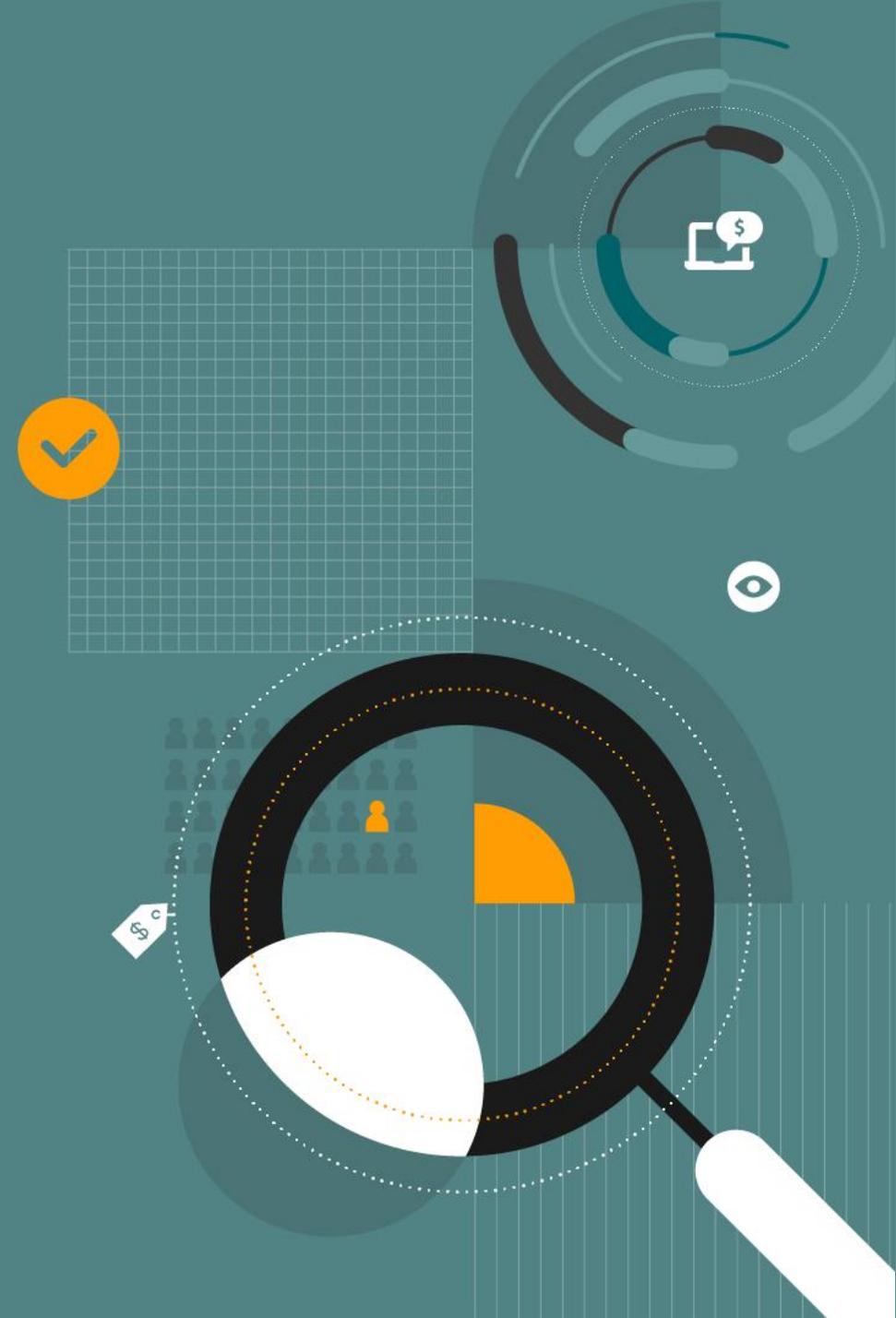




Finding Your First Dedicated Sales Hire

YL Ventures' Value-Add Playbook
for Early-Stage Cybersecurity Startups





YL Ventures is pleased to present the YLV Academy Playbook series, a comprehensive resource to help cybersecurity entrepreneurs grow from seed to lead. Each installment of this series is intended to guide entrepreneurs through important milestones in their company's journey with practical, step by step advice for business development, sales, product scaling, marketing, customer management and much more.

