
Section 12

Marketing Contract Training





Objectives for Section 12: Marketing Contract Training

At the end of Section 12, you will be able to:

- define marketing
- define promotions
- tell what is required in a software program that supports marketing
- define repeat rate and tell what percentage of your clients should carry over from year to year
- define lifetime value
- describe components of a good marketing strategy
- explain the steps to a one-year marketing plan
- tell the seven major components in a marketing plan

Section 12: Marketing Contract Training

It's all marketing. The way you interact with a client, the way you answer the phone, how you dress, the look of your handouts and whether or not there's soap in the dispenser in the restroom. All of these affect your image and marketing is about building image with clients.

Promotions are an aspect of marketing. Sales calls and mailings focus on getting clients to buy your products and services, in acknowledgment of the fact that you're a good match for their needs. One-on-one selling, direct mail, public relations efforts and advertising tell clients you're there for them. They are the first step in building trust and proof of capacity to serve.

The purpose of promotions is to let your prospective client base know what you do and how and when you do it. It is to open the door to mutually beneficial, long term relationships. You know from your own experience how good it is to need a service and to discover that what you need is easily available. In this sense, promotions are a service to your future clients.

A program that tries to be all things to every potential client will fail in the long run. Its work energies will be diffused and there will be confusion about who it is and what its strengths are. A better strategy is to focus on the segments of the market that have shown with their purchasing dollars that they believe you are a good match for their wants and needs. Your resources and effort should lean in the direction of those customers and potential customers who are involved with you frequently and with better-than-average buying patterns.

In contract training, one-on-one, face-to-face selling is the key tool. But all the effort you invest in marketing and promotions will return to you as new clients and their purchasing power. The interest you generate is valuable.

