

UNDERSTANDING YOUR KEY CLIENT'S NEEDS



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Today, law firm management is being put to the test as never before. “Anybody who says business is great is lying, says one managing partner. “Firms may be telling everyone how they’re ahead of budget,” he says, “but the reality is, that in spite of last year’s results, most will experience significantly declining revenues this year.”

One would think that in the face of such dire predictions, firms would be focusing increasing attention on securing the working relationship with their very best clients. A note from our London-based Edge partner suggests a uncomfortable disconnect! He reports on a visit he had with the General Counsel at a Fortune 50 Company, with offices in the UK.

This General Counsel has a small legal department, and finds that the particular law firms she uses do not understand that. They assume because the company is huge, then so too must be the in-house legal department. She recently went to a forum hosted by one of her law firms, for in-house lawyers on Alternative Dispute Resolution (ADR). Two things struck her. One, the assump-

tion was that she was heading up a massive department; and two, that this was very much a Litigation Department affair and no attempt was made to introduce non-contentious or transactional partners.

Furthermore, knowledge about her company and herself is seldom shared across the primary law firms she uses. She contrasted this with her recent experience with recruitment firms. If she phones one to speak to Mandy, and Mandy is not available, she quickly gets passed to Mary who has all her pertinent details on a computer screen and the latest position recorded in the database. She questioned why law firms do not do the same.

She claims that she has NEVER taken a phone call either from the lead partner or any external survey firm asking about the adequacy of a law firm’s service to her. She finds it frustrating that the advice she gets is often extremely narrow. For instance, she gets a lot of advice on compli-

ance issues and in particular competition law. What she finds is that the same advice is frequently and repeatedly trotted out, without being in any way tailored to the needs of her corporation (pure law, and not a commercial solution) – and secondly that no innovative thinking is employed to see if anyone in another department of the law firm has any slant on the problem. She clearly does not see herself as being cross-sold to if she has a problem that needs the help of more than one partner or department.

Our observations confirm that this situation is not isolated, nor geographically limited. Ronald F Pol, President of New Zealand's Corporate Lawyers Association, was until recently responsible for managing major dispute resolution and litigation for the largest listed company in New Zealand. With a significant Australian presence, the telecommunications group of companies was a very significant user of legal services in the region. Only once in 6 years was he ever approached to participate in a client satisfaction survey by any of the company's law firms. He answered fully and frankly. He also replied affirmatively to whether he would like the law firm's CEO to call him about his responses. Now Ron was probably responsible for the largest single component of legal spend in the country that year, and for the largest single revenue stream for that particular law firm from any of its other clients . . . yet the call never came.

Looking at the other side, how many might have encountered a situation similar to this:

While flying from Los Angeles I found myself sitting next to a man who turned out to be the President of one of our office's top ten client's. After discovering that I was the managing partner of our firm, he commented that "Oh yes, your firm . . . use to be our lawyers!" It turned out that they had stopped sending us work about six months previously, but no one had noticed or contacted the client.

Concurrently, the other day we received a copy of an internal e-mail, from a partner at an AmLaw 100 firm, attempting to grapple with the issue of preventing an important client's defection. The e-mail read:

*As you may have heard, rumors abound to the effect that our firm has been removed, or is in the process of being removed, from [Fortune 500 Company]. While we have not received any formal confirmation of this 'fact,' it is likely true. We have been hearing two relevant facts concerning this issue for **several months**: (1) [Fortune 500 Company] has been in the process of reducing the firms on its panels in order to streamline its relationships with law firms around the country; and (2) various [Fortune 500 Company] representatives have been unhappy with some of our attorneys in some offices in several respects, chiefly the lack of compliance with Litigation guidelines and related issues. I haven't heard any criticism of our work product, as such, but unfortunately in the world of in-house counsel, there are many important issues apart from quality of work that are reckoned in the law firm evaluation process.*

We need to undertake the task of immediately attempting to restore and improve our relationship with [Fortune 500 Company]. In that connection, if any of you have significant contacts within [Fortune 500 Company] that we can explore, I would appreciate knowing about them. R.E. has already volunteered and is pursuing someone he knows at a high level, but we can't count on any one contact doing the full rehabilitation for us.

Now, what do you think the possibility is that this firm will be able to take sufficient remedial action, in time, to prevent being cut from the list? Perhaps more to the point – Does this sound familiar? What do you think the likelihood is that you are facing exactly this same situation with some

key clients, in some area, of your own firm?

