How to sell $1M+ B2B deals as an early startup

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Selling your first $1M+ deal is a watershed moment. It validates the value of your product and, more importantly, that you can extract that value from customers. It brings in crucial ARR, retires a big chunk of pipeline, generates confidence within the sales team, inspires the product team, and signals to the market that you have arrived as an enterprise application.

To sell large deals, you have to design for this outcome end-to-end, across product conception, packaging, GTM, and sales motion. Everyone in your company should orient around creating compelling value for customers. It becomes a defining part of your company's DNA, not a one-off project. The exciting part is that, no matter where you are on your company's journey, there is always opportunity to further refine and improve.

Here are four ways to get to $1 million deals faster. While all companies already do these to an extent, companies that execute on these as foundational principles break away from the pack.

1. Build the right solution to the right problem
2. Market and sell into the CEO's priorities
3. Quantify their (not your) ROI
4. Protect your value in pricing

#1 Build the right solution to the right problem

There are three elements to ensure you are building the right solution to the right problem:

Pick a $1M problem. There is no getting around that you have to pick a big enough problem, whose solution warrants a $1M price tag. There are plenty of attractive and successful businesses that solve valuable problems, but only big problems generate big fees. The problem needs to be sufficiently painful that it is well known across the company as a major inhibitor to the fundamental success of their company. An ideal situation is when a company admits that it has this issue and that it cannot credibly solve it itself. Durability is essential for achieving recurring revenue as a company will pay to solve an ongoing problem for the long run but not for solutions that they believe will soon become commoditized.

Reduce complexity. Most companies already have more vendors than they can leverage to maximum effect. The barrier to bringing on another vendor is high. If a solution allows them to reduce their number of vendors and/or simplify brittle, error-prone, human processes, then this is a valuable win. Solutions that pass the sniff test of believability and make intuitive sense feel less risky for the purchaser, increasing their confidence that they will actually get the value that you claim. This reduced complexity also makes for an easier sell. Problems that can be solved with a single, holistic solution with few operational or system dependencies and little change management are easy to evaluate, quantify, and fund.

Deliver a holistic solution. Big ticket solutions frequently address an opportunity or challenge end-to-end. Solving the subcomponents of something larger is valuable but leaves value on the table. Capture maximum value by focusing both on the crux solution and the up/down stream workflows. For example, while predictive scores are useful in insurance underwriting, they are far more valuable when surrounded by workflows that take or recommend actions based on score values. Alerting an underwriter that a home has a high wildfire risk is helpful, but an incomplete solution. A holistic solution performs one of three potential actions for each insurance application based on this score:

1. Automatically quotes a policy for homes with acceptable wildfire risk.
2. Automatically declines homes that are higher than the insurer’s acceptable risk tolerance.
3. Routes moderate risk homes to a human underwriter to make a decision and/or ask the homeowner whether they are willing to consider implementing wildfire mitigation

measures to lower their risk.

The beauty is that, while the surrounding workflow needs to exist to price more aggressively, you do not have to build it yourself. Embedding your analytic seamlessly into existing workflow systems holistically addresses the customers' challenge, and you get a higher price tag.

#2 Market and sell into the CEO's priorities

$1 million deals almost always require CEO approval. To get their sign off, target the CEO's top priorities within 3 specific buckets: C-level interests, dominant market dynamics, and regulation. C-level business opportunities and challenges that show up in their (or their competitors') earnings calls, annual reports, and 10-Ks are paramount to your prospect's success. These initiatives already have executive attention, can access unbudgeted funds, and will often move quickly. In servicing these, use the specific industry's business terminology, not technical lingo. It is your job to make the offering sound exactly like what they need, not their job to translate.

While you want to solve a durable problem, marketing and selling into current dynamics can be powerful, reduce price sensitivity, and shorten sales cycles. For example, many insurers are focused on how to balance an increase in insured losses, the need to commensurately increase premium to cover these increased losses, and retaining customers in the face of significant premium increases. Be cautious to only make the connection, when it is genuine, or it will backfire by appearing superficial and eroding the actual value of your solution.