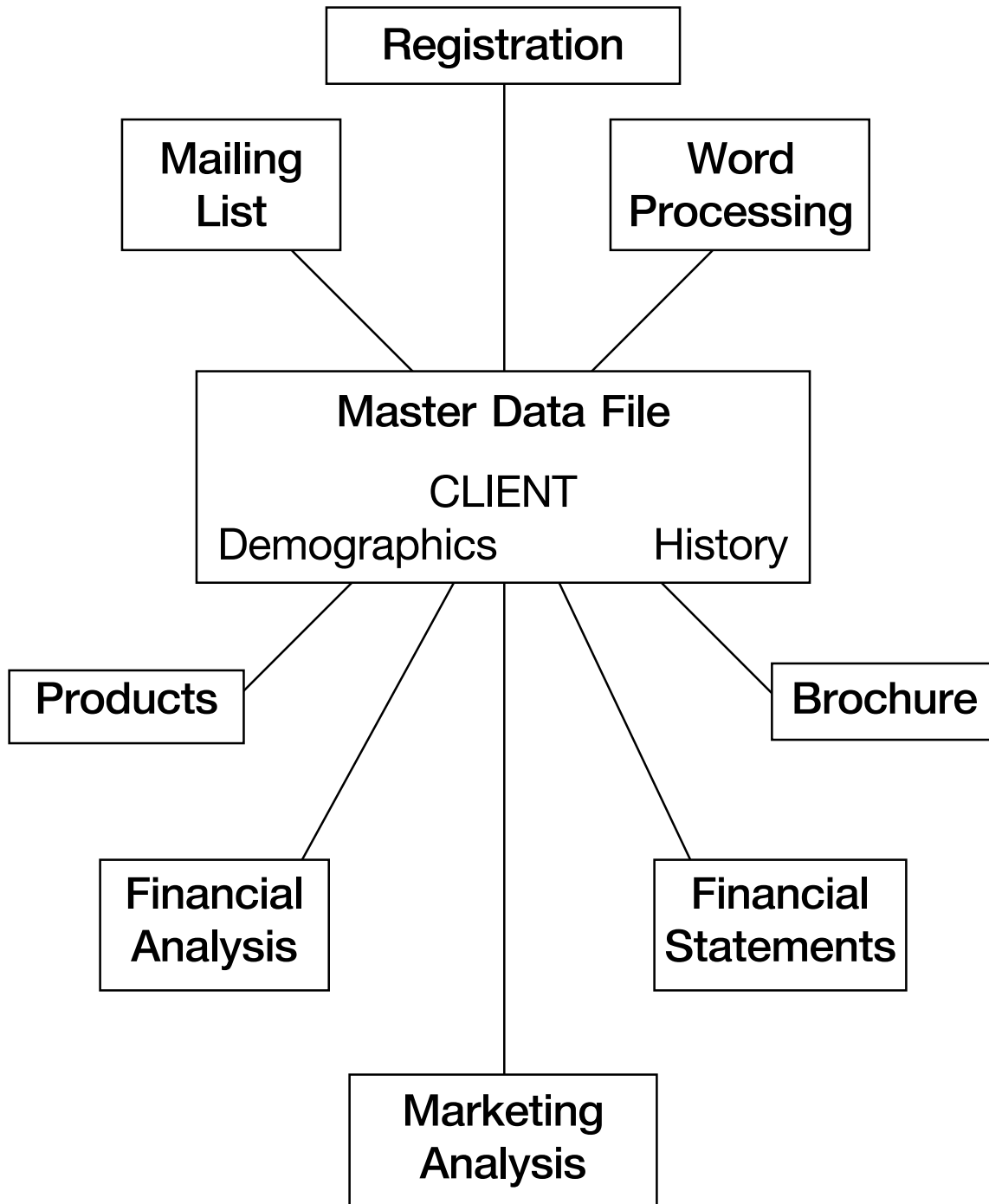
Tracking Clients

Your department needs a software system to track client information. You need to know and store information about who they are what, how and when they buy. The easiest way to do this is with a computer database where



information is entered once, but can be given back to you in multiple forms of report that make your work easier and more informed.

The graphic here shows the key information areas of a software system.



They include:

- Master data files with client demographics (geographic distribution of clients, occupation, job titles, and size of company) and history
- Registration information, including all contract information
- Word processing, or a link to it
- Mailing list generation capabilities, based on your master data file information
- A database of your products and services descriptions, including a tally of the scores each has received on past evaluations which you can use to generate proposals and sales documents
- A section that allows you to do financial analysis and statements, so you can make informed decisions
- Your information in brochure form for the various publications you'll do
- A section of marketing analysis capability so you can track performance and plan wisely

Contact Management

Ideally, your system will include the ability to track all sales calls and client information relative to the sales process. If it does not, you should purchase a contact management software program.

A simple contact management system should include records like this.

Contact Management

Primary ID=SMITH Secondary ID=APCA0258 Recall 08-15-98 Fri 04/19 15:26									
Name	John Smith, CPC	Last Call	07-15-98 12:28						
Company	Smith Associates	Fax	503-224-2104						
Address	123 NW 2nd Avenue	Card No.	5555-555-555-555						
2nd line	Suite 405	Card Expr.	1099						
City State	Portland, OR	Src/spec	Corporate Security						
ZIP Country	97209	NLeexpire	9908						
Work phone	503-224-8834	Codes	C, JA, N, P, T, X, 33333						
Home phone	503-224-5555	Dear:	John						
<table border="0"> <tr> <td>07-15-98</td> <td>Confirmed Reengineering Symposium contract</td> </tr> <tr> <td>06-10-98</td> <td>Sent Reengineering Symposium contract</td> </tr> <tr> <td>03-25-98</td> <td>Conversation with John Smith about reengineering</td> </tr> </table>				07-15-98	Confirmed Reengineering Symposium contract	06-10-98	Sent Reengineering Symposium contract	03-25-98	Conversation with John Smith about reengineering
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06-10-98	Sent Reengineering Symposium contract								
03-25-98	Conversation with John Smith about reengineering								
Add - Change - List - Goto - Forward - Back - Mark - Wordpro - Script - Dial Terminate - Recall date - Printout - Notepad - Zoom - Spacebar for menu									

Marketing and Retention

The following are things that will help your performance in marketing and in retaining current clients — an important source of business.

1. Know your *repeat rate*.

If you have done good work in helping a client succeed, you will be able to attract repeat business. Leveraging these already-landed clients saves you time and money. It's important to get new business, but it's mission critical to retain existing clients for as long as you can if they qualify as "stars."

Calculate repeat rate by comparing the previous year's clients to this year's clients. If you had 50 clients last year and this year you have 25 of those same clients, your repeat rate is 50%. A good repeat rate is between 50-75%.

