



## Needs-Based Targeting

---

### AN INTERNET-BASED PROCESS FOR IDENTIFYING BUSINESS OPPORTUNITIES

T. W. POWELL

**L**ike many consultants, I do a lot of public speaking. One topic I have found business groups increasingly interested in is the *value of information*. How does information get transformed into business value?

I've developed a seven-stage model that describes the sequential transformations of data into information into knowledge into intelligence, then into decisions and actions, and finally into results that create value.<sup>1</sup> But it's just that, a model. A client recently challenged me to put this model into practice by asking me to use my firm's research skills and processes to identify new business opportunities for his firm. The process and results are detailed below and can be used by consulting firms of all sizes and practice specializations.

The guiding principle is that while many large companies have restricted their consulting budgets for generalized kinds of advice, they have an even greater inclination than previously for *outsourcing* specific technical skills and expertise. The challenge is to identify and develop those outsourcing opportunities—before your competitors do. This article describes a technique we have developed called *needs-based targeting* that enables you to do this.

---

#### Case Situation—a Client on the Move

The client in this case is Kingston Associates (not its real name), a 50-person consulting

firm serving mainly pharmaceutical and chemical companies. One of Kingston's practice teams focuses on manufacturing problems these companies may be having. This practice, in other words, is specialized by both industry and function.

Kingston's "core competency" is its technical expertise, not its marketing and sales prowess. As with many consulting firms, it has no dedicated sales force; the consultants themselves are expected to develop new business. Until recently, that new business has largely consisted of follow-on work from existing clients. This strategy has been successful so far, as Kingston's consultants are highly competent in a technical sense. For various reasons, Kingston's management has now decided to grow the firm aggressively, meaning that it can no longer rely on the business development methods that have worked in the past.

Kingston has a one-person marketing "team" and no dedicated in-house business research capability. As part of the new strategy, the firm decided to outsource the development of a new corporate identity to a marketing communications firm, Athlon Communications of New York City, with whom my firm worked closely.

From the outset, it was clear that Kingston's primary focus had shifted away from strategic concerns and toward getting new client relationships established as quickly as possible. The reasoning was that by identifying potential clients early in their "need cycle," Kingston

■  
*Don't wait  
for your  
market to  
come to you;  
instead,  
define it,  
find it, and  
win it over.*

could achieve an advantage over the other firms with which it competes.

Kingston's objective was, in effect, to be able to "tell the future" with regard to companies that might be experiencing manufacturing problems, as manifested by product shortages, recalls, and regulatory actions from the Food and Drug Administration. While such predictions are, strictly speaking, impossible, a close proxy is possible. Through careful research and analysis, it is possible to develop trend information that indicates which companies are most likely to have these and related problems in the near future.

Once we developed a shared understanding around this key point, Kingston management engaged my firm to develop targeted information to support its new client development process.

---

## Finding Qualified Targets

My firm had previously developed a research technique that uses high-performance data search and analysis techniques to sweep through tens of thousands of electronic citations and then uses intensive primary and secondary research to further define and document the most relevant ones.

We adapt this generalized technique in the service of various business objectives, depending on the specific client problem. In the Kingston case, our work consisted of the following steps:

1. *Identify buying triggers.* We met with Kingston management to define which characteristics make companies most likely to need their services. Over the course of several half-day meetings, we arrived at a list of about three dozen logical indicators of the kinds of problems Kingston solves. We continually refined this list during later stages of the research.

2. *Define the data universe.* Using electronic search tools such as Google and Copernic, we conducted a "bibliometric scan" of the data universe to scope the number of events that possibly could be productive for Kingston. This resulted in a list of about 6,500 potential

"trigger events" that could be of interest during the previous three-month period.

3. *Qualify opportunities.* As with so many investigations involving electronic searches, the time-consuming—and value-adding—part lies in how the search results are used. Our team analyzed the results in order to eliminate duplicates and "false drops"—search engine hits that were not relevant. We eliminated 98% of the Web search results as irrelevant, leaving us with around 150 cases of possible interest.

4. *Develop and analyze results.* We then developed greater detail on about a dozen descriptive parameters related to the trigger events defined in Step 1. We organized the parameters into categories based on these triggers and analyzed the data over time to identify patterns and trends. This enabled us to identify companies routinely having the kinds of problems that Kingston solves, as well as those showing the first signs of trouble.

5. *Further qualify results.* At this point, the Kingston team took over. They winnowed the list down to about a dozen cases in which they had a heightened interest in developing relationships.

6. *Identify contacts.* In our initial meetings, the Kingston team had identified client job titles of the typical buyers of their services—senior manufacturing and quality assurance managers at the plant level. Using primary and secondary research, we identified names and contact information for these individuals.

The result of the above steps was a ranked list of qualified prospects, along with specific contact information for those individuals most likely to be buyers of Kingston's services.

Kingston chose to handle the next two steps in the "value chain" themselves. These final, critical steps connect all of the previous

*By identifying potential clients early in their "need cycle," Kingston could achieve an advantage over the other firms with which it competes.*

steps to the creation of value—defined in this case as increased and enriched relationships for Kingston—and, ultimately, incremental revenues.

7. *Sales opening.* Usually done by phone and e-mail, this step consists of setting up meetings between the client and the consultant to discuss qualifications and potential opportunities. This stage can in fact take several meetings, and months or even years of developing relationships before an engagement sale closes.

