

Former Customers

Coaching Questions

“What is your retention rate?”

Topic Introduction

Even the best service providers don't have 100% retention rates of their customers.

Discussion Questions

- How many of your customers stay with you every year?
- How many of your customers renew a contract?
- How many buy more than the year before?
- How many upgrade to a higher value service offering?
- How many leave?

Key Learning

You need to be aware of these numbers in order to improve them.

“Why are people leaving?”

Topic Introduction

There are a wide variety of reasons why people may stop using your product or service. You need to know what these are in order to improve what you are doing or change your business' strategic direction based on changing trends.

Discussion Questions

- Do people leave due to no longer needing the service?
- Do people leave due to a change in their circumstances?
- Do people leave due to a bad experience?
- Do people leave due to an unsatisfactory experience?
- Are there other reasons why they left you?

Key Learning

Once a customer has left you, the relationship is not necessarily over. Even when they've left due to a bad experience, it is surprising how many will return if you continue to improve and communicate with them.

“What is your retention strategy?”

Topic Introduction

Customers might stay with you for no other reason than they enjoyed the experience. If you want to ensure that your customers remain loyal, you need a strategy.

Discussion Questions

- Do you monitor your retention rates?
- Do you have an ongoing communication strategy?
- Do you collect feedback?
- Do you have a follow up policy?
- Do you favour existing customers?
- Do you have a retention strategy?

Key Learning

Communication, gathering feedback, and listening to your customers is always a good part of a retention strategy.

Examples

Real Life Example: What is your retention rate?

Even the best financial planner loses customers. In fact, it has to be assumed that as a financial planner that you will lose 10% of your business each year. So if you want to have the same amount of income each year, you need to find 10% new business each year. And if you are planning on growing, then you need to find an even larger percentage of new customers.

Similar to other professional services including insurance brokers, lawyers, and accountants, retention is more important than finding new customers. In fact, by simply increasing your retention rates by 10% you can make a huge difference in your revenues year over year.

For a financial this is a critical success factor and something that is worth measuring. The adage 'what gets measured gets done' is very accurate. If you don't know your retention rates and if they are increasing or declining, you can't take the appropriate actions.

A financial planner that sees their retention rates increasing, should keep doing what they are doing. A financial planner that sees their retention rates remaining stable should look for ways to improve. And a financial planner with declining retention rates needs to take action quickly to change this trend.

Real Life Example: Why are people leaving?

A transportation company actively followed up with their former customers to help with improve their customer service. When a customer hadn't shipped with them for 3 to 6 months (variable based on their previous volume levels) an inside sales representative would actively call them and find out the reason why.

- Was it a service issue?
- Was there a change in the customer's business?
- Was it to the competition due to service or pricing?
- Was there another reason?

This was a great approach as sometimes there wasn't a specific reason related to service. Often it was a change in the transportation staffing department who simply didn't know about the previous relationship. Or sometimes it was that they didn't know that the transportation company could move products in their new shipment lanes. These were easy things to remedy through a quotation and open communication.

In the instance where it was a customer service or competition issue, this feedback helped the transportation company to improve. They were able to make concrete changes and increase their retention rates. The key things were to ask for the feedback and to respond by making a change.

Real Life Example: What is your retention strategy?

Every organization needs a retention strategy. An association is typically a non-profit organization and is dependent on having their existing membership renewing year over year. In order for this to happen, the organization can't think about a renewal a few days before the membership is up, they have to make it an ongoing activity of adding value so that the member is guaranteed to renew.

To do this, the association typically does many things;

- They ensure that in the first year they add orientation and other resources to ensure that a new member gets the most out of the membership early on
- They offer a lower renewal rate than the original fee would be
- They call their membership throughout the life of their membership
- They have celebrations and awards for members that renew their membership

Overall there is an intentional strategy to encouraging members to renew from the first day they purchase a membership.