

# WISDOM OF THE AGES

**AIA Practice Management Knowledge Community**

**March 28, 2013**

**10:00 am (PST)**

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# Presenter

## **Karen Compton, CPSM**

**15+ years AEC experience**

**Principal of A3K Consulting (CA)**

***Nationally recognized for  
expertise in business and  
business development planning***

**National Speaker**

***AIA, ASLA, NOMA, and PSMJ  
Resources***

**Founder Industry Speaks™**

***International on-line reviews of  
consultants and education  
content***



# LEARNING OBJECTIVES

1. Know how to avoid the common mistakes for business development and marketing
2. Understand and apply best practices for business development and marketing
3. Learn how trends impact sales and marketing



MARKETING AVE

STRATEGY ST

# SURVEY METHODOLOGY



**TELL US WHAT  
YOU THINK**

- **Survey was open to all registrants**
- **Questions in nine (9) areas**
  - Performance Metrics
  - Budgeting
  - Go-No-Go Decision Making
  - Trends
  - Proposals
  - Business Development
  - Management
  - Leadership
  - Strategy

# SURVEY METHODOLOGY



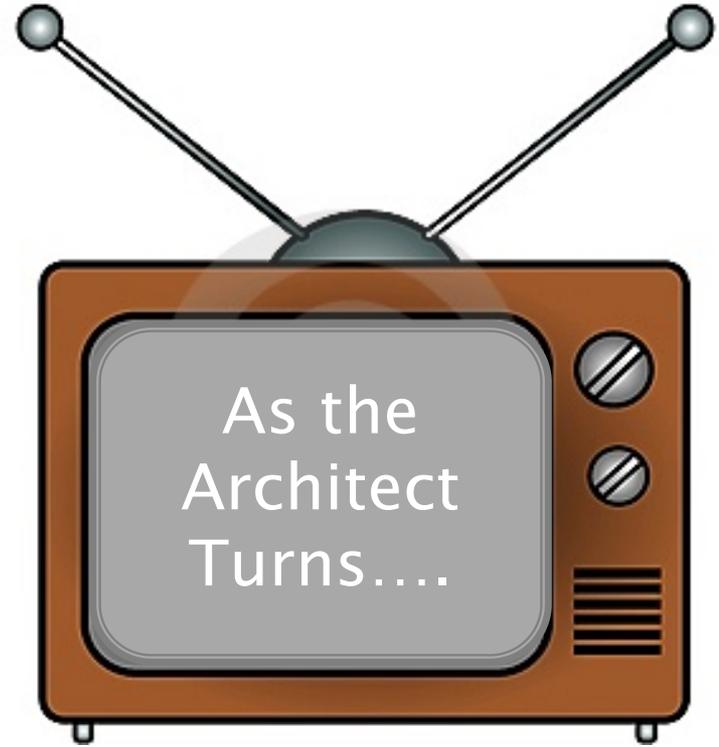
- **Highest responses**

- Performance Metrics
- Go-No-Go Decision Making
- Business Development
- Trends
- Strategy

# In Our Last Episode...

## **CALCULATIONS:**

- Sales Goals
- Sales Pipeline
- BD Return on Investment
- Hit Rates



# Calculations

$$\sum \text{PNB} = \text{PF} * \text{Pr}$$

PNB= Potential New Business

PF = Potential Fee per Project

Pr = Probability

$\Sigma$  = Sum



Sales Goal

# Calculations

## Probability

- Prospect 5-10%
- Shortlist 20-25%
- Top contender 40-55%
- Awarded 75-80%
- NTP 90%

$$\text{PNB} = \$3,600,000 * 0.10 * 0.05 = \$18,000 \text{ (A/E)}$$

Example

# Calculations

$$S_p = \frac{R}{HR}$$

$S_p$  = Sales in pipeline

R = Revenue goal for year

HR = Hit Rate

$$S_p \geq PNB$$

Sales Pipeline



# Calculations

$$\text{ROI} = \frac{\text{NF} - \text{DL}}{\text{BD}_c}$$

NF= Net Fee

DL= Direct Labor

BD<sub>c</sub>= Business Development Costs

BD Return on Investment

A graphic featuring the text "Return On Investment" in a bold, green, 3D-style font. The text is centered over a large, stylized orange arrow that points upwards and to the right. The arrow has a gradient from light orange to dark orange and a white outline. The background is white.

