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Embed Sales and Culture Early into Your Startup

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"Holy crap! What have I done?"

—Chris Degnan

They say it's better to have never flown first class then to have flown it and then be shuffled back to economy. That was my young life in a nutshell. I grew up in an upper-middle-class family. My father was a stockbroker when the market crashed in 1988. As I entered high school, we went from front row seats at Celtics games to a divorced family and my dad headed to prison. I had two choices—blame him for my future failures or pick myself up, get a job, and grind. I started bagging groceries at age 14 and I haven't stopped working since. I love winning, but I also fear losing everything based on my family experience. That's part of what drives me—fear of failure and someone taking something from me and my family.

I planned on finishing my college degree in the fall of 1997, but my roommate convinced me we should move to Seattle in the fall instead. With his help, I figured out how to take four classes during the preceding summer semester and graduate before our departure. We planned to spend six months in Seattle, but ended up in the San Francisco Bay Area. I never left. I was desperate to pay rent because

eviction meant someone taking something from me. That also meant I was always on the lookout for the next best job. In seven short years, I bounced between five companies, taking jobs as a corporate recruiter, a finance trainee, an advertising sales guy, and as an entry-level sales rep in the software industry, which is how my career really got started. One day a friend asked me to take a meeting with a sales manager at the multinational data storage company EMC. Next thing I knew, I was in front of the head of EMC's North American sales. He looked me in the eye and said, "Your career is a mess. Come build a career with EMC." So that's what I did.

EMC was an amazing place to train and succeed as a young person, selling enterprise hardware and software solutions. I spent eight years there, working for the same boss the entire time and ascending to the position of district sales manager for Northern California. He taught me the fundamentals of selling and how to lead sales teams. His mantra was to recruit and develop great people, and to drive revenue. He was great at the sales journey—understanding a customer's decision process, identifying champions within an account, and discovering the customer pain that EMC solutions could help alleviate. But I realized I did not want my boss's job. I needed to make a career change.

I had a number of job offers but I chose the security software startup Aveksa. They hired me as vice president of sales for the West Coast. The product was a hard sale but I loved the challenge. Unfortunately, that challenge didn't last long. About a year later, EMC acquired Aveksa. My heart sank. I did well at EMC and learned a ton about selling but I didn't want to go back. I realized that I needed to be passionate about what I sell. I'm a lousy liar, to be honest. If I don't love what I sell then people will see that from a mile away. I was convinced EMC had missed the boat by investing in hardware for on-premises data storage. In Silicon Valley, the data storage industry was heading to the cloud, however long it took to get there.

During my search for a new opportunity, a mutual business contact connected me with Mike Speiser. He was, and still is, a venture capitalist for Sutter Hill in Silicon Valley. Mike is fairly unique. He often bypasses the typical VC approach of waiting for software engineers to

come up with new product ideas and then provide them with initial funding. Instead, he envisions a solution that could disrupt a sector of the tech industry and elicits input from experts to hone a product road map. That's how Snowflake was born. Mike pitched a raw idea to Benoit Dageville, who is a world-class database architect but was languishing at Oracle, plugging holes in its decades-old legacy database product. Benoit recommended a somewhat different approach and introduced Mike to his good friend and fellow Oracle database architect, Thierry Cruanes. Soon after, they started Snowflake in August 2012. Marcin Zukowski joined five months later as a co-founder. He was an expert in vector computing, which would become integral to Snowflake's product strategy.

Mike helped in a big way to assemble the first group of Snowflake engineers who would spend their days whiteboarding the product architecture and coding software. He was also the company's interim CEO, working one day a week in our tiny office and establishing a great working relationship with the team. The engineers often teased Mike for telling them: "Type faster. You guys need to type faster!" But selling Benoit and Thierry on hiring someone like me took some effort. It was November 2013 and Snowflake had 12 employees, including an office admin, who established Snowflake's office culture early on. The engineers didn't see a need for someone like me this soon at the company. A product-ready version of Snowflake for customers was still two years away. But Mike was keen to embed a salesperson to help the engineers. Sounds like an odd match—hiring for two areas of a company that couldn't be any further from each other in terms of the entire product chain.

