Building a B2B Growth Engine

This toolkit includes:

- Our methodology for developing a predictable and coordinated growth engine.
- Insights into planning, execution and resilience.
- How marketing needs to lead alignment with sales, product, finance and technology teams.

- Our marketing maturity matrix with what you need for the stage your business is at.
- The 12 key errors businesses make that hamper growth.

www.frogcapital.com/scale-up-methodology

01 Introduction

Driving growth in B2B SaaS businesses presents challenges that have inspired a myriad of books, whitepapers and articles. In the leadership team of a SaaS business, you have many areas of focus, but **developing a predictable and coordinated 'growth engine' is at the core of scaling up**.

As your business grows it's important to ensure alignment between sales, marketing, product and finance teams, and build a growth engine between them, led by marketing, that informs the proposition development and ultimately drives rapid, profitable, growth.

James Bagan, Frog operating partner

"Gartner estimates that US B2B tech businesses are setting their marketing budgets at 11% of the sales revenue number. My experience is very different. Far too often, I'm seeing organisations with hugely aggressive sales targets and diminutive marketing funds; perhaps 1% or 2% of target. Sales without effective marketing, is no different to a car without fuel."

In *Planning* it is essential to establish where you are starting from. Our marketing maturity matrix helps you evaluate what stage you are at and how to approach the next stages. We then look at the importance of marketing and brand strategy, getting the right team in place and the interplay between revenue operations and unit economics. Finally we review the MarTech stack, balancing what you need and what is optional.

In *Execution* we focus on the day to day winning, onboarding and serving customers, optimising conversion through the customer journey and content production.

In *Resilience* we focus on the levers that make the difference in the long term. We look at how pivotal pricing is and cover the overall sustainability of business, balancing growth and profitability. Lastly, we concentrate on marketing's role in value creation and communicating why you do what you do.
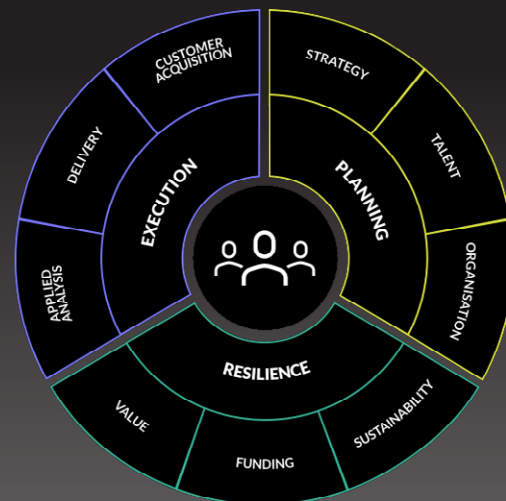
5 key questions:

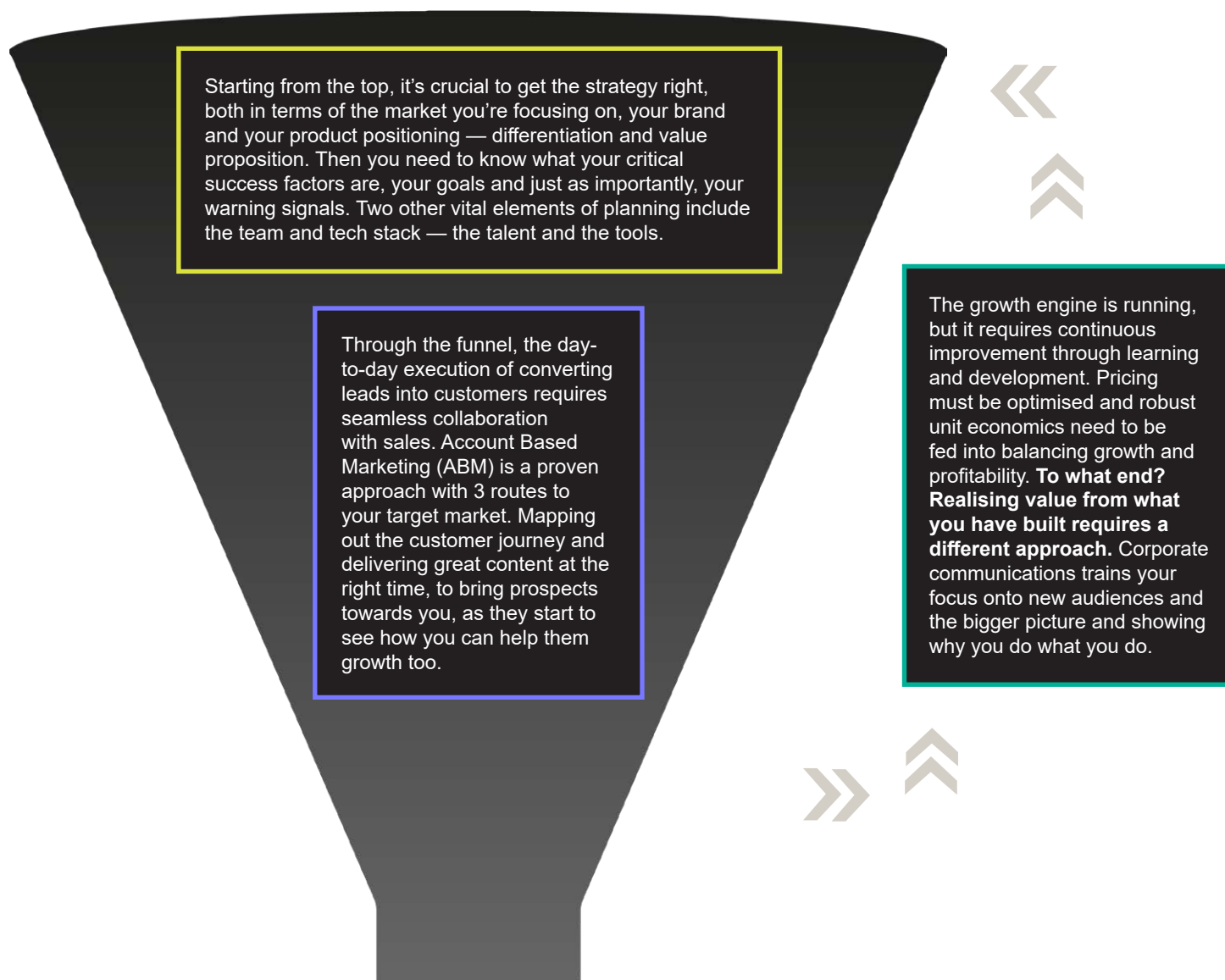| Consistency	Focus	Analysis	Strategy	Talent
When I ask my customers, staff and partners what we do, what we stand for and why we do it — do I get the same, compelling, clear, story back from them?	How do I get my sales and marketing teams aligned in delivering what we need to fulfil the investment case?	How do I differentiate between leading and lagging indicators, and how do they connect to my revenue operations scorecard?	I think I know how big my market is, but how can I really focus the business on the most valuable parts of the market?	What sort of marketing team do I need now? When should I hire a CMO?

Executive summary

Nobody in business questions the importance of growth. It's a top priority, board-level agenda item, every month and all year long. In some parts of the world, marketing is perceived to be full of buzzwords, acronyms and platitudes. But when it is done well, marketing is a significant growth driver.

If it doesn't then you're doing it wrong. Equally significant is understanding that it doesn't work on its own. The key to success is collaboration and aligned execution between marketing and sales, product, finance and executive teams.

