

# **Gold From Small Business**

**Consulting profitably  
with owner-run companies**

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## **THIS SESSION WILL COVER . . .**

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Varieties of owner-run businesses

. . . compared to corporate exec

Benefits of consulting with small business owner (SBO)

Challenges of consulting with smaller companies

How to find SBOs

How to sell to SBOs

Working with SBOs

. . . their needs = your opportunity

Profile of small business consultant

How to price your services

Ways to boost your effective hourly rate

## *Who we're talking about*

### **SMALL BUSINESS OWNERS (SBO)**

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1 to 100 or more employees

Key management expertise not available within the company

### **OWNER RUN**

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Owner is founder, purchased the company, inherited family firm, formed partnership with others

Or entrepreneurial head of small non-profit

## **SMALL BUSINESS OWNER VARIETIES**

Corporate castoffs and escapees

High tech start up

Passion pursuers & Technicians

Family favorites

Accidental entrepreneurs

Job buyers

Short-timer attitude

## **SMALL BUSINESS LIFE CYCLE**

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Fledgling start up

Up and running. Entrepreneurial

Established. Profitable

Adding organization and structure

Growing sophistication. Multiplying

Cruising along

Ready for an exit strategy

Getting out

## **COMPARED TO CORPORATE EXEC**

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a SBO probably has . . .

- much more invested in the company
- less management training
- no “budget” for hiring consultants
- broader span of management, more gaps in management structure
- fewer in-house resources; specialists on staff, IT, admin support
- fewer formal systems and controls
- less concern about the political infighting
- faster decision making
- built the business around his/her life rather than vice versa

## TWO BIGGIES . . .

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Spending his/her own money,  
so has a tremendous personal stake  
in the outcome.

Hiring you is a bigger relative financial bite.

## **BENEFITS OF CONSULTING WITH SBO**

*“Ideal for the generalist consultant.”*

- Many more of them
- Less travel. Work closer to home
- Less formality of interaction. Make fewer PowerPoints
- Make decisions faster
- Less dependent on one major client
- More diverse gigs
- Make bigger impact
- See results of your work
- Strong, long-lasting relationships

## **SBO HOT BUTTONS**

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*It's about much more than money and performance for them.*

Making a contribution

Preserving time to have a life

Wealth build up

Leaving a legacy

# CHALLENGES OF CONSULTING WITH SMALLER COMPANIES

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Finding them

Selling to them

Working with them

Making enough money

*The least gregarious,  
the most demanding,  
the tightest pockets –  
but the most loyal and appreciative*

## **YOUR CHALLENGES – Zoom closer**

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### **Finding them**

Hard to find. Elusive. *Like truffles*

They don't go to networking events

Very busy; hard to reach

### **Selling to them**

Default “no”

No budget for consulting.

*Where does the money come from? Out of the benefit you produce.*

### **Working with them**

Stubborn. Ambivalent.

Know they need it; yet resist it

# Making enough money

## **HOW TO MARKET TO SBOs**

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*Universal Rules of Marketing and Selling*  
*– Not just for SBOs*

### **Know your strengths**

what you do best

what you enjoy the most, your passion

where people will pay you – enough

where you have a competitive opening  
or advantage

### **Know who you want to work with**

– and want to avoid

1. Aim for

2. Take 'em if they come along

3. Say no

## **Set your goals and parameters**

Number of clients

= Needed revenue ÷ Size of jobs

Mix of clients. “Boulders, Rocks, Pebbles”

Lifetime value of client

Number of contacts and prospects needed

## **Your message**

How you'll get the word out.

## **HOW TO FIND SBOs**

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*Local prospecting. How far afield?*

### **1. Person-to-person strategy**

*Ask for referrals. Good clients introduce you to good prospects.*

Cultivate your referral sources. Other consultants and professionals.

*Educate people on who you want, don't want.*

### **2. Broadcast strategy**

Speaking. Rubber chicken circuit

Articles. PR. Book. Contributor

### **3. The dreaded cold calling.**

*Which approach fits your style and resources?*

*What mix do you need?*

## TRAPS IN MARKETING TO SBOs

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Qualify and disqualify prospective clients

Don't get pulled down the chain to smaller and poorer clients

Calculate the ratio of job profit to marketing

$$\frac{\text{GP}}{\text{M} + \text{A}} \gg 4$$

Ratio of **Gross Profit** from a job or customer

divided by **Marketing** cost plus **Admin** cost of that customer

## HOW TO SELL TO SBOs

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They are often the sole decision maker.

No PowerPoint presentations needed

Sell to their vision, not to a corporate mission.

These universals still hold: Build relationships, assume role of trusted advisor, speak in terms of their felt needs.

*Idea:* Interview them: conduct a study or write a book

***Keep at it!***

1 contact >> 7 contacts

*"Most give up after 1 or 2 tries."*

## **SBO VALUE PROPOSITIONS**

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Growth, profitability, ease of operation.

All three (They don't believe it's possible.)

Get to do what they want, are best at.

