

Aligning the Planets: Reengineering the Business Development Machine

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Presented by
Rick Beauregard
The Beauregard Groupe

When I started The Beauregard Groupe, nearly five years ago, and first started talking with engineering firm CEOs and senior managers about radically rethinking how they generate revenues, I must admit, I got a lot of blank stares. Most of the firms I talked to from 1999 to 2002 were experiencing record years in terms of revenue. Times were good. “Why would we change anything now?”

But things have definitely changed. Now when I talk with companies in once hot markets they are more reserved and concerned about the future, some even in a panic mode, wondering when the next opportunity will come. Business is not just walking in the door as it was not so long ago. Growth is not so easy to sustain, and some firms are even contracting in this economy.

Some managers blame the cooled down revenue picture on factors beyond their control. They cite the poor economy, reductions in government spending, uncertainties in corporate spending. There is no doubt that the effects of global events on our economy have had a negative impact on many if not most businesses. Over the past year or two, management has had a “gimme”, a built in excuse for poor performance. But it is also true that not all firms were impacted equally. As the “Iron Law” of competition dictates, even in a tough economy, some are losers, some are winners, and some will hunker down and just prevail. And as the economic trends turn, as they will, those firms that have invested strategically will be in the most advantageous position to compete.

What I also have observed over many economic downturns over my career is that business development is the first thing to be cut in some companies when times are tough. What this says to me is that business development is not a strategic asset of the firm. When times are good, work walks in the door, and anyone can succeed. When times are tough, we have to go find it. For many firms who have viewed business development as collecting revenue, this is a new business reality. It is time for a new approach to revenue creation. It is time to reengineer your business development machine.

The Four Ss: *Strategy, Structure, Systems and Skills*

I was working for a mid-sized engineering consulting firm during the last economic cycle. We were experiencing a decline in revenues and our margins were eroding faster than we could

The Beauregard Groupe

www.tbgsalesengineer.com

714-965-5807

rbeauregard@socal.rr.com

contain costs. Knowing we needed a bold new strategy, we did an analysis of our revenues over the previous three years. We listed all of our clients over that time period ranked by the amount of revenue generated. What we found was what I call the Pareto Principal *Prime*: 80% or more of our revenue was generated by, not 20%, but 20 of our nearly 700 clients served over that three year period. If we looked at profit, the picture was even more dramatic, Pareto *double prime*: those clients that make up the bottom of this list accounted for most of our overruns, non-receivables, and lower margin business. And the *inverse* Pareto: 80% of what we spent on sales and marketing was spent to capture the worse 20% of our business.

What was wrong with this picture?

Our management was struck with this realization. And our CEO acted immediately. He declared that we would have a new business development strategy which focused our energies and investment on our most important sustaining clients.

A year later, nothing had changed. Like all CEOs, ours was frustrated with the lack of follow-through with his instructions. Hadn't he been clear? Nothing could have been clearer than the strategy he had articulated. What was missing was *Strategy*, but the other three Ss: *Structure*, *Systems*, and *Skills*.

Strategy

I have had the opportunity to work with a lot of firms and have seen, and helped develop, their sales and marketing strategies. I've seen a lot of well researched, defined and articulated strategies. I never cease to be impressed with the quality of thinking and intelligence that goes into these strategies. But I seldom see much that is unique. I see a lot of "me-too" plans. After all, we are all reading the same marketing reports, we are all reacting to the same business trends, and like lemmings, we all chase the same strategies. How many environmental engineering firms do you know who *didn't* decide to focus more on hazardous waste remediation instead of just study and design? How many firms do you know who *don't* want to cross-sell their services to their clients? How many firms are *not* interested in selling more to Fortune 50 companies?

As David Maister put it in his book *Practice What You Preach*, "...the single biggest barrier to implementing strategy is courage." Few have the courage to really take the steps needed to make their good strategies happen. So the problem is not that we have bad strategies. The strategies are good, if not very creative or original. The problem is in aligning the planets properly to execute your strategy better than your competition.

Structure

One of the issues with the firm I discussed above was that *Everybody* knew what needed to be done, and *Anybody* could do it. But *Everybody* thought *Sobody* would do it, but *Nobody* did what *Everybody* knew *Anybody* could do. So it didn't get done. In other words, we were not organized for the task.

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This firm was like many other engineering firms, organized along geographic and technical lines, with 52 offices across America. When the CEO articulated the strategy of focusing on key clients each office took their local approach to this mandate, often competing with one another. Predictably, the goal was not achieved. But, once we aligned our *Structure* with our *Strategy*, amazing things were possible.

Structure is about organization and focus. Are you organized in the most optimized way to execute your strategy? There is no wrong or right structure, except one that maximizes your ability to execute your strategy for serving clients and generating revenue.

Most engineering firms are structured around geographic or technology practice areas. This reflects the prevailing thinking that engineering and consulting firms are in business to provide technical services or local presence. But engineering firms, like any business, are in business to generate revenues by serving clients. I feel, therefore, that your primary organizational axis should be around key sustaining clients, with secondary axes along strong geographic and or technical practice areas. Whatever organizational model you choose, make sure it is in alignment with your strategy.

Systems

Systems include the processes and procedures to put your planned strategy and vision into action. Process precedes technology.

Companies have spent millions to implement Enterprise Resource Planning (ERP) or Customer Resource Management (CRM) or Sales Force Automation (SFA) or eBusiness software. Many have been disappointed with their return on investment, mainly because, as one cynic put it: “Software only helps poorly managed companies do it faster.”

In my former firm, we articulated a strategy to focus on key clients. But it was not implemented because we didn’t have the process and systems in place to execute. For example, like a lot of firms we tracked billability carefully, and this was a key metric of the firm. Asking someone to forgo billable work to jump onto overhead to focus on marketing to a single client was a big risk. Our compensation system did not encourage the type of behavior.

