

VENTURE CAPITAL

In start-up world, good ideas will also need good sales staff

By Beth Healy, Globe Staff, 7/8/2002

Wanted: executives who can sell.

That's right, sell, not invent, evangelize, market, or engineer. In these challenging economic times, with companies spending hesitantly, if at all, on technology, what start-ups really need are experienced sales people.

Howard Anderson, senior managing director at YankeeTek Ventures in Cambridge, puts it bluntly: "the '90s produced a whole generation of order takers. No companies did sales training." That's a problem in a competitive market, he notes. "Usually the company with the best sales team wins."

Anderson is beating this drum not just with his portfolio companies, but with his job-seeking students at MIT's Sloan School of Management. In the latest semester, students of the elite school who had started their degrees in hope of landing jobs as venture capitalists, consultants, or investment bankers found those avenues closed to them. Anderson has urged them to pursue sales jobs, a route that few tech-minded MBAs would have considered in the boom years.

Anderson is so serious about this that he is launching a sales class at MIT in the fall, along with his YankeeTek colleague Tim Kraskey and Ken Morse, head of the MIT Entrepreneurship Center. The course is called "Sales and Sales Force Management," and it covers price negotiations, closing deals, and managing big accounts, as well as quotas, compensation, and the hiring and firing of sales executives.

Selling has risen to an art form at companies like EMC Corp. and Xerox Corp. They trained sales teams in the 1970s and '80s and had cultures in which high-powered sellers were recognized for helping to drive performance. Easy spending by corporate America in the 1990s led EMC to continued success and delivered big sales numbers to companies like Oracle Corp. and Microsoft Corp.

But today, Anderson says, even blue-chip companies are looking to upgrade sales forces. They're culling the order takers and trying to add talent with the tenacity to thrive in a difficult market.

The dearth of strong sales resumes at big companies, of course, affects the start-up world, because there's a small corps from which to recruit. When young firms come looking for venture funding, Anderson says, they often tout ambitious sales goals, but they don't say how they plan to achieve them. It's as if they think their hot boxes or software will sell themselves.

"We say to them, 'How are you going to get to that sales figure?'" Andersen says. "I assume maybe they won't."

DataPower Technology Inc. in Cambridge is a start-up that has just landed \$9.5 million in its first institutional round, with backing from Venrock Associates, Mobius Venture Capital, and Seed Capital Partners. CEO Steve Kelly says that hiring sales people is high on his priority list. With just two-dozen employees and a brand new CEO, everyone at DataPower, including founder Eugene Kuznetsov, is a salesman.

The company has already landed a big, so far undisclosed client in the United Kingdom. But more firepower is needed in this environment, Kelly acknowledges.

DataPower is in a rather new market and needs sales people with strong knowledge of both networking and Web services. The company sells a green, pizza box-shaped device that is used to handle XML traffic that otherwise tie up servers. Kelly says the product can improve server speed 10-fold by offloading this traffic and making applications work more efficiently.

"You really need a sales person who is comfortable in both worlds," Kelly says, meaning the person would have to be able to talk to both networking people and application people. That said, he feels it's a good time to be hiring, if only because so many tech workers are looking for new opportunities.

When it comes to selling technology, Anderson says, it's virtually impossible to prove that one gizmo is better than the next. "Usually the best sales team wins," he says.

Whether a new sales culture can emerge from the hangover of the 1990s is unclear. The stars of the tech world were the inventors and the CEOs who could get investment bankers excited about a quick IPO. Sales execs were largely behind the scenes, especially if they weren't hotshot engineers.

Then again, money talks. Anderson points out that selling is a great way to make money, especially now that cash is more appealing than stock options. It's also a way to become important to a company and climb the ladder to top management. When things get tough, the ax falls first on marketing, advertising, and administration, not the top sales people.

It's black and white, Anderson says. "Sales is the only area where you can truly measure performance."

Beth Healy can be reached at bhealy@globe.com.

This story ran on page D2 of the Boston Globe on 7/8/2002.
© [Copyright](#) 2002 Globe Newspaper Company.