

## Building Client Relationships In an Age of Change

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**A**ny lawyer who has attended a seminar or read a book on marketing has learned that marketing efforts should start with existing clients. Why? First, client retention has a direct impact on a firm's bottom line. Acquiring new clients is expensive—some say it's up to five times more expensive than retaining clients. In addition, clients who are dissatisfied will tell between 10 and 20 other people about their bad experiences, driving away potential business.

Perhaps more important, existing clients are the best source of new business, either by generating matters in new areas or by providing referrals. Some estimate the odds of obtaining new business from a current client are 50-50. In times like these, that kind of return should be enticing.

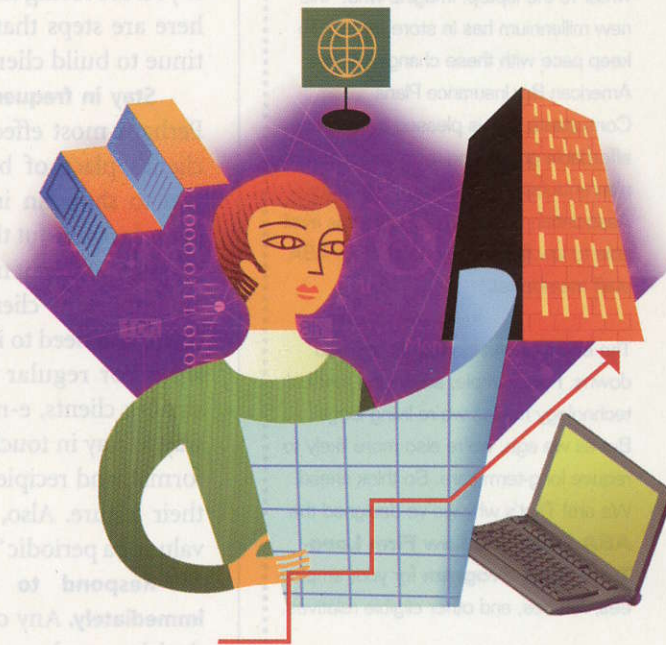
### Obstacles to Relationship Building

Most lawyers recognize the importance of cultivating client relationships. Yet these days, many lawyers are finding it increasingly difficult to build strong relationships with clients. The obstacles include the following:

**Policies that discourage or prohibit social interaction, entertaining and gift giving.** Insurance companies, government entities and other large enterprises often forbid lawyers to spend personal time with, or money on, employees.



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**Consolidation of industries and specific client businesses.** After a merger or acquisition, companies often move their headquarters, making it difficult to see clients face-to-face.

**Company restructurings that result in staff turnover or changes in key contacts.** A solid relationship with a good source of business in a company can be wiped out with a single revision of the organizational chart.

**Economic downturn.** A slow economy results in more than companies that restructure or go out of business. It also results in clients pulling back their legal work or pressuring firms to lower fees.

**Turnover in the lawyer ranks.** A 1998 study by the National Association for Law Placement (NALP) Foundation confirmed what many practitioners already knew: Most new associates are unlikely to be with the firm seven or eight years down the road. Even partners are similarly mobile. The lack of stability within the profession makes it

As the saying goes, a bird in the hand is worth two in the bush. Developing strong ties with existing clients is vital to success in down or up economies. Build client relationships and loyalty regardless of contemporary impediments by following these seven pointers.