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Clients Come Second: Five-Star Service

The most significant thing we have done in our firm in 25 years is dedicate ourselves to Five-Star Client Service.

—Jim Belew¹

The *Customer Comes Second*, written by Hal Rosenbluth,² is an excellent resource. Rosenbluth built his own service business to a dominant position in the tough travel industry by involving his staff in unique ways. His company was ranked among the top companies to work for in the United States.

In the book Rosenbluth discusses a subtle secret to delivering great customer service that is still seldom emphasized. To deliver great service, you have to enlist your employees and staff in the effort. You do this by treating your *employees* well. Only then will they deliver consistent, great service that thrills your *clients*. This is particularly true in a service business like accounting, where the service received by your clients depends largely on a number of employees.

For instance, Extractions Systems of Massachusetts markets contamination measurement and control products for ultra-clean environments. After a survey found that employees ranked their job satisfaction only as average, Extractions implemented programs to improve the workplace environment. In a follow-up survey, satisfaction jumped to the top 15 percent of companies surveyed. And the willingness of employees to recruit friends to work at Extractions went up 20 percent.

Extractions stated: “Clearly, satisfied and happy employees translate into satisfied customers and shareholders. Based on this fundamental management principle, we embraced the mantra: ‘The customer comes second.’ Logically, it is impossible to satisfy customers with unsatisfied employees.” Employee satisfaction action plans are now part of the yearly Extractions business plan.

If you analyze the interactions of your clients with your firm, you'll see that the majority of the company-client interactions probably don't involve only accountants. They involve other professionals, receptionists, and the people who take messages or answer phones. You need to "sell" your staff on being extraordinary in how they treat clients. If you treat your staff first class, they are more likely to treat your clients that way.

What Makes a Client Really Loyal to You?

From the clients' point of view, a great interaction is one where they are treated as special. In a business sense, your employees are aware of the client's concerns and can proactively offer solutions. It is beyond just being on time and returning phone calls promptly. At the same time, in a personal sense, clients are treated as special *individuals*. Your people know their names and show that they like them.

If you're like me, you're not treated this way very often. Likely your clients aren't either. And few firms have standards like this and train for them. On average, good service in this country is merely *professional* politeness. All the words are right, but there is nothing personal behind them. People say, "How are you today?" but it's an empty phrase. Think about your bank interactions. Tellers are usually polite but impersonal. You might as well be using the automated teller machine.

Most accountants think that good service is doing the work on time and on budget. They don't understand that clients largely judge by other things because they can't judge the quality of the work.

An important distinction that is almost never discussed in client service is that *not doing anything wrong is not the same as doing things right*. Some little-known research on employee satisfaction seems to apply well to clients also. If employees are underpaid or subjected to bad working conditions, they are unhappy. But eliminating these same factors is not enough to make them happy. That is, good pay and good working conditions do not make employees *happy*. More generally, some factors are necessary to *avoid dissatisfaction*. But other factors are necessary to *achieve positive satisfaction*. The positive factors are things such as being involved in decisions, interesting work, and colleagues they respect.

The same is probably true of your clients. They *take for granted* that you are qualified to do the work and technically competent. If these are missing, you are graded down. But you are not given positive credit for them. To achieve positive satisfaction—the type of loyalty that leads to unsolicited referrals—

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you need to provide positive factors so clients receive more than ordinary satisfaction out of interactions with you.

Training for Great Service

To provide superior service to your clients, you need to train your staff. But more important, they have to want to deliver great service.

Some people are just plain “nice” in client interactions. They tend to treat people personally and clients like them. Hiring this kind of person for client contact roles can go a long way to better service. However, the only way you can be sure of a quality service level is to decide what you want and train for it.

Some examples of things you might train for are:

- Greeting clients by name
- Asking clients about their interests, children, and so forth and “remembering” information in a database so they can be asked about them later (In his first book, *Swim with the Sharks Without Getting Eaten Alive*, Harvey McKay presented his list of things to find out about prospects.)
- Using a warm, personal tone of voice when talking to clients
- Making eye contact
- Listening skills
- Training in recovery from errors

How to Create Great Service

Most companies expect their people to give *good* service, and most people do give good service as they understand it. But *good* service is not enough. To give *great* service, you need to help your people in three ways:

1. Set standards, train for them, and reinforce performance.
2. Get out of people’s way!
3. Treat your employees the way you want them to treat clients.

