

HOW CLIENTS BUY

**A Practical
Guide to
Business Development
*for Consulting
and Professional
Services***

TOM McMAKIN
DOUG FLETCHER

WILEY

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*Tom dedicates this book to Harry Wallace and
the crew at PIE for their fellowship and inspiration.*

*Doug dedicates this book to his parents, Wade and
Mary Lutie, for introducing him to the world of books.*

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The Problem

CHAPTER

1

A Curious Problem

Was that you we saw last Friday night at the Seattle airport?

We would've said "Hi," but you were on the phone.

We were the guys in blue blazers dragging our roller boards over to Ivar's for a plate of oysters and a Pyramid IPA. You might have seen us pounding out thank-you notes on our phones before the late flight home.

Allow us to introduce ourselves.

Doug leads a business development consulting firm and sits on the board of a midsize consulting firm. Before that, he cofounded a technology-enabled consulting firm that specialized in global web survey projects. He got his start as a management consultant at A. T. Kearney, and before that was trained on GE's leadership development program.

Tom also runs a consulting firm that helps the biggest names in professional services grow their businesses—a kind of consultant to consultants. He was in private equity before that, and in his first big gig served as the chief operating officer of Great Harvest Bread Co.

This is all to say we've spent two lifetimes offering clients consulting and professional services. We've scoped projects, delivered outcomes, wine and dined clients, written white papers, presented at conferences, and relentlessly followed up.

The proof? When people ask our kids what we do, the kids don't know.

"They travel a lot," they say.

We've written this book to describe how clients buy consulting and professional services because we think if more people in our industry could get smarter about how expertise meets the opportunity to help, the world would be a better place. We look around and see lots of thorny problems that need solving. We also see lots of smart people ready to help. The challenge facing them both is to connect with each other more efficiently.

Maybe you're an accountant, a lawyer, or an Internet security specialist. Maybe you consult on strategy, human resources, finance, marketing, operations, or procurement. Or you're a freelance designer or marketing expert. You might be part of a large organization, working for the big consultant Bain, the consulting and accounting firm KPMG, or the human resources specialist AON. You might work out of a handsome glass and steel tower in downtown Boston or Chicago. Or you might be just starting out or recently retired, offering procurement, organizational or training advice, working out of your newly converted guest bedroom.

Either way, this book is for you.

Rainmaking

As a consultant or a person working in professional services, all of us know we have to become rainmakers—the people at the top who bring client business into their firms. In most large firms, you have to be successful bringing in new business to be considered for promotion to partner. And, if you're a founder or cofounder in a small to midsize firm, you live and die by the work you bring in to feed your troops.

It's the harsh imperative of consulting and professional services: being smart about something is not enough. You have to know how to engage with potential clients, understand their unique challenges, and scope business. You have to figure out a way to build a bridge from your expertise to those it can most help. You have to make it rain, *or you will die in the desert of commerce*.

The problem is that selling consulting and professional services is hard. Some would say really, really hard.

It's hard because selling consulting and professional services is different from selling shoes. The former is sold on relationships, referrals, and reputation, while the latter is sold on attributes like size, weight, color, style, and performance. It's the difference between an intangible and tangible sale.

Further, despite the importance of becoming an effective rainmaker, we're never taught how to *sell the work we do*. We're trained as lawyers, accountants, web developers, financial analysts, engineers, or architects, how to do the work, but not in how to bring in new clients.

Then, there's the inconvenient fact that in our line of work, *sales* is a dirty word. While researching for this book, we interviewed dozens of rainmaking pros and were struck by how many of them said, "Never say 'sell.'" In fact, they reported that they

don't even think about selling. To them, it's counterproductive. Dominic Barton, Global Managing Partner of McKinsey & Co., one of the world's premier strategy consulting firms, put it this way: "If I mentioned sales in our firm, I'd be hauled up in front of our professional ethics board. It's just not the way we think."

On top of that, our consulting niches are becoming more specific as they become more global. A client today is just as likely to be in Singapore as San Francisco. A generation or two ago, golf on Saturday was a good way to meet new clients. In the twenty-first century, methods like these are outdated.

Finally, much of what we think we know about selling—the need to generate leads, prequalify them, then pitch and close prospects—is wholly inappropriate to consulting and professional services. What really matters is your relationship with a would-be client, which is formed and nurtured over a lifetime.

Call it the rainmaker conundrum: we need to do business development or we die, and yet we're hobbled by obstacles that keep us from effectively developing this very same business.

There must be a better way.

Chuck McDonald, a senior attorney practicing in Columbia, South Carolina, puts it this way:

The one thing they don't teach you in law school is that the most important thing in private practice is how to get clients. You find out fairly early whether you are going to be able to do that which enables you to climb the ladder within a firm structure. If you're not, you're a fungible good. There are what we call "worker bees," but they just don't get the same, frankly, respect within the firm or the same compensation. So, it is a very important component.

