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Building Better Client Programs

Client relationship management programs are now well established in most firms. While many have experienced a somewhat bumpy ride in getting such programs established there is little question that firms that have persevered are better positioned than those which have left client management to chance or the drive and initiative of individual partners.

At the same time, it is clear that in many firms client relationship management programs are not achieving their potential. Given the investment made in such initiatives this is concerning particularly during a time when building client loyalty is so important and growing revenue so challenging.

Through our work we have identified four of the most common shortcomings in client relationship programs. Ensuring that these issues have been addressed helps to ensure that a firm reaps an appropriate reward on its investment.

Perceived Purpose

The first shortcoming concerns what the underlying purpose of the program is perceived to be. In many firms the actual (or perceived) focus is on maximizing clients' expenditure with the firm. The accompanying language is that of "increasing share of clients' wallets" or "broadening and deepening penetration". There is also often a short time horizon associated with such programs – perhaps no more than the next year. Essentially client relationship management is regarded as a mechanism by which to sell more services in the near term.

This underlying mind-set has significant consequences. It adversely affects the client relationship and its development - rather than being one of collaboration, partnering and co-operation it becomes one of seller and buyer.

More successful client relationship approaches tend to have a fundamentally different underlying philosophy. They are based on maximizing the value delivered to clients. This places an emphasis on considering the issue of value from the client perspective – "What can we provide to our clients that will make the most material contribution to their success?" With this as the starting point there is a fundamental change in approach – and this impacts on the core of the relationship between the law firm and the client.

Of course there is an entirely legitimate secondary aim of the law firm which is concerned with maximizing their share of the value created. But the critical point is that this is definitely subsidiary to the aim of maximizing the overall value delivered as perceived by the client. This different emphasis in the relationship encourages a focus on truly understanding and meeting client needs.

Accountability

A second common shortcoming concerns limited accountability of the client relationship partner and team. In many firms there is no direct reporting responsibility for the client relationship partner and relatively limited senior management involvement. Often one or more of the following applies:

- There is limited clarity in terms of the role, responsibility and accountability of client relationship partners
- There is no clear reporting line between key client relationship partners and the firm's management
- The firm's management has a limited focus on (and support for) key client management – and certainly relative to the attention paid to practice and office management and performance

Most firms put great store on their clients being their most valuable assets but frequently this articulated commitment is not reflected in senior management involvement with and support of key client programs.

For key client management to be effective the role, responsibility and accountability of client relationship partners need to be clear; their reporting lines need to be defined; and, perhaps most important of all, a firm's management needs to give a high priority to key client management. The most successful programs tend to have a direct accountability to a firm's managing partner and/or management board.

Client Selection

The third shortcoming concerns the selection of clients to be included in key client relationship programs. First, the number of clients included tends to be too high – thus diluting the resources that are invested and also often devaluing the perceived importance of the program. Second, in many firms, a significant number of the clients included in the program are of neither the strategic importance nor financial potential to warrant inclusion.

This is a sensitive issue for firms to address: in effect categorizing clients as being of greater or lesser value. It is at odds with many lawyers' values and it is also counter to the stated maxim in many firms of all clients being important. Furthermore, there are understandable concerns that clients would be unhappy to discover that they were not considered 'gold' level while others were.

Nevertheless, the reality is not all clients are equal and without prioritization and focus a client relationship program will deliver relatively little. And even with such a focused approach a small number of the most important clients likely deserve an even higher priority and a different, more intensive support than others.
It is impossible to be specific in terms of the number of clients to include – it will vary from firm to firm. However, our work suggests that 5-15 carefully selected key clients in a program are more likely to form the basis for a successful approach than one with many times that number.

Partner Perspective

The fourth shortcoming we have observed is a failure to recognize and address the divergence in interests that can occur between the individual key client partners and the firm. For entirely understandable reasons individual partners prefer clients to be dependent on them and may even seek to develop "portable relationships". Firms desire the opposite with client relationships developed on an institutionalized basis in which the lead partner is not indispensable and the client is unlikely to follow an individual partner should he or she move to another firm - so tying both partners and clients into the firm.

Recognizing this potential divergence of interest and effectively addressing it is critical. In firms where the culture is largely based on autonomy and individualism this can be particularly difficult, especially if the basis of compensation encourages such behavior. There are however a number of initiatives that help here including ensuring lead client partners are recognized and rewarded appropriately, client visits from senior management, publicly recognizing client team successes, developing specific target plans for key clients, and quarterly progress report meetings with the client team leaders.

Key client management programs have unquestionably had considerable success. At the same time they are not currently delivering all that they might. There are no easy fixes but a good starting point is to ensure that the firm has addressed the four common shortcomings found in such programs.

London

Principal: Giles Rubens
giles.rubens@fairfaxassociates.com
44 (0)20 3633 3943

Washington

Principal: Lisa Smith
lisa.smith@fairfaxassociates.com
202.365.4180

California

Principal: Kristin Stark
kristin.stark@fairfaxassociates.com
415.215.9294