The first point is fairly standard, even though it is often not done well. To set standards for client service, you need to spend some time researching what makes for happy clients. Here you’ll need to think out of the box with a focus on nontechnical factors. The second point involves empowerment. Usually the administrative “rules” require approval to do something unusual for a client. This should be set up the opposite way, as with the mail-order company Lands’ End. There employee have to get permission *not* to fulfill a customer request! In other words, the expectation is that all employees are

empowered to do what customers want. In practice, most firms act the opposite way.

Once employees know what to do and how to do it, further bureaucracy and administration tends to have a negative effect. Employees shouldn't have to ask permission to do something extra for clients. They should be encouraged to experiment with ideas, even if "the bosses" don't think they will have much effect. As author Ken Blanchard says, when you don't get exactly the performance you want from staff members, you have to reinforce them for being approximately right. With encouragement, they'll get better.

Another way to demonstrate this attitude to your clients *and* your employees is to offer a money-back satisfaction guarantee. Although this encourages new clients to try you and old ones to refer you, of interest here is its effect on staff members. When you offer such a guarantee, they know you are *serious* about satisfying clients. The guarantee encourages them to make an extra effort to please clients. It empowers and motivates them.

Such a satisfaction guarantee might put pressure on employees in a negative way. But instead it seems to motivate them and tell them that their complete efforts are appreciated. Since staff members take pride in working for a superior firm, all your efforts to deliver great client service also improve employee retention. And you can't have long-term client support without long-term employees.

The third point is to treat your employees the way you want clients treated.

Although we generally think of internal customer service as how the "bosses" treat employees, the situation is actually much more complicated. Much of a positive organizational climate depends on how coworkers treat each other. Employees are each other's customers in many ways. Managers look good only if their employees pull behind them. Employees need managers for training, political support, and assignment selection. A partner is a client of the receptionist. The partner depends on the receptionist taking messages correctly, putting visitors in the right mood, and so on. And the receptionist obviously depends on the partner for job ratings, raises, and the like.

More subtly, there can be conflicts between external and internal service in unexpected directions. It's up to the boss to fire workers who hurt the organizational climate with their treatment of other employees, even if they provide good external service. For instance, in one consulting firm, one long-time employee spent about half time training clients and about half time with administrative work. Clients liked her, so she was providing fine external service. And she hid behind her external service value to be a negative influence internally. Other employees—and even the boss—disliked her

because she didn't follow through on internal tasks and was generally unreliable. They put up with her too long because she was good at external service. When they finally fired her, the whole organization felt better.

There are two important aspects to "internal customer service." The first is *top-down expectations*—the standards that the top partners set up and reinforce. The second is how employees treat each other. A positive organizational tone can be pushed from the top, but ultimately it depends on employees to treat each other as well as they treat customers.

What are your partners doing to create a positive service atmosphere in your firm? A firm must develop the set of standards that will lead to happy, loyal employees. Then it needs to develop a specific action plan to create the organizational climate necessary to produce the desired results. For instance, in one attitude survey by Watson Wyatt Worldwide, only 55 percent of employees said they have the power to make decisions to satisfy customers.

Organizational climate can be measured on many dimensions, from attitudes toward coworkers to liking for the boss or the work. Research in this area has covered literally dozens of areas of employee satisfaction that can contribute to overall job satisfaction or performance.

A Shared Vision

Creating a service-oriented organizational climate is no easy task. And the fact that you need to start with how you treat staff makes it even more complicated. First you need a clear vision for the firm that employees will buy in to. People have made fun of "the vision thing," but all great firms share some vision, even if they don't think of it that way. You may have gone through various exercises to create some sort of vision statement at a firm retreat. When done right, a vision can energize a firm. When done wrong, nothing but increased cynicism results.

The logical vision to start with in this area is to provide great client service. It is much easier to enlist people in this vision than in a vaguer core value about being a profitable firm. It's much easier to feel proud of being in a firm that has the best client service than one that makes the biggest partner profits.

