

# Protecting Your Crown Jewels

by Patrick J. McKenna and Michael J. Anderson

Reading about the carnage that occurred earlier this year (see: *This Might Hurt a Bit, Corporate Counsel*, December 2005) as Pfizer Inc. reduced its list of 103 outside product liability counsel to about 20 firms reminded us of an incident that happened to some months back. In the process of providing strategic counsel to the Planning Committee of a national firm, with over a dozen offices, we found ourselves in a discussion on how providing exceptional client service was a meaningful way of differentiating any law firm. Curiously, it was not too difficult to observe more than a few eyes roll.

Imagine this scenario. You are in a room with twelve, of what you might label power partners, as each of these individuals controls a book of business that is easily in excess of \$6 million. The body language is screaming out to please not engage us all in one more protracted discussion on the merits of providing good client service, as we've heard it all, too many times already. Meanwhile the actual discussion is quietly attempting to console all involved that the firm is already doing everything possible to ensure that clients get the best service of any law firm, anywhere.

Now I don't know where the motivation came from but as we were listening to this unfold, we were quickly scrambling to construct a number of quick questions to test a hypothesis.

We said to the group (and dare you to try this at home, with your own partners, at your very next meeting), "Humor me for a moment please. Think about a client that you serve that is among your most prestigious; that client that gives you a degree of notoriety within the firm and then obviously because of their importance to you and to the firm, a client who you likely have the very best relationship with. We're going to pose a series of questions and on a piece of paper which you may keep secret, please give yourself one point for each of the questions that you can answer to the affirmative.

Here are your questions:"

**Question: During the past 6 months, give yourself one point, if you . . .**

1. Personally visited this key client at their place of business (OFF the current matter), just to see how things were going with the business?
2. Voluntarily devoted non-billable time to attending one of this client's management meetings?
3. Specifically invited this client to attend and participate in a practice, industry, or client team meeting in order to brief the group on new developments in their company or their industry?
4. Introduced your key client contact to some individual of strategic importance to them or some individual that represents for them a potential future customer?

5. Attended any industry event (meeting, trade show or conference) with this key client?
6. Proactively interviewed this key client and subsequently drafted and circulated a written report on what this client has told you about their specific needs?
7. You have obtained a copy of and personally read the strategic plan of this company?
8. There is any active internal effort to subscribe to, read, and circulate pertinent clippings from this client's trade publications?
9. You have established a direct technology link or extranet to better serve this key client?
- 10 You have developed written Client Service Standards, unique to this client, which identifies how you are working to address their needs?

We looked at the group and said, "Now we're going to ask you, hand on heart in front of your peers to declare how many of these questions you could answer to the affirmative." And we thought to ourselves, let us start at a low number and build. So we continued with, "How many of you then can answer yes to 3 or more of the ten questions we just posed?"

Now remember, this was a gathering of twelve power partners, from a national law firm with over a dozen offices. Each of these partners had the care and feeding of a book of business well in excess of \$6 million. So how many hands do you think went up? (How many hands would go up with your partners?) We can tell you that in this boardroom, only three hands went up – and we were shocked!

But we can honestly report that it made the point . . . that client service is something that we pay a great deal of lip service to, but are still far removed from making it a daily and behavioral discipline.

Oh, and can you guess what the other nine partners proceeded to discuss (for the next ten moments) following the disclosure of only three of their colleagues answering to the affirmative? . . . Why these questions don't really apply to my kind of clients!

## THE RELEVANCE OF OUR EXERCISE

If you are at all like most law firms, as few as five percent of your clients contribute about 52% or more of your firm's revenues. That fact has led more and more firms throughout the country to examine constituting Client Teams - - relatively small groups of lawyers formed and linked by a common interest in serving the same client. The motivation for this seems logical and unassailable, but unfortunately, many of these noble efforts at forming effective Client Teams are failing miserably to achieve initial expectations.

According to our own research into those law firms who state that they have active Client Teams or some manner of formal client care program, only 12% claim that their efforts are 'very successful,' while 29% view them as 'moderately successful' (a somewhat suspicious

answer that we take to mean ‘feels okay, but hard to see any measurable return’). For the remaining respondents, 36% were ‘neutral,’ 16% ‘moderately unsuccessful’, with the final 7% admitting a ‘very unsuccessful’ effort. Something is clearly wrong here!

It is alarming to see how such a fundamentally important asset is being mismanaged. What continues to mystify us, is that with so many Fortune 500 and sophisticated companies seriously consolidating the number of outside law firms on their approved panels, so few law firms have managed to get their act together to solidify their relationships with their most important clients.

There is no escaping the fact that firms face some serious challenges retaining their top talent in a rapidly stratifying market. At the end of the day, what really drives the bus everywhere is the strength of your corporate client base. If you are not able to keep your corporate client base strong (your crown jewel clients) it makes it hard to retain your strongest players (your crown jewel talent).

