

Firing on All Cylinders

The Four Ps of Business Development Success

-by Blair Enns

In this position paper I examine the key areas of business development success. At the end of each section I pose questions for agency principals to consider. With apologies to Dr. Phillip Kotler who initially coined the term The Four Ps of Marketing, I have named these variables the Four Ps of Business Development Success for the simple reason that there are four of them, and they happen to start with P.

P1: Positioning

Your claim of expertise

Positioning is an exercise in fundamental business strategy. Positioning an agency is the act of aligning the firm with a viable market need in a manner that reduces the number of competitors as much as practically possible. In doing so the firm attempts to carve out a claim of expertise that is narrow enough to produce a meaningful focus that will allow for an immediate or imminent leadership claim, and, through the rapid learning that such focus provides, offer a competitive business advantage.

Take a bottle of beer and imagine the contents as your primary asset: your talent. Bottled up, it remains unrealized potential. You must first empty the container and apply these abilities before they will bring you reward. Now imagine two vessels into which you can pour your talent: one a casserole dish, shallow and wide, the other, a pilsner glass, narrow and deep. If you chose to pour your potential into the broad and shallow dish then your talent will cover a wide area but offer little depth. By emptying into the pilsner glass, however, you sacrifice breadth in order to bring a focus and depth to your talent that is exponentially more pronounced than the meager film across the bottom of the larger dish. The benefits of focus are remarkable. One need not be smarter than one's competition to beat them, just more focused. The specialist will beat the generalist almost every time and, adding insult to injury, *will do so while charging more*. This is the benefit of proper positioning: it allows a sales advantage while commanding a price premium.

A well-positioned agency will eliminate hordes of competitors, win more business while charging more, travel farther geographically as clients seek out specialized expertise, attract brighter talent, and sit at the strategy table advising the client's executive team rather than executing the tactical demands of marketing middle management. These rewards of focus are a function of the simplest of economic laws that even 10-year olds intuitively grasp: supply vs. demand.

Talent is like liquid, it will spread to take the shape of its container. Its possessor requires discipline to shape the container to allow for sufficient depth. When the container is too broad (full-service marketing communications, as an example) the depth of talent will remain uncompetitive.

The Law of Price Elasticity

The law of price elasticity states that the ability to charge a price premium is dictated by the availability of substitutes. The goal of positioning is to eliminate as many substitutes as

possible; to create a firm that is so specialized, so special, that the client has few real alternatives to it. Agency principals that are willing to make the sacrifices of walking away from what seems to be vast areas of opportunity to accomplish this feat of focus are usually rewarded. Others, however, view the idea of a highly specialized firm with few real competitors as more of an unreachable ideal than an achievable business strategy. It is this latter group that sees positioning as less an exercise in business strategy and more an exercise in wordsmithing. Positioning is expressed as a claim of expertise, but anyone can make a claim. Anyone can make *any* claim. Beneath the words themselves, however, the act of positioning a marketing communication agency is nothing short of the dedication of the entire resources of the firm against a narrow market need. The repositioning of an agency should feel like a change in business strategy and not a linguistic exercise.

Agencies are susceptible to reducing the strategic exercise of positioning to a linguistic exercise in part because of their work on mature product brands. In any category, for all but the most innovative brands, features are inevitably and quickly copied, leaving the marketer to differentiate based on personality or attitude. With no functional product difference, cola, produce, wireless and other brands of commodities are built on personality. Professional service brands should not. To position your agency based on personality or attitude is to admit that your ability to solve clients' problems is no greater than that of your competitors.

While there are three other Ps of agency business development that drive success, and agencies can and do succeed without equal strength in each area, nothing presages business development success *and failure* like positioning. The seeds are sown right here.

In Your Firm...

How many of your firm's business development challenges are rooted in positioning? How many alternatives to hiring your firm do your clients-to-be really see? Do you and your people view the positioning of your firm as an exercise in fundamental business strategy or an exercise in crafting language? Do you talk of positioning your brand or of focusing your firm? Is the basis of your positioning one of expertise, or is it one of attitude, personality or other variables that imply little difference of expertise? Do you win while charging more or does 'the market' set your price?

