

Ever wanted to channel a guru to get your business running tip-top? Each month *CRN* asks a leading consultant to wring their magic . . .



Nerds of a feather

Jamie Warner's IT services company eNerds experienced 25 percent growth after he invested in professional sales and marketing, writes **Sholto Macpherson**

When sales and marketing consultant David Paddon met now 31-year-old Jamie Warner two years ago, Paddon saw significant potential in the young owner of eNerds.

"When I met Jamie my first thoughts were, 'This guy's got a good, solid business; he's stood the test of time,'" says Paddon, director of Gotomarket.

"Where he needs help is how to move to the next level up."

Paddon asked Warner to put aside a couple of hours to hear him outline his -North Sydney business, its history and direction and what it needed to meet its goals.

The questions start off very simply: What are your objectives? What are your bottlenecks?

Once people answer these, the strategy begins in earnest.

Gotomarket divides a reseller's market into four boxes by the revenue percentage: the customer base that provides recurring revenue; upgrades with existing customers; existing products to new customers; and new products to new customers.

"This generates about an hour of discussion because most of these guys have never looked at their business in that way," Paddon says. "We get them thinking around these issues, which they don't have to prepare for because they live in the market and know the answers instinctively.

"All we're doing is bringing a structure to the table that allows them to work through the issues."

Some resellers are just milking their businesses but not focusing on building them or they may not have



Gotomarket's David Paddon kicked eNerds' marketing into high gear

the resources in the right places or may lack the right skills.

For example, if a reseller lusts after fresh business they need a "hunter" personality but they may be a "farmer" instead, Paddon says.

And then there are customers. A reseller should know: Why they buy from him? Why he loses some customers? Who is his competition? And from which industry sectors do his customers hail?

Finally, Paddon says, there's the value proposition: Why should a customer buy from you and not someone else?

"Your value is not, 'Oh, I have a great team of people', which is the most common answer we get. It's looking for where do we really deliver some value for the client."

In eNerd's case, customer satisfaction was a stand-out value.

Paddon says Warner “has done a really good job of automating a lot of the back office systems”.

“And because of that he gives the customers a really quick response rate. He has put a lot of effort over the last couple of years into automating his back office to give that efficient, reliable, dependable service,” says Paddon.

Gotomarket identified priorities: Warner needed to work more on the business rather than working in it. And he needed the right

“

What we find is most of these guys don't know how to execute, that's where they fall over

”

David Paddon

structure beneath him to delegate responsibilities and with the right internal reporting so he could maintain control over operations.

Paddon then worked on a plan that, he says, is a common point of failure among resellers.

“What we find is that most of these guys don't know how to execute. It might be helping them put a lead gen program, find a partner, help rewrite content on a website to reflect value proposition. That's where a lot of these guys fall over,” Paddon says.

Gotomarket suggested pairing with a vendor to win marketing support and to use a recognised brand to win customers.

eNerds had a relationship with Symantec as a silver corporate partner. Symantec agreed to invest in a pilot marketing campaign with distributor Express Data.

“We went back to lead generation as the best strategy,” Warner says.

This time the telemarketing campaign was more closely tailored to eNerds' requirements using Express Data's internal marketing department.

“The aim is to get clients on managed services with the secondary aim of assisting with networking projects, which

before

The before snapshot

Jamie Warner's first idea out of university in 2000 was to start an IT services company with his younger brother and a friend. It turned out to be a good one – in seven years eNerds became a successful, if small, managed-services business catering to the general SMB market.

With no experience other than a business and marketing degree, Warner worked hard to improve customer service by automating his ticketing, reporting and quoting systems. Response times shortened, customers were happy and his business grew, mostly through recommendation.

But he was frustrated by the randomness of growth by referral and yearned to set up a sales process in which the company could invest and that would deliver results. The company needed to grow faster and build revenue and Warner planned to expand the business by adding complementary services.

“We found that referrals were the most successful way of getting new clients,” Warner says. “You can ask for them and look for them but you can't put a sales calculation on what you get back,” he adds.

In 2007 he decided to take a leap and experiment with telemarketing. An eNerds customer had experienced rapid growth in several Australian cities after working with a Melbourne

company that used telemarketing for lead generation. The telemarketer had no experience in the IT industry but Warner was impressed enough with the referral to have a go.

“I was looking for their expertise in developing those campaigns, the telephone scripts, and all that stuff,” Warner says. He spent about \$30,000 on a campaign to find businesses that were looking for a new IT partner.

