

The Top Five Reasons Why Clients Leave And How You Can Prevent It

by Jeffrey Miiller and Jill Kohn, Ph.D.



Jeffrey Miiller,

a marketing consultant at Kohn Communications, coaches attorneys and legal marketing directors to help them improve their business development skills. He also conducts client satisfaction surveys on behalf of law firms. He can be reached at jeff@kohncommunications.com.

Jill Kohn, Ph.D.,

holds a doctoral degree in Clinical Psychology and is a marketing and management consultant for Kohn Communications. Dr. Kohn helps individuals acquire new clients and better manage workplace interactions with superiors, subordinates, and peers. She has created several programs for Kohn Communications regarding interpersonal communication in the workplace. Topics covered in her programs include recognizing and correcting dysfunctional behavior, team building, and change management. She can be reached at jill@kohncommunications.com.

LAWYERS OFTEN MISTAKE a lack of complaining from clients as a sign of satisfaction. This may be an overly optimistic conclusion. Research indicates that most clients won't express feelings of dissatisfaction; they'll just leave. This is particularly true for consumers of services, who are less likely to complain than those who purchase a tangible product. For every client who does give you an earful, research indicates there are 26 others you won't be hearing from. Ten of their friends and associates, however, will be told about their unpleasant experience with you and your firm in high-definition detail. TARP, *Consumer Complaint Handling in America: An Update Study* (White House Office on Consumer Affairs, 1986).

Maybe you have done nothing technically wrong. In fact, the legal work may have been stellar, but for some reason the client is unhappy. This is because it can be difficult for clients to accurately assess what you have done for them. They may not understand the complexity of issues involved with their matters or lack the technical knowledge to effectively evaluate services rendered. Ralph L. Day and Muzaffer Bodur, *Consumer Response to Dissatisfaction with Services and Intangibles*, in vol. 5, *Advances in Consumer Research* 263 (H. Keith Hunt ed., Ass'n for Consumer Research, 1978); Robert E. Hite and Cynthia Fraser, *Meta-Analyses of Attitudes Toward Advertising by Professionals*, 52 *Journal of Marketing* 95 (July 1988). The client's expectations can vary greatly from the attorney's in nearly every aspect of the relationship, including the amount of time the matter requires, the

scope of the issue, and the likely outcome. Stephen W. Brown and Teresa A. Swartz, *A Gap Analysis of Professional Service Quality*, 53 J. Marketing 92 (Apr. 1989). Consequently, both lawyer and client can become frustrated.

We have conducted interviews with a wide variety of law firm clients across the country. What follows are the five complaints we hear most frequently and strategies you can employ to effectively address your client's top concerns, thereby preventing client loss and enhancing client loyalty.

1. COST AND BILLING • Dissatisfaction with cost and billing can take several different forms, but the following are the most common.

“It’s too expensive.”

When a client complains about your rates, it means they are not fully aware of all the benefits they are receiving. It is up to the lawyer to effectively communicate all the benefits they bring. Constantly consider how you can increase your perceived value. Enhancing your exposure and ability to communicate all of the benefits to the client can dramatically improve the client's perception. For example, periodic review of bills with the client is an opportunity to answer questions and a chance to review all of the benefits, including added-value services for which the client was not charged. Another way to manage the client's expectations regarding cost is to offer a periodic status report on all activities, fees, and potential increases in fees. Never let an unusually large invoice go out the door without first telling the client, so the client is not blindsided by it.

“It seems like the lawyers are constantly looking for ways to bill more hours.”

The perception of overlawyering is an all-too-common issue that must be addressed. It is important to clarify with the client that your firm is obligated to consider all of the issues relating to the matter and explain the risks and options along with estimated

costs. It is up to the client to then decide how to proceed on those issues. Make it clear that your goal is not to bill more hours, but rather to make sure the issues are fully understood and addressed.

“We don’t want to pay for associates learning on the job.”

