



Mayfield

Mayfield CXO Innovation & Priorities Report 2020

Part 3: Corporate Engagement – A Guidebook for Entrepreneurs

The background image shows a modern office environment. In the foreground, a group of four people are seated around a curved wooden table, working on laptops. The office has large glass walls and a dark ceiling with recessed lighting. A white, wavy line graphic is overlaid on the lower part of the image, separating the title area from the footer.

Mayfield

What Doesn't Work

A Guide for Entrepreneurs on How to Work with CXOs

Corporate Engagement

A Guide for Entrepreneurs

If you had an opportunity to sit with a CEO and say **“Dear Founder, this is the way things would best work for me”** what would you say? We asked our CXO Innovation Network to weigh in on how to guide startup teams to best work with large organizations. The subsequent pages contain some really specific suggestions that can meaningfully improve success in working to engage a startup within your organization.

Dear Founder, please do the following:



Understand the
buyer's business



Have a clear MVP and
product vision



Don't just focus on
the tech



Start Narrow



Have a clear path to
operationalizing



Plan for large-
company complexity



Reduce Friction



Articulate your
financial value prop



Have a clear sales
strategy

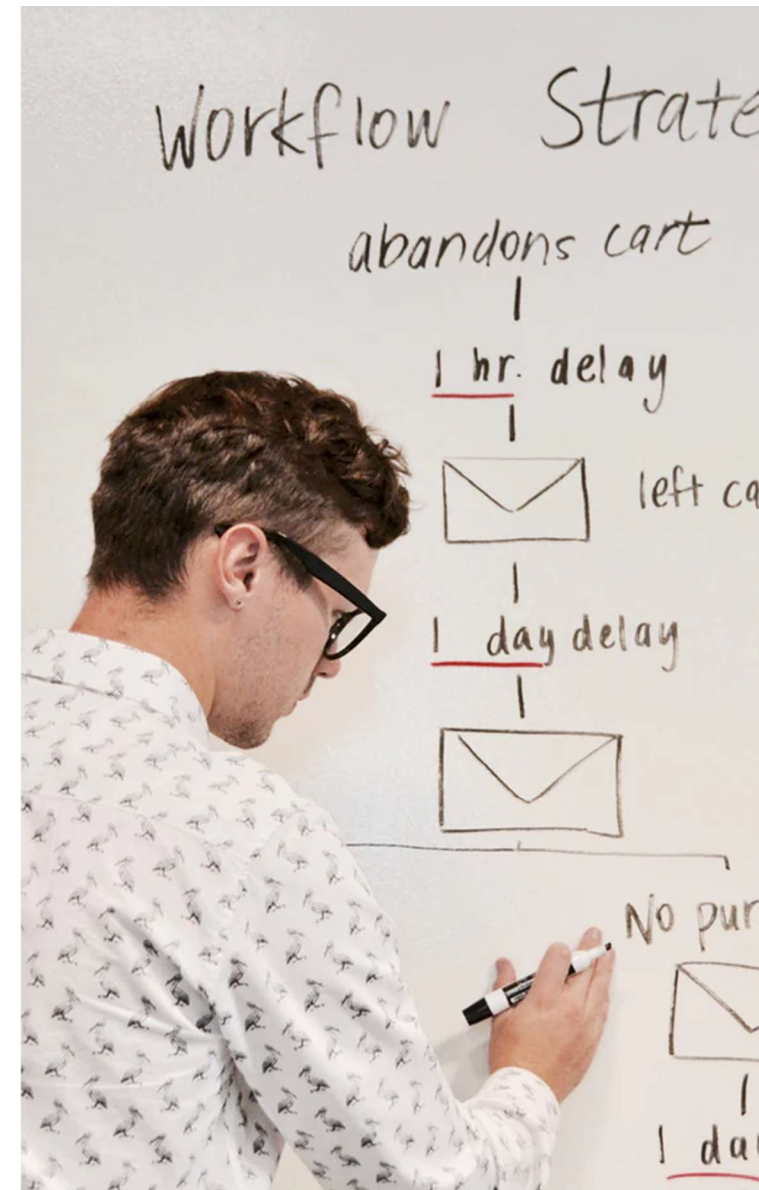


Leverage your
customers

Dear Founder...

