EPISODE 10

Warm Network Community - The Consulting Curve

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Introduction: Welcome to the Consulting Curve podcast, the community approach to clients and consulting brought to you each week by Peter Selby, founder of Biz Drivers. biz, a trusted profit and growth advisory to companies and consultants around the world. tune in each week and Learn how you too can take that journey from corporate to consulting.

Kevin: This is Kevin Pruitt with another episode of the Consulting Curve. And my good friend Peter Selby, once again joins us, Peter, thank you for being here.

Peter: Hey, good to be here, as always, seems to be a couple of weeks since we've done this actually.

Kevin: Has been it has been and we've had a great chat right before we hit the hit the big red river record cord button. But Peter, I'm just really anxious to get rolling in it. But I want to lay just a little bit of a foundation where we've come from to get to here. And this entire series really is talking about, you know, what does it mean to advise in the new economy? You know, and, Peter, I want you to touch on that a little later. Because I think it's fascinating when you talked about the different revolutions that we've that we've revolutions that we've we've gotten hurt to get to this point. So revolution and evolution. But the whole idea behind what does it mean to advise the new economy and we, you know, the first section we talked about really was around the sales conversion drivers. And we really touched base, and that was kind of laying a good foundation between, you know, how do you do the discovery process? And how do you go through, you know, don't don't compete by just throwing offers out there, you know, to try to get business, you really have to earn that trust to get to the point that, that, you know, people want to do business with you as a consultant. And then we transitioned into the client value drivers. And really, it's that we talked about kind of resources and the data and technology that that come to, you bring to bear in this whole consulting process. And now we're stepping into the third and final phase of the of the the big driver series really around customer choice and customer choice drivers. And I am really anxious to get rolling. I feel like I've already talked too much. So I'm going to step aside right now, Peter, and kind of lay the groundwork for us tonight.

Peter: Yeah, thanks. Thanks, Kevin, I look that the whole point of this, I guess is, is to look at the learning curve of starting either starting or building a consulting practice that's resilient in the new economy. And when we talk about the new economy, we're really talking about in the fourth industrial revolution, if you like if you think about the turn of the century, and it's often coined in industry 4.0. But it's really about how everything's become super connected. And as a result of that, people need deeper insights, markets move quicker, buyers have more choice, they can, you know, they can make massive buying decisions with their mobile phone while drinking a latte and their favourite cafe. And now it's a very different world. But that does put some requirements in consulting. And so the stuff we've been talking about the learning curve that people go through, and the consulting hasn't, you know, some of the topics have been what they've always been, but some have been significantly changed, due to this faster paced, more competitive, data driven world, you know. And as we move into looking at the drivers of having more customers to choose from the drivers of customers choice, having a wider range of customers, in a more competitive environment is pretty essential. So this is another one of those things that's always been there, that is coming into sharper focus in the new economy, if you like. And so today's topic, we're going to explore the whole idea of having a warm network community. And what we're talking about here is, when we say warm, we mean that you're known or trusted at some level, it's a cold network is somebody that's never met you before. Never heard of you doesn't know who you are. A warm network is the opposite of that, where somebody knows you at some level, or trust you fundamentally at some level, and obviously there's there's different degrees of warmth, someone that knows you extremely well and trust you implicitly or somebody that knows of you, and there's a base on a trust. Either way, having a warm community is probably more fundamental now than it's ever been.

Kevin: How's that different to when you talk about community versus just a warm network that I would have maybe individually as a consultant?

