Series B.

Let's get into it!

Charlie Cowan

Series A Founder's Guide to Revenue Operations

Contents

FINANCIALS

## From $3m to $10M ARR

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ARR Growth

ICONIQ's 2022 SaaS Growth and Efficiency report includes data from 92 B2B SaaS companies - mainly from their private portfolio but also including some select public companies.

On average, the journey from $3m to $10m ARR in their top performing companies takes just over four quarters.

That means for anyone following the T2D3 journey (tripling revenue two years in a row, then doubling revenue for three years in a row) the growth in the teams and processes that we'll describe in the coming pages needs to have started already if you aren't to fall behind.

■ Ending ARR

ICONIQ

Quarters after $1m ARR

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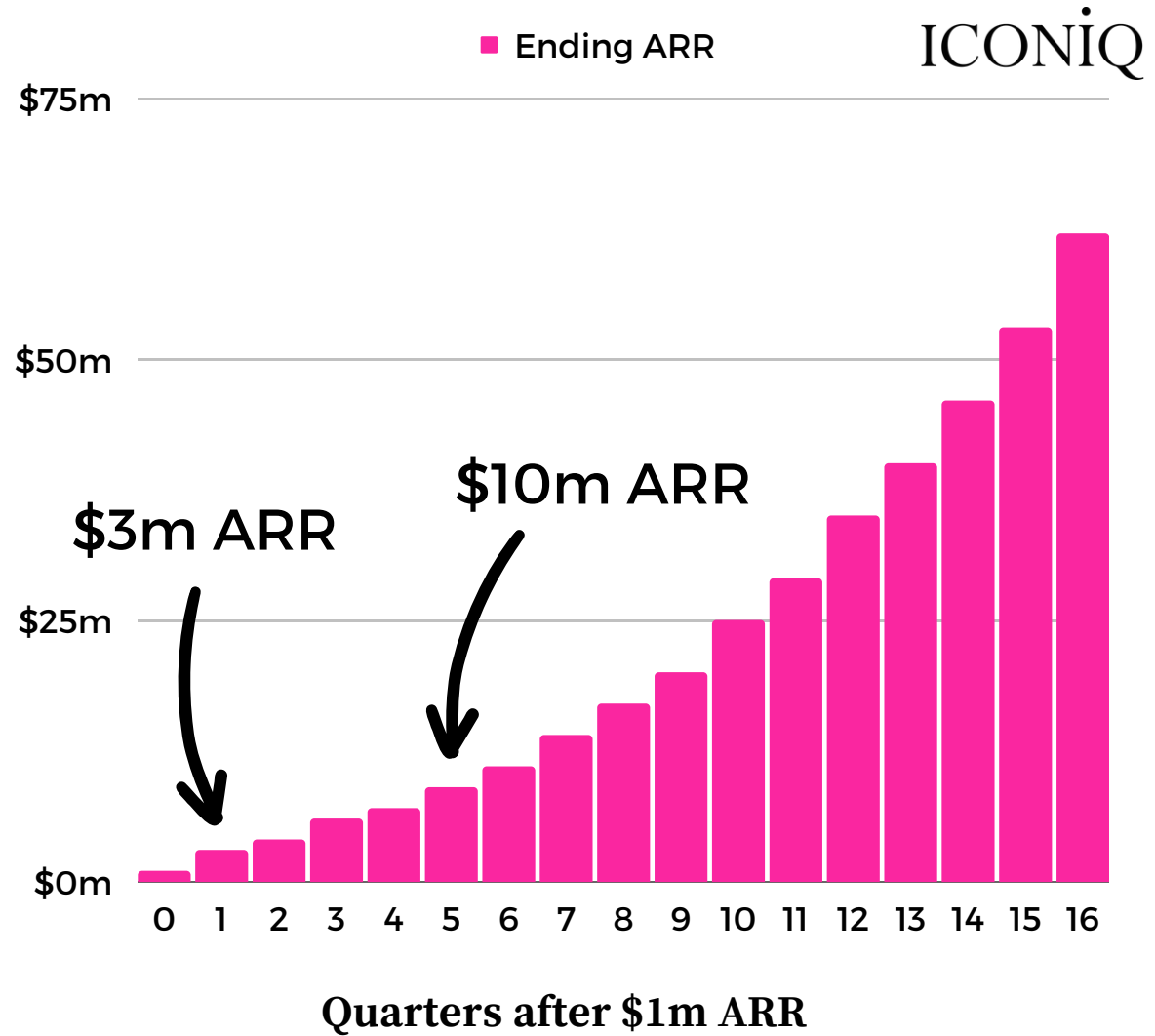
Financials at $3 and $10m