Now add the value to be a firm that treats its people great and you can enlist everyone in defining how they can give great client service. Examples of how treating your people well and giving great external service go together are easy to find. For instance, most firms have a shortage of accountants with five to seven years of experience who can hit the ground running to do the work. Yet many women accountants leave the field to raise a family or

endure stressful schedules trying to maintain their jobs while having a family. If you offered true flextime *and* a chance to be a partner with a part-time schedule, you might have your pick of talented people.

Your people can go on to make a big list of things that give them the confidence and flexibility to deliver great service *and* feel good about their jobs. These things might include things as simple as a lunch budget to take clients out to lunch, business cards for secretaries (and rewards for bringing in clients), empowerment to make decisions about clients, and money-back service guarantees.

You Get What You Reward

To create the internal service atmosphere you want, you must define it, train for it, and reward it. Useful training develops employee skills and self-esteem. This training makes employees better at service and increases their value to your organization. Simple thank-yous for jobs well done, by fellow employees or bosses, may be all that you need to turn your organizational climate into a strongly service-oriented one. But you must act to create the right reinforcements. Your employees will never go the extra mile unless they want to. If you don't reward them, they won't reward internal and external clients with great service.

Benefits of Satisfied Employees

Most employees are *generally satisfied* with their jobs. But they are not *delighted* with them. They do their jobs, but they don't put their hearts and souls into them. This will lead to average client service.

A less-than-happy employee:

- Costs your firm opportunities
- Gives average customer service
- Dampens other employees' enthusiasm about your firm
- Doesn't talk up your company to your customers and prospects

Having happy employees translates to great customer service for several reasons:

- Happy employees are enthusiastic about their jobs and do them better.
- Clients can tell when employees are positive, and they take that as a "referral."
- Happy employees take pride in their firms and their client service reflects that. They become role models for other employees.

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- They recruit employees similar to themselves, and they also bring in client leads.

In too many accounting firms the organizational climate is “harried.” Everyone is stressed, waiting for things to get better “after tax season.” (That’s also when they hope to get around to marketing so that they’ll have better clients next year.) When you have happy, involved employees, you create a positive feedback system. Happy employees stay longer and do their jobs better. This supports a positive work climate that further supports employees and leads to happy clients. Positive clients, in turn, make your employees’ jobs easier and more pleasant.

Involve All Staff Members

Getting input from all staff members can be crucial in improving both internal and external client service. In most firms, staff members can quickly highlight a number of factors that would make their jobs easier and please clients. Staff morale will increase just because you are making an effort to improve their situation. By obtaining staff input, you also increase cooperation with any new procedures put in place to improve your organizational climate.

The way to deliver great external service is to treat your employees like your most important clients. Depending on the size of your firm, either sit down with each employee or conduct a brief “organizational climate” survey. Measure things like morale, job satisfaction, and empowerment to serve clients. Calculate your turnover rate and what it costs you, combined with difficulties in obtaining new staff members who fit your needs. You’ll see that investing in staff internal “service” can pay off on a number of dimensions.

A satisfied employee will create and keep satisfied customers.

A dissatisfied employee will cost you customers.

—Michael Le Boeuf, *How to Win Customers and Keep Them for Life*³

When I interview partners in firms where sales are flat, I hear pleasantries and platitudes about customer service, but most of what I hear is only lip service. Five-Star Client Service for CPAs is patterned after the service you would receive in a five-star restaurant. It is a training course we at The Rainmaker Academy deliver to CPAs throughout the world to help them focus more on providing outstanding service. The concept of Five-Star Client Service for Accountants was originally developed by the late Tim Beauchimin,

Benefits of Employee Satisfaction

Companies that have distinguished themselves in the way they hire, train, and treat employees have experienced the following positive benefits.

- *Increases in service, quality, and customer satisfaction of over 50%*
- *Growth rates 60% to 300% greater than their competition*
- *Return on sales 200% to 300% greater than their competitors*
- *Return on assets 150% to 300% greater than their competitors*
- *Direct impact on employee retention, which in turn leads to customer satisfaction, which leads to profits*

—William Fromm, *The Ten Commandments of Business and How to Break Them*⁴

a brilliant consultant to the accounting industry. Our firm is honored to be able to carry on some of his work.

Bill Gates, in his book *Business at the Speed of Thought*,⁵ predicts, “Only a few businesses will succeed by having the lowest price, so most will need a strategy that includes customer service.” In a rapidly change environment, dedicating yourself and your firm to great client service is a high-payoff activity.

