

CRM and the well-managed firm

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► **Fiona Jackson** discusses how the discipline of customer relationship management (CRM) can assist firms in becoming well managed organisations.

The *Financial Times*/MPF recent report entitled 'Effective Client-Advisor Relationships' finds that 62% of client CEOs say that the impression of being a well-managed advisory firm is an essential pre-condition of selection. Clearly, the most effective way of being perceived to be well managed is to actually 'be' a well-managed firm, which aside from helping firms to be selected by prospective clients, will also aid them in becoming more profitable enterprises. Also, while selection by new clients is an excellent objective, a key strategic long term goal for professional services organisations should also be client retention.

The discipline of customer relationship management (CRM) can assist firms in becoming well managed organisations. Mark Wilson, Chief Operating Partner at Catalyst Corporate Finance, says "Our CRM system is a core part of our business; facilitating the execution of client projects, supporting business development initiatives, communicating with our relationships and sharing knowledge around the team. It is indispensable".

Commercially savvy and aware

In the face of reduced budgets, globalisation and an increasingly risky business environment, clients are demanding more

of their advisors at every level, to help them overcome their business challenges. This means that professional services firms must have insight into the commercial landscape of their customers and an acute awareness of the problems faced by clients – even in areas that fall outside their individual professional specialisms.

Simultaneously, professional services firms themselves are undergoing a period of significant change – driven by a variety of factors such as the economic climate, regulation and liberalisation. This in turn requires them to operate as efficient, profitable enterprises. The adoption of wider business and financial management strategies for their own organisations provides a clear signal of understanding of the commercial landscape. Leveraging that knowledge to advise clients on market developments will help firms to earn the title of 'trusted advisor'.

CRM as a discipline provides a mechanism whereby information on all aspects of the client's business environment can be collated and accessed in real time, going beyond simply providing insight into 'who knows whom'. It can help advisors to better understand their clients and their markets and enable them to develop a methodical construction of entire lifecycle of relationships, both for the client organi-

sations and the individuals that work within them. Some forward thinking firms have integrated external data sources like Bureau van Dijk and Dun & Bradstreet with their CRM systems. Combining internally held information with this external information delivers powerful client intelligence and insight that enables professional services advisors to pre-empt issues that could potentially be detrimental to their clients' business. This is particularly true in the legal and accountancy sectors.

Some professional firms go further still. For example, multinational law firm Salans is looking to integrate its CRM system with its website, Twitter feeds and LinkedIn activity, in addition to external news feeds and current matter information residing in its various business systems, to get a single view of every client's environment.

Depth of service

Offering a holistic set of services shows that your fee earners can become a fundamental part of the client's journey, as it endeavours to achieve its strategic goals. This can provide evidence of ingenuity – ie. the firm is able to develop innovative services in response to changing business requirements of clients. This is attractive to clients and shows that their long term professional needs are being constantly evaluated and planned for. Additionally, the ability of a firm to offer multiple services gives clients a one-stop shop, increasing their own efficiency.

A firm can only do this if its team's focus is aligned with customer's overarching business strategy. This is instrumental to a firm's ability to offer proactive advice on developing issues and pre-empt problems. However, the ability to offer services ahead of time depends to a large extent on the professional service organisation's aware-



ness of developments taking place in its client's market. For instance, news that its client is merging with another organisation may be an opportunity for a law firm to offer other related services such as employment law; and on searching the CRM system the firm might find that in fact expertise already exists in-house with a lawyer, who has practiced in that area of law before. Similarly, a firm may be able to anticipate and offer skills in multiple languages to a client that has plans to expand into new geographies by tapping into employees based in other offices or overseas partner organisations. Such information is easily available in CRM systems, eliminating the need for firms to undertake long drawn out investigation into the needs of their clients.

Efficiency at the heart of operation

In these austere times, efficiency is of paramount importance for professional services firms and client organisations alike. Demonstrating high level of control through effective use of resources sends a clear message that efficiency is a key business objective for the firm and that the cost benefits of the approach will accrue to clients.

By fully integrating CRM into their operation, firms can have client-related financial information at the tips of their fingers. To illustrate, lawyers and accountants can view client records to understand the size

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of the client, billing to-date, over-spend or under-spend and ensure that all related information is accurately reported to clients. By closely monitoring budgets and having information regarding the different types of financial arrangements in place with clients, teams can ensure that the firm's resources are appropriately allocated to client matters.

For private equity firms, deal lifecycle management is critical given the long lead times and with key influencers and players potentially spread across the world. Visibility of the universe of every single deal is critical to making informed decisions, which in turn facilitates new deal origination. A CRM system enables private equity firms to systematically record every interaction made during the lifecycle of a deal – instantaneous access to this invaluable intelligence greatly enhances the firm's efficiency. It also enables firms to manage their referral network and relationship with

intermediaries for the benefit of their clients.

Demonstrable agility and flexibility

Agility and flexibility are fundamental requirements for any business today, regardless of sector or industry. As 'trusted advisors' professional services firms must develop the ability to predict upcoming business trends, client requirements and new areas of service; and simultaneously cater for those developments to support customers. Well-executed CRM enables firms to analyse data related to its own sphere of influence as a business as well as that of its entire client base, giving detailed information that can be broken by sector, industry, and practice and business area. Firms can then identify internal skills gaps and proactively take measures to forecast, recruit and manage staffing requirements to meet future customer needs. Similarly, tracking tenders won and lost through the CRM system can enable firms to identify the organisation's strengths and weaknesses and use the information to enhance the former and rectify the latter.

Technology the enabler

Underpinning the business with a CRM technology platform that can truly facilitate client engagement in a compelling manner, instilling confidence in clients that the firm is capable of meeting its current and future business needs in the most effective and efficient manner. CRM cannot be approached from 'a one size fits all' perspective. Professional services firms in particular must deploy CRM strategically, and in a manner that suits their individual business requirements. This will encourage better user adoption and over time the database of intelligence will become the firm's most valuable knowledge asset. All too often, firms deploy CRM systems as out-of-the-box solutions, which greatly limits the value that the solution could provide.

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