Mark Leslie: Silicon Valley Go-to-Market Legend (Part 1)

During the 1990s, Mark co-founded Veritas Systems, which he piloted from nothing to 6,000 employees and $1.5B in revenue in a decade. Now a lecturer in management at the Stanford Graduate School of Business, Leslie is one of the foremost experts in go-to-market strategy in Silicon Valley, and in the first of this two-part series with Mike Maples, Jr of FLOODGATE, Leslie discusses what strategies he used to make Veritas a runaway success, and the origins for the Sales Learning Curve.

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(Sajith: lots of history here, not all of it relevant. The really useful part is the Sales Learning Curve in the latter part. I have extracted that and some relevant parts of Part2 of this podcast into a separate file)

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Mike: Mark Leslie, welcome to the podcast. You've been in the tech industry for a while. How did you arrive at doing startups in the first place and in the tech industry?
Mark: I entered the tech industry straight out of college, working at IBM. I graduated college at the height of the Vietnam War, and everybody was concerned about draft deferments. And actually right out of school, I got myself a license to teach because that was a draft-deferred occupation at the time. But before I could actually get into teaching, I was in a motorcycle accident and it kept me deferred for two years. And as soon as I knew I would be deferred for a while with my cast on from toe to crotch, I actually went and interviewed at IBM, walked in at one o'clock, and walked out at 4:30 with a job. And the job was called systems engineer, and I didn't know what they did, but I thought it sounded cool. And I thought computers were cool. My parents weren't college educated, so this was a homely world for me. That were the very early days in tech. I mean, IBM was the only person that trained you. You couldn't get a computer science degree because they didn't have (computer science) departments. After all, they didn't have computers.
Mike: I suppose back then, for all practical purposes, IBM was the computer industry, right? You had what was called the bunch. IBM and Digital Equipment (DEC) and these other little computer companies that then were emerging… So then how did you go from IBM to startups? Because a lot of people have not made that transition very well.
Mark: So this is a good story. Actually, I reassigned myself to be an operating systems programmer. I was the architect of the first-ever software hypervisor and a little project that was up in White Plains, New York. It was some of the most advanced work that was being done at the time in operating systems and IBM had promised me they were going to get my draft deferment, based on the work I was doing for them. But the political environment changed and the government cracked down on companies trying to get deferments and basically they offered to write a letter for me, when I read it, I said, I won't get a deferment with this. And coincidental with that, actually, the guy from the project that I had been working on had gone to a company called Scientific Data Systems and he had given my name to the local office and they called me and said, would you be interested in coming to

