

# Managing Client Relationships for Profitability and Growth

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## **WHAT IS CLIENT RELATIONSHIP MANAGEMENT?**

IN HIS FOREWORD to a recent survey on public perceptions of lawyers, Robert A. Clifford, past chair of the Section of Litigation of the American Bar Association, observed, “Lawyers must communicate more clearly and effectively with clients about their legal matters and legal fees; they must be taught the importance of lawyer-client relationships in law school.”<sup>1</sup> One of the questions on this survey asked respondents to rate the importance of various consumer-centric actions that lawyers might undertake. On a nine-to-one scale, where nine meant “Very Important,” 80 percent said it was “Important” that

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<sup>1</sup> Leo J. Shapiro Associates, “Public Perceptions of Lawyers, Consumer Research Findings,” April 2002, p. 2.

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lawyers “Do a better job of communicating with their clients.”<sup>2</sup> As we will demonstrate, better communication with clients is at the heart of a process that has the potential to significantly improve the profitability and growth of your firm, no matter what the size. That process is Customer, or Client, Relationship Management (CRM), which is defined as a

business strategy leveraging Relationship Intelligence that enables firms to exceed client needs and expectations as well as [the firms’] revenue and productivity objectives. Relationship Intelligence is defined as a firm-wide asset that reveals the unique and complex connections between people, companies, relationships, experience and expertise, empowering professionals to leverage who and what they know to uncover new revenue opportunities, differentiate themselves from the competition and enhance client service.<sup>3</sup>

The allure of CRM “is rooted in common sense which dictates that the more an organization knows about its customers and the closer the relationships it can forge with them, the better it can serve their needs and the more it can sell.”<sup>4</sup>

In the pages that follow, we will explore how client information, or “Relationship Intelligence,” can improve the real and perceived value of your services to a client. We will also discuss five key components you will need in your firm’s CRM plan:

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<sup>2</sup> *Id.* at p. 32.

<sup>3</sup> Interface Software, “CRM and the Professional Services Organization: Understanding Relationship Intelligence and Its Benefits,” website White Paper available at <[www.ebusinessforum.gr/content/downloads/wp0156.pdf](http://www.ebusinessforum.gr/content/downloads/wp0156.pdf)>.

<sup>4</sup> *Id.*

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- Client information—what you know and what you need to collect.
- How this information will be collected.
- How the information will be stored and retrieved.
- How the information will be used to support existing client relationships.
- How the collective client information will be used to support your new client acquisition efforts.

### WHY CLIENT RELATIONSHIP MANAGEMENT?

Processes for managing customer relationships were put into practice decades ago, if not earlier, by the proprietors of small retail establishments. In those situations, management of the customer relationship relied on the very real, one-to-one connection between the storeowner and each customer. Along with the proprietor's personal knowledge of each customer came the understanding of what that customer valued and how to relate to that customer as an individual. Customers were treated with deference as opposed to indifference. Providing goods or services to customers, while catering to their individualism, allowed the storeowners to establish a loyal customer base built on long-term, personal relationships.

In our current business environment, characterized by instant communication, Internet transactions, and a “bottom-line” focus, it is very easy for consumers to feel that businesses are indifferent to them as individuals. This is a predictable outcome. With the computing power that is available even to small businesses today, it is easy for most enterprises to analyze their customer transactions, draw conclusions from that analysis, and then apply those conclusions in an inappropriate, generalized way.

Analytical power enables businesses to understand with much greater accuracy which products, transactions and customers are most profitable—and which customers are unprofitable. For example, when the banking industry began using sophisticated database-mining software, it

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discovered that a large percentage of its customers were not profitable to maintain. These customers used a basic level of services and did most of their transactions with the bank using tellers. A number of banks began actively trying to move customers away from face-to-face interaction with tellers and towards the use of ATMs and online banking. Some closed their branches on weekends and cut back on branch hours of operation. For the banks, these initiatives cut costs per transaction, and delivered more profits to their bottom line, at least in the short term. For those customers that valued the interaction with the teller, I have no doubt that they feel they are nothing more to the bank than an impersonal account number with an associated revenue figure.

On the other hand, as the mode of doing business has become ever more streamlined, many enterprises have aggressively tried to find ways to build a level of personalization back into an otherwise impersonal transaction. Take, for instance, online retailers. Some of them now offer customers the option of setting up a personal database where their body shape and sizes can be stored so that clothing items may be “tried on” electronically. These virtual stores are trying to find ways to personalize and strengthen the relationships they have with their customers.

