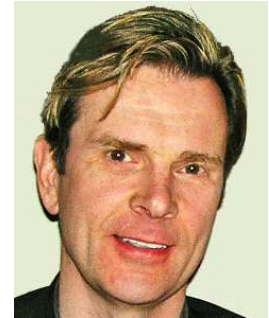


Ten Danger Signals in a Client Relationship

By Larry Bodine, Esq.

Larry Bodine is a business development advisor with Apollo Business Development based in Glen Ellyn, IL. He has helped law firms nationwide attract new clients and generate new business by using strategy, business development training and individual attorney coaching. See www.ApolloBusinessDevelopment.com. He can be reached at 630.942.0977 and Lbodine@LawMarketing.com.



To keep the clients that you have now and to get more files from them, you must watch out and avoid the ten danger signals in a client relationship. It's going to be much more difficult to originate an entirely new client rather than to keep an existing one.

1. Does your client consider you a trusted business advisor or just a technician? Most clients view their lawyers as technicians – someone who is very good at what they do in practice, learned in legal skills, and completely interchangeable. There are lots of talented lawyers out there, and if you're viewed as a technician, the client has no particular loyalty to you. What you want to be is a trusted business advisor. In other words, you want to be the person that the business owner calls up and asks, “I'm thinking of expanding and opening a plant in other state. What do you think about that?” Or, “We have a new product offering in the light of the success we've been having with our current products. Is that a good idea?” Or, “We're considering layoffs. Is there anything I need to know?” If they're asking questions of you like these, then you are a trusted business advisor. Notice they're not asking for legal advice; they're asking for business advice.

2. Have you done any work that made the individual or the business more successful? If you have not, that's a danger signal. There are basically three things that clients and business executives in general want:

- They want to make money.
- They want to save money.
- They want to save time.

If you're in a position to help them do these things, then you're doing very well. If you fail to do any of those things, then that's a client danger signal. Another thing to look at is whether you have helped your contact at the client with their career. Everybody works for a living that you're going to be dealing with, and they need to look good to their boss. If they're an executive, they need to look good to the board of directors. If they're the head of a company, they need to look good to their investors. Have you done anything for them that has helped them accomplish that? If not, that's a danger signal.

3. Can you demonstrate how your legal work showed a return on investment for the client? What I'm driving at here is if you just did an assignment and completed it correctly and on time,

you really haven't done anything special or outstanding for the client. That's what they paid you to do. You did what was expected. Instead, the sort of things on which you can show a return on investment would be, for example, you noticed that many suits were being filed against the client by their employees. You should approach the appropriate person at the client and say, "Let me take a look at your employee handbook. I think I can prevent a lot of these problems from happening, and I'm going to save you a million dollars in liability." Or, for example, if it's a manufacturer, you can say, "Let me point out a design flaw that has led to liability for a lot of companies. I can take a look at your product and see if there are any flaws that you should be thinking about changing." In all of these things you can demonstrate how you either made money or saved money for the client.

4. Are you holding monthly, quarterly, or other off-the-clock meetings with the client to maintain the relationship? It's like brushing your teeth. Only brush the teeth that you want to keep, and only hold meetings with clients that you really want to keep. Basically, pick out the clients that generate total 80 percent of the revenue of the firm. You'll be surprised. It's not going to be that many. They are going to be your top clients, and then there will be a big staircase down in terms of revenue for the rest of the clients. You should focus on the 80 percent that generate most of the revenue. You need to establish a regular meeting time when you get together with them, and it will be time that you're not charging for. You're basically inquiring on how matters are going, what some of the business problems are that they're facing, and what future problems they may have.

5. Have there been any complaints about your work, the timeliness of your work, the quality of your work, or your fees? Be honest. If there have been any, these are things that you need to deal with immediately. These are flashing danger signals that the client is sending. Especially if they consider you a technician, you may discover one day that all the work has stopped coming from that particular client. Clients don't fire law firms; they just stop sending them work. Any one of these things – quality of work, timeliness, or any sort of a fee dispute – is a red-flag danger signal that can cause you to lose business.

