

# Legal Management

www.alanet.org

## Competitive Edge

BY JEFF READE



## Perfecting the Mix:

### Client Relationship Management Yields Great Results

If you're in business, you know who your customers are. And it's wise to know people they know. If you can learn more than that from them and make connections, great.

Technology makes tracking client information much easier. Client (or Customer) Relationship Management systems are essential tools used in virtually all industries today. CRM systems allow companies to bring information together about clients and customers in order to more efficiently do business, and then to track, target and develop new business.

CRM for professional service firms is somewhat different than for other industries, because it is more relationship oriented. However, many of the same issues that occur in other industries apply to professional services. Therefore, there is an opportunity to benefit from the experiences of other companies, and to see both why CRM is critical to your success and what the major hazards are.

#### **Contact Management is the First Layer**

In a professional service firm, a CRM system is built from the ground

up. Relationships (the “R” in CRM) are a key asset of any professional services firm. Professionals and their firms are often hired for the contacts they know as well as what they know. Referrals drive new business. This is easier if the individuals

Users will be able to tell who else knows any contact or company in the system. Combining this contact information into one system lays the foundation for relationship management and provides some immediate benefits.

or former employers. All of these relationships are important pieces in building a repository of information about clients and prospects, and can ultimately be used to cross-sell services and build additional business. Additionally, referrals and referral sources can be tracked here, offering intelligence about how clients come to the firm.

---

***Professionals and their firms are often hired for the contacts they know as well as what they know. Referrals drive new business.***

---

in a firm can access information about the people the firm knows outside their immediate circle.

Individual lawyers and staff members in firms do keep track of their contacts. They’ll often use tools like a Palm Pilot, Microsoft Outlook, GroupWise, Lotus Notes or something similar. Contact management is the first building block in developing a firmwide CRM system in a professional services organization.

### **Relationship Management — Combine Ingredients and Blend**

Combining individual contact management data creates a firmwide contact manager — and a lot of duplicates. Typically, more than 60 percent of the individual entries from a firm are duplicates. However, this is good because combining them will provide some useful information.

First, a firmwide system creates a single point for data entry, saving time and effort in coordinating contact and company data across the firm.

Second, shared data and intelligence increase the firm’s ability to get new business. It helps you coordinate efforts and tap into relationships that otherwise may not have been known.

There will be no need for the e-mails that often fly around a firm, asking who else knows someone at a company. It will also help avoid the humiliation that arises when multiple people from the same firm approach a prospect without knowing it.

Third, relationships outside the firm can be tracked within the combined data, such as a company’s other professional firms (accountant, banker, lawyer), parent/subsidiary relationships, or relationships between people, such as college buddies

### **Marketing Management — Add More Data**

Marketing management is the next layer after relationship management in a CRM system, and once again is built ultimately on contact management. Marketing data are created by adding internal financial data (billings, receivables, etc.), and external demographic data (such as industry, sales volumes, number of employees) to the basic company and contact data. This gives the data three dimensions.

Data mining can then be done, analyzing results by industry, geography, size, activity, relationships, type of entity, marketing initiative, etc. The firm can focus marketing dollars on the areas that are the most profitable, and either improve or eliminate areas that are not. This is the ultimate goal in managing and analyzing marketing information. It is here that a CRM system becomes a business-intelligence tool for strategic planning.



### **You Still Have to Cook It**

Putting the ingredients for a package like this together does not ensure success. Just as a cake can fall if not cooked properly, a CRM initiative can fall flat if not well prepared. As a matter of fact, more than 50 percent of all CRM initiatives fail.

In an article titled “How to Buy and Not Get Sold,” in the December 2001 issue of *Darwin Magazine*, Scott Berinato outlines why CRM systems typically fail. He gives four basic reasons:

- *Guts vs. Reason*: Software vendors sell on emotion rather than logic.
- *Feature Envy*: Vendors sell features clients don't need.
- *Fear Sells*: Buyers often follow other firms in their industry to play it safe.

- *Holy Grail*: Clients get the idea that one application will do everything.

In the end, though, the underlying cause for CRM systems failing in law firms is simple: No one uses the application.

