Turning Opportunities into Revenue:

How Relationship Intelligence can Improve
Business Development Results

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Executive Summary

Change is not usually a welcome and warmly embraced concept at many Professional Services Organisations (PSOs). However, most of them will admit that change has embraced them whether they welcome it or not. As their industries continue to grow, the initial signs of gaps between the highly successful firms and those who are hoping for the best are becoming apparent. The most profitable and rewarding work is increasingly going to a smaller share of PSOs. Many have come to the sobering conclusion that they must successfully compete against the weak, consolidate with the strong or cease to exist. The ability to develop new business has become as important as the ability to perform quality work.

All industries usually only change due to external pressures that influence how business is conducted. The growing challenges of globalisation, corporate governance requirements, cost controls and shareholder demands have all drastically changed how the clients of PSOs conduct business. Thus, PSOs have responded in kind by becoming much larger with greater geographic and disciplinary reach. However, defections by professionals and the horizontal partnership structure at most firms make it exceedingly difficult to employ new business tactics and strategies that give them the advantages they need.

PSOs who wish to control their own destiny realise that the answer lies in securing profitable work by leveraging their relationships and becoming more proactive in business development. The traditional method of simply relying on "performing good work" to generate future revenue is no longer enough in a buyer's market. In short, it will be the firms who are able to manage opportunities and relationships most effectively that will continue to prosper.

Despite this reality, many firms do not have formal tools or the logistical support in place to maximise their chances of winning new business. Being able to focus finite time, money and attention on the most important contacts and opportunities across multiple boundaries is almost impossible without advanced technology, informed and empowered professionals. Most firms are left to guess where key opportunities reside in their business development pipeline, who is involved and how to increase the probability of winning.

At a PSO, the unique position of a professional as both a provider and seller compresses both the time to respond as well as the margin for error. There is an extremely high cost to mismanaged opportunities, and it is often first noticed in the midst of financial distress.

Properly managed business opportunities are won by enabling professionals to perform, manage and analyse them through the use of advanced technology tools, tactics and strategies on a daily basis. InterAction Opportunities is designed specifically for PSOs.

Change Is the New Status Quo

Organisational change that was delayed in the seller's market of the 1990's has now caught up with most PSOs. Most of these changes are due to the evolution of professional service industries, the shift in the business environment and the conflicting demands that are now placed on the professionals.

One characteristic that was almost universal over the last 15 years was the rapid growth in the sheer size of many PSOs. This was measured in many forms such as client portfolios, assets under management, number of professionals or number of new offices. In some cases, this was driven by a series of mega-mergers of independent firms. Other firms relied on aggressive recruiting of new professionals or "cherry picking" seasoned practitioners that held lucrative books of business. Firms also expanded their reach from a local presence to become national, or even international, in nature. The result was organisations and their infrastructures expanding quicker than the pace at which their cultures could absorb.

At the same time, the business environment over the last few years was also changing. The reality of global competition affected how the clients of PSOs ran their businesses. Companies that enjoyed a relative closed market within U.S and European borders now had to face challenges from competitors that were quickly gaining market share in new markets and taking advantage of foreign labour pools to deliver goods and services to their customers. In addition, shareholder attention on issues such as corporate governance, profitability and cost controls increased the accountability placed on companies and their management teams. These new demands were quickly transferred back to the PSOs that served them. In effect, they had to grow and learn at the same rate as, or quicker than, their clients.

The unique structure and culture of PSOs amplifies the disruptiveness of this change. Professionals who used to work in a quasi-academic environment where they could rely on simply providing excellent service and advice to remain profitable now had to also dedicate significant amounts of their time towards client and business development. While some PSOs had a formalised sales process with dedicated sales professionals, most organisations were characterised by the professionals themselves acting as the primary salesperson. The result was professionals, untrained in business development execution, participating in random acts of client contact and mass marketing initiatives. Such an unmanaged process greatly increases the chance of instances that could embarrass the firm in front of a client or the market.

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The Reality of Business Development at a PSO

Professionals rely on developing and cultivating personal relationships more than most industries to generate new sources of revenue. Traditional methods of business development and client service are made more difficult in such an environment. There are a number of key differences that make supporting the business development efforts of professionals more challenging.

