

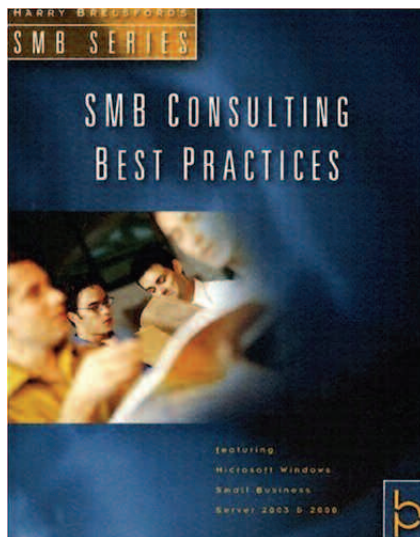


Best Practices: Eight Tips for Improving Your Professional Services Business

Derived From Harry Brelsford's
SMB Consulting Best Practices

Running a successful professional services business requires not only tremendous acumen but also a passion for customer service. In his book on consulting best practices Harry Brelsford provides a wealth of ideas on how to improve customer service, to add service products and augment sales to existing customers, and, how to leverage existing customer relationships into new business. Harry is a seasoned small and mid-sized business (SMB) consultant and author of ten books. He is a long time trainer and lecturer on all matters related to SMB technologies and is a global public speaker.

The content of Harry's book SMB Consulting Best Practices was written for professional services organizations and consultants whose businesses are built around supporting Microsoft Small Business Server customers. However, the advice and wisdom it contains are broadly applicable to all professional services businesses. So with thanks to Harry and apologies for any liberties taken with his text here are eight tips that are guaranteed to help you grow, improve or make your professional services business more profitable. For more tips and more valuable advice read "SMB Consulting Best Practices" by Harry Brelsford (SMB Nation Press).



Tip 1: Conserve those Marketing Dollars and Focus on Referrals

It's a fact; success is directly proportional to the number of referrals you receive. Most professional service businesses can't afford to buy enough ad space, yellow pages or national newspaper columns, to generate the volume of enquiries needed to sustain their business. The smaller the business the harder it is to be visible and the more clients you need to produce the revenues you require.

- **A referral from a client is a vote of confidence** and an "Atta Boy" slap on the back. It's the best form of feedback you can hope to receive. However, referrals are often earned later rather than sooner so it's important to understand that success here demands a long term commitment to your clients. Harry recommends that three quarters of new clients must eventually come from referrals or else you will be facing an uphill battle to run a truly profitable professional services business. Of course referrals can also come from other sources including partners and vendors.
- **So how do you gain referrals?** Having competent technical professionals on staff with great customer skills is the first step. Make sure the training you give

yourself or provide your staff covers more than just the technology aspects of their role. The second step is being responsive to customer needs, including fitting in with their time and budget limitations or payment requirements. Being extremely responsive to their questions, especially email questions, is one way to impress. Don't wait to respond, even if you have no immediate answer. Respond now and let them know your working on one. If you're delivering great service to your clients, the referrals will take care of themselves.

- **Of course, if you really want to impress clients**, call them up and ask them how things are going since your last visit. Tell them you just wanted to check in to make sure the service you performed met their needs and expectations and that everything was working as expected. Few people in the professional services field do this and you'll stand out in a very positive way.
- **Another way to boost the number of referrals** you get is to look closely at the industries you are serving. Some industries and sectors lend themselves to being better referral sources than others. For example, organizations

in the not-for-profit, utilities and government sectors keep in close contact with each other and are known to gossip. On the other hand, many smaller businesses are busy working 18 hours a day and don't have time to consult with one another. Remember too that these same referral sources in your various channels can turn against you if you disappoint any of them. Get reported to the local Chamber of Commerce and you might find it hard to get business in that area, let alone referrals.