Peter: Well, they're both of those things. So a warm community is both your own network but also having access to a community You can work with in a larger collective network. So those two things really come together. And we see, we see more and more b2b businesses doing this by having partnerships or whatever it may be. But it is now, for a few reasons I'll talk through in a minute, your own network will never be enough to have a consulting business. And it's probably the fundamental trap that catches out a lot of people. So I'll explain why that is, as well. So if we, if we talk about things, this whole idea of warm and cold networks, I'll explain a simple sales fundamental that applies in a consulting environment. Versus if you imagine a large business or a corporation. If you look at larger businesses, they're selling mantra is they will build a sales team that goes out and embraces the market. And they will market and sell into both a warm and cold network. So you know, the sales professionals have a network of people they know. And they built those relationships over a number of years. And that's more repeat business. But at the same time, they're also marketing into people and places where no one's ever heard of the business. And that's marketing into the cold network. Now, the problem with that process is it requires is inefficient, basically, you've got to talk to everybody. And there is the Pareto law that applies here, like it does everywhere else, around 20% of your customers will be 80% of your revenue, and only 20% of people, you know, will ever do business. So you have to talk to everybody, and 80% of those people you talk to will never do business with you very ineffective way of selling. So how companies deal with that is they build a sales team so they can talk to more people. And normally the sales team becomes as big as it needs to become to get the the amount of sales volume required for the business to make a profit. And there's, you know, millions of different theories on how to measure the effectiveness of a sales team and all the rest of it, when you're really cut through.

When you really cut through it all, you know, you know, sales professionals, our sales professionals, there's very few out there that don't know what they're doing. Even though they might get blamed of sales start to do a downturn, it's normally very little to do with the sales team. But nonetheless, so that the numbers are more determined about the amount of sales required, not individual performance.

Kevin: You mentioned, inefficiency. I mean, I It reminds me a little bit of the mantra that says, you know, people do business with people they know like and trust. But that whole that three step, the trifecta of you know, closing, closing the deal, but it inefficiency, I mean, if you're, if you're stepping into our or reaching into a cold network, I mean, it would require, you know, a lot of fishing, you're like fishing with a net versus fishing with a pole,

Peter: You need to fish with dynamite, just about so. Except, so you know, your sales team. And it's, you know, now if you take that back to the consulting world, where you've got an individual or a consulting company with a few consultants in or whatever it may be, apart from, obviously, the big 10 Consulting houses around the world that might take a different approach, mind or even even they can't. So efficiently, you've got to, you've got to have a much more efficient approach. You don't have those resources. So what you have to do is build a warm network and then and then uncover opportunity out of that warm network, not try and market into a cold network. And it's fundamentally is a fundamental mistake we see people making is they just go out there and try and market themselves. And most of the people that read whatever adverts they're putting out there don't even know who they are. They're never ever, ever, ever going to do business problems, because they don't trust them. That's one thing that catches people out. The second thing that catches people out, is the inverse side of this problem. The 80-20 rule means that only 20% of your current network will ever do business with you. So people deplete their network networks much more quickly than they expect. I know 1000s of people I'll be alright for years, you know, and all of a sudden they're struggling for work or this is why. So there's a couple of things. You've got to have a way to consistently grow a warm network around you having having a static warm network, you'll deplete very quickly. So you've got to find a way to be able to grow that trusted network. And then you you Harvest the opportunity out of that trusted network rather than trying to advertise into the cold network. Does that makes sense?

Kevin: It's all well and good, you know, to talk about, you know, you need to grow that warm network, but but give us a couple of like, real world, you know, examples, tangible tactics that you would use that, you know, is it LinkedIn? Is it you know, is it a continual cycle of, you know, let's go have coffee over and over and over again, type thing. So what's the base measure the guidance,

Peter: one of the good things is there are platforms like LinkedIn, and Twitter etc. And I'm not makes really, I must, by the way, it wasn't a plug. So, you know, that does make that networking a lot more effective. But but you need to do that. And there's, you know, there's some techniques for creating a trusted network on LinkedIn, you can't just blast out to everybody, because you're having the same effect as tapping into a cold network. So there are some definite techniques to building trust, electronically, in platforms, and obviously, building trust, when physically meeting people, etc. And, you know, the great thing about platforms like LinkedIn is you can build a trusted network around the world, if you want to, if you've got the desire to do that,

Kevin: Might even somewhere in Australia, you know, if you're researching on LinkedIn,

Peter: but um, and, but there are some techniques to actually, you know, it's one thing to connect with people. But that's not enough, you've then got to do a bunch of things to make trust, become part of that relationship. But yeah, absolutely. So there are, there are some great platforms to do it. And as there's obviously the physical world of going and building relationships with people, but either way, the message here is you need to grow that network consistently. And it's like anything else in business, you know, 20% growth is standing still. Because people drop off your network now. Standing still is going backwards. Like anything else in business, really?

