The PACE Pipeline

Growing Your Client Base – Chapter One
The PACE Pipeline

The PACE Pipeline is a model that enables a firm to have a clear picture of its business development processes and practice. Adoption and application of The PACE Pipeline model brings certainty to a firm’s business development efforts. Firms that use the model can plan more accurately the marketing and business development activities they need to carry out and can then analyse the effect of these plans in a structured way. A whole firm can adopt the model or specific practice areas or market facing groups within a firm can apply it. It can even be used by individual fee-earners.

So what is The PACE Pipeline?

The PACE Pipeline is a tool for the successful project management of all business development efforts and activities.

Professional firms today have, in the main, reasonable systems that tell them about the current financial health of the organisation. They know what they have billed, they know what work in progress is still to be billed and they know the work they have booked that they have yet to commence. Too often that is where the measurement and management of fee-earning work finishes. The systems measure the here and now but do nothing about reassuring (or warning) management about the health of future income streams.

The PACE Pipeline and pipeline management are all about ensuring that future fee income is both secure and profitable. In our parlance a practice area that has a strong pipeline would be very certain that future business flow (perhaps three, six or twelve months into the future) was going to be healthy because it had created opportunities that it would be able to convert into future work. People within the practice area - carrying out specific, planned and targeted activities with the firm’s clients and prospective clients - have created these opportunities.

The PACE Pipeline is the foundation for the successful management of business development activities.

The model has particular relevance for business development scenarios where the following conditions are typical.

1. It is hard (or impossible) to guarantee the level of future sales (fee) income.
2. There is a time lag between activities put into business development and billable results being produced from this activity.
3. Not all business development activity produces results.
4. It is possible to measure (and manage) business development activity.

We would suggest that these criteria all apply in great measure to the selling of professional services.

On the first point it is a brave individual who guarantees the fee income he will produce next year. Sometimes it takes courage to take a stab at the fee income projection for next month!

Secondly there is certainly a time lag between activity put into business development (particularly new client acquisition) and the ensuing results. Non-clients have relationships with other people at other firms. It may take months or years to break these loyalty ties and win a first piece of work.

Related to the third point all professionals are only too aware that not every effort directed toward business development reaches a successful conclusion. As someone once expressed it to us, “You have to kiss a lot of frogs before you find a prince”.
Finally business development activity can be measured. The fact that most firms have poor processes for doing so does not get us away from the fact that this activity can be measured. And what can be measured can be managed.

If a firm’s pipeline building activities are well managed then it can be assured of the fee income streams that will guarantee a healthy future. To identify exactly what these activities are we should refer to the model.

The Segments of the Model

There are six parts to The PACE Pipeline model, five lying within the model and one outside. The five parts that lie within are known collectively as the Total Defined Market. Whether client or prospective client these parts of the pipeline are known and defined. Outside the model lie a firm’s undefined prospects.

P0 – Undefined Prospects
Outside the perimeter of the model exists the overall market. Within this market there are thousands of organisations that potentially could become clients of the firm. Some we would welcome, some would be a poor fit.

P1 - Defined Prospects not yet marketed to
From the overall market place a firm has to make choices as to which prospective clients it would ideally like to work with in the future. Having initially made the choice, there may be a period of time before the firm begins its marketing and business development activities directed toward these organisations.

P2 – Defined Prospects marketed to – not yet in dialogue
Having identified its Defined Prospects a firm then has to begin the process of making the prospect aware of its existence and what it does. Ideally it also tries to convince the client that it is particularly adept in its particular field – perhaps better than the advisors they are using today. Marketing tools and activities are employed to achieve these aims. The objective is to encourage the Defined Prospect to welcome the opportunity to discuss the possibility of working with the firm.
P3 – Qualified Prospects
Having created the opportunity to cross the threshold of the Defined Prospect’s premises in order to talk business, some of these prospective clients will have a genuine opportunity that is within the remit and capabilities of the firm making the approach. When there is real opportunity that has been qualified as ‘winnable’ then our Defined Prospect has turned into a Qualified Prospect.

P4 – Current key and valued clients
The successful pursuit of an opportunity identified within a Qualified Prospect leads to the acquisition of a client. In the fullness of time this client may qualify to be recognised as one of the firm’s key clients. If not a key client then the client is categorised as one of the firm’s valued clients. The distinction between key clients and valued clients – and how a firm may decide how to segment its client base - is covered in some depth in our book Managing Key Clients.