Meanwhile, in a recent strategic assignment we discovered no less than 12 Fortune 1000 companies that had slipped off one law firm's collective radar screens within the past five years. Significant companies, still actively using outside legal counsel, but companies that were no longer using this particular firm – and somehow this fact had just not come to the attention of anyone in firm management. Clients rarely tell you in advance that they are going to leave. Usually, they just stop doing business with you, or the amount of business slowly declines over time. Meanwhile, make no mistake – there is no one area where lawyers can be more creative or more innovative, than in explaining why significant clients are no longer using the firm's services. And what's more, these lawyers are usually entirely genuine in their conviction of explanations that have to do with 'tight market conditions,' 'board directives to do more in-house,' less need for legal services by the company, the client 'failing to appreciate quality, or just plain 'luck of the draw.' Never, it seems, any more than the remotest prospect that the firm might have done something, in effect, to help convince the client of the need to 'de-select' the firm.

In most industries, less than stellar client service behavior would quickly be driven out by competition, yet in professional services it sometimes seems endemic. With ever-increasing revenues, the effect of client dissatisfaction is masked – those who deliver poor client service still earn great money, tending to reinforce their view that they actually delivered pretty good client service. Put another way, finding a law firm that thinks it needs advice on the better management of client relationships is like trying to find that rare individual who will readily admit to being a bad driver.

HOW ARE LAW FIRMS REACTING TO THE POTENTIAL THREAT OF KEY CLIENT DEFECTIONS?

Unfortunately, according to our experiences and observations, not all that well. It would seem that we continue to chase after the silver bullet, the quick fix, and the newest fad solution. Here are but a few of the initiatives that some firms are experimenting with:

Twelve Important Internal Assessment Questions

FOR FIRM MANAGEMENT:

- What percentage of your total firm's revenues do the largest 50 clients represent?
- How much additional time and resources (the cost) would have to be devoted to try to recoup the revenues you would lose, if but one of your top 50 clients defected?
- Have you tracked which of the largest corporations you serve (not necessarily largest revenue clients) have been declining in their annual legal spend with your firm?
- Are you able to determine what percentage of your largest clients' total legal budget you are currently getting (what is your share)?
- Have you tracked how many Fortune 1000 companies have defected from your firm over the past five years?
- Have you established a formal client feedback program with active participation by your managing partner or CEO?
- Have you established client service teams for your largest clients with the objective of enhancing the client service model?

FOR THE PRACTICE GROUP/INDUSTRY GROUP/OR CLIENT TEAM:

- Please identify one key client wherein you initiated an appointment and solicited specific feedback mid-way through a major transaction or litigation assignment – when that feedback might be of real value to enhancing the work product, the outcome, and the client's expectations?
- Please identify one meaningful change in the way your group services clients or delivers your legal work that is the direct result of solicited feedback from one of your key clients?

FOR THE INDIVIDUAL RAINMAKER:

- Can you briefly identify all of the legal needs that your largest corporate client currently has (all of the legal needs – not just those legal needs that represent your area of expertise)?
- Can you briefly describe the specific action plan you currently have, to grow this relationship with your largest client?
- On a scale of one to five (one being unsatisfied, five being highly satisfied), how satisfied are you that the other professionals who also work with this client, are providing exceptional service?

Publish and Distribute a Monograph on How We Serve Clients

While managing partners may be once again beseeching their partners to focus on client relations, the approaches that are being instituted are likely to fall short of what is really required. Here is an excerpt (the majority of the text) from a one-page “Promise” that one notable law firm apparently distributes to its clients:

Understanding your concerns and business objectives, and focusing our efforts on achieving your objectives, are the defining elements of how we practice law. We are committed to offering counsel that speaks to the client's perspective.

We begin by listening and we build long-term relationships with our clients by continuing to listen. We believe our work must always be grounded on strong, individual attorney-client relationships in which we work with our clients toward shared goals.

Our philosophy is markedly different from what seems to drive the many law firms that have been reshaping the legal profession. Unlike the narrowly — focused approach of such firms, where attorneys seem to be detached from their clients and their client's overall business concerns, we seek to know our clients well. Rather than limiting client interactions to isolated events with an ever-changing cadre of attorneys, we assure clients an ongoing working relationship with attorneys who know and understand their clients business.

Convincing? Your commitment is not what your marketing says it is, it's what your client thinks it is. Most important to your client's perception is their experience. Clients will believe their own experience before they will believe your representations.

From a recent article in a specialist monthly magazine

for in-house counsel, with a 60,000+ readership in the US and overseas, we noted:

“... law firm marketing machines bombard potential clients with exhortations about client focus and their ability to add value, yet in-house counsel surveys continue to show that, for the most part, they merely tolerate the service levels of outside counsel and that few are truly satisfied clients”

- “Get More Value from Outside Counsel: Show Them the Flipside” ACCA Docket, April 2003

So few firms (whether in their client service rhetoric or even in their recruitment efforts) seem to realize that they make the very same representations as almost every other firm, offered up as though they really do believe they are unique — as indeed many of them genuinely believe. Moreover, firms also seem to believe that these representations will be regarded as convincing, when in fact it is highly unlikely that they themselves would be persuaded by words alone, if they were sitting on the other side of the table as the buyer of professional services.