P2: Product

Proving your claim of expertise

Once successfully positioned, the immediate question to ask is one of product: *what skills, capabilities and processes must be added to support this claim of expertise?* To use a military analogy, positioning is the act of putting one's flag in the ground and claiming territory. But such claims invite attack and therefore necessitate immediate preparation of defense. No field commander ever took a hill without first understanding how he would defend it once captured. This is how positioning forces product development. Strong positioning claims demand back up in the form of product.

Internal Skills

A proper defense of any claim of expertise begins with a culture that demands professional development. The most successful agencies require, not just suggest, that personnel - principals and employees - learn new skills. Is this the case in your firm? Do you as principal have knowledge and skills today that you did not a year or two ago? Do you provide training opportunities for employees and support the development opportunities that they bring to you?

External Capabilities

Employee development is only one way to acquire new skills and capabilities. Others can be bought, or obtained through outside partnerships and strategic alliances. Is your firm allied with others that compliment your offering? Are you able to refer partners to your clients with specialized needs outside your area of expertise? Do you know who all the players are in the service areas just outside of yours and are you able to make strong recommendations when the need arises?

Defined Processes

Beyond employee development and acquiring outside capabilities, defining and refining your processes is the last significant area of product development. The value of defined processes is largely underestimated. If one looks at professional services outside of marketing communications it will become apparent that specialists in other fields possess defined methodologies for applying their craft. Doctors use strict diagnostic processes, accountants have audit processes, and lawyers employ discovery processes. Before your orthopedic surgeon cuts you he will almost certainly show you a model of the anatomy in question and demonstrate how he intends to proceed. He may even sit you down to watch a video of the exact operation he will perform. This is important to you – not because you're capable of judging the effectiveness of his technique, but because you understand that a defined methodology implies a better outcome. Your quite correct inference is that little variability in process equals little variability in results. The fact that the surgeon can show you how this is going to work tells you that he has done this before and that he knows what he's doing. Now brace yourself for what should be an epiphany: clients considering engaging your firm need the same reassurance from you *and they almost never get it*. Think about this for a moment. Imagine that you are considering heart surgery and imagine that the surgeon does not even broach the subject of 'how this is going to work.' When you ask him, he responds, "There are a number of different ways I could do this. I'll figure it out once I'm in there. Don't you worry." Of course you are going to worry!

Now put yourself in the shoes of your client-to-be. How much does he know about 'how this is going to work?' Of what he does know, how much has he had to painfully, worryingly extract from you, and how much was delivered by you in advance of his questions, in anticipation of the importance of this information to him?

The Defined Methodology of Account Planning

Jay Chiat once famously said that account planning was the best business development tool ever invented. Account planning became Chiat/Day's business development killer app because in explaining their newly imported offering to the client-to-be the agency answered the unasked question of, 'How is this going to work?' They proved to the client, through their account planning case studies, that they had done this successfully before, they had a proven methodology, and in following that methodology the client could infer a consistency in outcomes. Chiat/Day clients were awarded the same reassurance as the patient considering surgery fortunate enough to have a surgeon explain the procedure. The value of this reassurance cannot be overstated. Understand that the difference between a \$10,000 logo and a \$250,000 identity is not the quality of the creative; *the difference is \$240,000 of reassurance*.

A defined methodology that can be demonstrated (this is key – the agency must demonstrate it through case studies not just talk about it) is the clearest way to communicate product

strength. Product is the response to the question 'prove it' that is inspired by a claim of expertise, and nothing 'proves it' like a well-demonstrated defined methodology.

One of the benefits of employing defined methodologies is that refinement of the methodologies, and therefore improvement of the results, becomes inescapable. Once an agency principal directs that the firm's diagnostic and development processes must be documented and followed, the firm cannot help but improve its product.

