18 Self-Destructing Marketing Dogmas The Privately Owned IT World Is Infested With Part 1

Tomicide Solutions

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

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Blog entry

Conventional sales wisdom has raised former car salesman, Joe Girard all the way to the Guinness World of Record, and he's documented as the best car salesman in the world and one of the best salespeople who's ever walked the Earth.

Then many years later, Dan Pink wrote his brilliant book *To Sell is Human*.

Among other interesting bits and bobs, in this book, Dan reveals the unadulterated truth about Joe Girard's blazing success.

What most people know about Joe is that he was very diligent at sending out hand-written cards to his customers.

What not so many people know is that Joe was also a diligent cold-caller and a ruthless manipulator, well, basically a liar, in order to turn all Tom, Dick and Harry into a customer. He would call total strangers, pretend that they'd contacted him acquiring about cars and then shepherded the conversation towards cornering people and bludgeoning them with his sales pitches until they would buy cars from Joe.

It's only icing on the cake that Joe quit selling in the mid 70s, and since then he's been roaming the world doing sales training.

Where is the problem?

In 2013 he teaches his methods that worked in the 60s and 70s, but not anymore.

And thousands of people attend these seminars because Joe is regarded as a sales legend and his methods are regarded as irrefutable sales dogmas.

And the same has happened to the same and similar business development dogmas in the world of information technology and how privately owned IT companies use them.

IT companies that rely on obsolete business development methods to acquire new business, that worked in the past but not anymore, are shooting themselves in the foot. Actually, some of them, after firing, nail their feet to the floor too just to make sure they can never walk away from those obsolete methods.

They build their own prisons in which they are both the guards and the prisoners.

With that in mind, we'll look at a few sales dogmas and pieces of conventional wisdom, that can keep IT companies in the dark ages and can force them remain fungible vendors and dreaded peddlers for the rest of their lives.

By overcoming these dogmas, they can move over to the respected expert side of the IT service provider continuum.

Mistake #1: Depending On Referrals

Yes, referrals are the best source of getting new clients, but relying on them is the same as making the wide wild world responsible for your success.

It's the approach of socialist business owners. They expect their governments to provide them

with favourable business climates and expect their markets to send them preponderance of new clients.

And what do they do in the meantime?

Nothing. Not a sausage.

They sit at home and bitch and complain on online discussion forums that the world owes them and 5-star clients should line up at their doors waiting for being served and throw money at them.

They are fully sold on the old Ralph Waldo Emerson quote...

> **If a man has good corn or wood, or boards, or pigs, to sell, or can make better chairs or knives, crucibles or church organs, than anybody else, you will find a broad hard-beaten road to his house, though it be in the woods.**

These people believe that since their products/services are better than anything else on the market, the world should line up at their doors with signed purchase orders ready to buy.

They should also send all their friends and relations to buy something.

I think Apple has tonnes of referrals.

Yet, the company doesn't rely on them. Apple carefully plans and orchestrates its referral fever.

Most IT companies just hope and pray.

So, instead of just waiting for referrals passively, think about how you can proactively build and orchestrate a referral flood.

Referrals are like milking cows. Farmers know that they can maximise milk production by proactively orchestrating the process by providing a great environment for the cows, feeding them well, and according to some recent research, playing them music.

On those four family farms where I'm a silent partner, we play chamber music to the cows, and there seems to be some improvement.

Mistake #2: Depending On The Media

There is a difference between media exposure and media exposure.

The kind of media exposure that I like and actively pursue for my clients is article publishing. Article publishing establishes you as an expert. It increases your credibility and the perceived value of your products/services.

Thinking back, none of the clients I've got through media exposure has ever kicked up a fuss about my fees. They've all been very good clients. QED: The media generates quality clients.

The other form of media exposure is media interviews. When you're interviewed as an expert, that's great. But when you're interviewed to talk about yourself, that's not so important.

Your articles can serve as intros to your works style and your position in the industrial pecking order.

Premium-priced companies use articles to generously share their expertise, and the lead

generation intention is pretty subtle.

Budget alternative companies use articles for the same reason but with pretty blatant lead generation intention.

Mistake #3: Depending On Networking Groups

Networking is a vital activity, but not mass networking.

People who attend networking groups are in sales mode, not in buying mode. When attending such events, people have their guards up to protect themselves from the never-ending sales onslaughts of insurance salespeople and multilevel marketing distributors.

Not to mention that in general, attending networking events is pretty time-consuming.

Yes, there might be some good networking events for B2C sellers, but in the B2B world, there are not many decision-makers that attend networking events.

I suggest that instead of mass networking you opt for personal networking, and meet people individually.

