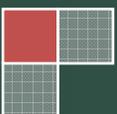


Selecting A Winning Business Development Plan Tomicide Solutions

A Monthly Business Development Newsletter For Privately
Held IT Companies And Independent IT Professionals

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[Blog entry](#)

Do you know the most dangerous country for women? According to both Forbes and Reuters, it's Afghanistan. It's due to the barrage of threats of rape, violence, non-existent healthcare, forced marriages and "honour killings".

And do you know the most dangerous external professional an IT business owner can hire?

Well, the first one is the motivational speaker, but the close second is the old-fashioned sales trainer who wants to teach your people how to cold-call, how to trick buyers into appointments, how to ace competitive bids in response to RFPs, how handle objections and how to close sales.

Realistically, making the sale is the just foregone conclusion of good business development.

If you have a good business development plan, and execute it well, then you don't have much selling to do. Buyers come to you for help.

And by good business development plan I mean a plan that is some 80% inbound-based and 20% outbound based.

Inbound business development is when buyers seek you out for your help and support

Outbound business development is when you reach out to buyers who have never contacted you.

Although here I write 20% for outbound effort, I prefer to keep it to zero. Yes, that's the ideal situation, and it may be just a pipe dream, but it's inspiring to pursue such a dream.

Anyway...

As an IT business owner who's been in business for some years now, you've probably contemplated about what makes a good business development plan and how to approach client acquisition in the most effective manner.

But I bet there was a time in your life too when you thought that client acquisition was all about chasing prospects, catching up with them and grovelling at their feet for the next project.

There are hundreds of experts out there running sales training programmes and teaching that you really have to chase prospects and beg them for business.

A few weeks ago I read a blog post from a sales trainer who believes that the most effective way of growing an IT business is by hiring as many salespeople on straight commission as possible, so you have lots of feet on the street peddling your stuff, but they don't cost you a bean because they are on straight commission.

He doesn't even realise how much it costs him to have salespeople on straight commission.

I've also read in one of Bob Bly's newsletters about a guy who says marketing was for people who can't sell.

Then Bob also mentions that this sales trainer's bread-and-butter business is teaching salespeople cold-calling.

The guy is the proverbial dairy farmer who insists that milk is a great source of calcium and people should drink lots of it.

Basically he teaches salespeople how to interrupt strangers who try to avoid them like the plague.

Then how to trick them into listening to a total stranger's sales pitch about his products and services which these interrupted people neither want nor need.

Most sales trainers think that the essence of selling is to proactively seek people out and bombard them with sales pitches into submission, then take their money and run very far and very fast with it.

Have you noticed that sales-heavy companies – with very little or zero marketing - usually have shitty client service?

Why?

Because all they have capacity for is to hawk their products/services and then quickly move on to the next prospects.

Good marketing is about having self-selected people come to you on their own volition and buy your products/services when they need/want them. There is no force.

The only force is the force of attraction of your company and its products/services.

Selling is about convincing. Marketing is about compelling.

Long-term military records indicate that a modern army scores one enemy fatality for every 15,000 combat rounds expended by its infantry.

For snipers, the result is one fatality for every 1.2 expended rounds.

That's a 12,500-fold improvement.

And that improvement doesn't happen by doing more of the same, but by doing less of something drastically different.

The main army operates on emptiness: Chasing after the enemy.

Snipers operate on fullness: Luring their selected targets to them and unceremoniously taking them out.

No, don't kill your prospects, but see the similarity in the approach. You don't chase, but set your trap and wait.

Also, think about what aggressive selling would do to your market positioning? It would ruin it, and sooner or later the market would laugh at you, saying...

Case in point: Would you go to a Rolling Stones concert if someone called you during dinner, introduced himself as Mick Jagger, and tried to sell you a ticket to the upcoming Stones concert?

I reckon, anyone above the intelligence level of a demented stink bug would smell the rat in the situation.

Am I saying that sales trainers have their intelligence levels below that of the demented stink bug?

