

# How the C-suite buys professional services

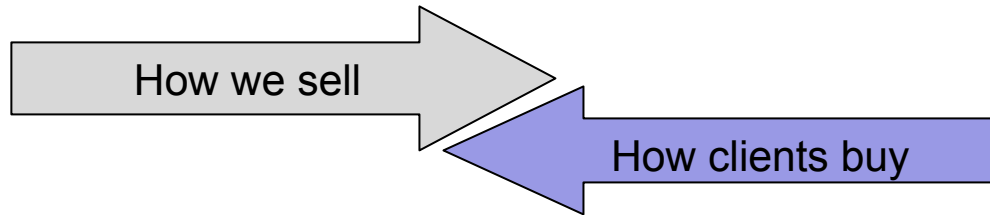
AAM Summit 2009

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## Current state:

*How most accounting firms sell to the C-suite today*



- **Approach: Reactive vs. proactive**  
Wait for the referral, RFP or proposal opportunity vs. proactive efforts to identify target accounts, build relationships and bring insights to clients and prospects
- **Investment: Minimal time invested vs. pre-call planning**  
No to minimal time invested in understanding the company or individual executives vs. conducting market research and leveraging formal pre-call planning, coaching and rehearsals
- **Orientation: One size fits all vs. customization**  
Pitch typically focuses on compliance (i.e., audit and tax) services vs. client customized, value-added diagnostics and “test drive” opportunities based on company issues/needs
- **Client Interactions: Dominate/dump vs. consultative selling**  
Partners dominate the meeting with non-critical details about your firm or technical issues or bombard the client with scope of work/technical questions that have limited client value vs. a facilitated, problem-solution approach
- **Result: Lack of differentiation leads to a commodity purchase**  
Client executives typically can’t differentiate firms and service offerings, and are forced to make the decision based on price with some consideration to chemistry/relationships



# Discussion topics

## I. How consumers and clients buy

- What's different about business-to-business and professional service marketing?

## II. Understanding C-suite executives

- How do C-suite executives “think”?
- How do clients make decisions about professional service firms?

## III. Improving sales efforts and results at your firm

- What can you do to improve your process and enhance your results?

### Desired outcomes

- Better understand how C-suite executives think and make decisions
- Change the way you approach the market
- More effectively cross-serve existing clients and sell to prospects
- Differentiate your firm from your competitors
- Improve your win rate and drive revenues



# I. How consumers and clients buy

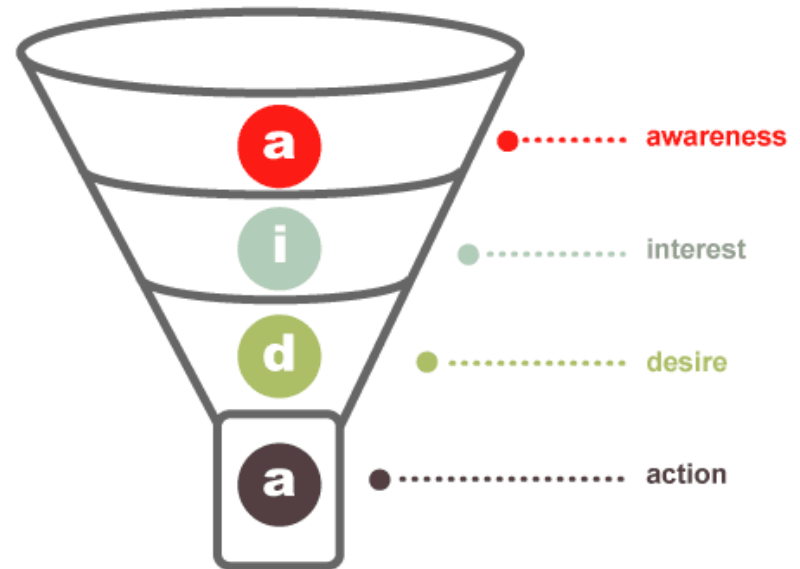
What's different about business-to-business and professional service marketing?