interview? And I said, you have to have deferments. And they said, yes. I said, I'll be right over. And I dropped what I was doing and I went to the interview. They were all in Manhattan, across town, and they offered me a job.
So I go to work for this company called Scientific Data Systems. They were building time-sharing computers. They were the supplier of GE Timeshare, which is a big company, among others. And when I was there for six months, it clicked on my head and I said, this company has got 1000 employees. They're doing $100 million of revenue. This is in 1969-70 and they are on the New York Stock Exchange and they're like a super-hot company and they're 9 years old. I said, if they're 9 years old, that means 10 years ago, some guy woke up in the morning and said, I'm going to go start a company. I didn't know you could do that. His name was Max **Palevsky**. He was very famous in his day. Well, if he could do it, I could do it. And then I said, that's what I want to do. So I was 23 and I said what I want to do with my career. So I knew that when I was 23. And that was so important to me because all of the decisions I made in the future, the career decisions I made were never about this job A, B or C or better. It was that job A, B or C or better to get me to my goal.
Mike: So you were at Scientific Data Systems for a while. When did you decide to kind of strike out on your own and do a startup?
Mark: Well, there's another intervening company. I was at SDS for 4 years. They were trying to expand. They were actually been acquired by Xerox. They were packing the sales force. I was in a region with 16 salespeople where only two people actually made their goal because, you know, that was just not enough people to sell to. So, I was pretty discouraged. And I started looking around and I discovered this mini-computer industry. It was brand new. This was in 1972. I found like 8 companies and I talked to like most of them and I got offers from most of them. And I ended up going to David General. David General at that time, was a $30 million company. So very, very young. It was very, very hot. It was absolutely on a streak at that time. This was the North Star. I went there because I said, this is the place where it's small enough and young enough that I can learn what it takes to actually create a company in the computer business. You know, you get to know about manufacturing, you get to know about engineering, you get to know about sales and marketing. And to me, that was the place where I could go to school. Now, they were kind enough to send me to HBS right toward the end of my stay there. I feel like I can't turn that down. So I went off to the long-form executive program at HBS, which was great because I needed to learn about accounting and finance and operations. And that was the academic part of it. It was fabulous for me. I couldn't learn fast enough. They send you there before they promote you to one more time to some new interesting thing. But I basically, at that point, decided to move on, found a technical partner and started to work on building a business plan. I get asked about this a lot of times by my students, like, when are you willing to take the risk to go start a company? And they all say, well, you know, I'm single, so I can do it now. But I said, well, I was married. I had a mortgage, two children, had car payments. I had a wife who was not working. She was raising the children and taking care of the home front. And I went to her and I said, we have about a year of money in the bank. And I'd like to go start a company. I don't know how long it's going to take. And I'd like to quit my job. And before we exhaust our reserves, if I haven't been successfully doing that, I'll go back to work in another company. Are you OK with that?
Mike: How did that go?
Mark: It went fine. She had total confidence in me. And we built a business plan. We were talking to potential investors. I resigned and we probably got to raise the first round probably within 60 days of that resignation. It ended up not being risky. It was named Synapse Computers - a very exciting company in 1980. Over four years, we ended up raising $35 million. When it started raising money, there were probably, you know, 40 venture firms with

40 to 50 million apiece. I was a local celebrity at the time, you know, interview and stuff like that. Pretty heavy experience. I was in my early 30s. We were building an online transaction processing of a computer with multiple processors and the ability to remove and add processors on the fly while you're doing transactions. It was a pretty sexy company. We had probably 95% of what any customer needed. But the last 5% was different for every customer.

So as you go into the market, every time you meet a new customer that you can go do a deal with, and these were like, you know, half-million dollar systems. It's like, oh, we're going to have this thing or that thing. And that was like a big development project for the company. And it wasn't a replica because the next customer wanted to have something else. One of the lessons I took away is when people say, well, we've got this product and it does such and such. I said, as you go around and talk to customers, do they want the same thing or do they want something different? Because that's a very serious issue. That was one of the real fundamental problems that we had to visit. One of the things I learned that was profound for me was that Data Channel was an extremely successful company in the 70s. They were rock stars. And when you come out of that environment, you kind of look at the management style and say, well, these guys are really smart. They built this incredible company. I will do what they're doing, except the few things I don't like. And then I'll go change those things. After I left that and got into other situations, I looked back and I said that was a very, very bad decision. That company actually had a very dysfunctional management style, but they had such a great product market fit at the right time in the right place. Such a demand for what they were doing that it carried them through even with all the dysfunction inside the company.

In Data General, if you were a founder, you were sacrosanct. Nobody could talk back to you, could never get fired. You were totally untouchable. So when I was in my first company, Synapse, it turns out that the guy who was running engineering was very smart, but he was dysfunctional but I couldn't fire him because this thing in my head that said you never fire a co-founder. Later on in life, as I emerged with my own view, no one's sacrosanct. Everybody pulling on the oar to make everything go in the same direction and make sense that something's not working like that. You go fix it or change it and I didn't know that.

Mike: Were there any other key lessons or kind of mistakes that you look back on and that informed how you ran companies in the future?

Mark: So I got fired after four years…the last round of fundraising was very stressful. But I said to myself, when something doesn't work, it's blame to go around everywhere. You can blame the partners. You can blame the employees. You can blame the investors. There's plenty of blame to go around. And I said to myself, this is a terrible experience, but I will be better and not bitter. So I'm not going to spend any time thinking about what other people could or should have done. I'm going to only spend time saying, what did I learn from this and how can I do better? And I attribute that moment in time, thinking about that, to how I was able to become, Veritas wasn't only successful, but I was very successful as a CEO and as a leader. I attribute that learning experience that I had at that time. So it was all good, right?

