

Enhanced Focus on Key Clients Yields Results

Written by Gail J. Cohen
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Every law firm wants new clients, bigger clients, and big deals. Some of a law firm's biggest clients and potential clients are in-house counsel and marketing themselves to corporate legal departments has become somewhat of a full-time job for many large law firms.



Law firms need to focus on their most important clients and provide them with much better service, says Patrick McKenna.

Thus, news that up to 90 per cent of corporate counsel told an Edge International survey, of six major North American markets, that they're open to using law firms they've not used before should be music to law firm marketers' ears.

But while you have a good chance of eating your neighbor's lunch, the flip side is that these statistics show clients aren't satisfied enough with the service they're getting to stick with the law firms they already use.

"Clients don't fire you," says Edge International partner Patrick J. McKenna, "they starve you to death."

In a presentation at a recent Canadian Bar Association managing partners conference, McKenna said one of the main problems with law firms is they're always looking for the

next big thing and not spending the same resources to serve current clients better.

He notes that in 2003, Fortune 1000 companies used 75 law firms on average. In 2006 each company used 48 firms. McKenna says to expect Fortune 1000 companies to use only 31 firms by 2008. The trend toward cutting the number of outside law firms used to do corporate business is exemplified by Pfizer Inc., which reduced its list of 103 outside product liability counsel to 20 firms in 2005.

In the face of such changes, law firms need to refocus their strategies of dealing with clients, to "protect your Crown jewels" as McKenna puts it.

"What continues to mystify me," he wrote in his conference paper, "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."

McKenna, who provides strategic and practice management advice to law firms across North America, says firms need to put more into maintaining and enhancing current client relationships rather than always looking for new business.

"Why would firms discount and spend time and energy to bring in new clients but not put those same resources into existing clients?" he asks.

McKenna's advice is to set up a client team program that focuses on providing better service to a select "club" of the firm's most important — not just financially but strategically important — clients. And the teams should not have marketing and the law firm's own interests as their priority. It should be service to the client.

But he warns that firms must limit the number of teams, to focus only on an exclusive set of clients. Too often law firms set up too many client teams and become ineffectual. He suggests starting with a handful of major accounts and building from there but never exceeding about 20 "crown jewel accounts."

His prescription for a successful client team has three pillars:

- Commit an enthusiastic team of three to five lawyers to an appropriate number of non-billable time (at least 30 hours each) with a focus on enhancing service to the clients. Increases in revenue will follow.
- Make the club really exclusive, don't just call it exclusive.
- Less is more. Fewer clients in the club, fewer (but better) activities committed to, makes for an initiative on which you can deliver.

There are a number of steps these client teams can take to maintain and enhance relationships with key clients. The primary one is getting to know the client better. McKenna gives the example of United Parcel Service, which in December 2005 fired a law firm because they called UPS' delivery vehicles a "truck," showing the lawyers didn't know the client's lingo at all. At UPS, the trucks are called "package vehicles."

The solution: do research on the clients, attend their industry functions, visit their plant or place of business, invite them to the law firm to give a briefing on current trends in their industry, read their strategic plan, and/or find out how the company is performing and where it could be doing better.

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

Once you've gathered data and intelligence there may be questions about the client that the team can't answer, and the best way to get those answers is by interviewing the client. It's the best way, says McKenna, to find out about the client's needs, what their organization's problem areas are. And don't just ask dull questions like, "How have we been performing?" Engage the client's emotions and feelings by looking to the future. For instance, ask "What could we be doing that would make your life easier?"

Ask for feedback during a transaction, send a thank you letter, make a promise for standards of practice, or have a legal autopsy at the end of a transaction. All make the client feel more involved and therefore happier with the service.

Once all that's accomplished, your firm will be better able to serve all the client's needs, including the most difficult ones: latent needs. These are not something the client tells you they need, but picking up on them shows that your law firm is responsive because you have in-depth knowledge of the client, says McKenna. Knowledge at this level will allow you to be able to provide critical business advice, sometimes before the client even knows they need it.

This will all lead to the third step of providing that extra level of client service. Once you know all about the client, the objective is to move one step further and explore ways in which the client team can do more than offer just legal services but also become a trusted adviser and strategic partner that creates value for the client.

The fourth step is to then create a "lock-in strategy" by building barriers that make your law firm indispensable, says McKenna. At this point, your firm is an integral part of your client's ability to do business. It would be costly, and perhaps even risky, for them to change lawyers.

McKenna says the final aspect of the client team's program is business development. "Sales is the last step, not the first step," he says.

At this point, the team can assess and anticipate what the client's future needs will be, prioritize them, propose plans of action, and know what the benefits to the client will be.

Good service is like stealth-marketing, says McKenna. If you do good by your clients, you will get back in the same way that if you send someone a Christmas card, you'll probably get one back.

"You have to work for it to get more business from existing clients," he says.