

How to Sell Professional Services on the Internet

By Richard J. Hernández, CPCM

May 2002

INTRODUCTION. One of the great myths of e-commerce is only tangible goods can be sold online. However, this is not the case for several firms who are pioneering the use of the Internet to sell services. By not understanding the revenue potential to expand their services businesses on the Internet, many small, minority- and women-owned businesses (MBEs and WBEs) may be missing out on the growing demand for online services. This is a major issue for supplier diversity since almost 60 percent of MBE and WBE firms sell services. Not having an effective presence on the Web puts them at risk.

BUSINESS MODEL. The Internet is an ideal way to sell certain types of professional services. Examples of the types of services that are successfully being sold online are:

- Research
- Counseling
- Consulting
- Marketing
- Distance Learning (Education)
- Mortgages
- Recruiting
- Language Translations
- Travel
- Insurance
- Legal Services
- Intellectual Property
- Financial Services
- Online Banking
- Transcription Services
- Employee Background Checks

The common threads that works for selling professional services online are they can be done off-site, it is easy to find service companies online using search engines, and the process works better online than offline. For example, the Internet is able to take a highly-fragmented market of job seekers and employers and create a virtual matching service that saves time and money such as headhunter.net and monster.com.

The Internet is also creating new types of professional service opportunities such as online collaborative product design and creating Web-based supply chain management systems. MBE and WBE firms targeting these types of emerging service markets have a better chance of succeeding since they avoid head-on competition with much larger companies.

DIFFERENTIATION. Since the Internet is a global medium, MBEs and WBEs could potentially have a large potential number of competitors in their commodity and/or service area. This makes it essential to have a strategy to differentiate yourself from the competition. An effective way to differentiate your company is to identify which niche markets you service and/or any special capabilities you possess, e.g., international experience, proprietary technology, security clearances, special skills, ISO certification, etc.

MARKETING. Having your business on the Internet does not guarantee success. You need to market your services using off-line (business cards, magazine ads, etc) and on-line (e-mail) methods. In particular, e-mail is a low-cost and highly-effective way to market your services.

ASSESSMENT CHECKLIST. Are you ready to sell services online? Take the test below to see how well you do (check all that apply).

1. ___ **Specific Benefits.** Do your services provide tangible benefits such as saving time and money?
2. ___ **Differentiation or Uniqueness.** Are there other local companies that sell the same services you do? Services that are unique tend to sell better online.
3. ___ **Superior Features or Technology.** Does your product and/or service provide superior features and/or technology?
4. ___ **Pricing.** Are your services competitively priced? Keep in mind Web buyers can easily compare your prices to others, so you need to be flexible in this area.
5. ___ **Up-Sell/Cross-Sell.** Does your Web site should provide a way for to inform prospects about ALL of your company's services? This helps with up-selling and cross-selling. Keep in mind selling premium services can result in higher profits.
6. ___ **Alliances.** Are you part of an online exchange or portal? Does your site have links to complementary Web sites? . Alliances are key to long-term survival. For example, they make it easier to respond to contract bundling since MBEs and WBEs can leverage technology to create "virtual" companies that allow them to pool their capabilities
7. ___ **Online Payments.** Can you get paid electronically? Your Web site should have a shopping cart and payment system.
8. ___ **Process Integration.** Have you integrated your online and offline process? For example customers should have an "800" number to call to supplement your Web site.
9. ___ **Value-Added Information.** Are you showcasing your unique knowledge? Companies selling services can provide Web content (tutorials), online newsletters, and also host Web-based discussion forums. This helps establish their credibility.
10. ___ **Regulatory Requirements.** Are your services regulated? You need to check to see if any restrictions apply such as in the legal and financial service areas.

___ TOTAL

Score Key

- 9 – 10 Outstanding
- 7 - 8 Good
- 5 – 6 Fair
- 4 – 0 Needs Work

SUMMARY. MBEs and WBEs must adapt to selling their services on the Internet or risk losing market share to more technically-savvy competitors. The stakes are high since most MBEs and WBEs sell services. Buying organizations can also help their suppliers in this area.

Currently only a small percentage of the total purchases made over the Internet are for services. However, this is changing with the introduction of new online service offerings. New business models for selling services on the Internet are being pioneered every day. Early movers can gain a big advantage.

FOR ADDITIONAL INFORMATION. Please contact the author at:

Richard J. Hernández, CPCM
E-MBE.net
P.O. Box 617995
Chicago, IL 60661
312-404-2224
rhernandez@e-mbe.net
www.e-mbe.net

Copyright 2002 Richard J. Hernández