First, selling a service is quite different than selling a product off the shelf. In the upper tier of providers, quality is a given and services are price inelastic due to both the sophistication and customised nature of the work that is being produced.

Second, the reputations of the firm and its people are highly valued assets. Their expertise, knowledge and skills play a large role in how the firm is perceived. In a product-based organisation, reputation is based more upon whether the product works, if it was delivered on time and if the customer got a fair price. However, when selling a service, deficiency in any one of these areas a single time can result in a loss of prestige, and there may be no second chance to regain it.

Third, client service is of greater importance. In a product-based business, customer service is relative since poor service is sometimes outweighed by the fact that a product might be a lower cost alternative. In a PSO, a lack of customer service or knowledge about a client's business can result in the work being taken elsewhere due to the wide variety of alternatives.

The recurring theme is that building business is highly dependent on relationships with key clients, prospects, referral sources, firm alumni and other important contacts. It is not based on mass awareness that typifies traditional marketing communications. A typical professional may have hundreds of contacts they maintain in their personal contact database, but only a handful at any given time can impact whether or not they secure a particular new deal or engagement. Therefore, having a static list of people, companies or market segments has only marginal value. What does have value is the ability to identify the intertwined relationships within the organisation's walls, place them in the context of specific opportunities, communicate among multiple professionals and manage the pipeline towards winning the business.

These ancillary connections to other relationships may come from other professionals within the organisation, referral sources, existing clients or external resources.

When a professional is competing for big ticket work, they cannot work in a vacuum and expect to consistently be triumphant. Relationships, referrals, references and past successes are of great importance, but it is highly inefficient to try and manage complex business development activities through trial and error. In addition to managing the activities associated with a specific opportunity over time, they need to be able to quickly evaluate past wins and losses in order to modify their sales strategy or leverage different relationships.

The relationships, expertise and experience held by their professionals, are often underutilised by the organisation as a whole. This is primarily due to the fact that they do not have tools and processes to show exactly what business opportunities are being pursued, who is involved, what is its current status, and how the firm may have won this business before. PSOs that pursue opportunities using a team-based, relationship strategy will consistently win more business than those that do not.

There are technology tools such as sales force automation (SFA) software in the market, but they are not designed to support PSOs and how their professionals operate. The business development strategy of a professional is based on focusing people and resources at the right place, at the right time and using existing relationships. It is not a volume game, but rather a methodical construction of a concise business development team and action plan.

PSOs have a need for logistical support to cope with this new paradigm shift. Professionals must be able to properly manage their personal opportunity costs, which can greatly exceed the cost of a billable hour. They also must focus time, money and attention at the right place at the right time.

In addition, the organisation's leaders need tools to manage professionals acting as part time sales people, monitor the business development pipeline and analyse expertise and experience to compete for future business. In the past, accomplishing of these tasks, within the context of the relationships of the firm, was practically impossible. Today, the right technology combined with a disciplined business development strategy can directly impact the ability to drive new revenue to the organisation.

Leveraging the Relationship Assets of the PSO

The ability to accurately predict future revenues and manage prospective engagements and deals as they flow through the development pipeline is becoming increasingly important. As mentioned before, PSOs are dependent on identifying and using Relationship Intelligence, the firm-wide asset that reveals the unique and complex connections among people, companies, relationships, experience and expertise, to win the most lucrative work. However, as deals and engagements become more complex, professionals become even more dependent on the relationships of others.

A lack of customer service or knowledge about a client's business can result in the work being taken elsewhere

The Solution: InterAction Opportunities

InterAction Opportunities is an additional module that enhances the core InterAction CRM platform to allow professionals to focus business development efforts into tangible actions that drive new revenue, increase client service and allow professionals to win the most challenging and rewarding work.

InterAction Opportunities allows the organisation's management to better manage prospective business. It combines opportunities with the relationship intelligence that can be extracted from InterAction on people, companies and relationships. This in turn provides a comprehensive perspective on potential engagement and deal revenue. It also gives them the ability to determine the people and companies who are playing key roles in an organisation's profitability and identify those that are not contributing to the bottom line.

