

3 Reasons For Automating Business Development 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 that Richard Milhouse Nixon was the first US President whose name contains all the letters from the word “criminal”. William Jefferson Clinton was the 2nd.

I’ve mentioned this spine-chillingly interesting fact because running your company’s business development manually is equally criminal. Although this crime is committed to your bottom line.

Actually, some people even believe that those who commit this crime should be forced to sit through John Henry Timmis IV’s 1987 movie, entitled *The Cure for Insomnia* with a rectal thermometer inserted in their posterior output ports.

The running time of the movie is a mere 87 hours. In this Guinness World Records movie, poet L. D. Groban recites his 4,080-page poem “A Cure for Insomnia”.

The sad reality is that when workload increases in most IT companies, leaders and managers start hiring people, because they think this is the only solution to achieving more.

But it’s not surprising when we consider that some sales trainers still teach their clients that if they want to increase sales or when they see a dip in their sales figures, they should instantly hire more salespeople.

Imagine you’re driving a horse-drawn cart and the horses are really struggling to pull the cart. To solve the problem all you need to do is to release the handbrake and grease the axes. But instead, you go to the market and buy two more horses. A truly expensive solution, which is not even a real solution.

It’s the same as hiring more people to do manual business development grunt work and ignoring all the great things automation could bring to the table.

This is why today we take a closer look at why automation used properly can be a great bonus.

The sad reality is that in many IT companies automation means setting up convoluted communication jungles (voice mail- or ticketing systems) with existing clients, so people are free to waste their time on tyre-kickers and unqualified prospects.

Just imagine, an unqualified prospect says: “That sounds interesting.”

Then in response to that, the salesperson says: “Good, I’ll send you a proposal by tomorrow.”

Now our hero spends the rest of the day and the evening to feverishly write a proposal and filters his phone calls, many of them from current clients, to voice mail. And many of the calls never get returned.

A typical example of a situation where automation and humanisation are used incorrectly.

Existing clients need human attention, but “That sounds interesting” calibre buyers need further qualification on autopilot.

So, let’s look at the...

Three Good Reasons For Automation

1. Without Automation, Business Development Is Like Formula One Car Racing With Cars Without Engines

Yes, you can have an army of grease monkeys pushing cars around the track, but that's unnecessarily expensive and wasteful. Oh, and it wouldn't attract many spectators.

Not to mention that the only way you can win is if all the other cars suffer engine failures, and they don't have groups of "pushers" behind them. But that's as rare as strawberries in Greenland.

Automation makes business development consistent, predictable and reliable, thus it supports the brand it represents. Every piece of inconsistency destroys the brand.

Not to mention that until a certain point, which we examine later, buyers don't want to talk to anyone. They want to do their due diligence in peace and quiet. They prefer automated messages from your company. And when you have sufficient level of automation, then you can keep your company's headcount to as low as possible. After all, the purpose of a business is NOT to provide jobs.

In my experience those who scream the loudest that governments and companies are responsible for providing jobs are the most useless, and it's the eighth wonder of the world that they have jobs at all.

Have you considered why no corporations can even come close to the kind of profit margins solo professionals or well-managed small companies can produce? That's it! Consistency.

Using Pareto's principle, 20% of your people generate 80% of your revenue. Although, nowadays it's more like 95/5. But then why to keep and pay the 95%?

Business development, from the seller's standpoint, is a pretty monotonous process. Monotonous it may be, but buyers expect 100% consistency. Humans, using manual labour, can't pull that off. Consistency comes from systems and automation.

2. Without Automation It Would Be Too Hard To Go From First Contact To Signed Contract

Purchasing habits have drastically changed since the introduction and proliferation of the internet. Buyers don't need to meet sales reps to be informed on certain products/services. But while buyers refuse to waste their time and energy on meeting salespeople, they are more than willing to "consume" and "digest" valuable information that can help them to make better buying decisions.

Just do this little experiment...

Make 100 cold calls to your market...

Ask the first 50 to set appointments with you. Out of 50 calls, you are lucky if you can meet 1 one.

Then ask the second 50 if they are interested in receiving a free DVD that outlines the 12 typical cloud mistakes that specific market makes. If you have a good script and good voice, your

success rate can be 25-35% of even higher.

