

BREAK- THROUGH

BUSINESS DEVELOPMENT

A 90-DAY PLAN TO **BUILD YOUR CLIENT BASE**
AND TAKE YOUR BUSINESS TO THE **NEXT LEVEL**

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CHAPTER 2

MARKETING PILLARS AND THE LOYALTY LADDER

It's more important to reach people who count than it is to count the number of people you are reaching.

Marketing Maxim

In keeping with striving to identify your untapped opportunities, your next step is to establish what we refer to as your marketing pillars. When we sit down with an entrepreneur and scrutinize his or her business, one of the first things we'll do is draw three vertical lines on a sheet of paper. Each line is a pillar representing an existing or prospective target marketing opportunity. We call them pillars because, in a perfect world, you want a business built on a strong foundation that creates multiple income streams—steady streams of predictable, sustainable business.

Let's define each of the fundamental pillars that can be created for virtually any business. The first and most important pillar, and

this should be self-evident, is made up of your *existing client relationships*—especially the twenty percent who generate eighty percent of your business. They are the most valuable asset you'll ever possess. Your client relationships are proprietary and often take years to nurture and maximize in terms of their potential. Yet too many entrepreneurs strive to pursue new clients using flawed and expensive prospecting tactics and, in the process, take existing clients for granted and leave them twisting in the wind. As you'll see in a moment, this becomes a huge untapped opportunity.

The second pillar represents *promotional partners*. These are strategic alliances—the people in the marketplace with whom you collaborate to achieve a mutually beneficial outcome.

The third pillar represents your *prospective target markets* based on geographic, demographic and/or socio-economic opportunities available to you.

Later in the book, we'll be expanding on your second and third pillars, but for now let's zero in on your most important untapped opportunity—your existing client relationships. Obviously we don't know how many clients you have right now and frankly it doesn't really matter. What does matter, however, is that your existing clients represent what we call your *inner circle*. And as we said, your inner circle of clients is the most valuable asset you'll ever possess.

A powerful and immutable marketing rule referred to as the Rule of Fifty-Two supports this point. It states that every single client you have right now in your inner circle has their own personal inner circle of approximately fifty-two friends, family members and business associates. Some have more, some have less, but again that's not the point. Do the math, though. If you have, for example, five hundred clients, multiply five hundred times fifty-two. How much opportunity do you have there? A lot. Enough new prospective clients to keep you entertained for three lifetimes.

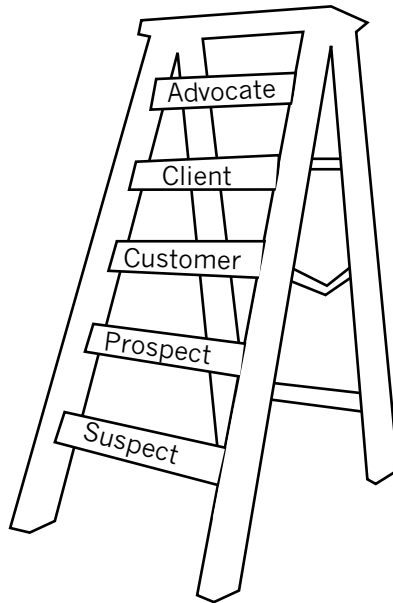
Said another way, clients are not an “end,” but a means to an end, meaning they can be a springboard to tremendous amounts of new business over time. Simply bringing on a new client is no reason to celebrate. If you gain access to each client’s friends and acquaintances and maximize each relationship, then you have an exciting business.

IDENTIFY YOUR MVPs

This brings us to our next point—understanding who your Most Valuable Prospects (MVPs) are. Most entrepreneurs think their MVPs are new people in their respective city or market area, when in fact they are the friends and family members of their existing clients. Is it possible that one of your most significant untapped opportunities is a result of your inability to capitalize on each of your existing client relationships vis-à-vis repeat or ongoing business and referrals?

Based on the fact that your clients will have significantly more persuasive impact on their friends and family than you ever will, you need a process to transform your clients into a sales team that will wave your flag. This will ensure that the moment a conversation between your client and any of his or her fifty-two (plus or minus) friends, associates or family members turns to what you do for them, your client will brag about you. That said, are you satisfied with the degree of referability and the quality and quantity of endorsements you are currently attracting?

If you get nothing else from this book, we hope you get this—it is the core of our marketing and business development philosophy. We are referring to the *Loyalty Ladder*. We didn’t invent this concept. It’s been around for a long time. We’ve simply adjusted it for clarity as it relates to entrepreneurs specifically. And we are convinced that it will be tremendously helpful to you.



As you can see, the Loyalty Ladder has five rungs and every single person in your market area is on one of those five rungs. You are striving to achieve something called conversion. Your objective is to convert as many people as possible all the way through to the top of the ladder. Let's start at the bottom.

