The Step-by-Step System to Building Your Small Business

Helping small business owners around the world build successful, profitable and rewarding businesses

Module 4

Create Your Marketing System

Lesson 4C

Strategic Alliances

Solutions and
Direction for tomorrow's possibilities

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Introduction

Hello!

Strategic alliances are so incredibly effective because of the leverage they provide with client enrollment. This one marketing strategy has the potential to fill your entire practice with the kind of clients you want! For example, by forming even just one partnership, you have the potential to secure dozens of clients.

In this lesson, you will learn:

- What a professionally structured, systematic Level II Strategic Alliance is.
- Why strategic alliances are so powerful.
- Five steps for forming Level II Strategic Alliances.
- Various ways the partner can "win."
- Critical success factors for an effective strategic alliance.

Forming strategic alliances requires effort and discipline as well as a high level of professionalism and structure.

The good news is—You are about to learn exactly what to do!

Best regards,

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Definition

Strategic alliance, as used in this lesson, is a professionally structured relationship with a partner (i.e., a person, business, association) who refers his client base to your business and invites his clients to engage in a Complimentary Consultation with you. The relationship is win-win-win, meaning there is something in it for you, for the strategic alliance partner and for the potential client.

Key Components

There are two key components of this definition that I want to highlight because they are critical for achieving maximum success:

1. Professional Structure

A constant theme that runs through this business-building system is the idea of professionalism. It is especially important for effective strategic alliances. For example, I recommend you have a written agreement with your partner. In it, you should document the type of partnership or professional relationship you are forming and agreeing upon.

2. Effective System

In order for a strategic alliance to be most effective, you need a system by which the partner refers people to you. The referral process must become an element of their business. It should not be an afterthought, or be implemented only when it comes to mind or only if the partner thinks there may be a perfect fit. Instead, imagine every single one of your partners' clients being systematically, professionally and attractively introduced to you and offered a Complimentary Consultation! Wow!

Level I vs. Level II Characteristics

It is important to note the distinction between Level I and Level II Strategic Alliances. The focus in this lesson is on Level II Strategic Alliances; they yield far, far better results. Of course, Level I Strategic Alliances can sometimes be a good place to start, especially since a Level I can grow into the more powerful Level II over time!

The following describes a Level I Strategic Alliance:

- The alliance may not be "strategic." In other words, the clients of the partner may not be congruent with your *Who* and *What*.
- There is little or no structure to the relationship, no formal agreement.
- The arrangement is very loose: "If you think of anybody…"
- There is no marketing system other than the passive brochures in lobby.
- The partner has no real incentive to proactively promote your business.

The following describes a Level II Strategic Alliance:

- The partner's clients are congruent with the business owner's *Who* and *What*.
- The relationship is structured, professional, has a formal agreement.
- •There is a solid, structured marketing plan in place.
- The staff of the partner is trained in how to refer clients to you.
- The strategic partner benefits.

Example #1:

Attorney Fred approaches his accountant and financial planner. He explains that he is a corporate attorney and asks, "If you think of anybody who might benefit from my legal services, would you give them my card?"

He also asks if he can leave a few brochures for them to hand out and/or put in the lobby. I wouldn't be surprised if Fred got few or no referrals from his accountant and financial planner.

Example #2:

Massage Therapist Susan sends letters to 21 salon/spa owners in the area, inviting them to lunch to explore the possibility of forming a strategic partnership. She has selected salon/spa owners because she specializes in massaging female executives to relieve stress and improve wellness. Susan realizes that salons and spas cater to her target market.

She receives 7 responses. After the lunch meetings, there seems to be a great fit with one of the salon/spa owners.

Susan drafts an agreement, spelling out their commitments to one another. Susan is to provide free massages to the owner and staff. They will meet two times per month to strategize, implement and fine-tune their marketing strategies, which include a direct mail postcard to all salon/spa customers, a monthly lecture series on wellness, staff training on offering Comp Consults and properly placed brochures.

Which of these two examples do you think will lead to more results? It really is simple when you get right down to it, isn't it? This isn't brain surgery. The business owners who are the most dedicated, disciplined, structured and professional are the ones who are going to be successful. It is that simple!

