

## **Growing Revenue from Existing Clients: Service, Value and Loyalty First, Then Cross-selling**

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On the one hand, the most cost-effective business development strategy is to go after low hanging fruit, e.g., expanding and cross-selling existing clients. On the other hand, selling even to existing clients can actually do some damage unless firms receive confirmation that their clients are thrilled with their services and value, and would happily refer them to others. Too often, firms jump to the cross-selling stage before ascertaining the level of satisfaction their clients have with their firms.

There are three important reasons why law firms should take initial steps before acting upon the impulse to grow revenue by cross-selling. First, in the last decade, many clients have undergone a convergence process and have pre-selected subject-matter experts as their go-to law firms for practice specific matters. In many instances, this has diminished the need and opportunity for firms to provide expertise in multiple practice areas to clients. Second, many firms’ cross-selling efforts are all about how the firm can grow its own revenue by getting more work from clients and often not about what is best for the client. Third, few firms are conducting formal and ongoing feedback with their clients and until a firm has a totally satisfied client, efforts to expand work from the client through referrals and/or cross-selling may be futile at best, and harmful at worst.

In the 1990s, Harvard Business School professors Heskett, Sasser and Schlessinger did a lot of ground-breaking research into the relationship between customer loyalty and profit and growth. Among their main conclusions were that profits and growth are driven by loyal customers. Loyal customers result from being highly satisfied customers. This high satisfaction is created by value (exceptional service delivery, quality of product and cost.) Value is created by loyal, happy and productive employees who are supported by internal structures and a culture of excellence.

### **Client Loyalty and Retention Lead to Higher Profitability**

Companies and professional firms that consistently deliver superior service and value enjoy higher profits. This is because clients become loyal customers over the longer term, are less rate-sensitive, have higher retention rates, are more inclined to expand work beyond the initial assignment and will generate referrals of new clients to the firm.

According to Harvard Business School professor, Earl Sasser, just a five percent improvement in retention of clients can improve profits by as much as twenty-five to eighty-five percent over the life-time of the client through repeat business, less sensitivity to pricing, cross-selling/expansion and new client referrals.

Sasser postulates that completely satisfied customers, those who rate a service provider or company 4.5 or 5 out of 5 on a survey are far more loyal than those customers who are merely satisfied (those who rate a firm/company or its various qualities a 3.0 to 4.5.) Typically, only twenty-five to thirty percent of a firm's clients will rate it a 4.5 or higher on all attributes, signifying complete satisfaction and loyalty. Therefore, a firm must consider that as many as seventy-five percent of its clients may be open to persuasion and courting by competitors who offer something different or better. In order to generate greater profitability, therefore, the first goal then should be to improve the satisfaction of clients and develop them into long term loyal clients.

## **First Step to Revenue Growth: Get Feedback from Clients**

A firm's first step should be to obtain objective feedback from its clients, to ascertain the levels of satisfaction and loyalty of its clients. Feedback can be obtained through a combination of in-person and telephone interviews, as well as end-of-matter questionnaires and online surveys. Only firms that have a process in place to measure the satisfaction and respond to feedback with continuous improvement will enjoy sustainable growth and profitability from their current clients. Before jumping in with a round of interviews, firms need a commitment from the top and to devise a strategy for executing a client feedback program correctly.

***Step 1: Be sure you know what you are doing and why.*** Your overall goal is to help assess what your clients think of the services and value they receive from the firm on multiple levels. You can only improve and strengthen client loyalty if you retrieve specific insights into where you can improve. Anticipate the resistance and pushback you will get from partners about doing

client interviews. The most frequent objections usually reflect partners' desire for control of relationships and not letting others in to talk to "my client," a fear that clients will think there is something wrong if you ask them for feedback, and either an insecurity or arrogance that makes partners believe they already know what clients think or they fear any negative feedback they may share.