This is a complicated issue. First, it is important to clarify what on-the-job training is. Each firm has to resolve this matter for itself. By creating a clear understanding internally of how young associates are trained and what the role is for them, senior attorneys are able to clearly articulate to clients how inexperienced attorneys bring value. For example, the practice of giving more routine matters to young associates, even with the added time of review by more senior people, can actually save the client a lot of money. The goal is to make sure that clients feel they are getting value regardless of who does the work.

“I never know if my lawyer is billing me for social chitchat.”

This may seem trivial to the attorney, but it is important to clients and is frequently mentioned in client satisfaction surveys. People say that they hesitate bringing it up with their lawyers because they fear being rude or unfriendly. It is incumbent upon the attorney to discuss the issue of social conversations with the client. State up front that the client will not be charged for time spent this way.

“We don’t understand the bills.”

This is a failure to have invoices that accurately describe the services rendered and how the fee was calculated. Review your bills to make sure they are easy to understand. Discuss your billing practices with your clients and inquire how much detail they would like at the outset of the relationship. Then, accommodate their requests. The last thing you need is a client who becomes frustrated with your invoicing and subsequently leaves due to misinter-

pretation of the charges. In some situations, you may consider calling after sending the first invoice to make sure it is understandable from a non-lawyer perspective. Even sophisticated users of legal services, such as in-house counsel, prefer bills that are clear.

2. LACK OF RESPONSE • Lack-of-response complaints are represented by the following statements.

“It takes too long for my lawyer to get back to me.”

It is imperative to discuss and clarify what the client expects in terms of responsiveness. This may be difficult if the client’s expectations are unrealistic. Discussing the matter before engagement will illuminate differences that can be effectively addressed before the client becomes dissatisfied. If a client becomes upset, then address the matter openly and discuss how things will change going forward. What is most important is that both parties are working from a shared and explicit understanding. Be specific in how you plan to improve. For example: “I will return your call by five o’clock the same day. If I’m not available, my secretary will call you and give a number where you can reach me or schedule an appointment for the following morning.” Make sure other attorneys and staff that have interaction with the client are also clear on the agreed-upon procedures.

“It seems like the firm is beyond capacity.”

If a client remarks that the firm is understaffed or that the attorney has too much on his or her plate, it reveals an erosion of confidence. By responding to your client promptly, you project a sense of command over tasks and this engenders client confidence. Offer to provide updates on delegated tasks so the client can feel assured that your firm has the horsepower to handle the matter(s). Assess whether

the client’s complaints are valid. If so, you need to initiate efforts to increase your depth.

“The lawyers wait until the last minute to deliver.”

From the client’s point of view, it appears that the matter has been collecting dust until moments before the arrival of the deadline. This is usually not the case, but the perception occurs because the client does not hear from the lawyer until the last minute. The remedy to this situation is to delineate a task timeline and educate the client about the work that will occur between initiation of the matter and delivery.

3. INCOMPETENCE • These are among the most serious client complaints of all, and every effort should be made to prevent them from arising in the first place.

“The attorney made a substantial error.”

If a complaint is justified and the error is severe, offer to meet with the client at his or her office to discuss and resolve the issue, even if this means getting on a plane. It is imperative to quickly and effectively communicate to clients that their satisfaction is of utmost importance. Face time is the best way to do that. Of course, an apology should be made. However, an apology without an amend might not be enough. You may want to negotiate with the client how you plan to repair the problem. Be specific. Creating buy-in from the client allows both parties to leave the conversation satisfied with the outcome and with a clear understanding of what will happen next. Negotiating the amend gives the client an opportunity to be heard, demonstrates flexibility on your part, and reinforces the image of a dedicated provider. We know of a law firm that committed a substantial error and offered to deduct 10 percent off the fee for the next matter as a way of substantiating their apology and communicating to the client the importance of the rela-

tionship. The shareholders came up with this figure as a result of asking themselves, “What is it worth to us to keep this client?”

“We met with a partner who had experience in our matter, and that’s who we thought was going to do the work but he/she flipped the work to an attorney with much less experience.”

The person selling the client should say exactly who will be doing the work, his or her qualifications, and the extent of each person’s involvement. If an individual who will be working on the matter has little or no experience with the client’s issue, then the oversight procedure needs to be articulated to the client along with an explanation of how the client benefits from this procedure. If there is any question about somebody not having the ability to do the required work, you are risking malpractice by not disclosing this.

