

LEGAL BUSINESS

CLIENT FEEDBACK PROGRAMS

Why Bay Street law firms are beginning to listen to their clients

By Michael Rappaport
Toronto



Jane Steinberg is the external firm managing partner — a recently created position at Gowlings. Photo by Roy Grogan

Multinational companies now appear to have the upper hand when it comes to choosing from a wide array of top tier law firms. As the balance of power has swung in favour of large corporate clients, many major law firms have reacted by launching formal feedback programs to serve their existing clients better.

In January, Gowling Lafleur Henderson overhauled its entire management structure, creating two national managing partner positions: one internally focused to handle administration and the other externally focused to interact with clients.

“Prior to my position, there wasn’t someone who would formally go out and ask our clients ‘how’re we doing?’ Rank us on a scale of one to ten. Tell us what we’re doing wrong and what we’re doing well,” enthused Jane Steinberg, the external firm managing partner at Gowlings. Steinberg also chairs a committee comprised of leaders from various industry groups to discuss client needs. “We make it our business, to understand our clients’ business,” Steinberg added during an interview with *The Lawyers Weekly*.

Listening to clients might be contagious. Borden Ladner Gervais just unveiled a formal client feedback program in 2007. Ogilvy Renault LLP beat them to the punch — launching a formal program in 2005.

A pioneer in using formal client interviews, Miller Thomson LLP revamped its client feedback program this year. For the past 16 years, the firm conducted large scale interviews with key clients every two years. Recently, the firm switched to a rolling client interview process — where it will interview clients throughout the year.

Still, many other national law firms are scrambling to catch up. For instance, Fraser Milner Casgrain is looking to introduce a client feedback mechanism over the next two years.

Canadian national law firms’ rush to embrace client feedback programs is consistent with international trends, which reveal that many of the major law firms already have such programs in place or are upgrading them. This is one finding of the recent study titled, “Latest Developments in Client Feedback Programmes in the Interna-

tional Legal Services Market,” by Lighthouse Global, a consultancy firm

The balance of power

But is it really a “buyer’s market” on Bay Street? The Lighthouse Global report touched on the Canadian legal services marketplace but didn’t delve into much detail. Internationally, however, the report contends that the client-lawyer dynamic has fundamentally changed over the last 25 years.

“The legal profession has become a mature sector,” said James Edsberg, the report’s author and the director of Lighthouse Global. “There’s a glut of supply chasing a limited demand.”

Large companies no longer feel bound to their primary law firms. In 2007 almost 50 per cent of corporations changed primary law firms, according to a report by BTI Consulting Group. The finding was based on more than 250 interviews with U.S. general counsel and key decision makers at large and Fortune 1000 companies.

Companies that are dissatisfied with their primary law firm don’t just suddenly dump the firm. Rather, they gradually shift work to other firms.

“Major corporations don’t usually have one law firm, they have a panel. They will begin to spend less with a firm they think is not performing particularly well and more with others. Over time they may terminate a relationship,” Edsberg cautioned.

Picking up the early warning signals that something is wrong with the client-lawyer relationship is a vital objective of client feedback programs.

Barriers to launching a feedback program

Any law firm wishing to launch a client feedback program will face challenges to its introduction, according to the study.

“There’s a certain degree of reluctance among law firms to invest in programs to assess the health of their relationships with clients,” Edsberg said. The biggest obstacle? Overcoming internal resistance from partners who fear they may be subjected to criticism.

“On the purely human level, no one likes to feel they may get negative feedback,” Edsberg said. “It makes partners nervous.”

see CLIENT p. 23

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A framework for client feedback questions (Lighthouse Global)

TOPIC	SAMPLE QUESTIONS
Service Delivery	<ul style="list-style-type: none"> • Please could you rate the importance of the following aspect of service (e.g. accessibility, responsiveness, commerciality of advice). • Could you also say how well the firm performs in each of these areas.
Loyalty	<ul style="list-style-type: none"> • Would you be willing to recommend this firm to a peer or a colleague? • If so, why? • If not, why not?
Selection	<ul style="list-style-type: none"> • Please could you say how important each of the following criteria are on your decision to select a firm • (e.g. the highest calibre people, a proven track record, etc.) • Could you also say how well the firm fulfills these criteria
Cross Selling	<ul style="list-style-type: none"> • Are there any areas where you require legal advice for which you do not use this firm? • What evidence would this firm have to display to win more work from your business in these areas?
Brand Positioning	<ul style="list-style-type: none"> • How would you describe this firm’s reputation in the market? • To what extent is the firm delivering on the following attributes (e.g. teamwork, expertise, clarity, etc.)
Marketing	<ul style="list-style-type: none"> • Which of the following types of information do you find the most interesting?