Between $3m and $10m ARR your company transforms in size and in the efficiency of the business.

The Year on Year ARR growth will continue to tumble due to the economies of scale, and your ARR per FTE will continue to rise as you become more efficient in acquiring and retaining customers.

Even at $10m ARR new logos continue to be the main source of ARR and so whilst Net Dollar Retention is important, the focus of your GTM motion needs to be acquiring new customers.

ARR	$3m	$10m
Funding Round	Series A	Series B
Valuation (Pre-Money)	$40m	$90m
Funding Size (for this round)	$6.4m	$12m
YoY ARR Growth	430%	170%
Net $ Retention	130%	130%
ARR per FTE	$100k	$165k
New Logo ARR %	74%	66%

SCALING THE TEAM

The Team

On the journey from $3m to $10m ARR your team will expand from around 30 people to 100.

At $10m around 70% of your team will be in Go To Market functions - marketing, sales and customer success.

Your team of around eight sellers will have expanded to around 40.

This rapid increase brings with it hiring challenges as well as complexity in how you enable and manage a much larger team.

Total 30		Total 100
GTM 15	→	GTM 70
Sales 8		Sales 40

Now at $3m ARR **At $10m ARR**

GTM Org at $3m ARR

At $3m ARR you are still moving from founder-led sales to your first formal sales leader - typically a Sales Director. That sales leader will be in a player/manager role - focused on selling alongside their team, maybe even carrying their own quota.

CEO

Marketing Director

Sales Director

CS Director

5 x Marketers

8 x Sellers

2 x CSMs

1 x MOps/SOps
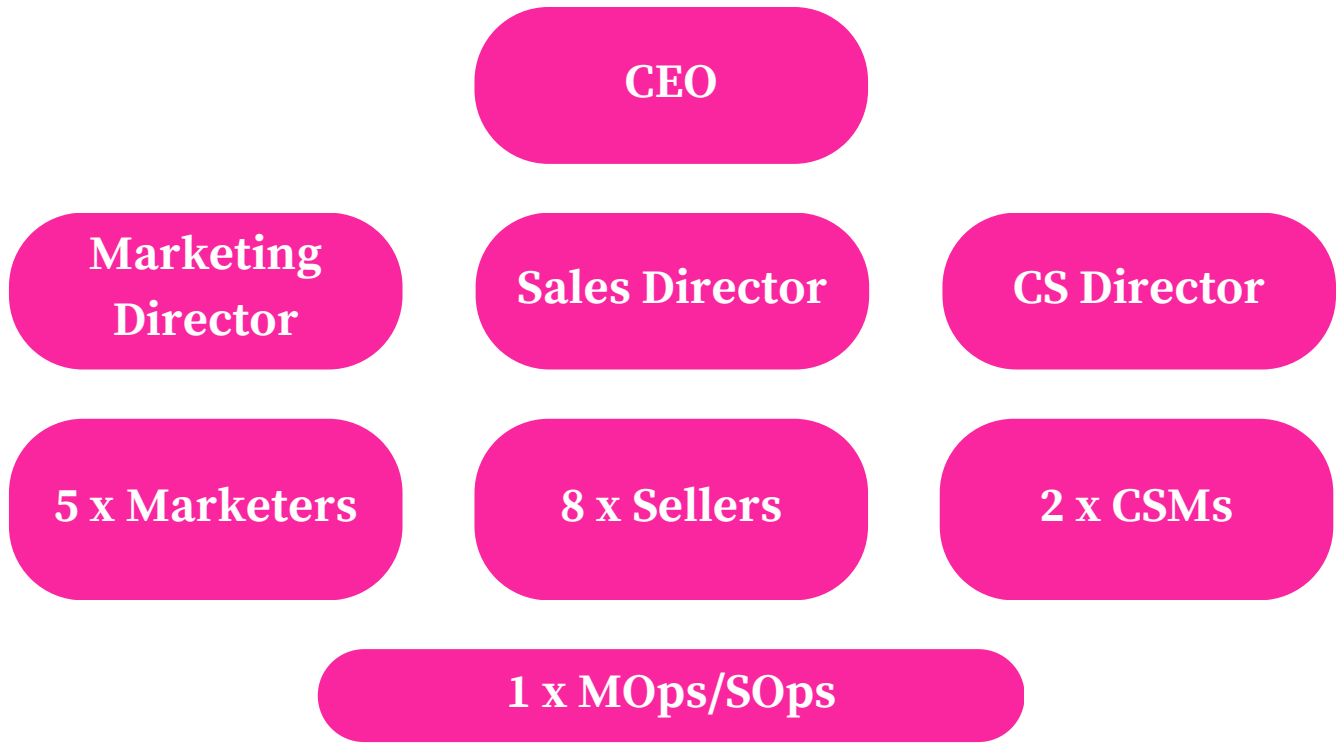
At this stage, it is the founder who is the only person that has full responsibility across all stages of the buyer experience from Marketing, to Sales and on to Customer Success.

