

Keys to Building Key Clients

The “Key Client” Principle

By Alan R. Olson

For most law firms, practice groups and individual lawyers, the key to building a legal practice is to develop a base of key clients, including clients with whom you have ongoing relationships, in numbers small enough to focus upon, yet large enough to provide a flow of profitable work, and, by extension, some measure of economic stability.

In a sense, all clients are key clients. As professionals, each client receives our full attention, one at a time. As businesses, however, law firms and lawyers should analyze their client base, prospective clients and contacts, based on size, profitability and potential. These two perspectives are not mutually exclusive, since the professional perspective tends to be micro and focused on the here and now, while the business perspective is macro and strategic, focused on shaping the future. The co-existence of professional and business perspectives has parallels in physician practices, engineering and other professions.

Developing a Key Client Strategy

In most law firms, even where the principle described above is recognized, the state of key client strategy is embryonic. Developing a strategic approach to key clients — a *key client program* — is a fundamental opportunity for achieving profitable growth. A law firm key client program should encompass:

- Identification
- Research
- Development
- Service
- Relationship building
- Marketing
- Succession planning

Identification of Key Clients

From a strategic perspective, what constitutes a key client? There are three important parameters:

- 1) current fee revenues;
- 2) potential fee revenues; and
- 3) value as a referral source.

In other words, a client with relatively low current fee revenues still can be a key client by virtue of achievable revenue potential. Note that profitability is assumed here, so that clients providing high revenues, but substandard profitability, will not meet the current fee revenue criterion. A client can also be considered a key client based on value as a referral source — those wonderful clients that advocate for your firm with other potential (profitable) clients, provide great references, and actually help sell you to others.

The key client matrix below is a vehicle to help objectively apply these three criteria to prospects.

Key Client Matrix			
Client	Current Fee Revenue	Potential Revenue	Value as Referral Source
Client A	Major	X	Maybe – not yet
Client B	Small	Major	Maybe
Client C	Small	Small	Limited

Downstream, this matrix can be used for more than key client identification, since it suggests additional strategies. Client A might be an untapped source of referrals, (subject to the industry and other factors). Client B should be considered for marketing, to expand or cross-sell additional services.

Research and Development

Researching prospective clients for key client potential is both advisable and worthwhile. Even when a key prospect is perceived to be well known by your firm, research should be undertaken before strategizing about expansion or diversification. Research sources include publicly available information, news accounts, industry and association listings,

continued on page 4



Alan R. Olson

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Key Clients ... continued from page 3

Internet search engines, and the list goes on. Some basic areas to explore include:

- A prospect's industry/business – what products or services do they sell?
- Are they regulated, and if so, by which agencies?
- Closely-held or public company?
- What publicly-available reports are there?
- Who are the owners or officers of the entity?
- Any recent news articles (mentions of executives, officers, managers, new hires, awards, etc.)?
- Any major purchases, acquisitions, layoffs?
- Who represents them?
- What accounting firm do they use? What bank?
- With what prominent vendors do they do business?

Chances are good that your firm or practice group's lawyers can contribute anecdotal or experiential information as well. Your approach can be simple: identify the lawyers, managers or staff in your firm who know the prospective client or know individuals in the client organization. Get together and determine what you know, who you know, what is fact, theory or speculation. Then determine whether you need to find out more before you strategize and approach the prospect, and if so, how you will proceed.

Another source is the key prospect itself, or its representatives. If you're rubbing elbows with key prospects at an association meeting or other venue, get to know them by asking questions, and if appropriate, asking questions about their business. If you are "just interested," and are not asking for their business, you might find out a lot of information that will put you in a position to do so later. In fact, most accomplished marketers will

agree that there are very few circumstances where you should ask for the business *before* you have gotten to know the key prospective client and the individual you are asking.

Developing the first matter — that first piece of business — from the key prospect should be viewed both as an end in itself and as a starting point. Be sure that all firm partners are aware of new key client relationships as they evolve and grow.

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Key Client Service

The first piece of business from a high-potential client, no matter how small or large, routine or complex, must be handled like it is the only matter you, your practice team and even your firm, have to focus on.

When a client — new or long-standing — is identified as a key client, the lawyer or practice group should develop a formal client service plan. While many lawyers handle this effectively on an *ad hoc* basis, client service planning can increase the number of opportunities for additional business, improve results and add to key client stability to a law firm.

A key client service plan should include:

- a list of client contacts and decision-makers, with names, job titles and relevant responsibilities
- a list of current projects/matters for the client
- a billing history for the last three years
- a comments regarding client's goals,

priorities, preferences regarding service delivery, desired relationship with their lawyers, etc.

- client preferences regarding billing format, descriptions, etc.
- client contact priorities (e.g., monthly status reports; call before making certain types of decisions; don't contact me unless..., etc.)
- client visits – how often should they be scheduled? At whose facility? Who should attend?
- identified roles for different lawyers, paralegals, billing/accounts receivable personnel

The key client service plan can further be expanded to include pertinent business information, news articles, etc.

A key client service plan is a vehicle that can help the firm:

- stay focused and in touch with the decision-makers
- maximize service
- anticipate and prevent problems and misunderstandings over billing formats, nature and frequency of communication, as well as legal services
- build additional bridges from firm to client — through contact with additional lawyers, paralegals and staff. For example, if your law firm's accounting department has a good relationship with the client's accounting department, it can help prevent misunderstandings about bills and help defuse mistakes that might occur.

Relationship Building

Successfully building trust with a key client is the most important element of the relationship, because it means that the client believes the firm is providing excellent legal work, counsel, service, responsiveness and pricing. Of course, in the 21st century legal market, with the level of client loyalty generally

continued on page 12

Keys Clients ... continued from page 4

declining, no client's work should be assumed. Maintaining the trust relationship requires an ongoing effort.

Moreover, not all clients necessarily want personal relationships with their lawyers. Some clients prefer arm's length arrangements, where they ask their lawyers to do a job, the lawyers do it, payment is exchanged, and that's it. Clients will want to trust the lawyer's advice, but don't necessarily care if the lawyer is always available. Others want their lawyers to be involved as their counselors, to manifest concern, sometimes even to have emotional "skin in the game," as long as it does not negate the quality of their advice.

The propensity of a client for relationship building is really a fourth parameter in identifying characteristics of a key client, as described above. Relationship propensities are more accurately charted on a spectrum than in a binary, yes-or-no equation. They also correlate, but cannot be predicated, on company size or configuration. In general, a mid-sized, family-owned company is more likely to have a higher relationship propensity factor, compared with a Fortune 500 institution. Nevertheless, some Fortune 500 companies and their legal departments undoubtedly want close counseling-level relationships with their outside lawyers, just as some individual entrepreneurs want their lawyers to be at arm's length.

The Japanese strategic planner Itami, author of the book *Invisible Assets*, undoubtedly would count a lawyer or law firm's relationships with their clients as an invisible asset. According to Itami's precept, these relationships can be developed and expanded, not unlike tangible assets on a balance sheet — and with tangible results. If some of your key clients are relationship averse, however, you will likely need *more of them*

to achieve relative stability.

With clients with whom you have both a solid professional service foundation and a strong relationship, you will have the added potential of expansion through marketing, and, depending on the breadth of the relationship, the potential to preserve the relationship over time through client succession planning. ♦

Editor's Note: Look for two additional articles on key clients in this three-part series: Keys to Key Client Marketing and Transitioning Key Clients.

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