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# Client Management in Difficult **Economic** Times

Retreating economy mandates reexamination of practices to provide effective service.

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**C**LIENT management is a challenging and complicated task even in the best of times. However, when faced with a retreating economy, this issue becomes even more complex. While it does not require that attorneys reinvent themselves, it does mandate that they refocus and reexamine their practices both at the micro and macro levels in order to provide appropriate client service. This is especially true for large corporate and institutional clients in which there may be a number of different constituencies comprising “the client,” each of which must be pleased. This article examines a number of steps that attorneys may consider taking in order to better manage their client relationships and thereby provide effective and appropriate client service in these difficult financial times.

### Be Efficient

First, it is important to watch for inadvertent inefficiencies in work product at all levels. Team leaders must constantly consider the tasks in issue and work to appropriately allocate assignments among their team as efficiently as possible, considering both the experience and the billable rate of the assigned practitioners.

At firms with multiple offices, attorneys should also consider investigating whether practitioners in other offices, especially if they are in lower cost (and hopefully correspondingly lower per hour rate) markets might be suited to respond to client needs. With the Internet and the widespread availability of videoconferencing, physical proximity is often less important to clients than cost efficiencies. By utilizing these resources, an attorney can often provide clients with access to seasoned professionals, while at the same time offering such clients substantial discounts on their overall legal costs.

Attorneys may also want to consider whether hard costs that are being passed along to their clients are really necessary. In the case of transactional



deals, it is worth discussing whether preparing and copying voluminous closing sets are a good use of client resources, rather than simply building such sets in the form of PDFs (or other electronic forms) and then distributing them on CD or DVD-Rom. In that fashion, all of the parties still have a fixed set of documents to refer to (and even print out if they prefer), but the client is not burdened with the printing costs, which as a general matter exceed those of creating a CD or DVD.

The same consideration applies to diligence or document productions. Virtual data rooms accessible on the Internet, while not cost free, can provide an efficient means to deliver large numbers of documents to counterparties without incurring expensive duplicating and delivery costs.

Travel is also an area to be closely monitored. Most clients have greatly scaled back their

internal travel budgets, and as such their outside advisers, including attorneys, must adapt their plans accordingly. While face-to-face meetings will remain important, in down times it is critical to use this tool sparingly. More often than not, a conference call may be sufficient to deal with a particular issue.

### Support Your General Counsels

For many attorneys, the general counsel's office of a client may be the primary point of contact. As such, it is critical to be viewed by such in-house attorneys as helpful to them rather than competitive. An outside lawyer's goal should be to help make the client in-house lawyer more, rather than less, valuable to his or her organization.

One way to do this is by providing in-house attorneys practical articles and advice. This is a great

time to send to a general counsel a “cookbook” type memorandum that might help streamline his or her practice. In the same vein, if there are new rules or regulations applicable to a client, attorneys can be very helpful by digesting such regulations and providing clients with clear instructions on how to navigate the applicable requirements. Consider undertaking such tasks as part of a firm’s general memorandum and article writing practice rather than as client billable work. This way, an article written on a topic of general relevance may be circulated among multiple clients, generating client goodwill on a number of fronts.

Another option is to give in-house lawyers direct access to more junior (and thus less expensive) attorneys at a firm. A general counsel may have made the decision to handle a matter in-house and thus not need senior level assistance from a firm, but still might appreciate help from more junior people to support an ongoing matter, doing, for example, diligence or document review. Firms may even consider seconding associates to clients for short periods as a way to allow in-house legal teams to increase their staffing during busy periods. This has the effect of helping clients keep their costs manageable, while at the same time strengthen the relationship between the firm and such clients.

#### **Offer Strategic Advice**

As clients navigate uncharted waters they are likely to be dealing with situations and issues that are novel to them. It is critical that attorneys are up to date on trends in their client’s industries and on options that may be available to clients. On an almost daily basis, governmental and quasi-governmental agencies are proposing or in some cases actually implementing new regulations, both impacting the market as a whole and in some cases very specific industries. If a client functions in such industries, it can be extremely helpful to them if their attorney is poised to explain and offer insight into such new regulations and trends. Moreover, not all of the developments are positive. It is key that attorneys consider how a down trend or even a scandal might impact specific clients and then be prepared to offer proactive advice to respond to or mitigate such issues.

