

# Client Service and Relationship Strategy

Published in Best Practices in Legal Marketing

December 2011

Despite having been centre stage for almost two decades, it remains the case that the effective management of client relationships and the delivery of quality and consistent levels of client service are two of the key management challenges facing many firms. These obstacles are multi-dimensional since the practice of client relationship management (CRM) contains facets which are simultaneously both internal and external, as well as reaching across departments and involving both legal and support teams.

With client satisfaction recognised as one of the key determinants of business success and inter-firm competition driving service expectations ever higher, relationship management and service delivery have never been more important, nor the implications of failure more stark.

At the core of the challenge is not the implementation of ever more complex IT solutions or management systems but rather better communication, teamwork, cultural and attitudinal change. These are the Himalayas with other issues being mere foothills. It is fair to say that the legal services industry has now moved beyond CRM being conceived as an IT issue – defined by database management, marketing communications and direct marketing techniques. There is recognition that it is an issue and a challenge that touches all parts of the firm and which will require deep-rooted cultural and behavioural shifts in order for meaningful progress to be made.

## **What matters to clients and where are firms focusing their efforts?**

There is now an extensive body of research available, which tracks both the service factors that clients hold in high regard and how law firms perform against these dimensions. Whilst much of the research is not freely available (commissioned by firms eager to understand their own specific market position and client perceptions) sufficient data does exist in the public domain to allow us to understand key trends to which any client relationship strategy must respond.

When considering service factors on an importance or performance basis (ranking service factors first by their importance to the client and then again by the relative performance of law firms) it can be clearly seen that there are a number of areas in which firms typically under-perform against their clients' desired service levels. The top ten areas in which performance could be improved are:

1. Leadership, teamwork and delegation;
2. Innovative, creative, lateral thought;
3. Strong relationship with the lead partner;
4. Experience in the client's business sector;
5. Enthusiasm and drive;
6. Cost transparency and hitting budgets;
7. Providing commercial advice;
8. Commitment to getting a result for the client;
9. Time management and hitting deadlines; and
10. Clear and concise communications.

The majority of these may be categorised as service factors. Against this backdrop, how high up the agenda is improving client service being placed by managing partners? We are able to draw on recent public domain research, in the form of the Winmark Looking Glass Survey 2011,<sup>1</sup> to answer this question. This provides good insight into both the decision factors which are of most importance to the purchasers of legal services as well as the strategic priorities of managing partners.

Perhaps the starkest finding in this research is the response of managing partners to the question: 'Thinking about your firm's strategic priorities, what are your top three areas of focus?' Client service stands out as the key issue with which firms are grappling. Ninety-three per cent of respondents have it as their number one priority and it features in the top three concerns of 99 per cent. In contrast, other challenges – for example, cost management, pricing, recruitment and mergers and acquisitions – pale into relative insignificance.

The evidence at least supports the proposition that the importance of client service has been recognised and is firmly on the management agenda.

### **Future relationship management and service challenges**

It is also understandable that leaders are keen to understand what the key challenges and sources of advantage may be in the future since this knowledge enables them to plan and prioritise their activities. Predictive research abounds, which paints numerous scenarios of how the future may look and the ways in which law firms will need to adapt. In reviewing such analysis and predictions, I am mindful of the need to factor in the uncomfortable truths which constrain the degrees of freedom of law firm management teams.

Take, for example, *Service 2020: Megatrends for the Decade Ahead*, an Economist Intelligence Unit report commissioned by BDO and published in August 2011.<sup>2</sup> The megatrends identified have clear implications for law firms and, indeed, their impact is already being felt as organisations seek out ways in which they can create meaningful differentiation in an increasingly congested and ill-defined market. The megatrends are:

1. Global competition driving up service standards;
2. Maintaining service standards whilst responding to the need for increased responsiveness and speed of action;
3. Firms finding ways of using increased transparency in the business environment, driven by social media, to their advantage;
4. Using new sources and types of data and intelligence to improve how services are personalised and tracked;
5. The role of technology as a service enabler, alongside the fundamental importance of good employees, will increase;
6. Specialist organisations will emerge, to which firms will outsource some aspects of client service;
7. With mass affluence rising, new products and service niches will need to be developed to serve new client and customer segments; and
8. New technology is driving and changing client expectations.

Whilst this work suggests that technology will be the key driver of service in the future, the research also implies that the human factors of service delivery have been resolved to the extent that they are no longer sources of competitive differentiation between organisations. This may be true in some industries. However, I would strongly argue that it is far from being the case in the legal sector.

Yes, advances in technology offer great promise in their potential to improve service delivery, increase understanding of client needs and make step-change advances in internal efficiency. But for most firms these promises are illusory since they lack the culture, capital, management capabilities and client base to leverage the technological opportunity. In all but the very largest firms, the challenges posed by any IT-led project will often far outweigh any of the promised benefits.

For all law firms, aside from perhaps a handful which are delivering highly commoditized services in bulk markets where human interaction is minimal, the route to significant improvements in CRM and service excellence is still to be found in the actions of humans assisted by technology, rather than purely through the application of technology.

### **Make substantive progress on a small number of fronts**

In order to make substantive and timely progress, it is important that there is no misunderstanding or ambiguity within the firm about what is needed to ensure the ultimate success of any client relationship strategy.

Whilst advances in technology will allow the automation of certain processes and the fail-safe delivery of some aspects of the service experience, the search for a silver bullet solution, which absolves the human from direct responsibility for relationship management, will ultimately founder.

The delivery of complex legal services is inextricably linked to the people – partners, lawyers and support professionals – who are involved in the client relationship. It is their attitudes and behaviours which will shape that experience and it is these which firms must seek to influence and direct as part of their CRM strategy.

