

# MASTER OF THE SOFT TOUCH

**When building a sales force, maybe it's not all about the annual goal. Dan Weinfurter's enlightened approach to managing focuses instead on how empty his reps' offices are**

BY STEPHANIE B. GOLDBERG

PHOTOGRAPHS BY CALLIE LIPKIN

DAN WEINFURTER REMEMBERS the day back in the early 1980s when his boss's boss came into his office—Weinfurter was a member of GE's vaunted sales force—and handed his jacket to him. "You're putting it on and leaving," he was told.

"I wasn't planning on it," he replied.

The honcho then informed him that, at 2 o'clock in the afternoon, there was no place he should be except out with a prospect. It's a lesson that Weinfurter lives by to this day. As CEO of Capital H Group, a human resources consulting firm based in Chicago, he still tries to schedule 10 client visits a week himself and requires his staff to record their own meetings out of the office.

But before you jump to the conclusion that Weinfurter is your typical, hard-selling entrepreneur, know this: Though David Brett, the partner at the private equity firm that backed his company to the tune of \$25 million last September, says he is "very confident," he also says, "He's winning a good number of deals, but it's not racking up as fast as any of us had hoped." And yet Weinfurter isn't pushing his team any harder to close deals. In fact, if you use the term "closer" at Capital H, you meet with universal scorn. "Numbers are important," Weinfurter explains, "but a mistake I see a lot of managers make is that they're relentless about a given metric. I think that if you manage purely by the numbers, ultimately, you're doing the wrong thing."

IT'S HARD TO IMAGINE most entrepreneurs having such a forgiving attitude when it comes to sales. And you might expect most people who just got funding to push their sales team hard, so as to demonstrate that they're likely to recoup the investment. But Weinfurter takes a different tack. Though he demands that his salespeople be intensely active (all those client visits), he is relatively patient when it comes to actually closing deals.

This approach might seem odd, if Weinfurter didn't have such a great track record. Parson Group, an accounting-consulting company he founded nine years ago, was ranked No. 1 on the 2000 Inc. 500—its growth rate approaching 28,000%. Weinfurter sold it two years later for \$55 million. Before Parson, he was the No. 2 executive at Alternative Resources Corp., a technology consultancy that was doing \$3 million a year in revenue and hired him to build a sales team. In his first year, he signed up 25 reps. By year five, the company was approaching \$100 million in annual revenue. When it went public in 1994, it was ranked the second best-performing Nasdaq IPO of the year.

Today, Weinfurter is putting his ideas—most of which relate to sales—to the test in an industry that is foreign to him: HR consulting. "I look at this market as similar to what existed in the accounting world in 1995 when we started the Parson Group," Weinfurter says. "There are five or six very large human resources consulting firms. There's no competition until you get down to very tiny boutiques."



**THE REALIST** Though he's used to huge sales growth, Dan Weinfurter believes the soft sell is the way to go.



**WHAT HE LEARNED AT GE** “Activity is a key predictor of success,” says Weinfurter, who is happiest when his offices are empty.

Weinfurter expects to do \$150 million in revenue by 2009. That only makes it more surprising that he judges new reps on the number of times they see a prospect, rather than the number of sales they actually close.

Yet his mindset may prove in tune with the times. “In the past, salespeople were taught to overcome objections and be persistent, but those days are over,” says Prof. Robert E. Spekman, who teaches sales force management at the University of Virginia’s Darden School of Business. “Salespeople now,” he adds, “need to be perceived as taking an ‘I will help you solve your problems’ approach to clients.” It’s an article of faith at Capital H that most consulting firms are set up wrong. They force consultants to spend a good deal of time selling. The problem, as Weinfurter sees it, is that consultants have to choose between completing current projects and landing new deals. Since consulting is presumably what they do best, that’s often what they pursue, and the company suffers as a result. The arrangement can foster doubts in the minds of clients: Is this consultant an unbiased adviser, or is she trying to land a new assignment? Weinfurter also happens to think that a good salesperson can often outsell a good consultant.

Still, even the juiciest opportunity is hard to tap if you have the wrong team, which is why Weinfurter has spent a lot of time during the start-up

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That leaves a gap in the middle of a market where spending, according to the research giant IDC, is expected to double, to \$25.7 billion a year in 2008 from \$12.9 billion in 2002. Weinfurter thinks Capital H could come to dominate that part of the market. The timing is especially good, he says, because the talent pool of consultants in Chicago is deep right now, thanks to the demise of Arthur Andersen, which was based in the Windy City. Unlike many consulting firms, he adds, both Parson and ARC had separate sales and consulting staffs, and both grew to tens of millions in sales very quickly. Capital H brings that same model to the growing HR market.

Last May, along with a partner, Weinfurter bought a small Milwaukee firm and renamed it Capital H. He had already begun talking with private equity firms to secure growth capital and found firms like Brett’s PPM America Capital Partners to be receptive to his pitch. “He fits the profile of the managers we’re looking for,” Brett explains. “People who’ve been there and done that.”

Since closing the round in September, Weinfurter has spent some of that war chest opening offices in Chicago and Detroit, with plans for many more. The company’s overall sales projections are ambitious.

phase hiring people. In the early days at least, his screening process was pretty casual. Most of Capital H’s first employees already knew Weinfurter personally, or else they were vouched for by his close friends. That was true of Sherri Stewart, who was introduced to Weinfurter by Parson’s former marketing chief last year, when he was just beginning to contemplate his next venture. Enconced in a large firm, Stewart says she decided to work for Weinfurter because she thought she might “enjoy doing something new, different, and entrepreneurial, and having leadership that gets it.”

