

September 2009

The Essence of a Robust Key Client Focus Program A Zeughauser Group Primer

In this ZG Alert, Zeughauser Group partner Mozghan Mizban discusses the building blocks of a robust key client focus program. Building a meaningful program that is well-received by law firm partners and clients alike can be a challenging mix of art and science. While there is no formula that will fit every law firm, the principles that underlie the ideal key client focus program we recommend here can help firms of all configurations and sizes develop one that best suits them and their clients. Over time we will address each of the topics in this primer at greater length and in more depth; however, our hope is that what we share here will help law firm leaders conduct meaningful conversations in their firms about the importance of key client focus programs, and perhaps foster initial program planning or enhance existing ones.

Q: What is a key client focus program?

Mozghan: A key client focus program is a law firm's systematic effort to conduct face-to-face relationship-building and -enhancing meetings with clients deemed important to the firm's future. The key client focus program we recommend consists of three types of client meetings, each designed to add value both to the firm and to its most prized existing clients. The program is a vital component of a law firm's client relationship strategy, its premise being that meaningful face-to-face interactions are essential elements of the relationship-building that is at the heart of successful law firm and client interactions. With some modifications, firms also can develop similar programs for prospective clients.

Q: What are the three types of client meetings, and how is the key client focus program different from what law firms are doing already?

Mozghan: The three types of meetings are (1) client service interviews (CSIs), (2) needs assessment and business meetings, and (3) thank you visits. In our consulting work, we come across law firms that conduct some, but not all, of these meetings, and even more frequently, we see firms "bundling" two or more of the meetings into a single client encounter. Since each type of meeting has a different goal, firms generally will reap more valuable results if the meetings take place one at a time. "Unbundling" the meetings into separate encounters also multiplies the number of meaningful in-person interactions the firm has with key clients.

Q: What are client service interviews?

Mozghan: Client service interviews are in-depth interviews that ask the client how the firm can serve it better. The chief objective



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of these meetings, which should generally come first in the three-part program, is for the law firm to ask about what it is doing well, what it could be doing differently to meet the client's expectations better, and how the client views the firm in comparison to other outside counsel. These interviews are also an opportunity for the firm to identify and resolve existing or potential problems before they jeopardize the client relationship, and to find out what drives the client's decision to choose one law firm over another. CSIs are a time for the firm to listen; we recommend that the client be the one speaking for as much as 85% of the allotted interview time. Also, for a variety of reasons, including people's tendency to be more candid when they are interviewed alone, we counsel against group interviews.

Q: What is the role of the relationship partner in client service interviews?

Mozghan: Relationship partners typically have the most knowledge about the client's needs, circumstances, and concerns, which means they should participate actively in planning the interview as well as in the firm's follow-up actions. However, the interviews themselves are more productive when conducted by a neutral third party. In the hundreds of client service interviews that my partners and I have conducted on behalf of law firms, clients have told us repeatedly that they prefer being interviewed by a third party. Clients describe the experience as a unique opportunity to reflect on the relationship 'outside the context of the

relationship,' and say that because some of the comments they are providing touch on delicate matters, they feel more comfortable bringing them up with a neutral party with whom they can be more blunt and forthcoming in their responses.

Q: The amount of time it takes to prepare, conduct, and follow up on a client service interview is significant. What are the benefits for the law firm?

Mozhgan: When the right questions are asked by a skilled interviewer, the interviews yield a large amount of information that the firm promptly can translate into action items to meet concrete client needs. On a less tangible level, but equally important, clients, who clearly like to be heard, feel appreciated, knowing that a client service interview program requires a law firm to make a significant investment. Both of these outcomes—improved service delivery and demonstrated appreciation for the client—lead to increased client satisfaction and loyalty, which, over time, can mean more work for the firm. An example of a successful client service interview program is one we recently helped John Buchanan, Howard Rice's Chief Marketing Officer, his team, and his firm leadership, develop. The firm's Chair, Douglas Winthrop, discussed the benefits of the program in a recent article in the *LMA Strategies* magazine, which we have attached to this *ZG Alert*.

