

Good IT Companies Have Sales Goals And Sales Superstars; Great Ones Have Sales Systems

Tomicide Solutions Newsletter, Feb 2016

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

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[Blog entry](#)

John was a huge African-American chap working as a steel driver at the Chesapeake & Ohio Railroad in the 1940s. He was drilling holes and banging steel spikes into rocks with his 14-pound hammer.

John could go 10-12 feet in one single workday.

There was no one in the vicinity who could come even close to John's incredible performance.

Then one day, a salesman showed up selling a steam-powered drilling machine.

He told management his steam-powered drill could out-drill any human.

Yes, any human, but not John – the manager thought.

So, there was a contest between John and the steam-drill machine.

John grabbed two 20-pound hammers, one in each hand, and the contest started between man and machine.

The machine was drilling and John was tirelessly pounding with both hands.

The contest ended with John's victory.

The human outperformed the machine.

The men were rolling on the ground laughing at the braggadocio drill peddler and his useless contraption.

The triumphant John raised his hammers to the sky as the workers were shouting and cheering.

But then all of a sudden, John felt dizzy with exhaustion.

The hammers fell from his hands and he fell to the ground.

He closed his eyes, and never opened them again.

He died from a burst blood vessel in his brain.

Yes, John defeated the machine, but only for a short time. C&O Railroad's greatest driller, the legendary John Henry was dead. Even the drilling legend couldn't beat the machine.

Can you?

Are you willing to run the risk of dying even to try?

And the sad reality is that while John was walloping spikes in the 1940, almost 100 years later, many IT SMBs do the equivalent of manual spike-walloping in their own businesses: Dialling for dollars and banging on doors in the hope of conjuring up the next big contract.

And they set their sales goals on more dial pad banging, door-banging and responding to more RFPs.

Many IT businesses are so busy dealing with their current clients that when they need more clients, they do what they've always done but doing it harder and longer.

So, if they have been using cold-calling, they just make more calls.

If they respond to RFPs, they instruct more people or even hire people to respond to more RFPs.

All, in all, what they do is increase headcount, so they can increase manual labour to get more

clients.

Scott Adams, the creator of Dilbert, has put it so eloquently...

"My philosophy is that losers have goals and winners have systems."

In the world of business development, good companies have mighty sales goals, aggressive sales quotas and even more aggressive salespeople. Great IT companies have sales processes and systems.

Good IT companies scale through headcount and increased labour intensity; great IT companies scale through processes, systems and automation.

Just think about losing weight...

When people want to lose weight, what do they do?

Well, they set goals about how much weight they want to lose by what date.

And then they hope.

Does it work? Sometimes it does, but usually not.

Why?

Because it gives you only the destination, but not the process of getting there.

Many people want to be best-seller authors, but not many are willing to go through the process of writing 8-12 hours a day, as Stephen King still does.

Don't get me wrong. Goals are important. After all, they are the destinations we're moving towards.

All I'm saying is that after setting your goals, you'd better focus on getting closer to them.

In a way, this is like driving at night. Well, if you're in the UK, then it's driving at night or in fog.

I remember many years ago, when I was living in the UK, I jumped in the car to go to the market to stock up on fruits and veggies. By the time I got to the end of the street where I lived, I (and all the other drivers) had to stop because the fog was so thick that we couldn't see more than 2-3 feet.

Well, that's England for you.

But once you have your goals, you want to set your strategy of what to do to reach your goals and tactics of how to implement that strategy.

And whatever you want to achieve, you need one more thing.

