

IQC 04

Business Development

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Business Development

What is Business Development (BD)?

Anything that helps to develop new business (company or self)

External clients

Internal “clients”

- Selling one’s services to project managers
- Supporting project managers in delivering to clients

Quantitative consultants all provide “services” to “clients”

Why Care About BD?

BD is a company's **fuel**, allowing consultants to be **employed**

Quantitative consultants are not very fond of BD, often feeling that these tasks are beneath them...

- pragmatic approach: efficient BD leads to more time for R&D!

A better understanding of clients and their motivations will help design a better BD plan, which hopefully turns into satisfied clients, which hopefully turns into repeat clients.

Clients and Choices

The Client Experience

Personal Risk

- I'm putting my affairs in someone else's hands
- I will have little control over the analytical process

Insecurity

- Does the consultant really want help me, or just help themselves?
- Will the consultant make the problem more complex than it really is?

Skepticism

- I've been "burned" by consultants before
- Will the consultant keep me informed? be hard to reach? lose interest?

The Client Experience

From the client's perspective, "buying professional services is rarely a comfortable experience".

"Rather than buying time, people want to buy **solutions** to their problems".

So how do clients choose a service provider?

The Client's Choice Process

Qualified quantitative consultants are commonplace:

- Unless their skills are **truly** unmatched by competitors, professionals are *rarely* hired because of their technical capabilities
- Excellent quantitative capabilities are required **to be considered**, but other things get you hired
- Long-term business is more about **relationships** than it is about what you have to offer

Among the set of qualified candidates, clients seek the ones they can **trust**.

Important warning: it's a 2-way street. Consultants also should be seeking clients they can trust.

Building Trust

What is Trust?

$$\text{Trust} = \frac{\text{Credibility} + \text{Reliability} + \text{Intimacy}}{\text{Self-Orientation}}$$

Credibility

- technical expertise

Reliability

- dependability, consistency

Intimacy

- mutually increasing risk, closeness

Self-Orientation

- advisors who appear to be more interested in themselves than in client

Credibility

Most commonly achieved

- Qualifications, references, presentation
- Accuracy, completeness

Can clients distinguish **outstanding** work from **competent** work?

Most customers who leave don't do so because of technical incompetence, but due to **small dissatisfactions with service**.

Even sophisticated clients will come to focus on the **quality of service** rather than the quality of work.

Reliability

As the number of interactions with the client increases:

- Consultant behaviour should be **consistent**
- Particular focus: on time + on spec + on budget + ...
- “Extra” touches

Why is this important? “Providing great customer service is the **most effective** and **least expensive** marketing strategy.”

Not only for repeat clients – as references for future projects!

Intimacy

According to experts, “lack of intimacy” is a common failure in building trust.

Mutual increasing risk brings clients and consultants together

- candor and honesty are crucial
- consultants should become clients’ “**friends**” and **confidants**; BUT...
- **be CAREFUL**: there are power dynamics at play, and the potential for abuse exists

Self-Orientation

Greatest source of distrust.

- Quantitative consultants should not be more interested in themselves than in their clients.

The client is always right...

- even when they are not (within reason) – **flexibility** is your ally
- clients' true needs should never be placed second to the consultants' "desire to create a monument to their own technical ability"

Back to Business Development

“It is estimated that it is 5-10 times more profitable to sell new services to an existing customer than to sell a first service to a new customer”

“It is at least 5 times as expensive to get a new client than to keep an old one”

“Research shows that the average sale is made after the 6th contact, but the average person quits after 2nd. ”

Business Development Priorities

	Existing clients	New clients
Aware of a new need	1	3
Not aware of a new need	2	4

Business Development Strategies

“At least 70% of your business should be from past clients and their referrals [...] very profitable firms often reach 90%”

- Focus efforts on existing clients **first** (if working relationship is A+)

Key to efficient BD is to **deliver on existing projects** and then **keep in touch**

- Future work will follow with lowered effort level

Network referrals are next option – trust has been **jumpstarted**

- For new clients, many interactions may be required (keep track of them so as to not repeat yourself unnecessarily)

Important warning: quantitative consulting should not become a **prison**. If you don't actually like the projects or the client (for whatever reason), you don't have to return to them indefinitely.

Improving Trust

Improving Trust Components

Serious consultants should always be seeking to **improve** the components of the Trust Equation

Credibility is often more important with **new clients**

- Presumably, repeat clients already find you credible

Reliability and *Intimacy* can be improved with old/new clients

- Beware: familiarity and contempt...

Improving Credibility

Publications

- peer-reviewed research papers and white papers

Academic Honours and Teaching

Marketing Materials (examples to come)

- current & customizable project-based CVs/client testimonials/portfolio
- updated and functional website, blog articles on variety of topics
- brochures/business cards/social media presence/etc.

Manage Expectations: $\text{Satisfaction} = \text{Results} - \text{Expectations}$

Important warning: try to strike the right balance.

Some prospective clients can get scared by a portfolio on steroids. Whet their appetite; it's easy to provide them with more information on demand.

Improving Reliability

Do the basics

- On time and on budget (solve problems, don't generate them!)

Be available

- Mobile, email, proactive status updates

Be responsive

- Respond immediately to questions/comments (24-hour window)

Improving Reliability

Inform “clients”

- Timely budget & proactive project status updates
- Internal + external

Be organized

- Prepare for meetings, take lead on agenda

Manage your time

- Turn down work if needed
- Better to deliver an A+ to a few clients than a C+ or an F on many

Important note: reliability is as important as technical competency for most clients!

Improving Intimacy

Find opportunities to push the boundaries

- Be candid
- Offer weaknesses (don't try to pretend that you are perfect)

Try to connect

- Look for commonalities
- Share personal experiences (user conferences, etc.)

Think of them as a friend (???)

- Answer phone/email off-hours (?)
- Invite them to your house (?)
- Grab a beer with them (?)

Important warning: once again, use your judgement. The potential for abuse is high. Your safety, well-being, and dignity should not be sacrificed for the sake of maintaining a relationship with a client.

You also want to be careful not to feed into an Old Boys Network (and variants) type of situation.

Self-Orientation (Reprise)

May be caused by various **fears**:

- Not knowing
- Not having the right answer
- Not being intelligent enough
- Rejection

Selfishness and self-consciousness

Need to appear on top of things

Desire to look smart and be right

Self-Orientation (As Seen By Clients)

Consultants seem to:

- have a tendency to relate the client's stories to themselves
- finish the client's sentences for them
- need to appear clever, witty, bright
- provide only indirect answers to the client's questions
- be unwilling to say "I don't know"
- recite their qualifications at inappropriate times

Clients understand that consultants are usually looking for future projects – it's not necessary to be the star of the show.

Reducing Self-Orientation

“You have 2 ears and 1 mouth. Use them in that proportion”

- Listen to the client and let them talk
- **Don't recite your qualifications!**
- Instead, demonstrate knowledge through good questions.

The best way to help yourself is to help the client.

Put yourself in their shoes, every day.

Don't hesitate to recommend that clients use other service providers – it could prove useful to have a list of “rivals” on hand.

Important warning: not every client is going to play by the rules – some clients will try to take advantage of you. Sometimes it will feel as though these clients are in the majority. They are not.

It is important to protect yourself, but even when you're dealing with sociopaths, focusing on reducing self-orientation is useful in the long term.

References

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