This toolkit outlines some of the most common mistakes, maps out best practice depending on what stage your business is at, then outlines the key areas to focus on so that marketing becomes the growth driver that it really should be.

The Funnel — a shared view of the future

Starting from the top, it's crucial to get the strategy right, both in terms of the market you're focusing on, your brand and your product positioning — differentiation and value proposition. Then you need to know what your critical success factors are, your goals and just as importantly, your warning signals. Two other vital elements of planning include the team and tech stack — the talent and the tools.

Through the funnel, the day-to-day execution of converting leads into customers requires seamless collaboration with sales. Account Based Marketing (ABM) is a proven approach with 3 routes to your target market. Mapping out the customer journey and delivering great content at the right time, to bring prospects towards you, as they start to see how you can help them growth too.

The growth engine is running, but it requires continuous improvement through learning and development. Pricing must be optimised and robust unit economics need to be fed into balancing growth and profitability. **To what end? Realising value from what you have built requires a different approach.** Corporate communications trains your focus onto new audiences and the bigger picture and showing why you do what you do.

Authors and contributors

About the author

Nick Eades is a long-standing friend of Frog, introduced by operating partner, James Bagan, having worked together at a private equity backed business. In June 2019 he hosted a dinner at Frog and spoke about sales and marketing alignment and has since advised several of our portfolio companies. He has been on the executive leadership team of technology and telecoms businesses for the past 20 years. He specialises in driving growth, leading digital transformation, and building compelling commercial propositions.

Currently, he is the chief commercial officer at HTEC, a specialist FinTech business. Before that he was chief marketing officer at Wincanton Group PLC and Fintrax. In 2009, Nick was part of the team at Psion plc, turning around this UK tech icon ahead of its acquisition by Motorola in 2012, at 12 times earnings. During this time, he created the largest social co-creation community in the sector, called IngenuityWorking.com, which won multiple awards and is a Forrester case study on the topic of collaborative innovation. He spent 5 years as marketing director at Dell in the UK, during which time it became UK's No.1 IT company and global revenues grew from $8bn to $45bn.

Nick began his career in marketing with 10 years of brand and product management at IBM in the UK and in Paris. He is a regular industry speaker, marketing media source and a judge for the B2B Marketing Awards. He is a Fellow of the Chartered Institute of Marketing.

Editor

Dominic Rodgers is the head of marketing at Frog. He supports the investment and investor relations team and collaborates with portfolio CMOs. He specialises in brand, content and communications.

He started his career in sales and publishing. In 2008 he helped start Raconteur, a media company, which produces special reports in The Times newspaper, specialising in B2B software and services. He launched their content marketing division with clients such as EMC, Vodafone and Halcyon Gallery.

He later edited the quarterly magazine, ArtWorks Journal, which focused on the intersection between the arts and business worlds.

In 2014 he founded Brand Journeys, a content and marketing consultancy providing strategy, production and creative services to technology, financial services, B2B, arts, and hospitality businesses.

Contributors

James Bagan is an operating partner at Frog. He has run and sold two private equity backed businesses. In 2012 he founded Sales Forensics, his own advisory firm, which provides sales due diligence to investors worldwide. He is the Chairman of several investor backed technology businesses across Europe.

Andrea Clatworthy is the global head of account based marketing at Fujitsu, where she has been for over 10 years, specialising in ABM for over 6 of them. She spent almost 10 years with Logica before it was bought by CGI for over $1bn. Prior to that she was awarded a 1st Class Honours degree in Computer Science.

Lisa Hutt is a senior marketer, currently at Zscaler. She has spent the last 20 years running marketing functions at a wide range of software businesses including Ring Central, Concur Technologies and Salesforce.com

Nader Khosrovani has worked across marketing, brand and communications. He has held permanent and contract positions for VC backed business like Skyscanner, Tide, Cuvva, BOL, Oddschecker, FiveAI and Acin. He's most passionate about delivering results for high-growth businesses keen on owning their category and make a name for themselves.

Sophie Light-Wilkinson is a senior marketing leader with experience working in start-ups through IPO, large corporations, and agency-side for both B2C and B2B marketing. She is currently VP marketing at BazaarVoice.

Mike Reid is a senior partner at Frog. He founded the business in 2009 after 12 years at 3i. He works across deal origination and investor relations and runs the marketing and fundraising disciplines at Frog.

Steve Taylor is an IT industry veteran whose career has spanned most elements of sales and marketing functions. He has spent the last 10 years leading revenue operations teams in high-growth SaaS companies, most recently at Perkbox and prior to that at BazaarVoice.

Nick Gregory is a seasoned CMO with a 30 year track record in marketing for leading software providers in the UK, Europe and North America. Since 2015 he has been the CMO of IRIS Software Group, the UK's largest privately-held software company. He was part of the executive team, which sold the business in 2017 for £1.3bn.

04 Mistakes

This toolkit provides in depth coverage on how to build a B2B growth engine. Sometimes knowing what NOT to do is just as valuable, so here are some of the most common mistakes:

The Mistake	The Opportunity
Leaving win/loss analysis to the sales leadership.	Have marketing to objectively run the loss analysis with the customer, and find out where, when, how and why you lost, and co-create a plan to address all consistent weaknesses. This understanding serves as research, so it will educate you on customer needs, as well as diagnosing why you are not winning business.
Having pricing decided by sales, by finance or by the CEO.	Pricing is driven by your costs, competitors and what your customers will let you charge, so it is best to have marketing own it, because it can be dispassionate about all these drivers.
Funnel metrics, especially fall-out/qualified out seen as "normal".	Diagnostics and pattern analysis is critical to understand why opportunities are lost.
Product development being left solely to the product team.	Marketing leaders should be running Customer Advisory Boards and annual market research processes that feed the product development cycle, even in a Product-led Growth (PLG) or PMF centric business. Why iterate endlessly when you can listen to the people who will tell you what they want, don't want, what to prioritise and why your competitors are better/worse?
Founder hires marketing leader, then does it all themselves.	Hiring is the hardest job in the book, but if you hire great people, trust them do their job! It's one less thing for you to worry about, after all.
Not enough resources (both in human and budget funding) allocated to marketing.	Understand the baseline costs of running the function (what it needs just to be equipped), then how it drives revenue, reputation and ROI. Fund it (initially) to understand how best to create the kind of leads that sales needs, supported by the kind of "air cover" that helps sales open doors and close deals. Rinse and repeat.
Failing to have a fully integrated sales and marketing plan.	One plan, two teams. One set of KPIs that everyone agrees are achievable, even if pretty ambitious. Everyone needs to know their roles, and what they're accountable for. Aim for a little overlap, but no gaps. Draw the process in flowchart form, if it helps.
Not enough experience around a digital marketing strategy.	Hire experts (and get help to hire them, if you're not sure what you're hiring and why), don't use a digital agency unless you have the expertise. You need this insight and ability in-house, because it's critical to understand it in detail. Customers investigate you, researching before they buy, which you must understand, encourage and capitalise on. Digital is the real "new normal". Own it.