While the jury is still out on whether the banks are being smart about their approach to business, you must recognize that the relationship between attorney and client, in most instances, is far more personal by its very nature than most business-to-consumer and business-to-business transactions. The lawyer-client relationship often deals with a person’s major life events, such as purchases of property or a business, divorce, bankruptcy, criminal accusations, estate planning and so on. Because of this, there is an even higher expectation that communication will be thorough and timely, and the relationship highly personalized.

In Chapter One it was noted, “Clients don’t leave because of fees. They leave because of *indifference by you*

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*or someone on your staff.”* Any time there is a gap between what clients expect and what they experience—because some action took longer than anticipated, or they did not hear back from your firm when expected, or for whatever reason—there is the danger that they will feel disappointed. From that disappointment, it is easy for a perception of indifference to begin to build. It is the combination of the consumer’s heightened sensitivity to today’s impersonal business climate coupled with higher expectations of the lawyer-client relationship that make it imperative for lawyers to proactively manage these relationships.

### IT’S MORE THAN JUST COMMUNICATION

Good communication, however, is just the beginning of Client Relationship Management. You have undoubtedly heard the street expression, “If you’re going to talk the talk, you’d better be able to walk the walk,” or words to that effect. That is also very true of CRM. It is much more than just communicating with your clients—“talking the talk.” The high level communication between law firm and client that is envisioned with CRM means using this two-way exchange to better understand the client and to use this understanding to deliver better value—“walk the walk.” Improving communications with clients, without improving the delivery of value, will be seen as just more “noise.” Instead of more noise that clients will tune out, CRM is the vibrant interface between firm and client that enables you to align your firm’s client value delivery system with your clients’ wants and to deliver the value that will keep them loyal to your relationship. “In today’s dynamic economy, creating tangible value for customers is the critical success factor.”<sup>5</sup> “What distinguishes the few firms using CRM effectively is a clear focus on growing customer value—on building customer relationships that enhance the long-term flow of profits to the company.”<sup>6</sup>

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5 Lawrence A. Crosby & Sheree L. Johnson, *What to Do Before Going 1-to-1*, Mktg. Mgmt., Winter 2000, p. 21.

6 Eric Almquist, Carla Heaton & Nicole Hall, *Making CRM Make Money*, Mktg. Mgmt., May/June 2002, p. 18.

## **WHAT DO CLIENTS VALUE?**

But what is of value to our clients? What matters most to clients in the fulfillment of their legal needs? A properly implemented CRM system forces us to ask our clients *what* is important to them, and *how* we can create and *deliver* value. Is it through our knowledge and expertise, which allow us to work out complicated legal issues? Is it saving clients time and money with our skillful application of state-of-the-art legal technologies? Is it the sense of security that comes from having a trusted and expert legal adviser? Or is it a complex combination of these factors, and others? Is the perception of value different for business clients than it is for individuals?

### **Desired Value Attributes**

The answer is that the combination of desired value attributes will vary from client to client, as will each client's perception of value. Just as the retail proprietors of long ago understood what was important to each individual customer, our challenge is to understand our clients and what they expect from their relationship with us. CRM can provide the critical Relationship Intelligence that helps us to identify, with a high degree of confidence, the particular value attributes sought by each of our clients. Value attributes may include a degree of personal attention, timeliness in handling their affairs, costs, consistent communication, or overall comfort level. Value is created when their particular legal needs are addressed in a manner that is in sync with their value attributes.

For example: a colleague of mine was selling a home and, as part of the negotiation with the buyers, he included an option that allowed him to rent the home from them for 30 days if he needed additional time to complete his move. As the closing date approached, he realized that his move to his new home could not be completed in time. He informed his attorney that he wished to exercise his option to rent the home, and this was communicated to the other party. Apparently the buyers had forgotten this arrangement; they had agreed to vacate their premises on the

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exact closing date. While my colleague was within the terms of the purchase agreement, the buyer's attorney began to put a high level of pressure on him to move out after the closing. My colleague's attorney "took the heat" and worked with the other attorney so that a mutually acceptable date was established. For my colleague, value was delivered and perceived beyond the handling of his real estate closing. His attorney understood the pressure that my colleague was experiencing in trying to finalize his move, and worked to keep additional demands from being placed on him while the details were worked out.

My colleague's experience illustrates an important point about value. Very often, it is the extra services, which are *supplemental* to the core legal representation, that create the greatest perception of value received. Consumers expect that the product or service they are purchasing will deliver as anticipated. If they hire an attorney for a real estate closing, they expect that their attorney will see to it that the closing occurs without a problem. It is the extra service, in the form of the unexpected phone call to double-check their preparations the day before, that will assure their satisfaction. And don't forget the follow-up courtesy phone call a few days later to inquire if everything is OK. These extra services leave a lasting impression and clients will recount them to friends and colleagues as they describe their experience.

