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## Meeting the corporate client challenge using TQM

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The American Bar Association estimates there are over 896,000 licensed attorneys in the United States. Moreover, surveys indicate that the majority of corporate counsel expect to either maintain or decrease the amount of work they refer to outside law firms.

What does this mean for attorneys? It means that the increasingly competitive marketplace for outside lawyers will become even tighter. It means that outside lawyers will have to fight even harder to maintain good, steady client relationships in order to avoid being “axed” by corporate counsel or their law firms. And it means that in addition to exceptional service and technical work product in non-commodity service areas, law firms will excel only if they are able to implement innovative strategies that improve relations and communications with their corporate counsel and devise initiatives that will ultimately contribute to improved cost-effectiveness and expeditious outcomes.

Because the marketplace for legal services has become intensely more competitive during the last five years, many firms have begun to focus client development and practice management efforts on marketing to existing clients and strengthening those relationships. Several law firms throughout the United States have worked hard to improve the development, delivery and promotion of new services and “legal products” to enhance their value and marketability to existing and new clients.

A handful of law firms have taken exceptional service, creative lawyering and client management to a new and higher standard. The following are examples of programs and approaches that law firms have initiated in an effort to bind the corporate client closer to their firms.

### **Total quality management**

Total quality management (TQM) is a corporate management technique long in existence in many leading U.S. and overseas manufacturing companies. Recently, the movement has expanded to include service businesses. Many law firms have embraced the concept as something essential. Others merely embellish existing quality control and service efforts in their firms. Still others eschew the notion altogether.

TQM represents an approach to managing the law firm whereby quality is defined as meeting or exceeding client needs *as perceived by the client*. A TQM program strives to minimize or prevent client problems or criticisms and to deliver better products/services less expensively. The process is comprehensive and must be ongoing, not static. It requires constant monitoring, evaluation and modification.

Components and outcomes of a good TQM program or quality service initiative include:

- Exceptional technical work product, including creative approaches in non-commodity areas of expertise;
- Exceptional service, particularly from lawyers (reliability, accessibility, courtesy, responsiveness, communication);
- Value and/or cost-effectiveness;
- Efficient work processes, systems and technology, and delivery of legal services; and
- Lawyer and staff training.

While lawyers are often skeptical about TQM, many are taking the lead from their corporate clients. At 75-lawyer Graydon, Head & Ritchie in Cincinnati, lawyers in the firm quickly jumped on board when their clients began asking whether or not the firm had implemented TQM initiatives. To capitalize on the momentum that was generated, marketing director Connie Laug engaged lawyers and staff in a series of training and team building programs. The firm's lawyers and staff are now evaluated annually in their performance and salary reviews on specific aspects of TQM as to identifiable initiatives each should be taking to exceed client expectations.

### **Automation/databases provide links**

Law firms have long been using databases and technology for work and data processing and for library research services. Now databases are being used to provide a direct link between law firms and their clients, not just for message giving purposes but to allow clients expanded access to law firm data both related to and unrelated to the client's matter.

Using either commercially available software and equipment or customized programs, law firms are creating databases and technology links for and to clients. Several law firms have expanded the E-mail concept to afford

terminal-to-terminal messaging and direct document transfers.

At Arnold & Porter in Washington, D.C., the 400-lawyer firm created a customized program to provide access to several key clients for specific and general legal documentation, information and research. In fact, the law firm recently closed its branch office in Japan because it was able to more effectively and cost-efficiently service its Asian clients through APNet and other sophisticated technology.

Boston's 300-lawyer Hale & Dorr has created an innovative service for clients in complex litigation called "Leading Edge." Through this case specific on-line data search and record-keeping system, the firm images onto a computer disk as many as two million pieces of documentation. According to Mara Aspinall, the firm's marketing director, having the documentation on-line provides unlimited flexibility and access to case information, thereby saving the clients thousands of dollars in administrative manual search and filing hours and providing the lawyers, clients, judges and juries with the ability to access documents during trial on laptop computers.

Murtha, Cullina, Richter and Pinney in Hartford, Conn., has also developed searchable databases for complex litigation. In addition, the firm has created several on-line products and analyses for clients, including timelines of companies' liability coverage histories, complex spreadsheets on bankruptcy schedules and interest, and company histories—all of which are provided as separate services.

### **Non-law subsidiaries and consulting practices**

Over the past decade, law firms have begun responding to the increasingly complex and diverse needs of their large corporate clients. In many areas, corporate clients have required the complementary expertise of lawyers and non-lawyer experts to resolve business or

regulatory problems, to strategize, research and ultimately achieve optimal results. Affected by increasingly complex business, legal and regulatory conditions, corporations often require multi-disciplinary advice and action in a range of business areas.

