

Attention software startups: Hire your pre-sales technical talent *now!*

by Dan Herchenroether

Software startups most often fail to establish their pre-sales technical presence early enough. Many startups assume that any "propeller head" or "Demo Dolly" can do the job, since that's what mature software companies do.

The other common startup error is rationalizing that the company cannot afford the "luxury" of a dedicated pre-sales systems engineer — "SE" in industry-standard parlance.

Following that mindless pattern means, at best, missing a golden opportunity to build momentum for a new product or, at worst, failing altogether. The SE is a critical player in software sales, but the position is all too often glossed over during the startup phase.

Falcon Software: A fable

Here's a typical startup scenario: Falcon Software, a pseudonym, wants to put its brand-new enterprise infrastructure software into the hands of a few nurturing early adopters. The release is version 0.9, but reasonably stable.

In order to support their projects, Falcon allows these prospects direct contact with their product engineers. Initially, the engineers are thrilled to be in direct contact with people actually using the fruits of their labors. The prospects are flattered that they have direct access to Falcon's brain trust.

But this arrangement is a double-edged sword. At some point, the engineers must focus on product development, not play support representatives. As pressure builds to finish its product, the Falcon engineers begin to resent the arrangement; they take longer and longer to respond to inquiries from the early adopters.

Adding to the pressure, the pilot projects are moving ahead and the early adopters begin requesting onsite support visits. This is not practical, since Falcon is based in Silicon Valley and the early adopters are financial services firms in New York. The last thing Falcon wants is its engineers on airplanes.

Falcon decides it needs a field systems engineer to intercede ASAP. Falcon's new VP of sales, a veteran from a mature software company, defaults to his old SE profile: a fairly technical person who can demo, run PowerPoint, get from point A to point B for meetings, and not complain; basically a "Demo Dolly." Thinking is not a requirement.

So, the VP hires one of his ex-SEs, an energetic lad who can demo and run PowerPoint like crazy, but is shallow on the technology.

Falcon throws the SE into the fray, and he puts together some wonderful demos and presentations. His major blunder, though, is thinking that he has to go sell to the early adopters. At this point, Falcon's early adopters are way beyond the demo stage. They are hip-deep in pilot projects, and know more about Falcon than this newbie SE.

After several weeks of "I'll have to get back to you on that" answers to their questions, the prospects decide Demo Dolly does not add any value and the early adopters continue to work directly



with Falcon's product engineers.

Everyone is frustrated. The product engineers thought they were out of the support business. Delays in product development begin to rise and the VP of engineering complains to the VP of sales that his SE isn't doing his job.

The early adopters, seeing a rapid decline in the level of support, sense danger in continuing to work with Falcon and decline to implement Falcon's product.

End result: no revenue, delayed rollout of product, no reference customers and — the kiss of death — a reputation on Wall Street as an unreliable vendor. Oh, and Falcon now has a \$90,000 SE sitting in his New York home office playing solitaire on the cool Dell laptop Falcon bought him.

How you can avoid this unseemly fate

The rest of this article discusses how your startup can avoid Falcon's fate by describing a profile of a high-impact, pioneer pre-sales SE and proper ongoing care and feeding of this precious resource. Keep in mind that while the following dimensions are skewed for the early SE hires, you will be setting the tone and culture for your SE team into the future.

I was an SE and SE manager for three companies — all startups — over the past dozen years. I have been fortunate to be part of, or become familiar with, some of the best SE organizations in the industry, most notably, NeXT Computer (now part of Apple Computer) and Active Software (acquired, post-IPO, by webMethods).

Unfortunately, I have also witnessed how a poorly executed technical sales strategy can tank a company: Altoweb, a now-defunct J2EE development tools company.

At NeXT, I played just about every role an SE can play: district SE, regional specialist, player/coach, SE manager. More about NeXT later.

Active Software is a case study in both what to do and not do with respect to early technical sales efforts. Before I joined in early 1997, the VP of sales — the only sales employee until late 1997 — would simply grab an engineer, CTO or founder/CEO to go on early adopter sales calls.

It worked fine for 1996, but the model did not scale to the aggressive sales goals for 1997. They were very much in the "Falcon zone," but were smart enough to know it.

I was the first SE hired and the only SE in the company for most of 1997, and, as such, ran around the eastern half of the country working with two very ambitious and talented sales reps. The product was still immature, and our customers, still mostly early adopters, needed a lot of hand-holding.

