



# Redefining the Sales Growth Strategy

Tech Start-up X

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## **ABSTRACT**

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Tech Start-up X

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This thesis describes the trends of the sales strategy of innovative tech start-ups considering their sales process, revenue models and challenges within the sales funnel. Also, it suggests suitable strategies for the case company by emphasizing sales growth. The research aims to identify the most familiar growth variables and constraints to implement them as a growth strategy for Finnish innovative SaaS start-ups to ensure B2B sales.

It is abductive research where primary data is collected through semi-structured interviews and questionnaires from the focus groups of 6 Finnish companies that have formulated and implemented sales growth strategies. Secondary data is observed from published research and competitors' online activities. The planned tool for the explorative quantitative and qualitative analysis are Microsoft Office to prepare graphs, bar charts pie chart, etc. The growth variables and challenges are then mapped in the strategy canvas to find consistency strategies for the case company.

The key result shows important variables per phase of sales funnels need to be considered while start-ups are formulating or redefining their sales strategies. It also revealed that most of the sales constraints of the case company can be minimized by resolving only four core problems such as suitable targets, available funds, skilled resources, and users' references. This thesis shows 15 recommendations for innovative SaaS start-ups to be followed to ensure sales growth in the domestic and international markets by overcoming substantial limitations.

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Key words: sales funnel, sales strategies, start-ups, SaaS, growth strategies

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**GLOSSARY or ABBREVIATIONS AND TERMS (choose one or other)**

ARR	Annual Recurring Revenue
AM	Account Managers
AMR	Average Monthly Revenue
BDR	Business Development Representative
BM	Business Model
B2B	Business to business
CAPEX	Capital Expenditure
CRM	Customer Relationship Management
ERRC	Eliminate, Reduce, Raise, Create
ESOP	Employee Stock Option Plan
EU	European Union
FAQ	Frequently Asked Questions
GDPR	General Data Protection Regulation
IT	Information Technology
KPIs	Key Performance Indicators
MNR	Monthly New Revenue
MRR	Monthly Recurring Revenue
MQL	Marketing Qualified Lead
OKR	Objectives and Key Results
OPEX	Operational Expense
ROI	Return on Investment
SaaS	Software as a service
SDGs	Sustainable Development Goals
SDR	Sales Development Representative
SEO	Search Engine Optimization
SMART	Specific, Measurable, Attainable, Relevant, Time-bound
SQL	Sales Qualified Leads
TAMK	Tampere University of Applied Sciences
VCs	Venture Capitalists

## **1 INTRODUCTION**

### **1.1 Background**

The investment landscape has been changing in Europe dramatically, especially Finland has broken all its previous start-up booming records in 2020. As per the report on International Private Equity Investors in Finland, venture capitalists (VCs) find this country twice lucrative as any other European country. Additionally, both domestic and foreign investors' preferred industries for investment are industrial products and B2B services (2021, 6-9). In these circumstances, a tech start-up is the hottest trend in Finland where the companies are established with a higher desire to grow. According to the report of Technology Industries of Finland, it is forecasted by IMF that "the demand in the export market of the technology industry will increase by 2.5% in 2022" (teknologiateollisuus.fi, 3). On the contrary, innovative SaaS start-ups (Software as a service) face multidimensional complex challenges to reach the growth goals. Some of the usual challenges are difficulties to introduce an innovative product, lack of financial capital to bear operational expenses, limitation of expert human resources, and sales to select suitable strategies to ensure sales growth. Hence, well-defined growth strategies are crucial to overcome most of its challenges and groom the SaaS business effectively to attain its growth goals.

### **1.2 Rationale of the study**

The topic is chosen considering four aspects such as the need of the case company, the author's expertise, the gap in the literature review, and the future applicability of research outcomes (see figure 1). Firstly, the case company is an innovative SaaS start-up with lots of limitations but belongs to a prospective industry, and the company has been emerging to formulate sales growth strategies. Secondly, having an academic background in finance and entrepreneurial experience also influenced the thesis writer to work with start-ups' challenges. Additionally, the author has developed some expertise in sales through this growth makers program which leads the case company and the

author to choose three areas of interest for research topics such as start-up, sales, and fund management.

After analysing previous research, it is found that the closest sales research for this thesis is 'Building the Sales Process: Case: Intunex Ltd' by Eriksson, Jere (2013). "It focused on a company that develops and sells software as a service product (SaaS) based on cloud computing technology. The purpose of that thesis was to formulate and document "Intunex's sales process to support the company's sales operations and to identify improvement areas in their current sales model." said Eriksson, Jere (2013). There is much research available related to tech start-ups such as tech start-up opportunities, tech start-up failure, tech start-ups communication, start-up ecosystem, etc but the most relevant topic related to the proposed one is 'Challenges and success factors in pursuing disruptive innovations: A Finnish high-tech start-up case study' by Majamäki, Liisa; Akpınar, Murat (2014). "It contributes to increasing understanding in this field by studying the case of a Finnish high-tech start-up's successful new-market disruption in a business-to-business context" (Pinar, Murat 2014). 'Choosing sales channels to scale growth in a SaaS organization: a look at an enterprise mobility management software sales company in growth mode' by Allen, Jeremy (2019) "provides an in-depth investigation into the available sales channels and draws from the empirical data of a Finnish SaaS company currently in growth mode" (Allen, Jeremy 2019).

Moreover, some published doctoral research is related to customer reference, user experience, software product management, change in business model, business model innovation, B2B sales in the industrial context, performance management, digital transformation, etc. The role of B2B customer references is examined through the research 'Customer reference marketing in a business-to-business context' of the industrial suppliers' shift towards a solution and project orientation in the light of the ongoing changes in the project business. (Jalkala, A. 2009). Another research describes "an approach to overcoming the complexity of software product management (SPM) and consists of several studies that investigate the activities and roles in product management, as well as issues related to the adoption of software product management" (Maglyas, A. 2013). The study on 'Understanding business model change in international entrepreneurial

firms' unravels "new insights on the manifestation of BM change and how firms can take advantage of the flexibility of BM change in conjunction with external and internal stimuli to be competitive and profitable as they internationalize" (Asemokha, A. 2021). The research on Performance management in digital transformation: A sustainability performance approach seeks knowledge about the approaches to managing (sustainability) performance in digital transformation (Nasiri, M. 2021). The research was also conducted on the pricing strategies for SaaS solutions in the international market. This dissertation explores how software companies establish and implement the pricing of their SaaS solutions. "This research aims to reveal the nature of pricing for SaaS solutions and empower SaaS companies with the knowledge required to advance their pricing processes and practices." (Saltan, A. 2021).

Considering all the mentioned closely related research, it is confirmed that there is no previous study on the topic chosen 'Redefining the Sales growth strategy: tech start-up X' which is a SaaS-based innovative B2B start-up. The selected topic also can provide a strategic guideline for future innovative tech start-ups to boost their sales.

Common Interest	Author's expertise	No previous Study on sales growth strategy for innovative/SaaS tech start-up	Future use
<ul style="list-style-type: none"> <li>• Start-up</li> <li>• Limited financial resource</li> <li>• Sales</li> </ul>	<ul style="list-style-type: none"> <li>• Sales and marketing for Growth</li> <li>• Business Model and Strategy for Growth</li> <li>• Financial Management</li> </ul>	<ul style="list-style-type: none"> <li>• Sales performance</li> <li>• B2Bsales</li> <li>• Inside sales</li> <li>• Tech start-up opportunities</li> <li>• Tech start-up failures</li> <li>• Start-up communication</li> <li>• Start-up ecosystem</li> <li>• Growth hacking strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Guideline for tech start-ups to boost sales</li> <li>• Materials for training.</li> </ul>

Figure 1. Rationale of the study

### 1.3 Overview of the case company

The commissioning company X is a Finnish innovative start-up that is providing SaaS-based 'enterprise IT automation and monitoring software' with an aim to automate IT repetitive tasks. The company is established in 2020 by two passionate and experienced engineers with an equity investment of 300k euros



and has successfully developed the software as planned. A small number of remote employees around the globe have passionately made the first MVP of this SaaS-based cloud-native automation software ready for B2B commercialization and internationalization. The business model is B2B, and the pricing mode is 'Pay-as-you-go and grow' or as per enterprise agreement.

The most important competitive advantage for the company is it has predicted the trend of IT in advance and provides cloud base IT automation software where no other competitors are available for this IT automation services, some companies are giving partial solutions. The core value offered by the case company as whole is innovative and helpful for enterprise to reduce cost and employee hours. It has an addressable market of 34 billion euros but at this moment the company is targeting only 150 million euros. However, it is critical for this seed company to ensure sales growth so that it can reach the breakeven point by the end of this year and can grab the attention of the prospective investors.

The company has three sales executives in its overlapping roles of Sales Development Representative (SDR), Business Development Representative (BDR), marketing and content developers, Account Executives (AE), and Account Managers (AM) who are deliberately working on its sales funnels and pipeline. The sales process of the company is simple as SDR is doing the outbound sales whereas BDR is doing both inbound and outbound sales. Content developers are trying to do inbound sales through LinkedIn marketing strategies.

Table 1. Sales goal for the case company

Sales Goals
<b><u>For the first year:</u></b>
<ul style="list-style-type: none"> <li>▪ Sales revenue: 100 k euro per year</li> <li>▪ Acquire 10 users over the next 1 years</li> <li>▪ Revenue per Month: 8,333 Euro</li> </ul>
Sales revenue: 537 k euro per year from second year.
Total Revenue within five years of plan is 500k euro.

It has a specific sales goal (see table 1) for the next one year to acquire 10 customers so that it can be self-sufficient to bear its operational costs and can apply for VC (venture capitalist) funds. However, at the beginning of 2021, the company had approached for external funding, and thereafter, explored that the VCs and other external sources have their company-specific pre-requirements regarding sales growth to grand funds which is at least 10% revenue growth per month. Therefore, it has set its sales goals one year before but after passing the half years it realized that there is something wrong with the sales progress, last two quarters data is not impressive to attain it, only less than 20% goal is achieved. Taking all the scenario into the consideration, the case company situation can be regarded as 'stuck in the middle of learning zone' without having a specific growth process as well as focus due to lots of start-up limitations. The challenge it is facing are:

### **Challenge as start-ups**

- **Bootstrapped capital:** which is burning out by exploring the exact business models, resources, and strategies.
- **Talent acquisition:** Most of the human capital is extracted around the globe who is working remotely so that the company can afford specialized skills at an affordable price which sometimes backfires on the employee retention process as the employees can move easily without any complicated procedures. On the contrary, the case company is suffering to find professionally trained resources with suitable soft skills.

### **Challenges for sales growth**

- **Innovation:** It is crucial to train prospective customers and partners about the innovative product which is challenging for both parties, and it is time-consuming process by investing employees' hours to educate customers through proper materials.
- **B2B enterprise solution:** The targeted customers are the mid to large enterprises who are not easily convinced to buy services from start-ups.

- **Open for any industry:** The company is providing an IT automation software suitable for the companies who has IT infrastructure but not focus a specific industry as it is suitable for all industries having IT department. On the contrary, the case company is unable to design industry-specific sales and marketing strategy due to lack of sufficient customers data.
- **Funding:** Limited fund available to hire well experienced human resources and no VC is interested to invest without proven sales growth.
- **Sales through partners:** Partners are preferred to engage with a company having a higher customer base than the start-ups.

As a result, the case company cannot generate as many leads as expected, and the customer acquisition cost (CAC) as well as sales life cycle are much higher than expected. Ensuing the sales boost by minimizing start-up challenges is a complex task especially, for the innovative SaaS and B2B business model. Despite of the complexity, the possible solution for the case company as well as the focus of this thesis is to redefine its sales growth strategies.

#### **1.4 Objective and purpose**

The main objective of the study is to redefine the sales growth strategy for company X, which is a tech start-up. Therefore, this study is designing action plans to increase sales and minimize obstacles that can be broken down into three parts such as:

1. To reveal growth variables for SaaS sales considering the situation of the case company.
2. Identify the challenges of those variables as tech start-ups where the CSO needs to work further.
3. To formulate and update sales strategies in a systematic way that can minimize challenges and ensure growth for the case company.

## 1.5 Research Question

To collect relevant information this thesis needs to target to get answers to the main research question ‘What is the plan of action for the tech start-up to increase sales?’ Then this question can be subdivided into three more specific parts (see table 2) such as what the sales growth variables are, what are their challenges of implementing growth variables and how they are minimized, and what strategies would help the case company to ensure sales growth.

Table 2. Targeted research questions

What could be the plan of action for the tech start-ups to increase their sales?		
RQ – 1	RQ – 2	RQ – 3
What are the growth variables for the case company and similar kinds of companies?	What are the challenges of implementing growth variables?	What are the sales growth strategies considering the challenges?

## 1.6 Research outcome

The strategy developed through this thesis will be explicitly implemented by this case company to ensure its sales growth. Also, the research outcome can show other innovative tech start-ups a guideline that to be followed to introduce their SaaS business. Moreover, it not only ensures national economic growth but also facilitates international fundraising from VCs. Therefore, the possible outcomes are:

- Provide a guideline to boost sales through the strategic development of innovative start-ups in the market.
- Proven sales growth strategy for SaaS-based B2B enterprise solutions.

## **1.7 Thesis Content**

The thesis is presented in five parts. The introductory part explains the background, objective research questions, and expected outcome of the research. The second part is reviewing the literature concerning the research topic, defining the main concepts of the paper, and developing a theoretical framework reflecting the case company. The next chapter is about the research methodology, data collection plans and methods, research design and analysis techniques. The analysis part is in chapter four where the theoretical framework is implemented to analyze the collected data. The last chapter is answering the research questions by making recommendations and conclusion statements. All the questionnaires and supporting documents are listed in the reference and if needed, provided in the appendix sections.

## **2 Literature review of sales growth strategies for tech start-up**

This section of the paper presents the key concepts by keeping in mind that the topic 'Redefining the Sales growth strategies for tech start-ups' is closely related to the four major areas such as tech start-ups focusing on the sales process, SaaS business model, start-up's challenges, sales strategies for growth. Also, the supporting literature has been reviewed to develop a subsequent theoretical framework and assessed through the data collection and analysis in this research.

### **2.1 The overview of sales process**

The course of actions that helps to convince customers move toward to process purchasing decision is known as sales. Though sales and marketing activities are overlapping, however sales activities are initiated by the designated people at the point when prospects are identified through inbound and outbound marketing campaigns. The usual sales funnel follows five stages such as identification, connect, explore, close deal, and aftersales support. It is also commonly called as awareness, interest, consideration, evaluation, purchase, and retention. Others renamed them with their coherent actions such as identify, call, meeting, demo, offer, win/loss. "Even though the enterprise sales process has many different steps and stages depending on the abilities and purposes, it ultimately has to answer three questions for the customer: why buy, why buy from you, and why buy now" (Ross, Aaron, and Jason Lemkin. 2019,). The unique value proposition of the product justifies the reason it should be bought if it can relieve major pain or repetitive small issues of the customers. But the rest two questions why buy, from you, and why buy now only can be answered by implementing good sales strategies along with the competent sales team throughout the whole sales process.

"The true purpose of salespeople is to create new value for customers" (Ross, Aaron, and Jason Lemkin 2019). The responsibility of sales executives, sales skills, and KPIs (key performance indicators) play a significant role in generating

sales metrics. The strategy is usually set by the CSO with the support of sales leadership and sales operations, incorporating their insight into market needs. (Donnolo, M. 2017). SD, BDR, sales executives, and content developers try to identify and attract prospects, then the next actions are tasked by AE as well as AM to engage prospects with the intention to qualify leads.

Outreaching to the exponential revenue stream and business potentials can be measures with some key performance indicators (KPIs) and sales metrics such as leads, market qualified leads (MQL), sales qualified leads (SQL), deal, retention rate, churn rate, customer acquisition cost (CAC), payback period of CAC, sales life cycle etc. The descriptions sales metrics are given below:

- **Leads:** The number of new prospects who are interested to know more about the product is known as leads. They might be prospective new customers as well as old customers who were not interested before in the specific product or service but are interested now. Leads are generated by connecting the prospects through cold calls, emails, through references etc as well as from inbound visitors. Leads are generated through inbound and outbound marketing activities also such as LinkedIn, website campaigns, events, advertising, automate cold calls and email etc. According to the Anthony Iannarino, an author of four books on the modern sales approach, “Businesses that stopped cold calling in recent years showed 42% less growth than the ones that kept dialling those phones” (2022).
- **Marketing Qualified Leads (MQL):** Marketing Qualified Lead are the prospects who have expressed more interest about the product or service after receiving the details of the product from various sources. Warm call, meeting, initial demo is presented in this stage.
- **Sales Qualified Leads (SQL):** The number of leads that are communicated and nurtured by the sales team to get commitment of purchase decision are known as SQL. Sales Qualified Leads are generated through sales personnel like Sales Development Representative (SDR) or other responsible persons.

- **Deals:** Deal represent the number of customers purchased the product or services.
- **Retention and churn rate:** Retention is the number of subscriptions out of the total subscriptions are continuing, on the contrary, the Churn is the number of customers who are discontinuing subscriptions. Churn rate represents the total number of cancelled subscriptions per month out of the total number of subscriptions of that month. Higher churn rate indicates the possibility of inefficient utility of products, lacking trust, availability of competitors at better price or upgraded services. Some inevitable reasons for higher churn could be the insufficient budget of clients or the need of the service is no longer required.



