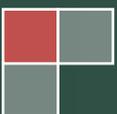


6 Questions to Ask Business Development Manager Applicants

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

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[Blog entry](#)

As more and more IT companies are rinsing the bitter taste of the recession out of their systems, many of them are crafting bold goals for the next few years, and some of them implement some major changes in their work forces.

Some of them recruit more techs or more salespeople, but some recruit new business development managers.

And I'd like to dedicate this month's article to them to make sure they find and hire the best person for the position.

So, let's start with clearing up a serious misunderstanding.

In most people's eyes, business development is pure and unadulterated selling.

Well, once upon a time, salespeople were called salespeople. Today they are called business development managers.

Most are the same high-pressure peddlers as before, but the new name is more appropriate for the new economy.

But the way I encourage IT companies to look at business development is the process from the very first contact with the market to the first paid project and beyond.

So, in my book, business development is a seamless integration of marketing and selling. It's impossible to separate the two because they serve the same purpose: Making the seller company, its owners, employees, suppliers and clients more successful.

And since this mentality is drastically different from the traditional sales management approach, this person must be selected quite differently.

Once I heard this great definition of management that management is like holding a bird in your hands. If you hold it too tightly, you kill the birdie. If you hold it too loosely, the birdie may just fly away.

This also describes the type of business development manager that we're looking for.

But first let's recap the 18 key attributes¹ of premium grade IT companies that engage in high-leverage business development, meaning that success is leveraged both on talent and technology but not on headcount, number of working hours and cost of materials.

1. You don't use timesheets on your people. You actually trust them.
2. You have value-priced project agreements.
3. Any change in the scope of work generates a change request.
4. Your company has a firm-wide leadership programme.
5. You offer 100% money-back guarantee on your services.
6. Each project begins with a detailed diagnostics and scope discussion.

¹ You can read these 18 attributes in great detail in the September 2012 issue: <http://www.varjan.com/articles/1209-sep-18-criteria-to-define-whether-your-it-business-is-a-sought-after-authority-or-a-replaceable-vendor.pdf>

7. You price your work in advance, and invoice only for work that clients specifically requested.
8. You have a chief value officer (CVO) or pricing council in your company.
9. Your fees and prices independent of the TEM (time, effort and materials) it takes to do the work.
10. Your fees and prices vary from client to client.
11. Your prices consider clients' perceived value of your services.
12. You have salaried employees in your company.
13. You run a results only work environment (R.O.W.E. = Salary + Bonus based on company performance)
14. You have a lean and mean business development team.
15. You align your key success indicators with the client's success indicators.
16. Debrief each project using AAR
17. You acquire clients based on your [perfect client](#) profile.
18. You nurture innovation in your company.

After clarifying the foundations, let's look at those questions.

You want to ask these questions to make sure that you recruit someone who actually fits into your style of operation.

Question #1: How Should Salespeople Be Paid?

Most candidates will say sales commissions.

My problem is that the commission rewards short-term individual performance. It undermines long-term success and destroys team spirit.

So, while you can make some great short term, flash-in-the-pan money, you end up with atrocious talent attrition, which causes high level of client attrition and diminished profitability.

Besides, selling complex, high-ticket IT solutions in the B2B arena requires more than one single salesperson with the gift of the gab. One point is that every sale is a team effort. The other is that buyers are savvy salespeople and they can see through the veil of deception put up by most –fast-talking peddlers who try to get the purchase order for as much money as possible and move on.

Another, somewhat separate point is the content-less salesperson, that is, the salesperson who has sales skills but has neither industry-specific business savvy not subject matter expertise.

The reality is that buyers don't want to meet them.

Buyers with high level of technical- and/or business savvy can't relate to salespeople who don't have relevant expertise.

How do you expect to discuss the IT aspects of a manufacturing plant's relocation with a high school dropout or a philosophy major?

No, you can't.



If your candidate believes that salespeople should be paid commissions, it can also mean that he is short-term and individual performance-focused. In my experience, the best compensation method is the one that supports both the company's and the associates' financial prosperity.

Wal-Mart may look successful on the surface, making about \$475 billion in 2013.

It has 2.2 million employees. Workers in the typical store receive an annual \$904,000 in wage and medical assistance from the government.

