

Sell Consulting *Productively*

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Many consultancies have hired direct sales forces in recent years. Their titles vary—Account Manager, Business Development Executive, Relationship Manager, and Associate Partner, for example. The best business developers tend to be experienced and well trained in their target clients' industry, markets, and competitive landscape. Typically, they are intimately aware of the prospect's organizational and cultural environment before they ever make the first introductory call.

Organizational models used to integrate sales personnel into consulting firms vary in sophistication. When seeded into account development teams, salespeople are expected to help win more business at targeted accounts, increase customer retention rates, and upgrade the quality of the opportunities. The more opportunities a firm has, the more selective it can be in the type of work pursued and performed.

Consulting sales effectiveness can vary by service offering. For example, direct sales forces do not lend themselves to business strategy consulting as well as they do to general technology or process consulting. Business strategy engagements are more likely to be sold by the engagement team. Salespeople, regardless of their titles, may not add value in the sales cycle beyond the initial inquiry for strategy work. Within pure business strategy consultancies, marketing dollars—including funds spent to convey firm capabilities through white papers and other publications—may be a better investment than a direct sales force.

A direct sales function provides clients with an efficient channel to consultants' competencies and service offerings. It can also improve relations with and increase leads from strategic alliance partners. The appropriate sales model, implemented with executive commitment and staffed with consultative sales professionals, helps organizations compete more effectively in today's marketplace.

Here's an example of how a direct sales force can help win engagements:

A consulting firm had been pursuing opportunities at a large Southwestern oil and gas exploration account for more than seven years with little success. Then it assigned a salesperson to the account. After 18 months of full-time account sales coverage, all initiated by the salesperson, the firm was awarded a \$40+ million, multiyear engagement. A variety of methods and tools were employed, including account sales planning and relationship mapping. By adding a dedicated sales resource to help build relationships and maintain momentum, the firm now views the account as a long-term partnership and not just a transaction opportunity. Today, the consulting firm continues to deepen its relationship and expand the services delivered to this client.

The cost of a direct sales force is one of the most expensive line items in a firm's annual budget—typically 3% to 7% of the revenue that it generates, in addition to the selling costs

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*How much
of an asset
is your
sales force?*

incurred by delivery partners and staff. This does not include marketing costs or resources for graphics and proposal support.

Most consulting sales are complex, taking as long as 18 months to close and involving perhaps multiple buyers and influencers who contribute to the client's decision to hire. In that environment, the most successful engagements are won by a team comprising various subject-matter experts. Understanding how teams succeed is essential to designing appropriate compensation and measurement programs. It also helps in the development of the systems and support needed to increase the win/loss ratio and thereby reduce the overall cost of sales.

Identifying individual team members' specific responsibility for, and impact on, the total team success reduces the likelihood of inadvertently proposing more than one solution to a client. This problem is especially acute in a partnership model, in which firm culture is not yet comfortable with a dedicated salesperson on the account team. Confusion over responsibilities is compounded if the organization has neither clarified the role of the salesperson relative to the rest of the team nor created a career model that may or may not include a path to partner.

Determining Impact

Even after hiring a direct sales force, firm management often remains uncomfortable about its cost and effectiveness. Sales leadership is expected to answer such questions as: How can we be sure that our sales force is finding and winning work that we would not have uncovered traditionally through our partners or delivery staff? How can we measure and recognize the contribution of our direct sales efforts to the overall organizational goals?

The following three approaches can help determine whether the sales force is delivering maximum value through incremental sales.

MODEL #1: Build Multidiscipline Account Teams

Build multidiscipline account teams around your target accounts, all sharing an overall account goal. Include a salesperson on the team and assign aggressive account revenue growth

goals, assuming that the team will accomplish more than the sum of its parts. Consider the difference between the sum of the individual goals and the more aggressive team goal as a measurement of net incremental. Don't get too concerned with individual contribution if the team is performing to established metrics. Allow the team to monitor individual team member performance on a predetermined set of criteria.

Use monthly or quarterly account reviews to monitor team performance. Reward the team for accomplishment of team goals such as revenue growth and customer satisfaction. A 360-degree evaluation process (in which team members rate each other's performance) may be beneficial. Don't overmanage; entrust the team leader with the tactical management of team members' efforts and to manage the team to the overall account goal.

The method in this model assigns team targets and assesses the results of the team, not its individual members. It assumes that you are comfortable and confident that the account goal is more achievable by a team rather than as an aggregate of individual goals.

Multidiscipline account teams work well in sales environments that require team pursuit of complex sales. Such a strategy is useful for opening a large new account or to rapidly grow an existing account. To use this approach, management must be secure in its ability to assign target goals and commit to the account team's efforts. The firm that implements this approach would likely be a mature organization experienced with direct sales force models.

MODEL #2: Use a Sales Influence Scale

A "sales influence scale" (see Figure 1) can quantify individual sales influence. Such a scale is based on the realization that major sales are seldom achieved by one individual performing all critical steps in the sales cycle, but rather by a combination of team members.

Under this model, assign individual percentages to each phase of the sales process according to the importance in the sale of your product or service.

