

Strategies

LISTENING TO THE VOICE OF THE CLIENT

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about this issue

The relationship between clients and law firms has changed dramatically. Company vision and selection of a law firm are a mere reflection of the market forces influencing new business strategies and client choices.

We're proud to present six articles featuring industry leaders who work closely with clients in the professional service sectors and provide compelling insight into company businesses, strategies, methodology and changing demands and needs. Our lead article addresses the importance of client input while focusing on the importance of market research and focus groups.

Our front page also features perspectives from the financial services sector. One of the country's leading investment experts tells us how change is influencing client service delivery.

Our third feature addresses the influence of change on client decisionmaking and the balance of power between law firms and clients. We also offer two articles that zero in on issues law firms should review when designing client-feedback programs.

With client demands and business development becoming more time-consuming and challenging than ever, another feature provides us with some valuable answers on how to balance increasing demands at home and work. Our final article focuses on strategic approaches and initiatives for generating client feedback and takes an important look at what other industries are doing.

Enjoy the issue.

— Deborah Ziskind Reich and
Jonathan W. Delano, Esq.,
Monthly Editors

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Lessons Learned: Including Clients in Decisionmaking

A large Midwest law firm decided to move its offices to a new downtown building that was under construction. A committee of partners was busy making decisions about decor, layout of space and related issues.

Then someone posed a question that hadn't been raised: "I wonder what clients would want?"

On the one hand, it's surprising that law firms generally involve clients so little in planning processes and important decisions. On the other hand, those who work closely with the legal industry understand that market research is only just beginning to take hold.

The goal of market research is to help you make better decisions. In the real-life example above, the firm convened focus groups of clients to talk about



by Sally J. Schmidt

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How Change Is Affecting Client Service Delivery: Perspectives from the Financial Services Industry

by Barry B. Diamond

"Change" continues to be the buzzword in the new millennium, affecting almost every area of human endeavor at an accelerating pace.

This is demonstrated by shifts in the attitudes and expectations of investment firm and financial service industry clients since 1995. The driving forces behind these changes in the financial services industry include immediate electronic access to information, the explosive growth of media in search of content, globalization and changes in the regulatory landscape. These dynamics are some of the same ones affecting the marketing of law firms.

Empowering the Investor

First, let's look at the regulatory issue. Changes that greatly increased the em-

ployer's fiduciary liability to qualified retirement plan participants spurred a dramatic increase in the number of 401(k) plans and shifted responsibility for investment choices to the employee. With this came the requirement that the employee-participant be provided with educational and descriptive material relating to the investment choices offered within the plan. This has significantly expanded the target base for investment media — both print and electronic — leading to a proliferation of magazines, cable television programs and Internet sites devoted to investment news and data.

Impact of the Internet

Fundamental financial data and company news that used to be the private domain of brokerage firms and a few subscriber services is now instantly

available on line, often at no cost. Trading costs have decreased — primarily through on-line competition — to the point that they are no longer an impediment to rapid changes in investment holdings. Clients of conventional brokerage houses — not just those that are Internet-based — can now access their account information on line from home or office, 24 hours a day. Many have the ability to do stock and mutual fund trading on line as well.

As the Internet gains greater household market penetration, and as more businesses convert to a browser-enabled management environment, even the most reluctant on-line clients will rely on the Internet for routine daily functions. They will hear from their family, friends and co-workers about things they are doing on line and will not want

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Lessons Learned: Including Clients in Decisionmaking

what they want and expect from a law firm's physical environment. They shared their likes and dislikes, ranging from aesthetic preferences to availability of telephones to privacy issues.

They discussed the preferred decor ("not ostentatious"), lighting and even table materials (so as not to snag pants). As a result of the meetings with clients, the firm designed its new space to in-

Take a look

OK, let's be frank. There's just not a whole lot out there about lawyers listening to clients. That's why we devoted a whole issue of *Strategies* to this important topic.

The best material we've seen on topics like client feedback are distributed at the annual conferences of the Legal Marketing Association.

The problem is not that lawyers and law firms don't care about their clients. If they don't, they're deservedly out of business. The challenge is that the subject of lawyer-client relationships hardly attracts much attention in the popular or professional press — except when there is some ethical lapse or wrongdoing. And those are headlines we prefer not to see!

• One interesting book, now a few years old, still makes for good reading: "Law and the Heart: A Practical Guide for Successful Lawyer/Client Relationships," by Merritt Bennett suggests that lawyers and clients need to use their intuition and gut feelings more when it comes to their relationship. The author's push for lawyers to "connect with the heart" is a call to better communication. You can find this book and the ones that follow on amazon.com.

• Speaking of books, Tanya Starves is coming out this summer with the second edition of "Mad at Your Lawyer?" This is basically a "how-to" book for 21st century clients unhappy with their attorneys. It is a good read for those who need to protect against colleagues who refuse to listen to the voice of their clients.

