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Zero Defect Marketing The Secrets of Selling High Tech Services

Lee A. Friedman
with
David H. Rothman



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DOW JONES-IRWIN
Homewood, Illinois
60430

*To Sandra Lynne, with love
and gratitude for her support*

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Zero Defect Marketing

The Secrets of Selling High Tech Services

A NOTE TO READERS

Dear Reader:

People in the professional and engineering services industry need your help.

Here's a chance for some constructive bragging in order to educate others. For a follow-up book, I'd like to learn of your successful marketing campaigns or tactics. Tell the world what works—and what doesn't! Share your hard-won wisdom and illuminating anecdotes!

Other topics could include:

- Fiascoes. I've had mine. We all have. I'm especially interested in how Murphy's Law applies to marketing. If anything can go wrong . . .
- Experiences with good and bad clients.
- Ways you beat out competitors.
- Characteristics of competitors.
- Marketing myths and folklore.
- Management issues related to marketing.
- Whether this book's techniques helped.
- Anything else you wish to share.

Mail your letters—typewritten, please—to:

“Zero Defect” Marketing Program
c/o Techno-Marketing Concepts
7414 Georgia Ave., N.W.
Washington, D.C. 20012

For verification purposes, include your name, address, and phone number in your letter. And tell whether I should give

you—and the subjects of your case histories—either credit or anonymity.

If we use your story, you'll get a copy of the book in which it appears.

Sincerely yours,
Lee A. Friedman

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- Nancy Breckenridge of The Daisy Wheel of Silver Spring, Md., our transcriptionist. She gave us fast, expert service—even sending a long computer file to us over the phone lines during the winter's worst storm. (You think we'd use a low tech transcriptionist?) And she gave us inspiration, too.
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- XyQuest, Inc., Bedford, Mass., whose XyWrite word-processor rescued Friedman after Tandy's DeskMate II twice trashed one of his most important files—ironically, a section on the importance of responding to customer needs.
- Ourselves—for finishing this project as friends. High tech marketers and lay-level writers are like cobras and mongoose—inherently at odds. The marketers want to spell all the details out for prospective clients. Writers, on the

other hand, want to simplify for a broad readership. Our compromise was this: Friedman would provide his original lecture material containing all facts and opinions for this book (hence the single byline); Rothman would do most of the writing. Friedman had the last word, however. Since our book is a business and technical guide—not *The Great Gatsby*—accuracy and thoroughness have come before felicity of expression. We think the readers will prefer that priority. Above all, we intend *Zero Defect Marketing* to be valuable to the people who need it the most: the millions of Americans in high tech services.

Lee A. Friedman
and
David H. Rothman

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CHAPTER 1

THE ZERO DEFECT SNARK PLAYER

I had to fire Brad Jones the other day.

In his earlier job Brad sold millions of dollars of computers and accessories to the U.S. government as well as Fortune 500 corporations. He typically earned more than 80K a year.

Brad, however, couldn't cut it as a regional marketing man for my employer. We're a professional and engineering services firm that scrambles after one or two major contracts at a time. But Brad came from industrial sales. His forte was products, not *services*.

Yes, he could sell 3,000 modems to an Exxon man over drinks. But that wasn't the same as beating off 10 rivals to win a contract to set up a \$15 million information system.

Brad wasn't dumb, mind you—he knew his circuits and switches and could tell good electronic equipment from bad.

"Zero defect," in fact, was one of his favorite phrases. We used to argue about it whenever he came to Washington. It was a techie myth from the 60s, no less out-of-date today than a slide rule or a punch card. You could never make zero defect a reality, just an attitude; look at the Russian nuclear mishap and the space shuttle tragedy. But Brad was a believer. "If you have a zero defect product," he said, "the rest will follow."

But as our marketing director in the Southeast he was full of glitches, an embarrassment to the old colonel who had supposedly hired a crack salesman.

He didn't go after new business. Perplexed, he just sat around in his \$300 swivel chair, waiting for customer calls and

reading *Commerce Business Daily*, the newspaper where the government tells what goods and services it wants to buy.

"Don't like to let you go," I said. "You fail, no one looks good. But you can't wing it like your boss. Harry, he has his old military contacts. Doesn't have to scrounge. But you—you have to play by the rules of the game."

Brad protested how great he was at arranging for strange computers to talk intimately to each other over satellites, how he was a technical whiz.

"But you couldn't talk to your customers," I said.

"First time anyone's said that about me," Brad snapped back.

"Well," I said, "you never bothered to find out their needs and rules. You didn't really find out who needed solutions."

"I followed up on 15 leads," Brad said.

"Mostly from *Commerce Business Daily*," I said, "as if we're the only outfit in town that reads it. Look, it's just a start."

"I talked to contracts officers," he protested, "whenever I saw a prospect."

"And all they did was to put you on the bidders list," I said. "Thing is, you never really asked 'em what they wanted. You just called and driveled about what a great outfit we were. How can you say we're qualified to do a job if you don't even understand the problems they want solved?"

"Remember that Defense deal?" I asked. "The communications system? Well, I talked to my buddy on the tech side and he says you didn't call him once. You just messed around with the business type. You didn't call my buddy and say, 'Look, here's how we'll make your system more reliable.' And then you go and talk to the wrong people."

