CHAPTER 3

MARKETING AND SELLING CONSULTANCY SERVICES – OVERVIEW

Consultancy is intangible and not easy to sell. The market can be difficult to enter and some parts of the market are more profitable than others.

There are many competitors of different qualities; some are plausible but not very good. You have to be better. The profitability, growth and reputation of a consultancy practice depend on the quality and effectiveness of its work, and the client’s size and professionalism.

You and your consultancy practice need a clear and consistent approach to the market you choose.

Key steps

Define your capability. What can you do that will benefit your prospective clients, what are your special abilities, what knowledge is potentially of high value to your clients? Don’t say you can do everything – clients don’t believe in fairies.

Define your services. How do you deliver in ways that the client will especially value; what is your special approach; how is it different from, better, more effective and more valuable than your competitors’ service?

Have a coherent statement. The ‘elevator statement’ – which is no more than two short sentences – tell a possible client what you are, what you can do to help them and what’s special about the way you do it.

Understand your potential market and the competition. Where is the profitable business and who is getting it? What is the market not getting from existing consultants? Where will your special knowledge, skill or approach be most welcome?

Design your offer:

• What are you offering the clients – is it off-the-peg or tailor-made?
• Is it a standard package, a complete solution or a series of modules, a range of techniques or approaches? Do you believe in or have special techniques? Be careful, few clients believe in magic bullets;
• What flexibility will the client have in buying your service – how well can it be tailored to meet the client’s needs?
• How can you provide assurance of benefits – will you brand your service, as some consultancies do?

Select your market. It usually has to be one which is progressive and can understand the benefits that external help can bring and can afford your fees.

There will be different market segments, some of which will be more profitable than others.

• Market segments
  -->Which will most value your services?
  -->Which will be prepared to pay properly?
  -->Which are big enough to justify concentrating your efforts on a specific offer or type of client?

• Service
  -->What will you do or deliver that is different from your competitors or different from or better than the existing services which clients in your market sector get?
  -->Which market segments are under supplied or not serviced well?

The market segments you choose depend on your capability, experience and contacts, as well as its profitability. Your capability, and as a result your capability statement and promotional material, are aimed at the market segments you choose. You can’t tackle and cover every aspect, so you have to be selective.
CHAPTER 3

Position your service. Select that combination of clients with needs for service and readiness to pay, which allows you to do the work you want, at the right fee level, and show real value. Differentiate your service from others so that it is intrinsically attractive to your chosen market segments. What image do you want in the marketplace? Your reputation for effective professional work of real and lasting benefit is essential to your long-term prospects.

Generate awareness. Make yourself and consultancy practice known. Make your prospective market aware of who you are, what you can do, how you do it and the benefits. You have a circle of friends. Help them and they may help you. I gave a lot of help and guidance to a friend who had recently left the Services to work for a big high street retailer. He was unhappy with the work being done by one of the biggest consultancy practices who had been advising on development of the top-level managers. I gave him some ideas, free. He came back six months later and asked me to do a job which he said they had been sloppy about. That fee rate was extra good and it was, for me, quite a big job which fitted in well with other work. You can compete with the big consultancies if you are higher calibre than their consultants.

Generate encounters. Meet the right people, the potential buyers.

• Make opportunities to discover and understand the client's needs, wants and problems; understand the client's business; demonstrate your competence or understanding of the client and their concerns;
• Generate confidence, develop the relationship and start the selling process.

Sell the work:

• Spend time with the client to deepen mutual understanding of their and your position; define and evaluate the client's problems and their urgency; identify and clarify the client’s own priorities;
• Assess the client's capability and intent, and their ability to spend. Help them find a way forward;
• Show a better future which looks good and which they can visualise;
• Show how and where you can help. Evaluate the benefit and cost of your help to the business, and to the client personally;
• Help the client to persuade themselves that using you would be a good decision;
• Help the client to convince other members of the DMU that you can give real help.

Charge the right fee rate. Your fee rate must be appropriate to your skills, the levels at which you work, the type of work you undertake and the value of your work to the client or the improvements in profitability the client could gain. Too low a fee rate can be worse than too high a rate. You will be working with senior managers. You should be costing the client a lot more than they are paid; a factor of three is common.

One letter, from a batch of ten I sent off with very little targeting, led to a meeting. The contact was a former consultant with one of the big name firms. We talked, they wanted some help for their team. I put forward an idea. He accepted without asking my fee rate. Just before I left, I said we ought to talk about fee rate. I aimed higher than usual, guessing the rates he had been charged. He replied: 'That's very reasonable!' I could have asked more – but should I have? I'll never know. Don't undervalue your services.

Estimate and quote for work. You have to work out how the work should be done. Work out what is involved, what the client can and should do, what you should do for the client, and what the client's investment of time and money will be.

Put forward your proposal to the prospective client or your response to the invitation to tender. Set out the case for using your services, the terms of reference, a programme of work, activities, deliverables, client involvement and benefits. You have to give the client the material and information to justify the client's choice of you and your service and their investment. They may have to convince their board and will certainly have to explain it to colleagues.

That's a lot to do and you have to keep on doing it to have any chance of a regular supply of work. You don't have to do every one of these activities regularly – you are not going to change your policy and approach often, but you do have to check from time to time that the policies and approaches you decided on are still relevant and effective. Markets change – you chose to be in a good one – is it still so good?