Unfortunately, Warner was disappointed with the low return from the campaign. “I don't think they had the expertise to truly understand our industry. I also don't think they gave me a well-structured campaign in that they didn't offer a lot in terms of understanding eNerds or in the script.”

Disillusioned, Warner backed off the sales experiment until he read a CRN article about building a sales pipeline.

“It was just fortuitous that I saw this article about sales strategies and vendor relationships and it was finally an article about integrators like me and the challenges they face and their own sales strategies.”

Warner realised that instead of organising marketing campaigns himself, he needed to step back to use the experience and skills of an independent sales strategist. He picked up the phone and called Gotomarket.com.au.

The Reseller

Staff 16

Founded 2000

Customers 120

Markets

Manufacturing, distribution, warehousing, professional services, charities

Biggest project

\$450,000 for providing consulting, project management, engineering, buying and managed services

Vendors Symantec, Microsoft, HP, Dell, Cisco, APC, Fortigate, Storage Craft

Distributors

Express Data, Ingram Micro, Dicker Data, ACA Pacific, T Data, Compucon





The afterwards look

eNerds grew 25 percent in the past year after working on its sales pipeline. Warner and Gotomarket are reviewing where to go to find the next spurt of growth.

Jamie Warner says resellers such as his need external assistance to build a sales pipeline and to grow.

"It's not going to work if you're not clear on where you are in the market," says the eNerds founder. "Where I was before I had no idea, I had no idea of how to make it happen. For any lead-gen campaign to work you really need to understand how these campaigns work."

Managing the sales cycle is essential to faster growth but this understanding is often outside the realm of most resellers.

"This is typical of these sorts of companies. They've come up through the technical world and they understand the technology brilliantly but [they don't] understand the sales process," says Gotomarket's David Paddon.

"The consequences were that [Warner] wasn't winning the sort of accounts that he wants to win. He knew where his target market should be, but he didn't know how to go about getting them on board. He didn't know how to build a sales

pipeline of quality prospects and then measure their success."

Paddon says their partnership was based on the confidence earned by the results of the campaign. Warner has grown in his knowledge of how sales and marketing works and most importantly didn't procrastinate when it came time to put the plan to action.

Warner says the expertise of an external sales strategist was very important for a company his size. He says that until his staff doubles to 30-plus it is unlikely eNerds could afford a permanent sales position.

"You don't need an MBA to get this stuff sorted out. You just need a sales strategy worked out and then commit to the execution."

Paddon says he has spoken to about 10 resellers in a similar position to eNerds, and with very similar requirements.

"We've come through some good times where we've had a lot of organic growth through referrals or upgrading within our current customer base. Now what we're seeing is that times are tough, this has slowed down so now when we're looking for new business – 'Oh, how do I do that?'"

normally result in product sales," Warner says.

It used a sample of 500 Sydney businesses with 70-100 users from a range of industries.

The campaign resulted in about 25 qualified leads, of which eNerds converted three to five, including an opportunity that was "very substantial", says Warner.

The results fell within the usual statistical return of 10-30 percent. "That campaign ran over four weeks; to find that size customers could take you up to six months."

Channel buddies

That other companies were willing to spend money on marketing his company came as a surprise to Warner. He says eNerds had a reasonable relationship with Express Data. "They are proactive. We were always on their radar screen."

But he hadn't realised that HP, Microsoft and Symantec have marketing dollars to invest in the business.

Even when his account manager at Symantec was calling and asking how the vendor could help grow his business, Warner would just say that he needed new clients.

Five tips for building a strong pipeline

1 Work out your value proposition What do you offer?

2 Who is your customer? Big, small, medium, niche

3 Align with a major vendor or distributor Use their marketing dollars and brand reputation

4 Nurture your partners You can't expect someone to spend a lot with you if they've never met you before. It takes five to eight "touches" – meetings and calls, formal and informal – to build a relationship.

5 Develop selling skills

"I didn't understand that they would engage you at that level and that there's no rulebook, no one tells you these things."

eNerds hopes to pop up on the radar of the big vendors soon – Microsoft is likelier than HP.

To that end it has engaged a PR company.

Warner says that a ranking in BRW magazine's Fast 100 list raised the company's profile among distributors and vendors.

He had spent no money on publicity. "I saw an ad for BRW Fast 100 and decided to enter it," says Warner, who is submitting an entry for the Telstra Business Awards.

