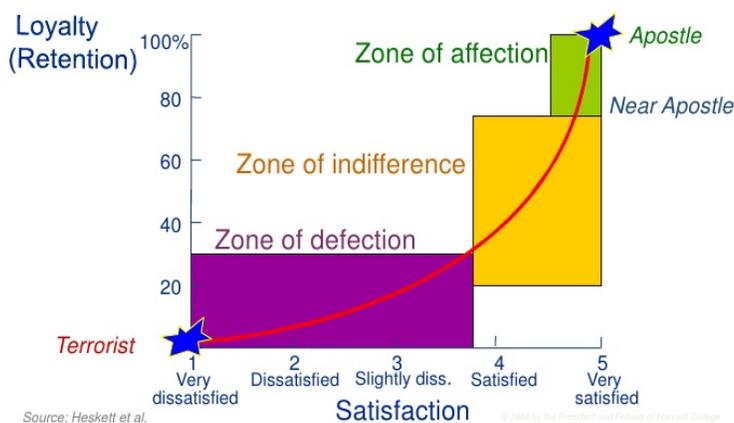


# Are Your Clients Loyalists or Defectors?

Jan 23 Posted by [Susan Saltonstall Duncan](#) in [Client service and development](#)

## Apostles and Terrorists on the Satisfaction-Loyalty Curve



In our recent post [In 2013, Will More Firms Finally Understand that Client Feedback = Better Revenue and Profitability?](#), we explained why regular client feedback leads to better financial success and growth. In the next post [Client Feedback: 10 Steps to Determine Where Your Firm Fits on the Satisfaction and Loyalty Curve](#), we offered an approach to conducting client interviews, initially with top clients. In addition to interviews, there are other methods firms should implement in order to institutionalize client feedback and to establish procedures and policies that will ensure continuous improvement. As feedback efforts progress, firms will want to survey a broader base of clients.

If firms take steps to retrieve meaningful feedback from clients using a variety of methods, they will also need to have in place an effective process for analyzing and reacting to the feedback received.

Much of the feedback from top clients will be positive, but even positive feedback can be used to learn lessons and celebrate good practices. It is likely that even super-satisfied clients will also offer ideas and insights on issues or improvements.

As was discussed previously, loyalty resulting from extreme satisfaction from service and value is what drives long-term profitability in client relationships. Fred Reichfeld introduced the concept of [Net Promoter in 1993](#) which uses a metric that measures how likely a customer is to recommend a provider as a way to measure loyalty and future revenue growth. Asking clients whether or not they would recommend your firm, and then whether they have indeed recommended the firm without any reservation, is an important indicator that you have a truly satisfied and loyal client.

In 1994, Harvard Business School professors Heskett, Jones, Loveman, Sasser and Schlesinger published a very useful article call ["Putting the Profit Chain to Work."](#) then, in 1995, Jones and Sasser offered further insights into different levels of customer satisfaction with their study ["Why Satisfied Customers Defect."](#) Using James Heskett's Satisfaction Loyalty Curve, they proposed that clients fall in one of four quadrants:

	Satisfaction	Loyalty	Behavior/Characteristics
Loyalist/Apostle	High	High	Staying, supportive; recommends to others

<b>Defector/Terrorist</b>	Low/medium	Low/medium	Leaves; very unhappy; shares bad stories with many others
<b>Mercenary</b>	High	Low/medium	Low commitment; shops on price; comes and goes
<b>Hostage</b>	Low/medium	High	Unable to switch; feels trapped

Source: Thomas O. Jones and W. Earl Sasser, Jr., Harvard Business Review – November-December 1995

Obviously, the goal for any law firm is to have as many loyalists (high-end apostles) as possible. These are clients who remain clients for many years, who send repeat and new work their way and who also actively promote the firm to their colleagues. On the flip side of the spectrum are terrorists. These are clients who have had a negative experience and are actively criticizing or deriding a firm to their colleagues. Unfortunately, the unhappy and vocal terrorists are likely to share their negative stories with a much larger number of peers than apostles share good stories. It is more common for people to complain than compliment, and with the exponential effects of the internet, this negative commentary can easily go viral. As outlined in the book by Heskett, Sasser and Schlesinger "The Service Profit Chain,"

*"... one terrorist with a negative lifetime revenue stream ...can neutralize the positive returns from more than five other customers... This further underlines the importance of insuring that the number of terrorists is minimized."*

The other two categories often go unnoticed or unaddressed. A mercenary is a client who may be quite satisfied but hasn't developed (and may never) a true or lasting loyalty to the firm. Mercenaries might constantly send out RFPs for new matters, choosing the low cost provider every time. Mercenaries usually do not remain with firms long enough to become profitable and often are expensive to obtain initially. Hostages pose a different kind of threat. These clients may feel forced to use the firm but don't like doing so and as soon as they see an opportunity, will switch firms. These could be clients who feel that the switching costs are too high if the firm has been representing the company for many years and has deep institutional knowledge, or it could be an Associate General Counsel who has to bend to the wishes of the General Counsel or Chairman who has a relationship with a particular firm or lawyer.

Feedback will help firms determine where their clients fit on the satisfaction-loyalty curve. Once you receive feedback from clients, you should take a number steps to analyze and act upon the results:

1. Look across all data for quantitative rankings by attribute (e.g., timeliness, accessibility, transparency, budgeting, etc.) and for Net Promoter results - would and has this client recommended the firm to others?
2. Look across the data for qualitative themes that provide detail on all aspects of service and value.
3. Evaluate and designate each client as an apostle, loyalist, mercenary, hostage, detractor or terrorist. Your first priority should be to address and neutralize your "terrorists" since they can do the most financial and reputational damage to the firm.
4. Devise action plans to preserve and create apostles to strengthen the partnerships and get them all recommending you if possible.
5. Develop specific remedies and approaches to address firm-, practice- or lawyer-specific problems or weaknesses.

In addition to designing, implementing and acting upon effective client feedback outreach, firms need to develop other approaches that will help turn clients in Apostles and Net Promoters. Some of these include:

- Client specific service plans with quarterly reviews
- Firm and client-specific service standards and protocols
- Client relationship partners and account management
- Transparent, creative and flexible pricing and billing
- Training, mentoring and performance review processes focused on client value and satisfaction
- Client Advisory Board
- Secondment programs
- Client specific CLE
- Access to data bases and knowledge center, precedents, forms
- Alliances and collaborative resources

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