A Troubling Product Trend

I see a trend in agency product that I find troubling. Increasingly I can put agencies into one of two categories. They are, on the one hand, firms that recognize that business is evolving (fragmenting and specializing) at a pace that continues to increase, and who willingly match their product development speed to this ever-faster moving market. The service offerings of these forward-moving firms differ substantially from their offerings of only two or three years ago. They sport new skills, new tools, and they meet the new demands of an evolving client or market. These firms are a microcosm of the modern economy, driving their own cycle of creative destruction in which new offerings replace old, personnel is upgraded through training and turnover, and the firm evolves in a pace that matches or even leads the market it is serving.

On the other hand is a growing group of agencies that is standing still. In truth, when compared to the rapid pace of change in the environment around them, these firms are moving backward. Typically these firms have experienced ten or more years of good times and good profit. There is little personnel turnover from year to year. Everyone, principals included, has become comfortable. A look back reveals that the same things are done today that were five years ago, in the same manner, often by the same people, with unchanged skill sets. Little within these businesses has changed over the years, except for the results. The business isn't prospering like it once did and the principals don't understand why.

In these backward-sliding firms professional development is not mandatory. There is no purposeful creative destruction at work in the firm, no steady evolution of offerings, no uncovering of new demands in the markets they serve, no active recruiting of outside partners; just a sense of waking up one day to find that everything is different. These principals eddied-out in a fast-moving stream and got lulled to sleep – hypnotized by the rhythm and sound of the current streaming past.

This polarization isn't new and it's not the trend that I find troubling. What troubles me is that the stagnant group is getting younger, quickly. It's not just 60-year olds with 25 years of experience that are getting lulled to sleep –increasingly I see it happening to principals in their fifties and their forties. Five or six years of complacent profit-taking is no longer an option.

Agencies must be as committed to product – the ongoing acquisition of new skills, capabilities and processes – as to positioning, for product is the very defense of positioning. Your agency's product is your capacity to prove your claim of expertise, and while your claim may not change, I guarantee you that the skills, capabilities and processes that the market uses to define expertise, *will* change and for the foreseeable future the pace of that change will do nothing but increase.

Consider the following quote from Jonathan Ive, SVP of Product Design at Apple and arguably the world's foremost product designer:

"So many companies are competing against each other with similar agendas. Being superficially different is the goal of so many... rather than trying to innovate and genuinely taking the time, investing the resources and caring enough to try and make something better."

Without the product to back up your positioning, yours is just one of many firms striving to be superficially different.

In Your Firm...

Can you list ten things (issues, answers, points of knowledge) about your area of expertise that you know and that your competitors do not? Is professional development mandatory in your firm? Do you lead by example in this area? How often in the past year have you referred a 'partner' to your clients? Do you find yourself complaining about how the business is changing? How much more do you know about your craft today than you did a year or two ago? Do you have defined methodologies for doing what you do? Can you demonstrate them or prove they exist?

P3: Sales Process

Your protocols and policies of business development

P3 of 4 brings us fully half way into the model of business development success before we begin to talk about selling. How an agency goes about getting new business is vital to its success but, as I've already stated, the seeds of success are sewn well before anybody picks up the phone.

Selling versus Auditioning

In determining a business development strategy most agencies face the dilemma of having to choose between two evils. The first choice is selling, which is seen as the convincing or even manipulating of others to buy from us in order to suit our own purposes. Viewed in this light we would all agree that selling is not an activity that we would want associated with a creative services firm, especially one that we own. But the alternative to selling is responding – responding to enquiries, usually through requests for proposals, often framed in pitches, through formal agency selection processes, increasingly facilitated by outside consultants or procurement departments.

The challenges of a response-based strategy are many, the foremost of which is it proffers all of the power of the relationship into the hands of the buyer. Throughout the selection process the client dictates and the agency responds. Furthermore, a response-based strategy implies that the vast majority of opportunities will be competitive. With the client driving and taking the initiative, he almost always seeks out numerous firms as part of a selection process. Multiple participants, waiting to be told what will be required of them next, kept at arms length by the buyer. Welcome to the audition-based business development strategy otherwise known as pitching.

