



FRAMEWORK

FOUNDATIONS



STEP 7
Chocolate Cake

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**Stanley
Schnizzer**

INTRODUCTION

Have you ever wanted to buy a product and the vendor sells you the individual components instead? The vendor is trying to convince you their components are better than parts sold by other sellers. But with so many components being similar, how can a customer differentiate between what is good and what is not?

The Chocolate Cake analogy is a means of explaining how and why your MSP offering is presented as a whole and not individual components. Customers are not interested in decoding everything included but want the complete experience. Like a baker mixing everything to create a recipe, you must use the ingredients of your business—endpoint protection, backup, threat monitoring, and so on—to create a vision with tangible results.

This guide starts with service delivery and what makes your MSP unique. Spoiler alert: it is not your tools, employees, or your references. From there, we will move to defining your vision and how it is the foundation for success. Once you establish a vision, you can sell it to prospects and make them see tangible results. And finally, you will learn about delivering high-level support and how it connects to outcomes.

Being an award-winning baker is more than convincing people you have the best sugar, finest flour, and freshest eggs—it is about combining them to produce something unique. And like a baker, you must convince customers and prospects that you do not sell ingredients, but your unique vision.

SERVICE DELIVERY

What do you deliver to your clients? This is a question asked to most people in the MSP industry. You may think it is unlimited support or generic technology recommendations, but that is not the case. The question is important because it is why the answer is not great for all MSPs—what you deliver is an intangible. If you were selling something tangible, the customer could look at it and attach value to it.

What you are selling to your customers is an idea and an outcome. How you generate value in your offering and get people excited about it is challenging. And although your clients may not love technology or the process of having it implemented, your passion and understanding of the business is what drives you forward.

What is **NOT** UNIQUE about your business



Your tools and technology

Everyone uses the same tools and technology to manage their clients.

Your employees

You have great people, but you cannot convey this to customers.

Your references

Everyone has great references that boast about their great service.

Because you care more

The industry is full of businesses that care and work hard.

What **IS** UNIQUE about your business



The vision you have for your clients' Information Technology

Your vision may be different than other MSPs, but that does not mean it is better than another.

The process by which you deliver the best possible results

Your process is what makes you unique in the industry.



Your vision for IT comes from asking the right questions. You previously read how this changes the way you do business, so asking the right questions helps you achieve the vision you set out for your MSP.

- » **How should it operate?**
- » **What should it cost?**
- » **How should your clients and their employees feel about technology?**
- » **What should technology enable their business to achieve?**
- » **What business impact do you want to make on every client?**

Your clients do not care about technology and only talk about it because they need it to deliver their service. They do not have the passion for it—to them it is another business expense. But to you, it is about how you can help them achieve their business goals.

Assume the results first and then figure out how to manage the business outcome. Technology is what supports the business goals—think of the business goal and how technology supports that idea. A substantial part of this industry thinks of the technology first and tries to fit it into the customer's business goals, but you need to think about it differently.

HOW TO MANAGE BUSINESS OUTCOMES

- » **Technology supports the client's business goals.**
- » **Clients want to make better business decisions.**
- » **Leverage technology as a competitive advantage.**
- » **Affect the big costs in their business.**
- » **Reduce growing risks surrounding technology.**

To deliver that vision, you need to think about the people, processes, and technology to make it come alive. Good MSPs are not always able to explain to their customers and prospects why their process is the right fit. You must make that connection—and the separation—through the use of the Chocolate Cake analogy.



HOW TO SELL YOUR VISION

The best way to explain your vision is through a popular TruMethods analogy: Chocolate Cake. The idea of the analogy is to show you the same product, but from two points of view. One is broken down into its individual components while the other is a whole product.

WOULD YOU BUY THIS FOR \$29.95?

