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How to Nail Product-Led Sales

A Practical Guide for CEOs, Sales Leaders, & Operations Professionals

By Taft Love

Founder, Iceberg RevOps

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About Taft Love



Taft Love

Founder, Iceberg RevOps

Head of Sales –
DocSend & Sign, Dropbox

I'm a former police officer and federal investigator turned sales operations leader. As the previous Head of Sales Development and Sales Operations at SmartRecruiters and PandaDoc, I built and managed sales, sales operations, and RevOps teams. Most recently, I've helped DocSend and DropBox leverage sales teams within PLG motions.

As founder of revenue operations agency Iceberg RevOps, I've helped dozens of PLG companies:

- Orchestrate sales teams within high-volume inbound PLG
- Use product data to predict which large companies are most likely to consolidate usage into six- and seven-figure contracts

The debate continues over the actual definition of PLG, but best practices are starting to crystallize for how companies can optimize a PLG strategy with a sales team.

This guide is for PLG company leaders who want to add—or improve the performance of—a sales team.

You might be a(n):

- CEO at a PLG startup
- New VP of Sales
- Operations professional—especially RevOps and Sales Ops—looking to improve your existing product-led sales (PLS) strategy

This is not a comprehensive manual for how to adopt PLG.

Instead, it's a richly narrow focus on building your operations to support product-led sales.

Ideally, your company has at least one of these attributes.

- One path to purchase begins with the product completely independent from sales. E.g. Your website has a button for “Get started” or “Try for free”
- The company has or wants to add a sales team to increase deals or deal size
- The sales team will spend time focused on customers who begin their journey in the product.

This guide will help you:

- Anticipate and overcome challenges related to product-led sales
- Define new funnel metrics with greater precision the first time
- Avoid common mistakes setting up lead scores and sales automations
- Choose the best PLS sales method for your company
- Choose the best tool stack for PLS

1. Product-led growth (PLG): What it is (and isn't)

Although there's no universally accepted definition for PLG, one of its undisputed leaders, **Hotjar**, defines PLG as a go-to-market strategy that focuses on the product as the primary way to attract, convert, and retain users.

In its purest form, PLG is a revenue motion that starts in the product. The sales team plays a supporting role to either expand contract size or upsell.

Defining PLG gets complicated if we consider companies like **Gong** and **Salesforce** to be product-led. In these examples, brand new customers work with sales first. But they're considered by some to be PLG because adding more seats or functionality is easy to do without the sales team.

For this guide, we're sticking to the cleanest definition. That PLG requires a minimum of one route for users to become paid customers without the help of sales.

PLG has exploded in the last few years. Many of the fastest-growing and best-performing companies use PLG as their go-to-market strategy. Of 600 companies surveyed by Gainsight, **57% planned to implement PLG** in 2022. In a separate study from ProductLed, **they found 91% of companies surveyed were planning to invest more into their existing PLG strategy, and 47% planned to double their investment.**

PLG is an attractive go-to-market strategy because it comes with a lower customer acquisition cost plus increased conversion and retention. The product acts as a primary lead generation and nurture tool. PLG is a great go-to-market strategy for products with minimal onboarding and customization requirements.

PLG Customer Acquisition Models

Free Trial: Users have access to core or full product functionality for a limited time

Freemium: Users have access to core product functionality indefinitely, with an option to upgrade for advanced features

Upsell: The sales team uses product data from free plans for expansion opportunities

Free trials are the most popular choice for companies in the first stage of product-led growth. 75% of new PLG companies choose either a free trial or freemium model.

2. Modifying your sales funnel from PLG

Product-led sales (PLS) is a go-to-market strategy that puts customer data into the hands of a sales team to maximize revenue opportunities.

As Salespanel describes it, **“PLS is simply a sales approach that adopts the core principles of PLG and applies them to the sales process.”**

A PLS funnel depends on when and how your sales team will engage with customers.

PLG: In this motion, sales and customer success only step in to assist those who need human interaction to buy. Talking to sales is not a requirement. The majority of revenue comes from self-guided sign-ups and credit card swipes. E.g. PandaDoc, HubSpot, Calendly.

PLS: The core user represents a larger purchasing opportunity. The sales team uses product data to facilitate conversations with companies looking to expand their usage. E.g. Slack, HubSpot, MongoDB.

