

Principle 14

Joint Ventures & Host Beneficiary Alliances

What it is

and how to set one up

They go by many names - joint ventures, fusion marketing, strategic alliances, cross promoting, host beneficiary - but they all involve some form of the same thing - one company getting together with another, or several others, to help each other find more customers, make more sales and make more money. Everybody benefits.

Joint ventures are a great way to boost your business

What if you could almost instantly find the names and addresses of, say 10,000 or even 100,000 all-new prospects who are guaranteed to have strong interest in what you are selling, and then send each one of them your



best sales letter - and none of this would cost you a penny? Well, it's not only possible, but it's something many have done dozens of times, and the payoff can be simply phenomenal!

You accomplish it with what is called a "host-beneficiary relationship," and nothing could be easier. Here is how to get it done:

Contact another business in a complementary market - one that deals with similar customers and does not compete with yours and ask them to let you mail your sales materials to their customer list. You can either include your materials - endorsed by the host - onto something the host company is already mailing anyway, or have your materials be the primary mail piece.

Why should the host company agree to do this for you? Because you will offer them 50% of all profits you make from the mailing. If that seems like a lot, remember you're not only getting the mailing done for free, but you're finding a rich market of highly qualified prospects with a strong chance of

wanting to buy from you. The host company makes a pile of money they would not have made otherwise - and you make a lot of sales, make a profit, and best of all, find a lot of new customers you can sell to again and again in the future. It's a classic win-win situation.

Because such host beneficiary relationships are so profitable, you can afford to be generous in making your proposition to a potential host. If your prospective host needs more convincing, offer them a sweeter deal -- say 60% to them and 40% for yourself. You still make a profit. Even if you have to give them 100% of the profits the first time, and the next mailing is 50-50, it's still a tremendous deal, especially if you do several more mailings.

No matter what your business, there are almost certainly dozens of opportunities right now for you to team up with another business to conduct joint mailings. Let's look at just a couple of examples:

1. A car insurance broker teamed up with a number of used car dealers. He had each of them send their client list a letter on the car dealer's own stationary, recommending they call him for a great deal on car insurance. The insurance broker composed the letter, which the car dealer put in their stationary and signed their own names on. In this case, the insurance man even offered to pay for the mailings, in addition to half the net profits of each new sale he hosts. In one month, the insurance broker garnered nearly 400 new clients. Even though half the profits went to the hosts, all future business - including policy renewals - was all his to keep. It's important to keep in mind the long-term view with host-beneficiary relationships. Even if you have to offer very generous terms initially to your hosts, captured customers often become repeat customers (Lifetime Value Of A Customer) that can keep generating sales and profits for years to come.
2. The owner of a complementary health business was approached by a health food store. Again, using the host's stationary, clients were recommended to visit the health food store -- and if they brought the letter in with them - they got a free bottle of vitamin C with their purchase of £20 or more. The response was simply terrific - a flood of new traffic into the store. The match was a good one - people who seek complementary therapy are highly likely to be health conscious and will be interested in the wares of a health food store. Notice in this example, the health food store strengthened the offer by including the element of getting something free - providing a reward and incentive for complementary health clients to come in.

The basic content of a host-beneficiary relationship is strong enough on its own, but with some thought and planning, you can make it even more powerful by working in added incentives, such as including discount

coupons, offers for free items, and more. Also, remember this: finding new clients on your own is an expensive proposition. You must advertise, buy mailing lists, pay for mailings and more, and even then you may get cool response.

When you tap into another company's captured customer list, you instantly gain the benefit of the thousands, perhaps even hundreds of thousands of pounds they have spent over the years to build up that list. The stronger and closer the relationship that the host company has with its customers the higher the response and success rate. All you pay is the share of your profits that go to your host while making a profit yourself.

I urge you to try this idea right now. A host beneficiary relationship is one of the best ways I know to get a lot of new business - and cash flow - fast!

Here's yet another example of a kind of host alliance - a simple concept with powerful results. An endorsed mailing is just this: You make a request or agreement from another respected, established business to write a letter that recommends you to their customers.

It works in a way that is mutually beneficial for both businesses

There are many reasons this kind of direct marketing sales letter works so well. First, it doesn't seem like a sales letter, but that's exactly what it is! The best direct marketing sales letters are those that don't look or feel like junk mail, or a blatant attempt to sell something. The endorsement letter is like getting a letter from a friend telling you about another friend you should get to know, and whom you can trust. Second, it taps into a ready-made source of customer leads already squeezed out of the market by an established business. Third, it doesn't have to cost you very much money. You can simply agree to return the favour to your host, or, you can agree to give a commission to your host for all sales that result. The latter costs you a bit more, but it's still a terrific deal.