In this playbook, we're going to cover the vital preliminary information you need to know before making your first sales hire. We hope that you find this guide informative and useful.

If you have any questions, we encourage you to reach out to michael@ylventures.com

Congratulations on your seed round! Now what?

Now that you've raised your seed round, it's time to think about your [go-to-market strategy](#) and that means growing your team to penetrate [global markets](#)*.

*We encourage cybersecurity companies to launch in the U.S. as it's the world's largest addressable cybersecurity market with a large customer base of early adopters.



Building out sales organizations is one of the biggest and most pressing challenges seed-stage founders face.



This short guide will help you navigate some of the decisions you'll need to make as you begin building out your sales team.

Why are sales so important for my early-stage development?

When building out your team, the first few hires following R&D will typically focus directly on go-to-market activities, specifically sales (and marketing). This is important for several reasons:

- 1 Sales are critical to **establishing your product-market fit**
- 2 This is an important way to **generate early customers and logos**

3 Sales is a skill-intensive process and **requires a great deal of experience**

4 Your focus on sales will come at the **expense of other core responsibilities**

In your early stages, you may be running the sales process yourself, including everything from lead generation to navigating procurement. This will become unsustainable as you grow.

5 It's particularly helpful **for your geographical expansion**

It's good to have people established where you want to grow, and this will also give investors confidence that you plan on expanding globally.

When am I ready to make the first sales hire?

Before making your first sales hire, we recommend ensuring that you have the following:

1 Something to sell

At the very least, you should have a working demo and a clear roadmap to a minimum viable product. This can help attract talent and allow your first sales hire to engage with customers from Day 1.

2 A demonstrable pipeline

A strong pipeline and product that delivers real value will be evidenced by early design partners and paying customers that augment your sales hire's own roster of contacts and leads to manage. After 70-100 customer calls with the right value proposition, your pipeline should be a strong selling point for anyone looking to join a company at this early stage.

3 Some marketing collateral

Additionally, you'll also want to have some early brand messaging to enable the success of the sales motion.



What will my sales organization look like?

The sample org chart to the right represents just one of several forms your sales team could take down the road.