### Retaining Good Clients

From earlier chapters we learned how important it is to retain the good clients that we have, and of the costs and difficulties associated with finding new clients—especially the Level Ones. The foundation for managing the relationship with our clients, for effective communications, for profitable cross-selling of our services, and for keeping the good clients that we have is knowledge: knowledge about the industries or the environment in which they operate, as well as their expectations, concerns and communications preferences. The function of CRM that helps us to understand our clients and to gain this knowledge about

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them is Relationship Intelligence—the systematic gathering and processing of client information.

Once a client has retained you, do you conduct an intake interview with that client? You will certainly explain your retainer agreement, including the services that you will perform and your fee structure, but, in addition, you should spend time asking new clients what they expect from the relationship. You should explore what worries they may have about their situation and the legal process. It is also important to work out a communications plan with your clients and agree as to how often and under what circumstances you will communicate with them. However, remember that the experience is probably new to them. While your new clients have retained you to address a particular legal matter, they may have difficulty fully understanding and/or adequately expressing what they expect from the relationship. Therefore, either you or a member of your legal team must be prepared to engage the client in a dialogue and probe for the information that you need. It is the firm's responsibility to manage the client's expectations. In order to do that effectively, you must have a good understanding of "where the client is coming from." If you have captured information as to what concerns the client may have, you or your staff may refer to these "emotional triggers" in your subsequent communications. Imagine the reaction from a client when a letter or phone call from your office starts with, "I recall how concerned you were about . . ." Clients will appreciate the fact that you "remembered" their personal issues.

An article in *Marketing Management* magazine that examined how CRM could be used by business entities to make money observed, "What [businesses] lack is a process for understanding how and where to allocate resources in order to best improve the customer's experience."<sup>7</sup> Client Relationship Management provides that process, and the client information you collect provides the basis for understanding where to focus your energies and resources so

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<sup>7</sup> *Id.* at p. 20.

that you can improve client satisfaction—and your revenues.

### PUTTING CLIENT RELATIONSHIP MANAGEMENT INTO PRACTICE

Just as the proprietors of early retail establishments used personal knowledge to individualize their services, a central tenet of CRM is to understand and respond to clients based on their particular needs and circumstances. In order to accomplish this, “CRM must be a way of doing business. All areas of the organization must be involved with and a part of CRM.”<sup>8</sup> Think of CRM as a mind-set that pervades every aspect of your firm. “The objective of a true CRM strategy is to link together all aspects of a company’s business and focus them on building long-term, profitable customer loyalty.”<sup>9</sup> Depending on the size of your firm, this may be no easy task. Hopefully, your firm’s managing partners will champion the development and implementation of a Client Relationship Management program. To be effective, at least one of the firm’s managing partners will need to become very familiar with CRM in order to explain it to other partners and key decision makers. It is critical that the firm’s management be in agreement and be fully committed to implementing CRM before you proceed.

Frank Moon, Director of Marketing at Much Shelist Freed Denenberg Ament and Rubenstein, P.C. in Chicago, has helped this 100-attorney firm to plan and implement its CRM program. According to Frank, “If the charge is led by the Marketing Director, it won’t go anywhere.” Frank and the firm were fortunate to have had managing partner support and an excellent champion in the form of the chairman of the Marketing Committee. Once management is firmly behind the program, you can begin planning your CRM strategy.

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8 Kristin Anderson & Carol Kerr, *Customer Relationship Management 2* (McGraw-Hill 2001).

9 Crosby & Johnson *supra* note 5, p. 15.

## **Assemble Your Team**

The first step in the process is to assemble a team of people that includes your CRM champion, management representatives and someone who has frontline contact with your clients, such as an administrator or a receptionist. It makes sense to keep the team small enough so that you're not trying to work with so many individual schedules that it becomes impossible to have a meeting. At the risk of stating the obvious, the whole process will work much more efficiently and the end results will be much better if everyone on the team works well together and is committed to implementing a CRM strategy. With an enthusiastic team in place, you are ready to proceed.