The Problems with Pitching

There are many problems associated with a response-based pitching business development strategy. I will list only two here. The first is that even when you win, you lose. You lose because after having willingly parted with your highest value product (your thinking) for free, you then have to try to come to an agreement with the client on the value of that product. Both you and the client are perfectly aware of what you have just done, and now your options

are to let the client set the price, or to try to negotiate from a weak position arguing that this product that you routinely give away for free is actually worth quite a lot of money. The proof is in your deeds, not your words.

The second argument against a response-based strategy is that it sets the tone for a relationship in which the client dictates and the agency responds. I often chastise agencies for setting the lowly goal of wanting to 'partner' with their clients. There are parts of the engagement (less valuable, less immediate parts) where partnership is desirable, but throughout most engagements what the client really needs is a practitioner: someone who can tell them what to do. (You don't strive to partner with your cardiologist or your lawyer, do you?) In a practitioner/patient relationship one party has the problem and the other brings a solution. These are the client relationships that are enjoyed by expert agencies. But can a relationship like this begin with the expert first giving his counsel away for free? This is the real challenge: how do you go from being the order-taker in the buying cycle to being the expert in the relationship once engaged? *With great difficulty*. In this manner, how you sell determines what you are able to sell.

Why We Pitch

Clients routinely ask agencies to solve their problem as a means to determine the agency's ability to solve their problem. They do so for two main reasons. The first is that they can. They can ask for free thinking because they usually have the power in the relationship. That power is rooted in agencies being poorly positioned; specifically the client often faces a breadth of alternatives from which to choose. There are too many agencies selling too similar services to too few clients. A narrow positioning that greatly reduces viable alternatives changes this power structure.

The second reason clients ask for free ideas from agencies is fear. Fear of making a mistake. This is the primary motivator in any large purchase, late in the buying cycle. The client is simply looking for assurances that yours is the best firm for the job. Closing – the final acts of securing the engagement – is about reassuring, and winning without pitching is rooted in recognizing the client's motivation and offering alternative forms of reassurance. Most agencies don't fully appreciate how the client's motivation changes as he moves through the buying cycle, and they do far less than they might to allay these fears that get more pronounced as the client gets closer to making a decision. Your reaction might be, "If the client's motivation is fear of making a mistake, then surely doing the work (for free) is the best proof of our ability to do the work well?"

It is not. Ponder this for a moment: how many times have you pitched and won only to have the final creative or strategic solution be something markedly different from what you pitched? A third of the time, give or take? More? Now ask yourself why? Do you think there might be a better way for the client to get that reassurance they crave?

Our Dirty Little Secret

I addressed the two main reasons why clients ask agencies to pitch, but why do agencies agree to do it - even when they know they shouldn't? The answer lies in what I refer to as our dirty little secret: that addiction that we all share but don't acknowledge.

Our addiction, and I include myself in this even though I wore a suit throughout my agency career, is the big reveal. We are hooked on *presenting*. Presenting creative is an experience that brings slightly sweaty palms, increased heart rate and heightened anticipation. It's a situation that places the presenter in a hero-or-goat position. The client will love it and shower

the presenter with praise, or hate it and send him cowering. It's "I love it!" or "Did you even read the brief!?!". It's the chance for greatness mixed with the fear of failure that produces the adrenaline-induced heightened state, and it's this adrenaline rush that we are addicted to. We are so addicted to the adrenaline rush created by presenting that we look for every opportunity to do it. We love it so much we'll do it for free, even if it undermines the value of our product and our standing as sound business people. We justify this addiction through many excuses, but they are just that – excuses.

In Your Firm...

Are you hooked on the big reveal? Is yours a selling or a responding based business development strategy? Was this a deliberate choice or do you see it as 'the way it's done in this business?' Are you seen as the expert by your clients or are you a partner or order-taker? What impact does your people's love of presenting have on your business development approach? Are you addressing the client's need for reassurance late in the buying cycle? What other forms of reassurance might you offer in place of spec creative or spec strategy?