The Mistake	The Opportunity
Assuming that the MarTech stack will compensate for a lack of proper plan/resources/ processes/understanding.	Most cars still don't drive themselves, and everyone is suspicious of them when they do! This is the same; there is no miracle cure in the tech stack; it is created to support a strong plan. Plan first, resources second, then the tech stack — at the earliest.
Marketing staff never leaving the office, never meeting customers or partners.	Short of compelling them to meet X customers per month (alongside a sales person and walk in their shoes), the Marketing team needs to sit with customer success and product teams to listen to customers (and even build programs to do it) on a regular basis. Customer advisory boards/panels, every quarter (one per geo or sector), are an easy one to get going.
Targeting Marketing team on MQLs, not revenue.	This is an easy one, but it doesn't work. You get MQLs, but they aren't leads — they're either much too early to buy, or they're just wrong. Focus the marketing team on revenue won vs target. After all, nobody gets paid in MQLs so focus on deals.
Collecting lots of data, but failing to analyse it.	You probably have more data than you know, and it's heaping up by the second — what does it tell your Marketing team to do, or stop doing? Who is looking at it? Ideally an analyst, not a marketer; marking your own homework isn't to be encouraged initially, but it has to get done. The answers should be in there — worth a deep dive every month, and measuring trends, weekly. The value will surface.
Running disconnected tactics aimed at generating a sales-ready pipeline.	Take your buyers through their awareness, education and evaluation journeys and stay front of mind with relevant information when they're not quite ready.
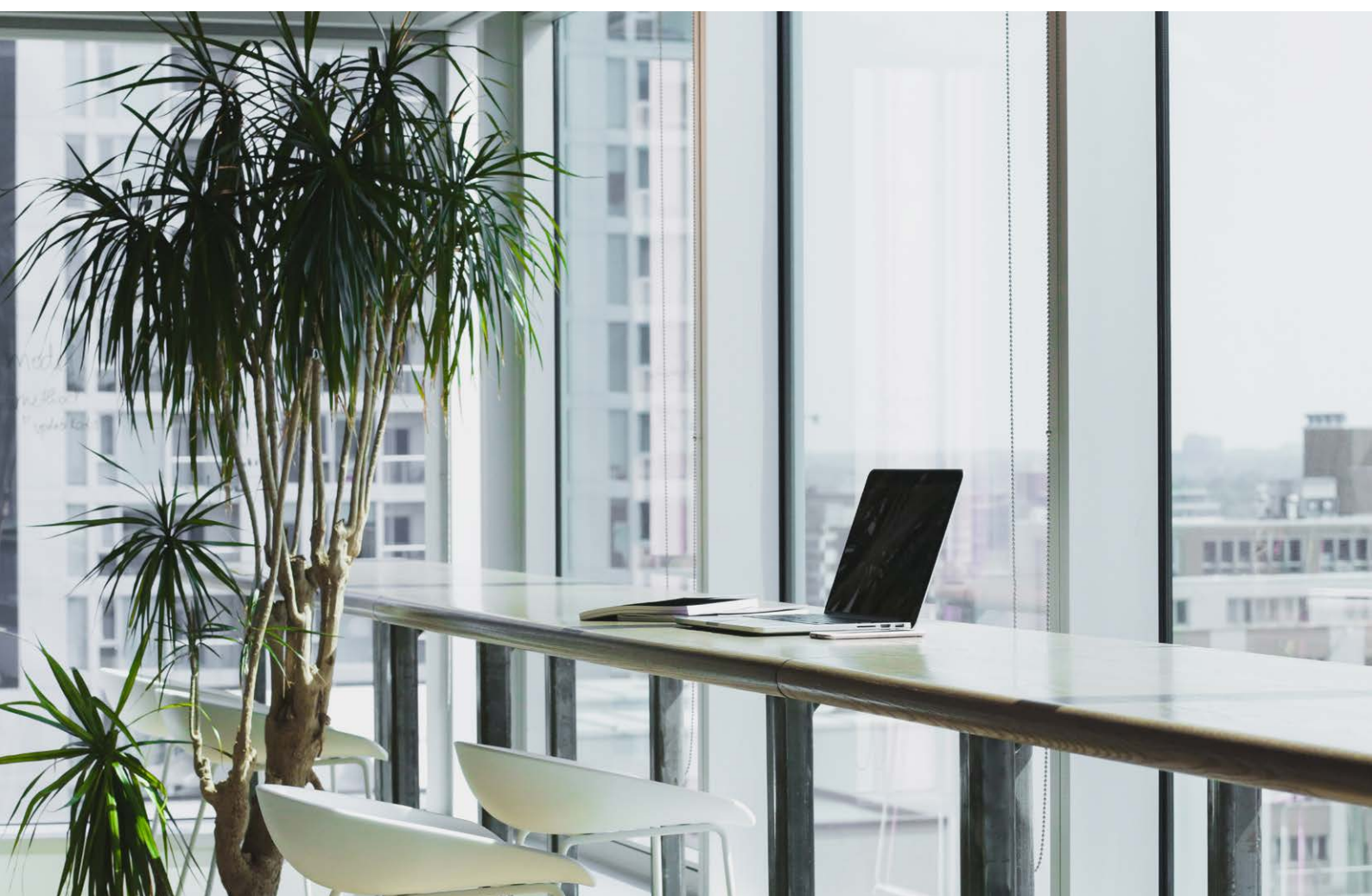
Planning

In **Planning** it is essential to establish where you are starting from. Our **marketing maturity matrix** helps you evaluate what stage you are at and how to approach the next stages. We then look at the importance of **marketing and brand strategy**, getting the right **team** in place and the interplay between **revenue operations** and **unit economics**. Finally, we review the **MarTech (Marketing Technology) stack**, balancing what you need and what is optional.

The first step in any plan is to know where you are today, and then understanding the gap to where you are aiming to be.

As part of this toolkit we have created a 'marketing maturity matrix', which should help you understand what your marketing resources (people and budget) should be delivering for you.

To use the matrix, you can start with your Scale-Up stage in the first column, and then move through the columns and categories to evaluate what you have today, and what you will need going forwards.

There will always be grey areas between stages, and of course, you often hire ahead of where you are. Marketing is the same. A stronger marketing leader, who has experience gained in similar situations, will be wiser than others. That said, a combination of capability and ambition, is always valuable.

Stage	Pre Scale-Up	Early Stage Scale-Up	Mature Scale-Up	Late stage Scale-Up
Definition	**PMF:** Stabilising and refining. **Unit Economics:** CAC/LTV becoming predictable. Churn still too high. **Growth/Profit:** Growth phase, pre-profit. **ARR:** Under €3m.	**PMF:** Achieved/validated. **Unit Economics:** Stable and well understood, churn should be reducing. **Growth/Profit:** Experiencing profitable margin contribution more consistently. **ARR:** €3m - €5m.	**PMF:** Stable and building upsell and cross-sell. Products to build wallet share. **Unit Economics:** Under control, predictable and confident core metrics. **Growth/Profit:** Consistent growth. Optimising margin contributions. **ARR:** €5m - €10m.	**PMF:** Stable, with strong product roadmap building on core products. Compelling to potential acquirers or follow-on investors. **Unit Economics:** Market leading core metrics. **Growth/Profit:** Continued strength and scale benefits are tangible. **ARR:** €10m - €20m+.

