

Client Retention and Growth

Driving Your Firm's Success by Engaging with Clients

By Silvia L. Coulter

“I can talk all I want but I often wonder who is listening?” Interesting response when a general counsel of a global energy company was invited to present on a panel to a law firm conference audience of managing partners. When asked why the response he added, “Clients have been telling lawyers for years how to make the relationships work, what we are looking for, and how to win business. Are they listening? Most of us don’t think so.” While this feedback may seem a bit harsh, it’s worth thinking about the relationships partners and firms have with their clients. Most of us would say we are extremely client-focused and service-oriented. Perhaps so from our perspective; but my recommendation is to check in more frequently than you would think to do with your clients.

Some clients would disagree that their outside counsels don’t listen, but how many would agree with the views above? Perhaps quite a few. The world of client opportunities shrinks, based primarily on the fact that with the exception of budding startups, any client worth grabbing has plenty of law firms with which he or she works or from which to choose. To win new business means grabbing client share from another firm. That’s fair, but why let it happen to your firm?

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Focus first on client retention, then client growth, and then new business development. Why? The firm stands to gain the most opportunity from its existing clients by growing share of wallet or building advocacy into those relationships, which in turn may provide opportunities for clients to refer the firm to others.

Challenges to client retention abound. First and maybe foremost is that the compensation systems in many law firms are diametrically opposed to client growth. Second, many partners are not adept at selling, so how to grow a client into a larger account is not immediately apparent to them. Third, until other recognition/reward systems are in place, most partners will hold on to the recognition they receive for being the client relationship partner (this is different than comp/origination). As an aside, aligning the firm's compensation system with client retention and growth goals (infers teamwork is necessary) will be a plus. There are some clear ways to facilitate client growth and new business development. Clearly for some of the intellectual property practices—patent prosecution is a good example—staying connected to individuals who refer business to the firm on a regular basis and maintaining good relationships with those individuals and firms will be akin to the strategy for retaining and growing existing client relationships. Specifically, are we building a next generation of connectors from their firms to ours? Are we leveraging our relationships appropriately, and are we conducting client/referral feedback meetings on a regular, annual basis?

What follows are some helpful questions for facilitating a discussion with existing clients and contacts. We recommend having these calls or meetings (meetings where feasible is always best) at least once a year. Clients in particular really appreciate the proactive approach to connecting with them about their goals.

No matter which time of year you choose to conduct a client meeting, it will be welcomed by clients. And it helps energize members of the firm when they have good meetings with clients. These obviously are not meetings for which you charge a fee, but rather meetings that focus on the relationship with the client or contact. Whether it's the beginning of a new year to review the last year's activities, or the end of a year or mid-year to check in, consider scheduling meetings to discuss one and/or all of the following:

- **Year-end review:** an update or recap of important matters worked on during the year.
- **Client service interview:** formal or informal client satisfaction and service commitment review.
- **Annual planning session:** discuss business plans, initiatives, and aspirations for the upcoming year.

This proactive approach achieves the "top of mind" mindshare that we seek, and also affords us the ability to be viewed as a trusted business advisor.

Client Service Questions to Consider

- How would you describe the relationship with us?
- What would you consider the most important elements of a professional relationship?
- In which specific areas could we improve?

- How would you describe the quality of our work?
- Regarding value, how do we compare to other law firms?
- Would you suggest any changes?

Note that you will want to come up with your own questions for each client or contact relationship.

Upcoming Year Planning Questions to Consider

- What are your top three priorities this year?
- Can you describe your goals and objectives for the coming year?
- What potential challenges does the company face?
- Where do you see the business going in one, three, or five years?
- What are the critical company initiatives for the upcoming year?
- What growth opportunities do you foresee in the future?
- What are the greatest challenges you're facing in the legal department?
- What's currently working in the legal department? What's not?
- How do you see using outside counsel to help you achieve your goals?
- What criteria are used for selecting outside counsel?
- What areas provide the greatest opportunities for improvement?
- As you think about your outside law firms, are there future projects for which you would consider working with our firm?

Always close with a recap of the meeting and next steps based on your understanding of the client's needs. Schedule a time to follow up (including dates and times).

Best Practices for Cementing and Growing Client Relationships

For a closer look at what clients value and what, from their perspective, differentiates one firm from another, the accompanying chart (described in detail below) illustrates best practices to engage in for cementing and growing client relationships. The data in the chart were derived from about 200 interviews with general counsel or senior litigation counsel and depict what they find of value for building loyal relationships. We've added on the horizontal axis the ease or difficulty with which a law firm or relationship lawyers may change their practices to match the value axis.

