



BY HEATHER SUTTIE

Culling Clients

Is your client's work really worth it? Year end is a good time to decide

WHEN WAS THE last time you took an objective look at your client list with an eye to winnowing out the ones you no longer wanted or perhaps never really desired? Let's face it: not every client is a keeper, and those that aren't can drag on your time and talent.

This may sound like a harsh portrayal of clients, but it's not personal; it's about their value to your business. Oftentimes less can be more, and while your client roster may have increased, it's more important that your time is spent with clients whose work is squarely in your wheelhouse, and who also have potential for growth and referrals.

> BE OBJECTIVE

American law firm management consultant Ed Wesemann has written that "when firms are looking for unprofitable clients, what they usually find is the smaller the client, the smaller the profit" and also that "small clients do little to enhance the reputation of the firm and build the skill levels of its lawyers."

Anthony Davis is a New York-based partner with Hinshaw & Culbertson LLP. Known as a lawyer's lawyer, he advises on legal professional and ethics issues. When it comes to trimming one's client list, Davis says, "Most lawyers and firms operate on the '80/20' rule – 80 per cent of fees are generated by 20 per cent of their clients. This means that 80 per cent of their clients take up a totally disproportionate amount of resources in relation to the benefit they actually yield. Accordingly, the more that lawyers can reduce the size of this relatively unproductive 'tail,' the more time and resources they will have for serving – and generating fees and profits from – their top-tier clients."

While Wesemann's and Davis's perspectives focus partly on client size and top tier

as they relate to profitability, there are other concerns at play, such as capacity and the type of work you want. These two factors must be considered in light of the theory that size isn't everything.

Dropping a client who, despite being small, offers work that fits neatly into your strategic practice area may not be the best decision. Work and revenue being generated by what is currently a small client may expand once less favourable work is referred elsewhere. This is because greater capacity will be made available to take on more of the type of work you desire most.

Capacity of the firm is also a consideration. For example, if the scope of a client's work has drifted outside the specific expertise parameters of their original lawyer, it might be wise to introduce that client to another lawyer within the firm whose expertise is a closer match. If an internal introduction isn't possible, it may be best for all involved that the client be assisted in finding new representation.

It's at this point in the culling process that nerves can get the better of everybody and a decision is made to do nothing or, worse yet, no decision is made at all, and the client and firm continue the relationship held together only by the glue of inertia.

> BE SELECTIVE

Being selective is key. Davis says, "From the perspective of reputation, lawyers who are perceived to be selective about who they will – and will not – work for are consequently going to be perceived in the marketplace as the desirable 'go-to' lawyers in their field. Accordingly, being selective will assist in enhancing a lawyer's or firm's reputation, and ability to increase rates and revenues."

This strategy works. When I began consulting, my focus was tightly selective in



terms of industry and offering. The litmus test for this happened at, of all things, a wedding. During dinner, one of the guests was asked what he did for a living. His answer was, "Marketing." When asked whom he worked for, he responded, "Anybody."

When that question was asked of me, my response was quite different. What did I do for a living? "Marketing and business development consulting for lawyers and law firms." The result was an introduction to lawyers from three different firms immediately following dessert.

As Davis says, "Accept only those who meet predetermined criteria as to the type of work and fee-paying capacity." And that's really the nut of it. Culling clients is undoubtedly critical to a healthy practice, but being defined and selective in the first place goes a long way to not having to cull clients — maybe ever. ☺

Heather Suttie is a legal business development and marketing consultant. She consults to a wide range of firms — global, national, mid-size and boutique. Reach her at (416) 964-9607, heather@heathersuttie.ca or www.heathersuttie.ca.