There may be one Marketing or Sales Operations role to support the GTM function but a formal Revenue Operations role has not been hired yet.

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GTM Org at $10m ARR

By the time you reach $10m ARR you will have built out a more senior leadership team. This will most commonly be built from new hires with experience of scaling larger teams rather than internal promotions.

CEO

VP Marketing

VP Sales

VP of CS

Your leaders are now focused more on process than execution, but you still don't have a single executive below the founder who has operational experience across the GTM function.

3 x Team Leads
15 x Marketers

5 x Sales Directors
40 x Sellers

2 x CS Team Leads
10 x CSMs

Your new Revenue Operations team will provide you with that alignment and consistency across the three teams.

1 x VP Revenue Operations
5 x RevOps Team

JOBS TO BE DONE

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Jobs to be done

Prior to Series A the focus has been on experimentation and finding Product Market Fit.

Now the objective is to define a **repeatable, consistent and predictable** go to market model that can give you, and your investors, the confidence to accelerate by adding in further investment at Series B.

> **"From $3-$10m the GTM model emerges, with specialists establishing repeatability across demand creation, sales conversions and revenue realisation."** Notion Capital

✓ **Know your customer**

You need to get very specific on your ideal customer profile - documenting the industry, company size, functions, and personas that are the best fit for your product.

You will define your Total Addressable Market considering potential first steps into international markets or moving up or down in segment.

✓ **Define the customer journey**

As you scale up your GTM team from 15 to 70 you will need to define a consistent customer journey from marketing, to sales and onto customer success.

This customer journey will be supported by training and enablement content to ensure new starters can ramp quickly and follow a consistent sales process.

✓ **Learn from your data**

You can no longer run the business on gut feel - you need to become metrics driven and base your decisions on the data in front of you.

Now is the time to implement lead and lag data sources integrated into a single reporting platform across marketing, sales and customer success.

✓ **Use bottom up planning**

Top down planning with your leadership team can define the venture path ahead, but you need detailed bottom up plans based on AOV, CAC, LTV, sales cycle, conversion rates, and compensation models.

You should be rolling out your first Revenue Operations planning to ensure you have a workable plan to meet your top down goals.

Problems in this phase

With Series A funding in the bank founders can get tripped up by accelerating when they don't yet have the right foundations to build on.

Sources: NOTION SaaStr

Using someone else's playbook

When you hire in senior leaders you are doing so to benefit from their experience in later stage companies.

But don't fall into the temptation to rely on the playbooks that worked for them in their previous roles.