And so, it's strange to us that more isn't written about business development in the consulting and professional services trades. A quick Amazon search of books on the topic of leadership generates a staggering 191,348 listings. Yet you can count on one hand the number of books that have been written on becoming an effective rainmaker in the expert services professions.

Consulting and professional services is a \$1.7 trillion global industry, with 6.1 million of us in the United States working as consultants or in professional services. As the U.S. economy has shifted from manufacturing to a more knowledge-intensive economy, the consulting and professional services sector has expanded, enjoying growth that outpaces the wider economy. While gross domestic product grew on average 2.2% over the last two years, the consulting and professional services sector grew on average an astonishing 11.5%. That's five times as fast.

It is high time we got smart about how to connect with those we can best serve.

The Promise of How Clients Buy

We will help you understand how clients buy consulting and professional services. This knowledge will increase the number of clients you have and earn you more money. More importantly, it will cause your expertise to find its home, solve more problems, and make the world a better place.

To be clear, this is not a book on the sales funnel, selling techniques, better prospecting, persuasion, closing, or negotiation tactics. Instead we describe the *client's buying decision journey*, knowing that it is this perspective that can give rise to a business development approach based on service and not manipulation.

Qualities You Do Not Need to Benefit from This Book

- **A certain size:** You can work for a 400,000-person global IT services firm or have recently spun out on your own into a sole proprietorship. The principles of empathy for the customer, which are the foundation upon which increased engagement is built, are the same regardless of scale.
- **A particular kind of expertise:** You grow an HR consulting practice the same way you grow security consulting. Business development for law looks strikingly similar to business development for a strategy consultancy.
- **A sales personality:** It's a myth that only outgoing personalities succeed at building the kind of relationships that produce more engagements. In fact, many of the pros we interviewed reported the opposite.
- **A big budget:** When clients buy services, they do so in similar ways. Those patterns are largely uninfluenced by the size of your business development budget. That's because cash buys you reach and yet services are sold on relationships, which are created one person at a time. While there are useful ways to spend money if you have it, supporting clients as they move through their decision-making journey does not require a lot of cash.
- **A growing industry:** High-growth sectors have challenges where outside expertise is required, but so do more stable industries. Ask any bankruptcy attorney or restructuring consultant if work is slow, and they will disabuse you of the idea that only growing companies hire consultants.

- **A hot product set:** If you bring a product-sales sensibility to services sales, you will be tempted by the idea that new is better, that it is easier to sell the latest generation of phone than one built a decade ago. However, buyers of consulting and professional services are skeptical when expertise is packaged as a “new offering.” For them, a trusted advisor who solves problems alongside them is more important than something “new.”
- **Level of experience:** The fundamental business development challenges that face young professionals hoping to show off their commercial chops and make partner and those confronting an old hand seeking to broaden their influence are the same.
- **A willingness to live on the road:** Visiting would-be clients is a tried-and-true approach to business development, but there is a raft of technology-based and phone-based approaches that are equally effective at engaging and establishing relationships with potential clients.
- **Marketing expertise:** You’re a designer or an accountant, a technologist or an engineer. You didn’t spend a ton of your time in school taking marketing courses. No worries. Most marketing focuses on how to sell products, and as we will learn, clients buy services differently.

The Breakthrough

For us, the breakthrough in understanding how to best sell professional services was when we realized that those who

successfully build their consulting and professional services practices are students of *how clients buy* and work to support that buying journey using very specific strategies and techniques. They aren't focused on sales at all.

These pros tell us there are very specific requirements that must be satisfied before a client pulls a trigger and decides to buy our services, preconditions we call the Seven Elements of How Clients Buy.

- Prospective clients become *aware* of your existence. This might be from an introduction from a friend, an article you wrote, or because they met you at a conference.
- They come to *understand* what you do and how you are unique. They can articulate what you do clearly to others.
- They develop an *interest* in you and your firm. They have goals, set by themselves or others, and they can see how what you do might be useful in their efforts to realize those goals. What you do is relevant.
- They *respect* your work and are filled with confidence that you can help. They look to your track record, to their peers, and to a variety of social clues to determine if you are credible and likely to move the needle on their goals.
- They *trust* you, confident you will have their best interests at heart.
- They have the *ability* to pull the trigger, meaning they are in a position to corral the money and organizational support needed to buy from you.
- They are *ready* to do something. The timing is right inside their organizations, and they have the headspace to manage you.



The Seven Elements of the Client's Decision Journey

Our Method

The advice that we offer in this book around each of these elements comes from three primary sources:

1. Interviews conducted with over two dozen senior professionals working in a wide range of consulting and professional services, including law, accounting, investment banking, commercial real estate, and management consulting (strategy, advertising, and HR). While most of those we

interviewed were seasoned “rainmakers” in their field, we did speak with a handful of individuals at the beginning and midway points of their careers. We spoke with individuals at some of the largest firms in their industry and also with professionals at midsized, boutique, and solo firms. Finally, we spoke with professionals who bought professional services.