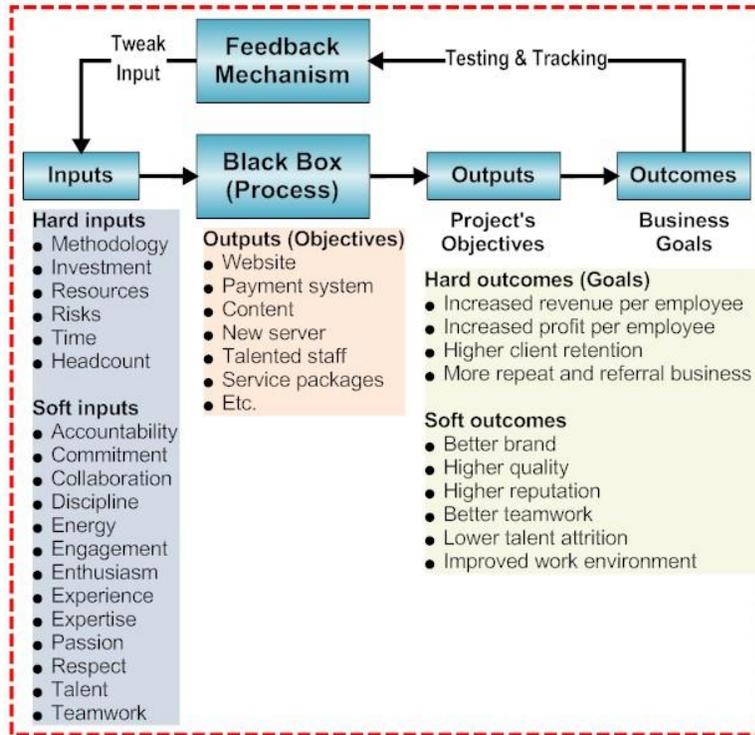
Without this thing, pursuing your goals can feel like chasing a black cat in a dark room. What makes the situation worse is that the room is painted black and you're blindfolded.

And that one thing is...

A Kick-Arse Feedback Mechanism

This is where you track various, both leading (number of submitted proposals) and lagging (number of completed projects), indicators.

Improving soft inputs on the input side increases hard cash on the outcome side.



What do most companies increase in order to obtain better results? They increase hard inputs, like headcount, and demand longer working hours from their people.

But they don't touch the soft inputs which would make a truly great difference in the outputs. But 80% of success lies in the soft inputs.

So, my thought is that in order to get better outputs, increase the soft inputs and change the hard inputs. What you need is NOT more of the same, but less of something different.

If you want to increase sales, don't hire more salespeople, increase their financial rewards and demand longer working hours from them, but tweak the soft inputs of your current salespeople and revamp your sales methodology, including compensation.

If you require your salespeople to make 50 cold calls a day, don't just ask them to double their calls but introduce direct response marketing, email marketing, public relations, article publication, speaking engagements, so you can eliminate cold calling altogether. (Have you thought about the damage cold calling can do to your company?)

Increasing hard inputs can cause little changes in the outputs.

Increasing soft inputs can cause major breakthroughs in the outputs.

Also, what really matters is how the input elements are blended inside the black box in the drawing above.

Inputs

Inputs		Outputs	
Soft	Hard	Soft	Hard
Accountability	Methodology	Better brand	Increased revenue

Inputs		Outputs	
Soft	Hard	Soft	Hard
Commitment	Investment	Higher quality	Increased profits
Collaboration	Resources	Higher reputation	Higher client retention
Discipline	Risks	Better teamwork	More repeat and referral business
Energy	Time	Lower talent attrition	
Engagement	Headcount	Improved work environment	
Enthusiasm			
Passion			
Respect			
Teamwork			

Processes

- Redefining technical products and services as improvements in buyers’ businesses.
- Transforming fees and prices from costs of things, labour and materials to buyers’ investments required to achieve specific business objectives and goals.
- Redefining capabilities from supplying technical products, services/labour to supplying increased profits.
- Restructuring client acquisition processes from peddling (cold calling, door-banging, RFPs, etc.) technical products and services to price-sensitive purchasing agents to offering strategic profit-growing investment opportunities to executive-level decision-makers under mutually beneficial circumstances.
- Converting inconsistent and unpredictable “slot machine” type business development into consistent and predictable “vending machine” type business development.
- Transmuting business cultures from places where people go to work to earn a living to places where top-tier talents congregate to create magical moments for top-drawer clients.