P5 – ‘Problem children’ clients
Every firm has them. Some have more than others. Some have their client base largely built on ‘problem children’. These are clients that, in their current state, probably cause the firm more grief than the fee income is worth.

Each of the segments of The PACE Pipeline has a title that reflects the main activity that is occurring at each stage of the pipeline building process – prospecting, promoting, projecting (that we will win work at some point in the future), protecting and (potentially) pruning.

Pipeline Building Activity
The arrows on The PACE Pipeline model represent the activities in which a firm has to engage in order to build its pipeline of future business. In sequence the activities are as follows.

Arrow 1 This is the work that has to be carried out in order that the firm can accurately identify those organisations in the marketplace that it wishes to do business with at some point in the future. Success in this activity produces a clearly agreed list of Defined Prospects. This list is compiled through the application of relevant selection criteria to prospective clients in the overall (P0) market place. How a firm goes about this process is the subject of Chapter 3.

Arrow 2 This is the marketing activity that is directed toward Defined Prospects. There are a plethora of marketing tools and activities available to a professional services firm. It is critical that firms understand the potential effect of each of the marketing tools available and know how to apply them successfully. This is the focus of Chapter 4.

Arrow(s) 3 The result of excellent marketing activity directed toward prospective clients is a ringing telephone – the Defined Prospect calling us and telling us that they would like to talk with someone from our firm. In an ideal world this would happen all the time. In the real world it only happens some of the time. When it doesn’t happen then fee-earners within the firm have to be prepared, when the timing is right, to pick up the telephone and make proactive verbal contact with people within the Defined Prospect organisation with a view to agreeing a meeting. This is not about cold calling. We refer to this process in Chapters 4 and 5 and cover the skills element of telephoning for appointments quite extensively in our book Creating New Clients. In the ideal world a first meeting with a Defined Prospect would always result in:

• Our image of the Defined Prospect as a desirable future client even more enhanced by the conclusion of the meeting.
• The identification of a real opportunity that we are interested in pursuing and the client is interested in discussing further with us.
Back in the real world neither of these ideal scenarios occur every time. Our cluster of arrows at action stage 3 shows three possibilities. The best outcome is the straight arrow. We proceed to the fourth set of arrows in the business development process.

However, in the course of an initial meeting we may uncover any number of facts that lead us to other conclusions. As much as the prospect may have looked interesting from our initial due diligence back at the arrow 1 stage, in fact there may be very good reasons why at this point we do not wish to pursue them any further. As shallow and superficial as it may sound, we have walked into reception areas of prospects and before we have started the first meeting we have recognised that the business whose representative we are due to meet with will probably not fit as one of our chosen clients. This interim conclusion is based on evidence that is visual and verbal. The following hour allows time for gathering more evidence on which to make a final decision. If, based on first-hand experience, the prospect is unsuitable we should not pursue the contact further but rather return the organisation back to the P0 ‘pool’.

More common is the arrow that returns the Defined Prospect to the P2 Promoting segment of the pipeline.

In this instance we finish the meeting still convinced that the Defined Prospect is the sort of organisation that we would like to have as a client someday, but with no specific opportunity having been agreed between the two parties that would provide the basis for immediate on-going dialogue. In this situation the Defined Prospect should then continue to be targeted through our marketing. The fact that we did not find an immediate opportunity at the first meeting does not mean that everything that went before was wrong. It simply means that our timing was out.

We have to ensure that when a potential opportunity does occur in the future that we are far enough to the front of the Defined Prospect’s mind that they include us in their thinking. As Woody Allen said in one of his movies, “80% of success is showing up”. We have to continue to ‘show up’ by using our marketing tools and by keeping in contact via e-mail and the telephone.

Professional firms in general are poor at maintaining this sort of on-going contact. Fee-earners conclude that there is nothing much to be won from the prospective client and whilst there is an initial intention to keep contact, this lapses quickly as the professional becomes engaged in other priorities – mostly fee-earning work. The real damage of this behaviour is only experienced some time – maybe months or years - later when a colleague contacts the prospective client again. To hear, “I don’t know why you’re contacting us again. One of your people was here about a year ago. Made all sorts of promises to keep in touch but we never heard from him again. We concluded that you obviously weren’t interested in our business. We’ve gone elsewhere in the meantime and are very happy with the service we’re getting”.

