



Recessions, recoveries bring out the sharks

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A number of our business owner clients have been calling lately to ask about an offer that seems too good to be true.

The owner gets a call saying that a top business consultant will be in the area a few weeks from now.

Although this consultant typically charges several thousand dollars a day, he has noticed an opening in his schedule.

Rather than be idle, he is willing to take the time to do a complete assessment of your company at a greatly discounted price.

There are several national companies that use his approach, but the result is always the same.

The “consultant” is actually a salesman, and you’ve just purchased an eight-hour sales call.

The representative is trained to search your company data, and to conduct an interview that focuses on your weakest points.

If you are cooperative, he will continue asking for information until he can identify your greatest pain in running your business.

The sales close can last for hours. He has specialists in your specific area of weakness, and they can transform your business in less than two weeks.

The cost is typically between \$20,000 and \$30,000. I know one owner who, desperate for help, used six different credit cards to pay the fee, which is always charged 100 percent up front.

Will you get help? That depends.

Most owners I know who have engaged one of these companies (and I know over a dozen) say that the suggestions were valid, but completely generic. They consist of “ideas” like:

“The Company’s salespeople are underperforming in the owner’s opinion. We recommend that a sales compensation plan be introduced that relies more heavily on commission-based incentives.”

Is a three-ring binder or a CD filled with this kind of advice worth \$30,000?

I have yet to meet an owner who found real value from the advice, or who felt that the engagement rendered any lasting change in his or her business.

How do you spot a potential rip-off?

Legitimate professionals have only their time to sell. They don't hire telemarketers to offer their skills at deep discount.

Every consultant I know will offer a no-cost initial meeting to determine the potential client's needs, and to determine whether he or she is able to deliver the appropriate skills.

While an initial retainer isn't unusual for consultants, most proposals have a substantial portion of the payment due only after the consultant has completed the work to the client's satisfaction.

Charging for an initial meeting, and charging all the fees before the project even begins are both red flags.

An effective advisor is willing to let the results of his or her work be the determining factor in payment.

Business owners in trouble are like blood in the water.

Predators look for the weakest prey to attack first.

If you need help, ask around your business community for recommendations to a professional who has referrals from previous engagements, and who can use past clients as testimonials.

Buying a discounted "deal" from a telemarketer is never the magic bullet they claim it will be.

About the author

John F. Dini is widely recognized as one of the nation's leading experts on small business ownership. He is a consultant and coach to hundreds of business owners, CEOs and Presidents of companies. John is an outlier in coaching business owners, having achieved the incredible feat of delivering over 10,000 hours of face-to-face, personal advice to entrepreneurs.

Mr. Dini is the author of *11 Things You Absolutely Need to Know About Selling Your Business*, now in its second edition. He is a serial entrepreneur currently operating his 9th company, and has conducted business in all 50 United States, Canada, South America, Europe and Asia.

John founded and operates the most successful peer group franchise in North America, overseeing 15 monthly meetings of business owners' groups under the auspices of The Alternative Board®. He holds a BS in Accounting from Rutgers University, a Master of Business Administration from Pepperdine University, is a Certified MBA, and holds six additional certifications in exit planning, business brokerage, behavioral analysis, medical practice management, facilitation and coaching.

Mr. Dini writes numerous articles on small business topics for newspapers, magazines, and in his own blog www.awakeat2oclock.com. He speaks frequently to business groups and national associations, and is a 10-year member of Jim Blasingame's "Braintrust," appearing regularly on "The Small Business Advocate" nationally syndicated radio program as an expert in the issues of small business ownership. He can be contacted at jdini@mpninc.com.