Benefits of Forming Powerful Strategic Alliances

As you can imagine, there are many benefits of having powerful strategic alliances. Here are my "Top 3." I encourage you to come up with more, so *you* feel how powerful these can be!

"Triple Win"

Marketing strategies are most effective when everybody wins. In fact, I often call strategic alliances a "triple win" because:

1. The business owner wins when the partner's clients are referred.
2. The clients win as they gain referrals to the business offering.
3. The partners win in a wide variety of ways. More on these later!

For now, I want you to think about how very important it is for the strategic alliance to be taken seriously and for the referral process to become part of the partner's business. This only happens if a partner is receiving a benefit or some other "reward" for efforts put forth!

Multiple Complimentary Consultations

The Complimentary Consultation is the cornerstone of this system. When you perform numerous Comp Consults, you get multiple clients. It is that simple.

What you are looking for in a Level II Strategic Alliance is the opportunity to be introduced to a partner's clients. The beauty and magic of the Complimentary Consultation takes care of the rest!

Your goal is gaining referrals. An effective Level II Strategic Alliance allows you to be meet dozens, even hundreds, of people. You secure multiple clients from networking through the one relationship. This is so much easier and more effective than trying to secure one client at a time!

Credibility Factor

Strategic alliances are particularly effective because the partners have credibility with their clients. When the partners refer their clients to you, these clients are receptive. If they have a trusting relationship with your partner, they will often follow the recommendations of the partner!

How to Form Level II Strategic Alliances

You need to have a specific target market—your *Who,* and niche—your *What,* in order to identify the best possible strategic alliance partners. Your goal is to identify the types of businesses who serve the same target market as you do! Right now, do not look for specific people you may know. Instead, identify ideas and opportunities.

In the sections that follow you will learn the five steps to forming Level II Strategic Alliances, including how to:

1. Identify potential strategic alliance partners.
2. Write an effective inquiry letter.
3. Make effective follow-up calls.
4. Conduct an initial meeting with a potential partner.
5. Co-create a win-win-win relationship.

Identify Potential Strategic Alliances

Below is a list of possible strategic alliance partners. Look at the similarities. All of these groups have clients who can benefit from professional service providers. In addition, many of these people have a personal connection with their clients. Which of these strategic alliances might be congruent with your *Who* and *What*?

Chiropractors	Attorneys	Financial planners
Personal trainers	Gym owners	Bankers
Massage therapists	Spa/salon owners	Accountants
Doctors	Hair stylists	Many, many more!

Let's say you work with small business owners. What types of professionals already have favorable relationships with small business owners? How about accountants? Especially those who specialize in small business owners! Financial planners also come to mind, as well as printers, bankers, web designers, the Chamber of Commerce and attorneys.

Imagine, for example, forming a strong strategic alliance with a successful and trusted accountant who has 200 small business owners as clients. The accountant fully believes in the value your business provides and systematically informs all of his clients about your service to funnel them into Complimentary Consultations.

Or, let's say you counsel single divorced women on finding their soul mate. Imagine forming an alliance with a matchmaking service, a women's health club or a professional

affiliated with the College of Divorce Specialists (www.cdscollege.com). The opportunities are endless!

Craft and Send Inquiry Letters

I am assuming that you do not have an existing relationship with your prospective partners. If you do, of course reach out to them first! Your letter to a "warm" contact can be friendlier and less formal, and existing relationships or referrals will dramatically improve the likelihood of scheduling a meeting to explore the opportunity.

Once you have identified opportunities that are congruent with your *Who* (target market) and *What* (niche), it is time to craft a letter and reach out to your potential partners.

Keep in mind that even though the strategic alliance relationship is win-win-win, not everybody is going to be receptive to your inquiry. This is an important point—you don't "put all your eggs in one basket." Like the sales process, it is a numbers game. The more people you reach out to, the more likely you are to ultimately have success.

Note: Some professionals are prohibited by law from receiving referral fees. Research this before you send your inquiry letter. For example, you do not want to suggest giving a referral fee to a psychotherapist, one profession I know of that is prohibited from receiving referral fees.