Figure 2. Job responsibilities, actions, and conversion rates in each phase of sales funnel (Partially Adopted from Leah DeKrey, coschedule.com)

Combining the sales activities by the job role and sales conversion rate, figure 2 shows the sales process for the start-ups which begins with the strategies and sales targets defined by the Head of Sales. SDR, BDR as well as content developers identifying prospective customers with the help of inbound activities such as blogs, website, Search Engine Optimization (SEO), google ad, webinar, eBook, kits, frequently asked questions (FAQ), demo video as well as outbound



activities, for instance, old call or cold email. Different marketing and sales channels, tools and tactics are used at this connect stage to find prospects and leads. All the leads are transferred to the AE who works on sales pipeline to engage via warm calls, warm emails, first meetings, live demos etc. Designated account manager (AM) nurture them by means of meeting and dialogs to convert the Leads and MQL to the Sales Qualified Leads (SQL) based on his/ her targets, KPI (key performance indicators), and industry standard. The typical activities at this phase are researching prospects to collect deep insight about them, meeting customers to demonstrate the product features that help the customer to add value to their businesses, modification if needed, encouragement for a trial etc. The starting point of closing deals by AM starts with the sales offer and then subsequent actions: quote, negotiate, resolve objection, requote, win/lose, respectively. However, several starts-ups claim that they got rejected even at this phase. Lastly, the after-sales services are handled by the Customer Success Manager (CSM) by providing sales support, training, renewal, and upgrade services. The Pareto Principle shows that “roughly 80 percent of a company’s revenue comes from roughly 20 percent of its customers” (Donnolo, M. 2017). Customer retention and churn rate is reviewed, and the case of churn is analysed here to adopt further sales approach.

## **2.2 SaaS business model**

SaaS refers to Software as a Service where the providers offer software services on a subscription basis. Most of the SaaS offerings are cloud-based, however downloadable software can be also offered as SaaS. Salesforce, Netflix, HubSpot, slack etc are some examples of SaaS business model. Categories of SaaS start-ups in Finland are offering business analytics, automation, chatbot, helpdesk, email sequencing, entertainment, games, CRM, account management, office management, communication, security, web development services, HR services, and so on. (Strtup100.net). The Pricing terms can be monthly, semi-annually, annually, or multi-yearly.

From the perspective of customers or users, buying SaaS is preferable as it makes the software service affordable for organisations. It has the feature of

quick adoption; SaaS services are mostly ready-to-use and can be adopted in short notice. It has no acquisition cost as customers do not buy the service at CAPEX (capital Expenditure), instead, they offload the budget on OPEX (Operational Expenses) which is much convenient for them. No maintenance cost is also a relief for the users so that they can concentrate on their core business as update and upgrade of the software features are the responsibility of service provider. It also allows enterprises to enjoy financial freedom to stop the subscription within short notice in the following ways:

- Try before buy
- Pay as you go and grow

On the other side, selling SaaS is lucrative in this way that one buyer can buy multiple subscriptions. It also sources recurring revenue throughout the customer retention periods due to its exponential revenue growth model. However, B2B SaaS sales have higher transactional value and customer acquisition cost than B2C.

### **2.2.1 SaaS revenue streams and profitability**

As like other business, SaaS profitability is also calculated through its cash inflows and outflows though the revenue stream in this business model is much complex than usual. The famous website for start-ups Startuptalky represents three phases of the SaaS Revenue Model, they are the Initial Sale, Retention Revenue and Expansion Revenue (startuptalky.com). It can be broadly categorized into three types of revenue such as monthly recurring revenue, average monthly revenue, and monthly new revenue.

- **Monthly Recurring Revenue (MRR):** refers to the total inflows from the active subscriptions that can be derived by multiplying the price of the plan with its existing number of recurring subscriptions.
- **Average Monthly Revenue (AMR):** refers to the sum of the MRR divided by the target number of months, for example, 12 months. Can be

calculated as AMR equals total MRR from all clients divided by 12. On the other way, it can be calculated client specific AMR as shown in the figure 3, the client 1 and client 4 have only six and eleven-months subscription respectively, so AMR is derived by dividing the total revenues earned from that client by number of subscription period.

- **Monthly New Revenue (MNR):** refers to the sum of new customers paid in a month. As shown in the figure 3 the new revenue earner from two new client in month 1.
- **Revenue Churn:** The revenue declined from the discontinued subscriptions can be regarded as churn. It can be calculated in two ways: Revenue churn and customer churn rate as shown in figure 3. Revenue churn is the ratio of revenue lost from a specific period's total revenue. (www.totango.com) Customer churn rate on the other hand indicates the percentage of customers lost out of its total customers. A positive rate of churn indicates a decrease in revenue.

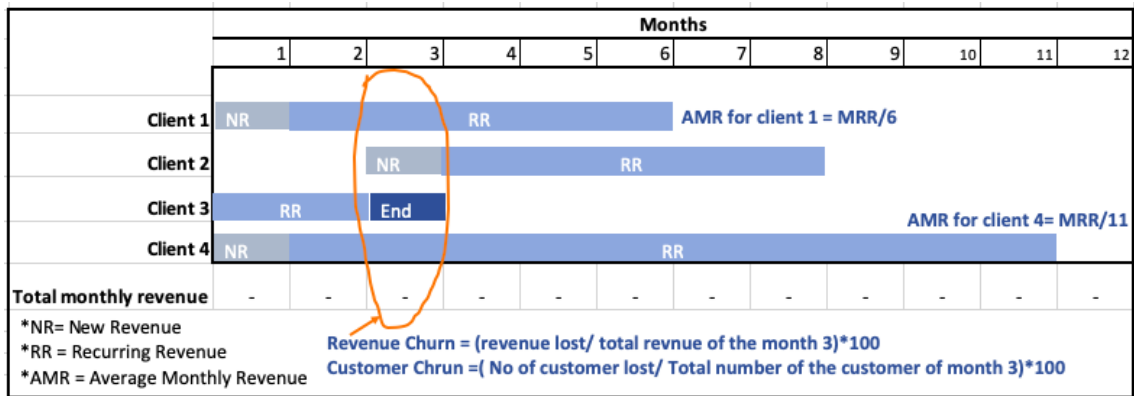


Figure 3. SaaS revenue streams and their calculation

Moreover, some critical variables that are required to calculate the profitability of the business expenses, especially the CAC, Blended CAC, and sales life cycle. Customer lifetime value (LTV), deal size, and CAC payback periods are not only positively correlated to profitability, but also very crucial elements to evaluate sales productivity. The datil of them are shown below:

- **Customer Acquisition Cost (CAC):** The cost of getting customers on board is known as the customer acquisition cost. The venture capitalist and mentor Mari Luukkainen had shared a useful guideline to minimize CAC through her start-up blog, according to her -

“I have worked with over 100 early-stage start-ups. Most of them had one thing in common – they had no understanding of their traction. Knowing your traction means having answers to these questions: Who are your buyers? Where can you find them? How much does it cost to turn them into customers? Which pipeline activities are working for you? Most importantly: is your customer acquisition process anywhere near profitable?” (mariluukkainen.fi).

- **Blended CAC:** Blended CAC means the cost of getting customers on board from the identification phase to the purchase phase which includes the marketing expense, sales expenses, executives' hours, and even the overhead cost of that period. A positive correlation between the sales cycle and CAC suggested the shorter length of sales for better revenue.
- **CAC payback:** The time required to get back the customer acquisition cost from the revenue stream of the same customers. Mostly sales and marketing expenses are regarded here. Usually, the tech industry prefers to get it back within 12- 18 months.
- **Sales Lifecycle:** Average time to close sale with a customer from the date of first meeting is the sales life cycle. B2B sales life cycle is much longer and complex by its nature.
- **Deal size:** There is a dilemma between the deal size and the frequency of deals closed. One big deal or several small deals in a month should be the standard size and number of deals? “Concentrate on small deals initially and work up to the enterprise level—the most profitable part of SaaS—later “(Ross, A. and Lemkin, J 2019).

- **Lifetime Value (LTV):** This refers to the revenue generated by one enterprise throughout its contract period. LTV should be 3 times than its acquisition cost.

The nature of business plays a vital role to discover the growth potential of tech start-ups, for instance, B2B SaaS sales have higher sales processing costs. For this reason, the B2B business usually focuses more on the mid to large deals and put more effort into retaining and expanding the services to ensure longer customers LTV.

### 2.2.2 Industry benchmarks

B2B businesses should evaluate the channel value to judge sales productivity. The right channel is selected from different dimensions of the business such as cost, targeting, control, employee hours, and success rate. However, each channel has industry-specific conversion rates as shown in table 3. As per the European SaaS Benchmarks (2020), the growth of start-ups is considered based on the number of employees, raise of equity, ARR, etc. Moreover, financial spending in different sectors and SaaS value drivers such as CAC payback as well as net promoter score are also considered benchmarks of SaaS growth. (Sebastien & Florent 2020).

Table 3. Industry benchmark for SaaS sales

Name	Industry Benchmark	Sources
Website visitors' conversion benchmark For automotive SaaS	<ul style="list-style-type: none"> <li>▪ Website visitors 19%</li> <li>▪ Lead 37%</li> <li>▪ MQL 39%</li> <li>▪ SQL 44%</li> <li>▪ Opportunity 36%</li> </ul>	Bailyn, E. (2021)
Cold call conversion	Cold call to meeting rate 30%	Bailyn, E. (2021)
Channel value metrics	<ul style="list-style-type: none"> <li>▪ Should be assessed based on</li> <li>▪ Cost,</li> <li>▪ Targeting,</li> </ul>	Brian Balfour (2013)

		<ul style="list-style-type: none"> <li>▪ Control,</li> <li>▪ Employee hours and</li> <li>▪ Success rate.</li> </ul>	
LinkedIn Benchmark	Conversion	<ul style="list-style-type: none"> <li>▪ Lead 22%</li> <li>▪ MQL 38%</li> <li>▪ SQL 30%</li> <li>▪ Opportunity 41%</li> <li>▪ Deal 39</li> </ul>	Bailyn, E. (2021)
Email Benchmark	Conversion	<ul style="list-style-type: none"> <li>▪ Lead 1.3%</li> <li>▪ MQL 4.3%</li> <li>▪ SQL 4.6%</li> <li>▪ Opportunity 48%</li> <li>▪ Deal 3.2%</li> </ul>	Bailyn, E. (2021)
Company benchmark	performance	Should be assessed based on number of the employees, raise of equity, ARR, expenses, CAC payback as well as net promoter scores.	Sebastien & Florent (2020). 2020 European SaaS Benchmarks

### 2.3 Tech Start-ups and its challenges

Start-up is a temporary organization that creates innovative products and has no prior operating history. “It is an organization formed to search for a repeatable, scalable, and profitable business model” (Steve Blank 2006). As per the Business Finland, start-ups are young, small, and medium-sized enterprises seeking rapid international growth. “Business Finland's services for start-ups are generally intended for growth companies that have been operating for less than five years” (Businessfinland.fi). Moreover, key success factors, as well as challenges of start-ups, need to be studied to get the full vision of both sides of a coin to get the research outcome - actionable sales growth strategies. Therefore, “key success factors for start-ups are funding, team as well as network, product, customer, preparation, and innovation & experimenting. On the contrary, the challenges are lack of funding, difficult product and market, team friction, and miscellaneous challenges” (Nyman, C. 2020). Startup Talky also reveals the major challenges

faced by the SaaS start-ups, some of them are lack of knowledge and experience, not understanding the market penetration, lack of network access, lack of funding of external capital, technical challenges, weak management team, lack of latest technology, selecting inappropriate marketing strategies, selecting the wrong price etc (Startuptalky.com).

However, the innovative tech start-ups that have SaaS (Software as a service) products face multi-contextual problems in formulating sales growth strategies especially realizing the fact that the strategies would differ based on several criteria of the business such as nature of the business, stages of product life cycle, stages of customer life cycle or funding status. It is rational to seek solutions of the matters related to (shown in figure 4) customer creation, product market fit as well as channel product fit as these are more important for seed companies assuming the scenario that the product has already sold and now it is working on its sales growth.

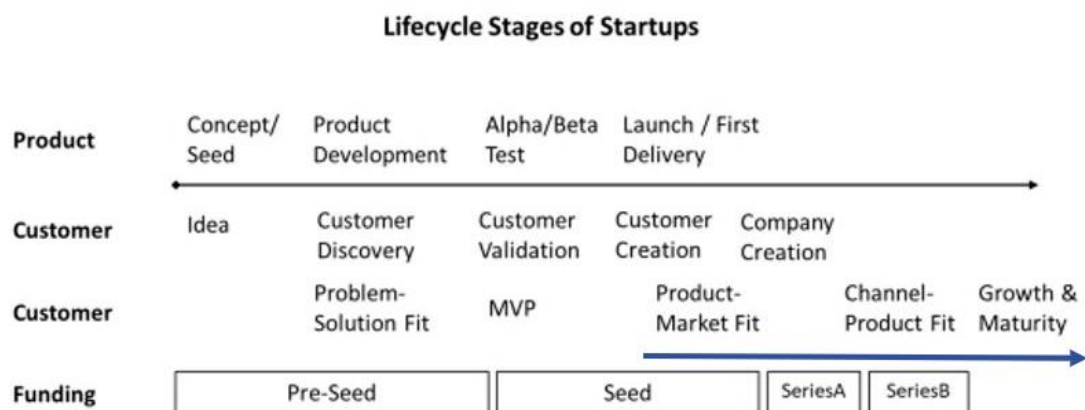


Figure 4. Life cycle stages of start-ups (Özkan, Kubilay Kagan. 2020)

Sources of funds for the start-ups can be VC, crowdfunds, bootstrapped funds, partnerships, government grants, support, loans, or financing through Initial Public Offerings (IPO). VC-funded start-ups that do not have MVP yet are known as Pre-seed; Seed is the way ahead of companies that have MVP in the market. Series A companies and Series B are financed by VCs who are moving toward growth and maturity, respectively.

Moreover, several government authorities, start-up houses, consultancy firms, and HUBS are working within the start-up ecosystem to minimize the challenges of thereof simultaneously. TE office and Business Finland offer tremendous support for entrepreneurs. TE office also helps start-ups by providing daily allowances for the founders and tries to connect the labor market with the start-ups as a means of sharing the salary, providing relevant training, etc. needed by the employees to work with start-ups. Moreover, Business Finland provides a wide range of services for start-ups related to funding, internationalization, building networks and ecosystem, digital services, etc. through its different programs such as

- **Innovation voucher** – It helps to purchase new knowledge and skills for business.
- **Exhibition Explorer** – Helps to anticipate international exhibitions.
- **Talent Explorer** – Find an internationalization expert for the company.
- **Market Explorer** – Conduct market analysis.
- **Group Explorer** – Investigate the possibilities of the export market with other companies.
- **Tempo** – Helps to get ready to grow into the export market.
- **R&D Funding** – Helps to develop a product, service, process, or business model.
- **EU funding** – Assists to avail the opportunities of European funding.
- **NIY funding** – financial support to scale the business for the export market and develop the business comprehensively. (Business Finland.fi)

## 2.4 Sales Strategies for Growth

A strategic decision is the predetermined course of action that directs the start-ups to achieve goals. However, sales strategies can be formulated after breaking the total sales process into pieces to identify the obstacles and dependencies toward sales boost. The most important thing that should be kept in mind while formulating or updating the sales strategies is the desired growth goal or expected outcome after implementing the strategies. The growth goals could be any or all the following ways:



- **Increase of revenue** is measured by increasing sales conversion rates, deals size or quantities, market growth, and ARR, MAR, MRR. Or/and
- **Decrease of OPEX** such as reduced sales life cycle, blended CAC, CAC payback period, etc. Or/and
- **Performance benchmarks by the industry** such as fund-raising, innovation, research and development, increasing the number of employees, net promoters score, etc. are attained.

Sales growth strategies are the strategies that will impact positively on the sales growth goals starting from the identifying stage of the sales funnel and never-ending until the business is going on. For this reason, a renewal strategy option is appropriate in organization turnarounds to restore the financial sustainability of a business. Redefining the strategy is required when the company is having low growth, decline, crisis, restricted financing, or negative cash flows so that the implementation of the strategy can ensure cash flows by economies of scale, market expansion, or adoption of cost-cutting technologies. (Ungerer, M., Ungerer, G., & Herholdt, J. 2016).

From the perspective of the sales growth process, several authors suggested a wide range of strategies, some of them are the Blue Ocean Strategy, Sales Flywheel Model, 12 Proven Strategies by Anderson et al, etc. The Blue Ocean Strategy, developed by professors of strategy Chan Kim and Renée Mauborgne, describes the 6 paths model of growth strategy illustrating how to reveal new prospects beyond the targeted market or industry making the other competitors irrelevant. It focuses on attracting new industry and strategy groups as prospects by assessing their empathy and functional–emotional orientations. It also suggested mapping the strategy before finalizing it. The ERRC (Eliminate, Reduce, Raise, Create) tool of this strategy is suitable for the growth of the business that suggests focusing on a few features by eliminating or reducing the access of thereof, and raising one feature in more detail or creating a different new feature. (2004).

