

The Prodigal Client

THE EASIEST POSSIBLE WAY to increase your client base is laughably obvious, but hardly anyone does it. You can instantly increase your number of clients by regaining your inactive clients.

Every business or profession I've ever looked at, and I'm confident yours is no different, has an overlooked aspect to it that almost nobody focuses upon. That factor is attrition. Attrition is the opposite of retaining or continuing buying relationships with clients. Attrition is the number of clients who stop doing business with you or your enterprise. They're inactive clients. They are people who move out of the area or who for whatever reasons stop dealing with your company. Most people I work with don't even have a clue what their level of attrition actually is.

Until and unless you first identify how many of your old clients are no longer actively dealing with your company or your practice, you can't begin to immediately improve on that figure. By just knowing the percentage and by also knowing exactly who those clients or prospects are who no longer actively do business with you, you've gone a long way to reducing your attrition rate. And the opposite of attrition is client retention.

If you lose 20 percent of your clients a year, you have to add 30 percent more clients just to get a 10 percent increase in sales. Every business or profession has clients who leave them or stop buying. But you can sharply reduce or even eliminate most of this lost business from happening. Follow these easy lost client preventative-maintenance steps, and your business will soar even if you never increase your new-client-generation activities. Once you stop the leakage, the natural flow of new business and referrals from existing activities will build because you're no longer forced to make up for lost ground just to break even. This same philosophy applies to quality people you have lost as an employer or manager. Plug the hole and the bucket will fill up fast.

In this chapter you will learn how to instantly increase your client base and income by reactivating past or lost clients and relationships.

So your goal first and foremost is to identify and understand that whatever business or practice you're engaged in, you have some level of client attrition. You want to figure out what that level is and who those specific clients are who aren't doing business with you right now. Then you want to recognize the reasons clients stop doing business with you or your company.

Most people stop buying from you for one of three reasons:

1. Something totally unrelated to you happened in their life or business that caused them to temporarily stop dealing with you. They intended to come back, but they've just never gotten around to taking action and doing business with you again.

2. They had a problem or unsatisfying last purchase experience with you that they probably didn't even tell you about. So they're turned off to you or your company

3. Their situation has changed to the point where they no longer can benefit from whatever product or service you sell.

Let's explore these three reasons in greater detail.

Your mind is bombarded each and every day with hundreds of thousands of messages that vie for your attention, time, or money. So is everyone else's.

Out of sight, out of mind. A trite phrase, but very true. Once you stop dealing regularly with a company, or a professional, no matter how good or valuable the product or service was to you, you tend to forget about the product or service.

Have you ever let a magazine subscription accidentally expire and never quite gotten around to resubscribing, even though you thoroughly enjoyed that magazine's contents?

My wife and I used to go to a nutritionist every two weeks, and we loved it. But once relatives came to visit for three weeks, we stopped going and never went back.

I'd like to go to the nutritionist again, but on my own, I don't. Why? If I had to explain it, I'd say because I don't value the service enough to take action on my own. Yet, if that nutritionist contacted me, if she came over or called me up or even wrote me a nice little note, I'm certain I'd start back up in a second.

My point?

It's this. Over one-half of the client attrition I see is the result of loyal, satisfied clients who only intended to temporarily stop doing business but never quite got around to starting back up again.

I strongly suspect that a large portion of your inactive clients are these same kinds of well-intentioned but forgetful people, too.

You have the wonderful and noble opportunity of assisting your past clients to restart their buying relationship with you again.

When you do this you actually help those clients put more value and benefit into their life or business. Don't forget that whatever product or service you sell has worth, value, and benefit to those people, and they have been disadvantaged for all the time they have not been dealing with you. By helping them to start dealing with your company or practice again, you help them gain more advantage and benefit for themselves.

So, you see, you actually have a responsibility, an obligation, to reconnect them to the original reason they did business with you, and to help them start enjoying those benefits once again.

I'll show you the easiest way to do that.

But first, let's consider the second most frequent reason clients stop buying from you.

They become dissatisfied or unhappy with you or your company.

Here are some interesting statistics regarding unhappy clients from a study done by the Research Institute of America for the White House Office of Consumer Affairs.

The average business will hear nothing from 96 percent of unhappy clients who experience rude or discourteous treatment.

