

## Steps to Grow Your Client Base Now

Type: Newsletter Subject: Client Loyalty

By Andrew Sobel

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

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#### Steps You Should Take Now to Grow Your Client Base

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January is a good time to reflect on ways to grow your client base during the coming year. Creating quantitative goals and detailed plans can be useful but also dry and limiting; I focus instead on trying to do a few things extremely well. This approach usually produces results that not only exceed any reasonable goals I could have imagined, but which are often different and more creative than anything envisioned by a written plan—such is the nature of client relationships.

Here are 6 suggestions to consider as you think about making this year a success:

#### 1. Develop a knowledge-creation agenda.

Virtually all professional services are knowledge businesses, and the profit in most product businesses comes from knowledge-based services that are sold alongside the product (Jack Welch was no dummy, and began pushing the growth of GE's services years ago; Gerstner has done the same at IBM). Ask yourself a simple question: What new knowledge--insight and wisdom that I will ultimately offer to my clients and embed in my day-to-day work with them--am I going to create this year? This "knowledge" could derive from many different things, including: an article that you write, new research that you conduct, a particularly interesting or different piece of client work that you undertake, a significant course or workshop you attend, etc. At the beginning of each year, leading firms like McKinsey and Goldman Sachs set up formal

R&D budgets aimed at knowledge creation. Why shouldn't you do this as an individual professional?

#### 2. Reduce uncertainty for your clients.

Most clients I work with are having great difficulty planning and budgeting right now--depending on which newspaper I read, for example, we are either emerging from a recession or still deeply mired in one (I hope the former!). Here are some tips for reducing your client's uncertainty:

- ? Invest extra time and energy to understand your client's environment and the different ways it may impact his business.
- ? Guarantee satisfaction with your work.
- ? Offer flexibility in structuring projects and invoicing.
- ? Shower prospective clients with testimonials and offer twice as many references as they'd like.
- ? Set out options and contingency plans that you periodically review together

#### 3. Clarify whom you do and do not want as a client.

Knowing which clients are right for you, and having the discipline to turn down those who aren't, can really unlock the

Strategic Power of Saying No" (Susan Bishop, HBR, 11/1/99).

#### **4. Segment your client base and employ distinct strategies for each segment.**

Think about your clients as an investment portfolio. You have:

? Past clients--stocks you did well with but no longer own: These might be good for you again--call all of your past clients who could be meaningful in the future. Depending on the relationship, you might just have lunch to catch up, or perhaps share some meaningful new information that you've just developed in your current work.

? Current, mature clients--stocks with a high dividend yield: Continue doing great work for these clients, but do it on a pay-as-they-go basis--don't overinvest. Introduce the idea of becoming a reference for you.

? Current, high-potential clients--growth stocks: Invest heavily with these clients. This means overdelivering on current assignments, and gaining a deep knowledge of their industries. Do you have an arms-length "Steady Supplier" relationship with these clients or are you really a trusted advisor? Consider ways to partner with them beyond the day-to-day work you're doing.

#### **5. Ask your most loyal clients to proselytize for you.**

The final and most often unrealized phase of building your "relationship capital" (more on this in a future newsletter) is when your long-standing clients help you to geometrically multiply your influence. The most common and direct way of achieving this is by getting referrals. Asking a client for a referral may seem distasteful or embarrassing to you, but if you've done a great job for someone, why wouldn't she be delighted to refer you to someone else? There's a further benefit: when a client publicly states his opinion about you, it reinforces his belief enormously. Typically, a referee's enthusiasm for you will only grow over time.

#### **6. Prove Andy Warhol was right and get your 15 minutes of fame.**

Every market is more crowded today compared to ten or twenty years ago, and third-party endorsements and recognition are more powerful than anything we say about ourselves. You may believe you are not newsworthy, but the most absurd things now get people in the media (in December, someone's "10 worst toys" list got on CNN--is this news?) Think about something you are (or can be) unique at, or a particularly controversial or even off-the-wall perspective that you might write or speak about. Governor Gary Johnson of my home state, New Mexico, rocketed overnight from utter obscurity to international celebrity by publicly advocating the legalization of drugs. Develop a truly distinctive point of view in 2002. You don't have to be controversial as Governor Johnson, but remember: Clients admire boldness, not blandness.

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## **II. HISTORICAL PERSPECTIVES**

Niccolò Machiavelli (1469-1527), author of *The Prince*, has been demonized over the centuries for advocating an unscrupulous approach to leadership where the means, no matter how brutal, justify the ends. His philosophy has to be taken in context, however: In the 16th century, what is now Italy consisted of five independent city-states that were constantly fighting among themselves and also being frequently invaded by outside powers. Machiavelli aspired to create a unified, strong Italy that could repel invaders, and he therefore wanted a "nice" prince willing to do nasty things. Machiavelli studied history extensively and was an astute observer of contemporary politics. His masterwork, *The Prince*, represents a brilliant synthesis of what characterizes successful rulers and their policies.

Here are a couple of gems from *The Prince*, with my rather loose interpretation for modern times:

Machiavelli: "Here is an infallible rule: a prince who is not himself wise cannot be well advised."

Smart, successful clients are invariably the best ones.

Machiavelli: "So it should be noted that when he seizes a state the new ruler must determine all the injuries that he will need to inflict. He must inflict them once for all, and in that way he will be able to set men's minds at rest and win them over to him when he confers benefits."

Communicate the bad news immediately, and then focus on creating the future. Clients tire of advisors who are constantly carping about everything that's wrong.

Machiavelli: "Men who are anxious to win the favor of a Prince nearly always follow the custom of presenting themselves to him with horses, weapons, cloth of gold, precious stones, and similar ornaments ...I value as much as my understanding of the deeds of great men, won by me from a long acquaintance with contemporary affairs and a continuous study of the ancient world."

Today's time-pressed clients want value-added--new ideas and insight--not schmoozing!

Our civilization and ethics have evolved a lot since the 16th century, but there's no doubt about it: Machiavelli was one of our first great management thinkers.

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### III. CHANGES IN ATTITUDE

The great client advisors I have studied have an abundance mentality, which allows you to see the possibilities and opportunities inherent in every situation. The opposite is a scarcity mentality, which focuses on limitations and risks.

*Professionals with an abundance mentality:*

? Always look for opportunities, growth, and expansion.

? Constantly generate new ideas.

? Are positive and upbeat in their demeanor.

? Feel that there are rewards enough to go around for everyone--they know that a "rising tide" lifts all boats.

? Are willing to invest time and money in the short term in order to earn more later.

*Professionals with a scarcity mentality, in contrast, have very different attitudes. They:*

? Are primarily concerned with what might go wrong and what won't work.

? Focus on the risks of new proposals rather than the potential rewards.

? Believe that life is a zero-sum game, with a limited amount of opportunity to go around.

? Are concerned with "getting their fair share" at all times.

? Won't make investments that don't show an immediate return.

*If you were a client, whom would you rather spend time with?*

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