• While there's not much out there about law firms using focus groups with their clients, focus groups have certainly become a standard marketing tool for everything from junk food to politicians. One popular handbook is "The Focus Group: A Strategic Guide to Organizing, Conducting and Analyzing the Focus Group Interview" by Jane Farley Templeton. Others include "Focus Groups: A Step-by-Step Guide" by Gloria E. Bader and Catherine A. Rossi and "The Focus Group Research Handbook" by Holly Edmunds. That'll certainly get you started.

• The Internet is so new to everyone that the strategies and materials used by infant start-ups and Fortune 500s may be useful to established law firms as well. Check out "Customers.com" by Patricia Seybold, who uses case studies of some diverse organizations to explain what makes e-commerce work. Seybold notes that e-success, as with the legal profession, depends on knowing your customers and what they want. The abridged audiocassette version was released in March.

• Finally, when the voice of the client becomes too shrill and you just need a break from it all, try www.frommers.com to find that perfect beach. And don't forget to leave the cell phone behind.

—Jonathan W. Delano, Esq.

Some lawyers balk at the idea of spending money to find out whether they should do something they want to do. But it's important to point out the cost of a mistake.

clude a client floor so clients wouldn't have to remember which floor to visit.

The new design also included conference rooms with desired amenities nearby (e.g. coffee services, copy machines and telephones) and avoided "fishbowl" conference rooms where lobby guests could visually eavesdrop on meetings.

Value of Client Input

In reality, you should research any major decision to determine how it will affect people and the best ways to implement it. This could include:

Technology. Surveying clients to determine the best uses of technology is a great idea. What would they expect to find on a law firm Web site? How do they envision their communication with the firm in the future?

Strategic Planning. While firms often include interviews of key clients as part of the strategic planning process, practice groups or departments could do the same by inviting clients to participate in focus groups or strategy sessions to ponder the future of the practice. In addition, nonclient decisionmakers could add valuable insights.

Marketing Tools. Instead of mailing invitations to a seminar and wondering if anyone will come, the smart firm will poll some likely attendees in advance to answer questions like: Would you be interested in attending? What is the best time of day? How long should the program be? What would you be willing to pay to attend?

Following are some examples of how law firms have polled clients or potential clients in making both strategic and tactical decisions.

• New Office Location

An insurance defense law firm was considering opening an office in another city but wanted to learn more about the local competition.

The firm commissioned a telephone survey of insurance industry representatives in the area to find out which firm(s) they were using and their level of satisfaction with the firm(s). To this firm's surprise, those contacted provided invaluable information, including the rate structures of its potential competitors.

• Client Satisfaction

An obvious but critical use of market research is to focus on the needs of the firm's clientele. Whether the firm uses

interview techniques or written questionnaires, a well-designed client survey will identify both issues and opportunities with existing clients.

One firm's client satisfaction survey revealed that while clients were extremely satisfied with the firm's services, they wanted the lawyers to be more proactive. This included not just contacting them about the legal matters in progress, but also identifying legal issues the clients were not pursuing but perhaps could or should. In other words, the clients were asking for cross-selling.

• New Practice Area

A firm with a substantial medical malpractice defense practice wanted to shift its focus to working with physicians on nondense issues such as representation of their practices, corporate and shareholder matters, leases and other issues.

The firm convened focus groups of doctors whom it had represented in the past to discuss their use of lawyers and their legal information needs. Based on the results, the firm started a series of short programs at the clinics and hospitals to present information on business-related legal issues. Over time, the firm totally repositioned its practice.

• New Subsidiary

With a substantial litigation practice and stellar reputation in the area, one law firm thought it would be natural to open an alternative dispute resolution (ADR) subsidiary. The company would offer arbitration and mediation services to help businesses avoid the cost of litigation.

The law firm commissioned a written survey of 1,500 manufacturing companies with more than 50 employees in its market area. The survey solicited information about the areas most prone to litigation and the business executives' primary concerns about litigation. However, when asked if they would be interested in working with a company that would provide ADR services, even though the end result would be a cost savings, the majority of those responding indicated they still wanted their "day in court."

• New Infrastructure

With a goal of improving client service, a large law firm began instituting a "client manager" program. The concept involved putting a partner in charge of the client's relationship with the firm to serve as the client manager. The firm set forth a detailed job description for this important position.

However, personal interviews with clients to gauge their level of satisfaction as well as their thoughts on the client manager program provided a surprising result: Clients didn't want a manager.

They felt lawyers weren't good managers anyway and that the program would add a level of bureaucracy — i.e., cost — to their relationship with the firm.

Aiding Your Research Efforts

Following are a variety of tips to aid your research efforts:

Stay Focused. It's critical to have a well-defined objective for your research. Frequently, firms mix a number of unrelated issues into a research project. This is often because so little research is done. The firm is anxious to learn everything it can.

