

EDITOR

James Wilber
Principal
Altman Weil

CONTRIBUTING EDITORS

Ward Bower
Principal
Altman Weil

David C. Briscoe
Senior Consultant
Altman Weil

Norman K. Clark
Principal
Altman Weil

Thomas S. Clay
Principal
Altman Weil

James D. Cotterman
Principal
Altman Weil

Daniel J. DiLucchio, Jr.
Principal
Altman Weil

Virginia Grant
Consultant
Altman Weil

Marci Krufka
Consultant
Altman Weil

Charles A. Maddock
Principal
Altman Weil

Alan R. Olson
Principal
Altman Weil

Richard C. Reed
Senior Consultant
Altman Weil

Debra L. Rhodunda
Consultant
Altman Weil

Larry R. Richard
Principal
Altman Weil

Linda Thomas
Consultant
Altman Weil

Lisa Walker Johnson
Principal
Altman Weil

MANAGING EDITOR

Susan D. Sjostrom

September 2002

Volume 29, Number 12

Report to Legal Management

OUR 28TH YEAR

Thanks for Asking



By Charles A. Maddock and Marci M. Krufka

Charles A. Maddock Marci M. Krufka

Client surveys have become increasingly popular among law firms — and with good reason. Properly designed, client surveys can assist the firm in evaluating a client’s level of satisfaction with the firm and prevent potential erosion or loss of business to competition. A well-executed survey can also identify additional services — including non-legal services — that clients might expect from the firm and can pinpoint geographic markets or industry categories that are currently not being serviced by the firm. Finally, the client survey is a tool to help lawyers understand how clients make decisions, and who within their organizations makes them.

By evaluating these critical issues, law firms can further their strategic business and marketing objectives. For most firms, information from clients can provide the platform for a formal strategic planning or business development program.

As if all of this weren’t enough, clients actually *expect* to be surveyed by their firms. In fact, many corporate law departments require it — and most *enjoy* the process.

Over the past decade of conducting client surveys for law firms, Altman Weil has observed that merely asking law firm clients for their opinions and feedback creates an enhanced image of the law firm and an improved relationship between the firm and its clients. This phenomenon seems to endure for several months to a year following

the survey. Conducting satisfaction surveys seems to create a “halo effect” for the surveyor.

A recent study conducted by Paul M. Dholakia of Rice University’s Jesse H. Jones Graduate School of Management and Vicki G. Morwitz of New York University’s Stern School of Business supports the “halo effect” theory and concludes that merely conducting satisfaction surveys *enhances client loyalty and profitability*. The study, scheduled to be reported in the *Journal of Consumer Research* in September, 2002, was highlighted in the May, 2002 *Harvard Business Review*.

Researchers studied “over 2000 customers enrolled in the customer relationship program of a large U.S. financial services company.”¹ Approximately one-half of the customers participated in a ten to twelve minute telephone satisfaction survey; the other half did not. The two groups were tracked for one year

continued on page 3

Inside This Issue

Profitable Law Firms Of All Sizes	
Share Economic Similarities2
Winners, Losers in the New Legal Marketplace4
Staff Compensation Part II — Incentives6
The In-House Counselor — Corporate Counsel Comes under the Magnifying Glass7
Best Practices for Partnering Between Corporate Counsel and Outside Law Firms9
Scanning Irreplaceable Documents11

Thanks... *continued from cover*

after the survey was conducted. Participants received no other direct marketing materials during that time. Researchers measured, “purchasing behavior, defection rates and profitability.”² At the end of the year, “the customers [they] surveyed were more than three times as likely to have opened new accounts, were less than half as likely to have defected, and were more profitable than the customers who hadn’t been surveyed.”³ The most positive effects were observed within the first few months following the survey.

The consumer psychology behind this “halo effect” is that “measurement-induced judgments can influence later behavior.”⁴ In other words, if a client is asked to make a judgment about a product, service, provider, etc., and his or her assessment is positive, the client is more likely to purchase that product or service in the future.

The researchers acknowledge the limitations in the study — i.e., that it was limited to one industry, that the participants were long time customers of the organization. However, they are presently conducting additional research that they hope will clarify these questions and provide further support for their theory.

Law firms are not unlike the financial services company that was the subject of the study — they provide a variety of services to a large client base that often includes many long-time customers. In fact, the potential “halo effect” from a law firm client satisfaction survey may be even greater. Law firm clients are less likely to have had their legal services providers solicit feedback, as compared to consumers in other industries who are frequently over-surveyed. In addition, law firm client response rates to mailed or Internet-based surveys frequently exceed 40% — higher than virtually every other industry or

service category, demonstrating clients’ need to provide feedback and satisfaction with the process.

The long-term impact of this study and the follow-up studies is unclear. What is clear is that the results of this study provide law firm marketers yet another expert opinion to assist them in making the business case for conducting a client satisfaction survey. ♦

¹ Dholakia, Paul M. and Vicki G. Morwitz, “How Surveys Influence Customers,” Harvard Business Review, May 2002, pg. 18.

² Id.

³ Id.

⁴ Id. at pg. 19

Charles A. Maddock and Marci M. Krufka are consultants with Altman Weil, Inc. working out of the firm’s offices in Newtown Square, Pennsylvania. They can be reached at (610) 886-2000 or camaddock@altmanweil.com and mmkrufka@altmanweil.com.