- » 3 cups sifted cake flour
- » 1 tbsp baking powder
- » 1 tsp baking soda
- » ½ tsp salt
- » 8 ounces unsalted butter, softened
- » 2 cups granulated sugar
- » 4 eggs
- » 1 tsp vanilla extract
- » 1 ¼ cup buttermilk at room temperature
- » 6 oz (1 cup) semi-sweet chocolate, chopped
- » 2 tbsp light corn syrup

If someone came to the table and offered to sell this as a product, you would turn it down. The ingredients listed are clearly for a chocolate cake, and that is fine, but you are not a baker and were not expecting to receive the product as its individual parts. To most people, only a couple of these parts are useful, especially if they already have some of the ingredients.

Or would you rather buy this?



In this example, you have a finished product: a freshly baked cake with icing and award-winning flavor. The difference between this example and the earlier one is the baker combined all the ingredients and created a unique recipe. How far would you drive to get your favorite cake? You may drive past three or four other bakeries to get your favorite—even if it costs more—because your bakery combines those ingredients into something special. Are you selling ingredients or are you selling cake?

Let us take the analogy a step further.
You have all this on the table for \$4000 per month.

Patching	Remote support	Hardware support
Anti-spyware	Onsite support	Technology planning
Antivirus	Network administration	Virtual servers
PC optimization	Best practices	Remote backup
Backup	Moves/Adds/Changes	HaaS
DRP	Documentation	IaaS
SOC	Monitoring	SaaS
CSC	Remediation	Hosted applications

Like the cake ingredients, these are the components that make up your monthly service offering. To you, it details everything you can do to make the customer’s IT environment functionable. But like the cake ingredients, if the customer has their own antivirus and backup system, should they pay less?

Most MSPs feel that showing these details is an effective way to showcase their vision. Imagine looking in the window of a bakery and instead of cakes, you saw lists of ingredients. How can you tell what cake is best, how it tastes, and if you will like it? Laying out the ingredients is not effective when selling a customer on your vision.

THIS IS WHAT YOU SELL

More productive employees	More competitive
Better morale	Lower technology costs
Increased functionality	Better profit margins
Reduced risk	Better work/life balance
Enhanced security	Peace of mind

Presenting this to your customers displays how your vision directly affects their goals. It does not matter how you make them more productive or lower technology costs—all that matters is how your process can achieve those outcomes. You must be willing to put in whatever effort it takes to meet or exceed the elements of your vision. Spending time on your recipe is what makes your results more tangible.

Your vision is your chocolate cake and the results and experience of what the customer can do is an outcome of that vision. All the ingredients of your service offering are critical, but the recipe and the process of putting them together is how you deliver business outcomes.

