

Chapter 18

The Guerrilla's Competitive Edge

Rainmakers never wing it on sales calls.

—JEFFREY FOX¹

Browse in your favorite bookstore and you'll find scores of books telling you how to peddle whatever you're selling with integrity, spin, vision, or just with persuasion. You are exhorted to be customer-focused, pursue "premium" leads, use appropriate body language, leave gifts for the receptionist, and handle objections with ease.

With all the weaponry arrayed against them, you'd think clients wouldn't stand a chance. But guerrilla clients see through these tactics from a mile away. In the age of hype, most sales pitches can be summed up by a popular bumper sticker that reads, "They're Lying."

Guerrillas know that the yawning credibility gap in business today has made trust elusive. They focus on the basics and earn clients' trust the tried-and-true way—through attention to detail, innovation, great service, and personal rapport.

■ WHAT SELLING PROGRAMS WON'T TEACH YOU

Selling situations in consulting are as varied as pricing options for projects, and slick sales techniques aren't much use in any of them.

But for all selling circumstances, guerrillas have secrets for gaining the competitive edge, including how to:

- Prevail over incumbent consultants.
- Fend off new competitors.
- Compete with low-priced contenders.
- Sell in a cattle call.
- Proceed when there's no money.
- Trump a small firm.
- Win against a big firm.
- Handle the client as a competitor.
- Respond when you're late to the game.
- Sell in an unfamiliar industry.

➤ **Prevailing over Incumbent Consultants**

When a client contacts you about a consulting project, an incumbent consultant may already be entrenched in the client's organization. Clients call in new consultants for any number of reasons. Perhaps they don't know whether incumbents are qualified to complete a project, or they may want fresh perspectives on continuing problems. Sometimes they just think it's time for a change. Whatever the client's reason, incumbents often have the inside track, and you should expect vigorous competition. However, unseating an incumbent can be easier than it seems.

Clients, especially those you don't know, may not be totally candid about why they call in new consultants. It's unlikely that clients will say, "Look, the consultants we have now are doing a fine job, but we want someone to keep them at the top of their game, so we'd like you to come here and mess with their heads." But there are ways to figure out clients' motives.

The client and project qualification process described in Chapter 15 will help you. Ask why, out of all the consultants available, the client called you. The answer you want to hear is that the client called you because of a great referral or your expertise and ability to do the proposed work. Prequalify every lead before investing your time and energy. That analysis is crucial when incumbents are there ahead of you.

In such situations, the discovery process involves more than an evaluation of the client and the project. You must also assess the strength of the incumbent competitor. You want to learn what work

the incumbents are performing for the client, what they have completed in the past, who their supporters are in the client's organization, and how successful their work has been.

Some might advise you to ignore the competition and stick to your own game because you may have been contacted to keep the incumbent honest.

After you have prequalified the project and completed your preliminary research on the incumbent, visit the client's site to conduct discovery. If you want to pursue the project, look for ways to change the client's thinking about how to approach the work. You are, after all, the expert.

Clients, anticipating that their customer satisfaction project would take three months, asked the incumbent and two other consultants for proposals. The incumbent and one of the challengers put together solid proposals that would generate the results the clients requested within the three-month period. But the clients awarded the project to the third competitor, who proposed to deliver results every thirty days so that the clients would not have to wait three months to receive the benefits. The winner's new approach was the decisive factor in the award.

The most important objective of your discovery investigation is to determine incumbents' strengths and weaknesses. Identify incumbents' weaknesses, but don't talk about them. Instead, focus on your strengths in areas where incumbents are vulnerable. Beat incumbents on quality and substance, not fees.

In another case, a client asked for consulting help with a manufacturing strategy project that spanned the company's six global divisions. The incumbent consultants were well qualified, but the new consultants learned that the incumbents did not have consultants in all the client's locations. The new consultants, who had people on the ground, ready to go in all the client's locations, won the project because they highlighted that strength in their proposal.

GUERRILLA INTELLIGENCE: DON'T BAD-MOUTH THE COMPETITION

Don't criticize competitors. Clients will likely see your comments as unprofessional, and they may interpret your criticism as disparaging their judgment in selecting a consultant in the first place. When you attack others, you run the risk of undermining your credibility. Be quick to praise when it's deserved and slow to criticize when you perceive faults.