At the lower right, "Client Relationship Management" shows characteristics that relationship lawyers have in their control. These are easy to change (although clients tell us that most lawyers are not proactive about their outreach) by focusing on the relationships lawyers have with their clients. The fact that these characteristics fall into the lower right quadrant simply means that clients expect that lawyers will work on their relationships so therefore they do not consider this a service differentiator but expected to maintain the client.

Moving up to the top right quadrant labeled "Matter-Specific Service Characteristics," these activities are within the control of the lawyers delivering the services and are fairly easy to change as a result. Delivering on what was

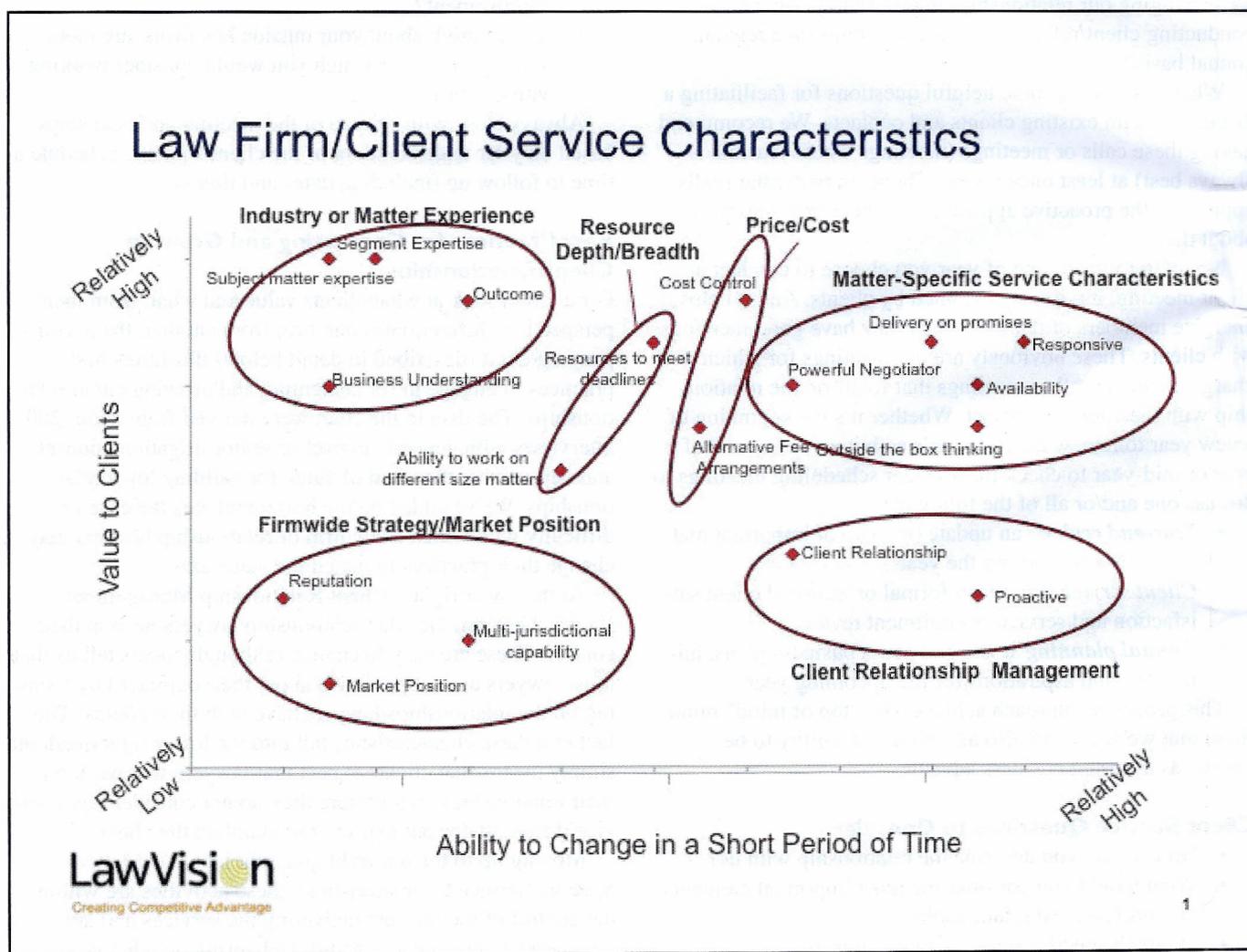
sold—high responsiveness and availability—aligned with the clients’ needs is critical to the client and will differentiate the firm from others. Coupled with the lower right characteristic of being proactive, which is expected, these characteristics alone can help a firm and the relationship lawyers to differentiate and build client loyalty. While many lawyers tell us they are good at these things, there is an opportunity gap between their thinking and what clients report. When talking to a client during an active matter even daily, make sure there is time to focus on the relationship aspect. Ask how the legal team is doing; ask if the client is happy with the services/work product. Seek continuous feedback and let the clients know you enjoy working with them. While this may seem trite, it’s really important.