## **Write an Action Plan**

I strongly recommend that your CRM team takes the time to create a written action plan for your CRM program. I am a big believer in action plans because they deliver huge dividends in comparison to the time and effort it takes to create them. As opposed to your business plan or a marketing plan that is comprehensive in scope, an action plan is limited to one specific area of focus. The process that your team goes through to develop the action plan will help you get issues out on the table for discussion and resolution. This process is very helpful in making sure that the team is in agreement before you begin implementing your CRM program and ensures that there are no surprises once you get underway. As you work through the various steps of the action plan, it will help you recognize the additional resources that will be required for implementation. The plan will also be useful in identifying the roles that various staff members will play in the execution of your CRM strategy. A well-thought-out action plan will aid you in communicating your CRM strategy to the firm's attorneys and other staff members, and in addressing firm-wide culture issues. In the experience of Frank Moon at Much Shelist, a cultural shift within the firm is most critical to the success of a CRM strategy. "Lawyers like to operate on their own, much like a co-op of sole practitioners. There are territorial issues as to who owns the intel-

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lectual property. As firms are run more as a business, intellectual property decisions need to be made, such as whether the firm co-owns the relationship with the client. Culture must be addressed and from the top down.”

Because CRM is a thread that should run through your entire business process, it needs to be anchored in your firm’s Mission Statement and reflected in your strategic plan. “A successful CRM implementation is a result of a solid CRM strategy—each strategy is uniquely tailored to the firm’s culture, objectives, and capabilities.”<sup>10</sup>

As your team starts development of your CRM action plan, begin by revisiting your Mission Statement so each participant understands not only what is said, but also the broader implications. With your firm’s mission in mind, identify specific objectives for your CRM program, but be aware of the differences between objectives and goals. An objective is “a major variable that the [firm] will emphasize, such as market share, profitability, reputation,” and a goal is “an objective of the organization that has been made specific with respect to magnitude, time, and responsibility.”<sup>11</sup> For example, an objective of your CRM action plan might be to increase client satisfaction scores as measured by surveys or interviews. Corresponding goals would be to increase client satisfaction by 10 percent (a magnitude parameter) and to accomplish this within 12 months (a time parameter). Objectives serve as key markers in implementing your plan and will eventually create a yardstick for gauging your progress. By developing objectives, your team will come to agreement on the most important outcomes for your CRM plan. This will also help you manage expectations and communicate to other members of the firm the reasons for undertaking this project and what you hope to accomplish. Keep your objectives to

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10 Rick Klau, Vice President at Interface Software, Inc. This company specializes in CRM software for public service organizations. (Note: Interface Software was acquired by LexisNexis in 2004).

11 Philip Kotler & Alan R. Andreason, *Strategic Marketing for Non-Profit Organizations* 66 (5th ed., Prentice Hall 1996).

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a reasonable number—probably no more than a half-dozen.

With a list of objectives in place, your team can begin to fill in the details. As noted above, each objective should be translated into goals that provide specific or quantitative targets. Goals are then supported by strategies that indicate the major steps needed to achieve the goals. “Goals indicate what a business unit wants to achieve; strategy answers how to get there.”<sup>12</sup> A word of caution is in order here, because strategic decisions require very careful consideration. For example, many references have been made in this chapter to value and the role of CRM in delivering value to your clients. But for your area(s) of practice and for your service area and your client base, your team will need to decide what is the best “value” for you to deliver. Will your “value” be based on pricing—either the lowest cost in your market area, with only minimal “client hand holding”; or in the middle with other firms; or perhaps higher, with an exceptional level of personal service? Or will your firm provide the highest level of legal expertise in your service area using recognized experts? How will the value that your firm delivers differentiate your firm from those of your competitors? In order to answer these questions, your firm will need to analyze its strengths and weaknesses, the strengths and weaknesses of its competitors, and the opportunities in your service area. You may want to consider the services of a business consultant to help your firm perform a “SWOT” analysis—an examination of strengths, weaknesses, opportunities and threats. Then your team can make strategic decisions as to the bundle of services or value delivered that will be most competitive in your service area.

### Specific Tactics and Actions

Finally, you will need to decide which specific tactics or actions to use to actually carry out your strategies and achieve your goals. Continuing with our example above, we identified as an objective, “to increase client satisfaction

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<sup>12</sup> Anderson & Kerr *supra* note 8, p. 84.

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scores as measured by surveys or interviews.” We also identified as one of the corresponding goals, “to increase client satisfaction by 10 percent and to accomplish this within 12 months.” You could decide that one strategy for achieving this goal might be for partners to divide up the list of active clients and make three personal phone calls to each client over the next 12 months in support of the relationship. Calls could cover such topics as current services being provided by the firm, satisfaction with the services provided, suggestions for improvement, and ways that the firm might assist the client in the future. A supporting tactic might stipulate that the firm should conduct a survey of current clients to arrive at their satisfaction scores, and then conduct the survey again in 12 months to see if scores have improved. This process of developing objectives, goals, strategies and tactics should continue until you have established a detailed outline of steps that you will follow to implement your CRM program.