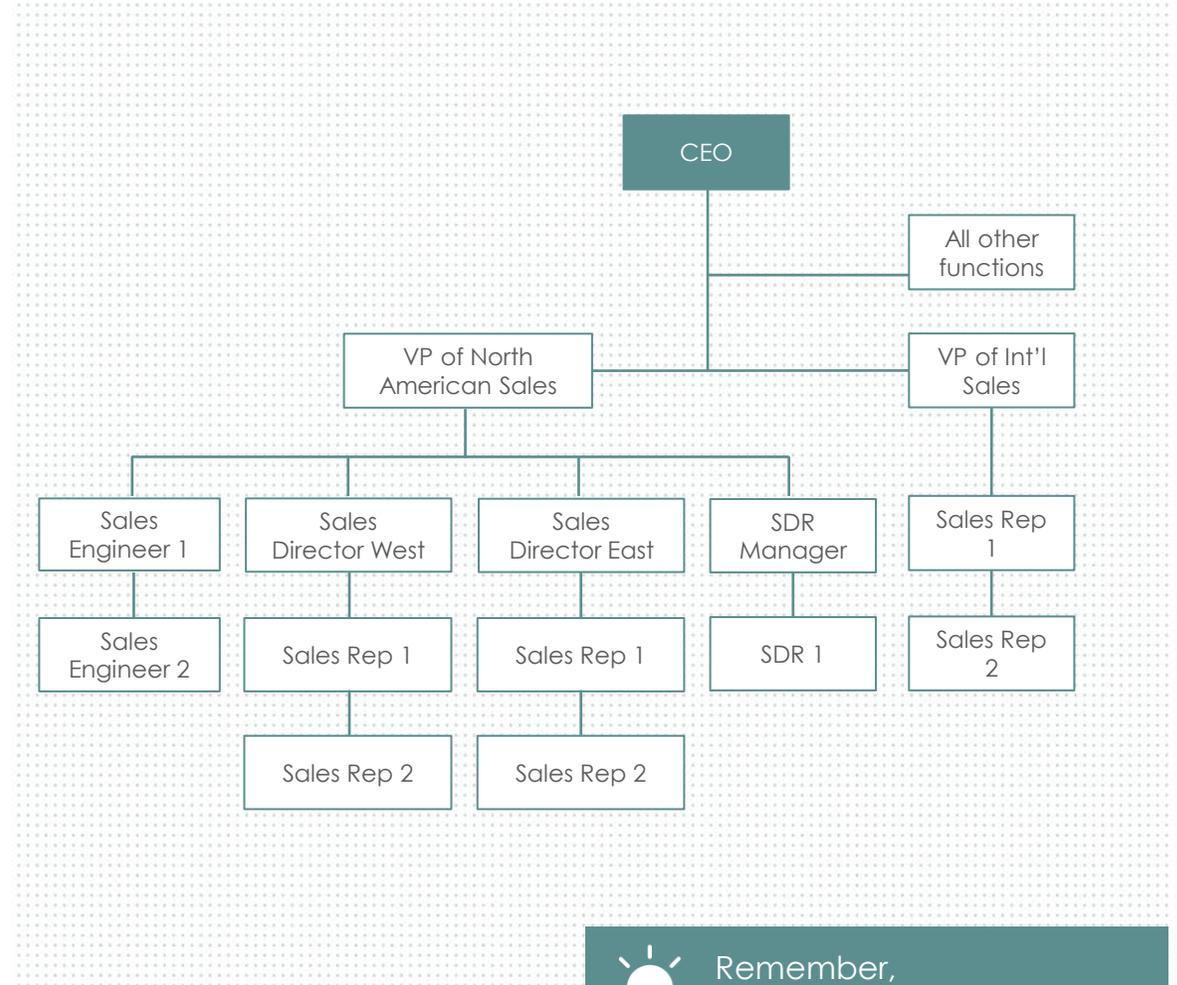
It can get complicated quickly

So where do you start building out the team? And when?



Getting there can seem daunting

Luckily, there are just a few important considerations you need to take into account today. We'll show you where to start in the next few slides.



 Remember, this is just the sales function!

Where do I start?

1

Decide if you want to start with a VP of Sales or with more junior-level hires

Your primary focus should be hiring the right person to best enable your company to close deals. To help you determine the right seniority level for your first dedicated sales hire, here are a few benefits and considerations to keep in mind:

We recommend consulting with your investors, who can be invaluable resources in determining your next best steps!

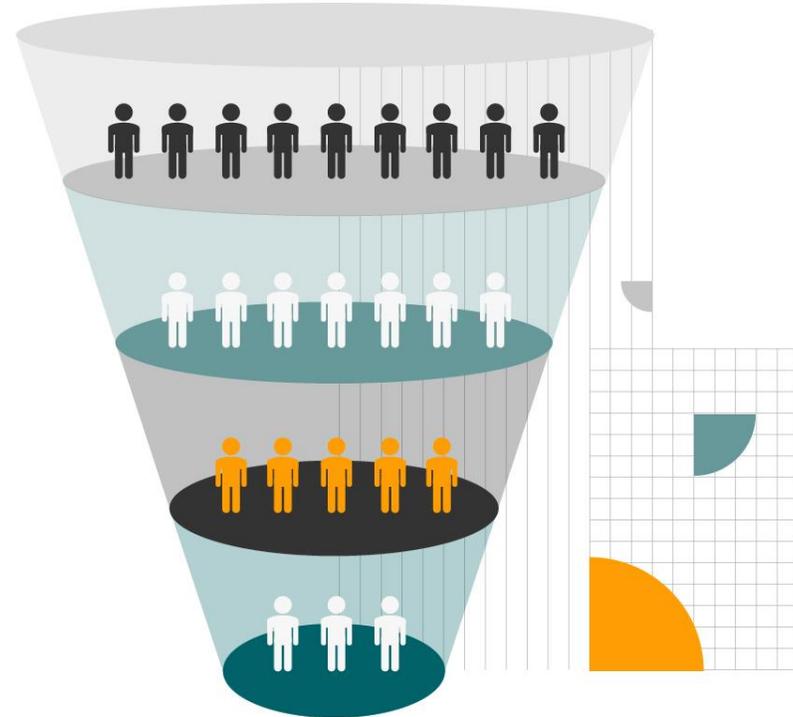
	Benefits	Considerations
VP-level	<ul style="list-style-type: none"> • Highly experienced with a demonstrable track record • Will be able to build (through planning and hiring) and manage sales operations 	<ul style="list-style-type: none"> • Many will prefer to focus on strategy and building a team rather than closing the pipeline themselves • Hires at this level are often cost-intensive
Director-level	<ul style="list-style-type: none"> • Willing and able to manage accounts as an individual contributor • Lower cost than an experienced VP 	<ul style="list-style-type: none"> • Hiring a director will effectively keep you in the VP role for longer

