



9 GUIDING PRINCIPLES

FOR A HIGH-IMPACT LAW FIRM STRATEGY



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A ROADMAP FOR PUTTING CLIENTS FIRST

When successful people talk about their accomplishments, you don't usually hear them say, "I don't have a clue how it happened ..." or "Beats me." What you are more likely to hear is, "I had a vision that I turned into a plan." They planned to succeed - they set themselves up for it and execution made it happen.

So, if planning is the key to success, why does strategic planning have such a high fail rate in law firms? Are lawyers simply bad at long-term planning? Do political, compensation, or other cultural issues get in the way?

Perhaps there's truth to much of this. But there is another, easily forgotten explanation for failure of law firms' strategic plans: Clients are the engines of a law firm, and yet, together, strategic plans are primarily inward-facing; they are more operational than strategic. By listening and connecting to clients, you can create a strategic roadmap that puts clients first, to get where you want to go. Here is how you do it.

9 Guiding Principles

1. Bringing the Voice of the Client into the Firm
2. Get Lawyers Face-to-Face with Clients and Prospects
3. Invest Smart, Measurable Nonbillable Time in Existing Clients
4. Teach Client Service and Communication Skills to Everyone in the Firm
5. Make Key Clients Your Partners by Building Teams Around Them
6. Require Case Management and Budgeting for All Matters
7. Measure Everything
8. Adapt to the Sea Change in Technology
9. Reward Behavior that Contributes to the Firm's Future

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1 Bringing the Voice of the Client into the Firm

Conduct formal client satisfaction interviews with key clients. Getting meaningful client feedback is a requirement - not an option - for successful law firms. Having an independent third party ask clients what the firm is doing well and what it could be doing better, reaps incredibly positive benefits. This feedback has an impact on client growth, retention, and satisfaction. Also, talk to every client informally, on a regular basis, about how the lawyers and firm are doing.

Ask clients to attend retreats as speakers or panelists to talk about what satisfies and upsets them, and what they expect from lawyers in the future. Invite them to the firm to speak about their views on outside counsel and the importance of service, quality, and relationships.

Consider circulating articles that have been written by or about the firm's clients within the firm and share them with your network.

2 Get Lawyers Face-to-Face with Clients and Prospects

You may find a client who really appreciates one particular lawyer because "he is the only one that comes to my office for meetings, and he does it without being asked - it's his idea." Another client could pose the question, "Don't the lawyers know that the more we see them, the more business we give them?"

This is not just about impressing clients with your willingness to travel (at no charge to them, of course). Face-to-face interactions also lead to much stronger personal relationships between lawyers and clients. It is pretty hard to have a meaningful relationship and build trust when all a lawyer does is speak with the client by phone and exchange documents by email. The percentage of time most lawyers actually spend face-to-face with clients and prospects is miniscule compared to the time they spend on general, indirect marketing and positioning efforts. This only exacerbates the problem most lawyers face: finding the time to market. Lawyers should "borrow" some of this marketing time and use it to meet with clients and prospects.

3 Invest Smart, Measurable Nonbillable Time in Existing Clients

Effective selling, cross-selling, and client service require lawyers to invest time "off the clock" getting to know the client, their business, and their industry. Many lawyers say they can't visit clients because it costs the client too much for the travel time. That same lawyer, however, will spend 10 to 20 hours writing an article, making presentations to other lawyers, or having lunches with long-shot prospects. This nonbillable time would be better used to get close to existing clients and to add value to existing relationships.

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Even though an investment of nonbillable time can yield great returns, often this time is not even recorded, measured, or rewarded. One client complimented his primary lawyer's skills, but added that he was considering using other lawyers because: "He never gives us 30 seconds of his time without billing us for it." The client perceived this otherwise terrific lawyer as having no personal interest in him, and no willingness to invest time in the client's business or relationship. When this message was delivered to the lawyer, he immediately changed his approach and has significantly enhanced his relationship - and billings - with this client.

4 Teach Client Service and Communication Skills to Everyone

Most law schools and firms do very little to teach communication or client service skills. However, successful rainmakers understand the importance of these largely personal skills. A lawyer does not need to be an extrovert to be successful. Many good lawyers and rainmakers are introverted and have low-key personality types, but they understand the importance of investing emotionally in clients. Knowing how to listen effectively is a vital skill for a lawyer. "Active listening" sounds like an oxymoron to most lawyers, but it is a skill that can be taught.

After a training program in which she practiced "active listening," one lawyer went to a meeting with a client to discuss service problems. She listened and asked reflective questions - repeating what the clients said - to confirm what she heard. She reserved comment on what the clients said until she truly understood their point of view. At the end of the lunch, the clients complimented the lawyer on her listening skills and said they felt certain that they would be able to resolve their differences.

Lawyers usually scoff at the idea of participating in communication and personality styles training or some similar assessment - until they actually go through such a program with someone who is skilled at applying the concepts to lawyers. It can be eye-opening for lawyers to understand and adapt to different personal styles and communication preferences.

