Take Charge of MSP Sales and Marketing

Sales and marketing tend to be the areas of business that managed service providers struggle with the most. Learn how to develop a sales and marketing plan, increase your visibility, and tap into vendor resources to pay for initiatives.

Time to Take Control of Sales and Marketing

SALES AND MARKETING may seem a bit foreign to the typical technology driven managed service provider.

But the sales and promotion landscape need not remain terra incognita. In this guide, we have compiled a series of stories that aim to take some of the mystery out of the sales and marketing process. Nicole Lewis' feature provides an overview of how to build a brand, develop a sales approach and create a marketing plan.

Additional features shed light on specific tactics managed service provider (MSP) partners may employ within a broader sales and marketing strategy. An article on thought leadership content marketing describes ways in which MSPs can incorporate this approach to establish their authority and, ultimately,

generate leads. The final feature in the package focuses on market development funds (MDF) and how MSPs can acquire their share of vendors' marketing dollars. MDF can help channel partners fund up to half of a given marketing campaign.

Customer referrals and informal, word-of-mouth promotion will take most MSPs only so far up the growth curve. A heightened focus on sales and marketing, however, can help an MSP expand its business beyond its initial customer base. We hope the following articles will help you get started. ■

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Beyond Referrals: How to Build a Sales and Marketing Engine

EVERY MANAGED SERVICE provider wants a competitive edge.

To achieve this goal, however, managed service providers (MSPs) know they must have a clear picture of the market they want to serve, recognize what specific IT skills they are best at delivering, and tailor a sales and marketing strategy that calms customers' fears and builds a relationship of trust.

No one doubts that developing a comprehensive sales and marketing strategy has been a struggle for many MSPs, particularly smaller companies founded by engineers that have tended to emphasize technical skills and rely strictly on word of mouth to win clients to their business.

"Most MSPs are led by individuals with strong technical skills but little formal training in, or understanding of, sales and the sales process," said Peter Kujawa, president of Locknet Managed IT Services, an MSP based in

Onalaska, Wis., and a division of EO Johnson Business Technologies. "I find that many of these MSPs look at sales as a low-skill occupation and something that anyone should be able to do, and this is not correct. Great salespeople and sales managers are every bit as skilled as great technical employees."

As MSPs find a way to transition from a customer referrals-based business to a more formalized sales and marketing practice, they also have to keep up with customer demands for new technology. With the rise of cloud computing, the elevated concern over cyberattacks and the emergence of other technologies such as mobile devices and big data analytics, MSPs are finding that customers are more tech savvy and their IT demands are constantly changing.

Selling IT to customers has also changed. In recent years, there's been a shift from selling products to selling services which requires a different sales and marketing model from

the one used by other channel businesses such as value-added resellers (VARs).

"When VARs were dominating the channel they had well established sales teams," said Charles Weaver, CEO of the MSPAlliance. "When managed services came along, the relationship and the dynamic changed dramatically."

> **"Great salespeople and sales managers are every bit as skilled as great technical employees."**
> —**PETER KUJAWA,** president, Locknet Managed IT Services

If MSPs are to embark on a successful sales and marketing strategy, a new paradigm is needed—one that requires a more intimate relationship with customers, Weaver said. He also noted MSPs need to recognize that even a $100,000 piece of hardware or software can be acquired faster than a $5,000-per-month managed service contract.

"You can't sell a managed service in the same way that you would sell a server," Weaver said. "There's a difference between buying a product and buying trust—the trust that a customer needs when they turn over … access to their data … to an MSP. That's what MSPs need to fully comprehend."

THE BASIS FOR A SALES AND MARKETING STRATEGY

As MSPs focus on the best way to reach customers, they should also think about the best way to add value to their client engagements. Many companies use MSPs for a variety of tasks such as outsourced email or help desk duties, managing the network, cloud computing and cybersecurity, as well as consulting services, repair or troubleshooting work. With so many areas to offer IT expertise, MSPs can specialize in various skills, creating competitive differentiation and a powerful go-to-market message.

It is against this background that MSPs must ask themselves what they do best, Kujawa said. He also noted MSPs should find out what clients they are best suited to take care of and identify those clients they have struggled with,

either from a standpoint of client satisfaction or profitability.

"It is important for the MSP to know what a perfect client looks like so they can focus their sales and product development efforts on going after those clients," Kujawa said. "It is equally important that they learn to say 'no' to clients that don't fit them and don't try to be all things to all prospects. They may get the deal today, but it will hurt them in the long term to bring on clients that don't fit them."

