Make your clients love you

Buyers of accountancy services find it hard to assess expertise or outcomes, meaning that client relationships are all about rapport, says **Bill Nichols**

If asked, most practitioners have a clear view of how and why they win, and then initially build working relationships with, clients. Expertise, results, personal chemistry: all will have their fans. And this service-attribute question is far more than an after-hours debating point. The answer, based on research by the Henley Business School involving 250 clients from a range of professional business services, goes to the heart of how a practice best organises business development, retention and service design.

Devotees of left-brained rationalism be warned: disappointment is at hand. Few clients (especially among small and medium-sized businesses) can quantify the nature of an excellent versus an average outcome. Fewer will make discriminating judgments on grounds of ethics and reputation. Fewer still have the technical expertise sufficient to judge a practitioner's competence objectively.

Faced with this 'fuzzy' uncertainty, the strongest influence on a typical client is accorded to a fourth critical set of service attributes: rapport or confidence building. Not, it should be stressed, the touchy-feely variety, but a harder strain. In this model, the three principal components of rapport are: a clear strategic engagement with the client in terms of problem recognition/understanding; consistent cross-firm process and presentation; and, not least, effective and proactive reporting. In short, if the client believes you understand their concerns, are well organised and are clearly 'on the case', their uncertainty over expertise and outcomes will dissipate.

Service challenge

This reaction is understandable. Take 100% of a contract's time and deduct the 1% applicable to client-adviser meetings. In the absence of technical expertise, most clients will fret about the looming 99% black hole and clutch at visible or tangible cues which may indicate progress (or not).

Unfortunately for professional services firms, the service design challenge is also compounded in the second major dimension of service: perceived time to value. Often, long-deferred benefits can make that fuzzy fog quite impenetrable. How, for example, as a client do you conceptualise the immediate value of a long-term tax shelter or trust?

Service design

So how do firms stack up? At first sight, all is well. On the one side, many have – in recent years – greatly improved core service quality. They are, at the very least, punctual and efficient in delivering key milestones (from engagement letters to intelligible invoicing), responsive to queries and often friendly and accessible. On the other, expertise is coherently packaged, explained and estimated. Each item, for example, on the one-time audit-to-taxation laundry list will now have a clear framework and rationale.

But the twain (service and expertise) rarely meet. Effective rapport requires that service be continuous and integrated with expertise. Take the personal tax return. Is this really just a commodity service? No more than a practical four-step pathway to basic compliance and reassurance: fact-find, long silence, draft, final? Or is it an opportunity to engage the client in an educative, cost-effective annual financial review: online fact-find, online progress tracking, automated updates, draft review, etc? Does it potentially lead to premium opportunities? More substantially, is a mid-sized private firm audit, say, a necessary, time-consuming, even painful, statutory process or a multi-part opportunity to review and add value across the board in accounting and financial planning?

Experience pathways

Revisiting and engaging these client 'pathways to experience' is crucial to effective service design. Managed or not, the pathways exist. And clients will always have experiences. The question is what sort? Playing 'mystery shopper' on your own service lines can be a salutary experience.

In turn, each pathway's positive or negative rapport feeds the ultimate

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currency of client-firm relations: goodwill. With six dimensions based principally on measures of satisfaction and commitment, client goodwill functions – according to Henley Business School's research – are rather like a bank account. Specifically, it manifests itself in a number of targetable and desirable behaviours.

Take first the litmus test of client appointment satisfaction. It is founded in a consistent, trackable and firm-wide strategic engagement process – probably CRM-based – which generates necessary credibility and supporting brand commitment. More simply, it is reliable, up to the minute, no surprises.

Second, imagine that you need to encourage more private advocates among your clients, ie clients willing to recommend you to business friends. It is rooted in core utilitarian and general service satisfaction. More simply: trust them to get the job done. (This line also explains the strange phenomenon of the ex-client advocate. Always happy to recommend a 'safe pair of hands': yet simple satisfaction is in itself no guarantor of retention.)

Third, imagine that you want to achieve the 'big win' of public client advocacy, ie a willingness to endorse in a public case study or appear on a conference platform. This level of commitment will be founded in deeper bonding – say if you are able to create a relaxed, humour-rich environment around perhaps an intense restructuring exercise. This generates the most powerful form of goodwill: client pleasure ('hedonic satisfaction' in the jargon).

Fourth and finally, consider the power of perceived influence. No matter how fuzzy the other dimensions, if the client believes you or your firm to be fundamentally well-intentioned, you will generate significant goodwill 'funds'. It particularly drives exclusive preference behaviours whose true strength will likely be tested in upcoming months as briefs and budgets return and true feelings emerge.

Negative goodwill

So how much does it matter? Everyone accepts that the days of clients for life have largely died out. But more alarming is the decline in average incumbency duration since the mid-1980s – by more than half, research suggests. Given that larger corporate clients may retain multiple firms and that firms may account for client retention in different ways, precise indicators are difficult, but a mean analysis suggests that 25% to 33% of annualised fee income may churn each year. Say £5m-plus in a mid-sized £20m firm. That alone should put rapport, goodwill, retention and service design firmly on the practice agenda. Not so much 'what you know' or 'who' but 'how'.

Bill Nichols is a former consultancy chairman and now senior lecturer at Buckinghamshire New University and visiting faculty at Henley Business School. www.astrophel.co.uk

*PROFESSIONAL SERVICE QUALITY – WEIGHTS

Weights: the rounded outcomes of detailed statistical analysis of the drivers of goodwill

I **Outcomes** (20%) – both interim results (eg a successful meeting) and hard outcomes (eg audited accounts or confirmed tax reduction).
II **Expertise** (10%) – core competence/expert knowledge.
III **Ethics** (10%) – approach to doing business/professionalism.
IV **Rapport** (60%) – the entire process of client engagement across people, documentary and physical touchpoints.

*DRIVERS OF GOODWILL

I General service quality – the basics.
II Satisfaction with utility of process – the rational side.
III Brand/firm commitment – loyalty based on extended service or contract engagement.
IV Relationship/individual commitment – the personal dimension.
V Benevolent influence – ultimately managing the relationship in a fair and equitable way.
VI Pleasure/fun – the most powerful driver of all.