



# Book Behind the Cloud

## The Untold Story of How Salesforce.com Went from Idea to Billion-Dollar Company – and Revolutionized an Industry

Marc Benioff and Carlye Adler  
Jossey-Bass, 2009  
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### Recommendation

Salesforce redefined customer relationship management (CRM) applications – and the entire enterprise application industry – for the 21st century. The forward-looking company provides businesses with software in a remarkably efficient manner: online, “without the complexities of installation, maintenance and constant upgrades.” In this book, Salesforce founder and CEO Marc Benioff and journalist Carlye Adler tell the absorbing, often quirky, Salesforce story, from start-up to global expansion and beyond. Even better, they break this singular tale down into a series of discrete, highly valuable business lessons. *BooksInShort* agrees with Dell founder Michael Dell that Benioff and Adler’s new volume is “the playbook for Enterprise 2.0.” Entrepreneurs and business leaders can learn much from this instructive company history.

### Take-Aways

- //Salesforce, a provider of customer relationship management tools, grew from a start-up to a billion-dollar enterprise in less than a decade.
- A pioneer in cloud computing, the company presents software as a service over the web.
- From the start, Salesforce relied on clients to help develop and enhance its offerings.
- After positioning itself as a “David” to its industry’s “Goliath,” Salesforce became the new front-runner, and the first dot-com listed on the New York Stock Exchange.
- Salesforce staged high-profile events, like mock “No Software” protests, for publicity.
- Designing a strong website and using “telesales” techniques helped it boost its profits.
- By marketing to end users, Salesforce attracted “groupies” who evangelized for the firm.
- When Salesforce went global in 2000, it set up its European headquarters in an Irish castle to “box above [its] weight” and establish respectability.
- Corporate philanthropy is built into Salesforce’s DNA. It donates 1% of its “founding stock,” 1% of its staffers’ time and 1% of its product, in the form of free subscriptions.
- The company developed the “V2MOM” strategy – “vision, values, methods, obstacles and measures” – to chart its course.

### Summary

#### Salesforce’s Extraordinary Journey

Within a decade, Salesforce grew from an internet start-up in a one-bedroom apartment on Telegraph Hill, San Francisco, to a global enterprise that generates

revenues of more than \$1 billion annually. The company has had a tremendous impact on the business world and was the first dot-com to trade on the New York Stock Exchange. It has also become a leader in corporate philanthropy by integrating charitable donations into its standard business practices. Using Salesforce as a model, Google and other firms have provided their communities with numerous donations, as well as their own products and services, and the valuable talent of their employees.

“To pursue my dream, I had to believe in it passionately and be ready to constantly defend it. This lesson learned during our earliest days still guides us.”

How did Salesforce achieve its considerable commercial influence and strong profits in such a relatively short period? The answer lies in nine company “playbooks” that capture Salesforce’s innovative strategies. They are the “Start-Up, Marketing, Events, Sales, Technology, Corporate, Global, Philanthropy, Finance and Leadership” playbooks.

## “The Start-Up Playbook”

The internet’s vast capabilities were the inspiration and impetus behind founding Salesforce. In 1999, Marc Benioff launched the new business using several strategies, including:

- **“Have a big dream”** – Salesforce’s compelling concept: provide software as a service (SaaS) via cloud computing. By offering customer resource management (CRM) applications on the web, Benioff sought to eliminate the need for companies to purchase hardware or pay high-priced technicians for service and maintenance.
- **“Sell your idea to skeptics and respond calmly to critics”** – Initially, Benioff faced some skepticism about his start-up concept. One developer he approached, Dave Moellenhoff, even described it as “a crackpot idea.” However, this criticism didn’t shatter Benioff’s composure. The entrepreneur gave rational, detailed reasons for why his company would succeed. Eventually, Moellenhoff became one of his co-founders.
- **“Listen to your prospective customers”** – Benioff asked his friends from Cisco, as well as his colleagues, to try the Salesforce prototype and provide suggestions. The company also contracted an outside firm, Usability Sciences, to test its application.