# How people buy products and services

The AIDA model, developed in 1898 by sales pioneer Elmo Lewis, describes the four cognitive phases that buyers follow when accepting a new idea or purchasing a product. The motivation by which people make a purchase depends on:

- ▶ **AWARENESS** of the existence of a product or service
- ▶ **INTEREST** in paying attention to the product's benefits
- ▶ **DESIRE** for the product
- ▶ **ACTION**, which Lewis held was a natural result of moving through the first three stages



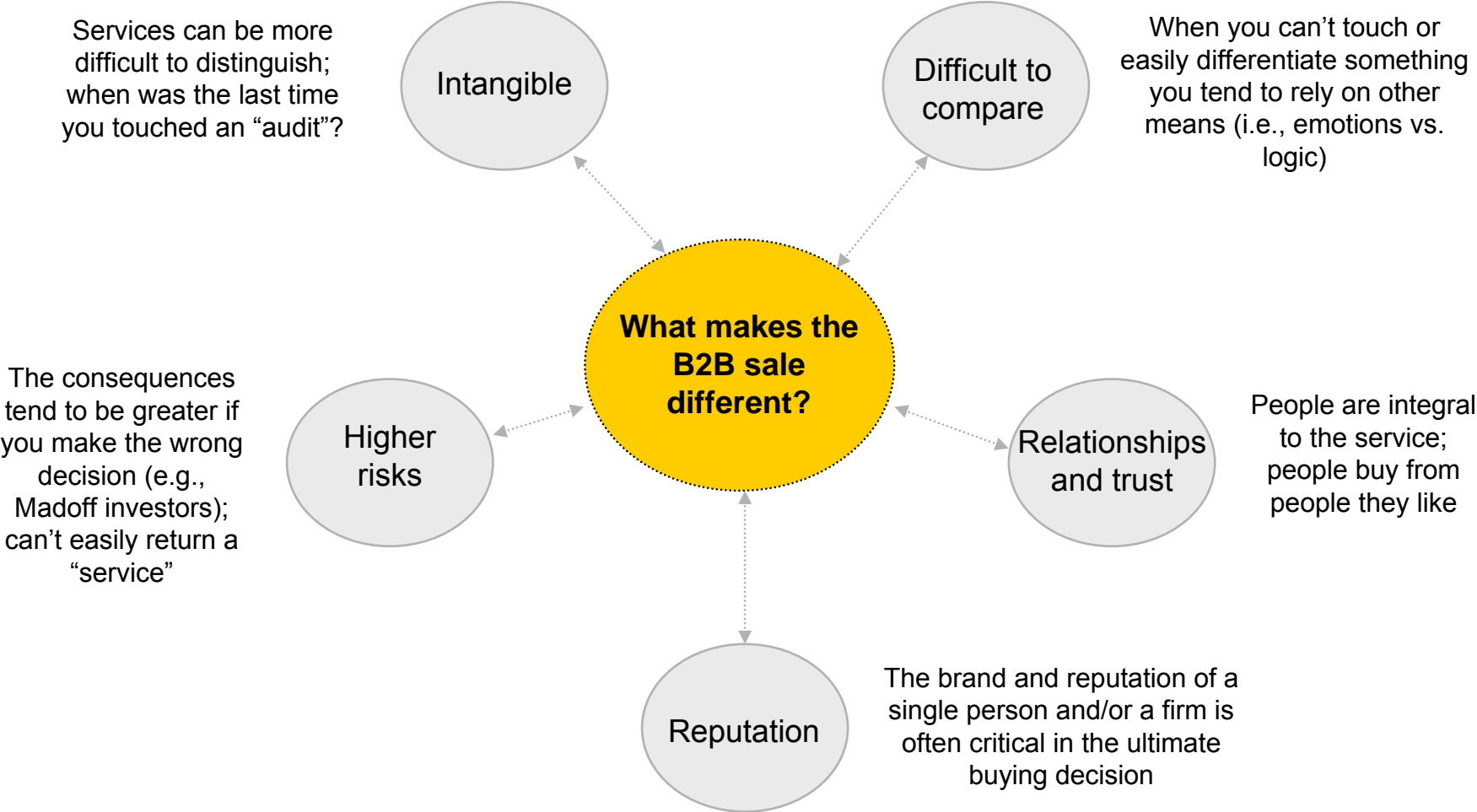
# B2C: How consumers buy

*Example: How do people go about buying a new car?*

	<b>Buyer: Attitudes and actions</b>
AWARENESS	<ul style="list-style-type: none"> <li>• Need or desire for a new car</li> <li>• Begin to think through vehicle needs/requirements</li> <li>• Brand preference, if any</li> </ul>
INTEREST	<ul style="list-style-type: none"> <li>• Research different brands/vehicles</li> <li>• Request information from a dealer</li> <li>• Determine how much they can afford/want to spend</li> </ul>
DESIRE	<ul style="list-style-type: none"> <li>• Visit one or more dealers</li> <li>• Investigate/arrange financing</li> </ul>
ACTION	<ul style="list-style-type: none"> <li>• Make an offer on the car</li> <li>• Negotiate price</li> <li>• Make down payment</li> <li>• Drive away</li> </ul>