- **Don't overlook vendor reseller programs and partners.** For example, vendors such as CA and Microsoft, implement programs where "leads" or referrals are actively pushed to solution providers. Most of these require you to register your business as a partner and achieve some level of expertise or certification with the appropriate products. The benefits can also include web page/web tool listings, rebates and incentives as well as free "Not For Resale" (NFR) products to evaluate. An alternative to this is to partner with other closely aligned professional services firms who specialize in other services. Accounting and legal services are required by most companies but undertaken by different professional services firms. Architects are often called in before

in-house communications and networking services are required but are needed less frequently. When the systems guys are told there's a move likely, they might want to recommend a good architect etc. Partnering with like-minded professionals where organizational synergies exist can be very advantageous to all.

Tip 2: Sell Solutions; Segment

While only 10% of potential buyers are really "looking" for a solution almost no-one buys a product or service just because it's cheap. Small and medium businesses are notorious for taking a "if it ain't broke don't fix it" approach to business purchases. Their resources are limited so they only fund the essentials — essential to their business, that is. Larger businesses are much more into "justification" and ROI. Either way the days of selling purely on technical merit are gone.

- **The watch words for sales these days are "solutions selling."** But what does this phrase really mean? If your business sells and installs software, designs trade show booths or provides copy services, isn't it obvious why someone would want your services? The problem is, looking back, it seems obvious why someone bought your services in the past — they needed software installed, a booth designed, some documents copied — but it isn't obvious why someone would consider buying these services in the future, specifically from your business, at your prices, location, delivery capabilities, etc.
- **Take the case of the small financial analyst business** that needs 100 copies of presentation and collateral materials to give to the attendees of an investment seminar they are holding. The materials won't be completed until a few days before the seminar so that the latest share valuations can be used. It contains almost 100 pages with color charts and graphs and the company wants each copy tightly bound between colored stock that displays the company's logo. In other words the solution they are looking for is a copy center that can do a high quality job of copying and binding in a short space of time and who can pick up and deliver. They are also probably looking for a volume price not a per-page deal and maybe someone who can invoice them later. Going to the local convenience store and paying just 6¢ a copy might be the cheapest approach but it isn't the "solution" this company is looking for.
- **Map to your constituency.** The example above demonstrates why it's important to map to your constituency. Harry points out that Boeing in Seattle uses Perkins Coie as its law firm because "big" firms like "big" law firms — and big service providers in

general. In general, companies tend to do business with other companies of similar size. If you serve small businesses, you'll at least need to have a strong cultural understanding of what they go through on a day-to-day basis and to tailor your offerings accordingly. It's good to have a cost structure similar to your clients too, so that you more easily meet their expectations with the kind of resources and costs they would allocate if they were to undertake the project themselves. This also helps ensure you can make a profit on each engagement while submitting competitive proposals.

- **Address the business issues of your target market.** Whether you are selling to large, medium or small businesses it's important that your "solution" be described in terms that address the business needs and issues of your target market segment. It's also important to recognize that the offering you developed for one market segment, e.g. local convenience store shoppers needing occasional copies, is not necessarily attractive to any or all other segments, e.g. local financial analyst companies needing quality bound reports. Segmenting the market helps to identify not only the size of the opportunity for your services, it also helps you to tailor different solutions for different segments. In addition, looking more deeply at the needs of each segment helps with defining more competitive approaches and sales arguments. In terms of our copy service example, the financial analyst business was very concerned with the image presented to its customers and wanted a high quality solution. Legal service customers, on the other hand, might be much more concerned with getting legal document and contract copies quickly and accurately. The solution for this segment clearly includes a quick turnaround.

Tip 3: Look for the Business Drivers

So you have a solution and you know which group you are targeting to buy it. Why and when will they buy? To answer those questions you have to look for the business drivers. What causes businesses to spend money on products and services, and more importantly on your professional services?

Harry outlines a set of customer definitions that represent alternative ways to segment the market, ways that you can't look up in any directory, but which rely more on the psychographic characteristics of business owners and department heads. Thinking about what might cause each of these customer categories to buy helps answer the questions above.

