

Benchmarking Best Practices in Client Development©

A Study Comparing Marketing Practices of Law, Accounting and Other Professional Services Firms

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Introduction

Many professional service firms, especially those with certification standards or requirements, have placed a renewed emphasis on the role of marketing in their practice. In the past, marketing and client development have often taken a back seat to other goals. Some of those goals include adherence to technical standards, obtaining billable hour targets, filing 100% correct documents, due process, among others. Moreover, many of those goals have been defined by requirements imposed internally by the firms, rather than externally by the needs and demands of the client base. But now, with the market for all professional service firms compressing because of the greater supply of professional service providers than demand warrants, the importance of marketing and client development have become a priority to most professional services firms as a key component of survival.

Many professional firms have had organized marketing initiatives in place for a number of years, while many others are just starting out. Regardless of where a firm is in their marketing development stage, the fact remains that continuous improvements are often strived for and desired by professional service firms of all types. This benchmarking study was designed with continuous

improvement in mind.

The idea with benchmarking is to measure a firm's practices against some of the best, thereby gaining information to improve certain aspects of a firm. Benchmarking enables firms to learn from each other's strengths and to educate themselves about better alternatives. Therefore, the purpose of this study is to compare, contrast and analyze the marketing and client development efforts of law firms, accounting/management consulting firms and other professional services firms. Because so many of the practices relating to marketing and client development are subjective in nature, much of the information resulting from this study is descriptive. However, whenever possible, quantifiable tallies were made in order to generate numerically measurable benchmarks. Thus, this study is composed of both descriptive and quantifiable information which is designed to:

- Assess the range of marketing tools utilized.
- Provide measures by which to compare the effectiveness of those tools.
- Provide measures by which to enhance allocation and utilization of resources.
- Provide information which can be used to identify areas for future progress and improvements.

Which Client Development Initiatives Have Yielded the Best Results for Your Firm?

When tallying the survey, those initiatives which received the highest number of "votes" were counted and, as a result, the "Top 5 Marketing Tools" for each sector were identified.

Law and accounting/management consulting firms agree on the number one marketing tool - newsletters/bulletins. This is due to the fact that both sectors place a high value on their relationships with existing clients and newsletter/bulletins are an effective way to keep in touch, add value to the relationship and educate clients about the firm's full range of services.

Accounting/management consulting firms and other professional services firms agree that one-to-one communications are a top marketing tool. Interestingly, law firms did not vote one-to-one communications as a top five marketing tool. This is but one indicator of the legal industry's continuing evolution in the marketing area. When first starting a marketing effort, it is common for firms to rely heavily on "PR"-type activities; that is public relations tools such as community involvement, media relations, brochures and other non-contact tools. After a period of time and some advancement, firms learn that such "PR" tools are not enough to actually bring new business in the door. In fact, it is one-to-one contacts and small group discussions where the most new business is transacted. Thus, as firms evolve in their marketing development process, more and more emphasis and importance is placed on professionals' one-to-one contacts with clients and prospective clients.

Additional evidence to support this conclusion comes from the fact that accounting/management consulting firms and other professional services cite industry/target/niche

efforts as one of their top 5 marketing tools, yet law firms do not. Once again, industry/target/niche efforts are a relatively advanced marketing strategy that takes, time, planning, resources and consistent effort, which when first starting an organized marketing program is not easily coordinated or implemented. In addition, such efforts often require separate budgetary allocations, a stage which many firms have not yet advanced to.

Individual marketing plans rate high with law and professional service firms as an effective marketing tool. This is because individual marketing plans are a first step towards individual accountability with marketing efforts. Interestingly, some accounting firms have been mired in the evolution of their marketing programs and perhaps it is because they have not instituted tools like individual marketing plans which cause personal accountability to occur. One tool accounting/management consulting firms are using more effectively than the other sectors is consulting services. Providing consulting services is an effective method by which to get close to clients and prospects. As a consequence, many accounting/management consulting firms now count consulting services as over 50% of their business, which also provides them with an excellent relationship base by which to expand their business in other areas. Perhaps this effective use of consulting services is a primary reason that accounting/management consulting firms have grabbed so much market share traditionally serviced by law and other professional services firms.

Which Client Development Initiatives Have Yielded the Best Results for Your Firm in Retaining Existing Clients?

Retaining clients is essentially a maintenance activity; that is making sure existing clients continue to think well of the firm. Due to the increased competitiveness between and among professional service firms of all types, client retention has become a primary concern for many firms. The top tools used to retain clients can be generalized as "value added" tools - that is, they are designed to give clients an extra benefit for working with the firm.

All three sectors - law, accounting/management consulting and other professional services firms rate newsletters/bulletins as one of the top three tools they use to retain clients. Newsletters/bulletins are a cost-effective tool because they inform, keep the firm name in front of the client and provide useful information all in one tool. Importantly, newsletter /bulletins are often produced using "leverage", (i.e. the marketing staff plays a large role in coordinating and implementing their completion), which frees up professionals' time for other activities.

All three sectors also agree that client surveys are the number two top tool to retain clients. The purpose of many client surveys is to assess clients' satisfaction with the goal of identifying and addressing potential problems prior to them becoming catastrophic. Most professional service firms of all types have recognized the crucial role of good service in the marketing process. Without providing a level of service which satisfies the client, all other marketing initiatives will do no good in retaining or developing existing clients because if unsatisfied, clients will, most likely simply go elsewhere to have their needs met.

Both law and accounting/management consulting firms find that the use of seminars is an effective client retention tool. In essence, many of these seminars provide preventative-type information for clients which allows them to prepare and plan for future problems. Many clients report that they perceive value in attending these firm-hosted seminars.