But you don't call 50 people. You write a letter and send it to 100 people.

Now, using your automatically dispensed educational materials, your prospects can educate themselves and make the best possible purchases.

But this self-education process can take a while. Some buyers buy more quickly and some buy more slowly. But they buy when they are ready to buy, NOT when sellers are ready to sell.

And let me tell you that educated, carefully acquired buyers make better clients than quickly acquired ones. It's like the difference between cage-raised and free-range pigs.

Cage-raised pigs reach killing weight within 4-5 months after birth. They get literally blown up on grains, hormones and all sorts of evil chemicals.

Our free-range pigs on the farm take about 2-2.5 years to reach killing weight. They are grass-fed, chemical free and run around all day. So, they can achieve quality growth. They have great quality meat, and the right quality and quantity of fat. By contrast, cage-raised pigs are grossly over-fat, and due to inactivity, their muscles lack firmness.

Now, if I told you how much we charge for our Roll Royce calibre pork, your jaw would probably drop and crack your keyboard. So, I'll save you from the experience.

It takes time to acquire quality clients, and doing it manually, it would be a disaster because the process would take legions of salespeople. But unfortunately, their approaches would be pretty haphazard, resulting in inconsistent and unpredictable results. And we know that unpredictability means the inability to project and plan ahead. And without the ability to make some predictions and projections for the future, a business is just a hobby.

But on autopilot, life becomes pretty easy.

3. Without Automation It's Hard to Fulfil Requirements in Excellent Quality

Society has been trying to convince entrepreneurs that the purposes of their businesses are...

- To pay taxes
- To provide jobs
- To give back to society

Society has never mentioned that businesses are formed because people want to create better lives for themselves.

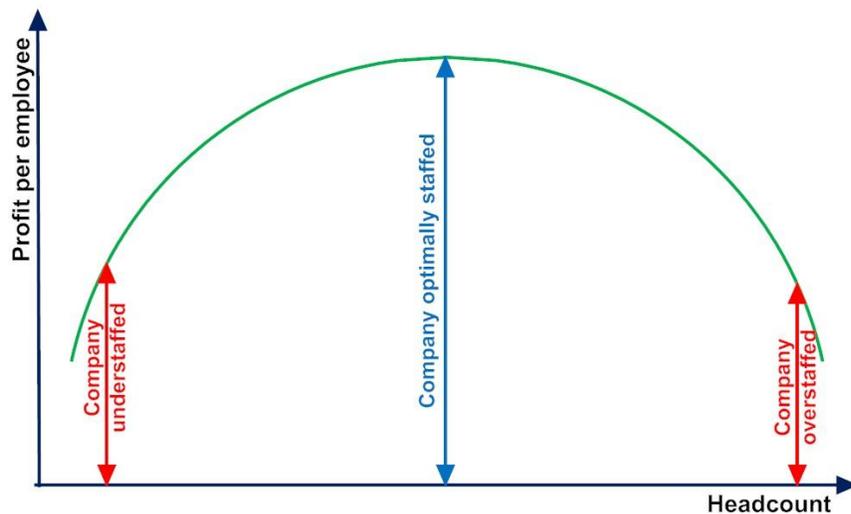
Why would anyone take the huge risk and start a business by re-mortgaging her home? All that risk and hard work in order to pay tax, take care of others (provide jobs) and give back to society? That's retarded.

The objective of a business is not to hire a legion of people, because they need jobs, incur sky-high operating expenses and struggle to survive and overwhelm them with repetitive, often seemingly menial manual labour.

The idea is to run a business with as few people as possible and automate whatever can sensibly

be automated.

Where is the problem then?



Productivity (profit per employee) requires the optimal number of people in the business. If the business is either understaffed or overstaffed, productivity will suffer.

In a way, it's a sort of economies of scale as it applies to staffing.

Of your business is either understaffed or overstaffed, although being overstaffed is worse, your profit per employee goes up.

Many IT businesses try to automate human interaction by installing voice mail systems, instead of recruiting kick-arse receptionists, while turning sales lead generation into manual labour grunt work. What's the logic there?