A similar concept of discovering the unrevealed prospect is described in the book 'Feed the Start-up Beast: A 7-Step Guide to Big, Hairy, Outrageous Sales Growth'

by Drew Williams Jonathan Verney. It shows 7 simple steps toward sales growth are ask, listen, focus, attract, pursue, nurture, and grow as shown in figure 5. For the innovative product, the first-mover advantage created by forward-looking sales plans drives sales in areas where competitors are yet to arrive. (Williams, D., & Verney, J. 2013)

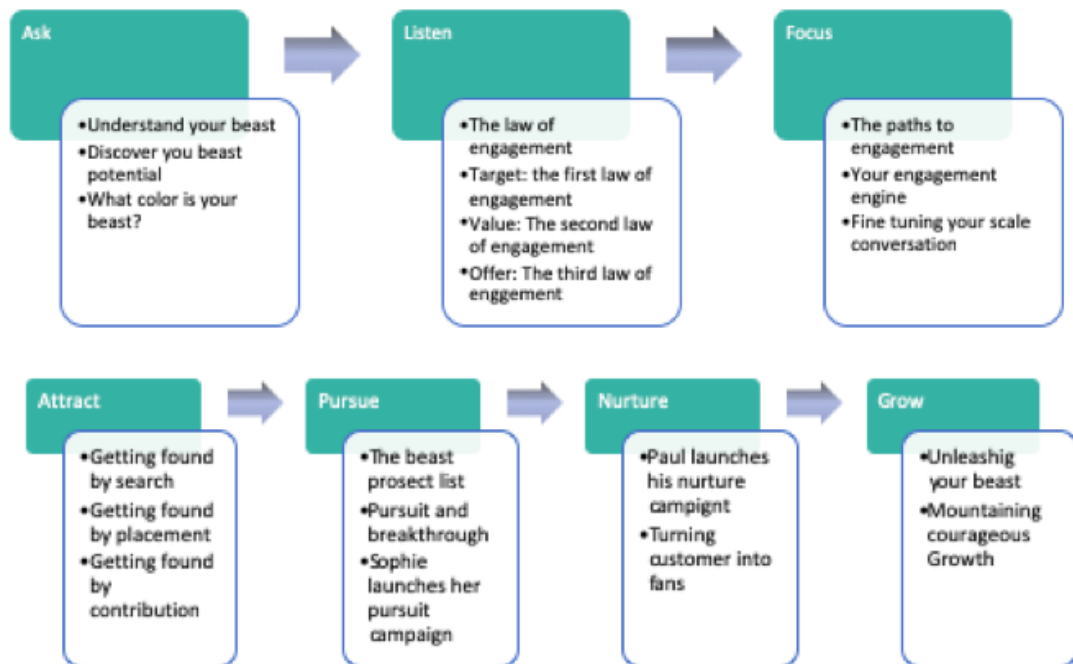


Figure 5. Grow your beast (Williams, D., & Verney, J. 2013)

According to Anderson et al, the salesperson or an account manager engages, wins, and grows effectively with the customer to create and co-create value; a customer realizes and validates value as a result, and salespeople and account managers go beyond the sales process by implementing and embracing twelve proven strategies for their customer-driven world. These strategies are broadly divided into three sections such as before the sales, during the sales, and after the sales (Fig 6). (Andersen, Steve, and Dave Stein 2016). The renowned sales software provider HubSpot also uses the same kind of model known as the sales flywheel model renaming the three sections as Attract, Engage and Delight where a stranger will become a prospect, then customers, and lastly become promoters. (HubSpot.com). Both models are customer-centric models with a motive to spin the cycle faster to ensure sales growth.



Figure 6. Beyond the sales process: Twelve Proven Strategies for a Customer-Driven World (Andersen, Steve, and Dave Stein 2016)

Similarly, the five strategies suggested by the author Baumgartner et al that can ensure sales growth such as: Find growth before your competitors do, Sell the way your customers want through utility mapping, supercharge the sales engine with resources, focus on people and lead sales growth (Thomas Baumgartner, Homayoun Hatami, Maria Valdivieso de Uster, and Marc Benioff. 2016).

### **Approaches to develop strategies**

Now the question is how to formulate strategies. To develop and redefine the strategies it is crucial to reveal the existing performance of the company. Where is the company now? The generic conceptual model of Force Field analysis shown below is developed by Kurt Lewin guides to acknowledge the challenges and competitive advantages as Part of the Systems Engineering Strategy to Achieve Goals (Smartt, C., Casey, W., & Ferreira, S. 2018). Moreover, the book Essential account planning: 5 keys for helping your sales team drive revenue describes the following statement –

“A good strategy answers what you are going to accomplish, who is going to accomplish it, and the resources you need. Finally, chart the action plan that describes each step-in terms of the action, owner, and timing to accomplish the overall account plan objectives. There will be an action plan for each of the major opportunities your team identified in the goal build. Once completed, the team and executives can manage to the plan.” (Donnolo 2017)

After assessing all the theories, the concluding remark of this literature review is that the literature or the results of past research (which is already done through the first part of this chapter) can provide a guideline to develop framework for the research, but the strategies can be formulated after conducting an in-depth analysis of comprehensive data about the case company as well as trends of thereof from others. Sometimes it is also necessary to redefine the strategies by validating analysis to ensure continuous improvements (see Fig 7).

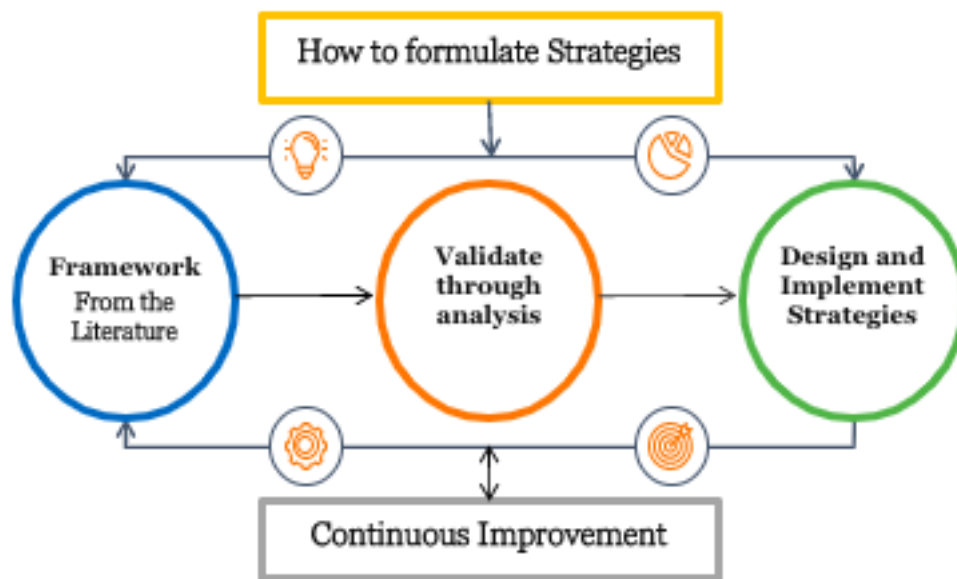


Figure 7. Pre-requirements of strategy formulation

## 2.5 Theoretical framework for the case company

The findings of the main concepts are that SaaS business has some unique features to generate revenues which are highly dependent on sales metrics, CAC, customers' LTV, and duration of closing deals. Especially considering the

industry standard that customer LTV should be 3 times of its acquisition cost and CAC should be paid back within 12 months. Deal size is also another essential factors though small and frequent sales deal are preferable to create customer trust base. Moreover, the case company has some strengths that can be regarded as the key competing factors over its competitors to lead this innovative market. At this point, if the case company would only have SaaS business features as well as key competing factors, it could be situated in the winning zone (figure 8) indicating that the case company can easily generate revenue through sales. But the reality is the company is facing multiple start-up challenges irrespective of its nature of business and market competition which lead the company to remain in the risky zone the crucial strategic decision only can initiate sales growth for the company.

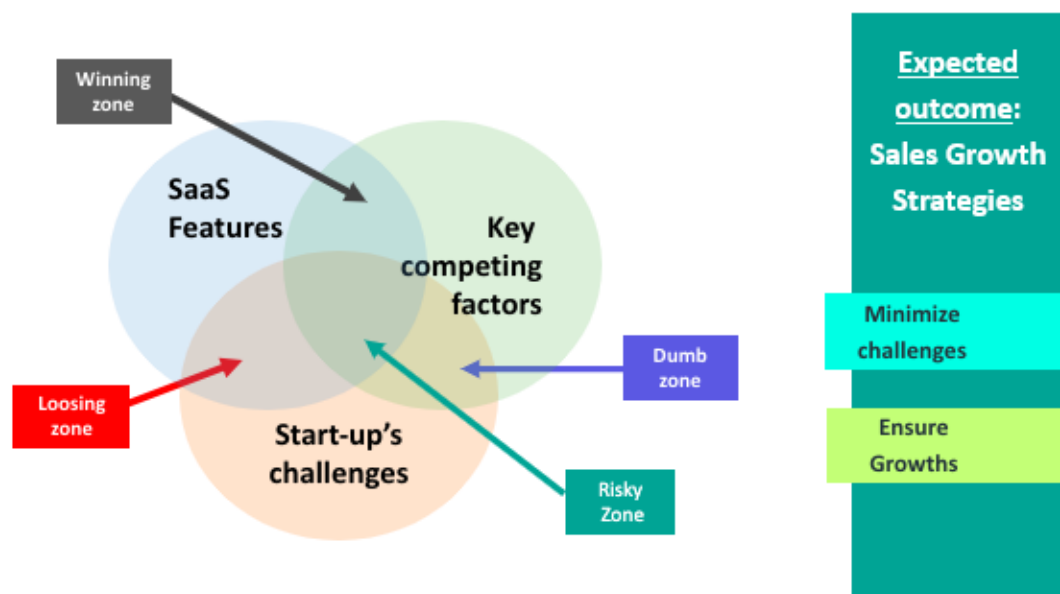


Figure 8. The hot spot for the growth of SaaS start-ups

The proposed theoretical framework, addressing the above risky scenario presumes that the case company has positive SaaS features that are advantageous to bring a spark to sales. However, if the case company can reveal its key growth features and challenges of every segment of the sales funnel, this visibility could help to redefine sales strategies that can ensure growth. The objectives and sales goals are described in the previous chapter 1 and the

analysis section (chapter 4) is investigating the past sales performance and challenges of the case company to get a clear picture of a suitable strategy. The analysis section's plan is discussed in detail in the following chapter. Recommended strategies are the expected outcomes of the research that can be suggested after interpreting the result from the analysis part.

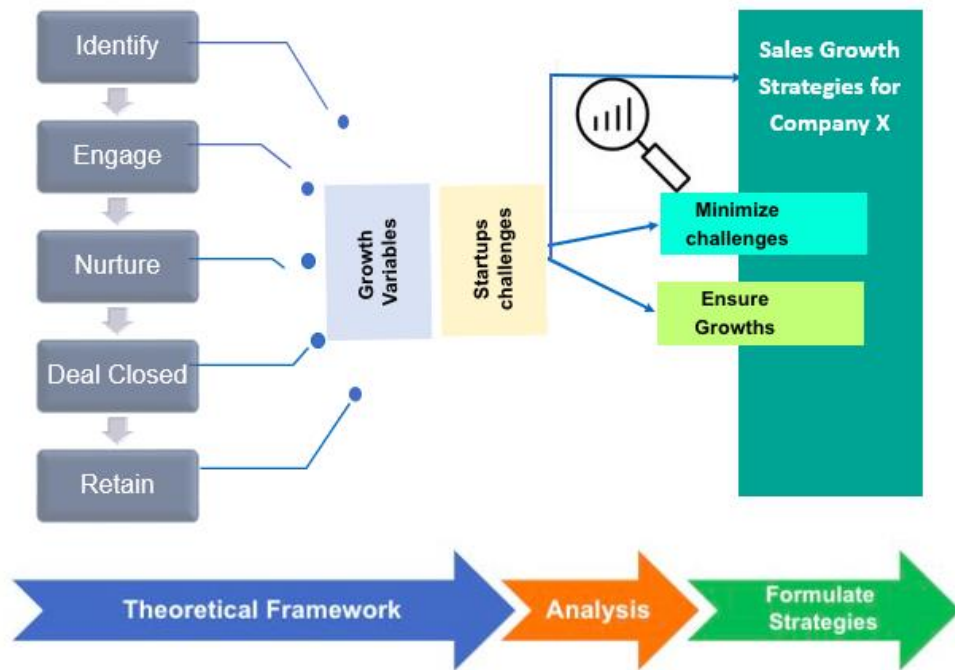


Figure 9. Proposed framework to conduct research

Therefore, this paper is going to redefine the sales growth strategy (see figure 9) for the SaaS start-ups by considering its strengths as well as challenges to formulate and upgrade strategies related to Identify, Engage, Nurture, Deal close and Retain phases of sales funnel that will ensure higher sales metrics of MQL to SQL, lower sales life cycle and cost, increasing volume of sales revenue, and expansion of business.

### 3 RESEARCH METHODOLOGY

Subsequent screening of several pieces of methodological literature, this paper decided to follow the famous Research Onion introduced by Saunder, Thornhill, and Lewis as it shows step-by-step guidelines, especially for business cases. This research onion has six layers such as philosophy, approaches, methodology, strategies, time horizon, and techniques that help the researchers to find the right plan and procedure to continue research. The research onion is as followed shown in figure 10:

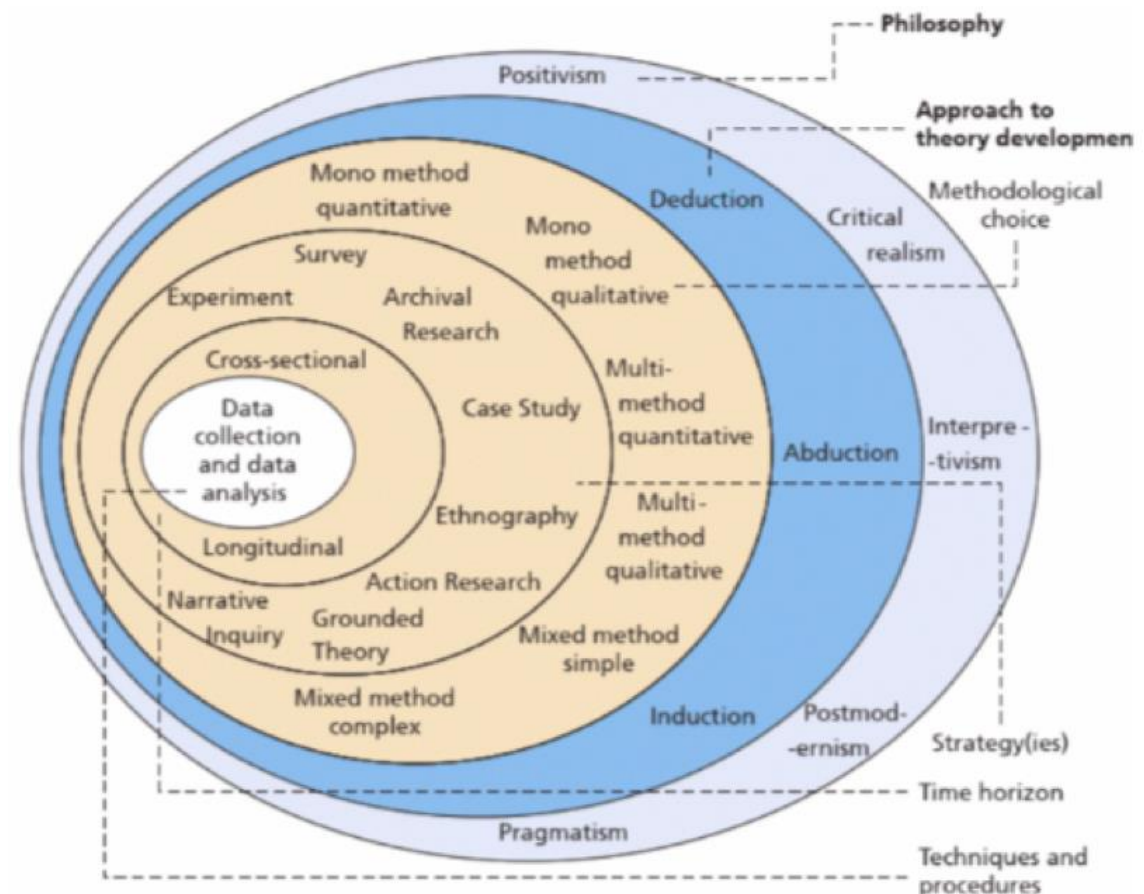


Figure 10. Research Onion (Saunder, Thornhill and Lewis, 2019)

### **3.1 Research philosophy**

Five types of research philosophy are discussed by the research onion: Positivism, Critical Realism, Interpretivism, Postmodernism and Pragmatism. “The pragmatism research philosophy follows research questions to solve a problem by giving practical solutions through action research.” On the other hand, “the purpose of interpretive research is to create new, richer understandings and interpretations of social worlds and contexts. For business and management researchers, this means looking at organizations from the perspectives of distinct groups of people.” (Saunders, Mark, et al. 2019). This interpretivism philosophy is followed here as this is not action research, and the data for this research is collected from a focus group of people to conduct an in-depth analysis with an aim to reveal a suitable sales strategy for a tech start-up to ensure growth.

### **3.2 Research approach**

As per this research onion developed by Saunders et al (2019), there are three types of approaches to conducting research such as deduction, abduction, and induction approach. According to Sauder et al, the deduction approach is used for theory verification whereas the induction method is used for theory generation and building. “The abduction method is used to explore a phenomenon, identify themes and patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth which is suitable to build new theory or modify existing theory” (2019). The flexible and cost-effective abduction approach is used for this research to explain the pattern of variables that impact on sales growth and compare other’s strategies to validate them which will later guide to redefine sales growth strategies for the case company.

### **3.3 Methodological choice**

A mono method of quantitative study uses a single data collection technique and analysis technique, on the contrary, the multi-method uses varieties of thereof. This research is using mixed methods to discover quantitative (how, when,



where) and qualitative (why, what) outcomes. It tries to explore the sales growth strategies followed by the tech start-ups to boost their sales which also leads to understanding the critical facts or challenges of targeted companies in terms of sales. Both qualitative and quantitative methods are adopted to formulate suitable strategies, tools, and tactics to ensure sales growth for innovative tech start-ups.

