

What do clients want?

Surveys can generate new business and important knowledge about the needs, perceptions of key clients.

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There is one marketing activity that will frequently provide important information about the needs and perceptions of existing clients and at the same time develops additional work from them. It's known as the client audit and it's based on a very simple premise: you learn by asking.

If client audits are so useful, why don't more firms use them? Resistance from lawyers is a big reason. Many lawyers dislike letting someone, particularly an outside party, come between them and their clients. Some lawyers fear clients will reveal inadequate service was provided or there is some problem with the relationship. Others may feel they already know the clients and their needs.

But actual experience with audits tells us there is usually much to learn:

Through its interviews, one midwestern firm learned a client automobile dealership was actively seeking another law firm to replace them as outside counsel. During the interview, the client representative shared a copy of the "job description" for the new counsel and admitted he already had interviewed several firms as candidates. The interviewer was able to determine there was still hope for the firm to retain the client.

While lawyers at the firm knew the relationship was somewhat strained, no one had any idea they were about to be replaced. In order to keep the client, the law firm devised a one-year plan to address his major concerns. The firm scheduled quarterly meetings to review the status of files in litigation. They scheduled in-house workshops for the client's managers on employment issues of concern. They reduced the fees on some disputed invoices. And they changed an attorney assignment to ensure better communications and responsiveness. One year later, the dealership was still a client.

New Business

Another midwestern firm, through the audit process, learned of a new business opportunity with a new client, a large financial services company. The law firm had handled only employment-related matters. But when asked by the interviewer whether the company had any present or anticipated legal needs, the in-house counsel responded the outside lawyer who handled the copyright and trademark work on the company's financial products was retiring and there was no attorney in the wings to replace him. It was a significant amount of legal business, the company's lawyer said. Then he asked, "Does your firm do this type of work?"

The firm's attorneys prepared an immediate response and secured the business.

Not all client concerns are easy to address. Another mid-western law firm discovered a disturbing pattern in its client audits: clients felt the firm had become impersonal and they were being taken for granted.

The solution included more personal contact between the lawyers and clients, fewer attorneys involved on each client's matters and more communication throughout the handling of clients' matters. Making these adjustments will not be easy for the firm, but it has set out a one-year plan to deal with the problems.

Caveat: Follow Up

If there is one caveat in the area of client audits, it is that you must follow up. Asking clients for their opinions and concerns and then failing to act will do more damage than good.

Ideally, the law firm will make the changes

necessary to make the clients happy. But if those changes are impossible, the firm must discuss why it cannot — or chooses not to — make them.

One law firm's audit of a major banking client revealed that loan officers felt the firm's turnaround time on documents was too slow. The attorneys, on the other hand, claimed they had a 24-hour turnaround and that it was physically impossible to have documents out faster.

In such a case, perception is more important than reality. If a client has a distorted perception or unrealistic expectation, it must be dealt with through communication.

Third Party

Client audits generally should be handled by an outside party. An objective third party makes it easier for the clients to be candid. When attorneys ask clients for their feedback, clients often say what they think the lawyers want to hear.

An outside interviewer allows clients to be frank without fear of damaging the relationship they have with their primary contact at the firm. Even with a third party, clients sometimes will request their comments not be attributed.

If the interviewer is a representative of the law firm, he or she should not be the attorney with the closest relationship with the client. Any marketing effort should begin with the firm's existing clients. Not only do existing clients make up the firm's existing revenue base, they represent future opportunities through additional work and referrals.

The actual procedure for carrying out a client audit will vary, depending on the goals, resources and the particular situation of the law firm. Generally, the audit will be conducted in one of three ways: written questionnaire, telephone survey or personal interview.

The Questionnaire

A written questionnaire is the least expensive option, and it allows the firm to survey a large number of clients. It can be mailed to hundreds of clients at minimal cost. However, the drawbacks to this method are considerable.

First, the response rate is generally very low for written surveys. On average, fewer than 10 percent of recipients return a questionnaire. Second, it is quite impersonal and will not generate the level of goodwill which the other methods often do. Third, it provides a limited amount of information because in order to get more responses, written surveys usually include many "closed-ended" or multiple choice questions (yes or no, "very important," or "not at all important," etc.).

Finally, written surveys allow clients to remain anonymous. If a client indicates he or she is unhappy with some service or aspect of the firm, it may be impossible for the law firm to respond.

A written survey is a useful tool for gathering a lot of information about a large number of clients — if a firm wants to assess its image, for example. It is also a useful mechanism for regular follow ups to satisfied clients. But for uncovering client concerns or needs, the two other options are preferred.