"Well," Brad said, "how could I neglect the contracts officer?"

"And then you went off and told our competition who our teaming partner would be on a major bid."

"I was trying to scare them," Brad said.

"Well, I'd say you *comforted* them. You told them our technical solution and our pricing strategy and . . ."

"I've never . . ."

"Well, unwittingly you did. By telling them who we were teamed up with." Then I asked, "You play poker?"

He nodded.

“Well, we do, too,” I said, “whenever we go after our contracts. And that’s the whole secret.” Brad and I never got around to filling out the poker metaphor—I can appreciate his priorities at the moment—but here’s what I wish I could have told him in time to help.

WELCOME TO SNARK

“Look,” I would have said, “our business is like playing a bizarre poker game where the bidders start playing at the worst odds.

“It’s a one-hand game called Snark. A floating five-card stud game. But all the cards are kept face down. On each pass, players don’t know how the other players bid.

“Each whispers his¹ bet to the house dealer and then places the bet into a paper bag. The dealer is the only guy who knows the bidding and the amount in the pot—the paper bag. He’s the only one who sees all cards that have been dealt. And he sets the rules for the hand, for each deal.

“Another odd thing: The players are all wearing masks.

“You don’t know who they are. And you can’t notice any clues as to how good their cards are or how they are betting.

“After the fifth card is laid down, the dealer rips off one guy’s mask and says, ‘You, you’re the winner.’ And hands him the pot.

“Then all the players get up and move on—some to different tables with a new mix of players and a new house dealer and another game of Snark poker. With perhaps another set of rules and a different size pot.

“By the way, the house dealer will sometimes walk off with the pot himself and take everyone’s cards with him.

“None of the players win in that case.”

Seemingly, even the biggest losers in Vegas would stay away from a Snark table. Why buck such bad odds?

¹ Strictly for stylistic reasons, the examples in this book will normally use masculine pronouns like “he” rather than the more awkward “he or she.” This isn’t to suggest that women shouldn’t venture into high tech services—quite the contrary!

Yet thousands of U.S. companies play Snark every day when they place their bets and lay down cards—offer their bids—to win contracts for high tech services in computers, defense contracting, architectural and engineering work, health services, and many other fields. Some 10 million Americans either are in the game themselves or work for employers who are.

Now suppose they could ferret out clues to unmask at least some of the other players. What if they could intelligently speculate on what their rivals' bid strategies were, and perhaps the sizes of the total pots? And suppose they could debug their marketing programs to eliminate—or at least reduce—mistakes like Jones's?

Obviously, then, they could play the game better. And *Zero Defect Marketing* will tell how. Believe me, bidding for contracts can be tricky as a Snark game.

WHOM THIS BOOK WILL HELP

Many otherwise sharp people—especially technical whizzes with Brad's zero defect approach—play Snark without even knowing it.

Or they may know the game is on, but not understand the rules.

So pay special attention to this book if:

1. *You or your bosses offer engineering, technical or professional services, or even management and business services.* Those Snark pots keep increasing in number and size. Our economy is indeed becoming more complex, oriented more toward high tech and services—full of opportunities. But more bidders show up at each Snark table. At least 15,000 companies are hustling (well, theoretically *hustling*) for federal contracts. And similar struggles are going on in the private sector.

Simultaneously, corporations such as GM, AT&T, and the Bell operating companies are jumping into the professional and engineering services fray. And that includes bidding on government contracts. So *Zero Defect Marketing* will include advice for people at larger companies who are new to the marketing of high tech professional services.

And if you're with a small company? Then you should learn to market skillfully to compete against both the giants and others. If you don't, you might suffer the fate of four fifths of the small firms in high tech services—and die within two years.

What's more, at both small companies and large ones, this book should be especially useful to women, few of whom now market high tech services. Don't blame me for the scarcity of female examples in these pages. Maybe, by alerting women to the opportunities here, I can help turn things around.

2. *You're a buyer of high tech services.* This book will give you no small clue into the mindset of those chasing your dollar, and besides, who's to say you'll be on the buying side forever? You may be able to begin a second career in retirement.

3. *You sell or buy high tech products.* You'll find advice on branching out to the services area. The payoffs can be huge. Suppose you make laser printers, disk drives, and other peripherals used in multimillion-dollar computers. If your own company designs the systems, your products stand a better chance of being included. The trick is to know how to be fair to the client and avoid what some would regard as a conflict of interest. Don't be bashful. None other than IBM is stepping up its services activities. And why not? Offering services can make you more sensitive to customers' needs and open doors to new business opportunities.

This book also works in the other direction, of course. My eleventh chapter tells how services firms can successfully develop and sell high tech products for government or business.

4. *You're a consultant.* This book will give you insights into how your consultancy can bring you larger and longer—and fewer ulcer-inducing—contracts.

5. *You're a business school student, especially one interested in becoming a manager or marketer in the professional or engineering services business.* Marketing your company's services won't be the same as selling soap or cars—a point that many professors fail to grasp. The standard wisdom from Procter and Gamble and GM doesn't always apply to the services industry. The more savvy professors understand this already.

6. *You're a street-smart B school professor.* Read this book