Once the CRM program outline has been finalized and approved, there is one more aspect of your firm’s business process that will need to be examined by management—the firm’s organizational structure. You will need to decide if your firm has the right people in the right positions to implement the CRM plan. For example, depending on the size of your firm, you may decide that you need a designated client relationship management specialist—someone who can monitor the collection of client data, manage the information in the client database and be responsible for seeing that any client communications required by your CRM program occur as scheduled. Each position in the firm will need to be evaluated to see if that position is part of the CRM process, and if so, what role it plays. Once the CRM plan is implemented, every staff person should know his or her role in the CRM process so that nothing is overlooked.

It should be apparent at this point that in order to effectively manage your relationship with your clients, you need an efficient means of gathering, organizing and dis-

tilling information. We will now explore each of the five key components of your CRM action plan.

## **CLIENT INFORMATION**

Obviously, the client information you need will depend on the services provided by your firm. In general, however, the information will fall into one of three main categories. The first category, which will not be discussed here, is the personal and factual data that you need in order to provide the legal services for which you have been retained, including case facts, and any information necessary for the completion of legal forms. The second category of information includes those facts about your client that will help your firm to manage the relationship and improve its business. This is the foundation for your CRM program; it is important for your team to give careful consideration to what client data it already possesses and what data it must collect. Just like computers, what you get out of it will only be as good as what you put into it. Here are some basic questions that will help your CRM team get started in its exploration of the firm/client relationship:

- What drives clients to do business with you?
- What do they want from their interaction with you?
- What will motivate your clients to continue to do business with you?
- What information about your clients will help you identify ways that you can grow the amount of money that they spend with you?
- What kind of client relationships are you trying to create?<sup>13</sup>
- How long have your clients been doing business with the firm?
- How often do they repeat business?
- What do they like most about your firm?

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<sup>13</sup> *Id.* at pp. 12, 17.

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- What do they feel you could improve upon?
- What life events influence their business with you?
- What competitors do they also do business with?
- What factors influence their purchase decisions? (For example, are they likely to use online legal resources?)
- What is the typical life cycle for your firm's clients?<sup>14</sup>
- Finally, include notes about clients' fears and concerns, as we discussed earlier.

These questions should be framed within the context of your practice as it exists today, but also with careful consideration of where you want your practice to be one, three and five years from now.

The third category of client information covers the whole spectrum of client contact. I say "whole spectrum" because this includes not only the basic address and phone number information, but also the relationships that exist between your firm and the client. Who at the firm knows whom at the client's office, what do we know about these client representatives, and what contact have we had with them? For a small firm, this is often not a significant issue. "When firms are very small and comprised of just a handful of individuals, the process of leveraging Relationship Intelligence is done organically through human interaction."<sup>15</sup> "However, as the firm grows in size and expands geographically, these natural human interactions that lead to idea generation, human networking and opportunity identification become impossible to sustain."<sup>16</sup> For example, John Szekeres, Assistant Director of Knowledge Management for Cleary Gotlieb Steen and Hamilton, an 800+ attorney firm in New York, states that Cleary Gotlieb is in the process of implementing a CRM plan to assist the

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<sup>14</sup> *Id.* at p. 63.

<sup>15</sup> Interface Software *supra* note 3, p. 4.

<sup>16</sup> *Id.*

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firm in tracking multiple contacts at large clients. Cleary Gottlieb has the challenge of managing a “many-to-many” relationship between the attorneys at the firm and their numerous contacts on the client side.

Firms need to be able to track who at the firm has had contact with which client representative, when the contact occurred, and what key points were covered. Effective contact tracking helps to avoid duplication of effort, mixed messages, missed opportunities, and embarrassment to the firm.

### **Obtaining Client Information**

Having decided what information is needed, your team will need to proceed with development of the action plan by determining how the information will be obtained. Remember to continue to identify objectives, goals, strategies and tactics. Since the bulk of the information will come from your clients, decide for your particular area(s) of practice and circumstances what are the best ways to get this information. Is it during intake interviews, by follow-up telephone calls, or during subsequent interviews? Does it work better to use a questionnaire, face-to-face interview, or a combination? Who is the best person to collect the information—the lead attorney, a paralegal or perhaps an administrator? Also, depending on your particular area(s) of practice, are there other, secondary sources of information that will be helpful? Will you need signed client authorization to gain access? Finally, don’t forget about other sources of information such as bar associations or publishers of professional materials. Bar association sections can be very valuable resources for up-to-date information specific to your area(s) of practice. They often sponsor events that provide networking opportunities where you can exchange views and experiences with some of the most experienced practitioners. Also, law practice management programs can provide insight into activities such as information gathering. These sources can be useful for background information, such as surveys of clients for your particular practice area(s), and they should not be overlooked.