Understand the Buyer's Business

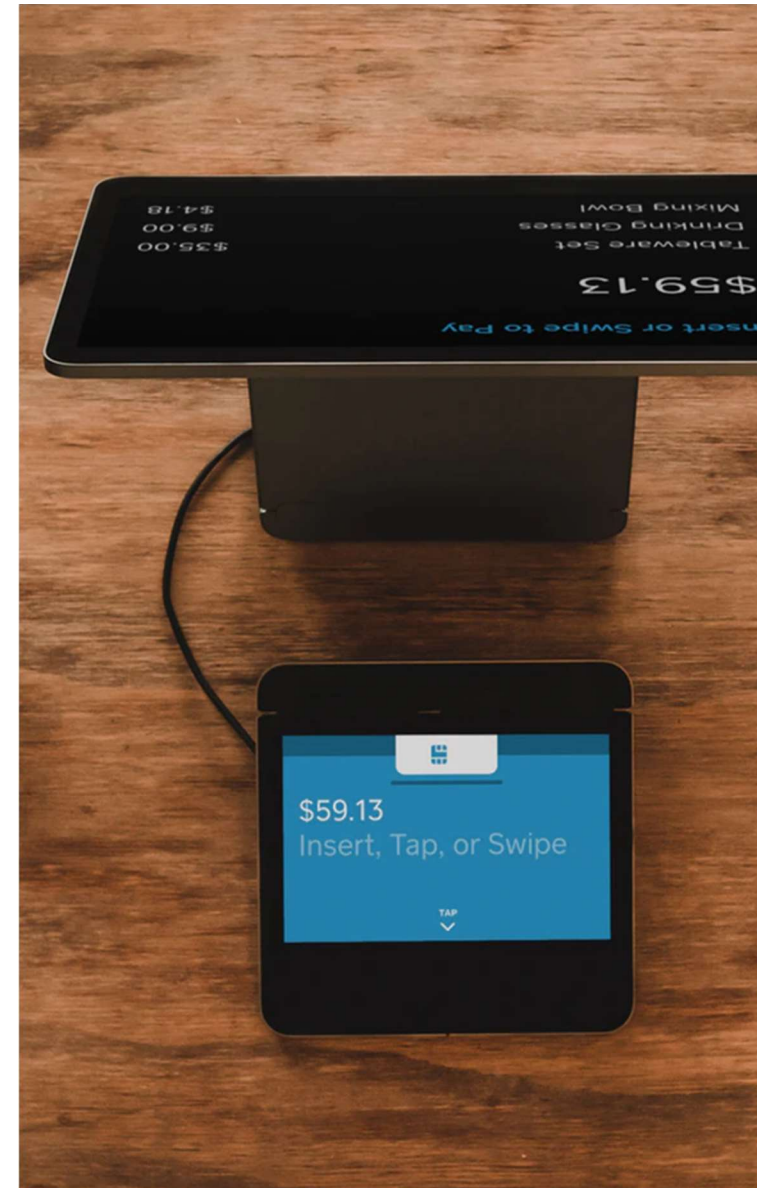
- Ask don't tell
- Make an effort to understand the business and present concrete examples of ability impact, rather than blue sky concepting
- Provide case studies of other, similar customers – past success indicates future success, and demonstrates a startup's ability to meet security, compliance, and risk requirements
- Be patient – don't be discouraged if an older, established company is slow
- Work on a timeline up-front so that expectations on both sides are realistic: misaligned goals and expectations are the first step to disconnection
- Some corporations won't work with the earliest stage companies – build a relationship and be patient



Dear Founder...

Have a Clear MVP & Product Vision

- Don't overpromise
- Be up front with the status of your technology: is it a concept, prototype, in production, or commercial already?
- Have a definitive product roadmap and focus
- Demonstrate that you can run a business with positive cashflow and product/service selling
- Ensure that your product/service is working. Don't let your early customers become your testing ground
- Focus on getting a viable product, and a couple of key customer successes
- Solve for customer problems, and reshape your product based on their feedback



Dear Founder...

Don't Just Focus on the Tech

- Focus on the problem your tech helps resolve
- Communicate using use cases and telling stories around the applicability and value-add your tech brings to the table
- Think about all the dimensions of a new tech that are required for enterprise adoption. Enterprises commonly require elements addressing support, procurement, etc. that are very important as part of the adoption process
- Consider who the end user personnel will be, and who other influencers might be in an organization. You'll need signoff from stakeholders who find the tool useful
- Contact focus groups more frequently to understand the needs of the users; oftentimes the use case is much broader (or completely different) from where the startup has targeted the user community – staying in touch with potential users can be more important than potential buyers



Dear Founder...