To deliver Five-Star Service, accountants must focus on the concepts of connecting and recovery and on a five-step process based on these concepts.

Connecting

Connecting is the concept you use when proactively investing in building the relationship with your client. It is based on the principle that long-term relationships are built on regular communication that fosters trust, caring, and confidence.

Neil Rackham of Huthwaite Market Research reports that two-thirds of CPA clients said their accountant didn’t care about them. How do you think your clients feel about you? Emphasizing the connecting phase of Five-Star Service can help your firm avoid having clients feel you don’t care about them.

The purpose of connecting is to build and strengthen all parts of the relationship. The concept of connecting touches all of the steps included in Five-Star Service.

Jack Amundson, whom we met in Day 10, says, “The most important thing in my business life is my relationships with my clients. I work extra hard to spend time with them, off the clock, to let them know I care.”

Last month, I sat in the reception area of a large accounting firm for about 20 minutes while waiting for an appointment with the managing partner. I was struck by how “cold” the reception area felt. Then I noticed that as the firm’s employees walked through the lobby area, no one spoke. The staff members didn’t greet or acknowledge each other, let alone me. No one knew who I was. I could have been a client or a prospective client. Had I been either, I would have gotten a poor impression.

Contrast the above visit with a visit to the offices of Simpson & Osborne in Charleston, West Virginia. Upon entering the lobby, an expected guest feels welcome. There are bowls of candy on the tables. Marcie Jividen, the receptionist, greets me by name and asks, “How is your day, Mr. Waugh?” After listening to my reply, she says, “Mr. Simpson is expecting you, I will let

One Person Sets the Tone

Our staff is loaded to the gills with résumés to die for. Then there’s Leslie McKee, the receptionist. I’ve never seen her résumé. But she has taken our company and turned it around. You see, Leslie is amazingly upbeat, courteous, funny, patient, upstanding and professional, smart, outrageous, and helpful. I don’t know what our official “core values” are. We’ve never written them down. (Whoops.) But I know what they are unofficially: They’re Leslie.

Customer Service Wonder

Clients love Leslie. She, of course, is our Commander-in-Chief of Client Service. Her manner—energetically cheerful—gives us a foot in the door with whoever is calling. Leslie makes sure you end up talking to the right person (no small thing), or are otherwise handled efficiently and effectively and feel good about it.

Once a week or more, it seems, she takes some totally amazing personal initiative to research something for a client. Often as not, it’s unrelated to anything we do; it’s just plain helpfulness. (Reading “praise Leslie letters” from clients eats up a lot of my time these days.)

—Tom Peters

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him know you have arrived. What would you like to drink during your meeting?” Marcie is a great “Director of First Impressions,” but the connecting did not stop with her. Every person who came through the lobby either smiled, caught my eye and nodded my way, or said hello. The staff members at this firm start connecting with you the moment you walk in the door—that’s the way every business should be.

One of the dangers is that people think of customer service as somebody else’s job. We say to ourselves, “my job is sales” or “my job is data processing.” But each of our jobs is broader than that—it’s creating relationships and partnerships.

—Kristin Anderson, coauthor,
*Delivering Knock Your Socks Off Service*⁶

How would you feel if, after you had placed your order in a fine restaurant, the waiter did not check back with you? Many CPAs commit this error for various reasons: tight work schedules, a fear that the initial order wasn’t taken right, communication reluctance on the part of the service provider, a lack of care, or just a lack of awareness of the importance of connecting with the client.

Recovery

It’s time for all organizations to think of complaint handling as a strategic tool . . . rather than as a nuisance or a cost.

—Janelle Barlow and Claus Møller, *A Complaint Is a Gift*⁷

Even the best CPAs make mistakes. But it’s how you recover from mistakes that can make or break you.

Most great service businesses have a specific process to recover from an error or customer complaint. When a process is communicated throughout your organization, employees become empowered to meet client recovery needs rapidly.

I recently chatted with a CEO who is a client of a large CPA firm. He told me about a senior accountant who had made a serious error. The CEO said that when the error was discovered, the senior canceled a personal weekend trip and spent the weekend with his accounting staff correcting the problem and preparing financial information to meet the deadline. The senior apologized, and the CEO thought he had recovered extremely well.

