

Introduction to Strategic Client Management

2020

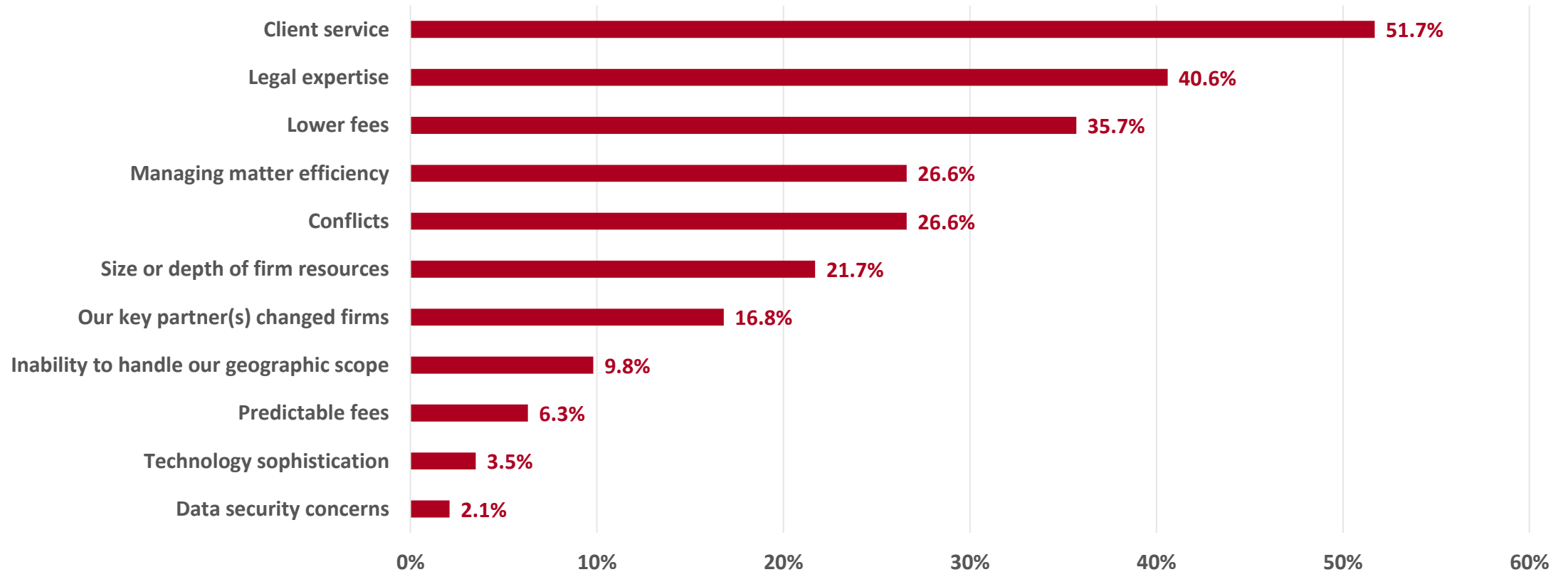
Adam Smith, Esq.
...an inquiry into the economics of law firms

What is strategic client management ?

Nurturing profitable, long-term client relationships.