"This is how we structured the sales team at MongoDB", "This was the compensation model we used at Zuora"

Those are different products, with different customer personas, and from a different time.

Use your own eyes to build your own playbook.

Assuming PMF in one market translates

As you expand into different personas, segments or geographies you need to establish Product Market Fit all over again.

Diluting your GTM to quickly

Don't go too wide too fast. As you spread yourself across different channels, segments and countries you will lose your impact.

Not accelerating when it is time

But don't wait too long! Once you have defined a repeatable and predictable GTM motion you need to accelerate to capitalise on the market in front of you.

Wrong people in the wrong roles

You'll start this phase with a Sales Director, and end it with a VP Sales or CRO. Being reluctant to make this change, or doing it too early will cause delays in scaling.

No one person with full GTM experience

Your marketing, sales and customer success leaders are practitioners for their own function, but without Revenue Operations you have no-one looking at the end to end buyer journey.

Sales Director not focused on execution

At this phase your sales leader needs to be a player/manager not a process specialist building spreadsheets.

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Problems in this phase

Not using metrics to drive decisions

Prior to your Series A you were focused on experimentation and gut feel as you focused on Customer Development and finding a product that someone would pay for.

As you scale the team from 30 to 100 you need to start basing your decisions on metrics so that you can clearly align the team on why you are making them.

Metrics need to measure what happens across the buyer journey - from marketing, through sales and customer success, including the customer's use of your product.

Allowing individual functions to create and monitor their own metrics will give you a siloed view of your buyer's world.

Information becomes siloed

As you hire in leaders from other organisations that did not follow an aligned revenue engine model, you will see siloes appear.

Functional areas will develop their own hierarchies and information flow between individual contributors in different teams dries up.

You'll start to hear about 'sales and marketing alignment' and 'misaligned incentives'

Founders not letting go of sales

Prior to Series A you were in every deal. That cannot continue. Your Sales Director needs to develop a playbook that doesn't rely on the you bringing your passion and experience to the room.

Average turnover of 2.13 sales leaders

Hiring the wrong sales leader for the wrong phase creates turnover in sales leadership at this phase.

Hire a player/manager focused on execution today, and plan for a VP Sales as you build towards $10m ARR.

Hiring only internal promotions

Leading a team of eight sellers is very different to leading five teams with 40 sellers.

Avoid the temptation of stretching internal hires into roles they have no experience of.

2/3rds of the company join in this phase

Never forget that the majority of your team will join after this phase starts. Reinforce your revenue aligned culture every day.

Don't let siloes creep in

The Marina Bay Effect

Marketing Sales CS

This building is Marina Bay Sands in Singapore and it represents a typical GoToMarket function as your company scales.

As you hire in new leaders, they build their own hierarchies, consciously or sub-consciously blocking communication between individual contributors.

This introduces significant delays in your decision making processes at a time when you need to iterate faster not slower.

Consider ways you can avoid the Marina Bay Effect by arranging joint meetings, aligning compensation and creating cross-functional tiger teams.

Takeaways

As you embark on this next phase of growth, consider ways that you can embed repeatability, predictability and consistency into your business. You want to give yourself the confidence to look investors in the eye and say "I know how this machine works and if I put more funding in we can grow faster"

Sources:

NOTION   SaaStr

Learn from your customers

Make your customers wildly successful, and as you do so, learn from them and use this knowledge to feed back into your marketing and sales teams to refine their playbooks and messaging.

You will find that your customers use your product in ways you didn't expect and receive value you didn't plan for.

Uncover this and build your proposition around real customer experiences.

Develop a documented GTM strategy

Document your strategy for finding, winning and retaining customers.

Execute sequentially

Win in one market, segment or product before trying to target the next.

Build your own playbooks

Use your own eyes to determine who your customers are, the value that you provide and how you win.

Borrow from others, but plot your own course.

Enable your teams on the playbooks to accelerate onboarding, and to deliver predictable and consistent results as you scale.

Invest in repeatability

Define your process from marketing, to sales, to customer success.

