



Sales In An Age of Falling Multipliers: Training Scientists and Engineers to Develop New Business

Over the past 30 years, the consulting engineering business has become increasingly competitive. Advances in technology from Fed Ex to Fax and, of course, in all aspects of computerization have allowed almost unimaginable increases in efficiency and the speed with which information can be analyzed and delivered to clients.

The ‘hazardous waste boom’ in the 80’s and the increasing need for infrastructure in growing economies led to more entrants to the market and increasing, more efficient competition in consulting engineering.

As competitive pressures increased, hourly rates for services were forced downward. The multiplier of raw salary to billing rates continued to free fall from numbers on the order of 3.5 in the late 70’s, to the high two’s in the 80’s, to the present range which is on the order of 2.5 or less. The net result of falling rates has been increasing pressure to keep billability high and overhead low.

The largest firms (those with over 1,000 employees) can do more with lower overhead because of efficiencies gained from having the same internal services distributed over larger numbers of employees and gross revenue. Mid-sized firms (those with 500 employees or so) still need internal services such as dedicated senior management, human resources, marketing, accounting, etc. but must distribute these costs over lower revenue. Very little overhead money is left for people dedicated full time to developing new business. To control overhead, almost everyone has to be billable.

Given this situation, it’s become increasingly necessary for technical staff – otherwise billable scientists and engineers – to develop new business. Unfortunately, scientists and engineers seldom see themselves as ‘salespeople’ and are seldom trained and coached in business development skills. Their daily routine is not geared to visiting potential clients they’ve never met – and they are usually very uncomfortable doing this. So, it doesn’t happen.

What can be done? How can mid-sized consulting engineering firms give their technical staff the skills necessary to become effective ‘seller / doers’? Even more important, how can scientists and engineers be motivated to make business development a key part of their professional life?

Our work at MBDⁱ, where we specialize in teaching scientists and engineers to sell technical services, has shown that several factors are critical. Most of the problems that people have in business development can be characterized as either ‘mechanical’ (they don’t know what to do) or ‘conceptual’ (they know what to do, but they won’t do it). In our experience, the vast majority of people (60%) that fail in the role of business development fail because they cannot overcome conceptual problems. Because of this, we find that it’s important to work on these ‘conceptual’ problems first.

The first task is enabling technical people to understand that building a professional practice is the key to their success in consulting. We can give them all the business development skills they'll need, but if they don't believe in it, they won't do it.

The first thing that scientists and engineers must understand is that as 'professionals' it's necessary for them to develop a 'professional practice' like the other professions – attorneys and physicians, for example.

Second, developing a professional practice gives them the ability to manage their own destiny. They will be able to 'take care of themselves' rather than putting their future in someone else's hands.

Third, the key to security in a mid-sized consulting business is the ability to bring in new business. Unpaid work that may be required is an investment in one's self and in one's security.

Finally, and probably most important, is that business development is ethical. Their purpose in business development is to help their clients get the services they need – they should never have to 'push' anything that won't help their clients.

Engineers and scientists must truly believe in these principles or they won't choose to take on the role of business development. If they accept this, training can begin.

Once past the 'Conceptual Problems' we can start working on the four 'cornerstone' competencies that are essential for success in business development: Technical Knowledge, Money Knowledge, Business Knowledge and People Knowledge.

- Technical Knowledge is understanding the problems that the services we offer can solve for our clients. It is the ability to translate what we provide into the specific issues and concerns that the client has.
- Money Knowledge is understanding how your client makes money, how their business develops a profit, and the issues that affect that profitability.
- Business Knowledge is understanding your client's business as well as understanding your client's customers' business. It is knowing their business strategically and tactically from their perspective.
- People Knowledge, in addition to understanding ourselves, is organizational and client knowledge, understanding why the organization is structured the way it, assessing the leadership capability of the individuals and understanding the issues that drive the behavior of those in a leadership position.

In our experience, the least understood of these cornerstone competencies is 'People Knowledge', but it's essential for success. It's much more important to know how and why clients buy services than to learn how to sell services. So, it's important to train people in the 'psychology of the sale'.

We believe that it's the one who best understands a client's problems from the client's perspective who will win the business. Therefore we also concentrate our training efforts in the skills necessary to elicit, completely understand and develop clients' problems.

Because it's important to control overhead, it's critical to qualify prospective clients. Those who don't have problems that your firm can solve don't need your services. The sooner you can find that out, the less expensive it will be – so, qualify 'early and often'. If a client can't convince you that he has a problem, you shouldn't try to convince them that you have a solution.

Young engineers and scientists in a consulting company have lots of opportunities to practice these skills before they try face-to-face cold calls. As they develop professionally, they should be getting an understanding that it's up to them to keep themselves billable – at first through developing their practice internally. Understanding whom in the firm needs their skills and joining these teams will keep them billable.

As their careers progress, technical staff often begin managing projects. For many, this is their first client contact and the first real opportunity to develop new business for the firm. Nevertheless, it's surprising that even though Project Managers are sometimes on site and have frequent contact with clients, they often don't develop any new business. In most cases, this is because they work 'with blinders on' thinking that 'sales' is someone else's job. Often, they don't have the imagination to see a client's problems that their firm could solve. Obviously, their first priority must be to deliver high quality service, bringing in the project on time and on budget. With training and coaching, however, they can be taught to develop any firm's most important source of new revenue – repeat business.

Finally, as they reach senior level, scientists and engineers must learn to develop new business with new clients—ones that they have never met – while they maintain some billability. We find that in many cases this is a half-hearted effort at best. It's often reactive, not proactive. Answering the mail. Bidding. Finding 'opportunities' by reading Commerce Business Daily. Anything and everything -- but not frequent, effective business development calls that qualify clients and proactively identify problems and develop them in a way that results in new business.

But it doesn't have to be this way. With effective training and coaching in the necessary conceptual and mechanical skills, scientists and engineers can become highly 'effective seller / doers'. But senior management has to make the commitment to give their staff these skills.

Bob Glassen is a senior consultant/trainer with MBDⁱ, a Business Development consultancy based in Charlotte, North Carolina. For the past 27 years, MBDⁱ has assisted client firms in leveraging their high level expertise into bottom line business. Information on the company and the MBDⁱ Business Development Process™ access: www.mbd.com.