Past clients are pure gold. They return your phone calls. Their evaluations say they like you. They pay their bills. They will even sometimes call you for help and save you the effort of cold calling. Treat them like the goldmine they are, and you'll see your program grow with very little sales effort.

2. Know the *lifetime value* of your clients.

The higher your repeat rate, the higher the total dollar value of your clients is, calculated over time. The value of an individual contract with a client is not as important a number as their total dollar contribution to your program over time.

On the following page is the formula for calculating lifetime value. You'll need to know the repeat rate and the average contract fee in order to apply this formula. Take note that an increase in repeat rate and/or an increase in the average contract dollar amount will increase a client's lifetime value.

3. Market to potential clients who mirror the qualities of your best clients.

Don't waste too much time on poorly performing clients and attracting more like them. If you use your software system to track how much and how often each clients buys from you, you'll be able to identify the demographic characteristics of high-performing clients and to see what they buy.



LifeTime Value

$$\frac{1}{(1 - \text{repeat rate})} \times \text{average contract fee}$$

$$\frac{1}{(1 - .50)} \times \$5,000 = \$10,000$$

- If you can increase the repeat rate, you will increase the LifeTime Value

$$\frac{1}{(1 - .75)} \times \$5,000 = \$20,000$$

- If you can increase your average contract fee, you will increase the LifeTime Value

$$\frac{1}{(1 - .50)} \times \$7,500 = \$15,000$$

- Repeat customers generate customer referrals which generate additional income.

4. Sell “old” products to new customers.

The next chart explains how to best expand your program with the least amount of risk.

The easiest, cheapest approach is to sell existing products to existing clients. The only risk here is that in time, your clients will have “been there, done that.” Eventually, you’ll need to grow your product and client base.

The second best strategy is to develop new products for existing clients. In this scenario, you have good historical evidence to prove that your clients will buy what you’re putting your precious development time and energy towards. Dialogue with proven, existing clients will tell you what they need, and when. This approach is less risky than a shot in the dark because it’s based on conversations with proven performers.

The next approach is to sell what you have already developed to new clients. This is more work, of course, because you have to scout out new relationships and some will fall through.

The least preferable way is to develop new products for new clients. Here you take a risk on both the product side — will it sell or not — *and* the client side. This is the most risky approach with the highest rate of failure.

5. Use seminars and other means to stair-step clients.

Stair-stepping is any means to get a client from a less expensive or less-committed program into a more committed purchase from you. This marketing method acknowledges that clients feel a sense of risk and would prefer to try a risk-mitigated exposure to your services before making a big commitment.

You can stair-step people by offering a contract training of limited terms (length or cost, for example) or by enrolling people into the first of a series of courses. Another way is to enroll people into the first class of a certificate program. Use any marketing where one enrollment leads to another. In this way, you earn the right to serve a client at a higher level of service with each step.

One form of stair-stepping is to encourage people from open enrollment to do onsite or customized training as a next step. You can often entice them by letting them know that a class for 5-10 people is often cheaper onsite

Client Strategy

Where to Expand

	Current Clients	New Clients
Existing Products	<p>This is what you have now. You have existing products for existing clients.</p>	<p>Here's a good way to expand. Take an existing product to a new audience.</p>
New Products	<p>Here's a good way to expand. Create a new product for your existing clients.</p>	<p>Here's a poor and risky choice. It is extremely difficult to succeed by creating a new product for a new audience. Stay away from this option.</p> <p>NO</p>

than by purchasing individual seats in an open-enrollment class.

6. Keep in touch with your clients.

Send clients short reminders of your presence and your wish to serve. Be brief—they're busy. E-mail is a great, inexpensive medium, but you need to have collected clients' addresses to use them. Sending industry-related, up-to-date articles or any other information of value is a good opportunity to remind clients that you're out there, ready to serve. This will be much more possible if you and your staff develop a system to make the mailing more simple.

7. Ask clients for referrals.

Clients may want to keep the details of their relationship with you private, but they will usually be happy to tell others about you if you request it. And you should— you have earned the relationship that gives them pleasure in telling their friends about you.

8. Sponsor speakers.

Collaborate with corporate clients to sponsor speakers who will benefit their employees and draw potential clients to you. Introduce the speaker yourself and tell people briefly about your services. Give them information to take away and collect e-mail addressees if you can. This high-profile work will generate interest in your programs.