**Return On  
Investment**

**It's an easy decision to spend a  
dollar to make two!**

# Calculations

$$HR = \frac{P_r W}{TP}$$

$P_r W$  = Projects Won

TP = Total Number of Pursuits

Must be calculated for:

- Wins
- Shortlist
- Short-list Lost
- Pass
- Lost

Hit Rates

# Calculations

## Cause

- Examine proposal responsiveness
- Examine interview skills
- Evaluate entire strategy
- Examine go-no-go decision making

## Effect

- Shortlist
- Short-list Lost
- Lost
- Pass

Analysis

# Metrics

## *Business Development*

### **BEST PRACTICE:**

- Establish revenue goal
- Define a sales pipeline
- Assess your return on investment
- Analyze your hit rate(s)
- Adjust your process

### **QUESTION(s):**

*How do we keep this simple?*

# Calculations

$$S_p = \frac{R}{HR}$$

$S_p$  = Sales in pipeline

R = Revenue goal for year

HR = Hit Rate

$$S_p \geq PNB$$

Sales Pipeline



# Metrics

## *Performance*

### **BEST PRACTICE:**

- Establish job descriptions
- Define roles/responsibilities
- Establish performance goals (KPI)
- Benchmark achievement
- Mentor/train
- Review/evaluate

### **QUESTION(s):**

*When employees fail to meet performance metrics, what steps should/can be taken to encourage them to "pick up the pace"?*

# Go-No-Go

## *Process*

### **BEST PRACTICE:**

- Quantitative evaluation
- Assess client information, competition, internal/organizational input
- Three times

### **QUESTION(s):**

*What would be a good set of questions for us to use as we interview our potential clients?*

# Go-No-Go

## *Process*

### **BEST PRACTICE:**

- Quantitative evaluation
- Assess client information, competition, internal /organizational input
- Three times

### **QUESTION(s):**

*If I hear one of our Market Directors tell me "we might lose money on this project, but it'll get our foot in the door", I'm going to come unglued. Will you address the loss leader mentality that seems to be in our industry?*

# Business Development

## *Continuing Education vs. BD*

### **BEST PRACTICE :**

- Strategy
- Identified targeted audience
- Outcome(s)

### **QUESTION(s):**

*How does a firm or individual professional leverage their credentials and continuing education with a strategic focus toward clearly defined business development?*

# Business Development

## *Software*

### **BEST PRACTICE :**

- Firm size (scalable)
- Users/user access
- Reporting features
- Firm culture

### **QUESTION(s):**

*What software is best for the principal of a professional service firm (architecture) to track leads?*



# Business Development

## *Start-up company*

### **BEST PRACTICE :**

- Develop business plan
  - Focus your efforts in identifying clients who trust you
  - Meet with peers, colleagues, sub-consultants
  - Ask for the business
- 

### **QUESTION(s):**

*Due to employment status change, I was forced into self employment. What should I be doing to attract or to inform clientele of my existence?*

# Business Development

## *Small Firm Business Development*

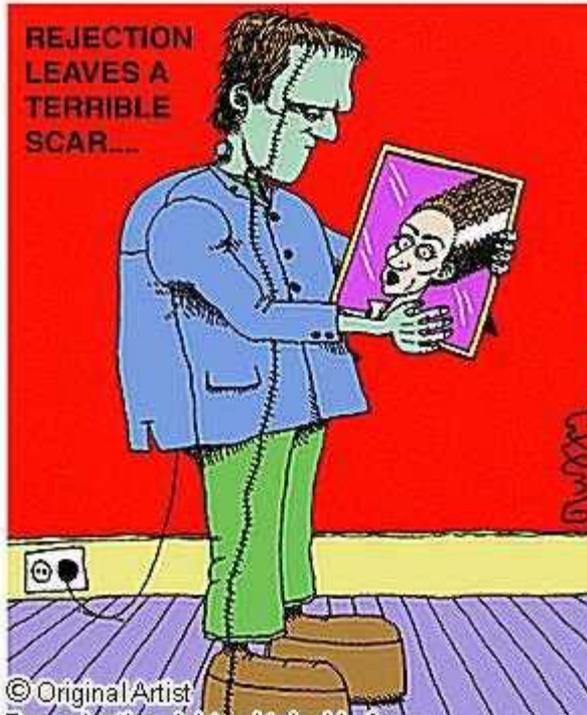
### **BEST PRACTICE :**

- *Work Plan* for business development
    - Clients
    - Subs
    - Colleagues
  - Set a goal (i.e., 6 hours /wk)
  - Identify resources to support pr
- 

### **QUESTION(s):**

*What are the most effective methods for 1-10 person office with no marketing department and the Principal as chief salesperson to develop new business?*

# Business Development



## QUESTION(s):

*[In our previous webinar] the top issues of poor networking & lack of relationship mgmt. were raised. Can she speak to these issues?*

# Trends



**trending**

## QUESTION(s):

*What impact does the surge in developer lead projects have on the architect? On value received?*

# Trends



**trending**

## QUESTION(s):

*What is driving the 15-minute interview? How do we better prepare?*

# Trends



**trending**

## QUESTION(s):

*Design Build has been trending for the last few years. Do you see it continuing and how do we best manage the “free design” aspects?*

# Trends



**trending**

## **QUESTION(s):**

*Do you counsel your clients on social networking involvement, and do you see substantive returns for that involvement?*

# Strategy

## QUESTION(s):

*Any tips on how to carve out the consistent time to devote to business development for an owner/doer?*



# Strategy

## QUESTION(s):

*How does a professional service firm strategically break into a new market sector?*



# Strategy

## QUESTION(s):

*Can you please shed some light on gathering market intelligence gathering sources to win the business?*



# Join the Chat



## Connect



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