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THE PROFIT PURPOSE MATRIX

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Hello I'm Bryony Thomas and I'm delighted to have you here for today's session on finding the right kind of work. The Right Kind of Work is one of the four Flow Foundations captured in the Watertight Marketing methodology and the framework that I am taking you through today is from Chapter 11 of the book of the same name. So essentially what we are talking about today is the core tenant of your marketing. That is, knowing who it is that you're selling to. Now when I hear the word 'marketing' it's not the M-word I hear. What I hear is that the founder and owner of that business has risked their mortgage, their marriage and if that's you, my health. It matters. Marketing is at the heart of your business being sustainable, being successful, being the sort of business that truly sustains you.

Now all of the frameworks in the Watertight Marketing methodology are thinking tools. They're things to help you organise your thoughts. A lens for seeing how marketing underpins the success of your business. These are tools that mean you can out-think, rather than out-spend, the competition. So let's get into today's framework. I've put together a worksheet for you that you should be able to download. If not, grab yourself a pen and paper; it's all very easy to draw with just a few lines. And so what we are going to do is the Profit Purpose Matrix.

What I'd like you to draw is a four box matrix. On the left hand side you have a line, on that line write the word 'Purpose'. At the top of this line is the high point. Now here, what you're thinking about is the sort of work that makes you smile. The sort of work that your team really enjoy. The sort of work that makes your tummy go 'Ooooh!'. That's the sort of work that you would put at the high end of your Purpose line. At the other end, at the low end is the sort of work that makes you go 'Ughhh!'. The sort of client that if their name pops up on your mobile or their email drops into your inbox, you visibly and verbally groan in disappointment. That's the sort of work that you would put at the low end of the Purpose line on this matrix.

Now along the bottom you're putting the line for profit. So you've got low at the left hand side there and you've got high on the right hand side. So what am I talking about here? Well first of all there's the sort of work that you can charge good money for and you can have a good margin in terms of making sure that there is surplus in what it costs you to deliver and what you're able to charge your client. So on the right hand side you'd put the sort of work that is high profit. Conversely, at the low end, you'd put the sort of work that quite frankly, you're getting pennies for. It's the sort of work that takes a high level of complexity to deliver, is expensive to deliver, or for some reason you're not able to make a profit from it because of the way that people choose to interact. So this creates your four boxes.

Now how would you determine who sits where in these? There are three areas for you to have a think about. First of all there's the demographics of the sorts of people that you'd work for:

Industry sector, business activities, the structure of their business, what sort of turnover they have, numbers of employees, maybe location determines whether that's profitable for you. Whether there are leadership team roles in the discipline that you cover, the demographics of the owner themselves or their credit rating. Those are the sorts of things to be thinking about when you're putting people in these different areas on your matrix.

Then there's the psychographics, so the values of those individuals, their ethics, their attitude to change maybe if you're getting them to go through a massive transformation and that's difficult for them, you're going to find it difficult to do that to profit. The level of their expectations, are their expectations too high? Are their expectations too low to allow you to deliver at pace? The attitudes and opinions they have. Maybe their hobbies have an impact on whether you would enjoy working with them, or the risk profile of those individuals. What about their ambition or their lifestyle? Have a think about all of these things because it can really determine where people sit on this matrix and therefore how you are going to interact with them.

Some other areas that really do affect whether a) you enjoy working with someone and b) whether it's profitable to do so are things like their tech literacy - if you're running an online business and people don't know how to use a search engine, it's going to indicate that they might be difficult for you to work with profitably. Maybe some legacy technology they have is going to affect the way you interact. Their systems, and the speed at which they adopt new systems, the skills that they have, how they like to engage - do they want to sit down with you in person or would they be happy with an online account? Their communication style, their payment history and just the way that they behave with you. So have a think about the demographics, the psychographics and other attributes that affect how much you enjoy working with someone and how profitably you can do so.

And then you start to organise the sorts of people that come into your world, the clients, the prospects in your market, into these four boxes. First of all you have those that neither light your soul nor fill your bank balance. These are No/No people. Anyone who lands in this box is someone for whom you need to create a referral strategy. That is, you pass them on to someone else. So have a think. Who are these people? What are their demographics, what are their psychographics what are their other attributes and what might you do for them? Who would you pass them on to? Maybe point them to a book or something like that, refer them out from your business.

The next area here is that they're low on the purpose - ideally you'd like to say no because they don't light your soul but they do have money. Now these can be difficult people to say no to, but for the long-term health of your business it's best that you do because they will sap your energy, they'll sap your soul. So for these people, what you're looking at here is a systemisation strategy - which is that you interact with them at arms length so that you're not energetically or emotionally involved with them. So who are the sorts of people who don't light your soul, but you can make good money for? What are their demographic, psychographic and other attributes and what would you do for them? Could you create an online offering for those sorts of people?