9. Speak to groups and get your name in print.

Get your best instructors to speak publicly in their area of expertise. Help them make arrangements and get contacts. This will promote work for you and for them. Usually these presentations are short and sweet and will not require much prep for a professional presenter. Get the local paper to cover special events and programs and client success stories. It's a great match—they're looking for news and you're looking for exposure. Clients need to see your name at least five times before it sticks.

10. Document success stories.

Develop in-house success stories. These brief, well-written stories of individual or company success are a great send-along to clients and potential clients.

11. Track all promotions.

Keep track of mail promotions and any form of advertising you do to see if it pulls. A good promotion will pull two times its cost. But to know whether it works you



have to ask people who register where they found out about this event.

Even when events do not have registration forms, you can track effectiveness by listing a “dummy” extension number or a staff person who does not exist (“Call xxx-xxxx, extension xxxx and ask for Debbie.” If there’s no Debbie or no such extension, the person who takes the call will know what promotion generated the call. They can say, “Debbie’s on the other line, but I can take your call!”)

12. Offer consulting and other services besides classes.

Think one-stop shopping, shopping mall, and convenience store. Your clients are at least as busy as you and they will appreciate your help in meeting the full spectrum of their needs. Brainstorm with your staff and with your best clients what you might be able to add to your current services. Do they need: help with testing, needs assessment, internal surveys to see what different work groups need, scheduling, room set up, curriculum design, class-to-degree stair-stepping programs, transcript analysis, web design or management, advising services, catering support for training, corporate library maintenance, help with locating sub-contractors for in-house training, grant writing, help with compliance on laws relating to employee development, conferencing, meeting facilitation, document design and production, transition management planning... you get the idea.

Your organization may have a number of services it can offer — and charge for — to make you the provider of choice for your best clients. There’s money to be made and relationships to be developed by expanding our notion of what “value-added” means in more fully serving our best clients and clients like them.

13. Exclusive benefits.

“Membership has its benefits” is a proven marketing concept. People want to belong. You can charge for membership, or roll it into the cost of a first contract. You can offer it for free to those who purchase frequently or at a high dollar volume. Free access to events or free “space-available” seats in open enrollment classes cost you almost nothing and help your clients experience your gratitude and the “extras” of being a part of your customer base.

14. Partnering and alliances.

You can sell. You have name and reputation. You have a

large client base and maybe facilities or expertise. Are there businesses with whom you could share resources and create benefit? Consider sharing product development, facilities, technology and presenter resources. Keep agreements clear and make sure you both make profit.

Internet

The Internet is here. Contract training programs should be using the Internet as a training tool. The future of contract education will include the Internet.

Those involved with the Internet are experimenting. No one really knows what works and what does not work. We do know that using the Internet will allow you to increase the geography you reach. You can now reach the world with your products and services. You can combine on-site training with Internet access training.

At the least, you should have a web site. The web site should be listing what it is you do and you can do. It should include testimonials and success stories, as well as information that shows you are a leader in the field. Faculty biographies can be helpful.

You will want to be thinking about using the Internet as a way clients can download information to prepare for training. This will make the training experience more hands-on and more fruitful. You want to get away from lecture and move to interactive learning. Instructors using the Internet as a teaching tool will be more facilitators than instructors.

The Internet can also become your classroom. Using chat rooms and other Internet communication options, you can do some or all of the training without having to go on-site. This saves money for your client, but at the same time allows you the option of training more than one client at a time.

You also may be able to develop products that you can sell to other contract trainers. They sell it and get a commission. You provide the training. This is a great way to increase your sales force.

The Internet is exciting. Start looking for opportunities. Start experimenting. We are all learning.

For more information on the Internet, see LERN's publications *How to Position Your Program on the Internet*, *Marketing Online Courses, Seminars and Events*, and *Teaching Online*.



11 Easy Steps to a One-Year Plan

Since most of us in contract training can no longer afford to do “business as usual,” borrowing the proven principles of market planning is an essential step in our survival.