If you expand your practice into an area in which you have minimal experience, you should disclose this to the client. Additionally, you may want to offset your lack of experience with an offer that benefits the client, such as a discounted rate. If the client is price-sensitive he or she may choose to go forward.

4. NOT UNDERSTANDING THE CLIENT’S NEEDS • This is much more common than you might think. If you haven’t heard this about your own firm, you have probably heard it uttered about a firm you know about.

“Our lawyer does not have adequate expertise about our business or industry.”

If this is a valid complaint, it is vital to develop a depth of understanding about the client’s business and industry. Take continuing education classes pertaining to that industry. Attend industry events, subscribe to the client’s industry trade publications, and familiarize yourself with the relevant issues. If

other attorneys in your firm have expertise in that industry, speak with them. As your expertise develops, you become more valuable to your client.

If the client’s complaint is not valid and you are knowledgeable about the business and industry, then this indicates a failure to communicate your expertise to the client. As you interact with your client, spend more time talking about what is happening in the industry. Discuss specific issues. Identify the trade associations your client is involved with, and offer to put on a seminar for that organization. Publish articles in the industry trade journals. This creates reprints that you can distribute to existing and potential clients, thereby demonstrating your expertise without appearing to boast. Taking on a leadership role in a trade organization is another way to demonstrate expertise.

Finally, visit the client’s offices and meet with the decisionmakers. Clarify their needs and goals. Increasing your exposure helps you to spot issues, give informed advice, and establish yourself as a meaningful resource.

5. CONFLICT WITH ONE OF THE PARTNERS OR STAFF • Again, this is surprisingly common. And the worst thing about it is that the offending lawyer rarely realizes that it is happening.

“The lawyer on our matter was impatient, condescending, and didn’t listen to my concerns.”

Research indicates that professional service providers are often not proficient at comprehending the relationship from the client’s point of view. Brown and Swartz, *supra*. For clients, the legal world can be confusing and anxiety-provoking. Terse, impatient, sarcastic communication from an attorney is perceived as disrespectful, condescending, and alienating. As obvious as this may seem, we hear this complaint with astonishing frequency.

Empathy is often mistakenly perceived as being wimpy, unnecessarily conciliatory or subservient,

and therefore is often devalued as an important interpersonal skill. In fact, empathy is none of these things. Empathy means being able to understand how another perceives a situation and incorporating those perceptions into your dialogue using your own words. It means actually listening for the client's concerns. Too often, attorneys minimize the client's concerns internally and outwardly cursorily nod and add an occasional, "umm hmmm."

The problem can be exacerbated by a firm culture that tolerates criticizing and making fun of clients among attorneys and staffs. Lawyers frequently describe client interaction as an impediment to completing important work, belittling clients' lack of knowledge and disparaging their "foolish" decisions. This is unfortunate because these negative feelings will find their way into the communication with clients in the form of impatience and sarcasm. Lawyers too often forget that clients' lack of legal expertise and ability to make informed decisions is precisely the reason they rely so heavily on the guidance of the firm. It is imperative to notice hostile attitudes within the firm culture, discourage them and, if necessary, reprimand this form of expression.

Attorneys should strive to communicate with clients in a way that demystifies complex legal issues and procedures. This is a difficult skill to develop, but doing so can be a powerful differentiator. The ability to communicate to a client that you respect and are willing to understand his or her concerns translates into long-term, loyal clients and job security for you.

We worked with a firm that nearly lost a crucial account because of hostility and impatience communicated to the client. When surveyed, in-house counsel stated that although the client was extremely satisfied with the quality of the work product, their experience with one of the key partners was so distasteful that they were willing to walk and had already initiated efforts to retain new outside counsel. The key partner, she said, constantly challenged the company's business decisions in a very

abrasive manner and usually spoke in condescending and impatient tones. Several members at the client's company had reported similarly unpleasant experiences. As a result of conducting a satisfaction survey, the firm was able to salvage the account by assigning a different partner as the point person.

