

Customers, Contacts and Clients

Customer relationship management (CRM) systems have been a major topic of discussion in law firms over the last couple of years. It is arguable that CRM systems have now joined the list of 'must have' pieces of software alongside practice management and document management. Knowledge management and human resource systems are also poised in the wings to become core systems.

One of the odd things about customer relationship management is that this is the only time the term customer is used in law firms. All lawyers have lists of contacts, carefully built up over the years and coveted, and partners also carefully guard their client list, but customers are seen to be what supermarkets have.

There are many stories about CRM implementations in law firms. A common theme is how long they take, usually years rather than the months some hopeful firms were expecting. Related to this is much higher total cost than people were led to believe, particularly when the time of the people involved is taken into account. Everyone is agreed that the issues are cultural rather than technical, and the software is actually capable of a lot more than is ever asked of it. What is not clear even to the companies specialising working in this area is how many successful projects there have been. Obviously this depends on the definition of success; certainly a number of implementations have ended up with the software in use without anyone losing their job or their sanity, which is one measure. The number of CRM systems that have made a real difference and can demonstrate a positive return on the investment, or even show that they will reach a positive return as some point, is much smaller, and may even be zero. The question is, why is this the case?

CRM in law firms

Sales organisations adopted CRM and the associated working practices some time ago, and found them to be a very effective way of improving their business. Other sectors then followed with varying degrees of success, but overall it was found that organisations benefited from improvements to the sales and customer management processes. Professional service firms, and law firms in particular, joined the flow, especially after the introduction of CRM software specifically aimed at the sector.

As a result of this firms tried to introduce systems and styles of working designed for completely different organisations, and in particular for companies with teams of professional sales staff. While no one is claiming that law firms did not need to make any improvements in the way they dealt with clients and managed the sales process, and there was much that was useful best practice that came along with a CRM implementation, few firms looked at the way they do business and worked out what they should be doing. This led in many cases to resistance from partners and other fee earners to the new system as they could not see how

the changes applied to their work. In other cases use of the system, and hence the required changes, was kept to a minimum, which may have led to a successful implementation but delivered little value to the firm.

What CRM is for

Law firms looking to implement a CRM system need to consider what they are trying to achieve. While it is always best not to be over ambitious, it should be remembered that the CRM software is very expensive, and if it is just to be used as a central name and address list then the project will not deliver enough benefits to justify the costs and a simpler system should be chosen.

The areas of the business that need to be considered in a CRM project are:

Managing the mailing list

Looking after a huge list of contacts and who knows who information is a large but necessary task, and CRM systems will help to put in place systems to simplify this. From the mailing list various mail shots and other marketing activities can be run and tracked more efficiently.

Most CRM systems also make it easy to use them for maintaining contacts other than potential clients, for example other law firms and details of chambers. This is a useful add on function that can help keep a consistent process for updating information.

Event management

A large part of most law firms' marketing is events of one form or another. Not only should a CRM system help with the administration of this in terms of handling invitations and replies, but over time it should provide information on which events are successful, and on who is simply not worth inviting.

Targeting and winning business

While partners may have a long list of contacts of various types, the actual effort in winning new business goes into a few selected organisations or people where there is a realistic chance of gaining work. This process needs managing with care, especially to coordinate activities to ensure progress is hampered by mistakes such as different partners being unaware that they are speaking to the same prospect. This is where a good CRM process can provide enormous benefits.

Managing clients

While much of active client management should be based around the practice management system, the CRM system should provide valuable additional information both at a high level, and to maintain the relationship with a client during periods when they have no active matters.

A second function is to support the selling of additional services by the firm to existing clients. While it is often assumed that this should be done by the partner who has the client trying to let them know of additional services, a much more effective mechanism is for departments who do not work for a client of the firm using the firm's contact as an introduction in order to make their own pitch for work. As with the targeting above, the CRM is crucial in supporting this process to ensure everyone involved knows what is happening.

Managing ex clients

Just as important as potential clients are the past clients. Unlike other organisations who are not clients, the firm will have large amounts of knowledge about these organisations that should be recorded. Some may be potential targets for winning back, while others may need to be left alone for a period until a new relationship can be established. Either way, a CRM system should support the firm in making the best use of this additional knowledge.

CRM implementation

Once the firm has worked out what it wants to do with customer relationship management (and not before) it can start to select a system to support this and implement the changes.

In the next issue, we will look in more detail at the functions of such a system and how to get these integrated into the business of a law firm.

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