Endorsed mailing can be done by any number of businesses - they should be non-competing or course, and the more complementary the better, Professionals tend to do well endorsing other professionals, such as a solicitor endorsing an accountant or financial adviser, but it doesn't have to be limited in that fashion.

Here's a random example:

A jeweller writes an endorsement letter for a seller of women's. It might read something like this:

Dear Customer:

You look great when you wear one of our diamond or gold necklaces, earrings, or the fine piece of jewellery of your choice. Now, if you want to complete your look and be at your very best, I can't think of anyone better to recommend for the very best in style than our friends at Johnson Fashions for Women.

My friend Carol Johnson is the boutique manager at their new store at 123 High St. Anytown, and I happen to know she is the very best in fitting and matching you with the exact apparel you will need to look your best. Whether you're getting ready for that important job interview, preparing for an important formal occasion, or whenever you need to be in top form.

Johnson Fashion has a truly impressive collection - I go there myself all the time, and I know you'll like when you find if you pay them a visit.

Thanks for being a loyal customer. When you wear the best in jewellery and the latest fashions, you'll have the confidence and ultimate look to greet the world looking and feeling your best.

Yours Sincerely

*Anne Wilson
Manager
Wilson's Jewellery*

P.S. Tell Carol we sent you and get an extra 15% off on your first purchase!

It's as simple as that. Note that you can and should write the letter yourself and then have your host sign it on its stationary. This saves your host endorser time and makes things easier for them.

There are many other ways different companies can get together in a mutually beneficial relationship the permutations are almost unlimited. Even if you're an independent salesperson, you can join forces with other individuals or other companies to aid each other in your quest for greater business success.

We've already touched on some of these - the electrician and the insurance man who get together to find each other leads for each other's business and give commissions to each other. The company that piggybacks it's direct marketing materials on another company's mailings. The car sellers who decide to share with each other's leads from their "can't sell" files to see if the other has better luck.

Here's a classic example of joint venture excellence at work:

A maker of energy-saving fluorescent light was forced to rely on his small direct sales force to convince dealers and retailers to carry his light fixtures and sell them to industrial customers. He couldn't afford consumer advertising



based on his sales, and he had no retail outlets of his own to sell his lights directly to the end user. Building his own retail stores was far beyond his means.

After seven years of slow growth - enough to get by and make a fair profit - the light maker formed a joint venture plan with an electric utility company. The utility company agreed to stuff the light maker's ads in their monthly electric bills to customers. The utility company readily agreed because the fluorescent lights burned with far lower power usage - and if enough customers started using them, the utility company could avoid spending millions on building new generators to keep up with growing demand for power.

The light maker included coupons and vouchers for his lights. After the utility company mailed them with their billing statements, all the light maker had to do was fulfil orders returned by energy customers.

The result: Sales poured in. Before the joint venture, this light manufacturer of energy efficient bulbs was selling £3 million a year - but after the joint venture deal was launched, sales soared to £8 million a year. Buoyed by this success, the light company forged more than three dozen similar joint marketing ventures, and at last count, was doing £15 million per year.

Here's another example:

A marketing consultant co-ordinates home-buying seminars. As speakers, he invites an insurance broker, a mortgage broker and an estate agent. Many people come to hear the estate agent, but while there, the insurance broker gets to talk about what he can do for those buying homes. The mortgage broker also gets to talk about how he can provide funding to buy homes. All together, these separate professionals cover all the bases for potential buyers of new homes and they all pick up clients. To the seminar attendees, the three professionals look like a team - but they're all independent guys who are simply taking advantage of the natural synergy their expertise entails. Oh yeah, and the marketing consultant gets his seminars filled because he is providing such a broad range of useful information.

Again, joint ventures can be many things, and the subject could easily fill an entire book by itself:

- Trade mailing lists with other non-competing businesses.
- Do endorsed mailings.
- Insert a plug for your product in another company's ads (like Coca Cola does with McDonald's).
- Share demographic data with complimentary businesses.
- Do joint mailings.
- Share mutually beneficial technical and research data.

The list could go on and on, some of which have already been mentioned and others we'll discuss in forthcoming pages. There is no set formula and no rules in joint venturing. The important factor is to find joint venture

partners who can supply elements that you lack... Be it expertise, finance, time, effort, prospect or mailing lists, whatever.

The point is, joint ventures are not only easy, but an exciting and effective method to boost your business into new markets and profit levels.