Growing Your Agency With Retainer-Based Relationships

Using Marketing Automation and Sales Strategy as a Foundation for Profitable Growth

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About the Author

Paul is an industry veteran who has designed and strategized for leading organizations around the globe. Paul leads 454 Creative with his broad expertise in web development, digital strategy, marketing automation, lead generation, and conversion optimization. He helps businesses connect marketing, sales, and technology to produce measurable and effective results for success.

Client relationships are like dating relationships. If a mutually beneficial connection is made, it's important to build a foundation of clear communication, trust, and willingness to look out for the best interest of the other party. At some point, the marker of a great relationship is ongoing commitment.

Why the big focus on retainer relationships?

The benefits of recurring retainers seem obvious from the agency perspective. The ability to forecast cash flow with some degree of dependability is paramount for any business. Creating predictability for revenue, labor, and resource allocation is one of best ways to drive growth and eliminate the stressful uncertainty in running an agency. Very few agency owners need convincing that recurring revenue relationships are an ideal target.

INITIAL SALE

ONLY **5-30%**
FROM THE INITIAL SALE

70-95%
OF THE REVENUES COME
FROM RENEWALS AND UPSELL.

Focus on Recurring Revenue Growth: For recurring revenue businesses, most of your revenue growth comes after the initial sale.
(Source: http://www.forentrepreneurs.com/customer-success/)

However, understanding the benefits of retainer relationships from a client perspective is of paramount importance.

Clients are frequently pushed into retainer conversations without proper time to establish trust and understanding. It is necessary to clearly communicate needs and expectations and to build confidence for both parties before most clients are willing to sign on the dotted line.

Why should a client want a retainer engagement?

Why does anyone want a committed relationship? Once we frame client relationships to be akin to real human relationships, this conversation makes a lot more sense.

A long-term relationship provides:

- Tangible benefits to both parties

- Dependability, consistency, trust and efficiency

- A rhythm of communication and workflow
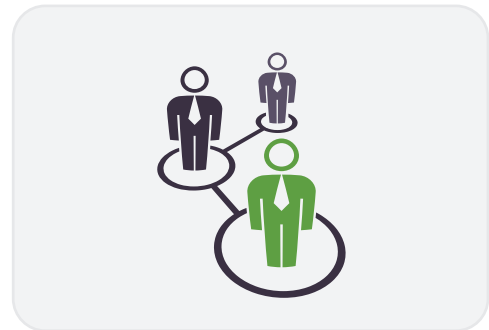
What sets client relationships apart from dating relationships, however, is that most of the time, the "retainer" conversation happens upfront. This eliminates the "dating" period during which the client and agency would normally get to know each other, build dependability and trust, and demonstrate mutual commitment to each other's best interests. It's generally a bad idea to ask a total stranger if they want to move in together based on a common interest of liking cats. Actually, that's probably the recipe for a terrible reality show or a really good horror movie.

Customer success is when clients achieve their desired outcome through their interactions with your company.

– Lincoln Murphy

Fine, I get it. So how should I approach client relationships?

There is a plethora of very successful companies that have drastically different approaches to building client relationships. This isn't to say that other approaches are wrong and ours is right – we're just sharing what has worked well for us.

Define the key business problem that needs to be solved from the client's perspective. Structure your engagement to deliver an outcome, not just billed hours.

Start with a small engagement to establish trust. You can do this in a few simple ways. We normally start with a "discovery phase" to make sure that the client is committed to the process. This can be a road mapping process for a development relationship, a competitive audit or SWOT analysis for a lead generation or inbound engagement, or a brand positioning audit for a marketing retainer.

These are fixed-fee, fixed-timeline engagements that demonstrate to our clients that we are experts in our field, we can execute on time and on budget, and we will listen well to their needs and expectations.

This is often a good time to introduce the concept of marketing automation. Your clients can license a system on their own, so why should this be a service that you provide? As you manage the platform for them, you provide a value-added services and report on results.

Set the expectation that an ongoing relationship is the key to long-term success. Most clients understand that today's competitive environment is incompatible with a "set it and forget it" mentality, but it's important to be on the same page about this from the beginning.

