This article first appeared in *The Advisor* – a publication of the Consultants Practice Specialty of the American Society of Safety Engineers (ASSE); Vol. 6, No. 3 (Winter 2007)

Client Retention is Not a Reactive Sport

By Pamela Ferrante, CSP, CHMM

As consultants, we probably spend a portion of our time on marketing activities geared primarily to locating prospective clients and turning them into actual new clients. How much of this non-billable time we allocate varies greatly by our own time constraints as well as the value we place in marketing activities. It also may depend upon whether or not we have a formal written marketing plan. But consider this – some studies report that for every $5.00 spent on client retention activities, an increase of profitability of up to $85.00 is possible. Consider also that it costs five times more in marketing dollars and non-billable time to gain a new customer than to retain an existing one. (http://edwardlowe.org/pages/ssercprint.page.lasso?storyid=5154) Finally, other studies suggest that 65% of our current business comes from current customers. (http://edwardlowe.org/pages/ssercprint.page.lasso?storyid=6328) Those are number that not many consultants can afford to ignore. And while we all need to keep adding new clients to our practice in order grow and flourish, we need to be careful not to ignore where our true business growth and development may lie.

In many ways, a Client Retention Plan is simply an extension of a good Client Service Plan, both of which ought to be a written part of any overall Business Plan. Consultants who take the time to develop these documents and who also take the time to implement them are likely to be the ones that are able to sustain themselves over the long haul.

It's very easy to find seminars, books, articles and other similar type of information on developing a Client Retention Plan. Many of these sources relate to marketing and selling products, not services; however with a little tweaking and imagination, it's fairly easy to grasp the concepts of client retention and apply them to your consulting practice.

There's no magic to client retention. Creating and implementing an effective plan requires only a few key activities. John Nordstrom, the founder of the national department store chain that bears his name understood this concept and created a strategy based on simple principles. (http:/www.eventuring.org/eShip.appmanager/eVenutring/eVenturingDesktop?_nfpb=true.html) They were:

- Listen to the customer,
- Provide them with what they want;

- Appreciate the fact that the come to your store; and
- Do everything within your power to ensure that they're satisfied when they leave.

Although Nordstroms sells goods, not services, these concepts can easily be converted into meaningful activities that service-oriented businesses can use. And along with the simplicity of the Nordstrom principles, your own plan needn't be long and complicated. In order to get yourself started, consider developing a client retention plan that focuses on these four key activities and concepts.

First – Keep Track of Your Clients

If you don't have a database of clients, you need to create one. It doesn't have to be complicated; in fact, simpler databases may inevitably help you flush out important information and focus on what really counts rather than on extraneous details. At a minimum the database needs to include basic identifying information on your client such as where they are located, what products or services they sell, and what their primary EH&S needs are. You should also include the means by which this client came to you so you can get a good sense oh where your marketing dollars are working best. . Finally, make sure you have good data on what types of services are they paying you to provide. Ideally, the database will be historical and will cover at least the past four to five years of your business so you can follow the trail of income from each individual client and gather information on how much that number has increased (or decreased) over time for each client service sector.

The last critical piece of information you need to include in the database is an indicator of why you got the first (or subsequent jobs) from each individual client. If you don't know, use your best judgment. Some typical reasons include your availability, your specific certifications, your price, a referral from another client or colleague, your reputation from any number of sources, and minimally, pure luck (i.e. you really can't identify a specific reason for the business).

This database, if comprehensive and regularly updated, gives you fundamental information on where you are getting the most repeat business. It will give you the essential information on what types of services or companies make up the bulk of your business, but most importantly, your repeat business.

Second – Know Your Top Clients

Your database will be invaluable as you begin the next step of developing a Client Retention Plan – creating a profile of your top clients or client segments. In this step, total income producers are not necessarily the most important criteria. You should also pay attention those clients who have been repeat clients for multiple years even at lower amounts of income; those whose service needs have expanded over the years even though they may have started off small; and those who regularly bring new potential clients to you through referrals. (Yet, another crucial reason to know how your potential and new clients find you.)

It is this group of clients who need and deserve much of your retention energy and efforts because they keep your business running, year after year. They may not make you rich, but they give you enough income to keep the doors open while you market in other ways. Always be thinking about ways you can serve this group better, faster and more reliably. Typical strategies product-oriented companies engage in for this group include discounts, advantageous payment terms, and customized mailings For example, as a long-time accident-free customer of a certain automobile insurance company, I have earned one free accident for which I am totally exempt from a premium increase. Maybe your top clients could be given one free day of your time for any type of service or a free mandatory OSHA training class.

This group of clients deserves your best service. They deserve prompt return of their phone calls and responses to their emails. They deserve to have their projects bumped to the top when they present an urgent need and prime dates for scheduling their training classes. They deserve to know that you will make time for them.

Finally, this group of clients deserves your personalized service. When I think about this concept, I remember the local drug store in the community where I grew up. This was an independent store as there were very few chains around at the time and all of the moms in my neighborhood knew the pharmacist and his cashier by their names and they knew us. Although his shelves were stocked with the traditional lines of mass-produced cold remedies, he used to mix up a special cough syrup that he sold to his customers. Nothing I have ever been able to buy since then works as well and if he were still alive, I would probably drive the 25 minutes to buy it from him now.

We frequently hear complaints that proclaim the advent of the age of computers and of chain stores where people will flock to save a few pennies have ruined the concept of personalized service. But I don't agree. Unless your consulting practice is very large, you have the time and energy to develop the kind of "brand" loyalty and you can't afford not to.

