

## Why Did That Client Leave?

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When a client leaves or you lose a proposal to a competitor, what do you do?

We find that many firms don't do anything at all. Instead, nearly 75 percent blame the loss on price and move on as if nothing had happened. We've seen this happen in situations where the lost client was so large that several staff members had to be let go.

Skeptical? Take this self-quiz.

1. When you've lost a client or a proposal, what percentage of the time was it due to price?

\_\_\_\_\_ %

2. When you've won a proposal, what percentage of the time has it been because you are the low-price provider?

\_\_\_\_\_ %

If your responses aren't the same, you're not hearing the truth.

Most of us fear seeking feedback, most likely because of a bad experience. The feedback may have resulted in a smaller bonus, the denial of a promotion or perk, or it was used to make us feel less valued and appreciated. When this happens, it's common to get cynical or defensive, and ignore the insights contained in that feedback.

### Feedback Phobia

There are many reasons why we fear seeking out feedback from clients.

- **Fear of the unknown** – We're accustomed to knowing the answers to questions before we ask them. We like being in control of the situation. When we seek feedback, we don't know what the client or prospect will tell us; sending us outside our comfort zone. We open ourselves to criticism and challenges of our judgment. But think about it, which is better—thinking you know or knowing you know?
- **Fear of being hammered** – Many of us believe that feedback is largely negative and, when given a chance, that people will focus on our faults and weaknesses. We don't find this to be true in most cases. In fact, most people are happy you cared enough to ask for their opinion and will provide you with constructive insights that will benefit you, your team, and/or the firm. The people to be concerned about aren't those who rant, but those who don't tell you anything because they don't think you care, don't believe it will change anything, or feel there will be repercussions for being honest.
- **Fear of retribution** – Some people are concerned that the feedback will be reflected in their performance review, that it will block their progression, or justify a reduction in their base pay or bonus. Some think HR or the managing partner is trying to advance a secret agenda through the feedback. To the contrary, we regularly see a person's stature in an organization rise when they are open to feedback; which leads to them being perceived as better

leaders.

- **Fear of losing control** – Sometimes we fear feedback because we're unsure of how we'll react. Will we breakdown in tears, become defensive, get angry, or say some things we don't mean? Being able to control one's emotions in these situations is among the attributes of a good leader. Carefully planning when and how feedback is delivered can help alleviate these issues.

- **Fear of change** – Few people like change, but protecting the status quo can be shortsighted and career limiting. Acting on feedback almost always involves some sort of change, but ignoring it is a bit like the child who covers his eyes so you can't see him. The problem doesn't go away, and if left unaddressed, can worsen to the point that it can't be fixed; resulting in severe consequences for the individual, team or firm.

Some people choose to treat feedback as a gift. While they'll acknowledge that feedback can be difficult to hear, they'll also tell you it's what led them to delivering breakthrough, game-changing results.

### Viewing Feedback as A Gift

So, what does this group appreciate about feedback that the rest of us can learn from?

1. **Feedback can reveal why the client left.** We don't know what we don't know. Proactively asking lost clients or prospects for direct and honest feedback on what could have been done differently can reveal what you don't know. Sure, it's tough to do, but if you're brave enough to ask, you'll find that most people will tell you what was missing and why they chose to work with someone else. They may even respect you more for asking.

To make clients feel comfortable providing honest feedback, consider using someone uninvolved in the engagement or proposal to solicit the feedback. The further removed that person is, the better, so don't rule out independent third parties.

2. **Feedback allows the client or prospect to vent and gain a sense of closure.** When someone has a bad experience, they are likely to tell 9 to 15 other people about it, according to research from the White House Office of Consumer Affairs. Wouldn't you rather they tell you rather than telling 15 other people? Giving unhappy clients or prospects the opportunity to share their concerns with you can help heal wounds and bad feelings; provided of course, you are sincere about considering changes to the systems, processes, and behaviors within your control. You can't and won't change everything, nor should you feel obligated to do so.

Keep an open mind, set aside some of your ego, and demonstrate a positive attitude. We've seen the process of seeking feedback provide an opportunity to rebuild relationships and a chance to stay connected going forward.

3. **Feedback provides information about competitors and their practices.** Our experience has shown that clients and prospects will answer just about any question you pose. But if you don't ask, it's unlikely they'll volunteer the information. If you want to see a copy of a competitor's proposal, ask for it. What is the pricing? How is the job being staffed? Ask. How many CPA firms does the client or prospect use? What compels them to prefer their new number one over you? Ask. When you've stepped over the line, they'll tell you.

### Turn Losses into Wins

While losing a client or a proposal is disappointing, there is value in it. Use it as a learning opportunity and coachable moment. Doing so can turn those losses into wins. Minimize the positive bias in what clients and prospects tell you and be sure questions are asked in a structured, disciplined way by having people unrelated to the engagement or proposal ask them.

Those individuals can come from inside or outside your firm, but they must understand your business, be good ambassadors for your firm, and be able to quickly earn the trust and respect of those giving the feedback as well as

who will receive it.

As Ken Blanchard once said, "Feedback is the breakfast of champions."

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