We rely on SharpSpring for both lead generation and engagement tracking to create a deeper, "stickier" relationship with clients where they rely on us for both the insights and results that a cohesive marketing automation platform provides.

Deliver results. Once we finish the initial engagement, we start a three-month retainer trial to prove that we can deliver the outcome documented in Step 1.

Again, this is where a tool like SharpSpring becomes instrumental in creating alignment. We can provide quantifiable value by tracking the number of leads, opportunities and sales were able to influence without needing access to the client's CRM or accounting software. SharpSpring's advanced analytics and marketing attribution reports put the agency in the middle of the value conversation. These results can be delivered almost immediately from the beginning of the engagement.

If you communicate well, demonstrate expertise, and provide reasonable progress, the likelihood of the trial engagement turning into an auto-renewing annual retainer is very high.

I get it. This sounds too simple. It's true, building a happy, satisfied client base is a slightly more complex equation – but not by much.

What can I do to make the process easier?

Most agencies are willing to do anything they can to capture a client. But if we're being honest with ourselves, our agencies are a good fit for only a limited number of engagements. That means it becomes vital in the initial stages, for both the agency and the client, to set qualifying criteria and expectations for what makes a good working relationship.

These conversations should be frank, honest dialogues with the client. At 454 Creative, we are actually working on a scoring sheet that highlights some of the critical factors that we believe make a good working relationship.
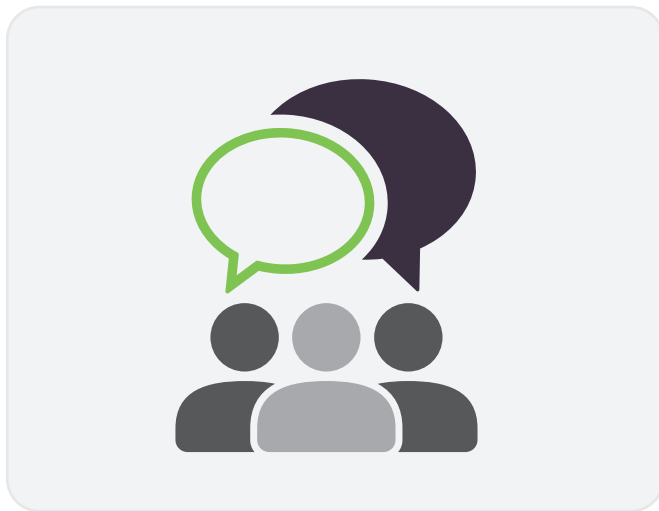
- We love B2B clients. They open up a lot more tools for us to play with, especially with SharpSpring. For instance, VisitorID provides huge insights into site traffic which can help identify strategic opportunities. B2B clients also lend themselves to growing targeted lead lists and developing strategies for customer acquisition.

- Are we working with a marketing team or the CEO/owner? For us, working with a CEO/owner is a red flag in that it may indicate a lack of internal structure or integration for the marketing or lead generation function.

- Do they have a reasonable budget? Budget should be openly discussed since it relates to value. If a client needs to solve a $5K problem, the toolkit and resources needed will differ considerably from those needed for a $30K problem. Use of a value-priced platform like SharpSpring can allow us to put marketing automation tools to work for all clients, not just those with large budgets.

- Can they clearly articulate the business problem? Can we agree to success metrics that will make them happy? Can we deliver on it?

Once the trial engagement is kicked off, we go further by watching for red flags on the following:

- Are bills paid on time?

- Does the client value our expertise?

- Does the client have an internal culture of execution? Can they do "their part" once we deliver "our part"?

