

Maximizing the Value of Being 'Close to Client'

ACRITAS INSIGHT REPORT
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Foreword



Intense competition in the legal market is radically altering client/law firm relationships. The pressure on in-house counsel to become ever-more commercially minded and offer business-ready advice is altering what they need and expect of their law firms.

Acritas' Sharplegal research shows that clients are generally satisfied with the firms they use and standards of expertise and service are high.

Nevertheless, only a third of clients say that they are 'delighted' with their external counsel.

Yet those firms able to reach this exalted position among clients enjoy:

- ▶ Greater long-term loyalty
- ▶ Higher levels of recommendation
- ▶ Less price sensitivity.

So what is required to make the transition from competent supplier to indispensable aide? What does the extra mile look like?

Eager to discover the reasons why some relationships flourish while others falter and fail, Acritas brought together two senior general counsel from very different backgrounds to share their experiences of best and worst practice with a global audience of law firms.

The following report draws on Sharplegal data as well as the points raised during the live discussion to reveal the global client view of the most effective ways for firms to get closer to their clients – and reap the long-term rewards of doing so.



LISA HART SHEPHERD
CEO | Acritas

We invite you to [view highlights](#) of the panel discussion '**Maximizing the Value of Being Close to Client**' featuring Andrew Magowan, General Counsel & Company Secretary of online fashion retailer ASOS; and Dr Solomon Osagie, Chief Legal Counsel of payment tools provider TSYS.

Define the opportunity

“Interpret who your client really is and use that knowledge to work out how to get close to them.” Even before a working relationship starts, building business knowledge is absolutely critical and extends far beyond research into the sector in which the company operates, its profile and profitability.

General counsel say that law firms rarely ask them about the internal structure of their legal department, its capabilities and pressure points, its budgeting and forecasting cycle. Yet, these factors dictate the external legal advice that the in-house legal team will need.

Getting a clear picture of what the team can and can’t do in-house and finding effective ways of ‘plugging the gaps’ by becoming an extension of the internal legal department is highly valued by GCs and effective at differentiating you from the competition.

In short, law firms can derive great benefit from asking their clients more questions – about every aspect of their role, their department, their business, its needs, budgets

and the financial constraints under which it is operating.

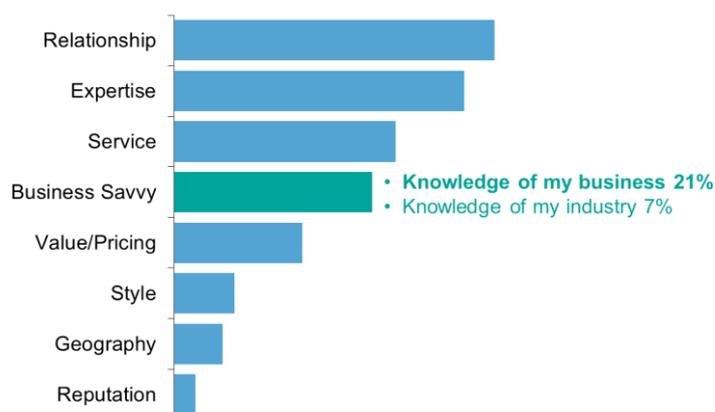
Probing effectively can not only ensure that your proposals are incisive and answer the real problems your prospective clients face but can also reveal additional areas in which you may be able to help.

The very act of taking the time and care to get to know a client in detail speaks volumes about your approach and the level of service you are likely to deliver, if appointed.

Once answers have been gathered, assimilating this data will allow you to segment the approach you take to any particular matter by finely customizing your proposals to account for team size, financial factors, Board priorities etc.

You can also be safe in the knowledge that few of your competitors will be taking such a highly client-focused approach, ensuring that your first interactions with a prospect make a lasting impression.

Loyalty drivers



ANDREW MAGOWAN | General Counsel & Company Secretary | ASOS

“Law firms need to start thinking of their clients in terms of their size and capabilities of their legal teams as much, if not more than the industry that they’re in. If I can do the work in-house, that’s where it’s going to stay. If I can’t, then I need a law firm. That’s where the opportunities lie.”

