

Staying Close to Your Clients

By Catherine Cunningham

One of the major concerns of people in business is to "get and keep customers". In reality, most organisations focus on the 'getting' of customers, rather than the 'keeping'.

Of course, new customers are always welcome in any business. However, it is the existing customer who provides a higher profit contribution and who has the potential to grow in terms of the value and frequency of their purchases of your product or service.

It is possible to calculate the importance of keeping your clients. In a professional law practice, for example, then even a conservative estimate gives us:

Average Transaction Value
(\$500)
x
Yearly Frequency of Purchase
(1 visit)
x
Customer "Life Expectancy"
(15 years)
= **Lifetime Value**
(\$7 500)

Such figures certainly provide some food for thought the next time you or one of your staff members feels inclined to ease up on client care.

There are additional benefits that come from long-term clients:

- The cost of acquiring new clients can be substantial. A higher Retention Rate implies that fewer customers need be acquired and these can be acquired more cheaply
- established clients tend to buy more
- regular clients place frequent, consistent orders and, therefore, usually cost less to serve
- satisfied clients often refer new customers to the supplier at virtually no cost
- satisfied clients are often willing to pay premium prices for a supplier they know and trust
- retaining clients makes market entry or share gain difficult for competitors.

Source: Bain & Co

So, you're in a professional law practice. You pride yourself on your technical competence and you're aware of the

importance of client care skills. You've chosen your fellow partners and staff very carefully and know that they share the same value system as you. But you still get the occasional complaint and lost client.

Why is that?

*"The bad news about achieving excellence in client service is that it is made up of hundreds of little, trivial actions, not a few grand gestures. It means rethinking every communication and interaction with clients, no matter how mundane."*¹

The good news is that it can be done... But for a busy legal practice, how do you make it all happen?

First, you need to be committed to going beyond a "cottage industry" approach to client service in your firm. This means that you must be serious about **systemising** the client service measures across all staff.

Once you've made that decision, there are certain steps for you and your staff to take together.

- The first step is to understand what constitutes that **elusive concept of "good service"** by understanding what makes clients want to leave a firm.
 - The next step is to score and analyse how you rate in the good service stakes via a client communication audit. This will highlight areas of concern either across the whole firm or in pockets of operation.
 - The next step is to identify and develop agreed standards of best practice service for communicating with existing and new clients.
 - And, of course, no system will work without incorporating follow up and review procedures at regular intervals to track ongoing performance.
- A few points to consider before you begin:

It is a good idea to begin small i.e. choose a limited number of strategies on a small group of clients to begin with. Then, after 3-6 months, review your progress. Once you are satisfied that the system is working well, you can extend the range of your activities.

It makes sense to measure the im-



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pact of your activities on clients via a Client Satisfaction Index which is reviewed annually.

And, of course, any behaviour changes that you and your staff may have to make in order to excel in the client services stakes will not happen by magic. You may want to examine the system of accountability and rewards within the firm to ensure that it supports and encourages the adoption of the desired behaviour.

The days of relying on a stable and uncomplaining client base are long gone. A recent survey on critical incidents which caused customers to defect, showed that even relationship intensive services were not immune - as many respondents reported switching physicians as reported switching restaurants.

So, the next time you look at your customer service, ask yourself just how much your customers are worth and consider whether or not you would use the services of your firm. If the answer is "No" or even "maybe", then a review of your firm's approach to clients is worth the effort.

¹ Maister, D: *Managing the Professional Service Firm*