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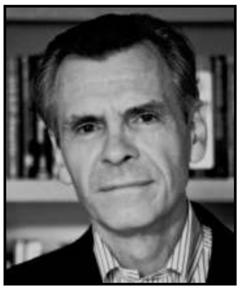

Tim Powell

This article presents several cases from the author's professional experiences that illustrate some basic principles of business development for consultants. The cases are drawn from large, medium, and small consultancies. The author advocates client-centric business development, where the emphasis is less on "selling a service" and more on delivering a tailored solution to a client problem. The key is knowing where and how to find information about the client's situation and potential service needs. Ways to identify these problems early in the need cycle, even before they become competitive Requests for Proposal, are explored. Finally, a formal, phased business development process called "hyper-targeting" is described in some detail, including a description of a live pilot test of its implementation.

A consultant knows he or she has achieved a professional level when conversations with potential clients are less about selling a service, and more about solving a client problem. Here are several stories from my experience that illustrate this principle, as well as a case example of how we turned these insights into a systematic, information-based business development process called "hyper-targeting".

Story 1 - From "Selling" to "Problem-Solving"

Around the year 2000, I received a targeted direct mail solicitation that worked exactly as its sender intended. I had started my independent consulting business four years prior to that, and had developed several innovative analytic techniques that we consider both unique and proprietary. I began to feel a need for some legal protections for these intellectual properties of my firm, and began to seek protection of the names of these techniques under United States trademark law. In the U.S. you are permitted to file trademark registrations yourself, without the help of a lawyer. This saves you attorneys' fees and helps you maintain control of the process.

But it can also become complex and time-consuming, as my first registration attempt by that time had. Since I didn't have anyone working for me at the time who I felt confident could handle it effectively, I was doing the work myself. This was taking away from time I could have been spending on client matters.

I received a solicitation by standard mail from an attorney who had just left the U.S. Trademark office, and was setting up her own private practice. She had correctly assumed that some entrepreneurs would find the registration process unnecessarily complex and time-consuming.

I responded immediately. She and her staff completed my first registration, and did a terrific job. They have served my firm successfully since that time on a number of trademark filings. They are cost-effective, competent, and responsive, which leaves me more time to do what I do best.

My new attorney had identified my need by scanning new trademark filings. I was eager to offload this effort to someone prepared to do it. Moreover, I didn't perceive her as "selling" me something, but rather as offering a welcome solution to my business problem. And because her solicitation letter reached me at exactly the same time I had the need for her service, there was a *proximity to need* that worked in her favor.

Story 2 - Reading the Market

I have a classmate from management school who was the first of our class to leave a big consulting firm-where most of us “apprenticed”-and start his own independent consulting firm. I always admired his courage and initiative in doing this, and his experience was both inspiring and useful to me later in starting my own firm.

As any consultant knows, this is not an easy business in which to compete. Its practitioners (at least in the U.S.) are unlicensed and essentially unregulated. There are many solo practitioners and small firms who can price their services aggressively, as well as established global firms that seem to win much of this business from their existing client base. A smaller firm has to compete on its technical capabilities, superior service, and relationships.

I like to study how businesses compete - it's what I do for a living. So naturally I asked my friend how he was able to successfully compete as a small firm. To paraphrase his reply: “I read the business news thoroughly every day. When I learn of a company that has a particular problem that we know how to solve, I get in touch with the person in that company who is responsible for the problem. I can usually get a meeting or at least a phone conversation, and we often get an assignment as a result.”

To this day my friend's firm does not advertise or have a web site. Yet he is in great demand, and stays as busy as he wants to be by literally “reading the market”—building direct relationships with people who need his expertise, at the time they most need it.

Story 3 – Mining Public Data for New Business

My own first attempt to systematise the use of public information to develop new business occurred in the mid-1980s, long before the Internet was generally available. While working as a marketing manager in a global accounting, tax, and consulting firm, I led a team to develop a process using audited financial statements and other public data to identify potential service opportunities for the firm. Part of what we did was *comparables analysis*, a standard technique that uses comparisons with aggregated peer group financial data to identify gaps and draw conclusions.

We first identified companies considered peers of our “target” (the potential client). We then calculated key financial ratios for the peers compared to the target company. For example, in one case we found that the effective tax rate (defined as taxes paid divided by net income) was significantly higher for our target than for the peer group. This enabled the relationship manager for my firm to start a conversation with the client about that situation, and what might have contributed to it. As a result, my firm developed a new project to reduce the client's effective tax rate.

We then began to implement this analytic process as a standard client management procedure. Today, this kind of analysis is conducted routinely for all major clients of the firm.

Case Example – Building an Information - Based Business Development Process

Like most consultants, I do a lot of public speaking in my field of expertise - using information in business strategy and development. One day following my remarks a man approached me and said, “You spoke primarily about using rigorous research methods *defensively*, to avoid business threats. Can these same techniques be applied *offensively*, in developing business opportunities?”

