

Case Study Series: What's Working in Marketing & Selling Professional Services

Consulting Firm Attracts Large Clients, Grows Revenue 50% Using Implementation Fee and Guarantee

By M. Sharon Baker

Overview

For the past 12 years, Advanced Technology Consulting Inc. (ATC) has helped companies save an average of 30% on their telecommunications services. Co-founder David Goodwin, who is based in Cincinnati, and his Hartford, Connecticut-based partner, Darren DeMartino, have grown the company to sales of between \$2 million and \$5 million.

They have done that by analyzing the telecom bills of clients and helping them find the best and most cost-effective telecom services, including landline, cellular, data and Voice-over-IP (VoIP) products. Rather than representing one company, Advanced Technology Consulting is an independent firm selling the services of many telecom providers.

Situation

Small- and medium-sized companies made up the majority of the company's customers for the first nine years, says Goodwin. "At first we started working with anyone," he says. "And we gave a lot of our information and time away for free." Many of these firms had 10 to 25 employees, and sales of between \$1 million and \$10 million, Goodwin says.

Small companies often didn't have the telecom experience in-house that ATC provided. And the ability to save 30% or more on telecom expenses was a powerful marketing tool.

Much of the work the company did was loaded at the front of each transaction as they analyzed bills, examined customer service records, researched providers and services, and put implementation and sales proposals together. Growth was steady for the six-rep firm right up to when ATC added VoIP services to their offerings in 2008.

Almost immediately, VoIP sales had an impact on their business. Goodwin found it required a lot more upfront work to get the services installed and working correctly, and much, much longer to get paid—often as long as six months.

ATC was paid a commission by the telecom service provider that amounted to 3 to 20% depending upon the service purchased, and that commission was paid on a monthly basis for the life of the customer's contract. ATC's business customers benefited but they didn't actually pay ATC for finding the best deals or saving the company money.

As a result, ATC found itself in a feast or famine sales cycle, which inhibited the company's growth, Goodwin says.

Approach

Build Awareness

To generate leads and keep the company's sales pipeline full, Goodwin embarked on a public relations campaign to build ATC's awareness and image. They overhauled their website, started a blog, and entered business award contests.

The company also hired a public relations firm to create press releases about major client wins and pitch articles to local business and trade publications. Goodwin also became active on social networking sites such as LinkedIn.

"We basically leveraged our success to breed more success," he says. "We used to have a website that wasn't very good, and didn't have much in the way of third-party validation with customer testimonials, awards or press releases."

The publicity campaign attracted new customers, many of which were larger companies, those with 100 to 1,000 employees and \$50 million to \$1 billion in annual revenues. The publicity also attracted new partners that sold complimentary services.

As ATC began working with the new customers, Goodwin realized two things.

First, it took just as much work to help a small company as it did a larger one. Rather than helping any business, ATC could choose which companies to work with. Larger firms translated into larger sales, and thus larger commissions.

Second, while his small firm had elevated its visibility in a competitive industry, ATC now had different challenges. Larger firms questioned ATC's size and ability to deliver, and they were wary of getting ATC's services for free.

Charge an Implementation Fee

To bridge the cash-flow gap and show larger companies ATC was looking out for their best interests, Goodwin began charging businesses an implementation fee and spelling out exactly what ATC was going to do to earn that fee.

"With the agreement, we show companies that we have some skin in the game so we become true partners rather than just a company peddling services and begging for someone to give us a chance," he says.

The fees, sometimes called consulting or project management fees, were driven by customer need and varied based on the size, scope, and spend of each customer. For example, implementation fees for a new phone system were a fixed cost that typically ranged from \$500 to \$5,000.

Consulting fees, which applied to any of ATC's expertise, were also a fixed amount—taking the form of an hourly rate or a percent of savings, and typically ranged from \$5,000 to \$50,000. Project management fees were typically charged for RFPs, audits, inventories, and consolidations, and ranged from \$1,000 to \$30,000 based on the hours needed for project completion.

While the company always offered a risk-free guarantee, spelling it out in an agreement elevated into a stronger selling point. As ATC hammered out each new agreement, customers noticed it was an even-handed agreement that benefited both parties not just ATC.

"It became incredibly powerful and every customer has had a hand in shaping it as they brought their own needs, style and perspectives to the process," Goodwin says.

"Before, companies questioned what they were getting, wondered whether ATC was actually going to deliver the best telephone system and/or services for them and didn't know how long it was going to take or what it was going to cost," he says.

"To date, no one has ever questioned the fee," Goodwin says. "And then we began using it when we sold our other services as well."

Guarantee Minimizes Risk for Larger Customers

While ATC had always offered a guarantee, it became more prominent when dealing with larger companies and executives at different levels.

"Larger companies questioned how well we were going to perform, wondered what risk they were taking when working with us, and questioned what they were getting for free—and what the worth was if the services were free," Goodwin says.

Making company-wide critical decisions carried more weight for middle managers who questioned the impact working with ATC may have on their career, and feared the consequences if ATC couldn't deliver.

The risk-free guarantee alleviated those fears and actually helped ATC close deals, Goodwin says.

"We eliminated that risk by spelling out what the company was getting and that if it didn't meet with their satisfaction that we would refund their money." It became a very important selling tool with larger customers, he says.

Results

Last year, the guarantee helped ATC increase revenues 50%, says Goodwin. "And we're on track to grow revenues 50% again this year."

ATC has added six new customers on average every month and three times that many new customer locations per month. An average customer, he says, spends about \$125,000 per contract with the providers, of which ATC gets a fee or commission.

The risk-free guarantee and agreement makes it easier for companies to hire ATC, Goodwin says.

"It really comes down to a process of elimination," he says. "Some people might say we're too small, others might question our expertise or need proof we can handle a large company. Or some might say they've never heard of us. But when we give favorable responses, overcome their objections, and offer a risk-free guarantee, it's pretty hard for them to eliminate us."

And it makes it easy to do business with ATC, Goodwin says. "In the last three years, we've won more business because of it, and it differentiates us in the market."

Additional Insights from ATC's David Goodwin

- 1) **Creating a risk-free guarantee is similar to surveying your customers.** Really listen to what your customers want, and incorporate those wants into your agreement. Spell out the benefits for both sides.
- 2) **It's important to include expectations of both parties in an agreement so you know what you are delivering.** If both parties have a good understanding, it is the start of a long-term relationship.
- 3) **Dealing with larger companies is different from working with smaller companies.** You need to learn how to cater to different management levels, understand their needs and figure out who the actual decision maker is. Proposals and agreements may need to include the needs of various levels of management.

ATC website: <http://www.4atc.com/>