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MSPeasy Series

SALES MADE MSPeasy

The Ultimate MSP Guide to Successful Sales

JUST NOT A SALES PERSON? YOU'RE NOT ALONE...

In general, most managed services providers (MSPs) have a technical background rather than one in business or sales. Many MSP shops struggle with these critical aspects of running a successful business. Growing a business is obviously important, especially when just getting started in the managed services space. While some growth might occur organically through word of mouth, this isn't going to guarantee you consistent new business, even if you deliver great services.

To ensure predictable growth, MSPs should take a proactive approach. This is where sales comes into the picture. The primary goal of sales is to generate new business for your company. For an MSP, as is the case for any company, this happens in a variety of ways. For service providers in particular, sales and marketing isn't just about closing deals. Since MSPs are selling a service, these disciplines should be about identifying and engaging the *right* prospects. In other words, potential customers that have a set of IT needs that their business can provide for them over time.

In this ebook, we've pulled together the key sales strategies for MSPs looking to increase profits and drive new business. We've made it easy MSPeasy. Yes, we know it's cheesy...

BUILD SALES EXPERTISE

There are two ways to build sales expertise—hire someone with sales experience or train existing staff to sell like a pro. If you are getting serious about sales and growth, hiring a skilled sales staff can make a big difference. However, many shops can't afford to hire new employees just yet. If that is the case, MSPs need to identify and train sales representatives from within. Who knows, you might just have a sales rockstar within your reach and you don't even know it.

Many shops don't have the bandwidth to focus on sales and business development. Your staff already has their hands full doing what they do best—monitoring, improving or repairing the current clients' IT infrastructures. If they do have any free time, it is unlikely consistent enough to have a real impact on business development because efforts are not sustained.

This is an issue, but a resolvable one. It comes down to carving out time to make it happen. One way to do this is to delegate. Let's say you are the owner of an MSP with five full-time employees (including yourself). You are the senior engineer and, on staff, there is one employee with a lot of experience and three additional junior people. What's stopping you from training your senior employee to take over some of your technical responsibilities? Or if you (like many MSPs) aren't sales inclined, perhaps one of your employees is a better fit for taking on a sales role (more on that later).

According to Sitima Fowler, this has worked well for NY-based Capstone IT, an MSP she co-CEOs with her husband Mike. "My primary responsibilities are marketing, business development and sales," she said. This kind of focus allows Fowler to put in the sustained effort

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>
> Andrew Hutchison
> Senior Infrastructure Consultant
> Blackpoint IT Services

necessary to consistently develop new business. Fowler strives to delegate all technical and/or administrative tasks to other employees so that she can focus solely on growing the business.

Of course, some MSPs may not have the option to move a current employee to sales full-time. That's fine, but it's not going to happen on its own. Someone has to put in the time. "If your intent is to grow, pick the most suitable person for sales and reduce their billing requirements [to let them focus on sales part-time]," said Andrew Hutchison, Senior Infrastructure Consultant with Blackpoint IT Services in Tukwila, WA.

Another option is to get the technical staff involved in the sales process. After all, they have the most contact with current clients, which means they may be able to identify potential sales opportunities better than anyone else. "We have dedicated sales people, but all of our engineers are part of the sales process as well because they speak directly with clients," said Michael Patrick, Solutions Architect with Louisville, KY-based Mirazon. "They initiate the conversation and then put the client in touch with someone in sales to work out the rest."

Hutchison agreed and said that, while Blackpoint doesn't have a program in place to incentivize engineers around sales, it is an effective approach—especially for smaller shops that don't have a sales staff in place.

If you take this approach, it is important that it is appropriately structured. Your customers should always perceive your engineers as trustworthy resources that are there to solve problems—not someone trying to get them to spend money. To preserve this reputation, create a structure like the one Hutchison described in which technical staff can make recommendations to customers, but then refer them to a sales rep finalize the deal.

SELECT AND TRAIN SALES STAFF

Not everyone can succeed as a sales rep, just as not everyone can succeed in a technical career. Whether you are hiring a new salesperson or transitioning a current employee into a sales role, you should look for specific qualities that indicate they will be likely to succeed.

