

CLIENT SPEAK

A Moving Target

Is It Possible to Define In-House Priorities?

By Allan Colman

At some level, we're driving lawyers nuts.

For many years now, it has been *de rigueur* for us — and by “us” I mean consultants, marketers, and the legal media — to hector outside counsel as folks who, when it comes to sales and business development, “just don't get it.” In particular, we point to their often-willful ignorance of both client priorities and client business needs.

As someone who spent many years sitting in the same offices with inside counsel as they reacted to law firms and made their retention decisions, I have been particularly specific in underlining such crucial buyer/seller disconnects. I intend to continue in that vein. If it serves their interests to browbeat my law firm clients, I'll browbeat them.

But we also need to take a step backward from the usual rhetoric in order to understand that the inside/outside disconnect is sometimes

an intractable problem because client priorities are often shifting, because different buyers want different things, and because in-house counsel are not always consistent.

Over the years, whether we admit it or not, consultants, marketers, and the media have advised business developers at law firms to “go *this* way. No, go *that* way. Why didn't you go *this* way? Wait a minute. You should have gone *that* way. Now show us what you've learned.”

Like I say, we're driving them nuts.

At the very least, we need to identify where the clients' priorities are, in fact, moving targets. Only after we do that can we figure out how to hit them. Lord knows, to stay in business, law firms must hit those targets whether they're moving or not.

THE IN-HOUSE DISCONNECT

A quick review of public survey data telescopes the shifting client priorities of which I speak.

For example, *InsideCounsel's* “18th Annual Survey of General Counsel,” published in July, 2007, shows a multi-leveled disconnect. On the one hand, there is the predictable synapse between in-house and outside perceptions as 68% of outside counsel believe the level of service they provide has improved

over the past five years, while only 29% of in-house counsel agree. Law firms are self-delusional, according to these data, as 62% gave themselves an “A” for overall performance over the past three years. Only 19% of in-house counsel scored them that high. Gulp!

Yet consider the disconnect *within* in-house ranks that is also glaringly apparent from survey to survey. The *InsideCounsel* survey reports that law firms focus on understanding client businesses and client exigencies as the surefire way to improve service. Indeed, BTI's 2006 “Key Trends in Client Relationships and Satisfaction with Law Firms” taps enough in-house opinion to confirm the perception that such “client knowledge” is the direct route to superior and lasting client relationships.

But then switch back to the *InsideCounsel* survey. There, in-house respondents emphatically said that reducing costs and improving efficiency are the overriding tasks for law firms seeking to solidify client relationships. Nowhere does this extremely specific priority appear on the BTI scale.

There are a few possible explanations.

- One, the in-house sector radically changed its value proposition in the

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year or so separating the two surveys. Well, anything's possible, but I doubt it...

- Two, the two surveys tapped radically different samples of in-house buyers. Even if true, it is cold comfort to law firms that can never know which of these two radically different "priority sectors" their current client or prospect represents.
- Three, in-house counsel change their fundamental priorities as their own moods dictate or, more probably, as internal pressures and external business conditions change. I'll bet on this explanation being the best one. If I'm not right in every instance, I'll be right often enough.
- Conclusion: law firm sellers must somehow shift with their clients and prospects. It's a formidable challenge, really. So let's start with an amazingly simple solution and then look at a more multifaceted programmatic response.

ASKED AND ANSWERED

The "simple" solution is to just ask them. Imagine saying something along these lines to a GC or AGC ...

"You know, Susan, it's funny. I've been reading these damn surveys about what's most important to in-house counsel and I see two very different results. One of them says that understanding your business needs is the most important thing. The other says that cost-efficiency is the overriding priority. *What do you think?*"

Whatever answer you get will at least be helpful and may be decisive. A thoughtful buyer might even tell you how and why the two contrasting priorities are not in opposition...

"Well, Tom, you need to understand our business enough to realize that, for us, a certain kind of litigation is chronic, and you need to understand what the issues in those cases mean to our broader customer base ... but you also need to realize that, because

the cases are so recurrent, we must look carefully at costs and fee options ... "

In other words, here, understanding the client's business *includes* prioritizing cost-efficiency.

Alternatively, it's an either-or situation. The client might say, "Tom, these cases represent so much aggregate exposure that, if you scare off plaintiffs' lawyers by being aggressive, we don't mind a little budget creep on the legal fee end."

Or, the client might say, "We're under enormous pressure to keep fees down. We need to settle these cases and settle them fast."

In both cases, you have your answer — and perhaps a cue for further action. If, for example, you're apprised of that "enormous pressure" from the C-Suite or the board to hold or cut costs, offer a solution. Volunteer to meet with the CEO (off the clock) to provide long-term assessments of what a less pound-foolish approach can achieve as well as the dangers of being overly penny-wise.

A BROADER PARADIGM

A more general, and therefore multifaceted, strategic response requires law firms to approach all prospective business in such a way as to unearth the differing client priorities — and to show the extent to which one priority takes precedence over, or else compliments, another priority.

In this approach, you seek vital information about:

- how clients want the work to be managed;
- what pressures they are under;
- what their business is all about;
- how rate structures fit in with corporate assignments;
- how best to communicate and keep the client informed;
- how to avoid surprises; and
- when to start talking about future needs.

One take-away from the surveys (however contradictory they may be in other regards) is that law firms that do develop business by culling information along these seven fault lines often stop doing so after they're hired.

That can be a fatal mistake. Treat every client like a prospect and never stop the research. As we've suggested, the main reason client priorities change so confusingly is that their internal or external circumstances change. As such, there's no other way to hit this moving target except through ceaseless vigilance.

Use the information you gather and keep using it. If you are one of the relatively few law firms that actually asks clients for suggestions or conducts client surveys, implement their ideas and let them know you have done so.

If consultants, marketers, and media surveys describe fundamentally different client priorities, take the bull by its proverbial horns and host informal gatherings of in-house buyers to discuss those diverse priorities. Even a general discussion of their concerns will be useful for you to hear, while the informality will be most welcome to them if only as an opportunity to commiserate.

No matter how conflicted inside counsel may be in their expectations of outside counsel, they all want you to be client-centric. Simply by taking tangible steps to clarify their priorities on an ongoing basis, you send a powerful message about yourself. Caring is the crucial first step.