Develop Internal Client Service Standards

A mid western-based firm codified their internal approach into two, printed and hand-somely bound pages, divided into four categories and encompassing twenty-two distinctive “Standards.” The tag line boldly pronounces “Our Client's Success is the Highest Priority of our Law Firm.” Sounds good so far.

We are then introduced to a number of this firm's client service standards. Here are but the first five of twenty-two:

- *Understand the Client and the Client's business; read source material; visit the facility.*

“What do you think the likelihood is that you are facing the situation of losing some key clients, in some area, of your own firm?”

- *Understand the Client's goals and most pressing business considerations.*
- *Listen carefully and respond in a fashion which shows that you have been listening.*
- *Analyze each specific legal problem within the context of the Client's business environment.*
- *View the problem through the Client's eyes; understand the issues and the pressure on the people you are assisting.*

As it is true with any supposed standard, one must ask, "but, how do we know that this is happening . . . and happening consistently . . . without exception, throughout the firm. And this is precisely where even vague standards in most firms fall apart. Either they are worded (by Committee) in significantly obtuse terms so as to be regarded only as concepts at best; or they lack any means of consistency or enforcement leading to the typical partner reaction; "ain't no rule around here that I can't break!"

Set up Client Teams to Serve Our Largest Clients

The dictates of a fiercely competitive marketplace have led firms throughout the country to also examine constituting Client Teams - - relatively small groups of lawyers formed and linked by a common interest in serving the same client. Why? Well, in virtually every law firm, 80% of the firm's revenues come from 20% or fewer of its clients. Indeed, earlier this year we read about how one Top AmLaw firm, among a number of others, has been moving in this direction:

One West-Coast based firm now has 120 client teams – ranging in size from a half-dozen attorneys to nearly 100 – devoted to its largest clients. Through regular monthly meetings, each team stays up to date on the work the firm is doing for the client and discusses news and developments relating to the client. The teams

also all have leaders, giving clients a primary point of contact with the firm.

The motivation for this reorganization, as proffered by a number of advocates, seems logical and unassailable: "Client-Focused Teams represent the ideal approach to business development."

According to the Director of Client Development at one 300 attorney, Texas-based firm who built 50 client teams in their first year, "The teams reflect a smarter approach to marketing in which law firms plan marketing strategies around their clients, rather than their internal practice groups.

Sounds simple. We know it isn't. While forming client teams remains an exciting and viable concept, questions and management issues abound. Client service teams mean much more than marketing. The term "service" means this term should be the primary focus. How do client service team management issues correlate to other management structures in a firm such as practice groups, geographic locations and industry initiatives? Who is accountable and where is the "credit"? Unfortunately, many firms that pursue this avenue turn to quick fixes that ultimately can cause more damage. Consider what is offered by some consultants as your suggested first step:

Before creating your teams, you should begin with providing marketing training for all of your partners. (The presumption is that we would benefit from training and dispatching hit teams to give new business pitches to our existing clients.)

According to one consultant noted for his work in training client teams:

All data necessary for the team members to set their goals should be distributed at the first meeting. For example, any available information on legal fees paid out by the company to other law firms is essential if the team is to get a handle on what it is really going after in terms of volume of new business.

All too often we look at our client's situation through the lens of our own service offerings and our own desire for a 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!"

Successful firms "romance" their key clients – instead of segmenting them into targeted entities with aggressive campaigns to hunt them like prey. George Fisher, the former Chairman and CEO of Eastman Kodak Company was reported to have put it this way: "Some of the outside professionals I have used focus on adding value the whole time they are working with us; the others are in there aggressively trying to sell the next project, which is just irritating."

Client service teams can add a new model in the service component so long as they focus on how to most effectively deliver superior responsive service to clients. Client service teams can establish uniform standards for the delivery of services to a client, can communicate to the entire teams the client's culture and the high value services for that client, i.e., those services most important to the client.

WHAT IS THE MAGNITUDE OF THE POTENTIAL THREAT OF KEY CLIENT DEFECTIONS?

During the past several months on behalf of both an AmLaw 100 and a Global 10 law firm, Edge International has had the opportunity of conducting numerous personal interviews with senior executives and General Counsel at over 100 of the Fortune 1000 companies, across an international landscape. As we compared our findings with those obtained from the premier research firm: The BTI Consulting Group in Boston, together we have been able to draw some interesting conclusions.