Where do I start?

2

What type of experience is relevant to your organization?

Understand your early pipeline and where and who your customers are. It's crucial to find someone experienced in working with your target customers. Considerations to take into account include your deal size, customer sales cycles, sales type (inside, direct, channels, etc.), vertical, product niche and geographic focus.



When should I start the search?

Before you make your first dedicated sales hire, you will likely have been running the entire customer acquisition / design partner process on your own. That can quickly become unmanageable!

Once you have a couple of early design partners in place, and a demonstrable pipeline has begun to form (generally after 70-100 customer calls), it makes sense to begin exploring the hiring process.



You'll want to start your search a couple of months before you actually need them

- 1 Searches lasting several months are common!
- 2 Hiring talented salespeople is very competitive and there's only a small pool of well-qualified candidates to lead early-stage cybersecurity sales.
- 3 Part of your role will be selling your long-term vision to the salesperson and convincing them of the viability of what you're building.



What will my first sales hire do?

Your company's first sales hire will typically report directly to the CEO and should serve as a key tactical and strategic driver of your overall sales function.

The cybersecurity sales process itself is complicated and it requires a specialist to go from lead, to PoC, to procurement and, finally, to close. You'll need someone with the skillset to drive several key functions simultaneously:

1 Close the pipeline

Above all else, the first sales hire needs to close deals.

2 Lead generation

In addition to leveraging your existing pipeline, your ideal hire will leverage their network to bring in more leads and strengthen the funnel.

3 Build out the sales team

(i.e. recruiting) - Over time, a VP-level hire should spend less time closing themselves and more time driving strategy. The ideal candidate must own the company's sales function's growth. Director-level hires may grow into this type of leadership role, though you will likely need to augment his or her skills with a VP hire as the company scales.

4 Optimize the sales process

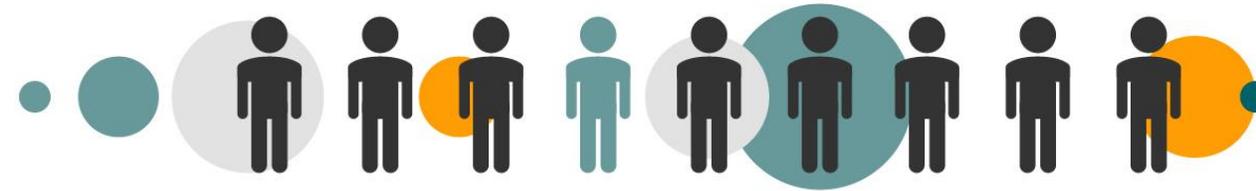
This person may also be responsible for identifying new opportunities and markets, flagging and addressing recurring challenges, developing email and telephone scripts/templates and working closely with marketing and R&D/product teams.

- Sales and R&D/product teams are often dispersed across different geographies. However, your first sales hire needs to be able to closely collaborate with R&D/product to sell effectively!

Who is the right person?