Benefit their stakeholders

Their exit strategy, transition strategy

## **WORKING WITH SBOs**

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**Mindset, habits, beliefs, and attitudes**

*“Culture of smallness.”*

Growth = working harder

Work harder than anyone else to set an example

*“Business is moi.”*

Believe they make good decisions

*“It has always worked this way.”*

Make do

Seat-of-pants management

Crisis driven. Hard to focus on big picture

Suspicious of systems and procedures

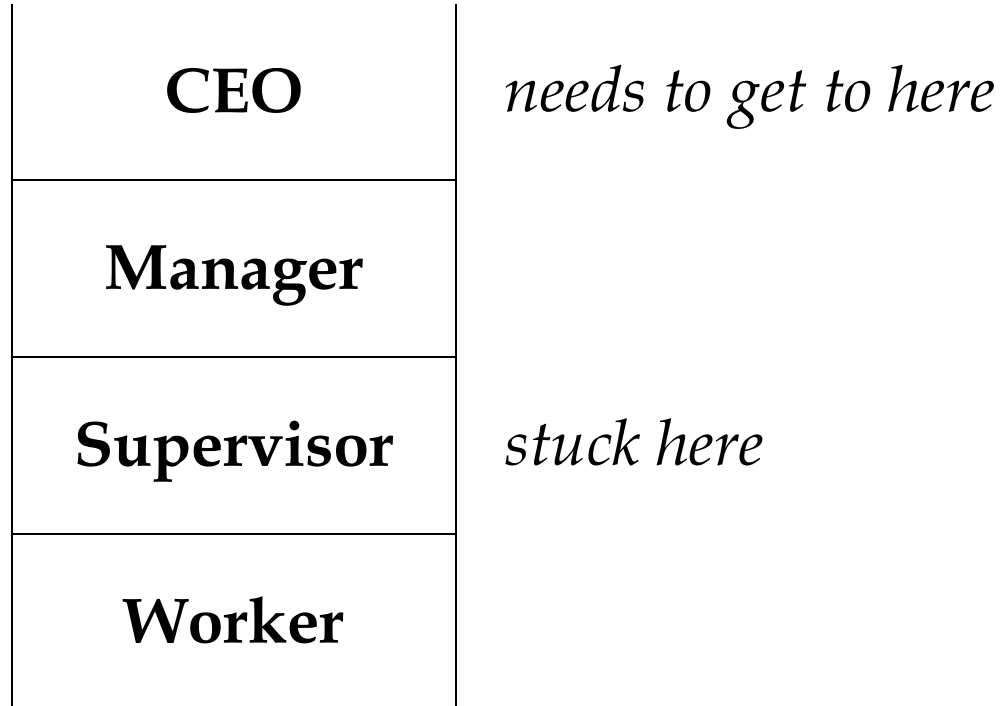
Up from the trenches. Prefers being there.

Loyalty. Build around who's already there.

# Undercapitalized

# THEY NEED TO CLIMB LADDER OF EXECUTIVE CAPABILITIES

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## **THEIR NEEDS >> YOUR OPPORTUNITY**

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*Recall the life cycle of a company*

Fledgling/ small. Needs “generalist”

1. Business coach
2. Consultant/coach
3. Business growth consultant
4. Specialized consultant

Established/Substantial. Needs “specialist”

## **AS SMALL COMPANIES GROW, THEY DISCOVER NEW NEEDS.**

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*Where do your skills/specialty  
best fit their emerging needs?*

Bring in more revenue

Get needed help

Reduce craziness

Increase consistency and productivity

Build profit – not just revenue

Carve out time

Avoid costly mistakes

Climb the ladder to CEO

Groom others to take on more

Have company run without them

Duplicate their operation

Find/develop what's next

# Exit strategy

## PROFILE OF SMALL BUSINESS CONSULTANT

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You must balance seemingly opposite qualities:

- Hardheaded *with* easygoing support feedback
- You as the expert *plus* you as coach and facilitator
- Train; impart new info *and* draw out inner knowledge
- Let discussion go where it needs to go *while* imposing structure, hold people accountable
- Free-form brainstorming *plus* structured exercises
- Right-now problem solving on eye-level issues *while* keeping a strategic perspective
- Stick to business *but* deal with habits,

issues

attitudes, and  
beliefs that underlie  
business problems

## **MIX OF CUSTOMER OR JOB SIZES**

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### *Boulders, Rocks, Pebbles*

#### **Project Strategies**

Boulders. You focus on highest-challenge tasks; delegate the rest

Rocks. Do several at once. Have an admin assistant

Pebbles. Offer a packaged offering

#### **Traps**

Boulders. “They keep wanting more of me.” Go to work for them.

Pebbles. “They really need me, and have little money.” Give it away.

Rocks. “Wow! So much work!” Forget to market.



## HOW TO PRICE YOUR SERVICES

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- Corporate rates vs. small business rates
- Value pricing.  
*Benefits of selling value, not just your time*
- Phase pricing  
*Low threshold Phase I*
- Retainers
- Scope creep
- Lifetime value of the customer

## THE CURSE OF TOO MUCH BILLED TIME

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Target 50 – 50

Unbilled time includes

- Marketing, business development, RFPs, strategic alliances
- R&D. Developing, refining, re-packaging
- Admin, managing. Billing, hiring, training
- Professional development

If billable >> 50%, bus dev suffers.

If << 50%, rethink your business model.

If you think you don't have time for both  
(1) Marketing and (2) Billable then cut out  
(3) "other stuff."

Get help for routine, minutiae, non-core activities.

## WAYS OF WORKING WITH SMALLER CLIENTS

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. . .that boost your effective hourly rate

- Boulders, Rocks, and Pebbles.  
What is the right mix?
- Offer a range of options  
for different scales and budgets
- How to leverage your time.  
Focus on your top-level skills  
and delegate the rest.
- Special interest groups and peer groups
- Increase your value/time ratio  
using tools, models, and products
- Train others. Get trained. Buy a franchise.

# **HOW CAN *YOU* PROVIDE WHAT SBOs WANT?**

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## **PRESENTED BY . . .**

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*Problem-solving groups for owners of small businesses*

*Author, *How to Grow Your Business without Driving Yourself Crazy*®*

“Do you work with small business owners? Find out about leading one of our business owner peer advisory groups.”

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