For all the stores, this is some

\$2,6 billion in government assistance.

So, as we can see prosperity for the company has nothing to do with prosperity to the very people who create the company's prosperity.

However, I'm pretty convinced that Wal-Mart would be a lot more profitable if it paid and treated its people with respect and dignity.

So, my vote is on a good base salary and a bonus based on the company's performance.

And this is not only for salespeople. Everyone should be paid the same way.

Oh, and if you want to take performance to the next level, you can pay the same amount to all your people.

This is strange, but with this approach you instill an idea that "we win or lose together". This is when you end up with self-directed team in which the teams take care of underperformers, so you don't have to play the umpire.

Yes, some egomaniacs may kick up a fuss that the secretary makes \$80,000, but if that's what the company's success requires, then so be it.

Question #2: Should Salespeople To Their Own Lead Generation?

Opinions differ here to, but my take is that if you run a true one-firm-firm², that is a firm with a farmer/gardener mentality, as opposed to a hunter mentality, then I believe you have to have centralised lead generation system.

Now reread and pay attention to two words: 1) Centralise and 2) System.

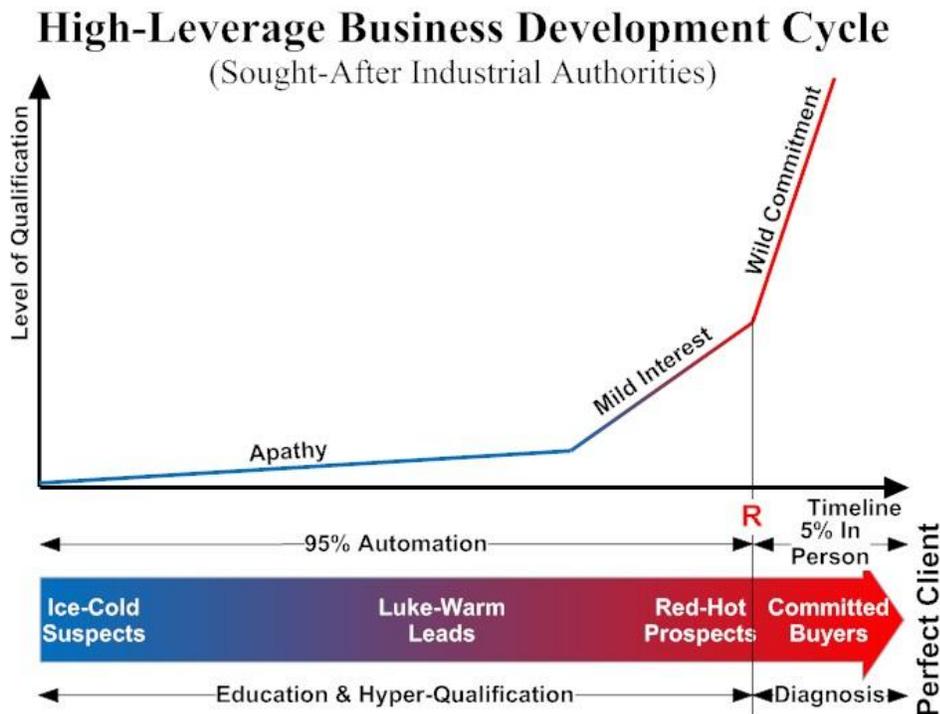
It means it's centrally defined what sort of sales leads you want to generate for what sort of projects and how to build those specifications into a highly automated system.

The traditional approach is that salespeople are roaming the land and try to generate sales leads to beat their quotas.

Allegedly this is good because the company doesn't need to "waste" money on marketing to generate sales leads. Yes, there might be a marketing department, but it's totally out of alignment with what the sales folks do. It's just a department churning out fancy images and impressive-sounding slogans.

In the meantime, salespeople generate their own sales leads and compile their own sales presentation materials because the stuff they receive from marketing is useless.

According to the CMO Council, 41% of salespeople's time is spent on recreating prospecting materials and sales aids that can be left behind with clients. Materials that the marketing folks should prove, but they are too busy with image and brand awareness, while ignoring sales.



One of the reasons for this wasted 41% is the lack of collaboration between the sales and marketing folks.