Most important, I was the main conduit for feedback on the product. In 1998, I continued to be a front-line SE while helping to attract and hire talent to flesh out our team.

There isn't much to say about AltoWeb, except that they did not hire a true sales SE early enough. Even when pushing a clearly immature product, they didn't listen to the market and ran out of cash. I lasted seven months there in 2001.

Based on these personal experiences and having witnessed the trials and tribulations of many other colleagues, I can put forth the following roadmap for pre-sales technical success.

Point #1: Hire the SE early

So many companies hire sales reps first without technical partners, then rush to put unbaked product



in customers' hands. The rep will do his job generating demand, but cannot adequately service the prospects.

The result, as we saw in the Falcon example, is growing pressure on engineers and product marketing people to respond to early adopter needs. By the time you recruit and train your SE, the horses have already left the barn.

Whether or not you have a VP of sales or district representatives, get your pioneer SE at least six months before product rollout. The SE will need time to train on your products and become an integral part of the product development and marketing efforts. By the time you are ready to place product at early adopters, your field SE will also be ready.

I have personal experience to support this recommendation. In 1989, I was the sole SE in the Pittsburgh office of Businessland, the PC and local area network retailer. In the spring of 1989, Businessland signed up to sell NeXT — remember the cool black cubes? — into our corporate accounts.

Now, there's plenty about NeXT that should never be emulated by a startup, but they did an incredibly smart thing: They hired a field technical team very early in the game.

At version 1.0, the NeXTSTEP software was barely stable. Even so, NeXT successfully placed the system at several early adopters. What made this possible was an SE team that was highly motivated, entrepreneurial, vocal — sometimes to the chagrin of sales management — and technically deep.

Because the one of the main strengths of NeXTSTEP was its highly productive, object-oriented development environment, all of these guys were world-class developers in their own right, developing software that made its way into the core product. But beyond their technical depth, NeXT's SEs were focused on ensuring the success of their early adopters.

What success NeXT had in business applications was entirely due to the work of their SEs. Assuming your product is better-baked than NeXT's was at the time, having an SE or two ready to go at rollout will greatly increase your chances of success.

Footnote: I ended up joining NeXT as a field SE about three years later. The SE culture set by those pioneers was still intact and almost every successful deal could be traced back to diligent work by SEs.

Some examples:

- A major entertainment agency in Los Angeles standardized on NeXT for their custom internal applications. The project was initially started by a third-party consultant and was close to failing. The west coast SE manager stepped in to manage and successfully complete the project.
- A Chicago securities trading firm chose NeXTSTEP as their development platform. They were the quintessential early adopter who rarely bought software packages from third parties. While possessing a brilliant staff, the presence and dedication of NeXT's Chicago SE insured their success with what was beta quality software.

The SE was also then able to use the experiences of the customer to directly influence product direction. This would have been impossible to accomplish remotely from Redwood City, Calif.

- A Federal government intelligence agency standardized on NeXT for its graphics capabilities and secure hardware and software. NeXT dedicated two very early hires to this agency specifically, but also to the Federal market more generally. Though the agency's project was top secret, the security-cleared SEs were able to leverage their success in this agency with others.



So, how to identify the candidate? For comparison and review, I have linked PDF versions of the "SE Success Profile" and "SE Interview Guide" we used at Active Software. We used the **Selecting Winners** methodology to develop these.

Although these documents serve as great examples, I want to emphasize that the dimensions we used may not be applicable to your particular situation. Every company must identify the specific skills to map to its product line and target market.

Point #2: The ideal SE is more than technical

The primary responsibility of a pre-sales systems engineer is to communicate the technical inner-workings of a product to a prospective customer in order to secure the technical win. At minimum, SEs must have good communication and presentation skills and, of course, technical depth to answer the most arcane questions.

The best SEs take full ownership and responsibility for gaining that technical win at a target, managing proof-of-concept projects and organizing seminars and other activities designed to insinuate the SE into the prospect's technical team.

Before we define the profile of the ideal candidate for the first SE, a piece of basic recruiting philosophy: With people, past performance *does* predict future behavior. The candidate should be able to provide specific examples from his background that map to these attributes:

SE attribute #1: Broad-based education

Your candidate need not have written an operating system or reverse-engineered Microsoft Word, but a bachelor's degree of science from a program with intensive systems curriculum is a minimum requirement.

