

# When the going gets tough

Tough economic times require strong company-wide action. **Peter Fleming** discusses how, by putting client acquisition and sales at the forefront of your firm, you and your practice can survive and thrive in a recession.



**C**ontinuing talk of economic downturn may be depressing, yet it seems likely that life will remain tough for most companies over the coming months. However, not all will see their business contract as recession bites. Success will not simply be because they operate in recession-proof sectors, it will be because they are able to grow market share at the expense of less well set-up competitors. In short, for legal firms as with other businesses, it is the best that survive and thrive, not the cheapest. Strategically, rather than a myopic focus on cost control, what is required is a broad exploration of how the firm as a whole can

win and retain business and implications for both the practice, individual partners and other employees.

This is no easy task. Behaviours throughout the firm will almost certainly have to change in order to impact significantly on results. In the first instance, the client-facing business development team require the right skills and attitude to win business; equally, the rest of the firm must understand how their behaviours can affect the bottom line.

This is much more than just providing good client service. It is about getting “under the skin” of clients and anticipating their needs. It is about *creating* rather than simply adding value.

**Prioritise Client Support**

At a time of unprecedented economic slowdown, it has become an almost unchallenged truism that, if “the client is king”, then client service must be the overriding servant of that master.

This was firmly borne out in a recent HuthwaiteFleming-sponsored survey of senior executives across UK professional services and manufacturing businesses, which highlighted the common problems of selling into more competitive markets. The survey found that less than one in five respondents emphasised client acquisition, with the overwhelming majority either focusing on both goals equally or more strongly on holding onto existing clients.

The fact that firms are visibly putting emphasis on client retention through service should come as no surprise, especially as the cost of developing additional business with an existing client is demonstrably cheaper than generating new business. The logic of this approach appears to be underlined by the fact that, as clients, 90% of respondents confirmed that they would buy more from a supplier as a direct result of receiving high-quality service beyond their expectations.

Unfortunately, the survey showed that this is not feeding through to the client and so is failing to deliver the desired results. Many service providers are falling at the first hurdle by not delivering even an adequate level of service, as 39% of those questioned cited “poor client support” as the principal source of frustration with their professional advisers.

**Tune into Client Needs**

This lack of awareness of the importance of getting close to the client was reinforced in other areas. The survey found that soft issues including “lack of understanding of my business” and “lack of responsiveness” also featured much more highly than “lack of real product differentiation” and “lack of creativity” as reasons for client dissatisfaction and switching supplier.

This shows that vendors’ best intentions to improve the client experience are not being realised at the point of contact. Equally importantly, it reflects a lack of recognition that a strong business development or sales focus is more important than ever in an economic downturn.

There is another irony here. In 2001, a study by BTI Consulting Group showed that 70% of clients switched lawyers

because they felt “unloved”. Not because their lawyers were too expensive, but because they were purely reactive and too remote. In short, solicitors were failing to manage their client relationships. It would seem that, eight years on and in even tougher times, too many lessons remain unlearned.

**Business development focus**

Whether or not a legal firm’s client retention strategy is poorly executed, there is a strong argument for saying that a recession is precisely the time when the practice should be increasingly focused on client acquisition as the foundation for future success.

Although it is easy to see the total market as shrinking during an economic downturn, this ignores the greater opportunities to sell to a more promiscuous and demanding client base willing to shop around for the best combination of advocacy and service support. In recognising the harsh

**A recession is precisely the time when the practice should be increasingly focused on client acquisition as the foundation for future success.**

commercial realities, opportunities will similarly arise as less able competitors fail to survive the current economic pressures.

Could this be easier to say than it is to achieve? Perhaps, but by moving business development out of its typically narrow departmental silo and putting it at the very heart of the practice – in what HuthwaiteFleming has characterised as a Living Business Development™ approach – this offers both a practical and achievable way of creating credible differentiation, in meeting the identified needs of both existing clients and prospects.

Of equal importance is that it not only creates greater commercial opportunities for the firm overall but also for the personal development of individual partners and other employees.

**Creating value**

It is easy to think that in the current market everything comes

**HuthwaiteFleming survey results:**

**17%**

Only 17% of respondents put more emphasis on client acquisition than client retention.

**90%**

Ninety per cent would buy more from a supplier as a direct result of receiving high quality service beyond their expectations.

**39%**

The highest proportion of respondents (39%) cited “poor client support” as the principal source of frustration with suppliers.

**27%**

Only 27% confirmed that staff outside the sales/business development team see themselves as contributing to the sales process.



down to price. As products and services have become more commoditised and buyers better informed as a result of technology, these changing dynamics have undoubtedly become valuable bargaining tools in driving down fees at a time when the buyer seems to be holding most, if not all, the cards.

Yet if price is the only issue, only the cheapest suppliers would survive: yet, time after time, organisations charging a premium for their products and services continue to win business through even the most difficult conditions. Successful vendors focus on other aspects of service support and delivery, looking for innovative and creative ways to create the necessary differentiation to stand out from the crowd.