**Step 2: Establish objectives and priorities.** The methods for getting feedback will range from the very formal annual full-day audits with clients or satisfaction and assessment interviews, to end-of-matter interviews or surveys, to online surveys all the way to the less formal interactions that everyone has on the phone and via email to gauge how things are going. If you are new to doing this, however, you will want to be more focused in your preliminary scope and objectives. For example, a good place to start would be to evaluate the level of satisfaction of the firm's top twenty percent of clients, assuming that as with most firms, eighty-percent of your revenue comes from your top twenty percent of clients. Setting this objective will mean that you recognize the value of further deepening and institutionalizing clients as a way to retain and expand them, hence leading to better revenue and profitability.

**Step 3: Decide Who Will Be Interviewed and Where/How.** Top clients should be interviewed in person, although some clients prefer a telephone interview and should be given that option. Within each client organization, there may be several people with whom various people in the law firm come into contact. While not every client contact should be asked for input, any and all who have experience with the firm and are senior enough to supervise the intake and outflow of work should be included. Politically, it is often a good idea to discuss the list with the General Counsel or Chief Legal Officer, who will not likely have day-to-day interaction with outside lawyers, will welcome the opportunity to provide some broader feedback and to suggest that the firm specifically speak with other individuals.

**Step 4: Determine Who Will Conduct the Interviews for the Firm.** The options usually include: the managing partner or a designated client assessment partner, the Client Relationship Partner, the marketing director and/or a third party client relations consultant. There are many drawbacks to using the partner who has primary responsibility for or contact with the client since you are trying to elicit candid feedback about performance, personnel, chemistry and problem areas.

**Step 5: Internal and External Research.** The partner who is the primary contact for the client

should be responsible for collecting all pertinent information about the client in advance of an interview, developing a "portfolio" of materials. This will include:

- Service history including all lawyers and staff.
- Financial history including revenue, payment patterns, write-offs.
- Client's materials including annual reports, 10K, litigation and deal reports, press releases and publicity, company marketing materials, newsletters, etc.
- Past service audit summaries.

**Step 6: Client Team Meeting to Establish Game Plan.** The Client Relationship Partner should convene a meeting of the team of key lawyers currently serving the client to which the designated interviewer(s) will also attend. At this meeting, the group will review all the information gathered to date and discuss any service problems, concerns, current issues and potential opportunities. This discussion will help shape the thrust of the interview by establishing objectives and key priorities.

**Step 7: Design a Good Interview Guide.** First, remember that a feedback program is intended to strengthen the firm's relationship with the client. The key word here is relationship. This does not mean that feedback interviews should be done casually over lunch to enhance the friendship, but it does mean that the way in which the interview is conducted must serve to strengthen the partnership between the firm and the client by engendering trust and empathy. In order to solicit meaningful and accurate information, the questions and format of the survey must be carefully crafted and executed.

**Step 8: Contact Client and Set Up Meeting.** The Client Relationship Partner should write and call the client to alert him/her to the request for an interview and the reason the firm is conducting the process. The client should be given a preference for where and when to meet. The client interview provides a perfect opportunity to go to the client's site, perhaps meet others and get an updated sense of the how the business runs and its culture.

**Step 9: Conducting the Interview and Immediately After.** The interview will have several components to it and will usually include the following: an introduction, the assessment interview using the interview guide and closing the interview including intended next steps. Within 72 hours of the interview, the Client Relationship Partner and the interviewer should separately send a thank you note to each client contact interviewed.

**Step 10: Following up.** The follow-up to the interview as well as ongoing implementation of enhancements will be the key to clients feeling the process has been a success. Within one week, the interviewer should draft a summary of the interview assessment along with recommendations for follow-up steps. If there is sensitive feedback, this should be shared first with a practice group leader and/or managing partner, then with the Client Responsible Partner. If editing of the summary was warranted, the edited version should be shared with the partners and other key lawyers who service the client. The outcome should be a Client Relationship and Development Action Plan (see below) which once drafted, should be shared with the client for feedback and additional ideas. This plan should be shared with clients within one month of the visit.

## **Second Step to Revenue Growth: Retention – Turn Clients into Loyalists**

Firms that want to ensure that they retain their clients and deepen loyal partnerships need to establish effective internal protocols and processes. Client relationships must be carefully nurtured, client matters well-managed, and services and results delivered efficiently and effectively. There are a number of approaches to improve client account management that results in higher satisfaction.