Mike: So then what was the sequence of events between Synapse and Veritas then? So, you know, now you're an unemployed former CEO. What did you do after that?

Mark: I ended up taking on a role to do a turnaround of a military computer company called Reddick Digital. And when I joined the company, I was the 4th CEO in two years. They were getting ready to close out a $2 million a year and a $15 million plan. And the idea of the company was a good idea. It was basically saying, military computers have been built in the past by licensing an instruction set from Decor Data General. And then re-implementing that with Mil-Spec chips in the Mil-Spec package, which took years of design and

implementation. So we basically, in that company, took a VAX 750, which was a front-line computer, took all the electronics out of it, built a new package that met all the military requirements. And we could sell it for about twice the price of a VAX machine. So, it was a good idea. It was an idea whose time had come. And, you know, these guys had seen it, but they couldn't get out of their own way. So I was there for four years, went from $2 million to $32 million. We had contracts all over the place. I decided that the business was getting commoditized. That is what we were doing. It wasn't enough intellectual property in it so anybody could do this stuff. So I said we should sell the company. I hired a successor who ended up selling the company and I moved on.

I said, I'm going to write down what I want to do and what's important to me. I made a list. I said the first thing on the list was in terms of the product side, I said, I want to be in the computer business. I want to be in the software business. The software was emerging at that time. It was an intrinsically better business. No inventory, no product lifecycle disruptions, all those kinds of things. High gross margins, you know, infinitely high gross margins. My first job was actually operating systems. That's where I started out in life and it's always been fascinating to me. But I had this kind of picture. I said, I don't know if it will be successful, but I know that if I do this based on this work I want to do, that I will enjoy my work and I will feel fulfilled in work.

I ended up in a company called Tolerant Systems. It was in the same business as Synapse, actually. They put on a campaign to try to hire me and I ended up saying this company is risky. And they said, well, you know, you've got a lot of knowledge. Why don't you join the board? And I said, OK. So I did that. That was probably 1988. Tolerant Systems was founded about the same time as Veritas. They raised $50 million. They had a company of 200 people. They were doing a fair amount of business, but they were still struggling. They said, we're going to lay off everybody in the company except this little tiny software group that's working on making Unix commercially ready. So they did that. They laid off 190 of 200 people. And the guy who was the president of this, the CEO of this old company was now the CEO of the new company.

And I went over to the board members and I said, you guys tried to hire me to run the prior company And I didn't want to do it and it was too risky and would require more investment and we ended up here. I said, but actually I'd be interested in running this new company that you have here. I don't know how the new CEO is doing, whatever, but want to let you know. They went into the little survey of the company. It sounded like he wasn't doing anything. He was in his office trading applications with the door closed. The employees were very unhappy. So they called me up and said, let's go make a deal. So, you know, this guy calls me and said, well, why don't we meet at my office on Friday afternoon at three o'clock. So we do end up in Sand Hill Road and we sit down and we say, what would it take for you to do this thing? I laid out all this stuff and we talked about it for a long time. At the end of the conversation, the guy says to me, well, I've been writing all this stuff down. Why don't we all sign it? So I looked at it and I said, OK. So I went on and I said, what did I do? 4:30, they're going to fire the CEO. 5:00, they're going to announce it to the employees. 5:30, they're going to introduce me. 5:31, they're going to leave. So I had until 3:00 in the afternoon on Monday if I wanted to change my mind. So I talked to her over at home and said, now I'm going to go do this thing.