Accounting/management consulting firms were the only sector to report consulting services as an effective client retention tool while professional service firms were the only sector to report client partnering as an effective client retention tool. Consulting services and client partnering are both advanced levels of service which many law firms simply have not yet considered adding to their repertoire. At least one law firm is using client partnering effectively by approaching existing clients with the concept of serving a volume of their legal needs for a fixed fee. In order to effectively determine the fixed fee, members of the firm conduct a "due diligence" review of existing and expected work. Thus, this firm is one example of a law firm using consulting services and client partnering as a client retention and development tool. Certainly more law firms will follow suit in the future.

Which Client Development Initiatives Have Yielded the Best Results for Your Firm in Developing More Work from Existing Clients?

Cross-selling was the only client development tool agreed upon by all sectors as a top tool used to get more work from existing clients. Interestingly, accounting/management consulting firms and other professional services firms cite one-to-one communications as a top three tool, whereas law firms do not include it in their top five list. One problem lies in the respondents' perceived distinction between cross-selling and one-to-one communications when completing the survey. It can be said that cross-selling encompasses one-to-one communications and therefore it is a tool inherent in the response. However, regardless of respondents interpretation, the fact remains that both accounting/management consulting firms and other professional service firms rate BOTH one-to-one communications AND cross-selling in their top five tools to develop more work from existing clients, which suggests their greater reliance on personal contact tools to develop new work over the "PR" type of tools mentioned earlier.

Law firms report that attorney-initiated proposals are a top tool used, whereas neither accounting nor other professional services firms cite professional-initiated proposals as a top five tool used to develop more work from existing clients. Once again, it could be interpreted that professional-initiated proposals are an inherent part of the cross-selling process. However, regardless of respondents' interpretation, the fact remains that proposals are a time-proven method by which to develop new business, therefore, those law firms that are using them effectively may have a competitive advantage.

Both law firms and accounting/management consulting firms cite seminars as a top five tool used to develop more work from existing clients. Law firms cite firm-hosted seminars while accounting/management consulting firms cite co-sponsored seminars. Firm-hosted seminars are usually exclusive to the firm, with firm professionals doing all the presenting and speaking. Co-sponsored seminars, on the other hand, are seminars that are co-produced and/or presented along with another entity such as an industry association, client firms, allied firms, etc. Either type of seminar is cited as effective for law and accounting/management consulting firms.

Once again, accounting/management consulting firms and other professional services firms cite consulting services and client partnering, respectively as a top five tool used to develop more work from existing clients. Since consulting services are rated as the number one tool by accounting/management consulting firms and, as a consequence, they continue to dominate market share in many areas, perhaps utilizing consulting services is a tool other professional services firms should begin instituting on a more organized level.

Which Client Development Initiatives Have Yielded the Best Results for Your Firm in Acquiring New Clients?

It is a well-known fact in professional service firms that getting new clients often costs up to five times as much as does developing new work from existing clients. The reason for this is because of the intense personal relationship orientation of most professional service firm/client relationships. It takes time to build up and develop the level of trust and confidence required to formally gain an engagement. Therefore, some of the marketing tools used to acquire new clients will vary from the tools used to retain and develop more work from existing clients (because of the time needed for prospects to gain awareness of the firm/practitioner) and the tools to develop the relationship.

Both law firms and accounting/management consulting firms cite attorney referrals as a primary tool used to acquire new clients. Referrals are, to professional service firms simply an extension of word-of-mouth advertising used in the product sector. Referrals serve to "place a stamp of approval" on a professional or their firm which has influence over a prospect's selection decision. Even though other professional service firms do not cite attorney referrals specifically, respondents did cite referrals as one of their top five tools used to acquire new clients. Therefore, all three sectors agree that referrals, whether from attorneys or others are one of the most effective tools to gain new clients. As a result, many firms are organizing referral systems in their firm whereby in-coming and out-going referrals are tracked via computer by use of a comprehensive "New Client Intake Form". Other firms are devoting considerable attention and resources to alumni referrals, i.e. those professionals who were once employed by the firm but have since moved on to other positions where

they may have personal needs to retain the firm and/or opportunities to refer the firm to others. All this referral activity demonstrates the expanding range and impact of a traditional marketing method relied upon by many professional service firms in the past - the "old-boy-network". By formalizing referral programs, firms are simply creating structure to these age-old networking efforts and better organizing their referral contacts in order to gain the greatest benefit from referrals.

All three sectors also agree that industry/target/niche efforts are highly effective in acquiring new clients. This result is simply a reflection of the increased competitiveness of all professional service firms. It is no longer enough to be "just" a "lawyer", "accountant" or "architect". Now its important to be perceived as a "health care lawyer", a "retail industry C.P.A." or an "architect specializing in college and university projects". Additionally, this result demonstrates that marketing resources and efforts spent in a targeted nature seem to be paying off in acquiring new clients more so than haphazard, poorly-aimed efforts.

Accounting/Management consulting firms are the only sector to mention direct mail as one of their top five tools used to acquire new clients. Law firms may be less accepting of utilizing direct mail since that tool is one cited by most courts in their opinions regarding solicitation and, as a consequence, is the subject most heavily regulated in most state's Rules of Professional Responsibility. In addition, much of the precedent for direct mail in the legal industry is that which has been controversial due to perceived "tackiness". Therefore, most law firms will continue to steer away from direct marketing as a tool to acquire new clients. However, it can be said that those law firms that are using tasteful, professional direct mail may have a competitive advantage for the time being.

Other professional services firms rely on RFP response to acquire new clients as well as to develop more work from existing clients. Neither law firms nor accounting firms cite RFPs as a top

five tool used to acquire new clients. Considering that over 80% of new business is awarded as a result of a written document proposing work product and terms of engagement, it is an imperative for all professional service firms to become as adept as possible with the use of proposals to develop business.

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