Find out what is working and bottle it.

Invest in data

Now is the time to ensure you have lead and lag data from across the GTM engine to guide your decision making.

Hire for what you need right now

You'll need a CRO of SVP Sales in the future, but right now you need a sales director focused on execution as you figure out a sales strategy that wins business.

REVENUE RESPONSIBILITY

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Freddie Founder

As you bring on your first sales leadership hire it can be tempting to think that they now have responsibility for revenue.

But if you have correctly hired a player/manager Sales Director (instead of a process-orientated VP Sales or CRO) then the responsibility for the end to end revenue engine still sits with you.

Your Sales Director should be focused on winning ARR with their team, meaning that the job of building out a repeatable GTM strategy, playbooks and data platform sit with you.

If that worries you - don't panic. But now is the time to address your upcoming Revenue Operations requirements and develop a plan to implement them.
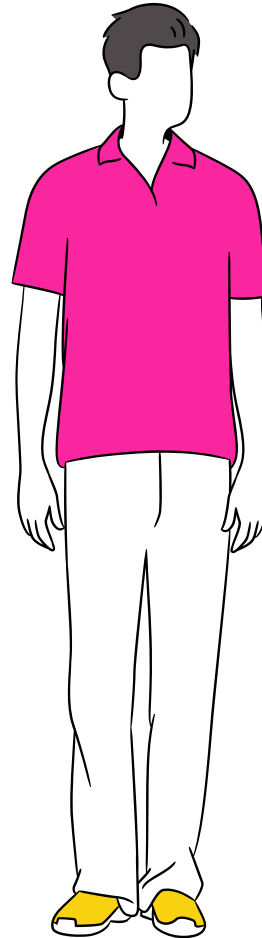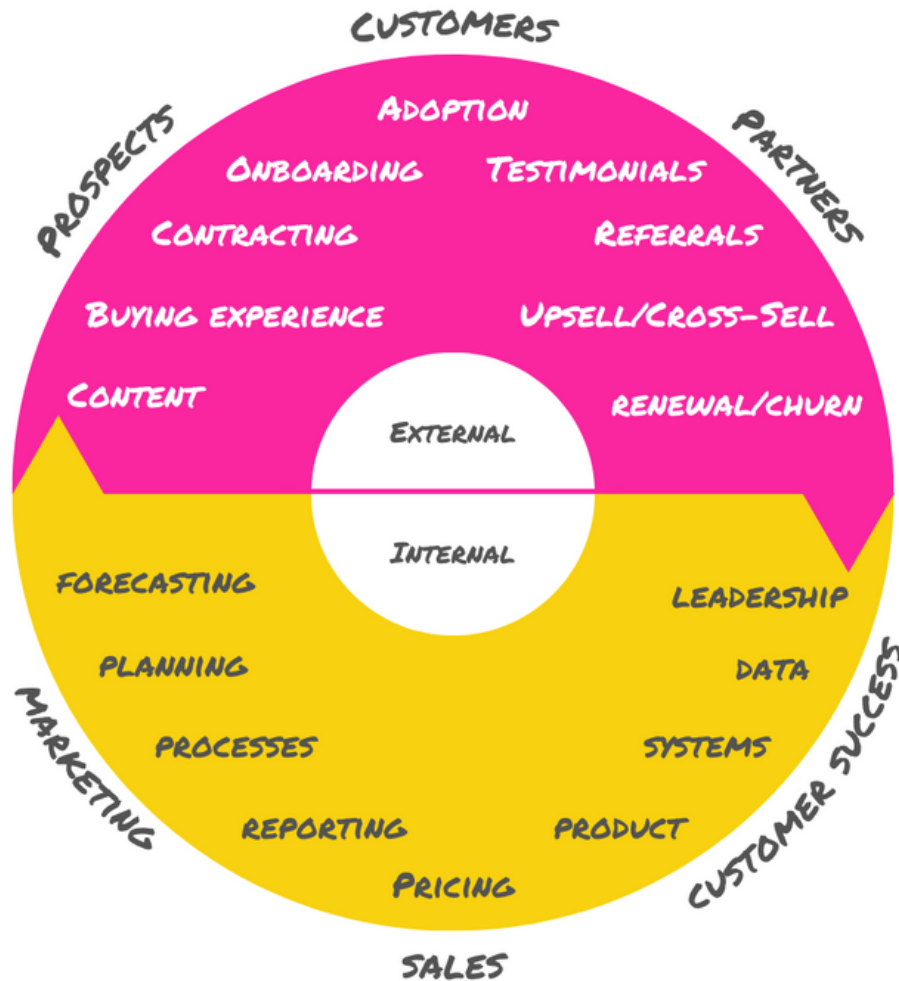
- First time founder
- Engineering background
- No Sales or GTM experience
- Worried about a sales leader mis-hire
- Thinks RevOps is about managing systems
- Wants consistency
- Wants predictability
- Lies awake worrying about T2D3
- Wants an adult in the room

