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## **Beyond mediocrity and myopia – how to stress test your client strategy**

**A law firm’s client plan is more than just a document, so following a clear checklist can help ensure that your firm’s strategy has currency at a time when competition for work has never been greater, writes Joel Barolsky.**

Most plans that law firms develop to woo clients are tactical, short-term and myopic. They are really sales pipeline documents with coffee catch-ups tacked on. There is often very little about intended client strategy. By client strategy, I mean a game plan to win – a big-picture view as to how to respond to and potentially shape the client’s needs and buying patterns over time. A clear articulation of how to [run faster and smarter](#) than major competitors.

Client-focused strategies generally fall into one, or a combination, of seven broad categories. These categories provide a useful checklist in stress-testing your key account plans.

### **#1 Pricing, value and risk sharing**

Price and risk-sharing is a strategic arena that provides a wealth of competitive opportunity. Firms can leapfrog rivals by offering alternative pricing and risk-sharing models that go beyond convention and better address fundamental client needs. The [Perkins Cole-Adobe model](#) is one recent example of this.

A number of professional services firms are creating an edge, not by race-to-the-bottom discounting, but by negotiating [long-term incentivised retainers](#) to deliver positive outcomes to both the client and the provider. I think there are rich pickings for firms that can truly understand the nature and scope of client risk and identify options to de-risk the client's business.

Another strategy in this category is to reengineer the firm's processes to significantly reduce cost-to-serve and to enable the firm to have greater price-setting discretion. Similarly, exploring new ways to [measure and enhance perceived value](#) can drive client commitment.

## #2 People and relationships

Many firms' plans to win clients concentrate on relationship mapping and connecting. This is great, but cherry-picking is a client strategy often not considered with any rigour. Cherry-picking starts by asking: "If we had to hire three people who would fundamentally advantage us with this client, who would they be?" These new hires might be in a competing firm, in the client organisation or in an adjacent provider. A quick business-case analysis of the options can be extremely revealing.

I recently heard of an accounting firm that captured the lion's share of a major client's spending by headhunting a senior associate from a rival firm. Client feedback revealed this person had become the 'go to' adviser and was far more important to the client than the figurehead client relationship partner.

## #3 Data and technology

Information and communications technology is increasingly being used to improve client connectedness and service. A great illustration of this is a leading Australian law firm that provides each client end-user a tailored smartphone app that features:

- contact details and specialisations of service providers;
- seamless integration with Zoom for videoconferencing;
- real-time project status updates;
- billing data and analysis;
- relevant legislation, case law and industry updates;
- on-demand and live professional development modules;
- upcoming events and service improvements;
- a feedback and suggestion space;
- FAQs; and
- discussion forums.

Other examples are presented in this [recent American Lawyer article](#). Big data is going to be one of the next frontiers of client-related strategy. At the moment, most firms and clients

operate with islands of data that are not linked in any meaningful way (e.g. procurement, matter management, time recording, document management, billing, HR, client satisfaction, etc). There is much opportunity to integrate and analyse all this data and offer both the client and the firm deeper insights into how to run more effective and efficient projects.

#### **#4 Delivery, capacity and coverage**

At the heart of the Big 4's multidisciplinary strategy is a compelling value proposition: our capacity, coverage and consistent service delivery allows you, Mr/Ms Key Client, to lower your transactions costs, leverage your scale, make you look good, de-risk innovation, facilitate new market entry and improve compliance across ALL of your operations. Did I mention 'make you look good!'?

Bench strength, or depth of expertise in a particular area important to the client, can be at the heart of a firm's client strategy. It is not that the expertise itself is superior but rather it is the critical mass of high-quality talent and a strong team approach that builds trust and creates preference in the client's mind.

#### **#5 Knowledge and expertise**

The fifth area of a firm's client strategy relates to the firm's knowledge – both [1] technical discipline expertise, and [2] understanding of the client's business and industry. The key here is the firm's ability to contextualise advice and make it relevant to the client's specific needs. A firm may have a great CRM platform, but it is useless if it cannot use this knowledge to pre-empt competitors, bring fresh ideas to the client or simply make the advice more cost-effective and valuable.

In my experience, many firms over-estimate the distinctiveness and durability of their knowledge. Consequently, if you are number 2 or 3 on the client's pecking order (i.e. the challenger brand) investment in deepening client knowledge and its application can be at heart of your strategy to impress clients.

Another related client strategy in this category is 'flanking'. This is about avoiding direct head-to-head competition with a strong incumbent and instead picking up work around the edges in new expertise areas and/or locations. Once a foothold is created, a direct assault on the incumbent can then be launched.

## #6 Client collaboration or co-creation

A co-creation strategy is based on identifying opportunities jointly by the firm and the client. They are 'invented' by both parties as they explore the nexus between client need and firm capability. The co-creation agenda would often include exploring things such as:

- fresh approaches to solving the client's major strategic problems;
- new methods to accelerate the client's strategy implementation;
- changes to business processes that de-risk the client's business;
- augmentation of the firm's products and services to make them more appealing;
- redeployment of resources to reduce service delivery costs;
- support for cultural change initiatives;
- new initiatives that investment analysts will favour; and
- guidance in a client's succession and career management.

While there is a huge potential upside, the zone of co-creation comes with some risk. It may force the firm to expose capabilities it simply does not have and/or practices that are sub-par. Some senior lawyers may be severely challenged by the 'grey' (i.e. entering an area that they may not be perceived as the expert with all the answers).

## #7 Wicked problems

'Wicked problems' are those complex, multi-faceted, strategically-important client problems that do not fit into a neat box or a single skill set. For example, solving a cyber-security problem requires deep expertise from a range of areas, including information technology, legal, risk, compliance, people and culture, operations, marketing and finance.

A strategy to capture clients might be based on being the lead problem solver or integrator of wicked problems. This would usually bring the best talent and technology available from within the firm and from third parties to define and solve these problems.

## In conclusion

In stress-testing a firm's plan to woo clients, it is important not to get too hung up on the client plan document itself. A plan is not a document. A plan relates to the outcomes you are seeking and your intended actions to achieve those outcomes. What is critical is that



there is clear evidence of robust strategic thinking and discussion around how to compete, where to invest and, the hardest bit, deciding what not to do.

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