- **Business advice seekers during the planning phase.** Certain customers retain consultants and professional services purely for business advice. Professional services staff often travel from customer to customer gaining knowledge about the different business practices used by each company. Some practices may be better than others and some worse. Knowing what works under which circumstances is a valuable service that will often be needed when customers are planning something new; a new venture, a new location, a new computer system, a new law suit, etc.
- **Organizations reengineering to survive or grow.** Sometimes the answer is “change.” Back in 2001-2002 when the economy took a dive every company tried to reduce expenditures. It was a tough time for many service organizations particularly those that supplied advertising or public relations services. The problem was that many existing customers could survive just by cutting costs. So they did. They cut their marketing and outside consulting budgets. Those that couldn’t cut their costs had two choices — get help or go out of business. While it’s more risky to provide help to companies going through change, it can also be more interesting and challenging too. Companies also reengineer to grow. Helping customers who are seeking a competitive advantage is discussed later.
- **Keeping up with the Joneses;** striking while the competition is hot. No doubt about it. Many successful business people have large egos. They are independent and want to have or do the best for their businesses, just as most people like to have or do the best for their children. Positioning your services and solutions as the best way to gain a competitive advantage and pitching them when the client’s competitors are making strategic moves will give them something powerful to brag about. Make sure you can deliver, though, or the bragging may be at your expense.
- **Seeking competitive advantage.** Most businesses seek out technology solutions to gain a competitive advantage in the marketplace. Professional services offerings are often ideal in this situation because they allow companies to test “what if” scenarios by talking to the experts or purchasing solutions as services while they evaluate the real benefits without risking outright commitment. In fact, while it is getting harder to sell physical solutions (hardware and software) without being able to demonstrate a strong ROI case, service-based offerings are becoming ever more popular. Recognize that most companies only do a few things very well and many are outsourcing their less critical activities. Show them how this approach can be turned into a competitive advantage and you have a winning solution.

- **Technical difficulties.** Of course, most customers will call for help when they get into difficulties beyond their own capabilities. These people represent some of the best potential clients for professional service organizations. The questions are “who?” and “when?” This is where partnerships can help greatly. If you are involved with the implementation of new systems or investments you’ll already have an inside track when problems arise. But chances are you’d like to win new customers too, so make sure you partner with other complementary businesses who can give you the heads up if they find out about possible opportunities and who can also give their client the good word about your services.

Tip 4: Develop Your Business’s Niche

Selling solutions and identifying which market segment provides the best fit and profitability for your professional services business is just the beginning. The next step is to think about growth. There are two ways to go. The first and most obvious is to look for additional segments with similar characteristics to your primary market. Maybe accounting firms, law firms and architects have characteristics in common with financial analysts that make them equally attractive segments for your solutions. The alternative to market breadth, however, is depth or penetration; sometimes called share of wallet. The idea here is that it’s much easier to sell more to your existing customers than it is to find new ones. However, depending on the services you deliver, it may be some time before an existing customer is ready to buy again unless you can broaden your offerings and add new service solutions that extend your value proposition.

Harry highlights a number of “niches” consulting businesses can pursue to develop greater value for their customers that leverage the many capabilities available through Microsoft software solutions. Some focus on the value-add of greater technical knowledge around, for example, Microsoft Office, Data Analyzer, Outlook (email) and SharePoint. Others areas include line of business functions such as customer relationship management, financial management, business intelligence and process development, field service, human resource management, inventory and order processing, manufacturing, project management, online business services, and supply chain management.

- **The opportunities to add value are considerable.** The point is that while every client business has expertise in some of these areas few have expertise in them all. Each functional area is evolving rapidly in terms of both the technology solutions available to support and run them, as well as, the impact business drivers such as legislation, the economy, competition and the Internet have on them. Depending on your choice of target market segment, the opportunities to add value are likely to be considerable.