<b>Seller: Example activities</b>
<ul style="list-style-type: none"> <li>• OEM advertising (print, radio, TV)</li> <li>• Dealer advertising (print, radio, TV)</li> <li>• Auto shows/promotions</li> </ul>
<ul style="list-style-type: none"> <li>• Rebates and incentives</li> <li>• Low financing rates</li> <li>• Glossy brochures</li> <li>• Web sites</li> <li>• Extended warranties</li> </ul>
<ul style="list-style-type: none"> <li>• Commissioned sales force</li> <li>• Test drive the car</li> <li>• 24-hour “take home” period</li> </ul>
<ul style="list-style-type: none"> <li>• Dealer-arranged financing</li> <li>• “No hassle” pricing</li> <li>• “Assurance” buy-back program (Hyundai/Kia)</li> </ul>

# B2B: What's different about marketing a service?



# Simple vs. complex sale considerations

Simple Sale	Complex Sale
Single buyer	Multiple buyers
Little to no involvement from others (e.g., Purchasing, Board, C-Level executives, etc.)	Multiple decision makers and/or influencers (politics and power struggles often come into play)
Sole source/small number of competitors	Multiple sellers/competitors
Simple product/service offering	Complex solutions
Tangible product/service	Intangible service/solution
Logical decision	Emotional & logical decision
Short sales cycle (hours/days)	Long sales cycle (weeks/months)

*Are the majority of your sales situations simple or complex?*

# Logical and emotional considerations

*B2B includes both aspects*

## Logical aspects

- Overall cost/fees
- Value-to-fees ratio
- ROI (especially on consulting engagements)
- Relevant experience
- Example deliverables
- Industry expertise
- Methodology/approach
- Firm credentials
- Individual partner and staff credentials

## Emotional aspects

- Reluctance to change (e.g., “the devil you know is better than the devil you don’t”)
- Potential risk/impact of the decision on an individual’s career (IT example: “Nobody ever got fired for hiring IBM”)
- Overall risk to the company with changing vendors (e.g., accounting issues, service delivery impact, etc.)
- Potential pain/problems with transitioning to a new vendor
- Negative impact on existing relationships
- Brand reputation of the firms (e.g., Chevrolet vs. Cadillac)



## II. Understanding C-suite executives

How do C-suite executives think?

How do clients make decisions about professional service firms?



# How would you rate C-suite executives?

*Audience poll on four characteristics*

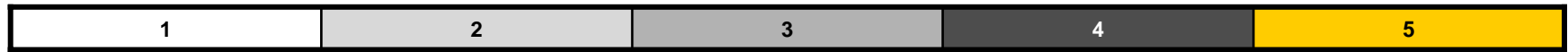
Type A personality (Driven)



Low

High

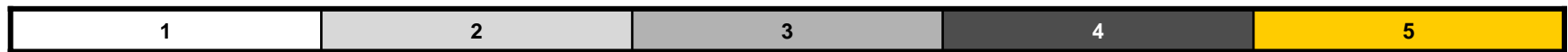
Recognition and reward focused (Competitive)



Low

High

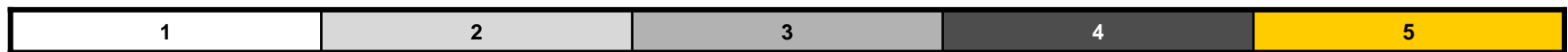
Results-oriented (e.g., revenues, profitability, market share)



Low

High

Attention deficit disorder (ADD) (Short attention span)



Low

High

# Understanding C-suite executives

## What motivates them?

- Recognition
- Power or control
- Promotion
- Peer respect
- Money
- Risk aversion

## How do they prefer to shape their environment?

- Dominate
- Influence
- Steady
- Compliant

## What do they expect from service firms?

- *Committed*: Put the client first – commit to a long-term relationship
- *Capable*: Combine industry, market and technical experience and insights with world-class service delivery
- *Cost-Effective*: Provide the “best team” and use local resources where practical
- *Consistent*: Provide the same coverage, services, quality, and delivery approach around the world
- *Connected*: Work as one firm; one team globally that responds locally to meet client needs and timelines



