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# Relationship Intelligence:

A Professional Services Organisation's  
Path to Winning in a Tough Economy

# A Professional Services Organisation's Path to Winning in a Tough Economy

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**Visibility into who in the firm knows whom, who knows what, and who knows how, can help uncover new business opportunities and enhance overall client service.**

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## Critical Business Issues for Professional Services Organisations

The professional services marketplace is rapidly converging. Regulatory changes and new competitors are reshaping the marketplace. Professional services organisations (PSOs) are struggling with ways to manage prospect, client and consultant relationships while still developing and enhancing the overall sales process. The need to track, manage and leverage all interactions with clients and prospects has never been more urgent.

Visibility into who in the firm knows whom, who knows what, and who knows how, can help uncover new business opportunities and enhance overall client service. To create this competitive advantage, organisations and firms must build their internal intelligence and make this information available instantly to every professional.

Moreover, a difficult economic climate and lower margins are causing firms to re-examine their overhead structures in order to eliminate inefficiencies and lower the cost of doing business. No functions are sacrosanct as managers investigate the cost of business development, marketing campaigns, events, and communications.

A centralised source of information about clients and contacts can lower the cost of doing business by eliminating redundancy and rework, streamlining campaign and event management, and reducing errors and embarrassing mishaps.

At most PSOs, the intelligence necessary to support business development, communications and marketing activities is scattered throughout the organisation making it virtually unusable. It may reside in the minds of firm professionals, in disparate databases or in countless contact managers.

InterAction solves the problem by delivering the Relationship Intelligence professionals need to compete more effectively, win more clients, cut costs and increase efficiency.

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## The Definition of Relationship Intelligence

Relationship Intelligence is a firm-wide asset that reveals the unique and complex connections between people, companies, relationships, experience and expertise, empowering professionals to leverage who and what they know to uncover new revenue opportunities, differentiate themselves from the competition and enhance client service.

Relationship Intelligence goes beyond traditional CRM and sales force automation (SFA) to provide users a birds-eye, 360-degree view of the critical relationships that comprise the bread and butter for financial institutions. Consisting of information housed in many systems, external data sources – and even in the heads of professionals – it serves as the ultimate competitive advantage. Relationship Intelligence is derived from hundreds and thousands of separate interactions between firm members and their clients, colleagues, co-workers and other contacts.

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## Relationship Intelligence and Professional Services Organisations

Once InterAction has aggregated a firm's scattered data and tOne-to-one relationships serve as the lifeblood of professional services organisations. Externally, through close bonds with clients and contacts, opportunities for new clients and transactions materialise, cross-selling opportunities present themselves and differentiation from the competition is made possible. And by developing long-term client loyalty through the diligent pursuit of close relationships, firms can ensure long-term revenue streams and stronger market share.

Likewise, internal relationships among firm members are critically important to the long-term health of the organisation. Professionals' knowledge of the firm's collective experience is crucial to adequately match client needs to firm expertise. The myriad relationships that

colleagues have with clients and contacts directly impact the breadth of the firm's ability to generate revenues. And understanding who within the firm is interacting with clients and for what reasons is critical to ensuring high standards of client care.

Small firms manage relationship information through informal channels – conversations in the hallway, meetings, phone calls, e-mail. With relatively few client relationships to manage, an informal system – albeit imperfect – is adequate.

However, as the organisation grows beyond a handful of professionals and a limited breadth of service offerings, the difficulty of managing information grows exponentially. With that growth comes the increased likelihood of missed opportunities as critical relationships are overlooked and therefore not leveraged in the pursuit of new business. For instance, a professional may be unaware that a colleague formerly worked with the company that the firm is now seeking to represent in an engagement. That relationship could be crucial in winning the business.

Or embarrassing mishaps occur because coordination efforts and communications among large groups of people become cumbersome and unwieldy. Marketing professionals from different offices of a professional services firm, for example, may unwittingly be pursuing the same prospective client. Ensuring the greatest possible return over the lifetime of the client relationship is dependent upon effectively expanding the scope of services delivered to a client, and providing seamless communication and client delivery across service lines and geographies.

Likewise staff turnover presents a grave threat to an expanding firm. Unless a system is in place to capture and store institutional knowledge, a firm's ability to grow and leverage its inventory of expertise and experience can be crippled.

