

Does This Client Make Sense for Me?

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By Andrew Sobel

A client of mine, who is a partner in a large professional firm, recently lamented to me that many of his colleagues were spending huge amounts of time chasing low-payoff RFPs. "It's a very tough way to get new business, and it distracts us from investing more deeply in high-potential clients that we already know well," he told me. "Plus, some of these RFP's are for work we really don't want."

"So," I asked him, "why do you do it?"

"Well, that's complicated," he replied (usually, when people say that, it's actually not complicated at all—it means there are either difficult-to-change behaviors and/or politics involved!) "The RFPs fulfill the need for short-term revenue. It's perceived as risky to spend a lot of time, if there are no fees coming in, trying to gin up longer-term business with a current client. You may have no financial returns for a substantial period of time."

This conversation highlighted several important issues. The first has to do with how a firm underwrites short-term risk to enable client-facing professionals to make the right long-term investment decisions. The second has to do with strategy versus opportunism—with how you grow the business you really want to have by being strategic about taking on new client engagements. I'll save the former for another newsletter. Today, let's look at the latter question: What criteria should you use for accepting new business?

I believe there are at least 12 possible criteria you should think about before taking on any new assignment: Does this fit your strategy? Does it match your stated focus in terms of dimensions such as:

One of the most common pitfalls is accepting an "interesting" new engagement that lies entirely outside your core focus. If you have no presence in Latin America, for example, think it through before you take on a client in that region! It could lead to a new growth avenue for your firm—or, just as likely, it could distract you and divert limited resources from your core market in North America. Opportunism isn't necessarily bad, but you have to be very, very selective about the opportunity if it doesn't fit your stated strategy and resource investment plans.

- Client type and size
 - Industry
 - Geographic location
 - Issue you're being asked to focus on
 - Level of executive you're going to work with
 - Service offering
- Can You Make a Difference? Is the issue truly important to your client? Will they take your work seriously? Given the circumstances, can you succeed at what you're being asked to do? Will this be memorable, in some way, for both of you? If you cannot answer "yes" to most of these questions, think twice about doing it. For example, I am purposely doing very little pure training and executive development work that is one-off in nature, even though many clients have large budgets for this type of work. This is because real changes in skills and behaviors require far more than a training seminar—they need to be supported by one-on-one coaching, appropriate measurement and reward systems, the right organization structure, and so on. I could spend nearly all my time doing training programs for clients, but I just would not have the kind of impact that my own mission as a professional calls for.
- Do you have the right capabilities? At the margin, you might think, "We can do this." But is it really in your sweet spot—your strike zone? If not, you're going to have to work twice as hard, and you will face a high

likelihood of doing just an OK rather than outstanding job.

- Are your capabilities in place and available? If you're busy, be honest with the client about how and when you can actually start— if at all. You might negotiate a slow, rolling startup with some preliminary activities that don't require a large team; you may simply have to tell the client you cannot begin for two months; or, you may need to pass entirely. Just don't put yourself in the position of fielding a "c team" that is understaffed and unlikely to result in a reference-able client.
- Will it create or augment valuable intellectual capital? Knowledge— intellectual capital— is at the heart of all service businesses today. Not every assignment creates valuable intellectual capital, but it's an important factor to consider. If an assignment is less than attractive in other respects, the opportunity to create some useful know-how could just tip the balance for you. A related question to ask is, Is it replicable or scalable? Can you use the same methodology, delivery process, or data sources with other clients? Will the experience help you deliver even more value to other clients?
- How hard will it be to win? The opportunity may be sole-sourced, in which case it's much harder to turn down. If it's a competitive bid, you really have to examine the investment required to have a chance at winning. Are you one of three firms bidding? Or one of ten? Do other competitors have an edge that you lack? Do you have any existing relationships that will help you win? And so on.
- Is there a champion for this within your firm? If you cannot identify a senior resource in your firm who is willing to work hard to pursue the opportunity and build a relationship, then you shouldn't move forward. The last thing you want is an orphaned client project that muddles along without any real support from your organization.
- How busy are you? It goes without saying, but when you're extremely busy, it's human nature to relax some of these criteria and be less demanding about what you will and won't accept. If you're flat out, then you can afford to be more choosy and the hurdle should be higher. Over time, though, you want to improve the quality of your portfolio of business, not dilute it.
- Do you like the people, and can you work well with them? A versatile professional should be able to get along with a fairly wide range of personality types. But sometimes, forging an acceptable relationship is like pushing water uphill. If a client is controlling and excessively demanding, or otherwise difficult to work with, you will need a good reason to take him or her on.
- Is this a well-known and respected organization? Will having this company, person, or government entity as a client enhance your reputation as a firm? Will the relationships you build contribute to your network and your influence?
- Does the engagement meet your financial requirements? Sometimes, I'm asked to give a keynote speech or workshop by a client who has a budget that is well below my standard fees for such events. I usually say no, but occasionally say yes if there are other compelling reasons to accept. This can be a slippery slope: if you accept too much low-margin business, it will take time away from investments in developing high-margin business, and you end up in a vicious circle.
- Overall, will it be fun for you and your team? Virgin Group chairman and entrepreneur Richard Branson has said that one of his criteria for entering a new business is "fun." If you really look forward to doing the work and building the necessary client relationships, then the assignment has a much higher chance of success, and work and play become nearly one. If you are going to dread waking up in the morning to go see this client, forget it.

The next time you are proposing on some new work, or considering a request from a current client, think about these 12 criteria and whether or not it makes sense for you and your firm to move ahead. Remember that occasionally saying "no," especially when your reasons are solid, will enhance— not diminish— the respect that clients have for you.

In summary— the 12 criteria:

- Does this fit your strategy?
- Can You Make a Difference?
- Do you have the right capabilities?
- Are your capabilities in place and available?
- Will it create or augment valuable intellectual capital?
- How hard will it be to win?
- Is there a champion for this within your firm?
- How busy are you?
- Do you like the people, and can you work well with them?
- Is this a well-known and respected organization?
- Does the engagement meet your financial requirements?
- Overall, will it be fun for you and your team?

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Andrew Sobel is a leading authority on client relationships and the skills and strategies required to earn enduring client loyalty. He is a consultant and educator to major services firms worldwide. Andrew is the author of the business bestsellers *Making Rain: The Secrets of Building Lifelong Client Loyalty* (John Wiley & Sons), and *Clients for Life: How Great Professionals Develop Breakthrough Relationships* (Simon & Schuster/Fireside). He can be reached at andrew@andrewsobel.com (Tel: 505.982.0211).