Navigating Sales Development in the Modern Era with Kristen Habacht

Introduction

[0:12] Jessica Ly: Hi, welcome to Tech It Up with Jessica Ly. I'm here with Kristen Habacht, who is Head of Sales Development for the Enterprise market at Atlassian.

[0:20] Jessica: Hi, Kristen. Welcome to the show.

Kristen Habacht: Thanks.

Jessica: I wanted to hear about the experience you've had and some of the best practices that you could share with us on the sales development side, and also just revenue generation. I know you came from a company called Trello that was acquired by Atlassian, and you did a great job there.

Now you're in a role that's slightly different, but going back to, say, your Trello days, maybe you can share with us some of those campaigns or approaches that you did where you were able to accelerate customer acquisition.

[0:53] Kristen: Yeah, absolutely.

Section 1: Building a Sales Motion Around a Freemium Product

[1:00] Kristen: I mean, Trello, when I came on, I was the first salesperson who came on to Trello, and I was kind of tasked with building out our sales team.

Trello was already a really popular tool. It's a freemium tool, so we had a lot of users on there. And our first approach was really just trying to figure out who would buy it and who wasn't going to spend money on it.

And so, we kind of had some hypotheses around who was going to be the right ideal client profile for us.

[1:31] Kristen: We knew it had to be somebody who wasn't using Trello, for example, to plan their wedding. So, there was this consumer aspect of what you

might be using it for, and then there's a professional version.

We wanted to find people who were using business domains in the account. We wanted to find folks that had budgets, so nonprofits, schools, things like that were not an ideal fit for us, at least in the beginning.

And then we wanted to find people who would probably have security concerns about a free tool being used in the company. So, folks that were developing software, financial institutions, places like that where you think they probably care about security.

[2:09] Kristen: We would kind of curate down those lists. And at the beginning, it was a lot of reaching out and really taking a very soft approach to understand why people were using Trello, how they were using Trello, and understanding how they were working with one another to accomplish their goals.

And then getting that feedback back into our marketing team and our product team to understand what would be those levers to start turning to convert those folks over to paid versions.

[2:42] Jessica: So, you had a few million users, but most of them were free users. And so the goal was, how do you convert as many free users into paid customers? But yet, with limited sales resources, you couldn't go after all of them. So, you had to kind of optimize where you invest the human capital to maximize the conversion of these free users into paid customers.

[3:00] Kristen: Yeah, right, exactly. I mean, if you think about a sales team that has three people and then there's five million prospects you could go after, you can't go after all five million. So, you have to really be smart about where you're putting your people.

And so, we really worked through understanding what the right approach was.

[3:18] Kristen: You can think of it, too, like there's either a top-down purchase, where someone's selling to a C-level executive and that person's going to tell everybody to start using a tool.

And then there's this bottoms-up approach, which has gotten more popular in recent years, where you're saying, "I'm okay with getting pockets of this company paying for something," and then they'll talk to each other, they'll start collaborating with one another, and you'll grow that customer base. And you also grow the spend of that customer, right? Like the land-and-expand approach.

[3:49] Jessica: Okay, yeah.

Kristen: And so, for us in a freemium model, the land-and-expand was what would make the most sense.

[3:57] Kristen: We'd find those groups that had those pockets, and we would start kind of just approaching them, saying, "Did you know that there's pockets of this throughout your entire company? We should find out what those people are using it for."

And those were the first ideal kind of target customers that we would approach because we knew we could either pick up one of those and then hopefully pick up the rest on its own, ideally, or we could roll them all up together with the central buy.

[4:20] Kristen: But a top-down approach is a way longer sales process. A lot is involved in that. And so, when you think about that human capital, you might be waiting a real long time on that return.

Whereas we could pick up smaller deals and see their expansion very quickly. That made the best sense for us.

[4:35] Kristen: Then there's those smaller companies that would top out at smaller usage. Those were folks who we kind of wanted to buy on their own, go through the process in an automated way, so that money was kind of always coming in without a salesperson having to touch it.

And the sales resources were really on that highest tier of customer that needed that hand-holding or a little bit more of a strategic messaging around it.

Section 2: Identifying High-Value Enterprise Customers

[4:59] Jessica: And one particular area that helped you to identify the enterprise level was people who were asking about single sign-on security questions, right?

[5:06] Kristen: Right, right. Yeah. So, for us, security was huge. I came from a background in managed security services, and so I knew what companies will pay for oftentimes is a security message, because no one wants a data breach. No one wants to be the company that had something leak and have to report on that.

So, I kind of come from that background. And when we were starting off, we had limited features in the products, and so for me, the natural fit was to say, "Well, do you care about security?" And who's going to say no to, "Do you care about security?" Right?