To compete effectively against an incumbent, your project strategy must be distinguishable from that of the incumbent. If it's not, the client probably won't be willing to incur the costs and endure the headaches of bringing in a new consultant.

Call on reinforcements to advance your case. Arrange for past clients to speak directly to the current client. Don't rely exclusively on written testimonials—personal contacts are more powerful in such situations.

Even though the client may be familiar with your white papers, reports, and articles, use them to reinforce and demonstrate your knowledge, experience, and perspectives. Once again, your task is to differentiate yourself from the competition. But that task is more focused and directed when you know exactly who the competition is—in this case, the incumbent.

► **Fending Off New Competitors**

You're working at a client's site, and you look up to see your client giving the grand tour to two people you know—rival consultants. Uh oh, what are they doing here? Sometimes the tables are reversed, and you are the incumbent when the client calls in new consultants. Consider yourself lucky if you learn about it in advance. Business with clients is never secure, so always expect to be challenged.

Don't jump to conclusions when you find out that you have a challenger. Quietly give your team the intruder alert: Stay cool, be cooperative, and remain focused on the project. But circle the wagons. Guard your tongues and your work papers.

When competing for a business process improvement project, a careless consultant left multiple copies of the team's entire proposal on a table in the client's copier room. Unknowingly, the client's mail clerk put the copies in a manila envelope and delivered them to the competition. The careless consultant's firm narrowly won the project, but his lapse nearly cost the firm the engagement.

Competitors may surface because clients ask for their help. In other instances, rival consultants may appear because they are investing in a new line of service and trying to sell to your client. Whatever the reason, the best time to plan your response to competitors is before they arrive.

When your clients are pleased with your work, incumbency provides an advantage against challengers. That advantage can quickly vanish, however, if you neglect client relationships. Your first and best defense is to develop client-level marketing plans for the clients you want to keep. We discuss such plans in detail in Chapter 19, but

GUERRILLA TACTIC: USE PERSONALIZED ATTENTION TO KEEP CLIENTS

If you haven't already done so, consider adding personalized microsites to your Web site for specific clients. You can create a microsite using material customized for a client, and then provide the client with a unique URL to access the site. An alternative is to ask clients for space on their internal sites, or intranets, for posting that material.

Regularly update and add new information to these postings, such as recent data and reports on industry trends. Help your clients stay on top of recent industry developments by filtering and interpreting information and its relevance to their businesses.

the gist is to build strong relationships with key members of your clients' organizations and continuously provide outstanding results.

Anticipate that challengers will probe your strengths and weaknesses, and return the favor. Find out about them from your sources. Use your relationships and lines of communication within the client's organization to clarify why you have competitors and what they're up to.

In recent years, Master Service Agreements (MSAs) between incumbent consultants and their clients have become more common. In an MSA, a consultant agrees that specific terms and conditions will apply to all of a client's consulting projects; the client, in turn, designates the consultant as the "preferred provider" of services. The MSA takes a lot of pain out of the selling process for both client and consultant because the project rates, terms, and conditions are prenegotiated. With that out of the way, it takes only agreement between the client and the consultant on objectives, scope, staffing, and timing for a new project to begin.

Don't rely on MSAs to block competition. If clients believe that a competitor has a better solution to offer, such agreements can't stem the tide. When competing for a project, a challenger submitted a proposal for the work and a favorable MSA. The client accepted both, and the challenger is now in the hunt for every new project. Clients will switch to another consultant in a flash if they think a competitor can deliver better results, regardless of an MSA with the incumbent.

Know your client's business inside and out. Learn who in the company might want to hire consultants and what they are trying to

GUERRILLA INTELLIGENCE: THE INCUMBENT'S ADVANTAGE

Your best defense against competitive threats is the excellence of your performance and the strength of your relationships. Your clients know they can count on you. They may expect more from you than they do of a challenger, but usually they will perceive less risk in sticking with the known.

When facing stiff competition, subtly remind clients of the cumulative value they've received from the projects you've handled for them. When clients are immersed in current problems, their memories may fade. A reminder in the form of a brief history of your consultant-client successes can't hurt.

accomplish. A strong network of client contacts will keep you up on internal company developments and arm you to fend off invaders.

