

3 Mistakes Keeping Your Services Business From Crossing the Million-Dollar Mark

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Professional services firms make up a majority of the small business universe in the U.S. Most never cross the seven-figure revenue mark or even see it on the radar. They tend to be dominated by a few loyal clients. Hard-driving founders work 24/7 to get projects done and, if a client asks, they will sell the few minutes they have free every week to breathe. They depend so heavily on the owner's time and talents and are notoriously hard to scale and monetize.

My partner and I ultimately scaled our professional services firm to nearly eight figures when we finally figured out that larger opportunities tended to go to larger businesses. We were good at selling and delivering for our clients. But with just the two of us playing all roles in our business, we were overburdened – and clients knew it. They saw us juggling multiple tasks and companies and got used to receiving emails at all hours of the night when we finally had free time to answer their questions. They often gave additional consulting engagements to other firms because of our limited bandwidth. We lost millions of dollars in opportunities when we thought small.

We broke through the million-dollar mark and kept right on going when we started thinking like a larger firm. We talked a bigger game at the beginning and took on debt to hire

consultants and salespeople to get there. It was nerve-wracking, and there were some sleepless nights. But pretty quickly we started to see more opportunities in the pipeline, current clients expanding their scope of services with us and competitive opportunities we had never been included in before.

Here are three ironclad rules that drove our success:

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1. Start selling your firm, stop selling yourself

Unless you can charge tens of thousands an hour or clone yourself a few times over, you will never consistently make that much money selling your personal skills. You need people – or at least the illusion of more people (until you get bodies in place) to get real revenues. Our approach? We figured out what clients liked about us most and we rewrote our sales materials to include words like “our team” and “our approach.” Behind the scenes, we created a training guide and videos for new employees to learn our hows (and our whys) and then be able to sell them.

2. Resist the temptation to save salary expenses by hiring less experienced consultants

Our success ultimately was tied to our willingness to hire well ahead of the curve and put the expert team in place that our new sales materials promised. A big rookie mistake we didn't make was to hire part-time or less experienced people than the business needed. Instead, we hired experienced heavy hitters who were bored in corporate America and looking for a

new challenge.

We couldn't quite meet their sky-high salaries, but we made up for it with flexibility and independence. In a few cases, we granted equity in exchange for work quality, tenure and sales. But we took most of the hit personally by staying at far reduced salaries for almost two years. It was a slog, but it allowed us to make a few key hires who were critical to driving the business and helping us hire more superstars.

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3. Don't skimp on sales

We fancied ourselves our firm's best salespeople. Unfortunately, we also were the chief recruiter, head editor, lead administrative assistant and accountant. We just didn't have enough time in the day to sell. But if you aren't selling at a services firm, you're dead in the water. Our only other option was to invest (heavily) in the sales function.

We hired someone to uncover and tee up opportunities, giving us more time to focus on closing bigger deals. Keep salespeople's compensation risk-based. We used a highly motivating tiered compensation plan and built in hefty bonuses for achieving sky-high numbers. Our first salesperson doubled earnings year over year when he finally crossed the \$2 million threshold. We made money, he was a happy employee, and my partner and I forgot (almost) about giving up several months' salary to bring him in.

These days, it might make more sense to invest in a marketing platform like Hubspot, Salesforce or a myriad of other new competitors to do the heavy lifting. By the time we sold our firm, nearly 50% of new opportunities for our \$100,000-plus consulting agreements came through these tools. Be sure to save some money in the budgets for marketing platform consultants. It took us a while to tweak our system and stop

nearly two-thirds of our emails from getting snagged by spam filters.

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Generally, the larger your team and the more it can run without you, the higher your revenues and profitability. Put your time and talents into increasing your company's valuation – not tying yourself to it – and you'll be rewarded with milestone sales and a payout that more than makes up for any sacrifices you make along the way.

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