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The Art of Running a Small Business

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### Why the Decision to Hire a High-Paid Sales Rep Failed

By *PAMELA RYCKMAN*

Wendy Carlson for The New York Times Leon Rozenblit: "It was a good experiment."

Last week, we published a [case study](#) reviewing Leon Rozenblit's recent decision to hire a senior sales representative at [Prometheus Research](#), a data-management company he founded in New Haven. Unfortunately for Prometheus, a strategy that seemed promising proved too pricey to sustain.

Dr. Rozenblit said that due diligence done by the sales rep, Peter Harker, led Prometheus to change the way it marketed its data-management software, HTSQL, to new clients. "Initially, we were trying to pitch it as a tool I.T. guys could use," Dr. Rozenblit said. "We started with the geeky message, we have this Web-native query language, and it's awesome! And people said, 'What does that mean and why should I care?' We thought customers should want to build Web applications with HTSQL to enable data sharing, but customers didn't care about that. They cared about how fast they could get reports."

It took months for Prometheus to describe HTSQL's value and determine where it fit in the market, but even after the sales pitch was massaged, clients were reluctant to sign on. Mr. Harker had gotten meetings with senior executives at financial services, energy, automotive and e-learning companies, but his seemingly robust pipeline did not generate revenues quickly enough to justify his team's expenses.

"Peter was working really hard, but the enterprise strategy was just too expensive for this product at this price point," Dr. Rozenblit said. "We were charging \$25,000. If it takes seven meetings over the course of a year to close a deal, you just can't make enough profit to justify the sale. Clients who looked really good went on for one, two, three months. Just because you have all these juicy apples dangling right in front of you doesn't mean they're going to fall in your lap."

After investing in the enterprise sales strategy for 18 months, Dr. Rozenblit decided to close the entire initiative. Mr. Harker was laid off in February, and Prometheus is no longer pursuing corporate clients. Instead, the company is concentrating on its core business of serving researchers. "We knew it was risky, but it was a good experiment," Dr. Rozenblit said. "I wish the outcome were different, but once the decision was made, I had to switch into my

constructive, forward-thinking mode. It's all part of being an entrepreneur." He discussed the decision in a brief interview.

**Q:** *In hindsight, do you think you were right to hire an experienced salesman?*

**Dr. Rozenblit:** Once we had committed to the enterprise sales strategy, I think we had to hire a senior sales guy. A junior sales guy would not have gotten the meetings. Our board and management team agreed with me.

It was a wrenching decision to abandon the strategy and let go of Peter, but I'm not sure I would have made a better decision earlier on. I was waiting for enough information. The last thing you want to do is pull the plug too early.

Now I'm confident that Peter gave it a great shot and did a good job under the circumstances. We took a measured risk that didn't pan out, but no guts, no glory.

**Q.** *What did you learn about the disparate roles of founders and salespeople?*

**Dr. Rozenblit:** Because Peter and his direct manager were so committed to this enterprise strategy, they couldn't see outside of it. I still think smart, experienced salespeople can do tactical pivots to help determine a product's value, but they're not going to pivot themselves out of a job. That's the limitation of having someone other than the founder do the pivot. On strategic matters you really do need an owner making the hard decisions.

**Q.** *Has Prometheus suffered financially as a result of this pivot?*

**Dr. Rozenblit:** We had a cash reserve, enough to cover this first commercialization push, and unfortunately we've used it up. But the partners haven't taken money out of the company. We're okay, but we're going to focus less on equity growth for a while. We won't pursue another strategy that requires a major investment until we have demonstrated demand. In that case, we'll look for outside funding.

**Q.** *Any other lessons learned?*

**Dr. Rozenblit:** For our team, it was our first major strategic setback. As painful as it's been, I'll be a much better manager now. I've learned to establish success metrics early on. You'll always have a reason to continue one more month. It always feels like a little bit more effort will yield the results you want. Unless you've set deadlines upfront, it's harder than quitting smoking. I'd heard that, but I didn't know it in my bones. Now I'm sensitized to the need to execute in a very controlled fashion. You have to be ruthless with yourself.

**Q.** *Can you tell us more about your revised strategy?*

**Dr. Rozenblit:** All the new strategies we're investigating are inexpensive. We're focusing on bread-and-butter business that we know is profitable, and at the same time we're doing small

strategic exploratory projects to get evidence of strong demand in other areas.

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