► Competing with Low-Priced Contenders

In competitive situations, most clients compare proposals by focusing on the results they would receive from each bidder. Ironically, by the time all the competitors have conducted discovery and the proposal process is complete, most promised results look basically the same. So clients negotiate to get the lowest fees, and price can be the critical factor in securing the engagement.

To land projects, some consulting firms use low-fee strategies as an operating principle, while others may have low-cost structures that permit them to work for lower fees. Still others may reduce their fees to "buy" work, begin new relationships, or build new lines of business that they roll out to other clients for higher fees.

To control costs for discretionary consulting services, some clients employ procurement specialists who are seasoned negotiators. Often, they keep low-priced bidders in the competition solely to pressure other bidders to cut their fees. They may have no intention of accepting the low bidder, but want to keep everyone else's feet to the fire.

Instead of reducing fees, suggest alternative project approaches that will result in different levels of price. But don't try to counter low-priced competition by offering additional services at the original price. This reduces your effective rate of return on the project, and clients question why the extra services were not part of the original proposal. If they award you the project, they will continue to wonder

GUERRILLA TACTIC: STAND FIRM ON FEES

When bidding against a low-priced competitor, don't lower your fees. Price slashing can backfire because clients wonder why your rates were initially so high. It also signals that additional price negotiations are possible. If you cut your fees, clients may infer that you were trying to gouge them earlier or that you were seeking higher profits than were warranted. Stand firm on your fees, or you will lose credibility you can't recover and you'll face tough price negotiations every time you propose work for the client in the future.

what else they left on the table, which plants a seed of distrust that can cause problems later.

Hold firm when you're up against competitors who quote lower prices. Make sure that you can easily justify your fees based on the costs-to-value ratio in your project proposal. When the competitive process turns into a price war, your services become a commodity. That undermines your value in the minds of price-conscious clients and every invoice you submit will turn into a battle.

Instead of caving in on price or the extent of services you will provide, focus your marketing efforts on the issue of risk. Consider the following analogy.

When you need to replace the roof of your house, it's natural to seek price comparisons and easy to pick the lowest-priced bidder. But is that the best value? Will your new, inexpensive roof leak or blow off in a storm? How quickly will it wear out? Does it have the most efficient insulation and design to save you money in other ways like gutter cleaning and energy costs?

To counter low-priced competitors, stress your established record of success and the ways that your talents will decrease clients' risks. Your competitors may promise similar results, so show clients why they can count on you to keep your promises.

When a competing firm offered to complete a client's customer billing project for 50 percent of the price proposed by the nearest competitor, it was an offer the client couldn't refuse. The client hired the low-priced firm, even though the other consultant had demonstrated a better track record on similar projects.

The client took a risk and paid for it: The project was eventually completed, but it ended up costing the client more than any of the

other competitors' proposed fees. The firm that completed the work is no longer considered for projects with that client.

In every negotiation, don't forget the personal risk sponsoring executives take when hiring consultants. Projects may be strategic initiatives that position those executives for promotion. The last thing they want is for consultant-caused failure to derail their career plans.

Since most clients really don't want consultants around, emphasize in your proposal the speed and value you'll provide. Your promise to deliver exceptional work, quickly, and at low client risk can displace lower-priced bids.

Clients seldom hire consultants to perform their most important work solely because they propose the lowest fees. If that is what a client wants, don't waste your time.

► **Selling in a Cattle Call**

A cattle call, also known as a beauty contest, is a selection process run by a task force that sends requests for proposals (RFPs) to numerous consultants at once. Consultants who participate answer an endless series of questions about their qualifications. It's not uncommon to see a three-pound RFP for one of these competitions. If you receive an RFP with a serial number on the cover page, you'll know you've been invited to a cattle call.

Many consultants specialize in and excel at responding to RFPs. Government agencies, large corporations, and nonprofit groups routinely issue RFPs in accordance with their competitive bidding requirements. A task force is often charged with conducting a fair and unbiased process to find the ideal consultant. Before awarding a project, the task force members must provide assurance that they "reviewed the entire market."

