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Three Reasons You're Not Growing Your RMR Business

Every business owner would like to wake up tomorrow and have a model based on a healthy Recurring Monthly Revenue (RMR). Whether the goal is to sell the company or grow in a smart and predictable manner, RMR is the way to go. So why isn't every company moving to this model? The technology is there, the financing options are there, and the value to the client is there. So what's the hold up?

While many companies have made significant progress, their lack of success has been caused by their inability to sell the services or solutions that lead to RMR. If a sales team is successful selling expensive projects, then selling a service should be a piece of cake, right? Not so fast. Selling a service is completely different than selling a project.

So here is what you do: identify the root causes of the problem. Below are three reasons that your sales team is not growing your RMR business:

- 1. The Compensation Plan.** If I gave you the choice of earning \$5,000 now or \$250/month for the next 36 months, what would you do? The math shows a higher pay-out by choosing the latter, but decisions are based on emotions, not math. Most people don't care about their commission in three years – most don't think they'll be working for their current employer next year. "Give me my \$5k and shut up about this RMR thing" is what they're thinking.

On the flip side, if you structure the commission plan that will exclusively benefit the salesperson, then you're putting your company at risk and damaging your cash flow position.

Like it or not, most sales people chose their profession for the opportunity to make a high income. Mess with a sales person's commissions and you're messing with your company's health... which is why compensation is a core obstacle to successfully selling RMR services.

Suggestion: Create a compensation plan that is consistent with the importance of RMR to your business. If RMR is a major component, then be very aggressive on compensating for RMR sales. If possible, pay all of the compensation at the time of transaction to make an emotional impact on the sales professional. There are dozens of methods to accomplish the objective without hurting cash flow – it's up to you to make the time to implement the right plan.



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- 2. Your Best Sales People Are Great At Selling Projects...Not Services.** Your best sales people know how to walk a job site, interview users, design a project, and even know your competitors' margins and tendencies. They've built the right relationships and get the phone call about an upcoming RFP weeks before anyone else – they might even be part of the design of the RFP. Why would they want to change now?

Your best customers have figured out the most effective ways to request a budget, write grants, stage and facilitate a bidding process, and beat up the vendors. Why would they want to change now?

You want a bad day? Try changing a buyer's purchasing habits and changing a sales professional's selling process. When both of these changes are required at the same time - you're in for quite a battle.

Suggestion: As challenging as this reason makes our problem sound, it offers an awesome opportunity for you to differentiate yourself from your competition. Your best salespeople have trusting relationships with their clients. Your clients need to evolve to preventive, hosted, managed and cloud-based services. Finally, your salespeople probably need new material to teach your clients. What an opportunity!

Train your sales people on the value of the services your offer and teach them how to train your clients on how these services will make them better. Become the known authority on whatever services you offer. If you become the known authority on cloud-based services today, imagine how your company will be positioned in three to five years.

It's worth noting that hiring a "kid out of college" to sell services usually doesn't work. Actually, I haven't seen the segregation of selling projects and services work well regardless of the type of sales person.

- 3. Management Not Really, Really Backing RMR.** When management introduces an RMR sales process with goals, tools, training, and compensation plans that work for everyone, then they are backing RMR. When management holds their team accountable for RMR sales activity and results, then they are really backing it. However, it's not until management stares adversity in the face and still drives the RMR goal that they have really, really backed RMR.



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I've worked with multiple management teams in building their RMR sales process and had their full endorsement. Everything was moving forward (even the 25-year project sales pro would start to buy in). Then it hit. It might be a slow month or a sales star refusing to change his ways or consistent objections from the market. Whatever it is, something always comes along to knock you off your path. If management doesn't show the courage and commitment to stand their ground, the sales team will never embrace RMR services and your business will continue to be project-based with lower and lower margins every year.

Suggestion: The real problem that this presents is the underlying lack of commitment to selling RMR. If your sales team knows the boss is not really, really committed to changing, then they will not go through the pain of changing. Besides adding the courage required to modify your business plan, the best advice I can offer is to commit to showing attention to the RMR activity, metrics, and production. Even if the boss panics a little and focuses on bringing in the whale rather than the recurring salmon for one or two months, he can still hold his team accountable to the RMR numbers. Whatever happens temporarily, make sure the RMR coaching and management continues.

With these three core reasons spelled out, it's time to develop a plan to overcome each issue. This won't be easy, but nothing worthwhile ever is; and it's likely that your competition is not making the effort. Set aside the time, make the commitment, and invest in the expert resources that will propel you past these obstacles. The goal of working in a business with a predictable RMR is worth the fight – all you have to do is learn to sell it!

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