Then we move up to the high end of purpose, the sorts of stuff that really excites you so ideally you want to say yes because you love doing this work. But on the left hand side here, yes you'd like to do it but no they don't have any money. This is when it might be a charity or an organisation you'd love to be associated with or involved with but for whatever reason they can't pay your normal rates or the way they interact makes it unprofitable for you. What's the strategy here? Well this is a showcase strategy. This is where you do say yes, in return for perhaps a case study, entering them for awards, using them for training some of your new team, rewarding some of your senior staff with something fun to do. A showcase strategy. So who are they? Their demographics, psychographics and other attributes and what would you do for them in return for what? A case study, a review, a testimonial, an award entry, a shadowing opportunity for some of your staff for example.

And then you have those wonderful people who both light your soul and are profitable. This is your focus strategy. This is where the majority of your time, energy, a good 80% of your client base should be in this box. Who are these people? Their demographic, their psychographics and their other attributes and what would you do for them? This is where your business really sits. And so if I were talking about a split across these boxes you would be looking for 80% there in that focus strategy, maybe 10% in showcase strategy, 10% in the systemise strategy and none in that No/No area. Now when you know what your focus strategy is, that's when I would recommend picking up the Watertight Marketing book because the book shows you, when you know what you're selling and to whom, how to take it to market profitably.

Now there are 8 things you can do with this matrix that will help you really run a sustainable business. And a truly sustainable business is a business that is both lighting your soul, filling you up with happiness and also filling up your bank balance. Now let me talk you through the 8 things you can do when you've determined how to use this matrix as a key planning tool for your business.

The first is to map your journey, and to understand that you need to feel the edges on these boxes in order to know what they are. It's highly unlikely you'll be able to avoid any of them. Typically what happens is that first of all as a start up business, you find yourself in box no.1. Picking up easy work, the sorts of clients that, you come to realise, were easy to win for a reason: because nobody else wants them. A bit like the builder who's always available - there's a reason for it. Often you find yourself picking up clients that are not ideal and you're not making huge amounts of money.

And so you move over to no.2 - you put in some systems to allow you to work more profitable with those sorts of clients. Having done the grind on putting in those systems you find yourself getting a little bit bored and you move up there to box no.3 to the showcase strategy, you do a passion project just to light your soul and remind yourself why you're doing it in the first place. And then you find that you're able to apply some of your systems to those passion projects and you find your ideal client. It's not unusual for a start up business to take 18 months to three years to feel their way through this process to understand the sorts of clients that they really really want to be working with. So understand that, pat yourself on the back of the entrepreneurial journey if you know that you've been through some of this process, worked with

some of these not so ideal people because everybody does it, it's ok. The key thing is to learn from it. And so, take your learning and define what this is.

Create 4 client personas for each of the four boxes. Who is a No/No for you? Who is an Ideally No for you? Who is an Ideally Yes and who is a 'hell yes'? Those four personas will really serve you well. When you have created those four personas, you create four commercial strategies. One for each. Your referral strategy, your systemise strategy, your showcase strategy and your focus strategy. You have a checklist or a system for each one of those.

When you have your strategy for each, you then use this matrix to create a qualification and filtering tool. So qualification would be the sorts of questions you would ask to determine where on this matrix people sit, so you can filter them to each of your commercial strategies.

The fifth way to use this is as a content planning tool. Now I've drawn a line across the matrix there to show you that there is a line of visibility. All of your content on your website, your blog, your social media, should be above the line of visibility. Always talking about the work you love doing, because the more you talk about stuff the more it comes to you. Don't talk about work that you don't want to attract because the more you talk about it, the more will come your way. I would say have a look and go back through the content you already have, look through your blog posts - if you are talking about the sorts of questions that someone would ask that would lead them to become a problem client for you, then take that blog post down. Have a think about the case studies that you're putting out. Are you case studying the sort of work that you would want to showcase and focus on? Make sure that the content that you're putting out into the world, attracts to you the sorts of clients that really light your soul.

Now the other thing you can do with this is use it as a Team Alignment and a recruitment exercise. Ask all of your team, and anyone looking to join your team, where they would put different sorts of work on this matrix because it helps you to understand if they are of the same sort of mindset as you. Or, alternatively it might mean you're able to recruit people for whom your 'No' is their 'Yes' so you have a balance of people who can work with different types of client. So have a think about making sure that a) your values are aligned, the purpose that you're all about it aligned, but also that you have a mix of characters who enjoy working with different types of people in different types of ways if that's what is appropriate for your business.

