

Instant Practice Builder

Rainmaker Protégé Course

Instructor Guide – Session 110

Introduction To The Simplified Clumper Strategy

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Introduction To The Clumper Strategy

Notes:

So far I have described the first two quadrants of the Rainmaker Marketing Simplified Strategy Matrix. The (A)rcher quadrant, and the (B)rander quadrant. Again, they are:

(A) A large market with many competitors, requiring the strategy of an Archer, and

(B) A small market with many competitors, requiring the strategy of a Brander.

In the first quadrant I talked about, that composed of a large market with many competitors, I compared the suggested strategy of targeting your prospects to that of an Archer, having a very narrow and pointed focus.

In the second quadrant, the one composed of a small market with many competitors, I proposed a strategy where you as a Brander, brand your practice based on generating a perception of expertise.

Now I want to talk about the third quadrant. Download the Simplified Strategy Matrix with the Archer, Brander and Clumper Quadrants showing and follow this session as you study it.

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When you have a large market with only a few competitors, I suggest you will find a strategy of Clumping bundles of products and services together will increase the perception of your service value and will increase your share of the clients “wallet.”

Because there are only a few competitors to choose from in this market, prospects who are inevitably aware of their choices will tend to pigeonhole practitioners as specialists in one service or another.

A practitioner who is successfully pigeonholed will then be stuck on a marketing treadmill, marketing to replace lost clients and marketing to gain new clients.

While this single service centricity will develop strong ties between individual professionals managing the relationship and the client, it does not strengthen the relationship between the managing partner or partners and the client.

Since it is believed that it costs five times as much to acquire a new client as it does to retain an existing client, the addition of new

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services provides the opportunity to grow revenues through the planned introduction of new services.

Effective bundling can not only increase wallet share and total revenues, but can increase the lifetime value of a client.

Historically, the average professional engagement, where the client has only retained the firm for one service, is just over five years.

However, providing additional services to the client has been seen to increase the average engagement to over ten years.

With this change, the client lifetime value can not only be increased, but increased by as much as a factor of ten (five additional services combined with a doubled engagement life).

Bundling of services also increases practice differentiation, without the need for targeted specialization. It can also raise barriers to entry to new practitioners or competitors who wish to expand into the market.

Think of Bundling as a combination of Porter's Generic Low Cost Leadership and Generic Differentiation Strategies.

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In our next lesson, I'll talk a bit about "Developers."