As MSPs get to know their customers better, Jennifer Anaya, vice president of marketing for North America at Ingram Micro, said it's critical to have a strong brand for the sole reason that their customers are buying their promise: to provide an exceptional service with consistent service levels and competent people who can manage their technology as required.

"It's important to focus a brand around what your company represents and what you do that your customers can't live without," Anaya said. "Take some time to ask your customers and associates why: Why do they work for you? Why do they do business with you? How is your service different from other companies?"

Once MSPs discover their brand, Anaya suggested they embark upon a digital marketing plan that consists of storytelling and dialogue with customers and prospects that takes place over strategic technology platforms. Once MSPs identify the stories that set them

It is important for the managed service provider to know what a perfect client looks like.

apart, they need to dedicate someone to market their business and identify a budget, rather than have someone do this as only part of his job function. MSPs should also select the right media mix of social and web properties to tell their stories.

MSPs should also consider a website update or refresh to ensure it reflects their brand promise and has solid search engine optimization (SEO) in place.

"We also recommend reviewing your sales process to ensure the digital marketing is tied into your customer relationship management platform, and rules of engagement are set

so sales representatives know how to follow-up with ready prospects or nurture those who may not be ready for a sales conversation," Anaya said. "Finally, once those steps are complete, then the right [automated marketing] technology solution can be chosen—one that will work hard for you."

To go after new clients, MSPs, like other IT channel companies, are increasing their marketing budgets, according to recently released research from CompTIA's 5th Annual State of the Channel report. The survey of executives at 350 IT industry companies showed that 46% of cloud channel firms, for example, are developing new materials to educate customers on emerging tech areas. Forty four percent of integrators and cloud firms are increasing their marketing budgets, and 43% of channel firms with a primary telecom focus are rebranding their messaging as a service provider.

BUILDING A SALES OPERATION
The survey also highlighted the fact that many channel companies are concerned about the results they are reaping from their sales and marketing efforts. While 32% of channel companies said their sales and marketing plan is highly effective, 55% said their efforts are only moderately effective, and 11% described their sales and marketing plan as a hit-or-miss endeavor. Two percent said their plan is ineffective.

On the sales side, one way to launch an effective sales organization within the MSP is to separate sales and service, said Andra Hedden, chief marketing officer at Marketopia, an IT marketing firm based in St. Petersburg, Fla.

"When sales and services are combined during the pursuit, the MSP can lose credibility with the client and then the firm is perceived as very small and perhaps not capable of supporting even modest client demands," Hedden said. "The end result is a lower probability of converting the lead into a client. Simply put, specialization increases the skills of each role and the client's perception of trustworthiness."

Hedden said the smallest MSPs that only have either sales or services should conduct an honest assessment of the skills of the one they have in house, then hire or contract a company to complement those skills. If they are better at

service, hire a sales person.

"Your business will have a difficult time growing if your natural tendency is to service your current clients but no one is hunting for new business," Hedden said. "At the same time, if you are more of a sales person and you can really sell your services, but there is no one to actually deliver, then you will falter as well."

One company that has resisted hiring a sales person is Fluid Designs Inc., a full-service IT services provider in Union, N.J. Company president, Stanley Louissaint, said he hasn't hired a sales person because "nobody can sell the company better than me."

Instead, Louissaint spent what he describes as "a good chunk of money" on sales training for himself because he recognized that as the company owner he's the best sales person to sell his company to potential clients.

"It was one of the best investments I've ever made and it has proved to be invaluable," Louissaint said.

For those MSPs looking to hire sales people, Kujawa said MSPs should provide an equal level of respect and organizational focus to their sales efforts as they provide to their technical performance. As for compensation, great relationship salespeople, which are sorely needed in IT sales, will require a decent base salary, but there should be significant commission incentives to align the salesperson with the organization's growth goals.

Kujawa also recommended if an MSP's assessment is they don't know much about sales and how to build sales distribution, they should turn to companies that specialize in helping MSPs in this task, such as the Leren Group and Endurance America which do sales management as a service and can help MSPs get their sales efforts off the ground.

CREATING A MARKETING APPROACH

As MSPs take the necessary steps to market their business, Hedden recommended a strategy that includes many avenues to broadcast a company's value on many different digital platforms because the more customers receive the message the more likely they are to respond.

Hedden specified three key categories that need to be included in any MSP marketing strategy. These are:

1. Awareness: To generate leads, MSPs must target potential clients that need to know what they offer and why it would benefit them to engage. Market yourself as the expert and share information with them so they can get to know your brand and expertise. Use:

- Press releases
- Social media
- White papers
- Videos
- Events
- Webinars
- Community organizations
- Join social organizations

2. Demand: MSPs will then need to create a strategy that generates demand as well as captures and reports leads. Implement:

- Appointment setting
- Email marketing
- Direct mail marketing
- White paper & case study downloads
- Website visitor tracking
- SEO and marketing

3. Incentives: Create promotions and incentives to close the deal and reduce the sales cycle:

- Offer promotions for current clients for upgrades and add-ons to their services.
- Offer contract-signing incentives to prospects.
- Offer referral partner promotions to capture referral business.

