

Developing Strategic Client Relationships

Andrew Hedley



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Developing Strategic Client Relationships

By Andrew Hedley

Contents

- Executive summary.....VII
- About the AuthorIX
- AcknowledgementsXI

- Part 1: The Methodology for Developing Strategic Client Relationships**
- Chapter 1: The case for strategic client development..... 1**
 - What do we mean by client relationship management? 3
 - Stepping back to take a strategic perspective 4
 - The Ansoff Matrix..... 5
 - Cross-selling 7

- Chapter 2: Competitive analysis and the Five Forces model..... 9**
 - Why client profitability increases over time 10
 - The changing nature of law firms and the legal services industry 11
 - Characteristics of lawyers, law firms and legal services 13

- Chapter 3: Understanding positive illusion 15**
 - The changing nature of the client..... 16

- Chapter 4: Dissecting the strategic triangle 19**
 - The client 19
 - The competencies and capabilities of the firm 19
 - A competitive perspective 22
 - Summarising the challenge..... 23
 - Choosing between law firms 23
 - Risk, trust and the importance of brand 24
 - The role of proxies in professional services..... 25

- Chapter 5: Through the eyes of the client..... 29**
 - Why a customised approach delivers results..... 29
 - The client relationship management organisational infrastructure..... 30
 - Defining and implementing the brand experience 33
 - Touch point management 33
 - Added value and pricing 34
 - Mapping potential added value 35

- Chapter 6: Understanding service quality and gaining feedback..... 39**
 - The SERVQUAL model of service quality gaps 39

Creating and using a client feedback system.....	41
Developing a framework for client relationship management.....	42
Introducing the programme	44
Chapter 7: Key client management	51
Selecting key clients	51
A holistic approach to key client management	52
The structure of a key client plan.....	52
Key client team selection	52
Getting the team to work like a team	55
The organic evolution of the team.....	57
Agreeing objectives.....	57
Chapter 8: Macro-environmental analysis and researching the client	59
The context.....	60
Competitive analysis	60
Understanding decision making and key stakeholders.....	61
The decision staircase	61
Stakeholder relationship mapping	62
Relationship strength assessment	66
SWOT.....	68
Action planning and responsibilities.....	68
Team meetings and driving progress.....	69
Chapter 9: Personality traits of a great client developer.....	71
Managing change to achieve effective relationship management.....	72
Leadership and its role in driving the programme	72
Creating a systems infrastructure to support client relationship management.....	73
System implementation issues	77
Chapter 10: Emerging aspects of client relationship strategy	79
Challenges for the mid-sized firm.....	79
Managing strategic client relationships through an international merger.....	79
What it takes to lead the market	80
Chapter 11: Conclusion	81
Part 2: Case Study Materials	
Case study 1: Delivering on what you've promised – what clients are looking for in a law firm ...	85
Are law firms credible advisers?	85
How do clients establish the aptitude of a law firm?	86
How do law firms develop a relationship of trusted adviser?.....	87
How do law firms maintain their status once they have acquired a client?	88

Case study 2: Moving from technical excellence to business nous	91
The life of a professional – shifting priorities, shifting emphasis.....	91
What sort of training and development makes a difference?	92
The new kid in town.....	92
Never stop learning.....	93
Benefits of a coordinated approach.....	93
Make or buy decisions	94
Recognition and reward	95
Case study 3: Delivering value in law firm billing	97
Case study 4: How client feedback is integral to an effective strategic CRM process	101
Case study 5: Implementing a successful client relationship management programme	105
Case study 6: The merits of offshoring business research	109
Necessity: the mother of all innovations.....	109
Large top-10 law firm case study	110
Mid-sized law firm case study.....	110
Case study 7: The role of competitive intelligence in shaping strategy	113
Why competitive intelligence matters	113
The strategy process.....	114
What types of competitive intelligence should be sought?	115
In conclusion	117
Case study 8: Talking about a quiet revolution	119
Case study 9: CRM – Choice really matters	123
The pioneers	123
Second generation.....	123
Microsoft Dynamics.....	123
CDC Pivotal	124
Hubbard One.....	124
e1 Business	125
InterAction.....	125
The confusion of choice	125
Conclusion.....	126
Case study 10: Engaging ...	
If you want to get ahead, get CRM.....	127
Case study 11: IGNITE	131
Background.....	131