Stage	Pre Scale-Up	Early Stage Scale-Up	Mature Scale-Up	Late stage Scale-Up
Role of Marketing	Create and run website and all digital channels (LinkedIn, etc.). Ensure CRM and MarTech stack is working, has data integrity and understood by sales. (Sales should help ensure that the number, ideal profile and sales readiness of leads is agreed upfront.)	Drive early-stage funnel metrics (contacts, engagement rate) with content. Build media/analytics/influencer traction with founders, evidenced in thought leadership, papers and positioning work. Proactively aims to improve the quality, as well the quantity, of leads at both MQL and SQL stages finding the optimal mix of marketing channels. Able to understand what investment capital brings, and what it obligates in turns of outcomes.	Clearly a member of the exec team as a near-peer. Starting to engage with strategic partners and other routes to market to drive scale, faster. Key architect of brand/positioning and narrative to support it across all internal/external channels. Crisis communications-aware, with processes to protect company reputation. Able to represent the company as an event speaker, to press and investors. Commercial: As near-identical view of pipeline as sales leader, working as a double-act to grow pipeline, improve win-rates through outside-in insight.	Integral part of leadership, working with CEO, exec team and investors/board on "destination" (value creation, exit scenarios and creating a path from current state, forwards). Running marketing function as key "partner" to the whole business, including HR (employer brand and engagement), product (insight-led roadmap). Finance (pricing strategy) and sales (Pipeline: volume, value and velocity of leads).
KPIs and Reporting Focus Areas	**Leads:** Pipeline and revenue, prospects targeted, MQLs generated, SQL acceptances. **Digital:** Followers in target group. **Budget:** Spend by month/period and FY.	**Leads:** Quality and quantity of MQLs, learning from win/loss analysis to improve targeting and communications with sales leader. **Digital:** Drive contact strategy (ABM), stronger use of marketing automation for engage, nurture, closing. **Brand:** Develop reputation, ensure clarity internally and externally (why, what, how), with compelling differentiation. **Budget:** Spend, mix of retainer and project and timing of spend relative to revenue or period.	All of the previous stage, plus: **PR and social media:** Number of thought leadership articles and customer wins generating PR per month (contracts should enable the company to leverage customer wins into case studies, media stories, etc. for influence). **Crisis:** No bad press. Advocate: number of high impact events (physical or virtual) the company has presence at, for the target markets.	All of the previous stage, plus: **Business Planning:** Able to narrate 3-5 year P&L trajectory with sound financial confidence, working with CRO, CFO and CPO to combine P&L, pipeline and product roadmap from a compelling value proposition standpoint.

Stage	Pre Scale-Up	Early Stage Scale-Up	Mature Scale-Up	Late stage Scale-Up
Budget Focus	Budget supplied and "run" by finance, founder(s) and sales to deliver tactical outcomes.	Manages budget with zero-overspend, to fund the MarTech stack, campaigns, events, etc. to support Sales activity, some PR/Communications. Understands that budget has to deliver payback at a high enough ratio for revenue return on the investment.	All the previous stage, plus: Builds budget to enable Sales-led, or product-led, growth through a mix of digital, physical (F2F 1:1) and traditional (events, 1:n). Understands how to create investment-driven, ROI-based, sales activity with sales leader as an aligned team.	All the previous stage, plus: Presents budget as mix of foundational costs and investable business cases, focused on growth, reputation and value creation.
Marketing Leadership	Marketing manager	Head of marketing	Marketing director	CMO
Experience	Track record in similar size companies, within same sector, possibly from competitor. Not their first role, ideally 3 to 5 years in-role.	Stronger functional leader, more confident working with sales and product leadership. Stronger on metrics, KPI and agency management.	Previously in similar role, in larger company, similar sector, understand scale-up phase. Board/near-board level.	Previous exit experience, credible with investors and board. Strong mix of strategic vision and tactical delivery. Hands-on, peer-level, with scars and ambition. Commercial, P&L-savvy, value creation orientated.
Role of Agency	Small agency, or roster of contractors, low cost with a mix of project based work (events and campaigns) and a retainer (website design, maintain and host). Probably known and selected by founder(s).	Selected by head of marketing as a means of outsourcing digital and other activity, unless they have a strong digital background. Agency should be accredited in all key MarTech platforms to be able to expand marketing automation capability going forwards.	Keep prior agency *if* they have the skills to grow with the business, or replace. Will need to add PR agency and other external skillsets, if not within the company or agency already. Will need some brand-specific capability to continue to build story, imagery and potential refresh as business matures.	CMO will drive full agency review process, to optimise resources to drive brand (look/feel, positioning), digital (presence, MarTech stack, metrics), PR (visibility, reputation, speaker training, media training) to ensure that the business is seen in best possible light by future investors, exit targets or M&A bolt-ons.

Strategy

In the Scale-Up Methodology, we define strategy as the "means of identifying the path you need to take to reach your goals — what you should focus on, and what you should say no to".

Clearly, this requires some strong analysis and a framework for execution. Marketing's role in this kind of strategic work includes building a very focused go-to-market (GTM) plan jointly with the sales leadership.

The first step is to ensure that both sales and marketing have a common and complete understanding of the target market. Using a 'market value matrix' is the best way to separate opinions from facts, as it should be built using all the available data that you have, or can afford to buy.

> "There is only one winning strategy. It is to carefully define the target market and direct a superior offering to that target market."
>
> — Philip Kotler

The two core ingredients are:

Establishing wallet value

- The wallet should identify a logical group of spend that a company makes in a core category that is relevant to your business.
- For example, if a major multibillion pound supermarket spends 2% of revenue on Logistics services, that wallet should be £1bn+ on its own.
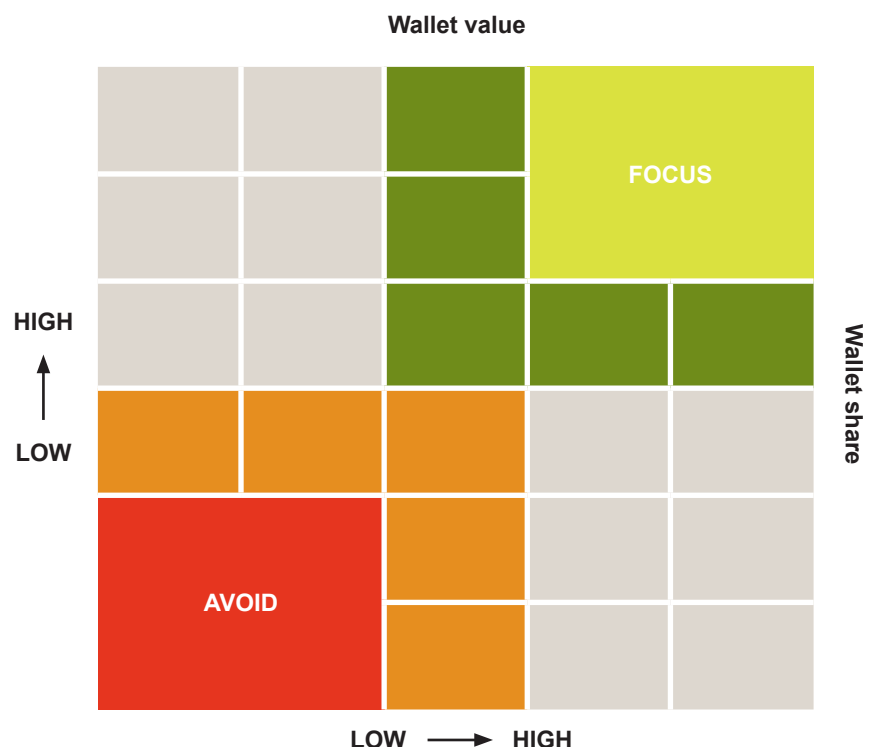
Establishing wallet share

- Working out your share of that wallet is, relative to all equivalent alternatives (including competitors).
- Using an appropriate average deal value (ADV), you should be able to calculate what % share of that category spend, you can address.
- You need to consider all other competitors, potential partners and alternative ways that the target company spends in that category, including in-house resources.
- Your value proposition needs to be compelling in that context, otherwise the % share is not accessible to you.