PLS: Using product data from your PLG strategy to drive more revenue

	Sales Motion	Main Goal	Funnel Goal	Funnel
PLG	No touch	Self-serve revenue	Self-serve ARR	Product Signups \$
PLS	Transactional	Pipeline generation	Expansion ARR on top of self-serve ARR	Product Signups PQLs OPs \$

Adapted from [Clearbit.com](https://clearbit.com)

When should sales get involved?

Most PLS companies want sales to step in when users are really happy or struggling.

Brendan Short, Co-founder and CEO of Groundswell, uses a green light/red light system to determine when his sales team engages customers. In a green light situation, sales will contact satisfied users to see if they want to upgrade or add more seats. In a red light scenario, sales reps contact users when they haven't logged in for a certain time period, or they hit a paywall.

To update your sales funnel, start by asking these questions.

- "What product data do we need?"
- "How will we categorize and quantify data?"
- "How will we share data with the sales team?"
- "How will sales use data to a) close net new customers or b) expand deals?"

These are high-stakes questions. Take your time and pull in qualified individuals to help answer them.

Success with PLS depends on getting the right data to sales—and sales knowing how to use it. While there's no silver bullet, there are many, many traps to avoid. We'll dive into more detail in Section 3.



"In a perfect world, strategic conversations like these include the CEO. At a minimum, be sure to include representation from product, RevOps, and sales leadership."

Brendan Short
*Co-founder & CEO,
Groundswell*

3. PLS: How to define and track new metrics

In a traditional sales-led funnel, marketing and sales teams use data from inbound and outbound efforts to nurture leads. In PLS, **product usage data** drives how marketing and sales support revenue growth. PLS requires a shift in the when, where, and how of data capture and sharing among revenue teams.

Reconsider the marketing-qualified lead (MQL)

The definition of a marketing-qualified lead (MQL) is typically shared by marketing and sales. It represents a prospect who reached a defined score threshold based on various engagement activities. Once a lead becomes an MQL, the relationship passes to sales.

But in PLS, the marketing team is no longer the sole owner of lead data.

This might (and usually does) require a significant change in funnel metrics.

When to keep the MQL

Some PLS sales teams still get leads from the marketing team. For example, the primary call to action on DocSend's homepage is the PLG-friendly 'Start a Trial.' However, prospects can also request a demo or start a chat. In both cases, the prospect would become an MQL and not a PQL.

Define your PQL

In PLS, the product plays a leading role in supporting the customer relationship. Because of this, the two most common metrics in a PLS funnel are the product-qualified lead and product-qualified account.

Product-qualified lead (PQL): A user signs up for a product's free or freemium path, uses it regularly, and has buying power.

Product-qualified account (PQA): This metric gauges interest at the company-level instead of user level. **It may represent usage level, breadth of feature usage, the velocity of usage (i.e. big influx of new users) and behavior components.**

To determine your company's ideal PQL threshold, start by looking at the behaviors of your existing customer base.

- Which users converted?
- Which users show additional revenue potential?
- Which users initiated contact with sales or support?
- What do they all have in common?

Defining a PQL is a big deal. Who's responsible for it?

Cross-functional participation wins the day. To encourage total buy-in, product, marketing, and sales should all take part in defining your organization's PQL/PQAs.

At Iceberg, we've learned a plug-and-play PQL definition does not exist.

For most companies, there are simply too many variables for anyone without a data science background to properly analyze. A PQL should distill variables into one meaningful concept for the sales team so they can take action.

Create a trustworthy lead scoring system

A solid lead scoring system helps companies distill hundreds of data points into actionable conclusions.

Lead scoring, in this case how you define a PQL, is tricky because your feedback loop can be misleading. For example, if you define a PQL and your conversion rate jumps five times higher than when sales talked to every lead, that seems promising, right? Maybe you nailed your definition. But you still may have tightened your definition too much, leaving great leads (and revenue) on the table.

Pay close attention to non-PQL individuals who talk to sales or support before making a purchase.

You may need to expand your PQL definition if you notice a considerable number of users become paid customers after talking to sales. On the other hand, some users should never be PQLs. (Most PLG companies have users that interact with an app all the time but would never be qualified to talk to sales.) For example, students may use PandaDoc for a school project, or very small businesses opt in to the free version of SmartRecruiters to hire their first employee.

Example PQL Activity Scores

Increased score (sales-ready)	Decreased score (disqualified)
Confirmed email address after sign-up (required to be a PQL)	Purchasing via self-serve
Signed up with work email address OR associated with a company in Clearbit (required to be a PQL)	Added a credit card to their account
Multiple logins	Unsubscribed from marketing emails
User persona: Sales Manager or above	User persona: Sales rep

The most successful lead scoring and PQL definitions come from data, not intuition. Not that your intuition is wrong—but it is more likely to miss key opportunities.