As I always welcome a challenge to my experience and ways of thinking, I pursued a conversation with him. He's the owner of a corporate marketing firm, and he described a challenging problem being faced by a client of his. We ended up working together on the case I'm describing here.

Our client in this case was Kingston Associates (not their real name), a 50-person consulting firm that serves pharmaceuticals and chemicals companies. Kingston's practice focuses on managing *process manufacturing* problems these companies may be experiencing. Their practice is specialised both vertically (by target industry) and horizontally (by target function.)

Kingston's primary core competency is their technical expertise, not their marketing and sales prowess. As with many consulting firms, they have no dedicated sales force-their consultants maintain primary responsibility for developing new business. Until recently, such new business had consisted largely of follow-on work from happy existing clients. This strategy had proven successful at providing a steady flow of work, as Kingston's consultants are highly competent in a technical sense.

However, for various reasons, Kingston's management had subsequently decided to grow the firm aggressively—meaning that they could no longer rely on those business development methods that had worked previously.

Kingston's target market—"big pharma" companies, as they're called in the U.S.—are well-researched by the many consultants who serve them. These consultants typically maintain close relationships with these large clients, even maintaining offices in the northeast U.S. in proximity to the headquarters of many of these companies.

Given this situation, how could they build a competitive advantage over their consulting rivals? Kingston's strategy was simple in concept. They reasoned that by identifying and building relationships with potential clients early in their *need cycle* for a particular manufacturing problem, they would have an "inside track" to becoming the preferred provider for a solution.

In some cases, such a client need would eventually result in a competitive Request for Proposal (RFP) being issued by the client. However, Kingston felt that even in such cases, being *anticipatory*, rather than reactive, was a source of competitive advantage for them.

However, Kingston did not have the means in-house to execute their new strategy. They had only a one-person marketing function, and no dedicated in-house business research capability. They decided to pilot test a solution by outsourcing it to my firm (herein after called "TKA").

Kingston's objective was to systematically determine which companies were most likely to have manufacturing problems in the near future. TKA proposed to develop an early warning system to meet this objective.

TKA had previously developed and deployed a research strategy called Scan and Target™. It consists of using electronic search and analysis techniques to sweep through tens of thousands of electronic citations ("scan"), then using intensive secondary and primary research to further define and document those citations that look most relevant ("target"). We adapt this technique to meet various business objectives, depending on the specific client problem.

In the Kingston case, it was our intention to move beyond traditional account targeting techniques - which typically employ *descriptive* factors like company size and industry—to a *needs-based* form of targeting. We call this process *hyper-targeting,* defined as: *an advanced form of account targeting based on integrating dynamic, event-based factors with relatively static, description-based identification.*

Here are the major steps in the hyper-targeting process:

1. *Identify Buying Triggers*. TKA consultants conducted group interviews with Kingston management and consultants to define how, why, and when clients buy their services. We call these *discovery sessions*, since they help us (both TKA and our clients) to discover certain key elements of their competitive strategy. In particular we were interesting in *buying triggers*—those characteristics that make companies most likely to need Kingston's services. And of those we were most interested in *leading* indicators—things that would foretell a greater problem in the future.

   Over the course of several half-day sessions, we developed and refined a list of indicators that in practice typically lead to, or correlate with, the kinds of problems Kingston solves. There were about three dozen of these triggers in our final list. These included things like inventory shortages, product recalls, and disciplinary actions from the U.S. Food and Drug Administration (FDA), the regulatory agency in charge of such matters.

2. *Develop Search Taxonomy*. The TKA lead consultant (who was me in the Kingston case) worked with a TKA research team to develop an aggregated search taxonomy and strategy designed to capture *trigger events* that met our definitions. Each trigger event could indicate a client need and be productive as a business lead for Kingston.

3. *Conduct Initial Scan*. Using electronic search engines such as Google, TKA researchers conducted an initial scan of the Internet. This resulted in a list of about 6,500 search engine "hits" during the most recent three-month period that could potentially be of interest to Kingston.

4. *Identify Trigger Events*. The TKA researchers then analyzed the results to eliminate duplicates and "false drops"—search engine hits that were, upon further examination, deemed not relevant. We eliminated nearly 98% of the search engine results in this way, leaving us with around 150 trigger events of possible interest. These events were classified by category and entered into an electronic spreadsheet for further analysis.

5. *Analyse Results*. For those remaining relevant cases, the TKA consultant then developed aggregated counts and time-series analyses in order to discover patterns and trends in the results. This enabled us to identify companies already experiencing the kinds of problems that Kingston solves, as well as companies showing early-warning signals of these kinds of problems.

6. *Further Qualify Results*. At this point TKA worked with the Kingston team to focus the list on about a dozen cases in which they had a particular interest in developing relationships.