Finally, managing marketing campaigns, events and client and prospect communications becomes unwieldy and costly as the organisation grows. In worst-case scenarios, the failure to manage these processes effectively can cause embarrassment and even lost clients.

Aggregating contacts from individual professionals' contact managers and other databases, ensuring accurate and duplicate free data is critical to all forms of communications, from mailings and newsletters to important client communications. The ability to easily track and manage campaigns and events can slash the firm's marketing overhead and cost of doing business. And the ability to segment and analyse markets and report on revenue pipelines and engagements helps firms closely monitor mission-critical business strategies and make adjustments along the way.

Consequently, easy access to Relationship Intelligence is vital to ensure the overall health and development of any growing firm. Information that forms the core of Relationship Intelligence generally is scattered throughout the firm in myriad locations, making it difficult for anyone to get a complete, 360-degree view of the relationship. Most professional services firms possess great amounts of valuable information that is housed in such systems as:

- Time and Billing software
- Accounting software
- Third party data sources

- Personal Information Managers (PIMs) (Microsoft Outlook, Lotus Notes and others.)
- Home grown systems and external database sources (Microsoft Access, Microsoft Excel, etc.)
- Human resources software
- Tacit data from the heads of individual professionals
- CRM or sales force automation (SFA) applications such as Siebel, Saleslogix, Pivotal or in-house developed systems

In order to become actionable intelligence, this scattered data must be aggregated into one, unified system, managed and placed in a context that professionals can relate to. It must then be delivered in the format that they prefer, on the platform they prefer (e.g. dedicated application, corporate intranet or portal, Outlook or Notes, handheld devices.) It is only through the process of aggregating, managing and delivering this information that scattered data within firms can be transformed into Relationship Intelligence.

Once accessible to professionals, Relationship Intelligence can then serve as an important resource to help address any number of challenges faced by the firm that were formerly managed through informal channels. Examples of the types of business questions Relationship Intelligence addresses include:

#### **Client Retention and Profitability**

- Who are our top clients?
- What services have we done in the past that will address this client's particular situation?
- What do I need to know about this client when I meet with them in order to make a favourable impression?

#### **Uncovering New Business Opportunities**

- Do we know anyone acquainted with this prospect that could help us win this deal?
- How do we most efficiently manage our network of referral sources?
- Who else do we know that could also benefit from our skill and expertise in this area?
- How can we accelerate the sales cycle by leveraging our best expert in the firm or accessing previous experience on a given business issue quickly?

#### **Building a Firm Knowledge Base**

- What is the history of our relationship with this client?
- What relationships was this former employee involved in before he left the firm?
- What type of services have we worked on in this particular industry?
- What are the trends in behaviour, preferences and speed of responses throughout the engagement process with this client?

#### **Ensuring the Best Client Service**

- What background on this client should I be aware of before our meeting?
- Does this client prefer to be called by his first name or surname?
- Is everyone on the services team up-to-date on what the others are doing?

- How can I manage this important client relationship by monitoring my client service team's activities with the client?

Developing a relationship management system capable of transforming a firm's scattered data into Relationship Intelligence, and delivering this content to professionals in a meaningful, easy-to-access environment is a monumentally complex undertaking. Previously such technology was not available to PSOs. This, however, is no longer the case.

## LexisNexis® InterAction®

Oak Brook, Illinois-based LexisNexis InterAction (formerly Interface Software) is the developer of InterAction, the first relationship management solution designed exclusively for professional services organisations. First introduced in 1996, InterAction is a mature product and is used by over 400 firms worldwide and over 200,000 users.

LexisNexis InterAction is also the pioneer of Relationship Intelligence. We have incorporated the essential process for creating Relationship Intelligence into InterAction – ushering in the next generation for financial services relationship management technology.

Like other CRM solutions, InterAction provides a centralised database for storing client information. Firms can create fields, classifications and otherwise customise the system to their unique environments. Likewise the system integrates with other enterprise applications and e-mail, fax and phone systems to facilitate easy communication with clients and prospects.

But beyond basic relationship management functionality that one would expect from any product on the market, InterAction is a complete solution that addresses the more complex problem of drawing together a firm's scattered data about people companies, opportunities and deals and transforming this data into Relationship Intelligence.