So why did I do Veritas? So Veritas was building a file system and a volume manager of IBM class. Actually, the guy's doing it came out of Amdol, which was an IBM clone company. They had right under the threshold of signing a deal with AT&T, that said AT&T, who owned Unix and with licensing, would step back from developing these products, let Veritas develop them and bring it to market together. And they had this agreement that they had been conjuring up. And I looked at that and I said the company doesn't have traction. I said, but

this is a pretty special relationship that exists with AT&T. So that relationship with AT&T was what gave me comfort. And the other thing that gave me comfort, and I think this is I looked at the entire computer industry. IBM was still enjoying totalitarian hegemony. No piece of the business press or general business press would talk about anything in computers without getting a quote from IBM. I mean, that's how pervasive they were. So I looked at this computer world and I looked at this Unix stuff going on and I looked at the products we were building. I said the following, I believe in the next 10 years that Unix will supplant IBM as a mainstream computing facility in the computing industry. That was a very hard thing to believe then. And I said Veritas has the products that can help all these companies do that. I said we can build a small company, but we can build a company that's a good company, meaning we have very high IP value in what we're doing, the stuff that we own was very valuable. And I said that someday we may be able to find an opportunity for leveraging.

So we ended up changing the name of Veritas. And then like the following week, the engineers, they show up with these T-shirts. Veritas, we're not tolerant anymore. So we had a lot of fun and it was great. We built a great company. I mean, it was a terrific business. We went public in 1993. We had four quarters of profitability on $10 million of revenue, which is unheard of today. We raised $16 million of new money on a $64 million post-money valuation of the company. I call it a nano IPO. I mean, the company had raised a total of $4 million, including the restructuring that we did, which was just a clean-up thing. So, having $16 million in the banks was like an infinite amount of money.

Mike: Did you have any near-death experiences at Veritas or did the AT&T partnership put enough wind in your sales to make the viability fairly certain?

Mark: Well, the near-death experience was at the first quarter after we went public. And our Q1 was probably around $2-2.5 million quarter. And one of the contracts we had known we were going to take the revenue from was a development contract that we've done for $350,000. And I'm off on a Friday with family up in the wine country. And I get this phone call. I call in for my messages. We didn't have email and stuff at that time and smartphones. I call in for my messages. Sequent canceled the contract. We had a contract with Sequent. They canceled this contract. And I'm sitting there saying, we can't make the quarter. It's our first quarter as a public company. And it's going to blow up. It's a catastrophe, right? And so the rest of the day I'm with family and they're all talking to each other. And I'm living in a silent movie because I don't know anything happening around me. I just got this rock in my stomach and I'm spinning in my head on this whole thing. And I keep calling in for more messages to see if there was any good news, which there wasn't, of course. So I come in Monday, everybody's looking at me. We sit down for our staff meeting. And I said, we deserve to get canceled. We did a terrible job on this. We deserve this. So we ought to go figure out how not to do this again. But we shouldn't do it today because we really don't want to focus on fixing the blame. Let's take a hiatus of a month and then visit a little more objectively and kind of figure out what we need to do with the company to do better. Does anybody have any ideas on how we can fix this problem? And they're all looking at me like nobody has an idea. And I said, I have an idea. So my idea is we go ask Sequent for $100,000. And then they look at me like this guy's lost his mind, right? They just canceled the contract. I said, look, I said there are three reasons why we can give them.

I said, first, projects have failed, <incomprehensible>. There's guilt on their side for sure. I'm sure they know it.

Point #2, we plead for mercy. We're a brand new public company. You're a big successful company. This is going to be terrible for us. We give them this huge stop story. On our knees, we plead for mercy.

Third, we offer to give them a full release. Give us $100,000. We go away. You never hear about this thing again.