### **3.4 Strategies**

The research onion suggested research strategies are the experiment, survey, archival research, case study, ethnography, action research, grounded theory, and narrative inquiry. “The survey tends to be used for exploratory and descriptive research.” - - “In an exploratory study, in-depth interviews can be extremely helpful to find out what is happening and understand the context. Semi-structured interviews may also be used in an exploratory study. Both types of interviews may provide important background or contextual material for your study” (Saunders, Mark, et al 2019). Non-probability sampling is used to form the focus group of start-ups having SaaS B2B business to collect more relevant data through case studies, semi-structured interviews, and surveys. In addition to these primary data, some published literature, and observation of other companies' sales funnel are used here.

### **3.5 Research design**

Concurrent mixed methods research involves the separate use of quantitative and qualitative methods within a single phase of data collection and analysis (a single-phase research design). According to Saunders et al, “Using a concurrent mixed methods design should provide richer data than a mono method design and be shorter in timescale, as well as more practical to undertake, than a sequential mixed methods design” (Saunders, Mark, et al 2019). As this research design does not have the opportunity to implement the developed strategies and evaluate outcomes because of time constraints, it is logical for this research to validate the answers to the research questions by observing strategies of other companies' or competitors' accessible sales strategies.

It is noticeable from the literature rereview (chapter two) that the considerable success indicators for formulating a suitable sales strategy for X company are higher rate of sales metrics, lower sales life cycle and CAC, increasing sales volume/revenue/ROI, expansion of business, and minimizing start-ups' challenges. Based on the research philosophy, aim, assumptions, and success indicators, this paper is designed in such a way that can answer the research questions from a different group of people (as shown in figure 11) selected from the case company, from other start-ups as well as from some markets leading companies and competitors.

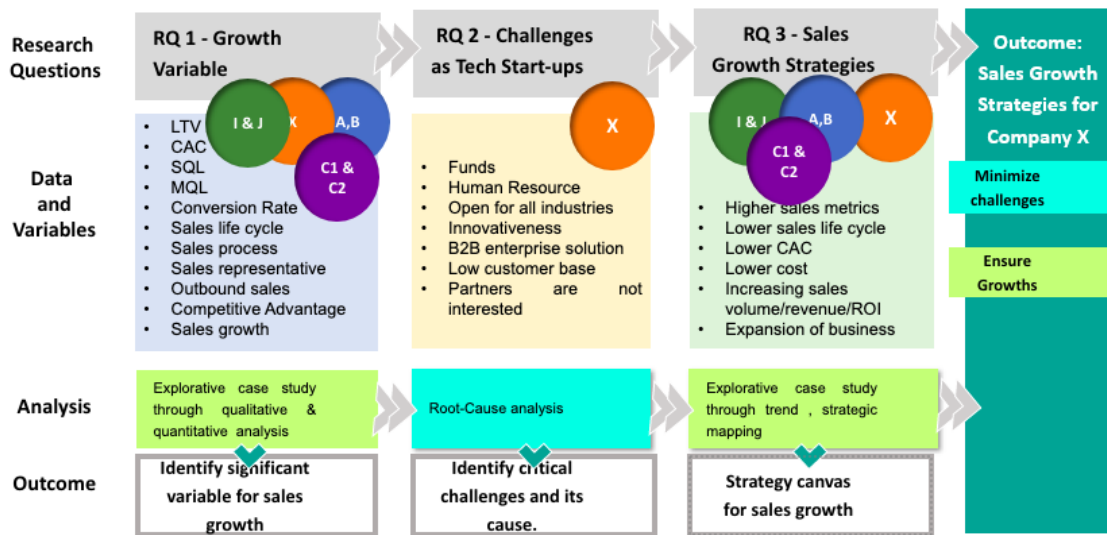


Figure 11. Research Design

The first research question related to the growth variable for start-ups is explored through quantitative and qualitative data of the case company by judging the last 6 month's sales information, which is scrutinized from the perspective of several other tech start-ups. The second research question, the sales challenges of significant growth variable of tech start-ups, is answered by exploring the current situation analysis of the case company. To verify the reason, it also tries to get indications of practical solutions from other similar types of start-ups. Lastly, this paper is trying to study different start-ups' cases and compare the cases with the market peers and competitors so that it can introduce a redefined sales strategy for the case company with an expected outcome: minimum challenges and ensured growth.

### **3.5.1 Research setting and subjects features**

The targeted group of people for data collection is the tech start-ups from Finland who have already introduced their products or services in the market and have implemented their sales growth strategies. If needed, more companies can be added from any corner of the world that suits the case of a company.

### **3.5.2 Research variables**

The variables that provided answers to the problems could be both inbound and outbound sales strategies.

Input:

- Customer focus strategies
- LTV
- CAC
- Actions of sales representative
- Prospecting and lead generation process
- Actions to convert Market Qualified Lead (MQL) to Sales Qualified Lead (SQL)
- Sales life cycle
- Automation process of integrating sales and marketing activities
- Actions for outbound sales
- Sales growth strategies
- Churn rate

Correlation with challenges such as:

- Limited funds and employees
- Innovativeness
- CAC and other costs
- Low customer base
- Difficulties in expansion of business

Outcome:

- Best predicted sales actions that ensure growth for X company
- Profitability priority with minimum challenges

### 3.5.3 Action plan

Sauders et al say, “There are a few ways to conduct exploratory research. These include a search of the literature; interviewing ‘experts’ in the subject; conducting in-depth individual interviews or conducting focus group interviews’ (2019). For this reason, the first step to start the analysis is to review the literature to construct a theoretical framework for research that will also help to identify the target group and suitable questions for the questionnaire. After preparing the questionnaire this research will collect primary data from the predetermined companies and analyze them as per the designed framework.

### 3.5.4 Types and sources of data

This research has collected data through interviews, and survey questions to the focus group of stakeholders of the targeted companies and from secondary sources. Both primary and secondary data are encrypted and anonymized as per General Data Protection Regulation (GDPR). All these data are represented by using color codes (see figure 12) such as:

- Data 1 – Case company X presented in orange.
- Data 2 – Similar kinds of start-ups A and Company B represented in blue.
- Data 3 – Successful companies (I & J) presented in green and competitors (C1. & C2) presented in purple.

Secondary sources of data: Sales growth strategies are observed from the listed successful SaaS-based companies and competitors. Additionally, literature from published books, articles, websites, and conference papers are scrutinized.

Primary sources of data: Three types of primary data are collected and observed to get a clear picture of the possibilities and obstacles to sales growth. Firstly, the sales performance for the past two quarters of the case company is analyzed, then the sales strategies are compared with similar types of other start-ups. In addition to learning from each other, the data of two market leaders are collected.

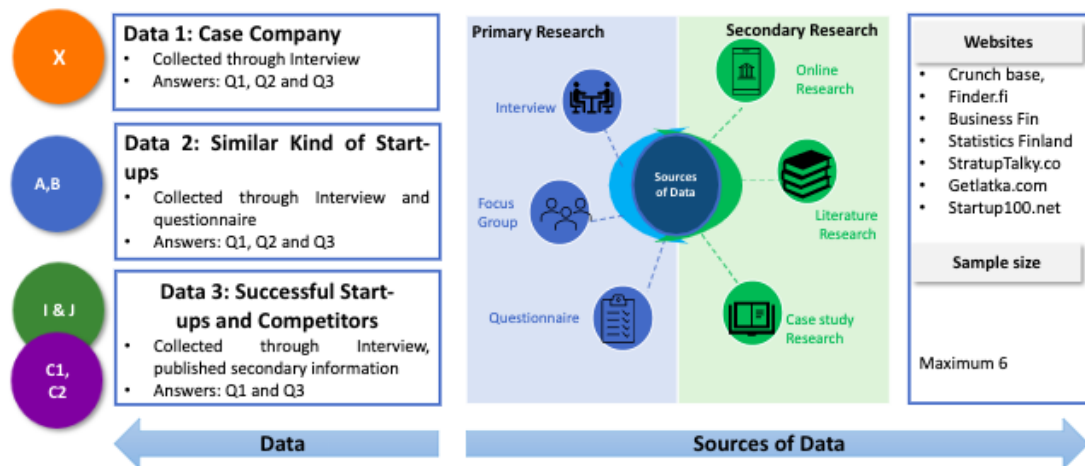


Figure 12. Types and sources of data

### 3.5.5 Sample size and type

Initially, this paper listed down 8 companies from Finland based on a similar business model. It was challenging to get confidential information related to sales strategy and sales metrics, so 6 Finnish companies' data are collected who are selling similar SaaS products. To get the correct growth strategy this paper only observes the confidential sales information of two start-ups but also has collected information from two companies from the growth and maturity stages of their lifecycle. Moreover, the sales and marketing actions of the two close competitors are considered by analyzing secondary data as shown in table 4. All the companies listed there are headed toward growth and implemented strategies for innovative tech products or services.

Table 4. Focus group and their categories

	Growth and matured stage	Early Stage: Product –market fit to product channel fit	Types of data
Successful Start-ups	Company I Company J		Primary and secondary data
Start-ups		Company A Company B	
Start-up Competitor	Company C2	Company C1	Secondary data

### 3.5.6 Data collection tools

Secondary data extracted from the published documents, and news of selected successful SaaS-based tech companies such as:

- Churnbase.com: to get company specific secondary data
- Business Finland: Status of the start-ups
- Statistics Finland
- StratupTalky.com
- Getlatka.com
- Startup100.net
- Company websites and news
- Company specific LinkedIn Activities

Primary data has been collected from the selected tech start-up company through questionnaires, interviews, discussion, and case study research by using the following tools and techniques:

- **Questionnaire:** An exploratory study is a valuable means to ask open questions to discover what is happening and gain insights about a topic of interest (Saunders, Mark, et al. 2019). It is also suitable to extract extra information from interviewees. Some Multiple chose questions were also asked through this questionnaire (see appendix 1)

- **Interview:** Because of their exploratory nature, these interviews are likely to be relatively unstructured and to rely on the quality of the contributions from those who participate to help guide the subsequent stage of your research. ((Saunders, Mark, et al. 2019). In-depth and semi-structured interviews are arranged to get detailed information.

### 3.5.7 Data collection schedule to answer research questions

This paper primarily follows the Cross-sectional analysis where data is collected within a timeframe to find the trend of that specific period. Here the last 0-5 years' data (Table 5 and 6) is considered relevant to reveal the contemporary sales strategies. Company J and Competitor C1 were established 15 and 13 years before but they are also included in this research due to the relevant sales strategies and data accessibility of company J; and the close competitiveness of Competitor C2.

Table 5. Summary of interviewee

Company	Interviewee	Date	Tool	Outcome presented
Company X (Start-up 0-5 years)	CEO, CSO, and Sales Executive	June 21, 22, 23, 2022 Time: 17:00 -18:00	Face-to- face interviews	Primary data represented in chapter one, two and four (Performance analysis).
Company A (Start-up 0-5 years)	Founder	23 August 2022 Time: 10:30 – 11:30	Teams meeting	Primary data represented in chapter four and five.
Company X (Start-up 0-5 years)	Sales Consultant	8 Sept. 2022 Time: 14:00 – 15:00	Teams meeting	Primary data represented in chapter four and five

Company I (Growth 0-5 years)	Customer engagement expert	22 August 2022 Time: 18:00 –19:00	Teams meeting	Primary data represented in chapter four and five
Company J (Matured 15 years)	Co-founder and CTO	15 June 2022 Time: 12:00 – 13:00	Teams meeting	Primary data represented in chapter four and five
Company B (0-5 years)	Co-founder	Questionnaire returned on 28 October 2022	Questionnaire	Primary data represented in chapter four and five

Table 6. Summary of competitors

Competitors	stage	Date	Tool	Outcome presented
C1 (0-5 years)	Early Growth	October – November 2022	LinkedIn Website Getlatka.com Churnbase.com	Secondary data represented in chapter four and five.
C2 (13 years)	Matured	October – November 2022	LinkedIn Website Getlatka.com Churnbase.com	Secondary data represented in chapter four and five.

### 3.6 Techniques and procedure of analysing research materials

The primary data is indirect as it is anonymized and encrypted by a data collector before analysis, so there is no substantial risk of sharing information. This paper analyzed data by showing explorative trends, comparisons, correlations, and root causes of sales data of the focus group. The outcome of the following analysis can be open and shared without giving privacy notice.



- The quantitative and qualitative performance of the case company is done by using Microsoft Excel and PowerPoint to visualize data through graphs, bar charts, pie charts, etc.
- Root-Causes of the significant challenges in the sale funnel are shown through fishbone graphs and explained the reasons for them.
- Comparative growth variables and challenges are analyzed by categorizing them into distinct groups as start-ups, leaders, competitors, and industry standards.
- Strategic map and ERRC tool are used from Blue Ocean Strategy to find strategies for sales growth.

**Assumptions:**

- The previous two quarters' data is used for performance analysis of the case company X f.
- As the case company X is a start-up, it has no data for retain phase.
- Though sales and marketing are very interrelated, this paper will focus on the sales funnel and its relative sales and marketing actions.

## 4 UNLEASH THE GROWTH VARIABLE AND OBSTACLES

Formulating strategies for start-ups is an agile process as each start-up has a unique combination of strengths and obstacles. However, any company can validate its sales growth strategies by comparing them with other similar start-ups, competitors, and successful companies as well as the industry standards. To evaluate the status of sales of the case company, Kurt Lewin's conceptual model Force Field analysis is applied through the explorative performance analysis in this section where it is expected to analyze all the segments of the sales funnel (Identify, Engage, Nurture, Deal, Retain); especially using the past six months' sales data. After unleashing the sale growth variable as SaaS start-ups through quantitative and qualitative analysis, then it is going to reveal the related challenges within the sales funnel. Gathering strategies from various stages of growing companies provides a hint of remarkable strategies for the case company though might not show a pattern due to the stages and focus of the businesses (table 8). However, strategies followed by the other companies in the same industry are considered key indications to the practical solutions that also direct to map the strategies of sales growth for the case company (Fig 13).

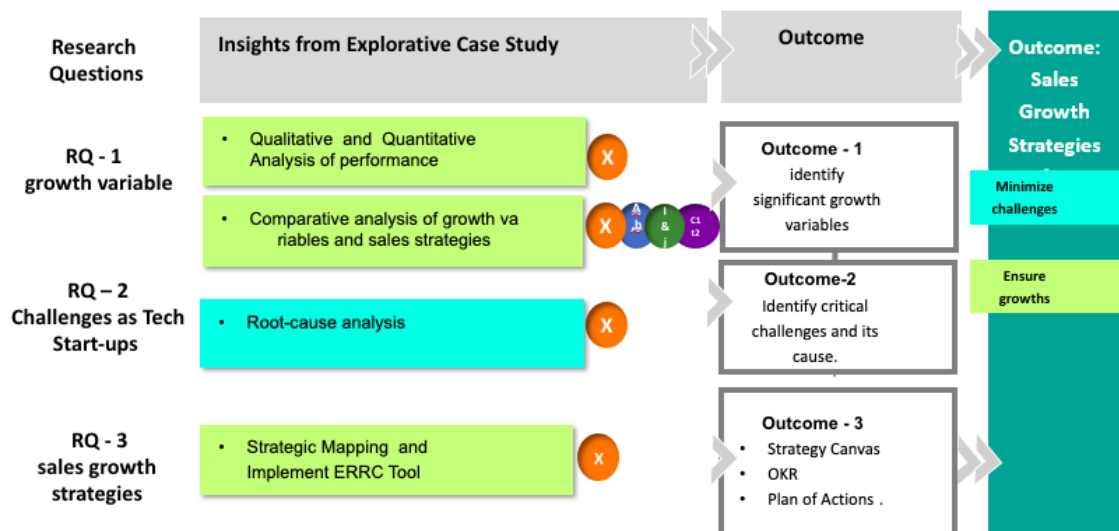


Figure 13. Plan for the analysis

The case company is an early-stage start-up that had launched its MVP. Now the company is moving toward the early growth stage of its life cycle through Product

–market fit and channel-product fit strategies. Hence, most of its source of financing is the owner’s equity, it is emerging for the company to ensure sales growth through market expansion and diversification. The companies (See table 7) selected for these comparative analyses are A, B, I, J, C1, C2, and the case company X; 43% of companies among them are financed by the owners and 29% are VC funded. As a result, a comparison of their strategies within the sales funnels is relevant.

Table 7. Sources of Finance and Life cycle states of selected companies

Company	Sources of Finance	Stage of Life Cycle
A	Owners' Equity	Early stage
B	Angel Investors	Early Growth
I	Acquired by Established Company	Matured
J	VC funded	Growth
X	Owners' Equity	Early Growth
C1	Owners' Equity	Early Growth
C2	VC Funded	Matured

#### 4.1 Identify: The lead generation process

The first phase of the sales funnel is the lead generation process which contains various inbound and outbound lead generation activities by the sales and marketing team of the case company. For this reason, it is justified to assess the performance in lead generation by case company from several aspects such as the target markets, sales teams, and their actions in various sales channels.

##### 4.1.1 Target markets

The past two quarters' data reveals that the company has targeted the CTO and Head of IT working in large enterprises of various industries around the globe such as Finland, UAE, Nigeria, Tanzania, Kenya, India, Bangladesh, and Sri Lanka. The percentage of leads generated from those regions are Finland 25%, UAE 28.5%, Nigeria 21.4%, and Kenya 10.70% (figure 14). The main reasons for

the higher lead generation rate in Finland, UAE, Nigeria, and Kenia are the outbound activities of the sales team, networks effect, and proactive foreign partners.

