

BY FELICE WAGNER

When a Client Leaves

Getting dumped hurts, but learning why and fixing the problems can lead to a rapprochement.

Business Development

We didn't see it coming. More often than not, this is what law firms say when they lose a client. In some instances, the client's defection comes as a complete surprise to the lawyers involved. It shouldn't.

As competitive intensity increases, clients have more reason than ever to scrutinize their law firms, shift business to competitors, or bring work in-house to cut costs. In today's hypercompetitive marketplace, client defections are on the rise. Fortunately, you don't have to be blindsided by them. And even if you are, you can turn a loss into a win. Here's how.

1. Get the facts. The first thing to do when you lose a client is to find out why. In some instances, the primary reason might be economic. For example, you might be on the wrong end of in-house counsel's buying decision. In other cases, service might be the issue. *Don't assume.* You'll never know the true reasons for a client's defection unless you make a serious effort to uncover them.

To get candid responses, you might consider having a senior attorney or consultant who wasn't part of the relationship team visit your former client to ask for feedback. Clients are often more comfortable discussing their issues with an uninvolved third party.

2. Take action. Successful resolution requires more than just asking for the brutal truth. If clients are willing to spend precious time responding to your questions and helping your firm improve, the least you can do is act on their feedback. You owe it to your client—and you owe it to your firm. Here are some simple suggestions:

- Take detailed notes so that you can later review them and identify the specific concerns expressed by the client,
- Hold an internal team meeting to debrief those who worked with this particular client on the client's concerns and to establish a response plan,
- Send a thank you letter (preferably handwritten on your own note paper), and
- With respect to each client concern, take immediate action to address it, update them on what you have done, and thank them for helping you and your firm to improve.

3. Maintain the dialogue. The circumstances surrounding your client's departure will obviously impact future communications. However, a lost client does not have to mean a lost dialogue. In fact, most relationships worth winning back are built on mutual investments of time and effort that neither you nor your client will want to waste.

But immediately after the loss, the ball is in your court. And the most important thing you can do to maintain the dialogue is to get yourself in front of the client and tell them honestly and sincerely how you feel about losing them and what you plan to do to get them back. At the most basic level, clients want to see how you feel and want to believe that you'll get better at solving their problems.

One attorney personified this mix of disappointment, contrition, and resolve when commenting on the loss of a valuable client: "I feel absolutely terrible about it, but I understand why [the client] made their decision. We made some critical errors in the way we communicated with the client and in the way we structured our service delivery. But we're not running away with our tails between our legs. Thanks to our client, we're re-energized, refocused, and will become better equipped to solve client problems. The client knows it because we've been keeping them updated. And I know it won't be long until we win them back."

Do your best to stay in touch with lost clients just as you would if they were still on board. Here are some strategies:

- Make contact at least seven times a year,
- Schedule regular face-to-face meetings,
- Do small favors for the lost client,
- Bookmark and regularly visit your lost client's Web site,
- Share news clippings,
- Provide updates on improvements you are making,
- Make referrals to the lost client, especially potential customers, and
- Show a continuing interest in the lost client's business.

4. Treat clients as well when they leave as you do when they arrive. If there's one certainty, it's that you can't predict the future. Perhaps the decision to select a competitor or bring the work in-house was not unanimous and was made by a ranking executive who will later leave. Perhaps those who wanted to maintain the relationship with your firm will leave the client and bring you a new opportunity

with a new client. Perhaps the client will grow unhappy with your competitor's performance or attentiveness. Hold your head high in defeat, and your clients and competitors will remember it.

5. Be a class act when you work with the competition. With the increased focus on partnering relationships, firms that compete are sometimes asked to work together for the common good of the client. Smart firms view this as an opportunity, not as lost business. Be accommodating—especially when you are transferring the lost client's work to a new firm. Do it the way your client wants you to do it. When the client asks you to work with another firm, share the recognition.

Play by these rules and before you know it, even your competitors will be talking you up. And nothing is as credible as a referral from a competitor.

6. Learn from the experience. Chances are that the issues that caused one client to leave may impact other clients as well. Recognize this and develop a response plan that addresses client concerns and fits with your firm's larger objectives. For example, you might conduct a client-surveying program focused on your most important clients to determine whether or not they have concerns similar to those of your departing client. In addition, you might implement firmwide client service training, hire key talent to strengthen a particular practice group, or invest in technology to streamline client communications.

7. Recognize early warning signs. In many instances, a client defection could have been avoided completely had those involved with the client recognized that there was a problem. We all know the value of maintaining and developing existing clients. The key is to shore up your existing relationships by learning to be acutely attentive to the warning signs, such as when the client:

- Begins to limit your involvement in early stages of matters,
- Fails to return your calls,
- Questions bills and/or billing procedures,
- Expresses concerns about service or responsiveness,
- Puts out for bid (or discusses putting out for bid) the business that was once exclusively yours, or
- Asks you to share work with another firm or firms.

While these warning signs might seem obvious, many attorneys don't recognize them. Or they fall into the trap of making assumptions about why clients behave the way they do without directly asking the client. In many instances, these warning signs are symptoms of larger but fixable problems. And while the truth that comes from asking can hurt, losing a client and not knowing why hurts a lot more. Just remember, if you are going to ask the client for their feedback, be sure that you are prepared to address

their concerns. Otherwise, you are wasting their (and your own) time and probably doing more harm than good.

8. Take pre-emptive action, especially with your best clients. All clients are not created equal. Some see legal services as fungible commodities, while others place more value on the irreplaceable, trust-based relationships they have with their legal counsel. Clients in the latter group are the ones you can't afford to lose. Other key clients may include those

- Whose future needs match well with your firm's strategic direction,
- Who have worked with you for years,
- Who regularly pay their bills on time, without complaint,
- Who are very profitable,
- Whose high profile makes them valuable to your firm regardless of the revenue, or
- Who are forward thinking with respect to technology, partnering relationships, or other initiatives in which your firm has an interest.

For these clients, don't wait for warning signs. Get in front of them as often as possible. Conduct client surveys, both formal and informal. Maintain a regular dialogue so that you can identify and address weaknesses in the relationship before they do any damage. Doing this will demonstrate to your clients that you value their opinions and are committed to continuous improvement.

The benefits of having an open dialogue with your clients extend well beyond the immediate relationship. In fact, talking frankly with clients about their priorities and their impressions of your firm's work is the most valuable market research you can do. Smart firms use the information they gather not just to shore up their relationships, but also to guide the firm's strategic direction and to improve its position in the marketplace.

Losing a good client is one of the most expensive mistakes a firm can make. Fortunately, you can take steps now to nip problems in the bud and win back those clients you've lost. When in doubt, find out what's bothering your clients and do something about it.

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