[5:37] Kristen: And so it became things like, if people were writing in with questions about, "Where's your data hosted? How do you secure your logins? Is there single sign-on?" Things like that were triggers to us that that was a company that was going to care about where their data lived.

And if you were lead scoring, basically, on an inbound lead level, that was kind of the highest lead score, as long as they were a decent-sized company too.

We would say, "All right, somebody immediately respond. This is not for a support person to respond to. This is a sales request."

[6:08] Kristen: And so, when we had limited marketing and kind of limited sales, that was what we said was kind of like an A. And now would be kind of like an automated MQL, like you immediately should talk to a salesperson if you were asking that question.

[6:22] Jessica: Right, right. Immediate marketing-qualified lead.

Section 3: Testing, Experimentation & Sales Conversion

[6:30] Jessica: Okay, now you are in charge of 35 people as Head of Sales Development for the Enterprise market at Atlassian, and Atlassian has five or six products. It's a company that's got several thousand employees.

I wanted to ask, what is your approach to increasing sales conversion in this role? And if you could share not only the philosophy, but examples of what you've done and the success you've seen.

[6:55] Kristen: Yeah. And so, I think the unique thing for folks who know Atlassian is that we have a slightly non-traditional sales model.

We have a very small sales team. We're not really a sales team, necessarily. We're working with our existing customers, we're providing education, we're providing guidance, so more kind of on the customer success or account management side of things.

[7:28] Kristen: And so, when I think about how we can communicate and serve those customers best, it really becomes thinking about things very analytically, having a good hypothesis and testing it, and understanding: Do these folks get the best return out of their time and our investment by talking to us? Should they talk to a different group? Is this something that a channel partner could help with? Is this something that would convert if it goes to some other channel in a better way?

And so, this goes back to other methods I've always used historically with Trello and companies as well, which is always having that control group and a group where maybe you're not doing anything too, right? You're sending those requests and a support person might be answering those instead of a salesperson, or something that's really more high velocity and doesn't take as much of a resource.

[8:15] Kristen: And then you have a test group made up of the same kind of mix of customers. How do you take those

requests and what do you do? And now, do you get a better return on investment off of those or not?

And if the answer is yes, you take that group and you start doing that to all those people. And then you change another variable to it. Well, what if we proactively did this? What if we... So, I think a lot about those methods.

[8:40] Kristen: And so, to go back on the Trello side, we had that exact kind of experience. We said, you know, if someone's coming in and they're asking about business class and they're a smaller customer, if we talk to them versus a support person talks to them, does that conversion rate really affect things or not?

And is that conversion rate a big enough change for us to change how we're interacting with those folks?

[9:04] Kristen: And so, we kind of ran that model, and for the most part, it seems like those folks could go through what we kind of think about as the flywheel, which is they could come in and buy on their own.

And it wasn't enough of an uplift, or it took too much capital from the human perspective onto that to exchange it. And so, as we did that, we kind of really narrowed down what size company we should talk to.

[9:21] Jessica: And then you narrowed down the industry and start getting it so that you can then start optimizing how you're converting inside of that group, because you've kind of gotten your ideal group down. It's more like iterating and looking at the impact, and not so much like an A/B test from the marketing definition of how you do things. But I see what you're saying, right?

[9:45] Kristen: Yeah, exactly. I think it's important with an A/B test, and it's a very simplistic view of it, but I think of it more like the scientific method, which is you actually always need to have a control group.

So, you have your control group, you have your A group, you have your B group, and then you test that hypothesis against all three of those groups. And sometimes you get mixed results. Then you need to test it again within those groups.

[10:15] Kristen: But I think a lot of times what people think an A/B messaging test is, well, I'll take half of this customer base and half of this base, and I'll send them this one email and this one email. Okay, well, that proves something, so now we double down on it.

And that one test between two splits—did you have the same mix of accounts inside of those two splits? Was your salesperson using the same messaging?

You know, it's just—the concept is right. It's just the execution. Sometimes people don't really think of it as scientifically, and when you actually get into it, there's more being mixed there than just the A and the B.

Section 4: Freemium, Career Growth & Advancement

[10:48] Jessica: And I know Atlassian actually didn't really have the freemium model right until Trello came about. So, what was the story behind that change there? Because they saw success with how Trello did it.

[10:55] Kristen: Yeah, I think a lot of the market in general—people are exploring more with freemium and what that can do for folks.

And I think Trello definitely came about and showed that people were using freemium products. And still, you know, Slack at the same time, right? Slack and Trello were both kind of coming up at the same time, and Slack was also a freemium model.

