

O, WOULD SOME POWER THE GIFTIE GIE US, TO SEE OURSELVES AS OTHERS SEE US

Client Feedback As A Client Retention Tool

With thanks to the great Scottish poet, Robert Burns, that gift invokes the attempt to understand how our clients see us, and spawns all sorts of attempts at client feedback. It invokes, as well, the old joke about the actor who, after a long and tedious rant to a young lady about his talents and virtues, says, “But enough about me. How did you like my last movie?”

In fact, we are all exhorted to survey our clients, as if we can expect thoughtful answers to questions on a piece of paper, or in an email. An overwhelming number of such surveys are too often amateurish, and therefore useless. In fact, eliciting useful information from others is an art form, not to be cavalierly entrusted to the inexperienced or untrained.

But the information sought is too important to be done badly, and seeking it badly is one of the great flaws in client relations and marketing.

Fortunately two former accounting firm partners (one of whom – I note, in the name of full disclosure, hired me to be one of the first marketers post-Bates in a then Big Eight accounting firm, and the other of whom was a partner in the same firm). Ultimately they left and developed a vast array of professional skills in getting to the truth beneath the superficial. Following, in an article that appeared in the March, 2007 issue of *The American Lawyer*, they describe the professional techniques that work. It is with pleasure that I reprint the article (with permission) exactly as it appeared in *The American Lawyer*.

The article, I should note, addresses the subject in the context of risk management. It is not an exercise in curiosity, nor even an attempt to merely grade one’s service.

Rather, as you shall see, it’s a guide to managing the risk of losing a client from inattention to client relationship management. At the same time, it’s a guide to improving client service and client relations by understanding vulnerabilities and strengthening them before they evolve into client loss by attrition.

Furthermore, the article also stresses the need to uncover and capitalize on opportunities wherever they exist—something that I feel the title fails to emphasize.

The following is a guide to true professionalism in strengthening client relations.

Playing Defense

Every firm's risk management arsenal should include protection against the loss of key clients

By Donald E. Aronson and Bruce D. Heintz

Three years ago, one of the Big Four accounting firms asked our company to study the impact of the Sarbanes-Oxley Act on major American corporations. We interviewed board members, CEOs, and other senior executives of more than 100 publicly held companies; their annual revenues averaged \$15 billion. One of the most significant things we found was that the interviewees were increasingly concerned with and involved in risk management—a systematic approach to managing the downside of risk while exploiting its potential to create value.

Since then, risk management has grown in importance, and it's just as relevant for major law firms as it is for Corporate America. For law firms, risk management involves more than succession, reputation, ethics, financial controls, and disaster recovery. Of even greater potential significance are client relationships and competitive issues, and the impact that both could have on a firm's revenue stream. That's especially true for the irreplaceable clients that are often referred to as a firm's "crown jewels." Many a firm leader has lost sleep over the risk of suddenly losing such a client. But it could happen gradually, too, as a firm becomes marginalized—rather than being fired by a key client, the flow of new work simply decreases or stops.

One of the most effective ways for a law firm to address client risk management is through a well-thought out and properly executed feedback program—a comprehensive, institutional approach to safeguarding client relationships. It's something that relatively few law firms have adopted. Instead, the job normally falls to the relationship partner who "owns" the client. In cases where no one partner has requisite authority for a particular client, it is left to the various partners associated with whatever matters or cases are currently active.

We believe that client risk management requires the leadership and active participation of the firm's chair or managing partner, as well as the appropriate involvement of other senior members of firm management. The executives we interviewed regarding the Sarbanes-Oxley Act told us that "tone at the top" is a significant factor in managing risk. Therefore, a client feedback program should be designed to assist the firm leader in assessing risk and identifying opportunities. It should prevent current engagement problems from escalating into larger relationship issues; provide insights and observations to help convert good clients into great clients; and determine and enhance competitive positioning.

To effectively champion the program, the chair or managing partner must be willing to assume a considerable degree of responsibility. This includes setting the program's objectives, designating the clients to be involved, inspiring the enthusiastic support of the partners, and using his authority and persuasiveness to

make the program happen. The firm leader will also need to coordinate the efforts of the relationship partners and any consultants that are retained.

Before launching a client feedback program, a firm should divide its clients into three tiers, based on each client's relative importance to the firm. Admittedly, all clients are important, but some are clearly more crucial than others. The initial tendency will most likely be to segment clients by the size of their annual billings. But other factors, such as potential billings, the client's prominence, and its use of competing firms, should also be considered. Even for the largest law firms, it would be unusual to have more than 40 clients in Tier 1, the top tier.

Once clients are assigned to the three tiers, a feedback methodology can be established for each tier. "A Sample Feedback Program," below, is an example of such a tiered program. Designated executives at each of the key clients (those in Tier 1) are interviewed every three years and the key executive of those clients is visited by the firm leader every one or two years. Clients in tiers 2 and 3 receive a lesser level of attention. Initially, most firms should concentrate on Tier 1 clients. Later, attention can be directed to the Tier 2 clients and, possibly, the Tier 3 clients.

As shown in the sample program, feedback for Tier I clients comes from interviews, dialogues, and visitations.

