

What Happens When You Lose a Client?

By Angie Grissom

You just got the phone call—the dreaded phone call. A client is leaving and taking their business elsewhere. This is not just *any* client either. It is one of *your* largest clients. Your pulse quickens; your mind races; you feel a knot in your stomach. “Now what?” you think. “How could this have happened? How am I going to replace them? And what if other clients are on their way out?”

Hopefully, you’ve never experienced a moment like this, but nearly everyone has been there at one time or another. Client attrition is one of the top concerns on CPAs’ minds today, and for good reason. It’s hard to lose a client, even when the economy is good. When times are tough and every dollar really counts, client attrition can be especially brutal for your business.

Certainly, there are times the client is leaving for a clear reason: simple rotation requirements or an influential board member’s preference or relationship with another provider. Some situations just cannot be avoided. Mostly, though, the reason for the loss is not obvious. How these types of losses are handled varies widely between firms.

Some firms research the true reason behind the loss, while some immediately move on without giving it further thought. With such a committed focus on growth and profitability in accounting firms today, it is surprising that so many firms take the latter course and pay scant attention to client attrition. Sometimes, the reason is that the partner in charge of the account feels too vulnerable to ask the client agonizing details on why

they are leaving. Other times, it the firm’s cultural norm is to accept the loss and not think any further about it. Even if the client gives a reason, that is taken at face value. Both of these scenarios are grounded in a philosophy of don’t-ask-don’t tell.

Ironically, many of these situations can be avoided with the proper level of client care. And that’s what we’ll explore here.

How could this have happened?

Many opportunities exist in client interactions to either strengthen or weaken relationships. It is imperative to keep your finger on the pulse of the firm’s clients to ensure they are happy with your service and that they are getting what they need and want from your firm.

Recently, I had the opportunity to speak with a group of manufacturing and not-for-profit niche leaders at an APA conference. When the topic of client attrition came up, a great conversation ensued. Partners and managers from firms of all sizes indicated their firms had conducted client surveys at some point in the last five years. Some surveyed clients annually, and others didn’t have a formal process in place. All, however, under-

stood the value in monitoring client satisfaction.

How am I going to replace them?

Whether client attrition is a full-blown problem at your firm right now or not, you must constantly have a pipeline working for new business. Sometimes it takes the loss of a major client to jolt a partner group into the mode of implementing a pipeline report and setting business-development goals for professionals. If this hasn’t happened to you and you don’t have a working pipeline in your firm, go ahead and make this commitment to start this process. Remember, even if you are offering the best level of service of anyone, natural attrition occurs.

What if other clients are on their way out?

How can you assess whether a client’s decision to leave your firm is a one-time incident or indicative of the way other clients feel? This thought can cause high anxiety. But there are effective ways to find the answer.

One way is by asking your clients how you are doing and what you could improve. We talked a bit about client satisfaction surveys earlier. There are many ways to con-

dict them: in-person meetings with top clients, online or snail-mail surveys and telephone interviews are a few. Some firms use a combination of survey methods.

Another way to find the information you want is by implementing a firmwide process for debriefing departing clients. You can do this through conducting a Lost Client Analysis (LCA), which is a short questionnaire geared toward finding the real reasons the client decided to leave. (See Exhibit 1.)

The process is simple: Have someone call and request a few minutes of the past client's time. (This person could be an administrative professional, a partner, an outside party or anyone that did not work directly with the client.) This distance encourages the client to open up. The caller should say something like this

Mr. Jones, I am calling on behalf of ABC CPA firm. You have been a valued client for 10 years and with your recent decision to change, the partners would really appreciate your input so that they can continue to improve the firm. Would you mind if I asked you a few short questions?

Most of the time, past clients are very willing to assist. We've

found that past clients share valuable information that can make a tremendous impact on the service level in the firm. You may find the client did not receive the level of attention they desired from their firm contact. You may find that technical errors existed in their tax work. Whatever it is that you discover, the partner group needs to take it very seriously and look for ways to improve the firm in these areas.