Q: Turning to the second prong of the three-part key client focus program, what is the needs assessment and business meeting?

Mozhgan: This second type of meeting has two distinct purposes, and we encourage firms to assess on a case-by-case basis, depending on who is participating in the meetings, how much content is contemplated, and the nature of the client relationship, whether to try to accomplish both in a single or separate encounters. The needs assessment part of the meeting is designed in response to something we hear in practically every client service interview we conduct: clients look for outside counsel who deliver practical advice that is grounded in a keen understanding of the client's business, needs, plans, and aspirations.

In a needs assessment meeting, the law firm's goal is to learn about the client's business and what the firm can do to support the client's mission. The needs assessment meeting is, like the client service interview, a time for the firm to listen, but the

business part of the meeting is the firm's turn to showcase its expertise. In this educational meeting, the law firm essentially dispenses "free advice," sharing timely and insightful knowledge of industry and practice trends that will help confirm the client's sense that it has engaged a "thought leader."

Exercising utmost discretion is central to conducting a successful business meeting. The law firm must be careful not to violate confidentiality in the course of sharing insights gleaned from representing other clients, appearing frequently before a particular court, or participating in government or industry meetings where, for example, regulations are crafted. To be clear, the needs assessment and business meetings should not be conducted as sales pitches and there should be no marketing materials provided; the firm can follow up later as appropriate.

Q: More specifically, what information is the law firm looking for in a needs assessment meeting?

Mozhgan: The firm's purpose should be to learn how its work for the client fits into that company's overall business; because only then will the firm truly be able to provide practical legal advice and understand what further work it could be doing for the client. The firm should ask questions about the company (such as what are the company's key goals and objectives, what is its vision for growth, what are its biggest challenges, which specific products or services is it launching or terminating, how may its approach to handling risk or transactions be changing), all the while listening for how the firm's various practices can help the company succeed and thrive.

Needs assessment meetings are different from general cross-selling efforts, because the goal is to identify concrete ways to fill specific client needs. For example, if the client reveals a planned growth initiative and the lawyer identifies a pertinent tax issue, the lawyer would draw his or her tax partners into subsequent conversations. Likewise, if the client mentions a new hire who will focus on a growing business segment, the lawyer would introduce partners with related expertise into the relationship. Even when the needs assessment does not give rise to immediate opportunities for new business, the law firm gains valuable insights into and context about the client's overarching strategies, about how to work more effectively with the client on its current billable matters, and about how to pitch its services to that client more accurately in the future.

Q: Why should law firms take the time to give free advice?

Mozhgan: In-house counsel and CEOs alike have told us how much they value lawyers who, on their dime, make time to apprise them of developments in law, regulation, and litigation trends or industry trends that affect their business. These business meetings send a powerful message that the firm views the client relationship as a long-term cooperation, and not as a string of loosely connected transactions. There is no question that the firm gains a tremendous amount of goodwill by doing this. What also is likely is that these meetings eventually generate new business for the firm, which has proved itself a trusted partner with demonstrated bench strength and expertise.

Q: Who participates in needs assessment and business meetings?

Mozhgan: Relationship partners should be urged to participate actively in needs assessment and business meetings, which can take place at the client's office or, less formally for example, over a meal. However, as a coordinated effort among all client team members, lawyers at all levels should be encouraged to initiate these meetings. While a relationship partner would meet with a general counsel or CEO, more junior lawyers should also seek out meetings with their counterparts at the client with the proper knowledge and approval of the relationship partner.

Q: The third prong of the key client focus program is the "thank you" visit. What is its purpose?