The keys for a successful inquiry letter are:

1. **Be brief**. The goal is to set up a meeting to discuss the alliance. You are not looking to sell them in this initial contact. Instead, just spark their interest.
2. **Explicitly state** that you are *not* trying to sell them anything.
3. Present a few **ways the relationship can benefit them**. People are most interested in the "WIIFM" ("What's in it for me?") principle. Tell them!

Sample Inquiry Letter:

Dear Mr. Smith:

My name is ( ), and I am a business and estate planning attorney. I am interested in speaking with you about forming a mutually beneficial strategic partnership.

Mr. Smith, I am not looking to sell you anything. Rather, I believe my legal services would be of tremendous benefit to your financial planning clients. I am willing to compensate you in some of the following ways, so you can benefit from referring your clients to me:

- A referral fee for you from me.
- Complimentary legal consultations for you regarding your business.
- Complimentary estate planning consultations for you.

- Complimentary or reduced-fee estate planning legal services for members of your staff.
- Complimentary or reduced-fee document preparation services.
- Any combination of the above.

These are just examples. I will co-create a plan that is suited to you. I will also discuss creating a system whereby my introduction to your clients is done in an attractive, non-threatening way. All I am looking for is exposure. I will take it from there.

Mr. Smith, legal services can help your clients protect their assets. Please do not underestimate the impact proper legal guidance can have on their lives and the value they will receive, all of which could begin with you. Enjoy the information I have included on the industry and my services.

I will call next week to schedule an appointment at your office. The best thing would be for us to meet for 30 minutes, so you can hear some of my ideas. I am very adaptable. I look forward to speaking with you and sharing with you the benefits of business and estate planning legal services.

(Complimentary closing,)

(Your Name and Signature)

(Contact info if not using letterhead or if using email)

Make Follow-up Phone Calls

It is critically important that you follow up your inquiry letter with a phone call! In fact, if you are not willing to make follow-up phone calls, I will even go so far as to say don't even bother writing and sending an inquiry letter! I know this may sound extreme; however, people are busy.

In this case, I am assuming that the potential strategic alliance partner does not know you. In this scenario, a letter on its own will rarely generate a response. Therefore, you must follow up!

The best way to follow up is with a phone call. It is important to mix your "touches," as people respond differently to different forms of communication. In addition, you cannot form an effective strategic alliance without having a conversation.

So, once your initial inquiry is made via letter, it is time to get on the phone!

I recommend the 5 keys listed below for successful follow-up because I have found they work best. This approach has been tested in several industries and is excellent for business owners who aren't necessarily excited about sales and marketing.

1. Block Out Time for Follow-Up

You must block out time on a weekly basis for following up on your marketing strategies, whatever they may be. My studies show that, on average, you can make 10-15 follow-up phone calls per hour, so budget your time accordingly. If you send out 30 letters, budget 3-4 hours of time. (This assumes that more than half of the people will not be available and that you will leave messages 60% of time.)

2. Reward Yourself

If you really dislike this part of your business due to fear of rejection, etc., I recommend that you incorporate a reward for the evening after your follow-up calls. Perhaps a nice hot bath, a massage, a movie, a tasty dinner or a walk on the beach would work for you. Of course, this differs from person to person. The key is to reward yourself! Make your business-building fun! Also, the point is to reward yourself for the action, not just for the results.

3. Prepare and Fine-Tune Your Script

Use the following samples, and create scripts based on your unique personality and style. As you gain more experience, you will quickly learn what you are most comfortable with and what works best. Relax, be yourself and have fun! People will be most attracted to you when you use a natural, comfortable approach that fits who you really are.

Your follow-up calls can take a vast array of potential paths. Use the examples that follow as guides to get the ball rolling. With practice, you will quickly get into a flow that works with your particular style.

Do not be disappointed if you get voice mail! As noted above, expect to leave messages approximately 60% of the time, and you will not be disappointed. If you leave a recorded message, I recommend you say something similar to this.

Sample Follow-Up Voice Mail Script:

> Hello, Mr. Johnson. This is (First and Last Name) from (Company Name). I am the business and estate planning attorney who sent you a letter last week about forming a strategic alliance together.
>
> Mr. Johnson, I am very confident that my legal counsel can be a tremendous asset to your clients, and a strategic alliance can benefit you in a variety of ways, too. I'd love to take you to lunch to discuss this further. Would you please call me back at 000-000-0000? Thanks and have a great day.