So what’s going wrong?

*Firstly, too many law firms have launched far too many teams, far too quickly.* A Texas-based firm that bragged of launching 50 client teams in their first year was soon eclipsed by a California firm launching 120 client teams – Sounds simple. We now know it isn’t.

Our experience confirms that the best way of protecting your crown jewels is to start with a handful of major accounts, perhaps as few as two or three to get going. Best practices, in all but the very largest firms, is to have no more than about 20 crown jewel accounts. Less is more with these kinds of initiatives. And, your group by definition, should be a very select club to which only a chosen few are invited to join. Further, it makes sense to do a great job with a few because the resources required to make client teams work, are not inconsiderable.

*Secondly, too many of these Client Teams invest all of their available time in formulating plans designed only to secure more work.* As one General Counsel confided, “most of these efforts are defined and managed to serve the law firm’s interests. To us they are nothing more than thinly veiled sales campaigns. Someone comes in, asks how their firm is doing and if we dare say okay, they then want to immediately introduce us to a number of their other attorneys.”

Client service teams mean much more than marketing. Indeed, the term “service” should provide a clue as to what the primary focus should be. But all too often we look at our client’s situation through the lens of our own offerings and our desire for another sale. Little wonder increasing numbers of General Counsel sense that when your firm talks about “building relationships” it becomes nothing more than a euphemism for “give us more work,” while “providing added value” becomes interpreted to mean, “at higher rates!”

Our recommendation, from having worked hands-on with numerous Fortune 500 corporate clients, is to commit the resources of any client team to five steps or meetings that you should consider critical:

## Step One: Gather Intelligence

We subscribe to the view that you really can't understand how to solidify your relationship, enhance your service offering or even get more and better business from any client, until you truly understand that client. Thus, client knowledge is critical to the effective building of relationships and to learning how you might differentiate yourself from competitive firms.

This sounds like a rather obvious and even trite observation, but it is a self-evident fact that many attorneys today have at best a superficial understanding of the dynamics of their client, and its industry. To our astonishment, a number of the client teams that we have come across do little to no in-depth research on the client company. It's almost as if the attorneys share a view that if you have to resort to doing research, it is a tacit admission that you don't know your client.

In discussions with attorneys, we have found a great deal of variability in the levels of client knowledge. Some have a very deep knowledge and understanding of their client, what we would refer to as client *insight*. Other attorneys think they know their client, but the client does not. Still others know about their clients, without truly knowing the intricacies of this particular company.

For example, does anyone know where the company is having problems realizing their corporate goals? Do we know what the legal department's top three objectives are? Do we have any sense as to how the legal fees are accounted for by the corporation – expensed or capitalized; centrally accounted for or charged back to departments and subsidiaries (yes, it has some significance)?

Most telling were the comments of Terri McClure, the VP of Legal for UPS, when she recently spoke about her companies vehicles: *“If you call them ‘trucks’, you don’t understand the nature of our business. I recently fired a firm that had worked for UPS for over 40 years. The firm didn’t understand what we were trying to accomplish.”*

The goal in gathering intelligence is not to simply compile a great deal of data. One of the key messages that attorneys need to hear is that data do not represent knowledge. Data at best represents information. Your first meeting with your client team should be intended to progress the team's collective understanding of its key client, one that moves through four stages – from client *data*, through *information* and *knowledge* to *insight*.

The key to building deeper relationships is to learn more about your clients, their strategies, their organizations, their industry – than any of your competitors. This depth of knowledge will then ensure that you are the first to learn about the clients emerging needs, determine their potential problems, and be in the best position to offer new ideas and suggestions.

## Step Two: Interview Your Client

Following from your data gathering efforts you will find that there are a number of questions about any client that the team just does not have adequate information to answer. And what better source to obtain the answer – than by asking your client directly.

The caution here for any client team is that we are not talking about a client satisfaction interview. If your team doesn't have a sense of this client's satisfaction already, then we're far beyond where you need to be.

What we are talking about is an interview designed to address three broad themes: what are this client's needs and where is this client having problems; is there evidence that this client wants to partner with you (sorry, but all clients may not want to have a relationship); and what specifically can you do to better serve this client company?

What is important here is the questions that you ask. Asking the same dull questions, is guaranteed to elicit the same worthless answers. Thus, when you ask a client a simple question like "how have we been performing?" you elicit a rational response based on a forced answer of what the client might expect that you want to hear. However, if you were to ask, "what could an innovative law firm be doing, that a company like yours, may not yet have asked for?" you now engage your client's emotions and feelings.

The key to obtaining client insight lies not in asking the predictable questions, but in proposing questions that the client would not have expected you to raise. A lot of the problems with understanding clients, results from the questions we ask and what perspective we bring to the definition of what we can do to improve or deliver our services more innovatively. Interviews can reveal problems and needs that the client has, to which your client team can develop solutions.