So one of the vice presidents was in the room. I said, Rich, I said, you think you could go pitch this? He said, yes. You don't have to stay at the rest of the meeting. Go to the airport, get on an airplane, go up to Oregon and let me know what happened. Let us know what's happened. I said, well, anybody else got any ideas? So the sales guy said, well, we got this deal we're working on in England for 250K. Maybe if we offered them a sweetener to do it earlier, they might do it. I said, who owns the deal? He said, well, it's a sales guy named Peter Levine. Peter Levine is a young salesman at that time. I said, get Peter in the office. He walks in a t-shirt, shorts and flip-flops. I said, Peter, you know what's going on, right? He says, yeah. I said, so we think if we go to ICL and offer him $175K on a $250K deal to do it today. What do you think? He says, I think that would work. I said, get in your car, go to the airport. We'll have a ticket waiting for you. This is a great story. So he gets in the car. He drives to the airport. He calls his buddy in England at ICL and says, I'm coming to do a deal. He said, and I have no clothes, no toiletries and no place to live. Can you help me out? And he goes to the airport and he gets on the airplane with his passport and what he's wearing. And when he gets to the other side, they stop him at Immigration and Customs because they don't believe him. They think there's something nefarious going on, right? You don't travel like that with no baggage, right? He's got his briefcase with him.

So that was a black day. That was a terrible experience. I learned something very important. If I was in the office, I couldn't have been thinking about it. I couldn't have been reactive because I had the weekend, I was able to think about it and I said, this dark day is an opportunity. This is an opportunity to do something together that we think is impossible. This is an opportunity to find a binding for the team, to bind us together because we overcame adversity together. And this is an opportunity to kind of become better as a company because we can then believe in ourselves. I wouldn't have that insight if I didn't have that weekend to think it over. That stayed with me forever, that insight.

Mike: It's interesting as well, because almost all the great startups I've seen, particularly in B2B, there's some moment where the universe says no, you're going to miss the deal. It's not going to happen.

Mark: Every startup has black days. There's no question about it. The question to a leader is, what do you do with that black day? What you do is you stay calm. You look for opportunity. You get people to focus on the light at the end of the tunnel instead of the darkness in the tunnel. You don't sit and suffer. You act. You do something.

Mike: And so when you left Veritas, then what was the market cap of Veritas?

Mark: Well, so we went public at $64 million and we peaked at the top of the bubble at $64 billion. So when I left, it was right at the peak of the bubble, actually. Probably within a year, we've probably gone down to like $20-25 billion. It was a very valuable company. We were very profitable. We were very cash flow positive. We were generating that time like $400 million a year cash.

Mike: Where were you in sort of your academic endeavors when the idea of the sales learning curve came up? And how did that come about?

Mark: So I started teaching and we're teaching these entrepreneurial cases about young companies. My experience in the real world is that like this is the standard pattern that I see in some companies. This is back 20 years ago, right? The standard pattern is somebody starts a company, they go build their product, they go do a beta test, they go GA (Gee Yay?). When they go GA, they hire like 10 salespeople, right? And they say, OK, we're ready. Easily 60 percent, if not 80 percent of them fail in that first year. And at the end of the year, they have this catastrophe. So I see this in my experience and I'm teaching all these classes and I say, well, how do we teach about this? I have this epiphany. I said the problem is that when they think it's ready, there's a whole bunch of other things they haven't thought about outside of engineering a product, having to do with the readiness, which I enumerate in the sales

learning curve, which is - is it the right price? Is it the right market? You know, how does it fit competitively? Is it feature-rich? Is there a long tail associated with the use of this? There are a million things to think about.

I had a kind of a good understanding of the manufacturing learning curve and how it works in semiconductors. What the manufacturing learning curve is to manufacturing is what the sales learning curve is to go to market. So that was the epiphany. So I went to my mentor at Stanford, the guy who I co-wrote the paper with, I said, I have this idea. I don't know if it's a new idea, but if it is, you know, we could write a paper about it. I described this idea to him and he had no idea what I was talking about. I wasn't that articulate about it at that time. So we did this four times and then we did a literature search and we come back and say, you know, nobody's ever kind of come up with this idea. It was so internally rewarding to say - this is a new idea that the world has not seen and we can write about. I mean, that idea of making an intellectual contribution to the craft, in a sense, was very moving to me personally. I got a lot of psychic reward out of that whole thing. So we wrote this paper. And of course, he's an academic guy. He made me rewrite it 32 times. They perfect these things before they publish them. I was like, hey, it's good enough. Anyway, we got it published and then I went and evangelized it.