Hybrid programs such as Information Systems may have less technical depth than a Computer Science program, but have yielded very good SE candidates because those candidates can *apply* software to a problem.

Probably because it is so rare, prospects are always impressed when a vendor can talk his business language. Candidates with a business degree — think MBA — on top of a technical degree will serve you and your prospects well.

SE attribute #2: Pioneer spirit

The ideal candidate will have SE experience, preferably at a startup company. The environment of a startup is vastly different than at a mature company. Resources are scarce, the SE will likely be remote, working from a home office or traveling frequently.

If the candidate has not worked for an early-stage startup, ferret out how dependent he has become on infrastructure and staff support. The candidate must prove that he can work independently, roll his own resources, and think on his feet. Of course, check references.

SE attribute #3: A sales personality

Remember, the SE is part of *sales*. Companies that separate SEs from the sales organization — or merely rely on raw technical expertise — fail to get the most out of the resource. It's about organizational alignment with the goals, marketing strategies, and compensation (more on that later) of the sales team. The best SEs have a competitive streak and are driven to make the sale.

SEs should be lead generators. Once imbedded at a prospect, the SE can look for other sales opportunities that the sales rep can then follow up on. It is this "divide and conquer" strategy that most fully



leverages the SE's skills. Look for analytical and "what if?" skills.

SE attribute #4 Broad technical proficiency

Does the candidate have experience in the technologies your product embeds or will use in deployment? This may be very straightforward. For example, if you are selling an application server add-on, your SE will need at least some hands on experience with Java, html, and scripting.

Be careful, though, that you don't blackball a candidate simply because his or her skills don't map to every technological need. Training can fill in any gaps, provided the candidate is motivated and can prove past experience picking up new expertise independently.

At Active Software, because of the nature of our middleware product, we touched, potentially, every technology in a corporation. The ideal candidate — one who knew all the possible technologies — could not possibly exist. What we did was profile our *organizational* requirements, then tried to hire a variety of skilled people in order to leverage their individual specialties.

SE attribute #5: Poise under fire

Resist the urge to hire anyone simply because they can deliver a canned demo or marketing slideshow. This is an Achilles Heel of many sales managers. They like to believe that they can control the proceedings by saying "we'll take that offline," or "please hold questions until the end." Forget it.

If your product has any level of technical complexity, an audience will try to take the presentation into the technical weeds. Even if the rep or SE is successful in stonewalling questions, the prospect will be annoyed. The candidate must have experience dealing with challenging audiences, or demonstrate the poise to do so and be bold enough to chuck the whole presentation and "chalk talk" the material.

SE attribute #6: Strong Communication skills

The candidate should demonstrate writing competence. The SE will have to design and execute project plans, respond to requests for information, and be able to convey, clearly and succinctly, field observations to headquarters.

The SE will be the eyes and ears for the startup, and any inaccuracies or incomplete reporting will potentially send the product in the wrong direction.

SE attribute #7: Unselfish team player

Yes, it's a two-way street, but it will be incumbent on the SE to cultivate and grow relationships within the company to properly do the job.

Dealing with a field sales organization is likely to be a new experience for many — if not most — of the headquarters staff, particularly the engineers. An experienced SE will establish the right culture and communication mechanisms between the field and headquarters technical groups.

Teamwork is also critical from the prospect's perspective. The early-adopter projects tend to be lengthy and complex, and working with fresh software guarantees that problems will crop up. The more the prospect's project team can rely on the SE as part of their team, the more likely the technical win.

Where to find them and how to hold them

Now that we have defined our target SE profile, how do you find candidates? Thankfully, the market has flipped from one of sellers to buyers. After the bloodletting of the last few years, there is a larger pool of quality candidates. Certainly, your stable of recruiters will have quality candidates, but simply working your industry network will uncover "A" players.

Once you have hired your best candidate, be sure to give him proper care and feeding. While we've



emphasized that the SE will need to act on his own and not rely on headquarters for everything, there is a minimum level of support necessary.

SE retainer #1: Superior compensation

According to the latest Culpepper and Associates compensation survey, a "Sales Technical Support Manager" will fetch \$110,400 base salary and another \$30,100 in variable compensation plus options on 3,600 shares of stock.

Even if you don't intend for your initial SE to manage, the "Senior Sales Technical Support" position commands a base of \$104,600 and variable pay of \$77,800.

