Driving Customer Loyalty

Measuring and Managing Key Client Satisfaction and Loyalty

Planting Your CRoPs

Discipline 1 - **C**lients

Discipline 2 - **R**eferral **o**pportunities

Discipline 3 - **P**rospects

REVENUE GENERATING = ROMI

Discipline 4 - **s**upport activities

NON-REVENUE GENERATING =

"The Bottomless Pit of Great Ideas"

Building a Cadre of Raving Fans

Understanding what clients want and why they leave….

Overcoming a paradigm of commoditized services and the absence of pricing power….

Measuring the current level of satisfaction and loyalty within your key client relationships….

Why Clients Leave (WSJ)

68%	Individual Treatment
15%	Technical Quality
7%	Price Is Too High
10%	Other

What Clients Want (Actg. Today)

Why CEOs Choose CPAs

- Personal Relationships
- Technical Expertise

Why CEOs Switch

- Not proactive in serving the account
- Not responsive to our needs
- Lack new ideas for the business

What Clients Want

	Clients	CPAs
Reason for Changing	Why would you or your organization change CPA firms?	What is the main reason you might lose a client?
Poor client services	81%	34%
Price/fee/costs/budgets	57%	51%
Not getting firm's best people	38%	9%
Not proactive enough	35%	19%
Bad personal chemistry	29%	20%
Need different services	20%	16%
Prof./technical differences	17%	9%
Other	11%	6%
Friendship with new firm	7%	15%
Take functions in-house	6%	11%
Fired for business reasons	n/a	17%
Die/sell/out of business	n/a	43%
Not sure	n/a	15%

•Source: Bay Street Group Study, "What do Clients Really Want?"; 11/06

"I've got it, too, Omar . . . a strange feeling like we've just been going in circles."

Challenging Your Paradigms

Commoditized Services (Jake)

Craft the Experience (APC)

Must Have "Sophisticated" Clients (Rob)

Should You Focus on Top Line Growth or Bottom Line Profits?

The Golden Rule

THE GOLDEN RULE OF PROFITABLE GROWTH

Always treat your customers as you would want to be treated.

Bad Profits, Good Profits

- **Bad profits** are made in ways that damage the customer relationship and strangle an organization's growth.

- **Good profits** are earned with customers' enthusiastic cooperation. They create promoters and fuel an organization's growth.

The Ultimate Question

After decades of research, only one question correlates to an organization's profitable growth:

> **How likely is it that you would recommend this product or service to a friend or colleague?**
>
> Not at All Likely   Extremely Likely
> 0   1   2   3   4   5   6   7   8   9   10

Three Types of Customers

Promoters (9 or 10) are loyal enthusiasts who keep buying from an organization and who urge their friends to do the same.

Passives (7 or 8) are satisfied but unenthusiastic customers who can be easily wooed by the competition. "Passives" are not included in the calculation.

Detractors (6 or lower) are unhappy customers trapped in a bad relationship.

How to Calculate Your NPS

P – D = NPS

Where:

- **P** is the percentage of respondents who answered 9 or 10 (promoters).
- **D** is the percentage of respondents who answered 6 or lower (detractors).

NPS Worksheet

Total number of people surveyed: **N**

Question:

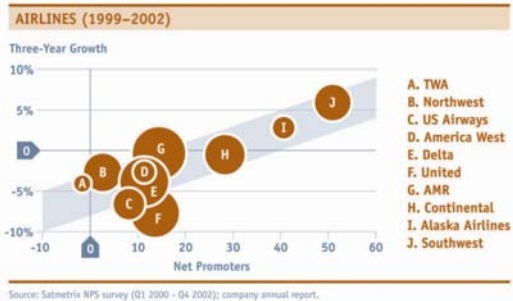**How likely is it that you would recommend this product or service to a friend or colleague?**

Scores:

P – **D** = **NPS**

Number of Promoters ÷ N × 100

Number of Detractors ÷ N × 100

NPS and Growth

AIRLINES (1999–2002)

Three-Year Growth

A. TWA
B. Northwest
C. US Airways
D. America West
E. Delta
F. United
G. AMR
H. Continental
I. Alaska Airlines
J. Southwest

Net Promoters

Source: Satmetrix NPS survey (Q1 2000 – Q4 2002); company annual report.

Align Systems   90

The Customer Interview

Your NPS tells you that you need to improve, but you still don't know **what** you need to improve.

The key follow-up question is:

> Why did you rate us the way you did?

The Customer Interview

After you truly listen to the answer, you can ask other questions such as:

- What job do you want us to do?
- What are we *not* doing that you'd like us to do?
- What part of the experience could we improve?

@TGP: Practice What We Preach

PRITCHARD OSBORNE

Survey Results

Net Promoter Score

60

THAT'S A PRETTY STUPID IDEA, JOHN. I'M AFRAID I'LL HAVE TO KILL YOU.

• Source: Farside by Gary Larson

THE GROWTH PARTNERSHIP
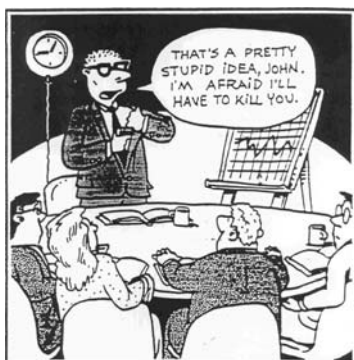
Einstein's Definition of Insanity:

Continuing to do things the way they have always been done and hoping, somehow, for a different outcome.

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