

## **From FAMILY WEALTH REPORT**

### Action items: Keeping the back door closed tight

Beverly Flaxington & Mike Slemmer - 11 June 2007

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Like most businesses, investment advisories tend to emphasize revenue acquisition. So they're always on the look out for the best salespeople, the most efficient tracking systems, the most streamlined sales processes -- all in quest of revenue from new clients.

Their focus is all on the "front door." After all, that's where new clients come in. But once the client is in, there's often little attention paid to keeping the "back door" shut so that clients stay put for the long haul.

#### **A slap in the face**

The cost of gaining new clients is significantly higher than that of obtaining additional revenue from existing clients, so what's up? Why do firms seem content to allow hard-won clients to drift away?

It comes down to two things. First, it's hard to continue "selling" to clients by reminding them why chose the firm in the first place, so it's easy to let it slide. Second, it's difficult to find client-service personnel who are sufficiently gifted communicators.

It feels wonderful to be courted, to have someone want you as a client. But if, once you've said yes, the red carpet disappears, you're apt to feel resentful. In fact it can feel like a slap in the face: suddenly you're deprived of the attention you'd grown to expect in the courting stage of your relationship with the firm.

What can firms do to keep this from happening? How can they keep clients happy through long-lasting and mutually rewarding relationships?

#### **A bolt on the door**

Here are some ideas along those lines.

- Empower your client-service staffers just as you empower your sales team members. In other words, *listen to them*. Their feedback comes directly from your clients. Pay attention to your client-service staff and heed their counsel on trouble, trends and fulfillment best practices.
- Ensure that your client-service staff has strong communication skills and good selling techniques. Coach them -- *or get them coaching* -- on ways to reinforce the subtle yet direct message to clients that your firm is the client's best choice.
- Communicate with your clients in a variety of ways. A newsletter or a series of general reports isn't going to do the trick. *Call them* from time to time; hold seminars and have management pay your biggest clients face-to-face

- visits. Stay connected to your clients so that your feedback from them is frank, constant and -- as much as possible -- open.
- Don't tolerate double standards. Don't raise prices, change products, etc., for existing clients only. Firms often coddle prospects and treat clients like cattle to be herded and milked. *Consult with existing clients, make sure they know what to expect when changes happen and roll things out slowly.*
  - Don't rely on "sticky notes," hallway chats and staff meetings to track and communicate client issues. *Every firm should have at least a basic customer-relationship-management system in place* so that client interactions and issues are recorded by client-facing personnel and made available to the right people.

And last, always -- always -- *think of your client as a prospect.* That's certainly how your competitors view them. -FWR

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