2. A review of the existing literature, both academic and popular, on the subject of business development for consulting and professional services. There are some strong materials out there. Three of our favorites are Ford Harding’s *Rain Making*, Arthur Gensler’s *Art’s Principles*, and Mike Schultz and John Doerr’s *Professional Services Marketing*. Our hope is that what we have written here builds on their work and contributes to the ongoing conversation about what works and what doesn’t.

Attention Scholars

This book is *not* intended to be an academic publication. It’s a book for and by practitioners. The breadth and depth of our research is not statistically weighty enough to be included in a peer-reviewed academic journal, nor are either of us PhD scientists, economists, or psychologists. That said, to the world of academia, we would say, “Jump in. The water’s warm.” The subject of how those with expertise engage with those they can most help in a highly distributed global world is ripe for further study.

3. Our collective experience working in management consulting and business services for fifty years. We looked to our own personal experiences in our consulting practices to

capture what we had learned and share it. It was encouraging to us that much of what we feel is true was echoed in what we heard from those we interviewed.

Onward

Your expertise deserves to find an audience—the exact right audience where what you know and what you’ve seen (and you’ve seen some stuff) will find a home where it can create value, not just for you, but more importantly, for the people whom you most want to serve.

The world needs your expertise. Let’s dig in and learn how to build a better bridge to those that could use it.

CHAPTER

2

Finders, Minders, and Grinders

The Business Development Imperative

When Russell Davis first heard the news, he flew home from Switzerland early. Word had come to him from all directions—the foreign edition of CNN, urgent phone calls from home, and emotional email bursts from friends on campus.

In a convulsion of violence, a mentally disturbed student shot and killed thirty-two students in the Norris and West Ambler Johnston halls at Virginia Tech. It was mid-April of 2007 and Russell was studying abroad, but he was also class president and a dyed-in-the-wool Hokie.

“I felt I needed to go home and be with everyone.”

The next few weeks were filled with emotions for Russell and for his fellow students, a complicated stew of anger at the shooter, grief over the lost promise of those who had been slain, and relief and guilt over having not been a target. Russell remembers trying to frame the right words for his address to the graduating class in May.

“I wanted to be careful; it was a commencement, not a funeral,” he said. In the end, standing in front of five thousand graduates at Worsham Field, he spoke from the heart, “You only live once. Never waste a moment.”

Russell showed leadership in the way he chose to be with those whom he had decided to serve. It wasn’t like Mel Gibson on a stallion, rallying of the Scottish tribes in *Braveheart*, but a quieter call to duty, which becomes the standard against which the rest of us measure ourselves.

At Virginia’s Darden School of Business, where Russell earned an MBA after Virginia Tech, roughly half of the students apply for jobs at the big consulting firms. Of those, half get interviews, and then half of them get offers. It is the same at all the leading business schools.

Boston Consulting Group (BCG), one of the country’s premier strategy consulting firms, has a mission to “go deep to unlock insight and have the courage to act.” For that, they need leaders and strong thinkers who have the courage of their convictions. When they first met Russell on the campus of the University of Virginia, they must have known they’d found a real leader, recruiting him to be a summer intern in between years at business school. Later, when he graduated, BCG asked him to sign on, full-time, as a consultant.

Getting hired by one of the big consulting firms is, for many, like winning the lottery. “BCG and the others would come in and make presentations to the students and talk about the cool strategy work they did for clients. I knew I would learn a lot

in consulting and that it would open doors. Those of us who got offers were pretty excited. BCG, McKinsey, and Bain have a line out the door to get in. They get the best and brightest.”

Consulting

Consulting draws some of the best business school students because consultants are called in to do challenging and essential work. “Since working at BCG,” reports Russell, “I’ve worked on growth strategy, cost reduction, and operations projects in consumer products, transportation, and industrial goods. I’ve learned a lot in two years. I travel a fair bit, but the firm treats me well and I make good money.”

Really good money.

The average starting salary for a post-MBA graduate like Russell at BCG is \$147,000 with another \$50,000 to \$70,000 piled on top in bonuses and 401(k) contributions. This wage is not the exception but the rule at the most prestigious firms like Bain, McKinsey, Oliver Wyman, L.E.K., and A. T. Kearney. It’s the same with the Big Four professional services firms, where KPMG, Deloitte, E&Y, and PWC all pay total compensation north of \$150,000 for recent MBA graduates, as do the big IT consulting firms like Accenture and IBM.

I’m Not Even in That Universe

If you are a sole proprietor, work for a small CPA firm, or have just hung up your shingle as an attorney, Russell’s world may seem distant and vaguely exotic, like GN-z11, the galaxy Hubble just discovered at the far reaches of space. Interesting but not really relevant. You hear about hundreds of thousands of dollars in *pay*,