After you conduct a few of the LCAs, you may be able to group complaints into common complaints. View these as opportunities to improve so that you can avoid losing another client. Document the area that needs improvement and assign a champion and a small team to the task. Have the team report progress back to the partner group. This will create regular improvement in your practice. Make sure and report back to your client—the changes your firm has implemented in response to their feedback if you want to win back that particular client. Stay in touch with your past clients so that you will be in second place when they decide to make another change.

A question that is included in the LCA that carries tremendous value is "Would you be willing to use our

firm again in the future?" Astoundingly, the majority of clients that are surveyed answer this question with a yes. This tells us that even though you lost a client, an opportunity may exist for you to win them back. Maybe you can not only win them back, but improve yourself and your firm in the process.

Being proactive is the key to ensuring that one lost client doesn't turn into a client exodus. Firms that choose to continue their old practice of simply moving on are likely to find themselves in more jeopardy from lost clients than those who institute programs that proactively discover the reason for the loss and then use that as an opportunity to improve.

About the author: Angie is an experienced speaker and frequently presents at meetings and conferences on topics such as: Strategic Planning, Conducting Internal Assessments of Your Firm, Holding Partners Accountable, Referral Source Development, Five Star Client Service and many more. She is also a graduate and instructor of The Rainmaker Academy. Angie can be reached at (615)373-9880 or angie@therainmakerconsultinggroup.com. ✦

Lost Client Analysis

After you have invested much time in a relationship and had the unfortunate experience of having the client tell you that they are moving their relationship to another firm, it is important to learn the reasons for their move and make the necessary changes within the firm to ensure that highly profitable clients are retained. When you learn, you still get something in return for your efforts.

Below is the questionnaire The Rainmaker Consulting Group has developed. It is important for The Rainmaker Consulting Group to have the background information on the client prior to the phone call.

Background Info:

Name of Firm: _____

Services Rendered: _____

Length of Relationship: _____

Annual Revenues: _____

Partner(s) on Acct: _____

Hello, I'm _____. I am working with _____ (*partner name*) at _____ (*firm name*), your former accounting firm. The management of the firm is very interested in learning the reasons behind your decision to change accounting firms and have engaged us to perform a Lost Business Evaluation. The management team is prepared to learn from this process and is planning to implement the necessary changes within the firm to avoid losing another important client in the future. Is now a good time for you to take a few minutes? (*If now is not a good time, ask them for an appointment to call back.*)

The first two sections of the questionnaire ask that you rate the firm on a scale of 1 -5. The Performance Rating Scale is:

5 - Outstanding (leaves little, if anything, to be desired)

4 - Good (above expectations)

3 - Satisfactory (normal expectations)

2 - Less than satisfactory (minimum expectations)

1 - Requires substantial improvement

n/a - Not applicable (insufficient exposure to evaluate)

Please indicate your perceptions to the following about _____
(*firm name*):

A. The Firm

_____ (*firm name*) is

A proactive firm _____
A firm with strong partner's _____
Whose price reflects value received _____

B. Service Orientation – Partner/Staff

Presents a positive “can do” attitude _____
Understands your business and personal goals _____
Provides superior service _____
Produces timely and accurate reports _____
Is responsive to your requests and questions _____
Keep your firm informed throughout engagement _____
Keep you up to date of new legislation _____
Keep you up to date of topics affecting your business _____
Returns phone calls promptly _____

C. Overall

What do you like best about the Firm?
What three things do you like least about the Firm?
What would be the principal reasons you terminated our services?

D. New Firm

Which firms proposed to do your work?
Which firm was successful?
What are your main needs for a CPA firm?
Did your board or audit committee have input?
Did anyone outside your company have input? (like a lawyer or banker)?

E. Other

Is there any possibility that you would reconsider changing accounting firms?
Would you consider utilizing one of our other partners on your account?
Would you consider using us again in the future if things do not work out with your new firm?
Is there anything else you'd like to share with us today?
Thank you for your time and honest assessment of the Firm.

Name:
Date:

Company: