

Introduction

Advice is very context sensitive, so take this post with a grain of salt. The advice and thinking that leads you to make important mistakes there really is no need to make.

Credit: <https://www.cloudave.com/57248/top-10-worst-pieces-saas-advice/>

1. Ask VCs for Advice When You Want Money ...

“Ask VCs for Advice When You Want Money, Money When You Want Advice”.

don't know who started this, but they must be smarter and more perceptive than me. I get asked for advice a lot. I get asked for money a lot. I have 60 hours a week. Please help me really know which you want. Especially the money part. I probably will pass on investing in you if I don't know you want money.

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2. Give the VP of Sales More Time

This is always terrible advice. If a VP of Sales can't improve things in one sales cycle or less — she never will. And you are better off without her. This doesn't mean the improvement has to be magic. But it does have to be there, quantitatively. In one sales cycle, or less.

3. “We Can't Afford It.”

If something is accretive — you can afford it. As CEO, you need to find a way. That's your job. If a great VP of Marketing can double your inbound leads — of course you can afford her salary. If an outbound sales team really can generate more revenue than it costs ... if an event can generate more customer revenue than it costs to put on ... if an engineer can build more features, that close more customer revenue than her salary ... etc. etc. You can't afford stuff that doesn't make you money until you are relatively big.. But after just \$1m-\$2m in ARR, you can afford everything that makes you money.

4. “Let's add a Freemium Edition.”

“Let's add a Freemium Edition.” “Let's Add a Super Cheap Edition.” This just never works. If you were going to have a successful freemium edition ... you'd already have a freemium edition. It doesn't work because freemium is rarely a go-to-market and marketing strategy. Free almost never generates enough users to be worth it. Nor even does a Cheap Edition. The effort here almost always is extremely dilutive of your time and resources.

5. “I don't need a real VP of Marketing Yet.”

Of course you do — if you have any sort of repeating business. Don't hire some junior marketing person that can't really get you more leads. Hire someone that can get it done. That can own it. That can get you more leads, more opportunities, more top-of-the-funnel stuff going. Hiring a junior person after even \$20k in MRR is a waste of time. You need an owner. An owner will add more net new revenue than her salary. A non-owner won't. So an owner is cheaper. At twice the price.

6. “They're Not a Significant Competitor”

“They're Not a Significant Competitor. We Beat Them in Every Deal.”

Hooray. Glad you are winning. But what about the deals they win and you aren't even in? Don't underestimate any competitor growing as quickly as you with even \$1m in ARR. SaaS compounds. Track your loss rate, not your win rate. Discuss the deals you've lost, not the ones you won. You know how to win the ones you won. There's not that much to learn there. What you really don't know is how to win the ones you weren't even in. Talk a lot more about those ones.

7. RFPs are Too Much Work...

“RFPs are Too Much Work, and We Lose Them All Anyway.”

Well, then just quit. Boo hoo. RFPs are part and parcel of real enterprise deals. So don't get frustrated with RFPs. Get better at them. Hire someone to help you fill them out. Force people to do their part. Allow no complaints here. The first 5 may be brutal and feel like a total waste. But after you win 1, you'll win 2. And then 10. And then you'll get them written to favor you. RFPs aren't for losers. They're for Enterprise Winners. Worst case, it's good practice.



8. Leads are There, the Problem is ...

"The Leads are There, the Problem is the Sales Team."

No. This may technically be true, but if the leads really were there, good leads ... some would close. And more would close last quarter and certainly last year. A "soft miss" may be due to sales, but marketing is without question to blame too if there is a "hard miss.. Marketing is almost always failing too if new bookings drop. Be honest here and fix both issues.

A mediocre, but consistent sales team paired with better leads = same or better revenue per lead. That's just SaaS maths.

9. "Our Market is Too Small."

No. Sure, your current market, the addressable and focused piece, may be small. But if you found 500 customers to buy your little old SaaS product ... you really don't think there are another 500 out there? Of course there are. So there's no excuse not to double this year due to market size, folks. And after that ... redefine the market. Expand it, grow it. But that's not an acceptable excuse for this year. Boo hoo. You have not maxxed our your market, my friends. Not if you grew > 50% last year at least, you didn't. And a corollary of this is the "Law of Large Numbers" is just an excuse. Until you are much, much bigger..

10. "We Don't Need a VP of Engineering"

***"We Don't Need a VP of Engineering or VP of Product". ** But I can almost guarantee you'll hit a wall before \$10m in ARR if you don't add true veterans in product and engineering management. Hacking is great. Hacking just does not scale. Making up a roadmap each week does not scale after 100, 200, 400, 4000 customers. Every SaaS company needs a VPE and VPP by \$8m-\$10m ARR at the latest, ideally before. These are management, recruiting, and planning positions. Hackers rarely can pull this off once the complexity grows another order of magnitude. Which is does just from \$1m-\$4m ARR generally.