MSPs can also turn to vendors and distributors to hone their sales and marketing efforts, but they'll need to decide the best way to engage with distribution or vendor programs.

According to Anaya, MSPs should find out what distributors or vendors can offer in terms of training, events, or through-market programs that will support their plan and their ongoing business growth.

Additionally, MSPs should pull together a marketing plan that outlines their sales objectives, and the marketing strategies they've decided to put in place to address those objectives. The plan should also include activities they know they'll be budgeting for or sponsoring and summarize opportunities for areas

where they need help from their distribution or vendor partners.

"This plan will serve as an excellent foundation for any discussion with business partners. Why? Because it will clearly articulate an MSP's business strategy in a way that partners can engage in and support," Anaya said. "Additionally, it will help MSPs focus on where they want and need to spend time and dollars to achieve their goals." —*Nicole Lewis*

Thought Leadership: An MSP Marketing Tactic

When developing a marketing strategy, one tactic that you might consider is thought leadership content marketing.

Stanley Louissaint, president of Fluid Designs, an IT services provider based in Union, N.J., recently saw his efforts in thought leadership pay off. A contributor of technology-related content to various print and online publications, Loussaint said he recently received a letter in the mail from one of the publication's attorney readers. In the letter, the attorney asked Louissaint to elaborate further on one of his articles about data retention policies and answer a number of technical questions he had. The attorney also asked Louissaint, who is also president of Fluid Designs, an IT services provider based in Union, N.J., if his company did IT work for small law firms, because he just so happened to be looking for help.

A customer relationship grew from there, beginning with the article that Louissaint had contributed to New Jersey Law Journal. "That [prospect] could be a 60-grand-a-year contract, so the writing was worth it," he said.

Thought leadership content marketing is one of the many marketing approaches that Fluid Designs and other channel partners, such as managed service providers and resellers, are

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using to adapt to buying behavior today. The method helps to establish a solution provider's authority in the industry and ultimately generate leads. While channel partners can outsource the content, many partners choose to create the content themselves, publishing it on

company blogs, in newsletters or in industry publications. Partners can stumble, however, if they fail to address the right audiences with the right topics at the right stage of their IT decision-making process.

"For new business, there's nothing better for attracting a buyer than to establish thought leadership with them. How you create that thought leadership [requires you to] figure out what the tactics are that the buyer responds to in the early stages of the buyer's journey," said Laz Gonzalez, group service director of channel strategies at SiriusDecisions. "Is it a case study that's going to convince them? Is it some kind of blog that they're going to read?"

THOUGHT LEADERSHIP CONTENT MARKETING
To get the most out of thought leadership content marketing, channel partners should understand inbound marketing and how its approaches differ from traditional marketing.

Gonzalez noted that in the old days of sales and marketing, the seller was in control—as opposed to the buyer. "There was a sales cycle, and [the seller] would try to navigate the buyer through sales cycle and offer presentations, take them out to lunch ... get to that next step," he said. "You would always hear, 'Where are you in the sales cycle?' "

The buyer was dependent on the seller for information and by following the sales cycle would learn the difference between sellers' offerings.

"But today, because the Web is now playing a bigger role in educating the buyer, buyers have much more access to information," he said. The seller is no longer seeing an alignment between the sales cycle and the buyer's motions.

Gonzalez asserted that channel partners must now instead align their sales and marketing strategy to the buyer's journey, the process that buyers typically now follow when making purchases. For business-to-business buyers of IT, the journey generally consists of three stages.

In the first stage, the buyer becomes aware of its business and technology needs and of the offerings that currently exist on the market. The buyer entertains the idea of change, commits to changing and begins to do research, he explained.

The buyer then moves into the

consideration/selection stage, where the buyer does side-by-side comparisons of the different options. It won't be until this selection stage that the buyer is going to reach out to the seller and ask for a demonstration, Gonzalez noted.

Creating thought leadership marketing content is something that anybody can do.

At this point, also, more people from the customer organization get involved in the decision-making process. Key figures within the organization will look to secure internal buy-in about the choice.

Finally, the buyer reaches the validation stage, where the buyer must justify its decision internally. This is when the buyer uses ROI calculators and the like, he said. This stage leads to the IT decision.