- Are they happy with the relationship? A simple "yes" or "no" goes a long way in creating alignment.
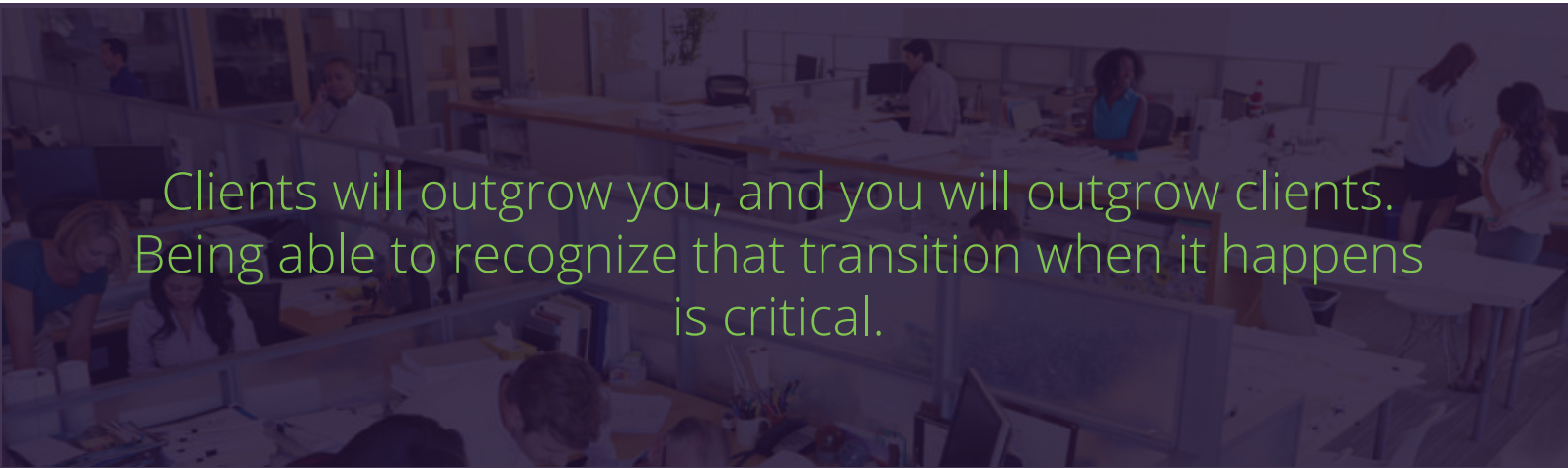
Learn to say no.

It's counter-intuitive, but learn to say "no" often. The faster you can disqualify an opportunity or engagement that isn't a great fit, the more time you'll have to work on relationships that will be successful. The odds are stacked ten to one in favor of "no."

We categorize our relationships into three groups:

1. Ideal Clients

2. Needs Nurturing

3. JFTM (Just For The Money)

Some clients start as promising, ideal clients and quickly slip to nurturing or JFTM. You can keep a pulse on client engagement using marketing automation since it allows you to monitor your clients' activities/statuses. For instance, automatic notifications alert you to small changes in activity level that may grow into larger concerns. Even with this insight, sometimes it still doesn't work. The quicker you recognize the transition and act on it, the happier both parties will be.

> Clients will outgrow you, and you will outgrow clients.
> Being able to recognize that transition when it happens
> is critical.

Be completely honest with your clients about where they fit, and help them fix any issues preventing them from becoming ideal clients. If you must, help them to recognize that the engagement is no longer a good fit. Spend your best energy and time on building great relationships, not on nursing clients who don't fit well with your agency.

After all, relationships are about honest communication and a commitment to one another's well-being.

Adding marketing automation to your agency's services can help you grow your business. Schedule time with a partnerships specialist to chat about your specific needs and see SharpSpring in action.

Get a Demo

SharpSpring

SharpSpring is the marketing automation platform of choice for more than 1,000 digital marketing agencies and their 5,000+ clients. Since 2014, SharpSpring has provided its powerful marketing automation solution to businesses around the globe. In the short time since its inception, the company has gained significant market share from industry leaders with its competitive pricing, agency-focused business model, and robust platform. Visit www.sharpspring.com for more information.

454 CREATIVE

454 Creative is a digital marketing agency in Orange County, California focused on building growth strategies for growing businesses and emerging brands. We value innovation, thoughtful design, and quality work. From crafting powerful e-commerce websites to helping companies use business intelligence to align sales and marketing, we are the engine that drives growth.

Visit www.454creative.com for more information.