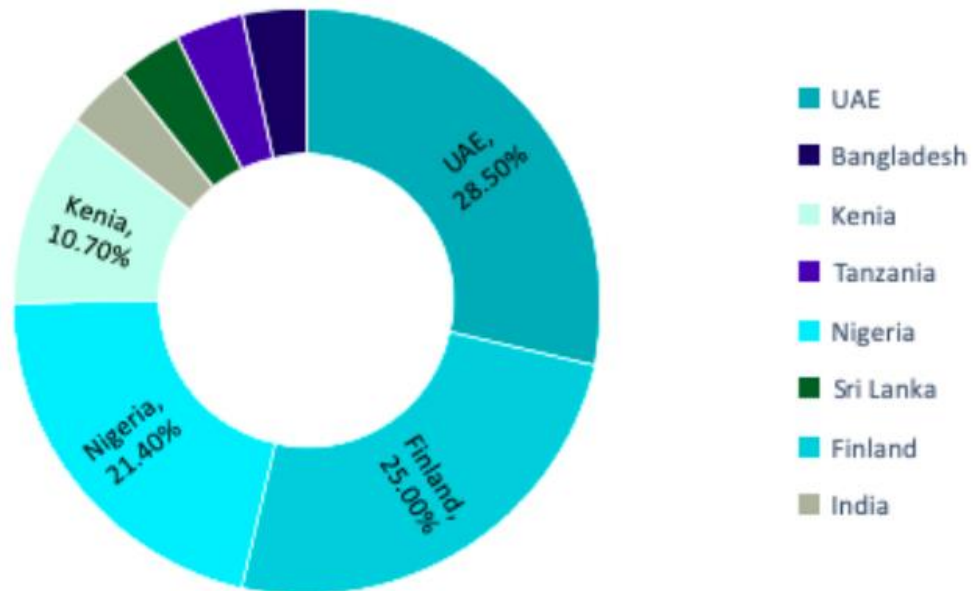


Figure 14. Percentage of leads from different regions by the case company

Several key ideas are unleashed by selected companies while answering the question about the strategies that are worth to be followed for leads generation as follows:

- A: Company A preferred to choose the industry from where have already current and previous customers. Also, focus on small start-ups as well as companies of high-end tech clients around the world rather than one big company.
- B: Sales automation tools used by company B to successfully increase the quantity of leads.
- I: Personal relationships with the other executives of targeted small and medium-sized enterprises are the key to success for Company I.
- J: Initially Company J tried to identify customer regions through network effect and then used them as referrals. It targets enterprises to small businesses.
- X: The case company X has targeted large enterprises of various industries.

- C1: Competitor C1 prefers to generate leads from small businesses through inbound and outbound sales.
- C2: Competitor C2 targets small to medium enterprises.

#### 4.1.2 Sales team and competencies

The CEO and others sales executive have been trying to increase sales performance continuously but are still far from their expected Goals (See table 1). The company has only three executives and one intern managing several roles such as SDR, BDR, Content Developer, AE, AM and CSM, etc. through inbound and outbound sales activities within the sales funnel as shown in the figure 15. The sales strategies and targets are mostly decided in the sales meetings.

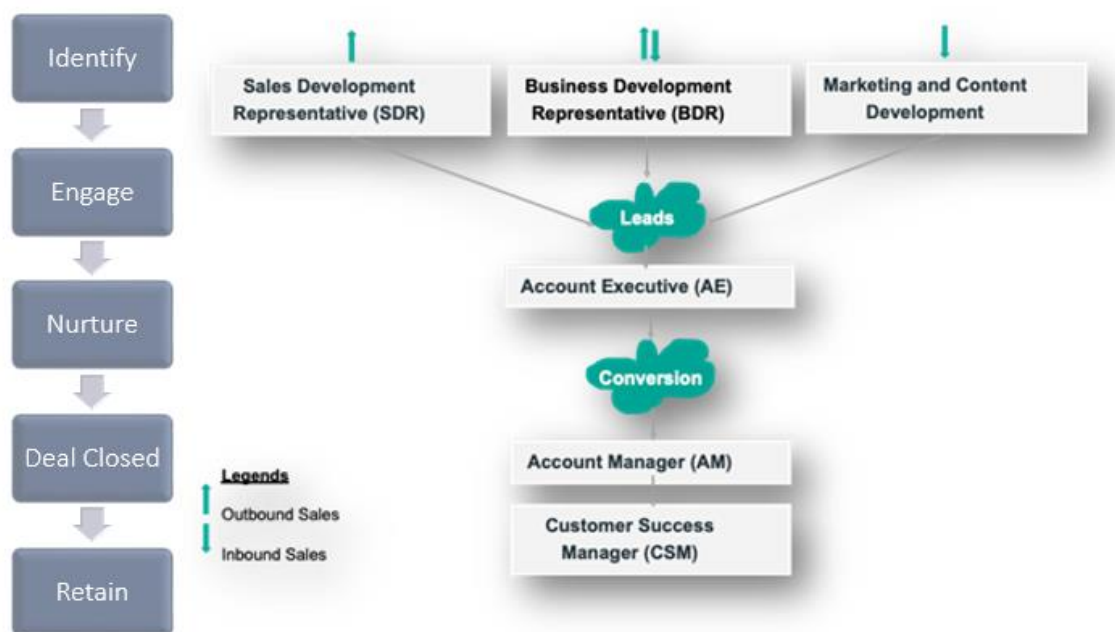


Figure 15. Job roles within the sales funnel of the case company

Comparing the competencies of the sales team of the case company it is revealed that it has a competent Head of Sales who has a tremendous amount of motivation, experience, and technical expertise as shown in figure 16. Despite having good negotiation skills, presentation skills, and moderate international networks, he has difficulties increasing the domestic network for sales growth.

Additionally, the sales representative has strong negotiation skills, and the content developer is highly motivated. Although the SDR plays a crucial role for start-ups, they have average experience, network, and communication skills.

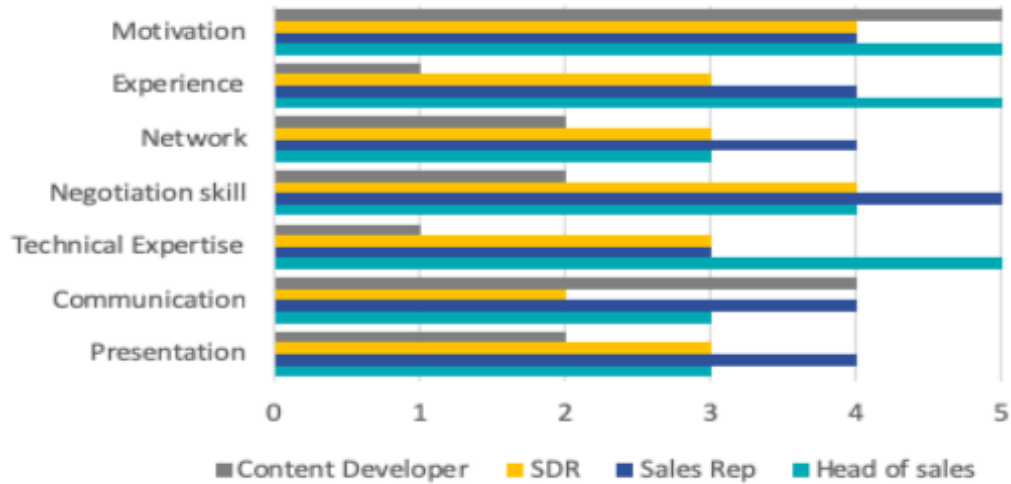


Figure 16. Competencies of sales team of case company

Comparing the outbound sales team with other companies it is noticeable that most of the companies have organized talents from diverse sources to boost their outbound sales efforts though they have their in-house sales team and networks. For instance, part-time employees, commission base sales representatives, interns, outsourced company for lead generation etc are used by the focus group of start-ups. By tracking the competitor's activities, it is found that C2 has invested many resources to create a well-competent and motivated sales team. (See table 8)

Table 8. Sources of outbound sales team

Company	Inhouse source	Outsourced
A	Sales Executives and Networks of CSO	Two part-time sales executives
B	Struggling with sales team and partners	
I	In house account managers for SQL	Lead generated by the outsourced company
J	International sales executive from the local market and through partners.	
X	CSO, SDR and the network of CEO.	Commission based hourly rated sales representative and one intern.
C1	Not noticeable	Not noticeable
C2	It has a structured sales team, and has invested in the competencies of the sales team such as training, documents, well-being, after-office gatherings, etc.	Not noticeable

Competence management strategy are quite different with the associated features of that company but matured as well as growing companies are more focused on employee motivation. For example, company I motivates its remote sales through discussion, virtual coffee, Friday beer session etc. On the other hand, start-ups A, B and J have ensured KPI based clear targets which ended up with more recurring commissions. Some facts are noticeable while competitors' online movements are observed such as C1 has specific target and KPI; whereas competence management strategies of C2 are training, documents, well-being events, after-office gatherings, sport etc.

### 4.1.3 The channel performance in leads generation

The case company generates leads generation through various channels. The channel performance of the company is measured by the number of meetings arranged using Networks of CSO, LinkedIn networks, outreaching by the sales team, email campaigns, webinars, and events. As per figure17, the 50% of leads are generated through LinkedIn in the first quarter but later it reduced to almost 16% in the second quarter. Networks always plays a significant role in generating 26-30% of leads per quarter from UAE and India. A good sign for the company is that the sales team is becoming more efficient to generate leads as it is increased by 37% compared to the efforts of the sales team in the previous quarter. Email campaigns and websites have an insignificant impact on sales productivity, though the least-performing channel in the previous quarters is the company website.



Figure 17. Channel matrix in last two quarters of case company

Comparing the sales efforts of other companies through various channels it is recognized that each company has their unique sets of lead generation strategies such as:

- A: Focuses on partners rather than sales channels. Still Cold calls are responding more for company A. It also uses software and offers a consulting campaign along with the sales efforts of partners.
- B: Cold calls, cold emails, personal meetings with sales representatives, contents quality, and networks are extremely helpful to increase leads for company B. Then SEO, LinkedIn, demo video, social media, and event



worked for this company. Website, webinar, eBook, and paid advertisement are slightly helpful for this start-up.

- I: Marketing campaigns, marketing events, nurturing themes, the team presented events, outsourcing etc. are the major strategies for the company I to attract prospects; most of which are expensive. Feedback from previous customers, and social media campaigns for top 100 customers are less expensive ways of lead generation. This company also generates leads through an in-house sales team.
- J: Regional salespersons, phone calls, emails, three exhibitions per year are the main means of lead generation by the company J. The total inbound and outbound lead generation ratio is 80: 20, respectively.
- X: Prospecting strategy through calls, LinkedIn, and website by the case company are 20 calls per employees, 20 personalized messages per day using LinkedIn, and three email campaign per month.

### Leads generation through LinkedIn

The company is using LinkedIn Basic to create professional network and trust base. It is used to publish hardly one post per week about the product or features. However, this company is using this network the prospective client by sending personalized message. LinkedIn Analytics of the case company (see figure 18) shows that company has increasing numbers of unique visitors, new followers, and post impressions though the search appearance is decreased by 8.3% within the last seven days of selected quarter.

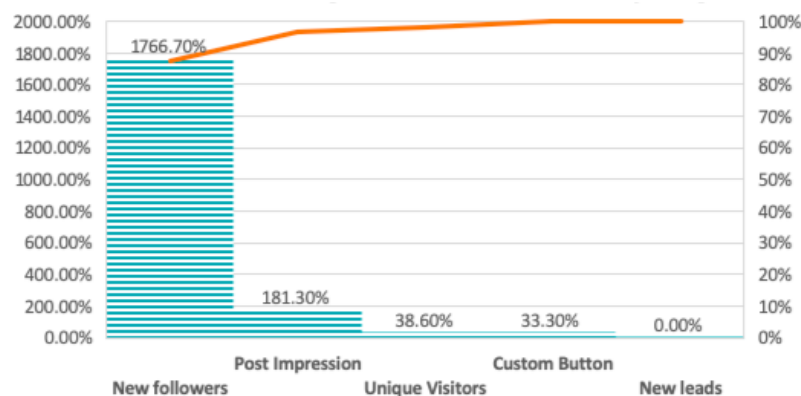


Figure 18. LinkedIn Analytics of the last quarter of case company (Source: LinkedIn.com)

From the data of leads generation through LinkedIn (figure 19) it is visible that company A and I are not focusing on LinkedIn for sales and marketing activities because the audiences of those companies prefer references and personal networks. However, start-ups B and C1 are moderately active on LinkedIn. Company J and C2 are very actively using LinkedIn to share information containing news, updates, after-work sports activities by the employees, job vacancies, updated features of the products, events, webinars, and so on at least three times a week.

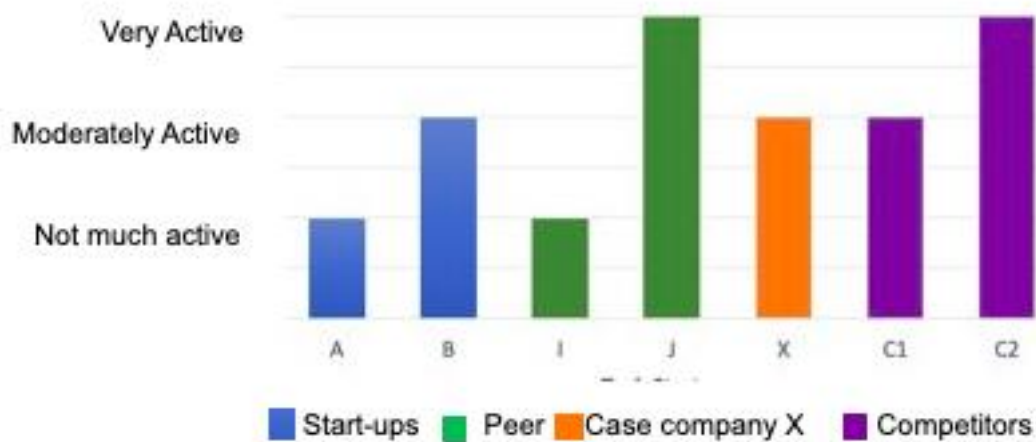


Figure 19. Comparative analysis of Leads Generation Through LinkedIn

### Performance of company website

As per google analytics, the performance of the case company's website is only 20% which lower than the industry standard. Moreover, according to the B2B SaaS funnel conversion benchmark 39% of leads should be generated through the company website. But the case company website has no landing page to generate leads and has insignificant traffics which indicates that this website needs to upgrade for sales growth. As discussed earlier, the company J has automated credit card and self-trial options through its company websites. Some features of websites are pinpointed by tracking the other companies are:

- B: It shows sustainability goals that match their product features. It also has visible schedules of all sales representatives for direct queries.
- C1: Documents can be downloaded by leaving the email address from the company website of C1. It contains specific information that communicates the core value offered to the prospective customers precisely.
- C2: Competitor C2 has a rich website with lots of blogs, training materials, and news; but the most efficient feature out of them is the employee's schedule shown there for the prospective clients so that they can select the convenient time to call directly to the sales representative of that company.

### **Channel value for the case company**

The channel value of the case company is correlated to the cost, targeting, control, employee hours, CAC, and success rate that are assessed using a scale where 1 represents low, 2 is medium and 3 means highly valued. This scale identifies (figure 20) that SEO (Search Engine Optimization) and google ads are the most expensive channels which are least preferable for any start-up. On the contrary, prospecting through LinkedIn, networks, email campaigns and websites are the least expensive channels to generate leads. Considering all other variables for evaluating the performance of channels, it is visible that the network effect works best in terms of success rate. The second highest prioritized channels are outreach by the sales team and email campaigns despite the related employee hours. The case company has the possibility to generate leads through events but is not executed due to the lack of budget that ranks events as a third prioritized channel. As the case company was not able to generate any leads through the website, it is also the least valued channel irrespective of its low cost; CAC and employee hours required for it. Overall, the most efficient channel for the case is the efficient use of LinkedIn and established networks of the start-up X.