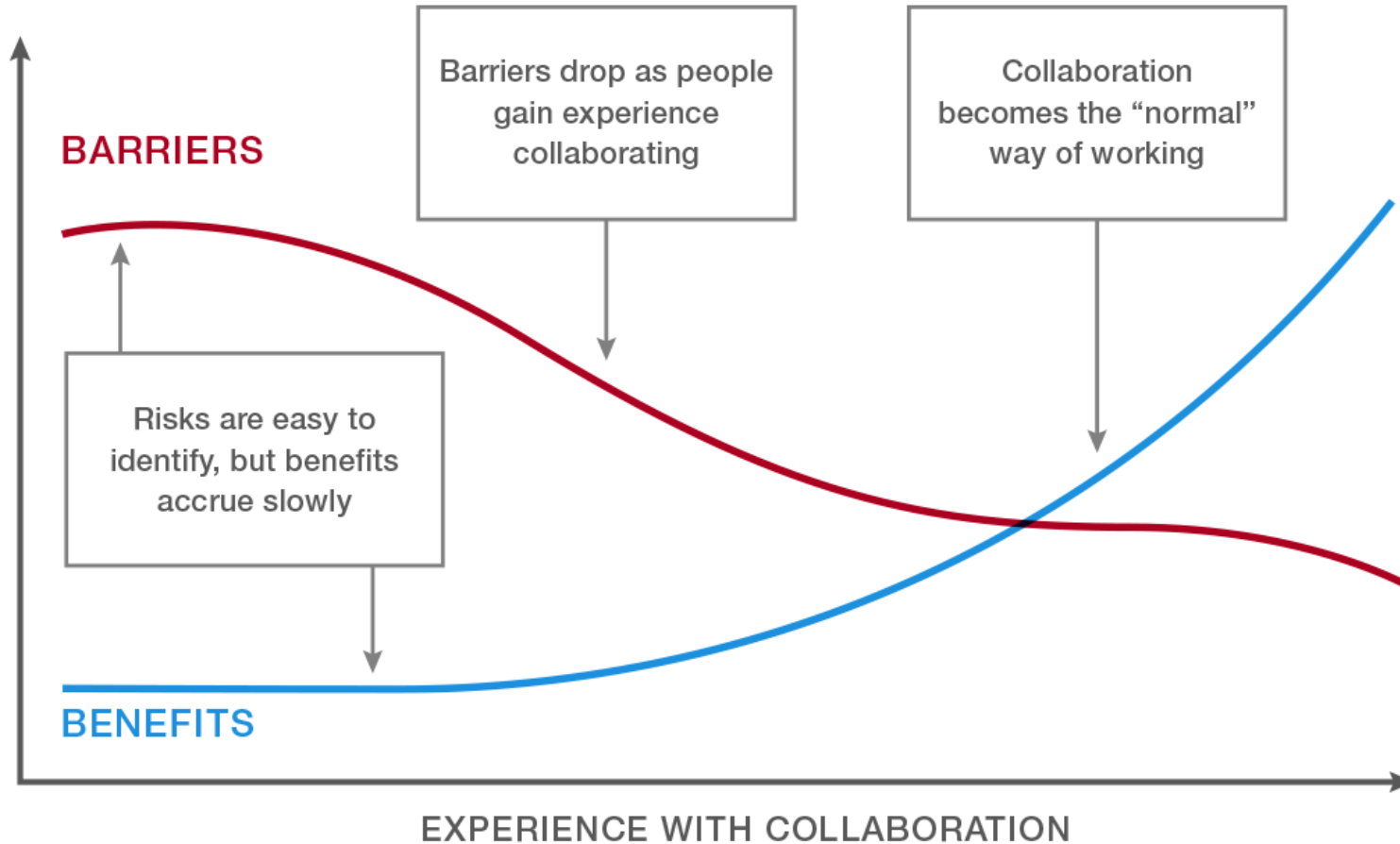
Why does strategic client management matter?

Reasons for switching law firms



Past 12 months Altman Weil/2019

Getting Past Initial Resistance



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Benefits of strategic client management to law firms

- Increased stability
- Growth: revenue and profits
- Less need/reliance on pitching new clients
- Pre-empt RFPs and bake-offs
- Junior partner/associate development and leadership opportunities
- Overcome missteps

Strategic client management: core elements

- Key clients to focus on
- Client teams
- Annual client service plan*
- Client feedback*
- Client continuity/retention program
- Metrics
- Recognition

* Most critical elements

Implementation considerations

- There is a learning curve; start modestly – pilot
- Adequately resource
 - Business professionals
 - Business intelligence (some can be outsourced)
 - Finance, IT, Marketing/BD
- Communication
- Training

Annual Client Service Plan

- Relevant background
- Goals
- Driving strategies
- Key opportunities
- Action Plan
- Assessment – Were goals met? If not, why not?

Developed in concert with your client

Client Service Elements – beyond legal advice

- Expertise*
- Communication & collaboration – internal, external
- Availability & responsiveness
- Anticipation
- Innovative ideas
- Pricing
- Business solutions – beyond technical answers
- Client education
- Connections, referrals, networking
- Knowledge sharing
- Efficiency & cost management
- Social

*Where lawyers should spend the majority of their time – but not *all*. Many of the other elements can be developed by others at the firm or outsourced.

Levels I through III of client service

I: Selling what you make

- “I love trying cases; got a case I could try?”

