

Expand your client r

Although firms are aware that the best way to profitable growth is expanding relationships with current clients, Robin Dicks asks: are professional services marketers doing enough in this area?



By Robin Dicks

Recent research by *The Economist* Intelligence Unit showed that 57% of CEOs believed that the primary way to fuel profitable growth was success in expanding relationships with current customers.

The problem of course is that just knowing it is important doesn't get the job done – particularly in the professional or financial services arena. Indeed in May 2006, *The Lawyer* reported that while "most firms insisted that client relationships were a priority, 75% of respondents admitted to having only met with half or less of their top billing clients to review satisfaction and performance".

WHY DOES GAP BETWEEN THOUGHT & DEED OCCUR?

The underlying reasons for this problem – and therefore the brakes on profitable growth and successful marketing – include:

- A lack of understanding about what clients really want and what will increase their propensity to buy.
- A lack of clarity about how to deliver

- what clients want.
- The apparent complexity about getting 'all the moving parts' aligned to deliver good client service.
- Different functional or business areas may unconsciously pull in different directions, making delivering good service more difficult than it need be.
- A limited understanding of the root causes of poor client service and client dissatisfaction.

These aren't always simple issues, but neither are they intractable. Solving them doesn't necessarily take a big budget. The marketing function within professional services and financial services firms has a key role to play in solving them. The alternative, as your business risks client defections or difficulty in expanding relationships, is not pleasant for the firm, or for the marketing community.

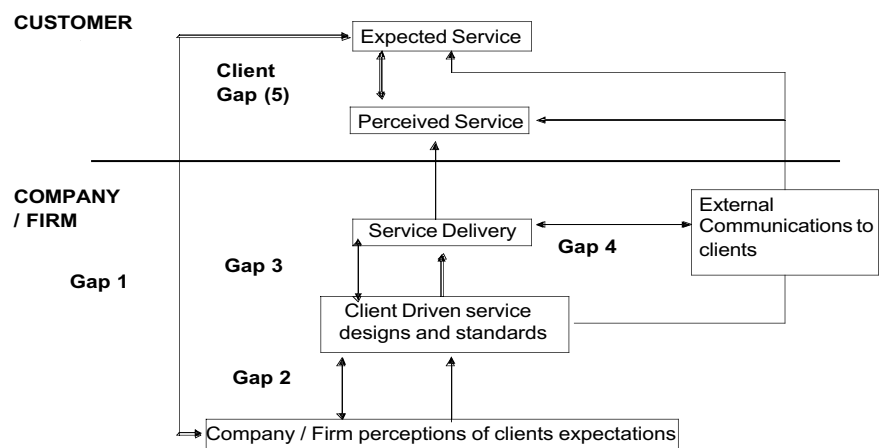
For example, what if all your efforts to

generate new business, and all your external communication efforts are fantastically well conceived and executed – but the client's post-sales experience is average or worse? They are certainly less likely to buy from you in the future, and the net result of course is that growing the business profitably becomes increasingly difficult.

That's perhaps a statement of the obvious, but often that fact gets marginalised in day-to-day business. We all have experiences where we were promised great service, but didn't get it. So, how can you make sure your firm's clients don't have this experience?

GET TO THE ROOT CAUSES

A powerful way of working through these issues is the 'Gaps model of service quality', originally developed by Parasuraman, Zeithaml and Berry, and shown below. This model has helped a number of organisa-



Gaps model of service quality, originally developed by Parasuraman, Zeithaml and Berry

relationships

tions improve profitability, client retention, cross-selling, and employee satisfaction.

It is particularly powerful because it can quickly define the root causes, rather than the symptoms of client dissatisfaction. It can also enable marketing to increase the real strategic value they provide, and how that value is perceived by senior management.

MARKETING TO THE RESCUE!

Let's concentrate on two key issues where professional service marketers can really make a difference. These are in:

- Understanding client expectations (therefore closing the first gap listed above)
- Managing service delivery (therefore closing the third gap)

Understanding client expectations and needs is absolutely fundamental. Unless your firm does this with sufficient thoroughness, objectivity and clarity, all other efforts to retain and develop client relationships will be compromised.

But knowing what you need to do isn't enough. Marketing has a key role to play in helping manage the actual experience of your clients in working with your firm.

Some firms are working through these issues much better than others and are achieving financial benefits in doing so.

UNDERSTANDING CLIENT EXPECTATIONS

Of course, most firms obtain some client feedback. But nearly all firms struggle to make the process really effective at providing usable insight.

I've mentioned before that most partners don't explicitly review the key aspects of service performance with their key clients. Day-to-day, utilisation pressures, don't always make this easy.

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insight, and their engagement in the process reduces cynicism. It creates converts about the value of client feedback. This is key for a successful client feedback initiative.