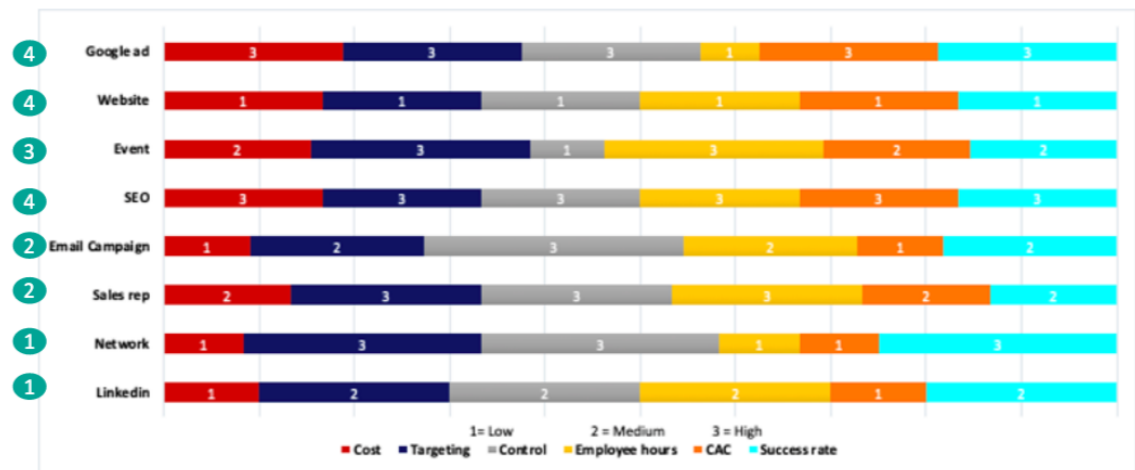
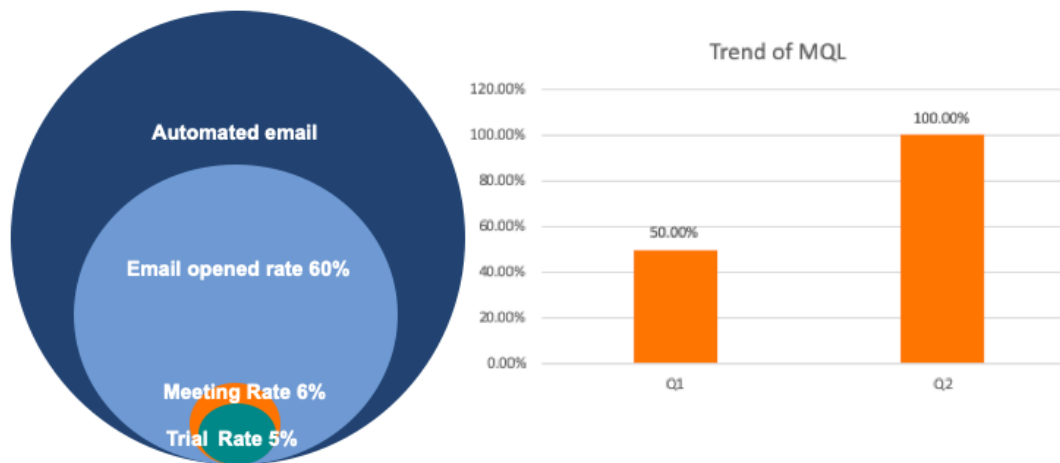


Figure 20. Channel value and ranking of case company

## 4.2 Engage phase

The engagement phase started with the initial meetings and presenting a demo of the software. The automated email has a significant impact on this segment of the sales funnel which shows that the case company's email opening rate is 60% whereas the software industry standard of thereof is around 20%. It also indicated the subject line is interesting for the email receivers. However, the average meeting rate is 60% (see figure 21) and trial rates per email campaign is almost 5%. Moreover, the leads to MQL conversion rate by attending meeting and watching initial demo during quarter 1 and quarter 2 are 50% and 100% respectively. The main factors discussed by the sales team with client's is the pain point of the targeted business to be relieved by researching the customer insights in advance.



Fig

Figure 21. Meeting rate and trends of MQL of case company

Comparative MQL reveals that company A is performing well as this start-up has MQL on an average of 20-30%. On the contrary, company J has 0.5% only though the company is in the growth stage. The company I has an extremely attractive MQL which is 80% because it utilises expensive outsourced leads generation services. The following strategies are followed by others are:

- A: This company gathered more information about markets as well as customers from its partners and then follow up on-going projects in a customized way. It focuses the services for start-ups and offers consultation on client's sales channel strategy without receiving any charge. However, some of its consultancy expenses is financed by the Finnish government partially.
- I: The company continues to engage with warm calls and personalized conversation with executives as an ongoing process to know the customer's needs.

### 4.3 Nurture: Influential factors for purchasing decisions

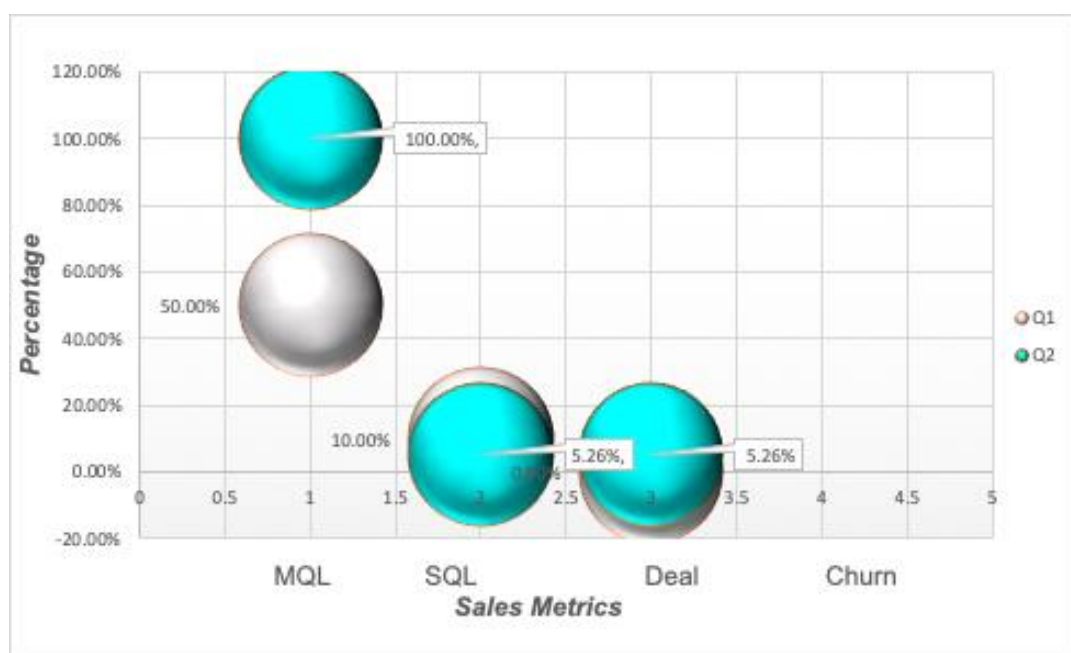
This phase of the sales funnel involves several influential activities that can help the prospect to take purchase decisions such as the presentation of the live demo by the AM and presales engineers, subsequent customization based on the client's requirements, as well as estimation of cost. It takes the longest time due

to the customized solutions per meeting. Moreover, the higher the sales life cycle the higher the blended CAC will be. Company X measures the efficiency of this phase by comparing the conversion rate from the initial meeting to free trials, the SQL for the last two quarters is 10% and 5.26% respectively. Therefore, the key competitive factors that companies are prioritizing in this phase are:

- B: Asking for free trial and feedbacks.
- I: Assign one specific AM to ensure consistent communication and customized solution.
- X: ensure to reach to the decision makers of prospective clients, assured data security, offers price based on the uses, and involves expert technical consultant for each meeting.

#### 4.4 Deal: Status of profitability and sales pipelines

Sales Metrics of the case company in figure 22 shows that it has impressive MQL during the second quarter, but SQL and deals are only 5.25%. It implies that the company should find suitable strategies for the Engage phase. On the contrary, the positive side of the Nurture phase is reflected by the 100% conversion rate of SQL to deals in the last quarter.



Fig

ure 22. Sales metrics of past two quarters of the case company

Comparative sales metrics of selected companies reveal that most startups have an insignificant number of deals out of their total leads except I and J, who have deal closing rates of 100% and 24%, respectively. It is a usual scenario for startups as shown in figure 23 that companies A, B, and X barely close deals, and B has a 75% churn rate! The remarkable strategies applied by the market peers for this phase are already discussed such as personal relations and networks, regional sales representatives in the international markets, self-trial options for the small deals, and dedicated AM for the enterprise deals.

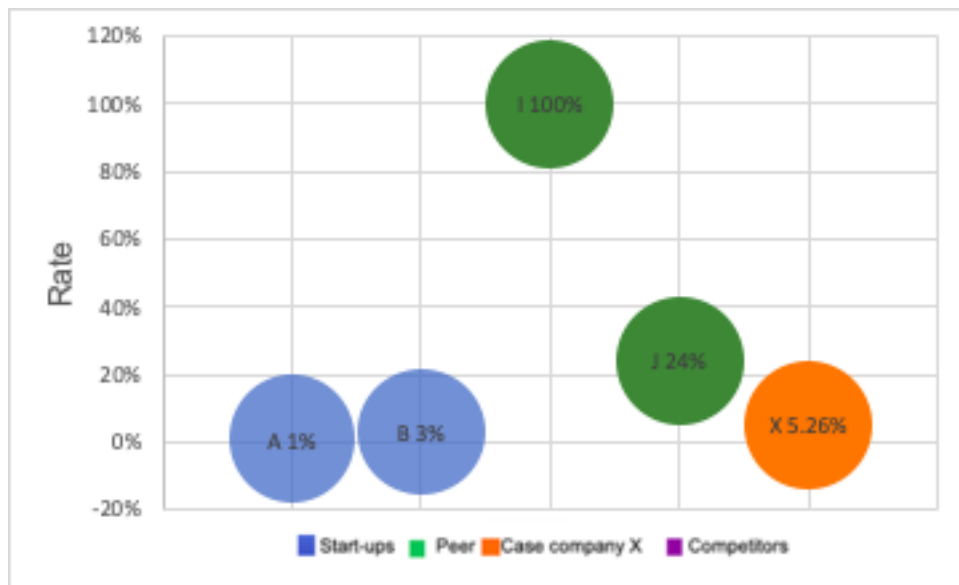


Figure 23. Comparative deals out of the total leads

#### 4.4.1 Financial performance

The profitability of the case company is observed from the accumulated information of MAR, MRR, number of users and the churn rate so that it can continuously monitor the probabilities of meeting sales goals. Figure 24 shows that the company has achieved only 5% of its sales targets, which is alarming. It is also evidence of not having SMART (Specific, Measurable, Attainable, Relevant, Time) goals or an efficient sales process. But the positive fact is the case company does not have any churn.

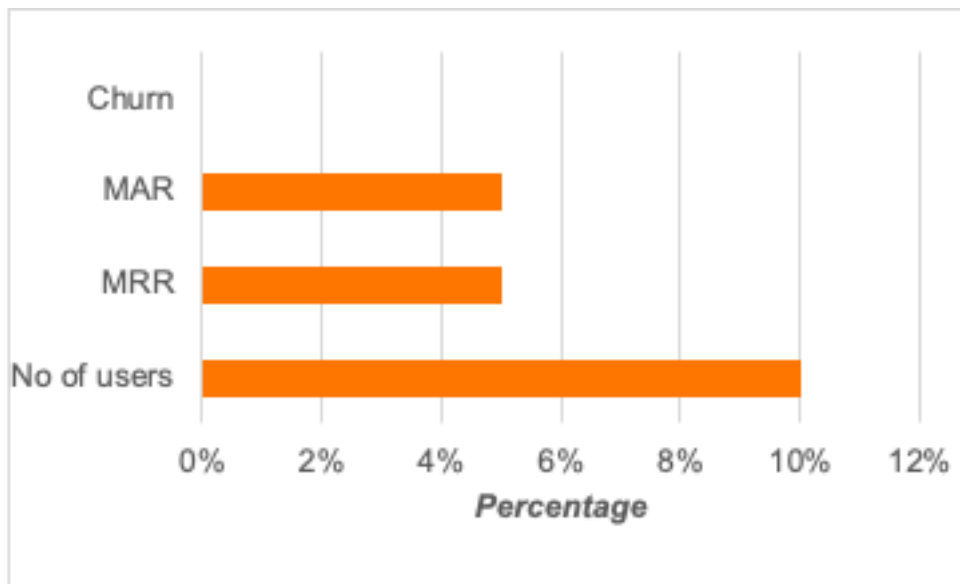


Figure 24. Percentages of revenue goals achieved by the case company

Associated strategies discovered from distinct categories of companies for this phase are interesting such as:

- A: Company A has 90% recurring revenue out of its total revenue and the rest are coming from the new clients.
- B: It prefers 3 small deals per month.
- I: Company I has 70% - 80% recurring revenue and 30%-20% service revenue. Usually, the length of projects is of 36 months. This company offers lucrative price for longer commitment and thus ensure MRR.
- J: It has 5 times recurring revenue than a new revenue, 2/3 of revenue are from recurring clients.
- X: It has 100% recurring revenue though the number of deals is poor.

Cost structure is assessed by case company with the data of sales life cycle, CAC, CAC payback and LTV. The comparative graphs (see figure 25) are the proof of satisfactory cost structure as the case company has 50% CAC from it CLV. On the contrary, though it is understandable that the start-ups need time to scale its innovative product through market creation; the sales life cycle is quite higher compared to its CAC payback period. Reasonably, CAC and length of sales cycle have a positive correlation with the employee hours and sales skills that directly increase the operational expenses.





Figure 25. CAC, CAC Payback, LTV, and sales life cycle of the case company

Company X has a CAC of 4000 per deal (Figure 26) which is much lower than the CAC of start-up A and company J. Moreover, it is reasonable that the start-ups have a higher CAC payback period than established companies. Moreover, A and B have a payback period which 12 months whereas company X has only nine months. The percentage of CAC out of its LTV is highest for case company as it is 50%. Company I is the best performing in this regard as it is only 1.5%. Strategies followed by I and J to minimize the CAC are:

- No sales executive is involved in smaller-sized deals as they have ensured free trial and automated purchase option through multiple mode of payments for small enterprises.
- CAC for corporate customers is higher due to the expert sales hours involved to ensure bigger sized and longer-term deals.

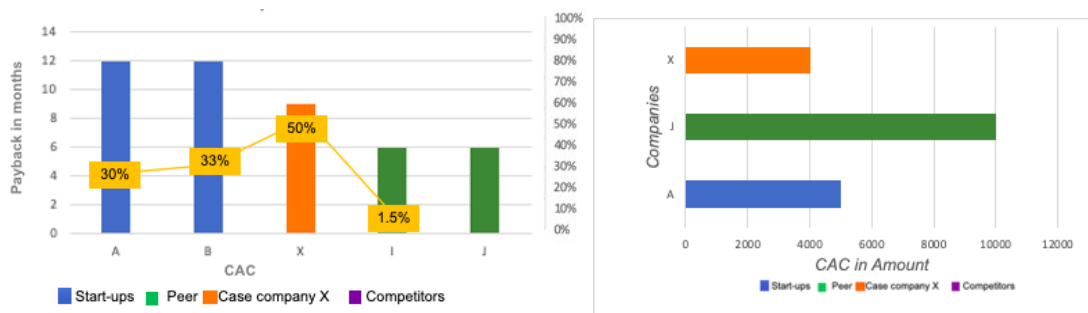


Figure 26. Comparative CACs and paybacks of industry players

#### 4.4.2 Status of sales pipeline

By scrutinizing the region-wise prospecting status of the case company, it is proved that has won deals from India and continuing the discussion with the clients from UAE, Kenya, Nigeria, and Finland though the trend of losing is also higher in Finland and Nigeria (figure 27). Mostly, winning deals is strongly positively correlated to the regions where the sales team has personal connections or has previous work experience in those countries. The company is not motivated to target Bangladesh, Tanzania, Nigeria, Kenya, and Sri Lanka anymore as labor-intensive countries have lower tendencies to invest in automated IT infrastructure.

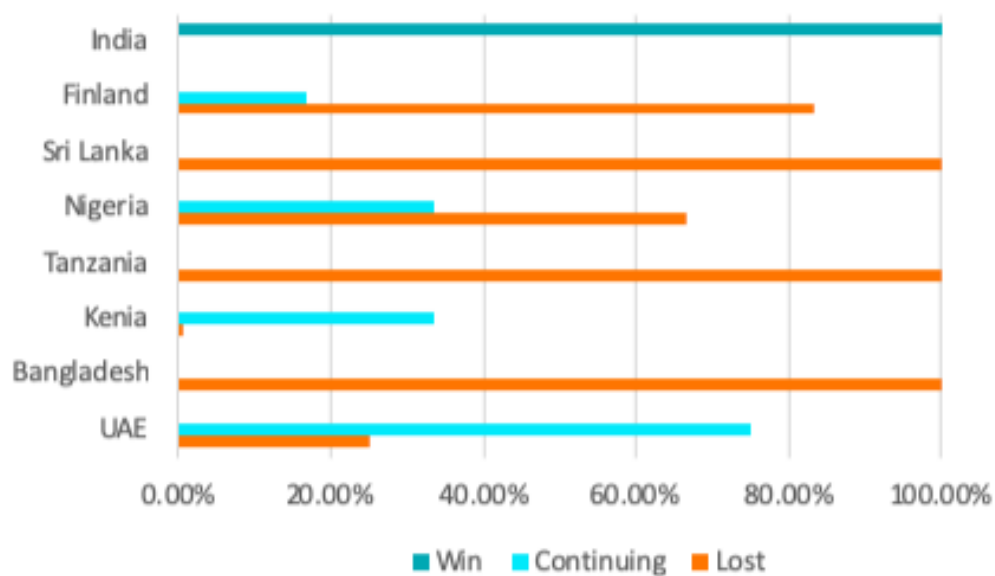


Figure 27. Status of sales pipeline by the case company

The reasons for losing deals by the case company are collected through the feedback from the clients who have rejected them later during the engagement and nurture phase. The topmost reasons (shown in figure 28) given by the companies are not being interested in automation software and lack of budgets. Some clients also informed that they are using partial features from other automation tools. Some of them have also requested to contact in the next budget years when they think of buying this automation product.



Figure 28. Reasons behind losing deals by case company

#### 4.5 Retain and referrals

Start-ups A and X do not have any data about the churns which indicated those start-ups are having satisfactory performance in terms of the features of the products or the services of the sales team or both. Moreover, retain the rate of company I is 100%, only 2 customers had discontinued –one of them had shut down its business and another one had reduced its cost. According to the CEO of company J, 90% of its clients stay for more than 3 years and the rest 10% had discontinued due to financial problems and other unrevealed reasons. Suggested strategies to increase the retention rate are redesigning the sale process by reducing costs and ensuring operational excellence. It also offers new packages of subscriptions, a new revenue model using a money risk and reward sharing matrix, training to upskill executives, commitments with attractive discounts, more lucrative offers for automatic renewal, marketing aftersales services, etc.