One of the more challenging tasks in designing a tool to fit the business development reality of a PSO lies in how to keep it simple to use and robust in features, while still accommodating different categories of users. There is great disparity as to what each user needs to complete their daily objectives. At a PSO, users can be grouped into three categories: tactical, support and strategic

InterAction Opportunities for the Professional

Professionals see themselves as providing as opposed to selling services. However, they do have concerns that if they don't do their job properly or provide excellent service, it may hinder future new business. So, they are best described as tactical users where business development opportunities include their existing client base, referral sources and a few key prospects. They also are increasingly becoming involved with teams where multiple professionals pursue opportunities together.

Opportunity Contacts

The key to winning business is leveraging relationships with people as opposed to just tracking deals. Therefore, InterAction allows the user to associate contacts to each opportunity. Users can also assign contact roles that help describe how the contact is involved with the opportunity. Some of the most frequently tracked roles are:

- Referral Source
- Primary Opportunity Contact
- Competitor
- Decision Maker
- Influencer
- Potential Staff
- Opportunity Team Member
- Opportunity Manager

The set of contacts attached to an opportunity can also be further organised into multiple distribution and communications lists. This allows the users to communicate the status of the opportunity with the internal team, contact the decision makers at the client and coordinate efforts with external influencers. By attaching contacts to the opportunity, users have a single place to go in order to keep abreast with, and communicate with, the key contacts that can help influence who wins or loses.

## Opportunity Related Activities

In addition to adding activities in InterAction for contacts, users can also add activities that are specific to an opportunity. Users can enter in common activities such as meetings, phone calls, e-mails or presentations using either InterAction or their Personal Information Manager (Microsoft Outlook, Lotus Notes or Novell GroupWise) to provide access to anyone involved with or tracking this opportunity. All activities must have at least one contact specified, so users can search for and view a running history of the interactions between the firm and the contact regarding this opportunity or a series of opportunities that this contact is involved with over time.

Searching for the Most Valuable Information

Even if key information that could help win a new engagement is available, it is often overlooked since it is buried in multiple systems. Using the advanced search capabilities of InterAction Opportunities, professionals can quickly see similar opportunities that have been handled by discipline, office, size of deal, industry, team members or other parameters. This may include opportunities that have been won, those that were lost and those that are currently underway.

Opportunity teams can be quickly assembled based on past experience as well as gaining knowledge as to what techniques; tactics or relationships most affected the outcome of previous opportunities. In addition, professionals can combine personnel, efforts and resources with other individuals or groups that are concurrently pursuing similar opportunities.
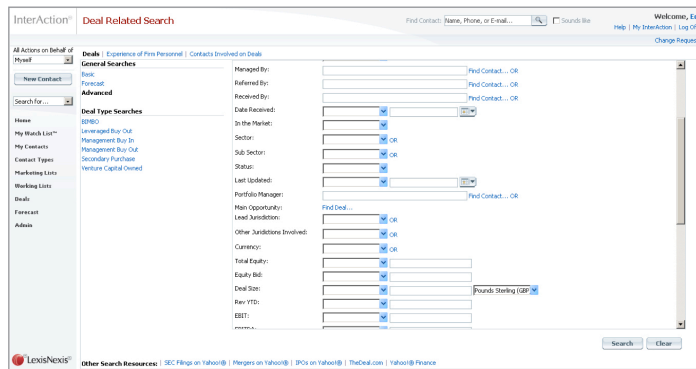
However, searching past lists of opportunities and financial records doesn't provide the intelligence on key relationships that can be used to gain a competitive advantage. InterAction Opportunities allows professionals to research whom they already know at the company, who worked on similar opportunities as well as organisational expertise. The ability to build teams and leverage relationships based on this expertise, experience and key contacts increases the chances of winning.

The end result of an opportunity may result in a company becoming a new client. InterAction Opportunities allows for an easy transition from prospect to client in order to assist in expediting the client intake process.

In addition, all of the robust information captured during the pursuit of a client becomes a permanent part of their relationship history. This can be used in future client retention, service and business development initiatives.