Be honest; don’t overpromise

A recurrent theme during the GC panel discussion was the need for honesty from law firms about their strengths and weaknesses – at every stage in the relationship.

Being upfront about the areas in which the firm lacks expertise is far more likely to impress than purporting to provide solutions across the board.

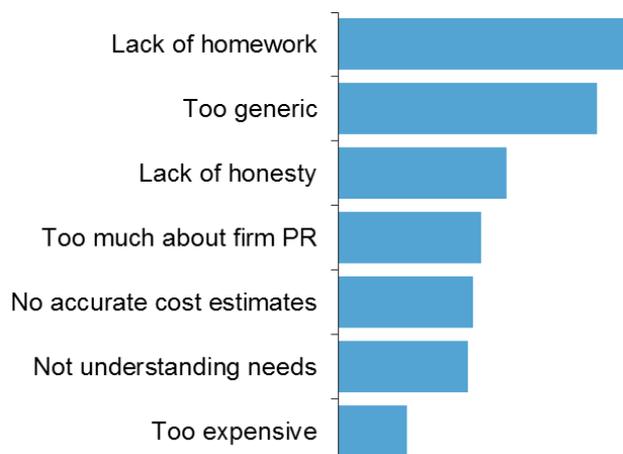
Particularly at the start of a relationship, there is a strong temptation for firms to oversell to impress. In reality, general counsel say that they much prefer truthfulness. The vast majority have worked in private practice

themselves. They appreciate that it is rare for a firm to excel in every area and are wise to the ‘old tricks’ of the pitch process.

Clients say they admire the honesty of external counsel who admit their firm has shortcomings but then go on to clearly outline how they will overcome them to meet the client’s needs.

Whether this involves collaborating with other firms or legal process outsourcers for example, the priority is demonstrating that your firm will meet all the required criteria on time and – critically – within budget.

“What is the most common frustration you experience when law firms are pitching to you?”



Work with, not against, procurement

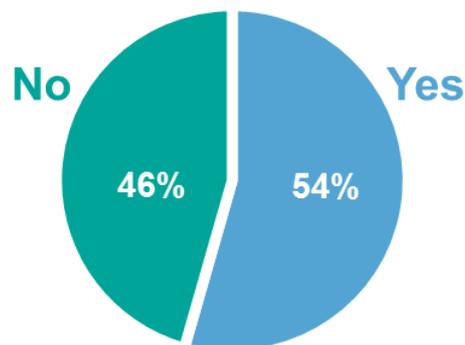
Formal procurement processes are a fact of modern business life and our Sharplegal research shows that their use is on the increase worldwide.

Although sometimes onerous, procurement can be extremely useful to in-house teams by removing the time and administrative burden that finding and instructing law firms bring. They also take in-house counsel off the hiring

and firing ‘frontline’, offer welcome relief from having ‘those difficult conversations’ and bring rigor to the appointment process – traditionally an area ruled largely by familiarity over ability.

GCs therefore advise firms to get to grips with the processes that the in-house legal team have to follow and, under no circumstances fight against them.

“Do you ever ask firms to carry out a formal pitch?”



ANDREW MAGOWAN | [General Counsel & Company Secretary](#) | [ASOS](#)

“The law firm that can work out how to benefit from procurement processes by beating them at their own game and getting there first with innovative solutions can put itself at the head of the queue.”

Share knowledge generously

Internally

When time is money, law firms can win favor with in-house teams by ensuring that all client learning is effectively fed back and that knowledge is seamlessly transferred within the firm.

This simple, yet vital step radically reduces client frustration by ensuring that no time is wasted in repeating requests or re-briefing.

This respect for client time is a simple yet highly effective way of cementing good relations, reducing the burden on clients and ensuring that in-house teams see that their firm is ‘on their side’ and constantly thinking of ways to make their life easier.