“When I first started at DocSend, I spoke with people across product, sales, and marketing to understand how everyone thought about which leads were most likely to convert. Most of the opinions overlapped. I could’ve distilled what I learned into a lead score, and it would have worked ok. But I also would have missed some big opportunities.

I found this out when we brought MadKudu in as a lead scoring vendor. The first step in their process was to run a historical analysis on years’ worth of leads to find out which people are most likely to buy from sales. They used all of our data (behavioral data from our product, CRM data, etc.) along with over 100 additional data points from various external sources (company revenue, tech stack, size, and more).

There were a handful of interesting lessons nobody expected. The one that always stuck out to me was that companies that use Outlook for email were nearly 2x more likely to buy from our sales team as companies that used Google.”

The most effective scores:

- Correlate behaviors or attributes with buying intent.
- Assign a high score to users most likely to buy or whose product usage indicates they need additional support.

Many times, companies using a PLS strategy work with engineering to add dozens of events (in-app behaviors) to their CRM or a data warehouse to feed a scoring model (i.e. add points when a user accesses the tool more than five times a month, or subtract points when a user pays with a personal credit card). By the time teams add attributes, assign values, and set a threshold for MQLs and PQLs, the scoring model can feel random and wrong. Revenue teams lean on intuition to create a score manually—often in their MAP's lead scoring feature. This situation tends to happen in companies without at least some experience launching or managing a PLS motion.

To score leads, start with observable trends in your customer's purchase behavior. Analyze this data in detail with qualified people on your team (read, a real data scientist) or a reputable third-party vendor. Once you have a model you trust, stay vigilant for ways to refine your existing definitions.

You might not need to score leads if:

- Leads are low volume, and sales can follow up with each one, or
- All leads are equal in value (rare in PLG)
- Talking to every signup is worth it for the feedback

In these situations, every user is technically a PQL.

Companies like these are few, but they exist. For example, a company may have a very small number of highly engaged users plus high potential for upgrading all users to paid (or more expensive) company plans.

Or, say your company sells an API as a standalone product. If you have a small number of sign ups for your free API sandbox or test environment, you might talk to every user. Here, all sign-ups could be considered PQLs.

Fine-tune your strategy over time

Funnel metric definitions are not a set-and-forget exercise, especially in the beginning. As you build out your product-led sales motion, remember to make observations on the number of meetings booked, sourced leads, pipeline, and revenue. Helpful lagging indicator metrics include increased deal size, shortened sales cycle, increased win rate, and customer retention.

Most companies aren't tracking PLG metrics effectively. Only 26% of PLG companies track activation rate, and only 24% track product-qualified leads (PQLs).

Don't throw humans at a data problem



“When I started at PandaDoc, we had 7 SDRs working ~100 leads each, every single day. The first thing we did was upgrade from sending manual emails in Gmail to Outreach (which was brand new at the time). That didn't solve the problem, though. SDRs were overwhelmed by responses and struggled to prioritize leads. So they set countless unqualified appointments for the AE team. It was expensive, inefficient, and ineffective.

I took over sales operations within a few months of joining. I started as an AE but complained enough about our operational issues that they let me go fix them. Within 18 months of switching to operations, I had gotten rid of the SDR program (promoted them to AEs) and switched the AEs to a full-cycle role (where they own leads from the first contact all the way to the initial sale). We could do this by creating a quality PQL definition and sending sales only the leads that were likely to buy AND needed to talk to a human to do so.”

[Get help with lead scoring](#)

Work with experts to build a lead scoring system

When your company's lead volume outgrows the capacity of your sales team, consider leaning on a reliable vendor (e.g. MadKudu) to create a lead scoring system. Specialists with experience like Iceberg can often dial in faster on high-quality lead scores for your funnel.

4. PLS: Choose your sales method

This section will help you define a clear strategy for how your sales, marketing, and product teams should work together.

Rule #1: Make sure executives, marketing teams, and product teams all have a seat at the table.

You'll need cross-functional participation for teams to adopt the new approach.

Aim for a simple strategy that outlines how sales will operate within a PLG framework. This will drive downstream decisions, like how sales will use product data shared by the engineering team.

