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Making the Decision to Hire a Highly Paid Sales Representative

By PAMELA RYCKMAN

Prometheus Research was founded in 1999 when Leon Rozenblit, then a graduate student pursuing his Ph.D. in psychology at **Yale University**, began building customized data management tools for research scientists. The company, which is based in New Haven, now serves major research and academic institutions across the country. It has 40 employees and had revenue of about \$4 million in 2010.

THE CHALLENGE To determine whether to hire a highly paid, senior sales representative to expand the sale of Prometheus's software to different industries.

THE BACKGROUND A scientist by training, Dr. Rozenblit understands the needs of researchers. They require a system that is powerful enough to handle millions of data points but that can be adapted as their studies change. Given the tight budgets of most academic institutions, the system cannot be expensive.

Prometheus developed original technology to enable scientists to connect their databases to the Web, allowing multiple users in various locations to access, manipulate and share large quantities of structured data simultaneously. Its software, called **HTSQL**, was embraced by scientists and technologists and has been Prometheus's primary product.

Dr. Rozenblit said he believed HTSQL was a game-changing innovation that could also be used to manage data outside of the scientific community — most likely in the financial services and health care industries. Neither he nor his management team, however, knew how to market the software to other industries. "We knew the save in terms of time and money was dramatic, but it wasn't a product yet," Dr. Rozenblit said. "It's not a product until you define a set of customers whose needs you meet and who want to pay you."

To assess the value of its software, Prometheus had to engage potential clients to determine what problems HTSQL might solve for them. The management team debated who was best equipped to

initiate those conversations.

THE OPTIONS Though Dr. Rozenblit and his staff were busy serving existing clients, he considered pursuing corporate accounts himself. After all, no one knew the product and its possibilities better. They also thought about reallocating several employees to approach organizations with large data management needs.

As a slightly more ambitious option, they considered hiring a junior sales representative to try to gauge the potential demand for HTSQL and to pursue new business. An employee at this level would be paid about \$60,000 base salary, plus commission.

Finally, Dr. Rozenblit considered hiring a more expensive and experienced sales representative to cultivate relationships and help shape the way HTSQL would be deployed by future clients. A senior representative would command \$150,000 to \$200,000 in base salary, plus commission.

THE DECISION Dr. Rozenblit chose the last option. In November 2009, he hired Peter Harker, a senior salesman with nearly 20 years experience selling technology, to lead the product introduction.

Dr. Rozenblit acknowledges that his decision was risky, in part because it forced him to cede some control over the trajectory of his business. Dr. Rozenblit said he wanted to stay connected to the process while removing himself from the daily demands of sales. He decided to include Mr. Harker in all executive team meetings so they could work together to determine how to approach new markets. “How do you let go of your baby?” he asked. “It would have been really hard for me five or seven years ago, but I’m a more experienced manager now.”

Dr. Rozenblit tried to assess his own limitations. Because his team could not define exactly how corporate clients would use HTSQL, he believed that Prometheus needed an experienced representative who had credibility with executive decision-makers and who could prompt a discussion about how HTSQL might help their businesses. “We were effective at selling ourselves to scientists,” he said, “but we had no contacts in the markets we thought were most promising. We needed someone who knew about enterprise software sales.”

Dr. Rozenblit said he believed Mr. Harker had the right blend of product and sales knowledge, and enough credibility to command attention from senior executives. He had a history of joining early-stage companies and helping identify new markets for cutting-edge technology. He had also been an entrepreneur himself, so he understood the scrappy culture and fiscal constraints of fledgling companies.

Though Dr. Rozenblit's decision was the most costly of his options, he viewed it as part of a strategic investment required to build the business. To commercialize HTSQL, he decided, Prometheus would spend about \$1.5 million, including Mr. Harker's low six-figure salary and commission, which ranges from 8 to 12 percent for software sales and from 4 to 8 percent for the sale of services. Mr. Harker was also promised he would be awarded 1 to 2 percent of the company's total value, provided growth goals were met.

"We had to go into cash flow negative while building this product," Dr. Rozenblit said. "It was certainly hard to make the final call and authorize a high salary, but here you get what you pay for. We had plenty of lower-cost people who were interested in the job, but we didn't think they could meet our needs."

WHAT OTHERS SAY Steve Blank, a serial entrepreneur who sold his last company, E.piphany, for \$329 million, and teaches entrepreneurship at the [University of California, Berkeley](#) and [Stanford University](#): "I normally say that founders have to get out of the building to lead the customer-discovery process themselves, but he already has. This is not a typical entrepreneur who hired a V.P. of sales on Day 1. He built a business in an area where he was a domain expert. The insight he's gained is that there's a bigger pile of money in another market, and he's made the pivot to go after it. He was smart enough to realize he needed a domain expert in that larger market. It's exactly what he should be doing, as long as he doesn't forget that he ultimately needs to be the judge of how this guy is doing in that other market. Young entrepreneurs fall in love with sales guys because they have these Rolodexes. They confuse 'I got a meeting' with 'I got an order.' "

Mike Pasley, president of [Central Packaging](#), a company based in Kansas City, Kan., that markets packaging supplies and equipment: "He was right not to do it himself and lose focus on his current accounts, because the best customers are always existing customers. But I would have hired the junior salesperson who could give you customer feedback at the lowest possible rate. It's a longer cycle to generate sales revenue, but you can train, direct and inform them. An experienced salesperson almost never brings his entire book of business, but he always comes with his entire baggage. Sometimes it's hard to bring them around to your way of doing things, and you're more likely to have conflict on style and approach."

Christian Heidelberger, chief executive of [Nexaweb Technologies](#), a company based in Burlington, Mass., that helps clients adopt "cloud" computing: "I agree with his decision. It's clear he understood the ramifications of each option and was emotionally prepared to delegate

responsibility. The challenge is finding the right blend of skills.”

Andrew Straub, chief executive of [Renewal Property Services](#), a business in Jenison, Mich., that provides painting and cleaning services for property management companies and colleges: “I would have taken a chance on the right junior guy. As long as the junior guy projects confidence, professionalism and problem-solving skills, he’ll get results.”

THE RESULTS To offer your thoughts on Dr. Rozenblit’s decision, go to the You’re the Boss blog at nytimes.com/boss. Next week, on the blog and in this space, we will tell you how things worked out at Prometheus.