Looking Out For Good And Bad Sales Leads
Commando Consulting Newsletter, April 2014
A Monthly Practice Management Newsletter
For Boutique Consultancies And Solo Consultants
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Looking Out For Good And Bad Sales Leads

Blog entry

Legend has it that once upon a time there was a man with a rubber mallet at the end of the GM assembly line, whose job was to hammer misaligned car panels into their places. Most cars would come off the assembly line with panels out of alignment relative to the panels next to them. Most of the doors, hatchbacks, sunroofs, bonnets, boots and other bits and bobs didn’t close properly or didn’t close at all.

If was the mallet man’s job to "align” panels by hammering them to level.

One day this man was taken to the Toyota plant in Japan.

To his chagrin, shock and horror, he discovered that Toyota didn’t have a mallet man at the end of the assembly line.

Shocked out of his wits, he asked the Japanese managers how they could produce cars without the mallet man.

They told him that the misalignment was introduced earlier in the assembly process, so it could be eliminated only during the assembly process not after of it.

Toyota focuses on preventing misalignments from happening. GM rather deals with the consequences of the misalignments.

In an oddball way, consulting practice development is fiendishly similar. Whatever problems you have with paying clients, the problem came up during lead generation because the lead generation process didn’t screen out the wrong prospects, so they degenerated to nightmare clients.

By the way, by “wrong prospects”, I mean prospects who don’t match your Perfect Client Profile. They may be good people and good companies, but simply don’t match your client requirements.

This degeneration is often caused by the gap between folks who bring in the work (marketing and sales folks) and folks who do the work (subject matter experts who deliver the work).

So, to remedy this problem, let’s take a deeper look at lead generation and what you can do to make sure that you end up with perfect clients.

When you inspect your sales leads, you find there are...

Five Categories Of Sales Leads

The problem I see is that while marketing folks are busy performing all sorts of buzz-creating activities, the sales folks are busy chasing people who might become clients.

This is a rather notorious disconnect.

And while in premium consulting firms there shouldn’t even be a separate sales force, in many of them there are, and, sadly, they gradually undermine the firm’s market positioning as a respected authority.

In many consulting firms’ marketing folks don’t really care about generating revenue, and they
can get away with it because no one holds them accountable to building the business.

It’s sad, but this is how it works.

When you look at your target market, this is what you find...

1. 3% of prospects are ready, willing and able to buy right now.
2. 7% of prospects are open to buying some day in the future.
3. 30% of prospects don't think they are interested in buying.
4. 30% of prospects think they are not interested in buying.
5. 30% of prospects know for sure they are not interested in buying at all. Not now, not ever.

But before we look at the lead categories, let’s quickly recap the...

**Stages Of The Typical Buying Cycle**

There are six stages in the typical B2B buying cycle. They are...

1. Identifying the problem
2. Creating criteria for solution
3. Searching for solutions
4. Evaluating solutions
5. Selecting one solution and testing it
6. Selecting the right solution provider

But there is a big but here regarding #6...

Any premium-calibre consulting firm starts the engagement with an extensive diagnosis session. Clients are uniquely unqualified to diagnose their own issues, but in order to be able to start the project with diagnosis, you have to get in with a company early enough.

So, now you know how to use good content.

And now let’s look at the categories of sales leads...

**Category 1: Right Now Sales Leads – The Top 3%**

No doubt, these are the sales leads that are the easiest to convert into clients. That’s the good news.

The bad news is that they are the clients that are the hardest to work with.

These leads usually become low-paying, high-maintenance clients. They can represent major time-, intellectual- and emotional drain on your people. They are also the clients that are most likely to trigger your guarantee and demand their money back either inside or outside of court rooms.

They are clients who demand to have your mobile- and home phone numbers just in case they
need to contact you at 2:00AM Sunday morning.
There are lots of such clients and equally lots of “vendor grade” consulting firms to care for their whims and wishes.
The reason why they are right now sales leads is because they’ve already done their “homework”. They’ve already clicked through the buying cycle, and they are at the last stage, and now they are ready to select vendors.
I say vendors, because for them this is a transactional relationship. It’s a sort of “My toilet is blocked. Come and unblock it for me at a competitive price.”
There is no collaborations here, just come in and do the work as the client tells you to.
The client has already diagnosed the problem, and is now looking for someone to do the work itself. It’s basically outsourced labour.
Granted, this is a great approach for some quick buck, but as the saying goes, quick bucks are never big, and big bucks are never quick.
And while these leads represent quick money, they represent even bigger headaches too.
These clients are usually the result of “hunting” type client acquisition, like cold calling and knocking on doors.