Now from what you learn interviewing your client, your team will now develop its client strategy. Your client strategy is comprised of three elements and will require a separate meeting to work through each of these action plans:

- **Your 'Value-Added' Action Plan.**

This plan has one or more of the following intentions:

- a) to improve your position with the client;
- b) to strengthen the value you add and thus increase your differentiation;
- c) to satisfy the client's unmet and emerging needs.

- **Your 'Relationship Enhancement' Action Plan.**

This plan specifies your goals for building and deepening key relationships between your team members and the client's organization. Your action plans will usually focus on specific client executives and indicate what actions need to be taken to enhance the existing relationships. This action plan can also explore whether there are any actions that the team can take to "lock-in" this particular client to your firm, such that there is a perceived cost associated to switching.

- **Your 'Business Development' Action Plan.**

This plan identifies the perceived client opportunities as presented by this client in your interviews. Your plan is to anticipate the client's future problems by identifying the most likely issues that will block the success of this client achieving their stated objectives; and then identifying a course of remedial action that the client team can propose.

### **Step Three: Value Added Action Plans**

The creation of increased value for the client must lie at the heart of any effective client strategy. Yet we encounter Client Teams who talk about creating value, but what they are really doing is trying to make the client more valuable to the firm by cross-selling them more services and increasing their wallet share. While there is nothing inherently wrong

with creating more valuable clients, it can only be accomplished once your team has established a solid relationship with the client. And you can only establish a solid relationship, after you have delivered more value than that client has been accustomed to receiving from any of your competitors.

We believe that this is the most critical step in the process. The focus of your work at this stage is not simply doing better what you are already doing. Your focus, and true lasting competitive advantage comes in both having listened to the client's expectations, problems and needs (from your Interviews) and in doing for this client what the competitors haven't yet thought of doing. The objective is to explore ways in which the client team can mean more to the client than just being another provider of legal services – to rise above the role of a legal provider to become a strategic partner in the creation of value.

Once a client has experienced the art of the possible, it is difficult for them to settle for less. He who creates the most value has the competitive advantage of contributing the most lasting form of client satisfaction. If you can get these things right, we are convinced that your Client Team can become that client's preferred firm and steal business away from nearly any competitor. And, to the degree that we can create more value for this client, we may be able to take their eye completely off fees to the point where they are quite prepared to pay more.

#### **Step Four: Relationship Enhancement Action Plans**

Many attorneys believe that they already have relationships, but the client (if asked) may disagree. A relationship is more than the retention of the client or the client's propensity to keep using your firm. It is the client who ultimately decides when a relationship has been formed, not your firm. This is a discomfiting revelation to many attorneys who persist in the view that they can decide with whom to have a relationship, and on what terms.

We have learned that different contacts within a client organization want quite different types of relationships. And there are many different types of client contacts to be considered; from those that occupy the Legal Department, to those in mid or senior management, to even those who might be considered the organization's "rising stars" (an influential group that is often overlooked by most law firms).

You need to help attorneys realize that they cannot build relationships simply on the strength of their personal expertise and functional performance. You need to develop a specific action plan that identifies key decision makers in the client organization, the current status of existing relationships, and what specifically needs to happen in order to develop new key contacts and deepen personal relationships with existing contacts.

#### **Step Five: Business Development Action Plans**

All of the preceding meetings lead up and contribute to the final session wherein the Client Team will now develop your action plans for how you can address this client's higher level needs and come to occupy a special place in the client's minds.

In many client teams, the emphasis is limited to how you can cross sell this client to other areas of the firm and increase your share of the client's total spend on outside legal services. What is often missing is a thorough identification of the clients key issues (either known or anticipated) and which are of the highest priority; how you might be able to address those issues and what benefits any proposed course of action will provide the client.

Therefore, your goal at this stage is to conduct a thorough team assessment to anticipate the client's future problems by identifying the most likely issues that will block the success of this client achieving their stated objectives; and / or identify potential problems (that the client has not considered) based on experience with similar clients.

### **In Summary**

To highlight our prescription for a successful client team program, here are some key principals that we consider critical.

- Commit an enthusiastic team (3 to 5 lawyers) to an appropriate amount of non-billable time (at least 30 extra hours each) and a sensible process focused only on enhancing this client's service. The increased revenue will follow.
- Form an exclusive club. Don't just call it exclusive or your key client program and then open it to any client just based on their fee expenditure with your firm.
- Less is more. Less clients in the club, less activities committed to (But make them good), makes for an initiative you can deliver on.

If you follow these few steps, we can easily imagine that you will avoid the problems experienced by so many of your competitors with realizing a return from their client team efforts. The strength of your client relationship is the extent to which your firm is viewed by the client as a strategic partner. The payback to your firm is repeat business, higher share of wallet, more longevity in the relationship, and a willingness to refer others.

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