Also, when you have a centralised lead generation and lead nurturing system, all your messages remain 100% consistent, which contributes to building your brand.

A typical problem between salespeople and technical people is that the salespeople promise just about anything to close the sale. And when the project starts project managers and the tech folks have to apologise

² [The One Firm Firm](#) and [The One Firm Firm Revisited](#)

for the salespeople's exaggeration (lies?)

This is the point where many projects get cancelled,

So, management has to refund the client and get the commission back from the salesperson.

The problem is that the salesperson is long gone.

So, with this in mind, I think you'd better off centralising lead generation and lead nurturing, so the prospect can be handed over to the salesperson for personal interaction only when the prospect is ready to act.

Based on the diagram on the previous page, this point is when prospects passed the apathy and the mild interest stages and enter the wild commitment stage.

And here is another shocker. I don't even think you should have a dedicated sales force.

All you need is technical people with industry-specific business savvy, and that's all.

No, they don't need to be master salespeople.

What they need to know, and tech people know it really well, is how to diagnose buyers' business situations, relate business symptoms to technical solutions and get the solutions implemented.

Question #3: What Do You Think About Cold-Calling?

Where the candidate stands on cold-calling reveals a lot.

Personally I believe cold-calling is a waste of time, but your business culture may be different from mine.

Also, I'm an introvert, so there is no surprise that I have cold-calling.

But watch out for the candidate that is rigid on cold-calling.

I've heard it from several business development managers that no matter how busy salespeople are dealing with real deals, they should find the time to make 100-150 cold-calls every day.

Personally I find it silly to mandate something that is so grossly obsolete.

But cold calling may work when you have something valuable to offer.

You can call Big Cheese's secretary and tell her that you have just completed an industrial study on something interesting and relevant, and if Big Cheese is interested, you can mail a copy of it to him.

What I'm hog wild against is cold-calling to sell something in one step.

Yes, if you sell some cheap commodities, then it can work, but I reckon, you're reading this literary masterpiece because you're NOT selling cheap impulse items.

Yes, the intention behind the distribution of valuable materials is to generate new business, but the sophistication of the approach must match the sophistication of buyers' selection processes.

You can't just set a commission-hungry bazaar huckster (e.g. a former used car salesperson or an aggressive insurance salesperson or something similar) on sophisticated buyers.

So, whatever the candidate says about cold-calling, feel free to ask her to elaborate.

Done right, even cold-calling can be a dignified process, but remembers that most buyers have their own preconceived notions about cold-calling. And it's not positive.

Question #4: How Do You Have The Sales And Marketing Folks Work Together?

There is a very high possibility that the new candidate is coming from a company that has a separate sales and marketing department, and it's also very likely that those departments don't communicate much with each other.

And for this candidate this is a perfectly normal state of affairs.

But here you run an integrated business development team. So, how to handle that?

Let's look at the simple example of a soccer team...

You have a goaltender, some forwards, some midfielders and some defenders.

And while their individual training regimens differ, they also train with the whole team, practising team work. By the way, do you know that the Brazilian soccer legend, Pelé, spent a significant part of his training to train as a goalkeeper in order to understand that side of the equation, so he could fine-tune his game as a forward?

A business development team is very similar.

One person studies the most recent SEO changes, while the other refines her copywriting skills and yet another studies the art and science of social media.

But at the end of the day, they have to work together as one single team in order to create successful business development campaigns that bring in new perfect clients. Let's remember, the aim is to work only with perfect clients.

And here lies a difference.

While you can prod one person, you have to shepherd a team rather carefully. If you try to prod a team, team members will run all over the place and you can spend a hell of a lot of time to regroup your team.

The other part of the alignment between sales and marketing folks is that you have to pay them the same way. And that, in my vocabulary, is base pay and bon us.

If you pay them differently, you create instant difference among them, and collaboration goes down the toilet.

Yes, I know it's not easy to have two departments work together in harmony, but this is how they create the maximum output, which is good both for team members and the company.

And if it takes a little extra one-time effort to achieve significant and ongoing improvement in effectiveness, then so be it.

Question #5: Are You More Of A Sales Farmer Or A Sales Hunter?

We know from history that one of the main reasons why the agricultural age replaced the hunting-gathering age was because farming turned out to be much more productive than hunting. In my experience, this is what's happened in business development too. Hunter type selling must be replaced by farming/gardening type selling.