To accomplish this, the CRM solution must first provide functionality to discover hidden relationships within a firm's scattered data. InterAction accomplishes this via the process of Relationship Discovery. Relationship Discovery solves the age-old dilemma that professionals will not exert the time and effort to enter contact and relationship information into the system.

Through automated processes built into the solution, InterAction automatically harvests contact information from a firm's existing systems (i.e. PIM, etc.), and derives important relationships from this scattered data. As a result, Relationship Intelligence content critical to a professional's daily activities can be made available to professionals immediately, without their having to proactively enter information. This greatly enhances the likelihood of successful implementation.

Once meaningful relationships have been uncovered and established within the centralised system, InterAction's relationship management process provides a complete environment to store, manage and share information about clients and contacts as well as information on your internal experience and expertise. Duplicate management is essential for the success of the relationship management process. If the software cannot recognise that John Smith, John Q. Smith, and J. Smith are the same person, it cannot possibly provide a 360-degree

view of that individual or his relationships. InterAction offers sophisticated database management functionality that minimises the likelihood of duplicates and facilitates a single instance of any contact within the centralised database.

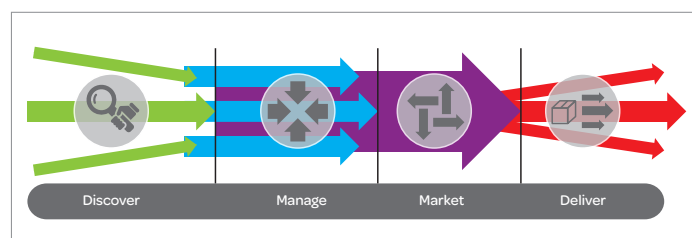
Adequate security is another critical element to the success of a CRM solution. The private nature of the work many services professionals do, coupled with firms' varying comfort levels with sharing certain information necessitates security that can accommodate an organisation's unique requirements. InterAction provides sliding scale security that gives firms great flexibility in deciding who should have access to, and who should be restricted from, sensitive information at both an individual and group (e.g., practice or client team) level.

Another critical component of CRM for PSOs is client services automation. Once relationship information has been collected in InterAction and aggregated from other sources, the system provides a rich toolset with which to synthesise this information, analyse it and support all marketing and business development functions. Examples include pipeline reporting, opportunity management, buyers' lists, mailing lists, campaign and event management and data mining. So, for instance, professionals or marketing teams could access win/loss reports, pipeline analysis, activity or cross selling reports and similar information directly from the system without the need for complex database queries or involving the IS department.

Once information has been aggregated, managed and synthesised, it is then ready to be delivered to the non-technical professional. InterAction's Knowledge Delivery process delivers this information in the form of Relationship Intelligence content via InterAction's XML-based application server to professionals on their platform of choice. Relationship Intelligence can be delivered to the Web browser, intranets, portals, wireless devices, Outlook and Lotus Notes, to name a few. As a result, professionals can access Relationship Intelligence in whatever environment they are most comfortable with, and receive it in a format most meaningful to them. Because no work is required on the part of the professional to access Relationship Intelligence, the likelihood of the system's use increases exponentially.

InterAction's traditional CRM functionality, coupled with its innovative processes for creating relationship Intelligence, sets it apart from all other solutions. LexisNexis has succeeded in masking InterAction's complexity and highly advanced programming to provide an easy-to-use and highly intuitive environment to support professionals in their daily activities.

**Figure 1: The Relationship Intelligence Process**



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# Taking a ROI Approach

Measuring top-line and bottom-line Return on Investment for any solution is challenging. However, we know that InterAction has led to both increased revenue and cost savings for many PSOs. The following table depicts the major categories of benefit that have been generated for firms, along with specific examples of how these benefits were delivered through the use of LexisNexis InterAction.

## Increasing Client Wins

### Benefit Description

Clients are won when new business opportunities are identified and individual relationships are successfully leveraged. InterAction helps identify relationships that can be crucial in the pursuit of new deals.

### Examples

A professional meets a prospective client at a fundraiser. InterAction's Who Knows Whom™ feature reveals that another firm member used to work at the prospect's company and knows the management team well. The professional leverages that relationship to secure the deal.