### Storing and Retrieving Client Information

With a good understanding of what information is needed and how it will be collected, your plan now needs to deal with the challenging issue of how the information will be stored and retrieved, which raises the issue of how to set up some type of client information database. If you have read recent articles on CRM or attended a CRM seminar, chances are that you encountered references to some very sophisticated CRM software. It appears that many marketers as well as the software vendors have been quick to focus on the software. While technology has a central role in CRM, it is important to keep the proper perspective. CRM is not the technology—it's the strategy. Your CRM strategy should drive your firm's organizational structure, which should then drive your use of technology.<sup>17</sup> "To make CRM make money, think business first, technology second. Strategic considerations that target long-term value growth should firmly control your management of customer relations."<sup>18</sup> We have already discussed CRM strategy and if your team has followed the action plan development process from mission statement, to objectives, goals and strategies, then you are ready to deal with data storage technology.

A review of a recent "Technology Solutions Directory," published by the American Society of Association Executives, lists 35 software companies that provide CRM solutions.<sup>19</sup> A similar look at a 2005 law technology buyer's guide lists two software companies under the heading "Relationship Management"; one other company lists "Client Relationship Management" as part of its product capabilities.<sup>20</sup> One inference to be drawn from this short list is that developers of software for the legal profession

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17 Anderson & Kerr *supra* note 8, p. 7.

18 Almquist, Heaton, & Hall *supra* note 6, p. 21.

19 "Technology Solutions Directory," supplement to *Association Management*, June 2005, pp. 26–32.

20 "Spring/Summer 2005 Reference Guide," *Law Tech. News*, pp. 18, 39.

have yet to fully respond to the CRM movement. Or perhaps vendors may not be motivated to enter the market due to low market demand.

If you have a large firm and your plan calls for an evaluation of CRM software, you will need to look beyond your usual providers. The mainstream database management software companies have available a range of CRM software options—some of it very sophisticated and expensive. To get a better sense of what is offered, I suggest that you use a Web browser and do a search using the term “customer relationship management.” This will bring up a list of vendors and related sites. Also, type in the following Web address for a comparison of 19 CRM software vendors and their products: <[www.customerrelationshipmanagement.com](http://www.customerrelationshipmanagement.com)>. Some of these vendors offer “White Papers” on their sites that are a great source of in-depth information.

From these white papers (or research) you will notice that the subject gets very complicated, very quickly. There are software options for building customer information databases, for analyzing the customer data, for decision support reporting, and for executing personalized marketing programs. However, depending on the size of your firm, something at the less sophisticated end of the technology spectrum may be quite adequate. Consider hiring someone with expertise in Microsoft® Access to work with your team to develop a database that will store the client information that you have identified. I have seen some very clever Access databases that include very user-friendly, point-and-click data retrieval interfaces. The point is that you should research and understand the options, and then select a technology solution that is compatible with the CRM strategy and organizational structure that you have selected.

## **USING CRM INFORMATION TO SUPPORT EXISTING CLIENT RELATIONSHIPS**

We will now turn our attention to ways that CRM may be used to support your existing client relationships. As

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noted earlier, your firm's emphasis should be on the strategy and not the technology. A perfect example of that can be found in one of the most important aspects of CRM, specifically, the business environment that you create. It should be one of your highest CRM priorities to make interaction with your firm, at all points of contact, welcoming and client friendly.

### **When the Client Calls**

The first point of contact a potential client has with your firm, and one of the most consistent points of contact for existing clients, is the phone call. The phone is often the principal link between businesses and their customers, and yet, I continue to be amazed at how poorly this aspect of customer relations is managed. Your firm's success or failure at implementing a productive CRM process can be significantly influenced by this one area. The manner in which the phone call is answered sets the tone for the interaction that follows. We have all experienced receptionists that give the impression that they (and the business entity that they represent) view our phone call as an interruption, if not an imposition. Instead of using this opportunity to positively reinforce the relationship, many business entities actually create negative feelings. This is also true of the way clients are greeted (or not greeted) when entering your office. The first few seconds of their visit and the manner in which they are recognized will make a big impression, either reinforcing the relationship or potentially creating negative feelings, and setting the tone for their interaction with your firm. If you are really serious about implementing a CRM strategy, make sure that your firm and all staff members that interact with clients are fully committed to creating a friendly service environment.

