

Ride the recession

Pippa Blakemore shares some advice on capitalising on the opportunities and overcoming the challenges of a financial crisis

The global slowdown gives your law firm the unique opportunity to increase business. The credit crunch gives you the rare opportunity to check, evaluate, streamline and repair the four key pillars of your business: (i) the robustness of your strategy in the face of current pressures; (ii) the effectiveness of the services that the firm provides to its clients, referrers and intermediaries; (iii) the robustness of your supporting systems; and (iv) the appropriateness of the structures that support the other three pillars.

While many of your competitors may be retreating into themselves, distracted by internal discussions on survival, this is the time for you to look outwards rather than inwards and actively seek ways to improve your services to your current clients and referrers, to develop your contacts and increase and maintain your profile. Thus, when the economic position improves, you are lean, fit, strong and finely tuned to take the greatest advantage of the global upturn.

How robust is your strategy?

Have the current pressures facing your firm blown your strategy to irrelevance? Is your strategy the cause of some of the problems you are facing? Or has it proved to be the stable point of reference, keeping the firm moving steadily forward while maintaining fee income and profitability on these choppy economic seas? Analyse what your strategy should have incorporated and didn't, what it did incorporate that proved unhelpful and what it included that is now proving valuable. Apply the results of this analysis to your revised strategy.

Ensure that your future strategy incorporates comprehensive risk management, anticipating as many threats as possible, with plans on preventing these, minimising their impact or overcoming the consequences. Incorporate comprehensive diversification so that the firm is not over-dependent on a particular region of the world, country, economy, sector or practice area.

Your strategy should also incorporate scope for taking advantage of the opportune as well as the planned. All unexpected opportunities should be objectively evaluated against a pre-agreed set of criteria to ensure that they fit with the general direction of the firm but not so strictly that such judgement stifles entrepreneurship.

On the other hand, you may not have had a formally articulated strategy at all. Or, if you did, like 75% of strate-

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gies it was not fully implemented. Now is a good time to evaluate whether you could have done better with or without one. Measure the profitability of each of your clients, sectors, industries and countries and the associated costs of maintenance and winning new business.

Do your clients see that you deliver?

Many of your competitors will be retracting and trying to cut corners on the services they give to their clients. This reduction in service comes at a time when your clients feel most vulnerable, when they need the greatest support from the firm without being able to give in return. If you demonstrate that you are on your clients' side in the bad times they will remember this with gratitude when the good times come, as they surely will. This applies to individuals who may have been made redundant. Keep in touch – they may become the entrepreneurial successes of the future.

Ensure that you have well-structured client teams, with a well-publicised client relationship partner, a deputy and a well structured, supportive team. Make sure that everybody in the team understands their role, responsibilities and the expectations of the client.

Make as many opportunities as possible to review with your clients what they want from you, even more so than if things were going well. Clarify their expectations and whether these expectations have changed because of economic pressures on them. Accept their offers to meet and find out what is happening in their business, having carried out your own pre-meeting research beforehand. Ask for meaningful, systematic and structured feedback on your past performance. Demonstrate to the client that you genuinely want to hear his views. Act on what you hear and, by changes in your behaviour, show that you have implemented the client's requests, within reason. It is also important to go back to the client at an agreed time to check that his expectations are being met. The current decrease in work volume, and the increase of time that you may have as a consequence, is a unique opportunity to demonstrate to your clients how important they are to you and to strengthen the relationship at this time of mutual hardship.

Enhance the perception of your service by offering ways in which you can help. Research and keep yourself up to date with what is happening in the clients' organisations, industries, jurisdictions and political and social spheres including, for example, the impact of the current economic maelstrom and its effect on exchange rates. Monitor tax changes, regime changes and any legislative procedures. Think of some innovative and imaginative ways in which you can make the client's life easier and improve their profitability and performance. Even if these are inappropriate, they indicate your desire to help and that you are constantly thinking of your client.