Mozhgan: The purpose of a thank you visit, which should typically be conducted by the chair or managing partner, is to demonstrate to the client its importance to the firm, and to express the firm's appreciation for the trust the client has placed in it. Because the "thank you" meeting confers the least immediate and tangible benefit to the client, it should be handled with extreme discretion and always should have an articulated purpose. It is often appropriate as a follow-up to a client service interview or a needs assessment meeting, particularly if it came to light in these meetings that the client has never met the firm's top leader. Similarly, if the client identified a specific opportunity or challenge it is facing, and the firm wants to reinforce its desire to partner with the client to address that challenge, a timely thank you visit can underscore the firm's interest. Where the client relationship already is strong, the client may appreciate a visit from

a law firm chair who will speak candidly about the firm's own strategic plan and vision, and about how the firm takes that particular client into account as it makes key decisions about whom to hire or where to expand geographically.

Q: How does a firm decide who its key clients are?

Mozhgan: Developing a key client list is a topic that merits a separate and longer discussion, but this is a small sampling of the types of questions firms should consider in deciding which clients to include in a focus program: does the client provide challenging work that attracts talented lawyers to the firm? How profitable is the client to the firm? Does the firm already have a strong relationship with the client that it wants to nurture and expand? Is the client part of an industry or practice group that is central to the firm's strategic focus? Does the relationship partner(s) for this client appreciate the value of the focus program and will he or she be willing and able to devote the time necessary—and have the leadership or management skills—to make the program a success?

Q: Who should be in charge of the key client focus program?

Mozhgan: Very often the firm's CMO and his or her team will assume oversight for the program. The program needs internal champions, typically including both the CMO and the firm chair. However, we can't emphasize enough that the program can succeed only if the firm's extended leadership and its key relationship partners understand it and support it. Regardless of who spearheads the effort, it is important to view the various client meetings as interdependent parts of a single program that should be planned in an orchestrated fashion, and not the product of *ad hoc* actions by different teams that are not communicating with one another. This coordination also has the benefit of establishing benchmarks and identifying thematic firm strengths and weaknesses that can be addressed on a wider scale across the firm.

Q: How often should each of these meetings take place?

Mozhgan: Unfortunately, there is no magic number, and each firm has to customize the program for each client. We encourage firms to set ambitious goals, keeping in mind that they should not take on more than they can handle. (The meetings involve significant planning ahead of time, and debriefing and executing after the fact because each client contact must be meaningful.) A general guideline we often suggest is that each key client

should be contacted for a client service interview every 18 to 24 months, and for a needs assessment and business meeting at least twice a year, with thank you visits added in as appropriate. As part of a proactive client focus program, we also advise firms to encourage every lawyer to participate in a needs assessment and business meeting at least twice a month.

Q: Is a recession a good time to launch a key client focus program?

Mozhgan: Systematically implementing a key client focus program should be part of every firm's marketing strategy, independent of external economic cycles. However, a recession might actually serve as a catalyst for starting such a program, for several reasons. First, lawyers are likely to have more time to devote to the program. Second, these meetings often lead to

immediate new business for the firm at a time when it needs it most. And last but not least, clients will appreciate the assurance that they can count on their law firm to be a trusted advisor and partner during a time when their company or industry has been hit by the deepest and most severe downturn most members of their organization have ever seen.

Zeughauser Group partners Mozhgan Mizban, Kent Zimmermann, and Lonnie Zwerin work with law firm clients to establish key client focus and client service interview programs and conduct interviews on their behalf.

We have attached the article "Asking Clients How We're Doing—and Actually Listening to What They Say" with permission from Howard Rice Nemerovski Canady Falk & Rabkin and *LMA Strategies*.



Zeughauser Group is the firm of choice for legal industry leaders seeking to increase their competitive advantage and profitability, enhance market position, and strengthen organizational culture.

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Strategies

The Journal of Legal Marketing



Asking Clients How We're Doing – and Actually Listening to What They Say



by Douglas Winthrop

“This interview is extremely valuable. This sends a message to me. They obviously care.”

— Howard Rice client

In the current economy, what can a law firm do to ensure that it is in the best position possible to retain good clients and strengthen and expand its relationship with them? At Howard Rice, we determined that the most important (and most proactive) thing we could do to demonstrate to our clients that we are absolutely committed to being responsive to their needs was to talk openly and candidly with them about our work, our service and our lawyers.