#### 4.6 Summarising the growth initiatives

The aim of this comparative analysis is to recognise the variables that has proven positive impacts on sales performance. After summarising all the data of last six months, it is observable from table 9 that the case company has enough strengths as a start-up to generate outbound leads though it could be better if it should combine the various channels simultaneously. Also, its SQL to deal conversion

rate is 100% which means the clients nurtured by the sales team are convinced enough to purchase this software. Adversely, the performances in Engage, Deals and Retain phases need to improve. The whole idea of recognising the growth initiatives by company A, B, I, J, C1 and C2 is to adopt some of strategies listed below based on the capacity and coherence to the planned sales process.

Table 9. Growth variable for start-ups per stage (RQ – 1)

Phases	Existing Growth Variable	Others have
Identify	Email opening rate Cold call and Automation LinkedIn Network Employee hour Regional buyer's persona Competence of sales rep	Website Target small companies and start-ups Inbound leads Sales incentive Various sources of sales team
Engage	Presentation and communication skills Networks Personal Touch Competence of sales rep	Clear message of the core value Nurture themes Customers insights Training Documents for sales pitch
Nurture	Technical expertise Negotiation skills Easy onboarding process Customized demo Employee hours	Events Designated AM Consistent communication Auto trial and payment through website Free trial to get feedbacks
Deal closed	Average CAC Good SQL- deal conversion history Customization and negotiation Networks	Lower sales life Cycle Regional sales Reference Automated small deals Employee hours for enterprise clients
Retain	Service quality Employee	Training material Redesigned Pricing Up sale

#### **4.7 Challenges for start-up**

This section interprets the constraints on the case company's sales process and the root cause thereof. These constraints are analyzed here from two contexts, such as the challenges the case company already has as a start-up and the challenges it would have while implementing growth strategies into its sales process.

Company X is not very efficient in generating inbound leads from various sources due to the lower performance of the website. Moreover, it has insufficient skills in engaging clients which requires getting insights into the customer's pain using function-emotional orientation. While thinking of implementing growth variables suggested by the other companies, it is also visible that each phase of the sales funnel requires more employee hours and competencies. It also has a higher sales lifecycle due to a lack of sales skills because experienced people can speed up sales communications and reduce the sales lifecycle.

Besides this, the solution offered by the company is applicable to most of the large enterprises that are eager to increase operational efficiency with minimum time and cost. But innovative B2B enterprise solutions from start-ups are not very convincing for those targeted buyers. This problem also can be minimized by using networks or appointing people who have strong networks of targeted businesses. As mentioned earlier, this company also has immense difficulties finding the right sales talents. Conversely, experienced people do not prefer to work in a start-up environment.

Moreover, the company is struggling to find the right markets and at the same time trying to reach several markets with limited employees. The use of diverse valuable channels can create a trust base for the partners and end users, but it has not been used yet because the bootstrapped funds are drying out. For the same reason, the company cannot invest in paid sources of lead generation. Sales through partners are also not possible before sales growth and having enough referrals.

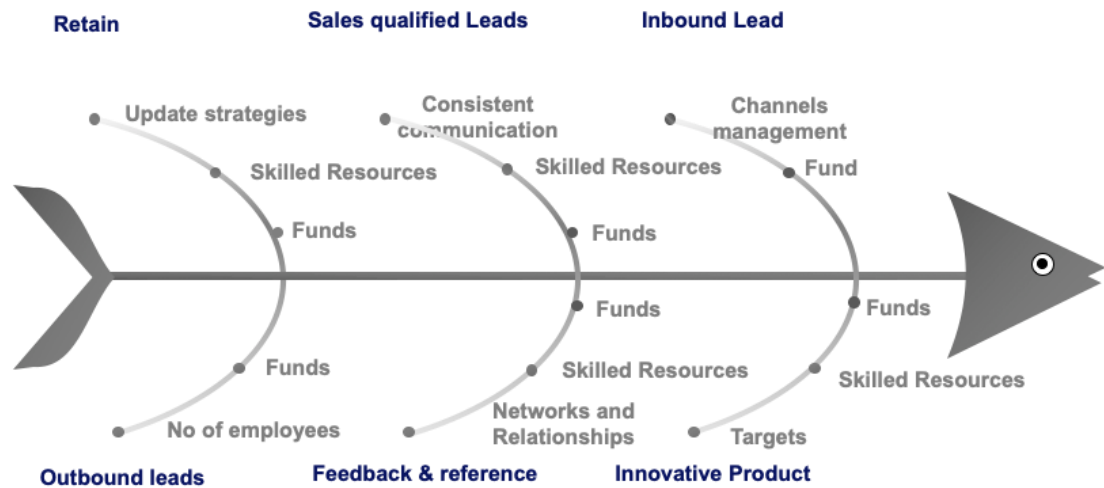


Figure 29. Root-cause analysis of sales growth constraints for case company (RQ- 2)

It is obvious to understand after conducting root-cause analysis (figure 29) that the most of sales constraints of case company can be minimized by resolving only four core problems such as suitable targets, available funds, skilled resources, and users' references. If the company would arrange employees with creative terms and conditions, it could reduce 90% employee skills and hours related obstacles. Therefore, the targets and user reference issues would be minimized afterward. A renown website for competitor's analysis Getlatka mentioned how others other companies have resolved their talents acquisition and budget limitation dilemmas.

“They will not hire new team members until new hires add enough revenue to get back to \$600k in revenue per employee. Other founders manage to a payback period of 3 months or less. Some of the most successful bootstrapped SaaS companies have instant payback periods. They upsell items like consulting, books, and event tickets to immediately recover their customer acquisition cost (CAC) so they can then re-invest it immediately. Call it a “fast money flywheel.” (Getlatka.com)

#### 4.8 Redefined strategy canvas

The strength, opportunities, and weakness of the sales process of the case company is visualized by examining the three sets of data from different angles.

It is crucial for this study to select a SMART sales goal before mapping suitable strategies for growth. The company has specific goal that is higher sales conversion with minimum challenge. To be precise the SMART goal should be

- 100% MRR growth per quarter and
- One deal must be closed per employee per quarter.
- OPEX can increase maximum by 10%

The ERRC (Eliminate, Reduce, Raise, Create) tool of Blue Ocean Strategy is suitable for the growth of businesses that suggests focusing on few features and plan impactful strategy. SMART goals along with some common threads adopted by the start-ups give the indications while creating strategy canvas for case company. Figure 30 depicted the proposed strategy canvas suggests eliminating some markets and reduce number of industries, targets as well as features of the software. Additionally, it advises to raise focuses on targets, team competence, sources of team, commissions, channels value, and retaining strategies. Funding opportunities can be created from diverse sources as per this strategy canvas. The case company can create sustainability campaign along with its other marketing activities which was not a major concern earlier. The details of the recommended strategies are described in the recommendations section.

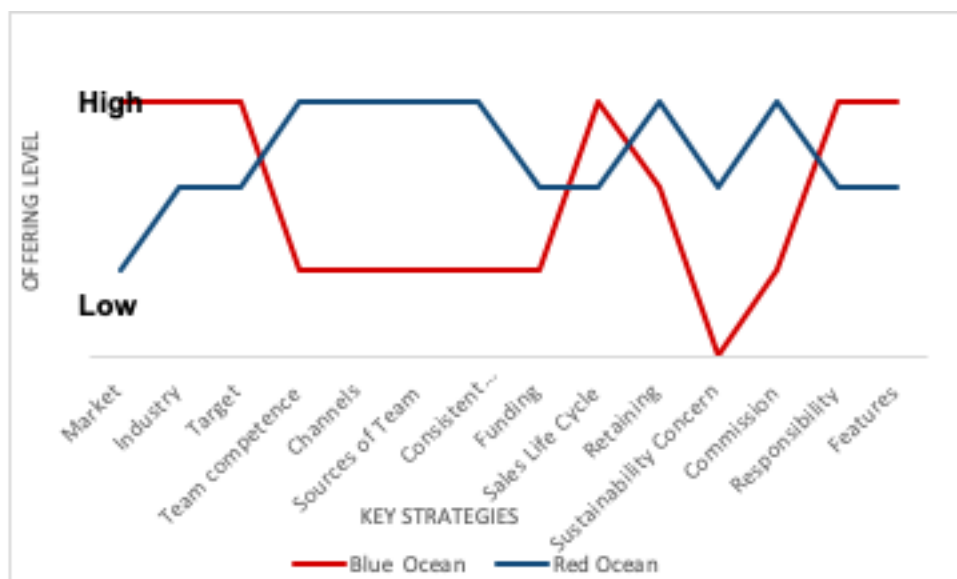


Figure 30. Strategy canvas using ERRC tool

Overall, this study has recognized the sales growth drivers and indicated the most difficult sales challenges which impact adversely while implementing thereof into the sales funnels. The case company can utilize networks to accelerate sales, on the contrary, the threat is the partial solution provided by the competitors. This chapter also created a strategy canvas to select suitable strategies for sales growth. Considering all this information, the plan of action for sales growth is described in the next section.



## **5 RECOMMENDED STRATEGIES TO TRANSFORM SALES GROWTH**

From the perspective of the strategic reality of the case company, it is visualized that it has a noticeable uphill battle condition. The company is financed by the founder and most of the equity is burning out as CAPEX before reaching its predetermined sales destination. This section is going to interpret the results of the diagnosis done in the previous section correlating the sales scenario of the case company and upgrading the sales strategies that can drive positive outcomes by overcoming the start-up's challenges.

### **5.1 Answering the research questions 1 and 2**

The company has a moderate sales process but still has opportunities to upgrade it into a faster-growing company with a stronger sales funnel by redefining sales strategies and successfully implementing them. Hence, the analysis discovered that the case company has suitable strength to convert SQL to deal or retain clients. But the company is not very efficient at generating enough leads using various channels. Also, most of the prospects dropped after the first meeting. Several variables have a positive contribution in ensuring a fast fly-wheel sales process (table 10), some of them are the use of multiple channels, narrowing down the targeted market, and the use of regional sales executives from various sources. The growth variables for Engage phase are the competence of getting customer insights and pitching skills. Moreover, the Nurture phase is highly dependent on the technically expert AM, and availability of auto-trial and free trial options. Profitability-ensuring features of sales funnels are a smaller sales life cycle, lower CAC, and availability of user references from renowned companies. Lastly, redesigned pricing is helpful to reduce revenue churn and upsell more subscriptions.

Investigation into research question–2 reveals some constraints to implementing thereof. The root-causes analysis has identified four core challenges toward sales growth such as suitable targets, available funds, skilled employees, and users' references. The root cause analysis also recognized that higher sales

metrics are positively correlated to the higher number of skilled employees and budget. The proposed quarterly action plan for the next four quarters (see figure 30) also tries to mitigate most of the root causes creatively based on the sales goals and ERRC applied strategy canvas.

## 5.2 Recommended growth strategies

The proposed strategy model needs to restructure the sales departments and ensure interdepartmental alignments with job roles. The consistent communication of SMART goals, weekly monitoring process, and clear KPIs together can make the sales team well-prepared for the implementation of sales growth strategies. Figure 31 shows the proposed sales growth strategies for company X.

Strategies	MRR		Domestic		Nearby	
	UAE	India	Finland		EU	
Targets						
Business size	Medium			Startups	Medium	
Offered Features	same			Less	same	
Valuable for	Complex IT Infrastructure					
Contract point	Decision Makers					
Channels	Inbound and Out bound					Inbound
Grants	Innovation voucher, Tempo fund, Grants for internationalization,				Innovation voucher, Tempo fund, Grants for	
Appoint employees	Regional Sales	Regional Sales	Sales consultants	Interns	2 SDRs	Intern
Sources of Team	Partners resources		Freelancer and part-timers	Interns	Full time	Intern
Fund	Partially paid		Promise to pay after receiving cash inflow from subscriptions and Employee Stock Option (ESOP) maximum 3%.	Financed by universities	TE office for next 3 months	Financed by universities
Commission expense	15% flat rate			Practical Learning	50%, 40% 30%, 20% and 15% for the first 5 deals	Practical Learning
Outcome	100% increase of MRR		Monitor sales process Uses domestic networks Reduces sales life cycles to 50% Team competence 40% Create references	3 deal per quarter MRR 10% Create sustainability campaign Create references	2 deals per employee 15% higher MRR	update websites Lead increase by 10%

Figure 31. Proposed sales growth strategies for company X

### **5.2.1 Redefined target market strategy**

As per Blue Ocean Strategy and the suggestion of Baumgartner et al, only a few markets should focus on ensuring growth so that the sales team can invest more hours and provide quality services to highly prioritized to-be clients. Therefore, the results of the market analysis suggest proceeding with sales only in three regions that are the domestic market, nearby markets, and the markets where the case company already has networks as well as generating MRR. As a result, the redefined target markets are Finland, the EU (European Union), India, and UAE.

It is noticeable from the previous analysis chapter that India is generating the major portion of MRR, and UAE has significant SQL in the sales pipeline. Moreover, the existing sales team has good connections in both countries that can positively influence to speed entire sales process and expenses. Also, no competitors are available in either of those blue oceans. The case company can appoint two regional sales executives from partners' human resources with a precondition to paying part of the executives' salaries from the profit of the deals closed in those regions. The expected outcome is the 100% growth of MMR per region per quarter. New Revenues (NR) also should be emphasized through partners and part-timers of targeted territories offering attractive commissions.

### **5.2.2 Targeted business size**

The company initially had targeted large enterprises, but the new strategy suggests focusing on the medium-sized enterprise regardless of all regions because it would be easier for the case company to convince mid-sized companies. Consequently, the company can target large enterprises after one year. Moreover, the company should target some start-ups in the domestic market simultaneously to assure low-profit high quantity deals. For the domestic market, it can appoint an intern for three months whose job would be to reach the start-ups only.

### 5.2.3 Employee sourcing and compensation strategy

There is a chicken-egg dilemma the company invests in salespeople or should scale the company after having enough revenue. On the contrary, experienced employees have the greater ability to increase win a deal and reduce expenses like CAC and sales life cycle. This study recommends appointing employees from diverse sources with customized conditions. For instance, any part-time sales executive can be appointed for the targeted region without any base salary but giving attractive commission, for example, commissions for the first five deals closed by them could be 50%, 40%, 30%, 20% and 15%, respectively. The case company would offer full time job if that person eligible to do this. Thus, the company can ensure high skilled regional employees.

Moreover, an important strategy for domestic market is to hire one experienced sales consultant based on hourly rate who can monitor the entire process, set KPI, set targets and review them weekly for one to two hours. The expense would be negligible compared to the contribution to the sales process as it estimated that 50% sales life cycle would be reduced, and employees' competencies would increase by 40% with the sales consultant's supervision and motivation. However, another important objective to appoint this sales consultant is to use his or her networks to reach some renown domestic company offering free trial so that they can evaluate the performance of this automation software and give feedbacks, the case company can use those client's references. The remuneration can be offered with a commitment of payments after winning deals. Also, it would be encouraging for the sales consultant if the case company can offer Employee Stock Option Scheme (ESOP) not more than 3% of total equity.

To target the EU markets, the company should appoint the SDRs who would be financed and trained by TE-Office for the next 6 months and allowed to do remote works. These types of employees usually agree to work in the start-up environment. The remuneration strategy for them would be the flat rate of 15% commission per deal closed. These employees should make 50 calls, 20 LinkedIn outreach per day for generating leads. The targeted number of deals is 1 per employee per quarter. If these employees can fulfil target consistently then NR

should increase by 15%, the case company can hire them as fulltime employees.

Appointing two interns with an academic background of Engineering, or Business or Media and Communication is recommended for the case company as there would be only 300 euros cost per intern and rest would be paid by the universities. But they can ensure consistent social media content, update websites, and focus on low profiled leads generation. Overall, the case company should appoint two regional sales executives for UAE and India, one sales consultant, two SRDs and two interns. Existing sales team should carry-on their pipelined projects along with the proposed sales routine.

#### **5.2.4 Offered features and pricing strategy**

The company has introduced MVPs for all types of customers which are expensive. By following the ERRC tool some of the features can be reduced and offer a basic lower-priced service for start-ups. It not only will ensure economies of scale but also high quantities of referrals. It requires only some little modifications by the engineers and small-sized deals can be proceeded by the client automatically. Despite not generating revenue or expenses, it would help to create a customer base as well as useful references for the case company.

#### **5.2.5 Email campaigns**

The case company found extraordinary new possibilities in clients who have multisite and complex IT infrastructures. A significant percentage of leads have been disqualified due to not reaching the right group of people who can take capital investment decisions. The case company designed an email campaign targeting the CTO and Head of IT earlier. Hence a new email campaign should target the CEO and head of operations who will benefit more from the operational cost reduction. By following the focus strategy suggested by Drew Williams and Jonathan Varney, decisions maker should be communicated with a data-driven cost-savings proposal in brief. Email also can contain some training materials and

videos to show the value created by the software per industry. Three email campaigns per month are sufficient for the case company as it has a good email opening rate. But it is recommended to research and categorize the email receiver in structural ways, if possible, should collect information from people who know better about the targeted business such as consultants.

### **5.2.6 Omni channel strategies**

The company has been utilizing multiple channels though this study found the highest valued channels are LinkedIn and networks. Network strategies are already described earlier in this chapter. The recommended strategy for LinkedIn is to connect and send 20 personalized invitations sent per employee. It is expected to increase leads by 50% per quarter and more if the number of employees increases. It also can ensure at least 2.5% sales revenue growth from LinkedIn. If the prospects answered positively then warm calls will help to increase the possibilities of higher sales conversion. Therefore, the Omni channel strategy is to nurture and deliver the same theme through email, website, LinkedIn (weekly three posts of several types and daily 20 connection requests per employee) and sales calls simultaneously.

