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Dustin Hostetler • Nov. 16, 2017

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Many firms today are in the midst of “growth initiatives.” This, in its most basic of definitions, refers to trying to grow a firm from its current size to a larger size through increased focus and training on business development activities. Some firms

achieve this through developing niche specialties; others find ways to develop more

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initiative and make it a strategic priority to grow revenue – a very worthy cause. However, as they slowly turn on the faucet (new business growth) and add water to the top of the bucket, they realize they have large holes in the bottom of the bucket (client retention issues). So just as fast as water comes in the top, it escapes through the bottom. Ultimately, they still only have a half-full bucket of water to show for all of their efforts. That isn't growth.

Why does this happen?

You can't sustain growth if you don't have a solid foundation. You can't sustain growth if you're losing clients because you can't adequately service them. So even though it's great you're adding new clients, your long-term clients are now leaving because they aren't receiving the level of service they're used to getting. Your people aren't as available for them. Then you replace those clients with new clients who may or may not be as profitable (especially in the short-term as you gradually learn their business or circumstances).

Usually one or a combination of the following three reasons drive the bucket phenomenon in firms:

#1 – The Reward System is Out of Whack

A higher priority and reward is given to new business, and no reward or recognition is given to maintaining current business and growing those accounts organically. We high-five and congratulate new “wins,” but celebrating client retention is an afterthought.

#2 – Our Foundation is Weak

We don't have good processes and procedures in place to handle the increased workload. The firm is bursting at the seams to keep up currently, and as we turn on

the faucet, those seams come apart. We didn't build capacity and good systems into

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solid foundation upon which to grow.

If you want growth, solidify your foundation first

If you are looking to grow your top-line, remember the simple principle that you can only grow as much as your foundation can support. Make sure that you have crisp and effective processes and systems in place to support new growth while maintaining excellent client service. As process improvement experts, we often find ourselves coming in after massive holes in the bottom of the bucket have been discovered. It would be better to patch those holes before turning on the faucet.

Make sure your people are properly aligned and in positions to capitalize on their strengths. You need people focused on the three points of the triangle: new business, maintaining current relationships, and technical competencies. Delegate or re-assign work if it's in a weakness area of the triangle.

Finally, make sure you recognize and reward all three points of that triangle. You need all three to be successful and grow, not just one. That is a recipe for lack of sustainable growth. What a waste of everyone's time!

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Firm Management

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