Not necessarily. That wouldn't be very nice.

They are just trying to sell their existing expertise that is based on obsolete methodologies.

I have certainly seen lots of people buy gallons of milk because they think milk, because they

believe it is a great source of calcium. Yeas, great source of calcium. And as the cattle industry has spread the rumour, a new and erroneous belief has been established. They should read Dr. Joseph Mercola (mercola.com), and get their beliefs straightened sorted out.

Granted, there are many ways to approach business development, and they all look great on the surface.

So, back to business development.

There are lots of methods to land new clients. Some work really well and generate high-calibre clients. Some work pretty inconsistently and generate so-so clients. And some are certifiable disasters and generate clients from hell.

But based on three questions, we can distinguish between plan and plan; which plan is a good deal to implement and which one is an ordeal to get involved with. The three questions are...

1. Is it healthy? That is, is it based on magnetic attraction not on maniacal pursuit?
2. Is it consistent, predictable and sustainable? That is, can it be systematised?
3. Does it empower you or enslave you? That is, can it be automated?

But why are these questions so important?

Using fitness lingo, is your business development...

A Short-Term Diet or A Long-Term Lifestyle?

That is, do you do business development to make some sales, grab some quick buck to pay the bills, make payroll and take some money out of the business for personal use as an act of instant gratification? The equivalent of losing weight to look great for the summer, so you can go the beach and pose to the opposite sex.

Or do you do business development to build your business into a perpetual client- and revenue generation machine. The equivalent of getting and staying lean as a healthy lifestyle choice.

Both approaches work in a way.

The Diet Approach

Description: Cheap, easy, simple, comfortable, convenient and temporary.

With various diets, people lose weight left, right and centre. The problem is that they lose mostly lean muscle tissue not stored body fat. After all, weight loss is measured by body weight. As long as total body weight is on a decline, dieters are regarded as blazingly successful.

But then the diet period ends, dieters return to their pre-diet eating- and exercise habits and the lost pounds slowly but surely start creeping back with some extra pounds in tow. So, most dieters end up being heavier and fatter than before.

How does this play out in business?

You go on binge marketing. Your salespeople hit the phone dialling for dollars and hit the

pavements to look for some doors to knock on.

The problem is sold because you get invited to some bidding battles. So, your people start churning out proposals responding to RFPs. By being cheap enough, you win some tenders, and now you can get busy doing the work. Marketing ends and the whole company is working hard on new projects.

And then projects end. And since they were low-margin RFP tender projects, the company has a money problem again. And the whole cycle repeats forever.

Have you seen slim-fat people? They look slim because they've lost most of their muscle tissues, and now their bodies consist of skin, bones and fat.

Dieting businesses are the same. They make good revenue on the surface, but it consists of material cost, office rent, operating costs and payroll. The profit, the real muscle, seems to be missing.

The Lifestyle Approach

Description: Expensive, hard, complex, uncomfortable, inconvenient and permanent.

In contrast to diets, this is a drastically different approach. Its purpose is to improve overall body composition, and the approach is rather holistic. It consists of good nutrition, exercise (both weights and cardio) and lifestyle. And contrary to diets, this is for life.

People change the way they think about their lives, and adjust their habits. And the new habits are for life. Also, while the desire to diet is lead by motivation (external forces pushing you away from a current state – e.g.: getting rid of an ugly beer belly, so to be admired on the beach), the desire for a lifestyle change is driven by inspiration (internal forces pulling you towards a better future state – e.g.: Getting incredibly healthy and fit, so to be able to go hiking with grandkids.)

These people are on life-long quests of lifestyle improvement. Regardless of rewards, they do it because they know that's the right thing to do.

How does this play out in business?

Basically, you truly believe you have something valuable to offer to your market, so you'd like to touch as many perfect clients with your "IT magic" as possible. You're driven by an internal force to bring something better to your clients' lives than what they have right now.

Yes, you get paid top dollars for the value you bring to the table, but your driving force is more than money alone.