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REVENUE OPERATIONS REQUIREMENTS

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What is RevOps?

Revenue Operations (RevOps) is the strategy of aligning marketing, sales and customer success into a single revenue engine.

This is the Revenue Acceleration Flywheel and describes the external and internal areas that you'll need to continually iterate and improve on as you develop your Go To Market Strategy.

BEWARE: You will be tempted to think of RevOps as a purely internal systems-focused function - developing data models, forecasts and updating fields in your CRM.

Instead, think of Revenue Operations as an externally focused strategic function that will partner with you as you develop your GTM strategy, your sales playbooks, your leadership structure and cross-functional processes.

Without Revenue Operations at this stage of growth your functional teams will introduce siloes, friction and delays in your growth.

Revenue Operations will support you in building a seamless end to end buyer experience that helps your customers to buy.

How RevOps helps you

As a founder, investing in Revenue Operations early will give you the confidence to make investment decisions with confidence as your team scales.

Giving you confidence

You want to have confidence that if you invest in scaling up a GTM team or opening in a new segment or region you will see predictable results.

At the end of every month you need to send an investor update email, and you don't want any surprises caused by a mis-hire, inconsistent growth or slipped deals.

Worse - not having an answer to why things aren't working as you'd planned in your fundraising.

Revenue Operations will give you your single view of the revenue engine.

Focus your Sales Director on selling

There is a lot to build right now. But you don't want your Sales Director locked in an office building out forecast models and hiring plans.

You need them in front of customers, coaching their team and learning what works.

Business Model Design

As you move from Product Market Fit to Go To Market Fit now is the time to define, or redefine your business model.

Mapping your customers to your value proposition, channels, relationships and revenue model.

Define GTM processes and playbooks

As your marketing, sales and customer success teams uncover what works, Revenue Operations will document what good looks like and develop playbooks, content and training to ensure new team members ramp quickly on your way of working.

Define RevTech requirements

Revenue Operations will select and implement the right technology stack to support your buyer and seller journeys.

Implement data architecture

Determine what lead and lag data sources are available and deploy a single reporting platform across the GTM functions.

RevOps Requirements

Your Revenue Operations checklist is a long one. You will want to keep these tasks away from your sales leader who should be in front of customers and their team.

- Data and **reporting** architecture
- **Forecasting** framework
- Prioritised plan of initial RevOps roll-out
- Creation of **playbooks, process maps, sales content, training**
- Present at leadership and board meetings
- Customer **testimonials** and **referrals** programme
- **Partner program** definition and creation
- Learn from customers and integrate into **buyer enablement** content
- Develop the **compensation model** - align the funnel
- Define **metrics** for this phase of the business
- Implement information flows between teams (including product)
- **Speaking to customers**
- Conduct **seller ride-alongs**
- Develop buyer enablement tools - **diagnostics, calculators, benchmarks**

CHECKLIST

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METRICS

Metrics

Your Revenue Operations team will need to develop a unified reporting system that pulls in lead and lag data from across your revenue engine.

You will be tracking many of these already, but will need to develop a stronger focus on the handoff of buyers from one team to another.