The feedback mechanism tells you...

1. Whether or not you’re moving in the right direction (strategy - GPS).
2. Whether or not you’re making sufficient progress (tactics - speedometer).

When driving your car, it doesn’t matter how many speedometers or GPSs you have on the dashboard, if you drive in the wrong direction, then you’re screwed.

It’s Not The Feedback Mechanism’s Fault

For most people, the feedback mechanism is purely tactical. There are several speedometers in place to monitor progress (tactic), but there is no GPS to monitor direction (strategy).

In business development, one strategic monitor is whether or not the prospect is a perfect match with your perfect client profile.

If there is no match here, the rest of the process is mere window dressing.

Another strategic indicator is whether or not there is a match between the prospect's problems and your solutions.

Again, if there is no match, there is no point in going any further.

Also, until and unless you're happy with the strategic feedback results (GPS direction), there is no point in worrying about tactical feedback (speed of progress).

As Stephen Covey put it in the *7 Habits Of Highly Effective People*, it doesn't matter how fast you climb a ladder if it's leaning against the wrong wall.

Most people have a pretty good idea of how to measure their goals once they get there. The real problem is how to judge and measure the interim steps that make it possible for them to reach their goals.

You know your annual sales is a function of the number of submitted proposals.

You also know that proposals submitted to real buyers give you a fighting chance, whereas proposals submitted to pretending buyers, that is, self-aggrandising flunkies, lead nowhere. Those are budget preservers, and all they're looking for is the lowest bidder.

The Vehicle Is the Problem

If you want to get to the top of Mount Everest, but your choice of vehicle is a Project 941 Typhoon-class nuclear-powered ballistic missile submarine, then you never reach your destination... unless you hoist yourself on the missile and fire it to the summit.



Source: Through the Orange Door by Sacha¹

self-diagnosed and self-prescribed projects.

The danger is that most of those projects are symptom-covering projects, and if the desired

But to do that, you need to take some lessons from Baron Münchhausen on cannonball riding.

In business development, if your vehicle of generating new business is cold calling, more often than not, you end up with low-quality often problematic clients.

But if you use white papers and a good email lead nurturing sequence, you almost always end up with perfect clients.

The key is that the sooner you get involved in the buyer's buying process, the better chance you have to do business on your own terms and at your prices. If you get involved too late, by that time all buyers are seeking pairs of hands to do the associated manual labour of

¹ <http://thrutheorangedoor.blogspot.ca/2012/04/painter-his-lover-their-child-and-baron.html>

results don't come to pass, clients will most probably blame or even sue you.

But the vehicle largely depends on the goal itself.

When your goal is to reach, let's say, \$10 million in annual revenue, you are likely to go for client quantity. So, your vehicle is to increase the number of clients, and you can achieve that through hard-core hunting-type sales and broad-based prospecting. After all, your concern is to increase gross revenue at any cost.

But if your goal is \$250,000 net profit per employee, then your vehicle is something different. You go for client quality, and your vehicle is to increase project value and the price of projects. You start working on your clients' most expensive problems, and you no longer waste your time and energy on small fry projects. And you can't do that through hunting, only through farming and very specific positioning.

If you sell bottled water, you don't try to sell it next to a mountain spring. Yes, you can sell a few bottles, but you're always competing with the free and free water from the spring.

But if you set up your water stand by the dirt road as it enters the Sahara desert and put up a sign "Last water for 200 miles", then you don't have to worry too much about competition and price haggling.

But you can make even better profits if you put a few hundred bottles of water into your fridge, put it on your truck and drive deep into the desert in search of people who are about die of thirst. Well, certain markets with certain problems don't haggle. And they don't pester you about your degrees and other certifications in water science.