For example, research shows that in difficult times clients are extremely risk-averse and are more likely to opt for the safest, rather than the cheapest, option. Commercial buyers and individual consumers alike cannot afford to make mistakes so they play it safe, often willing to pay a premium for a low-risk option. Therefore, to be successful, partners and other client-facing staff within the practice require the skills to convince the client they have the best and safest solution.

In order to put together an all-round proposition that best meets the individual client's requirements, it is essential to understand – and, better still, agree – what their challenges and demands are. Technologies such as client relations management software tools can go some way to helping here by making client information available in real time at the point of contact in order to improve the quality of decision-making. However, two further elements are necessary to get fully inside the client or prospect in identifying their needs.

## Sales and Service

The individual business developer requires an especially high level of interpersonal sales and negotiating skill to cope with the additional commercial pressures faced by the practice during a recession. In addition, the concept of “selling” has to sit at the heart of the practice, creating a commercial philosophy in which every employee recognises the role they can play in positively influencing the client acquisition, retention and development process.

This underlines the strong link between sales and service quality in attracting and keeping clients. How can good service be defined and judged? The answer lies in a recognition that clients' demands continue to rise at the same time as their willingness to accept any shortfall in delivery quality diminishes.

Client acquisition and loyalty is hard-won today and requires

something more than simply meeting expectations. It requires a deeper level of client awareness that enables the seller to both recognise and anticipate their needs – perhaps even before the client themselves are aware – and in delivering exactly the right solution give them what they *haven't* asked for. This is the real differentiator in *creating* value.

## Top Tips for Recession Proof Working:

Emphasise the importance of training the business development team to:

- Identify, develop and agree needs with the client.
- Increase competitive advantage, by developing client needs in areas where the practice is especially strong.
- Develop stronger perceptions of value, by helping clients think through the benefits of the proposed solution.
- Handle client concerns regarding risk.
- Enhance negotiating skills.

All other staff throughout the company must also:

- Understand the impact they have on developing client business.
- Recognise, learn and constantly apply those behaviours which will impact most positively on client acquisition and development.

## The importance of training

With vendors looking to cut spending throughout the organisation, the axe often falls on staff training. This may look attractive as a simple way to reduce costs, yet is likely to prove a false economy.

As the UK Commission for Employment and Skills recently stated:

“Good skills form the bedrock of success ... experience shows that firms which continue to invest in their staff do better in recessions and emerge stronger in the long term”.

For the business development team there are a number of key skills critical in a recessionary environment.

## Develop Client Needs

The most important skill needed in a recession is that of exploring, identifying and developing client needs. Independent research revealed that training the use of selling skills can actually increase fee income, even in a recession. In one study, fee income increased by 17% in a trained group, while their untrained counterparts experienced a concurrent fall of 13%.

If a survival strategy is to win more new client business, then training business development partners and associates to adopt established sales improvement techniques might prove a sound investment. In the same client study, sales to new clients increased by 63% at the same time increasing the average value of each transaction.

## Develop Competitive Advantage

In tough times, there is a greater need to win business at the expense of the competition. At a practice and individual level, they need to understand the strengths and weaknesses of their offerings, develop client needs where they are strong, and build the skills to deliver a competitive edge.

## Developing stronger perceptions of value

Clients are more concerned about costs during a recession so firms need to demonstrate the value of the solutions they bring. Too often, they do this by telling the client about the benefits they can deliver. A more effective strategy is to help the client think through the savings and benefits that will accrue from adopting the solution. Helping the client to explore the savings

Rather than a myopic focus on cost control, what is required is a broad exploration of how the firm as a whole can win and retain business



and benefits themselves means they're more likely to identify the full value of the solution.

#### Handling client concerns about risk

As clients are more risk-averse when times are hard, they are more likely to buy safe solutions they can trust. It is important to identify potential areas of risk for the customer and help to eliminate them. Research shows the ability to handle client concerns is a key skill in winning high value sales.

#### Developing sellers' negotiating skills

Fee pressure is inevitable in a recession, often leading to those responsible for business development making unilateral concessions to try to win or retain business. Where margins are already tight, this can mean taking on business on an unprofitable basis. In response, they need the skills to trade concessions for adding value and seek ways of expanding the deal to create a mutually beneficial agreement.

#### Firm-wide approach

Firms that survive and thrive are those that develop a wholly sales-centric culture, by embracing and championing sales. They implement the necessary skill sets as a core requirement – not just for those involved directly in selling but for employees such as front desk and business support staff, at every client touch point.

This requires recognition that sales-oriented behaviours must be ingrained at all levels, as an enterprise-wide philosophy and not just a department. The business development team needs the support of their colleagues. The objective therefore is not to turn all staff into sellers: that would be unrealistic and indeed counter-productive. Instead, although business development remains the domain of the professional team, every member of staff learns to appreciate the impact their behaviour can have on the business' bottom line.

#### Learned Behaviour

To achieve this, training is vital as behaviours have to be learned, retained and applied throughout the business – from improving negotiation skills within the business development team, through the way in-coming calls are handled to accounting, technical support and even the post-room.

Armed in this way, the business should be well-equipped to compete for sales and even grow at the expense of the competition. One thing is for sure: doing nothing is an effective strategy for becoming a victim of the recession rather than a survivor.

Peter Fleming is a director of HuthwaiteFleming