Do You Have Commissioned Salespeople Wreaking Havoc In Your Consulting Firm?
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Do you know that Saharan silver ants can not only survive the highest temperatures, but they are also some of the fastest sprinters?

The highest temperature they can safely operate in is around 128.5°F (53.6°C), and they can achieve amazing running speed by pulling up their two front legs and trotting along only on four.

And the only reason I’ve mentioned this nipple-piercingly exhilarating factoid is because consulting firms that try to make a living by relying on commissioned sales forces may well need similar attributes to survive the heat and the mad rush of competitive bidding processes and the cruelty of price-obsessed procurement agents.

It has always been a huge issue for consulting firms to keep themselves fully billable, whatever that means, and in order to achieve that, many firms have chosen to assemble commissioned sales forces that are in charge of drumming up business for the subject matter experts, the consultants.

And over the years I’ve often seen otherwise reputable consulting firms gradually erode their brand and reputation by hiring commission-based salespeople for business development.

Oh, yes. Not for sales. That’s too crass and vulgar, and consulting firms don’t do selling. They do business development.

Just look at the word “Sell” in the Merriam-Webster Dictionary. What do you see?

Sell: Transitive verb. 1) To deliver or give up in violation of duty, trust, or loyalty and especially for personal gain; betray - often used without <sell out their country>.

Or let’s look at the origin of “Sell”: Middle English, from Old English sellan; akin to Old High German sellen to sell, Greek helein, meaning “to take”.

Well. Is it surprising that consultants are allergic to the word?

Most meanings of the word relates to trickery, deception and manipulation.

Knowing that selling is the part of business development, we can ask the question...

**Which Type Of Business Development Do You Do?**

So, is your business development sales- or marketing-heavy?

In the sales-heavy “microwave” approach, consulting firms just go at their markets like a bull charges at the bullfighter, using all brawn and very little or no brain at all.

You can compare this approach to ancient warfare where the two armies would line up in front of each other, and would shot the crap out of each other until they run out of bullets. And it would be tremendous loss for the loser and a pyrrhic victory for the victor. And while you can create pretty quick sales this way, all your projects will be heavily price-shopped and clients are likely to treat you as a fungible vendor.

In the marketing-heavy “Crockpot” approach, consulting firms focus on the whole business
development process, right from the start. Basically putting out good content that generates high-quality sales leads. They know that the quality of clients and the fees they pay comes down to how they position themselves, whom they select as perfect buyers and how they generate sales leads.

**Microwave vs. Crock-Pot Type Business Development**

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<th>Long-Term Revenue $</th>
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<td><strong>“Microwave” Type Business Development</strong></td>
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<td><strong>“Crock-Pot” Type Business Development</strong></td>
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**Company A: (Red Line)**

“Microwave” type business development

This company starts with hiring an army of salespeople on straight commission and starting dialling for dollars and pounding pavements. The mantra is “We want money and we want it now”. During the short ramp-up, in a few days, salespeople get to know the products/services, and start selling them. They hit reasonable sales levels, but they soon reach their limits.

Constraints start showing themselves: 1) A player salespeople don’t accept straight commission positions, so the company has to put up with B and C players. 2) To increase sales, the company needs more salespeople. 3) With the addition of every sales salesperson,

**Company B: (Blue Line)**

“Crockpot” type business development

This company focuses on building leverage on processes and systems with the minimum number of people. The longish ramp-up time is factored in because processes must be designed, copy must be written and systems must be built and tested. So, during this time, productivity is minimal.

But once all systems are in place and operational, productivity starts taking off pretty nicely. That’s the corner of the hockey stick curve.

And since performance is based on leverage on systems not on people, a tiny team of business developers can constantly increase revenue and
Many consulting firms engage in sales-heavy microwave type business development and use their marketing folks only for brand building, buzz-creation and other interesting but rather obscure activities.

These firms have sizeable sales forces that roam the land to hunt down new clients, and then hand them over to the delivery folks. Is it surprising that clients often shake their heads in bewilderment trying to figure out who exactly works with them?

The problem is that buying consulting services is an expensive proposition, so while on the buyers’ sides some of the top people are involved, at the sellers’ sides some of the most despised and neglected people come to the negotiation table.

And now there goes the lowly little salesperson trying to level with and build relationships with these top dogs.

And here is another discrepancy.

Buyers are people who watch out for their companies’ long-term success.

But salespeople are looking for the next quick sale and hefty commission cheque.
The problem is that buyers and sellers don’t have peer-level connections, therefore the relationships they build are likely to be rather wonky.

Tom Stevenson and Sam Barcus write in *The Relationship Advantage: Become a Trusted Advisor and Create Clients for Life*...