Yes, you need a certain headcount to make your business effective.

Economists call it the economies of scale. Under and over a certain headcount (blue arrow), we have diseconomies of scale (red arrows), that is, the company is either under- or overstaffed.

We also know from W. Edwards Deming that some 94% of all problems are system-related, not human related. It means that every time you want to hire a new person, there is a 94% chance that it's a mistake, and the problem you want to address by hiring this person will stay.

Automation makes it possible for you to hire only a very few people who are very talented in their areas of expertise, so they can focus on hardcore brainwork, not repetitive, easily repeatable and automatable minutia.

Just look at your own days. How many tasks do you perform daily that could be automated?

The way I look at it is that I don't mind using a calculator the first time, but the second time, knowing I will use this calculation over and over again, I write an Excel template for it.

And now let's see what some recent research¹ says about the importance of marketing automation...

- **49%** of SMBs that use marketing automation, say they are more effective at managing their sales leads and **46%** have seen an improvement in demand generation
- **42%** of the SMBs point the finger at marketing automation for improved marketing ROI
- On average, SMBs only use only **48%** of the features available in marketing automation

¹ Gleanster Research, DemandGen Report, eTrige

solutions

So, there is still a long way to go.

To prove and demonstrate the benefits of integration, marketing research company, DemandGen, has surveyed marketers with automation systems about rating various activities to make their operations more effective. DemandGen's question was...

"What was the greatest perceived value/ROI from your marketing automation solution?"

Well...

- **41.7%:** Measuring and tracking campaign results
- **20.8%:** Reducing campaign creating and facilitating resources
- **14.2%:** Increasing marketing people's flexibility to better respond to opportunities
- **23.3%:** Prioritising opportunities through better lead scoring

And now let's see...

How Automation Applies To Business Development

"Companies consistently outperforming peers are 5x more likely to invest in marketing automation." ~ Gleanster Research

The narrower you set your market, the more easily you can communicate with its members on autopilot. When you have a broad market, there are so many moving parts in your marketing that it requires significant amount of human effort to move all the fiddly bits around, to make sure you address each market segment properly..

Let's say, your IT company works with any kind of business that needs IT help. How do you address your market in your marketing materials?

"Hey world, we do IT! Call us!"

It's not better than your doctor's shouting from the mountain tops...

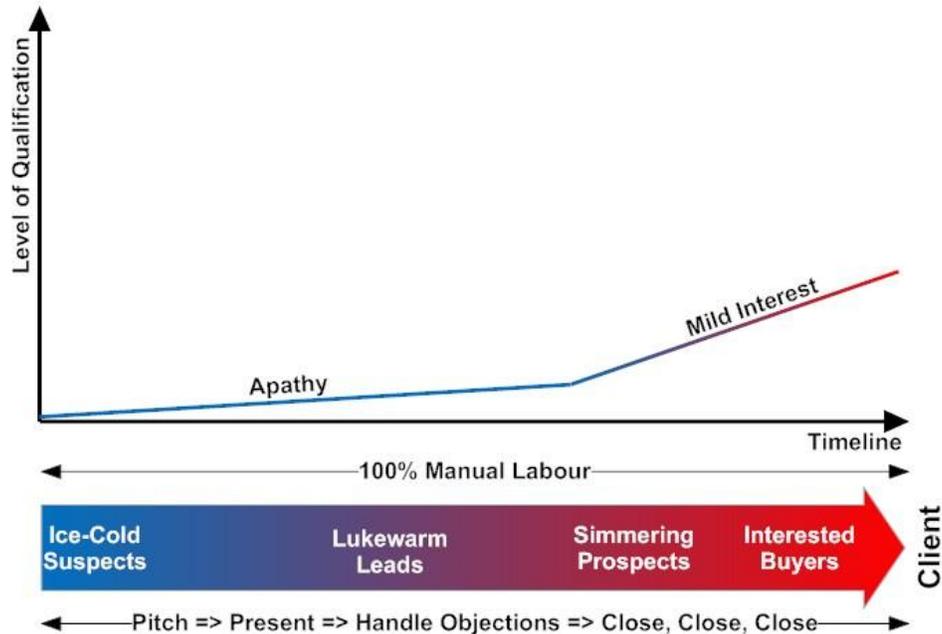
"Hey people, are you ill? Come to me!"