Today, the typical Fortune 1000 company is likely to spend somewhere in the area of \$11.6 million with outside law firms – an amount which continues to escalate in spite of harsh economic conditions. In fact, these companies have experienced an increase of over \$1 million in their spending with outside firms during the past year, and that level of spending is expected to head even higher.

"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!'"

However (and here is the salient, and for some, scary finding), a much larger portion of the increased spending will go to far fewer firms!

BTI's research has discovered that these Fortune 1000 companies divide their budgets among a number of law firms that fall into one of three categories.

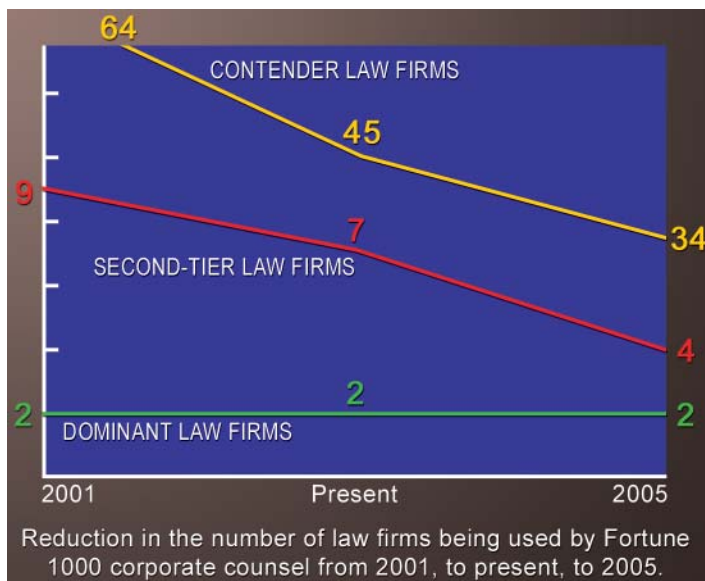
The first, we will label the "Dominant" or Primary Firms. These firms secure the most lucrative work and likely divide that legal spend such that each will realize approximately \$2.9 million in fees. A Fortune 1000 company will almost always favor only two Dominant providers. Our conservative projection is that these two providers will be realizing about \$3.8 million in fees each by 2005. There are only two of these primary firms – but they each get 50% of the spend on outside counsel.

The second category is what we can call the "Second-Tier." Fortune 1000 companies report that they use about 7 law firms for their advice in specialized or highly valued practice areas. These seven firms will each receive about \$500,000 in revenues from each company they serve; growing to about \$1.1 million by 2005. These secondary firms are close enough to get a clear shot at the lucrative work the minute any General Counsel starts to think client service isn't what it should be.

General Counsel have already cut the number of secondary firms by 20% and plan to cut another 20% in the next 18 months. If you are secondary – you need to get yourself to primary or you risk becoming one of the "Other" firms that are jurisdiction specific, have unique specialties

and serve as a function instead of providing valued advice.

We repeat - The discomfoting NEWS FLASH: this listing of 7 Second-Tier law firms has been reduced from 9 and expected to further contract to only 4 firms in total by 2005.



This process is known as “convergence,” a lumbering bit of jargon referring to how in-house counsel are actively reducing the number of law firms on their approved lists. The idea is to establish strong “preferred provider” relationships with a drastically smaller number of select firms.

The further startling fact is that while Corporate Counsel are actively working to reduce the number of law firms which they allocate their work, a large majority are open to, and accepting entirely new firms to their roster – as replacements for some of their existing firms. So not only are you exposed to being cut from the roster through attrition, you are also at risk of being replaced by an outside firm that can demonstrate that they can provide a higher level of client service. In fact, 63.1% of Fortune 1000 companies have hired a new major credible law firm in the last 12 months. In the face of cutbacks, clients still are testing the waters with new firms to get what they want from their law firm.

Translate this to mean: Certain law firms are going to get cut from client rosters. Every law firm is vulnerable. Your firm is vulnerable to losing millions in revenues over the next few years if you don't actively make these client demands

work for you. Why?

General Counsel of Fortune 1000 companies are reporting that they just aren't too overwhelmed by the level of client service they receive. They report that far too many of their law firms meet only the minimum requirements. Law firms continue to do enough to just maintain relationships, but nowhere near enough to exceed General Counsel's expectations . . . and General Counsel's are becoming more collectively resolved to only continuing to use and to recommend those firms that exceed their expectations. The disequilibria in law firm performance and General Counsel expectations is now driving them to take steps to improve the situation.

