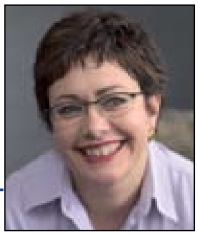
SUE-ELLA PRODONOVICH
PTB Consulting
sprodonovich@ptbconsulting.com



Getting close

‘Getting closer to clients’ is the new mantra echoing around Australia’s largest law firms. Unlike the UK, Australia has no ‘magic circle’. That is not to say that our largest law firms are not up there with the world’s best. Many are, and they have the client list, billings and intellect to prove it. But when it comes to self-promotion, our leading law firms’ focus has traditionally been on outward appearances – telling clients and prospective clients about their firms through brochures, newsletters, events and websites.

Around seven or eight years ago, branding (or re-branding) became the marketing goal for many major Australian firms. They went to a lot of trouble to differentiate themselves from the competition by refining their position and followed this with new marketing materials and corporate identities.

Whilst it is good marketing practice for any business to reflect on what it does, how it does it, and how its clients perceive it, many of Australian law firms’ efforts to differentiate themselves stopped with their new livery.

And, predictably, branding does not work, unless it is backed by substance.

Research undertaken by my professional services business development consultancy, PTB Consulting, at the end of 2006 confirmed this. In our interviews with major law firms it was apparent that there was a degree of ‘empty brand awareness’ in our highly competitive legal marketplace. Although buyers of services were more aware of the number of firms available, they did not know what each firm stood for.

But, to hand it to the Australian firms, they are responding to this perceived lack of difference. The realisation that standing out from the crowd in a difficult market requires strong, strategic client relationships has come slowly, but professional service firms are getting the message.

Clients themselves have been a force for change. Over the past three to five years clients have become more sophisticated buyers. They have altered their purchase process, giving procurement a bigger role and rationalising panels.

Clients are also putting greater pressure on their law firms to be more accountable. Firm performance is rigorously measured, and there is much more segmentation of legal suppliers. At the same time, clients are building up their in-house teams and reducing their reliance on external legal firms, recruiting ex-big firm lawyers.

In our work with large law firms over the last three years, we have witnessed the shifting purchase process first hand, and how the demands of clients have forced larger law firms to take a long hard look at their client relationship processes and attitudes.

We have seen law firms gradually moving from softer marketing – the brochures and newsletters – to much more systematic, targeted client relationship building – in other words: sales. They have embraced this with business development, CRM and key account management. The tactics involve everything from client analysis and segmentation, prioritising clients and prospects, installing mutual expectations agreements and developing service innovation and re-design together with clients.

In saying this, it is not that clients have been neglected by their corporate lawyers. Many firms are very good at servicing their clients and most large law firms have had client relationship managers in place for some time. However, in day to day practice, good client relations have largely been down to individual partners and senior associates. Management of client relationships has not been an integral part of a law firm’s business and business development executives had supporting roles rather than client facing roles.

So how are Australian law firms reaching out to clients? Proactive strategies such as ‘Best Client Programs’ and Client Lead Partners

er to clients down under

are more common, and client teams, comprising lawyers, marketers and client relationship partners, have become more important.

Soliciting client feedback, which is linked to key account management programs as a benchmarking tool, is also becoming more systemised. Client planning and listening programs are critical with the results used to improve or adjust the service offer, assist lawyer performance and give feedback to key or best client account management programs. And for strategic clients, matter debriefs, reverse-briefings conducted by the client's own teams, regular relationship reviews, annual listening programs, and annual strategy days are routine.

Keeping ahead of the game is also essential, with commissioning of market research and dedicated market analyst roles within the in-house teams of professional service firms. There is a greater segmentation of the client base, with variable service and support levels depending on the value of that client to the firm.

Despite these positive steps, our research revealed that partner readiness to manage client relationships varies. A frequent comment during our research interviews is that few law firm partners have natural relationship management skills.

Consequently, training and coaching are relied on to up-skill partners. But it's not just partners who are getting the coaching. With the increasing need for lawyers to work in business development who can integrate legal and client issues, some firms are grooming lawyers down to graduate recruit level for business development. Indeed, a number of our law firm clients are setting up rotations with the business development team – junior to mid-level lawyers who spend a temporary period of time 'seconded' to the business development team before transferring back to a service or practice group.

It's one of the reasons some firms are looking at broader factors when seeking new recruits, such as emotional intelligence, as well as legal skills and knowledge.

But the load is not all on lawyers' shoulders. Business development and marketing teams are also feeling the heat.

During our research interviews there was universal agreement that law firm marketing and business development has changed over the last few years, mirroring the shift to client-led business development, away from broad based marketing such as websites, newsletters and brochures.

It is clear from our interviews that marketing and business development has become more sophisticated. As well as seeking higher calibre staff – many senior business development hires now have 10-15 years experience behind them – there has been a shift in skills from doing to thinking (operations to strategy).

Law firm marketers and business developers are now much more strategic than they were allowed to be in the past. No longer there purely to support partners - business development teams have become the 'voice of the client'. They play a key role in large Australian law firms, a big change from their historically peripheral role.

Perhaps better termed 'client account managers', business developers influence, facilitate, coach and equip legal teams to better understand and work with their clients. Responsible for 'pitch and pursuit', client relationship development and management, business development teams use systematic, business focused activities, rather than social relationships, to strengthen their firms' client relationships.

And is this new client focused approach having any success? 'Yes' - if you measure success in terms of creating relationships that are more equitable and more sustainable for both the lawyers and their clients. As suggested by Heskett et al 1994 with the Service-Profit model – when law firms and their clients have a clear understanding of what makes for great relationships then growth, profit and loyalty will follow.

Sue-Ella Prodonovich is founder of PTB Consulting – a Sydney-based business development and marketing firm that specialises in the professional service sector. Before starting PTB, Sue-Ella spent 17 years working in-house with a global accounting firm, a global law firm, an international coaching group and two major film studios. She has an MBA, a Bachelor of Commerce (Law & Marketing) with Honors in research, a Bachelor of Science and a partridge in a pear tree! www.ptbconsulting.com