[11:20] Kristen: And so, if you think about the idea of saying you can have a free tool that people will buy and use for business usage, it's a harder model to kind of prove out.

And I think a lot of the tools coming up around that same time started to prove it out. I think there was some—I think back on that market, and I think the big ones that people knew about were like Evernote, and those folks were having challenges monetizing.

[11:45] Kristen: And then you had Slack, you had Trello, you had a bunch of other folks kind of coming up around that same time that had unlocked how to do that a little bit.

And I think in general, you see not just at Atlassian or Trello, but you see that kind of shift in the market right now, where I get pinged on a regular basis. People want to understand: Is freemium a good idea for us? Should we do it? Should we not?

I mean, it's definitely something people are talking about a lot and trying to figure out in their startups and as their businesses change. And even established companies are saying, "Should we make some part of our services offering a freemium model or not?"

[12:15] Jessica: I want to ask you about your career path and what career advancement tips you would share. As I'm thinking, a lot of women in tech, in sales, and other roles, we often talk about mentorship. We talk about really leveraging the network. But what tips would you share?

[12:40] Kristen: Yeah, and I mean, I think that's great advice, too. And I will say, I've not done probably enough—nearly

enough—marketing of my own self and networking as I should, because it's a really hard skill that you have to put a lot of time and energy into, and I think it is a valuable one.

Something that I notice as I've grown my own career, but also as I've managed people through their careers, and I think about people who've had success and people who struggle with it a little bit more, I think that the people who are really clear about where they want to go and what they want to do—

[13:19] Kristen: I think the clearer you can get on that, and the more open you can be with your frontline manager, with your peers on that, I think that is one of the biggest criteria for success.

And really, not shying away from feedback. I think the folks that look at feedback as an opportunity to improve those skills and level up are the ones who have that success.

I think people who get defensive of feedback are the folks who it's harder for them to progress.

[13:49] Kristen: And so, when I think about my own level set, I think that I was always really clear about, "Hey, this is the path I want to go down. What can I do to do that?"

And sometimes managers would say, "You know, I can't help you with that particular set, but I have a friend. I have someone in my network I want to connect you to. You should talk to them."

And it's just an opportunity that I think wouldn't have presented itself if I hadn't been as open and clear with my goals and really bringing my manager in all those times to say, "I want you to help me, and we should be in it together. Where do you see it, and how?"

[14:20] Kristen: And I run my own teams like that now, too, which is, I might not always be the right person, you know, to help you, but I might know somebody who is.

And I had someone recently who wanted to move to Europe and become a salesperson in EMEA, and I've never lived in EMEA. I don't know what being a salesperson in London is like, but I happen to know somebody who made that exact move from the States over there to run a sales team.

And so I connected them. And so, you know, those are those little moments where I think sometimes some folks don't want to show that ambition because they're worried that ambition will be seen as a negative component.

[14:54] Kristen: And I think as long as your manager is bought in with you that their job is to help your career grow—which hopefully most managers agree with—you know they want to help.

And so, having that open and honest conversation, I think, is so important in career growth, and it goes with the networking and all those other things, too.

[15:16] Jessica: Yeah, those are great advice. I mean, I hear people saying a good acronym to remember is PIE, right? P for performance, I for impact, and E for exposure.

So, great job. Make sure you show the positive impact, and then make sure that people in powerful positions are aware of your contribution, right?

[15:40] Kristen: Yeah, exactly. Yeah, I mean, you do have to own your narrative a little bit there, too, right?

You can't be a passive participant in your own career path, hoping that some role opens up that you can fit into.

And I think it is hard for some people to put themselves out and say that, and I think it might feel a little aggressive, but you have to get past that.

[16:03] Kristen: There's a balance to it, right? But you have to get past that. Asking for something is okay, and you should do it. And you should own that narrative of yourself as you do it.

[16:12] Jessica: Well, being on this show is a great exposure, and I do appreciate you sharing your experience, your best practices, and tips with us.

[16:19] Kristen: Yeah, thanks for having me.

Jessica: There you have it. Tech It Up with Jessica Ly. Kristen Habacht from Atlassian.

Section 5: From Theater to Sales

[16:26] Jessica: Kristen, I know you studied theater, actually, and you ended up in sales and loving it. What would you say about how being a theater major has helped you be successful in sales?

[16:45] Kristen: Yeah, I mean, I think that sales and theater are the perfect fit. So, if there's any theater people out there that want a job in sales, they should let me know. I'm hiring.

[16:54] Kristen: I think that a lot of the skills that you learn as someone who's an actor or studying acting—the idea of really connecting with somebody, listening to them and what they're saying. If you do improv and stuff, too, it's a lot of active listening, and you never know what's going to get said, so you're waiting to hear. You're really leaning in.