- **Need more expertise?** The good news is that service practices can be built around solid and well used products such as Microsoft's Great Plains financial management solutions, CA's AllFusion® Modeling Suite or the eCommerce platforms from Microsoft or Yahoo and others. Training is also readily available from the numerous vendors offering products targeting these functions. A wide range of services can be developed based on such products from software installation and maintenance to project management and advanced support to business planning and reengineering services. The goal is to help your clients become more productive and more profitable.
- **Complementing horizontal service offerings.** Apart from functional areas, there are many vertical applications that can also complement horizontal service offerings. For example, over the past few years the legal business has been undergoing rapid automation and opportunities to help practices with technology solutions continue to grow. Other vertical growth opportunities include: discrete manufacturing — now starting to recover from the 2001 recession and investment cutbacks; retail — aggressively deploys technology when needed to compete, e.g. with Wal-Mart (RFID) or ecommerce vendors (Amazon); medical — automating like crazy to reduce costs and comply with HIPAA; state and local government — introducing web-based services, consolidation and homeland security; communications — also now recovering from the dearth of advertising dollars and consolidations of 2001.
- **Other notable niches** worth considering include: databases, programming and security. Information technology continues to develop and spawn the need for professional services solutions to help design, implement, integrate and support offering service organizations the opportunity to be both a business advisor and technology advisor.

Tip 5: Don't Forget to Network

Being a great "finder" of business (aka rainmaker) isn't about having one breakthrough marketing idea. It's about repeating relatively small sales and marketing "tasks" over and over in a competent and consistent manner. One of the most important tasks is to "network" as this provides access to potential customers, influencers and those who will perform your viral marketing. Everyone you meet has the potential to mention your businesses capabilities to someone who may need them.

Further, an outstanding rainmaker knows that successful people like to do business with other successful people, and by the way, small companies are more comfortable

dealing with small companies, medium with medium and larger with larger companies. It's not 100% true but applies about two-thirds of the time. It follows that business development efforts should be targeted towards the power elite of appropriate sized business. If your organization is small you're more likely to be looking locally or regionally for these. Lists of boards of directors and officers of public companies, not-for-profit organizations, service organizations and others can often be found in the public library. For larger corporations publications such as *Inc. Magazine*, *Fortune*, *The Times*, *Fast Company* and the like publish lists of successful companies and much more information on senior executives is freely available via the Internet. Once you have identified who you need to affect, the next step is to find a way to meet or influence them.

Here are ten master networking rules referenced in Harry's book and derived from an *Inc. Magazine* article about a great networker, Keith Ferrazzi.

1. **Don't network just to network.** Know what you want from networking. If you want to be a power broker, you don't get there by knowing a lot of mid-level managers.
2. **Take names.** Harvest names from articles and magazines, such as the Top 40 under 40 lists that business newspapers run in major metro markets.
3. **Build it before you need it.** Build your network and list of contacts before you need it. It takes time to develop opportunities.
4. **Never eat alone.** Don't waste good networking opportunities.
5. **Be interesting.** Have stories to tell, secrets to share and make yourself interesting/helpful to others.
6. **Manage the gatekeeper. Artfully.** Learn to work effectively with the office manager.
7. **Always ask.** If you don't ask for it, you won't get it. Audacity is often the only thing that separates two men from their job titles.
8. **Don't keep score.** Make every deal a win-win for you and the other people involved.
9. **Ping constantly.** Work hard to keep in contact, half the battle is just showing up.
10. **Find anchor tenants and feed them.** Invite/involve others who are popular or who have influence.

Tip 6: View Your Business As If It Were a Franchise, Even If It's Not

To ensure a consistently high-quality delivery of services consultants and professional service organizations should view their practices as franchises, even if they are not. Harry recommends incorporating franchise-like behavior, such as distributing customer satisfaction surveys and avoiding "key man" situations (see below). The idea is to develop a well respected practice that could be duplicated by employees that you hire, train and manage.