The rules for cattle calls are precise, schedules are fixed, and the RFP spells out project specifications. Normally, consultants don't meet the real buyers. Any questions that arise are addressed in bidders' conferences that are open to all interested parties. Answers to questions are shared with all bidders.

Consultants usually attend these meetings just to find out who else is competing. Substantive discussions rarely occur at bidders' conferences, as consultants are reluctant to reveal their sales strategies through their questions.

Despite numerous safeguards, buyers usually have identified the consultants they prefer long before the sales process begins. If that's the case, consultants who have not established a relationship with the buyer or the buying agency are at a disadvantage.

GUERRILLA INTELLIGENCE: DON'T PULL STRINGS

If you have relationships either within or outside the client's organization that could help you in a cattle call, use them cautiously. Trying to subvert the standard bidding process by side-stepping a task force is a good way to get disqualified from the project and from future work for the client.

Responding to a cattle call is expensive. It takes time and effort to supply the laundry lists of detailed project specifications and consultant qualifications that most RFPs require. And, if you make the first cut, you usually have to get through a labyrinth of additional qualifying steps before the final decision is made. If you do win the project, a formal protest by a defeated consultant could delay the project and add to your costs.

Some consultants don't respond to any voluminous RFPs. Others submit generic letters about their qualifications and offer to discuss the project requirements with the decision makers. This tactic rarely works, so make a decision: Either jump into the RFP process with both feet or let those projects pass.

Since RFPs are usually issued for actual, funded projects, it can be foolish to walk away when you're qualified to deliver what the buyers need. But before you respond to a cattle call, carefully evaluate the investment you will surely have to make.

If you don't have any higher priority opportunities, respond to the RFP. Then advance through the process step by step and demonstrate why you are the safe and solid choice. Unless you know influential task force members, you probably will not be the preferred choice. In most cases, your RFP response will be scored mechanically on a spreadsheet that ranks you with other bidders. Understand the evaluation criteria and the scoring system so you can tailor your responses accordingly.

The following three rules will help you stay in the running:

- 1.** Answer each question precisely as requested in the RFP. Make all your responses concise, easy to read, and relevant.
- 2.** Keep your answers brief, but responsive. Make sure you meet every requirement set forth in the RFP.
- 3.** Load up on references, testimonials, and pertinent case studies.

Cattle calls are hard to win, and negotiating fees for such projects can be just as difficult. Guerrillas prefer to use their resources for more likely wins. But if a cattle call project is directly in your area of expertise and you don't have any other leads to pursue, it's at least worth a try.

► **Proceeding When There's No Money**

In their work with clients, observant consultants often spot ways to help with other projects. In some instances, a project is identified, the client wants to do the work, and you are qualified, but there is no budget for the work. It may seem like a long shot.

Even when no funds have been earmarked for consultants, money can appear like magic if you have a good idea and a strong relationship with the decision maker. To secure funds for a project, work with your client to build an airtight case for how the project benefits outweigh the completion costs. Don't hard-sell the project; let the ratio of benefits to costs speak for itself.

When a project is their idea, some consultants agree to do the work and defer payment until a later budget cycle. That is not a good plan. Instead, ask to be the sole source provider of the service once the project is approved and funded. If the relationship is solid, many clients will agree.

A CEO asked a consultant for an organizational assessment of the planned restructuring of a company business unit. The consultant agreed to do the work "on spec," with payment to be made in the subsequent fiscal quarter. After six consultants worked on the project for two months, the company's board of directors sacked the CEO. Despite valiant efforts, the consulting firm was unable to recover any fees for its work.

Too many unknowns exist to work without payment. Your key contact, the executive sponsor, or other essential personnel, could relocate, leave the company, or be fired. A new management team could decide to take the company in another direction, its stock might dramatically slump, or a huge deal might fall through.

By helping the client build a strong case for the project, you can strengthen your relationship, generate goodwill, and position yourself for the future award of a project that you helped design.

► **Trumping a Small Firm**

Competing against a smaller firm is not a slam dunk. Many small firms have highly specialized senior practitioners who have built close

personal relationships with clients—giving them the inside scoop on projects. Often, smaller firms have lower overhead costs so their fees can be measurably less, yet they can deliver quality comparable to or better than that of large firms. And clients often feel that they get more attention from smaller firms.