## “The Marketing Playbook”

From the start, the Salesforce team understood that superior marketing would be essential to the new company’s success. Thus, company principals were pleased when *The Wall Street Journal* published a front-page story featuring Salesforce as a leading influence in the nascent software-on-demand sector. Benioff and his colleagues also used various marketing tactics, such as:

- **“Differentiate, differentiate, differentiate”** – Benioff hired adman Bruce Campbell to brand the company in a distinctive manner that would set it apart from competitors. Campbell developed a brilliant idea: an eye-catching “No Software logo,” with the word “software” enclosed in the universal “no” symbol, or prohibition sign.
- **“Ensure everyone is on message”** – Because Salesforce was such a revolutionary business with a truly novel service, the company’s leaders took steps to guarantee that all employees understood its marketing message. That way, they could properly convey it to prospects. The company distributed laminated cards that detailed what Salesforce does and what benefits it provides. It also offered training for all employees.
- **“Go after Goliath”** – Salesforce’s giant adversary was CRM software maker Siebel Systems. Salesforce staged imaginative events, such as a mock “No Software” protest outside a Siebel User Group conference, to portray itself as this “Goliath’s ‘David’.”

## “The Events Playbook”

Salesforce sponsored events nationwide where customers and prospects could discuss its offerings. Many companies segregate prospects and customers at such events so that people with bad experiences do not scare away potential clients. Salesforce seated these two audiences together, which enabled positive word-of-mouth to spread. These additional steps helped the company optimize its events:

- **“Leverage testimony”** – As part of its “City Tour,” Salesforce routinely opened the floor to customers who wanted to share their user experiences. That helped turn them into evangelists for the company.
- **“Sell to the end user”** – Most firms in the enterprise software industry target executives in their advertising, but Salesforce focused on the end users of its service – mainly, marketing, sales and customer-support representatives. It called its users “customer heroes” and even showcased them in large posters at events. This spurred the formation of Salesforce “groupies” who faithfully attended all the company’s events in their towns.
- **“Increase impact”** – Salesforce achieves this by following every City Tour presentation with a cocktail party for attendees. These informal gatherings encourage prospects and existing customers to mix further, paving the way to winning new clients.

## “The Sales Playbook”

Salesforce shook the business world by employing a “seed-and-grow strategy,” which entailed providing a year of free service to a maximum of five users per firm. This approach proved so effective for Salesforce that it has become the standard in the SaaS industry. Salesforce’s leaders also applied these strategies to increase sales:

- **“Win first customers by treating them like partners”** – Salesforce initially struggled to find its “pilot” clients. Many people were nervous about placing their confidential CRM data on its servers. In response, the Salesforce team honed its strategy to focus on “pioneers who saw an opportunity to participate in something new and exciting.” This tactic paid off, and Blue Martini Software became the company’s first customer.
- **“Let your website be a sales rep”** – Include a “lead capture screen” to collect visitors’ contact information and generate sales leads.
- **“Telesales works”** – In its early days, Salesforce followed a basic selling strategy: Employees called everyone they knew to secure new business. The company now uses advanced web-conferencing tools to connect with prospects quickly and inexpensively.

## “The Technology Playbook”

At first, most people considered Salesforce's business model – housing customers' proprietary data on its servers and "renting" software access – ludicrous. But this was the company's vision, which it steadfastly applied to its technology development, along with these strategies:

- **“Invest in the long term with a prototype that sets a strong foundation”** – For Salesforce, this meant developing code that would stand the test of time.
- **“Don't do it all yourself; reuse, don't rebuild”** – Salesforce “bet on the right building blocks”: It relied on an existing programming language, Java, and Oracle's proven database.
- **“Embrace transparency”** – In 2005, the Salesforce website experienced some “outages.” At first, the company's leaders planned to wait until the problem was fixed before acknowledging it publicly. However, they soon learned that they were losing customers' trust. Since then, Salesforce constantly provides information about its operational status on its “trust site,” which is a hit with customers and the media.