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But what most impressed the CEO was that the firm's managing partner appeared on Monday morning with an additional staffer and an apology and assurances that the CEO would not be billed for the firm's error. The CEO recognized that the managing partner's visit signified that the senior had the trust to tell his superiors and get them involved. He said, "The error could have caused us to leave the CPA firm. But the way they recovered from the mistake and the teamwork and trust within the firm will make us a long-term client. I understand how humans can make mistakes, but it is how a CPA firm reacts when they err that tells me the true value of our relationship."

Mike Kruse says, "The most important thing our professional staff and partner must know is 'Do the right thing in the circumstances.' Even if doing the right thing hurts us, it is important that our people and our clients know that we stand behind our work."

In many firms, mistakes get buried, or blame gets tossed back and forth. But in the most successful firms, accountants at all levels take responsibility for mistakes. What about in your firm? Do your staff members trust you enough to save a client like this?

Recovery is the systematic series of steps you take when you make a mistake or are presented with a problem. If handled correctly, recovery is a valuable opportunity to strengthen client loyalty to your firm. Memorable recoveries can create stories about you that are passed on to other clients.

Legendary Service

"Legendary service" describes service so good your customers want to brag about it. . . . The most important part of creating legendary service is story generation. If your customers are telling positive stories about you and your service, you could not ask for better publicity. One of the best sources for service stories is all-out recovery. Recovery means if you make a mistake with a customer, you do whatever is needed to fix the problem and create or win back a devoted customer.

—Ken Blanchard⁸

Usually, there are four basic types of human errors in accounting firms:

1. Communication errors
2. Procedural errors
3. Knowledge or technical errors
4. Price errors

When you have built a relationship with clients through a systematic process of connecting, they will be quite forgiving when a mistake occurs, regardless of its magnitude. If you have failed to invest in connecting, however, the smallest error can lose you a client. If you have a weak connection with a client, then when you make an error, you have problems—the smallest errors can lose a client for you. On the other hand, when you have been proactively building the relationship, the connection is stronger. You can make a very large mistake and the client will be very forgiving. You have a choice: be proactive or reactive. The more you invest in proactively building the relationship, the less you must invest in recovery.

A Five-Step Service Process

Step 1: Taking the Order

Waiters who take your order in fine restaurants have a big responsibility. Incorrect orders result in enormous cost increases from the rework of your food. Aren't you amazed by servers who are so well trained that they are able to get your order correct without writing it down? For most of us, this is not possible.

If your order is incorrectly taken, it cannot be delivered correctly. Reworking the order is not only costly for the restaurant immediately, but also in the long term. Your perceptions are negatively impacted when you must wait for your dinner to be corrected. The timing of your entire evening can be destroyed when the order is not taken correctly.



Training our staff members to properly take the order from the client and from each other has saved us tremendous budget overruns in time and money.

—Jim Belew, Founding Partner, Belew Averett, LLP

In an accounting firm, when the order is not taken correctly, review notes and reworks abound. If you track your cost overruns and delivery delays, most of them would relate to not taking the order exactly. Many times a partner takes the order from the client and then plays “pass-it-on” to an associate. At each level of pass-it-on, the message becomes garbled. In some cases, the client intimidates the partner and the partner, in turn, intimidates an associate. The person lower on the totem pole does not want to press the issue of vague misunderstanding. He or she wants to move forward with the work and will do so without a clear picture of the order.

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To take the order correctly, partners must commit to a few more minutes with clients. It is necessary to listen carefully, take notes, and repeat the order back to the clients. Associates must do the same, even though the partner may seem eager to move on and associates may feel rushed.

Firms that focus on taking the order correctly will dramatically reduce reworks and review notes and improve the client delivery schedule. Clients also report dramatic improvements in perceptions of service quality.

During the first step of taking the order, it is crucial that you review your client's investment or cost. If you do not review cost at this point, you may set yourself up for serious misunderstandings later on. If your cost estimate is too high, you can adjust your services and the client can still feel in control.

Step 2: Delivering the Order

When you take the order from clients, an expectation level was established. The delivery is a moment of truth: Did you meet, exceed, or fail to meet your clients' expectations? Your clients' expectations are the only ones that counts. To show you care and to determine how well you've met clients' expectations, it is important that delivery be done in person.

