

Key client development/CRM- successful implementation may require an overhaul of existing firm mindsets and behaviours

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As one of my professional firm clients said to me recently: “There are only three sorts of clients – new clients, existing clients and ex-clients. Clients cost money to acquire and they also cost money when you lose them – generally because you need to replace them. So it seems obvious that everyone in this firm should be focused on creating longstanding, firm-wide and profitable relationships with existing clients, especially corporate clients.”

But if our experience is anything to go by, few firms achieve that level of firm-wide or long-term focus on their key client relationships. Client Relationship Management (CRM) is a proven and systematic set of business processes designed to help firms achieve that focus.

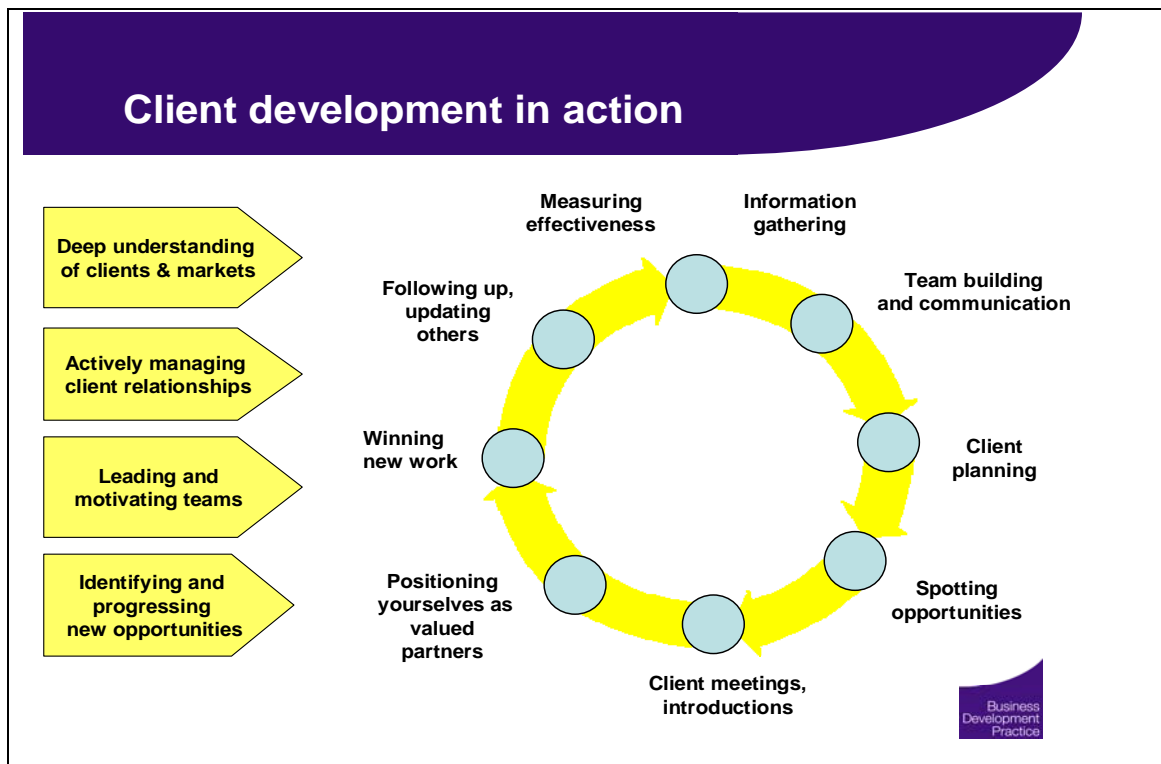
So if CRM is proven to increase client loyalty, revenues and profitability, why don't more firms do it ... or do it effectively? Why is an initial burst of interest so rarely followed by long term commitment? Three key issues come into play:

- Results and ROI can be hard to evaluate. If a firm is not systematic, the precise benefits of the investment (compromising mainly time, and some training and systems cost) can be difficult to assess and quantify.
- There has been too much focus on technology as the CRM solution. In practice, technology is just an enabler to help track and strengthen client relationships and ultimately achieve better business results.
- Finally, but most crucially, changes in culture and fee earner behaviour are critical to successful CRM, and these are hard to achieve. Few firms are willing to make the necessary investments of time, management focus, training, or coaching.

The most successful firms in their sectors have succeeded in overcoming these challenges. They have managed to focus on the behavioural and cultural issues that encourage fee earners to work in teams, pulling together in one direction, delivering excellent and consistent service to the client. They have formulated a co-ordinated business approach, countrywide or worldwide.

If global firms don't achieve this consistency, they will arguably fail to reap the benefits of their investment in globalisation. And if national and regional firms don't achieve it, they will lose out on potential revenues, appear inconsistent, and look like third tier firms by comparison.

In pursuing CRM, firms are all trying to achieve a virtuous circle (see diagram below), where more work is won from major clients through a systematic process involving greater understanding of the client, better networking, improved planning, and inspired spotting of opportunities. Service teams and their clients start to work in closer partnership with each other. Individual fee earners share their client knowledge with others in the firm who might benefit.



To continue: professionals can contribute more to the business thinking of their clients in these situations. Relationships between adviser and client grow stronger at all levels, from the board down to the junior client staff. Clients attend their professionals' client team meetings in order to brief them on latest business plans. Partnership board meetings regularly focus on key clients and the teams' plans for developing the business with them.

Most firms have a mix of key client relationships at different stages of development. Examples of best practices probably exist in your firm, even if they aren't called CRM. Look out for those profitable clients that are advised by many offices, across many disciplines, and where the competition has less of a foothold. Those relationships are probably being "managed" even if you haven't formally described them as such.

How are the best results achieved? Through a change in fee earner behaviour and in the culture of the firm. There are four key areas to be addressed in getting CRM and client development activity going. For each of your major clients you need to be achieving the following.