Establishing the matrix should then emerge from the process. It should remain stable for a year, once it has been tested and refined for 3 to 6 months.

Market value matrix template

Each cell in the matrix must contain at least one customer, or prospect, either by name or by the code that identifies them in your CRM. By using the latter, you have immediately codified the activity that your marketing automation platform – and your sales team – should be doing.

The purpose of segmentation at this level is to focus resources. Ultimately, it is worth investing the time and money to efficiently target the minimum number of accounts that you need to win, in order to maximise the number of sites and transactions with your proposition.

Market value matrix template diagram. Vertical axis labelled "Wallet value" with HIGH and LOW indicators; right axis labelled "Wallet share"; horizontal axis from LOW to HIGH. Top-right cells labelled "FOCUS" (yellow-green); bottom-left cell labelled "AVOID" (red).

Planning your brand strategy

"Brand is the single unifying principle of a company", not a logo, product name, tag line, or a new website. It is the totality of what you are, and more than anything, it exists in the mind of your customer. It's what *they* think it is, not what you think.

That is why, in the B2B world, a brand is fundamentally connected to your reputation, both in what you put out, such as PR, content marketing, product, on-boarding etc. and the customer experience, like customer service, reviews, advocacy, and therefore what your customer says about you too.

Brand storytelling is a powerful business tool and a skill that every business building a powerful and lasting brand should master.

Nader Khosrovani, marketing and brand director: FiveAI, BOL, Skyscanner

"An important layer to amplifying that story is to clearly articulate why you are doing this in the first place. Not why you came up with your solution. But what is the broader sector or societal impact you want to have? Some people call it 'purpose'.

That's important, not only to create a richer, more meaningful narrative to feed your communications and content strategy — certainly in terms of demand generation – or attract talented people to sign up when you can't pay top whack, but because the how and what may well change as you progress and sharpen your sense of product market fit."

Marketing and revenue operations

Steve Taylor, revenue operations director: BazaarVoice, Arkk and Perkbox

These two functions are increasingly aligned, but still remain apart too often, as Steve Taylor suggests:

"All planning starts with a good grasp of historic performance and a narrative explaining the strengths and weaknesses over time, informing where to change resources (people, money) in future. Understanding the levers you can pull has a huge impact on future medium-term growth.

On the sales side, some of these levers are obvious while other are more nuanced:
- Number of sales people
- Different kinds of sales people (higher value or more transactional)

These considerations will affect both the volume (# of transactions) and value (gross bookings) of sales.

There are even more subtle items, which are qualitatively clear but very hard to measure in isolation:
- Effective on-boarding (impact on ramp time)
- Manager/sales rep ratio (win rate, throughput)
- Training (win rate, average transaction size, throughput)
- Sales methodology and process (potentially all of the previous indicators)

One of the "artistic" skills of revenue operations is to assess the relative strengths and weaknesses across the sales team, and identify those areas for improvement which will have the highest, fastest impact versus cost."

Talent and team

Hiring your first or first few, marketing team member(s) is a critical step and it is crucial to objectively hire into your own skill gaps, having established what the business needs from marketing in the first place.

It may appear expensive, but the right place to start is with a more established marketing leader. Such a person will have experience from working their way up in similar businesses, and will also have access to external resources (agencies, interims, etc.) which means that they can get work done with

minimal direction, low costs and on time. They will also push back on you, because they have experience which you may well not.

It is wise to ensure that the person you hire has a formal training programme as well as mentoring and wider support network around them to learn from.

As a business scales and needs to become more resilient, the strength and depth of the leadership team is tested, so at some stage, securing a skilled marketing leader that knows what's best

for the business and can hold their own, is critical. They play a role in helping to secure bigger funding rounds, or being acquired.

The added value at these two junctures is the "outside-in" voice of the market (and often the customer) in unambiguous, evidence-based, way. This adds credibility to the pitch for additional funding or in the engagement with a trade buyer, because their (perceived) impartiality and objectivity is essential to the overall business story and its ultimate destination.

Chief revenue officer

A hybrid of many roles, and far from being just a rebranded sales leader, the CRO is the "unifier", combining, bridging and blending the very best of sales, marketing, product and service. They need to have highly commercial backgrounds, with real depth in sales, marketing and product.

As this article, entitled "5 Traits of Game-Changing Chief Revenue Officers" from, Eliot Burdett, CEO of Peak Sales Recruiting, says:

"A study published in Harvard Business Review of 95 teams from 25 leading corporations found that 75% of cross-functional teams are dysfunctional. This means the product development team may not work well with the marketing team or some similar permutation. That is why, aside from being a sales and marketing genius, your new CRO must be a seasoned executive, business leader and diplomat who knows how navigate the boardroom effortlessly."

As the same time, the CRO has to lead a very strong, cross-functional, multi-disciplinary team and build that team as a "unit". They must know that in a rapidly changing world, they will need A-players from various disciplines if they hope to successfully implement their comprehensive revenue-generating, profitable-growth-enabling, plan.

Managing the technology stack

There is a very real risk that a marketing technology stack (aka "MarTech stack") appears to be another pile of "shiny rocks" that the 21st Century marketing team appears to need. There is some evidence that this can be the case, but there is counterbalancing evidence, which says that it makes good sense to carefully build the core foundations of such a system, because you will absolutely need it.

In simple terms, the MarTech stack is the suite of applications your business needs to engage customers and prospects digitally, bringing in new revenue and securing ongoing contracts, through a very measurable dialogue.

Why do you need one?

You need it because, in the digital world, your prospects are already researching your category before you even engage with them. They know you before you know them, so you need to see them coming, engage proactively and with relevant content, and then nurture their interest all the way to contract signature, even if a sales person physically engages at any stage.

What do you need?

It's a mix of tools, so it's important to know which technologies are foundational, and should be put in place first – and which ones are determined by how your business works, see the next page.

James Bagan, Frog operating partner

"Modern tech has evolved and adapted to facilitating these insights brilliantly, in my view. No salesperson has ever said how much they love updating their CRM, but when they see the value an integrated approach can offer in terms of surfacing opportunity, the penny drops. Make the tech work for the seller, not only for management oversight, and you will get a far better buy-in."

Foundational tech stack

- **Content management system (CMS)**

  Technology that powers your website, blog, or other relevant web properties where your company want to engage prospects and customers.

- **Customer relationship management (CRM**

  Typically an area of focus for B2B marketers, a CRM can track marketing attribution (i.e. the point where marketing activity initiates or nudges-forward, a customer contact) when supporting a direct sales team. The CRM will track all customer relationships and can provide insights on how marketing campaigns influence sales pipeline and customer growth.

- **Marketing automation**

  Often a bolt-on to the CRM, it leverages the CRM database to enable marketing and sales people to set-up and run automated email campaigns, based around customer needs, hot topics, thought leadership, etc.

- **Social media**

  Technology to monitor social activity and make social engagement easier can help maximize the impact of this marketing channel. Depending on your market and your business, you may need social listening tools to monitor your own reputation too.

- **Insights and analysis**

  At a broad level, your marketing team need to be able to access their data to measure digital marketing activity. This will include website analytics and business analytics using either home-grown or third-party tools.