The key is to gauge their interest. Next, you want to summarize the key points of the letter and set up a time to meet with them!

Leaving multiple messages can be annoying, so I do not recommend that you leave more than one message. Keep trying until you get the person. When you do get through, I recommend a very similar approach to that of your voice mail message:

Sample Follow-Up Phone Dialog Script:

> Hello, Mr. Johnson. This is (First and Last Name) from (Company Name). I am the business and estate planning attorney who sent you the letter last week about forming a mutually beneficial strategic alliance.
>
> Did you have a chance to read the letter?
>
> (Or…)
>
> I wonder if I might take just a moment to give you a summary of the letter.
>
> I think I can be of tremendous service to your clients, and I am willing to reward you in a number of ways for referrals. Does this interest you?
>
> May I take you to lunch, so can get to know one another and discuss this in more detail?

4. Visualize

As is true with every form of follow-up, it is very important that you vividly visualize a smooth, flowing conversation. I recommend doing a "master visualization" prior to all of your calls and a "mini" visualization prior to each call.

Please do not skip this step!

I trust that you know the importance of leveraging the power of your mind. You get what you think about. The energy that is sent to the Universe connects with your contact and produces a powerful result.

5. Make the Call!

Well, the only thing left is to "smile and dial!"

Meet with the Prospective Strategic Alliance Partner

What an exciting opportunity, to meet with a prospective strategic alliance partner! This one relationship can potentially fill your practice! Not to say that in order for a strategic alliance to be effective, you need to experience this level of success. Any exposure to prospective clients is a win for you. Remember, all you are looking for is exposure, the opportunity to conduct Complimentary Consultations. You will take it from there!

Prepare to Meet

Do not feel like you need to have everything figured out before you set up your meetings. This may paralyze you and keep you from reaching out.

These are exploratory meetings. You are looking to get to know one another, to learn about their businesses, to have time for you to share the benefits of what you provide. From there, the two of you can co-create a customized strategic alliance that is truly win-win-win.

The term "co-create" is significant! Use what you learn in this lesson. Give thought to ways the partnerships can be structured and how you would like to "reward" the partners.

At the meetings, ask questions, listen and discover what the partners really want and how they would most like to benefit from the strategic alliance. If you both decide there is a fit, you co-create your professional relationship.

Ways the Partner Can "Win"

I have identified several ways strategic alliance partners can benefit from forming relationships with you. I strongly encourage you to use these ideas to spur your thinking, so you can truly customize your partnerships to best create the Triple Win and serve the needs of the partners.

The more the partners "win," the more they will do on their own to make the partnerships work and to refer people to you.

Good Will

Do not overlook or diminish good will as a benefit to partners. When they understand the benefits your service will provide their clients, they will see it as value added to their own businesses. The partners' clients and staff will come to appreciate your service and appreciate their partners for the introduction.

For example, if you are a therapist who focuses on counseling divorced women to help them rebuild their life after divorce, you could structure a strategic alliance with a divorce attorney. Don't you think the attorney benefits from being a caring, compassionate, supportive attorney who partners his clients with a psychotherapist? Then, not only will the attorney handle the legal side of the divorce, but he can also market himself as an attorney who really cares!

Refer Clients to Partners

A quick and easy benefit of partnerships is a reciprocal referral arrangement whereby you refer your clients to your partners.

Your Services

Another way partners can "win" is by receiving your services for free or at a discounted rate, either for themselves and/or the staff. Let's say you charge $350 per month, and you worked with a partner for 6 months. The partner would receive $2,100 worth of services! That is a lot of money!

If the system is set up the right way, it is a nice exchange for very little work. This, of course, does not even take into account the benefits the partner receives from your services. Not bad for referring you some clients!

Consulting/Work Project

Yet another way to provide value to the partners is by consulting or doing some type of work for them.

For example, if you are a business consultant, you might help a doctor write his corporate business plan, resolve HR issues, conduct staff meetings and even help write job descriptions and evaluation plans.

What expertise could you offer partners? Perhaps you could help them design their website, do research, help them with marketing, organize their office, provide legal advice, manage their finances. The possibilities are endless!