- **Customer satisfaction surveys** are a great no cost way to not only garner client feedback, but also to engage in good old fashioned customer service. Consider sending a five or ten question survey form to your client contacts at predetermined points in the engagement. It doesn't have to appear like a scientific survey, it can simply be an informal email, although a certain amount of formality will allow you to better gauge the true views of your clients. Surveying clients at say the 33%, 66% and completion milestones affords you the opportunity to make course corrections while it's still possible to make a difference. The final survey allows you to see how you did and to determine if a particular client is a good referral source or at least a viable future reference.
- **Don't bias the results.** It's critical that the client survey process not be a shame. If you work with other partners or professional service staff get together to design an unbiased survey that will demonstrate to clients that you're interested in their honest opinions as well as treating all clients similarly. It's important not to politicize the process so that questions are asked selectively or to define questions that produce biased results — by, for example, only asking yes/no questions where a "No" answer implies the work was not completed but a "yes" answer implies that the work was completed to the client's complete satisfaction.
- **Feedback is vital.** The concept of surveys is not new but it's an important one in the context of professional services businesses. The cheapest route to success is to have a high quality practice that not only operates on autopilot, but has referrals fed into it. Part of improving quality is having a thick skin. The first reaction to unsettling feedback is often "fight or flight." But feedback is, more often than not, sincere and on target. Plus simply by asking for their input on the quality of your services, clients will be impressed. In addition, as the volume of completed surveys grows, the resulting database of responses will provide a wealth of intelligence; ideas on how to improve services and what

new services are in demand, plus a benchmark or set of norms for new responses to determine if it was your business performance that was good or bad, or merely the client's perception.

- **Avoid "Key man (or woman)" situations.** These exist when you employ an individual who becomes so valuable to the business entity that if they were to leave, the business could be devastated. As a non-professional services example, some people believe that Bill Gates is a key man at Microsoft. Professional services businesses can avoid key man situations by developing a robust service methodology (see — Tip: Establish Service methodologies) and ensuring that these are followed rigorously by all employees. This is important not only so that you can provide customers with a back up in case a professional member of staff or partner is unavailable for what ever reason, but also to support the concept of continuous improvement and growth. In a business where every employee delivers essentially a different service it's almost impossible to know what aspects of the service customers like and which ones they don't. The issues can become clouded because different staff members take different approaches; are customers reacting positively to the attitudes of the individuals or to results of the services delivered. In addition, in these circumstances it can hard to manage business expansion because as the services delivered begin to differ so will the clients, making the value of referrals less and putting up the cost of marketing.
- **Develop evergreens.** As there name implies, these professional service assignments continue over long periods of time and can provide the consistent revenue necessary to balance other, more erratic, project work. They can also help determine service offerings that can facilitate business expansion into other geographic or vertical markets. They come about when service professionals develop ongoing client relationships. An example Harry gives focuses on the business intelligence area using tools such as Microsoft's Data Analyzer, although many other similar tools exist including CA's AllFusion® ERwin® Data Modeler. These tools allow consultants to data mine business information or assist companies of any size to improve their business processes. The point is that such tools can be used as the basis for regular monthly assignments where the consultant runs reports or analyses and shares the findings with management. The benefit to the client organization in today's regulatory climate is that the consultant acts as an independent interpreter between the departments responsible for entering the data and management who are responsible for interpreting it. For smaller clients,

the consultant is also likely to be the only person fully versed in the use of such tools. In many situations the role of the consultant serves the needs of organizations to bring together groups within the company that might otherwise be in contention. The real task is to act as a mediator but the business rationale is provided by the service provider's intimate knowledge of powerful business tools.

- **Build barriers to exit.** The idea here is to leverage the passion for customer satisfaction and become so valuable to clients that they would prefer to cut other programs and even staff rather than to lose such a valuable service. As outsourcing continues to grow and become more popular service organizations are able to develop such relationships as a standard component of their service offerings. For example, more and more companies are outsourcing functions they consider less strategic in order to reduce their need for permanent staff. But "less strategic" does not imply "unimportant." Service organizations that jointly create competitive advantages with their clients create strong barriers to exit because the clients grow to rely on the advantages overtime and will not want to risk losing it by bringing the capability back in-house or by switching vendors. Figuring out what which services lead to strong exit barriers and how to create competitive advantage again provides a replicable model for business expansion and growth.