The process outlined here can be accomplished by a team or by a researcher. Since you or your key staff are responsible for closing sales, all of you should be involved in completing the planning process. A team will implement the marketing plan, so the same team should develop it. Follow these steps to develop such a plan:

Step 1. Define your unit’s mission

Define it in terms of delivering workforce development programs and services. Your mission will be based on your entire organization’s mission. However, you have your own mission as well. Do you serve manufacturing? Middle managers? Upper management? Computer technicians? Where are these target clients located? Include in your plan a map with the markets detailed.

Step 2. Establish marketing objectives for the next year

Define the time frame for the effort as well as specific number of companies to visit, needs assessments to be completed, proposal boilerplate to be developed, internal reports to be written, and feature articles on client successes to be developed.

Step 3. Define quantifiable benchmarks

What are you shooting for in terms of student credit hours, contract dollar volumes, intercollegiate referrals leading to contracts? These and other components logically will develop into a “report card” that you will share with your supervisor. The marketing plan will be implemented by a team — so it should be developed by the same team.

Step 4. Develop a list of the products or services that you plan to sell

Specify the products or services — such as lectures, short courses, client-tailored courses, off-the-shelf training, needs assessment, client recruitment efforts, basic skills testing — whatever are your key products and services.

Step 5. Identify your potential clients

List each agency, company, service group, municipality, association that you consider a valid source for potential clients.

Step 6. Determine your potential

Analyze the potential of the identified market, and where your organization could realistically offer services or products. Don't overlook the possibility of "brokering" some business to another organization if you oversell your own capability.

Step 7. Conduct a SWOT analysis

Based on information gleaned in the above steps, evaluate your strengths, weaknesses, opportunities, and threats. How will you achieve your goals? What is your overall strategy? What are your competitive advances and disadvantages? What are your promotion strategies? Get a focus for all materials, mailers, and follow-up memos — and stick to it.

Step 8. Determine your budget

How much can you spend on the marketing component of your plan? How much will be allocated to advertising, printed materials, travel, phones, and other direct costs?

Step 9. State your concerns

Define the impediments to the plan's success. Develop a statement that captures institutional impediments that will adversely impact the success of this plan. Then explain how these barriers to your success can be removed. Don't expect your institution to throw money at your problems.

Step 10. Develop an action plan

Design a matrix that will include all components of your action plan. Refer frequently to the milestones to ensure you're on target.

Step 11. Develop a quarterly review and evaluation schedule

Refer to the action plan and pull out the critical activities that develop into measurable results. Tally those results, meet with the team to analyze shortfalls, and develop a corrective action for each.

Publish Your Plan for Implementation

Nothing is as clarifying as the process of muddling your way through a difficult, comprehensive task. If you make and take the time to complete the above steps to a marketing plan, you'll not only develop a document that should be useful in budget and staffing negotiations with administration, but also as your game plan on an operational level for your operating year.

Include the following seven major components in your published marketing plan:

1. Executive Summary
2. Vision and Mission
3. Team and Program Overview
4. Market Analysis
5. Program Strategy
6. Your Promotional Plan
7. The Budget

Provide a complete copy for everyone involved in the marketing effort so they can see the whole picture and consider all marketing elements as they write their own supporting plans.

Contract Training Department

2003 Market Plan

EXECUTIVE SUMMARY

1. Develop a Sales Kit following the LERN AIDA Principle.
2. Collect buying trends and demographics on clients so we can better target product areas we should be growing and new, but similar, potential clients we should be targeting.
3. Develop a needs assessment tool for staff to use during initial sales meetings with clients.
4. Keep track of communication with clients and potential clients on a contact management software program.

OVERALL OBJECTIVES & BENCHMARKS

Budget

Income	\$500,000	100%
Promotion	\$25,000	5%
Production	\$175,000	35%
Direct Costs	\$200,000	40%
Operating Margin	\$300,000	60%
Administration	\$150,000	30%
Net	\$150,000	30%

Benchmarks

01. Average Income per Contract	\$10,000
02. Conversion Rate – Sales Contact:Contract	4:1
03. Promotion:Contract Ratio	50:1
04. Participant Evaluations	4+ out of 5

05. Lifetime Value of Clients	2.5 Years
06. Product Development as % of Operating Margin	10%
07. Repeat Rate	50%
08. Referral Rate	25%
09. Cold Call Rate	25%
10. New Products	20%
11. Response Time	36 Hours
12. Income:Selling Time Ratio	10