If a client complains to you about the "personality" of someone in your firm, take the complaint seriously. Thoroughly investigate the complaint by clarifying with the client the reason for the dissatisfaction and identifying who at your firm was involved. Find out if it was an isolated incident or an ongoing conflict. Acknowledge the importance of the issue to the client and present alternative arrangements for moving forward. Perhaps you can introduce another partner or staff member who can serve as the point person with the client. If you are in a small firm and you do not have that option, you need to change the behavior. If it does not change, the client's annoyance will likely fester into resentment and eventually he or she will leave.

AN OUNCE OF PREVENTION • Proactive vigilance is a much more effective method of client retention than reactive amending of problems.

Check In

Simply asking your clients, "How is everything going?" and responding to the feedback you receive can save you millions of dollars. A managing partner of a mid-sized law firm shared with us that he was having lunch with his biggest client and casually asked her how she felt about the firm's service. He was surprised to learn about a legal blunder his partner had made. The client complained that the partner had done little to amend the error and had responded in an arrogant and defensive manner when confronted. Most importantly, the managing partner learned that the client was considering leaving the firm. When he asked the client if she would have shared this information without being asked, the response was, "I thought that you already knew."

Know the warning signs of trouble. Ask yourself: Has the amount of work received from the client diminished significantly? Are your calls being returned? Has the tone of your conversations changed? Does the client sound annoyed? If you sense there is any hint of a problem, do not minimize what you are sensing. Do not presume the client will bring it up. You have the right and the responsibility to check in with clients and make sure that they are satisfied.

Conduct Satisfaction Surveys

The best way to prevent a client from leaving is to uncover dissatisfaction before it erodes the relationship. Customer satisfaction research indicates that if complaints are handled expediently and effectively, an overwhelming majority, 95 percent, of clients will stay. This finding is especially uplifting when one considers that it costs five times more to create a new client than to keep an existing one. However, this can be tricky when one considers that most dissatisfied clients do not complain. TARP, *supra*, 1986. Finding out what you don't know is a bit like remembering what you have forgotten. Pre-emptive outreach is one way to elicit feedback you would not have otherwise received. Reaching out to clients with a formal survey initiates a review process and therefore reveals problems while there is still opportunity to repair damage. Not only are surveys a practical tool for preventing client attrition, but they also strengthen client loyalty and generate referrals.

One of the main reasons most lawyers don't ask for feedback is because they do not want to hear criticism. This is shortsighted thinking. The cost of losing the client far outweighs the discomfort of hearing bad news. Negative feedback, valid or not, can be constructive. A valid complaint provides an opportunity to repair damage before it is too late. You can't always count on your colleagues to keep you informed, particularly if there is a problem. Instead, it is best to hear directly from clients how satisfied they are with the people they work with

at your firm. Negative feedback can also help you improve your service to other clients because problems with one client may indicate problems with others. Even if the complaint seems trivial to you, take it seriously. Never minimize the client's perception; their perception is their reality.

If you find out that your client *is* happy, there is still a benefit to doing the survey. Confirming satisfaction helps boost morale in your firm, and it reinforces to the clients that they made the right choice to choose you instead of another firm.

When you conduct a survey you are communicating to your clients that they are valuable to you and that their experience matters. Conducting a satisfaction survey demonstrates integrity on your part. Many lawyers believe that simply doing good work, in and of itself, is enough. In today's competitive market, that is not the case. It is essential to periodically remind your clients that you are grateful for their business. You cannot assume that your client knows you are appreciative, unless you communicate it. A satisfaction survey demonstrates your appreciation and proves that you are constantly striving to improve all aspects of your service.

Conduct Exit Interviews

For the client who has already left, make it a policy to conduct an exit interview. A former client may be reluctant to participate. Yet, pursuing this feedback is a worthwhile effort. It is important for you to know exactly why the relationship ended. You may find yourself surprised to learn important additional information. The goal is to get feedback so that you can make changes to prevent the loss of other clients.

CONCLUSION • Developing a keen client orientation is a powerful way to make your firm stand out and to differentiate yourself in the marketplace. The result will be happier clients and more business for you and your firm.