### **How's Their Appetite?**

Culture is the biggest hurdle in gaining acceptance for CRM in a law firm. Information is fundamental to the business of law and sharing information is typically against a lawyer's natural tendencies. Lawyers will not change their behavior unless they perceive clear benefits in doing so. Unfortunately, many CRM systems provide no such immediate or obvious benefits. Additionally, systems possessing lots of bells and whistles are

often more difficult to use for the basics like simple contact management. Because lawyers are so time conscious due to hourly billing, such systems do not get used at all.

### **Recipe for Success**

Overcome the difficulties of implementing CRM firmwide:

#### **1. Make a Simple Dish**

Just as in cooking, the simple recipes are most likely to succeed. As Berinato states in his article, “Applications that do a few things yield better results than those that try to do everything.”

First, focus on what you need. Figure out your most important features and find a system that does them well and is easy to use. “The system needs to be powerful, but extremely easy to use. If the users can't figure it out, forget it — they won't use it and then the whole system is worthless,” according to Peter Cook, Director of IT at Morrison, Mahoney & Miller LLP in Boston.

Second, minimize behavioral change. Systems that utilize the way lawyers already work minimize the change in their behavior and are more likely to succeed. If they currently use Outlook, don't make them change. Use a system that will take the data from Outlook and leverage it. The same can be said for data from Palm Pilot, Lotus Notes or GroupWise.

Third, start with the basics. The Holy Grail is integrating data from a number of sources, such as accounting information and multiple databases. Remember, relationship management is built on contact management — if the users aren't doing basic contact management in the system, no data exists for relationship management. Once a system is being used successfully for contact and relationship management you will be able to add the demographic data that provides true marketing information.

### 2. You Need A Good Recipe

The success of a CRM initiative is going to be determined by how well you plan and how closely you follow your plan.

- *Taste Test.* It is critical initially to test the application and data conversion. Problems will occur, so find them early and eliminate them. There is no surer way to turn a group of users into doubters than to have a system conflict with another application or show them data they know to be inaccurate. The impression is that the new system is at fault.
- *Mikey Likes It!* Have a small group pilot the system, get their feedback, and make adjustments. It is much easier to operate with a small group than a larger one, and much easier to put things on hold and go back to the

drawing board if a serious roadblock arises. It also helps to build some positive buzz if your test group has a good experience, which often occurs because you tested well to begin with.

- *Do a Batch at a Time.* As much as software vendors would love to have you buy everything at once, it is easier to make a change in direction with a small purchase than after a large amount has been spent. As Berinato says, "Smaller rollouts succeed more often than bigger ones." So, make your big rollout a result of many smaller ones.

### 3. Get Them Salivating

In any rollout of software, users need to be on board. Shoving it down their throats doesn't work as well as letting them taste it first. Users must understand how using a system like this will benefit them. This can be done without the hype.

Cook (no pun intended) shares his experience in implementing a successful CRM package: "Users need to be educated as to the value of being able to share information. They no longer have to search through old documents or e-mails or pieces of paper or business cards to find an address, and they can figure out who else at the firm knows this person. When they understand how it benefits them, that's when it takes off."

In order to get buy-in throughout the firm, everyone must be considered:

secretaries, lawyers, paralegals, marketing management, librarians and IT all have different opinions on how and why a system benefits them and how it does not. A good outline of these differing perspectives and how to approach them is in the summary of a session at the San Francisco Bay Area LMA last year titled "Promoting Marketing Technology Initiatives": [www.lmasfbay.org/publications.asp](http://www.lmasfbay.org/publications.asp).

Management also needs to be solidly behind a CRM initiative for it to be a success. Without direction and leadership from the top, failure is likely. This cannot be just a marketing initiative: Everyone must be involved and benefit to truly succeed.

### The Icing on the Cake

CRM is an integral aspect of doing businesses and has great value for both day-to-day operations and in strategically managing a firm. Aaron Kirk Douglas, Director of Client Services at Miller Nash LLP in Portland, Oregon, says: "If your law firm doesn't have CRM in the 21st century, you will be overwhelmed by the competition." ❖

---

### About the Author

JEFF READE IS PRESIDENT OF COLE VALLEY SOFTWARE. HE CAN BE REACHED VIA E-MAIL AT [JEFF@COLEVALLEY.COM](mailto:JEFF@COLEVALLEY.COM).