## “The Corporate Philanthropy Playbook”

Corporate philanthropy is built into Salesforce's DNA. The founders all firmly believe that companies should give back to their communities, so they created the Salesforce Foundation immediately upon launching their start-up. They suggest to:

- **“Choose a cause that makes sense”** – Salesforce's leaders consider the web a “democratizing tool.” Thus, they decided to provide computer and internet access to children in depressed areas.
- **“Share your most valuable resources – your product and your people”** – Salesforce uses a “1-1-1 model” to donate 1% of its “founding stock,” 1% of its staffers' time and 1% of its product, in the form of free subscriptions.
- **“Share the model”** – Salesforce challenges its partners and vendors – indeed, its full network – to meet its level of charitable giving.

## “The Global Playbook”

Since “the need for CRM is universal,” going global was always a company goal for Salesforce. Its developers made the Salesforce application adaptable so it would work with any currency and nearly any written language. They also put these “plays” into action:

- **“Inject local leaders with your corporate DNA”** – In 2000, Salesforce hired a team of executives from Ireland to develop the European market. The Irishmen arrived for a meeting in San Francisco dressed neatly in suits, while the California-based salespeople sported their customary Hawaiian-print shirts and baseball caps. Benioff used the meeting to introduce the Irish professionals to Salesforce's company culture.
- **“Box above your weight”** – Salesforce set up its European headquarters in Powerscourt House, a venerable castle in Dublin's outskirts. This helped it establish respectability during a time when the public was suspicious of dot-coms.
- **“Scale without overspending”** – Soon, the company realized that most of its European customers and media contacts were in London. It adjusted by opening an office in Camberley, Surrey, about 30 miles from the city, where rents are cheaper. For demos, Salesforce used London's prestigious Mandarin Oriental hotel. The company still applies the cost-saving approach of renting inexpensive offices and making demos from plush hotels in its newest markets.

## “The Finance Playbook”

Benioff and his Salesforce co-founders underestimated what it would take to get their company off the ground financially. Even with solid connections to venture capitalists, they could not get start-up financing initially. However, they managed to launch the company using these tactics:

- **“Consider fundraising strategies other than venture capital”** – Like most U.S. entrepreneurs, Benioff supplied a significant portion of the needed seed capital himself and then asked family and friends for the rest.
- **“Use internet models to reduce start-up costs”** – Numerous start-ups now operate in a cost-effective manner “entirely in the cloud.”
- **“Allow your financial model to evolve”** – Salesforce's original model, monthly payments, did not work well. So the company changed to annual subscriptions and collected its revenue up front.

## “The Leadership Playbook”

To stay focused in the midst of explosive company growth, Benioff created the “V2MOM” management system. He sets a “vision” of what he wants the business to achieve and uses “values” to determine the most vital or meaningful aspects of that vision. Then he decides on “methods” for accomplishing it, identifies any “obstacles” and specifies the “measures” – frequently, numerical goals. Benioff and his leadership team also follow these principles:

- **“Use a top-down and bottom-up approach”** – At Salesforce, senior executives help update the company's V2MOM plan, and all employees can use IdeaExchange, a social networking tool, to make their own suggestions and contributions.
- **“Build a recruiting culture”** – Salesforce focuses heavily on recruiting and encourages all staffers to be part of the company's hiring effort.
- **“Solicit employee feedback – and act on it”** – In 2005, Salesforce conducted a “360-degree benchmark” survey of its workers. The survey showed that many people were unsure of how long they would work for the company. In response, Salesforce's leaders set up a career development program for employees.

## About the Authors

**Marc Benioff** is chairman and CEO of Salesforce, which *BusinessWeek* ranked as one of the “Top 100 Most Innovative Companies” in 2006. **Carlye Adler** is a journalist and writer.

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