# Understanding the client's buying process

## *Various roles, formal process*

### Decision makers and influencers

- *Gatekeeper* – controls the process; can say “no”, but can't say “yes”
- *Influencer* – technical influencer or someone with the “ear” of the decision maker
- *Recommender* – screens out firms; step one of a two-tier decision process
- *Coach* – provides help and guidance to one firm
- *Ultimate decision maker* – makes the final decision (typically in the C-suite)

### Decision making approaches

- *Autocratic* – one person makes the decision
- *Two-tier recommendation* – initial recommendation to final approval body/person
- *Democratic vote* – majority vote
- *Pseudo-democracy* – the appearance of a majority vote
- *Algebraic democracy* – not all votes count equally
- *Power struggle* – internal struggle between factions

Source: The Complex Sale, Inc.

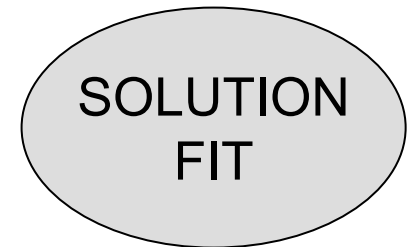
*How clear are you on how the decision will be made by the client and the specific roles that people are actually playing?*

# How does the C-suite buy? (One view)

## Typical decision making process

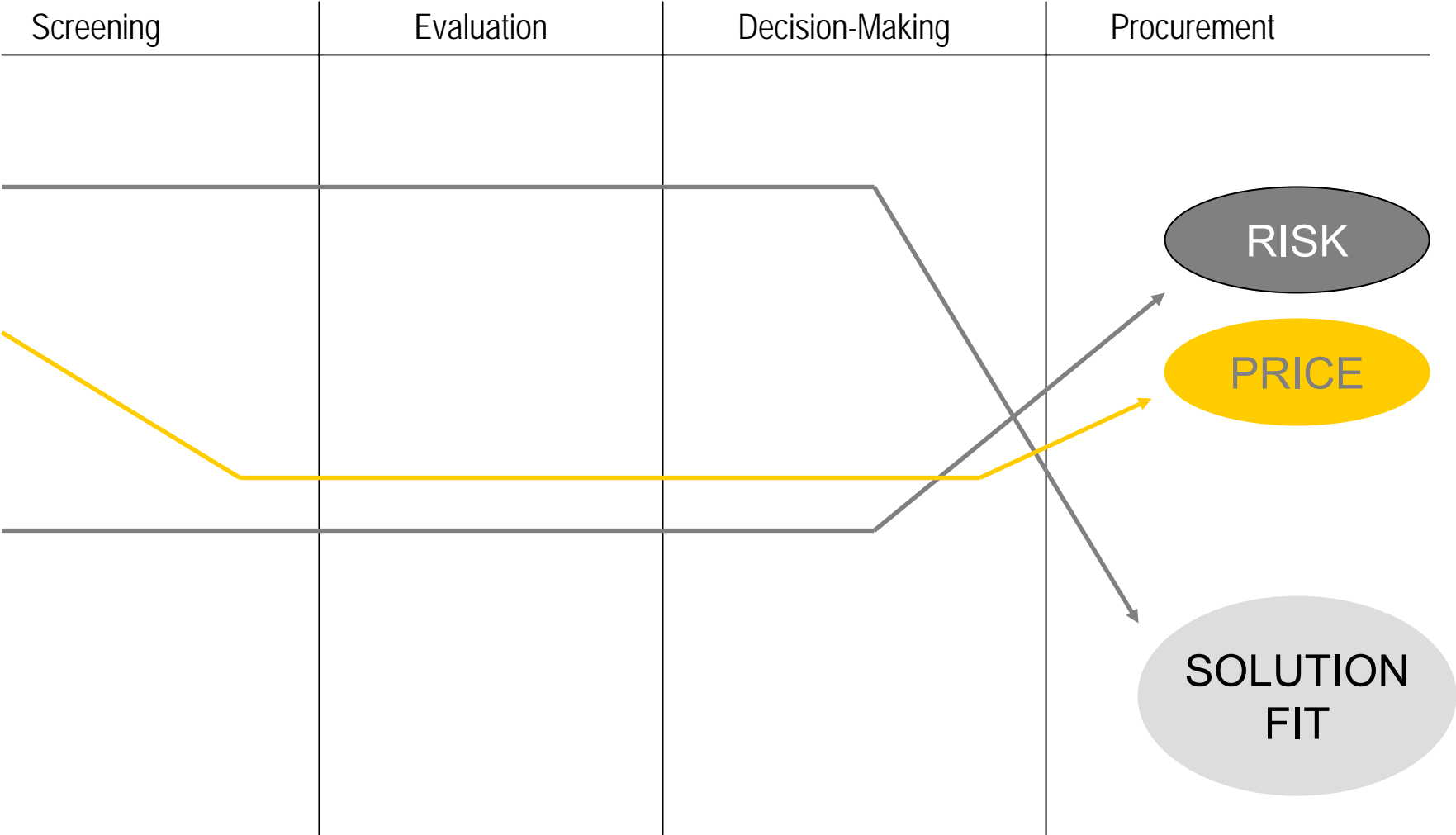
<b>Screening</b> <i>(Awareness)</i>	<b>Evaluation</b> <i>(Interest)</i>	<b>Decision-Making</b> <i>(Desire)</i>	<b>Procurement</b> <i>(Action)</i>
<ul style="list-style-type: none"> <li>▶ What is the scope of the project?</li> <li>▶ Who should we invite to bid?</li> <li>▶ How will we evaluate the vendors?</li> <li>▶ What information do we need from them?</li> </ul>	<ul style="list-style-type: none"> <li>▶ Which vendors meet our defined criteria?</li> <li>▶ Which of the various products, services or solutions is the "best fit"?</li> </ul>	<p>Alternatives/options:</p> <ul style="list-style-type: none"> <li>▶ Committee Decision</li> <li>▶ Voting Process</li> <li>▶ Technical Buyer Approval</li> <li>▶ Ultimate Buyer/ Veto Power</li> <li>▶ Decision Stall/ Lack of Defined Process</li> </ul>	<ul style="list-style-type: none"> <li>▶ Final decision</li> <li>▶ Vendor fee negotiation</li> <li>▶ Authorization to proceed</li> <li>▶ Contract/ engagement letter</li> </ul>