6. Does your work consist of assignments that that client *sends to you*, or does it consist of issues that *you identified for them*? If you're only doing work that's been assigned to you, that's a danger signal. That means that they're coming up with all the ideas and spotting all the issues and assigning the work to you. As I said earlier, if you perform that work properly and on time and on budget, you've just done your job; you really haven't done anything special. I've listened to many, many general counsel of corporations say that what they want from their law firms is to bring them new ideas, to tell them what's over the horizon. One of the ways to turn off this danger signal is to spot an issue before it occurs. It would be worth the effort to examine the kind of litigation they have. If the product liability litigation is going down but the intellectual property litigation is going up, this is a good point to call to the attention of the client. They may not be aware of it. You're in a unique position to tell them this. You can work with the client to identify why this is happening.

7. Do you know your client's legal budget? If you do, what is the percentage of your wallet share? Are you getting a higher percentage of the client's legal budget or a smaller percentage? You could be getting an increasing number of dollars out of a client, but your percentage of work could be going down. That's a big danger signal. It all turns on knowing what the client's legal budget is. There are a number of ways of finding out what the client's legal budget is. You can go online with a competitive intelligence service such as one that's offered by LexisNexis called at AtVantage or the Thomson Monitor Suite, but you're going to be spending about a \$125 dollars a search to find out how much the client is spending on legal services. If you are a trusted business advisor of the client, it's a very simple matter to ask them, "What is your legal budget?" The reason you're asking is because you want to save them money, you want to bring them efficiencies, and you want to help make them more profitable. If you ask them, they'll tell you, but only if you have that trusted business relationship.

8. Have you asked your client if the right lawyer is working on their matter? You'd be surprised how many clients are unhappy with the lawyer that they have been assigned on their matters. They just feel reluctant or inhibited from calling the firm and making a point about it. Case in point: When I was practicing law, we represented the local power and electric company. I had left the practice for many years, but the person who was the decision maker for legal services kept calling me up and saying, "I hate the associate that they've got assigned to me." I had to tell my former client, "I don't practice law anymore – in fact, I've left the state – but I'd be happy to put in a call to the firm." The firm should have known better. They should have had a partner call up the client and ask them, "Are you completely happy with the person that we've got assigned to you?" Again, this is a loud danger signal. It's something you're going to have to ask to find out. If the wrong person is working on the matter, you're going to lose the work.

9. Does the client perceive you to have divided loyalties? By this I don't mean a strict legal conflict; I mean are you also doing work for their business competitor? Or does your engagement letter say that you can take positions that are adverse to them? For example, I worked for a law firm where they actually had the client sign a waiver that the law firm could sue them if a better deal came along. These are all things that clients hate. They're screaming danger signals. The best example I can give is Wal-Mart. Wal-Mart spends a lot of money on legal services, but the moment they find out that you are spending 10 minutes of time for K-mart or Target, you're off the list. Clients are very competitive, and you don't want to give them any impression that you have any divided loyalties.

10. Have you actually visited the client at their offices or at their factory or at their plant in the last three months? I'll bet that you haven't. The reason that you want to visit a client is that you're going to stand out tremendously. Most lawyers don't visit their clients; they just call them in to their conference room and talk to them about the current legal matter. You will automatically distinguish yourself by calling up your client and saying, "I'd like to stop by and get a tour of your plant." Or if they just have cubicles, you can say, "I'd like to come over and take a look at the office." Or, "I'd like to meet the human resources director," because the human resources director may have some employment litigation. Or you'd like to meet the

chief financial officer who may have some sort of securities matter that you could handle or a contract dispute in which you could be involved. Remember, you're going to be showing up as the lawyer of the boss. All of these people are going to be very impressed to meet you. This only happens if you go to the client. It doesn't happen by letter. It doesn't happen by email. It doesn't happen by Fed-Exing documents back and forth. It's actually visiting them at their offices.

If you can shut down all ten of those danger signals, you're going to make more money and have more clients.