### **5.2.7 Inbound channel strategies**

This analysis recommends using both outbound and inbound channels for lead generation. Most of the inbound channels the case company is using are efficient to generate leads except the website. To increase the website productivity, it should contain a hook describing the cost-saving facts and easy approachability such as automated credit cards for self-trails or for purchase by the small-scale clients. Training materials and videos are available, but clients need to watch them by leaving e-mail addresses. It is expected to generation leads at least 10% per quarter from this channel with no additional cost for the case company.

### **5.2.8 Cold calls strategies**

The company should start calling after sequential communication of automated email. The first cold call should be 120 seconds, but sufficient training for the sales pitch should be given by the sales consultant. It is recommended to make 50 calls per employee per day, which can increase 50% the probability of setting up one meeting.

### **5.2.9 Sustainable Development Goals (SDGs)**

Substantiality is one of the topmost concerns for the universe especially EU always prefer to invest in projects that comply with sustainable goals. The case company complies with some sustainable goals which are not published in the social media, the goals are SDG 8 – Decent Work and Economic Growth, SDG 9 – Industry, Innovation, and Infrastructure, SDG 11 – Sustainable Cities and Communities, SDG 12 – Responsible Consumption and Production. This analysis recommends adding those goals to the company website and create SDG related contents at least once in a month through events or social media marketing. This strategy involves no impact on the short-term profitability as an assigned intern can do this but has significant impacts on long run sales growth goals.

### **5.2.10 Funding constraints**

The budget constraints start-ups can be minimized in several ways, some of which are aimed at minimizing costs and some to ensure government grants, both affect sales growth. Already motioned in this chapter that the payment of the newly appointed sales executives would not be fully paid by the case company, rather, collaboration with partners, TE office and Universities would help to reduce OPEX. Moreover, Business Finland offers a wide range of services for the start-ups. The case company can use of advisory service from Business Finland as the company does not have domestic networks. Innovation voucher, tempo

and others grants for internationalization and grants for patents should be targeted to stronger impact on sales growth.

### **5.2.11 Marketing strategy for lead generation**

Most marketing strategies are discussed in previous paragraphs, but they are all mentioned together. The marketing strategy suggested by this study is to offer special prices for startups. Moreover, it should advertise through all its valued channels targeting the prospects who had dropped during the negotiation phase. It can offer a discounted price for them as this analysis found most of the prospects dropped because they already have substitutes or budget constraints. The company also can highlight competitive strengths by differentiating how the software works efficiently in a cost-energy-saving way than the partial automation available in the markets,

Moreover, it should encourage existing clients to refer this software to others with a discount code provided by the company so that the existing client could receive rewards. Lastly, this is high time for the company to announce special pricing for a year-end sales boost. All those actions would reduce the profit but would ensure higher lead generation. But the impact is not measurable as it is a trial-and-error option for the case company.

### **5.2.12 Engage strategy**

By following the strategies recommended by Williams, D. et al, the employees should listen carefully during this phase to read the customers' needs and provide a customized demo. The engaging strategy after having the first meeting should be to request prospects to comment on the product. From this study it is revealed that the sales team does not have sufficient competence to engage prospects, one of the reasons could be the core value is not communicated to the prospects accurately. Specific sales training should be arranged by the CSO and sales consultant for the entire sales team showing how to create value for the client's business by establishing functional–emotional orientation within communication



by giving delicate touch. This study also strongly recommends creating a formal video that can explain the core value of that product so that the remote sales team will not face any difficulties communicating and engaging clients. It would cost nothing for the case company but would smooth the sale process and ensure higher sales metrics.

### **5.2.13 Nurture Strategy**

The nurtured clients would convert into deals if the AM could show the trends and forecast what the customer is going to miss within next 6 months. By matching with the suggestion of Donnolo, M., the result of the analysis suggests that one AM should assign to communicate one account, maintain trust base, and turn customers into friend through arranging events. Innovative B2B product selling risk can be minimized by this way. Again, the clients should be offered a discount for specific period to reduce the sales life cycle and CAC.

### **5.2.14 Retain strategy**

Selling B2B is a long-term relationship that can lead to getting more customer lifetime value. The case company should offer the auto-renewal option and discount for the multi-years contract upfront. As mentioned earlier, it can also redesign the features for bulk subscriptions.

### **5.2.15 Referral and acceptability strategy**

The case company should get referrals from big enterprises having pain points that can be relieved with software. It should offer a free trial for the renown domestic companies to get referrals and later offer low prices services for basic features of the Software. Also mentioned earlier that the same strategy applicable for start-ups. Thus, the company can get a few references without adding to the OPEX and then approach large companies commercially. Thus, the company also can accelerate the acceptability of these innovative B2B solutions.

The sales process is a combination of multidisciplinary endeavors where one of the key successes to growth is the consistent managerial effort - plan, monitor, review, continuous improvement, celebrate success, and again communicate the updated plans. If the recommended strategies are implemented as part of a consistent sales process with the planned team, these strategies can obviously be an example of exceptional sales growth for other innovative SaaS start-ups.

### 5.3 Limitations

There are several limitations faced by the thesis writer during the assigned period of the thesis. Some are related to the data sources and some to the data collection tools. The limitations are described below:

- **Prepare questionnaire:** The appropriate questionnaire to gather targeted information is the most crucial part of this thesis. If any important question is missing in the questionnaire, it would mislead the thesis outcome. The thesis writer spent much time preparing precise questionnaires.
- **Data collection delay:** The thesis is planned to follow the schedule, but some questions have not been answered within the expected time, resulting in delays in data collection and analysis.
- **Lack of access of relevant information:** Finland has strong data base to get information from any previous thesis but finding the right or most relevant research could be a challenge for this thesis. This thesis had planned to collect primary data from 5 relevant start-ups but ended up with only two start-ups, two competitors among them one is start-up, and two peers from the industry; because of the nature of the information is confidential.
- **Time limits:** The most common fact is that the thesis must end within a period where the trade-off between quality and time is an issue to prepare the thesis document in a more detailed way.

- **Non-disclosure of metrics:** Most of the people considered for an interview denied sharing the company sales metrics. As a result, only a few companies were chosen for this research.
- **Ignoring marketing activities:** As per the research topic, this paper is about sales growth strategy that is interdependent on marketing strategies. This research could not explain marketing activities due to time and content limitations.

#### **5.4 Practical and ethical issue**

There are some practical issues that interviewees were confused about how much sales-related information a specific company should disclose. Hence, the thesis has taken verbal consent from the interviewees to disclose data but no personal identification, the data collected through the research has no ethical concerns.

#### **5.5 Conclusion**

Redefining the Sales Growth Strategy for company tech start-up X is a complex process that is initially aimed at identifying the plan of action to increase sales and minimize obstacles. Then the aim is subdivided into three more specific parts such as identifying the sales growth variables, what are their challenges to executing those growth variables into the sales process, and what strategies would help the case company to ensure sales growth.

The framework of this research is to break the total sales process into pieces to identify the obstacles and dependencies of each phase of the sales funnel such as Identify, Engage, Nurture, Deal Closed, and Retain. To evaluate the status of the sales performance of the case company, Kurt Lewin's conceptual model Force Field analysis is applied through the explorative performance analysis. It is abductive research where quantitative and qualitative analysis is done on 6 Finnish companies who mostly start-ups that have executed sales growth strategies by selling similar SaaS products. Primary data is collected through

semi-structured interviews and questionnaires; secondary data is from various sources.

The results of the investigation to answer RQ – 1 reveal several variables that have a positive contribution in ensuring a fast fly-wheel sales process of the focused companies but not adopted by company X. Some of them for Identify phase are the use of multiple channels, narrow down the targeted market, and use of regional sale executives from various sources. The growth variables for Engage phase are the competence of getting customer insights and pitching skills. The growth drivers for the Nurture phase depend on the technically expert AM and availability of auto-trial and free trial options. Profitability ensured sales funnels' features are a smaller sales life cycle, lower CAC, and user reference availability from renowned companies. Lastly, redesigned pricing is helpful for the case company to reduce revenue churn and upsell subscriptions.

Research question–2 reveals some constraints in implementing the above growth variables within the sales process of the case company. However, the root cause analysis identified four main constraints in applying sales drivers such as appropriate targets, available funds, skilled employees, and user references.

After setting SAMRT sales and ERRC tool for strategy mapping, this study suggests 15 recommendations for the case company as the answers to the RQ – 3. The case company should refine its target market and reach the right people with the right message. Also, it recommends targeting medium-sized enterprises instead of large enterprises. Additionally, it should appoint two regional sales executives for UAE and India from partners' resources by sharing partial salary to ensure MRR, one sales consultant for weekly 1 to 2 hours to monitor and speed the entire sales process, two SRDs financed and trained by TE-Office and two interns from business or engineering background. It is recommended to make 50 calls per executive per day for 120 seconds (about 2 minutes) for each call. Therefore, an Omni channel strategy should ensure the same theme through email, website, LinkedIn (weekly three posts of diverse types and daily 20 connection requests per employee) and sales calls simultaneously. It is suggested to add SDGs and options for automated credit cards for self-trials or purchases on the company website. To minimize the funding constraints

Business Finland offered grants such as innovation vouchers, Tempo, and grants for internationalization can be availed.

This study found the case company's weakest point is the Engagement phase, so it strongly recommends creating a formal video explaining the product's core value to help the remote sales teams engage clients. The case company should offer the auto-renewal option and discount for multi-years contract upfront to reduce revenue churn. It should offer a free trial for renowned domestic companies to get referrals and later offer low prices services for basic features of the Software. Moreover, it should encourage existing clients to refer this software to others with a discount code and get some rewards from the case company. Lastly, this is high time for the company to announce special pricing for a year-end sales boost.

Reaching the sales dream goals would be obvious for the case company if it could execute the recommended strategies by collaborating start-up community, Business Finland, Universities, and restructured sales team. Therefore, this study can be regarded as evidence of systematic growth guidelines to be followed for all other innovative start-ups.

### **Further research topics**

More detailed research can be done on the contemporary trends of customer identification strategies for start-ups, performance analysis of automation tools for customer acquisition, trends of digitalization in customer acquisition and profitability, trends of sales management and digitalization in Finland, start-up ecosystem for the growth of innovative products, the effectiveness of engagement strategies for SaaS, etc. As these trends are updated very frequently in the software and automation industry, it would be helpful learning for start-ups, entrepreneurs, and students. The research results can be used further as a source of academic and training materials for Business and Entrepreneurship Programs.

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## APPENDICES

### Appendix 1. Questionnaire forms

#### Questionnaire for SaaS startups

Hello,

You are invited to participate in our survey for the master's project aimed at being answered by entrepreneurs/ CEO/ sales executives who have implemented sales strategies. In this survey, about 8 people will be asked to complete a survey asking questions about the sales process and strategies. It will take about 15 minutes to complete the questionnaire. Your participation in this study is entirely voluntary.

There are no foreseeable risks associated with this project. However, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. It is important for us to learn your opinions.

Your survey responses will be strictly confidential and data from this research will be reported only and taken together. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact Fahim Muntaha by email at [fahim.muntaha@tuni.fi](mailto:fahim.muntaha@tuni.fi).

Thank you very much for your time and support. Please start with the survey now by clicking on the Continue button below.

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1. Is your company established within -
  - a. 0-5 yeas
  - b. 6-8 years
  - c. 8-10
  - d. More than 10 years

2. Is the business model SaaS (software as a service)?

- a. Yes
- b. No

3. The key variable that is important for the company's sales growth

	Not at all important	Slightly important	Moderately important	Very important	Extremely important
Customer Focused Strategy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing through various channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Actions of sales representative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales incentives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prospecting and lead generation process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Industry standard sales metrics (MQL, SQL, Churn rates)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales life cycle	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Use of sales automation tools	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of Finance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New market or industry expansion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Others \_\_\_\_\_

4. The sales challenges for the company are

	Very unlikely	Unlikely	Neutral	Likely	Very likely
Insufficient fund	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of Human Resource	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovativeness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No reference	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Partners are not interested	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Difficulties in Market Identification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Poor number of leads generated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clients are not convinced for trial	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Problems in closing deal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retaining customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. The company average sales metrics are –

- a. Website Visitors to Lead \_\_\_\_\_%      b. Lead to MQL \_\_\_\_\_%
- c.        MQL to SQL \_\_\_\_\_%              d. SQL to Deal close \_\_\_\_\_%
- b. Churn rate \_\_\_\_\_%

Please check here if you prefer not to disclose. \_\_\_\_\_

6. Which market do you prefer to increase sales? (Multiple answers accepted)

- a. Existing market with upgraded product
- b. New market
- c. Accessible Markets with networks
- d. Existing market but new industry

7. The channels to successfully communicate company's key competing factors to the prospective customers are

	Not at all helpful	Slightly helpful	Moderately helpful	Very helpful	Extremely helpful
a. websites	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. SEO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Paid advertisement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Webinar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Cold call and email	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Personal Meeting with sales Representative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. LinkedIn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Demo video	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Ebook	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Content quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Social media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Networks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. What challenge have you faced in this communication process?

9. The company convinces customer for purchase after free trial through-

	Left Anchor		Right Anchor		
	Not at all helpful	Slightly helpful	Moderately helpful	Very helpful	Extremely helpful
Consistent communication through multiple channels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creating personal relationships and trust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Explaining the value created to the client's core business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Providing customized price and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Engaging experts who can talk about the solution in detail	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Others_____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. What challenge have you faced in this encouragement process?

11. The important things to retain customers are –

	Not at all important	Slightly important	Moderately important	Very important	Extremely important
Quality of product and after-sales services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trust	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Partner's effort	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Extended service offered for renewal	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Discount offered for an upgraded subscription	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other_____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. What challenge have you faced in this retention process?

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13. The Payback of Customer acquisition cost (CAC) is within—— months

- Less than 12x months
- 12 – 18 months
- 18 - 24months
- More than 24 months

14. Customer lifetime value (LTV) = \_\_\_ times of CAC

- Less than 3 time
- 3 time
- More than 3 times

15. Preferred deal size

- Small sized 3 deals per month
- Medium sized 3 deals per month
- Large one deal per month
- Other \_\_\_\_\_

16. The company is funded by (multiple answers accepted)

a. Owners' equity c. VC

b. Received government grants d. Other \_\_\_\_\_



## Appendix 2. Business Model Canvas

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none"> <li>Growth partners               <ul style="list-style-type: none"> <li>IT-centric subcontracting companies</li> <li>Companies Software services companies</li> <li>Sales partner network</li> </ul> </li> <li>Operational partners               <ul style="list-style-type: none"> <li>Companies who can fix complex customer problems</li> <li>Onboarding partners</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Product development</li> <li>Customer engagement</li> <li>Sales</li> <li>Marketing</li> <li>Research and development</li> </ul>	<ul style="list-style-type: none"> <li>Remote Management</li> <li>Decreased response time</li> <li>Increase Efficiency</li> <li>Improved business flow</li> <li>Increase Customer Satisfaction</li> <li>Cost efficiency</li> <li>Open Standard</li> <li>Pay as you go</li> <li>Solve IT complex issues</li> <li>Flexible integration and customization</li> </ul> <p><b>CHARACTERISTICS:</b>            Naviness, Performance, Customization, "Getting the Job Done", Design, Brand/Status, Price, Cost Reduction, Risk Reduction, Accessibility, Convenience/Usability</p>	<ul style="list-style-type: none"> <li>Feedback loop</li> <li>Survey</li> <li>Easy to approach</li> <li>Suggestions from customers</li> <li>Training / demo to the partners</li> <li>Proactive conversation</li> <li>Face-to-face meetings</li> <li>Email</li> <li>Events</li> </ul> <p><b>Channels</b></p> <ul style="list-style-type: none"> <li>Demo through website</li> <li>Linkedin Videos</li> <li>Youtube videos</li> <li>Linkedin Blogs</li> <li>Participation of IT events</li> <li>Sales Networks</li> <li>Referral programs</li> <li>Partners Networks</li> <li>Peer partners</li> <li>Contact forms</li> <li>Phone and email</li> </ul>	<ul style="list-style-type: none"> <li>Medical centers and hospitals who are working actively in digitalization or planning to enter digitalization</li> <li>Corporations whose strength is not IT</li> <li>Countries where the IT workforce is estimated low for the next decade</li> <li>Cities yet to be digitalized</li> <li>IT-centric subcontracting companies, who can be an active channel to use and demonstrate the product</li> <li>Companies who have infrastructure from at least two public cloud providers.</li> <li>Software services companies with at least 100 customers</li> </ul>
<p><b>Key Resources</b></p> <ul style="list-style-type: none"> <li>Engineers</li> <li>Growth leaders</li> <li>Sales and marketing teams</li> <li>Working capitals</li> <li>Budget for brand creation</li> <li>Copyright</li> </ul> <p><b>TYPES OF RESOURCES:</b>            Physical, Intellectual/Human, Financial</p>				
<p><b>Cost Structure</b></p> <ul style="list-style-type: none"> <li>Product development cost</li> <li>Cost of Human Resources</li> <li>Sales and Marketing cost</li> <li>Deployment cost</li> <li>Operational Cost</li> <li>On boarding cost</li> <li>Issue resolution cost</li> <li>Software Maintenance cost</li> <li>Fixed Cost</li> </ul>			<p><b>Revenue Streams</b></p> <ul style="list-style-type: none"> <li>Automation request</li> <li>Training</li> <li>Support ticket resolutions</li> <li>Customization</li> <li>IT architecture consulting</li> <li>IT management</li> <li>Monthly and annual subscription</li> <li>Licensing</li> </ul>	

