The #1 Obstacle To Your Managed Services Growth

Clients that resist a managed services plan are typically those who don't value IT and are unwilling or unable to move beyond viewing IT as a cost rather than an enabler.

By Dave Sobel, director of partner community, Level Platforms

One of the biggest challenges VARS face as they make the transition into managed services, or MSPs must contend with as they build their business, is dealing with customers who don't want to be 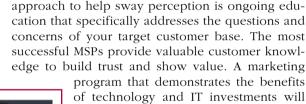on a managed services plan. Do you walk away from the opportunity? Do you make an exception for a potential customer? Can you change the customer's mind?

This is always a tough question, and the answer usually depends on the business maturity of the MSP. For an MSP who is not yet profitable, or still working to cover basic business costs, I can never recommend turning away work where you can make a profit. Note that I didn't say take any opportunity that crosses your desk. If you can't cover costs, don't do it!

However, as your MSP business matures and you're making a profit, it's often necessary to start focusing on the work that fits your business model and goals. The core idea behind managed services is that process is followed and systems are used to gain efficiencies and deliver a consistent service to the customer. Contracts and engagements that don't fit this model will cause inefficiencies and drive down profit. As an MSP's business matures, it becomes increasingly important to only make exceptions when there is a concrete commercial benefit. Maturing MSPs will find fewer and fewer compelling business reasons to make this exception.

Customers and prospects that resist a managed services plan are typically those who don't value IT and are unwilling or unable to move beyond viewing IT as a cost rather than an enabler. One approach to help sway perception is ongoing education that specifically addresses the questions and concerns of your target customer base. The most successful MSPs provide valuable customer knowledge to build trust and show value. A marketing program that demonstrates the benefits of technology and IT investments will build deeper relationships and ultimately win customers. At the same time, be prepared to accept that not all prospects will be the right fit for your business.

Starting small also helps. Using a network assessment process with new prospects shows the value of deep technical insight, educates the customer on what is possible with technology investments, and builds trust by offering simple engagements that prove a solution provider's skills. Using the technical data, a solution provider can add their own analysis and show a prospect what is possible, whether it's solving a security issue or introducing efficiencies that can help move an end user's business forward.

By educating clients and building continued trust through network assessments, and providing customized recommendations and business advice, you will develop the bonds required to sell managed services. As your MSP practice matures, focus on increasing standardization to ensure efficiencies are truly gained for your customer and yourself. Ultimately, it's your business plan (i.e. your price model and financial bottom line) that should guide your decision about which work is the right fit for your business and which opportunities you should walk away from. ●

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