

## Seven Principles for Retaining Your Clients

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By Andrew Sobel

### I. IDEAS FOR ADDING VALUE AND BUILDING LOYALTY

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## Seven Principles for Retaining Your Clients During Uncertain Times

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A friend recently confided in me, "Things are so bad that I haven't seen a

client in nearly a month." Another, though, took two weeks to return my phone call because she has been so busy out in the marketplace. Unfortunately, many professionals throw up their hands and retreat, literally if not psychologically, when the going gets rough. Let's look at some of the myths about managing clients in an economic downturn, and the principles that can help you to maintain and even grow your client base in uncertain times:

**1. Myth:** *"My clients just don't want to see me."* Many businesspeople think that their clients don't want to see them when the economy is doing poorly, reasoning that if a client doesn't have any money to spend it, he doesn't want to be "sold" to. This attitude, of course, says more about the mindset of the professional than the client! In reality, your clients need you more than ever during times of crisis—their issues are more complex and sometimes quite personal, the decisions they face are difficult, and they need trusted advisors who can serve as level-headed, experienced sounding boards. Developing new business may well take longer—after September 11, for example, caring and empathy towards clients was the order of the day, not hard selling.

**PRINCIPLE 1:** Get out into the market—actively seek out your clients and try

to help them with whatever issues they're facing. Be patient and be prepared to invest extra time.

**2. Myth:** *"I need to cut my prices to attract business"*

Clients always would like a price break, and when they press hard it's usually because you're perceived as a tradable "expert" and your services are seen as commodities that can be bargained for like salt pork or railroad cars of grain. When times are good, your clients aren't going to pay you more than your standard fees, and when times are bad, you shouldn't discount them either. What you should be willing to explore, however, are flexible means of payment and delivery. These could include: breaking a large project down into several discrete pieces, which can be decided upon and paid for one at a time as the work progresses; agreeing to delay some or all of the invoicing so that it falls into the next fiscal year or budgeting period; conducting a preliminary diagnostic phase of work for a reduced fee, with the explicit understanding that if the benefits are demonstrated, it will lead to a larger phase of full-price work; and offering value-added services as a free "add-on." As a last resort you may have to reduce your fees or cut your prices, but only do this if you also cut back on what you actually do for the client—negotiate what benefits and value are in and what is out. Finally, remember that if you give a client a concession, always ask for one in return.

**PRINCIPLE 2:** Don't cut prices, but if necessary be willing to propose

flexible, creative, and even unorthodox ways of structuring your services

and invoicing for them.

**3. Myth:** *"Large companies are a safe port during storms."* Large companies with equally large budgets have historically been the mother lode for a whole variety of services firms. Their loyalty to service providers and vendors, however, has become fleeting. With more centralized control over corporate expenditures than ever before, many Fortune-500 companies now routinely enact across-the-board edicts to reduce operating expenses, leaving outside suppliers high and dry. Furthermore, decision-making can get absolutely frozen in these large corporations. The value you add at a small or mid-sized company is frequently more clearly recognized. You're often working with higher-level executives compared to a corporate behemoth, and you may also find there is greater loyalty to you as an individual or a firm.

**PRINCIPLE 3:** Small and medium-size companies often have greater

flexibility to retain and pay a professional who can really add value.

**4. Myth:** *"Now is the time to cut back across the board."* Indeed, in some areas you will need to carefully monitor and probably trim your expenditures. But there is one place where, in a recession, you need to increase investment: marketing and sales. This is an opportunity for the strong to get stronger.

**PRINCIPLE 4:** A recession is a good time to increase your market share through enhanced marketing efforts and greater investment in identifying client problems you can solve.

**5. Myth:** *"It's more important than ever to demonstrate my specific expertise-it's the only thing clients will pay for when money is tight"* The slightest discomfort sends most professionals running back to their "expert for hire" bunker. Expertise is great, but without the ability to create trusted personal relationships, serve as a guide and navigator, and generate real insight for clients, it's worth very little.

**PRINCIPLE 5:** In a crisis, insight, judgment, wisdom and plain level-headedness are often more important than expertise. Experts are commodities in good times and bad.

**6. Myth:** *"I need to take any business I can get in times like this."* The successful professionals I've studied all temper their devotion to clients with great independence, which includes being selective about who they will work with. Choosing the right clients for your particular services and market focus is one of the most powerful things you can do to shape and grow your business. Don't starve for your principles, but don't panic, either, and throw your independence and selectivity out the window.

**PRINCIPLE 6:** Accepting any and all business looks good now, but it will eventually drag you down and put you in a potentially worse position when things rebound later on.

**7. Myth:** *"I need to spend my time with paying clients."* We all want to work with winners, but sometimes our clients-like us-are down and out, and that's when they especially need us! I have frequently helped clients who were in between jobs, for example, introducing them to executive recruiters, helping them to polish their resumes, and acting as an informal career coach. I don't do this because I think there is some "payback" in the near future, but when you've lent a hand to someone in need, it is in fact rarely forgotten. I recall a friend who opened his first ski shop right before a winter with

through. I will do business with those companies for the rest of my life." Remember too that if someone loses his job, there is a huge comedown in terms of status and the attention that is lavished upon him-your continuing help and respect will be a breath of fresh air.

**PRINCIPLE 7:** A client in need is a client indeed

## **II. HISTORICAL PERSPECTIVES: SIR THOMAS MORE**

"Pray for me on earth as I will pray for you in heaven," the unshaven, gaunt man told the crowd. Then, the executioner raised his ax and beheaded him with a single stroke. So ended the life of Sir Thomas More (1478-1535), lord chancellor of England, chief advisor to King Henry VIII, and the most brilliant lawyer of his age. More was no mere expert on the law: he was both a dedicated scholar who spoke five languages and a deeply spiritual man. He once wrote, "Study as if you were to live forever; live as if you are to die tomorrow." More fell from royal favor when he refused to endorse Henry's divorce from Catherine of Aragon and his break with the Catholic Church. He found these actions, which were contrary to his fundamental beliefs and principles, repugnant. Despite his dedication to his client, he refused to give up his independence as an advisor, even if it cost him his life (and you thought you had the client from hell...just try Henry VIII on for size). Today, fortunately, professionals don't have to endure such a severe penalty for disagreeing with their clients! What I refer to as "Selfless independence," however, is still a foundational quality not just for great client advisors but also for anyone who wants to go through life with a sense of self-respect, dignity, and balance. For those interested in learning more about More, I highly recommend Peter Ackroyd's award-winning 1999 biography, "The Life of Sir Thomas More." It is a stunning tale of an advisory relationship that eventually soured and also a brilliant evocation of life in 16th century England.

## **III. CHANGES IN ATTITUDE**

If you want to keep your clients for life, you have to treat every long-standing client like a brand new one. The bases for successful personal relationships (e.g., marriages) and successful long-term client relationships are similar. When you've been working with a client for many years, the tendency is to take each other for granted. When benign neglect sets in, your long-term client may become intrigued by other competitors in your field-their ideas may seem newer and fresher, and their relentless courting may result in a lost client for you. The professionals I have studied who consistently build lifelong loyalty treat the 100th meeting like it's the first. They bring the same energy, creativity, and drive to their long-term clients as they do to the new client they are trying to impress. The flow of ideas-the courtship, so to speak-never stops.

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