## Cross-selling Services

### Benefit Description

Cross-selling additional services to existing clients can only be successful when client information is shared across different service lines. InterAction helps provide the necessary transparency to firm members seeking new opportunities within the client base.

### Examples

A firm wants to expand its service offerings with its aging client base by offering new services. Through InterAction they are able to profile fee-based clients that could benefit from these new services, and leverage existing relationships to market these new services.

## Improving Client Retention

### Benefit Description

Knowing more about your clients allows you to provide more tailored service, thereby increasing clients' overall satisfaction with your firm. This information remains with the firm even after their primary relationship contact departs the organisation.

### Examples

A professional signs on to InterAction in the morning. His My Watch List™ alert screen notifies him that a strategic client has taken a position at a new company. This information prompts the professional to call the client company in order to protect the existing relationship. It also presents an opportunity, prompting the professional to contact the former client at the new company to determine if there are any business opportunities there.

## Reducing the Business Development Cycle

### Benefit Description

Relationship Intelligence allows you to share your proprietary information more effectively with those who need it to compete for deals. It also helps you prepare proposals and leverage past experience more quickly and efficiently.

### Examples

Your firm is one of many competing for a prospective client. InterAction reveals that a firm member had done work for the prospect when the professional was working for a previous firm. That professional is included in the presentation to the prospect. Leveraging the prior relationship tips the scale in your favour, helping you win the client.

### **Building an Institutional Knowledge Base**

#### **Benefit Description**

Intellectual assets are the backbone of successful financial services firms. Those assets walk out the door every time a professional leaves the firm. InterAction helps stop the brain-drain by creating a knowledge base that survives the tenure of individual employees.

#### **Examples**

A professional leaves your firm suddenly, placing an important client relationship at risk. InterAction contains notes of all conversations and interactions between the two. You learn that a proposed new deal had been discussed at length. After reviewing the details, you call the client and pick up the discussions for the project where they left off. The client notices no lapse in service.

### **Retaining and Utilising Staff More Effectively**

#### **Benefit Description**

A great source of staff frustration is the belief that they aren't being given the tools necessary to facilitate their success. Relationship management and new business development are essential to success and recognition within the firm. InterAction provides the best tools available to help financial professionals build relationships and win new business.

#### **Examples**

A professional is given a target of bringing in three new deals a year and winning three cross-selling deals. InterAction serves as a valuable tool in helping him or her meet these goals. With tools for leveraging information about clients, relationships, experience & expertise, the professional feels that he/she has the tools to meet the target and, accordingly, feels positive about his/her firm experience.

### **Streamlining Marketing Initiatives**

#### **Benefit Description**

Developing marketing campaigns such as mailings, events and conferences and the like can be highly labour intensive and time consuming. While the pay-off from these activities is high, they come at great cost. InterAction helps streamline these activities and reduce costs associated with most firm marketing initiatives

#### **Examples**

Your firm is holding a seminar for clients on international mergers and acquisitions. Managing events like this previously would have required substantial overtime and extra staffing to manage the mailings, responses and follow up. InterAction's broadcast e-mail and fax function eliminates mailing hassles. And centralised event management minimises coordination efforts.

### **Deal and Revenue Reporting for Pipeline Management**

#### **Benefit Description**

Understanding what deals are in play and what revenue is flowing through the pipeline is critically important to ensure predictability and achievement of sales objectives. InterAction facilitates this process by providing robust pipeline reporting and opportunity management capabilities.

#### **Examples**

The CEO understands that being able to respond quickly to changing market conditions is a competitive advantage in difficult economic times. Revenue pipelines are sensitive indicators of the firm's performance. Accordingly the CEO requires deal and revenue reporting in order to accurately respond to evolving market needs.

In economically challenging times, ROI is a critical factor in weighing the merits of competing technology investments. InterAction provides demonstrable ROI in every facet of the institution's business. For this reason it has emerged as a mission-critical application to help firms achieve their strategic objectives.