Different schools of thought exist with regard to the best way to go about discussing these sometimes delicate issues with clients. Some believe that these kinds of conversations are best had between the firm’s management and the client. Others believe that the relationship partner should be the main interface. Some firms assign this task to their most senior marketing or business development staff person. Still others prefer to use third-party professionals to handle what are commonly referred to as client service interviews (CSIs). We chose the fourth option, as we concluded that clients were apt to be more candid and open with someone who had at least some measure of independence from the firm, and we wanted to make sure we were getting the most accurate picture we could from our clients.

To figure out who we would interview, we asked our partners which of our clients they believed would be appropriate candidates. Some of the criteria that we used in selecting clients for CSIs included:

- ▶ High-caliber client with sophisticated legal work;
- ▶ Strong relationships with the key decision makers; and
- ▶ Continued need for outside legal expertise.

We narrowed the list down to 10, eventually ending up with five clients for the first round of interviews. We then debriefed our third-party interviewer, making sure she had the benefit of our insights and experiences with the client.

Finally, we had the relationship partner pave the way with the client. All of the clients were extremely receptive. Our third-party interviewer spent, on average, approximately 45 minutes to an hour interviewing one to three decision-makers at each client.

In strategizing about launching a CSI program, we also discussed the need for structured client teams. Clients say that relationship partners and client teams are critical for proper staffing, continuity and efficiency. Though we had “informal” teams, we had never implemented a structured client team program.

Some firms form client teams for the purpose of pitching new work to clients. We took a different approach at the outset of the CSI process. Rather than put a team together first to pitch our clients on other practice areas – the classic “customer push” method of marketing and sales – we implemented a “client pull” process by *starting* with client service interviews. By conducting a CSI with a client first, our goal was to get a better sense of the client’s particular needs and preferences and then go back with a team suited to those needs and preferences.

What We Heard, How We're Responding

Some of what we heard validated what we believed to be true about the quality, responsiveness and creativity of our lawyers. We also received very helpful constructive feedback:

Client awareness of certain practice areas: We learned that a number of our clients were disposed to sending us more work, but that they did not know about our depth and experience in certain areas. This feedback fit in perfectly with our approach to client teams. In response to this information, we have formed client teams that include lawyers who have deep experience in areas where these clients have needs, and we have taken steps to educate the clients about our depth in these areas. We also have stepped up our internal programs on business and practice development to help overcome the discomfort that some lawyers may feel in openly asking clients for additional work.

Budgeting and creative billing: Not surprisingly given the economic environment, cost was high on clients' list of issues. We did not, however, encounter significant concerns about the absolute cost of legal services for significant company matters. Rather, our clients were focused more on their desire for predictability and, in certain types of matters, creative billing arrangements. In response, we are spending more time with clients working on crafting detailed fee and cost estimates and working with them either to stay within those estimates or giving them plenty of advance notice when circumstances require revisions to the estimates. In one case, a client that expressed great satisfaction with the caliber of our work on major matters had formed the view that we would not be able to handle smaller, less-critical matters efficiently. The CSI with this client led directly to a proposal from of us for a creative and cost-efficient way to handle these matters as well.

Practice-related information: Our interviews confirmed what we already knew anecdotally, which is that clients get too much undifferentiated "marketing material" from law firms that clog up their inbox. However, the clients we interviewed told us that they welcomed communications that were relevant and tailored to their needs. We had already invested significantly in the technology and processes that facilitate targeted communications, but we are now placing more emphasis on ensuring that our client alerts speak directly to our clients' needs (i.e., "what does this mean to me?") and we are developing more client-focused programs on legal developments, both in-house at the client and at the firm.

We have learned different things from each of the clients that have participated in our CSI project. There is, however, one lesson that has emerged which is common to all the CSIs that we have conducted: The clients appreciate that we are devoting the resources to listening to how they perceive the relationship between client and law firm, and taking steps in response to what we are hearing. From our perspective, that may be the most important and lasting benefit of the CSI project. ■

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