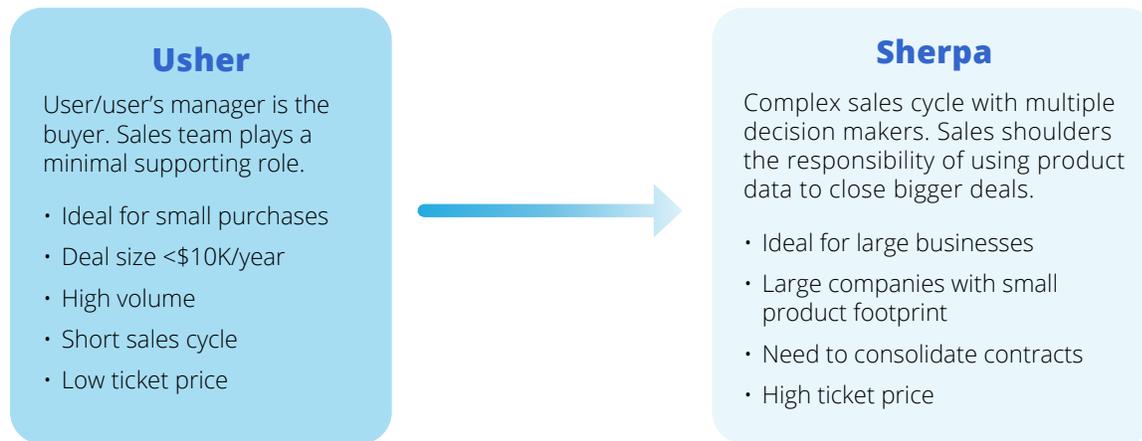
Sales needs to add significant incremental value. This doesn't include talking to prospects that were going to buy anyway, tagging them, and calling them sales-assisted.



“When I joined DocSend, I immediately stopped giving sales reps credit for monthly deals (minimum annual contract) and anything below \$1k. This changed how reps thought about their job. Some reps quit shortly thereafter because their job got harder. But if sales is that easy, do you need a sales team?”

PLS motions exist on a spectrum from minimal support all the way to enterprise sales. Where you fall is a function of your typical user's buying power.

Find your spot on the sales spectrum



Sharing data with your sales team



If you don't have a clear sales strategy yet, stop and go back to the previous section. You won't know which data you're likely to need until you know when sales will use it.

Less is more when it comes to the data sales gets. Think of it like using a 200-watt bulb in a 40-watt lamp. Too much wattage, and the bulb will burn out. Your sales team will too if you give them too much data.

Automate as much as possible

PLS is most powerful when automation replaces manual tasks for your sales team.

The automations you choose will depend on your sales method. For example, in high-velocity sales with relatively small deal sizes, sending automated messages from sales reps to new trial users makes sense. However, this approach probably isn't ideal if your sales team focuses on high-touch enterprise deals that start with organic users.

Automations to consider:

- Enroll new PQLs in an email sequence relevant to the prospect's role or vertical
- Surface data about a PQL or PQA to a sales rep at the time they reach the qualification threshold. This could be a simple Slack message with information about the company or person.
- Leverage a research tool (e.g. Truly sales bot) to automatically research decision makers at a large company where more than x leads became PQLs in y days.

“Instead of creating a task telling a sales rep to do a certain thing, the software or workflow you use can just do it on their behalf.”

- **Brendan Short, Co-founder & CEO, Groundswell**

In short, getting reliable data into the hands of your sales team requires:

- A well-considered lead scoring system (Section 3)
- A clear strategy for how sales works leads
- Supporting sales with timesaving automations

The role of AI in PLS automations

Artificial intelligence (AI) will likely play a role in automations for PLS. With so much product data, companies can leverage AI to find signals and trends much faster and use those insights to further optimize sales processes. AI might not be your first priority right now, but as the market matures, keep an eye out for new solutions that could help your company understand product data and act upon it.

**Want to talk through
which PLS automations?
Iceberg can help.**

[Contact us](#)

5. PLS: Tech Stack 101

The magic of a product-led sales strategy happens at the top of the funnel.

Done right, PLS sparks meaningful conversations earlier in the sales cycle. Customers have already used the product. In a sense, the product itself nurtures the leads.

With warmer leads, sales reps should spend more time working those opportunities than plodding through labor-intensive research associated with the standard sales-led qualifying process.

