



Increase Retention

Learning From Customers That Leave

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Every day at businesses across the globe, something terrible happens that is out of bounds, taboo, and unspeakable (and I am not referring to harassment situations): Customers leave. Let's face it, regardless of the priority given to delivering great service, the service offerings and value you offer, and your employees' talent and skill, we all lose customers, but many of us don't want to think about it or discuss it. This lack of communication is a crucial mistake that impacts the future of the organization's growth and success.

Let's first examine why it is important to focus on client feedback and why receiving complaints can be positive. At ESC, we have low client attrition rates, but we believe it is imperative to use the information we learn from clients when they leave to improve our client retention strategies.

We have always believed that employees are our greatest asset and if we take care of them, they will take care of our customers. There are many studies and statistics to support a customer-first focus. According to a Walker Study, by the year 2020, customer experience will overtake price and product as the key brand differentiator.¹ Similarly, Deloitte states that 62 percent of companies view customer experience as a competitive differentiator.²

Finding Out Why

If customer service is so important, why do leaders like Bill Gates make statements such as, "Your most unhappy customers are your greatest source of learning?"

Gates, like many other leaders, knows that if we listen to complaints and react proactively, we may stop a client from leaving. In December 2017, Vala Afshar, shared ThinkJar statistics in a blog that included:

- 55 percent of consumers are willing to pay more for a guaranteed good experience;
- Only one out of 26 unhappy customers complains—the rest leave; and
- 91 percent of unhappy customers who are non-complainers leave.³

So, your first priority should be to talk to your current customers, both the complainers and the non-complainers, to understand how they feel about their relationship with your organization as well as what they think about the value you are bringing to them.

Even when you are proactive and listen, sometimes customers leave. Why do customers leave PEOs? Many times, it is for the same reasons they leave any business, such as price, value, responsiveness, or service. However, there are also unique reasons given the PEO industry. For example, some have grown significantly and want to grow their HR department internally. Others are looking for a payroll-only solution due to cost savings and/or not taking full advantage of the services the PEO is offering. There are also times when a client prefers an administrative services only (ASO) relationship rather than a PEO relationship, and we have seen this occur when a new decision-maker is brought in. For example, the CFO who made the decision to bring the

PEO in retires and the new CFO doesn't understand the relationship and feels the PEO has too much control. Other reasons include the client going out of business, mergers, and acquisitions.

Offboarding

How does your organization handle customers leaving? I believe that how you handle offboarding is as important as how you handle onboarding. I am sure you can think of situations in which you personally have been disappointed with the service you have received and the reaction of the manager you speak with reinforces why you decided to leave. Similarly, you may have changed vendors at your PEO because you were unhappy with service or results. Yet when we are the entity being left, we sometimes forget to put ourselves in the customers' shoes. Some leaders simply get angry when a client leaves and then he or she fails to take action that could be helpful to retain other clients. At ESC, we lost a customer who subsequently made a decision to return to us. The client specifically mentioned that how it was offboarded played into the decision to return to us. We lost this customer for financial reasons because the non-profit client lost government grants. When the business climate changed several years later and donations increased, the company returned to ESC.

1 www.superoffice.com/blog/customer-experience-statistics.
 2 www2.deloitte.com/us/en/pages/operations/articles/2013-global-contact-center-survey.html.
 3 www.buffingtonpost.com/vala-afshar/50-important-customer-exp_b_8295772.html.