Start Narrow

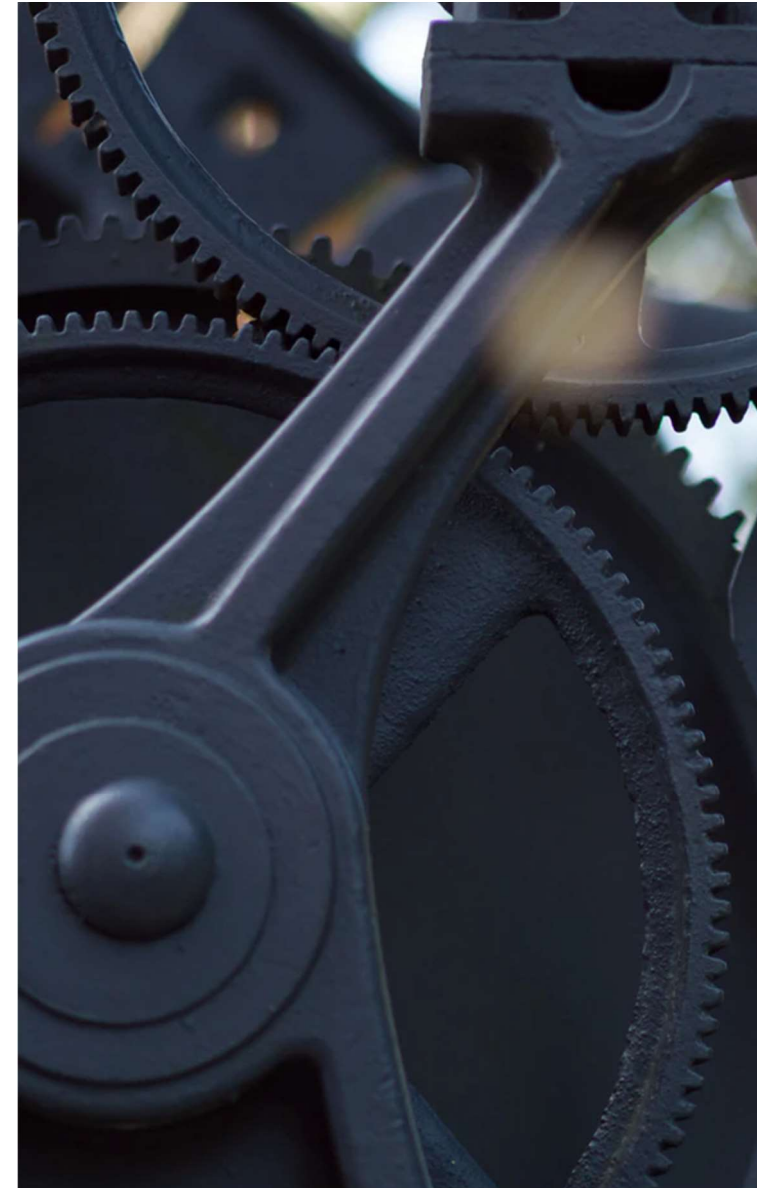
- Start by focusing on one specific use case that addresses a known pain point among target customers
- Open things with a “quick win” project that has a well-defined scope and measurable benefits (this, as opposed to “winning the account”)
- Work with a business sponsor driving the internal resources
- Large corporations aren’t always a good first customer, it might be better to target some smaller customers initially who will be easier to work with
- Customer segmentation is key as well – narrow doesn’t just mean regarding a company’s use cases but also which companies you’re selling into in the first place
- Avoid too much customization early on – it’s tempting to feel the need to solve everyone’s unique problems, but over-indexing on that can lead to getting lost in the weeds



Dear Founder...

