



**Innovation in client service
10 June 2008**

It pays to listen to and learn from your clients and your people who serve those clients. Trite business advice, perhaps, and yet it would seem unheeded by many professional service firms (PSFs). Becoming a listening PSF that responds to what it has heard is therefore innovative as can be the methods of achieving it – like accountants flying paper aeroplanes. These were the themes running across all three presentations by experienced speakers from firms that demonstrated their commitment to listening.

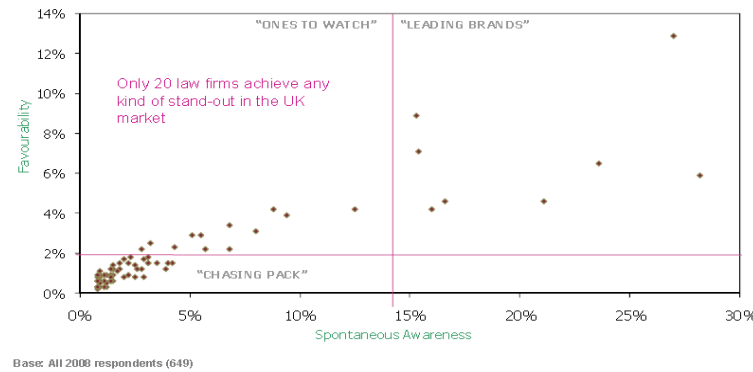
Stephen Denyer – Mr Allen & Overy (A&O) on the basis of 30 years at the firm – explained that A&O is a law firm that takes innovation very seriously. It won the Financial Times 2007 award for innovation in PSFs. Its submission this year comprises an impressively-thick file of neatly-tabbed papers worthy of any M&A lawyer's transaction 'bible'. It has a panel of the most successful and demanding partners who are empowered with a multi-million pound budget to spend on innovation at their discretion. This is a firm that has remodelled the 20th century suggestion-box into an effective cash-backed 21st century listening tool. The innovation panel's remit even extends to the firm's cuisine judging by the delicious parade of post-talk eats of a seemingly infinite variety of bowlfuls of tasty mini-meals.

The firm had led a campaign to engage the law-firm world in adopting a far broader range of performance measures than profits per equity partner (PEP) even though, as one of the world's most profitable PSFs, it has a PEP to be proud of. This might be no more than an application of Kaplan and Norton's balanced scorecard, as Denyer explained, and it might not be innovative for other businesses but it certainly is for law firms. One of the key indicators A&O uses is the measurement of investment in clients – listening to them – to produce a return on goodwill.

Lisa Hart, founder of market research company Acritas, provided more evidence of why A&O's approach to innovation is prize-worthy. Whilst FMCG companies' decisions are driven by market research, it is amazing how little research law firms or other PSFs carry out. She noted there had been an upsurge recently, however, probably as a result of a fear of the effect of current market conditions on the competition for clients' work.

There is no better way of measuring service delivery and brand performance than by seeking client feedback, Hart asserted. Well, a research company would say that, wouldn't it? But the recent research data proves it in spades. For example, of the top 80 law firms, only 20 firms achieved any kind of brand-awareness "stand-out" in the UK market (see graph).

■ Top 80 UK law firm brands 2008 Awareness v. Favourability



None stood out for innovation or value for money and yet the highest driver of client loyalty was “knowledge of my business needs” with cost lower down the importance-scale (but moving up the scale recently). What hope for the rest, then, in achieving differentiation unless they carefully choose and exploit certain market areas by listening and responding to what clients value?

Even in the far more consolidated UK property market, the Acritas data showed how few stand out and, again, none for innovation or value for money.

Acritas’ advice is to listen carefully and to use the data gathered to identify the opportunities that exist and the barriers to overcome and be prepared to invest in order to stand out.

BDO partner Allan Evans picked up the Acritas themes of the use of client feedback and the need for differentiation – not surprising since BDO makes great use of research carried out for BDO by Acritas. For Evans “client service is the only true competitive advantage accountancy firms have”. Listening to clients is fundamental to being able to being able to know how to identify and achieve that advantage.

BDO had shown its commitment to listening to clients through four years of seeking feedback which it shares widely across practice areas editing out only personally sensitive comments. The challenge that emerged was how to encourage partners to focus more energy and skill on the highly-valued commercial relationship (requiring knowledge of clients’ business needs) rather than on the hygiene factors of service delivery only.

In its E4C (energy for clients) programme, it had sought to engage some 3,500 individuals (including partners) in identifying “touch points” of contact with clients. Everyone committed to achieve three objectives to improve the value of client service and acknowledged these to each other by the novel device of sending their list of three on the back of a paper aeroplane across the room. A partner’s client-service objectives could therefore land on someone in the post-room, a physical demonstration of an egalitarian approach to knowledge-sharing.

The research also showed that too much of the relationship with clients rested with partners and insufficient on managers and others. For partners, therefore, creating the energy for clients through their teams has involved coaching partners in leadership skills.

Listening sounds such a simple skill, so what is the main barrier to effective active listening? In Evans’ experience the barrier is partners’ lack of confidence driven by a *feeling* of the need to know all of the answers – and, presumably, one might add, being *seen* to know

them. On that basis, innovation in most firms will be driven by a shift in attitudes towards learning. No-one knows all the answers, everyone can have a good idea; the commitment to listen and to share knowledge is the key to innovation.