### **Easing the Business Process**

The next area of client-firm interface for your attention is the business process itself. Here, the goal is to make it as easy as possible for the client to do business with the firm. Look for ways to streamline the business aspects of your

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relationship. Take, for example, your firm's retainer agreement and invoices. Both should be client friendly, with easy-to-understand terminology; invoices should clearly communicate the services rendered and the related fees. You can find examples of retainer agreements at the New York State Bar Association's website, <[www.nysba.org](http://www.nysba.org)>, by using the "search" function. Also, don't forget to use larger typeface sizes—necessary if your area(s) of practice include working with older clients. The retainer agreement that begins the relationship with your client, and the invoice that is a pivotal intersection between the services you delivered and the value that your client perceives, are areas where you want effective CRM processes in place. While you could easily mail either of the documents, depending on the circumstances and the client, you might want to consider a follow-up phone call or even an in-person meeting. Your CRM action plan should provide guidance as to what actions are appropriate and when.

### **Soliciting Feedback**

Another low-tech and very productive CRM task is soliciting feedback from your clients. While you may find it desirable to conduct a formal survey of your clients at some point, there are some less complex steps that your firm can take on its own. Consider including a business reply postcard along with your invoices, asking for suggestions regarding how your firm might have done better. Your CRM team can then review cards that are returned and discuss appropriate actions. If your firm distributes a periodic newsletter, you might include a survey form and collect feedback in this manner.

Another approach is to have the managing partner telephone a client after a particular project has been completed to solicit whether the client is pleased with the service. This creates three opportunities: first, it demonstrates to the client that the firm values the relationship; second, it quickly addresses a problem if the client indicates one; and third, it opens the door to the delivery of additional services. These few specific examples make the point that it is

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important for customer feedback to become part of the firm's culture. All staff members that interact with clients should be asking if there is anything else that they or the firm can do for the client at the moment.

### **USING YOUR CLIENT DATABASE**

#### **Analyzing the Client-Firm Relationship**

Now we will turn our attention to ways that your client database can be used in support of client relationships and your CRM program. One very important use of the database, beyond the usual personal and billing information, is for tracking and documenting the client's relationship with the firm. You should include the services used, when services were rendered, and the amount billed. If your CRM team comes up with specific criteria that define the Level One, Two and Three clients of your firm, then you can track these criteria in your database. This will allow you to segment your clients in the database and to support the relationships in a manner consistent with their level of business.

Level Ones should receive the most support: the most personal contact, the most consistent contact, the better gifts at holiday time and so on. These are the clients that your CRM program needs to focus on in terms of your retention efforts. Your database is a critical tool for this activity as it can be used to track your communications with clients and alert you when it is time for the next interaction.

Level Twos should be carefully scrutinized for their potential to move up to Level One. Your database can help by efficiently analyzing the characteristics of your Level Two clients and identifying what attributes they have in common with the Level Ones, and what sets them apart.

Level Three clients need to be examined to determine if they are profitable for the firm, if they should be maintained as clients, and if they have potential to move up to Level Two.

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This ongoing process of tracking and analyzing your clients by segments helps you identify ways to expand your existing firm-client relationships. Over time, you will be able to construct an overview of the typical lifecycle for clients in each of the three segments. This will help you refine the communications activities and the relationship support the firm provides at each of the lifecycle stages.<sup>21</sup>

### Client Communication Preferences

Following this line of thought, another valuable piece of information to collect and track is the client's preferred method of communication from your firm. Your CRM strategy should spell out when personal contact is desirable; but, for other interaction, it is helpful to know if the client prefers e-mail, regular mail, or faxes. If your firm distributes a periodic communication to clients, each client should have an opportunity to indicate whether he or she is interested in receiving it and given the choice to opt out. While some may find it very valuable, others may view it as just more junk mail. As much as you can, use your database to create a sense of relationship and to reinforce loyalty, especially with clients who seldom contact you directly.<sup>22</sup> However, in the process of supporting the relationship, you do not want to force communications on clients that will do more harm than good. That is why tracking and using the "right" client information in your database is so important and powerful. Valid client information enables you to know with a high degree of certainty what your clients expect from your firm, and how they prefer to have the relationship supported.

You will also want to track as much of your clients' life-event information as possible, such as whether they are private individuals or business entities. For individuals, you will want to get a sense of when their life's milestones

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21 Lifecycle stages are typically defined as introduction, growth, maturity and decline. Philip Kotler, *Marketing Management* 355–56 (Prentice Hall 2002).