Have a Clear Path to Operationalizing

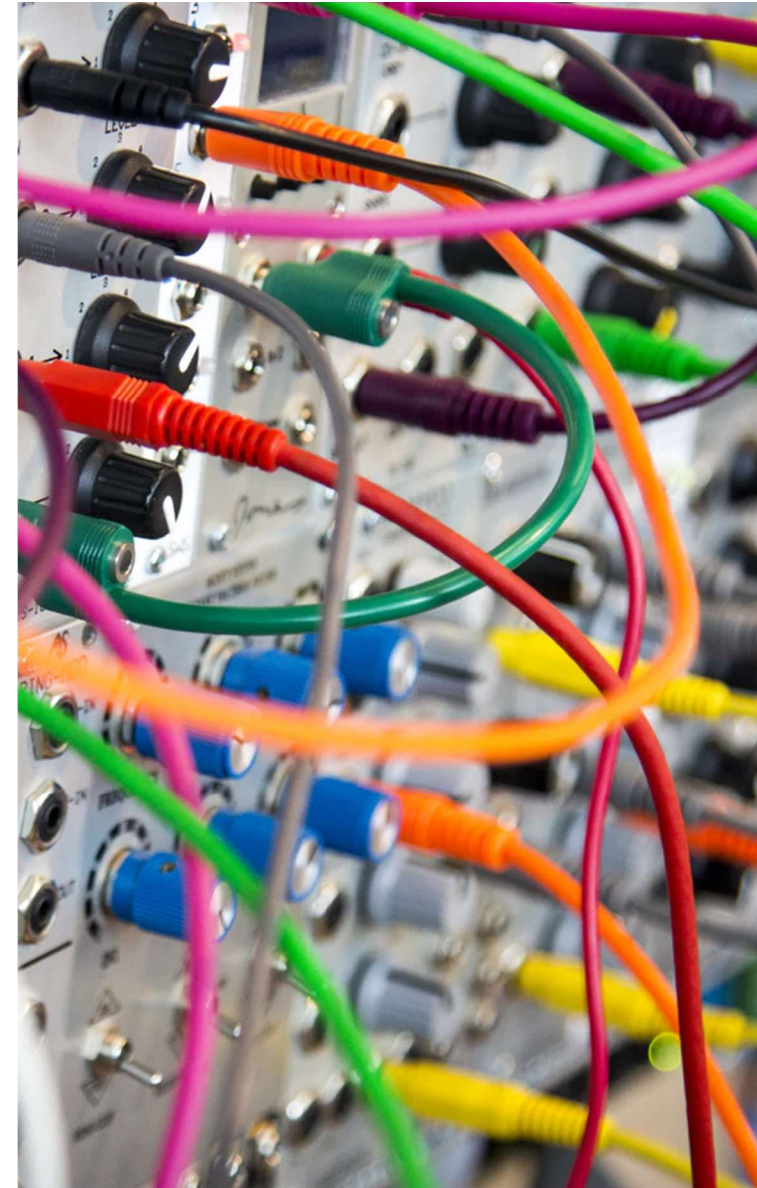
- Consider how a client will operationalize your technology. Be honest about operational challenges when growing at pace
- Focus on usability, have a roadmap, and be open to suggestions. It could be helpful to create a customer advisory board
- Define what you do well and what could be done better by a large corporation, and establish a collaboration plan
- Consider putting some effort into documentation or creating a tutorial and have the enterprise do their own POC with your tech. It will encourage them to learn the tech; they will be impressed and more trusting of the tech if they have done it. This will only work if it's fast and inexpensive
- If possible, structure a pilot program so that the corporate entity is not feeding data to the startup. This makes the onboarding process go faster and smoother



Dear Founder...

Plan for Large-Company Complexity

- Large companies come with pre-existing ecosystems – interoperability/comparability with large enterprise systems is key
- Be sure to document policies and procedures as much as you can to prepare for running the gauntlet with legal and procurement
- Remember that when dealing with large enterprises, security and governance are big roadblocks to engagement: have a strong security and information protection stance
- Standardize a simple agreement to speed up legal issues
- Look for ways to build out agile product teams that can come in and establish the technology across the org



Dear Founder...

Reduce Friction

- Have a clear description of how the solution can be evaluated in a tightly managed and compliant enterprise IT environment, and have a well-documented process to objectively measure outcomes from a test
- Have obvious security and ecosystem dependencies already figured out (e.g. if a product needs to interop with other commonly deployed products to have value, make sure that integration is already done). Also, security objections need to be considered/resolved in advance so that the POC can start without a ton of work that may not be worth it
- Sweat the enterprise-friendly details (active directory connectivity, single sign-on, high availability, governance) even though they might not be sexy and part of your core innovation
- Providing a sandbox can let a customer test-drive technologies separate from the managed corporate environment. This reduces the need to do security & risk reviews before there is compelling value.
- Incorporate must-have enterprise standards into the product & have support lined up



Dear Founder...