Mike: Let's talk a little bit about the manufacturing learning curve first. What did you know about manufacturing learning curves in the first place? And then how do we connect the dots between that and then startups and the sales learning curve?

Mark: So, it does kind of help. So my kind of introduction to the manufacturing learning curve was really in the semiconductor industry. And this is true of much more to process manufacturing and discrete manufacturing. The way that works is they come out with a process and it's a very flawed and very unsophisticated process. And over time, they tweak and change and modify the process. Yields go up. And as yield goes up, the cost comes down. And the thing that's fascinating about the semiconductor industry is that this manufacturing learning curve is so embedded in the psyche of the industry that when Intel comes out with a new part. Serial number one, costs them ten thousand dollars per unit. But to go down the manufacturing learning curve, they need volume. So they go price this at ten dollars and they lose money. They lose, you know, $9,990 on the first unit and they keep selling them at $10 to drive the volume. And as they drive the volume, the process gets better, the yields get better. Eventually, they're able to produce these things for a dollar. If you look at the manufacturing learning curve, they lose money until they reach the break-even point. And all the money is made in a long tail when they have a high volume in a large market and they can't get to that high volume in a large market unless they have the right price. The thing about the semiconductor industry which is fascinating is that it's true. Even though, you know, every time they make a change to a new product, they have to start over. It doesn't work like they bring all the knowledge with them, but there's new knowledge that has to be learned in the process for this new part of this new process. The semiconductor industry doesn't even think about it anymore. It's just like that's the way the sun comes up in the morning. We all do it the same way and we're not going to be able to get prices down until we do this. That's the manufacturing learning curve.

Mike: Maybe for our listeners, it would be useful to talk about each of the three phases (in the sales learning curve), you know, initiation, transition and execution. So why don't we start with the initiation phase and just what characterizes that and how do you know when you're in it and how do you know when you're ready to progress past it?

Mark: So the initiation phase is - it's the land of mysteries. I recommend hiring three salesmen in this phase. If all three of them are successful, that's the data point. If all three of them are unsuccessful, that's the data point. But if you have another mix, at least you have two and one and you can kind of say maybe one's an outlier, right? Either success or failure. I

always recommend to not hire many people, but to hire at least three. I recommend that it's a different sales person that you hire, which I call a Renaissance salesperson, someone who not only knows how to qualify a customer and make an argument for closing, but someone who really understands and can go out to understand the technology and talk to engineering. They're resourceful. They're specially talented people and unique. They are the people you need to go get a beachhead. However, if you really want to go to war, you need the infantry, which is the last phase, right? You have to be able to take people who are competent, but not exceptional and have an environment where they can be successful on their own. So that's kind of the first stage and the last stage. And the transitional stage really has to do with measuring how you're doing on the sale learning curve relative to your cost of the salesperson. So you have a fully loaded cost, which is the salesperson, its compensation and his incentive compensation, the systems engineer, and then the proportional cost of the manager and all the overhead costs that go. Then we say this guy today, I'd say that $800K for the enterprise sales rep. And the question is, when is this person going to sell $800K worth of contribution margin individually, meaning, you know, a net of cost of goods? When is he going to get $800K of contribution market? And that's the point of breakeven. We haven't made a dime yet. All we've done is pay for that salesperson. That's what you want. And once you get past that, that's when you can start hiring in earnest once you get to this case, a million of contribution. But up until that point in time, you have to be very thoughtful about doing it because the cost of it, as we all know, the cost of going to market with enterprise sales sources is unbelievably expensive.

Mike: So I suppose that where some companies then get in trouble is they misinterpret demand from their customers as progress down the sales learning curve. So they say, hey, let's go. This is a land grab. Let's go hire a bunch of salespeople. The company actually is not yet trained to provision a salesperson to succeed. So, OK, so that you got the initiation phase and you're trying to get to revenue per rep equals their fully loaded cost. And you want the sort of Renaissance type of salesperson.

Mark: The Renaissance guy is someone you start the company with. And if you're a successful company, they won't be there. They're going to be onto the next campaign someplace.