InterAction Opportunities for the Support User

Support personnel, such as those in a marketing department, must address the marketing needs of a firm as well as responding to client requests such as in the form of RFPs. Along with the assistants to the professionals, they also may directly support the daily business development activities of the professionals and be the primary resource for entering, classifying and extracting business development information.

Users in a support role can use InterAction to create or edit opportunities as part of their support role or as a proxy for the professional they are assisting. However, for other users to be able to find this information, it is important that opportunities are properly (and consistently) segmented and all the relevant data is collected.

One way InterAction Opportunities facilitates this task is through the use of Opportunity Types. Since each department or discipline might collect different data, Opportunity Types use additional data fields that may only have importance to a particular group. They also can be used to assign predetermined security rights or be included in commonly used reports.
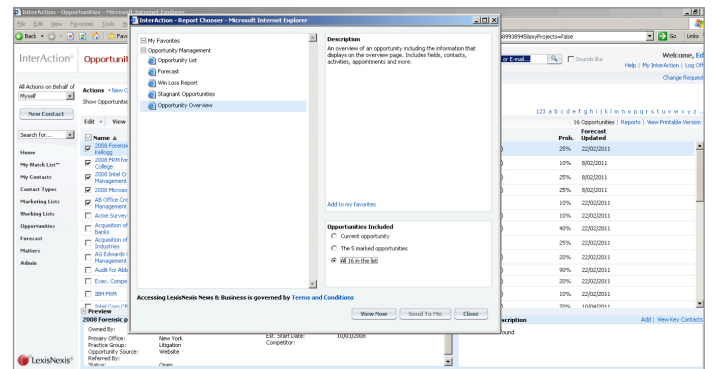
Support users can use InterAction Opportunities to create reports that show the status of a specific opportunity or a set of opportunities. For example, the head of a department may wish to see all of their group's opportunities related to the biotechnology industry that are being managed by their Los Angeles office. With just a few mouse clicks, a list of options can be quickly generated based on information already being collected through the daily management of opportunities.

By using InterAction Opportunities, support users are better suited to help professionals due to the ease of entering, segmenting and extracting data about opportunities and their associated contacts and resulting activities. This minimises the time spent on non-revenue producing administrative work for assistants and maximises revenue focused work for marketing personnel.

Using InterAction Opportunities to Make Strategic Decisions

Users who also manage other professionals and departments have the most complex needs. While they must support their own business development efforts, they are most concerned with the overall strategy of the organisation. Thus, they must be proactive in analysing what efforts are winning new business, deciding where to focus people and resources and simultaneously addressing the needs of a non-traditional sales force. They are most accurately described as strategic users of InterAction Opportunities.

These users have the ability to search for current and past opportunities based on parameters such as office, industry, size of deal, estimated closing dates, discipline or any other data collected by professionals and support personnel. A department head with limited time may wish to concentrate their time on opportunities with the greatest financial impact or with the shortest time frame. With InterAction Opportunities, they are able to quickly see what opportunities are being pursued, who is involved and where to focus their attention.

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InterAction Opportunities also allows users to search for external contacts involved with business development initiatives. For example, an organisation might be interested in using influencers, alumni and outside referral sources to help generate new business. The search capabilities allow them to search all tracked opportunity fields in conjunction with opportunity roles and outcomes to create easily exportable lists of these very important contacts.

The Strategic User's Scorecard

Of all of the information about opportunities available to management, the most important is what becomes associated with the revenue forecast and the ultimate outcome. InterAction Opportunities includes powerful methods to predict revenue generation as well as analyse wins and losses.