Ninety percent of clients who are dissatisfied with the service they receive will not come back or buy again.

And to make matters worse, each of those unhappy clients will tell his or her experience to at least nine other people. Thirteen percent of those unhappy former clients will relate their stories to more than twenty people.

For every complaint received, the average company has twenty-six clients with problems, six of

which are “serious.”

Only 4 percent of unhappy clients bother to complain. For every complaint you hear, twenty-four others go uncommunicated to the company—but not to other prospects or clients. Of the clients who register a complaint, up to 70 percent will do business with the organization again if their complaint is resolved. That figure goes up to 95 percent if the client feels the problem was resolved quickly.

Sixty-eight percent of clients who stop doing business with a company do so because of company indifference. It takes twelve positive incidents to make up for one negative incident in the eyes of clients.

The best way to address this problem is to never lose a client in the first place by embracing and living the concept of the Strategy of Preeminence. However, when you do lose a client due to a negative encounter, all is not lost. In fact, it can be one of the best opportunities to reconnect and bond with the former client.

Perhaps your business was unusually busy, or shorthanded, and one of your employees became short or curt with a client— particularly a fussy client.

Maybe that client had a lot of unnecessary concerns or questions, and you or your staff didn’t have time to deal with him or her.

Maybe the client needed special attention or help and didn’t feel he or she got it.

Maybe you promised, or at least the client felt you promised, to do something additional after the sale—and it was never taken care of properly.

Maybe there was a billing problem that aggravated the client. Or he or she went home, or back to his or her business, and realized that what you sold him or her may have not been the best product or service for his or her needs.

Maybe they just didn’t feel important, appreciated, valued, or acknowledged by you and your organization.

I could go on for pages listing overlooked reasons why clients stopped doing business with you. But the important thing to recognize is that rarely did you intentionally offend, dissatisfy, or fail to acknowledge that client.

In fact, I’d bet serious money that up until this very moment you didn’t even think about the possibility that you—or your organization—could be the reason clients stopped buying.

Out of the thousands of business owners and professionals I talk to, only a handful have ever thought about this before. So I’m reasonably certain none of your competitors have ever thought about it either.

The moment you recognize that 80 percent of all lost clients didn’t leave for an irreparable reason, you can almost instantly take action and get many—even most—of those clients back. And when they do come back, the good news is that they tend to become your best, most frequent, and most loyal clients.

They also tend to turn into your best single source of referrals.

If a client stopped purchasing for reason number three (because their situation has changed to the point where they no longer can benefit from whatever product or service you sell), they ob-

viously still have enormous stored respect, goodwill, and connection to your firm. By merely contacting them and honestly expressing your concern about their well-being, you position yourself perfectly. If they tell you they no longer can use your product or service, ask them to recommend you to friends, family members, and associates who can benefit from what you do. They're usually delighted to do so, but never thought about it on their own.

Find out what change has occurred in that client's circumstances. If it's an improvement, be happy for them. Congratulate them and celebrate with them. If it's a reversal or decline in circumstances, be empathetic with them—and, above all, genuinely care. Show deep, heartfelt emotional connection to them. This is the secret to great referrals. Care about them. Not just about yourself.

This simple action—contacting people who can't use you anymore, and nobly asking for referrals, has increased the sales of client companies I work with by as much as 50 percent within months. As they say, "your results may vary," but results will definitely be surprisingly positive.

Reinstating Your Lost Clients

So, what do you do to get all these people buying from your business or practice again?

All you do is contact them. But contact them sincerely and humbly.

For example, make an appointment to go visit them at their businesses or homes. Or call them, if a visit is impractical. Or write to them. If you can't personally do this, the next best thing is to get your salespeople and client-service representatives to contact old, inactive clients for you.

Here's what you do and say when you talk to them.

First, tell them the truth—that they haven't been buying products or services from your firm for quite a while and you sense something is wrong. Make certain you communicate this in a way that absolutely conveys your genuine concern for their well-being.

And you should be concerned for their well-being. Why? Because if they have a problem or difficulty, they can't continue receiving the benefits and value your product or service can provide them. So their lives are less enriched. You can help improve that situation for them.

After you caringly express concern for the lack of contact and transactions your firm has had with them, sincerely ask them the question, "Is anything wrong?" Follow that up—before the client responds—by adding, "Have we done something wrong? Did we offend you? Because if we did, it certainly wasn't intentional. Is everything all right with your business, job, family, health, etc.?"