Mistake #4: Depending Competitive(ly Low) Fees And Prices

In general, lower prices attract lower calibre people. A friend of mine's wife works at Harrods[1] in London. In my view, the highest-end retail store in the world with astronomical prices, including some $300 Marc Jacobs T-shirts.

She's a supervisor for cashiers. Every time there is a declined debit or credit card, it is registered in the system, and is tracked. On a monthly basis there is basically nothing to track. People who buy at Harrods, don't have payment problems.

Years before Harrods, she had worked as a cashier at some low- and mid-range (equivalents of Wal-Mart, Zellers, Sears, etc) stores where there were several payment problems every day.

Low price screams low quality, disgruntled employees, corner-cutting and general mismanagement. And who wants to do business with losers anyway? Not to mention that clients whom you've attracted with low prices can be attracted away from you with even lower prices.

The low-price advocates state that low prices can be balanced by high volume.

Well, yes and no.

According to a McKinsey study...

- Every 1% of price reduction drops your profit by 11.7%
- Every 1% of sales volume increase increases your profit by 3.7%

Again, Wal-Mart makes higher gross revenue, but Harrods makes higher net profit per employee.

Never mind price. Focus on the value you offer to your clients and how you communicate that

[1]. http://www.harrods.com/

value. And that comes from market positioning.

Also, it's easier to serve 100 premium clients than 10,000 bottom-feeders. Not to mention that bottom-feeders are suspicious of your acts, demanding, constantly haggling and are generally pain in the arse to work with.

Mistake #5: Depending On Cute Slogans And Sound Bites

No one reads long copy any more – IT executives say.

I would add, no one reads dumb, boring self-aggrandising copy regardless of how short or long it is.

But no one buys a 6-8 figure IT system based on a tweet, a short Youtube video or a Facebook message either. Doing research is a significant part of the buying process.

And when all you put out is cute slogans and sound bites, no one can do research ion them. Buyers need some pretty substantial pieces of information to make the right decision. And here comes in the role of good content and copy.

Content engages the intellect and copy engages the emotions. Content informs and educates readers and copy guides them in their decision processes. The goal is not to make the sale at any cost, but to guide readers' decision making processes to make sure they make the best decisions for themselves.

So, even before you hit the market, sit down and develop some key messages, including your perfect client profile, unique value proposition, unique selling proposition, etc.

Mistake #6: Depending On Group Think

Groupthink usually results in the worst possible decisions.

Why?

Because there is no clear-cut objective what the decision is supposed to achieve. It's a sort of "let's make a decision for the sake of making one."

Imagine that you call your top executives together, and the COO starts picking on the ideas the marketing manager has just presented for the next media campaign. The layman challenges the expert. Nevertheless, it brings your marketing to a screeching halt, because two top dogs can't agree on something.

This is where many companies choose to be politically correct, and start accommodating the COO's ideas in the media campaign. The marketing manager knows that the idea flops, but based on group think, everyone must be heard and everyone must be made right.

At one point, you the business owner, have to step up and decide who the expert is and whose opinions you should listen to.

Yes, others can offer their 2 cents too, but someone has to carry the coffer too, and that person can't be a layman, like the COO in this marketing example.

Mistake #7: Depending On "Second Fiddle" Market Position

Many IT companies fail to aim for leadership roles because they erroneously think that leadership is all about size, that is, only multinational corporate behemoths can become leaders.

And you don't have to be technical leader necessarily.

You can be a leader in project management, sales lead nurturing or client service.

You can even do a mini survey (live, not a questionnaire) and discover what your best clients appreciates the most in working with your company. The good thing is that you can also discover what they dislike about working with your company, and do something about it.

Mistake #8: Depending On Being Discovered

Many IT business leaders believe that marketing is for businesses that sell crap and marketing is the process of dumping that crap on unsuspecting victims. So, they don't do marketing.

Funnily enough, the same companies employ hyper-aggressive sales bulldogs who use anything, short of physical violence, to turn prospects into paying clients.

Just read Don Tennant's article *Rotten Effort*[2], in the 8 May 2006 issue of Computer World.

In the article, a Microsoft saleswoman, posing as a software licensing expert, tries to get money out of a client by dinging him with various fines for not having proper software licences. The client needs to engage his lawyer to silence the overzealous scumbag saleswoman.

This is one case only. But think about how many other clients this woman has intimidated by telling them that Microsoft will sue the shit out of them for not having properly licensed software.

Whenever I hear, "Just put me in front of a prospect with mild interest, the deal is 100% certain", I know that company is in the arm-twisting business in terms of sales.

Either salespeople are not smart enough, or sales managers are don't permit salespeople to be smart about getting in front of buyers with finesse, so once they are there, they use brute force to turn buyers into clients.