- **Search engine optimization (SEO)**

  In B2B SaaS businesses, SEO is often a key strategy for driving organic traffic to your website by ranking higher in search engines such as Google, and often pairs well with content marketing strategy. There are many tools available to help with keyword research and other SEO-related initiatives.

Add-ons
(depending on the GTM of your business)

- **Advertising technology**

  This is only needed if advertising is a key customer acquisition technique for your business. Most will use a combination of SEO (search engine optimisation — see below), display adverts, retargeting, other tools.

- **Experiential marketing**

  Also known as "event marketing", is an important aspect of marketing for many companies. With the growing popular of virtual events, conferences, and webinars, it's important to have the right experiential marketing tools to manage these events. If this isn't core to your business, then it can be ignored or used tactically via a specialist agency.

- **Experience optimisation**

  This includes a "A/B testing" and personalisation software, or programs that allow marketers to take action on their analytics to make their marketing campaigns more efficient. There are many other channels that might require different levels of investment, depending on whether your marketing strategy is more aligned with B2C or B2B, and your business strategy.

- **Reporting tools**

  As marketing takes more accountability for generating pipeline, they are likely to require tools that pull data from multiple sources to more accurately report ROI and make informed business decisions.

It's also important to know which skill sets and team members you'll need to have in place to ensure that your marketing team gets maximum benefit from the technologies you have in place, which is why it is critical to hire a marketing leader who has the experience needed to build the right MarTech stack in the first place.
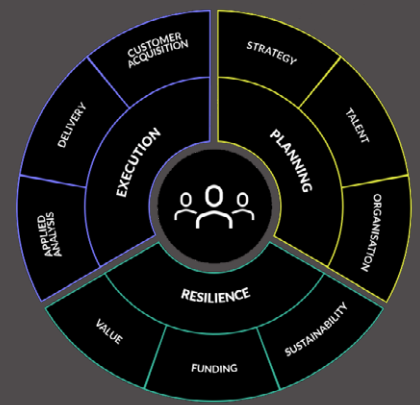
06 Execution

In **Execution** we focus on the day to day **winning**, **onboarding** and **serving** customers, optimising **conversion** through the **customer journey** and **content production**.

> "Marketing is not the art of finding clever ways to dispose of what you make. Marketing is the art of creating genuine customer value. It is the art of helping your customer become better off. The marketer's watchwords are quality, service, and value."
>
> — Philip Kotler, Kellogg North Western University

From prospect to MQL, into SQL

Customer acquisition has to be something which becomes systematic, repeatable and ultimately scalable. In the old days, it was common to expect sales reps to do their own lead generation by cold calling.

But in today's digital world where buyers educate themselves anonymously, this isn't the best strategy. Today, a combination of thought leadership, inbound marketing, paid marketing and outbound calling using sales development representatives (SDRs) are required.

Marketing's role is to provide the air cover and early stage (of the funnel) interaction with the target market on a 1:many, 1:few or 1:1 basis. The core metric at this stage is establishing what a marketing qualified lead or account (MQL or MQA) is.

This has to be done jointly by sales and marketing, and gated by all the planning work to ensure that when this stage is reached, the lead is the right fit for the business.

Whichever CRM and marketing automation platform you are using should already have lead scoring capability. HubSpot is a good example, who suggest, "While a sales qualified lead has been researched and vetted by your marketing department and is ready to talk to your sales department, a marketing qualified lead is a lead who has engaged with your company and could become a customer if nurtured correctly. An MQL becomes an SQL once they're ready to talk to the sales team."

Lisa Hutt, senior marketer, Zscaler, formerly Concur Technologies, Salesforce.com

MQL/SQL might reveal interested individuals, but in B2B, where there are multiple stakeholders, the methodology may not be the best indicator of sales-readiness. No amount of MarTech or investment in sales tools replace customer-centricity where your teams work closely together and dedicate quality time to understanding their buyers agenda and building trusted relationships.

James Bagan, Frog operating partner

"At the top of the funnel, you're looking for a problem to solve. Today this seems to be within the purview of marketing. The days of pushy, pitching telesales people looking for a close are, thankfully, over. Putting your Inside Sales team or SDR's under marketing control and leadership, makes perfect sense to me as it's more likely to emulate contemporary buyer behaviours."

Metrics and warning signals

 Steve Taylor, revenue operations director: BazaarVoice, Arkk and Perkbox

The data available in real-time from SaaS businesses enable dynamic marketing teams to adjust almost any aspect of their activity, equally quickly.

Measuring the right metrics that are aligned to growth is critical. Headline figures are gross bookings and churn, but others might be sales and marketing efficiency and time-to-value. The problem is that all these are lagging indicators, so you really want something that gives you earlier warning so that you can act sooner.

Leading indicators of gross bookings are measures like pipeline size, rate of progress through stages in the pipeline, conversion rates through the pipeline, rate of pipeline generation and so on. One or more of these indicators trending downwards is an early warning of a potential problem with gross bookings (i.e. closed business).
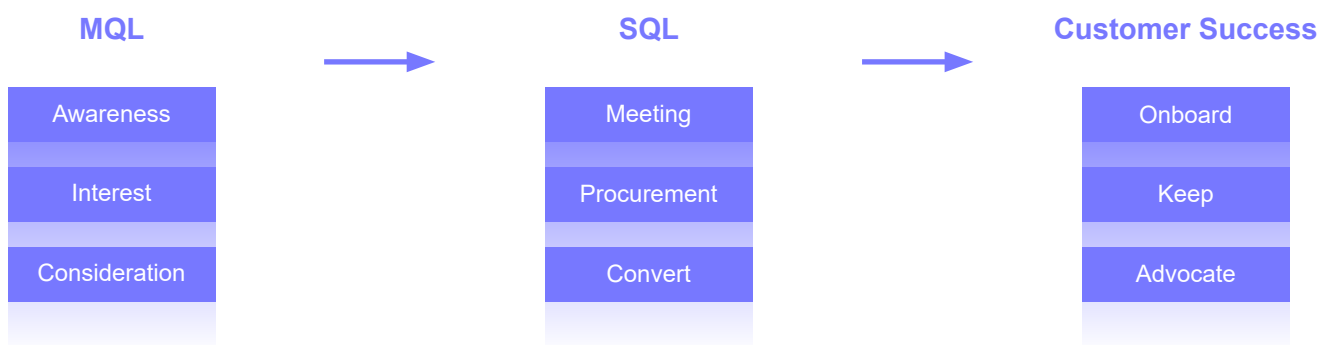
Similarly, churn is a lagging indicator. If a customer has terminated or downgraded its business with you; it's usually too late to do anything about it. You need to examine your business and establish what indicators are reflective

of a customer deriving value from your solution, and then watch them like a hawk!

HubSpot realised that if a customer used 5 of the 25 features on its platform within the first 60 days, they were engaged and very unlikely to churn. Using initial indicators like this, alongside ongoing ones, allows a well-run business to alert a client success director automatically if an indicator turns negative, so that they can investigate straight away.

The customer journey

Understanding the customer journey from contact to contract (and beyond) is incredibly helpful for any organisation, as it tries to be easy to do business with.

MQL		SQL		Customer Success
Awareness	→	Meeting	→	Onboard
Interest		Procurement		Keep
Consideration		Convert		Advocate

Customer journey template, Nader Khosrovani

 Nick Gregory, CMO of IRIS Software Group

"Ultimately, human buying behaviour is both predictable and consistent, despite it often seeming otherwise. It is essential, therefore, your digital buyer journey tracks and measures potential customers at every stage of the journey — and you review and adjust the journey regularly. This is a basic principle of digital marketing."