**Arrow(s) 4** These arrows represent the management and execution of the selling activity that turns an identified opportunity within a Qualified Prospect into a piece of work. The practices, tools and tactics for successfully managing the sales process are detailed in Chapter 5. We examine more of the skills employed in this phase of the business development process in our book Creating New Clients.

**Brickwall 5** The activity here is represented by the image of the brick wall. The aim is to build relationships with key and valued clients to the point that it is unlikely that they will defect to our competitors. This is a huge subject that we will not attempt to cover in this publication. We have though, dedicated a whole book Managing Key Clients, to this subject. One subset of brickwalling activity that we will examine in some detail in this book, Growing Your Client Base, is the business development issue of cross-selling. Chapter 6 is devoted to this subject.

**Arrow(s) 6** If a client has drifted into being a ‘problem child’, the question is what are we going to do about it? In Chapter 7 we look at the issues that can cause a client to be regarded as a ‘problem child’ and also examine the actions that can be taken.
Traps in Pipeline Management

We continually see two common problems that stem from a lack of detailed management of the Pipeline. These problems result in the firm, practice area or individual experiencing the roller coaster ride of ‘feast and famine’. The problems are so endemic that many professionals come to the conclusion that big swings in business levels are impossible to avoid. Fortunately this is not true – if we avoid the following traps then we will avoid the dangerous implications of the ‘feast and famine’ cycle.

Trap 1 The implications of the mix of activity are not considered.

Take the case of a team who, when examining their pipeline for the next year, come to the conclusion that their objectives can be met by working with their existing clients plus bringing on board four big new clients. When the team looks at its P3 Projecting Segment it finds that it has 6 major prospects which have distinct possibilities of being converted within the next year.

The team puts all its efforts into converting these opportunities. The selling and contact campaigns are worked out and coordinated and everyone puts in maximum effort. By the second half of the year, four have been won and it is clear that in the other two cases there is no prospect of winning work in the short term. Two out of three ain’t bad. The question is, from where will the new business come in Year 2?

Twelve months on when the team is considering its business development plans for Year 2, it is looking at an empty P3 Segment. The team also recognises one of the underpinning principles of the pipeline concept - that there is a time lag between activities being devoted to business development and the results of that effort. Twelve months may not be long enough to bring prospects through from the P2 Segment to becoming clients. Even if the team could be successful in this task, success will probably happen towards the end of the Year 2 and will have little impact on Year 2 income.

Again, this scenario is working on the assumption that the team has a healthy P2 segment - lots of interesting looking Defined Prospects who have been kept warm through good marketing efforts. Did that happen in Year 1 or was that one of the casualties of the big push to convert the six?

During Year 1 when the big push was under way, was effort also put into updating the quality and quantity of prospects considered ‘Defined’ - as a feeder for the P2 Segment?

There needs to be a balance of activity put into the different Segments of the Pipeline if we are to control the flow of business in both the short and long term. There is no standard formula that can be applied. Each firm needs to consider its situation and decide how that balance of activity should be apportioned. Some activity needs to be exerted into all Segments of the Pipeline. The firm then has to ensure that individuals are responsible and accountable for those activities which will generate the business flow which the organisation requires.
Trap 2  People become victims of their own success - too busy or too complacent

This is an all too common situation. The diagram below depicts what happens. Let us take the scenario of a professional given the responsibility and a clear field to develop new business. The horizontal axis represents time. The vertical axis measures the level of activity and the level of results.

For a period of time the professional puts in effort and produces no results. (Timeline Point 1.) This is the Pipeline timelag principle manifesting itself again.

In this scenario the level of effort put into selling and marketing then increases quite sharply. Perhaps the person has completed some professional work and more of his effort is business development orientated, perhaps he is concerned with a lack of early success and decides to work even harder. There could be a number of factors influencing this increase in activity. However, if we look at the Timeline Point 2, the results are disappointing. Most people in the firm will only be aware of this aspect of the campaign. After all, the systems only measure results. It could even be at this point that someone senior decides to ‘pull the plug’. There have been many months of effort and very little success to show for it.