For a good lesson, watch the USA Network television series *Royal Pains*. It's about a concierge doctor for the über rich and hyper elite of society.

It's Your System's Job To Get You Closer To Your Goals

When people want to lose weight, they set their goals and that's pretty much it.

But if you want to lose weight, you should set up a system that gently forces you to do what has to be done to lose that weight.

For instance, take your alarm clock out of your reach, so you have to get out of bed to silence it. Place a bucket with about 10 cm of ice in it to the spot where your feet hit the ground as you get out of bed. When you get out of bed, you will wake up faster than you could say pneumonoultramicroscopicsilicovolcanokoniosis.

Actually, you fully wake up before you finish screaming an operatic rendition of "Sssssshit!!!" or something similar...

Pack your gym bag the previous night, including a printed sheet of your exercise programme and put it by your door.

Also, prepare, as much as you can, your pre-training meal the previous night.

These are some elements of your physical maintenance system.

And don't worry about how much weight you want to lose by what time. The system, if you follow it, will take you there.

Profitability Is About Better Systems Not More People

In her book, *The Good Jobs Strategy*, operations management professor at the MIT Sloan School of Management, Zeynep Ton writes about several low-margin retailers that maintain very low prices to please customers but also manage to pay their people well and generate healthy profits.

The essence of her book is that retailers can achieve leverage either through headcount or systems.

The retailers that focus on leverage through systems can maintain both low prices and healthy profits, while paying their workers well and treat them with respect and dignity.

But the retailers that focus on leverage through headcount can only maintain both low prices and healthy profits if they pay as little to their workers as humanly possible. And in most companies, low pay comes with horrible treatment of people.

So, if you have good systems, your business can be blazingly profitable even if you sell crap.

Just look at McDonald's. Almost anyone can make better burgers, but no one can run better burger-selling systems.

It's so funny. The other day I read an article, and the author regards Ray Croc of McDonald's the most notorious mass murderer of the 20th century.

Well, if we consider how many people have died as a result of eating McDonald's junk food, while the moniker "mass murderer" may sound a tad strong, it may not be far from the truth.

But the idea here is the system.

There is, though, a dark side of this system equation too.

People may say that the clear indication of McDonald's success is how long that outlet has been in business on your street corner.

Well, maybe it's been there for 10 years, but during that time it's bankrupted 15 franchisees.

A system alone is not the solution.

Systems only work if they are run by good teams, and having good teams requires low attrition.

All junk food joints have very good systems, but due to the wretched working conditions, including but not limited to the low pay and the abusive treatment of workers, the industry-wide average attrition rate is 120%.

It would be very hard to run a successful IT business with that sort of talent turnover.

Then why do most people forego the building of systems?

Well, unlike hiring people, building systems is a pretty slow process, and many IT leaders live in an "I want it all and I want it now" world.

They just want to hire the next "wunderkind", pay him a bit more than average and work him

almost to death. There are a number of IT companies in my own backyard alone doing this. But can this be maintained? Not really.

So Build Your Systems Now

When you build your systems, think backwards.

Figure out what you want the system to do to finish a process, and work backwards. It does take a little practice to work this way, but it pays off.

If you designed forward, you would miss many little but important details.

Let's stay with the weight loss issue.

Since weight loss requires a complete lifestyle adjustment that repeats every day, start designing your system with falling asleep, and go backwards all the way to opening your eyes to the sound of your alarm clock.

As you're stepping backwards, you can evaluate each step as to whether or not it contributes to weight loss. Also, you can convert goal-sabotaging steps into goal-supporting steps.

Do something similar in client acquisition.

Let's say you have a perfect client who's been with your company for five years, has offered lots of return business and has brought in lots of referral business for your firm.

And now start working backwards from here all the way to generating the sales lead that becomes this perfect client.

Now let's play out this backward design in weight loss...

To avoid overwhelm, start with two basic questions:

1. What three things can you do right now to get closer to your goal?
2. What three things can you do every day to get closer to your goal?