Tip 7: Establish a Service Methodology

Don't reinvent the wheel. A methodology is a set of service or consulting practices that provide the command and control you need to achieve consistent profitability and bring the necessary structure to your business. When you or your employees work with executive-level clients, being able to articulate your SMB services in the context of a methodology gains the client's confidence. Having a methodology puts the word "professional" back into professional services and helps differentiate you from your competitors.

- **Define what your business does.** Methodologies may be simple or more complex depending on the type of service your business provides. Clearly the methodology for a copy service should be very simple compared to one for a business that develops custom software. The point is to define what it is your business delivers to its clients and how it should be delivered. Then it won't matter which particular individual actually does the work, the outcomes will always be similar and the customers' expectations will more likely be met. Furthermore, if the person who undertook the customer's project in the past isn't available, the person who arrives to do the next job will provide the same level of customer satisfaction.

- **Common characteristics.** While each business must define their own methodology some of the important characteristics are common. For example; what are the project stages and milestones? What will your business deliver at each stage and what is required of the customer? How will the customer know that each stage has been completed and that the required levels of quality or performance have been achieved? Which type of staff will be involved in each stage and what qualifications/certifications do they have? What test processes will be used to verify the results? Specifically how will you document the results? What sign-off procedure is required? What are the sections of the final report that will be delivered or what does the sign-off sheet look like? Is the work guaranteed or certified? Are there specific methodologies that will be used or standards that will be adhered to when conducting the project or in documenting it? How will billing be handled? How will any expenses be accounted for and billed? If the project is based on time and materials what tracking mechanisms are used?
- **Repetition.** Having a methodology doesn't necessarily mean repeating the same tasks in the same way over and over again. It does mean doing similar tasks in a consistent fashion. Repetition isn't bad though. It breeds familiarity and allows you to debug your process. It's also easier to do work that you've done many times before and you quickly learn how to do it efficiently as well as exactly what it costs. That makes it far easier to come up with competitive bids.
- **Benefits.** Having a strong methodology helps your business consistently deliver what was promised to customers and to avoid defeats. If that can be achieved, making money and having enjoyable engagements won't be a problem. Service and consulting methodologies bring consistency and effectively allow the avoidance of defeats.

Tip 8: Offer Training

Perhaps you've heard the old phrase that everyone subconsciously wants to be a trainer. That is, human nature is good, and we seek to help out others. That might well be the case, but training is also the road to great client service and billable hours. While there is a view that trainers are professional service providers who have failed and washed out of the day-to-day hands-on work. Here is a different and much more valuable viewpoint. First, training is a high honor à la the popular "top gun," where the best pilots were used to train new and inexperienced recruits. Second, a good consultant or service provider can benefit from training assignments as the act of training both sharpens communications skills and expands the practical knowledge of the trainer as they gain more and more feedback from clients on the real issues they face.

Building client training programs into your service offering will also help your business in several ways:

- The more you understand of client issues the easier it becomes to tailor your service offerings to their needs and the greater the opportunity for customer satisfaction.
- Your professional service staff will be much more effective at communicating the value that your services provide and at understanding the specific needs of individual clients in your target market area.
- Offering training shows a willingness to transfer some of the knowledge that resides within your company. While this might be viewed as counter productive,

clients will like the idea that they are less reliant on your organization for the things they can do themselves. It gives you the opportunity to take your service offerings to the next level. Providing services beyond the basics to an educated client base allows you to differentiate your company from your own competition and to grow into higher value solutions.

- Once trained, client staffs often become your strongest supporters within their organizations. They now have a vested interest in maintaining (and expanding) the solutions you provide. As long as those solutions are seen to be adding value, trained internal staff will benefit from the importance of their roles.

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