The reluctance inside of Snowflake to hire me paled in comparison to my own trepidation. By day two at the company I thought, "Holy crap! What have I done?" I was in this small office in downtown San Mateo, California, with a small team of engineers. I spent a lot of time in a conference room with some knowledge about a product that didn't exist yet. I started cold calling. I thought the walls were somewhat soundproof but I could hear the engineers laughing. I found out later that 90 percent of what I first said about the technology was wrong. But that didn't matter. I was working with humble people who were aspiring to build something great.

Hire a Head of Sales While You're Still in Stealth

Mike Speiser basically forced the engineers to hire me. He wanted customer feedback while Snowflake was still in stealth mode—the period when the software engineers were building the product. Mike believed that if you're going after a huge market you have to nail the product market fit. That doesn't happen by sticking to your initial product development plan all the way to general availability (GA), hoping you will then sign a bunch of customers. We wanted to find out what architectural elements and product features Snowflake needed while our engineers were still pounding out software code. I started pitching to prospects what we had planned for the first public release of Snowflake. After that, but before GA, we had a beta version that prospects could trial. We gained a ton of feedback, so the list of desired features kept growing. Our engineers had to make architectural changes because Snowflake wasn't scaling well even though we were building it for the cloud. There was a lot of valuable customer feedback that took months to incorporate during stealth mode.

Choose Wisely

Your founders and founding engineers are your first product managers and marketers. They make all product decisions based on initial feedback from the market. That also means they often prefer a product manager or product marketer to lead sales and someone similar to lead marketing. Don't let this happen. Product managers determine which features and functionality the product will include. They likely have a degree in computer science or mathematics but never spent much time as a software engineer. Product marketers have some level of technical know-how, so they're great at explaining the technical features of your solution. But they're not so great at revealing a customer's business pain points such as declining revenue, profits, and efficiencies, and how your product can help reverse those trends. Those conversations will surely emerge as you move horizontally and hierarchically through all of the purchase influencers at a prospective customer. Even moving up a customer's engineering organization, those vice presidents want to hear about increasing engineering productivity, while reducing risk

and time to market. They don't want to hear about new features. That's four levels down in their organizations. Moreover, product managers and product marketers have zero experience generating demand, which is critical to generating interest and feedback during your product's development phase and then capitalizing on those relationships when your product is available for sale.

At the same time, avoid hiring the relationship-only sales professional. These are seasoned sales folks who are more band leaders, when what a startup needs is a one-person band. They orchestrate and rely on a group of colleagues to conduct the sales motion. They include pre-sales engineers to meet with a customer's technical buyers, industry experts who know a customer's specific pain points, and professional services people who can understand a customer's existing computing environment and recommend training for technical and business users. They may also recommend a third-party service provider that offers necessary integration and implementation services your company doesn't offer. All of these roles are important when positioning and selling a technology but they don't yet exist at a startup. Without them, a pure relationship salesperson will fail.

Instead, strike a balance between the two. Your head of sales, your very first sales hire, should be someone who has a proven track record but not decades of experience. They have to roll up their sleeves in the beginning but then hire and lead a small but driven sales organization in the near future. They have to start from ground zero, make cold calls all day long, and get used to prospects saying "No thanks," or just hanging up on them. In essence, they have to be hungry and smart.

They must also have the aptitude and curiosity to understand technology as a layperson. They will face a room full of technical and business buyers when delivering a product presentation on their own and have to know what they're talking about. They may not know the answer to every product question a customer has but they should understand the question enough to later convey it clearly and completely to your engineers. And when your head of sales does get the answer, they must understand it just as well, or better, than they did the question. They should also take the time to learn about your product even when there is no product training or documentation available. If they can answer the majority of a customer's questions

on the spot, that builds credibility and accelerates the sales cycle. It shows organizations that the person you've hired to lead this part of your company in the early stages is not just some go-between.