So, back to the three questions...

Question #1: Is It Healthy?

That is, is it based on magnetic attraction (inbound) of the market not mindless pursuit of the market (outbound)?

When you run a healthy business development programme, then you are positioned as a trusted,

respected, recognised and sought-after industrial authority. As a result, high quality buyers seek you out and bring their opportunities to you.

But when you run an unhealthy business development programme, then you are positioned as a fungible, replaceable vendor pounding pavements and dialling for dollars in pursuit of new business, then you have to hunt down each client, very often by responding to cattle calls, an idiotic reverse auction to find the lowest bidder.

We all know it's not a bright idea to wait until we run out of clients and then scurry around to find some new ones, but I reckon, some people love the excitement of living hand to mouth and spending most of their time chasing prospects.

With a little attention, most IT companies could build enough magnetic attraction into their business development, so they could stop chasing after the market.

Why don't they do it then? Because it requires some upfront thinking, investment and hard work to implement the system.

“But how can we do it without upfront thinking, investment and hard work?”

- I've heard people say.

Well, one way of doing it is by assembling a legion-sized sales force and sending it out to pound pavements and dial for dollars. Very inexpensive on the surface, but you go mad as you try to manage that legion. Not to mention how this motley crew of street peddlers and bazaar hucksters slowly but surely make a mess of your brand.

This is the equivalent of Formula 1 car racing where legion of unskilled, low-paid grease monkeys are pushing cars around the track. Cars without the expensive parts: Drivers and engines.

Can this approach make money? Certainly.

Will the business owner end up with stomach ulcers, permanent migraine headaches and a nervous breakdown? Almost certainly. He may even catch the dreaded green lurgy¹.

Considering that every IT company is different, an effective inbound marketing system, while based on the same principles, has to be designed custom-tailored.

Both Jimi Hendrix and Randy Rhoads² played the same chords on their custom-made guitars and used the same principles of electronics to amplify their instruments, but the similarity pretty much ended there. For a start, Jimi played a Fender Stratocaster left-handed, whereas Randy played a Gibson Les Paul right-handed.

The term “healthy” means different things to different businesses. Some extrovert souls, for some unfathomable reason, love attending networking events. But as an introvert, I prefer to stay

¹ A fictitious, yet highly infectious disease, originating from the 1950s British radio comedy “The Goon Show” in which an epidemic of “The Dreaded Lurgy” was said to be about to sweep across Britain. It turned out that the lurgy was in fact a fictitious disease created by brass instrument makers who had claimed that no brass band player had ever died of the lurgy (thereby increasing sales hugely).

² (1956-1982) Guitarist for Ozzy Osbourne after leaving Black Sabbath

at home and watch a music video or read something.

For me watching the Led Zeppelin's "The Song Remains The Same" or AC/DC's "Let There Be Rock" (the umpteenth time) is far more rewarding than the world's best business networking event.

But one thing that makes a business development plan unhealthy is if it's based on chasing after the market. It's costly, wasteful and requires a pretty large headcount in your company. You need lots of feet on the streets and lots of fingers on telephone dialling pads.

Besides, who the hell wants to work at a company that is so badly managed that it has to chase and hunt for each client to make money to stay alive.

And since it's limited (to money, manpower, etc.) what you can do in business development, you might as well select the methods that bring you the best results with the least effort.

But do you know why so many companies do it? Because one group of people mandate it and another group of people have to do it.

And as the saying goes, nothing is impossible for those whose job is to boss others around. That is, no task is too hard to perform and no load is too heavy to carry for the slave driver who holds the whip."

The "healthy" methods on the diagram below are based partly on my own bias and the biases of some 200 clients I've asked over the last few years.

They try to focus on high-return methods, and don't mind investing in their business development, knowing that the payoff will be rather juicy.

What they don't do is wasting their time, money and sanity on low-return methods regardless of how cheap they are.



So this is about health. The next question is...

Question #2: Is It Consistent, Predictable And Sustainable?