But when you have a narrowly defined Perfect Client profile, then you can communicate with more automation and less humanisation. That is, less humanisation before prospects make conditional commitments to work with you.

And now a few words about conditional commitments. It's like an "intent to rent" document between a landlord and a tenant. It means the tenant is a ready and financially able to rent the place as soon as there is an agreement between the landlord and the tenant.

In business it means the buyer is ready and financially able to do business with the seller is the seller can fulfil the buyer's buying criteria.

Traditional Business Development



Traditional business development is the approach of replaceable vendors. It's based on the idea that buyers buy whenever sellers want to sell them something, and force their wills upon buyers using manipulative sales tricks.

They regard business development as a numbers game. The more prospects they "harass" with their sales pitches, the more are likely to buy.

Sellers start out with apathetic suspects and start pestering them until they buy something. But even at the moment of purchase, we can talk about only mildly interested buyers. Due to the amount of hard-core persuasion and manipulation, by the time of the purchase, buyers are sick and tired of sellers, and often buy as a way of getting rid of them.

But let's stop here for a moment.

Some people say manipulation is bad but persuasion is good.

Is it now?

Some experts say that manipulation is about convincing people to do something that may be bad for them but good for the sellers.

But persuasion is about convincing people to do something that is good both for them and the sellers.

The problem is that in this scenario it's the sellers who define what's good for buyers.

For instance, as a sales rep of a mercury mine, I try to convince dentists to buy my mercury, because I have decided that mercury fillings are good for their patients.

And as conventional sales trainers say, since I believe in my product so strongly, it's my moral obligation to make my product available for dentists. This is really the euphemism of dumping my mercury on dentists in any way I can, then grab their money and run.

I experienced this far too often in my former life as a technology buyer. Salespeople would

contact me and tell me that what they had was much better than what we were using. And they really felt it was their obligation to sell their stuff to us by using any kind of trickery and manipulation.

Yes, trickery. In 16 years of being an engineer and technical buyer, I digested over 8,000 pages of proposals and I sat through over 2,500 hours of dog-and-pony show sales presentations. I had my fair share of sales tricks thrown at me, and I can confidently say that a large chunk of what experts teach today as “Sales 101” is really manipulation.

This “vendor” type business development is 100% manual labour grunt work-based with very little or no automation at all. The only leverage sellers have is the number of feet on the streets and number of fingers on telephone dialling pads.

In essence, using demeaning and demoralising² cold prospecting drudgery, 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 their contacts, sellers’ objective is to hammer buyers with sales pitches, hoping to sufficiently “tenderise” them and sell them something. If possible, something obscenely expensive. And often regardless of whether or not prospects need it.

Some prospects are real decision-makers, but most of them are opinion-makers and other chest-beating, self-glorified flunkies with exalted titles. They are like eunuchs in a harem. They walk around like pompous peacocks, but that’s all they can do: Walk. They’re unable for real action due to... well. Hm.

But those fancy titles can often fool sellers into believing they are talking to real buyers with budgetary and decision-making authority. But if they knew...

And after some brain-picking meetings, sellers volunteer to write and submit their proposals to apathetic or mildly interested opinion-makers.