Be enthusiastic about your firm and yourself. You need to be interested in your own firm; what it does, how, where and for whom. Clients are constantly surprised about what law firms do and will very often say to lawyers who mention something casually in a conversation, “I didn't know you did that.” They are often surprised that you have not offered to help in this area before. Therefore, now is an opportunity to talk to the client about your successes. Clients want to be associated with a successful firm – be proud and enthusiastic about what you have achieved. Demonstrate that you are the right firm to be supporting your clients in times of difficulty and that you are fully poised for the next phase of the relationship.

Relish challenges on fees as an opportunity to demonstrate your value. General counsel will be under pressure to cut costs. Clients are increasingly asking for a reduction in fees and lower rates. Do not immediately say yes to these requests, because by doing so you will undermine the fee rates you have been charging and hence the client's trust in you. A client's priority is the value you give them in getting the job done so that they can achieve their commercial objectives. Put the demonstration of value in the language and terminology of each individual organisation so that in-house counsel can explain to the chairman, CEO or finance director in his words rather than using legalities.

If discussions become fee negotiations on rates, try to adhere to the basic negotiation principle, which is that you don't give away one thing for nothing, such as an immediate discount on rates. Try to give away something that may be of less monetary value to you but that is greatly appreciated



by the client. Constantly look for ways to work with your clients to help them reduce their costs and increase your value to them. Do not assume that clients recognise this. Take nothing for granted.

Reviewing your services in today's climate gives you a unique opportunity to stand out from other law firms who are retreating into a defensive position. It gives you the opportunity to get to know your clients better and so strengthen the relationship in times of shared pressure. As your current clients are your greatest source of income and your greatest ambassadors, it is important that these clients continue to recognise that you believe in yourselves and in your future. They will be with you in future if you are with them now.

Check your systems

All of your systems should have four clear, well-publicised objectives. First, do your systems develop and strengthen relationships with current clients, intermediaries and referrers? Second, do they increase your firm's effectiveness in developing new contacts, networking and raising the profile of the firm? Third, do they increase the win rate of pitching for new business? Fourth, do they secure the future of the firm? Take the opportunity to streamline your systems now. The following are the critical ones to check.

Technology

Are you maximising the opportunities offered by technology? Many firms have invested heavily in highly sophisticated technology but have not had the time to use it to the full. Frequently this technology is state of the art, but is only being used at a fraction of its capacity. Now is the time to work out how you can increase the return on your investment in technology.



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On the other hand, technology is not an end in itself in systems such as client relationship management (CRM). There is often the feeling that once the system is bought and set up there is nothing more that needs to be done by people because the system will do it for them. So assess realistically how to make the most of your CRM systems, whatever their level of sophistication.

Service standards

Do you have tailor-made service standards and key performance indicators? Many key performance indicators have been reduced to the basics of how long it will take to answer a telephone, how long it will take to answer an email and how long it takes to deliver a piece of advice. Although these are irritants to clients when not met, now is the time to devise some more sophisticated service standards, tailor-made to each client and based on their own key performance indicators. These key performance indicators can be introduced into feedback discussions with clients, or discussions with potential clients, and will demonstrate to the client that you are keen to be measured in the same way that they are measured by their clients or customers.

Targets

Do you have systematic identification of your targets? The firm's criteria for new clients need to be widely publicised and understood to ensure that all efforts are targeted, focussed and effective. Events and seminars, for example, are not just ends in themselves but an important part of bringing in new clients, as well as strengthening relationships with existing clients. A productive event is one in which there is a pre-briefing on each guest, where each person achieves what they want from the event and there is personal and coordinated follow-up so that, for example, one potential client does not receive four follow-up communications.

Events

Do you have a system for delivering imaginative and cost-effective events? There is now a temptation, particularly if people are being made redundant within the firm, to cut down on seminars, events and socialising. Buck the trend by investing thought, time and creative brainstorming to hold events that are not extravagant and glitzy but small, targeted, personal and imaginative. Clients will feel more comfortable enjoying these, rather than the extravaganzas that they are well aware they will ultimately pay for.