7. *Identify Contacts*. In our discovery sessions, the Kingston team had identified client job titles that represent buyers for their services—senior manufacturing and quality assurance managers at the plant level. TKA identified names and contact information for these individuals though a combination of secondary and primary research.

8. *Develop Client Deliverable*. The work products from the preceding seven steps included:

    - a list of qualified company prospects, ranked by frequency and classified by type of problem;
    - specific information about the nature of each client problem/consulting opportunity; and
    - contact information for those individuals most likely to be buyers of Kingston's services in each case.

    In effect, each Kingston business developer was now armed with an "intelligence dossier" to help him locate the individual prospect, and to give him material around which to base a substantive meeting.

The Kingston team then took over to conduct the last two steps, including the actual sale:

9. *Sales Opening*. This step consists of setting up meetings to discuss qualifications and potential opportunities. If there is not an urgent need, but rather a more general interest, this stage can take several meetings and months (or even years) of developing relationships before an engagement sale closes. However, with hyper-targeting, Kingston found it was easier to get meetings, and quicker to close business.

10. *Sales Closing*. When a consulting proposal is solicited, delivered, and won, the cycle has

reached a major milestone: "business value" in the form of incremental revenues to the consultant has been created. However, the process isn't yet completed at this point, since it remains to execute the engagement successfully—and by so doing, to become a preferred provider for other similar engagements that may follow from this client.

The long-term value lies in the *serialization* of the engagement—resulting in the development of an ongoing consulting relationship with the client. In this case, Kingston was already adept at developing and maintaining such ongoing relationships.

The Result : A Higher Return on Sales Investments

The Kingston case demonstrates how modern business research techniques can be used as the foundation of an advanced form of prospect targeting we've named *hyper-targeting*. This technique adds a dynamic, need-based element to prospect targeting as done traditionally.

Benefits typically associated with hyper-targeting include the following:

- ***A Shorter Sales Cycle.*** Hyper-targeting is designed to provide an alert system such that a client need is identified as it occurs. A client who has an immediate problem to be solved is less likely than average to enter into a long decision-making process.
- ***A Higher Close Rate.*** Given a finite amount of selling resources (time, money, and personnel) available, more sales are made if prospects are targeted in a more focused way.
- ***A Lower Cost of Sales.*** Consequently, the costs of these resources attributable to each completed sale are lower.
- ***Greater professionalism in the sales approach.*** Because the sales people are thoroughly briefed on the situation at the potential client, they are more likely to be perceived as problems-solvers, rather than as aggressive vendors trying to meet a sales quota.

Enabling factors

Hyper-targeting can be adapted for a number of types of consulting firms. In this article I've described its successful use in small firms, in a medium-sized firm, and in a global giant.

Further, I believe it will work for any complex, solution-based business-to-business sale. This would include management consulting, other services like business process outsourcing and IT outsourcing, and products like computer hardware and software.

Would this technique work for your consultancy? It's quite possible that you could adapt it for your own successful use. But before you start to implement this, please bear in mind that there were a number of enabling factors at work in the Kingston case that helped our results be successful:

- ***Tight Consultancy Focus.*** Because Kingston's business is focused both vertically (by industry) and horizontally (by function), the scope of their expertise and opportunities is well-defined. To the extent a consultancy is less focused along either axis, targets could be more difficult to reliably identify. This is the reason why (in my experience) smaller firms tend to compete most effectively when their practice is clearly defined.
- ***Accepted Susiness Practice.*** In certain fields, outsourcing or co-sourcing solutions is itself a well-established business practice. There are established channels for buying these kinds of services from an outside provider—vendor directories, trade shows, trade advertising, and so on. On the other hand, to the extent this is *not* the case, established practices could make such a sale more difficult.
- ***Visible Client's Clients.*** Because Kingston's clients are mainly large publicly-traded

companies, they have relatively high profiles in the business media. There tends to be a lot of information available about them. Where smaller companies—especially private ones—are the prospects, information on them is typically more difficult and resource-intensive to develop.

Conclusion

In conclusion, I offer these recommendations:

- ***Know Yourself.*** While many large companies have restricted their consulting budgets for generalised kinds of advice, they have greater needs than ever to outsource specific skills and expertise. I recommend that for each service line that your firm provides, you conduct discovery on your practice to define exactly how, why, and when clients buy that service.
- ***Know Your Client.*** When a client is ready to buy—when they have a pressing problem or need—information about who might be able to help them is perceived not as selling but rather as help in solving their problem. As a result, the client will look more favorably on a consultant delivering such information than they generally would on a vendor selling a service in the traditional sense. I recommend you put client needs, events, and trends at the center of your communications with them.
- ***Leverage the Information Opportunity.*** Due to the continuing explosion in information available online, there are ever-expanding opportunities for systematic data mining as described here. I recommend you develop systematic techniques like hyper-targeting for identifying client needs quickly. When this becomes an ongoing process, rather than a one-shot exercise, it can generate significantly greater business over time.

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