All of this has profound implications for your firm:

- ❖ There is a significant amount of revenue available to those select firms that can manage to stay on a Fortune 1000 client roster;
- ❖ There is an even greater win achievable to any firm that can find the way to leverage their position to a higher category – e.g. be able to move from a Second-Tier Firm to the Primary position, and therein being able to displace one of the Dominant players;
- ❖ There is the potential, (in fact high probability) under the right circumstances, to be added to a Fortune 1000 roster and displace one of the existing firms that is not satisfying General Counsel's expectations;
- ❖ There is the potential to introduce systems that actually help rather than hinder the firm's lawyers to do the three core things that all professional services providers should do (and which will set your firm apart), of identifying what adds value to clients; delivering that value; and demonstrating having done so – in terms relevant to the client's business, not just yours; and
- ❖ Your firm is vulnerable to losing any one of these significant clients and then suffering the pains

of how to restore your lost revenues, partner profitability, status, and attractiveness to laterals.

“General Counsel of Fortune 1000 companies are reporting that they just aren't too overwhelmed by the level of client service they receive and so a much larger portion of their increased spending will go to far fewer law firms!”

Legal skills are important to clients, but not viewed as a scarce resource. Client service combined with superior legal skills is rare and differentiates law firms and lawyers in the minds of clients.

Winning law firms proactively address their clients' concerns and demonstrate their continued support for helping clients reach their goals. The most effective way to address cuts in the number of law firms is to help your clients reduce the number of firms with which they work — that is to join or lead the process.

Help clients in defining and prioritizing their core needs and work with them to translate those needs into a law firm selection process that weeds out your competitors. This approach makes you part of the process and gives your firm invaluable knowledge about your clients' business objectives. It also builds the client relationship and freezes out competitors as you differentiate yourself on unique, applied client-specific knowledge — something that is hard to replicate once developed.

Now, in order to execute this strategy, you need to understand your client's needs.

ANTICIPATE YOUR CLIENT'S NEEDS – BEING ONE STEP AHEAD

Almost forty years ago, management professor Theodore Levitt, talking about the purpose of a business being to create and keep a customer, advocated that the modern firm should “view the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs.”

All the talk about setting up Client Teams and relationship building must start with an understanding of your client's needs. Those who talk about “share of wallet” (the latest consult-speak buzz word) fail to recognize that you can't get access to the client's wallet if you don't first earn access to that same client's heart and mind by satisfying their needs. But how do you define and determine a client's needs?

For our purposes, it would be helpful to think in terms of four distinct categories of client need. Each need category can produce a highly intense and emotional reaction on the part of the client in believing that they either are or are not getting the level of service they require.

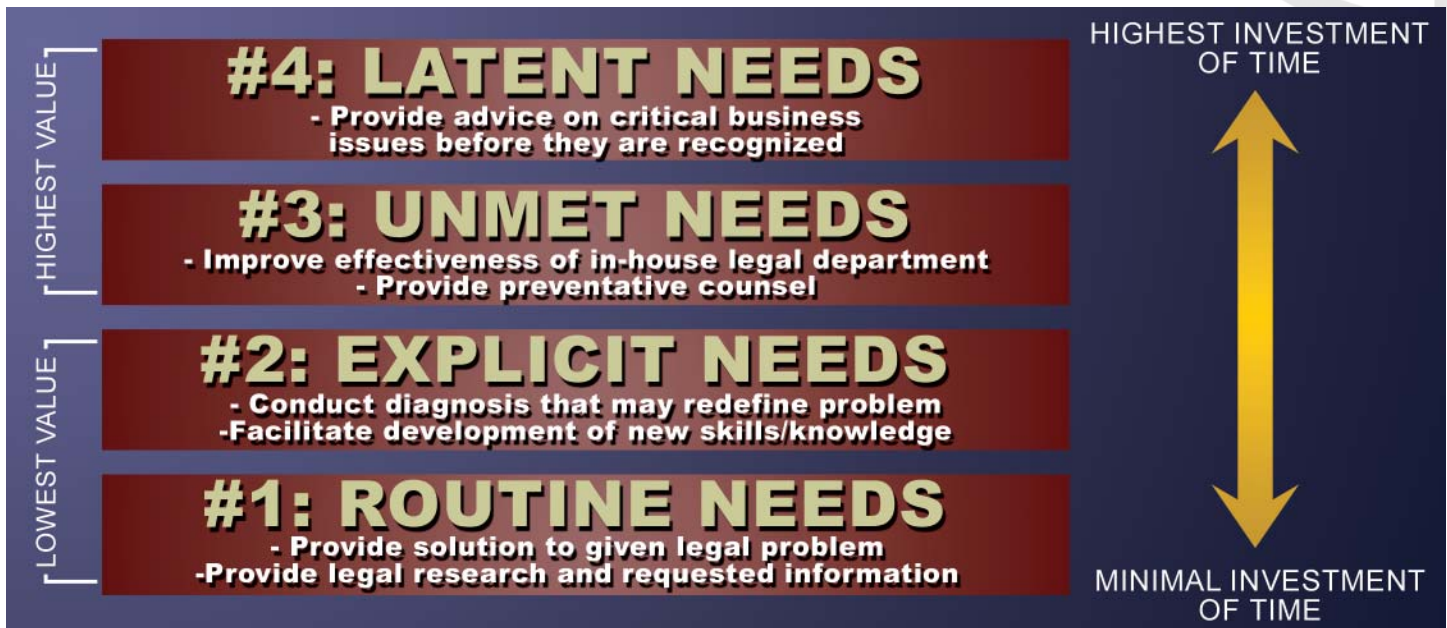
Each category also represents a unique service challenge in that each progressive category requires an increasing investment of non-billable time but correspondingly also results in further cementing the client's loyalty. This translates into additional marketing opportunities.