At Timeline Point 3 we see some reasonable results coming through and the effort is very high. At Timeline Point 4 the results are definitely looking good and the activity has peaked. At this point in time the professional has generated an extremely good pipeline but he is working 14 hours a day, six days a week on his quest. This cannot continue and it is only natural that the activity dips from this peak.

At Timeline Point 5 the activity has clearly dropped but interestingly the results continue to climb. One particular reason for this phenomenon is very common to professional services firms. Fee-earners are most often not only responsible for generating the income but are also involved in the design and delivery of the ‘product’. The more work won, the less time there is for marketing and business development.

At Timeline Point 6, results are at their zenith but business development activity has dropped away considerably. This effort level has no immediate impact on business levels - but it will. The only question is when.

So what should the professional do at Timeline Point 6? He could work harder, reduce his own chargeable work or recruit more resources and through these efforts build up his selling activity to generate more
opportunities. However, even if he were to do this the results of this second wave of activity may not
generate business before the results curve dips alarmingly. The time to redirect activity is at Timeline Point 3
or 4, on the basis of the projection of future business (the pipeline) not past results. In fact Timeline Point 6
is the worst time to recruit new resources - i.e. in advance of a dip in business. We may be recruiting for
redundancy.

The trap occurs because, as we pointed out at the very beginning of this chapter, the measurements that most
firms have in place only relate to the results curve, therefore decisions are made on this information.
Remember - results can lie! The key is to make the dotted line visible and manage it well - i.e. manage the
pipeline as well as the results it brings.

Using The PACE Pipeline Model

We see increasingly that our clients use The PACE Pipeline as the basis for managing their marketing and
business development activities. They find that the model is simple but at the same time is comprehensive.
They also find that it introduces a common language across the firm. When someone says, “We’ve got a
strong P4 pipeline but our P3 is looking really thin. We need to look at our P2 prospects and see if we can
advance them more quickly in some way”, then everyone grasps the issue immediately.

It is gratifying to walk into practice areas or market facing groups and to see the team’s pipeline shown
graphically using flip chart sheets on the wall. People can physically follow the progression of the team’s
prospects as they move closer to becoming clients. We have some clients who have reconfigured their
databases so that the P status of all entries is a key piece of information. In that way the firm can take a
snapshot from any number of angles as to the structure of their Pipeline – by practice area, by office or by
individual.

Being such a visual tool facilitates easy sharing of information. This enables marketing and business
development people to be ‘on the same page’ as their fee-earning colleagues – in turn helping to generate
commitment to common goals.

Also The PACE Pipeline maps out a process. Because of this we find that fee-earners relate to the model well
as most of their roles are based around the application of well proven, sturdy processes.

Where to go from here

Where to go from here if you run a firm or have overall responsibility for marketing and business
development

Look at the way the firm manages its marketing and business development. Is there a clear, consistent and
cogent model that underpins these activities? If the answer is no, then consider introducing The PACE
Pipeline as a tool and process to bring focus, clarity and commonality of language to your business.

Ask whether there are any current ways that business development activity (which is the source of all new
work) is measured within your firm. If it is poorly measured then it must be poorly managed. Get a group of
interested parties together and make them responsible for creating a way to measure business activity within
your organisation.
Where to go from here if you run a business unit within a professional firm

Take all of the clients and prospective clients that your business unit has contact with and drop them into the five segments of The PACE Pipeline. What does this picture tell you with regard to the marketing and business development activities that you need to focus on in the future?

Consider a wall display that shows visually to everyone in the business unit what the department’s pipeline looks like.

If you are not doing so today, then begin measuring the pipeline building activity that your department or group carries out.

Where to go from here if you are a marketing or business development professional working with fee earners

Introduce The PACE Pipeline to the fee earners that you work with. Professionals are typically looking for a model that explains simply and clearly a subject that they often find fuzzy and unclear.

Use The PACE Pipeline model in your discussions with the firm’s management with regard to where your (and your department’s) priorities should lie – and your activities be focused - over the next few months or year.

Where to go from here if you are an individual practitioner within a professional firm

Take all of your clients and prospective clients and drop them into The PACE Pipeline model. What does this tell you about the marketing and business development activities that you need to engage in to build your pipeline of future work?

Use your conclusions from this first exercise as the basis of a discussion with the marketing and business development support people that you have within your firm. How can they support and supplement your efforts?