If you're a startup, you will want to significantly increase the levels of stock options; the 3,600 reported by Culpepper is for mature companies. For a young company, options on 25,000 shares is not out of the question.

Your first SE is going to be a high-impact player and future leader, and you will have commensurately high expectations. Yes, you can save a few grand or be miserly about stock options, and you'll end up accepting a lesser talent who will dilute your return on your SE investment or eliminate it all together.

Returning to the theme of "alignment," the SE's variable compensation structure should mirror that of the sales reps'. To be honest, many a sales vice president will challenge this. "SEs don't carry a bag," the VP will say.

True; unlike a sales rep, an SE's job usually does not depend on making quota. The SE's compensation will typically be more heavily weighted on the base salary side of the ledger than the variable side. But a smart rep will *want* his SE to have the same incentives and goals that he does.

For instance, if there is a rep bonus for closing a deal early in the quarter, there should be some incentive, even if non-monetary, for the SE. Otherwise, human nature being what it is, friction will result and deals will be delayed or lost because the SE's priorities differ from those of his sales partners.

The issue of variable compensation is less of an issue with early stage startups, since there isn't much revenue yet — but it makes sense to set expectations on day one.

SE retainer #2: Arm the SE

Certainly, like Falcon, you should get your SE a high-power laptop, printer, fax capabilities, broadband connection and portable video projector. I can hear the snickers out there, but so many companies skimp on infrastructure for field personnel and then wonder why they are unproductive or uncommunicative.

SE retainer #3: Immersion in product training

Of course, you have product training, right? Actually, for a startup, you probably don't. This is where you will have to give up some engineering time to train the SE about the inner details of your product.

There can be no complaining from engineering. Recall Falcon's experience, where the product developers were distracted because of the need to service prospects. Training the SE thoroughly on your product is an ounce of prevention worth a ton of cure.

Remember those gaps in the candidate's technical background? You must close those gaps ASAP. The SE must step up and get the right books, self-paced study, or whatever it takes to master new technology. Set expectations and deadlines for training. If the SE chronically falls behind, you have hired the wrong person. Do not let this fester.



SE retainer #4: Steep the SE in your company culture

You do have an articulated set of company values, right? If not, get some. There has to be some shared and accepted mission and reason for the company to exist, and merely making a fortune in your IPO is not sufficient. The SE is the communication mechanism to your technical customers; he must exhibit who you are.

The SE should be on a first-name basis with every engineer. A good SE will do this naturally, but you may need to insist that your engineers cooperate. The SE will be their conduit about product problems or enhancement suggestions.

In return, the SE will need direct communications in order to service the early adopters. There must be recognition that the field sales force is not an adversary, indeed, will be the point of the spear. The attitude that product should sell itself — so prevalent in engineering-driven companies — must be eliminated early.

SE retainer #5: Listen

As mentioned earlier, the startup SE is the eyes and ears for the company at early adopters' sites. The startup may have a general idea about how and where to position its new product, but the early prospects are really test cases.

The SE will be the "focus group" leader, gathering prospect intelligence and data, and transmitting that data back to headquarters. Product marketing and engineering need to take the field data to heart.

So many startups cannot objectively reassess their positioning and feature set and ignore what the market, via the field, is telling them. Listen to your SEs!

SE retainer #6: Measure your SE

No, not physically. State on day one what metrics you'll use in 90 days' time to decide whether he or she is succeeding. Refer to the Selecting Winners profile, where we clearly stated what the SE needed to accomplish and in what timeframe.

If the SE is not fulfilling his side of the bargain, you must pull the ejection handle and try again. The wrong hire at this point in a startup's life is like a cancer: It must be surgically removed.

Conclusion

Hiring the right SE early in your startup's product cycle will greatly improve your chances of success. It may be a cliché, but it's still true that you only get one chance to make a first impression.

Your SE — the face and personality of your company — is the responsible person for making that first impression a positive experience for your first prospects.

Take the pre-sales technical position seriously. Hire the best, most experienced talent you can find, as early as you can. Your company will be rewarded with satisfied reference customers and momentum in the marketplace.

***About the author:** Dan Herchenroether is a 20-year veteran of both IT and software technical sales, and author of **Selling Air**, the first novel in a trilogy about the software industry in the 90s. Dan built and managed pre-sales technical teams for NeXT, Active Software (where he was the first sales engineer hired and went public in 1999) and Altoweb. He lives in his native Pittsburgh with his wife and two children.*

