

Some firms don't take project work at all, while for others project revenue vastly outstrips the income from their few ongoing clients. What's the proper role of project work in your firm, and what's the proper approach to pursuing or vetting it? In this issue of the Win Without Pitching Newsletter I lay out some specific guidelines on projects as a part of your overall client mix, and the rules of pursuing and accepting project work.

Five Rules for Pursuing Project Work

My own experience has been that the most profitable firms are the ones with what I would call 'tighter' client bases - fewer, more loyal clients who entrust their firm with a large percentage of their budgets, rather than breaking it up among many firms. Although I haven't formally quantified this, it has been my experience that firms with higher volume of project work are busier but less profitable than their more AOR-focused counterparts. While I'm a firm believer in the idea of 'fewer clients, more money,' I recognize that for many firms project work is helpful at plugging capacity gaps. What follows are five rules on pursuing and accepting project work, and some final guidance on the mix of projects to longer term engagements.

Rule #1: Don't Chase It

It may be okay (or even highly lucrative) to take project work, but, with few exceptions, most established firms shouldn't be pursuing it. Your business development goals should be focused on replacing your outgoing clients with even better, more lucrative incoming clients, while striving to keep the ongoing client base at somewhere between eight and twelve clients. Through regular business development activities, and just by answering the phone, project work will come at you. Short of finding enough project work, your bigger challenge is probably saying no to the bad stuff, so don't focus business development resources on an outreach program that targets project work. Project-based opportunities are a natural by-product of targeting larger ongoing engagements, but with rare exceptions, you should not be devoting business development outreach attention or resources to it.

Rule #2: Don't Offer Incentives for It

As discussed in the January, 2008 issue of the Win Without Pitching Newsletter, your business development incentives should be focused on rewarding personnel for managing the churn of ongoing clients, and should not reward for project work. Discretionary bonuses for project work, at the end of the year, are okay, but keep the focus, and the incentives, on the larger ongoing clients.

Rule #3: Object to It

When a client-to-be inquires about project work, the first thing you want to do is remind him that you are not in the project business. "We're not in the brochure business. We're in the business of creating total brand experiences." (As a broad hypothetical example.) "We often do

brochures as part of that, but if someone's just looking for a brochure we usually refer them elsewhere. Let me ask you, is your brochure part of a larger undertaking?"

If your efforts to uncover a more comprehensive need come up empty ("No, we just need a brochure,") you still have the option to take the work. "Before I say no, let me ask you a few questions..."

If your questions into the project reveal it to be a potentially lucrative one, and you happen to have the capacity then perhaps this is a project worth considering. Either way, by leading with your objection ("We're not in the brochure business") you should have positioned yourself well if the project is indeed a desirable one. It's now the client-to-be's turn to talk you into waiving your no-project policy and taking this on. Remember that you reserve the right to retract every 'no' or every objection or obstacle that you place in front of the client-to-be. Creating these objections allows you to gauge whether or not he recognizes and values your expertise. As you begin your retreat from the opportunity does he follow, or does he let you walk away?

Rule #4: Don't Compete for It

You've established with the client-to-be that you are not in the project business. You've questioned him further about the assignment and found that it is indeed well suited to your firm and could be quite lucrative. If the capacity to do the assignment is there then this might be a project worth taking. Before you remove the obstacle ("We don't do projects") make sure that every other potential obstacle to doing business is identified and addressed.

You don't want to say, "Okay, we'll do it," only to hear, "Great - we'll get back to you after we talk to three other firms," or, "Good, I'll send you the RFP."

You might say, "If we did decide to waive our no-project rule and take this on, what would need to happen before we agreed to get started?" If you hear, "We would need to meet with the other firms and decide on one," or "I need to get approval from my boss," then your job is to direct the client-to-be to go do what he has to do, then come back to you for a decision on whether you will waive your no-project policy afterward. If the client-to-be tries to put you to work (responding to an RFP as an example) then politely send him on his way. You want to get to the point where the client-to-be says, "We've ruled out other firms - we'd prefer to work with you, and I have approval to hire you right now if you'll accept the assignment." Then and only then do you agree to remove the objection - your no-project policy, and take the assignment.

Rule #5: Don't Take Tactical Work That Would Neuter Strategic Opportunity

You'll often encounter a client-to-be who dangles a project in front of you as an opportunity to 'test the fit' before they commit to you. While it is perfectly appropriate for you to agree to take a small first step with a client in order to assess the fit for a larger engagement, a first step should be just that - a first step and not a sample twenty-fifth step. By this I mean start at the beginning, which is almost always your diagnosis of the problem, or your validation of the client's own diagnoses. To jump right to project work that is based on a bunch of assumptions may offer insight to the client on what it would be like to work with your firm on a daily basis, but it will offer no insight into your more valuable (and lucrative) strategic problem solving skills. Further, you'll have to do some form of strategic work (diagnose and prescribe) to be able to deliver a tactical solution, but you'll do it without the client's full involvement, without fully applying your methods, and without appropriate compensation.

In short, don't agree to a tactical 'test' that will only position you as a tactician and impair your ability to get paid for the strategic engagements. You're better to suggest a phased engagement

that has the two parties begin at the beginning, with your diagnostic and strategic development processes. Offer an opt-out point somewhere between strategy and creative platform at which the client can walk away if they don't like the fit, or the work you've produced. You can further sweeten the pot by adding a money-back guarantee for the first phase. Together, these steps allow you to begin at the beginning, charge fairly for your strategic work, and allow the client a test period and an escape clause with no financial risk.

Summing Up

It should be clear now that I am not advising you to decline all project work. Focus on the larger on-going assignments. Don't offer incentives beyond discretionary year-end ones for project work. When the subject is broached, lead with the objection that you're not in the project business, then search for a larger underlying opportunity. If the project seems like one you should take, make sure you get every other potential objection dealt with before you agree to take it. And finally, never put the cart before the horse and agree to take a tactical project as a test of a more strategic or total engagement.

A Healthy Project Mix

What should your revenue mix be - project-to-AOR? If your total project work represents more than 25%-30% of your revenue, I suspect you might be doing too much of it and impairing your ability to more lucratively position your firm as an expert advisor seeking more complete, longer term engagements.