



396 Washington Street
Suite 314
Wellesley, MA 02481
Tel:(617) 439-0333
Fax:(617) 439-9174

The Declining Client Satisfaction Antidote

Nearly 70% of In-House Counsel Are Dissatisfied

by Michael B. Rynowecer

Low client satisfaction plagues today's legal industry. Client satisfaction rates among the Fortune 1000 plummeted by nearly 15 points over the past two years. Local and regional markets fared little better. Discover what steps you can take today to gain competitive advantage and steer clear of this debilitating trend with your own clients.

The Declining Client Satisfaction Antidote

BTI's exclusive research shows that client recommendation rates are one of the most powerful and reliable indicators of client satisfaction. Clients that make unprompted recommendations are happy, satisfied and value their law firms. The law firms that are not recommended face price pressure and are undifferentiated by their clients.

Nearly 70% of Clients Dissatisfied

On a national level, 7 out of 10 clients do not recommend their primary law firm. Client satisfaction rates plummeted in 2005, and remain low in 2006 at 32.1% from a 5-year high of 43.5% in 2004. Clients are on the look out for a better option.

BTI conducted an analysis of over 250 interviews with corporate counsel to shed light on the key factors driving this deep decline in client satisfaction. Through its comprehensive research, BTI was able to pinpoint 3 critical law firm behaviors that underlie falling client satisfaction according to clients:

1. Not keeping up with changing client needs
2. Doing a poor job of articulating and delivering value
3. Poor communication between law firms and clients

1. Not Keeping Up with Changing Client Needs

Our experience shows that client needs and priorities change every 18 months. Clients' top priorities this year, for example, center around getting top value from law firms and solving problems related to compliance issues. Three years ago, clients were tackling streamlined operations, litigation and risk management. And two years prior to that privacy was a top concern for Fortune 1000 corporate counsel.

Changes in client needs and priorities inevitably drive changes in what clients demand from their law firms. Law firms who are able to keep up with and anticipate changes in clients' needs are best positioned to continue serving those clients in the future. BTI finds the most successful law firms have practices in place that enable them to systematically track the



The Declining Client Satisfaction Anecdote

Page Two

needs of their clients. These law firms leverage their knowledge to strategic advantage, aligning firm resources and strategies with morphing client demands.

The most highly effective approaches to ensure alignment between your law firm's services and client needs are:

Listen to Your Clients

Intuitive as it may sound, the simple act of engaging clients in an ongoing dialogue, particularly one that extends beyond legal matters, is one of the most powerful ways to stay in tune with their changing needs and demands. As competitive environments shift and company strategies advance, direct, open conversation between attorneys and clients provides the key to unlocking new opportunities.

Be an Expert in Your Client's Business

The sheer volume of data that is publicly available in today's information age can be overwhelming. Yet harvested wisely, this wealth of information is an exceptional source of insight into the inner workings of your client's organization. In addition to publicly available resources such as newspapers and trade press, tap into competitive intelligence resources, such as Hoovers, analyst reports, case studies and even executive biographies, to elucidate your understanding of your client's business.

Above All, Be Flexible

We have seen nothing more harmful to a law firm than an unwillingness or inability to tailor its offerings to better meet the needs and demands of clients. Even with requests as seemingly innocuous as changes in billing format or frequency, clients see a law firm's failure to comply with their wishes as a blatant disregard for their needs.

The ability to be flexible and nimble is highly underrated in the legal world. Yet it can be the single attribute that distinguishes you from the competition. Clients see flexible firms as quicker to respond, better skilled at understanding business drivers and more client-focused - all the key ingredients to achieving superior levels of client satisfaction.

2. Doing a Poor Job of Articulating and Delivering Value

One of client's top goals for 2007 is to extract more value from their law firms. Clients can get more value from law firms in one of two ways: 1) they can demand rate reductions until they are paying less than what they believe a law firm's services are worth; or 2) they can be convinced that the law firm's investment in a matter exceeds their own and that the price they are paying for the firm's services is a bargain.



The Declining Client Satisfaction Anecdote

Page Three

BTI recommends positioning your law firm on the winning side of this equation by learning to demonstrate and communicate the value delivered to clients before, during and after every engagement. Law firms who consistently garner premium rates from their clients have mastered this approach. These savvy firms help clients by delineating, and quantifying whenever possible, how the outcome (cost savings, brand image protection, quicker transaction closing) outweighs the cost of their services.

3. Poor Communication between Law Firms and Clients

Just as communication is key to successfully understanding clients, lack of communication serves to deepen the chasm between what clients want and what law firms deliver - a surefire way to undermine client satisfaction. Nearly 30% of clients point to communication-related problems as the one thing that most drives them crazy about their law firms. The regular culprits join clients' list of grievances, such as non-responsiveness, exclusion from the process and infrequent updates. However, this year 12% of clients point to a developing trend in communication-related breakdown, decision-making without authorization.

Whereas many clients in the past have encouraged their law firms to make authoritative decisions and accept accountability, new policies and regulations demand that clients adopt a more conservative approach. Top legal department goals for 2007 focus more rigorously on reducing risk and minimizing liability. Clients, in turn, look to their law firms to help them maintain control of key decisions that impact legal matters as well as their business. Just a handful of law firms today have managed to adapt to this changing client environment.

Some successful tactics to help boost communications between your firm and its clients:

Establish Communication Protocols

Work with your clients at the start of each matter to delineate clear, detailed communication protocols. These guidelines should include what types of information need to be communicated, how frequently, in what format and by what method (email, phone, etc.).

Adopt Client Service Standards

Client service standards provide a guideline for how to interact with clients to ensure superior client service. While they often extend beyond the realm of communication, some particularly powerful and easy-to-implement standards to improve communications include:

- Respond to all client phone calls and emails within 4 hours
- Answer your phone within 3 rings
- Provide regular monthly updates on client matters regardless of whether or not you have billed hours
- Invite clients to participate in pivotal team meetings



The Declining Client Satisfaction Anecdote

Page Four

The key to improving client satisfaction is in every client interaction. The professional services firms (and handful of law firms) that have mastered client service successfully embed the above principles and tactics into their culture and daily lives. Start small, add as you can and always remember the age-old truism, clients first.

#

About the Author

Michael B. Rynowecer is President of The BTI Consulting Group in Boston, MA. He can be reached at (617) 439-0333 or mrynowecer@bticonsulting.com

© *The BTI Consulting Group*