That is, can it be systematised and at least 80% automated? How much human effort, that is, how big of a team do you need to sustain it?

These are the questions that define whether or not you can sustain it for the rest of the life of your business.

It's like brushing your teeth. You do it a few times a day. But if it involved making a toothbrush and toothpaste from scratch every time you want to brush your teeth, you would probably look for a more effective alternative.

One thing is the ability to sustain it. The other is how it makes you feel that you do this specific type of marketing. If I had to do cold-calling, I would dread every working day. Yes, cold-calling can be learnt, but I have such a strong conviction about its destructive nature both to me and the market, that it would take an expert holding a loaded gun to my head to make me do cold-calling.

But what about willpower? – Some may ask.

I think willpower is overrated.

If you have to use your willpower every day to do something for the rest of your life, then life will suck.

Why? Because what comes when willpower fails? Motivational speakers? That would be rather

ridiculous.

One word about delegation. Yes, you want to delegate your business development tactics to the appropriate subject matter experts, but if you delegate something because you hate doing it, then you're in trouble.

I've heard it from far too many IT professionals that...

"I would run an excellent IT business if someone did marketing and selling FOR me."

Well, the whole business is marketing and selling. To do the IT bits you can find thousands of highly skilled people.

The Achilles heel of every IT company is getting and keeping great clients.

Have you ever heard of an IT company that went bankrupt due to lack or shortage of technical people on the payroll? No.

IT companies die because they can't land clients for their products/services.

Implementers are a dime a dozen. But there is a huge shortage of people who can keep the implementers busy with work.

But client work can't be highly automated, business development can. So see how you can automate it.

Question #3: Does It Liberate You Or Enslave You?

My take is that your business development should take the burden of manual market-chasing off your shoulders, and should give you more time and energy to work on strategic- and client-related issues.

This is what I'm thinking...

I'm a joint venture partner with four small family farms in the capacities of marketing guy and slaughterman/butcher, and we produce top-notch meat for the US market from free-range, grass-fed and organically grown animals. Very low quantity and very high quality. From the marketing perspective, very low supply and very high demand. Hence 8-12-times of the supermarket prices.

You can most probably imagine that where there is blood and raw meat, there are flies. Not the tiny flies, but the big horse flies and bluebottles. And here I don't mean Secret Agent Bluebottle³, but I the real nasty big flies.

Of course I want these flies out of the way, so they can't wreak havoc with the meat.

At this point we have two distinct options:

1. I can chase the flies all over the place with a rolled up newspaper and wallop them on the head one by one.

³ Leader of the East Finchley Junior Secret Agents Club, amateur knee-clapper and the Mastermind behind the second East Finchley World Cup from the BBC comedy series, The Goon Show. See <http://www.youtube.com/watch?v=1H-yF50BD0Q>

2. I can create a “honey pot” of a jar halfway filled with sugared water. Then I spread honey on the inner side of the lid and screw it on the jar. Then, with the knife sharpening steel, I punch a small hole on the lid. The hole is just big enough so the biggest flies can squeeze through to get to their oh-so-much-longed-for sugar. Then I put out the jar in the working area, and get on with my work.

All the first option needs is a small investment in the newspaper and ongoing manual labour of chasing the flies.

The second option needs a bit of thinking, a bit of knowledge of fly nutrition and a slightly higher investment in tools. But it’s a set-it-and-forget-it system.

Now you can do other things like monitoring client success.

Yes, contrary to conventional wisdom, I say that while your people are doing the daily work of business development, as a business owner, you should keep your finger on the pulse of how effectively it’s done and how satisfied your clients are.

Also, in your business, you should be the captain at the helm, not the slaves at the oars.

Ok, silly comparison, because I’m against employing wage slaves, but you get the point. You set the course of your ship, that is, strategy, and your team executes that strategy.