A Head of Sales Can Precede Your CEO

Bob Muglia joined as Snowflake's first full-time CEO seven months after I arrived. But Bob wasn't a CEO who had prior experience running sales organizations. And you wouldn't expect that from most CEOs of early-stage companies. Startups that last and experience hypergrowth during their first 10 years should see two or more successive CEOs with very different backgrounds to ensure an organization's success. On the flip side, I had some sales experience at a startup, and the only managerial position I occupied for a decent amount of time was district sales manager at EMC. All told, I had just over 12 years of sales experience. When I arrived, I still needed advice on how to be successful at a small software company and how to grow Snowflake's sales as the business transformed every few months.

Your Board Must Have Depth

A lot of executives are lonely. It can be a very isolating experience when you are responsible for a function, a department, or a geographic region for a company. And that's especially true if you are in marketing and your CEO is not a marketing expert. Or, you're in sales, and your CEO has little or no experience managing a sales organization. You need the opportunity to turn to others in your field for input and guidance. Getting advice from operational experts on the board who had been through the kind of hypergrowth we've had over the years at Snowflake was critical.

One of the conditions I put to Mike Speiser before agreeing to come to Snowflake was that I needed someone on the board who knows and respects sales. "Like who?" Mike asked. My response was "How about a guy like John McMahon?" I knew John from my time at Aveksa. He was one of the best sales executives in the industry and went on to write the highly successful book, *The Qualified Sales Leader*. Mike put John on Snowflake's board the next day. Getting

board members who have been successful operators is vital. Even Mike is a former operator himself and he picked the Snowflake board very carefully.

This was the first time I was head of sales, anywhere, and my time at EMC involved selling hardware more than software. I met with different customers with different personas and encountered different use cases. The pricing was different, too. Snowflake was not only a software-as-a-service but one of the first tech companies to offer consumption-based pricing instead of subscription pricing. John was someone I could exchange ideas with. At board meetings, he could translate for me what was being said and he was usually right.

John had operated at a much higher level than me, as well. He helped me create the ideal customer profile and ideal salesperson profile, and explained he showed how to scale the sales organization as we started to grow. And he was constantly checking our productivity metrics to ensure we were growing fast enough but not getting ahead of ourselves. He was incredibly useful in letting me know how I was doing and anticipating problems that would emerge down the road, as the company grew its revenue and increased its number and types of customers. He was always asking, "What are the next steps?" John coached me on what I was seeing in real time. He also suggested what I would have to put in place if Snowflake took off, which it did. These were things I wouldn't know about, yet he had seen them many times before. "If you wait, it's almost too late, and then you're slowing everything down," John once said to me. Even if it was a pitch down the middle of the plate, I might not have seen a ball moving that fast before.

When Bob joined as CEO, he relied on John to help build and evolve the sales organization. There can be a lot of tension between finance and sales as you scale, because it's expensive to build an enterprise sales team. John would tell Bob, "Here's the model and here's what you do." So when Bob would question me, or when finance and I disagreed over costs, John would be the tiebreaker a lot of times. His input was incredibly helpful, helping to guide me and educating leadership about how to build, run, and transition a sales organization.

Having engaged and experienced board members, who have run organizations in specific domains and can mentor your startup's executives, is crucial to your success. Denise Persson had already been head

of marketing at two companies for more than 10 years before she arrived at Snowflake in 2016. But she too sought out advice from another Snowflake board member. Jeremy Burton had been the CMO at Symantec, EMC, and Dell. He had also been a senior vice president of marketing at Oracle. Jeremy and Denise would exchange ideas and confirm what she was telling the board, or he would challenge her on ideas that he may not have agreed with. She also has a network of CMOs at other larger companies who had dealt with issues around company branding and messaging, demand generation, and hiring executives who would report to her. You need a network of seasoned executives who you can talk to confidentially. You have to be motivated to learn every day from colleagues and leaders, and from videos, books, journals, webinars, and podcasts. The minute that you think you know enough, you are lost.