The IGNITE programme	131
Building skills.....	132
Focus on key clients	132
Creating the corporate memory and effective pitch processes.....	132
Revitalising CRM.....	132
Creating a clear sense of direction and awareness	132
The impact of IGNITE	132
Summary comments.....	134
Case study 12: Creating an environment to nurture change	135
Leadership.....	135
Influence and trust	136
Making it happen	136
The Promise charter	137
Engaging with the whole firm and embedding the Promises.....	138
Maintaining momentum and building the presence of the Promises	138
Reward and recognition	139
Key account management	139
Client feedback and external benchmarking.....	139
What have we learned?.....	140
Case study 13: Life outside the ‘Premier League’ – Creating a compelling reason for key client management in a mid-sized law firm.....	141
The times they are a-changin’	142
Give me just a little more time.....	143
This time (we’ll get it right).....	144
Time is running out.....	145
Case study 14: Client relationship management at arm’s-length	147
The Flint Bishop approach to client relationship management	147
‘At a distance’ services.....	147
Affiliate marketing projects.....	147
Communications and infrastructure	148
Infrastructure and processes.....	148
What is different about the Flint Bishop approach?.....	149
Case study 15: Managing client relationships through a law firm merger	151
Understand your clients’ future needs	151
Tackle challenges proactively	151
Transparent communication	151
Strong key account management	152
Don’t forget practicalities.....	153
Cross-serving	153
Index	155

Executive summary

Developing Strategic Client Relationships

The strategic development of client relationships offers law firms an opportunity to create a truly distinctive and differentiated position in the minds of their clients. Successful strategies are dependent on the embedding of new skills, the overcoming of outdated business practices and the confronting of the deeply held norms of behaviour that have historically driven the lawyer and influenced the way in which law firms have been structured.

Putting in place an appropriately designed approach to the management of client relationships will become increasingly important as firms grow, sophisticated clients become more demanding and competitive pressures mount. As relationships broaden and deepen, the imperative for professionals to manage client interactions by adopting an integrated and managed approach increases.

In many markets the requirement for effective client relationship management solutions that embrace systems, processes and cultural dimensions has moved from creating a source of competitive advantage to representing a necessity for survival. This pressure will be increased by further deregulation of the professions together with the competitive pressures created by new entrants to traditional markets and substitute services.

A client relationship management programme is a means by which a firm can create and implement a multi-faceted, measured and systematic approach to the management and development of client relationships.

In itself, the term client relationship management has a panoply of meanings

depending on the perspective of the audience and the intent of the speaker. These range from taking a strategic perspective, creating a firm which orientates and organises itself to excel in relationship management to, at the process end of the spectrum, investing in technology to help with the delivery of marketing collateral. This report focuses on the strategic end of this spectrum and the development of appropriate and effective frameworks for action.

It begins with a definition of what we mean by client relationship management, a perspective on the importance of retained relationships for the future health of the business and an overview of the strategic options available to firms.

Law firms can be idiosyncratic places to work and difficult businesses to lead and manage. Tactics to better understand and overcome the challenges posed by the unique characteristics of lawyers and law firms are outlined. With this foundation in place, the report moves on to consider the development of relationships from three distinct but interrelated perspectives – those of the client, the firm and the competitive context.

The ability to stand in the shoes of the client is crucial if law firms are to be effective relationship developers. Understanding how clients choose between firms, and what matters most to clients in terms of different aspects of service in order to invest selectively, are two key areas that are explored in some detail.

Hedley Consulting's model for client development provides an umbrella framework around which management teams can build a holistic approach to relationship management and this is explained in detail.

