

The Power of the Marketing Pyramid

By John Doerr

"All animals are equal but some animals are more equal than others."

- George Orwell, *Animal Farm* 1956

Imagine this scenario: you are at a professional services firm that has just come off a fairly good year of growing revenue and profits. You want to continue this growth going into the coming year and have decided you are finally going to take some of these profits and invest in marketing. You have accumulated a list of 1,000 clients, former clients, and prospects to target. Everyone turns to you and asks, "Well, how are we going to invest our hard-earned profits?"

If this sounds agonizingly familiar, you are not alone. Once most professional service firms get past the idea that they are going to invest some money in marketing, they are then faced with the riddle of where and how to spend it.

While they know not all prospects and clients are equal in terms of business potential, they all too often treat them equally in their marketing efforts. As a result, the marketing budget does not go very far and it is not very effective.

The rest of the scenario: the next year, profits go into everything but marketing, and, a few months later, the growth curve flattens.

All Prospects are Not Created Equal

So what went wrong? To start let's paraphrase Orwell, "All prospects appear equal, but some are definitely more equal and potentially more profitable than others." Since they are not equal, they should not be given equal marketing attention. We want to spend our time and efforts where we have our best chances of success (unlike our friends in the above scenario).

A very simple tool to help you decide how much and on whom to spend is the Marketing Pyramid. Those of you with any kind of marketing background will realize that there is nothing particularly new about this approach. Consumer marketers have been using this method for years to decide how to market to heavy, medium, and light users through offering coupons, special offers, contests, and other incentives to invite consumers to continue to buy. Since service purchasers generally do not buy in specific quantities each month, service marketers fall into the trap of lumping all of their targets into one prospect category.

Determine Your A, B, and C Targets

Let's go back to our first scenario of the firm coming off a successful year. They have identified a total of 1,000 clients and potential clients. However, not all 1,000 of these targets have the same profit potential. To begin rationing out their marketing

dollars they should first divide their target list into primary (A), secondary (B), and tertiary (C) prospects.

As a rule of thumb, primary "A" targets should make up approximately 10% of their list. These should include:

- Current clients
- Recent past clients
- Recent referrals from clients or influencers
- Any "hot" leads from the last few months (from seminars, speeches, web searches, articles, white papers, etc.)

The secondary "B" list should make up approximately 25% of the total list and include:

- Somewhat recent past clients
- Somewhat recent referrals
- The top targeted companies from their wish list of future clients (this can be by the verticals with which they have been successful, verticals they target, geography they target, etc.)
- Leads dropped that may be six months cold or older

Lastly, the tertiary "C" targets comprise the remainder of the list:

- The balance of targeted companies from their wish list of future clients
- Inquiries, business cards, and other contacts
- Anybody in the list of 1,000 who looks like a good, but not imminent potential client

Another way to classify your targets is to ask yourself, "If I were to get in front of this person how often will I close the business?" When asking yourself this question, a good rule of thumb to help divide your list is:

- A's about 1 in 10 (or less) will close
- B's about 1 in 25 will close
- C's about 1 in 100 will close

Visually, if you were to place your list in a pyramid it would look something like this:



Now that you have a better understanding of who and where your targets are, you are in a better position to decide how to go about your marketing and parcel out your marketing touches and dollars.

Communicating to Your Prospects: Unequal Prospects = Unequal Touches

If you have designated your A's as closing 1 in 10 times, your B's as 1 in 25, and your C's as 1 in 100, then you should spend 10 times more on your A's than your C's and 2.5 times more on your A's than your B's. In addition, you want to personally contact your A's 10 times a year, your B's 4 times a year, and your C's once a year.

For example, your "A" contact plan might look something like this:

Contact #

1. Call to set up a new meeting, lunch, or breakfast about something of value to the prospect.
2. Send a summary of your meeting.
3. Send an article of interest to the prospect.
4. Send an invitation to a special networking event, seminar, or webinar you are hosting.
5. Send a special note about a speaking engagement that might be of interest to them (even better if you are the one doing the speaking).
6. Call regarding something you read about them or that would be of interest to them. See if you can expand on what their needs are.
7. Send an e-mail with an interesting article relating to their business or industry.
8. Send a letter offering a new white paper your firm has published.
9. Send a holiday card with a personalized note.
10. Call to see how they are approaching their needs (and see if they should still be on the "A" list for next year).

Your communication with your "B" list may consist of #'s 1, 2, 7, and 10. Your "C" list may just get #4 or #8 to keep you on their mind.

As the year progresses, you will move prospects up and down in the Marketing Pyramid and out of the pyramid (ideally into the closed list) based on the outcomes of some of your contacts and conversations.

The Results

In the long run (assuming the 1,000 names from the original scenario and based on our assumptions about closing), you should expect to get 10 new clients from your A list, 10 from your B list, and 7 new clients from your C list.

If all prospects are not equal, treat them as such. You will end up with continued momentum, continued growth, and greater return on your marketing efforts.

About the Author

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