- ARR/MRR
- ARR per head
- Pipeline
- ACV
- TAM
- Magic Number (ARR/ S&M costs previous quarter)
- CAC

- LTV to CAC
- Conversion (Opp to close)
- Sales velocity
- NRR or NDR
- GRR (churn)
- Consumption
- NPS

"If you have not invested in proper revenue operations and have it up and running by Series A, you're going to very quickly run into a mess. Your metrics will be difficult to uncover and there will be deep inefficiencies in your team.

The most important thing to do is to fix that immediately because if you don't seriously get your shit together you simply won't raise Series B."

Fifield and Bradburn via Scalewise

HIRING SALES LEADERSHIP

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Sales Director

Moving beyond founder-led sales, your first sales leader hire needs to be focused on execution, not process.

You need a player/manager who spends their time in front of customers, selling alongside their team and even carrying a quota themselves.

They will need to learn first hand what makes an ideal customer and how to close business - taking this insight to feed into your first playbooks.

- Execution basis (this doesn't always mean selling directly), often supported from a budget perspective by senior leaders
- Manages the daily and weekly numbers
- Does not sit on a leadership team typically, focuses on the team every day
- Be seen on calls, in meetings, at client sites, potentially carrying a quota, closing themselves
- Hire and train salespeople
- Help create and execute on the sales playbook
- Check and manage daily and weekly sales activity, individual by individual
- Work often with the sales operations team
- Coach and motivate
- Manage underperformance

Source: SCALEWISE

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VP Sales

As you approach $10m ARR you need to shift from the player/manager to a more experienced VP Sales with experience of hiring and leading multiple teams.

Your VP Sales will focus more on process and designing your selling system than executing deals with your reps.

- Typically responsible for the whole new business target and have a focus on hitting the numbers
- Create budget and manage it
- Develop and implement the company's sales plan
- Build compensation strategy for sales
- Job of the VP is to think about a sales strategy to hit a longer-term number i.e. the years numbers and beyond
- Run all hiring process / onboarding / sales skills - but delegate a number of activities here, will often get the final say in hiring
- Work closely with partners like VP Marketing / VP customer success
- Manage managers
- Own the sales playbook
- Focus on key partners and customers

Source: **SCALEWISE**

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Conclusion

Having completed your Series A fundraise you quickly need to reset from having reached the top of the Product Market Fit mountain to being at the bottom of the Go To Market Fit mountain.

You'll want to extend your time horizon from very short iterative experimentation, to defining a strategy to build out a predictable, repeatable and consistent go to market machine.

Hire leaders that will spend time with your customers and define your own playbook based on what they see in front of them.

Implement a metrics-based strategy that gives you the evidence to prove your confidence as you head towards $10m ARR and Series B.

Hire the right leaders

Learn from the data
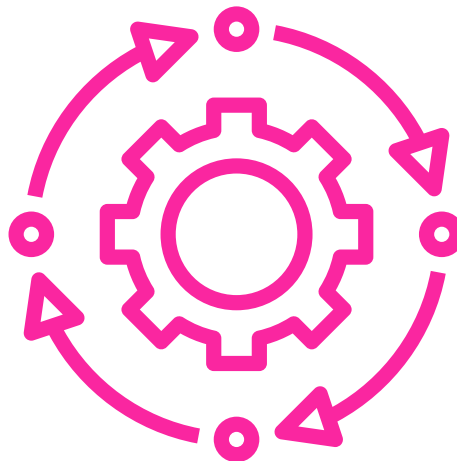
Build the GTM team

Define your playbooks

How can I help

I partner with CEOs and revenue leaders to help accelerate revenue growth by aligning marketing, sales and customer success teams.

As you embark on the next stage of your journey towards $10m ARR I'll support you and your early in-house RevOps team with strategic and scalable Revenue Operations advisory and consulting.

I'll mitigate the risks you'll face as you travel from A to B.

Contact Me

Charlie Cowan

Business Model Design

Buyer Enablement Content

Sales Process Design

Tech Stack Strategy

Partner Program Design

Referrals and Testimonials

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