An IBM area sales vice president from Dallas was sitting in the audience at one of our sessions a few years ago. When we offered our description of how partnerships conduct the Perform-Manage-Sell model, he approached the front of the room, turned our flip chart of the Pyramid upside down, and then returned to his seat. Stunned, I asked him why he did that. Pointing at the upside down chart, he replied:

“That’s us! The first thing we ask new employees in my organization to do when we hire them is to sell! We delegate the responsibility of acquiring relationships to these people, and our top managers assume very little accountability for executive relationships. We have no objective way to measure the quality of relationships they build. We only measure their quota performance. If they make quota for a few short years, we promote them and let them manage. I can see now why we are so overmatched when we encounter consultants in our accounts.

So, you see the interesting thing is that in IBM lingo, the process is not even called selling but acquiring relationships. Yet, it’s abdicated to a mercenary-type sales force.

Here are some considerations when sellers of consulting services meet buyers...

1. Buyers want to meet respected experts, not glib, glad-handed peddlers.
2. Buyers want to assess chemistry with experts before hiring them.
3. Buyers expect to have a rough idea of what engagements cost.
4. Buyers have questions and need real answers not vague manipulative guesses.

Imagine that you’re dating in search of the perfect spouse. You find the right person and a relationship starts blossoming. Then right after your wedding day, your beautiful spouse...
disappears and a new toothless tramp-looking person shows up.

You ask what’s happening.

And the new spouse tells you that the other beautiful person was the “dating spouse” and this person is your “marriage spouse”, and from now on you will live with your brand new marriage spouse, and you’ll never see your dating spouse again with whom you’ve built an intimate, high-trust relationship.

How do you feel about it?

All right, I’m single, so my opinion may not count for much, but I would be rather shocked if someone pulled a similar trick on me.

When consulting firms ignore the above four reasons why buyers don’t want to meet salespeople and choose the old-fashioned perseverance-based “try harder” sales approach, they usually bump their heads into the nasty concrete wall of competitive bidding and the rather terse purchasing agents.

The Anti-Marketing And Anti-Sales Stigmas In Action

It’s not a new concept that many consultants look down on marketing and, especially, selling. They regard them as necessary evil and try to dump the responsibility on junior associates.

The problem is that junior associates, many have just graduated from MBA school, still remember their professors’ warnings about the dark sides of marketing and selling. So, they want to stay away from the evil business functions.

They remember what their professors and parents have warned them about. Namely that only the dumbest and most useless members of society become salespeople because they aren’t good for anything else.

So, since no one wants to sell, management decides to hire some subhuman lowlifes and dump the responsibility of making the firm and its partners successful.

And this approach creates a separation in consulting firms.

Using Douglas McGregor’s (American social psychologist) categorisation, people fall into either of two major behavioural categories:

**Theory X:** People are inherently lazy, dishonest, dodge responsibilities, dislike work, thus they must be tightly controlled, coerced, threatened and punished. People have little ambition, want unconditional work security and prefer to be directed, for they do not like thinking for themselves.

**Theory Y:** People are inherently like challenge and responsibility. They are innovative and proud of their achievements. They can practise self-direction and self-control. People are willing to learn new skills, are creative and capable of thinking for themselves.

What happens at many firms is that consultants are treated as “Y” people, whereas business development people are treated as “X” people.
I have recently completed a business development project for an IT firm, where one of the consultants openly admitted his resentment for marketing, for - in his opinion - it was all about lying, cheating and deceiving people, tricking them into buying their stuff. The firm’s mantra was: “Stretch billable time whatever it takes.”

The good news is that by the time we finished the project, this certain consultant had left, and the motto of the firm has drastically changed for the better.

One part of the project was that we got rid of commissions.

One big reason for that is that people who are worth hiring work fairly high on the Maslow pyramid. They don’t for money but for worthwhile causes. Yes, they get paid well, but smart managers know that if they pay their people well, they can forget about money and focus on doing kick-arse work.

With all this in mind...

**So, Are Commissions Killing Client Relationships?**

I reckon they are.

In firms where consultants are paid salaries but business development people are paid commissions, they actually work against each other.

Consultants can relax and do their normal work, whereas the commission-based business development people are feverishly hustling trying to land new business in order to pay their mortgages and feed their families.

When I ask the audience at my presentations and workshops to describe salespeople, the final message is always the same: “Do whatever it takes to make the sale and don’t take no for an answer”

Why do you think many car salespeople and realtors have the kind of reputation - all right, let’s call it notoriety - they do? Yes, the plagued commission payment structure. They are good people compensated a bad way.