The sales team needs an easy way to understand when and how to engage customers already using a product. **A PLS tech stack should have tools in place that capture behavioral data from a product and prescribe next steps for the sales team.**

Platform	Traditional Sales	PLS
CRM (e.g. Salesforce, HubSpot)	✓	✓
Marketing automation platform (HubSpot, Marketo)	✓	✓
Sales engagement (Salesloft, Outreach.io, Groove)	✓	✓
Sales enablement (HighSpot, Guru, Seismic)	✓	✓
Product analytics (Mixpanel)	✗ Often used by the product team, but rarely by traditional sales teams.	✓ Tracks product usage data that feeds into scoring tools.
Scoring (MadKudu)	✗	✓ Scores user behavior and delivers insights in a sales-friendly way so reps can take action on leads most likely to purchase/buy more. This kind of tool is absolutely essential for a PLS strategy.
Sales automation (Groundswell)	✗ Traditional sales teams may use sales automation tools, but they're not required.	✓ Helps sales manage high-volume leads. These tools live in the background and connect to platforms sales already uses.

Companies listed above are examples, not endorsements.

As you can see, the difference between traditional sales and PLS tech stacks is small but important. PLS requires an extra layer of analytics to determine how user behavior should drive the efforts of your sales team.

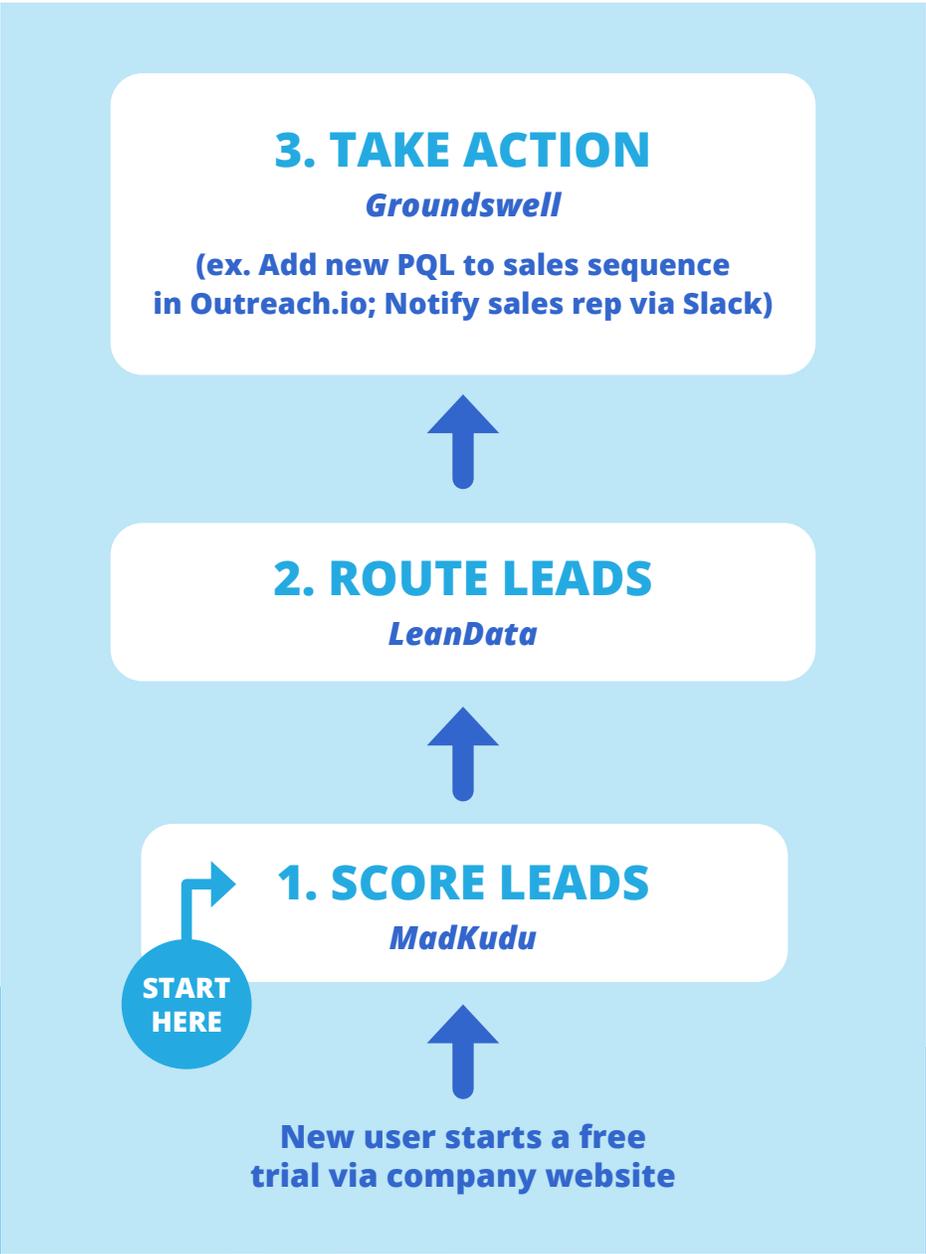
Top three factors for choosing the right PLS tools

Use your best judgment to weigh these in the context of your available resources and goals.