Mike: Then the transition phase, you get to this traction point. So how do you think about the transition phase and then what are the exit criteria for that to get into the execution phase?

Mark: Well, so I recommend that people do two things. I recommend that they say, even though we don't know what we're going to learn, we are suspicious of what we will learn. So why don't we write all that stuff down and start understanding how they look. One of the things we all learn is do we have the right features. And the question was, is it great to sell to the high level, but do the people actually use it? So let's put that down as one of the things we need to learn about how people use it. What do they experience? What are they missing? And it's 50 of those that you can put down. So that informs you about the agenda of the things you need to think about. And some of them you say they were fine. And some of them say, hey, we've got a lot of learning over here. And the other thing you do is you actually track the yield. You create an artificial cohort. You say, let's assume every person was hired on exactly the same day. Look at their productivity in month one, quarter one, quarter two, year one, et cetera. And let's look at how that goes up. And as we do that, we can then understand, you know, do we have traction to get a salesperson to a level of productivity that at least extinguishes their marginal contribution?

Mike: Then I suppose that in the execution phase, your revenue per rep is now at or greater than equal to their desired quota. And so now you can effectively hire it well, as long as you can hire people who can achieve that.

Mark: That's the time when you hire the Oracle salesman and the EMC salesman who requires sales support and lead generation and product definition and competitive analysis. And if you give them all that stuff and give them a little bit of a quota, they'll be successful. But if you put them, if you take one of those guys and drop them into a Renaissance sales lot, they'll fail. And then you'll get false information back from that.
Mike: So you need, I suppose, marching band types, right? You've got to give them sheet music and dance steps, right?
Mark: Well, I go back to the military. You need the infantry. The infantry is run by a process. It's run by systems. It's run by the procedure. It's run by a management structure. And that's what a big sales force is a sales factory. It's run by processes and by operations and by systems and procedures. It's not run by inspiration. It's inspiration, too. But that's not the way you run it.
Mike: So the sales learning curve, I remember when I first read it, the idea just immediately resonated with me because I've been involved with some startups where we got some early success with customers liking it. But we didn't really knew how to sell it. We had a false positive from the customer feedback. And so we ramped sales too fast, not knowing what it took to sell. And when I read this sales learning curve article and let me see if I interpret it right here, I read the article and I was like, oh, my gosh, there are different phases to building out a sales force because you escalate your commitments as you escalate your certainty about what it takes to sell this.
Mark: So I had this great experience. This was not a great experience, but an interesting experience. I told you I went and evangelize this. I went and presented it to, like, if your firm had a CEO conference, I would say, hey, I'd like to speak. They're always looking for someone to say something to. So I went and evangelized this, as I said, over two years to 5000 people. And the reaction, you know, I, as a speaker, I read my audience. I'm an experienced CEO. I've made lots of presentations. I look at faces and I look at, you know, reactions in the audience while I'm talking. And I'm presenting the sales learning curve is very interesting. I keep looking at the audience, certainly in the early days. I keep looking to see what's going on and everything like that. And afterwards, people came over and said, that was amazing. This was a snap into all my experience, which is what you said. This puts a framework around the things I experienced and lets me think about them in a new way.
Mike: It was great. I mean, I remember reading it and, you know, now and then, you probably encountered this. You read something and a whole bunch of seemingly disconnected thoughts all of a sudden come together. Now all of a sudden, you can locate exactly where you are in a situation. At first, it seemed like you didn't have a compass. But now all of a sudden, you're just like, oh, that's what's happening here. That's what unifies what's happening here.
Mark: That's right. Today, I meet people who I've never met before. It comes up in conversation. They say, oh, you're that guy that wrote that paper. Because a lot of people now have read that paper beside the people I originally evangelized it to. But, you know, now it's like it's part of the landscape. I'm very proud of that. I'm very proud that the change that I have seen in the venture capital industry is that at the Series A round, where we have a product that's getting ready to go to market, the expectation of sales in the first year that laid on to these companies is different than it used to be. It used to go out and do $10M now. It's like going out and figuring out actually what the model is. That's been a profound change in the industry.