But a survey to explore clients' views on technology and how it affects their relationship with the law firm should not explore a peripheral topic such as their perceptions of other firms (unless it relates to technology). Your objective determines whom you will survey, what methodology you will use and what questions you will ask.

Be Realistic About the Results. It's often extremely useful to gather a hand-picked group of people to give you feedback. You cannot, however, infer that the results are representative. Similarly, a survey that includes the responses of just six or seven construction clients cannot be used to develop measurable benchmarks on the industry.

Sell the Importance of Market Research to Your Firm's Partners. Some lawyers balk at the idea of spending money to find out whether they should do something they want to do. But it's

important to point out the cost of a mistake. For example, firms regularly open new offices that prove unsuccessful — at a cost to the firm of hundreds of thousands or even millions of dollars. The money you spend on market research is an investment.

When to Research

When considering whether to conduct market research, consider that perceptions often do not match reality. A firm that feels its response time to clients cannot be improved may be disappointed to learn that the client perceives the turnaround time to be slow. Still, until the problem is identified, it can't be addressed.

And while it's important and useful to get your clients involved in the firm's decisions, it's just as important — and sometimes more useful — to survey people who haven't hired you. Only then will you learn what people who don't use the firm perceive.

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Monday Morning

Why Law Firm Business Development Needs to Emulate Network Marketing — Part II

A stute readers may recall the previous issue's "Monday morning" column, which focused on the business development lessons that law firms can learn from network marketing organizations. Now we'll explore law firm application of the network marketing world's concepts of training.

For all of the accounting firm emulation that law firms have done over the years when it comes to marketing, one area is still woefully underinitiated. That area, of course, is training. Sure, some firms pay good lip service to training when they talk about the once- or twice-a-year partner retreats that are held. But what really goes on at these retreats is not training — it's largely rehashing the compensation system and postulating over which practice areas have to go and which need to be added.

If you took a look at the resumes of the top corporate trainers in the country, it's a safe assumption that law firm clients would make up a very small percentage of their client base — if they'd even done work for one at all. It is encouraging to see so many large firms jump on the advertising and public relations bandwagons, finally extolling their values as legitimate marketing vehicles. For some reason, however, the partners in charge still feel no need to look beyond the walls of the law firm for training in the areas of personal development, marketing and sales. And while some firms would do perfectly well to finally follow the lead of accounting firms when it comes to training, I'd like to suggest that a more prudent path would be to strive to match what's being done in the world of network marketing.

Within the network marketing organization, three key programs serve as the backbone of the organization, and they are continually stressed as essential to a distributor's overall success. New distributors are encouraged to attend the first two programs

as soon as their schedules will allow. The first — and shorter — program deals with time management issues. The results-oriented workshop presents the why and the how of managing possibilities more effectively. The focus is on making sure that you are living your life with purpose every single moment of the day. It's based on the premise that you will accomplish more of what is important to you because your activities become based on your governing values. The result is accelerated productivity and an increased sense of well-being in every area of the distributor's life.

The second initial program goes hand in hand with the time management workshop. This two-day event is structured to allow participants to develop a deeper understanding of their power, potential and uniqueness. Individuals are taught how to clarify their intentions and to discover the power of beliefs and the consequences of limiting decisions so that they may make the conscious choices that will shape their destinies.

After nearly 12 years in law firm marketing, I can safely say that I have never heard of lawyers being asked to identify what is important to them or what their governing values are. The assumption always seems to be that money is the one and only motivator in a law firm. What is important to the firm is that lawyers bill more and bring in more clients. Any law firm's management team would be hard-pressed to approve training that is designed to help lawyers discover a sense of purpose in their daily lives. After all, what if those various purposes do not ultimately add up to making the firm more money? Then what? Well I, for one, believe that training of this nature would naturally result in more success for the firm. After all, if a lawyer takes on clients and cases based on his or her intentions and sense of purpose, how can this not ultimately benefit the firm in terms of increased revenue?

If law firms were to emulate the final key program offered by my network marketing organization, the results would be nothing short of revolutionary. After distributors reach a certain level within the organization, they are welcome to attend "Gold" training, where they share their ideas and inspirations with the company's top leadership. This is where the future leaders of the company hone their leadership skills and learn systems that empower them to make quantum leaps in their own results. Imagine law firms setting personal growth and "sales" goals for partners, with the carrot for reaching those goals being a chance to impact the future of the firm via powerful training forums. Gone would be the politicking for positions on select committees such as compensation, recruiting and management. Instead, firm management would constantly enjoy new influxes of ideas and future leaders. In order to lead, you would need proven track records and the successful completion of key leadership courses.

In order to succeed in network marketing, the highest levels of true leadership must be in place, as there are no formal lines of authority over the people on any one distributor's team. Members of each team do not work for anyone — much like the partnership world of law firms. In order to lead in either industry, leaders must provide vision, skill and motivation. Without the proper training, true leadership is pretty hard to come by.

— Kerry Spoady

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