Telephone Survey

A telephone survey will allow a firm to easily survey a fairly large number of clients, up to 50 or more. It also allows for grouping of clients by industry or the services which they use. This 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 — or lack of it — which is generally obtained. Rather than "open-ended" questions 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 15 minutes. Also, some clients may be inaccessible.

Personal Interview

With a personal interview, you can dig deeper into an area of particular concern and acquire more detailed information. Personal interviews may 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. You can also respond to non-verbal clues with a personal interview. Body language and facial expressions become part of the response.

The disadvantage is the cost. The interviewer needs to go to the client's place of business. Because of the time and cost involved, this usually means 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.

Whichever method is selected, an important step is to identify the clients to be surveyed. This would be perhaps 10 to 15 for the personal interview; 50 to 100 for the telephone survey; possibly hundreds for the written questionnaire.

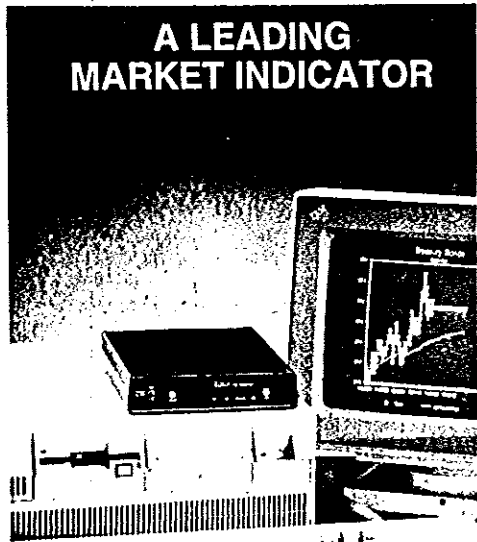
Which clients should you survey? Criteria might include:

- The revenue produced by the client.
- The client's potential to grow significantly.
- Whether the client has particular problems or concerns.
- Whether the firm has a special reason to have more information about the client. Selected clients should get a letter from the firm's managing partner or the responsible attorney outlining the audit program and procedures and requesting cooperation.
- The questions can involve any or all of the following areas:
 - Client satisfaction with firm's legal services; communications; handling of the files, fees or administrative services; the client's relationship with responsible attorneys; even with the firm's work products of technology, such as telephone systems, invoices, or word processing quality.
 - Client knowledge of the firm's capabilities — services, attorneys and office locations.
- Client perceptions about the firm's image, its competitors, or proposed changes such as lateral hires or new office locations.
- Client values, i.e. what characteristics they most value in their legal relationships.
- Particular information about the client; the company, the industry, the company's present and future needs and its use of other professional service providers.

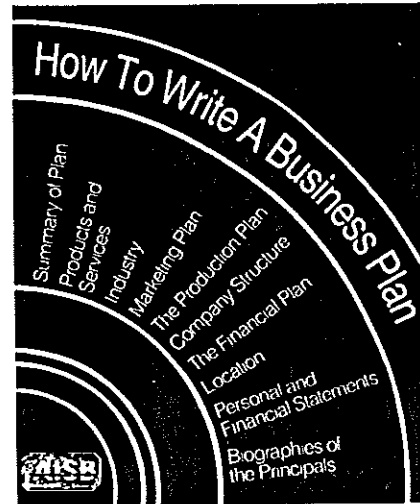
tially, the firm should send a note of thanks to each client who participated in the process. The firm should respond specifically to those who voiced a concern, explaining how the law firm plans to address it (or why it cannot). This can be done through a face-to-face meeting, a telephone call or a letter.

For the long term, the firm should plan to follow up regularly with clients it surveyed. In some cases, the situation may call for quarterly status meetings. In others, an annual telephone call or a written questionnaire may be all that is required.

If they are done properly, client audits can retain existing clients and generate new business. They are useful for collecting important information about the needs and perceptions of key clients, and assessing client satisfaction or uncovering problems or concerns.



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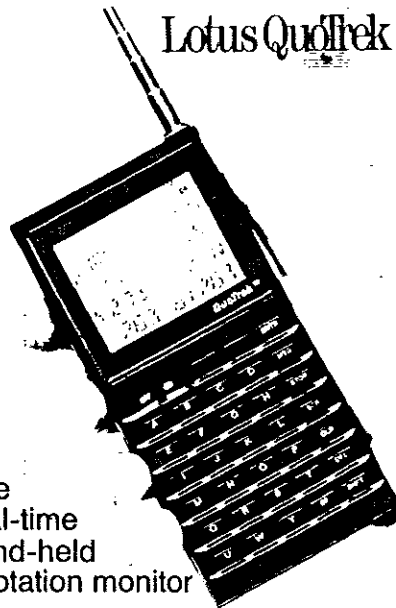
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