The ideal target profile should offer the following:

- 1** Demonstrated ability to close early-stage deals via the same sales motion as your business.
 - Being a “closer” and successfully navigating procurement can be a different skillset and profile than being able to take a prospect to a PoC.
- 2** An excellent network within the cybersecurity community and strong references.
- 3** The ability to communicate market feedback to relevant teams, such as marketing, product, engineering, etc.
- 4** A track record of recruiting and building high-performance sales teams and retaining talent within the company.



- 5** Demonstrated experience selling relevant cybersecurity solutions that align with or translate well to the cybersecurity market niche you’re targeting.
- 6** A track record of meeting (or exceeding) sales targets.*
- 7** Proven ability to manage sales processes and organizations, inclusive of account executives, sales operations, sales engineers and inside sales teams.*



Consider cultural fit and projectability when evaluating the right person for this role.

In an ideal scenario, your first dedicated sales hire will have a mix of talents and experience to enable them to grow with the company.

- While not strictly required, these are stand out bonus skills to look out for

How do I compensate them?

Compensation for your first sales hire will include both **cash and equity**



There's typically a 50/50 split between base salary and bonus for sales roles.

- Total cash compensation is also known as On Target Earnings, or "OTE", because it refers to what the salesperson would earn when employed full-time and hitting all their quotas.
- Total cash compensation for a senior salesperson (i.e. VP or Director) will have a high degree of variance based on prior experience, seniority, geography, etc. Note that total cash compensation around the \$400K range is not uncommon for highly experienced sales executives.



Equity compensation typically takes the form of incentive stock options.

- Incentive stock options typically have a 4-year vesting schedule with a 1-year cliff.
- Total equity compensation for a senior salesperson will have a high degree of variance based on prior experience, seniority, geography, etc. Note that equity compensation above 1% is not uncommon for experienced sales executives.

Compensation ranges for experienced sales professionals may seem high at first, but it's important to appreciate how critical it is to find the right people early. Don't forget, you're hiring for a very difficult, technical job in a competitive labor market with limited qualified candidates.

How do I compensate them?

Key factors to consider when designing a sales commission package:



Start with an initial sales target for the first year



Avoid using draws (an advance against expected commissions or incentives)



The simplest structure pays out a direct percentage on new business



Consider payment for lead generation with an additional bonus or commission if the deal actually closes



Remember, your investors can be a good resource for thinking through the details of structuring compensation packages.

How do I find this person?

- 1 Your investors: Quality investors are highly connected and capable of helping you source key personnel!
- 2 Third-party “headhunting” firms: A typical relevant executive search firm with a cybersecurity focus will charge an initial retainer fee and 25-35% of a candidate’s total compensation.



Remember, this is a complex and time-consuming effort. Leaning on others can allow you to focus more directly on other critical aspects of your business!



Final advice and key takeaways

You may have been playing this role until now with success, but scaling will require finding someone willing and able to close deals immediately so that you can focus on managing the company.



Finding the right first salesperson is critical

and the price of getting it wrong is high. Don't be afraid to take time to find someone you like and can trust with your business. Just be sure to lean in strongly when you find them.



Building out your sales organization

shows follow-on investors that you're ready to grow the company! Attracting a top salesperson is an important advantage ahead of your next fundraising and provides important momentum moving forward.



A seed-investor focused on value-add

can be a vital resource in determining the right strategy and timing for sourcing your first sales hire, as well as helping to identify and close the right candidate!

Thank you!

YL Ventures funds and supports brilliant Israeli tech entrepreneurs from seed to lead. Based in Silicon Valley and Tel Aviv, YL Ventures manages \$270 million and invests in deep-technology cybersecurity solutions.

YL Ventures accelerates the evolution of portfolio companies via strategic advice and U.S.-based operational execution, leveraging a powerful network of CISOs and global industry leaders. The firm's track record includes successful, high-profile portfolio company acquisitions by major corporations including Palo Alto Networks, Microsoft, CA and PR.

Discover more resources on [YLV Magazine](#), your ultimate resource for industry news and building out game-changing cybersecurity solutions!





Thank you!

If you have any questions, we encourage you to reach out to michael@ylventures.com or visit us at www.ylventures.com