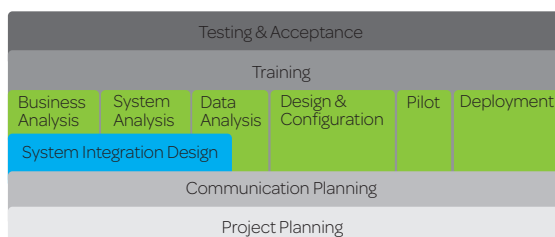


# Implementation Action Plan

A successful implementation of a Relationship Intelligence tool like InterAction requires careful planning and focus. Along the way, decisions will be made about how the firm will use InterAction. These decisions have both strategic impact (How do we shorten the opportunity cycle?) and tactical impact (How do we spend less time managing contact data?).

Using a product implementation methodology such as the one depicted in Figure 2 is strongly recommended. This approach ensures that the majority of the analysis is performed up front and the needs of the firm are understood before expensive design, configuration and data conversion work begins.

## Implementation Methodology



A solid implementation methodology, alone, does not guarantee a solid implementation however. Successful implementations are characterised by the following:

### 1. Strong project team

Project momentum is created by people who are enthusiastic and have domain expertise.

### 2. Well-trained team members

Build product knowledge by training members of the project team and building their product expertise.

The key to the success of this methodology is maintaining open and frequent interaction with the major stakeholders throughout the project. Communication, training and testing are critically important. These are the mechanisms to ensure that the needs of all stakeholders are met. Leveraging communication, training and testing also help stakeholders become advocates for the system through increased understanding of its benefits and effectiveness.

A solid implementation methodology, alone, does not guarantee a solid implementation however. Successful implementations are characterised by the following:

### 1. Strong project team

Project momentum is created by people who are enthusiastic, have domain expertise.

### 2. Well-trained team members

Build product knowledge by training members of the project team and building their product expertise.

### 3. Exceptional communication throughout the project

Keep people outside the project team informed about the project plan and progress. When under-informed, people will not necessarily draw the right conclusions. Therefore, timely, accurate

and useful information about the project needs to be provided on a regular basis.

## 4. Business process focus

Implementing Relationship Intelligence may introduce changes to the way business is done today. Use the implementation as an opportunity to evaluate client touch-points and determine how the business processes can be improved. Document and communicate these changes early and often, validating them along the way.

## 5. Strong business partners

Carefully evaluate any business partners chosen to assist with the project. Ensure the individuals assigned by the business partners are experienced in the areas where they will provide assistance.

## 6. Effectively managed organisational change

Business process changes can be uncomfortable for some people. Communication and training help to manage this discomfort and reduce the resistance to the new way of doing things.

## 7. Strong commitment from firm leadership/management

Demonstrated enthusiasm by the firm leadership has a significant effect on the acceptance of implementing a Relationship Intelligence solution. Frequently, firm leaders are the key business generators of the firm and when they leverage Relationship Intelligence, they set an example that the rest of the firm is likely to follow.

## Quickly demonstrate value to the firm

Grandiose implementation plans should not overshadow the need to quickly bring value to the firm through the Relationship Intelligence solution. Focusing on top clients, alumni, players, etc. brings critical information to the professional in a short time frame while allowing the firm to continue to grow its Relationship Intelligence indefinitely beyond these original targets

# Conclusion

People, companies and relationships form the foundation of any professional services organisation – large and small. As the marketplace grows more competitive, reducing costs and inefficiencies becomes a more critical objective. As retention issues continue to distract us and as client service becomes a more important way to differentiate from the competition, how a firm tracks and manages its internal information about people, companies, relationships, experience and expertise is playing an increasingly critical role. Relationship Intelligence has emerged as a proprietary competitive asset that firms can harness to increase revenues, reduce costs and operate more efficiently. LexisNexis InterAction is the premier solution in the industry, capable of transforming your scattered, data into Relationship Intelligence

# For more information

To find out more about [LexisNexis InterAction](https://www.lexisnexis.co.uk/enterprisesolutions) and to discuss your firm's specific business requirements, please visit [www.lexisnexis.co.uk/enterprisesolutions](https://www.lexisnexis.co.uk/enterprisesolutions), email [salesinfo@lexisnexis.co.uk](mailto:salesinfo@lexisnexis.co.uk) or call +44 (0)132 262065 to speak to a LexisNexis Enterprise Solutions consultant.