**Category 2: Delayed Sales Leads – The Middle 67%**

These are the highest calibre sales leads, but due to their “farmed” nature, they can’t be hunted down but must be grown in-house.
This is the group of sales leads where your best clients come from. That’s the good news. The bad news is that converting these sales leads takes a bit of time and finesse.
You don’t even notice how long it takes to convert these sales leads into paying clients because your lead conversion is fully systemised and highly automated.
These leads usually become high-paying, low-maintenance clients. They respect your time and resources, and whenever they come to your for help, they can tell you what they’ve already tried but hasn’t worked.
They are highly collaborative and treat you as a peer. They don’t expect you to work FOR them but WITH them. This is a huge difference. You’re not just another RFP peon but a respected expert.
Whenever they have problems, they come to you to talk it over and sort it out over the table instead of triggering your guarantee.
These leads are delayed clients because they are at the beginning of their buying cycles. What that means to you is that they are more than eager to consume your educational content, so you can create unique distinction from your competitors.
These purchases usually end up in good relationships, so you don’t have to waste your time, money and sanity on responding to RFPs and other requests from low-level self-important
Looking Out For Good And Bad Sales Leads

flunkies. Actually, most of these buyers don’t even play the RFP game. They take time to select the right consultants, but if it all works out, they have lots of repeat and referral business for their consultants. These clients are usually the result of “farming” type client acquisition, like quality content in blogs, white papers, audio and video programmes. What all these content bits have in common is that they have a good blend of content and copy. Content informs, entertains and educates, and copy creates intrigue to buy. Copy without content is hucksterism; content without copy is charity.

Category 3: Not Ever Sales Leads – The Bottom 30%

In a way this is both a good category and a bad category. It’s a good category because they can tell you right out of the gate that they are not interested. It’s a bad because, it can waste a lot of your time, money, energy and sanity by dragging you around with promises. They know they never would do business with you, but, instead of telling you the straight answer, they are willing to use you for information.

One way of recognising them is that they are very enthusiastic non-buyers at the beginning. That is, they are not real buyers but enthusiastic and flunkies who pretend to be very interested in working with you.

And this is how they drag you into their deadly vortexes of wasted energy. They send you false signals, and when you take the bait and try to discuss project details with them, they vanish into thin air.

And that’s the end. You can never raise them again. They never respond to your communication again.

I’ve had my fair share of enthusiastic non-buyers over the years. They were very enthusiastic up typo the point of asking for proposals. As soon as I submitted my proposals, they vanished.

For instance, there was a $20 million-a-year software company from Jordan. I submitted a $14,000 proposal, and, all of a sudden, the business development director, who refused to let me talk to the real buyers, almost got a heart attack from the obscenely high price and then vanished. Relative to $20 million, $14,000 is a drop in the petty cash box. Yet, a “director” wasn’t authorised to make that kind of investment. Good lesson.

And there was a local software company a few years ago, and I was talking to the owner. After three seemingly prosperous in-person meetings, I submitted my proposal and they vanished. They never responded to my communication.

So, be extra careful with the bottom 30%. They can give you only headache, stomach ulcers or even a deadly dosage of the dreaded green lurgy.
**So What To Do Here?**

The sad reality is that it’s become perfectly normal and acceptable to mislead and lie to people who are involved in selling in any shape or form. The schadenfreude part of this situation is that the poor bastards who try to screw salespeople are also salespeople trying to sell their products and services, and at the next corner they get royally screwed.

This typical manifestation of this problem is HR departments’ typical closes in career ads:

> “Due to the high volume of applications we receive, we respond only to those we are interested in interviewing.”

After having recruited over 300 people over the years in various positions, I dare to say that if you receive more than 20 applications to your ads, then you’ve messed up the ad itself.

Your ad may be too vague and general.

You can also include steps that only very few people are willing to take. For instance, in my career ads, I always request either a Strengthfinder profile ($20) or a Kolbe A index ($50). People who are not willing to find out so much about themselves, should be disqualified.

Knowing your Strengthfinder profile and Kolbe A index can be priceless in your work whatever you do in whatever form.

### Looking At Quality And Quantity

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<th>Sales Lead Quality-Quantity Matrix</th>
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<tr>
<td><strong>Success</strong></td>
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<tr>
<td>Preponderance of top-notch sales leads</td>
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<tr>
<td><strong>Struggle</strong></td>
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<tr>
<td>Lots of substandard sales leads</td>
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<tr>
<td><strong>Disaster</strong></td>
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<tr>
<td>Few and crappy sales leads</td>
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<tr>
<td><strong>En Route</strong></td>
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<td>Needs to increase quantity</td>
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Especially at the beginning when your firm is not very established in your niche market, sales leads come in to your firm in lower quantity and quality than you expect.

And this is where you have to decide whether you go for quality or quantity.

The problem is that no matter how many substandard leads you have, you only grow your gross revenue but not your profit margin.

You can easily end up as a big bloated firm with majestically astronomical overhead costs and immeasurably puny net profits.

And that stinks like a brothel at low tide, so stay away from it.

But first focus on quality sales leads. Once you have quality, you can start scaling up the quantity...
of leads by tweaking your lead generation and conversion processes. But if you have low quality leads, quantity doesn’t make a dickybird of a difference. You can make your firm busier than a one-legged man at an arse-kicking contest, but that doesn’t make it more profitable.

So start with very strong differentiation in the market and let that drive your price. And price will drive your profits faster than a speeding bullet.

Remember, every 1% price increase can add as much as 11.8% increase to your profits. Increasing sales can add only some 3%.

Yet, most consulting firms are obsessed with quantity of clients.

So, summarising all this, focus on quality leads because they become quality clients.

With victory on high...

Tom “Bald Dog” Varjan

http://www.di-squad.com/

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