Staying with weight loss, answers to question #1 can be...

- Research local fitness facilities, choose one and get a membership.
- Choose a reputable expert² whose programme you plan to follow.
- Buy the appropriate gear.

The good thing is that the answers to question #1 give you a sense of achievement; a quick win. You can feel that you've already started on this weight loss journey.

And now answers to question #2...

- Replace your morning latte with plain coffee
- Instead of eating McDonald's, take your packed lunch to work.

² Avoid fitness equipment- and supplement peddlers posing as fitness experts. They are not the same. Hewlett Packard makes some of the world's best defibrillators, but HP doesn't run cardiology clinics and HP engineers don't perform cardiac surgery.

- Quit snacking while watching the evening news on TV

Stay with only three changes. Once they become routine in your life, in 20-50 days, take the next set of there.

Answers to question #2 get the momentum of change started.

The other important part of systems is that they guide you and you just follow them.

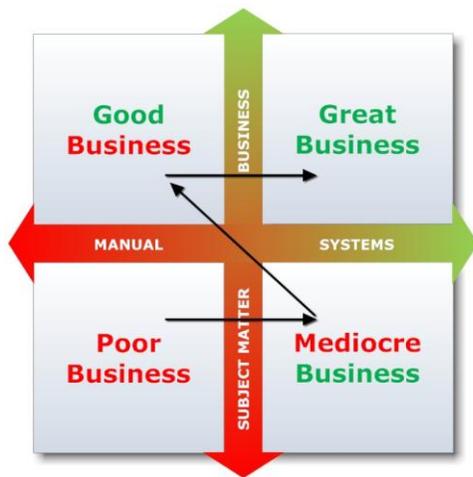
You don't have to remember what time to go to the gym. Simply set your phone's alarm and that's it.

Also, you can make a check list, put it on your fridge door and you know you can't go to sleep until and unless every bullet point on that list is checked.

Check points like "Gym gear and workout plan are ready to go" or "Evening supplements gobbled down".

On a grand scale of, as a business leader, your job is not to practise your subject matter (web design, coffin carving, etc.).

Your job is to build business systems that market and sell business solutions that are linked to your target market's biggest business problems through your subject matter.



From this perspective, we can divide IT businesses into four categories.

Of course, every business starts in the bottom left corner, but many stay stuck there.

Poor businesses manually market and sell subject matter expertise.

Mediocre businesses systematically market and sell subject matter expertise.

Good businesses manually market and sell business solutions that are linked to subject matter expertise.

Great businesses systematically market and sell

business solutions that are linked to subject matter expertise.

The black arrows follow the typical migration route of companies from "Poor" to "Great".

A few years ago, William Bruce Cameron, apparently not Einstein, wrote in his 1963 book, *Informal Sociology: A Casual Introduction to Sociological Thinking...*

"It would be nice if all of the data which sociologists require could be enumerated because then we could run them through IBM machines and draw charts as the economists do. However, not everything that can be counted counts, and not everything that counts can be counted."

It's similar in your sales system. Many tasks that seem to be easy to automate shouldn't be automated. But many tasks that seem to be very hard to automate should be automated.

It amazes me that so many IT companies employ so-called salespeople for the sole purpose of

driving around and delivering coffee and doughnuts to obvious tyre-kickers who don't want to make decisions and commitments.

At the same time, when qualified prospects call, they end up either on companies' voice mail labyrinths or talking to a minimum wage receptionists who have no idea how to talk to a senior executives of \$100 million companies.

Yes, many IT company pays minimum wage to their receptionists because their fearless leaders erroneously believe that receptionists bring no real value to the table, so they should be paid as little as possible.

So, while automations plays a huge role on your sales system, you have to know when to do it and when to stay away from it.

But regardless of whether something is automated or humanised, both automated and humanised processes must be parts of your sales system.

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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