Pay a Referral Fee

Let's begin with a question: Would you rather earn $300 per month per client and have to do all of the marketing yourself, or would you rather earn $250 per month, pay a $50 referral fee per month and have a steady stream of potential clients referred to you? Those of us who have experienced the challenge of marketing would opt for the latter!

There are a number of ways to determine the referral fee, but the key is to <u>co-create</u> it with the partners. In general, I recommend 10%-20% of your fee be given to a partner in exchange for a referral. This fee is paid for as long as you serve the referred client.

At first glance, it may seem quite generous to give the partners 20% for the course of the entire relationship, which can be quite long. It is generous! And that is a good thing, if for no other reason than for the impact it will have on the partners, keeping you in the forefront of their minds and motivating continual referrals!

<u>Note</u>: When offering a referral fee, do NOT inflate your fees in a Strategic Alliance arrangement in order to make your same rate. For example, if you normally charge $300/month, do not charge clients referred by your partner $370 per month so that you can pay the partner $70 and still make your target of $300.

Critical Success Factors for Effective Strategic Alliances

Partners Must Understand the Benefits and Value of Your Service

To maximize the success of a strategic alliance, you want your partners to become raving fans.

It is one thing for partners to refer people to you from time to time because they are your friend, or because you have asked them to, or because they get a referral fee. It is quite another thing when the partners are receiving and benefiting from your services themselves!

It is important that they be able to communicate to their clients the benefits of what it is that you do. The more understanding, energy and excitement your partner has about your service, the better!

Personal Recommendation

The KEY to really making this work is for the partners to personally recommend you to all of their clients. For example, a life coach might have a strategic alliance partner who is a chiropractor. As you read this example, think about how this type of system can be applied to YOUR strategic alliance!

Example:

> The doctor's patients come in for a chiropractic adjustment. Let's say they were having low back pain. Dr. Bird reminds them that low back pain is often a symptom of stress, in particular financial difficulty. He would inquire if they are under pressure.
>
> If they answer yes, which they invariably do, he reminds them of the coach's services. Specifically he might say, "Bob, you know about the coach I have partnered with, right? Have you had a consultation with him yet? You really should, Bob. He specializes in helping people just like you. He is a great guy, and I think you would really enjoy speaking with him. He offers a complimentary consultation. No pressure, no obligation. Just meet with him, and see if you guys are a fit. Let Tracy know on the way out, and she will schedule a meeting with him!"

Comp Consult Exposure

It is not important for the partners to "sell" your service. You do not need them to do this, nor do you want them to. You are the expert. All you are looking for from them is exposure. Your service will not necessarily be right for everybody, and you will not want everybody as a client. All you want are Comp Consults, and you will take it from there.

Also, in the best case scenario, you do not necessarily want the partners qualifying their clients in any way for you. Yes, perhaps as the relationship progresses, you can educate the partners on your profile of ideal clients; but in the beginning, you want to focus on maximizing your exposure.

Referral System

Ideally, you want to develop a structured and systematic process by which the partners send you referrals. You do not want the referral process to be left to chance—for example, only when the partners think of it. Here are some examples of what I mean by systematized:

Visible Brochure

Your brochure and/or materials should be made available to the partners' clients. Create an attractive display case and have it set up in the lobby of the partners' offices.

Trained Staff

Partners with staff should provide education and training on the benefits of your service and how to answer the basic questions the partners' clients may ask. If possible, train the staff exactly how to refer people to you and how to offer the Complimentary Consultation.

Initial Announcement

Once you have agreements with partners, I recommend sending initial communications to the partners' clients. Together, you can craft an exciting and powerful direct-mail piece that announces the alliance, introduces you, articulates the benefits of your service and offers a Complimentary Consultation. It is important that the partners help write the initial announcement since they are the persons who have credibility with their clients.

Be creative with this! Perhaps you can offer an open house, a teleclass or free workshop. The key is to create excitement and provide opportunities for the existing clientele to see how you work with your clients.

Ongoing Contact

It is important to remind the partners' clients occasionally about your service. An excellent way to do this is to co-author a monthly newsletter. Or you can send out an email inviting the partners' clients to subscribe to your newsletter. You can also sponsor creative things such as monthly workshops, forums, teleclasses, etc.