In the upper middle of the chart are characteristics that are important to the client and seen as adding value. These characteristics are not always as easy for relationship lawyers to change on their own. Pricing, cost control, and fee arrangements often must be approved by others at the firm. Being aware of the fee structures the client expects and being proactive about the conversation begins to build loyalty on the part of the client. Resource depth/breadth are characteristics that often cannot be controlled by the relationship lawyers; it is wise to partner with clients to understand their resource needs and expectations. Resource depth/breadth relate to expertise,

which is one of the key selection criterion for in-house counsel. In other words, if we combine the top right half, a client wants to know can you deliver as promised, at the price we agreed on, and keep me up to date without me having to call you all the time? Easy to say “yes,” sometimes difficult to execute.

The top left quadrant labeled “Industry or Matter Experience” shows that industry expertise, business understanding, and success have significant value to clients but can be relatively difficult to change on the part of the lawyer because all these characteristics are achieved over time. To demonstrate strength in these areas, keep bios and relevant practice descriptions up to date; capture recent experience and successful outcomes and add them to bios, practice descriptions, and LinkedIn profiles.

The bottom left quadrant, “Firmwide Strategy/Market Position” has relatively low value to clients and is difficult for a practitioner or a firm to change in a short period of time. This quadrant represents those areas that are more focused on internal firm operations. There is some value of course. It is important to have a strong reputation, which helps sell services. And if the firm’s market position is strong, that can be an added bonus. But placing some of emphasis in these areas will gain a firm or its practitioners client loyalty, which is what we ultimately aim to achieve.



Conclusion

In summary, what we glean from the voice of the client allows us to differentiate the firm should we choose to act on the information. Following are some easy steps to discuss with the firm and have the partners implement:

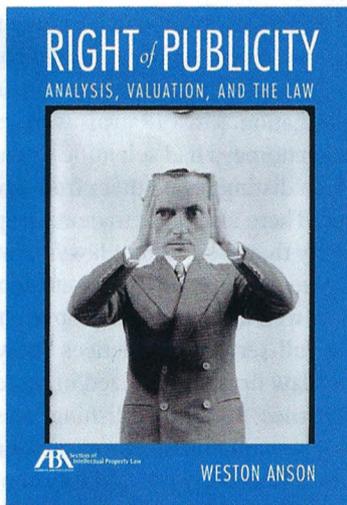
1. Focus on the client relationship even during busy times. Take the time to say thanks for the opportunity to work with you/your company. Conduct end-of-matter interviews and visit with clients at least once a year to gain feedback and strengthen client-firm relationships. They are busy but they expect this and appreciate it.
2. Be proactive about updating clients during busy times. Cost containment is a huge issue these days. Offer ways to help them manage costs and reach their goals. Use this data in the firm's marketing materials to the extent possible without over-promising. Staff according to demand, and when changing staff on projects, notify

the clients ahead of time. This can be a real peeve to clients by the way. They see the firm's team as an extension of their own team.

3. Tout industry, market segment, and business knowledge on the firm's website, practice area pages, and, most important, lawyer bios. Demonstrate expertise and experience by capturing and highlighting the lawyers' successes and add to the bios and LinkedIn profiles.
4. Be aware of what individual clients perceive as value by asking them what they find most valuable and deliver on promises. Before stating what seems to be a benefit, stop and think about how a particular issue or statement about the firm or individual lawyer is of benefit to the client and bridge to client needs and expectations.

Focusing on the service characteristics that clients tell us are important to them will differentiate the firm and its lawyers and help to drive revenue growth. ■

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Right of Publicity: Analysis, Valuation, and the Law

Thursday, August 13, 2015

1:00 pm - 2:30 pm EST

This webinar brings together two phenomena:

- The complex legal system surrounding rights of publicity, and
- The cultural- and business-based growth of celebrity branding via licensing, promotion, merchandising and endorsement.

From both these points of view, the program will cover how rights of publicity fuel fast growing areas of law, marketing, and business. In addition to a summary of the history and current legal statutes, there will be an analysis and valuation of celebrity licensing, endorsements, and promotions.

The panelists will look at who should care about right of publicity, some current right of publicity cases, the way of the future, and valuation methodologies. The group will present a dissection of a right of publicity contract and attendees will determine whether the contract was a bonanza or a bargain basement deal. The discussion will also address the changing face of right of publicity due to the ever increasing use of social media and what that means to tomorrow's celebrity.

PANELISTS:

- **Weston Anson**, Chairman, CONSOR Intellectual Asset Management, La Jolla, CA
- **Lacy J. Lodes**, General Counsel, Cryptozoic Entertainment, Lake Forest, CA
- **Larry McFarland**, Partner, Kilpatrick Townsend, Beverly Hills, CA