



BY HEATHER SUTTIE

Grooming Best Clients

In horse racing, as in business, the temptation is to bet on the promising newcomer. But chasing after new clients isn't nearly as important as keeping your best clients happy

MANY LAWYERS seem to believe that business development means acquiring new clients. This implies securing other people's clients and ties into the notion that other people's clients are more interesting than yours. This is simply not true.

What is true is that it's much easier to lose a client than gain a new one. It's also much easier to gain more business from a current client — and much less expensive. If well served and carefully nurtured, your best clients are also your best sources for referrals.

WHO ARE "BEST" CLIENTS?

Lawyers tend to think they know who their best clients are. When asked, the most common response is a random selection of clients they've worked with recently or, if known, a list of top clients by revenue. While this is fine for conversational purposes, it's not fine for knowing exactly which clients are responsible for keeping your firm solvent or provide the best opportunities for new work.

In a recent study of firms, US-based Redwood Think Tank discovered that annual attrition of client hours averaged 15 per cent, and that on average a client's billable hours are liable to decrease 1 per cent each month. While this is alarming, Redwood found that firms were likely to retain their client if (a) the client provides the firm with a lot of work; (b) there is a solid relationship with the firm; (c) the client works with two or more practice areas; and (d) more than two partners have strong involvement in the client's matters.

It should come as no surprise that these four markers are critical

to retaining your best clients and provide further proof that nurturing relationships and cross-selling are key.

IF CLIENTS WERE HORSES

In horse racing, the three gambling categories that put you in the money are betting on a horse to finish



first, second or third. In racing terminology, this is called win, place or show. While betting on ponies is always a gamble, conducting research and segmenting clients into categories means you'll know for certain which clients are consistent winners and which are also-rans.

Clients can be segmented into four basic groups. Your "winning" and very best clients are those that provide the largest amount of work most consistently. Good clients who "place" provide large amounts of work less consistently. Clients who provide less work but are consistent can be deemed to "show." Also-rans, meanwhile, provide less work less consistently.

Categorizing clients in this fashion can help identify which practice areas are most profitable and can serve as

"feeders" by leveraging more or new work for other practices within the firm. This type of profiling can also reveal relatively large clients that may have been forgotten because they haven't been sending work with as much consistency as newer clients. A tendency to focus on new clients with new work and neglect older, more steadfast clients is a fool's bet.

A WINNING STABLE

According to a recent ACC-Altman Weil study, clients are increasingly saying they hire the firm almost as much as they hire the lawyer. This is why it's critical to focus your firm's energies on attracting and retaining your "winning" clients, who provide the most work most consistently and who work with more than one of the firm's practice areas. If well served, these clients are most likely to remain loyal and provide referrals.

Clients who "place" may have potential to become winners provided their work can be more consistent and spread to other practice areas. This is mostly likely to happen when new partners are introduced into the mix whenever possible and appropriate.

Your "show" clients who are consistent but send less work are unlikely to change their category status. They are plodders. As for the also-rans who send less work less often, it will be up to you to decide whether to keep them in your client stable or put them out to pasture. ☛

Heather Suttie is a legal business development and law marketing consultant. She works with lawyers in all areas of practice and consults to Canada's leading firms — national, mid-size and boutique. Heather can be reached at (416) 964-9607 or heather@heathersuttie.ca.