Profile maintenance

Are you systematically maintaining your marketing and profile? Global corporations discovered in the last economic downturn that cutting back was deleterious when the economy started recovering. Law firms can learn from this. Externally, keep issuing confident and meaningful press releases with a good story, encourage lawyers to write articles to be published in the journals that your clients, contacts and referrers read, encourage them to write the book that they always wanted to write and look for different ways to increase profiles in a range of imaginative ways. Internally, keep up morale by systematic and sensitive communication throughout the firm. This means telling people the good news and sometimes ensuring, when things have gone wrong, that everybody knows so that they do not feel caught out when clients and contacts appear to know more about the firm than the employees. This may be difficult, but it will be remembered when times get better.

New business

Are you streamlining your systems to increase your win rate when pitching for new business? Many pitches are done under tight time constraints and are often delivered within minutes of the deadline. This may not impress the potential

client, because it appears to demonstrate that your firm will only deliver advice at the last minute. Take this opportunity to review your pitch approach and methodology to create a useful pitch template, systems for standard but tailored CVs, updated deal lists, standard but tailored experience lists and consistent photographs between merged firms, alliance firms, best friends and any group of lawyers who are joining together to produce a unified pitch.

Cross-selling

Are you systematically cross-selling to secure the strength of the firm? While they are not so busy, encourage lawyers to get to know each other, whether they are in adjacent rooms or on the other side of the world. You refer work to those you know, like and trust. Now is a great time to develop and strengthen relationships internally. Encourage this at all levels of qualification as a long-term investment. Encourage the most junior lawyers to cross-sell and network with their colleagues on the same level.

Training and appraisals

Is everybody's effort targeted through focussed appraisals and appropriate bonuses and rewards? You can focus efforts into the areas you want by having targets incorporated into appraisals. Lawyers should start their business development as soon as they join the firm. This means that when they become partners they are fully skilled and able to take the business forward immediately.

Are you training everybody in soft skills for little direct cost? Resources and skills are available from your clients, who will be pleased to talk to you about their business. Resources are available within the firm. For example, your lawyers could go on secondments to your clients or to your other offices in different jurisdictions. Senior lawyers from other jurisdictions and your office could speak to lawyers and pass on their experience. All of these ideas have few direct costs, except for those of travel.

Billing

Improve billing and payment procedures. Reduce the write-off on bills; increase the speed of payment and reward regular billing and speedy payment. Lawyers are fearful of chasing unpaid invoices, but this demonstrates commerciality to their clients. Work in progress needs to be closely monitored and write-off on bills needs to be reduced as far as possible. These new habits will be good preparation for the economic upturn.

Strengthen your structures

The external structures of law firms can range from merged firms, alliances, best friends, associations and random contacts. These structures are now being severely challenged to prove that they are, in practice, appropriate for the firms and the clients they serve. Analyse their strengths and durability through the remainder of the downturn and their potential for the future. Merged firms, alliances and best friends need to confirm their commitment to their particular structure and strengthen their foundations by improved mutual understanding and communication; they need to clarify their messages and champion their unique selling points in terms of benefits and added value to the client.

Internal structures can range from traditional practice area based on industry, sector or client-focussed groups to a hybrid. It is often difficult for lawyers to think outside their practice area and towards a client-centred focus. Now is the chance to change the culture to a client-focussed one by changing the structures and ensuring that they work now, at a time of great stress.

By checking the four Ss (strategy, services, systems and structures) of your firm, you will increase the productivity of the extra time you have and increase your long-term investment of that time. When the economic situation begins to improve, you will have strengthened and developed the relationships you have with current clients. That is, you will have focussed your networking and increased your profile. This will make you stand out from your competitors, be respected by those in the market and ensure the future of your firm.