In-person delivery also gives you an opportunity to reconnect with your clients and protect your profits. If, for some reason, you failed to meet a client's expectation for service, you want to know about it quickly. Waiting to learn that you failed will increase the cost of reworks or redos.

Terry Orr says, "I enjoy delivering our major projects personally. The client is most happy when I sit down and go over the product with him. We will almost always pick up new projects. I think the client is so pleased that he envisions we could do more." During a good delivery, begin the meeting by summarizing the services you have provided your client. This allows you both to review the expectation level set originally. Personal delivery is a good time to present other findings through management or internal control suggestions.



Goodwill plus good service brings sales success that no competition can possibly undersell.

—Harry F. Banks⁹

While meeting with clients to deliver the order, it is important to cover the benefits of what you have done from each client's perspective. Ask the client questions: "Michelle, tell me how it helps you that I prepare the financial statements and forecasts for you each quarter. Does it allow you to make

better decisions? Does it enable you to focus on selling your company products rather than worrying about the finances?” By asking these types of questions, you are getting clients to say back to you what the benefits are of doing business with you.

Last, it is important to review clients’ investment (cost) in your services. Reviewing the on-budget, overbudget, or underbudget status of the service will enable you to discuss the situation openly with your clients.

Step 3: Ascertaining Satisfaction

Many studies have shown that most clients will not volunteer a complaint—you have to ask. The only time you may learn if you met the clients’ expectations is when you give them permission to tell you. You can do this by asking two key questions:

1. What did I do you liked?
2. How could I have improved?

Former Mayor Ed Koch of New York City became famous for asking people “How am I doing?” He would give people permission to tell him the vital information he needed. Bill Jenkins does a “listening tour” with clients. Jim Belew and his partners will visit 20 clients a year and ask a series of key questions that get their clients talking.

Step 4: Offering Dessert

How would you feel if you went for a wonderful dinner and the waiter did not offer dessert? Even if you don’t eat dessert, most people enjoy the presentation. We smile and say, “Just the sound of that adds a couple of pounds.” Or we might split a dessert or have one of our own. At great restaurants, you will pass the dessert cart on the way to your table. These restaurants suggest dessert early in your dining experience.

Bill Fingland says, “Clients really appreciate the way we help with business issues. A number of years ago we developed a profile of a good client: one who engages us for the same amount of consulting as compliance work. In other words, a \$25,000 compliance account should be a \$50,000 client if we have done our job well.”

If you develop the habit of offering “dessert” to your clients, they will appreciate it. On the other hand, clients who learn of your other services after they have purchased them somewhere else may become angry that you didn’t tell them. Most people don’t like to have dinner in one location and stop for dessert in another.

Mark Kaland says, “In Clifton Gunderson, we invest heavily in developing skills our professionals can use to help clients. We find clients trust us and want to know about our services. If we don’t tell them, they seem disappointed.” In the next chapter, I talk more about “offering dessert” and the importance of developing a process for it in your firm.

Step 5: Collecting the Check

To collect the appropriate amount of fees from your clients so you make a profit, you must take into account client emotions. Clients value your services the most at the time of delivery. Every moment you wait to bill your client until after the delivery process increases your risk of not collecting an appropriate amount.

Bob Gaida says, “I believe in giving premium service to my clients. I want to serve them in ways they will not receive anywhere else. And I expect a premium price in return. If the client is not willing to pay a premium, then I must ask myself, ‘Is this a good client for me?’”

I discuss collecting the check in more depth in the Day 31 chapter. But it is important to set a foundation for it here. You must discuss the fee when you take the order and again when you deliver the order. It is best to establish a billing arrangement that will provide you a retainer up front, progress payments along the way, and a final bill on delivery. Such an arrangement will work with client emotions more evenly while providing you the most profit and your client the most satisfaction.

Summary

The key to long-term profitability in any business is loyal customers. Because clients have been coming back year after year does not necessarily mean they will continue to do so. The CPA who is proactive in delivering outstanding service will keep the good clients and attract more of them.

The most important thing you can do to increase your work—and your profits—is to really focus on customer service. You must set up a process to send the message to your staff and clients that service is your number-one priority. You must also have a process for delivering service, recovering from problems, and making sure clients get more than they expect.