Externally

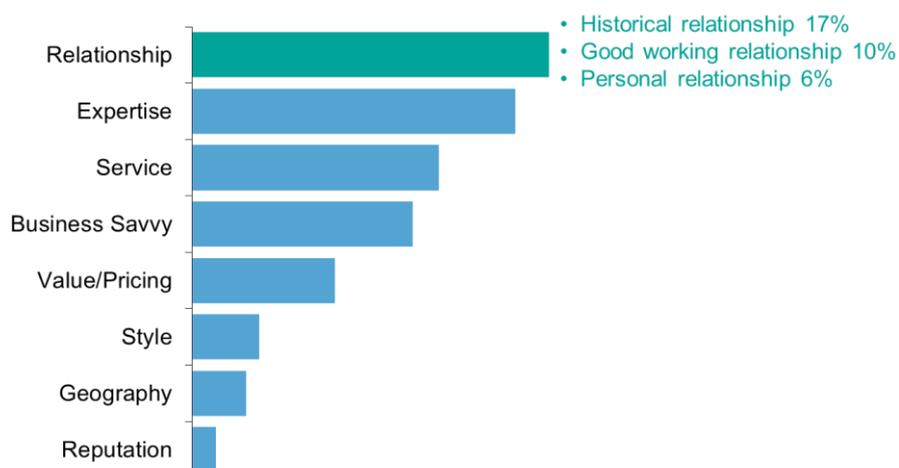
During the panel discussions, the role of external counsel as potential conduits to the latest thinking and best practice arose several times.

Exposed to a wide range of different clients with varying problems across many sectors, law firms are constantly experiencing new ways of tackling universal issues.

The general counsel we interviewed said that in the comparative isolation of an in-house role they do not get to see the range of alternative solutions witnessed by their private practice counterparts. They said they would value hearing how their firm’s other clients are dealing with legal matters.

This not only saves time, effort and money but also demonstrates that the firm has the client’s best interests at heart – thereby building trust and loyalty and cementing a good working relationship.

Loyalty drivers



ANDREW MAGOWAN | General Counsel & Company Secretary | **ASOS**

“You’re in a great position to pull together a lot of great ideas from a lot of very clever people that are looking at the same question.”

Good sector understanding is only the start

The general counsel we have interviewed say that it is not generally enough to have good sector understanding. External legal advice needs to reflect not only industry knowledge but also deep insight into the niche in which the client company operates and where the company sits within that niche.

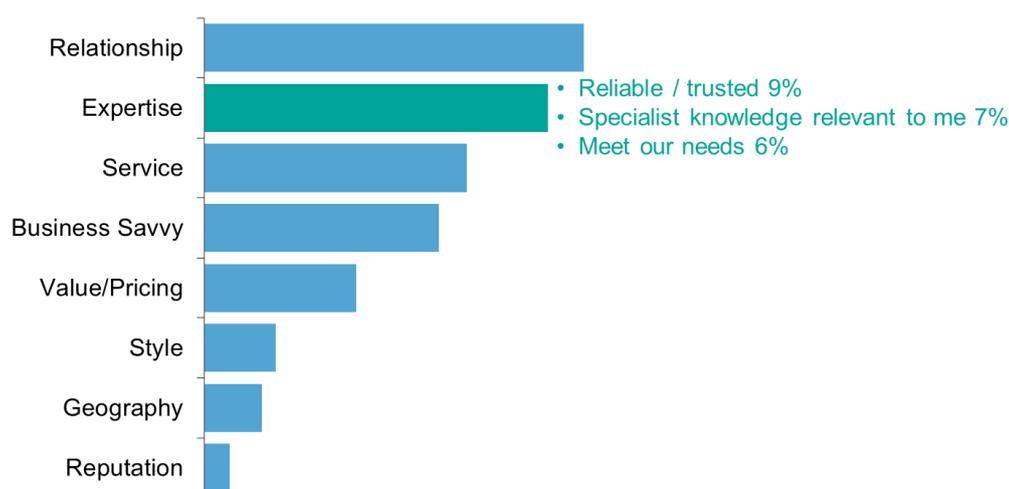
For example, a firm may have a reputation for its work in banking services and assume that this knowledge will transfer to other areas of finance. In reality each niche within a sector has its own specific challenges with which

even renowned sector experts may be ill-equipped to deal.