## Three key decision considerations



Source: The Complex Sale, Inc.

# What's most important to clients when?



Source: The Complex Sale, Inc.

# B2B: How clients buy professional services

Example: How do C-suite executives go about selecting a new audit/tax provider?

	<b>Buyer: Attitudes and actions</b>
AWARENESS	<ol style="list-style-type: none"> <li><i>Awareness of need:</i> Possible dissatisfaction with current service provider (i.e., fees, service/quality, relationship)</li> <li><i>Awareness of opportunity:</i> Perception that another firm could deliver greater benefits (i.e., value-to-fees) or better meet client expectations</li> </ol>
INTEREST	<ol style="list-style-type: none"> <li><i>Fee-driven:</i> Increasing fees, decreasing value-to-fee ratio, or business need/reason to reduce costs</li> <li><i>Value-driven:</i> Looking for added value/trusted business advisor</li> <li><i>Event-driven:</i> Service or quality issue drives interest to change providers</li> <li><i>Relationship driven:</i> Lack of chemistry with existing partner/service team</li> </ol>

<b>Seller: Example activities</b>
<ul style="list-style-type: none"> <li>Networking/relationship building</li> <li>Advertising/public relations</li> <li>Seminars/events</li> <li>Newsletters/direct marketing</li> <li>Other marketing activities (i.e., one-to-many)</li> <li>Business development activities (i.e., one-to-one)</li> </ul>
<ul style="list-style-type: none"> <li>One-on-one meetings</li> <li>Referrals from existing clients and/or other professional advisors</li> <li>Brochures/collateral materials</li> <li>Thought leadership/newsletters</li> <li>Client testimonials/case study examples</li> </ul>



# B2B: How clients buy professional services (continued)

Example: How do C-suite executives go about selecting a new audit/tax provider?