#1: ROUTINE NEEDS

These represent the most basic ‘table-stakes’ for even being allowed to play. “Routine” needs add no real value. But fail to deliver here and you are likely to have the client quickly looking to one of your more eager competitors to serve their needs.

Routine needs include the basics of:

- Being responsive;
- Ensuring that the client has a contact that is easily accessible;
- Having a modicum of good interpersonal skills;
- Keeping the client informed in a fairly timely manner;
- Meeting technical specifications;



- Handling problems as they may arise on a coordinated basis; and
- Providing some measure of value for the dollar.

Sample **QUESTION** designed to elicit the client's routine needs:

- How could we improve the level of service to you, beyond that which you are currently receiving?

Typical **RESPONSES** we have received from General Counsel in interviews:

"There are so many good lawyers out there they need to understand that they can really only differentiate on service and on attitude. Attitude is really important. I am continually shocked at the inability of lawyers to make clients their focus. Lose the ego; come to me (the client). I'm continually amazed at the arrogance."

"Contemporaneous billing—I get bills months after the service is performed."

"Keep me informed of what you're doing by e-

mail; don't write a letter and edit it, just send a quick e-mail."

"It is becoming increasingly difficult to find a lawyer who will simply answer a question and who will give advice. We don't want a 5 page memo that explores the options, but doesn't give us advice."

Sample **ACTION PLANS** that a client might actually value:

- Find out precisely how your particular client contact defines "responsive," routine versus high priority matters, what a reasonable time period for response would be, and an acceptable back-up in cases of emergencies. Further, determine with your client contact, under what circumstances they would prefer a face-to-face meeting, versus a telephone conversation, versus an e-mail or other modes of communication. Have a written, "preferred communications protocol" developed, available, and communicated to every professional and support staff member serving this particular client contact.

- Make it easy for your client to contact any of your people. Produce pocket phone directories or charts of the "team" complete with e-mail addresses, home, cellular, and direct dial office numbers.

Satisfying your client's Routine needs means letting clients tell you what kind of information they want, what level of service they desire, and how they want you to communicate with them – where, when, and how often.

#2: EXPLICIT NEEDS

Explicit needs are those that are relatively easily recognized and articulated by clients. This is where clients clearly know what they want and can easily comparison-shop between various providers. Since these needs are the easiest to identify, value comes in helping clients solve their bigger, more compelling needs - not in tweaking existing offerings.

Some of the more common "Explicit" needs that General Counsel will often make reference to include the need to have their outside lawyers:

- Have some basic understanding of the client's business;
- Deal effectively with unexpected changes;
- Provide unprompted communications; and
- Evidence a genuine commitment to help

Sample **QUESTION** designed to elicit the client's explicit needs:

- When it comes to your experience in dealing with firms, what are some of the problems or frustrations that you have personally experienced in dealing with the lawyers that have served you?

Typical **RESPONSES** we have received from General Counsel in interviews:

"Assign a manager or relationship partner, particularly for large multi-nationals like ourselves. Someone in the law firm needs to dispatch and manage the work and I should not

have to pay his/her hourly rate for that dispatch work. It is amazing to me that 90% of the time lawyers don't have any idea what other of our matters are being handled within their firm."

"Continual non-matter, personal contact; make an effort to know your contact face-to-face, not just by telephone; take an interest beyond that which you have been retained to do."

"Website-driven questions for simple matters would displace the need to go to firms for small issues."

"Instead of inundating me with fifty pages of reading an insomniac couldn't stay awake for; simplify it and keep it to the point."

"Stick to the basics: customer service, develop a counselor relationship with clients (both inside lawyers and business people) and become their trusted advisor."

"Provide in house seminars for my legal department, in my offices. I have asked and most firms see this as a huge imposition."

"Everybody tries to sell bullshit seminars; the ones that work are when attorneys come out and talk to people, sit down and talk face-to-face, one-on-one or in small groups; seminars are a dime a dozen."

"Training and/or literature needs to be much more basic in its approach; most literature and seminars are written for attorneys, so it goes right over the heads of our managers."