But using partners alone is likely to fail, for a number of reasons:

- Partners may not be expert in asking questions around client expectations and needs.
- Subjectivity in documenting and interpreting the answers occurs.
- Most critically of all, your clients may find it difficult to give totally frank feedback to their relationship partners, or indeed any partner.

So how do you resolve these challenges? In summary, give the clients value from the process!

To demonstrate this, here's a real-life example of a process that wasn't working.

A firm I worked with faced a number of problems around its client feedback process. In summary, fewer and fewer of its clients were responding, it seemed as though clients were becoming less satisfied, but the firm wasn't sure why this was. Not surprisingly therefore, the process didn't really lead to a clear outcome.

The firm wasn't getting value from its efforts to understand customer needs. The main areas they needed to address were as follows:

- All the questions were based on a mixture of internal belief about what was of value to the client, and qualitative feedback received four years previously. There was no fresh insight into what clients themselves felt was critical.
- While the process allowed clients to be identified if they wished to be so, the firm never responded to them about how it would address the concerns they raised.
- The results were summarised in powerpoint slides, but:
 - there was no agreement on an action plan to resolve the issues, or who was accountable for them,
 - no responsibility was set for resolving individual client issues.

In short, corrective action was needed about how the firm genuinely listened and responded to what its key clients were saying. The original process didn't provide the firm with any insight, and it didn't provide clients with any return for the time they spent providing feedback.

GETTING THIS RIGHT!

Some initial thinking, planning and an open mind can dramatically improve the value for you, your clients and directly enhance the performance of your firm.

For example, the construction firm Taylor Woodrow has instituted the 'Heartbeat' process. Every time a major project is started for a client, they review what the key aspects of service are for that client. They then commit to review performance with the client three to four times a year. Critically, they also explicitly commit to the client that they will respond to any issues raised.

David Smith, Head of Marketing at Taylor Woodrow, says that this has shown that the construction elements aren't always the key element in how satisfied the customer is, or how healthy the relationship is. "Often, it's not about the building bit but about helping the client in what they are trying to achieve."

The marketing function is also leading the way in some law firms too. Andrew Powell, of CMS Cameron McKenna, has championed a rigorous process which ensures that clients get value, and the firm gets the insight which helps it reach its strategic goals.

Among the mechanisms used are:

- All account managers are requested to get feedback on service, as part of the account planning and management process. They are also expected to identify when a client is buying a certain service elsewhere.
- All major clients have a face-to-face service review conducted by an independent company.
- Transactional reviews are done by an independent company, typically by phone. These provide rich feedback, particularly from the business unit staff within clients as well as in-house lawyers.

Andrew comments: "Some of the moments of truth are nothing to do with the technical excellence of the product you provide. For example, not delivering a couriered package when you said you would. These have a real impact on the

strength of the relationship and whether you can get and grow business."

DELIVERING THE SERVICE YOU PROMISE!

Of course, knowing what clients value and expect is only part of the story. The acid-test is whether clients receive what they value and expect.

Sometimes marketing professionals shy away from this but the effectiveness of everything else you do is reduced unless it happens.

Take the example of a professional services firm which revised its mission to

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clearly state its focus on clients. 18 months later, in spite of the number of PowerPoint presentations made by senior management, client satisfaction had in fact gone down.

When I investigated the reasons why, it was clear that:

- There had been no revision of the training offered to staff to equip them to be more client oriented.
- No connection had been made between an employee's efforts to enhance client satisfaction and how their performance was judged – either formally or informally.
- Team meetings continued to focus on budget and internal issues – middle management were not walking the talk.

It has hardly surprising that clients were receiving any benefit from the mission.

Equally, there are some great examples where marketing has provided strong direction to enable great client service to

actually happen.

In the aforementioned examples, CMS Cameron McKenna has changed team structures, and has also invested in training to help partners and other staff not only manage client relationships better, but also get a deeper understanding of the strategic issues facing their clients.

One of the internet bank brands is also a good example. They completely changed the way that call centre staff were measured and rewarded, to enable them to listen much more to their customers and to help them resolve the customer's problems. The CEO personally walked the walk, and training on empathy was provided. The bank now believes it achieves 30% more profit per customer than its rivals.

So, is it worth it?

Knowing and delivering what clients want is necessarily complex or costly – but equally it does take some thinking and investment. So, aside from the theory, is there a payback?

The firms and senior marketing staff – who have worked to know and deliver what their clients want – believe it is. For example:

- While Taylor Woodrow believes it is 18th in its sector by turnover, it is 3rd by profitability – and assigns a large part of this to its 'Heartbeat' and associated programmes.
- CMS Cameron McKenna have specific examples where they have retained or developed their business with clients as a result of their deeper understanding.
- The professional services firm I worked with then began to truly implement its mission, and saw customer perceptions and ability to cross-sell improve.

We're all in an industry which is becoming increasingly competitive. Knowing what your clients want, and delivering it, is one of the best ways to reduce the risk that you will lose out as a result.

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