5 Make Key Clients Partners by Building Teams Around Them

Clients with sophisticated legal needs want their lawyers to have a thorough understanding of their communication preferences, specific needs, business, and industry. A dedicated team of lawyers can provide this better than a random collection of lawyers. A true client team meets regularly - off the clock - to discuss ways to provide more value for the client. This is one of the things clients refer to as "adding value." Members of the client team invest this time to gain a deeper understanding of the client's particular style, needs, and goals.

The more client teams actively work to manage the client relationship, the more the billings will increase. To convince lawyers to start thinking and acting like a true client service team, the firm must give them support and guidance, and make them accountable for measurable results, including increased revenue, better profitability, and improved client satisfaction.

6 **Require Case Management and Budgeting for All Matters**

In-house counsel is under increasing pressure to do even more to control the cost of outside counsel. Most, however, do not insist on budgeting or work plans. They are looking for outside lawyers who will take the initiative and “make them look good” by helping them develop meaningful case management and budgeting systems.

To seize on this market opportunity, firms need to teach their lawyers how to prepare budgets and follow a work plan. It is not rocket science. Lawyers note the necessary work tasks, who will do the work, the billing rate, and the range of hours expected to complete the tasks. Use this basic information to start a discussion with the client about projected costs, efficiency, and case management. Case management and budgeting require excellent communication with the client. Unless outside counsel help clients control costs and develop efficiencies, even loyal clients will consider alternative legal service providers. Accordingly, case management and budgeting can be both a defensive strategy to hold on to the work you have, and an offensive strategy to gain competitive advantage in seeking new clients. Having meaningful discussions with clients about alternative fee approaches is also imperative.

7 **Measure Everything**

The strategic use of data is critical to bringing about change in law firms. Since lawyers are largely data-driven, “big picture” comments such as, “we should work more efficiently to increase profitability,” or “we should introduce our clients to new practice areas,” do not change behavior. These statements do not provide sufficient data to affect most lawyers’ thinking. Firms need to measure everything related to the kind of behavior they want to promote. In a world of “big data,” law firms must make it a priority to capture and use the critical information available to them.

If you want lawyers to get their bills out faster, measure in real dollars what it costs the firm when a lawyer does not bill on a timely basis. If you want to reduce write-offs, calculate the disparate impact on firm income from matters that yield high realization as opposed to those that consistently result in write-offs. Among other things, the firm should measure or quantify the cost of bad timekeeping, inadequate associate feedback, and unhappy clients.

As mentioned previously, many lawyers are not doing enough to improve their practices largely because no attempt has been made to measure their level of nonbillable activity or track results. To guess is cheap, but to guess wrong is expensive. If you want results, you must gather data, communicate the findings, create accountability, and develop reward structures to support the desired goals.

8 Adapt to the Sea Change in Technology

Lawyers who are not prepared to match their clients' use of technology will be left behind in a competitive marketplace. The best marketing, client retention, and other management initiatives are useless without the effective use of technology, as clients migrate to lawyers who do business the way they do.

Firms and lawyers should be using technology-based management, practice, and organizational platforms to practice law (and manage their time) more efficiently. Knowing about and using advanced technology is critical to compete. Embracing and making effective use of technology will position lawyers to survive the toughest competitive challenges, including the threat from non-law firm service providers.

9 Reward Behavior that Contributes to the Firm's Future

Client service excellence, teamwork, effective firm management, and other important qualities are not always rewarded at firms. Yet, David Maister, author of the book, *True Professionalism: The Courage to Care About Your People, Your Clients and Your Career*, has preached passionately for years that what lawyers do with their billable time is current income, and what they do with their nonbillable time determines their future.

The quality of the service delivered by each member of the legal team is an essential component of client retention, client satisfaction, and client growth. Firms must find ways to reward everyone whose efforts keep a client happy and coming back. Very often, the most important lawyer to the client is the "minder" or "grinder." Yet these lawyers often have no incentive to broaden or deepen the relationship, because all of the credit for their efforts will inure to the "finder." This is one of the biggest mistakes firms make.

Find ways to provide incentives to lawyers (and staff) to invest time and personal attention in each client. The value of the time lawyers spend on mentoring, training, and associate retention should also be recognized. Unfortunately, some lawyers who make meaningful contributions to the firm are often expected to make up the lost billable time or get penalized. Serving the firm and clients in broader ways will take on increasing importance in coming years.

Are there exceptions to these nine principles? Certainly. But if you could find a way to make even one meaningful advance in each of these categories, your firm would be improved.

Some clients may not want a team working on their matters, but would prefer to have one partner handle everything. Some clients are not as focused on case management and budgeting, as long as they get the results they want. Not all firms must be multidisciplinary partnerships or embrace alternative fees. That is because one size fits *one*.

Still, it could be costly to believe that the exceptions are the rule. Develop a strategic plan by focusing first on these principles, and you will have the information you need to make decisions about which clients to target, how to increase realization, whether to organize new practice or industry groups, what training to offer, and what technology to invest in. Your strategy will be determined by the marketplace - not by guesswork.