The idea is not to twist prospects' arms to force them to buy, but to create an environment in which they want to buy on their own volition.

What's the difference?

Well, comprehending the simple fact that buyers buy when they are ready to buy, not when sellers are ready to sell.

And it's good marketing with kick-arse messages that can create that buying environment.

Mistake #9: Depending On Rented Prospect Lists

[2] http://www.computerworld.com/s/article/print/111186/Rotten_Effort

While many IT companies are busy mass-marketing, they neglect to market to their own in-house lists.

That list may be small, but since they've responded to your communication before, there is a good chance that they would respond again. And they already somewhat know you, hence trust you. You're not a total stranger to them.

I know there is social media, but a monthly, or at least quarterly newsletter, is much more substantial than a tweet or a Facebook message.

Make your newsletter educational, so over time you position your company as the expert.

The whole client acquisition process must be based on education in order to facilitate buyers' decision-making processes, so they can come to their own conclusions and make decisions without buyer's remorse down the road.

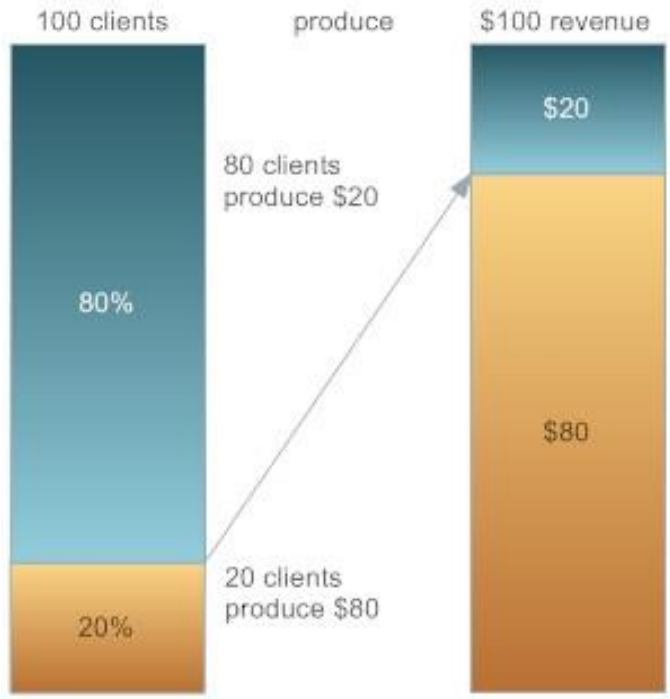
Buyers don't draw the conclusion themselves that they need your products/services. Your free educational content helps buyers to come to their own conclusions that they need your products/services to solve their problems or to seize their opportunities.

Also, free educational content shapes buyers' decision-making criteria, so you never get condemned to do dog-and-pony presentations and grovel for the next purchase order at the feet of price-obsessed procurement agents.

Is it instant gratification? No. That's why most of your competitors don't do it.

Since they are too busy marketing to the masses, you can aim at the top 05-2% of the marketplace that has the money.

Think about Pareto's 80-20 rule and look at the graphs below...



The 80/20 rule worked well in the industrial age.

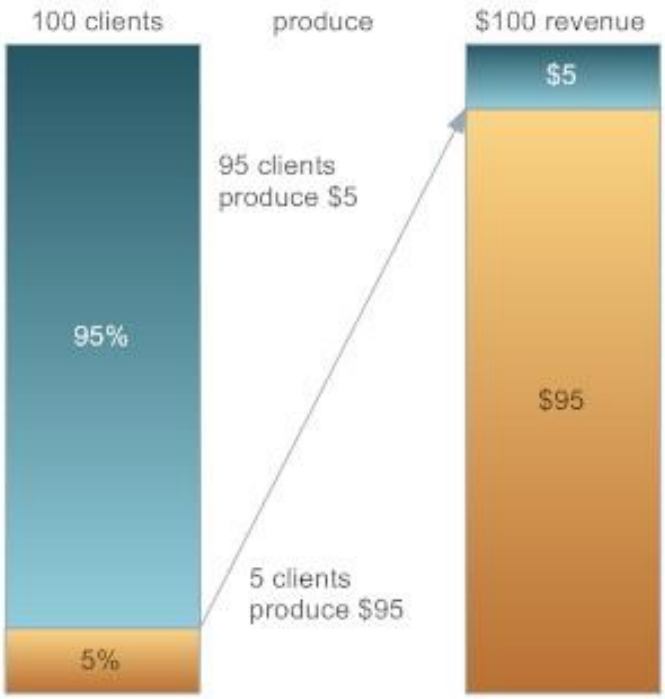
That is...

Good clients produce 80 / 20 = $4 per client.