	<b>Buyer: Attitudes and actions</b>	<b>Seller: Example activities</b>
DESIRE	<ol style="list-style-type: none"> <li><i>Explore</i>: Open to exploring potential new service relationships – single service provider or multiple provider relationships</li> <li><i>Change</i>: Considering change through RFP process or vendor bids to possibly reduce costs (commodity buy mentality), improve service, or enhance value-to-fees ratio</li> </ol>	<ul style="list-style-type: none"> <li>One-on-one meetings</li> <li>Planning sessions</li> <li>Diagnostics/assessments</li> <li>Demonstration of need/potential value</li> <li>“Test-drive” opportunities (i.e., small, initial client engagements)</li> <li>Fee quotes</li> </ul>
ACTION	<ol style="list-style-type: none"> <li><i>RFP</i>: Issue Request for Proposal (RFP)</li> <li><i>Sole Source</i>: Solicit bid for work from another firm</li> <li><i>Alter relationship</i>: Bid out particular projects to other firms (e.g., tax compliance, transactions); partial vendor replacement</li> </ol>	<ul style="list-style-type: none"> <li>Respond to RFQs/RFPs</li> <li>Develop quals/proposal document</li> <li>Submit fee quote/engagement letter</li> <li>Deliver oral presentation</li> <li>Overcome objections and close</li> </ul>

What’s different about this B2B service example from buying a car?



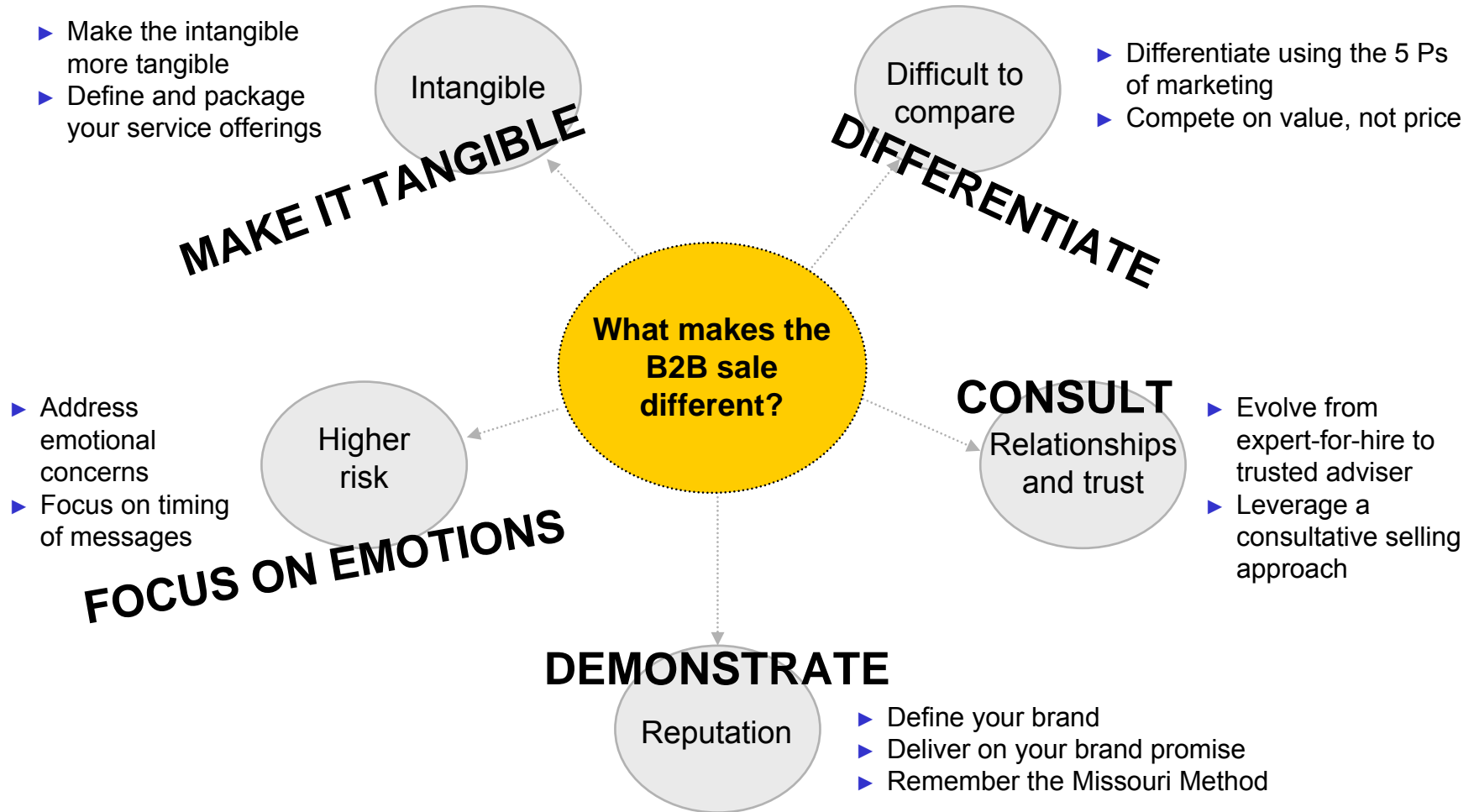
## III. Improving sales efforts and results