8. *Sales closing.* When a consulting proposal is solicited, delivered, and accepted, the cycle has reached a major milestone. “Business value” in the form of incremental revenues has been created. Successful execution of the engagement is next, with the ultimate goal of becoming a “go to” provider for other similar engagements that may follow from this client. The true value lies in the *serialization* of the engagement—resulting in the development of an ongoing consulting relationship with the client.

---

## The Results—a Higher ROI on Sales

The preceding section shows how modern commercial intelligence techniques can be applied as an advanced form of prospect targeting. This approach stands traditional marketing on its head. Instead of the “farming” method of planting messages in the marketplace and hoping someone bites, it uses the “hunting” method of finding the companies that most need your services.

Typical benefits associated with needs-based targeting include:

- *Shorter sales cycle.* A client who has an immediate problem to be solved is less likely than average to enter into long debates before a decision is made. Needs-based targeting is designed to find such clients.

- *Higher close rate.* Given a finite amount of available selling resources (time, money, and personnel), more sales are made if prospects are targeted in a more focused way.

- *Lower cost of sales.* Consequently, the cost of each completed sale is lower.

- *Greater professionalism in the sales approach.* Because the salespeople are thoroughly briefed on the situation of the potential client, they are more likely to be perceived as problem-solvers, rather than as hungry vendors on quota.

---

## Enabling Factors

Would this approach work elsewhere? Having already used it in other industries, I have no doubt that this process can be adapted for a number of client situations. Further, I believe it would work for any complex, solution-based business-to-business sale—including management consulting, other services such as business and IT outsourcing, and even products like computer hardware and software.

In the Kingston case, admittedly, there were a number of factors at work that contributed to the result:

- *Tight practice focus.* Kingston’s process manufacturing practice is delimited both by industry and by function, defining the scope of its expertise and opportunities. To the extent a practice is less focused along either axis, targets could be more difficult to reliably identify.

- *Established business practice.* Companies who have process-related manufacturing problems tend to refer them to consultants, as well as creating internal initiatives to address them. The practice of outsourcing or co-sourcing these solutions, in other words, is itself a well-established business practice. To the extent this is not the case, the forces of organizational inertia could make a sale more difficult.

- *Visible client’s clients.* Because Kingston’s clients tend to be large companies, they have relatively high profiles in the media. As a result, there tends to be information publicly available about them. Where smaller companies—especially private ones—are the prospects, information on them is harder to find.

---

T. W. POWELL (*tim.powell@knowledgeagency.com*) is founder and Managing Director, The Knowledge Agency<sup>®</sup>. He has spent a quarter century as a management consultant, working both in private practice and with the firms KPMG, PricewaterhouseCoopers, and FIND/SVP. His expertise encompasses information-based strategies, enterprise intelligence, and knowledge processes, and he is author of two books, *The High-Tech Marketing Machine* (McGraw-Hill/Probus, 1993) and *Analyzing Your Competition* (FIND/SVP, 1993).

---

## Selling Services in the New Economy

Many consultants (and other purveyors of professional services) have fallen into a trap that makes their marketing and sales suboptimal. We live in a world where most consumer products are marketed by mass-media exposure coupled with point-of-sale display. Most everyone needs, for example, toothpaste. The best way to sell your brand of toothpaste is to advertise during prime-time TV and then make sure it is available (ideally on the eye-level shelves) when customers walk the aisles. This is an established way to sell most consumer products.

Professional services are quite different. They are what research geeks call *low-incidence*—which simply means that not everyone needs them. Services sold to large businesses have a target universe of around 10,000 companies in the United States. Let's say that maybe ten people in each of those companies have major buying decision-making or influencing power over your type of business-to-business service. So your target market might be as few as 100,000 people, or even fewer, in the case of a focused practice such as Kingston's. Clearly it does not make economic sense to advertise on prime-time TV (though in the Roaring '90s some large firms did just that). Your relevant segment of a typical prime-time audience of 100 million people is less than 0.1%, whose viewing attention is further split among dozens of competing channels. The cost of reaching each relevant buyer in this way mushrooms accordingly.

And yet, many consulting firm marketing

and sales activities in effect mimic that kind of marketing behavior. We produce brochures, develop websites, give speeches, make sales calls, buy advertising, and write books and articles—all in the hope that people will notice our message and “come in” to buy our services.

Too often it's not much more than that—hope. And very expensive, in terms of the business value received (incremental sales generated, for example). The good news is that we now have tools that can substantially improve the odds in our favor. No sale is as likely to be made as when the client is ready to buy. And no client is as ready to buy as the one with a problem that urgently needs to be addressed. This is the essence of modern approaches such as “solution selling” and “consultative selling” and is nothing especially new.

What is new is that now commercial intelligence tools and techniques are available to read marketplace signals as they are just starting to emerge. Learning how to read and quickly act on these signals can be a catalyst to propel your practice into greater levels of success in the current marketplace. ■

*No client is as ready to buy as the one with a problem that urgently needs to be addressed.*

### Note

1. Tim Powell, “The Knowledge Value Chain: How to Fix It When It Breaks” (Proceedings of the 22nd National Online Meeting; Medford, NJ: Information Today, Inc., 1999). [[http://www.knowledgeagency.com/pdf\\_center/Knowledge\\_Value\\_Chain.pdf](http://www.knowledgeagency.com/pdf_center/Knowledge_Value_Chain.pdf)].

---

### INDEXED UNDER:

*Client acquisition; Selling consulting services; Consulting opportunity, assessment*