

## **Herding Cats: Track Performance Metrics To Drive Business Development Best Practices**

By Robert A. Potter, Author of *Winning In The Invisible Market:  
A Guide to Selling Professional Services In Turbulent Times*

“...people do what you *inspect*, not what you *expect*.”  
-- Louis Gerstner, Former CEO of IBM  
*Who Says Elephants Can't Dance*

In the 1990s, business development meant answering the phone, lobbying over a boilerplate proposal, and making a capabilities presentation. But those days are gone and service providers that rely on the old ways of acquiring new clients are finding their careers in serious jeopardy. The technology bust, terrorist attacks, corporate scandals, and war have created a "perfect storm" of economic adversity that is forcing service providers to retool their business development skills or wither.

As one professional put it, "We spent so much time cooking the fish that we forgot how to fish."

If you are the person responsible for managing business development, you are all too familiar with the challenges of trying to drive change with limited authority. Changing behavior is the most difficult challenge faced by managers even when they have complete command and control. The old analogy of 'herding cats' probably still best fits the task of managing business development at a professional services company.

Our purpose here is to show you how you can influence business development best practices even with limited authority by identifying, tracking, and sharing performance metrics.

### **Old Cats and New Tricks**

We have all developed routines at work that we feel make us productive and competent at what we do. Methods and business habits become a well-worn path of business processes that give us a sense of comfort and control over our professional environment. Old work habits are extremely difficult to change so the motivation to abandon them must be high. People will not change their behavior unless they have solid evidence that their current behavior is not working.

In other words, service providers need a very good reason to improve their current practices. Performance metrics helps build that motivation.

Service providers who do not believe that their behavior is responsible for poor performance, or that improving it will contribute to better performance, will naturally resist your efforts to make changes. Most professionals believe that the current fall-off in business is caused by the economic slump and is therefore something they can't control.

The poor economy is, in effect, masking poor performance just when the firm needs all hands on deck for superior performance. Once again, if they don't believe their actions can affect the outcome, they will make no effort to improve them.

Rudolph Giuliani was facing a similar malaise when he took over as mayor of New York. The turnaround of New York City is one of the most persuasive examples of the impact of metrics to change and improve human performance. In the early 1990s, crime, urban decay, education, and

fiscal policy all looked hopelessly out of control. As he writes in *Leadership*, "...anyone suspected of poor performance could simply shrug and say, 'What are you going to do, the city's ungovernable.'" There was no accountability. In other words, people did not feel that their poor performance affected the outcome.

*Leadership* chronicles how he used a program called Compstat, a combination of measurement and accountability tools that tracked and compared the performance of various city departments. He used the program first to reduce crime. The Administration began collecting crime statistics on a daily basis and then publicly compared precincts.

As Giuliani says, "...Someone who knew he was going to have to stand in front of his peers and defend his performance would usually do whatever he could to improve that performance before it embarrassed him." The results were immediate and profound. From 1994 to 2001 crime fell by 57 percent. Giuliani then migrated Compstat to 27 other departments with similar results.

### **What's My Motivation?**

So how do build awareness of poor performance and the motivation to change business development practices without the kind of direct command and control that is seldom available at a professional services firm? Answer: Measure and compare peer performance.

Start with the big activities and refine your scope as you go along. For example, track how many RFP's are received, responded to, and won. Measure the business that comes from new clients versus existing clients. Inventory new business or cross-selling activities and then share those metrics. Identifying, measuring, and communicating success via metrics builds awareness of both poor and superior performance at every level of business development.

The numbers will speak for themselves.

Just make sure that the metrics are relevant to individual performers. As Jack Welch put it in *Straight from the Gut*, "What you measure is what you get...By *not* aligning measurements and rewards, you often get what you are *not* looking for."

Here's a specific example of how the right metrics can drive performance in your environment. Rank the following statements by how much they would motivate you to make a change in the way you manage or pursue new business:

- \_\_\_ Revenues are not what they should be.
- \_\_\_ Firm revenues are off by 30 percent.
- \_\_\_ Your area of personal revenue responsibility is 30 percent below your peers.
- \_\_\_ Next month there will be a firm-wide meeting to discuss peer revenue performance.

The first statement is not a measurement. It is vague and not personally relevant. You are probably not going to make any major changes, in large part because you're not sure what's causing the problem or what your personal accountability is. The second statement is a measurement, but, unless you happen to be the senior executive responsible for firm-wide revenue, it is interesting but not substantially motivating. Your performance may only remotely affect the number, up or down.

However, when you discover that your personal performance is 30 percent below your peers, alarm bells go off and your competitive juices start to flow. Finally, when you discover that your

performance will be compared publicly with that of your peers, you have touched off the two most powerful change motivators, competitive spirit and peer prestige.

Most of us are highly driven by competition and prestige. Once we know specifically how we compare, and that we are being compared, most of us will do everything in our power to improve that metric. So, to be effective, measurement must be personally relevant. The person who has to change must believe that his or her activities contribute to failure or can affect a positive outcome.

Once you have established effective performance measurements, keep refining and sharing the results. As Louis Gerstner, who engineered at IBM one of the greatest corporate comebacks in history, put it, "...people do what you *inspect*, not what you *expect*."

## Leading Cats

Professional services firms are searching for innovative ways to attract new clients. They are hiring marketing professionals, conducting business development workshops, and changing compensation systems in an effort to change and improve the business development performance of their professionals. But, the only thing many firms actually measure is billable hours, the simplest and least motivating revenue-related metric.

If you are not measuring and tracking performance at a more sophisticated level, you are missing out on one of the most effective ways to change and improve the business development practices of your professionals. Surprisingly, few firms are leveraging the natural motivators of competition and prestige to change business development performance. Operating without metrics is like playing a game without a score. You may have fun, but you won't play as well.

Performance metrics build accountability and release powerful competitive forces that will make your job easier and the outcome more certain for your firm.

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