The bottom rung on the ladder is for *suspects*. A suspect is, frankly, anybody with a pulse. Anyone who can fog a mirror is a suspect. Will a business owner receive a good return on his or her investment of time, money, energy and lung capacity from talking to suspects? Clearly not. But we see people all the time who mistake movement for achievement. Or, as Hemingway said, "mistake motion for action." These people are very busy stirring the proverbial pot. But they've yet to figure out the distinction between suspects and the next rung on the ladder, *prospects*.

The difference between a suspect and a prospect is profound and we can sum up the difference with one word, a word worth an MBA in marketing: *pre-disposition*. It's another way of saying *self-motivated*. A prospect is somebody who has been motivated in advance of you ever talking to them. You want your prospects to be motivated but you can't want it more than they do. Wouldn't it be great if every prospect you ever talked to already "wanted it," meaning they were already self-motivated? Motivating people is draining; it can be like pumping air into a leaky tire. True prospects are self-motivated. They are your MVPs.

Your objective is to sift the prospects out of the mass of suspects and, most important, give them a reason to contact you. It's not unlike mining for gold. You have to sift a lot of dirt to find an ounce of gold but you're not trying to turn dirt into gold. With prospects, you're trying to find them, not create them. You're trying to attract them, not chase them. This is what truly defines a prospect. They contact you or a client of yours calls you on their friend's behalf.

Does it get any better than when *your* phone rings? You pick it up and it's one of your favorite clients calling you saying, "Look, I know you're busy and I don't even know if you're accepting new clients right now, but you've got to talk to my buddy." Or maybe a complete stranger calls you up and says, "I was talking to my friend over the weekend and she told me I have to talk to you." Your goal is to increase the frequency of this type of inbound call.

THE LAW OF ATTRACTION

This Law, like most of them, has several layers. From a business development perspective it simply means that there are two ways to get new clients: Chase them or attract them. Which of the two do you feel would be more fulfilling over the long haul? One of our goals is

to help you attract, for lack of a better term, more attractive clients to your business. Interestingly enough, your clients will be instrumental in helping you draw a steady stream of quality inbound calls to your business.

It is for this reason that we are not big fans of cold-calling, the rawest form of out-bounding. You might be saddened to know we're not going to suggest you engage in cold-calling. Some people like it. Some people defend it and say, "What are you talking about? It's a great way to build a business." Sure. You can also cut down a tree with a hammer if you try hard enough or keep at it long enough.

Any expenditure of effort will garner a return on investment, but we would prefer that you to maximize your return by employing the Law of Attraction so that you can make your phone ring consistently. We'll expand on this for you when we outline our prospecting process and when we reveal our referral process later on in the book. For now, let's get back to the Loyalty Ladder.

Once you've got your true prospects, your MVPs, in sight, your next job is to convert those prospects into *customers*. At the very least, you want them as customers. You may wonder what we mean by saying "*at the very least*." A profound difference exists between a customer and the next rung on the ladder—a *client*.

Some people use these terms—*client* and *customer*—interchangeably and to them it may all be semantics, but we're going to explain our definition, which will hold true throughout this book. *Clients* are exclusive to you. They empower you fully. Every single thing they need that you provide, they empower you to deliver. Those are *clients*. *Customers*, on the other hand, do some business with you, but they also do business with one or more of your competitors. Customers buy something; clients buy *into* something. Based on that, is there a chance that some of your clients are really only customers? Talk about an untapped opportunity!

Do you currently have a compelling way to convey your full array of offerings in order to convert customers into clients? Is it possible that you have some customers currently who aren't aware of all the services you provide? And can you position the concept of full empowerment as a service to your customers rather than as a benefit to you? In the Activities section of this book we reveal to you the exact proven process our coaching and consulting clients and Pareto Platform subscribers use to gain full empowerment from all their clients.

ADVOCATES: THE ULTIMATE CLIENTS

The last and most important rung on the Loyalty Ladder is reserved for **advocates**. Most entrepreneurs fixate on how many clients they can get, when in fact there is a profound distinction between a client and an advocate.

Clients empower you fully but never send referrals, while advocates are people who think you walk on water. They feel great about your relationship; they trust you and are fiercely loyal. They wouldn't dream of doing business with anybody else. They are fully empowering. Best of all, they brag about you to anybody who'll listen.

The goal isn't to see how many clients you can get, but how many advocates you can get. That's where the value is. Some people talk about how many clients they have and they wear that number like a badge of honor. Think about the advocates you have now. Perhaps you have five or ten. Based on the Rule of Fifty-Two, what would happen to your business if you had 150 advocates? It's not uncommon that when we meet with an entrepreneur and they tell us they have five hundred clients, we find in short order that they really have in the neighborhood of 150 customers, 330 clients and around 20 advocates. Talk about a huge untapped opportunity.