If you are part of a large firm, ignore smaller firms at your peril. For some projects, it may make sense for big firms to collaborate with smaller competitors on proposals. Joint efforts can fill service gaps for both firms and give clients better results. Consulting industry expert Fiona Czerniawska says, "I see a growing trend amongst clients to switch away from the mega-deal with one consultancy, and pressure to get multiple firms to collaborate on projects. The message is that clients . . . don't expect one firm to supply everything."²

If you choose to compete with smaller firms, you'll face two obstacles: price and senior-level practitioners. Don't compete on price. Consider, instead, how to use the broader resources of your firm to get answers faster, and focus on your implementation capabilities, which many small firms lack.

Create a competitive advantage by giving clients access to your networks, which are usually more extensive than those of smaller competitors. Clients can benefit from interacting with your other clients and network members. They can discuss shared issues and will realize that the competition does not have the same breadth and depth of client experiences. Use your more extensive list of qualifications to help clients see how selecting your firm will reduce their risks.

A client asked a large firm and a small firm to bid on a project to improve sales-force effectiveness. The smaller firm had successfully completed numerous, similar projects across a range of industries. In this, their niche, the small firm's qualifications were impeccable and their rates favorable.

The large firm had comparable qualifications, but had a higher price tag. The larger firm won the work for three reasons: (1) It committed more consultants to the discovery process to develop the client relationship and produce an outstanding proposal; (2) before the proposal was written, the firm assembled a group of other clients to discuss how similar projects had gone for them; and (3) the firm demonstrated an impressive record of implementing effective solutions for 75 clients.

➤ **Winning against a Big Firm**

Large consulting firms offer more diverse services, employ more people, and invest more in promotion than smaller competitors. Larger

firms can also spend more to compete for work and will often do so when important long-term projects or relationships are at stake. But they have serious competitive weaknesses.

When a retail client asked for bids on a brand management project, a small firm went up against one of the big guys and won. The large firm proposed a comprehensive approach to the project that included project management and implementation in addition to the necessary strategic planning. The small firm had more depth of expertise on branding than the big firm, but less ability to manage the entire project. So the small firm proposed that its experts would complete the strategy work and the client would manage the project.

In addition to providing such creative solutions, small firms must claim the high ground early in the sales process. Large firms are often lumbering and slow to return calls or respond to new client requests. If you're in a small firm, speed and responsiveness can give you an edge. Any initial advantage is important because when large firms finally gear up, they can be formidable rivals.

Stay close to clients throughout the sales process because the big guys often don't. They may be too busy looking for the next sales lead and spend only limited time with the client early in the sales process. Move quickly to create strong impressions before the Goliaths get in the game.

Remove any doubts in the client's mind about whether your small firm can provide the desired results by quickly demonstrating a thorough understanding of the client's problem. Arrange for calls from your firm's well-pleased clients to help eliminate the new client's fears.

Resist the temptation to emphasize selling points that sophisticated buyers already know. In most cases your fees will be less than

GUERRILLA INTELLIGENCE: WHAT DOES THE CLIENT WANT?

Some clients want advice and counsel from a senior practitioner, which small firms are more likely to provide. In the big firms, the senior practitioners—the partners—tend to be revenue generators who help sell services, but rely on project managers to work directly with clients. The project managers are knowledgeable and skilled, but often their experience can't match that of small firm senior practitioners. Small firms can level the playing field by providing access to their experienced senior practitioners.

those of a larger firm. However, large firms may cut rates to beat the competition. When smaller firms focus on their lower rates, they risk starting price wars. They might win, but ultimately regret it because of eroded profit margins.

Even if you think it's true, don't suggest that a large firm will "back up the bus" to train a legion of inexperienced youngsters on the project at the client's expense. Also don't point out that a larger firm's fees are bloated because of its huge overhead. Experienced buyers know the score and will factor that information into their decisions. Again, emphasize your strengths, not the competition's weaknesses.

➤ **Handling the Client as a Competitor**

Many consultants forget that their most formidable—and invisible—competitor in the sales process may be the client. In every consulting opportunity, clients have two choices that don't include consultants: They can decide not to do the project; or they can do the project themselves, without outside help.

