Bill Good Marketing®

Client Retention Strategy

Solid Gold: The Client Retention Formula

A Bill Good Marketing White Paper

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Table of Contents

Solid Gold: The Client Retention Formula 3
Client Retention Formula Background 4
Does the Strategy Work? 7
More Information 8

Solid Gold:
The Client Retention Formula

Client retention is part of an overall client marketing strategy developed by Bill Good Marketing. The strategy is available to all. Subscribers to the Gorilla CRM System® for Financial Advisors have many resources to deploy the strategy.

"Client Marketing" is the sum total of all communications directed at one's clients for the purposes of retention, business now and future business.

Its objective is: become sole provider to those clients who are good people and follow advice.

The client marketing strategy is but one part of "the system" as our subscribers refer to it.

The full definition of the Gorilla System is: a computer-based client marketing, prospecting and office management system.

In this white paper, I will address one component of the client marketing strategy: retention, which is those steps necessary to retain clients. In business, nothing is more important than following the commandment, "Keep what you've got."

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Between 2010 and about 2012, competition will become even more fierce as advisors are forced to adopt a fiduciary standard. The laws and regulations are in place for this to occur. If you are reading this white paper but have not read my September 2010 article in Research Magazine, go immediately to www.billgood.com/managechange for your copy as well as other resources.

As competition heats, your responsibility to keep current clients rises. Client retention is the foundation of your own competitive challenge to bring in some of the other guy's assets. But what's the point of opening new client relationships if you lose one for each that opens?

Client Retention Formula Background

Over the years, I have had three different formulas.

Two were developed before I launched the Gorilla CRM System for Financial Advisors in December 1986.

Formula #1: Call every client every month at a time they are not likely to be home and leave an *answering machine* message (that's how far back that one goes). The original idea was to keep in touch with new clients while focusing on prospecting.

Formula #2: Call half of your clients every month and leave a message. Send the other half a hand-written note with some firm sponsored research. Next month, call the people that got the letter. Mail to the people that got the call.

Both of these worked quite well.

The formula I am presenting here grew out of the earlier formulas but took advantage of computer technology. Its debut was 1988 in a marketplace that could only be described as "wild west" or even "transaction heaven."

Then, you could open an account for 100 shares of a $10 stock.

Many advisors were opening 1 new client relationship a day.

The question arose: How do I keep them?

I started mulling over an answer. I reviewed the two other formulas. Then I came across a survey in the Wall Street Journal. It asked investors who had changed brokers, "Why did you leave?" As I read the survey, I thought, "If these are in fact the reasons clients leave brokers and if we do in fact handle these, then I have my formula."

So I got to work and handled the three reasons in the Journal survey.

Reason #1 for Leaving: Bad investment Advice.

Obviously, the first step must become: **"Provide good financial advice."**

That's your department and while Bill Good Marketing is not an investment firm, I do now have an opinion on this subject.

You need to have an investment strategy that enables you to get out of the way of another 2008, 2000 and the other meltdowns that periodically wash investors out of the market. If you have not re-thought your investment strategy since 2008, please do so.

Bad investment advice will destroy client relationships. However, as you know only too well, good financial advice is *not sufficient to retain clients!* So something else is obviously needed. The "something else" is the rest of the formula.

Reason #2 for Leaving: Bad Service.

One of the main reasons people lose clients is "bad or no service." So the second step in our Client Retention Formula is **Provide great service.** We can and will help you with this through our office management system. We will help organize your assistant so first you achieve "adequate service support." Then we move to "full professional service support." You know you have achieved this when your clients no longer ask for you for service. By proving great service, client relationships will become more "sticky." Of course that's what retention is all about.

Reason #3 for Leaving: "I don't ever hear from my broker."

In developing "Formula #3," I just took Formula #1 and #2 and applied better technology.

The steps are:

*Send every client a letter every month about something the client is interested in***.** If you can't talk to the client every month, you better *keep your name in front of them*—every month.

Let me answer a question for you: Will a newsletter do the job? Answer: No it won't. It's better than nothing, but too many of the canned newsletters we've seen are too cute and too slick. The key to getting your material opened and read is this: It must be something the client is interested in.

What about an email once a month? Not yet. We have too much evidence email does not create the same effect as a printed letter. So we use a multi-media approach: some email/some letter.

Early on, I learned that most financial advisors are not good letter writers, agreed? But I also learned that if you have a supply of good letters, it's much easier to re-write than it is to write. Agreed?

So that you can have something to re-write, we have developed a library of 2,800 letters and 250 articles. And by the way, don't think for a minute that all these letters deal with financial matters. We have holiday letters, patriotic letters, letters that commemorate special occasions, educational letters, service letters, and yes, letters on estate and retirement planning.

Each month, you will need to take a couple of hours to plan your monthly mailings. But when you're done, your team takes over and does their job, which is to get the mail out the door.

So we are going to make sure your name is in front of your clients every month without fail. Fair enough?

It's clear that just sending people letters is not good enough for client retention.

So I added these steps:

Make sure every client gets a phone call four times a year from someone in the office.

Ideally it should be you making the call; realistically, it can't be. That's why we created the 90-Day No-Contact Campaign.

When we developed this concept, we also developed computer programming that lights up a flag by each name who has not had a phone call in 90 days (or however many days you feel is correct for that client).

Use lots of etiquette letters.

Life events offer a wonderful opportunity to pour good will into the nooks and crannies of a relationship.

We have a complete library of letters that show you care. There are approximately 150 of these. They cover life events such as weddings, anniversaries, condolence, congratulations, new birth, etc. One of your first tasks after you get back from training is for your new Computer Operator to print a copy of the *The Etiquette Letters Book.* You'll put it in a three ring binder, and when a situation comes up where a personal letter is appropriate, you can browse through it and find exactly the right thought.

Send every client and every spouse a birthday letter.

We have 200 birthday letters in the system, 100 for men and 100 for women from ages 1-100. This way spouses NEVER receive the same letter.

Please note: It says *letters,* not cards! I don't expect you to believe it until you see it—we're not in the belief business—but our birthday letters are magic. As a matter of fact, if the only step of the client-retention formula you implement is this one, you'll be so far ahead of the game that it's hard to put into words. It may not sound important. It is in fact, vital.

At least once a year, get every client into a client-education seminar.

This step we added in 1996 because repeated survey data from the then Securities Industry Association shows that the thing investors most needed from their advisor was "information that makes me more knowledgeable."

Inviting clients to an educational seminar is also a vital part of your ongoing campaign to constantly position yourself in your clients' minds as an expert financial advisor.

Does the Strategy Work?

Within two years of building this strategy into "the system," I started receiving an interesting series of calls from advisors that changed firms.

FA: Something strange just happened. I just changed firms.

Bill: Nothing strange about that. It happens all the time.

FA: But last time it happened, it was like getting poked through a keyhole. It took months and I still got only 65% of my assets over.

Bill: So?

FA: This time I moved 90% and the move was done in six weeks.

Does this have anything to do with the Client Retention Formula?

When I first started receiving these calls, I had to say, "I don't know."

But after a few dozen similar calls, I had to say, "Looks like it."

After twenty years experience with it, there is no question in my mind that the Client Retention Formula is solid gold.

More Information

For more information, contact us

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