With all client interactions, the importance of the many touch points that the client has

with the firm cannot be underestimated. Understanding where these touch points occur, how experiences are shaped and how to manage them more effectively are outlined. Importantly, the report considers the question of value, what it is and how it can be managed.

An effective system for client feedback is essential for top-flight relationship management. This can be achieved in various ways (ranging from using in-house resources or outsourcing to specialist agencies) with the spectrum being outlined in the text.

Using best practice frameworks, the report sets out a basis by which a management team can assess its current services, identify how these are contributing to relationship management and pinpoint which gaps exist between client expectations and perceptions and the actual performance of the firm.

The practicalities of putting in place systems and processes to ensure that clients receive the right levels of attention and appropriate service can be made simpler by the adoption of a tiered approach to client management. The report outlines an approach which provides clarity, accountability and simplicity in dealing with large numbers of clients in a consistent way.

A more focused methodology is needed when considering key client management and the development of these high-importance strategic relationships. From selection, to the holistic nature of the approach, through to the creation of a key client plan, the report paints a picture of the most important elements to get right when instigating a key client programme.

An important part of this process is an assessment of decision making groups, influencers within the client organisation (and how they are inclined towards the firm) and the strength of relationships that exist between individuals in the firm and the

client. Models are presented that enable straightforward analysis of these important aspects of client development.

Teamwork is essential to effective client relationship management. It is vital that team members understand their role, that objectives are clear and that the team is balanced. With an outline of the range of roles needed to create a balanced team, the report provides law firm managers with the tools to understand the composition of client service teams and identify where gaps may be present in skills which may then lead to underperformance.

Without the ability to change, any strategy will fail. Indeed it could be argued that the ability to effect change within short timescales is the most important competencies that a firm possesses in a fast-changing and increasingly demanding business environment. The principles of putting in place and leading effective change programmes are therefore an important aspect of a successful client relationship management programme.

In Part 2 of the report, case studies from leading firms, clients and key agencies are provided to illuminate the text and provide insights into leading edge practices. By interleaving theory, best practice and the experiences of those who have succeeded 'in the field', the reader is given a comprehensive view of current best practice in the area of client relationship management.

This report takes a broad and strategic view of the subject area. It has been written to provide the leadership teams of law firms – whether managing partners, CEOs, practice group heads or business development directors – with a comprehensive overview of the key components of a client relationship programme.

About the Author

Andrew Hedley, *Hedley Consulting*



ANDREW HELPS the leaders of law firms to create mould breaking strategies, to develop their brands, forge robust client relationships and compelling service propositions. His work is characterised by a strong action orientation and emphasis on change management.

Following his MA, in 1993 Andrew completed an MBA. Both focused on professional services strategy and business development. He has approaching twenty years experience of managing and advising professional service firms, including over ten years in the legal sector.

An architect by profession, Andrew was the managing director of a practice for four years before being lured into the legal sector in 1997. For the next eight years he was the business development director of two UK based Top 20 international law firms during a period of significant change for the profession.

Established in 2005, Hedley Consulting is now recognised as a leading boutique strategy consultancy within the legal sector.

He sits on the judging panel of the MPF European Practice Management Awards, the UK's highest-profile and most widely recognised award for achievement in professional services management and business development. He is a Director of the Strategy Panel of the Managing Partners' Forum's Research Committee and the Course Director of the Cambridge Marketing College CIM Professional Diploma in Professional Services Marketing, the only CIM accredited qualification focused on the needs of the professional services sector.

Andrew is a contributor to specialist marketing and management publications and a regular conference speaker. He is also a member of the Editorial Boards of *Managing Partner* magazine and *Legal Marketing* magazine, published by Ark Group.

Andrew is a member of the Strategic Planning Society, Chartered Institute of Marketing, Institute of Management, Institute of Directors and remains a Chartered Architect. He is also a Fellow of the Royal Society of Art.

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Andrew Hedley

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