Content production across channels

Dominic Rodgers, Frog head of marketing

Content has become a cornerstone of marketing throughout the customer lifecycle, across all channels and tackling all objectives. It used to be normal to cold call prospects and introduce your product or service. Now, before you even engage or even know about a prospect they have identified their problem, researched potential solutions and may well have created a shortlist of brands they could choose. This may or may not include you.

Content needs to be ready to impress people who increasingly expect that the information they want will be easy to find and engage with. This means it is hugely valuable to create quality content all the way through the customer journey, addressing their needs, whether that is product knowledge, business solutions, or pricing information.

The key part is considering what customers want ahead of what you want to say as a brand. Of course you need to fit in your key messages, but it is crucial they fit into the customer's world and where they are in the buying journey rather than you creating content that customer have to work harder to reach what they are looking for. This is because they won't work harder, they'll look elsewhere.

Every piece of content is an opportunity to build people's perception of your brand and product. Content should educate or entertain and respect the audience's time by adding value. The length or duration of the content should correlate with the service it provides.

Design and production value are very important. That does not mean to say they need to be expensive to produce, but they need to be consistent with your brand and consistent as a collective body of work. Where possible use video to make it easier for people to engage with your brand, key messages, product demonstrations and thought leadership.

Sophie Light-Wilkinson, VP marketing, BazaarVoice

Successful B2B marketing should be customer centric and content led. Partnering with sales is crucial to deciding where you play, and where you don't. Listening to your customers to understand their goals ensures you are relevant, so your content will resonate and is aligned with the customer journey where and when it matters most. Customer centric marketing is about removing tension from the buying process to ensure that pipeline accelerates and closes, driving growth for the business and delighting experiences for your clients.

Account based marketing (ABM)

This is a strategic approach to business marketing, based on account "intelligence" in which an organization considers and communicates with individual prospect or customer accounts as "markets of one" with highly personalised, relevant and timely activity.

ABM is gaining traction for its proven results and ability to align sales and marketing functions, quickly. When aligned to a relatively simple matrix for calculating 'wallet value' (as illustrated earlier in this toolkit), it can address the core strategic issue of saying no to part(s) of the market which will distract your focus and dilute the outcome. ABM is very successfully used by SaaS businesses selling to mid-market and larger companies at the enterprise level. The methodology works best on a 1:1 (i.e. your sales person focused on 1 account) and 1:few (typically less than 10 similar companies with in the same sector, per sales person) basis.

ABM is very successfully used by SaaS businesses selling to mid-market and larger, companies at the enterprise level.

There are 3 types of ABM, as documented in the below table:

According to ITSMA:

"Account based marketing delivers the highest return on investment of any strategic B2B marketing approach."

ABM type	Resource	Requirements	ROI	Benefits	Considerations
1:1	Intensive	Sales and marketing collaboration. Non-digital marketing tactics.	Increase in relationships, reputation and revenue.	Expand existing customers with multiple decision makers.	Expensive for customer acquisition due to high CAC: LTV ratio.
1:few	Advanced	Solid MarTech integration to translate insights into personalised approach.	Improves engagement due to greater relevance.	Cross-selling to existing customers, engage new prospects and maximise use of content.	Companies need to be grouped by sector, stage of customer journey, and/ or customer value.
1:many	Scalable	Sufficient data and existing interest.	MQL generation.	Messaging people at the right time with the right message.	Heavily reliant on MarTech being well managed and intent data being clear.

Andrea Clatworthy, global head of account based marketing, Fujitsu

"Using insight correctly is what makes the difference between ABM and general marketing campaigns. Getting that right, and taking action on it, enables greater relevance, which results in better engagement. The 3 other elements that underpin ABM, regardless of which type you deploy are personalisation, collaboration and orchestration."

ABM can help companies to:

- Increase account relevance.
- Engage earlier and higher with deals of all sizes.
- Align marketing activity with account strategies.
- Get the best value out of marketing resources.
- Inspire customers with compelling content.
- Identify specific contacts, at specific companies, within a specific market.

While business marketing is typically organized by industry, product/solution or channel (direct/ social/PR), ABM brings all of these together to focus on individual accounts.

07 Resilience

In **Resilience** we focus on the levers that make the difference in the long term. We look at how pivotal **pricing** is and cover the overall sustainability of business, **balancing growth and profitability**. Lastly, we concentrate on marketing's role in **value creation** and **corporate communications** ('communicating why you do what you do').

> "The main question a SaaS company should be asking itself at this stage is: When is the last time we checked our pricing strategies?
>
> SaaS companies often reach the mature stage and settle into a sense of complacency, thinking that, because their business is solidly profitable, it must be running at its maximum potential.
>
> In fact, mature-stage SaaS companies are often positioned on a pile of potential revenue that they're wasting with poorly chosen price points."
>
> — **Profitwell**

Pricing

Pricing is one of the 4 core tenets, which marketing is based on, alongside product, place and promotion. Although many shy away from it, it needs to be owned by marketing with collaboration from sales and finance. The reasons are very simple. Sales is drawn towards revenue over margin and finance is the opposite. Marketing's role is to find out what the customers will pay, relative the competitive alternatives, and not have any other perspective.

Pricing follows the rule of the 3-Cs, which is that price is the output of what your customers, competitors and costs will let you charge for something.

Margin is the outcome (and not an input to the equation), especially margin %.
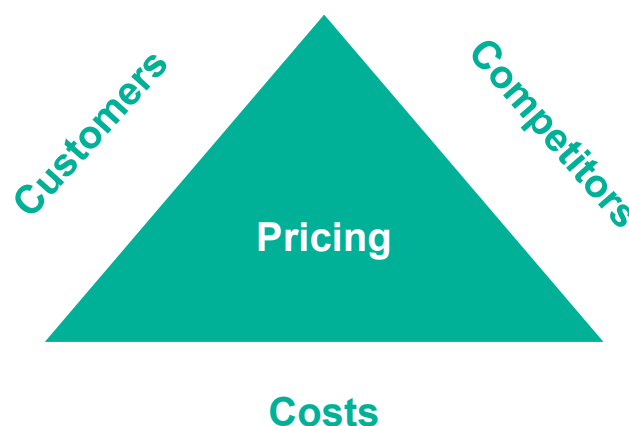
See also: The Chartered Institute of Marketing's own paper on all 4 of the 4-Ps of Marketing, plus 3 more Ps, here

Unit economics

A critical component of the Scale-Up stage is developing a thorough understanding of the unit economics for your own business. For the avoidance of doubt, this is broadly defined as; "the sum total of all economic activities related to one unit of any product or service", and SaaS businesses often calculate this as lifetime value (LTV) of a customer, divided by customer acquisition costs (CAC).

Ideally, you want this ratio to be **IN EXCESS** of 3:1, so you can use any excess to cover overheads and then drive down into profitable EBITDA — and then go on to scale those costs further and faster.

> **"Ideally, you want this ratio to be IN EXCESS of 3:1, so you can use any excess to cover overheads and then drive down into profitable EBITDA — and then go on to scale those costs further and faster."**

More Frog scale-up toolkits

Click here to see Jens Düing's toolkit focused specifically on 'Unit economics' with a calculation template.