Since those early days, Denise and I have consulted to a number of boards of software companies. Venture capitalists and others who sit on boards can't be generalists. They must be domain experts. Otherwise, they don't know how to guide executives or steer companies toward success. Generalists don't have operational experience, they don't have the backbone to make decisions, and they often regurgitate what they hear from other boards. Nothing beats an operator who gives great feedback.

Choose Receptive Executives

On the other side of this equation, your executives, at every stage of the company, must be coachable. Many aren't. It's nice to have an adult in the room who can give advice. Your head of sales, marketing, and all other functions must be motivated by constant learning. As an advisor, when I tell executives to do something, they often don't listen. I'm not just giving my advice. It's advice that's been handed down from generations of seasoned executives who have succeeded, and more importantly, who have failed and then gone on to succeed. It's advice that's been tried, scrutinized, and enhanced. If you do not listen to people who have done this before, you will fail. And your execs must also take hard feedback constructively, not personally. They have to see the value in the advice, act on it, and always remain adaptable. I'm absolutely sure that if I wasn't coachable and adaptable

I wouldn't have been tapped to become Snowflake's CRO. Early on, the board planned to eventually hire someone above me to lead sales but didn't. In one way or another, I occupied that role for more than 11 years.

This is especially important for young entrepreneurs. A brilliant software engineer with a disruptive approach to an existing technology sector can be priceless. But brains and ingenuity aren't replacements for experience. This couldn't be more true for the technology industry, where it's not uncommon for a 20-something engineer with a PhD to start a software company. The company's department heads will need an immense amount of guidance from board members who are seasoned operators in sales, marketing, finance, and a host of other areas. They will also need help building and running an engineering organization.

Above all else, founders should focus on their core expertise. Most want to do everything. They want to be CEO. Then they fail, and they make so many mistakes that they drag everyone else down. What got me excited about Snowflake was that our founders were passionate without attitude. In Silicon Valley, there are a lot of extremely large egos. Benoit and Thierry just wanted to solve problems. They are very smart and very human. But they let the rest of us figure out the go-to-market strategy for Snowflake's product.

Align Sales with Engineering

I had to build trust immediately with the engineers. In a larger organization, there are a number of teams between engineers and sales reps. They include product management, product marketing, and pre-sales engineering. None of them existed when I arrived in 2013. I was it. But I saw it as an opportunity to establish relationships with these really smart people with PhDs in building databases. At its core, Snowflake is an amazing database but much more.

Engineers are in a different stratosphere in terms of brainpower and specialized knowledge. All they really care about is making an awesome product that makes customers super happy. They had the ideas but they wanted to hear what customers needed. I had sold other solutions so that made me proficient, not fluent, in their language.

That's about as much as someone without an education or experience in coding software can offer. That's what I brought to the table. They figured me out pretty quickly and explained the product from that perspective. In parallel, they spoke from a competitive context—how other products were built, what were their benefits and flaws, and how Snowflake's architecture and features would serve customers better in the world of "big data" back then.

These men and women also had a sense of humor. It wasn't all code to them, all the time. Abdul Munir is one of the founding engineers at Snowflake. He would jokingly call me our "shadow CTO," because there was never a moment that I dictated anything from a product direction perspective. But I would influence that. I brought back input from prospective customers before our product was commercially available. If we incorporated what they wanted, then customers would buy Snowflake. I held myself accountable to that.

