

# FOUNDER'S GUIDE TO HIRING YOUR FIRST CHIEF REVENUE OFFICER

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## HIRING YOUR FIRST CHIEF REVENUE OFFICER

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At Erevena, we have a long heritage in helping series A-B SaaS companies hire their first Chief Revenue Officer and have observed some trends over the years that might prove helpful for founders who are considering this critical appointment. There have been multiple studies published on LinkedIn this year which highlight an alarming trend that CROs in hyper-growth SaaS companies have an average tenure of less than 2 years. We see this first-hand and can confirm that it's true.

We find ourselves regularly having conversations with founders about which chapter of the 'revenue journey' they require a CRO to deliver, with \$1m-10m, \$10m-\$30m and \$30m-\$100m+ all requiring very distinct skillsets. There is no doubt that, rare exceptions aside, you will require more than one CRO to scale from \$1m-\$100m. That said, we believe many of the short tenures in this function can also be attributed to a bad hiring strategy from the outset.

### Some questions to consider:

Do you actually need a CRO right now, or rather a strong VP Sales?

Do you have a realistic view on who you can attract?

What do you want your CRO's 'superpower' to be?

How much do you want to spend?



# DO YOU NEED A CRO RIGHT NOW?

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## DO YOU ACTUALLY NEED A CRO RIGHT NOW, OR RATHER A STRONG VP SALES?

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Particularly at series A and sub \$5m ARR, we spend a lot of time encouraging our clients to carefully consider the answer to this question. In many cases, the business is a) not yet in a position to attract the profile of CRO they want and b) doesn't actually require a fully-fledged CRO to deliver the medium-term plan. In the low, single digit \$m ARR range, typically companies are starting to understand their product-market-fit and ideal customer profile and need a strong VP Sales who can turn those patterns into a repeatable sales approach; someone who can qualify in and out quicker, close more deals, more predictably at the correct price point. Often, companies don't need the super-senior, super-strategic, global CRO profile at this junction, rather a brilliant sales leader who can build ARR to \$10m+.

The danger of hiring somebody too heavy, too early, is that they try to solve strategic problems you don't yet have and are not as close to customers and the sales team as you need them to be.

Unsurprisingly, this often results in a premature parting of ways!



# DO YOU HAVE A REALISTIC VIEW?

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## DO YOU HAVE A REALISTIC VIEW ON WHO YOU CAN ATTRACT?

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Ambition is good and at Erevena we pride ourselves on being aspirational for our clients. However, the trap some founders fall into is failing to recognise who they can realistically attract at their current moment. Understandably, everybody wants to hire the CRO that led the latest rocket-ship SaaS company on their well-publicised growth journey, but that is precisely the issue. Everyone wants to.

Linked to the point above (and whether we like it or not), regardless of how entrepreneurial a CRO is, they all evaluate risk in the same way we all do. Once they have earned their stripes and are aware of their market value, they are far less likely to choose the opportunity with the highest chance of failure when they have so many options on the table. Companies with more revenue, more funding, higher-profile Exec Teams/investors and deeper pockets, are very likely to trump you.

Our advice is to always aim for the best version of what you can attract. Perhaps that is the top 5% of the 'step-up' market, which may mean an exceptional, rising-star VP Sales candidate who is ready for their first CRO role and has something to prove. Or perhaps it is a proven CRO from a company that isn't in the 'Top 50 SaaS Unicorns' list. Be realistic about who is going to accept the role and go and hire the best version of that. Otherwise you can burn precious time meeting shiny people who are never going to join your company, which can leave you deflated and feeling like you are 'settling' for somebody, even if they are the person you actually need at this point.



# YOUR CRO'S 'SUPERPOWER'

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## WHAT DO YOU WANT YOUR CRO'S 'SUPERPOWER' TO BE?

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CROs can be great at a variety of things, including:

- Implementing sales methodologies
- Hiring top teams
- Building cohesion across the GTM functions
- Closing complex deals
- Helping you move up-market
- Building rigorous KPIs and data-sets
- Inspiring and invigorating the business
- Contributing to fund raises
- Straddling multiple sales motions
- Partner strategy



## YOUR CRO'S 'SUPERPOWER'

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Of course, you will want your CRO to be good at several things, but it is worth considering what the absolute superpowers are that you are hiring for and recognize that you may need to fill that person's skill gaps in other ways. Some early-stage CROs are amazing in front of customers and at getting complex deals over the line, but less strong on data (and may require the support of an excellent rev ops person); others are experts in enterprise selling but far less experienced with higher-velocity motions (and may require a strong Regional VP to drive that area of the business).

No CRO will achieve top marks across your entire scorecard, so hire for what is most important to you. Too often we see CROs hired for their expertise in one area, and fired because they were ultimately not strong enough elsewhere in the job description.



# HOW MUCH DO YOU WANT TO SPEND?

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The easy answer here is, we will pay whatever it costs for a superstar. But in reality, every CRO has a price and every company has a budget. And sometimes, these two things do not align. It is certainly worth having a detailed conversation with your search partner on this topic as you are scoping the ideal profile.

Proven CROs with high-profile backgrounds will likely cost you £500k+ in annual cash comp and demand 1-2% of your business. In most cases they are unwavering, especially the aforementioned crème de la crème in the candidate pool. They know if you won't give it to them, someone else will. Related to the first question above, we also become nervous when our clients fork out the figures above for a candidate who might be overkill for what the business needs at that moment. There is also the expectation level that is naturally attributed to somebody who demands a comp package that feels uncomfortably stretching for the company. That high cost base is on both party's minds, especially if choppy waters come. We are very familiar with the 'things went south, I was the most expensive resource in the business...' conversation.



# SUMMARY

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Sadly, there are no guarantees that your CRO will be with you for 5+ years when you make the appointment and all the current market data suggests it will likely be far less. As anyone who has held that job will tell you, they live and die by the number and the quarter-to-quarter nature of that job always leaves room for things to go wrong. But, asking these 4 questions before you begin your search will certainly help lower the risk of an early separation:

- Figure out whether you need a C-level exec or a great VP
- Be realistic about what you can attract
- Focus on the core superpower you are hiring for
- Work to a budget that makes sense for your business and stage.



## ABOUT THE AUTHOR

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Joe is a Partner at Erevena and leads revenue searches for investor-backed SaaS companies across EMEA. His recent clients include Yokoy (a series B, Sequoia-funded spend management SaaS business), Contentful (a series F, headless content management business backed by the likes of Tiger Global, Salesforce Ventures, General Catalyst, Sapphire Ventures and Benchmark) and Asana, a market-leading, NYSE-listed work management SaaS company).

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