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Beyond the Rolodex

Will client relationship management software revolutionize the way law firms manage their information or will it be just another fad?

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In the past, when lawyers at Duane Morris L.L.P. decided that they wanted to hold an executive briefing for clients, they would ask their colleagues to provide the names and addresses of the people they thought should be invited to the event. The lawyers responding to that inquiry would give the organizers the appropriate contact information, which would be placed into a data file and used to generate letters and labels. Holly Lentz, the firm's Philadelphia-based senior marketing operations manager, points out that the process sometimes took weeks. And if some of the firm's lawyers were unable to respond because they were out of the office or otherwise too busy, the results probably would have been incomplete.

Now, though, the firm has streamlined the process through its use of "client relationship management" (CRM) software. So, Lentz says, if a lawyer or the firm's marketing department needs a list of all of the firm's clients who are chief executive officers or chief financial officers of banks, for example, she can perform a quick computer search with the firm's CRM software and print out the information almost in the blink of an eye.

Managing client relationships — or, more precisely, managing the information the firm's lawyers have *about* these relationships together with the information they provide to their clients — has seemingly never been easier.

CRM Today

Nancy Manzo, the president of Seattle-based Manzo Marketing and a consultant who helps law firms across the country select and implement CRM technology, says most law firms seek out CRM to try to cure their mailing list headaches. That's just one of its uses. Vendors and other advocates of and various consultants who work with CRM software programs tout numerous benefits. CRM allows client contact information to be centralized, continually updated and available. It can also expand a firm's cross-selling efforts, increase communication with clients and track services the firm's lawyers provide. A CRM system can be integrated into a law firm's e-mail program, accounting and billing software, and document management systems, and can allow the input of outside personnel, financial and business data, so that the firm can know what industries its biggest clients are in, which clients are the most profitable and where the firm's growth is coming from.

Unfortunately, however, CRM is not a completely automatic program. To make it successful, the firm's lawyers and staff have to be willing to participate. The crucial contact information has to move from the lawyers' minds and business-card collections to the firm's computers. As Manzo emphasizes, CRM "is not just technology; it is about people and processes." That means, among other things, that everyone at the firm (or, at the least, a large critical mass) must every day and at every opportunity use the CRM system the firm decides to adopt and has to be willing to allow others at the firm to have access to their client lists and contact information. In most firms, this is easier said than done.

Initial Steps

For some law firms, especially smaller ones and solos, CRM is not necessary. These firms may be able to meet their client data needs by relying on e-mail programs such as Microsoft Outlook to maintain client contact information, new matter forms to highlight referral sources and separate accounting, billing and mailing list programs to meet those needs.

Firms that want "more," though, may have to go to CRM. Edward M. Schechter, Duane Morris' chief marketing officer, notes that there are more than one million "relationships" in his firm's database, based on about 335,000 "contacts" that the firm's 550 lawyers have added to the system. Obviously, this is more than a basic word-processing program can handle!

When a firm decides to take the CRM plunge, there are a number of steps that it should take before acquiring the technology. Manzo says first the firm should undertake an analysis of its requirements and goals. A firm that is focusing on cross selling may have different needs than a firm that is trying to integrate multiple offices, a new practice area or a new group of attorneys into the firm.

Once a firm has established its objectives, it should show them to the CRM software companies it has contacted and ask for a demonstration of their products customized to fit the firm's needs. Manzo says law firms essentially should say to the suppliers, "Show us what you can do and how you will solve our problems."

When a firm finally settles on a particular program, it can negotiate the terms with the vendor. Manzo suggests the terms probably will include a per-user license fee and perhaps a service license fee.

But that is not the limit of the expense side of the equation. In Manzo's experience, implementation will be one to one-and-a-half times the cost of the software because the

firm will have to load the software and customize it and also may have to add additional servers for its computers and hire another information technology employee and more marketing staff. Typically, the data that will be input into the program, such as the clients' names and contact info and the connections between the firm's lawyers and clients and referral sources — Same college? Same law school? Same tennis club? — will have to be “cleaned” and put into the proper form. Handwritten notes on a Rolodex or old entries on a written file just won't cut it any longer.

This can be a long process. Michael White, a principal in the Albany, Calif., office of Lynch Marks L.L.C., a CRM integration consulting firm, says a law firm “should not assume that you can flip a switch one day and suddenly have CRM.” Rather, he says, the whole process can take 12 to 18 months before it is fully ingrained into the fabric of a firm.

That last point is key. For CRM to be successful, the firm's lawyers, paralegals, secretaries and other employees will have to be trained so the firm gets the most out of the software, and they have to be willing to participate. That is where the whole process can break down. Avoiding this problem is crucial to the program's success.

The Role of Humans

Duane Morris' Schechter explains how his firm successfully adopted CRM technology. It began with the firm's leadership, its chair, agreeing that CRM was a valuable tool for the firm. Schechter says the firm's chair put all of his contacts into the system and agreed that they could be “shared” rather than kept private.

A member of the firm's executive committee then did the same thing, as did the partners on the firm's managing board. At that point, Schechter states, a large number of the rest of the firm's lawyers agreed to have their client contact information input into the system and to be shared. The trend fed on itself when some of the firm's lawyers started talking with others about the “successes” they achieved from the CRM system. Now, Schechter says, 80 percent of all contacts in the CRM application are shared and accessible to the system's users.

This is not to say that one lawyer can simply pull up a client's contact info and call that person. Schechter notes that the firm has prepared a written document containing protocols and procedures explaining how the CRM database is to be used. It specifically provides that a lawyer should not call another lawyer's contact without first speaking with the lawyer who has the relationship. By requiring that lawyers speak with the “relationship partner,” the firm has been able to avoid what Schechter says was “the biggest fear” that partners had about CRM: that someone would jeopardize their relationship with their clients.

Continuing Process

Of course, it is one thing to have lawyers agree at one point in time to have their client contact info dumped into a firm-wide computer database; it is another thing altogether to have them continue to do so thereafter. According to Byron G. Sabol, a Florida-based law firm consultant, most lawyers in most law firms are initially attracted to new CRM programs but their interest typically “will fade away.” This may be the most unsolvable problem but the most crucial to the long-term success of CRM at a law firm.

How can this be overcome? One way is for a firm to modify its procedures to make continued data input as automatic as possible after the technology is introduced. Another way is to train legal secretaries to make sure they provide the key information at all

appropriate points, from when a new case is opened to when it is closed. Other staff members in information technology and marketing can make efforts to update the info and to keep it “clean.”

Clearly, there are a lot of benefits to CRM and the growing industry that seeks to support it for lawyers and law firms. Some might point out, however, that TQM (Total Quality Management) — remember that 1990s trend? — made the same claims and had the same kinds of supporters. Whether CRM is the new TQM has yet to be determined.