



Mining Your Client Base for Opportunities

Using existing clients to gain more business is a solid strategy, but to work well, it requires careful analysis.

By now, most lawyers are aware that existing clients offer the best opportunities for expanding business. Current clients know you, they trust you, presumably they like you, and, if they have additional needs, they are more likely to use you.

Cross-selling (or cross-marketing or cross-servicing, as it is alternatively called) has been a primary focus in law firm marketing plans and efforts for years. How effective is cross-selling? The Stanford Research Institute (now SRI International) produced a study showing that the odds of getting business from existing clients in additional areas of existing capability are 50/50. Business gained through cross-selling is also more profitable for law firms; generally it costs five times more to develop a new client than to expand an existing relationship.

Most law firms have a goal of expanding the business they do with existing clients, yet they often find themselves unable to move beyond the rhetoric and actually penetrate additional areas of business. The problem, in my estimation, is that many firms approach cross-selling as an institutional activity. In reality, cross-selling happens one client at a time. The process is quite simple: you first need to analyze your clients, one by one, and then determine strategies for responding to the opportunities you uncover.

Analyzing Your Client Relationships

As the financial and research tools available to law firms have become more sophisticated, so have the analyses performed by law firms. There are many ways you can and should look at your client base to determine future opportunities. Some analyses are simple and others more complex. Here are a few that every law firm should perform:

Gap Analysis

A gap analysis will show you where you are doing business with your clients, either substantively or geographically, and more importantly where you aren't. It is perhaps the most important cross-selling analysis you can perform. Depending on the size of your firm (and client base), or the difficulty you

face in obtaining the information, the analysis could be done with your top 10 clients, top 50 clients or even top 200 clients.

The analysis generally results in a matrix where the clients appear on the vertical axis and the firm's services (or offices) appear on the horizontal axis. The cells reflect the receipts generated by the client in each area. A gap analysis could be presented on the basis of annual receipts or over a longer period of time, such as three years.

Diversity of Practices Analysis

Another way to reflect the cross-selling opportunities and evaluate the progress made with a particular client is a pie chart that shows the services provided. For example, in 2003, 90 per cent of client A's receipts came from labour and employment and 10 per cent from commercial litigation. Running the same analysis for 2005, client A's receipts were generated as follows: 43 per cent from labour and employment; 14 per cent from litigation; 25 per cent from corporate, 10 per cent from intellectual property; and 8 per cent from government relations. The changes would indicate that the firm has been successful in introducing more service capabilities over time.

Zipper Chart

Another relatively simple activity, which doesn't require the use of financial data, is to create what is often called a "zipper chart." On the left, a zipper chart will list all of the key contacts at the company, by name and title. On the right, the chart will include the firm representative (lawyer, paralegal or other staff member) who will be responsible for establishing, maintaining or expanding the relationship with the contact on the left, ensuring no client contact is left behind.

External Analysis Tools

In addition to the information found inside your firm, there are many resources available externally to provide you with useful data on your clients and your potential opportunities. In the US, LexisNexis provides client-specific reports on a company's litigation experiences, for example; where the company has

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cases, which law firms are handling them, and what percentage of the cases fall into which areas of litigation (e.g., IP, labour and employment, etc.).

A company called Redwood Analytics helps you analyze your firm's financial information in myriad ways that can provide insights into opportunities. For example, you can assess the likelihood that clients at a certain existing level of revenue will become significant clients in the future. You can also use services like Dun & Bradstreet to "dump" selective data about firm clients, such as number of employees, into your client database.

And, of course, the best sources of information are your clients themselves. Through a client interview, you can determine your "share of client." In other words, what percentage of the client's legal budget is your firm receiving and in which areas? Why does the client send some of its legal work to other law firms, and do you have an opportunity to capture that business? Most clients will be quite forthright about their legal relationships when asked.

Conclusion

Obviously, not all "gaps" are opportunities. For example:

- (1) If the client has been referred by another lawyer who serves as the primary counsel;
- (2) If the client is headquartered elsewhere and only needs you to handle local work; and
- (3) If an area of opportunity is not a particular strength of yours or the firm currently handling it has a distinctive competence that exceeds yours.

When there are opportunities, however, your firm can respond to the information in any number of ways. These might include:

- Setting up a meeting with the client to pitch handling business in a new geographic or substantive area;
- Asking to submit a formal proposal for additional representation;
- Creating a client team to proactively introduce other lawyers and services to the client; and
- Offering to provide on-site seminars or briefings in the areas identified for potential expansion.

In short, if you start with a discrete number of clients and a reasoned analysis of opportunities, you should experience measurable success in your cross-selling efforts. 📌

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