In thought leadership content marketing, while different types of content may address each stage and buyer in different ways, the first stage is most critical and where you should focus your efforts, according to Gonzalez.

Buyers in this early stage are at their most receptive to the information they uncover as they research online.

He noted that thought leadership can play an important role later beyond that first stage. For example, if your company is focused on cost savings for a client, you might target the justification stage with thought leadership.

CREATING YOUR THOUGHT LEADERSHIP CONTENT

Creating thought leadership marketing content is something that anybody can do, whether you write it yourself or hire a copywriter, Louissaint said. He has been writing and blogging on a variety of topics since 2013; around the same time he joined the ASCII Group and saw an opportunity to contribute his expertise on a range of topics. Once he started publishing, it opened doors to more writing opportunities.

Louissaint currently writes about one piece per month. His pieces are published in a number of different places, including IT industry publications like SearchITChannel and

law publications such as the New Jersey Law Review. He also syndicates his articles in his company's blog and monthly newsletter.

He begins the writing process by identifying a topic depending on what audience he's writing for. For example, the topic he chooses will differ if he's writing for peers in the IT channel versus lawyers in the legal services vertical. Once he understands who the audience is, he said, he can then identify what people are struggling with and trying to learn about in the space.

Coming up with a topic is the most challenging part of the process for Louissaint, but he has found that ideas will develop as a result of regularly taking in new industry-related information to keep up to date in his business. "For all I know, my thoughts are an amalgam of everyone else's information that I've amassed and thrown my own input into," he said. "Staying abreast of things is part of the game, and I think whether you realize it or not, doing that helps to give you content."

After settling on an idea for an article, it's simply a matter of sitting down and writing. "Once you wrap your head around a topic, you commit to it and go in and do what you need to do," he said. "I am a little bit of a procrastinator, so it might be the day before [a deadline] that I finally … can sit down and bang this thing out in an hour and a half [or] two hours, depending on what the word count is."

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> —STANLEY LOUSSAINT, president, Fluid Designs Inc.

He then works on revisions with editors from the publication he's writing for, generally in two drafts. For editing pieces he publishes independently on Fluid Design's blog or newsletter, he would like to use someone on staff as a proofreader. He is also considering finding another blogger in a different industry to exchange and edit blog pieces with.

The benefits of creating thought leadership content are "almost intangible," he said, and you never know what opportunities might come about because of it. At the top of the

intangible benefits, though, is credibility, Louissaint said.

Credibility is not only established through your online presence, voice and expertise on a subject, but through acceptance and validation from your peers. "Your peers have to accept you before [clients] will. [Clients] don't know what we do. They don't know how we do it. So when they see [your peers] shaking your hand and telling you did a good job ... that helps tell them, 'Hey, this guy does know what he's talking about. He is an authority.' " —*Spencer Smith*

Support Initiatives with Market Development Funds

Lloyd Wolf, president and CEO of Wolf Consulting Inc., used to fund marketing programs entirely from his company's coffers.

That was, until he attended an HTG Peer Group meeting and began to learn about market development funds (MDF)—dollars vendors provide channel partners to support their marketing campaigns. Wolf educated himself on MDF and began participating in the MDF programs of Dell, Dell's SonicWall unit, eFolder and Microsoft. Over the past four years, vendors have covered up to half the cost of a given marketing initiative, allowing Wolf Consulting, a managed service provider (MSP) based in the Pittsburgh area, to fund more events and purchase more radio spots.

"I was just funding our marketing and business development by myself," Wolf recalled. "It never occurred to me that a vendor would help pay a portion."

As it happens, lack of MDF awareness among MSPs isn't unusual. Marketing, in general, may not be top of mind for the engineers who often launch managed services companies.

"They come from a technical background and not a marketing and sales background," said Stuart Crawford president and chief marketing officer of Ulistic, a company based in Buffalo, N.Y., that provides marketing and consulting services to IT service providers. As a consequence, MSPs may not realize MDF money is available in the first place, he noted. But even company leaders familiar with MDF may balk at participating.

"They don't feel comfortable pursuing it," Crawford said. "It is not a natural fit for them."

MSPs seeking a marketing boost need not leave money on the table, however. Industry executives said, with some upfront planning and follow-through, MDF can help fund a significant part of a service provider's marketing activities. Thoroughness is the key,

however: An MSP must document the leads, closed deals and vendor sales attributable to an MDF-funded campaign to build a case for the next round of vendor assistance.