22 Anderson & Kerr, *supra* note 8, p. 10.

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will occur, that is, the birth of their first child, when they turn age 50, when they expect to retire. For business entities, you will want to know expected milestones in their business plan including an increase in the number of employees, a move to larger facilities, and mergers or acquisitions—whatever is appropriate for your area(s) of practice. Your database can alert you when the date arrives for these events, thereby prompting a contact from the firm. Other client attributes that you will want to track include those specific pieces of information required by your CRM strategy, such as areas of concern or fears as discussed earlier in the chapter.

### **USING CRM INFORMATION FOR NEW CLIENT DEVELOPMENT**

A central repository for client information is not only critical to managing your client relationships, it is also a powerful tool that can make new client development much more productive. If you are able to identify the significant characteristics that set your Level One clients apart from your Level Twos, you should be able to refine your search criteria and be much more specific in attributes you are looking for in new clients. This is critical information to possess if you purchase contact lists as part of your new client development initiatives. There is no substitute for having a specific set of target-market attributes that are proven characteristics of existing clients. These attributes will vary depending on your specific area(s) of practice and whether you work primarily with individuals or business entities. However, the point should be obvious: the use of specific search criteria that are closely aligned with characteristics of existing clients will make your new business efforts much more efficient and effective. Depending on the type of list purchase that you make, you may be able to load the new client prospect list into your database and use its capabilities to manage your communications with your new prospects. Used correctly, CRM helps you to create and seize opportunities.

Your client database can also help you identify trends that otherwise might not be evident to you. Data about your clients should be summarized on an annual basis and then this client information should be compared on a year-to-year basis. We will assume that your Level One clients are the most loyal and most profitable, but within this segment, are there any trends? Is the number of Level One clients higher or lower than it was a year ago? Are they getting older or younger, spending less money or more, using less of your services or more, using the Internet more or less frequently for legal information, and so on. You should also look for any trends that are apparent between your client segments. For individual clients, are the annual average income differences between your Level Ones and Level Twos growing, shrinking or staying the same? For business entities, are the Level Ones and Level Twos using the same average level of corporate governance services or is the difference between the two segments growing, shrinking or staying the same? Trend analysis can uncover opportunities, but can also alert you to business-threatening developments while there is still time to change the outcome.

### **EVALUATING PROGRESS AND MAKING CHANGES**

During the first year of your CRM program, your team will need to meet regularly to monitor implementation and to deal with any hurdles that are encountered. Take steps to ensure that there is good communication between the team and the firm's personnel so that details are not lost in the normal press of daily business. But, even once the CRM plan is in place and functioning smoothly, the work is not done. Just as you periodically re-evaluate your business plan, be prepared to periodically review your CRM plan to make sure it is achieving the objectives that your team agreed upon. Be open-minded to the feedback that you get from clients and staff, and be prepared to make adjustments.

### ONE FIRM'S JOURNEY INTO CRM

A press release from Interface Software dated November 1, 2004, states the 60-lawyer New York-based firm of Ohrenstein and Brown selected InterAction® software as the centerpiece of the firm's CRM strategy. "The firm is deploying InterAction to support more expansive marketing and business development initiatives and to provide lawyers instant access to firm wide contact and relationship intelligence." In the release, Elizabeth Ann Wall, Ohrenstein and Brown's marketing coordinator, notes the following product attributes: seamless integration with Microsoft® Outlook and other applications such as their practice management system; flexibility; ease of navigation; and adaptability, which provides investment protection as their needs change.

We contacted Elizabeth Wall to learn more about the process the firm used to establish its CRM program. According to Ms. Wall, the firm took the following steps:

- Needs assessment—a determination of what the firm needed to accomplish by implementing a CRM program.
- Product analysis and evaluation—a point-by-point comparison of various software applications to see which one best met the firm's needs.
- Product selection—a joint effort by the firm's administrative and marketing staff.
- Management approval—selling the solution to the firm's executive and marketing committees.
- IT staff training—initial training for the firm's IT staff.
- Installation.
- Data Importation—the firm hired temporary help to verify the data imported from the firm's billing system.

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- Staff training—a key step in the implementation process to make sure that staff use the system, and use it correctly.

It took Ohrenstein and Brown approximately seven months to work through the process: about three months to collect and analyze options and to present the findings to the firm's technology committee; a month for the committee to decide on an option; about two months for installation and IT staff training; and an additional month to get everyone in the firm trained.

With some patience and endurance, your firm should be able to develop and implement a CRM plan that delivers better value to clients, improves client satisfaction and improves revenues for the firm.