The systems I am talking about are those that comprise your revenue generating process. To name a few:

- ✓ Demand generation;
- ✓ Qualification process;
- ✓ Bid Decision process;
- ✓ Proposal creation;
- ✓ Compensation system;
- ✓ Reporting;
- ✓ Revenue forecasting system;
- ✓ Tracking and metrics;
- ✓ Client feedback process;
- ✓ Sales process; and
- ✓ Client buying process.

Certainly technology can provide efficient ways to implement your systems and processes. But technology should not be confused with process. Reengineer the process before buying the technology. Start with understanding your processes. As someone said, “If you can’t explain what you do in the form of a process, you really don’t know what you’re doing.”

Skills

The fourth of the four Ss to be aligned is *Skills*. At my previous firm, we had a brilliant *Strategy*. We finally recognized that we needed to reorganize our sales *Structure* to focus on key clients. And we defined our sales process and put the *Systems* in place to track our opportunities. But there was still something missing.

The definition of insanity is expecting different results and not changing what you’re doing. We definitely wanted different results. We were raising the bar for our senior staff. We were asking them to focus on key sustaining clients and increase our share with these accounts. But nothing much changed. We were asking them to do something they didn’t know how to do. If we wanted different results, we would have to improve the *skills*.

In the professional services business, there is an evolutionary progression from “primitive” to “optimized” for each of the four Ss, Strategy, Structure System and Skills (Table 1). Where does your company fall on this evolutionary ladder? Are you optimized in one area but primitive in another. How well are the planets aligned to execute your strategy?

Table 1. Sales Capability Model

Level	Description	Strategy	Structure	Systems	Skills
Optimized	Continuous process improvement; metrics are used to drive sustainable client asset growth; focus on investing in key strategic accounts; account selection strategy is unwavering and fully supported by experience; consistent methodologies and discipline are adhered to and team creativity is responsible for success; abundance mentality	Strategic account focus, committed to Win-Win and to seeking out customers with Win-Win philosophy that meet our ideal customer profile; focus investments on best accounts; stop investments in less ideal accounts; clear principles and policies make micro-management superfluous.	Organization optimized to take maximum advantage of all resources and creativity to provide contribution to customers; Strong culture of collaboration and coaching, and rewards to collaborative efforts; Organization structure based on client service teams; Involves the customer in large account strategies; a Selling Machine.	System for large account planning involving teams and the customer; systems optimized to create customer value and salesperson support, thus the quality of the input data are continually improved; CRM and financial systems widely disseminated and used; knowledge systems continually growing; customer has input to forecasting.	Creativity; empathy; business skills; understanding the customers' business; training in large account management; leadership, facilitating teams, high level contact, coaching skills for sales managers, value based selling.
Disciplined	Clear go/no go and client selection process; systematic and consistent process for capturing specific sales and planning sales calls; Organization structure and compensation clear and effective; teams routinely contribute effectively to sales efforts using consistent processes	Moving from focus on opportunities or transactions to focus on customers; moving from focus on product offering to the needs of key customers; seek to achieve Win-Win.	Effective organization structure; focus on client sectors or strategic clients; cross-functional teams; collaboration highly encouraged and recognized; effective sharing of scarce resources, strong coaching.	Clear decision review systems; shared Customer Resource Management (CRM) and enterprise financial systems; clear and consistent processes for developing opportunity strategies; gather data on key accounts. Top down and bottoms up forecasts.	Consultative and relationship selling; problem solving skills; ability to communicate with higher levels of the organization; developing capture strategies for specific sales opportunities; connecting our product to the customer's concept.
Defined	Specific roles defined for sales and support functions; client strategy defined and communicated; management oversight of opportunity selection; forecast system, but not optimized	Focus resources on higher value opportunities, though still transaction focused; Strategy to cross-sell products/services; beginnings of relationship selling strategies, though still product focused.	Sales responsibilities more widely distributed between lead sales roles, and support roles from service or other functions. Barriers and disincentives to collaboration removed though may be still geographic or product oriented.	Opportunity review process in place; forecast system, but with no standards; forecasts often driven more top down by quota, quarterly results, or internal issues rather than customer needs; Contact information collected but not easily shared.	Ability to lead teams on sales strategies, identify key buying influences and define their solution image or concept; training in prioritization, discipline, time management, and negotiations.
Repeatable	Repeatable methods employed by individuals, though not consistently applied; some team selling but only opportunistically and by chance.	More focus on repeat customers and customer satisfaction. Discounting strategies often prevalent. Opportunity or transaction focused.	Geographic or product oriented organizational structure; hierarchical; still an "us & them" mentality internally. Compete for shared resources.	Systems recognize and reward consistent success with repeat business and as new business; information sharing between groups on top down forecasts and results.	Ability to bring teams together, more customer service focus, ability to define benefits of our product; training in questioning and listening.
Primitive	Ad hoc, even chaotic; success depends on individual heroic efforts and the strengths of the product, little team cooperation, often competitive; poor forecasting; scarcity mentality.	Numbers game—hire more sales people, write more proposals and sell anything with a pulse; Do what it takes to Win. Little or no focus – shotgun; micro-managed.	Individual, "lone-wolf" sales force; disincentives to collaboration; neither seeks, nor receives coaching.	Only rudimentary support from organization; highly quota driven; individuals invent their own systems and keep contacts to themselves; information sharing limited to product technical data; institutional knowledge lost when the sales person leaves.	Stamina, aggressiveness, thick skin, ambition, self-motivated and work alone; sell features of our product; training in overcoming objections, closing technique, leading questions, presentation skills, technical product training.