- **Gaining excellent knowledge** of your clients through deep client intelligence and sharing of information.
- **Managing relationships actively** and across boundaries of geography or specialist discipline.

- **Achieving real leadership and teamwork** by co-ordinating your own people to achieve more than they could as a collection of inspired individuals.
- **Spotting and creating new opportunities** as a result of a more proactive and well-informed approach to the client's business.

Recognition of the importance of these activities in your training, management focus, monitoring, and performance management systems is important. If implemented systematically, these activities will strengthen client loyalty to your firm and increase business – but there is a price to pay.

That price is the time fee earners need to put into achieving results for the firm as a whole, rather than for themselves or their own business unit. These behaviours and activities include:

- sharing information
- analysing the client and its sector(s)
- spending time listening to clients
- identifying and discussing opportunities
- producing client action plans
- following up on them
- briefing colleagues
- assessing client satisfaction
- taking seriously the responsibilities of the key relationship partner
- mentoring and motivating others in the team

These behaviours are not those that prevail naturally in professional firms (even the most collegiate) and especially not in U.S. firms, or in some of the mainland Continental firms in Europe (say, Germany or France), where partners often work quite independently and clients seem to “belong” to individuals rather than to firms.

Performance systems based on “eat when you kill” at one extreme, and “lockstep” at the other, also produce different cultures. In the UK, where firms are generally more collegial, some firms have banned the term “my client” in favour of “our” or “the firm’s client,” in recognition of the fact that partners are nurturing and developing an asset belonging to the partnership as a whole.

When we are working with clients, we often articulate the CRM culture change in specific ways. No two firms are in exactly the same position, but they all have a gap to bridge between the existing behaviours and the desired, future behaviours. For example:

Existing behaviours	Desired behaviours
Little inter-group or team-working between departments or offices	Cohesive, one-firm approach with multi-specialist and multi-office key client teams
Limited depth of client or sector knowledge amongst fee earners	Deep client knowledge and sector intelligence, supported by client feedback
Client maintenance and stability a priority	Client growth, active client management and cross-selling activity are priorities

Information stored in individuals' heads and/or local folders	Information shared and available to most/all fee earners
No client plans, relationship mapping or sales planning	Systematic approach to planning and implementing relationship and sales activity
Reactive rather than proactive as a working approach	Anticipating client needs and seeking opportunities to extend working relationships
Lack of real accountability of Lead Partners for firm-wide client growth	Accountability of Lead Partners for key clients, reinforced by management monitoring and appraisal processes
Independence and individualism	Individual leaders with teams supporting them, trusting in an infrastructure to back them up

When you look at this sample of behaviours it becomes clearer why CRM is not easy to implement. And it helps to explain why CRM and key client management seem to be more highly developed in, say, the UK than in the U.S. Consider the following typical issues and see which of them applies to your firm. The solution to each issue may take only one sentence in this article, but we don't underestimate the complexity of the implementation, or the determination and focus needed to achieve cultural change. Which of these issues apply in your firm?

- Partners are possessive and protect their relationships for fear they will lose the stream of income to another partner, or that one of their colleagues will "mess up" the relationship.
Solution: make relationship partners accountable for the growth and spread of the client relationship across the firm – not just in their own specialist areas – and keep monitoring it.
- Most partners are not natural managers or salesmen.
Solution: training and coaching can help to develop more of these skills. Perhaps you also need to consider which partners will best perform the leadership role of relationship partner. It may not be the person who has had nominal responsibility up until now.
- CRM is seen as an add-on after the "day job" ... there are just too many pressures on partners.
Solution: this is where roles and responsibilities, targets and appraisals need to be realigned to give partners the incentive to invest time in growing clients for the benefit of the firm as a whole. Delegation can help: other team members should be involved to distribute the workload so it doesn't fall on one relationship partner. Information systems also need to deliver the data that enables these relationship changes and revenues across the firm to be monitored effectively.
- Lack of partner accountability.
Solution: as above.

- Partners are averse to bureaucracy and CRM procedures.
Solution: most partners now recognise the value of business plans and action plans in the development of their business units and departments. Now they need to look at their most important assets, the firm's key clients, and create action plans for them, too – a little more paperwork to create a focus on the real business opportunities.
- Management at every level has not bought in to the importance of CRM.
Solution: give up, if it's at the top level, but persevere if the message has not yet permeated down! Make sure senior management spreads the message.
- Obsession with short-term WIP and billings.
Solution: ensure that performance management systems include measurement of total client performance, and that the finance department focuses on key client as well as departmental or business unit performance.
- Lack of knowledge of other departments' service offerings.
Solution: no instant solutions, except time, training, internal communications and anecdotes to illustrate what each part of the firm does, and to promote cross-department or inter-office teamworking and cross-selling successes.
- "Eat what you kill" method of remuneration deters collegial working.
Solution: adapt methods of performance measurement and appraisal to include "corporate" objectives for key client relationship partners, and ensure they are backed up by local management.

CRM goes to the core of a successful professional services business ... and your competitors are already doing it. It isn't easy to implement, but it will pay off in the end.

Measure Your Results

To evaluate the success of your investment in CRM (both in terms of time and in cash, if you support the programme with systems, training and coaching) you can measure the changes ... using hard as well as "soft" measures:

- Growth in network of decision-makers and influencers
- Increase in share of client spending
- Displacement of competitors
- Improved client retention
- Increasing win rate for new work
- Improved client satisfaction (as measured through research)
- Improved team/fee earner motivation and satisfaction
- Faster follow-up of marketing initiatives
- Shorter business development cycles

Create some benchmarks as soon as you can. Otherwise you won't be able to assess what the contribution of the CRM programme has been.

Contact us

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