If I were to highlight a small number of areas in which firms could focus in order to improve their overall CRM performance, I would suggest the following four.

### **Do the basics well**

Don't be deflected by the illusory promise of 'the next big thing'. Ensure that you do the basics well. The devil is in the detail and great service businesses recognise this and focus on getting the fundamentals right, every time.

I will often talk to leadership teams about the need to earn the right to engage with the client on a higher level by excelling in the delivery of the basics. By way of illustration of this point, a number of the readers of this chapter will be the leaders of the business development and marketing functions within their firms. They will often be frustrated by a perceived failure of the firm to engage with them in more sophisticated (and potentially remunerative) business development activities. However, when one talks to partners in the same firm, what is often unearthed is a sense of incredulity that they are being asked to invest time and trust in activities which they perceive as unproven whilst, at the same instant, experiencing a service that is less than excellent in the delivery of their day-to-day requirements.

Conversations with clients elicit a similar story – disbelief that a firm which can't do the simple things well is asking to engage with them more deeply on work that is more business critical.

Getting the basics right builds the credibility and trust that is needed to develop any relationship. Most firms will experience a step change in performance if they can consistently do the simple things well.

### **Operate as one team**

Some firms are no more than collections of competent individuals. They have no collective will, systemic operating approach or underlying brand proposition against which services can be developed, offers promoted and performance measured. For the management team to lead the firm successfully in the development of its service strategy and CRM efforts, it will be crucial to create a working environment in which appropriate levels of consistency and team-working can be achieved.

To be clear, this is not a suggestion that law firms should seek to stifle individuality and the creative thought processes which are central to much of the value-added advice that is given. It is a plea to recognise the circumstances in which this sort of behaviour is desirable and those where it is not.

## **Listen to what your clients say**

Client feedback is now commonplace. However, asking for feedback and listening to it are two different things.

Feedback has to be interpreted in two ways to ensure that any shortfalls are addressed or opportunities acted upon for that particular client and, importantly, as part of the firm's overall intelligence about its performance. A firm's client feedback also informs the management team as to systemic challenges and opportunities. Where are the areas where the firm appears to be consistently under-performing against client expectations and what lies behind this trend? What are our clients consistently saying about the challenges they are facing? Where are there opportunities for the firm to expand its franchise or embed itself more deeply?

## **Act on what you hear**

Of course, after the listening must come the acting. Many firms are adept at analysing their shortcomings and opportunities but find it near impossible to mobilise the necessary willpower, resources and leadership to act on them. Such inertia is often linked to political will and the absence of any consensus for change. Whilst the leadership team may be convinced of the need for immediate and decisive action, the wider partnership needs to be equally committed if substantive progress is to be made. It is the management of this change process which creates the hurdle over which many stumble.

Intellectual buy-in to the need to change will generally be achievable; it is the emotional commitment which is more elusive since this requires partners to change their personal behaviour rather than simply nod to the requirement for the firm as a whole to adopt a new approach.

Much of this discussion has centred not on systems and processes but on people. Generally speaking, a management team can develop processes and conceive systems which, if implemented, will deliver significant improvements in CRM. Without the ability to change behaviours and affect culture these investments will come to naught. The ability to achieve these changes is what separates the leader from the manager.

There has been much discussion surrounding the requirements of a partner in a modern law firm. The role is challenging and wide-ranging. It is a long way from the technical expert model, which was sufficient to elevate many to the partnership table in the past.

What this means is that firms need to consider the ways in which they define expectations, support development and reward performance in areas such as:

- A balanced approach to performance management which ensures that CRM is high on the appraisal agenda – using the voice of the client where possible to assess performance.
- The acquisition of the new skills needed to perform a client service management role that is

far wider than the delivery of technical legal advice must be a priority. Leading firms recognise this in their learning and development programmes, which now reflect a balance between legal knowledge and management skills.

- It follows that the singular career path will become a thing of the past. In order to be better at managing relationships, firms need to play to individual strengths and to create career paths which reflect these to the benefit of the firm.
- The alignment of expectations and measurement with recognition and reward is fundamental. The old management adage of ‘what gets measured gets done’ holds sway here. It should be self-evident that any firm wishing to bring about change must ensure that desired behaviour is recognised and rewarded as well as undesirable practices being vilified.
- By using the voice of the client to guide investment, firms can sense check their instinct and analysis. Importantly, they can also conduct cost-benefit appraisals using the answer to a simple question as their yardstick: ‘Will this action improve our client service, relationship management and client satisfaction?’ The answer will inform whether an investment should proceed or if further evaluation is needed.
- Developing systems which focus on delivering class-leading client service in the areas which are most important to the client. Understanding how the firm performs competitively in those aspects of relationship management which are of the highest importance is crucial, since this provides guidance and a sense of priority as to where investment should be made and when.
- Being prepared to challenge ‘the way in which we do things around here’ in order to respond to new opportunities and minimise threats. Organisations which are leaders in their industries are constantly challenging themselves to be better – to do things differently and more efficiently, to add more value, to open new markets and to create new client opportunities.

A step-change improvement in CRM will be achieved by even modest improvements in these human factors. In many law firms, however, the reality is that the ability of the management team to effect meaningful progress in responding to these core challenges is mired in the mud of outdated partnership culture – polite, gentlemanly but intransigent just the same. *Plus ça change, plus c’est la même chose.*

## References

- 1 Winmark Looking Glass Report: The Legal World on its Future 2011. , [http://www.winmarkeurope.com/downloads/Winmark\\_Looking\\_Glass\\_Report\\_2011.pdf](http://www.winmarkeurope.com/downloads/Winmark_Looking_Glass_Report_2011.pdf)
- 2 More information can be found at <http://www.bdo.uk.com/library/service-2020-2>. megatrends-decade-ahead

