



# 5 REASONS TO STOP CROSS-SELLING

**BY SUE-ELLA PRODONOVICH**

For a long time many business experts have been singing the praises of the cross-sell for professional services firm. Well, I disagree - at least in part.

Here's 5 reasons why.

## **1. CROSS-SELLING MAKES YOUR FEE EARNERS COMPLACENT ABOUT SALES**

At a recent US sales conference I attended, one person made the comment that asking professionals used to getting all their work referred to them to embrace 'sales' was like asking a trust fund kid to get a job. The easier thing to do was just to keep the tap running and let them continue to live off the fees brought in by others.

But today firms need everyone - from Associates to the CEO - to make an effort when it comes to business development. They shouldn't rely on the skills of one or two rainmakers to introduce people across the firm.

After all, the higher the percentage of fees someone's bringing in, the more likely they are to resent propping up the firm's finances. And, as a result, they more likely they are move on, taking their sales ability with them.

Speaking of which...

## **2. CROSS-SELLING IS HIGH RISK**

We all know about the inherent risk of having all our eggs in one basket. For professional services firms a good practical guide is that things start to become too risky when a client makes up more than 20% of your fee base. By relying on cross-selling other parts of your firm into the one client, you risk disrupting that balance.

But there's another, less obvious, financial risk and it's about protecting your fee base. Sometimes it's much lower risk to be one of many service providers rather than having a monopoly on fees.

Consider this...

If your firm charges out at \$500 an hour and another firm on the roster charges out at \$800 an hour, you're seen as the better value provider and your realisation rate should be 100%. If you take over from the more expensive guys you'll find yourself in the firing line with a cheaper provider snapping at your heels. So, when costs get cut, you're now the first head on the chopping block.

## **3. CROSS-SELLING CAN SOUR THE RELATIONSHIP**

If that's not enough risk, there's also the reputational damage that can occur from forcing a cross-sell on an otherwise happy client. After all, your client already knows about your firm and they've come to you for a reason. If they're not yet using another part of your firm there may be for a reason for that too.

When you force introductions upon people and the other part of your firm can't provide the same level of service and expertise you do, your relationship can become strained. And you'll leave yourself vulnerable by association.

#### **4. THE SALES FUNNEL ON CROSS-SALES TAKES MUCH LONGER**

The time taken to convert a prospect into a client can be long enough where there isn't an immediate or obvious need for your services. When a cross-sale is involved it can become longer still.

While you may get agreement around the partnership table about cross-introduction activity, the follow up can be half-hearted, slow or it simply doesn't happen. But watch the rate of activity accelerate when there's a new client on the radar and your fee earners are busy pursuing them. Track the time you spend winning new clients and see if this is true for your practice.

#### **5. CROSS-SELLING TIES UP THE RAINMAKERS**

By reducing the push on cross-selling you can free up the time of rainmakers and let them do what they do best. This shift also sets the tone from the top. It transfers the onus for building trusted relationships to all people within the firm and makes them work to earn the opportunity of an introduction.

#### **AND FINALLY...**

Don't get me wrong, cross-selling is great when it happens as a matter of course. For example, it's a no-brainer when a client needs help and the introduction is immediately relevant. But it shouldn't be the cornerstone of your approach to BD. Read about [14 ways your firm can win more work without cross-selling](#).

*This article was inspired by Ross Fishman's article "[Cross-Selling Sucks](#)".*

#### **WANT MORE?**

If you'd like help with building the skills and smarts of your team [get in touch](#).

Sue-Ella is the Principal of [Prodonovich Advisory](#), a business dedicated to helping professional services firms sharpen their business development practices, and attract and retain good clients.



**Sue-Ella Prodonovich**  
Principal, Prodonovich Advisory  
[sueella@prodonovich.com](mailto:sueella@prodonovich.com)

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