Or as the saying goes, you catch more flies with honey than with vinegar.

The reality is that buyers don't mind being cultivated into win-win relationships with sellers, knowing they will get good value for their money, but they absolutely don't want to be hunted by sellers.

If your sales approach is based on what you learnt from some of the 70s' and 80s' sales gurus, then I'd like to encourage you to review your sales approach because that vinegar approach can result in some pretty vitriolic responses from your buyers.

But let's stop for a second here...

Many sales managers love the hunter approach because they can send out their salespeople to roam the land or dial for dollars, and the salespeople bring in the daily "kill" by the end of the day. It's an almost instant process.

And the fact that most of these contracts are with less than perfect clients at way lower than normal fees and prices is irrelevant because, sales folks get their commissions based on revenue not on profit. So, even if they sell their companies' stuff under cost, they still make their money.

The company goes into the red, but who care about that.

Here is a short comparison as I see the difference between a farmer and a hunter company.

Company Attributes	Farmer/Gardener Company	Hunter Company
Overall company atmosphere	Collegial, collaborative spirit	Individual entrepreneurial spirit
Strengths	Laser focus on strategy	Diversity and flexibility to scatter
Management's focus	Living the values and the mission	Making the numbers
Employees' orientation	Team players	Standalone street fighters
Leaders	First among equals: E.g.: Orchestra conductor	Hunter with the highest numbers
Decision making	Interdependent: Coordinated and discussed	Up to each hunter
Philosophy	Judge and discern overall context before reading numbers	Read the numbers
Planning	Being strategic with values, mission and vision	Making the most money
Compensation systems	Based on long-term company-wide performance	Based on short-term individual performance

In my view the farmer/gardener option is better, but that's only me. There are lots of people out

there who enjoy the thrill of the chase in a hunter type company. Well, especially because it's not them who have to do the chasing.

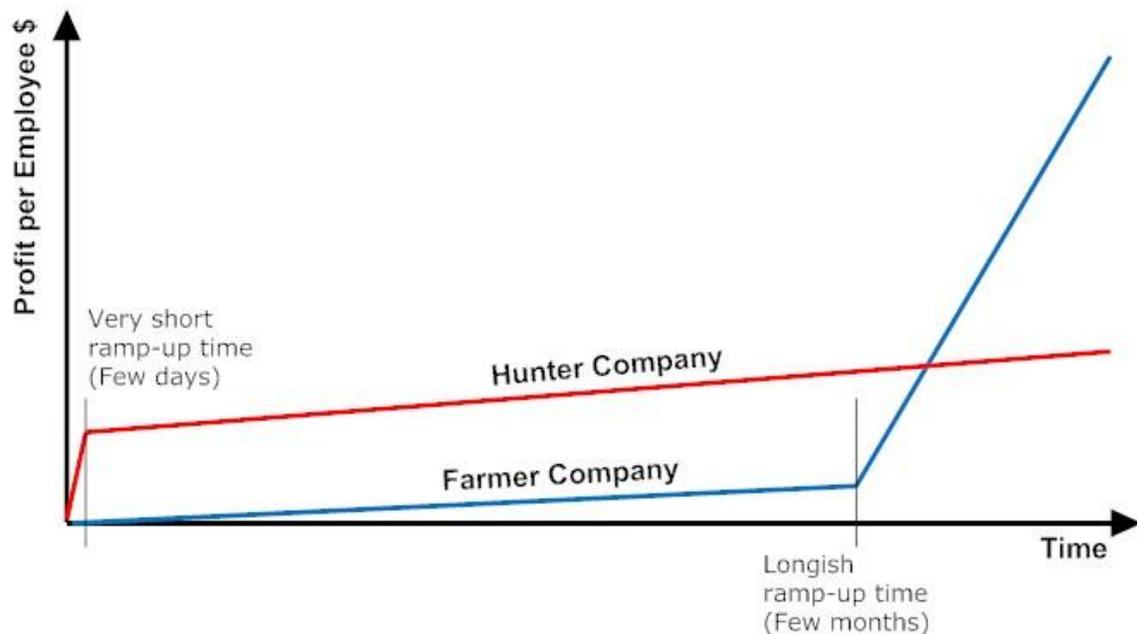
I've met far too many sales managers who would rather die than make cold calls and would never receive cold calls, but demand that their salespeople make 100 plus cold calls every day regardless of how busy they are working on real deals.

