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ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, **Toledo Community Foundation** helps donors

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10 Ways to Retain Clients

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NEWS & ANALYSIS; Small Business Management Series
Marc Kramer, Special to TheStreet.com.

One of the most overlooked parts of starting and running a business is client retention. If you look at the popular business planning software, you won't find a section on how the company is going to retain clients. In fact, I have never heard a company leader articulate a vision for retaining clients.

Though leaders speak about new category-killing products they plan to offer, unnecessary expenses they plan to eliminate and companies they are in the process of conquering, little thought is given to how the company is going to keep those clients they convinced to buy their product or service in the first place.

Every company I've known that has enjoyed long-term success has done a good — if not great — job at figuring out how to retain clients. It's almost as difficult to retain a client as it is to attract one. True, if you are Microsoft or a utility that people rely on for managing their everyday lives, you really only need to keep things running well and make slight improvements.

Look at Microsoft! I used its new operating system, Vista, and I can tell you that it is only slightly better than Windows. In fact, I see no real reason to switch and a lot of reasons right now why you shouldn't switch, such as incapability with other software programs, such as BlackBerry.

There are companies that seem to go out of their way to encourage customers to defect, such as Circuit City. Why, in a highly competitive market such as retail electronics, would you look to reduce your already

transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

low salaries and push out knowledgeable people who understand the products?

Didn't Circuit City learn anything from Home Depot, which once had retired contractors as salespeople, only to push them out for cheaper workers who knew so little about what to recommend that customers left for Lowe's and never returned?

Client retention isn't all about squeezing our short-term dollars. It's about enhancing your chances for long-term loyalty, which will help a company weather the occasional bad product.

Here are the 10 tactics I typically use to connect with clients to learn what new products and services I should offer and how to improve my current offerings to create greater value:

1. Group meals: When I ran a trade association and a mall, I would invite our members and tenants to group breakfasts and lunches to hear their thoughts. I would ask each person to tell me what our organization could do that would affect their business in a positive way. I told them not to worry about anyone else's business, just their own. Then I would keep my mouth shut and listen. After a series of these meetings, I would send a group letter about what I learned and about actions the organization planned to take, on the basis of their feedback.

2. Books: I love books for several reasons. One is that I always get new ideas and perspectives on things. Two, I believe people appreciate receiving something of value. Three, it shows clients that you are thinking about them, and that gives them a positive impression.

3. Article clippings: Articles on how to improve one's business or about competitors shows that you are thinking about how to improve your client's chances of success. I read about 14 print and online publications a month and send articles from those publications to clients. I have to say that sending articles from a Web site is less time-consuming than clipping stories out of a magazine.

4. Seminars: Many people enjoy seminars, whether in person, dialing in by telephone or going on the Internet. People like seminars that they can download to their iPods and listen to when they are exercising or traveling.

5. Idea contests: To generate new ideas and involve my clients in my venture's success, I would run contests, including naming a product and suggesting new ideas. People like to feel empowered and involved.

6. Charitable events: Americans are the biggest givers to charities in the world, and they typically appreciate seeing it in others. I rarely turn down an opportunity to sponsor a client for a charity run or bike race.

7. Advisory board: Putting together an advisory board of your clients

provides you with a reality check and shows that you are interested in your customers' opinions. With some organizations, I have listed the advisers on my Web site and on our company stationery.

8. Surveys: I conduct surveys about market trends and share those with our clients. Clients enjoy reading surveys.

9. Newsletter: Announcing new clients, interviewing existing clients and talking about trends are much appreciated by clients.

10. Introductions: Nothing makes a client happier than if you can make an introduction that leads to new business.

It's less expensive to keep existing clients than to constantly troll for new ones. The most successful companies are the ones whose clients keep coming back.

When you think about the best vendors you deal with, you probably noticed that you have been with them for a long time, and the people who suggested the vendor have also used them for a long time. It's not a coincidence.

*

At the time of publication, Marc Kramer had no positions in the stocks mentioned, although positions can change at any time.

Kramer is the author of five business books on topics related to venture capital, management and consulting. He is a faculty member at the Wharton School of Business at the University of Pennsylvania and the veteran of more than 20 start-ups and four turnarounds.

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