Sample **ACTION PLANS** that a client might actually value:

- Invite your client (regularly) 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?

- Let your client design their own invoice. How do you know what your clients want to see on an invoice? Instead of waiting for clients to ask, initiate the process. Tell them about your capabilities, show them a menu of options, and invite them to design something to meet their needs. Offer clients alternatives so they can choose what fits with what they need for budgeting purposes. Help them to help you simplify your billing statements - the most regular and frequent communication tool your firm uses. If electronic billing is desired, accommodate the need.

#3: UNMET NEEDS

When clients describe or react to their “Unmet” needs, they will often project strong feelings or tension, using expressions like, “I really hate it when . . .” or “I would really be impressed if some firm could . . .” These needs really matter to clients and occur where clients have a sense of what the service offering should be, but their needs tend to exceed the scope of the standard services offered by a typical firm. Ironically, the market for services to solve unmet needs has been growing and will continue to grow.

Some of the more common “Unmet” needs that General Counsel will often make reference to include the need to have their outside lawyers:

- Conduct ongoing litigation analysis to help the legal department identify the underlying operational causes of litigation and then help develop proactive legal strategies and preventative programs;
- Help the legal department construct early case assessment processes and reporting systems, and create solutions to manage internal staffing concerns;
- Assist in defining formal performance metrics (that go beyond spending and budgetary considerations) for reporting law department progress to the corporation's executive; and

- Provide in-house training in relevant changes in law and applicable regulations.

Sample **QUESTION** designed to elicit the client's unmet needs:

- What could we be doing that would make your life easier?

Typical **RESPONSES** we have received from General Counsel in interviews:

“It is very frustrating when outside counsel don't understand the internal politics of the client organization and the General Counsel's position in it.”

“Go beyond typical substantive law on a proactive basis to consultancy of such issues; give the in-house counsel guidance in terms of existing policies that might give rise to vulnerability.”

“Offer preventive lawyering or preventive services.”

“Take more of a consulting approach so that you not only understand and can help decipher the legal implications of a topic, but you can also think of operational implications and help us to think through the cost implications.”

“I need transparency in billing so that as General Counsel, I know the who, what, where, when, and why on every time entry. General Counsel often has to allocate costs over a web of subsidiaries and you should do what you can to help them with that.”

Sample **ACTION PLANS** that a client might actually value:

- Make connections for your clients to help their businesses. Do your homework.

- Introduce your key client contact to some individual of strategic importance to them (sources of capital, referral sources, strategic vendors) or some individual that represents for them a potential future customer. This is one of the most effective ways to add value to your relationship.
- Attend an industry event (meeting, trade show or conference) with this key client. Learn about their industries with them. There is no better way for you to develop first-hand insight into the challenges the client faces - regulation, deregulation, diminishing or maturing markets, exponential growth, and so forth.

These Unmet needs require professionals who consistently go the extra mile in solving the client's problems and improving their business

#4: LATENT NEEDS

Although clients can often describe what they don't like about the service they may receive, they often can not adequately express ideas and concepts that would help solve their higher level needs with clarity. Latent needs often arise where clients don't easily recognize they have a problem or they don't know exactly what particular services they are looking for. These needs may unfold as General Counsel has more formal involvement in the corporation's strategic direction, new product development efforts, and planning to address the corporation's future business trends and challenges.

These Latent needs can only be unearthed by lawyers who are prepared to invest a significant amount of their non-billable time actively collaborating with the client and learning the inner-workings of the client's business. The client here may be looking to their outside legal counsel to help them integrate their legal activities into the business, anticipate future business challenges, and add business value to the organization.

Sample **QUESTION** designed to elicit the client's latent needs:

- If you were appointed the CEO for a law firm, what would you do differently?

“These needs really matter to clients and occur where clients have a sense of what the service offering should be, but their needs tend to exceed the cope of the standard services offered by a typical firm.”

Typical **RESPONSES** we have received from General Counsel in interviews:

“Do as much as you can not to think simply as a legal advisor or advocate, but as a business partner; a willingness not to just get a good handle on the legal issue at hand, but the business strategy as a whole and learn the business, learn what the interests of the business are.”

“Do a risk-analysis of lawsuits; compare cases within or across industry looking at best-in-class or worst-in-class performances and offer suggestions on where we are at risk.”

“Help me recognize potential areas so I can evaluate our company's position relative to new and evolving legal topics; the overture is welcome and appreciated.”

Sample **ACTION PLANS** that a client might actually value:

- Develop a company profile for the client which is regularly updated and distributed to members of the client service team.