STEPS TO MDF

The MDF endgame is lead generation, so MSPs need employees who can make the follow-up calls and turn leads into prospects. Accordingly, the key prerequisite for MDF is to have sales people on staff. Ted Hulsy, vice president of marketing at eFolder, said an MSP should have at least one or two quota-carrying sales people—other than the MSP's partners or owners—before ramping up marketing activities. A data protection and cloud file sync technology vendor, eFolder markets to MSPs and value-added resellers (VARs).

Channel partners, Hulsy said, "have to crack the code on sales before they crack the code on marketing."

For the next step, an MSP should evaluate its vendors and whittle down the list to a handful of critical suppliers. Hulsy said MSPs and VARs maintain relationships with dozens of vendors,

but recommended zeroing in on the top vendors with respect to revenue contribution. Those are the ones to ask about MDF.

> **"If you can master the [MDF] process, you can tap into those dollars."**
> —**TED HULSEY,** vice president of marketing, eFolder

"Pick your lead horses," Hulsy advised, "and really go deep with those vendors."

Next comes the task of actually applying for MDF dollars. Hulsy noted program requirements and processes may vary from vendor to vendor. "You need to spend the time to understand the program requirements," he said. "If you can master the process, you can tap into those dollars. If done right, it could be 50% of your marketing budget."

The process can prove a tough obstacle course, according to MSP executives. Ron Culler, co-founder and CTO at Secure Designs Inc., a managed network security provider based in Greensboro, N.C., said MSPs need to

ask their vendors about their MDF programs' structure—how to submit application forms properly and other vendor expectations. He recommended contacting a vendor-partner's inside or outside sales rep and asking her to identify the person within the company who can discuss the best way to navigate the MDF program.

"Once you know that path, the ability to write something and get it approved is so much easier," Culler said.

Showing commitment to the vendor also helps in the quest for marketing money.

Crawford said he suggests the following two-part strategy for MSPs asking for MDF: One, service providers need to demonstrate proficiency in the vendor's product or service and possess the relevant technical certifications, and, two, MSPs must demonstrate they can sell the vendor's offering.

The marketing consultant said he was very engaged with his most strategic vendors when he was running a $5.5 million MSP business prior to his consulting career. To demonstrate sales capability, he sent his top vendors a weekly spreadsheet documenting his company's sales pipeline, including the vendors' contribution.

Crawford said he employed other ways of maintaining close vendor relations, including weekly status updates via phone, quarterly conference calls and annual in-person planning sessions. He also recommends attending strategic vendors' annual conferences.

"That is the time to … meet with the executives," Crawford said, noting that executive contacts help provide additional leverage when it's time to fund marketing campaigns.

SPENDING MDF

Jennifer Bodell, channel marketing manager at StorageCraft Technology Corp., a backup and disaster recovery (DR) vendor that works with MSPs and VARs, said channel partners use MDF in a variety of different ways. Marketing initiatives can range from webinars to booths at conferences. She said MSPs and hybrid VAR/MSPs are heavily engaged with the company's MDF program

StorageCraft and its partners have seen particular success with client-facing educational

programs such as lunch-and-learn events, according to Bodell. She said a StorageCraft sales account manager and sales engineer participate in the partner events to help answer attendee questions.

"It's definitely more successful if representatives from StorageCraft are there, rather than just giving the money to partners and saying, 'good luck,'" Bodell said.

Wolf Consulting uses MDF to host informational briefings, the company's take on lunch-and-learns. Wolf said the sessions are geared toward business owners and management executives at client companies and prospective customers. One example, "Six critical backup and [DR] questions—that every owner and manager should know the answer to for their business," was executed with eFolder's MDF support.

Wolf said he also used MDF to pay for radio advertising campaigns. Before MDF, Wolf Consulting was able to back a one-month to six-week radio initiative. But with vendor assistance, the company can now take on two- or three-month campaigns, Wolf noted. In addition to informational briefings and radio

spots, Wolf Consulting has also used MDF to defray the cost of sales lead list rentals from such companies as InfoUSA and Salesgenie.

Secure Designs, meanwhile, has used MDF money to help fund telemarketing campaigns, Culler said. In one case, the company teamed with an ISP partner, using the ISP's client list to sell managed security services and a vendor's firewall appliance. The vendor supported the effort, which involved covering half of the telemarketer's salary over the three-month campaign, seeing an opportunity to boost sales.

Culler said his company may also use MDF to help fund the development of a sales tool or an incentive program.

"As long as you can show results ... companies, a lot of times, are willing to invest," he said. "We will use every dime of MDF that we can creatively come up with a way to incorporate. When you talk to the vendors, at the end of the year there is all this MDF money just sitting there waiting. It is there because no one else uses it."

"Go out there and ask for it," Wolf advised. "All you have to do is ask and make your case."—*John Moore*

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