Your point of focus should be on them—and their well-being. Obviously, something has happened to cause them to stop purchasing, and you want to find out exactly and truthfully what that something is—and how to fix it.

This simple-sounding approach is almost magical in its effect on inactive clients. But be sincere in your effort to regain lost clients. An insincere effort will do more harm than good.

A perfect example of insincerity causing harm is the story of the airline passenger who found a roach in his salad. Arriving at his hotel that evening, he immediately wrote an angry letter to the airline to register his complaint. By the time he returned to his office from the business trip, a reply from the airline had arrived.

The letter said, "Dear Sir: Your letter caused us great concern. We have never before received such a complaint and pledge we will do everything within our power to insure such an incident will

never happen again. It might interest you to know that the employees serving you have been reprimanded and the entire plane is being fumigated. Your concern has not fallen on deaf ears.”

Needless to say, the man was impressed. Until he noticed an interoffice memo inadvertently stuck to the back of his letter, with this message: “Send this character the ‘Roach Letter.’”

Unlike that example, a sincere effort to correct a problem has the effect of bonding you closer to the client than you probably ever were before. Also, it instantly neutralizes any anger or negative feelings they may have felt toward you.

Clients expect and deserve a sincere and personal response to their complaints. Flippant, rehearsed, or apathetic responses only serve to aggravate an already bad situation.

Most of your inactive clients will fall into the first two categories referred to earlier. Either they stopped buying “temporarily” and never quite got around to starting up again. Or they had a problem they felt was not satisfactorily dealt with.

If they’ve gotten derailed, unintentionally, and just forgot to start dealing with you again, they’ll actually feel slightly embarrassed by, but appreciative for, the call. And normally they’ll start buying again from you within a few days or weeks.

If they had a problem the last time they purchased from you, they’ll probably tell you about that. At this point, you have the perfect opportunity to acknowledge them and their value and importance to your business, to apologize for the problem, to assure them that the problem was not intentional—nor were you even aware it occurred or existed, and to do something really special and noble to make it up to them.

Depending upon the business or profession you’re in, making up for their dissatisfaction may mean you fix the problem now. Or you replace something. Or you give them some free goods or services to make it up. Or you offer them something bigger or better, at a great price.

The important point to focus on is to do whatever it takes to make them happy and aware that their well-being and satisfaction is of the utmost importance to you. Don’t do it conditionally. Don’t do it only if they buy something from you again.

Sounds simple, doesn’t it? And you know what? It is. Do this in the next thirty days and I guarantee you that you’ll bring back a significant number of old clients.

The Added Bonus

There’s also a wonderful bonus benefit you get by doing this. Feedback.

You can’t help but learn all kinds of ways to improve your business. Old clients will tell you exactly what they like and dislike about you, your company, your people, your products, or your service. They’ll tell you exactly how to improve your service and client satisfaction. They’ll tell you what benefits or advantages they got from you. And they’ll guide you to areas of your operation where you can be more helpful for all of your clients.

Whom to Contact First

I’m assuming you know exactly who most, if not all, your inactive clients are.

If you don’t have that information, go through your files and records and examine who hasn’t been buying from your business in a while. Collect all those names, addresses, and phone numbers and organize them on the basis of recency and frequency. In other words, pick out the old clients

who used to buy the largest amount of your product or service, or who used to buy the most often, and contact them first.

A lot of times in the process of doing this reactivating, you'll talk to people who left you for a competitor. But what frequently happens is that the competitor doesn't treat them as well, or benefit them as greatly, as you did in the past. Yet inertia holds these people back from returning to you on their own. When you contact them, you're giving these old clients "permission" to come back and buy from you once again.

Total up the number of inactive clients you've identified. Often the number and amount of combined lost business just sitting there waiting to be reclaimed is astonishing.

Understand this. If you can cut your attrition rate in half, it's just like adding that number of new clients to your business or your practice. So if you've been losing 20 percent of your clients every year and you start with a client base of one thousand clients, you've been losing two hundred clients a year. And if you cut your attrition rate in half, that's like adding one hundred new clients every year. In ten years you'll double just by reducing attrition. That's a powerful thought to contemplate. Do nothing else but reduce the amount of attrition, and every ten years you double the size of your business.