Customer acquisition cost (CAC)

As you scale, it is common to underestimate future forecast total CAC as teams assume there will be an increasing efficiency of marketing costs and that CAC per customer will fall. The reality is that this is difficult to achieve. Early adopter customers are often cheaper to attract and retain, whereas the mass market is more challenging.

The reality is that as the business grows, the complexity of the MarTech stack will grow, and most of the applications within it are bought (like any SaaS business) on a package basis, which increase in cost as volumes grow. However, there is a way out of this,

which is to work with your marketing leader to understand how the MarTech stack costs will change as the customer base grows, and the target market expands. For example, a marketing automation platform such as Pardot (part of Salesforce.com) or Hubspot, will have a pricing strategy based on the volume of emails sent, usually in blocks of 10,000. Just one email into the next block, could have a meaningful impact on your scaling assumptions.

This is not an excuse for marketing to "just spend money", but it is a reality check. Any strong marketing leader will be able to reduce and scale digital

content creation, agency fees, etc. but will also need to invest in a bigger and better team, with more expertise in-house (especially when weaning the company off a reliance on agency), and the headroom to take the company to the next stage.

Ultimately, the more efficient and effective your marketing is, the more predictable your MarTech stack costs will be, because they will contribute to growth faster than they contribute to costs.

Performance

Revenue operations helps the organisation work out when to prioritise aggressive growth, when to row back or consolidate and when to prioritise profit.

Balancing growth vs. profit

A critical factor here is segment attractiveness. Revenue operations are often the ones pulling the analysis together and brokering the discussion in the organisation. The basic task is to identify attractive segments from both revenue and profit perspectives and decide which to focus on (based on company priorities) at that time. It's important to factor in not just crude segment size, but also variations in churn rate and costs to service, which have significant impacts on profitability.

Network effects

Identifying the order (if any) of segment(s) to be addressed, and the point at which network effects start to self-sustain, leading to a virtuous circle where marketing spend flattens in tandem with increasing customer acquisition — as the imperative to be in the network assumes magnified importance to prospects.

Typical segmentation

Usually based around size and industry, but more nuanced segmentations can have a profound influence on strategy and deliver significant execution advantages. For example, if a company's solution ties together producers with channels, often it's important to acquire the channel first, so that the value proposition taken to the producers is more powerful. Those channels and producers might not adhere to typical industry segments, meaning revenue operations needs to find data points to identify them clearly.

Value

Critically, as your business grows, your reputation builds and starts to precede you. In a B2B world, your brand is 90% wrapped up in your reputation. As we have discussed before, "brand" is not a logo — it's so much more. And on that list is the "Why do you do what you do", a shared sense of mission between your employees, customers and partners.

Fundamentally, in the early stages, when the company IS the product, and the product is the company, the brand and product name are one and the same.

But as you Scale-Up, and become a more resilient business, with a much greater and clearer destination in mind, the brand has to rise above and unify the company, customers, employees and position the company for what it is becoming, not what it was. Even though products and services evolve to fit the market, the 'Why' is consistent.

One of the most watched TED Talks is by Simon Sinek, and it's clear message that "customers don't buy what you do, they buy why you do it" sits at the heart of a strong, resonant, long-lasting brand. Always worth another viewing.

> "Within five years, if you're in the same business you are in now, you're going to be out of business."
>
> — Philip Kotler
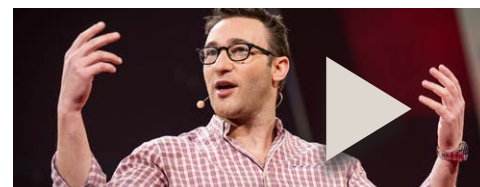
Corporate communications

1. **Integrate internal communications with external communications for the most effective brand storytelling**

There is no longer a divide between internal and external communications. Best practice is to communicate to your employees about big changes first, helping them understand the personal impact of any change and provide context. In doing so, you will build a culture that is open and transparent and have been able to translate that into the external domain.

2. **Deliver your messages to people where they are already seeking information**

LinkedIn is very useful as a publishing platform to communicate anything of relevance to your target audience, including your employees (who can advocate, share and spread a message quickly) because LinkedIn has a large, built-in, engaged and professional audience. While it may seem obvious, far too many companies are still using their own websites, blogs and intranets to communicate with their employees, missing out on the opportunity to attract and influence those beyond their walls.

To make sure your most important messages reach your key audiences a high quality, targeted newsletter is an invaluable addition. With the power of automation software this allows you to understand exactly who you are reaching and more importantly who you are not.

3. **The CEO is the primary spokesperson and your employees as your secondary spokespeople**

Another major evolution in communications strategy in the social/digital world is the opportunity for a variety of employees to be brand storytellers or spokespeople, a role traditionally reserved for senior executives. Many companies now encourage their employees to share their own stories, with the help of the marketing team (as editors and content managers) to works with individual employees to finesse and focus the stories, before distribution.

At some point you will need to prepare the ground work for the ultimate campaign of being acquired.

More Frog scale-up toolkits

Click here to see Mike's toolkit '11 steps to being successfully acquired'.


Mike Reid, Frog senior partner

"For small businesses, it will be rare for large purchasers to make an inbound approach unless you make a strategic decision to build your profile and relationship with them. Corporate communications are important for raising profile but should be targeted at specific audiences (i.e. customers, potential acquirers or market influencers)."

08 Conclusion

Combining all these elements should be very powerful, but many CEOs don't realise that they sit in the marketing domain. Marketing's operational and commercial side is often underplayed, and its own "brand" is overwhelmed by the B2C, social-media-centric side.

In the modern B2B company, marketing mixes strategy and tactics in a much more impactful and tangible way. The alignment with sales, product and finance has never been clearer or more integrated.

A B2B software Scale-Up growth engine makes marketing tangible, evidence-based and visible in a way that allows everyone to see the value, quickly.
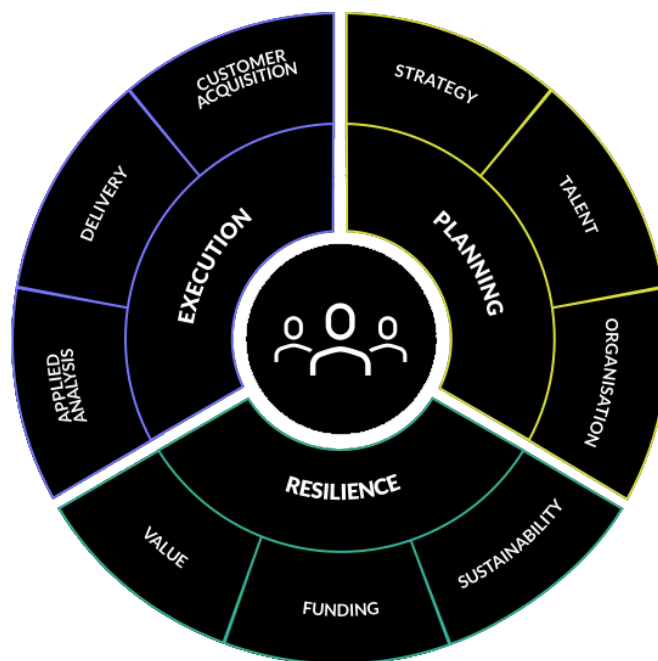
References

SaasStock

David Skok's excellent Blog and Resources

Profitwell has an excellent set of resources, and great regular email

Best practice in corporate communications

IT SMA on account based marketing

See more at **www.frogcapital.com/scale-up-methodology**

frog
capital