Bad clients produce 20 / 80 = $0.25 per client.

Good clients out-produce bad ones 16-fold.

The 80/20 rule worked well in the industrial age, but the 80/20 rule for the knowledge age is around 95/5.



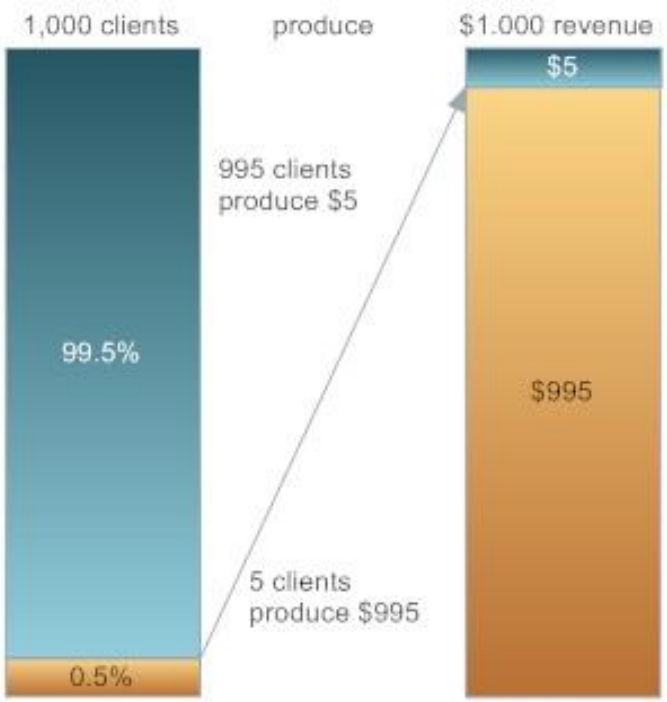
That is...

Good clients produce 95 / 5 = $19 per client.

Bad clients produce 5 / 95 = $0.05 per client.

Good clients out-produce bad ones 380-fold.

Actually in some areas of high-tech, the ratio can be as high as 99.5/0.5.



The 80/20 rule for some areas of high-tech can be as high as 99.5/0.5

That is...

Good clients produce 995 / 5 = $199 per client.

Bad clients produce 5 / 995 = $0.005 per client.

Good clients out-produce bad ones 39,800-fold.

And this segment is roughly 0.5-2% of the total market.

And only you can decide whether or not it's worth aiming at this market segment.

So, as you can see, the idea is not about having more low-calibre clients, but about having fewer high-calibre clients. There is no point in clogging up the shop with price-obsessed junk-calibre clients.

That's it for now. Next month we continue and take a closer look at the other nine self-destructing marketing dogmas, including...

- Depending on shortcuts
- Depending on casual marketing
- Depending on complicated marketing plans
- Depending on luck until there is some spare money for marketing
- Depending on special promotions
- Depending on RFPs
- Depending on image (institutional) marketing
- Depending on cold-calls

In the meantime, don't sell harder. Market smarter and your business will be better off for it.

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

Additional Knowledge Products to Build Your IT Business

Here are some knowledge products on business development for building your premium-calibre IT business. It's especially for privately held "entrepreneurial" IT companies and solo IT professionals.

These products are sort of workbooks. They explain what is what, then walk you through the "how to..." part of the process. As you read the books, you do the exercises, and by the time you finish reading, all the relevant bits and bobs are in front of you on paper applied to your own unique situation. For this reason, the materials are not long but rather dense.

I hope you find them valuable.

Winning Yellow Pages Advertising For Information Technology Companies: One piece of good news is that most people who look you up in Yellow Pages are serious buyers. Another piece of good news is that some 97% of Yellow Pages ads are like eunuchs in a harem. They are physically there but are unable to perform.

The bad news is that your Yellow Pages ads might look like your competitors' ads. But that's great recognition and you can now correct this error.

Some people say, no one uses the Yellow Pages any more. Normally not. But in case of emergency (server down or computer crash), people look up the Yellow Pages and phone the company that is best differentiated from the masses. And remember that emergency work has very very high perceived value. So, take a moment and look at your ads. Winning Yellow Pages Advertising For Information Technology Companies

Perfect IT Client Profile Development Toolkit: We all know the high financial and psychological cost of low quality clients. They pay little but demand a lot. Even when they are

happy, they are reluctant to give testimonials and introduce us to their connections. So, it's pretty important to carefully cherry-pick clients and to make sure they come from the top 0.5-2% of the Perfect Client Pyramid.

Yes, these top-drawer companies are hard to "conquer", but in the long-run, they offer the highest return on your marketing investment. But before contacting them, you have to define them in your business. And this is what this knowledge product does. Perfect IT Client Profile Development Toolkit