

"The Market Place"

THE EDITOR'S CORNER



The client audit: protecting your assets

By Sally J. Schmidt

The most important axiom in law firm marketing is that efforts should begin with existing clients. Clients can be the source of additional business — their own and referrals. It is also much less expensive to retain an existing client than to obtain a new one. Yet few lawyers or law firms undertake any type of systematic effort to monitor their clients' level of satisfaction with or knowledge of their services.

A client audit will do just that — measure clients' satisfaction with the firm's performance as well as their understanding of the firm's capabilities. In addition, a client audit sometimes will provide an additional benefit: new business. Quite often, clients will offer suggestions for new services, inquire as to capabilities, or mention unfulfilled legal needs.

How does a law firm conduct a client audit? Usually in one of three ways: written questionnaire; telephone survey; or personal interview.

Written Questionnaire

A written questionnaire is the least expensive option for surveying clients, and allows the firm to survey a larger

number of people. It can be mailed to literally hundreds of clients for a very minimal cost. It is also easy. One practitioner with a large number of transactional clients (personal injury and estates) regularly mailed a questionnaire to clients upon the conclusion of their matters.

There are considerable drawbacks to written questionnaires, however. First, the response rate is generally very low for written surveys; on average, fewer than 10 percent of recipients will return a questionnaire. Second, the method is quite impersonal, and will not generate the level of goodwill which the other methods do. Third, a written questionnaire provides a limited amount of information because by necessity it must include fewer questions and more "closed-ended" questions, i.e., multiple choice or dichotomous (yes/no).

Finally, and maybe most important, written surveys allow clients to remain anonymous. That means that if a client indicates he or she is unhappy with some aspect of service, it may be impossible for the lawyer or firm to respond.

A written survey is a useful tool for gathering a lot of information about a large number of clients. It is also a good mechanism for regular follow ups to satisfied clients. For uncovering client

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by Steven J. Roy

First, my apologies to Jack Hall. In a prior column, I erroneously reported that Bill Joy was the first editor of the Bottom Line. As a number of readers pointed out, Jack Hall was the first editor of the Bottom Line prior to turning the reigns over to Bill Joy. While it was somewhat disheartening to make a factual mistake on my very first column, by the number of responses I received, it is pleasing to note that people are reading the Bottom Line.

Most of you will probably be reading this in the heat of tax season. Try to remember these helpful hints to reduce stress:

1. **Prioritize your work.** If certain matters can wait until after tax season, let them wait. Of course, if the delay will be significant, the client should be consulted. Along this same line, consider delegating certain tasks to other attorneys or paralegals not involved with filing season.
2. **Set Goals.** Setting and meeting goals during the early portion of the filing season may help prevent a crunch around March 1 or April 15.
3. **Stay Healthy.** Tax season can be physically exhausting. Some of these effects can be diminished by a proper diet, regular sleep, and occasional breaks.

While nothing can eliminate the stress of tax season, these tips may help.

On another note, I would solicit everyone using some type of computer software or service bureau to provide me with comments about how well it handles Iowa returns. While most software does a good job with federal returns, the support given to the Iowa returns is sometimes not what it should be. I have heard horror stories of the software being inaccurate or not ready until relatively late in the filing season. Please provide me your comments and I will summarize them for a future column. ■

concerns and needs, however, the other two options are preferred.

Telephone Survey

A telephone survey will allow the law firm to survey a fairly large number of clients, up to fifty or more easily. It also allows for grouping of clients, for example, by services that they use, which can generate particularly useful information. The telephone survey is also less expensive than the personal interview.

The greatest disadvantage of the telephone interview, as opposed to the personal interview, is the depth of information obtained. Rather than the "open-ended" questions used in personal interviews, which allow the client to lead the interview, telephone surveys need to be more structured. Generally, it is unwise to keep someone on the telephone for more than fifteen minutes, and there may be some clients who are inaccessible by telephone.

Personal Interview

The benefits to personal interviews are many. With a personal interview, the interviewer can dig deeper into an area of particular concern, and acquire more detailed information. Personal interviews generally range from 30 minutes (with very satisfied clients) to up to two hours, with the average being in the 45 minute to one hour range. The interviewer can also respond to nonverbal clues (body language and facial expressions) in a personal interview.

The primary disadvantage of the personal interview is the cost. The interviewer needs to visit the client in his or her home or place of business. Because of the time and cost involved, this usually means that the number of interviews is fairly small.

A personal interview is the best method for obtaining in-depth information about a select group of clients. It is often the best first step; once clients have been audited and things are found to be satisfactory, follow ups can be conducted with a less costly and time-consuming method.

Selecting the Clients and Questions

Once the method is selected, the lawyer or firm must determine which clients will be surveyed. This might include ten to fifteen for personal interviews, fifty to one hundred for the telephone survey, and possibly hundreds for the written questionnaire.

Which clients should be surveyed? Criteria might include:

- The revenue produced by the client
- The client's potential to produce new business or grow
- If the client is thought to have particular problems or concerns
- If the firm has a special need to have more information about the client or a group of clients

The questions can involve any or all of the following areas:

- Client satisfaction with the legal services rendered, including communications, follow up, responsiveness, handling of files, administrative services, relationship with the lawyer, and even work products or technology, such as telephone systems or invoices
- Client knowledge of the firm's capabilities
- Client values, i.e., what qualities or characteristics they most value in a lawyer
- Particular information about the client, such as present or future legal needs

Interviewers and Costs

Who should conduct the survey? Depending on the firm and its resources, it could be a firm representative or an outside party. It is possible for a lawyer to conduct the audits, but when attorneys ask clients for feedback, clients often say what they think the lawyer wants to hear. If the interviewer is a representative of the firm, he or she probably should not be the attorney with the closest relationship. Therefore, another firm lawyer or the firm administrator might be tapped to conduct the audits.

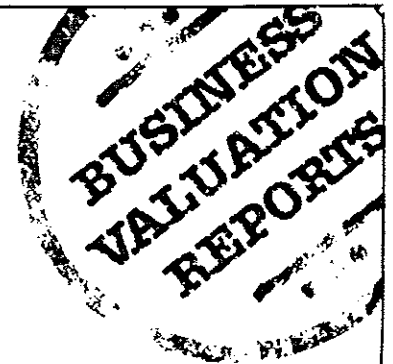
It is generally recommended that client audits be handled by an outside party. An objective third party makes it easier for clients to be candid without fear of damaging the relationship they have with their primary contact at the firm.

The cost of client audits will vary greatly, depending on the method selected and whether an outside party is used to conduct the audits. A simple questionnaire mailed to clients, with the results compiled by the law firm, may cost less than \$500. A series of personal interviews conducted by an outside professional can run up to \$10,000, depending on the location of the clients and the number interviewed.

Conclusion

Asking clients for their feedback through a client audit program can be the single most important marketing activity a law firm undertakes. Through a client audit, a firm can learn if clients are satisfied and educated about its services. Then, with the results in hand, the firm can take steps to ensure a loyal and satisfied clientele. ■

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