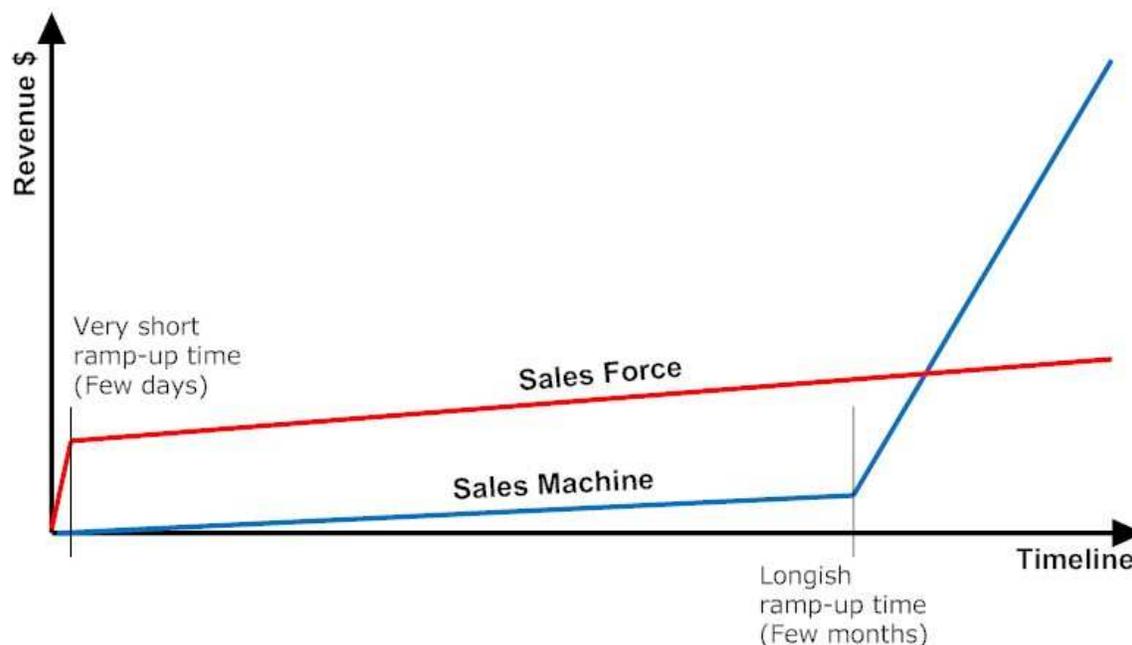
Granted, in the first few years you may have to work more than 40 hours a week to gain momentum, but if you still HAVE TO work 40 plus hours five years later, then there is a problem.

If you work 40 hours because that’s all you have in your life, that’s different and that’s fine. But you do it out of love not obligation.

So, based on the three questions we’ve just discussed, your business development can be based either on...

A Sales Force Or A Sales Machine

When it comes to business development, you have two drastically different options: You build either a sales force or a sales machine.



A Sales Force

As the name states, it's just a sales force. You hire an army of peddlers, put them on straight commission and send them out to pound pavements and dial for dollars. Then you hope and pray. Some characters of this solution are...

