EXECUTIVE RELATIONSHIP MARKETING:
The *'Secret Sauce'* for any successful early stage company
John Aggrey, CEO, The Unicorn Group

Imagine the challenge— everything appears to be clicking on all cylinders. You're at the helm of an early stage startup company complete with a one of a kind disruptive technology, a defensible patent, a great management team, and perhaps some seed capital from friends and family.

There's an old adage "nothing really happens in business until someone buys something". It may sound like a cliché but upon inspection goes right to the heart of why most start up technology companies fail. Assuming that you have all of the above elements in place, not to mention a sound marketing strategy, the question then becomes-- how do you scale your operation going forward to achieve optimized revenue results?

For most companies the number one roadblock to success isn't that it's undercapitalized (although it may seem at times like the financial picture is on a Jenny Craig diet). It's often not the result of technology defects in early versions of the software either. After all, early adopters of new technology often agree to serve as charter customers with the understanding that the technology is in alpha or beta stage of development and bugs are to be expected. The quid pro quo in agreeing to serve as a chartered customer is the advantage of getting extremely attractive price discounts on any future roll out of the technology solution.

No, usually the main roadblock stems from the inability on the part of management to execute a winning sales strategy that can drive performance to reach key revenue milestones. Whether your initial funding round is sourced from friends and family, angel investors, venture capitalists, or industry suppliers, there remains a rational desire on the part of all the investors to keep you on financial life support. Follow on investment dollars are relatively easy to come by as long as each round achieves the desired outcome. Generating sales without burning through the cash is the mantra in any go to market strategy. Closing deals, preferably with recognizable brand name companies, is often the holy grail of most early stage companies, surpassed perhaps by the all important successful exit, be it an acquisition or an IPO (Initial Public Offering).

During the early stages of a company's life cycle much of the business activities operate in relative stealth mode and attention revolves around product development. At some point though, the biggest challenge becomes getting the market to take a chance on your unproven technology. More often than not, tremendous time, money and energy are spent churning through a multitude of business development managers looking for the right mix of talent that can truly deliver sales revenue. The challenge is compounded when the need calls for these managers to possess domain expertise in specific verticals markets.

Leads typically come from traditional sources such as tradeshows, webinars and direct response marketing (usually direct mail and inbound telephone inquiries).
Each lead typically receives some form of follow up by the manager only to be faced with the reality that sales cycles can run longer than expected. Even if you are diligent enough in selecting your business development managers, you often find that much of their past success is tied to the brand recognition of their former employer (e.g.: IBM, Microsoft, McKinsey, GE, Proctor & Gamble, Oracle, etc.) and not the individuals unique ability to succeed in effective consultative selling in a start up environment.
Sales outreach via phone calls and emails to a rolodex of contacts that were once being returned promptly, are no longer receiving the same care and feeding as before because the relationship has changed since leaving their former employer. Particularly if your pricing model suggests a sale that runs $100K or more annually be it a perpetual license, term license, seat license or annual subscription, the purchase of an unproven technology can make or break careers. Therefore a stakeholder will look to some level of executive leadership (formal or informal) to sponsor the acquisition of your technology.

What is the secret ingredient to a successful business development ramp up? Seek out an executive sponsor within the prospect company who is ready, willing and able to champion your effort. Introducing your technology into a company takes on a life of its own, not much different in some cases, from the process undertaken when a new key employee is being hired. There is a vetting process to be sure but one can not overlook the tremendous benefits of having a mentor on the inside that'll help you navigate the mine field. A savvy sponsor will not only give their stamp of approval, he or she will also have unique knowledge of managerial and political shifts occurring within the company that may affect the buying decision. Furthermore they'll be able to identify any detractors to your technology and how best to overcome the obstacles which may lead to the ultimate adoption.

In an attempt to identify executive sponsors, many startup companies come to rely heavily on appointing members to their board of directors who have pedigree resumes or stellar name recognition. The challenge here is that many board members are overextended with commitments to several organizations and therefore find it challenging to provide consistent value in the form of fresh access to their centers of influence.
If it were as simple as having a stellar board most startup companies in existence prior to the bubble burst in the 1990's would still be in operation today.

There are companies that specialize in what is being coined as ***Executive Relationship Marketing (ERM).*** Companies that provide ERM services typically have extensive domain expertise in key vertical markets based on past experience along with a deep rolodex of executive level relationships forged over an extensive period of time. Trust and credibility are at the core of these relationships and it is assumed that any introduction of your technology is an extension of that relationship. While no one can guarantee that a meeting will yield a sale, at minimum you should expect a good ERM associate to work seamlessly with your in house business development manager, schedule online demos of your product, arrange face to face meetings with decision making executives. This approach has been proven to decrease sales cycles and increase your chances for closing some business.

Most companies that specialize in ERM will remain engaged with the prospect as far down the sales cycle as you need based on your internal resources. If you lack a sales team than a good ERM associate may serve that function. Otherwise it can serve to augment your outside sales force. The effective use of a good CRM (Customer Relations Management) tool is essential for capturing the details of any contacts made and follow on action steps. There's often a temptation to have the ERM associate attend initial first meetings without a C-level executive representative from your company. Usually that is not a good idea—prospects regardless of their level of position want to see the senior executives behind the company and hear about the vision of the start up. Remember that you are asking them to bet their well earned reputation on your dream without the benefit of a strong performance track record.

Understand that the contacts being made are at senior levels within an organization and synchronizing calendars for meetings can be challenging. Try to provide as much visibility into your calendar as possible. Expect anywhere from 4-5 meetings scheduled per month after a 30-60 day ramp up. Most ERM associates will work under a 6 month trial basis before transitioning to a one year retainer based on your cost benefit analysis.

The costs for top quality ERM services can run anywhere from a monthly retainer base of $5,000 to $15,000 or a daily rate of $1,800 plus expenses. On top of that expect to pay anywhere from 1-3% in commissions and bonuses based on their efforts in helping to close new business. In addition most ERM associates will want to receive some incentive in the form of equity (options, preferred shares, restricted stock, etc.) to be mutually agreed upon by both parties. The savings come from quick wins in securing reference accounts, speed to market, and reduction in costs associated with churning through underperforming business development managers. Pilot programs often work best by enabling the use of the technology before committing to purchase. The pilot can be arranged to automatically convert to a roll out as long as both parties clearly understand the elements of the agreement. Of course if you happen to uncover a qualified near term opportunity for your technology, one sale can more than pay for the use of an ERM firm and provide much needed reference to leverage in future marketing campaigns.

About The Unicorn Group

The management of The Unicorn Group brings over 50 years of collective experience and has spent over 20 years developing a process of **Executive Relationship Marketing (ERM)** patterned after the Asian principles of *Guanxi (pronounced Guan-chee).* With a personal network of over 1,200 senior executives in the United States and around the world, we screen the technology landscape to identify hard to find, best-of-breed, early stage business solutions and present them to relevant decision-makers in targeted industry verticals across corporate America to create efficiencies and optimize productivity.

Call for a free initial consultation

John Aggrey, CEO
The Unicorn Group, LLC
202-460-1150
www.useunicorn.com
jwaggrey@useunicorn.com