

Marketing Minute ~
“I guarantee it!”
OK to do for services industries?

Cyrus Hall McCormick invented the world's first mechanical reaper in the 1830s, a machine with the potential to improve farmers' productivity ten-fold. Astonishingly, farmers remained uninterested—because for nine years, sales were virtually zero as McCormick's brilliant invention languished in the barn.

McCormick changed all that when he decided to offer a written, money-back guarantee on the reaper. Sales skyrocketed and McCormick went on to become one of the wealthiest men in America. Since that time, guarantees, especially on products, have become commonplace. But guarantees have only inched their way into consulting and other professional services.

In fact, consultants and businesses in the service industries often have a visceral, negative reaction to the idea. Too many consultants shy away from guarantees, and then rationalize their aversion. After all, the reasoning goes, clients expect the highest level of quality service from us, so a guarantee isn't needed. And given that clients and consultants work together on projects, why should consultants be accountable if the project runs into the ditch? The anti-guarantee argument suggests that the dignity of the industry, and respect for the client, are diminished when the consultant hypes a guarantee during the sales process. Also, many feel that the guarantee is a sign of weakness. Why plant the seed of the notion in the client's mind that service failure is even a possibility? Many also worry that a business could lose its collective shirt if a client demanded they make good on a guarantee.

It's time for a change, and winning companies know it.

Consider this: A guarantee of promised results is among the top criteria that today's clients use to select professional service providers. And few firms are providing that assurance, leaving an important, competitive differentiator on the table.

Think about it. A guarantee isn't as scary as it may sound. Most consultants and service businesses work under an implied guarantee anyway. If you have a legitimately unhappy client, won't you fix the problem by doing additional work or reducing their fee? In that case, you are effectively making good on an implied guarantee. Why not offer it for real and upfront where it can do you some good?

A guarantee has benefits for clients and consultants. With a guarantee in place (even a verbal one), the service provider and client must reach precise agreement on project objectives, outcomes, and measurements of satisfaction. This level of rigor leads to a less ambiguous proposal, a more rational price, and better marching orders for those working on the project.

Like everything, guarantees aren't for every service provider. If you are hired for a project, for instance, where you are a part of a team of other companies, all aimed at achieving a common goal for a client, there will be portions of the project that you have no control over. It is difficult to offer a guarantee in that type of situation.

What makes a good guarantee? You can make a clear statement, without a specific outcome, only that the client has recourse if not satisfied. Some service businesses link their guarantees to deadlines; others peg the guarantee to specific project milestones and outcomes. Here are some tips for a good guarantee:

- Make the guarantee simple and unconditional. Drop excuses, fine print and legalese.
- Be sure your entire organization (if you have more employees than just yourself) embraces the operating philosophy dictated by the use of guarantees.
- A guarantee should be a two-way street, so include some upside if you exceed performance expectations; ask for 'success' fees.
- Keep the discussion of the guarantee alive during the project. Monitor performance carefully to avoid surprises.
- Specify which client individuals are authorized to 'call in' the guarantee, and make it as few people as possible.
- Respond quickly if a client requests that you make good on your guarantee.

At times, in a service business, you can make your guarantee tied to more tangible portions of the project. As mentioned above, you could make sure that timelines and benchmarks are met. Guarantees could also be tied to approval stages on a project, where the project does not go to the next stage until approval from the client. This makes your guarantee more trackable, and helps to 'guarantee' your guarantee.

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With or without a guarantee, consulting and service businesses are risky. But clients risk just as much or more when they hire you. Your offer of a guarantee will show clients that you are willing to share the risk, making the relationship a true collaboration.

Consultants and service providers should take a closer look at what they put on the line for clients. Offer a real guarantee and, like Cyrus McCormick, you may get some of your best work out of the barn.

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