Kevin: Think we don't take anything else away from this episode? I mean, that that key line 20% growth is standing still. Yeah, that is so so true.

Peter: Yeah, looking. And the other point here, I guess, is the trusted network is, is now critical for consulting. Because of this, the high level of competition, the disruptive plays, the faster markets are moving, and clients are looking for insights and all the stuff that goes with it. There's the the level of trust required, viewed, be engaged, because at the end of the day, you're tampering with someone's livelihood, one way or another, is probably a lot higher than it used to be, or there's no proper about it, it definitely is. And and the other thing about a trusted network, it's not just about customers. And that's probably another point to consider here. A network community is not just about people that could become your customers. It's also about having peers to work with to deliver solutions for customers. And that's a trusted network as well. So there's these two networks, you're building, you're building a network of opportunity to feed into your opportunity funnel. But you've also got to build a trusted network of resource around you because very, again, another another hallmark of the of the new economy, is clients are looking for a wider skill set generally. So you know, more and more of our customers, for instance, are looking for end to end capability in a business, they don't want to talk to five different consulting companies to solve a problem that might touch all areas of a business right? Now, you're gonna struggle to do that as an individual, because no matter how good you are, you have a range of skills, know everything about everything. So that's one reason why you need to have a wider resource pool around you. Secondly, if you don't, you're trapped, you're capacity constrained, you're trapped, only having projects, the size of the capacity you have to deliver them. So again, the more resource you have in your trusted network around you, the greater range of projects you can deliver and therefore the wider choice of customers you have as a result of that wider choice of customers. do business with you.

Kevin: Kind of like the going back to, you know, in a previous episode, we talked about the lone wolf approach to consulting, you know, versus versus joining an agency like Biz Drivers or another consulting, you know, community where you can, you almost have this instant scale, you know, instant exponential growth in the resources, you can call upon the skill set you can bring to bear, you know, for an issue. So, I think that's such a crucial, you know, distinction between, you know, the two types of communities you're talking about, where it's a community of clients or community of consultants.

Peter: And you're really in the new economy, you need them both one way or another. And I'm not saying that just because we have a community approach, we have a community approach, because it's required. And, you know, we've learned that lesson over the last the last few years in the new economy and seen it become more and more irrelevant over time. And the other thing is, of course, larger, more complex assignments might require multiple people to work on it, it might be on the remit of one person, and it'd be able to secure it. So again, that widens the choice of customers, you have. Again, in a community, if it's a recognised community of some kind, it's also seen a bit like a company, seen as a safe pair of hands, again, that widens the choice of people that will sit down and talk to you. And it's all around widening that choice of both choice of people to work with, but choice of people to be able to sit down and explore opportunity to help. And I think the underlying message of anything out of today is that choice, having a wider, you need a much wider choice today than you did probably 10 years ago. If you're going to have a resilient practice,

Kevin: And everything we've talked about, even especially in the last two or three weeks, or two or three episodes, really talks about this idea that that, you know, the the business community is getting more sophisticated all the time, and you have to bring real time data to bear you have to bring tools and resources that are up to date and current and effective and efficient. And just the resources of a consultant that you have, you know, you you can't bring the proverbial water pistol to a gunfight, you know, I mean, it's, it is a, it's a different animal today, and just really is interesting to kind of hear you unpack that. And, you know, we had talked me probably two or three months ago about this whole idea of what you know, the aka community, that's really what this whole podcast series is about the community approach to clients and consulting. And you kind of nailed it in almost one episode, you know, today, and just the kind of wrap that up and in a nice bow package here. But I'm really anxious to, to just this kind of this closing question, I want to kind of touch on with the idea that as you're growing this network, and you're developing this network, so is it. Is it industry specific? Or is that kind of agnostic that says, you know, it's almost like you're churning 20% or 25% all the time, because, you know, you get these companies, we have a 98% retention rate, you know, or whatever that that is, I mean, 20, to 25% seems just like an extreme churn, you know, that you're dealing with all the time.