P4: Personnel

Staffing the Business Development Function

Personnel is the last of our variables of business development success however it's usually the first one to be corrected when all efforts fail. The business development person is fired and the firm goes in search of that mystical creature called The Rainmaker, whose prowess is so great that it can compensate for the firm's lack of positioning, product and process.

There are common business development personnel issues that pervade in the industry. How do we assign the business development function within the firm? Do we, the principals, do it ourselves or do we hire for it? Is this a function that can be outsourced in whole or in part? What type of person do we look for in this role? What's the best way to compensate them?

Centralized vs. Distributed Models

The two common methods of assigning business development responsibility are to centralize it in the hands of a dedicated business development specialist, or to distribute responsibility throughout the organization, particularly to account services staff. The former is far more popular than the latter these days, for good reason.

I often refer to the distributed model (where responsibility is shared among all account services staff) as the financial planning model. In most financial planning firms all the representatives are responsible for both building their book of business and for servicing it. All are business development personnel and account services personnel simultaneously. There are many inherent challenges in this approach. First, the two functions of selling and servicing are quite different, requiring different skill sets. Second, this approach is not conducive to a team approach that puts the health of the firm ahead of the health of the individual's book. Third, consolidating so many functions within one individual opens the firm up to risk that the individual will leave and take the business with them. In financial planning firms it is the sales reps who hold the power and make the real money, and the firm's owners 'rent' space, services and a brand name to the reps. The 'rent' owners are able to command decreases as individual reps move with ease and frequency to whoever is offering the best performance-based compensation.

The real test of this model is that, in the agency world anyway, it is not scalable. (It is scalable in the financial planning world and many other industries where the offering is even more commoditized and the bases of sales are relationships and referrals. Many argue, but I strongly disagree, that these same conditions exist in our profession.) If this model were scalable then you would see large, successful agencies operating this way, and with the exception of some public relations practices very few firms that choose to assign business development responsibility in this manner are able to grow to a size of notice.

The centralized model consolidates much of the business development performance risk into a smaller group of individuals. As a result, failure, when it occurs, is more drastic, but significant success, scalability, and a pushing back of the commoditizing forces of the profession are more attainable.

Who's Right for the Job?

Upon deciding to centralize the business development function, one of the ensuing questions is, what skills and characteristics do I look for in the person filling this role?

There is a proven organizational behavior model that states, *performance equals motivation times ability*. People are hired based on a combination of projected future performance and fit. Questions of fit include: Can I see this person working here? Will he get along with me and other members of the team? Does he present an image that I would want associated with my firm? Fit is the easy part.

Projecting future performance is the challenge. Performance, as I've already noted, is a function of motivation and ability. When it comes to hiring business development personnel, and the majority of sales people in most professions and industries for that matter, too much emphasis is placed on ability and not enough on motivation. In attempting to determine a candidate's ability you endeavor to answer the question, can this person do the job? Most well-constructed interviews can easily yield reliable information in this area. The difficult question to answer accurately is one of motivation: *will* this person do the job?

This area of uncovering a sales person's motivational make-up is where most employers fail. Sales consultant Ron Schild of motivational assessment tool provider Oxicon summarizes, "When I ask a room full of sales managers what it was that made them successful in their own sales career, each person will speak to issues of motivation: drive, perseverance, competitiveness. But when I ask that same group what they look for in their hires, their answers are almost always rooted in ability: skills and experience." There are lots of business development candidates out there who can do the job; the real challenge is to identify the rare person who both can and *will*.

In Your Firm...

Are you focusing on personnel to the detriment of the other variables that create the conditions for someone to succeed? Are you assigning the function in a manner that recognizes people's strengths and allows for scalability and the significant success that any risk-taking business owner deserves? Do you have people in place with the right motivational make-up? Are their individual incentives properly aligned with the goals of the firm?

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Tuning Up Your Firm

After this read you should be able to see the many variables of business development success along these clear lines of positioning, product, process and personnel. Honest answers to the questions posed at the end of each section will allow an initial self-assessment of your strengths and shortcomings, giving you an indication of the changes necessary to improve the business development performance of your firm and get it firing on all cylinders.

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