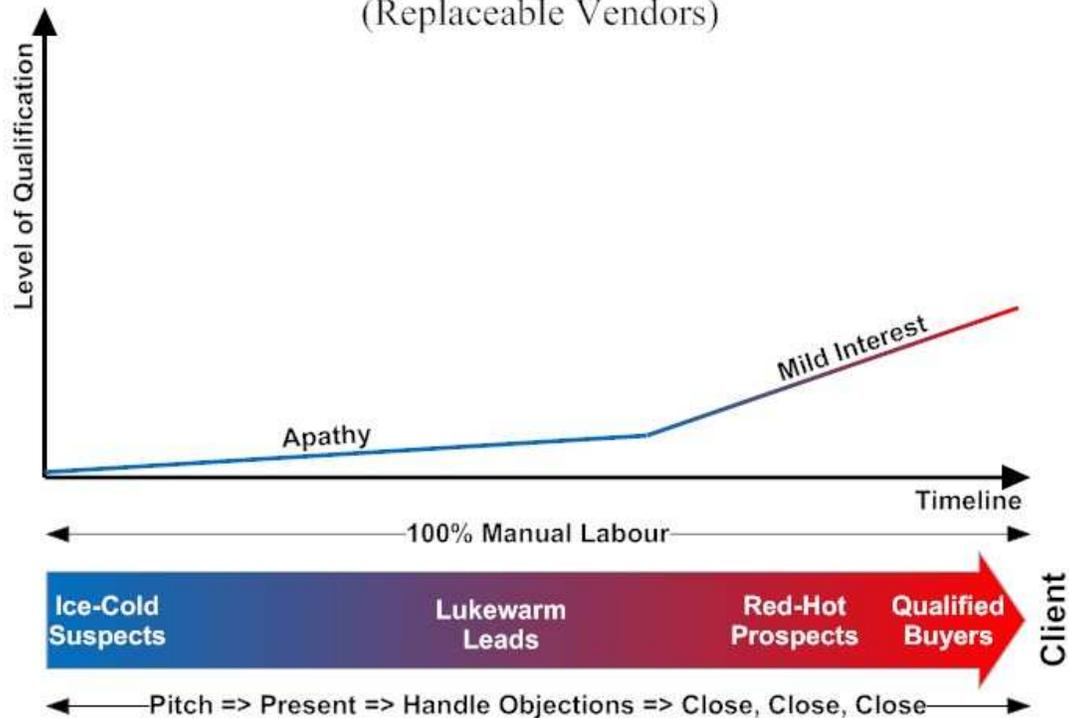
- Very short ramp-up time (Few days)
- Zero or low start-up costs
- Can produce high gross revenue but with a definite cap
- Almost instant, but short-term gratification
- Unpredictable and inconsistent due to human nature
- Inconsistency and predictability in performance due to illness, vacation, mood swings, trouble at home, etc. Inconsistency undermines your brand's strength
- High maintenance and management cost
- Requires a many salespeople ("regular army" approach)
- Salespeople own client relationships and can "steal" clients
- Managing large sales forces is costly and feels like herding cats
- Targets the mass of the market – the low-hanging fruits
- Products/services sold at competitive (ly low) fees and prices
- Lots of low margin sales
- Buyers treat sellers as replaceable vendors
- Client selection is based on qualification: "How can I keep this prospect and make the

sale, no matter what it takes?”

- Seller has to jump through the buyer’s qualification hoops

Since the company has no inherent business development capabilities and relationships with clients, the company is as good as worthless. It can’t be sold because no one wants to buy a job.

Sales Force Approach (Replaceable Vendors)



The sales force approach to business development is for vendors. It is based on the idea that buyers buy whenever sellers have a need to sell something, and force their wills on buyers using manipulative sales tricks. It is a 100% manual labour-based process with very little or no systemisation and automation at all. The only leverage sellers have is the size of their sales forces and the number of hours they pump into chasing prospects.

In essence, using demeaning cold prospecting grunt work, salespeople chase after their target markets and try to engage apathetic suspects to listen to their dog-and-pony show sales pitches. Right from first contact, sellers’ objective is to hammer buyers with sales pitches, hoping to sufficiently “tenderise” and sell them something.

Some prospects are real decision-makers, but most of them are opinion-makers, often with exalted titles. And those titles can often fool sellers into believing they are talking to real buyers. After some brain-picking meetings, sellers volunteer to write and submit their voluminous proposals to apathetic or mildly interested pretending buyers and purchasing agents.

And pretending buyers and purchasing agents will use those proposals to pick ideas from either for internal implementation or hiring the lowest bidder to implement it.

Sellers, even if their proposals are accepted, find that those engagements are based on “master-slave” relationships and fees and prices get haggled almost down to the point when sellers lose money by accepting projects.

This type of cold prospecting leads to low quality clients, low profit margins and very little repeat and referral business.