Time and budget-poor clients require concrete, concise, specific and relevant advice from the outset, which is only possible with detailed understanding of how a company operates within its sector niche.

This level of familiarity with the client’s business also ensures firms are able to work more quickly and effectively to deliver high quality expertise at the client’s pace.

Loyalty drivers



DR SOLOMON OSAGIE | Chief Legal Counsel | [TSYS International](#)

“When you pitch for work from me, I need to see something that tells me that you understand what I do and how I provide services within my industry, within my sector, and that’s something I think some law firms struggle with.”

A long-term view reaps longer-term rewards

“History and rapport are the keys to relationship strength.”

The way you act says a lot about how you regard the relationship you have with your client. A willingness to be flexible and meet clients (at least) half way indicates a desire for a longer term working relationship – and is more likely to bring one about.

Sticking fast to rigid structures, traditional ways of operating and standard billing practices are red flags to GCs. In-house lawyers have had

to radically alter the way in which they think and service their companies’ needs in order to meet the demands of the Board and shareholders. In turn, they need their law firms to mirror this change by being more flexible and accommodating their way of working.



DR SOLOMON OSAGIE | Chief Legal Counsel | **TSYS International**

“Having operated traditionally in a particular way, it’s difficult to break out of the mold. That’s the challenge.”

Given that the legal department is just another ‘cost center’ within a business, general counsel are under constant financial pressure to control budgets and prove they are delivering value. Law firms which are able to show they understand this cost-driven culture

by providing early warning of likely overspend, offering flexible billing solutions, keeping a constant eye on value and effectively putting themselves in the in-house counsel’s shoes really stand out.



ANDREW MAGOWAN | General Counsel & Company Secretary | **ASOS**

“Tell me what you think you’re going to spend one, two, three months ahead. Bring this stuff to me without me having to ask for it again and again and again. If you can’t work within the budget, be honest.”

Watch, ask, listen, learn. Repeat...

Despite an apparent rise in the number of law firms conducting research among their client base, the potential benefits of this work do not seem to be filtering through to general counsel.

The general counsel we interviewed during the panel discussion said they had not been asked regularly enough to give feedback on their firms. They also admitted that although it was partly their responsibility to flag up any failings in the service they received, they were too time-pressed to do this and were more likely to grow dissatisfied quietly – ultimately voting with their feet.

The latent potential in well-structured, professionally executed, formal client feedback programs is enormous for law firms prepared to dedicate time and resource to them.

If a formal program is not possible, emotional intelligence becomes vital. Reading the changing signals that your clients give off can make the difference between mistakes becoming fatal or merely being written off as

part of the ups and downs of the relationship. The onus is on law firms to be vigilant, ask questions regularly and act on the answers given to stay on top of their relationships.

When clients see that they have not merely been questioned, but that their answers have been considered and used with care to provide a better service in future, the effects can be very positive.

However, seeking feedback and then failing to do anything with the results, or simply letting emerging problems fester can lead to a rapid souring of relations.

Overall, the clients we have interviewed say that they like an effective two-way flow of communication to be established early on and for feedback to be gathered and acted on regularly throughout the life of the relationship.

Systematically gathering client insight can really help client teams to raise their game and highlight areas for partner and associate development.

Learn to read clients' signals

The general counsel we interviewed spoke of the importance of developing mutual understanding. This elusive state was characterized as being reached when a level of trust and confidence exists founded on past successes.

When this point is achieved, interactions are easy, there is no need for the more artificial kinds of relationship-building which some

general counsel say they find suffocating and a waste of their time. Instead, it feels like the lines of communication are constantly open – even when there are no pressing matters – and information transfers efficiently between in-house and external teams.