Formalizing Your Strategic Alliance

I strongly recommend you have a written agreement when creating a strategic alliance. While your document can take many forms, a simple letter of agreement that outlines the terms of the strategic alliance agreement and is signed by both parties is an easy and effective way to capture the specific details of your partnership.

Below is a sample agreement letter. Note that it addresses these key areas:

- Strategic alliance partnership commitments.
- Business owner (coach) commitments.
- Compensation.
- Training.
- Marketing/promotion of alliance.

Sample Letter of Agreement:

This document is the culmination of meetings between Michael Charest of Growth Unlimited (GU), Coach, and Dr. David Bird of Inside Out Wellness Center (IOWC), Strategic Alliance Partner, and serves as an agreement for our partnership.

<u>What IOWC Provides</u>

Dr. David Bird and IOWC promise, in good faith and in a professional, structured and systematic manner, to introduce chiropractic patients to Michael Charest and Growth Unlimited for coaching. Dr. Bird commits to speaking highly of coaching and to referring his patients to Michael Charest. This system will be refined as time progresses, but the basic outline is below.

- Brochure Placement

  IOWC will allow GU to display professionally created brochures in the lobby and in other areas throughout the center.

- Staff Training

  IOWC will make its staff available for a 3-hour training consultation, date to be determined, so Michael can educate and train the staff on how to answer client questions about coaching. IOWC will also make the staff available from time to time for GU to communicate updates and to provide additional training and support as needed.

- Client Communication

  IOWC will work with Michael to create a launch letter to send to all IOWC patients. The database is owned and protected by IOWC, but all clients will receive the initial launch. IOWC will also work with Michael to create an ongoing communication plan, so IOWC patients are exposed to coaching on a regular basis. Dr. Bird promises to personally promote coaching to his clients in the adjusting room and offer complimentary consultations with Michael.

GU Commitment

Michael Charest will coach Dr. Bird in 3 telephone consultations per month for 40 minutes each. The main focus is to help Dr. Bird grow his chiropractic business, but this can change by mutual agreement.

- Interaction with IOWC Staff

  Michael will attend weekly IOWC staff meetings, so he is aware of the center's operations, HR issues, etc., in order to provide Dr. Bird with effective consultations.

- Fee Structure

  GU will pay IOWC a referral fee equal to 20% of the gross coaching revenue from clients referred by IOWC. This is to be paid on a monthly basis for the duration of the coaching contract.

Strategic Alliance Partner and Coach have read and agreed to the above.

Signature: _____ Date: _____

Strategic Alliance Partner—Dr. David Bird, Inside Out Wellness Center

Signature: _____ Date: _____

Coach—Michael Charest, Growth Unlimited

Assignment 1 Plan Your Strategic Alliance

The many benefits of forming Level II Strategic Alliances await you. Use the following pages to plan your next steps, and then get to work!

My objectives and goals for creating a powerful, win-win-win Level II Strategic Alliance:

_____

_____

_____

_____

_____

Reasons I am excited about this:

_____

_____

_____

_____

_____

_____

Potential types of strategic alliance partners:

_____

_____

_____

_____

_____

People I know who could be strategic alliance partners:

_____

_____

_____

_____

Ways I could reward my partners:

_____

_____

_____

My next steps:

_____

_____

_____

_____

Concerns or challenges I have about strategic alliances:

_____

_____

_____

Strategies to overcome my concerns or challenges:

_____

_____

_____

Assignment 2 Implementation Schedule and Checklist

Use this chart to create a timeline for working on forming strategic alliances. In the TARGET DATE column indicate when you want to do each task. Use the ACTUAL DATE column to indicate when you actually complete it, and then "check it off!"

Ask your coach for feedback on your letter and to hold you accountable!

TASK	TARGET DATE	ACTUAL DATE	√
Identify general partners			
Find specific partners			
Identify ways to reward partner			
Write inquiry letter			
Send inquiry letter			
Make follow-up phone calls			
Hold initial meetings			
Compose a written agreement			
Design a referral system			
Consult/serve the partner			
Train the partner and staff			
Send an initial announcement			
Initiate payment system			
Maintain ongoing contact			
Train new hires			