As an urgent and high stakes forcing mechanism, regulation is your friend. Regulation can provide a perfect storm in which entire industries are legally required to adopt new capabilities, do so in a short time period, and often at the risk of heavy financial penalties for noncompliance. The compounding catalytic effect for you is that an entire cohort of prospects come to market at the same time, sales cycles dramatically reduce, and your pricing power increases — so, surf the wave.

#3 Quantify their (not your) ROI

Return on Investment (ROI) and Time to Value (TTV) need to be straightforward, compelling, quantifiable, and verifiable by the prospect. Lead with credible case studies that highlight clear outcomes from brands that they respect and look like them. Stating that a lesser known company signed with you is not compelling. Specificity matters. Generalized assertions that a “benchmark portfolio” will experience X% benefit are quickly dismissed; yet, when a case study explicitly calculates that customer retention increased by 4%, without negatively impacting other performance KPIs, that is pure gold.

ROI discussions to support pricing negotiation should not occur before convincing a prospect that they want the solution. ROI is not a compelling method to convince a skeptical buyer, particularly quantitative stakeholders who love to push back on assumptions as a form of sport. The price of a solution that they do not think they need is irrelevant; so, do not devalue your solution by anchoring prematurely on ROI. Wait until they are convinced that your solution aids them in the pursuit of their own high priority challenge or opportunity. Once they are on your side of the table, share the ROI model, not as an authoritative perspective, but as a collaborative template with placeholders for them to refine assumptions and make it their own, not your, ROI calculation. The sole purpose is to help them sell internally to their colleagues.

Construct an ROI calculator that details the ten or fewer elements required to be convincing and aggregate those that may be a distraction or controversial. Err on the side of being conservative with numeric assumptions to build trust so that the prospect says, “Actually, it is way higher than that!” In the eyes of a prospect, ROI in the 7-9x range is broadly compelling and intuitively believable. 4x may not be compelling. 20x may be too incredible, even if defensible in your view. Remember that this is their ROI, and they need to believe it and get excited about it.

Finally, a solution with a short Time to Value (TTV) gives a prospect increased confidence that they will see results quickly and allows you to price more aggressively. Ideally, you will build a product explicitly to generate initial value in the first month through sequenced implementation or generic models that operate from day one and then tune themselves as they are fed increasing amounts of data from a customer to reach full value in 4-6 months.

#4 Protect your value in pricing

Plan for the reality that most deals are not $1M out of the gate. To get there, explicitly structure your product features and the deal, for the arc of the relationship, not only the current deal in hand. When there are prerequisite steps to realize value, create discrete bundles of capability that directly align to this cadence. If it takes a customer 6-12 months to onboard foundational features before utilizing advanced features, bundle those so that they pay for what they value now, and you architect the opportunity to increase price when they naturally request the more advanced features. Build and price the product cognizant of how a customer will realistically roll it out. Within financial services and insurance, the industry often rolls out new products state-by-state; so, bundle your offering in the same way.

Bundling also allows you to negotiate in a way that consistently aligns value delivery to value extraction. When asked for a price reduction, respond with a directly commensurate reduction in offering or scope to preserve the value-to-price relationship. This reinforces that your pricing is directly tied to value delivered. It is not abstract or artificial. This can be removing from the proposal a package of functionality, constraining the solution to a subset of their business, or capping usage in a way that is deemed mutually fair and will not frustrate them in the future. Be wary of implementing usage caps and overage charges that will antagonize your customer. I learned this lesson the hard way, unwinding significant overage charges from a product portfolio to such an extent that it significantly reduced the annual recurring revenue of the business. An unhappy customer is never profitable in the long run and, more importantly, not why you started your company.

There is vigorous debate about whether conducting a pilot as part of the sales process is necessary, helpful, or harmful. My experience is that the utility (or not) of a pilot in selling large deals depends on a variety of conditions including a specific customer's buying process, broad market expectations of pilots, how homogenous customers' requirements are across the market, the nature of your product, Time to Value, and whether you already have a reputation for delivering consistent value. Pilots may also be conducted by your company or the prospect as a trial. Pilots may be instrumental in the early stages of growing a customer base and no longer be required later. Pick the mode that is most effective for your customers and recognize that it will evolve as you grow.

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