Peter: Yeah, it's really not, though, when you think about business. And you think about all the individuals in business, and the fact that we're all at different points in their lifecycle, they're all got, other people always have other things to do in life, and it doesn't matter. You know, you can even be the employer of choice that people queue up to come into, they'll still be a churn rate, because be able to do things with their lives. Well, then you've got a nit on top of that, in the new economy. And COVID did accelerate this, to be fair, a few things that COVID really put philosophy behind, but it was happening anyway, this whole idea of the great resignation that I'm sure you've heard of around the world, and, and we're seeing it. We're seeing it everywhere, in every aspect of business. People are redefining their lives. And that was happening as part of industrial 4.0 that was going on. Because everything is super connected. There's a lot more flexibility and a lot, many more different ways of adding value. You know, things like blockchain and stuff are just examples of that. And COVID really just sharpened the focus on it when people were forced to work from home and they started reevaluating their lives from that perspective. So, but it was happening anyway. And it's It's a different it is a different world and people, if people are thinking of moving from employment into doing their own thing, they need to think about that step quite carefully. I'm not trying to put people off here, I always take my hat off to people that get off and do their own thing. But be a lot more planned about how you do that and have a much better strategy around it. There are a lot more moving parts than there ever were. And there's a lot of requirement to have this wider choice of, of customers that you can solve problems for. It's a kind of long winded answer to your question. I mean, the short answer is, it doesn't really matter what market you're in, or what industry you're in, where you are in the world, because the thing that's driving the data driven, connected world is connected everywhere, it's not just some in a local market, or it's even difficult to pick from one industry to another, because this affects everything from from, from, from our observations of it over the years, you know?

Kevin: Well, it's it's an interesting topic, and one we could continue to kind of chew on so to speak. But as we wrap up tonight, I did just reminded of a couple of things. You said earlier that, that really resonated with me during this episode, and that, but the one that really stands out, I mentioned a second ago is this idea that, you know, if you're not growing 20% 25%, or whatever, you're standing still, and this idea that it doesn't matter, if you're a business, or you're a consultant, you're faced with the same problem, from a different perspective. And the whole idea that, you know, consulting can help you as a business, avoid that trap. And as a consultant, the, you know, stepping into a community of consultants with the strengthen that the exponential scale and the the increased resources that you can bring to bear, broadening your market that you can reach broadening the, you know, the bigger clients you can work with, in this whole advising curve that you're kind of dealing with here. And, Peter, it's amazing. So we, you know, kind of wrap up this episode today, just the idea that, you know, it's it's not a good idea. It's required, the community of clients and consulting, you know,

Peter: Yeah, it really is. And interestingly, you know, we, we made a decision a few years back, to move from just advising companies to also advising consultants and helping consultants were practices and was it, it might seem a bit of a mad decision for a consulting company, if you look at it from a competitive fee, it's actually been a very good thing to do. But one of the things that we observed, and we've observed it time and time, again, with consultants we've helped in that time, is they get as much benefit from being part of a community as they do the tools and the techniques and the IP and all the other things that we connect people to so the community has become fundamental. And I think, you know, you look at corporations, they've had customer communities for years, user groups, all that sort of stuff. They, you know, this is not a new science, it's been around for a long time. It's just in the business to business environment, it hasn't been as well established and consulting environment, absolutely, just about not at all, yet, it's become essential. And I think that shift has kept us caught a lot of people out along the way.

Kevin: And amazing topic, my friend, once again, what a great episode we had, and, I mean, so much, so much to to talk about, and to kind of chew on in such a short period of time. And and, man, I'm looking forward to the next couple of weeks, when we kind of go into phase two of the whole idea around customer choice drivers and anxious to, to sit at the feet of the master again, and just to kind of hear you unpack the whole, I mean, it's you speak from experience, I mean, which is amazing. I mean, just the things that you've learned along the way and, and been mentored and mentored others, you know, in this whole space and kind of learned in community. And you're just the force…

Peter: Point of this set, is really to share. It's not it's not theory, it's just sharing observations. This is the stuff that we've seen is happening. And it's the stuff we've seen, that is effective to address those things. But it's not based on theories just based on observations. It's stuff that we see every day.

Kevin: Practical wisdom, practice

Peter: Wisdom sauce from everyone.

Kevin: Peter, thanks again for joining us on this episode of the consulting curve that community approach to clients and consulting. We'll see you soon.

Peter: See you soon bye.