What can you do to improve your process and enhance your results?



# What can you do to improve results?

*Capitalize on the unique challenges of B2B*



# Make it tangible and demonstrate

## Product

- Clearly define your product/service offerings (i.e., define and package your methodology, service delivery approach, tools, enablers)
- Develop and share example client deliverables
- Demonstrate your product or service to clients; bring it to life
- Demonstrate how you will responsively serve clients; your first deliverable to them is your proposal

## Price

- Differentiate through alternative pricing models (non-hourly)
- Develop and offer pricing options by varying scope of work (e.g., basic, deluxe, super-deluxe package, etc.)

## Packaging & Promotion

- Bundle services together to address client needs (e.g., enterprise cost reduction)
- Make it “real” through success stories/examples (problem-solution focus) and client testimonials and referrals



# Differentiate, emote and consult

## Differentiate

- Be from Missouri – don't tell them what it would be like to be a client, show them
- Find ways to distinguish your firm or product/service through methodology, knowledge, technology, and other service delivery enablers
- Compete on value, not price

## Emote

- Address potential emotional concerns and issues up front (e.g., transition)
- Combine logical and emotional appeals in your messaging
- Timing of messages is critical

## Consult

- Understand and define the problem from the client's perspective – and then recommend ways to solve it
- Provide options and implications for the client wherever possible
- Put every recommendation in the context of the client's goals and critical issues
- Share your point of view and insights from your client base
- Ask thought-provoking, open-ended questions
- Convey the "big picture" through simple graphics, analogies, stories and metaphors, etc.



# Summary: How do C-suite executives buy?

Component	Considerations	Implications
Buying process	<ul style="list-style-type: none"> <li>Consumers and clients progress through four phases – Awareness, Interest, Desire, Action</li> </ul>	<ul style="list-style-type: none"> <li>Understand where your potential buyer(s) are in the process</li> <li>How can you accelerate the process?</li> <li>In what phases is your firm strong? Weak?</li> </ul>
Psycho-graphics	<ul style="list-style-type: none"> <li>C-suite executives are driven, competitive, results-oriented individuals with short attention spans; they tend to dominate and often have high expectations</li> </ul>	<ul style="list-style-type: none"> <li>Customize your client meetings and messaging to address these factors</li> <li>How can you improve your pre-call planning and client meetings?</li> <li>How might these factors impact your presentations and proposals?</li> </ul>
Formal, complex approach to decisions	<ul style="list-style-type: none"> <li>C-suite decisions are typically complex and involve some type of formal decision-making process, with multiple people playing various roles</li> </ul>	<ul style="list-style-type: none"> <li>Understand the client's decision process and the roles people play</li> <li>Customize your messages to individual influencers and buyers</li> <li>Proactively shape and influence the process</li> </ul>

# Summary: How do C-suite executives buy?

Component	Considerations	Implications
Logical and emotional decision	<ul style="list-style-type: none"> <li>Making a decision to hire a professional services firm is similar to buying a house; the decision is typically made emotionally and then supported with logical reasons/facts</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate both logical and emotional messaging in your documents and meetings</li> <li>Think through the timing of messages (i.e., solution fit, price, risk)</li> </ul>
Pain or gain/ Reason to change	<ul style="list-style-type: none"> <li>Clients will only act (i.e., buy) if they have “pain” (real or perceived) or if they see a potential “gain”</li> </ul>	<ul style="list-style-type: none"> <li>Understand and validate the client’s specific pains and/or desired gains</li> <li>What are they hoping to accomplish as a result of this engagement (e.g., address fees, value, service quality, relationship, generate ROI)?</li> <li>Submit a business case not just a proposal – firms lose more deals to “no decision” than to competing firms</li> </ul>

# Questions & answers

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