Forecasting

The tools included with InterAction Opportunities allow users to predict the amount of revenue generated for the organisation within a particular time frame. Managers can use comprehensive forecasting views and reports to obtain a clear picture of potential work. Forecasting can be done based on a variety of criteria such as:

• Territories or geographic areas of responsibility

• Specific professional or department / practice groups

• Specific types of service

• Expected closing by fiscal year end

Users can filter the forecast based on a variety of factors, such as practice group/department and date. They can choose which opportunities should be included in the forecast by selecting a check box when creating or editing the opportunity. The main forecast view is the funnel chart, which is also referred to as the "pipeline" for upcoming business. The pipeline is made up of a series of customisable stages to monitor opportunities as they progress through a defined process. The forecast displays how many opportunities are in each stage of the process along with the estimated revenue for those opportunities.
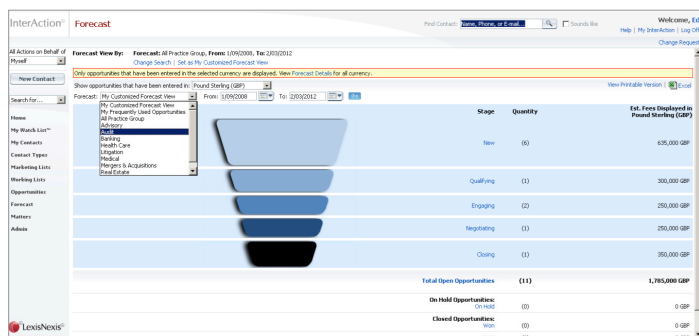
By clicking on a pipeline stage on the graphic, users can drill down to find those specific opportunities. This is especially important to a manager who wishes to spend their time managing crucial stages such as negotiating and closing. It also allows managers to monitor the work flow of opportunities to identify constraints. For example, a funnel with many opportunities in the initial stages that never progress to the closing stage may indicate the need for training, more personnel, selective targeting or a better response process.

Users are able to assign probabilities (the likelihood that your organisation will win expressed as a percentage) to opportunities so that management can generate reports based on weighted fees to predict revenue. It also allows them to make sure that professionals are spending time not just on high revenue deals, but also those with a high probability of being won.

In addition to the pipeline graphic, users can create reports and extract information based on specific stages or characteristics of the opportunities being managed.

> The cost of losing business due to poor opportunity management is extremely high.

## The Bottom Line: Are We Winning or Losing More Business?

Ultimately, it is winning new business that determines the success of opportunity management. All users need to be able to see which past opportunities were won or lost, who was involved, and what (or who) most influenced the decision making process.

InterAction Opportunities has the ability to track not only the outcome, but also document the reasons and descriptions for the outcome that might be useful in pursuing future opportunities or analysing overall business development strategy. For example, an organisation may notice that they consistently lose the most complex deals that are not being pursued with a multi-disciplinary approach. Another might notice that they spend the majority of their time and efforts pursuing engagements of relatively small value at the expense of more lucrative deals. The ability to see these outcomes lets management adjust their business development strategy appropriately. In addition, wins and losses can be made visible from the forecast screen to share the history of outcomes with all users.

Illuminating the truth as it relates to business development wins and losses is essential. Having a simple and concise tool to use when analysing the outcome of opportunity pursuits can be an extremely powerful method of managing people and making difficult strategic choices.

Enterprise Solution

InterAction Opportunities was designed with all users in mind. The XML based module can be accessed through a Personal Information Manager or directly through the InterAction application. The main starting point for InterAction Opportunities is the Opportunities page, which serves as a "home page" for working with opportunity-related data and updating the forecast. Since the page only shows the user's list of frequently used opportunities, users can focus on just those with which they are directly involved. Each user can also decide which opportunity parameters such as type, size or locations, that are monitored to enable the individual to focus on what they decide is most relevant.
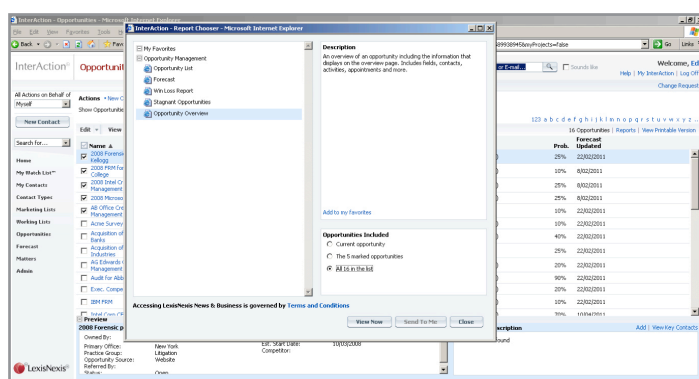
InterAction Opportunities is easy to configure and allows an organisation to create fields, roles and many other important attributes so that existing policies and business processes can be built into the system. In addition, its advanced security settings allow organisations to limit the ability to edit or view fields or search results that may be in conflict with internal or external restrictions and regulatory guidelines.