The next way you can use this is in role design. I would ask your existing team to go through this matrix and tell you where they think they're playing. Which box are they spending their time in? What we have found is lots of people have people in their organisation who are always firefighting - they always seem to be landed with those problem clients and that can be really soul destroying. What you want to be doing is making sure that your team are getting a good balance. If they've been working in that systemise area you know, head down not working with particularly enjoyable clients, putting in processes that are long and hard to do then you might reward them with a showcase client, a charity client or someone that they can enter for an award or put on their CV and feel really good about in order to really give them some variety in their role.

And then the 8th way to use this is to review periodically and take action. Clients change, so it might be that on a quarterly basis you go through your client mix and organise them into the boxes. If somebody has moved from being what was a focus, into a No/No, let's say when somebody first started working with you you got on really well with the account manager, the way that they like to work really worked with your systems, they loved using your online portal whatever it might be so you loved working with them and you were able to do so at a good profit and then that person moves on and a new person moves into role and that person is always on the phone, never uses the portal, doesn't tell you when things go wrong, is always complaining, difficult to work with well that might mean that that client has moved from being a focus client to being a referral client and you may need to take some action and have a system for having an account review or a client review to make sure that you're always keeping that 80% in your focus strategy.

This is a really powerful and seemingly simple tool that allows you to always be working with the right kind of client. And working with the right kind of client is so important for the long-term sustainability of your business. It truly matters. Getting your marketing right matters as I said at the beginning. If you are the owner or the founder of the business you've probably risked your mortgage, your marriage, your mental and other health to make sure that this business survives and thrives. And a truly sustainable business, a healthy business, sustains both your emotional and your financial reserves. This really simple four-box matrix is a tool that you can use again and again and again to set your strategy, to determine who your clients are, to qualify and filter, to bring energy to your team and the roles that they have in your team.

So let's make sure that we go through it again - if somebody is low on the purpose which means that you don't really enjoy working with them and you can't work with them profitably what you need to put in place is a referral strategy. That means that you refer them on to someone with whom they would be a good fit, you refer them on to a book or a course online so that you can turn them away with dignity.

If someone is someone that you don't particularly enjoy working with but they could be operated with profitably, that's a systemise strategy. A systemise strategy is where you are able to provide them with a service but you're not energetically or emotionally involved - that might mean an online product or an online course or something where you have a good checklist that means you can work through it quickly. A systemise strategy is particularly important for clients who are energetically and emotionally draining to make sure that that energy is maintained for where your purpose, the real enjoyment in your business, lies.

Then you've got those clients who really do light your soul but don't have piles of money. And we know who those people are, they're your mates or a charity that you'd love to work with. They're an organisation that you would love to be aligned with but for whatever reason you're not able to work with them profitably. I find the showcase strategy is something people come to as an afterthought but I think you should plan it into your business. Think to yourself 'I'm going to spend 10% of my time on showcase work' have a think about a charity or your kids rugby club, think about someone you would love to do some work for and put aside 10% of your time to do that showcase work in return for a case study, in return for allowing a key member of your staff

to do something they enjoy, in return for entering it for awards so that you can energise yourself in your business. Because energy, and emotional energy is probably the most important asset in your business. Don't do a showcase when your business can afford it, do a showcase so that your business can afford it.

Showcase pays you back in a number of ways - energetically, as I've described, but also financially because you're able to showcase some of your best work. It might be that you've got a new really exciting process of service and you want someone to try it out. Why not go to a charity that you love and give it to them at a highly discounted price in order to test and prove a particular product or service that you then have a brilliant case study for? Don't come to showcase as an afterthought, people often think "Oh I will do that project as a passion project when I can afford it" Don't do it when you can afford it - build it in strategically so that your business can afford it. Wouldn't it be fantastic to know that 10% of your time is set aside for giving a little bit back. It's the pay it forward attitude isn't it?

And then there are those clients that both light your soul and fill up your bank balance. Now that is your focus, and again I would say you're looking for 80% of your work being here. 80% there, 10% in showcase, 10% on your systemise and none in that area that's low profit and low purpose because that is energy draining, it's going to affect the long term health of your business in so many ways.

And so the key point here is that you need to focus on your focus and remember that there are those 8 ways to use this tool. This is not something that you do once, and put aside. This is something that you build into your business and I would suggest that you do this on a quarterly basis as part of your board meeting.

The first way to use it is to map your journey and understand that you're going to need to feel the edges on these boxes to know what they are. Each time you work with someone note down what it was about them, make sure you're categorising and reviewing client engagements, each project using this matrix so that you can show that you're moving through the process. Don't berate yourself if you find that you're taking on some less than ideal clients - acknowledge that you have learnt from it. Lots of marketers will tell you to have one client persona - I think you need four - you need these four. Your referral, your systemise, your showcase and your focus. For each of those four you need a commercial strategy and a system. It's not good enough just to put them in a box you need to know what to do with them once they're there.

Then you use this as a qualification and a filtering tool. Qualify people and filter them into the boxes so you can then point them at the commercial strategy that you have in place.