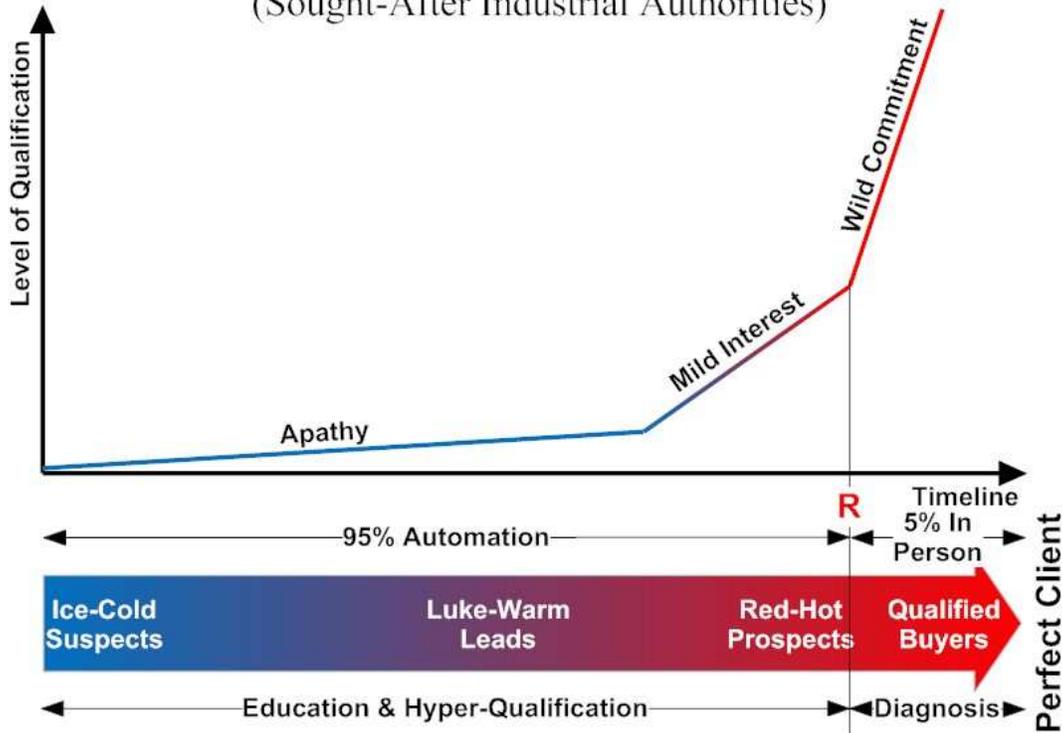
A Sales Machine

You design and build a lead generation, lead nurturing and lead conversion system, and automate it to the nth degree. And you assemble a small, cohesive team to “crank” the system. Some characters of this solution are...

- Longi(sh) ramp-up time (6-9 months)
- Significant start-up costs
- Produces high net profit per employee/profit per sale with uncapped profit potential
- Delayed but long-term gratification
- Predictable and consistent due to its “system” nature
- Consistency and predictability in performance due to systemisation and automation. Consistency nurtures brand strength
- Low maintenance and management cost
- Requires a small cohesive team (“commando” approach)
- Company “owns” client relationships
- Self-directed and self-governed business development team
- Targets the cream of the crop (0.5-2%) of the target market
- Premium fees and prices
- Few high margin sales
- Buyers treat sellers as respected, recognised and sought-after industrial authorities
- Client selection is based on disqualification: “How can I lose this prospect and move on to better ones?” Prospects hang in for dear life. “These are the hoops to jump through if you want to do business with us.”
- Buyer has to jump through the seller’s qualification hoops

Since the company has inherent business development capabilities and owns the relationships with its clients, the company has inherent value and can be sold as a revenue generating entity.

Sales Machine Approach (Sought-After Industrial Authorities)



You invest in-person diagnostic time if and only if there is a 99% chance that the prospect becomes a client. The synergy of education and automated disqualification qualify buyers even before in-person time and effort are invested.