Competing against an undeclared rival is the most complicated selling situation you can face because it involves so much you don't know. You don't know what will kill the project or what will keep it alive. You also don't know what criteria will drive the project to the client's team. The only certainty is that if clients believe they can complete a project without consultants, you won't get the job—regardless of your qualifications.

Your best approach is to stress your firm's ability to deliver the proposed benefits (1) fully, (2) quickly, and (3) with little or no disruption, while (4) giving the prospective client a significant role in all phases of the project. Describe every instance where you've worked this way and back it up with calls from past clients.

Stress your intention to share the knowledge gained from the project with the clients and to work collaboratively with them. Some clients are motivated to run projects themselves because they want to keep control of the process. Be sensitive to this need and make it possible for clients to retain the control they want. Never claim that you have a "superior" plan for completing a project; it could alienate clients who think they have a better approach.

If the client decides to go it alone, position yourself for the future. Offer to provide advice, guidance, or assistance during the project if needed. Clients often reverse themselves or change direction in mid-stream, especially when they encounter roadblocks. When and if they do, you want to be the first one they remember and turn to for help.

► **Responding When You're Late to the Game**

You are excited to get the call from a client who wants you to submit a proposal on an interesting project, and your brain goes into overdrive thinking about all the questions you want to ask. Then the client adds, "The proposal is due in one week, and we've already received two from other consultants." The line has formed, and you are bringing up the rear.

The client has probably had extensive interviews with your competitors, heard their ideas, and helped with their proposals. By the time you enter the competition, a front-runner may already exist. The client's team may be tired of answering questions from other consultants, and the last thing they want is more of the same from a latecomer.

On the other hand, it's possible that the client is unhappy with the current choices and is still shopping. Even though time is short, don't budge until you complete the prequalification step in Chapter 15. Your hope is that you are not LIFO—last in, first out.

If everything checks out, take your best shot: Show how fast your team can get up to speed. Call in all your chips to connect with people who know the client and who can help you with the proposal. Bring the A team to the assignment. When playing catch-up, you need the creativity, insights, and experience of your best people to promptly clarify the problem, develop a solution, and prepare a proposal.

At the risk of sounding cliché, others win when you're playing catch-up. If you pursue a lead in this situation, be prepared to log long days and nights to meet the deadline. Without that commitment, you'll surely lose. Remember—to come from behind and win, you must be moving faster than the current leader.

► **Selling in an Unfamiliar Industry**

The services of some consultants cut across many industries. For example, human resources consultants can be as useful to hospitals as they are to consumer products companies. But many clients want "industry experts" and won't hire consultants who lack specific industry expertise. It can be tricky to compete for projects in industries in which you haven't worked, but it can be done. Apply a two-part strategy.

First, study the client's company and industry. Find out about the issues the client is facing. Discuss the company with your network contacts. If possible, talk to the client's customers. Develop insights into the company and industry.

GUERRILLA INTELLIGENCE: ALL CLIENTS ARE UNIQUE

Some consultants make the mistake of telling a client that industry-specific experience is not important in their area of service. They tell clients about their extensive background in serving others with similar issues, and assure clients that they can easily learn whatever is needed to produce the desired results. A consultant told a client, "Accounts payable are accounts payable. It doesn't matter what industry you're in, the problems are the same."

Telling clients that their issues are not special is dangerous. All clients believe their situations are unique, and they're right. Failure to recognize that truth will put you on a fast track out of the consulting business.

Second, impress on the client that "best practices"—the approaches that one company invents and everyone else follows—don't solve all problems. Industry experts tend to rely heavily on best practices, even though they often don't work. Forget best practices and use the insights, knowledge, and inventiveness gleaned from your experience in other industries. Help the client understand why group-think leads to the same old industry answers, not innovative solutions.

■ FINAL THOUGHTS

There are many permutations of the preceding selling situations. If there's one rule about the sales process for consulting services, it's that each circumstance presents its own challenges. If you really want a project, there's always a way to win it, whether you're the incumbent or challenger. Just keep in mind that clients no longer buy just on brand or size, but on results. If your firm can bring clients the result they need, you'll win—every time.