[17:19] Kristen: Those are things that a really good salesperson needs to do, right? Like, I really need to have a connection with you where you feel comfortable telling me your business goals and your objectives and things that maybe are hard right now that you're working through. I can't just go through a

list of my questions. That's going to feel inauthentic. So, we need to be able to connect. I need to really hear what you say to me and be able to process that and move on to the next thing in a way that feels organic and natural.

[17:45] Kristen: All of that is stuff that you learn when you're trying to act against somebody else or do improv against somebody else, where you don't know where those things are coming from. So, I kind of always viewed sales as a little piece of theater every time you get on the phone with somebody.

[18:07] Kristen: And even if you think about how you hire and train a salesperson, you do role-play. It's all little theater exercises. Like, "I'm going to give you a scenario. You're an MQL and I'm a customer." And you don't realize it, but you're kind of playing little theater games as you level up people's sales skills the whole time.

[18:22] Kristen: When I made that connection in my own career, it just seemed like I probably wasn't going to Broadway anytime soon, so it felt like the next best way to progress those skills and still get a paycheck eventually.

[18:39] Jessica: So, you know, they say sales is both art and science, and definitely liberal arts majors have a lot of characteristics that they can leverage for sales, right?

[18:48] Kristen: Yeah, absolutely. Yeah, that kind of creative, curious—you know, even that entrepreneurial kind of aspect where you have to get a little crafty with things. I mean, I think it's such a natural fit for sales.

[19:03] Kristen: And it's funny because it's not really talked about when people are in school and as a career, and I don't think people talk about sales nearly enough. There's a lot of people who it's a great fit for and a lot of people who it's not. And so understanding what those traits are and helping people understand that it's a viable path for them, I think, is really important.

[19:18] Jessica: Yeah, I think in college you can major in marketing, but it's not like you can major in sales, I don't.

Section 6: The Shift to Remote Sales

[19:28] Jessica: But, you know, sales has shifted too, especially during this COVID time when everyone is working from home. Sales— a lot of it has been meeting in person, building that rapport of having lunch together or happy hour discussions and all that. But now, as everybody's working from home, a lot of that shifted towards video calls.

[19:52] Jessica: It's a challenge for a lot of companies, but some companies are very familiar with that. So, I wanted to have you chime in on that discussion

because at Trello, like 60% of your workforce was remote.

[19:59] Kristen: Yeah, that's right. I've been remote for almost six years now, so I've definitely lived the remote life. Luckily for me, nothing that dramatic changed during this process. But yeah, I definitely get it's been a change for a lot of people.

[20:24] Kristen: I'm actually a huge proponent of the fact that I think sales is one of the most perfect remote jobs in the industry. It's something where I think that customers—well, some people still want to have on-sites and things like that. Not every meeting is usually an on-site. You still have a lot of back and forth that's happening over the phone.

[20:47] Kristen: And so I think it's some of the core things that salespeople need. Salespeople need kind of a quiet space to have a professional conversation in, and when you're in a really big open office space, you always see the salespeople are kind of on their headphones, trying to make sure the customer can't hear all the people in the background or trying to get away from the distraction.

[21:02] Kristen: So, being remote gives you that. You can still practice all these skills without having to be in person. It's easy to have a conversation on video with one another, and it also allows you to work all different kinds of time zones.

[21:17] Kristen: So, if you have customers that happen to be spread across, it's easy enough to pop into a home office versus worrying about your commute or, "When can I take that call? Will I be in the car during that time?" So, I think it's going to be a really interesting shift. I think a lot of people are seeing that this job can be done remotely and can be done well still.

[21:35] Jessica: Yeah, I think a lot of the SaaS products—it's already web-based, and you want to demonstrate that. And so it is easier for sales folks who have SaaS products. The enterprise one, I think, is a bit harder, but yeah, definitely. I think it's interesting how sales has shifted to remote, and a lot of it will stay remote, I think.

[22:00] Kristen: So, yes, I think even in enterprise sales, a lot of times those folks were remote so they could be in the right geos, even if they were a field sales team, right? So, you had your West Coast team, your East Coast, Midwest, so you'd often have remote folks in those places. It's just they would be on the road a lot of times out to their customers. That's the part that's changing.

[22:22] Jessica: This has been a very insightful conversation, Kristen, so I want to say thank you so much for coming on to share about best practices in sales for SaaS companies and startups, and also tips on career advancement and your

thoughts on the whole sales field during this COVID time.

[22:38] Kristen: Yeah, thanks for having me.

[22:38] Jessica: There you have it. Tech It Up with Jessica Ly. Kristen Habacht from Atlassian.

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