Feedback can identify cross-selling opportunities

CLIENT

—continued from p. 21—

Most of the law firms profiled for this article either denied or downplayed internal resistance as an impediment to establishing a client feedback program.

“I wouldn’t say resistance. I think there was a fair amount of education that had to be done,” said Lise Monette, chief marketing officer at Ogilvy Renault. “It wasn’t very difficult for me to point out the benefits of doing such a program because... I had created a program similar to this at another firm.”

According to the report, lawyers will adopt the program more enthusiastically and with fewer reservations if the consequences of any negative client feedback are transparent.

Methodology

Finding the appropriate methodology is crucial to the successful implementation of a client feedback program.

Smaller law firms may not have the resources to conduct wide scale, in-depth client interviews and might opt for surveys. However, Edsberg warns: “Be careful with online surveys that you are not trivializing the importance of the relationship, by asking the client to respond in a tick box kind of manner.”

All of the firms profiled in this article eschewed online surveys in favour of conducting face-to-face interviews with clients.

Some firms like Gowlings aim to interview all of their clients.

“Basically we’re starting at the top and going down,” Steinberg said. She is engaged in client meetings and client audits throughout the year. “We’re not focusing only on the clients we consider to be our bread and butter,” Steinberg added. “Even a client that produces modest legal revenues for us at the moment, may be a big client for us in the future.”

Other law firms like Ogilvy Renault target a select 15 clients, which they identify as having “life-time value” to the firm.

Law firms should ensure that the people doing the interviews are independent from the lawyers who served the client.

At BLG the interview team is composed of one to three senior partners who conduct the audit. “No one who is actually on the account for that client is going to be on the interview team,” said Simone Hughes, national director of business development at BLG.

In contrast, Miller Thomson employs a third party research company to conduct interviews with clients. “The previous chairman liked the idea of using a third party since it gave it more independence and he felt that the client was more likely to speak honestly to a consultant than to someone within the firm,” said

Kelli Wight, director of marketing at Miller Thomson.

Before conducting client interviews, most firms will get a briefing from the partner who interacted with the client. “First, we get a briefing from the relationship partner of the client. Then we ask them to do a sort of report card on what feedback they think the client will provide us,” said Lise Monette, chief marketing officer at Ogilvy Renault LLP.

Debate on the format and type of questions to ask still persists (see p. 21 for sample questions).

BLG and Ogilvy Renault prefer to use discussion guides, whereas

Gowlings favours having more organic conversations with clients.

“I think it works best when there is a certain fluidity in the discussion, when there is not a rigid

focus on question and answer,” Steinberg said, speaking for Gowlings.

“What you might have thought was important in the stock questions you have, may not be important to a particular client.”

However, Light House’s Edsberg cautioned that it can be difficult to analyze and see patterns in a large number of interviews if a set list of questions isn’t employed.

“We wanted everyone to be on

“Feedback is like nuggets of gold.”

the same page and to ask more or less the same questions, so you derive consistency across the firm,” Hughes from BLG said. “At the end when you’re looking at the results it’s easier to pick up on trends if you’re going through with the same methodology.”

Acting on feedback

Feedback can be an invaluable tool for enhancing a firm’s cross-selling opportunities, attracting new clients and growing fees and top line revenues, according to the Global Lighthouse report.

“Feedback is like nuggets of gold. It’s an important program so we can gauge how we are doing and adjust where needed,” Monette from Ogilvy Renault said.

It is essential to follow up with clients afterwards — especially if the firm receives any negative feedback.

As Wight from Miller Thomson warned: “If you interview a client and then they don’t see anything happening as a result, they could become disillusioned about the process.”



James Edsberg

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Ms. Waters graduated from the University of Toronto, Faculty of Law (LL.B.) in 1985 and was called to the Bar in 1987. Before commencing work on the TitlePLUS program in 1996, she was a partner at the Toronto law firm Torkin Manes Cohen Arbus LLP. She received her LL.M. in real estate law from Osgoode Hall Law School in 2001.

Ms. Waters participates at the executive level on numerous legal associations and committees, and is a frequent speaker on conveyancing-related topics. She is currently the Secretary Treasurer of the North American Bar-Related Title Insurers (NABRTI). She has also served for many years on the board of the Zonta Club of Toronto and is currently its secretary.

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She is the co-author with John Horn, Q.C. (retired Master) and the late Justice Peter Fraser of *The Conduct of Civil Litigation in British Columbia, Second Edition* published by LexisNexis Canada.

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