Weinfurter’s hiring of Jill Zoromski, now the managing director of the Milwaukee office, was equally instinctive. She was a senior vice president of human resources at a local bank who had no sales experience whatsoever. But that didn’t stop Weinfurter from signing her up in the course of a lunch meeting. “I was won over by her approach to the business,” Weinfurter says. “How she would run that office, what some of her values were, the type of person she would be to work for.”

“I am pretty well grounded in the HR community in Milwaukee,” Zoromski notes, “and that was considered an even swap for not having prior sales experience.”

Weinfurter hired a former Parson employee, Valerie Main, for Capital H's Detroit office because he thought some of the people who bought accounting consulting from her a few years ago might give her their HR business today—"to help her, because she's helped them so much in the past," he says.

When he's interviewing a candidate, Weinfurter looks for people who come across as helpful. He also asks for second and third answers to questions to see if that unnerves a candidate. "After they give you one example of an accomplishment," he explains, "you say, 'okay, now give me another one and another.'" If a person doesn't have more than one thing to say, they're out.

As Capital H has grown, Weinfurter has put in place an elaborate application process, which, he says, includes psychological tests and background checks. He worked with one of Capital H's consultants—an industrial psychologist—to help him set this up. Together, they devised a checklist of traits that they believe every salesperson needs to be successful. "Less than 1% of the population has all of these skills I'm looking for," he says. They are: savvy communication skills (knowing how to ask the right questions and then listen), relationship skills, critical thinking skills, self-confidence (the ability to take rejection in stride), self-management skills, goal orientation, business acumen, and professional experience (a demonstrated track record where all these skills come into play).

THREE MONTHS AGO, Capital H's sales staff assembled in the company's Chicago headquarters for its first all-day training session. On the agenda: how to identify prospects, gather information about them, and then make the first contact. Weinfurter uses the book *Let's Get Real or Let's Not Play*, by Mahan Khalsa, as a training manual. Khalsa, who ran a yoga community while earning his M.B.A. at Harvard, contends that selling is a "dysfunctional" activity because so many people try to sell preconceived solutions without listening to what clients want or ascertaining their needs. His enlightened approach to selling is instead based on the mantra: "We and our clients share identical, mutual self-interests: We both want the same thing...a solution that truly meets the client's needs," Khalsa writes.

The trick, as Weinfurter sees it, is to teach salespeople how to gather as much information about a prospect as possible, and then to offer them something they will value. But you must go about this process unobtrusively. "The natural inclination of people in organizations is to not want to tell you things because they're afraid of being sold," Weinfurter says. "You need someone very good to ask the right questions and get at the truth."

Sherri Stewart is one of those people. When she first joined Capital H last July, Weinfurter asked her to meet with HR executives at about 40 Chicago-area companies to interview them for a "market research project." The task might have been botched by a less savvy salesperson, who might have treated it like just another sales call. But

Stewart handled it flawlessly. "I was amazed at how easy it was," she says. "People were eager to talk and give us ideas."

After that project was completed, Weinfurter had Stewart put together free workshops for HR people on how to spend their budgets. During each presentation, Stewart carefully looked for clues to the attendees' possible consulting needs. On a recent conference call leading up to a workshop, this paid off when a woman admitted that her company's employee rating system was wildly unpopular. Wisely, Stewart didn't interrupt her to say "we know how to fix that," which might have come off as pat or insincere. Instead, one of Capital H's consultants, who was sitting in on the call, will use the tip as the basis of a client proposal.

OF COURSE, IF YOU'RE NOT going to find out what a client needs in the first meeting, or even the third, your boss had better be patient. And Weinfurter is. At Capital H, "it really isn't a 'you have to sell something in your first three months' mentality," Zoromski says.

"Dan creates a safe environment," adds Main, "in which you can talk honestly and frankly" about your numbers.

For his part Weinfurter says, "I believe in hiring hard and managing in a more reasonable fashion." Not haranguing people over their numbers "is just sort of accepting reality," he adds. In this economy, even the most charismatic salesperson is "not going to convince people to buy something they don't need."

So instead of judging his staff by pure sales at this point, Weinfurter tracks them through logs of face-to-face meetings with prospects, which, he believes, reflect how well their relationships with prospects are jelling. All new salespeople are instructed to meet with three or four customers or potential customers per week. By the sixth month of employment, they are expected to schedule eight or more weekly meetings.

All of this is not to suggest that Capital H's top line is ignored. The company, which had \$1 million in sales last year, is on track to do between \$7 million and \$10 million in its first year under Weinfurter. The size of the average consulting gig has grown from roughly \$39,000 to \$50,000, and 70% of Capital H's sales have come from people who were not previously contacts of anyone at the firm.

While these results bode well for the company, Weinfurter's investors are eager for further evidence of success. When asked if he's pleased with the firm's progress, Brett says yes, but he also expresses the wish that the company will cut its sales cycles from more than nine months to fewer than six.

But so far, Weinfurter professes satisfaction. His unconventional methods, which worked so well in the past, will succeed again, he believes. And on a recent morning, as he was striding down the office hallway, he noticed that most of his reps' offices were empty. To this boss, it was a clear signal of success.

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