Articulate Your Financial Value Proposition

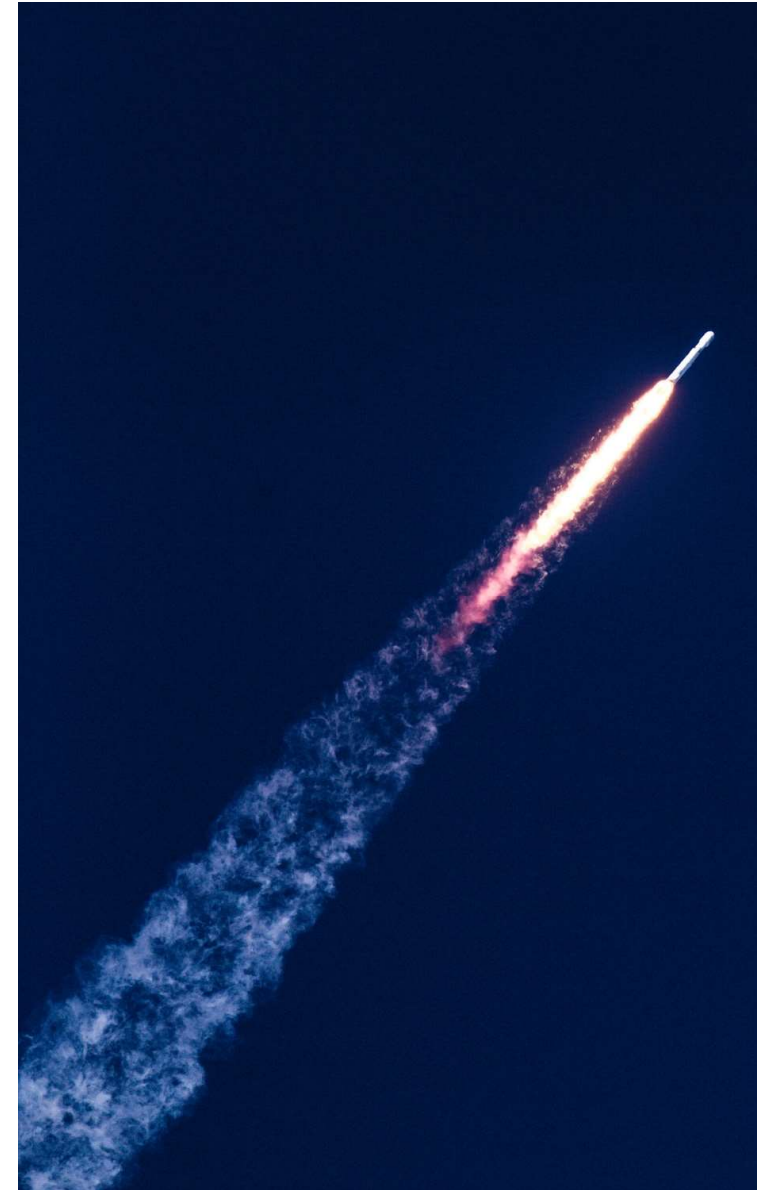
- Have a clear, well-articulated financial value proposition, be clear about how and when you will want to monetize
- Measure ROI, TOC, and trade-offs; ideally be able to demonstrate a hard ROI for your product or service, or significant risk reduction or cost offset in the case of security products
- Price a proof of value engagement to be < \$50K and ensure that it can be executed with minimal effort from the enterprise team
- It's more tangible to seek ROI from investments in specific SG&A line items. Attaching a business case to a lift in sales or margin is more speculative and harder to confirm
- Consider that your customers have hidden costs that you may not be aware of – they need to assess, onboard, and manage a new vendor or technology which adds a load in terms of both time and money



Dear Founder...

Have a Clear Sales Strategy

- Don't ask for a crazy subscription fee when you are just starting out
- Post-sales support remains crucial to the ongoing success of a POC
- Have a scalable GTM plan for the domestic, and possibly global markets
- Consider the channel as a route to market early on. If you factor in the costs of the channel when creating a pricing strategy and productize your offering as you evolve, you'll find the move to a one-tier or two-tier model much more seamless
- Ensure consistency of account ownership/sales process from one individual at the startup. Larger organizations may have dozens of folks involved, but need to ensure a key account leader has accountability from the startup



Dear Founder...

Leverage Your Customers

- Tell your customers what you need, whether that's funding, partnerships, or feedback
- Build relationships with corporate venture arms early on – they may not be ready to invest yet, but starting sooner is better
- Try not to damage your relationships with early customers – these teams can be your greatest advocates when looking to scale. If you over-promise and under-deliver, it reflects badly on the business
- Customer focus groups and advocacy programs can be effective at both attracting more customers and refining your product as your offerings continue to grow alongside your metrics

