

# **Client Selection – How to Get and Keep Good Clients**

## **By Sandra J. Boyer**

I recently made a presentation to the International Bar Association in Rome, Italy regarding client handling. As part of the presentation I discussed the importance of finding, developing and maintaining a good client base which supports the direction of the firm and its practice areas.

Developing and implementing a client selection process is an effective way to define and develop a good client base. It is important to the firm that the client base serve the needs of the firm, just as the firm will serve the needs of the client. In an attempt to insure enough work for the firm, many firms accept clients without determining whether they meet firm needs and expectations.

A client selection process is important because:

- It can help to maintain and/or increase firm profitability. Through this process the firm can help to insure it works with clients who are willing, and who are able to pay for the legal services provided. It also helps to reduce receivables over 90 days which will likely go unpaid.
- It can also assist with the growth of the firm by helping the firm maintain and expand identified practice areas and insure the firm is retaining clients who meet the goals of the firm.
- It improves communications by insuring both the client and the lawyer understand the commitment of time and money involved in the matter. One of the goals of the client selection process is to insure both the client and the lawyer understand the billing guidelines so the client will pay on time and in full.
- It can assist with the training of firm associates. The firm must take in enough work to keep the associates busy as well as the partners. When meeting with the potential client you can decide at what level the work can be done most profitably and effectively, then if appropriate, delegate it to associates at a lower hourly rate which provides a service to the client as well as helps in the training of firm associates. This avoids the firm turning away lower hourly rate work and allows associates and younger lawyers to gain experience in preferred practice areas.

The 40% rule still applies to law firms. This means that 40% of your clients will turnover within a five year period. Those clients must be replaced. The client

selection process provides an organized effort to continually develop a client base which will maintain the firm into the future.

Client selection procedures come into play prior to accepting new clients or when an existing client seeks to open a new matter when either the client's financial situation was not previously reviewed or the client has one or more statements unpaid after 60 days.

When developing a client selection process there are many issues which need to be considered including: 1) establishing the criteria to be met by new clients and/or a new matter, 2) the development of a list of services available to the client from the firm. This list will enable both the client and the lawyer representing them to understand the kinds of services offered by the firm, and 3) establishing the procedure to be implemented when selecting a new client, which includes how you are going to use the criteria, how you are going to communicate it so that all lawyers understand it and use it, and how you are going to follow up by reviewing the criteria and the process regularly then modifying it as needed.

Client selection procedures and processes often used in firms within the United States include the following steps:

1. **Step One.** The firm must determine the following before accepting a new client or new matter.
  - a. The type of work to be performed.
  - b. Who will perform the work (partners, associates, paralegals).
  - c. How long it will take to do the work.
  - d. A reasonable retainer for the work to be provided.
    - Whether the client is a one-shot client or if there is potential for a long term relationship.
    - The hourly rate and/or billing method to be charged to the client.
    - The prior payment history.
    - A Dun & Bradstreet history will be sought for engagements of over six months or when defending clients in litigation.
    - Implementing a client conflict review to determine that no conflict exists between the proposed client and an existing firm client.

2. **Step Two.** Establish an effective means of communications.
  - a. During the initial meeting of the prospective client and the lawyer discuss issues relevant to the management of the matter including, a) how to communicate regarding the matter, b) what the client can expect from the lawyer, c) what the lawyer expects from the client, and d) a discussion of the firm's billing and collections procedures.
3. **Step Three.** The Billing Partner or Managing Partner of the firm must review new client intake to insure lawyers are implementing the firm's policies and procedures and meeting the goals of the firm.
4. **Step Four.** Insure both the client and the lawyer understand each other's expectations through a written agreement signed by both parties (Retainer Agreement).
5. **Step Five.** Request and receive a retainer from the client. The amount of the retainer will be determined by the lawyer retained and the Billing or Managing Partner.
6. **Step Six.** Review and evaluation of client selection policies and procedures must be implemented every two to three years to insure they still guide the firm in the direction of its goals.

The secret to success for every client selection process is discipline. The secret to the success of every law firm is communications. The combination of a disciplined client selection process and a successful communications program can insure that a firm meets the needs of its clients effectively and meets its own needs consistently.