Content planning - absolutely critical. Only put out into the world material that talks to the sort of work that you want to bring in to your world. Only talk about what you want to attract.

Team Alignment and recruitment - understand how other people define the work they enjoy and don't enjoy so you can either recruit people who think similarly to you, or recruit people who have different views to you. Role design and reward - make sure that people in your team are doing enough work that they love so that they are going to stay as profitable and productive

members of your team. If they're doing the slog with clients they hate with work that they don't enjoy, they're not going to stay they're not going to be productive. And if you're the business owner then that refers to you too because the business owner, the founder, needs to sustain their energy more than perhaps anybody else. It all comes from you and if you're not rewarding yourself with some of that showcase work occasionally then you are going to forget why you did this in the first place and you're going to run out of energy.

Do this on a periodical basis, I suggest that you do this on a quarterly basis, understanding that some of the clients you work with may have changed and may have shifted.

So let me remind you what those bases were to think about so that you can organise people into those different boxes. There's the demographics, the things you can observe. So we're talking here about industry sector, business activities they undertake, the structure of their business might indicate how well and how profitably you can work with them, the size of their business by turnover or number of employees, their location, perhaps if they have a particular leadership role - I tend to like to work with businesses that have a marketer on board for example - it speeds up the pace at which we are able to deliver results. The demographics of the owner of that business perhaps the credit rating and the way they make payments would affect whether you're able to work with them profitably.

Demographics are important, psychographics are essential. The values of that organisation will have a massive impact on whether you're able to work with them in a purposeful and enjoyable way. Their ethics are going to have a massive impact on how your staff feel about working with them and of course the standing of your organisation the reputation of your organisation. The attitude to change of the people in that business, whether they're able to change at pace, whether they find it difficult either way round might affect whether you can work with them profitably. Perhaps you are an organisation that loves dragging people through change so if they have a resistant attitude that could be really profitable for you.

Alternatively maybe you love working at pace and you want someone who wants to rip up the book and go and change everything. You need to understand what psychographics you want to be working with. Whether they have high expectations, low expectations it's really important that you understand what their expectations are of working with you because that will affect how well you're able to deliver to them, how profitably you're able to deliver to them and how quickly you're able to deliver to them. Their attitudes and opinions, for example for us, I like to work with people who see marketing as a real strategic driver in a business so if I pick up on a sense that marketing is just the colouring in, then that attitude is a red flag to me that this is the sort of business I don't particularly want to be working with.

Hobbies is an interesting one so if you spend a lot of time with your clients, it might be fantastic that you share a hobby. Perhaps you do your quarterly review doing a round of golf - that might sound ridiculous but it's really important to build fun into your business and if you have aligned hobbies you can make that part of the way you do business together. The risk profile - whether they love taking risks or hate taking risk would have a particular impact on highly innovative

organisations. If you're driving innovation and want to try the latest things and do cutting edge stuff that no one's ever done before, then you want to work with people who love taking a few risks and somebody with a low risk profile is not going to be fun for you to work with. Ambition is really important. We love to case study people who have doubled, tripled and 10 x their business, so of course we want to work with people who are really ambitious. If people just want a little lifestyle business that covers their costs and doesn't cause them too much trouble in life then they're not going to enjoy working with me because I like people who want to really push it.

Now it might be different for you, maybe you have a lovely lifestyle business that suits you, you work 3 days a week and you love working with people who also have lifestyle businesses around their kids or around their other hobbies or caring duties. It might be that the lifestyle is really important to you, maybe you love going out for a lovely dinner or going to gigs or whatever it might be and so working with music clients might be really important to you. I was having a strategy session with someone the other day and she said she loves working with artists and musicians so she has made that a specialism for her coaching business. Have a think about the psychographics that impact how profitably and how enjoyably you can work with somebody because knowing those two things is absolutely critical.

And then there are those other attributes that affect how well you're going to work with somebody. Are they tech literate, do they have some previous technology that's going to interact well or poorly with what you do? Are they good at adopting new systems? Do they have the skills to work with you effectively? What's their preferred engagement style? Is it expensive? Are they going to want one-to-one meetings over a round of golf or would they be able to do that online? What's their preferred communication style do they call you at 8 in the morning and after hours or are they absolutely fine from 9-5? What's their payment history is a useful thing to know. And how do they behave? Do they treat your staff well? Are they polite are they fun? These are all really important things for you to get right.

So when you have those things in mind you will be able to create your Profit Purpose Matrix. It's so important that you get this right for your business because it will allow you to really build a business that sustains both your emotional and your financial reserves.

I hope you've found that useful - if you have any further questions from me you can find me on twitter - @bryonythomas. And all of the detail of what I've gone through is captured in my book, Watertight Marketing. Thank you very much.