There is a saying in the military that you don't ask others to do something that you wouldn't do yourself.

I reckon this notion hasn't penetrated the corporate world yet.

If you don't mind running a fungible vendor type company, then the hunter approach could work.

But if you want to run a respected authority type company, then you're better off with the farmer/gardener approach.



Hunter Company (Red Line)

This company starts with hiring an army of salespeople on straight commission to minimise costs and starting dialling for dollars and pounding pavements.

The mantra is “**We want money and we want it right now**”. During the short ramp-up, in a few days, salespeople get to know the products/services, which are sold as simple impulse commodity items.

Salespeople can hit reasonable sales levels

Farmer Company (Blue Line)

This company focuses on building leverage on processes, systems and technology with the minimum headcount.

But since they need few people, they can afford to recruit top-tier talents.

The longish ramp-up time is factored in because processes must be designed and systems must be built and tested. So, during this time, productivity is minimal.

But once all systems are in place, productivity

Hunter Company (Red Line)

pretty quickly, but they soon reach their limits due to sales force attrition.

Constraints start showing themselves: 1) A player salespeople don't accept straight commission positions, so the company has to put up with B and C players. 2) To increase sales, the company needs more salespeople. 3) With the addition of every sales salesperson, productivity (sales per salesperson) goes down. Statistically 49% of salespeople don't make quota, 27% don't sell enough to cover their costs of employment and the annual attrition rate is 43%.

For me a company's real success is productivity (profit per employee) indicator.

I've recently fiddled with an indicator that I haven't seen yet.

I call it social productivity, that is, profit per employee relative to average employee tenure at the company.

So we get productivity = Total profit / headcount

Social productivity = Productivity * (Average Employee Tenure / Company's Tenure)

I use this indicator to consider the company's social productivity which, I think, is just as important as its financial productivity.

In my view, even a Gulag forced labour camp can have high productivity, but the attrition rate is high due to atrocious level of mortality. Do we really want to fill the world with such companies?

And while hunter companies can achieve high level of total gross revenue, in my experience, farmer companies can achieve more impressive social productivity levels.

Farmer Company (Blue Line)

starts taking off pretty nicely. And since performance is based on leverage on systems not on people, a tiny team of business developers can constantly increase revenue. And systems can be scaled up to any level of performance.

Question #6: What Do You Do When You Notice Declining Sales Figures?

This is an interesting question because the answer can be so broad.

Once I read in a sales trainer's newsletter that when sales starts falling, you start hiring more salespeople on straight commission, and just play the sink or swim game with them.

Give them minimum training or, even better, just demand them to learn the company's products/services in their spare time, so they don't cost you a penny, and at the end of the day, they average out.

Well, those naughty averages again.

Hm. So, when the average temperature in a hospital starts dropping due to high mortality rates, you induce high fever in all the live patients, so the average temperature looks just peachy.

Do you really want to be treated in such a hospital? Maybe not.

Luckily not all hospitals operate that way.

Most sales problems are not sales problems at all. Declining sales is just a symptom.

They have their roots largely in lead generation and lead nurturing.

In a way it's similar to lower back pain.

Many lower back problems have nothing to do with the back. They cause referred pain coming from tight hamstrings.

Tight hamstrings pull the pelvis down and away from the lumbar spine. This pouts the lower body into an unstable position that results in lower back pain.

So, when you have declining sales figures, the sales function is probably the last place you should look for the culprit. You have a better chance to find it somewhere else.

Summary

Of course, it takes much more than six questions to recruit the right business development manager.

And you can use these questions if and only if your culture is congruent with a respected authority type company that sells complex and high-end solutions.

But I sincerely hope, your company is more of a respected authority than a fungible vendor.

So, what can you do?

Yes, you can recruit impressive resumes.

Or you can recruit real expertise using different methods from what HR departments use to make politically correct, but usually professionally incompetent, hires.

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

[With victory on high...](#)



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Additional Knowledge Products to Build Your IT Business

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](#)