Know your clients – keep your clients

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Customer relationship management is one of the process technologies that law firms will have to grow to love and understand as the legal world changes – or risk losing business

Lawyers are now facing up to major challenges that go way beyond the practice of law. It does not matter whether you are in a global City firm, representing defendants in the criminal courts or advising struggling families in the high street – the marketplace challenges are the same.

If it has not already done so, your firm needs to consider seriously where it stands and how it can get to where it wants to be. Key issues to address are risk, compliance, Clementi, access to data, tax changes, profitability and cash flow. There is also, of course, the question of legal and relationship performance to retain and develop clients, and image, marketing and networking to generate new clients.

But while all this analysis is being done, competition is getting more competent, more creative, cheaper and more aggressive.

Professor Richard Susskind spelled it out to the Society for Computers and Law in March 2006 – there is an inevitable shift away from bespoke legal work.

Much of lawyer thinking is still in the bespoke area, but clients have started the drive towards commoditised services – without a rethink, lawyers will not be able to satisfy those demands. Like most things, there is a choice of behaviour: pioneering, collaborating or resisting. It should not be underestimated how far down this path many law firms and their clients have already got.

With consolidation, acquisition, lateral hiring, specialisation and, in some cases, outstanding business development, the top 200-300 law firms are getting bigger. The 100th law firm is up around 40% in fee-earner headcount compared to three years ago, the 300th firm approximately 20%.

Some organisations are specialising, focusing on volume activities in areas such as personal injury and conveyancing (which, in turn, removes income from smaller local firms), and this specialisation is expected to expand.

A few of the benefits of scale are the ability to invest in managing partners, chief executives, and better-qualified business development and marketing professionals, and to develop skills in IT, finance and human resources.

Lawyers and law firms of every size are going to have to embrace new technologies, and it can be taken as read that spinning all these plates cannot be achieved without an effective investment in IT. Before investment decisions are taken, strategies and business plans are needed to set the benchmark for architecture and infrastructure.

But while firms plan to make these things happen as well as deliver legal services, one area of activity can immediately benefit from attention – retention and development of clients, and the identification and winning of new clients. For this discussion, we can assume the ability to deliver good legal advice.

The cost of the loss of a client is massive. Revenue loss is immediate, and there is a lead-time of maybe 12 months to find a replacement. Even then, the revenue will need to build back to old levels. The role of the client partner is taking on a new significance in law firms, irrespective of size of firm or client.

First, get to know the client: what they do, how big they are, what their market is, who their key competitors are, what puts pressures on their business priorities and how lawyers can assist. Conduct a simple SWOT analysis of the client (strength, weaknesses, opportunities and threats), study their Web site, and understand their marketing. Then look at how you service this client.

Where and how do you work for them? Who is your competition? What work are you doing for them within the firm? Armed with the answers to these questions, you can offer a co-ordinated approach by developing a client relationship plan.

You need to develop sensible management information within the firm for the client – involved departments, success rates, volumes of files, trends of income, work in progress, debts, and new work areas. Instigate your plan ideally after sharing it with the client, then implement it and monitor it, remembering to check with the client. The very least a client partner will be able to do is to appear knowledgeable, interested and sympathetic.

Being so process-driven aids client retention and allows for further penetration – more of the same work, plus the opportunity for other work. Cross-selling is much easier when you are close to a client.

New business requires similar planning and process. Having agreed on the business strategy of the law firm and the specific department, a defined target market needs to be identified and clearly understood. Who are the players (targets)? Next, an honest SWOT analysis of the firm and specific departments needs to be undertaken. Then the marketing can begin.

The firm, the team and the prime individuals need a good profile and reputation. This can be achieved through PR, networking, referrals and, when the opportunity comes to talk to the target client, good knowledge of their business. To do this, the people who interface with clients need information from their accounting and case management system, which generally requires more knowledge than firms often have.

The client interface will need business process management and monitoring, then some form of database in which to log data, plan and manage activities, and monitor the process for existing clients, targeted clients and marketing and selling.

These systems are generically known as customer relationship management (CRM) systems. There are many available, with varying degrees of sophistication. You will inevitably need to capture and manage the data electronically.

But no matter what you use, you will first have to review your business strategy, clients, targeted markets and the business processes you will need to adopt before you make your choice.

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