Software engineers can be incredibly focused and their time is often limited. In the early startup stage, they represent the vast majority of employees. That makes them the only product resource for sales. Make connections with them early on, and deliver as much value to them as you request of them. It will establish the beginnings of a solid company culture and serve both organizations well in later years even as other teams emerge as conduits between engineering and sales. Having an engineer engage a prospective customer every so often can have an immense impact. Technical decision-makers are often the first people at a customer that you have to win over. In the early days of your company, or down the road, connecting one of your engineers with a key technical buyer can help unstick a deal and move that customer faster through the sales cycle.

Jump-Start Your Company Culture

What does culture look like with a company of less than 20 people? It's there, but it's in the background. Everyone is working long hours toward a common goal that is years away—developing a customer-ready product that organizations need. That could easily obscure the need to reveal and live a company culture. Don't let it. Even the simplest things in those early days can shape what a company's culture will

become. Startups come and go, and those who sign up to work for one know that. On a whiteboard, Snowflake looked as though it could be something great but none of us knew for sure. During my entire time at Snowflake, I always said I was on a three-month contract, not knowing what the future held for any of us. In those early days, having a culture, no matter how pervasive, helped instill in us that we were a humble team that would succeed or fail together.

Nancy Venezia arrived six months before me. She was Snowflake's office manager and employee number eight. She handled purchasing, payroll, and any immigration action items as she onboarded new employees. Most importantly, she was the glue that held everyone together in those early years. "We were all very close. It wasn't a family you came home to but it was our work family," Nancy once said. "So, I wanted people to fall in love with Snowflake the way I did. I wanted them to know they weren't just working for a great company. I wanted them to know they were working with great people."

Every employee and every candidate for hire had to pass by Nancy when they entered Snowflake's small office space. She got to know them all. No one who ended up working at Snowflake had an ego, including those who held senior positions at previous companies. Nancy saw that as an opportunity to start bringing everyone together to foster what would become Snowflake's culture and the company's values that followed.

We ordered lunch into the office every day of the week but one. On those days, we all crammed into "The Lodge," the largest space in the office that was our kitchen and our biggest meeting space. We were all so busy but we carved out 30 minutes of each day to sit with each other and share a meal. It didn't matter which team you worked for, what language was your first language, or how long you had been at Snowflake. It was a lively time as we all got to know a lot about each other and shared what we were working on.

Once a year, and just before Thanksgiving, Nancy organized an international potluck. She encouraged employees to bring a dish that represented their culture. Even as a small company, we hailed from at least half a dozen countries. She wanted everyone to feel that they belonged. She also organized Fruity Fridays and a costume contest on every Halloween.

She created Waffle Wednesdays, for which the engineers happily cooked every week. And it wasn't just waffles. They went all out to prepare a great breakfast. Even after we moved to our second office space, the tradition continued with our techies donning aprons to feed more than 100 employees. Nancy also created Cheesy Thursday, which happened once a month. We gathered for a drink and cheese and crackers in the late afternoon. Nancy departed Snowflake in 2019. We moved our Silicon Valley offices more than once to accommodate our growth, but Waffle Wednesdays still happen thanks to Nancy's legacy and our cafeteria staff.

The biggest event, which started just prior to Nancy's arrival, was the annual Snowflake ski trip. Our founders chose "Snowflake" as the company name for a number of reasons, which included their love of skiing. There's still a photo somewhere in the office of the first five employees at NorthStar ski resort in Lake Tahoe in 2013. That trip continued for a few more years until it was no longer feasible. But when it did happen, Nancy was in the middle of it, making sure we all had a memorable experience.

In the early days of a company, there isn't much structure but there's plenty of uncertainty. Addressing both of those issues is possible with simple experiences that bring employees together. In those first few years, we had almost no attrition. We were voted one of the best places to work, year after year. And this evolving and inclusive culture paved the way to Snowflake developing its company values that we still live by every day. Make events like these a must in any small company. If you don't have an office manager, get one. Or, distribute event planning to your most eager employees who have the free time.