The ability to develop this kind of 'symbiotic' relationship relies on a high level of emotional intelligence on the part of the law firm.

Think laterally

In a world where traditional thinking still dominates, simply doing something a little differently to help the client stands out.

Respecting the time constraints that in-house teams face by finding time-saving solutions to their problems is a successful way of gaining favor with in-house counsel.

For example, instead of inviting in-house lawyers to a seminar on environmental law,

why not write a draft environmental policy that they can customize and use across their company.

It demonstrates your expertise in environmental law as effectively as a seminar would but, more importantly, shows that you understand clients' pressures and provide valuable help in overcoming them.



DR SOLOMON OSAGIE | Chief Legal Counsel | **TSYS International**

"I don't often have the luxury of someone saying to me: "Why don't I get X, Y, and Z and we can all set up a conference call and talk about this and then we'll spend some time thinking about it, talk with other people and then we'll go for a picnic, milk the cows, bake a cake and then finally we'll tell you what you want to know! It just doesn't work."

Closeness builds brands and business

Even if you are only able to put a selection of the ideas outlined into practice, the likely outcomes are greater client closeness and higher levels of client satisfaction, loyalty and revenue.

Your brand reputation will also benefit and your chances of client referral will improve.

Despite the increasing formality of law firm appointments, the importance of word-of-mouth and personal recommendation cannot be underestimated. Many GCs still ask

their peers about their experiences of using particular firms before even considering using them. To capitalize on this, it is vital that your firm is a brand that springs to mind.

It is therefore vital that high standards of relationship-building exist across firms. As clients' needs become increasingly global, the law firms which deliver consistent high quality and are able to seamlessly service international requirements are at a great advantage.

What will market-leading client experience look like in 2020?

When our panelists were asked about their views of the future, they said the following factors were likely to have the greatest impact:

- ▶ Commercialization of the legal function
- ▶ Increasing regulation
- ▶ Intellectual property issues in a globalizing world.

Both Andrew Magowan and Dr Solomon Osagie said they hoped that pressures would ease on in-house teams over time. They made a plea for law firms to keep a constant eye on new ways to alleviate the time and financial pressures that GCs face. The reward for doing so is loyalty.

Sharplegal: the world's leading source of insight for law firm growth

Driving understanding

The information contained in this report is just one example of the depth of insight available from Sharplegal: an annual global study of the views and needs of over 2,000 senior legal buyers worldwide.

Our data can be used for a wide range of purposes from supporting international strategies through to measuring client satisfaction and brand tracking.

Get in touch

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The Dos and Don'ts of Getting Close to Clients

DO

-  **Clearly identify your client**
Invest in gaining in-depth knowledge of their sector, niche, business, internal structures, teams and budgets
-  **Be honest**
Especially about your capabilities versus client requirements and demonstrate how you will overcome any weaknesses
-  **Share knowledge**
Internally – about clients' needs and preferences
Externally – about solutions you have seen other clients use to solve problems
-  **Be flexible**
Accommodating clients' needs and preferences will help win their satisfaction and loyalty
-  **Be emotionally intelligent**
Learn to read the signals that clients give off about their satisfaction with your service – it will keep the relationship alive
-  **Think sideways**
Identify ways in which you can act differently to help your client solve their problems, save time and money

DON'T

-  **Overpromise**
This tactic may impress initially but it is rare that the firm's learning curve can keep pace with the expectations of a client who has been 'oversold'
-  **Go over budget without warning**
The ultimate no-no for GCs struggling to keep within intense budgetary constraints
-  **Fight clients' procurement processes**
These are often in place to help GCs. Failing to follow the rules sends signals that you are not in tune with the client's viewpoint
-  **Ignore clients' views**
Client feedback is gold dust – so good or bad, act on it and let the client know you are acting on it
-  **Waste clients' time**
Everything should be seen from the time and budget-poor client perspective. If your plans don't look good in this light, think again
-  **Treat clients like cash cows**
Clients all know that the firm's ultimate aim is to make money – but don't make them feel like that's the case

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