- Obtain a copy of and personally read the strategic plan of this key client company.
- Make an active internal effort to subscribe to, read, and circulate pertinent clippings from this client's trade publications

Improving your client's condition, not just meeting expectations is paramount. The key is to build deeper relationships and 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.

IT'S ALL ABOUT SERVICE, IT'S NOT ABOUT SELLING

Ask any partner in a good law firm anywhere, about the quality of service they provide their client and they will swear to you that there is no one that does it better. Indeed, they will tell how convinced they are that there is not another law firm anywhere who services their clients to the level of excellence that their firm provides. Almost invariably, this belief will be genuinely held.

Now try posing this series of questions to a group of your partners:

“Think about the clients you personally serve. Identify the one company that you would regard as your most significant client – the client that represents the largest revenue which should mean where you have the closest relationship. Now hand-on-heart, answer the following ten questions honestly and give yourself one point for every one you can answer in the affirmative . . .”

During the past 6 months, have 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 that we can specifically do to improve our level of service to their company?

In addition:

7. Have you obtained a copy of and personally read the strategic plan of this company?
8. Is there any active internal effort to subscribe to, read, and circulate pertinent clippings from this client's trade publications?
9. Have we established an extranet to service this key Client?
10. Have you developed a written Service Enhancement Plan, which identifies this client's future needs and how you are intending to address those needs?

We did this exercise a couple of weeks ago with a group of twelve executive members of an AmLaw 100 firm with over 400 attorneys, each of which controlled a seven figure

book of personal business. We asked how many of them could honestly tell the group that they scored **three or more** on the ten questions (not exactly a passing grade). Still, only three (3) hands went up. Then what do you suppose happened? The other nine debated amongst themselves whether these kinds of actions were really appropriate for their firm's lawyers to be undertaking with clients! (Typical defensive reaction.)

Why this reaction? Most partners are committed to providing quality service in spirit, but lack the discipline to fully embrace that commitment. In an early scene of the film, *Kramer vs. Kramer*, we see Dustin Hoffman receiving congratulations from his advertising agency peers. He happily tells them how his landing the \$2 million Revlon account was "one of the five best days of my whole life." Likewise, most accomplished Rainmakers will readily admit that landing new clients is the greatest thrill; the thrill of the chase. Nurturing and keeping those clients once they've been brought into the fold . . . now that's hard work.

And yet these ten questions represent but a few of the kinds of precise actions that our research suggests is the hard work that most firms are NOT doing and that these Fortune 1000 companies would sincerely value. And therein lies one of your greatest sources of competitive strategic advantage . . . if you can merely inspire the discipline to execute!

YOUR SERVICE MANAGEMENT CHALLENGE

The Lesson: It's a simple matter of investing time with your clients, showing a genuine interest, asking clients to tell you what they value in your relationship and asking what more you can do for them. If you don't treat your existing clients like new clients, they will soon become your former clients.

- **It's all about excellence in service, not credits for origination.**

Superior client service is the leading reason why clients will stay satisfied and remain loyal. Professionals need to

"Client service combined with superior legal skills is rare and differentiates law firms and lawyers in the minds of clients."

drill deep to discover those obscure bits of information that proffer new and latent client needs. Conducting a series of meetings with any one client is analogous to taking a snapshot. Deeper insights and a sense for the patterns of change comes from taking a continuing series of snapshots from as many different angles as possible.

- **Declining satisfaction cannot be offset by lower fees.**

The responsible partner must have everyone charged with serving the particular client and continually asking: "What is the WOW factor in the service we provide this client?"

- **Inadequate client service is a discipline problem.**

The presence of a client "service" team is an important dynamic – but begins to fail miserably to the extent that there is no enforced discipline for how everyone will be required to perform. Very few firms will make excellence in client satisfaction an enforced standard.

Indeed, it has been said that "the last major transition [in law firm management] was mostly internally focused – on more efficient structures, systems and processes . . . - law firms striped out inefficiencies, more effectively used leverage,

and generally developed better business models.”As a result, law firm performance systems focus on processes ‘internal’ to the firm – billable hours, budgets, disbursement recovery, leverage rates and more.

You must institute mandatory client feedback on every transaction, followed by full managerial follow-up, with the results to be used in performance counseling and compensation. Also, very few firms will dedicate a primary focus to relationship building. You must allocate specific non-billable responsibilities for nurturing designated key existing clients with appropriate accountability and “credit.”

- **Once clients have experienced the art of the possible, it is difficult for them to settle for less and easy for them to expect even more.**

The attributes of what constitutes memorable (or just acceptable) client service are far from static in the client’s mind. What could be considered outstanding service today may only be regarded as good service tomorrow. In fact, clients constantly change and upgrade their standard for client service.

Could it be any clearer? Could it be any more observable? Could it be any more daunting a challenge to implement? The answer to all three of these questions is obvious!

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