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

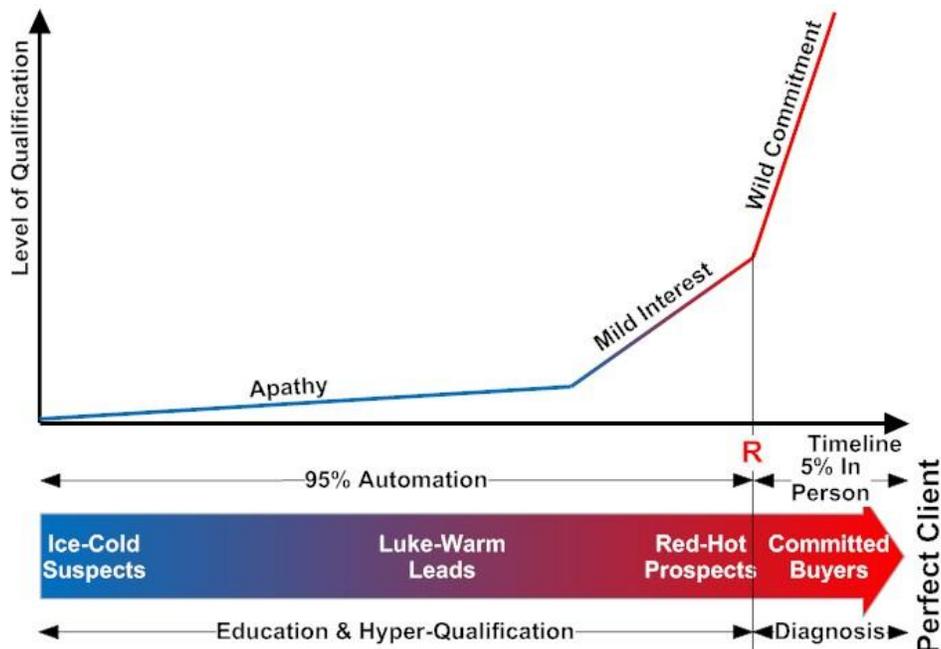
Sellers, even if their proposals are accepted, find that those engagements are based on “master-slave” relationships and buyers haggle fees and prices almost down to the point when sellers lose money by accepting projects.

This type of cold prospecting leads to low quality clients, low profit margins and very little repeat and referral business. And we haven’t even talked about diminished respect for you as an expert.

Now, let’s see the other option...

High-Leverage Business Development

² Yes. Every single business that I have worked with that’s based on cold-prospecting drudgery to acquire new business has pretty low morale and pretty high employee- and client attrition.



You invest your resources in in-person diagnostics, not presentations, 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.

But why education?

In his book, *The Robert Collier Letter (1937)*, Robert Collier wrote...

"You want to enter a conversation that is already going on in your prospect's mind."

And that conversation revolves around questions like...

- "I don't know how to choose this product/service."
- "I don't know anything about this product/service."
- "I don't know how to choose the right company in your industry."
- "I don't know anything about the product/service that your industry sells."
- "I don't know about your industrial practices."
- "I don't know about your reputation."
- "I don't know how you may screw me over."
- "I don't know what to ask salespeople, because they are pushy and aggressive."

Your buyers want to make educated decisions.

And if you neglect to educate your buyers correctly, then they are likely to make buying decisions based on the wrong buying criteria. Buying criteria that may be beneficial to your

competitors but detrimental to you. But correct buyer education...

- Eliminates price objections by using “apples to oranges” comparisons.
- Positions you as a recognised expert, while your competitors are regarded as desperate vendors
- Puts you into a “category of one”, and in doing so makes your competitors irrelevant.
- Establishes trust in- and respect for your company and its people.

And at point “**R**”, the buyer requests the first meeting.

And part of the high-leverage process is automation.

Yes, you can gain leverage through people, but gaining leverage through systems and automation is much more effective.

Let’s think. Warren Buffett’s company, Berkshire Hathaway, grosses about 20 billion a year, give or take a few pennies. But that figure is even more impressive if you consider that Berkshire Hathaway is basically some 20 people. You can imagine that they use some kick-arse systems automated to the hilt. So, back to marketing automation.

Traditional business development is sales force-based. High-leverage business development is sales machine-based.

Let’s look at...