DELIVERING HIGH-LEVEL SUPPORT

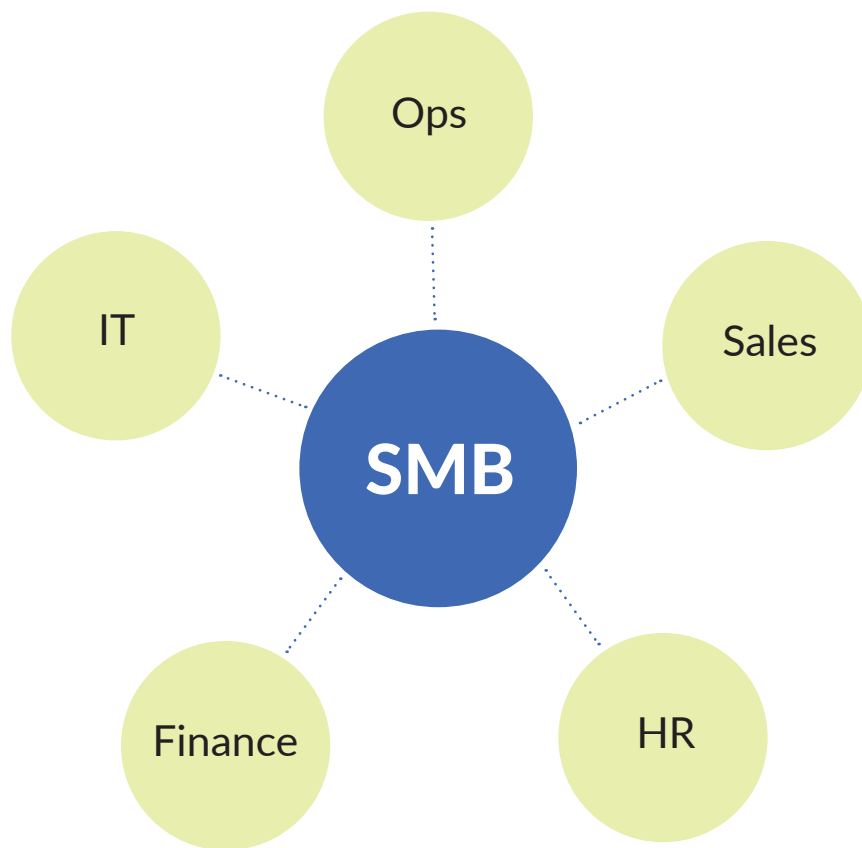
You need to explain how you deliver this higher level of support. You need to explain Technology Success and how there is a process in all of it (e.g., projects, delivery of tools, support). When you begin to talk about standards, alignment, business impact, and strategy, you gain the opportunity to make the customer visualize the recipe for chocolate cake and connect it to the results.

An interesting take on the ingredient and recipe analogy is on a sales call. If a prospect is asking questions such as, “What antivirus do you use?” and “What brand of firewall do you install?” then you know the other MSPs they spoke with were selling the ingredients. When a prospect asks about the ingredients, it is polite to ask why that matters—you are selling a process. They may ask about the ingredients, but you need to answer them in terms of cake.



Ingredients (everyone else)	Technology Success (your recipe)
Patching, spyware, spam protection Endpoint Protection Monitoring Backup Helpdesk Cloud-related services	Standards Alignment Business Impact Strategy

When talking about ingredients, you are referring about things people view as an expense item, known as Selling, General, and Administrative expenses (SG&A). When referencing chocolate cake, you take all the ingredients, put them in a recipe, and make IT a functional area of the business. Like Operations, Sales, and Finance, IT becomes an addition to other areas of the business. Once you do this and make the connection, you make your services tangible because it is relatable to their business.



SG&A

- Office Cleaning
- Office Supplies
- Computer Support
- Electric
- Phone

None of this works without belief. This conversation is intangible and has emotional components. Without belief, an MSP cannot get the right clients at the right price. A lack of a belief system is a widespread problem for MSPs and is the reason they say they cannot change their prices. If that is the case, those MSPs are selling ingredients and not chocolate cake.

**LOW PERCEIVED
VALUE**



**TECHNOLOGY
SUCCESS**



SUPPORT



**PROFESSIONAL
SERVICES**



**CENTRALIZED
SERVICES**



**TECHNOLOGY
ALIGNMENT**



vCIO

Therefore, we supply the five delivery areas—so you can organize your ingredients, see where your process is, and prioritize key items. TruMethods supplies a framework to make it easier for you, your team, and your customers to understand chocolate cake. Use the framework to build your recipe so your chocolate cake becomes more tangible to you, your team, your customers, and hopefully, your prospects.

SUMMARY

Are you in the chocolate cake or the ingredients business?

PACKAGING & PRICING

Do you believe?

Do you believe your packaging & pricing will achieve a different result to what your customers are experiencing today?

DELIVERY

Defined roles, processes, SMART numbers

Do you look at and track your SMART numbers regularly and continually improving your processes?

SALES

No one will convince you they can get the same results for less money

In every sales situation, someone is sold.

Either you sell the customer on the idea they can see things your way or they sell you that they can get the same thing cheaper.

LEVERAGE

Revenue per employee

Gain leverage over your customers by reaching the proper amount of revenue per employee.