Whether a client needs assistance with environmental, legislative, health care, public relations or international matters, lawyers, consultants, former government regulators or political aides, bankers and business advisors often play separate roles in resolving the issue. Approaching client problems or needs in lawyer/non-lawyer teams in many needed service areas often alleviates duplicative work product and billing, and enhances efficiency, strategic approaches and outcomes.

Many law firms now have subsidiaries or in-house consulting practices that offer a range of services to the law firms' clients, including government and media relations, human resources, investigative services, banking, health care, environmental, benefits, venture capital and investment advice. Non-law professionals include former political aides, investment advisors and specialists in government, media affairs, marketing, communications, human resources, benefits, environmental and health care. For example, the New England firm of Palmer & Dodge has created a literary agency which complements the law firm's publishing and entertainment practice.

In 1987, Choate, Hall & Stewart set up The Choate Group, a subsidiary that provides public issues and management services. The first such law firm subsidiary in New England, it was founded and managed by Joseph T. Baerlein, a lawyer and former top aide to a lieutenant governor, and now has six professionals on staff. While many of the subsidiary's clients have no relationship to the law firm and do not use the law firm's services, many clients do share the expertise and services provided by both entities.

According to Baerlein, his group has had many successes working with its "parent" law firm. In one case, The Choate Group worked with the firm's lawyers for a corporate client who was embroiled in an administrative action in the state attorney general's office. The Choate Group worked with the lawyers, the client's in-house counsel and the client's public relations staff to devise a complex strategy. Ultimately, the client avoided unwelcome national media exposure and negative ramifications in a key legislative process it was undertaking on a separate matter.

### **Client communication and education**

For many years, law firms have promoted themselves to clients and non-clients via seminars and newsletters. In market research studies, corporate counsel and non-lawyer clients again and again cite seminars (if they are tailored to specific needs) as the most effective marketing and service tool a law firm might use. Recently, a few firms have added new value to these strategies which both enhance service to clients and provide a marketing opportunity to firms to develop more business from existing clients.

Several years ago, Robinson & Cole of Hartford and Boston began producing videotapes for clients. These videos—which focus on employment issues and illustrate simulated sessions on hiring, firing, conducting interviews and sexual harassment—are written, directed and acted by the firm's own lawyers. They are used as a basis for discussion at approximately 30 small interactive seminars per year that the firm holds for groups of clients. The firm also goes on-site to its large corporate clients to conduct the video seminar for in-house human resource managers.

In 1994, Hale & Dorr produced the first of what will be an annual publication for clients and client advisors: a reference guide called *The New England IPO Report*. As the leading

New England law firm in the field of initial public offerings, Hale & Dorr hopes the publication will help the firm's clients gain a better understanding of the New England IPO market, IPO deals by number, dollar volume and industry, underwriter rankings and law firm rankings.

### **Client surveys**

Since the key to effective quality management is providing exceptional quality service from the client's perspective, the best way to be responsive and to understand how well and if clients' needs are being satisfied is to ask them.

Many law firms have now formalized a client survey process whereby clients are asked to provide input on all aspects of the services the firm provides and to make suggestions for improvements or additional services.

Those client assessment programs that are successful include two critical components: consistency to the process and follow-up. Whether the client assessment is garnered through in-person or telephone interviews, mail surveys or focus groups, it is totally ineffective and potentially harmful if the law firm does not initiate changes and monitor those changes following client input.

For example, Choate, Hall & Stewart instituted a rigorous client survey and research program in 1989. Since that time, the firm has regularly interviewed its top 50 clients and has participated in regional marketing opinion surveys where perceptions about the firm were provided by clients and non-clients.

According to Steve Barrett, the firm's former marketing director, the key to Choate Hall's success with this program has been its dedication to seeking out direct and indirect client input, identifying specific needs and problems, making changes and monitoring those changes by lawyer or practice group. "Our clients have been very pleased that we are

out there seeking input in-person," Barrett noted. Most important is the firm's commitment to institute necessary changes, he added.

Innovative and successful law firms continue to strive to meet the diverse and complex needs of their corporate clients. Globalization and the end of the Cold War have generated the development of numerous international law firm networks and branch offices. Hale & Dorr may be the only U.S. firm to form a separate legal entity called Brobeck Hale & Dorr International, an international joint venture between itself and 400-lawyer Brobeck Phleger & Harrison, with five offices in California. The joint entity has its own offices in New York, London and Prague, through which it assists all types of businesses, particularly those in high technology, biotechnology, retail, natural resources, health care, venture capital, cross border corporate, securities transactions and other financial matters.

### **Conclusion**

Corporate counsel will demand more initiatives and continued improvements in law firm service, cost reduction, efficiency, creativity and technology. Above all, law firms that excel in the coming years will institutionalize visionary, entrepreneurial and pragmatic approaches to their corporate client problems and opportunities, with particular emphasis on and dedication to delivering exceptional client service.

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