**Client Teams and a Single Point of Contact.** If a firm has clients who are served by different partners and practice groups or offices, it is important that the clients feel that matters are being well-coordinated internally. For many clients, this means having one partner serve as the point of contact, overseeing or at least staying abreast of all ongoing matters for the client. Clients are not interested in partners who fight over credit or who operate in silos at their expense. Also, client teams of lawyers and even staff should get together on a quarterly basis to discuss client matters, to explore additional client issues and needs and to determine important relationship strategies. Between meetings there should be ongoing communication flow through a client page on the intranet and internal distribution lists to alert all team members to ongoing correspondence and interaction.

**Annual Strategy Meeting with Client.** Every year, relationship partners should spend time with important clients to conduct a needs assessment with each client to ascertain their company needs, industry needs, goals, and relationship preferences. This is one occasion where the

lawyer can become informed about the client's commercial challenges and objectives, and together co-create value for the client's legal strategy going forward.

***Client Service Plans.*** Every client will want to work with its law firms in a different way from communication and billing practices, to staffing and strategy and the level of involvement the in-house team wants to have. For important clients, firms should devise and revise service plans to be sure that all members of the team are following the protocols and preferences established for that client.

***Client Development and Relationship Plans.*** In addition to the service plan, firms should devise annual goals and action plans for their key clients. The action plans typically include objectives and action steps that focus on enhancing and expanding relationships, better understanding the client's business and industry, collaborating with the client in outside activities and finding ways to add and deliver value to clients. The plan should also address any areas for improvement or opportunity specified in the client feedback process.

***Measure and reward for client service.*** Being a firm that is serious about excelling in service and delivering value to clients requires that the firm's culture and infrastructure expect and support behaviors that achieve this. Hiring of lawyers and staff should include an assessment of client relationship and service skills. There should be ample training around different aspects of service and client relationship development. Finally, the firm's performance review, advancement and reward systems should all incorporate specific client-focused behaviors and skills into the process.

***Establish a culture for exploring innovation.*** Clients continually are asking firms to do things for them more creatively, more efficiently and less expensively. This means that firms must be constantly look at tools and approaches to deliver better value and to add value. Areas of innovation to explore include:

- Transparent, creative and flexible pricing and billing
- Technologies
- Staffing, outsourcing and in-sourcing
- Data bases and knowledge centers
- Training, mentoring and performance review processes
- Client specific CLE
- Alliances and collaborative resources

Invite all levels of people within the firm to look for better ways of doing things. Develop a culture for innovation and build it in to performance reviews and rewards.

### **Third Step to Revenue Growth: Cross-selling**

Once firms have totally satisfied clients, the easiest and most cost-effective way to grow revenue is to sell more and new services to existing clients. It is relatively obvious why cross-selling benefits the law firm, but there are reasons why it can also benefit clients.

***Why the Law Firm Benefits from Cross-selling.*** There are a number of reasons why cross-selling clients makes good business sense for law firms. First, it is at least six times more expensive to land a new client than to expand an existing client. Second, having multiple relationships within the firm and within the client organization deepens and broadens loyalty to firm, diminishing the risk that if one partner leaves a firm, the client will follow. This also can help smooth over rough edges if there is a service problem in a particular area. Third, very satisfied clients with multiple and deep relationships are less likely to put law firms through the RFP process every time they need additional help or help in a new area. Finally, representing a client across business areas enhances the firm's understanding of the client's business, needs, challenges, and industry.

***Why the Client Benefits from Cross-selling.*** Clients also reap rewards when they use firms in multiple practice areas. First, clients often get a better solution when lawyers with different areas of expertise consider and understand the client's business. Second long-term relationships enable better collaboration between the client and the firm, resulting in better efficiency and smoother work flow. Third, it is expensive for clients to engage multiple firms so consolidating more work into fewer is cost-effective. Finally, although less compelling in today's competitive landscape since most firms work at excelling in service, clients who give a larger portion of their legal spend to fewer firms often enjoy the benefits that come with being among a firm's most important client.

