

Understanding client loyalty

It's all about listening, not selling

BY LEE H. EISENSTAEDT

Client retention is the No. 1 issue facing accounting firms today. Firms are trying to protect their most profitable clients from the pressures of new business challenges and various threats that weren't even on their radar screens just two years ago.

Now, larger competitors are going “down market” to find work, firms are opening new offices outside of their established geographies, and industry concentration through mergers and acquisitions is making retaining clients even more difficult.

At the same time, clients continue to become more sophisticated and demanding. They can easily find lower-cost providers who promise better service without having to sacrifice quality or take on more risk. In today's business environment, these are compelling reasons for even the most loyal or smallest clients to review their relationships with their accounting, tax and business consulting firms.

If you are already doing client satisfaction surveys, then you are well-positioned to go to the next level — understanding the drivers of client retention. While frequently thought to be the same, the two are very different. Client satisfaction involves measuring a client's ex-

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perience versus its expectations. It is transaction-oriented. The drivers of client retention involve understanding why clients retain a firm in the first place and then elect to maintain that relationship over the long term.

By implementing a voice-of-the-client listening process, you will gain the insights and findings necessary to retain your best clients. By incorporating these insights into your marketing and business development campaigns and proposals, you will be able to separate yourself from your competition, accelerate your growth, improve your profitability, and increase partner compensation.

A SIMPLE PRESCRIPTION

Improving client retention begins with listening to your clients. Not selling them something, not entertaining them, not giving them something for nothing — just listening to them. This is best done using a structured interview process that produces results within two to three months, requires as little as one to two hours of time each year with each client, and leads to insights that can improve the returns on all of your business development and marketing campaigns.

► **Step 1: Start small.** Select a key segment of your business — a strategic industry, service or geography — that is led by a progres-

sive leader who is open to new ideas. This has two benefits. First, you only need to interview 15 to 25 clients to get the key findings and insights. Second, proving and fine-tuning the process in a segment of the business significantly increases the likelihood for success and rapid adoption across the firm.

► **Step 2: Design a questionnaire.** Create a questionnaire consisting of both qualitative, open-ended questions and quantitative questions that together lead to understanding the strategic issues that your clients are facing. You also want to find out what differentiates your firm from the competition, and what you can be doing differently to meet your client's current, unmet and emerging needs.

► **Step 3: Use third-party interviewers.** Clients will give the most candid and direct responses to your questions when people unrelated to the engagement ask them. The most important characteristics of a good interviewer are the experience and ability to ask the questions that should be asked. Interviewers can be partners, the heads of your finance, marketing and business development departments, or people from outside the firm. The latter are particularly credible and effective when they have firsthand experience as clients of professional services firms.

► **Step 4: Arrange the interviews.** Before setting up an interview, the partner-in-charge of the relationship with the client should contact them. Let the client know about the program and that someone will be calling them shortly to schedule the appointment.

► **Step 5: Do your homework.** Before the interviewer meets with the client, be sure that they know how long the client has been with the firm, what services they use, and if there are any issues they need to be aware of.

► **Step 6: Conduct the interview.** Two people should conduct the interviews, because

we all listen and hear things differently. It also demonstrates to the client that you take this process seriously. The interviews should be limited to one hour and be conducted either in person or over the telephone. Again, listen and learn, but do not sell or defend.

One of the biggest benefits that you will realize is the identification of opportunities at existing clients that you were previously unaware of. My own experience is that one out of three interviews leads to the chance to bid on an engagement that would otherwise have been awarded to a competitor.

► **Step 7: Identify themes and threads.** After completing all the interviews, review what you heard, look for common themes and threads, and identify the gaps between what clients say they need and what you thought they needed or were providing. Document these findings and share them broadly.

► **Step 8: Turn insights into actions.** Developing an action plan and holding people accountable for implementing it is the most important step. Be committed to acting on what you have learned from your clients. Don't waste the goodwill you have earned over the years with your clients by not being responsive to their needs after you have asked for their input.

SUMMING IT ALL UP

If a firm wants to retain its best clients, the ones who have high financial value, are less sensitive to fees, are most likely to buy multiple services, and are the best source of referrals, they need to adopt new approaches to nurture client loyalty. Firms only need to look as far as their clients to learn how to retain their business. Just remember three things to be successful — start small, listen instead of selling, and be committed to turning your insights into actions. **AT**

Plante

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building's occupied areas receive natural light from the floor-to-ceiling exterior windows, which means that we often don't even have to turn on the lights in our offices or conference rooms. We also employ a green housekeeping program that precludes the use of cleaners high in volatile organic compounds, or VOCs, to protect the health of the occupants and environment. Moreover, furnishings, carpeting and paint were low in VOCs, which makes the space more comfortable for staff that may have asthma or chemical sensitivities.

In addition, we recycled 50 percent of all construction waste, and re-used more than

50 percent of furnishings in the new office, donating the rest to local nonprofits. We also used locally made and recycled materials to minimize transportation and energy costs.

When we initially embarked upon this initiative, we were aiming for Silver LEED certification. However, as the project crept closer to completion, it became clear that we were only a point or two away from achieving Gold-level certification. There were a few areas that qualified but had not yet been documented. We also decided to purchase Energy Star appliances. That put us into Gold territory.

Still, there was a learning curve. We had to educate ourselves on some of the green features, as well as the business case for embracing them. Some staff — like our real estate and

construction and corporate real estate teams — were already well-versed in sustainability; the rest of us quickly got up to speed.

IT PAYS TO BE GREEN

Green design has paid off in many ways, from savings in energy costs and reduced impact on landfills, to the less obvious, such as recruiting and staff pride. Although it's been over a year since the move, we continue to hear positive feedback from staff and clients alike.

Going through this process has also made us all more mindful of the environment around us. Recently, a staff member was in the kitchen enjoying yogurt with a plastic spoon. “What are you doing?” another staff member asked, incredulous. “We have real

spoons in the drawer!” A year ago, a plastic spoon would have gone unnoticed.

Our LEED certification also has served as an inspiration to other Plante & Moran offices. We'll be able to apply the lessons learned throughout this process as we retrofit existing office space or plan for new office space. Our Southfield office is currently evaluating the benefits of installing a geothermal pump.

That, I think, is the real benefit — a heightened awareness of environmental concerns, not only within our Grand Rapids office but throughout Plante & Moran as a whole. **AT**

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