Like a compensation program, a sales influence scale will direct your sales force to the activities your firm desires. When using a scale, be liberal with the sales influence credit that

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Figure 1 SAMPLE SALES INFLUENCE SCALE

Identify lead —includes territory assessment, account prioritization, prospecting, appointment setting, face-to-face introductions	X%
Qualify the opportunity —includes needs identification, solution definition, competitive analysis, win/loss probability assessment	X%
Cover the sales bases —includes stakeholder analysis, buying criteria, selection process, competitive positioning	X%
Present the solution —includes concept draft, proposal development, pricing, bid and risk management, solution presentation (orals), demonstration	X%
Execute the contract —includes contract negotiation, final pricing, signing the deal, scope confirmation, establishment of start date	X%
	100%

see next page

rewards the desired team behavior. Be careful not to make the steps too detailed or complicated, or you will impair management's ability to interpret the level of effort expended by individual team members. Leave yourself some freedom to assign sales credit based on your subjective judgment of team members' sales influence. Also, it is important that all team members understand the steps of the sales influence scale and the assigned percentages *before* commencing any account sales activities.

Assessing team member contribution and assigning sales credit addresses the question of whether net incremental sales are being made. Moreover, this model tends to increase organizations' comfort level regarding the contribution and associated cost of a direct sales force.

Sales influence scales also work well in a team sales environment, particularly when it might be necessary to split credit for sales among multiple salespeople. The split can be applied to the revenue credit toward sales goals as well as to the commission earned. Organizations not yet comfortable with a direct sales force and overall team sales goals may choose this approach because it provides an additional point of measurement.

MODEL #3: Organize Your Sales Force by Territory

Separate, protected territories would be covered exclusively by your sales force, ensuring that sales coming through this channel would

not have come in through another. In this approach, salespeople are credited only for sales within their assigned territories. While still directed by a relationship partner or account sales leader, each salesperson has an individual revenue goal that contributes to the overall team account goal.

Individual sales territories can encompass entire accounts, departments, functions, executives within accounts, geographic locations, or service lines. You should decide at the time of territory assignment whether salespeople will be assigned to all opportunities uncovered in their territory or only to those they personally help develop. Team activities or participation by salespeople outside of their assigned territory are typically covered under the base-pay component of the sales compensation plan. This model would work well in organizations with limited sales resources to service many prospective accounts without coverage overlap.

This model may in fact detract from the team behavior you desire for an account by encouraging salespeople to act alone outside of the team model. Or, it may reduce the need in some organizations to explain the contribution of the direct sales force above and beyond standard sales reporting. And it may be the best way to prove the net incremental value of the direct sales force.

As you consider which approach to implement, consider this cautionary tale that could happen in any consultancy:

Company A's Sales Influence Scale

Identify lead	60%
Qualify the opportunity	10%
Cover the sales bases	10%
Present the solution	10%
Execute the contract	10%
	100%

Company A has front-loaded its sales influence scale to acknowledge and reward the time and effort involved in prospecting a new territory to uncover a qualified lead. Once a new opportunity is uncovered, a sales/delivery team is then assigned to participate in the sales cycle. The salesperson continues to assist with the opportunity and, by this allocation of level of effort, is encouraged to find and qualify additional opportunities for which the organization can compete.

Company A has determined that the best use of its sales force is the uncovering of new opportunities. It has determined that the delivery staff component of the sales team is better equipped to contribute to the later stages of this organization's sales cycle.

Company B's Sales Influence Scale

Identify lead	10%
Qualify the opportunity	10%
Cover the sales bases	10%
Present the solution	35%
Execute the contract	35%
	100%

Company B has great brand awareness and is invited to compete by most prospects. There is a steady stream of qualified leads from a variety of sources, including new and existing accounts. This firm values closed deals above all else and expects its sales force to lead the latter phases of the sales cycle.

Company B places less importance on prospecting and qualifying activities and more emphasis on winning the deal. Sales of Company B's service may not require the level of team involvement that Company A's does.

An account team with the assistance of a dedicated sales resource grew revenues from one large telecommunications client ten-fold (from \$7 to \$70 million) in two years using Model #1. When firm management realized how large the bonuses paid on this effort were, it began to question the individual contribution of the salesperson to the overall account success. Management continued to have these doubts even when the salesperson's accomplishments and efforts were confirmed by the account team leadership. Despite team protests, management suggested that the account team implement Model #3 instead. The salesperson, worried that the firm would set up a model that would both reduce her compensation and make it more difficult to sell, began to look at other employment opportunities. The firm found itself at risk of losing her, losing momentum on the account, and ultimately losing additions to its engagement backlog. This situation is still under review.

To avoid this kind of pitfall, consider with care your approach to sales force performance measurement and compensation, looking at all

possible scenarios before making a final decision. Changing the rules in the middle of the game could create an adverse effect.

Conclusion

In today's competitive environment, it takes a multicompetency team to successfully design solutions and win complex client engagements. The direct sales force component of that team is an investment that warrants financial review and assessment. If you have decided that your business model will benefit from a direct sales force and that the added revenue justifies the expense, your next logical step will be to periodically measure the effectiveness of your sales model.

As you evaluate what sales model method to use to prove net incremental sales and how well defined that proof should be, consider the impact that your efforts may have on the sales organization. The effect of overanalyzing the direct sales force contribution could actually result in reduced sales team productivity. In other words, don't let your sales model biopsy turn into a sales model autopsy. ■

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