In addition, down times can offer excellent opportunities to consider corporate inefficiencies, for example in tax planning. Attorneys should offer to review their clients’ corporate structures and tax management plans with the goal of determining if different structures or strategies might be more efficient. When transactional flow is light it can be an excellent time to engage in such review, especially because it might have the effect of providing clients with unplanned savings in the form of more efficient tax outcomes. Moreover, when things are less hectic, clients may have more time and appetite to consider such matters.

#### **Provide What Is Requested**

It is also more important than ever to produce the specific work product that a client has requested.

As part of this process, team leaders should consider having task-oriented planning calls with clients, or at a minimum, send confirming e-mails to clients describing the scope of particular assignments. Even when engaging in a task that has been requested by a client in the past, it is critical to reconfirm the go-forward plan. In down times, the book of “past practices” for a client may have been thrown out the window and as such, just because a firm has previously accomplished a task for a client in a particular manner, it may not be what is desired by the client in the current case.

#### **Be Available**

While maintaining a work-life balance is an important goal for any attorney, in uncertain times a lot can happen when the markets are closed. For that reason it is important that attorneys have realistic staffing and availability plans so that clients can find appropriate team members when they need them and so that work is accomplished on the expected timeline.

It is also important for firms to be prepared to handle emergent crises for clients. Taking stock of employment, bankruptcy, tax and other specialist resources that a firm has available is a worthwhile exercise so that when a client needs such resources, the relationship contact does not first have to scramble to find what resources are or are not available. Consider going even a step further and having brief internal discussions with such specialists to get them up to speed as to the state of key clients on a regular basis so that if such specialists are called to participate they are ready to jump right in.

#### **Image Counts**

Although it is always important for firms and their attorneys to project an image of financial health and confidence, it is equally important to consider how a firm’s image or actions will be perceived by clients.

Choices such as extravagant office parties or lavish retreats that clients may view as generating expenses they are indirectly paying are easy targets to scale back or eliminate during an economic downturn, both because they save a firm money and because they help to avoid projecting any image of ostentatiousness or excess.

Other events, such as client holiday lunches and dinners, also should be examined. While clients will generally appreciate being taken to lunch or dinner (or even for a round of golf) as a “thank you” for their business, it is important to keep in mind that client organizations may be hurting, and an expensive social function may be perceived as highlighting a firm’s economic success at a time when clients are faced with economic difficulties. Also, for large organizations with more than one constituency examining a firm’s legal services and billing, it is important to consider how an expensive dinner might be perceived by parties at the client other than those being entertained.

#### **Pay Attention to Billing**

Finally, whether in good times or bad, billing and recording time is a topic that attorneys should reexamine on a regular basis. Consistent with professional practices, it is imperative in times of a down economy that attorneys and other firm timekeepers bring good hygiene to and continue to rigorously enforce discipline around billing practices and management. In many cases, clients will be under intense pressure to manage outside legal costs, and as such, the bill becomes a firm’s chief means of justifying the expenses generated for legal services.

With this in mind, timekeepers should be reminded of the need to produce clear, specific, robust and consistent time entries. Timekeepers should also be reminded of the need to enter time quickly and on a regular (if not daily) basis. Team leaders may consider having discussions with their timekeepers prior to their incurring time on a matter, to set general guidelines as to how particular tasks should be described and to remind team members of the above-discussed goals.

Adhering to these requirements is the responsibility of every lawyer working on a particular matter, and reminding team members on a regular basis helps assure that firms maintain the high standards for billing practices that ethical duties and good practice management require.

#### **Summary**

In summary, while it is always critical for attorneys to provide considered, clear and efficient advice to their clients, in times of economic hardship, legal practitioners must examine every area of their practice to ascertain where efficiencies may be achieved and where client savings might be maximized. At the same time, it is also important to examine how relationships with clients can be strengthened and to examine where new avenues of advice might be welcomed.