By taking the time to contact all of your inactive clients and communicate with them, you have the effect of impacting and impressing these inactive clients at a level you can't even fathom.

Just by contacting and communicating with every inactive client or prospect you have, a wonderful thing occurs. You can bank on the fact that certainly 20 percent and probably more like 50 or 60 percent of all of those inactive clients will almost immediately start repurchasing or repatronizing your business or your practice again. And, once they start repurchasing from you, there is a high probability they will actually become the most loyal and profitable clients you have.

So the first thing you're going to do is identify all the inactive clients you've got and you're going to contact them. If you have the time and the occasion, you're going to do it in person. If that's not practical, you're going to do it by phone. If that's not practical, you're going to have salespeople, a secretary, or an assistant do it. If that's not practical, you'll do it by letter.

How Some Got Their Clients Back

A retail store I consult sends a \$20 no-strings-attached voucher to any client who does not purchase something from them within a nine-month period. Few people can turn down a \$20 buying opportunity for free, and fewer only spend \$20. If they spend at least \$40 (the average purchase of reactivated clients for this retail store is \$60), my client makes half and breaks even on that first renewed purchase, which is great because we've found that out of every ten inactive clients we win back with the coupons, four continue their repurchasing for years.

An attorney I advise wrote to all of his inactive clients and offered a free two-and-one-half-hour consultation, just to make sure they weren't overlooking some necessary legal steps or exposing themselves to a legal hazard. More than half of his old clients took him up on the offer, and about half of that number later became paying clients again.

A heating and air-conditioning company I helped called and offered free tune-ups to people who hadn't used them in at least a year. Forty percent of the old clients contacted took advantage of the

offer, and about 65 percent of those people became active, paying clients again.

A restaurant my wife and I used to frequent, but stopped going to, sent us a request to be their guests for lunch any day of the week. We used the gift certificate, liked the food and service, and went back there many times that year—in fact, we still frequent the restaurant. But you know what? If they hadn't asked us to come back, we probably wouldn't have gone back.

Anyone can perform nobly when things are going great. But how you perform when you seemingly have nothing to gain impacts people a lot more.

Michael Basch, one of the founders of Federal Express, told me that FedEx always tries to make the ordinary extraordinary. And whenever they have a problem, they immediately respond to it.

For example: A client's critical package got lost. FedEx paid that client on the spot a penalty payment. They found the package and paid to put it on a major carrier and hired a courier to deliver it to the intended recipient. They apologized verbally and with a letter to the client, and they did the absolute same for the recipient. This explains why even when FedEx screws up, they rarely lose a client. You'll regain tons of lost clients, too, if you follow their wonderful example.

Let me share a sad story of how a dry cleaner I know is losing \$6,000 a year in business from me—\$6,000 he could have had back immediately, if he'd done the right thing.

I had a problem with a dry cleaner. He gave my wife someone else's shirts and I took them with me on a trip to Australia. I was shocked when I went to put them on. What he gave my wife were not my shirts, but a bunch of worn-out, old cotton button-downs. The ironic part, however, was that these shirts were my size.

Rather than get mad at the guy, I just wore those shirts. I didn't want to spend \$3,000 on new clothes and make him reimburse me.

When I came back, all he did was not charge me for the shirts I never received. (But my wife had already paid for the wrong shirts, so it was no big deal.)

I thought his attitude was bad, so I stopped going there. But the place I went to was even worse.

But I seem to have too much pride to go back to my original dry cleaner. And he's too product-driven, instead of client-driven, to call me up, apologize, and do the right thing to get me back. So I spend \$6,000 on dry cleaning somewhere else in total dissatisfaction. He loses \$6,000. No one wins—and that's my point. Everyone can win when you acknowledge that you care about the client.

Ways to Win Back Old Friends

A newsletter publisher I've worked with sends out five different letters to people whose subscriptions have lapsed. A different letter is mailed every seven days, starting approximately at the time someone's subscription expires. Each letter makes my client money, meaning that each letter pulls back a lot of people who either never got around to resubscribing or were ambivalent but easily persuaded by one of the different letters. Each letter hits people from a different hot-button perspective. One assumed the subscriber had procrastinated too long. Another offered him or her a discount for the next year. A third letter offered a bonus inducement worth as much as the entire newsletter subscription.