Third – Understand that Relationships are Key

When dealing with your clients, your communication skills are absolutely essential to generate repeat business, especially since, as consultants, we provide a service rather than a product. We are selling more than just our technical knowledge and expertise, we are selling ourselves.

The following communication skills are those that should be a part of your repertoire (http://edwardlowe.org/pages/ssercprint.page.laaso?storyid=6329):

1. Build rapport – Reinforce your desire to give them exceptional service and make your clients feel at ease in all of their dealings with you.
2. Make a good first impression – You are always "on duty" since you never know who might be a potential client down the road. Be careful how you answer the phone if you aren't sure who is calling. If you're too tired or frustrated to make a good impression, don't answer the phone or go to the networking event.
3. Show appreciation – You need to make your clients feel special and your attitude and behavior must reinforce it. Think of your practice as a client-focused business.
4. Always look for new ways to help your current clients – Find out what they want and need and find a way to give it to them. Or better yet, figure out what they need before they do.
5. Strive to understand their needs each time you deal with them – Always try to exceed expectations for maximum impact. It's never a bad idea to call every now and then and ask if there is anything they need from you or send an email to simply touch base. Perhaps you can send along a copy of an article that has implications for their business or their safety program.
6. Listen attentively – Make sure both your verbal and non-verbal communication is in sync and demonstrates your interest in your client's needs. Make sure your client feels valued.
7. Establish a long-term relationship - Last impressions count too; never miss an opportunity to thank your clients and do something that makes them want to come back.

Some additional statistics about client retention worth understanding come from an article written by Laura Lake of About.com:

- Repeat customers spend about 33% more than new customers. I do understand that this reference is typically more applicable for a product-oriented business, but it is still reasonable to assume that a repeat customer will be less likely to hesitate to spend money for your services; if they are coming back for more, there is a good chance they liked what they got.
- Referrals among repeat clients are 107% greater than non-clients. It would seem obvious that clients who use your services are more likely to refer you to someone else than those prospective clients who never end up using you following an active solicitation for work, but it's the percentage of new business that repeat clients bring that ought to make any consultants sit up and take notice. For instance, among the clients that my company provided service to in 2006, 45% were direct referrals from previous or existing clients.

The ability to develop positive relationships with your clients and keep those relationships beneficial and satisfying to your client is one of the keys to long-term success.

Fourth – Encourage Feedback, Especially Complaints

Joe Girard wrote a great book about selling a few years back called How to Sell Anything to Anybody (Warner Books). In it he suggested that everyone you meet knows at least 250 other people who may someday need your services. Those are 250 potential referrals and if even one quarter of them panned out, imagine the exponential growth you could expect. But the flip side is that those same people have the potential to turn off an equal number of potential clients, not because they don't refer people to you, but because they tell people specifically not to come to you because of their dissatisfaction with your service.

Along the same lines, did you ever wonder what happened to the client you provided a really great training class to about a year ago? You thought things went well, but you were so busy right after the class was over that you never followed up to make sure everything went according to the clients' needs. You took the check and cashed it and went on with your business. Now, one year later you have never gotten any more work from that client, and your database determines that they have never sent another referral your way. It's very true that most people won't tell you that they are dissatisfied directly; they'll simply take their business elsewhere. And what's more important is that they will tell everyone else since a dissatisfied customer is usually more vocal than a satisfied one.

Finally, consider this number - only 2-4% of unhappy clients ever provide an unsolicited complaint to you about your service. (http://edwardlowe.org/pages/ssercprint.page.lasso?storyid=6328) The remaining ex-clients can give you valuable information on how to improve your retention by finding out why they left. Moreover, even if you never bring them back you will have accomplished two significant objectives of any feedback process; you have made a sincere attempt to do right by that client and have reduced the possibility that they will say something negative about you in the future.

If you don't have a system in place for regularly soliciting feedback, both positive and negative, you are missing out on a goldmine of information that can not only help you see where you may be making crucial mistakes with current clients, but also figure out ways to make necessary changes.

Customer satisfaction surveys are one means to gather this information. They don't need to be complicated and there are plenty of sources out there to help you design one that will give your the feedback you need. It also has the advantage of providing an unhappy client with an anonymous method for communicating with you.

In addition to or instead of a more formalized survey, a simple phone call made after the service is concluded can be the best and fastest way to gather what you need to know. It can be hard to find the time, but the time is inevitably well spent.

In summary, as business owners, consultants have a lot of work to do to keep their business afloat. From Business Plans to Marketing Plans to Client Service Plans, it seems that we must be spending a lot of time off the clock just trying to keep the doors open. Some of us succumb to the pressures and go back to the regular work world. Some of us fail to see the importance of taking time to grow our business and slowly but surely fail due to declining income. And some (hopefully most) of us rise to the occasion by understanding the need to foster long-term relationships with a solid group of clients rather than limiting ourselves to one and two-shot transactions.

As a simple analogy, think of yourself as a farmer and think of your Client Retention Plan as your crops. They need to be cared for and nurtured to produce. Regular water and fertilize will allow them to produce year after year. But even one season of neglect can wipe out many hours of hard work. Don’t be drawn into the downside of our faceless and impersonal online world of bargain hungry shoppers.. It’s the personal touch that will generate the most long-term relationships that, in turn, assure stability and sustained growth for your consulting practice.