**Here Are Some Problems With Paying Commissions To Business Development People**

The firm’s integrity gets undermined by forcing business development people into convenient expediency and rationalising their opportunistic approaches for the sake of the quick buck. They focus on the low-hanging fruit, even if taking them could ruin future, more lucrative opportunities.

Business development people can do their work in such a way that is beneficial to them but can be detrimental to their firms in the long run. However, by the time the shit hits the fan, all the business development people are gone, leaving the others to suffer from the consequences. When we consider the very high turnover rate of business development people, we can understand how
little they truly care about their firms. And why should they care? They are treated as some organisational bastard children, so that’s how they operate.

And this is not because they are bad people. Not at all. This is just a response to the initial behaviour of their firms that treat them like crap. Firms started the process by sending them the wrong message.

Do you remember the scene in the movie *Ben Hur, when Quintus Arrius*, when the new consul goes down to the belly of the galley and makes an announcement to the slaves...

“*You are all condemned men. We keep you alive to serve this ship. So, row well and live.*”

And this is the exact announcement many consulting firms send to their business development people...

“We tolerate your miserable presence at our firm so long as you can make us rich, but don’t expect us to treat you as professionals. After all, you’re just bloody hucksters.”

Business development people are forced to focus on short-term money-grabbing to keep themselves alive.

I know, form leaders who preach the importance of long term success, but they expect short-term money grabbing from their business developers.

Yes, business developers can create immediate extra revenue for their firms, but neglect to deepen relationships with clients, thus ruining the chance of return- and referral business, thus undermining the firm’s brand. Sooner or later the firm will be regarded as a vulture, preying on clients by “twisting their arms” until they agree to pay for something they neither want nor need. Following the leader’s example, people operate out of insecurity. It is actually a sign of leaders’ desperation to pay commissions to any of their people. The basic message is: “Look, our service is crap, but if you can find some fools and screw them out of their money, we’ll pay you for it.”

My take is that if firms’ leaders don’t believe in their own services, then they should get steady 9 to 5 jobs.

Business development people can find new leads and prospects, but more often than not it is the consultants who blow the deals, due to their sales-allergic mentality and lack of sales skills. But when the deal is blown, business development people suffer from lost commission, while consultants enjoy their fixed salaries and bonuses. They may lose a bit on profit sharing but nothing serious.

So, the cause of the problem stays.

The commission structure also destroys morale within the firm by setting up a Nazi-type Aryan system: The consultants (the master race) at one end of the battlefield, and the commission-based people (the slave race) at the other end. And they are in constant battle with each other.

Commission-based people focus on making the sale, even if they have to drastically reduce fees. They still get some commission, which may just be enough to pay the mortgage or the VISA balance.
At the same time, consultants get frustrated because they have to work for fees that are quite a bit lower than their normal fees. That can easily create resentment for projects and even worse, resentment for clients because the consultants feel exploited.

The problem is that your firm can have only 100% of its resources, that is, money, talents, resources and energies.

You can direct them either outwards – quality service, marketing, client care, etc., or you can waste them internally in the forms of interoffice conflicts, multiple agendas, duplicity, “dilbertism”, lying, cheating and stealing.

**Summary**

Money is the wrong incentive for true professionals to spur them into better performance. Money is a great incentive for money-hungry peddlers, apathetic union workers and impoverished manual labourers. But money-hungry people are not true professionals, and true professionals are - almost - never money-hungry.

Using military language, when a soldier’s greatest motivation is the number of people he kills, he’s no longer a soldier but a psychopath who is can even turn on his comrades for satisfaction.

In the world of commerce, people who are first and foremost motivated by money are sort of commercial psychopaths... or whores. Do you really want those people on your team?

Buyers are eager to meet true professionals but not money-hungry commercial psychopaths, a.k.a. commissioned salespeople.

If firms’ cultures are so “dilbertian” that their leaders have to manipulate their people with conditional payment (the professional equivalent of parents’ manipulating their children with conditional love depending on the marks they bring from school), that firm, or more accurately, that the firm’s leader is in deep shit.

As the saying goes “Fish rots from the head”, and this is exactly what is happening to many consulting firms. Leaders fail to create conducive cultures which excite, enthuse and empower their people to do their best every single moment.

Referring back to Theories X and Y, I personally believe most people are hard-working and conscientious by nature, and it is firms’ cultures - as set up by their leaders - that defines what sort of people firms attract and repel.

People don’t need motivation. What they need is a total absence of demotivation from firm leaders, so they can do kick-arse work.

As the saying goes, like attracts like. So, if your firm has some undesirable people, then look at yourself. You attracted them in the first place, then you hired them and still keeping them. There is nothing wrong with them. That is what you asked for.