• **CLIENT INTERVIEWS** are in-person, open-ended discussions conducted by someone other than the relationship partner or a member of the client service team. While it can be a senior partner, some firms prefer using a third party because of the "candor quotient" – the idea that the quality of the feedback increases in proportion to the degree of the interviewer's independence from both the firm and the client. Client interviews are meant to yield strategic intelligence, and they are usually unscripted, free-form, and conversational. In that way, issues that are of utmost importance to the client can be fully explored. Later in the interview, issues not covered but felt to be important by the firm can be discussed.

Executives to be interviewed include those who make decisions about the hiring, retention, or firing of legal counsel; those who influence such decisions; and those who may be in a position to make such decisions in the future. Typically, more than one person at a major client will need to be interviewed.

To get the most useful and relevant feedback, nothing matches in-person interviews tailored to each client and each interviewee. In-person interviews engender greater trust and therefore increase the interviewees' willingness to share their most personal insights and details about the relationship. After completing the interviews, the interviewer should prepare a report on the client summarizing the feedback and suggesting which specific actions the firm should take to mitigate material risks and capitalize on potential opportunities.

Unless they reveal significant shortcomings in client service, these in-person interviews can normally be conducted with each Tier 1 client every three years or so. That is because the client's situation and relationship with the firm usually does not change much from year to year. But to make the process continuous (and therefore, part of the fabric of the firm) client interviews should be scheduled at approximately one-third of the firm's Tier 1 clients each year.

• **CLIENT DIALOGUES** are "how're we doing" discussions between the relationship partner and the key contact or contacts at each Tier 1 client. They should occur at least once a year and are meant to obtain at least tactical feedback,

covering such subjects as how the team is performing; a review of recent work, future client needs and expectations; and plans for maintaining communications. The aim of these dialogues is to identify what's working and what needs attention—they should help ensure that service excellence and quality work become the subjects of a two-way, continuing conversation.

• **CLIENT VISITATIONS** are meant to expand relationships. They are meetings between the firm's leader and the most senior client executive with whom the firm has a relationship or would like to build one. During these meetings, the firm's chairman or managing partner reinforces the firm's interest, pledges to address any problems, shares insights into business and legal topics, seeks to understand the client's long-term legal needs, and discusses the firm's relevant strategic plans and initiatives. These meetings mix substance and ceremony, but the firm leader should come prepared with an agenda.

Because a client feedback program is intended to be mutually beneficial, client executives are usually enthusiastic about participating. They too seek feedback from their customers and believe it is worth the investment. Often they describe the experience as productive and enjoyable. One interviewee told us: "This interview is a great testimony to the fact that the firm cares about us, and even though it is doing well, it still wants to improve." Indeed some key clients expect to be interviewed—and in person. "We spend [several] million dollars a year on the firm," one interviewee told us. "They owe it to us to send someone out here to listen to what I have to say." Some requests for proposals now include questions about the proposing firm's approach to client feedback.

For the handful of Am Law 200 firms that have them, a comprehensive, ongoing client feedback program, focused on key clients and part of a firm's risk management framework, should be an immense competitive advantage. It provides a standardized, sustainable, and high return-on-investment approach to protecting and enhancing one of the firm's most important group of assets. It should also help fulfill management's due diligence responsibilities, afford a level of comfort to the partnership, and convey the proper degree of commitment to key clients. And for the firm's leader, such an approach to client risk management should result in far fewer sleepless nights.

A SAMPLE FEEDBACK PROGRAM

Although the details can vary, a client feedback program should outline the regimen of interviews, dialogues, and visitations, which should be coordinated and documented. Firms should focus first on Tier 1 clients.

	Tier 1 (Key Clients)	Tier 2 clients	Tier 3 clients
<p>Client interviews</p> <p>Purpose</p> <p>Strategic intelligence: Assessment of client risk and identification of opportunities</p>	<p>Conducted by a third party or a senior firm partner, primarily in person, every three years (more or less)</p> <p>Questions are open-ended and unscripted</p> <p>Interviewees are client decision-makers, key influencers, and potential buyers</p>	<p>Conducted by senior firm partners or a third party, primarily by phone, periodically or on an as-needed basis.</p> <p>Questions are open-ended and/or scripted</p> <p>Interviewees are the same as for Tier 1, but there are fewer interviewees per client.</p>	<p>Conducted primarily through a written or Web survey, if desired</p> <p>Questions are scripted</p> <p>Respondent is the key client contact</p>
<p>Client dialogues</p> <p>Purpose</p> <p>Tactical input: "How're we doing?"</p>	<p>Conducted by the relationship partner at least annually</p> <p>Interviewee is the key client contact(s)</p>	<p>Conducted by the relationship partner annually</p> <p>Interviewee is the key client contact</p>	<p>Conducted by the relationship partner every two years (more or less), but can be delegated</p> <p>Interviewee is the key client contact</p>
<p>Client visitations</p> <p>Purpose</p> <p>Relationship expansion: Top-level meetings</p>	<p>Conducted by the firm leader, at least once every two years</p> <p>Interviewee is the key client executive</p>	<p>Conducted by the firm's practice area or office leaders as needed or desired</p> <p>Interviewee is the key client contact</p>	<p>Generally not necessary</p>

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