

# PRACTICE MANAGEMENT 執業管理

## Developing Client Relationships in the New Age

By Tony Williams, Principal

Jomati Consultants LLP

Law firms are facing new challenges in seeking to maintain and develop client relationships. First, in many of the world's leading legal markets growth in demand for legal services has slumped from the double digit growth seen in the 25 years up to 2007 to a few percent per year. Second, law firms have recognised that in such a low growth environment, if they are to grow they will need to take market share from others. Third, in-house legal teams are now more business-focused and selective as to the outside lawyers that they use. They are reducing the number of law firms that they instruct and expecting their law firms to be more proactive and efficient in the way in which they work. Fourth, many general counsel have used the slower legal market as an opportunity to reorganise their in-house legal team. They have recruited many able lawyers. They have examined the work they do and how they do it. They are using new methods, including enhanced technology, to deliver their services to the business. Fifth, as a result of all these pressures, law firms have been forced to become more competitive, to offer discounted rates or, increasingly, a fixed price even for larger and more complex matters. This is forcing law firms to continue to improve their operational

efficiency and to invest in new ways of delivering the service to the client.

Against this background law firms need to appreciate that what the client wants, what the client will pay for and how much the client will pay has changed. Accordingly, law firms need to apply a measure of rigour and consistency to the development of their client relationships. Merely maintaining the status quo will result in long term decline.

### How to Enhance Client Relationships

There are plenty of things that law firms can do to develop and enhance their client relationships. Highlighted below are some of the most important.

#### **Get to Know the Client**

This may seem obvious but regrettably few lawyers really do know and understand the objectives of their clients, whether individuals or major corporates. It is necessary to know as much as is possible about a client, its business, strategy, competitors and the market it operates in. The internet means that a lawyer has no excuse for going to a meeting unprepared. Information on the client, its business and the individuals you will be meeting is readily available. Indeed, to go to any meeting unprepared

is not only discourteous, but also unprofessional.

#### **Listen**

As a young lawyer I was taught "you have two ears and one mouth so use them in that ratio". Lawyers who talk at a client are unlikely to build a constructive relationship. By effectively listening you will learn about the client and its business and often become aware of additional areas where you or your colleagues can help the client. As I always tell young lawyers "you were a human being before you became a lawyer so remember that the client is human too". Developing an understanding of and empathy with the client is key to building a long term relationship.

#### **Understand the Reasons**

A general counsel was instructing a firm and they raised a range of open questions such as "why are you doing this transaction", "what do you want to get out of it", "how does this fit your business strategy", "will there be other transactions of this sort that may impact the business being bought" and "what worries you about this transaction". The in-house lawyer was surprised but delighted. Never before had external lawyers asked these questions. But

armed with the answers the client was confident that they knew what to focus on. This law firm significantly increased its share of that client's work.

### ***Under Promise and Over Deliver***

Lawyers often complain that clients set unreasonable deadlines but clients respond that they have to as lawyers are invariably late. If a document has been promised by 5 pm on Thursday and is delivered at 5 pm on Wednesday or noon on Thursday, the outside lawyer has performed and the client can relax. If the document does not arrive at 5 pm on Thursday and the client's calls and emails are not returned even if the best ever document is delivered at 5 pm on Friday, the outside lawyer has not performed. The in-house lawyer may have promised it to a colleague by 9 am on Friday, so inside the business the client is seen to be incompetent.

### ***Make the Client look Good***

Inevitably any external lawyer must be prepared to tell a client that something cannot be done or cannot be done the way the client wants, if this is really the case. But, in everything an external lawyer does, he has to help make his client look good. Whether by meeting deadlines, sticking to agreed billing arrangements, including the client contact in discussions with others in the client's company, anticipating issues that will arise and advising the client on the appropriate negotiating strategy, all of these interactions have an impact on how your contact is perceived in his organisation.

### ***The "No Surprises" Rule***

At the start of any matter, the external lawyer should discuss with the client the timeline, what action will need to be taken and when, what information will be needed from the client and what regulatory issues will arise and how they can be addressed. External lawyers who make last minute demands of a client or appear disorganised will lose the trust and respect of the client. Even

on the issue of fees, regular discussions are necessary to confirm whether or not the law firm is on budget, whether there have been unanticipated extra costs and how these can be addressed. Radio silence until the matter completes and the delivering of a bill for far more than expected is unlikely to end well for the law firm.

### ***Deepen the Relationship***

For all but the smallest corporate clients and individuals, the client organisation is a complex web of individuals in a range of different roles, businesses and locations. However strong a relationship between one partner and an in-house lawyer may be, it is likely to be insufficient, of itself, to develop a sustainable and deep relationship. Not only is it desirable to include other partners in the relationship but associates too should be encouraged to develop connections with their peers across the business. This may be particularly important in younger IT and social media businesses where the main movers may be in their late 20s and 30s.

### ***Understand your Share of the Wallet***

Knowing how much of the client's legal spend is used with your firm is a crucial piece of information. If you have a large share then growth may be limited but you will need to ensure that you are protecting the relationship and not seen as taking the client for granted. If your share is small you may be at risk in the next external law firm review especially if some other firms have a good quality full service offering. But, it may also be small because the client is not aware of the services your firm offers. This is not their fault but yours. Ask the client what other firms they use and for what, and ask about their legal spend and how you can help to manage it. It will be a good test as to the depth of your client relationship by how frank the client is in response.

### ***Invest in the Relationship***

If you know the client and know about their business you should be thinking

of opportunities to help them. This is not hard selling but demonstrating to the client that you are always thinking of them. Discussing new market developments (without breaching client confidentiality), how you can work together differently to provide a better and cheaper service, offering access to precedents and know how, short term secondments and regular catch up meetings all help to build a deeper relationship.

### ***Review it Regularly***

Any relationship succeeds if both parties are committed to it and are determined to make it work. Regular discussions on the progress of matters, reviews of completed matters to discuss what worked well or less well and how things could be improved next time, and general discussions as to the issues facing the client all help to enhance the relationship. Arrogant behaviour and taking the client for granted endangers the relationship. From time to time it may also be appropriate to undertake a formal review of the relationship utilising partners or former partners not actively involved in the client relationship or an external facilitator. These can encourage a frank and constructive health check of the relationship and identify important areas to address. However, if you undertake such reviews, you must also ensure that you act on the results however challenging this may be.

### **Key Take-Aways**

Our clients face a range of business and operational pressures. They want external lawyers who provide business-focused advice and practical solutions. They use external lawyers to help manage their workload and to make their lives easier. They have their own performance and budget pressures. Understanding this and delivering good service in all its aspects is not just desirable, in a more competitive legal market, it is essential if a law firm is to survive and thrive. ■