II: Making what sells

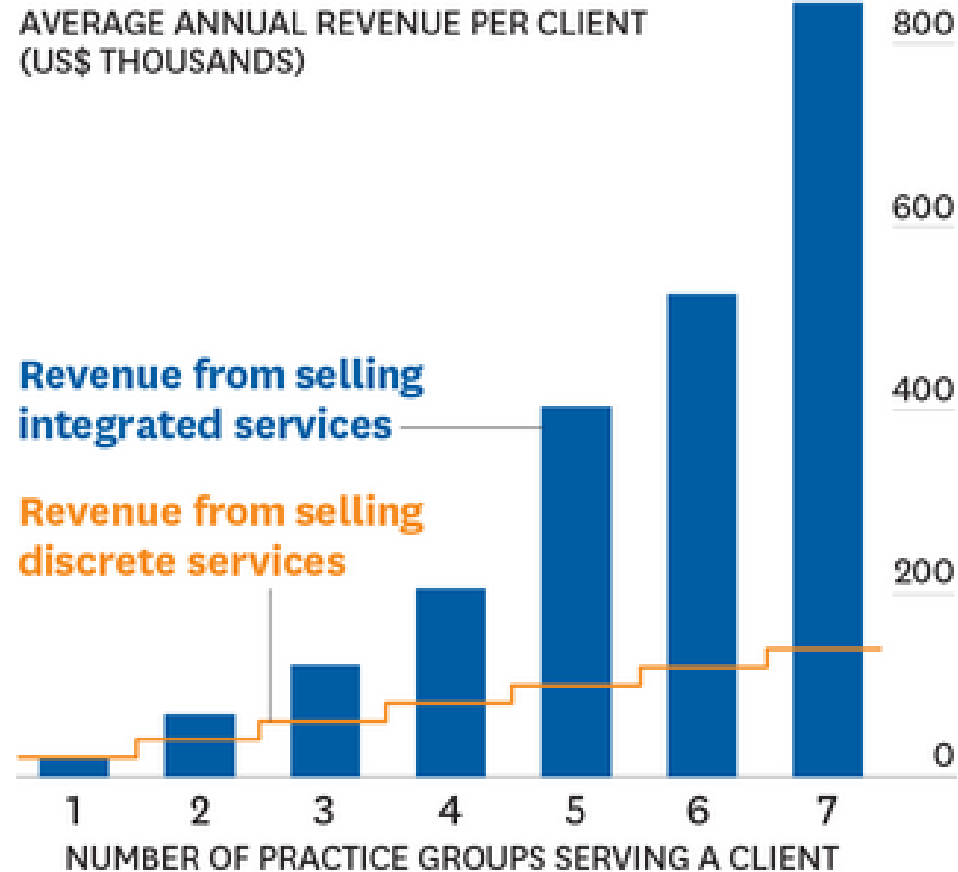
- “Oh, you need some founding shareholder buyout plans? We can do that for you!”

III: Solving the client’s business problem – “seeing around corners”

- “We’re wondering if you’re concerned about ABC; we have some thoughts on that.”

The business case for collaboration

More collaborators, more revenue



Average annual revenue for the firm increases as more practice areas collaborate

- Higher rates for *individual practitioners*

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W.I.I.F.M.

Collaboration leads to **increased rates for individuals**

Average annual hourly rate increase (2004-2013)

- Single-practice projects (no collaboration): +5.5%
- **More collaborators** per project (same practice area): +9.0%
- **More practice areas** per project: +11.75%

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Cross-serving vs. cross-selling

The intersection of client needs and the firm's capabilities

Cross-serving starts with the *client*; cross-selling starts with the firm

Not: “Want to meet our tax guy?”

Note: Requires “knowing the client” *and* “knowing the firm”

Other benefits

- Greater access to senior execs with broader responsibilities
 - More clout and **more \$\$\$**
- Teams are less fungible than individual lawyers
- Virtuous cycle; the more you do the easier it gets (promise!)

Obstacles/pitfalls

- “Competence trust”
 - Technical expertise, responsiveness
- “Interpersonal trust”
 - Undermine relationship
 - Infringe on autonomy
- Poor understanding of the client’s business
- Poor understanding of the firm’s capabilities
- Organizational barriers
 - Financial disincentives
 - Culture
 - Poor internal communications
 - Insufficient resources
- Takes perseverance

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Client feedback loop

The power of asking
..... and listening



thanks!

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