

## Client Retention and Development

### Through

### Active Account Management

The market for the supply of legal services is now as challenging as the commercial world. Most firms find themselves operating in a market that is increasingly competitive; where new entrants as well as traditional competition are aggressively targeting existing clients. Services are becoming offered in increasingly innovative ways and selling, marketing and pricing strategies are more aggressive and creative.

These challenges are accentuated by the current economic excitement making it even more imperative for law firms to maximise income from their existing clients and contacts as this is both easier and cheaper than attracting new business from new clients.

We need a business development and strategy whether we like it or not. For true effect this has to be communicated to the practice and buy in sought from all relevant people. There should be a plan for client retention, the development of existing clients and a separate one for new business. These plans and objectives need to be SMART with milestones and real measurable objectives (including financial). Coaching as needed for key players is essential and real objectives applied.

On this subject I have turned to Darren Francis for his observations. Darren is an ex lawyer and now a consultant with Pepperco advising law firms on client audits and account management strategies.

He says "A great place to start is clients (or referrers of business) that provide the highest level of income or contribution. This needs to be coupled with some basic analysis to identify which clients and introducers are additionally strategically important (while not necessarily **currently** providing the highest income levels themselves)."

Key Account Management (KAM) for most law firms is not about the sophisticated management of a diverse and numerically frightening customer database. It is about identifying those clients (perhaps between 10 and 15 clients; often less than 10) the absence of which would hurt the firm. It is also about identifying those clients who are likely to be capable of 'buying' other services that you offer.

***In a nutshell, Key Account Management is about the imperative to retain existing income sources while, at the same time, identifying and developing new income streams from existing contacts.***

Having identified key clients firms must consider how to engage (and in many cases how to **begin to** engage) in a meaningful way and in a way that your financial objectives can be best achieved. Larger firms are likely to have client development heads for each client sector, each of whom design key account management plans for each client and each of whom will be responsible to a Business Development Director and/or CEO for the outcome and results.

For the mid-market and smaller firms this level of resource is not usually possible. It is equally as critical that these firms benefit from account management plans for key clients. The smaller firm must not give up and needs to find a cost effective way to handle the challenge.



Every firm, irrespective of size can undertake a simple process.

1. Identify key clients (usually 5-15)
2. Set objectives for the process (for example identifying opportunities to promote additional services to certain clients; finding out whether there are any issues that may adversely effect the retention of certain clients).
3. Conduct a formal face to face structured meeting with each client in order to capture a body of pre-agreed information. Develop a standard client profile that enable comparisons and focus on the real issues. It also provides a template for discussion with the client which helps demonstrate your interest in him. Many clients feel that this empathy and partnership with their law firm is missing.
4. Report back to the firm, review, and act on the findings.

This is only a slight oversimplification of the process. It doesn't require investment in a CRM system as information from the PMS system can go a long way in the provision of necessary basic data and I have seen a few of the PMS systems suppliers that have developed their marketing modules to effect a number of the requirements of CRM. You will get a wealth of information from this exercise, it won't be all related to financial objectives, and some of it may be uncomfortable. However it will provide a basis on which both individual lawyers can be developed and by which service improvements can be implemented. There will also be quick wins – perhaps there are opportunities to obtain immediate work volume increases from some clients where this had never really been discussed before; perhaps there will also be an indication from a client that they are dissatisfied with certain aspects of the service enough to instruct another firm on a 'try out' basis and where you can take proactive steps to save a relationship.

Darren also says "There may be a number of benefits to having an independent element to conducting client audits and the development and monitoring of key account plans. For example,

- Clients are more willing (perhaps perversely) to provide a 'warts and all' commentary to a third party than to someone with whom they have an operational relationship.
- The cost of taking partners out of the office to conduct these exercises is often more than having the process conducted independently.
- The same independent consultant who conducted the client audit can then be used as a resource to sponsor any follow-up communications and change implementation through to completion (there is nothing worse that soliciting organised feedback from clients only to be unable to implement change through lack of resource)"

Darren and I certainly agree that the key to all this is 'don't be afraid'. The suggestions above whether conducted fully in house or with a steer from a consultant can be achieved in a closely managed and cost efficient way. There will be some surprising quick wins plus some alerts to potential problems but they will, help provide solid platform from which further account management and business development activity can be developed for this first batch. The exercise can be applied to commercial work and equally to major private clients and certainly referral providers. I certainly believe that the process has to be **owned by partners** and managers in the firm but third party advice has a major role to play.



I used to manage an account management team in commerce. We started customer profiling with a few but then over time we undertook detailed reviews with 30% of our larger clients. For the top 15 it became a six monthly repeat process. We saved some who because of lack of communication may have gone away, we developed nearly all with more and diverse service offerings and both the account managers and the clients enjoyed the experience and we kept the competition at bay in some cases where they perhaps some product advantage. It is about partnership and the majority of clients enjoy that.

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