

Marketing

Collaborating with Clients to Shape Your Services

SALLY J. SCHMIDT | Developing high-quality interactions with clients will increasingly be key to satisfaction and loyalty. The groundwork is already laid. How will your firm choose to build on it?

The nature of the relationship between companies and their customers is changing dramatically. In general, today's customers are more informed, more networked and more involved with the products and services they consume. They aren't satisfied to simply buy a product or a service—they want to be part of the process of creating it.

Take a device like the BlackBerry, for example. The device doesn't just do what the company RIM designed it to do; other companies and even consumers have invented applications that can be downloaded from the Web to customize and make the experience better for the user. Many new technologies and products (think the iPod) are really just platforms that users can tailor to their unique needs and preferences.

What does this have to do with your law practice? Believe it or not, clients of law firms will in time be demanding

the same kind of input into the creation and development of their firms' services—if they haven't already. The fact is that clients are happiest when they are engaged not just in the firm's activities but in defining the parameters of their relationships with the firm and the services it provides to them.

The Concept of Co-Creation

The buzzword for this concept is co-creation, i.e., giving clients an opportunity to shape the services they receive and their relationship with the firm. (See *The New Age of Innovation: Driving Co-created Value Through Global Networks*, by C.K. Prahalad and M.S. Krishnan, McGraw-Hill, 2008.) While the idea of co-creation has been around for a few years, its application in law firms is just emerging.

Co-creation is about the value of the *experience* to the client, not just the value of the service or the particular firm. Competitive advantage for a law firm will come by developing high-quality interactions that allow clients to co-create their experience with the firm. In other words, the services you offer are but the platform from which the client experiences will be created—

the kind of experiences that are key to client satisfaction and long-term loyalty. This presents definite opportunities.

Applying Co-Creating to a Law Firm

Although it may take a while for the legal profession to fully embrace the notion of co-creation with clients, there are still many things you can do as a law firm and an individual lawyer to venture down the path of greater collaboration. Here are some ideas for engaging clients in the firm or its service delivery and for collaborating on other activities.

- Establish a client advisory board. You can meet with the selected clients quarterly and ask for input and ideas on legal market trends and service issues.
- Create client steering committees for specific projects. For example, if you are starting a new seminar series for the hospitality industry, ask three or four clients in that business sector to suggest invitees, agenda topics, speaker names and the like.
- Organize client-centered retreats or meetings. For these events, ask clients to address the firm's lawyers, discussing their businesses and industries as well as their use of and satisfaction with legal services.
- Develop special task forces. Let's say the firm is investigating whether and how to implement something new, such as pricing alternatives. Ask some notable clients to serve on a task force to help inform the recommendations.
- Create client teams. Even if your



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firm already uses client teams, are you fully engaging clients in them? One of the tenets of an effective client team is that the client participates in regular meetings with the firm to discuss the relationship.

- Employ clients to help with market research. For example, if the firm is venturing into a new city, use clients as competitive intelligence sources—addressing questions such as which law firms are strong in the market, what are the perceptions of the firms, what areas could use more talent?

- Collaborate on work product. This could include getting clients' input on what they would like to see in document automation processes or setting up extranets or wikis to co-create documents.

- Collaborate on marketing materials and activities. Ask clients to co-author articles, contribute to firm publications, co-present on panels or speak at your firm's seminars.

- Connect through social media. Build relationships and improve communications with clients through

LinkedIn or Facebook. If you have a blog, encourage clients to post comments to increase two-way exchanges.

- Create a think tank. You could approach this in terms of specific practice areas. Invite select clients from the transportation industry, for example, to meet with peers from related organizations and representatives of regulatory agencies to make strategic recommendations or create white papers on hot topics.

Increased Profitability for the Firm

Multiple studies have shown that clients who are engaged in the relationship with their providers are much more loyal and more profitable for the firm. In a seminal 1990 article on the topic ("Value Managed Relationship: The Key to Customer Retention and Profitability," *European Management Journal*, Vol. 8, No. 4), R. Buchanan and C. Gilles determined that the increased profitability occurs because of these factors:

- The cost of acquiring clients is expended at the front end of the relationship; the longer the relationship,

the lower the amortized cost.

- The cost of maintaining the client declines as a percentage of total costs (or a percentage of revenue) over time.

- Long-term clients are less inclined to switch firms and also tend to be less price sensitive.

- Long-term clients often serve as great referral sources for the firm.

- Long-term clients are more likely to use other ancillary services and higher-margin services.

- Regular clients tend to be less expensive to service because they are familiar with the processes involved, require less "education," and are consistent in how they work with the firm.

- Increased client retention and loyalty makes the lawyers' and employees' jobs easier and more satisfying, which feeds back into higher client satisfaction.

In other words, finding ways to engage and collaborate with clients will result not only in higher profitability for the firm, but also in higher satisfaction levels on *both* sides of the relationship. **LP**

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