“You are looking for people that are confident, personable and embrace technology,” said Tony DeMarco, President of Ridgefield, CT-based CorCystems, Inc. “They don’t have to be technical, but they need to have the aptitude to develop a decent understanding of the technologies you sell.” Hutchison agreed. “You want someone that understands the product and can ask the right questions.”

Sales training is essential. DeMarco said that CorCystems’ sales training program takes about a year in total. Sales employees are trained on the customer relationship management (CRM) system, technology and services that the company delivers and on customer needs. DeMarco said that the company’s sales training program has developed over time and is designed to teach salespeople how to build relationships with customers and prospective customers. “You can’t always be trying to sell,” he said. “It’s about forming that relationship.”

Training/education from outside sources can also be valuable. HTG Peer Groups offer a variety of sales, marketing and business development learning opportunities. HTG groups are small groups of IT service providers that meet quarterly to discuss issues specific to each member’s concerns as a company owner, president or manager. The organization also provides educational content via their website and events. The ASCII Group, another popular IT channel organization, is another option. For example, the group’s 2016 IT SMB Success Summit event series features sales- and marketing-focused sessions.

DEVELOP A SALES PROCESS

Developing a sales process, sometimes referred to as a sales pipeline, is another essential step towards sales success. The specifics will differ from business to business, but generally speaking, a sales process is a repeatable set of steps salespeople follow to move potential clients from an prospect to a customer. The stages of the sales process typically include:

- **Lead generation/prospecting:** This is the process of generating and qualifying leads. This may involve researching potential clients, cold calling, and inbound marketing efforts such as blogging and social media, attending networking events, etc.
- **Initial contact:** The goal of initial contact is to to gather information about the company's specific needs and further qualify the lead's potential to become a customer.
- **Technical presentation:** This stage is formal presentation or demonstration of what is being sold. For new customers, it might feature a number of technologies depending on the customer's specific needs. This step is reserved for well qualified leads.
- **Close:** Closing the deal includes getting buy-in from decision makers, negotiating price, etc.

Patrick said that Mirazon's sales process follows a similar track, starting with lead generation. "Referrals are our most common way to get leads," he said. "We get referrals from our clients but also from the vendors we partner with." He went on to say that Mirazon is a gold or platinum level partner with most of their vendors and that every vendor they work with only sells through channel partners. "Prove to vendors that you can perform installs to their exacting specifications, and they'll be more likely to pass potential clients on to you," he said.

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Solutions Architect
Mirazon

Mirazon also leverages a variety of inbound marketing strategies to generate leads. “Some of our engineers and salespeople are regular bloggers,” Patrick said. “We post billable information to our blog regularly and that generate a lot of leads.” He cited this post on adding McAfee SaaS to Office 365 as a particularly successful example.

Once a lead is identified, a salesperson will make initial contact with the potential customer. “At this point it’s kind of a broad stroke conversation to gauge interest,” Patrick said. “If there is interest, the salesperson schedules a technical presentation with the appropriate engineer.” Hutchison said that Blackpoint uses a similar strategy. “Technical presentations are tailored to the size of the company and their technology needs,” he said. Both said that the technical knowledge of the customer is also considered. In other words, a conversation with a business owner might be focused on what the technology does, rather than how it works. However, if the discussion is with the head of an IT department, it will likely be much more technical in nature.

Of course, not every call leads to a closed deal or even a technical presentation. As noted at the start of the book, not every potential customer is going to be a good match for the services that you deliver. The prospecting phase of the sales process is your chance to identify customers that are a good fit for the services you deliver. For example, DeMarco said that CorCystems weighs potential customers against specific criteria including company size, location and industry during this phase of the sales process. Consider adding instruction about identifying the right customers to your sales training program. Other leads might make ideal customers, but are not ready to make IT decisions at the time of initial contact. In that case, you need a way to track leads, so you can follow up at a later time.

TRACK SALES PROGRESS TO HIT GOALS

Tracking sales daily, weekly, and quarterly, ensures that potential opportunities do not slip through the cracks. It's also the most effective way to hit set goals. Meeting goals is the measure of sales success—setting and tracking progress towards goals is the standard and most effective way to ensure sales accountability.