What are some of the more dramatic nontraditional approaches that succeed in winning back lost clients?

One is sending unsolicited gifts to people—gifts that transcend the limitations for whatever the basis for that relationship was. Include a letter explaining how you thought this gift would really help them in their life. At the same time make them an offer that isn't mandatory.

Many of my clients have reclaimed their lost clients and added tens or hundreds of thousands of easy profit dollars to their bank accounts.

A chiropractor I've worked with has his assistant call any patients who haven't scheduled at least a routine checkup in eight months, and ask what's wrong. The assistant says, "The doctor is concerned about you and has asked me to call you to see if everything is okay." About 60 percent of the people contacted schedule an appointment within two weeks.

Eighty percent of clients who leave you don't leave for a reason that can't be rectified. And you can regain the vast majority of these clients at a fraction of the cost of acquiring new clients. And much like referral clients, they tend to be one of your best, most frequent, and most loyal client groups.

The Lost-Cause Client

If the client definitely won't come back to you, do you just drop the client and the effort cold?

My response is to thank him or her for helping me identify weaknesses in my product or service that I can fix or eliminate. And in doing so massively increase my future success or income.

This client helped me improve my product or service, and I want to reward and respect the client for that.

This attitude and approach is so dramatically different, unexpected, and impactful, it frequently turns the tide and breaks through to the lost client and actually wins him or her back.

Even if it doesn't, it has a wonderful residual benefit. People can't stop telling other people when someone does something beneficial for them—particularly when they had nothing to gain.

So ironically, you can actually use this mind-set and strategy to get totally dissatisfied past clients enthusiastically referring new clients to you.

This is not, by the way, manipulative. Quite the opposite. It's reciprocal. You owe any dissatisfied clients satisfaction. If this gives it to them, you're doing something worthwhile for them.

Remember, if you cut your attrition in half it's just like boosting your sales and profitability by the same amount.

Get going immediately on plugging up the hole in your business or career dike.

By the way if you work for someone else, your hole or attrition might be losing good, loyal, skilled people (turnover) or not recruiting and hiring the best people you can.

Action Steps

Start a policy of communicating regularly and intimately with as many active clients as possible (if not all of them). This will help avoid the misunderstandings, unintentional interruptions in business, and lack of attention that open the door to competition.

Make a plan to contact as many inactive clients as possible. Preferably call upon them yourself in person or by phone. If impractical, get your assistant, staff, or management team to help you. If it's a job that's too big or time-consuming for you or them, send heartfelt, empathetic, and totally

respectful letters, faxes, or E-mails. Then follow up with everyone. If you have to choose, start with the most recent inactives. How do you decide they're no longer active buyers or clients? There'll be an average buying pattern of time periods, dollar purchases, or product mixes. Anyone who used to follow such a pattern but no longer does has become (or is fast becoming) inactive. Your job (and financial opportunity) is to turn that situation around.

When you talk to or get contacts from the inactive clients, you'll need to do one of three things:

Many will start quickly buying and referring again because they never purposely intended to stop. So reward them for your lack of initiative in the past—do something special and preferential for them as a “welcome back” reward or gesture of appreciation.

For those inactive clients who express dissatisfaction with a past experience with your company, do the right thing—whatever that may be. Do something special at no charge or little charge. Express respect and sensitivity for their position. Give them a great deal on a subsequent purchase or do something distinctive that has nothing whatsoever to do with your product or service. You could send them a certificate for dinner, or tickets to the theater or ball game, or a book that's subject-appropriate or ... use your imagination.

A great approach to remember when dealing with any inactive, dissatisfied client is: “. . . even if you only take advantage of our make-good offer but never do business with us again, it's important to us that your last transaction with our company be a positive and satisfying experience. So please give us this chance to see that that happens for you.”

Do this and almost no one can continue to hold a grudge. And even the few who still do will have to “grudgingly” tell their friends about the gracious gesture your company extended to make up for the problem. Ironically, this approach will often generate referrals from the very people who left you and never intended on returning.

Finally, when you make contact with past clients who are inactive because they have no further need or use for your product or service, don't write them off. Instead, thank them for all their past loyalty and patronage. Then diplomatically look to them for quality referrals. They'll be only too happy to accommodate you if you really communicate appreciation from the heart.