Let’s consider the **“Broken windows theory”** that was first introduced in 1982 by criminologists James Wilson and George Kelling. It states that that maintaining and monitoring urban environments in a well-ordered condition may stop further vandalism and escalation into more
serious crime.

In consulting firms, the constant monitoring and improvement of organisational culture keep the firm an item of attraction for both for the talent pool and the marketplace.

One of the reasons why Gore-Tex has become so popular is partly because Wilbert L. Gore, the founder of W. L. Gore & Associates has created a truly amazing organisational culture with productivity (revenue per employee) of $314,000.

Anyway, you can’t manage people. You can, however, create and manage a great ecosystem in which people thrive without being managed.

When managers have to walk around and prod people to perform better, that is not a consulting firm, but a concentration camp. There may not be barbed wire, armed guards and gas chambers to terminate underperformers, but the atmosphere is pretty much the same.

If you’ve ever visited some of the notorious Nazi concentration camps, and I’ve been to Auschwitz and Dachau, even 65 years after the tragedy, death and destruction are still in the energy and oozing out of the walls.

And some kind of energy is oozing out of your firm’s walls. And that energy is either that of a sweatshop or that of an entrepreneurial greenhouse.

Using Tom Peters’ words...

“Leadership is the process of engaging people in creating a legacy of excellence.”

And when the creation of a legacy of excellence is replaced by coercing, threatening and punishing people to make more sales, whatever it takes, that is the moment leaders should just kill themselves for they failed their missions.

Business development folks are part of professional teams and must be compensated in the same way as the others. This is a very basic requirement of helping people to work towards the same vision.

Otherwise there will be a conflict of interest. Consultants want to build long-term, lasting relationships, but the business development folks focus on quick money-grabbing. And clients can sense that.

While I believe in having a business development co-ordinator on board, I also believe every single person on the payroll must contribute to business development. The consulting firm is the only form of business in which - ideally - the same person pitches and performs the work. When consulting firms start employing salespeople, that is when we can say that their focus has shifted from helping people to selling a commodity.

Unfortunately, following the examples of some accounting behemoths - some 95% of firms do just that. How sad.


“Pay your people well and fairly, and do your best to help them to forget about money.”
How about you?

About The Author

Since 1998, using battle-tested military principles and strategies, Organisational Provocateur, Tom “Bald Dog” Varjan has been working with boutique consultancies and solo consultants, both locally and globally, to improve personal and firm-wide performance, by helping them to sell their expertise for what it’s truly worth.

For a selection of consulting resources, including his practice management black paper, “The Dark Side Of Firm Management: Ten Deadly Management (Mal)Practices That Often Bring Consulting Firms to Incalculable Suffering or Even Agonising Death”, you can visit Tom’s website at http://www.di-squad.com.

Additional Knowledge Products to Build Your Consulting Firm

Here are some knowledge products on a broad range of areas as they apply to running a boutique consulting firms or solo consultancies. These products are sort of workbooks. They explain what is what, then walk you through the “how to...” part of the process. As you read the books, you do the exercises, and by the time you finish reading, all the relevant bits and bobs are in front of you on paper applied to your own unique situation.

I hope you find them valuable.

Consulting Retainer Engagement Toolkit: A comprehensive home study programme on the ins and outs of setting up consulting retainer engagements in which your clients receive great value and you are compensated for the value you bring to your clients’ tables by making your brainpower available to your clients. For details see Consulting Retainer Engagement Toolkit.

It’s All About Your Value: Consultants’ Guide to Setting, Raising and Safeguarding Fees: How to price consulting engagements based on buyers’ perception of the value the consultant brings to the table regardless of time, materials and other retarded but commonly used factors. This booklet covers a step-by-step process of establishing the value of your contribution and how to get paid for that value. For details see It’s All About Your Value.

Mastering the Consulting Proposal Process: For many consultants proposal writing is a “hope-and-pray” game. They sit down with prospects, chat for a while and then volunteer to “submit a proposal” without knowing the full specifications of the intended project. But some, usually false, buyers are just collecting free information for in-house implementation. A proposal, just
like a marriage certificate, is a short document, but it is silly to offer it unless the other party has already made a commitment to go ahead. This e-book walks you through the maze of developing your proposal and presenting it to buyers. Mastering the Proposal Process

**Dynamic Duo Mentor Programme:** If you’re a solo consultant, my Dynamic Duo Mentor Programme may be a solution for you to have access to a second opinion on both strategic and tactical issues you’re about to put into action. For details see Dynamic Duo Mentor Programme.