Since InterAction Opportunities works in conjunction with the organisation's core CRM software as well as the Personal Information Manager of the user, it is an enterprise level solution to a traditionally individually managed problem.

Best Practices and Recommendations

The most successful firms use some of the following tactics and techniques to successfully launch InterAction Opportunities where such a tool may never have existed before. In short, being able to address the human factors in conjunction with technology deployment is the key to success.

Management Team Buy In and Support
Firms that try to tackle the challenges associated with opportunity management must have top level leadership driving it. A sponsor or key advocate at the most senior level is essential. Also, senior managers must set a good example and be prepared to publicly commit time, resources and attention to opportunities that are of crucial importance.

Proper Positioning
The need for advanced opportunity management and using the tools to influence winning new business must be portrayed as a top strategic priority and not "useful, but optional". For example, some organisations may choose to tie expense reimbursements and access to marketing dollars to using the system.

Comprehensive Training
Users must be trained on how to use the technology, but it is also important to couple it with proper relationship management and business development training. If professionals do not know how to target business, leverage relationships or close deals, the use of technology becomes a moot point. For professionals, technology and business development training should complement each other and be presented in a context that directly relates to the user's responsibilities. Likewise, support users should be trained on just those aspects that relate to their role as opposed to learning about features and applications they may never use.

"Deploy By Project" Strategy
Instead of launching the system in a vacuum, organisations may choose to use it in support of an existing business development initiative. A common example is to use it to complement an annual seminar that already is supported by the professionals. Thus, the tool is communicated as a method to generate better follow up opportunities and activities for the seminar rather than yet another stand alone project.

Pilot Support Groups
As with any complex technology tool, the use of pilot groups is an excellent method of establishing proof of concept. However, since sophisticated opportunity management is outside the normal duties of a professional, pilot groups should be composed primarily of those people supporting a carefully selected set of professionals. While the professional may access summary reports and basic opportunity status information, it will be the administrative assistants, secretaries and marketing professionals who are creating, tracking, entering and analysing key data.

The selected professionals should be a diverse group from multiple offices, departments and practice areas. They should also represent varied seniority levels ranging from those just starting to participate in business development activities to the most senior members of management. This cross-pollination technique can have more long term effect on creating buy-in than supporting the most "technology-inclined" professionals that are frequently members of every test group, in yet another technology initiative.

Conclusion

PSOs are conducting prospective new business transactions every day, but some find it difficult to formalise the process since it is traditionally based on individual relationships. However, this is exactly the reason it should be. As opportunities become more complex, professionals put their relationships at high risk by not managing them properly.

InterAction Opportunities addresses the needs of different users that each have an important role to play. It provides professionals with the ability to look at all sides of a relationship whether it pertains to a potential client, internal team or external influencers. It easily connects the people, companies and business they have been involved with in one central repository that is augmented by key data from sources such as time and billing, human resources systems, or external company databases. It also has extremely tight integration with Personal Information Manager systems, which allows users to view, contribute and leverage information all within their PIM if they choose.

The cost of losing business due to poor opportunity management is extremely high. Strategic opportunity management lets firms focus on winning the most profitable and rewarding work by using their relationship intelligence as a key strategic asset. A wealth of information is generated as a result of people forming and leveraging relationships and professionals conducting every day business. InterAction Opportunities allows PSOs to use these relationships and manage their business development processes to win more deals, reduce non-billable time, and identify potential new areas for growth.

For more information

To find out more about LexisNexis InterAction and to discuss your firm's specific business requirements, please visit www.lexisnexis.co.uk/enterprisesolutions, email salesinfo@lexisnexis.co.uk or call +44 (0)1132 262065 to speak to a LexisNexis Enterprise Solutions consultant.

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