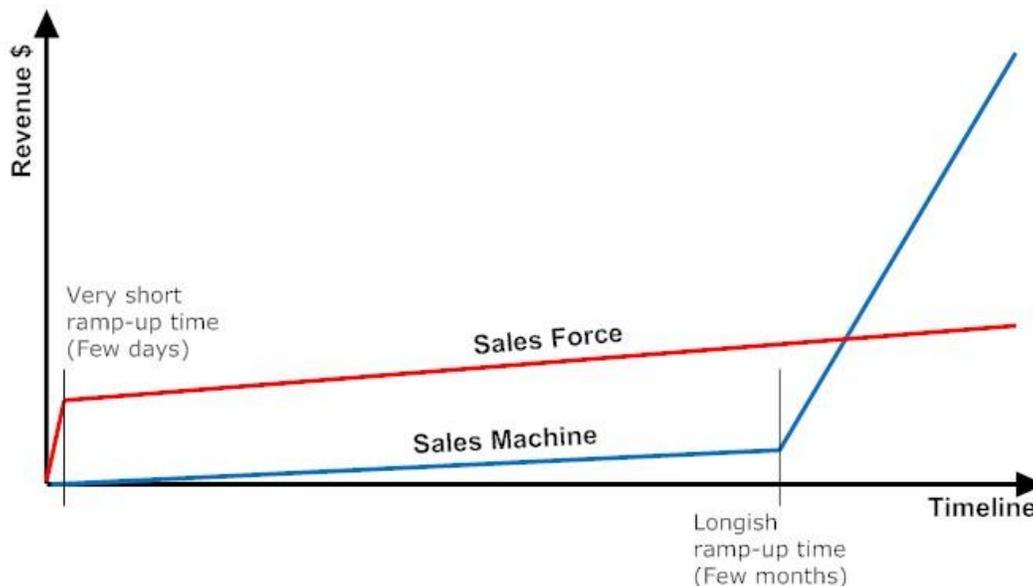
The Differences Between Sales Force-Based And Sales Machine-Based Business Development

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

Sales Force	Sales Machine
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.	You design and build a lead generation, lead nurturing and lead conversion system, and automate it to the nth degree.
Very short ramp-up time (Few days)	Longi(sh) ramp-up time (6-9 months)
Zero or low start-up costs	Significant start-up costs
High maintenance and management cost	Low maintenance and management cost
Produces high gross revenue	Produces high net profit per employee/profit per sale
Almost instant, but short-term gratification	Delayed but long-term gratification
Unpredictable, unreliable and inconsistent due to it subjective (human) nature.	Predictable, reliable, and consistent due to its objective (systematic and automated) nature.

3 Reasons For Automating Business Development

Sales Force	Sales Machine
Inconsistency undermines brand strength.	Consistency nurtures brand strength
Works 40 hours a week at varying performance	Works 168 hours a week at peak performance
Requires many salespeople (“regular army” approach)	Requires a small cohesive team (“commando” approach)
Salespeople can and usually do “steal” clients	Company “owns” clients
Managing a large sales force is costly and feels like herding cats	Self-directed and self-governed business development team
Targets the mass of market	Targets the cream of the crop (0.5-2%) of market
Competitive(ly low) fees and prices	Premium fees and prices
Lots of low margin sales	Few high margin sales
Buyers treat sellers as replaceable vendors	Buyers treat sellers as sought-after industrial authorities
Client selection is based on qualification: “How can I keep this prospect and make the sale, no matter what it takes?” Prospects try to get out of the proverbial double Nelson of the salesperson. “What can I do to please you and make you stay?”	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.”
Seller has to jump through the buyer’s qualification hoops	Buyer has to jump through the seller’s qualification hoops



With the sales force approach, you can start producing sales very quickly. The problem is that even if you have a Perfect Client profile, your salespeople, in pursuit of the quick buck (a.k.a. a commission) will try to sell to anyone with a pulse beat and an assumed budget. Your sales may start growing, but you fill the shop with substandard clients that will cost you money down the road.

Performance soon levels out because your salespeople are limited by time. There are only so many hours they can chase after prospects. If you want to see significant increase in your sales figures, you have to hire more salespeople.

The problem is that the process is still mighty ineffective. It's like a Formula 1 driver who races in second gear with the handbrake on. He can make some progress, but... well...

With the sales machine approach it takes some time to produce sales. The preparation takes a bit of time. But once you've done the preparations, you have a system that can be scaled to any level of performance.

For instance, if you have too many "ready-to-buy" sales leads, then instead of hiring more technical staff, you raise your prices.

Isn't it amazing that when IT business owners want to grow their businesses, they instantly think of increasing headcount? But IT is not cattle ranching. It's not about headcount, but about profit per employee.

And that's what automation can help you to achieve.

So, how are you doing with automation in your company?

About The Author



Since 1998, after a 16-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, sophisticated 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>