***How to Engage in Effective Cross-ReveSelling.*** Firms often have a number of internal barriers that prevent cross-selling from working effectively. These include:

- Compensation systems that reward only self-origination, that don't penalize partners for hoarding and that don't recognize partners who share contacts and efforts

- Firms that hire and reward laterals who have their own portable client bases (who often work hard to keep control of the relationships so they can leave at will)
- Partners who are focused on the “pitch” – selling anything and everything to clients without any idea of whether the client wants or needs what the lawyer is pitching
- Partners who don’t know enough about the firm’s other capabilities, partners’ expertise and representative matters to offer these to clients.
- Partners who have reason to question another partner’s capabilities or work product, responsiveness, or personality/chemistry.

To be effective, cross-selling first must be more about finding additional ways to serve and add value to clients. You need to learn about and understand their business and to identify additional needs and issues. You must discover how they are attending to these problems now and where opportunities might exist for you. When you engage in discussions about providing these solutions, you must be talking with the decision-maker to ensure that your services will provide solutions to the problems s/he has articulated. Providing solutions to problems that will help the client succeed is what is valued most. Here are some tips to help you cross-sell more effectively:

1. **Take the “sell” out of it.** Don’t treat cross-selling as a way to pitch more services or lawyers to the client. Instead, be genuine in looking for needs the client has that you or the firm may be able to help with and explore with them how those needs are being met by others. Don’t assume you are the best or only solution. Remember that clients usually do not want to displace current counsel. Never go to a lunch or meeting with a client who believes you are coming to find out how things are going, and instead bring a lawyer with you who wants to sell a different service to the client. The focus must be on the client’s needs first, not in getting more business.
2. **Do your homework in advance.** Do some research about the kinds of issues you think the client may have or need help with. You can get this from the library, yourself online and by talking to the client and other professionals that advise the client. Be sure you are knowledgeable about the client’s industry and have read their annual report. Find out who is helping them with other needs now and the level of satisfaction they have with their current firm. Don’t try to sell a client something they either don’t have a need for or already feel well-served by another law firm.
3. **Discuss options and explore solutions.** In discussing needs with the client, be open to helping them find a solution using their existing resources. Rather than offer them a full-



blown service option that the client may not be ready for, break it down into smaller projects that you could offer as discrete, fixed price components that won't require that the client take all work away from another law firm. In other words, you go in as an expert on a small slice first, don't try to get the whole pie at once.

4. ***Collaborate with your partners.*** Use firm client team and industry group meetings to explore ways in which other partners can help you add value to your clients, or ways in which your expertise could benefit others' clients. As long as the purpose of a meeting is clear upfront, bring a relevant partner with you when trying to explore additional needs a client may have – don't be overly possessive or protective of your relationships and be willing to "share credit" with others partners who can help you grow the client pie.
5. ***At all times, listen to clients.*** Whenever you talk to clients, always ask questions about how the business is doing, new executive hires or shake ups, trends in the industry, threats from competitors or the economy. Also ask regularly for feedback on your service and the service of others now working for the client. Formal client interviews are an excellent way to explore other needs, who they use for these, and whether there might be an opportunity.
6. ***Be knowledgeable about your own firm's capabilities.*** Review the firm's web site to learn about practice niches, specialties, industries and markets represented, and office and lawyer strengths. Also become familiar with available skills inventories, case and transaction data bases the firm might keep. Know what areas of specific expertise your colleagues have and find out how their services could benefit your client. Identify the firm's strengths and areas of distinctive expertise. Provide partners in the firm with snapshots of your practice niches and services that clients might need to make it easier for them to discuss additional service needs
7. ***Communicate with clients about things of relevance to them.*** Surveys of clients show that it is common for clients to be aware of only 30% of the services a firm has to offer. Remind them of the firm's areas of expertise, specific results and "wins" and alert them to areas of concern or change. If others in the firm author alerts or articles that may be of interest, send these along to clients with a personal note or e-mail but be sure that the communication they receive is tailored to their industry or type of business need.
8. ***Communicate internally about clients and opportunities.*** Celebrate cross-selling successes - nothing motivates behavior as much as tangible results. Updates could be incorporated into a firm's daily internal newsletter/bulletin, an addendum to new matter openings and at attorney meetings.