



Client Quality Audit

The New Best Practice in Due Diligence

Quadrant Five's **Client Quality Audit** is an invaluable tool for minimizing risk and expanding the potential of M&A investment. Combining financial analysis with customer/client interviews, this powerful audit identifies both hidden risks and future potential.

Much more than a simple survey of top customers, the **Client Quality Audit** measures customer buying and payment practices, profitability trends and key patterns over time. Combined with insightful interviews with selected customers, the process reveals strengths and risks that can be overlooked with traditional approaches.

The **Client Quality Audit** includes two core techniques:

1. **Financial Analysis.** Utilizing data that should be readily available in the due diligence period, we assess key characteristics of the customer lifecycle. The factors measured and analyzed can include:
 - Changes in revenue trends over the life of a relationship.
 - Changes in product mix over the life of a relationship.
 - Price concessions and other investments required to “re-sell” the account each year.
 - Increasing/decreasing customer reliance on the company.
 - Shifting patterns among clients acquired in different periods.
 - Likely changes in performance based on prevailing trends.

These trends reveal where to invest, or withhold investment, after the close, which integration steps will become most risky, how to improve accuracy of new budgets and other factors.

2. **Customer insights.** Detailed interviews with customers address their practices, goals and relationship with the company in play. Insights obtained and analyzed can include:
 - Drivers of loyalty/retention
 - Practices that undermine or add no value to relationships
 - Account “ownership” by the company or individual team members.
 - Internal corporate issues that drive client purchasing decisions.
 - Valued services/features offered by competing vendors.
 - Retention decision processes that are likely to be repeated.
 - Client goals/strategies likely to influence future decisions

These customer surveys reveal the most appropriate investment of marketing dollars, while offering guidance on pricing, commission and other financial decisions to yield maximum impact.

The **Client Quality Audit** can enhance returns by identifying both risk and opportunity at the company in play. For most companies, the audit is offered at a flat fee of \$20,000, with a typical turnaround of less than four weeks. For more information, contact Michael Rosenbaum at Quadrant Five. (312-582-4470 or michael@quadrantfivefocus.com)



Quadrant Five
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