- 1. How heavy is the lift for your engineering team?** Does it require engineers to write a bunch of microservices that push data to your CRM's API, or does it piggyback on an app or database that's already in place (like RedShift or Segment)? Every hour your engineering team focuses on helping sales, that's an hour they're not focused on the roadmap. In PLG, the opportunity cost of an hour not spent on the product is greater than non-PLG companies (especially for building your pipeline).
- 2. How well does the tool align with your goals?** With so many exciting PLG tools out there, it's easy to abandon your requirements in favor of a tool that does something interesting and unexpected. However, a mismatch between your goals and your tech stack can be costly. Don't buy a cool tool that supports a different strategy unless you're ready to go back to the alignment stage and get everyone else behind the new goal.
- 3. How seamless is the experience for sales reps?** Does the tool require reps to log in, attend training, and update their workflow? Or, does it live where they already work and require minimal up-front investment? Tools like MadKudu and Groundswell live and work in the background. The heavy lifting is on the RevOps team, not the reps or managers.

Steal this PLS tech stack

A good PLS tech stack increases seller value by removing grunt work. This tech stack example could work well for both Usher and Sherpa sales methods described in Section 4.



Connect product data to your MAP or CRM

Companies typically choose one of two methods listed here.

1. In-house / custom-build

What it means: Use your own team to build and manage the connection from the product to your MAP or CRM.

Lots of teams start here. It's not uncommon for technical founders or executives to say, "This is something our engineering team can build. No need to spend money on something we can do ourselves."

Here, custom solutions are almost always a mistake. At Iceberg, we steer teams far away from this option even though it'd be highly profitable for us!

That's because there's little advantage to building connections in-house if companies want to remain scalable.

2. Buy

What it means: Invest in tools designed exclusively for marketing and sales teams at PLG companies.

- Transfer data using a reverse ETL tool like Hightouch or Census from the product to a system where sales and marketing will use it.
- Distill hundreds of data points into meaningful insights.

"You want your engineers focused on your product, not on building tools for the sales team. No offense, but engineers don't know what salespeople need. So it's a tough task without allocating a ton of time to learn the context of the sales role. Then of course there is also maintenance, improvements, etc. It's not just a 'one-time project'."

- Brendan Short, Co-founder, Groundswell

6. Success with PLS

Given such compelling revenue opportunities, it's safe to assume PLG will continue to dominate other go-to-market strategies in B2B SaaS.

Adding a sales team on top of an existing product-led strategy offers the best of both sales-led and product-led worlds. The product shoulders the burden of nurturing leads while sales focuses on opportunities with increased revenue potential.

To recap, the success of a PLS strategy depends on:

- Understanding the purchase triggers of customers in your product
- The quality of your lead scores
- Picking the right method for your sales team (usher vs. sherpa)
- The ease with which your sales team can access and interpret customer data, including follow-up steps automated on their behalf

What's your role as a leader?

1. Prioritize companies and people with the highest propensity to buy
 - a. Understand product signals that matter, and operationalize the data (use it in scoring models and automations)
 - b. Understand good-fit companies ("ICP") and good-fit people ("Key Personas")—just like in sales-led growth
2. Automate as many actions as possible for your sales reps
3. Fine-tune plays over time by learning from outcomes

Take the time to understand how customers engage with your product. Use this data to define when and how sales will engage with customers. Once you have a firm grasp on the data and the right automations in place, you'll be ready to build a highly efficient, revenue-driven sales team.

Talk to Iceberg

**Get PLS operations right
the first time.**

About Iceberg RevOps

Iceberg's in-house services team helps B2B companies kill manual tasks that lead to bad data, constant firefighting, and just getting by. We clean up the go-to-market systems you already use and lay down strategies for future growth. Our services include CRM implementations and data clean-up, plus custom solutions for lead tracking, marketing attribution, and trustworthy reports.