MOVING UP THE LADDER

There is a practical component to the Loyalty Ladder as well as an element of personal fulfillment. It takes far more time, money, effort and energy to convert a new prospect into a customer or client than it does to convert an existing client into a referral-generating advocate. That's a practical fact. But, even more important, every year you are in business should be more fulfilling. The easiest way to achieve this is to stop trying to convince new people and instead work with people who are already convinced. Show them why, who and how they should be introducing people to you. There is an old saying that advises business people to always keep pulling the same way people are already pushing.

To that end, our proven referral process will enable you to coach your advocates as to *why* they should introduce people to you (and address why they aren't referring), *who* they should introduce to you, and *how* they should introduce people to you. And best of all, this process positions referrals as a benefit to your advocates rather than as a favor to you. And that is extremely attractive to high-caliber individuals. Remember, high-net-worth clients don't want to be sold! They appreciate stewardship over salesmanship.

We're asking you to focus on the commitment of advocates rather than simply the commissions or income you earn from new clients. Stop trading your time for money by dwelling on transactions. Focus instead on the lifetime value of relationships with advocates. Relationships can last long after you've spent the money you've earned.

We mentioned that we are going to reveal our referral process in the Actions section of the book, but for now let's get the wheels turning relating to the mindset of refer-ability. Earlier, we asked you to consider *why*, *who* and *how*. If we want more referrals, let's focus first on the *why*. Why don't your clients refer the desired quality and quantity of endorsements your way? Why should they? The

why speaks to purpose and the *how* speaks to process. Most business-people don't spend much time considering the *why*, they simply want to know *how*. But in our experience we can safely say that when it comes to increasing the quality and quantity of referrals you receive, your purpose is just as important as your process. In other words, when the *why* is clear, the *how* gets easy.

POSITION ADVOCACY AS A BENEFIT TO CLIENTS, NOT TO YOU

So again, *why* should a client refer a friend to you? *Why* don't you get as many referrals as you'd like? The answer is probably rooted in how you position referrals.

When you talk to a client about the concept of referrals, do you position it as a service to your clients, or as a favor to yourself? Most people, without really intending to, position referrals as a favor or benefit to themselves. They say things like, "I'm trying to grow my business" or "I'm always looking for new clients" or "I get paid in three ways." The problem with doing this is that you end up looking needy.

We advise you to never bring your needs to your clients. It's not attractive. The "favor" approach can stimulate occasional referrals, but we feel it actually hurts you more than it helps you over the long run. Remember, it's not what you say but rather *what they hear* that really counts. When you ask for a referral because it will help you build your business, what does your client really hear? It creates an atmosphere of obligation rather than pure reciprocation and value.

In fact, if there is anything we want you to convey to your clients it's this: "I don't need the money." Not literally, of course. We mean in terms of a subtle, unspoken theme that is embedded in your approach. By positioning the concept of you making yourself available to help friends of clients, you are really demonstrating the personal

fulfillment that comes from helping people make informed decisions. It feels better from your perspective and it is valued and appreciated by your clients.

Take the position, and be sure to absolutely convince yourself, that it's a service you provide. How much more attractive is it to say,

As a value-added service to my clients, I make myself available to act as a sounding board. You might have a friend who asks you about me, or you might feel compelled to make an introduction to help someone out. If that happens I will make the time to offer objective advice that they can use to make an informed decision. It's a value-added service that I offer to my best clients.

As opposed to saying,

You are a great client and I'm always looking for more clients just like you because I'm trying to grow my business. Do you know anyone who might need what I sell?

In the Activities section we will disclose this process in its entirety.

Wouldn't it be great if your clients not only knew *why* they should refer someone to you but also *who* is a good fit for you? And who you are good fit for? Do your clients think of you as a specialist who is all things to some people, or do they think of you as a generalist who tries to be all things to all people? In other words, do they know who they should be referring to you? Here is a good qualifier. Have you ever received a referral from a client and, after you met their friend, you dreaded the idea of bringing them on as a new client but did so anyway because you didn't want to offend the client who sent the referral in the first place?

Our process will help you communicate to your clients *who* they should be steering to you. We'll come back to this "quality over quantity" mindset continually.

As promised, our referral approach will also help you provide your clients with a clear and precise process for *how* to actually make an introduction. We don't mean to leave you hanging, but the process we're referring to has been proven to work by our coaching and consulting clients over the last several years and will be provided to you in a turnkey fashion in the Activities section of the book. And of course, all of the scripting and templates you can download from our website are also drawn directly from our coaching curriculum.

Remember

- » Empowerment and endorsements by clients must be positioned as a service to them rather than as a favor or benefit to you.

Take Action Now! (Week 1)

- » Apply the Loyalty Ladder to your business and develop a mindset that has you and your team fixating on the value of advocacy.
- » Visit **www.breakthroughbusinessdevelopment.com** to see updates and insights from the field on this topic and others.