At a time when companies are defecting at the click of a mouse and jittery businesses are offering discounts before they’re even asked, we look at one company that has taken a completely different approach to developing a client retention strategy. Despite the recession, Sodexo, a global organisation offering a wide range of facilities management (FM) services, including catering, cleaning, maintenance and security, has managed to steadily increase its customer retention levels. Here’s the story of how this company now boasts retention levels of well in excess of 90%!

**Clients for Life**

During one of its acquisitions in the US, Sodexo noticed that a small company it had acquired had an extraordinary retention standard, considerably better than that of Sodexo. When they investigated they found that the company was using a highly sophisticated strategy called ‘Clients for Life’ that it had licensed through a US consultant. They decided to implement the strategy worldwide. Janine Patterson, Client Relations Executive with Sodexo, explains how the system works.

“Before adopting the ‘Clients for Life’ strategy seven years ago, we started by screening our existing business. Using the Pareto Principle of 80% of your turnover and profit often comes from 20% of your business we wanted to see how our business was split. We knew that a small account attracted the same amount of resource and time investment from our operational teams as a large account. Did we have operational teams that were spending more of their time with contracts that gave us a lower return or was that just an urban myth?” Patterson explains.

A profitable customer retention strategy has to be based on retaining profitable customers, rather than all customers, the so-called ‘Right Clients/Right Terms’ principle. To work solely with clients that were worth retaining, Sodexo took the proactive step to renegotiate or terminate marginally profitable and unprofitable accounts.

“Yes, it was a hard thing to do,” Patterson admits, “but we found that the majority understood.” As part of the process, the top team sat together and developed benchmarking criteria to help them identify the right terms for our business. They also identified the types of businesses they wanted to target. Patterson believes this was extremely helpful in creating clarity right through the organisation, from senior management down to sales.

Now with a clean slate, Sodexo was ready to launch its retention strategy. “We embarked on an education programme across our whole organisation. We wanted a more consistent approach in dealing with our clients. From our clients’ perspective, they liked the fact that they were experiencing the same approach, whether dealing with our sales team or our operations team. Many of our clients are global, so having a global approach worked for them too.”

**Light Bulb Moments**

For Patterson, a real ‘light bulb moment’ with the new strategy was the transition meeting that had to take place between Sodexo and any new client before a new contract could officially begin. “It is so important to exchange expectations about service delivery so that everyone understands what is in the contract and what is outside the contract. Everyone who has an involvement in the contract, from both sides, must attend. So the business unit manager, sales person and operations person may be there from Sodexo’s side, while all the client decision makers are also present. The contract only goes live when all the mutual expectations are fully aired and agreed.”

**And it is only at this point that the sales person gets paid!**

Managing mutual expectations is the cornerstone of the ‘Clients for Life’ strategy. Sodexo therefore holds regular meetings with the wider stakeholder groups involved in any contract to ensure that it is aligning its service delivery with clients’ changing expectations. Some two years before any account is due for renewal, they introduce a team account retention planning process. Using input from both external and internal research they rigorously look at how well they are performing. They want to ensure they are identifying any potential problems at the earliest possible moment.

One of the most important outcomes from the intensive management of client expectations is that Sodexo has a wide network of contacts throughout every client organisation so that their finger is always on the pulse.

And the results? “Last year we exceeded the company target of 95% retention levels. Any percentage increase in retention is a lot more valuable than simply a revenue increase, as retained clients are more profitable than newly acquired clients,” Patterson explains.

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