Hutchison, DeMarco and Patrick all said their companies use the customer resource management (CRM) tools native to their professional services automation (PSA) software to track and report on sales progress toward goals. If you are already using a PSA tool this is an excellent option for sales tracking and reporting. If you are not yet using a PSA tool, and you are getting serious about sales, this might be the tipping point for adopting the software. Many shops that are making the transition from break-fix to MSP adopt PSA and RMM (remote monitoring and management) software in the process.

Of course, PSA software is not the only CRM game in town. There are many dedicated CRM tools available today, including the popular, cloud-based Salesforce.com. DeMarco said that he has used Salesforce in the past and that it offers some functionality that his current CRM product doesn't. However, the tool that he is currently using offers fairly robust CRM functionality without the added fee and management of another tool. Plus, it's integrated with his PSA, so it just makes sense.

CRM tools provide automated alerts aimed at preventing common mistakes, such as not following up with potential customers or checking in with current customers. These alerts can be configured to each sales rep's specific needs. Automating these alerts creates a roadmap of sorts

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for salespeople to follow to communicate with customers. CRM also ensures accountability among sales staff. Since the software tracks every activity as it is performed, everyone is on the same page, and you can monitor sales reps progress toward their goals.

"In addition to tracking sales progress, we also meet weekly to discuss where each rep is toward their weekly and monthly quotas," said DeMarco. "It's all about accountability. Tracking and regular meetings provide support and structure to help sales succeed." He went on to say that his sales goals are very specific—"think X number of calls per day, per week," he said. "It's like that saying, 'if you can measure it, you can manage it.'"

Sales Incentives

Sales incentives represent the flip side of the sales success coin. Compensation plans obviously motivate salespeople to close more deals. Typically, sales compensation plans feature a base salary and a commission, which is tied to their success in bringing in new clients or renewing current customer contracts. CompTIA's Quick Start Guide to Managing a Managed Services Sales Organization outlines three sales compensation options for selling managed services.

The first option, which CompTIA calls the "Up Front" method, uses a base salary + commission structure. In this model, commission comes in the form of a large upfront payment based on the size and the terms of the client's managed service agreement. The second compensation option is called the "Residual" method. This is also a base salary + commission model, however commission on managed services is distributed on a on a month-to-month basis. Each month, the salesperson receives a percentage of the payment for services for the length of the term agreement. The last method CompTIA outlines is the "Pure Commision" option. The model offers no base salary, but commissions are much higher than other methods.

There isn't one "right" way to incentivize sales staffers. According to DeMarco, you should be look at each individual salespeople rather than the group as a whole when coming up with incentive plans. "You need to find ways to incentivize your team to perform the actions they are accountable for," said DeMarco. "And, incentives should be tailored to each individual on the sales team. Some people are motivated by money, others may not be."

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CONCLUSION

Sales is the most effective way to ensure predictable growth for your MSP business, and developing a sales process that works is essential. However, the right sales process will vary from business to business and even from rep to rep. For example, larger MSPs may have separate teams of salespeople with different defined goals. Some may be solely focused on identifying and signing new clients. This type of sales rep is often called a "hunter." Other reps may be tasked with protecting the customer base, working closely with current clients to ensure that they are satisfied with the services delivered. This sales role is typically called a "farmer." Other organizations may only have one or two salespeople. In these shops, sales reps will likely need to wear both "hunter" and "farmer" hats. Make sure the specifics of your business dictates the foundation of your sales structure and process.

Be certain to utilize a CRM tool to automate alerts for reps and track progress toward sales goals. This is probably the single most important step you can take when building a sales program at your business. Tracking sales activity keeps sales accountable and regular meetings with sales staff allow you to address issues as they emerge rather than after it's too late. Make sure that goals you define are specific and well-documented.

Sales Made MSPeasy is the second installment of Datto's Business Made MSPeasy ebook series. You can check out the first ebook in the series, Operations Made MSPeasy, here.

Operations Made MSPeasy

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