PRODUCT STRATEGY

- A. Total Contracts: $\$500,000(\text{Income Budget})/\$10,000(\text{Average Income per Contract}) = 50$
- B. Contracts by Promotions: $50(\text{Total Contracts}) \times .30(\text{Percentage of Contracts from Promotions}) = 15$
- C. Contracts by Sales Contacts: $50(\text{Total Contracts}) \times .70(\text{Percentage of Contracts from Sales Contacts}) = 35$

QUARTER OBJECTIVES

First Quarter (January-March)

- Income: \$200,000
- Contracts: 20

Second Quarter (April-June)

- Income: \$100,000
- Contracts: 10

Third Quarter (July-September)

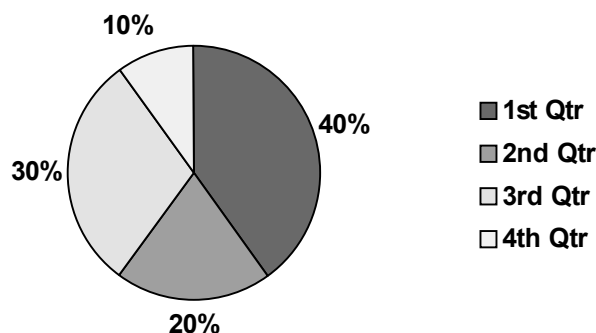
- Income: \$150,000
- Contracts: 15

Fourth Quarter (October-December)

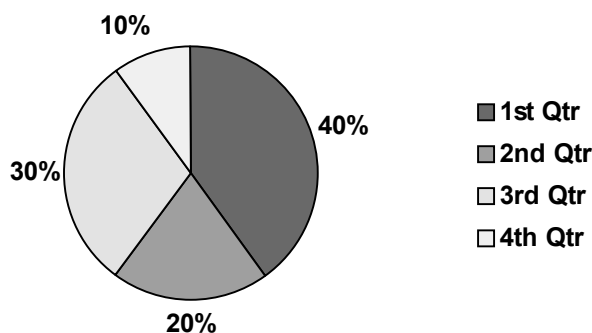
- Income: \$50,000
- Contracts: 5

PROMOTION STRATEGY

Income



Contracts



1. Hand out Sales Kits during sales visits.
2. Each quarter send a targeted e-mail newsletter by segments with information about institution, industry, and contract training products.
3. Invite business and organization leaders to “Get to Know Our Institution” breakfast meetings.
4. Promote a Speaker Series with topics of interest to present and potential clients.
5. Have instructors speak at local community organization groups.
6. Mail letters with testimonials and product areas to potential clients.
7. Make sure that at least 40% of staff time each week is spent selling.

PROMOTION PLAN/TIMELINE

First Quarter

- Sales Kit complete by 1/1
- E-mail newsletters sent by 2/1
- Hold two “Get to Know our Institution” meetings
- Speak at one community organization meeting
- Mail Speaker Series invitation by 3/1 for 5/15 speaker

Second Quarter

- E-mail newsletters sent by 5/1 (include reminder about 5/15 speaker)
- Hold two “Get to Know Our Institution” meetings
- Speak at one community organization meeting
- Send follow-up Speak Series invitation to best clients, as well as advertising in newspaper
- Mail letter with testimonials/product areas to potential clients by 6/1

Third Quarter

- E-mail newsletters sent by 8/1
- Hold two “Get to Know our Institution” meetings
- Speak at one community organization meeting
- Mail Speaker Series invitation by 9/1 for 11/15 speaker

Fourth Quarter

- E-mail newsletters sent by 11/1 (include reminder about 11/15 speaker)
- Hold two “Get to Know Our Institution” meetings
- Speak at one community organization meeting
- Send follow-up Speaker Series invitation to best clients, as well as advertising in newspaper
- Mail letter with testimonials/product areas to potential clients by 10/1

STAFFING RESPONSIBILITIES

01. Jane (FT): 50% Selling; 25% Administration; 25% Promotion
02. Bob (FT): 75% Product Development; 25% Administration
03. Sally (PT): 100% Administration



Key Points for Review in this Section

- ✓ The way you interact with a client, the way you answer the phone, how you dress, the look of your hand-outs and whether or not there's soap in the dispenser in the restroom. All of these affect your image and are marketing.
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