Education is also a pre-selling process. It's the equivalent of the warm-up section of a workout in the gym. Without that warm-up, you can cause some serious damage to your muscles. In this case, the damage is done to the relationship with the buyer.

At point "R", the buyer requests the first meeting.

And what can you achieve through education? Well...

Buyers don't just decide that they need your products/services. Free educational content helps buyers to conclude that they really need your products/services to solve their problems or to seize their opportunities. Free educational content facilitates decision-making, so you never get condemned to do dog-and-pony presentations and begging for the order at the feet of price-obsessed procurement agents. Among others, education-based marketing...

Benefits Of The Sales Machine Approach

- It increases high-quality response rate to your marketing.
- It positions your company as a respected and sought-after industrial authority, as opposed to just another peddler hawking some flavour of the month IT bits and bobs.

- It establishes your company's buying criteria in your buyers' minds.
- It makes your business development process consistent and predictable.
- It can take your marketing viral, generating more referral business.
- It differentiates your company from your competition beyond your wildest imagination.
- In appreciation for your valuable content during the lead nurturing process, prospects have higher propensity to do business with your company.

Summary

The way I see it, if Formula 1 car racing were like the type of business development that many IT companies are doing, then there would be a legion of unskilled, low-paid grease monkeys pushing cars around the track.

Cars without the expensive parts: Drivers and engines.

Many IT companies have been founded by IT professionals who got disillusioned with their previous jobs and arsehole bosses, left their companies and formed their own IT companies.

But in their minds, they still operate as employees, because they've never shifted from employee to business owner. I know lots of "self-employed employees" after 15-20 years in business. Yes, they are in business, but work 60 hours or more per week and think as technicians not as business owners.

They are the proverbial grease monkeys pushing cars around tracks.

Most of them look down on marketing and sales, so the last thing they want to do is to get involved those dirty functions.

So, they hire salespeople and tell them...

"Bring me purchase orders and I'll do the work."

So, within in a few months, they spend most of their time and energy on hiring, handholding and firing salespeople.

What is the problem here? Well the dreaded...

Bolt Syndrome

I've recently read about this in a blog, but I can't recall where.

Usain Bolt is the world's fastest sprinter, but he has a bit of a problem at the start. You see, due to his height (6'5") and weight (210 lb), it takes Usain a bit of time to unleash his full power. So, other contestants gain on him right after the start pistol sounds.

But then soon he reaches his normal stride, and leaves everyone else in the dust. He may be a "slow" starter, but he is still the best, fastest and highest paid sprinter.

Good business development is the same. It takes a little time to fully unleash its full power, but then it leaves even an army of rainmakers in the dust.

Paraphrasing Wayne Gretzky golden phrase⁴...

"A sales force-based business development goes where the purchase order is. A sales machine-based business development goes where the purchase order is going to be."

It's a decision to make between quick money and big money. And in my experience, quick money is hardly ever big, and big money is hardly ever quick.

Yes, you can win on the lottery and that is both big money and quick money. But that takes a tiny bit of luck⁵, and as we know from Peter Drucker...

"Luck is not a strategy."

What do you think?

About The Author



Since 1998, after a 14-year industrial stint as an electronics/computer engineer, project manager and technical buyer, Tom "Bald Dog" Varjan has been working with privately held information technology companies and independent IT professionals to market and sell their complex, high-ticket and hard-to-explain IT solutions to high-end clients.

For Tom's free white paper, "More Brain Less Brawn: High-Leverage Client Acquisition Strategies For Privately Held IT Companies In The Knowledge-Based Economy", go to <http://www.varjan.com>

⁴ "A good hockey player plays where the puck is. A great hockey player plays where the puck is going to be."

⁵ According to CBC News, playing with a \$2 lottery ticket, your odds of becoming a millionaire are approximately 1 in 14 million. By contrast, people have 1 in 650,000 to be killed in a terrorist attack while travelling; 1 in 56,439 to be killed by lightning and 1 in 1 million to be killed by flesh-eating disease.