"A lot of the small guys don't know how to work with a distributor to maximise the relationship," says Gotomarket's David Paddon. "The distie wants people to go in and look after a sector of the market. It's not rocket science – we've just forgotten how to do it."

Vendors and disties are more interested in resellers that own their own patch, whether defined by technology or vertical.

Now this is true more than ever. With all business-spending tightly monitored, resellers must work

“

A lot of small guys don't know how to work with a distributor to maximise the relationship

”

David Paddon

harder to find their customers to win the sale.

The more a reseller learns about an industry, the more knowledge he will have about how IT improves business processes. This knowledge increases the value of the advice a reseller gives, justifying the sale to the customer.

A niche market also offers some protection from tough times.

"In our experience, the generalists are the ones that are finding the conditions toughest," says Gotomarket's David Paddon.

"Those who have focus clear idea about where their customers are and

what their value prop is are the ones who are still doing very well.

"As times get tougher, that is what customers are looking for. They want you to add value to their business. And the only way that you can add value is to understand their business [and] to understand their industry."

Warner is about to start a campaign targeting NSW manufacturers with 50-200 screens. His goal is to build intellectual property in servicing the sector that will add to the company's value during the sales process.

"Now [Warner] is starting to create focus and more value for his clients; and in so doing, he's differentiating himself from the generalists out there," Paddon says.

The rewards of automation

Spending time and money to get a reseller's back-end processes running smoothly is well worth the effort and your customers will thank you for it. Automated ticketing

reassures employees their support request was heard and recorded; automated on-site reporting indicates a systematic study of a customer's business and automated quotes puts the latest price from distributors at a reseller's fingertips – and a quote is sent to the customer as quickly as possible.

Paddon says the younger generation of resellers (Warner is 31) are more prepared to tackle bottlenecks in business processes with software to improve reliability, efficiency and speed.

Paddon says the older generation tends to be more conservative and would rather add a worker or a paper process instead.

"The younger generation doesn't hesitate to say, 'This is taking a lot of effort; how can I automate it and knock up some software to solve the problem?'"

"And that is a real divide between Jamie's generation and the guys in their late 40s, says Paddon."

eNerds' Jamie Warner automated ticketing and reporting to improve customer satisfaction



Crash course in... Customer loyalty

Christmas is over, but the bleak economic midwinter isn't. Just as you're wondering where your sales will come from in the next few months, some bright spark mentions it's time to cash in on customer loyalty. But where do you start? Alexander Garrett

Why loyalty matters. "The pool of new customers diminishes in a recession, but there are the same number chasing them, so the cost of customer acquisition increases," explains Richard Mabbott, head of planning at marketing comms agency Gyro International. So it becomes even more cost-effective to look for sales from your existing customers. When tempting offers from competitors abound, the goodwill you've built up can make all the difference.

Collect the data. You need to know who your customers are before you build your relationship with them. "The first thing we would ask is whether you are collecting customer data, whether you're storing transactional data, and whether you have a transactional website it can be taken from," says Andy Wood, managing director of loyalty marketing specialist GI Insight. "Trying to influence your customers' behaviour without any data is like driving in the fog without headlights."

Segment your customers. The adage is that 10 percent of your customers account for 60 percent of your revenue. You need to identify who your most profitable customers are and which ones you're likely to influence through your marketing and communication. "The objective is to treat different customers differently," says Wood. "If regular customers are beneficial to you, you want to identify potential regular customers and target them with relevant offers."

Use your web presence. "Loyal and frequent customers will look to your website, so make the most of it," says Barry Wright of consultancy The Wright Associates. "Websites and email offer an extremely cheap channel to talk to your customers."

Reappraise your products. "Find out which products your most profitable customers are buying," adds Wood. "That may lead you to rationalise your product line."

Treat your customers right. Research carried out by Gyro International identifies key factors that companies must address: delivering on promises; being honest and open with customers; and being relevant to them. Otherwise, your offers will fall on deaf ears.

Make them feel special. "All loyalty marketing is about recognition through offering some form of privilege valued by the customer," says Wright. "That could be points rewards, an invitation to early store openings, or access to a VIP lounge."

Appeal to thrift. Customers who are struggling to survive won't be lured by discounts on luxury hotels or accessories. So make sure there's an alternative that offers them the chance to really save money.

Do say: "We value you. Here's a thank you."

Don't say: "That offer's for new customers only."

This article first appeared in Management Today magazine.