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## *Selling the Wrong Things to Foreign Clients*

by

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In our previous column, "Serving a Foreign Client," Lisa Walker Johnson and I outlined a strategy to improve the quality of service that Korean law firms deliver to foreign clients. We focused on the importance of having a clear understanding of the foreign client's needs and expectations. This is one of the best ways to improve the international reputation of a national or local law firm.

This article investigates one of the most common -- and also most dangerous -- mistakes that lawyers make when dealing with foreign clients: attempting to sell and to deliver the wrong things to the foreign client.

How can your law firm avoid trying to sell X when the client really wants Y?

### **What is your law firm selling?**

Foreign clients do not always purchase legal services in the same way that local clients do. As a result, one of the most common mistakes that law firms make when marketing to foreign clients is that they try to sell benefits and values that are unimportant to the client. In other words, they try to sell the client the wrong things. These "things" are almost always in the area of service quality, rather than substantive legal knowledge or expertise.

Foreign clients, like local ones, look for two basic deliverables when they instruct a law firm. First, they want an expert professional service or product. Second, they want

quality in the way by which the firm delivers that service or product. Like law firms elsewhere, most Korean law firms do an excellent job of promoting their professional expertise. However, like law firms elsewhere, Korean law firms sometimes fail to sell that second deliverable of service quality. This is because they do not understand the specific factors by which foreign clients define quality in legal services.

### **Marketing to foreign clients can be very different.**

In most countries, the majority of national or local business and commercial law services still are purchased by non-lawyers. This percentage can be very high in countries like Korea, which traditionally has had smaller corporate law departments in national companies compared to other G-20 economies. By contrast, my colleagues and I estimate that approximately 75% of all international or cross-border legal services worldwide, in terms of total fee value, in-house counsel or a partner in a law firm in the client's home country makes the decision.

This means that marketing and sales techniques that work well with local clients might be ineffective or even harmful when dealing with a foreign client. For example, educational credentials can be very impressive to local clients; but they might be irrelevant to a foreign client, who needs to

have a local transaction completed efficiently and economically. In such as case, the client wants practical knowledge rather than academic expertise.

As a result, my colleagues and I have observed excellent law firms in effect disqualify themselves from competition for legal work from a foreign client because they promised service-delivery benefits and qualities that were relatively unimportant to the client in that particular matter.

### **What do foreign clients really want?**

Clients -- both foreign and local -- usually select law firms that can deliver specific aspects of quality service.

In our experience administering surveys to clients of law firms, my colleagues and I have learned that business clients worldwide usually base their selection on a relatively small number of decisive factors. Each one of these "decisive indicators" describes an aspect of service quality that is so important that clients will not select a law firm that cannot deliver it. Clients -- and foreign clients in particular -- refuse to continue to work with a law firm that fails to deliver one of these indicators.

In almost every client survey that we have conducted, among clients throughout the world, four factors have ranked as the most important decision-making factors for multinational clients looking for a good foreign law firm. The precise order in which these four are ranked varies from survey to survey, both among different law farms and different practice areas. However, these factors are almost always in the top four, and

almost always are ranked significantly more important than the others:

1. **Availability:** A partner or other knowledgeable senior lawyer is available when the client needs one.
2. **Prior relationship with the law firm:** The client has used the law firm before and was satisfied with the service and substantive legal results. This is why the first engagement with a foreign client also can be strategically the most important. There is a very high probability, which we have measured at more than 95%, that a satisfied client will instruct the firm again or refer the firm to others. The probability that a dissatisfied foreign client will return is almost zero.
3. **Responsiveness:** The firm acknowledges and responds to a client's enquiry promptly and provides an accurate answer or advice. Most foreign clients define "responsiveness" as being by the end of the business day or, at the latest, within 24 hours. This can be a challenge when the client is more than eight time zones away.
4. **Understanding of the client's business:** The firm's lawyers have a basic working knowledge of the factors that produce success in the foreign client's business and they understand the foreign client's business objectives in each case or transaction.

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There are four other quality indicators that are always important to clients and frequently are rated as decisive:

1. **Committed to my success:** The law firm demonstrates that it is committed to the best possible business results for the foreign client, and not just to delivering a legally correct opinion.
2. **Partner supervision:** A partner supervises all important tasks and functions in the matter and is responsible for the overall quality of the services and products delivered to, or on behalf of, the client.
3. **Practical advice:** The firm provides advice and recommendations that are not only legally correct, but also practical to implement in the foreign client's case, transaction, or other business operations.
4. **Respects my budget:** The firm's lawyers understand the foreign client's budget constraints and attempt to work with them. The firm is willing to commit to a legal budget for cases and transactions whenever the foreign client requests it.

### How do you know?

Law firms that have the strongest portfolios of foreign clients typically use one or more of the following three techniques to ensure that each lawyer in the firm understands what is important to each foreign client in each case and transaction:

1. **Client surveys:** A well-designed client survey is a low-cost tool that is excellent for collecting a large volume

of feedback from a large number of clients. It is also a very reliable means to identify trends and changes in the needs and expectations of foreign clients, in particular.

2. **Client service standards:** Some law firms propose client service standards for each matter and then periodically collect feedback from the foreign client during the progress of the matter. This method can be very attractive to foreign clients who are instructing local counsel in Korea for the first time and might be unsure of what to expect.

3. **Annual client interviews:** Some law firms retain an external service provider to conduct regular annual interviews of major foreign clients. Clients are almost always impressed by such an investment on the part a foreign law firm. They have also told us that the fact that the law firm has commissioned the interview is, by itself, a fact that makes it more likely that they would consider the firm for future engagements -- even when the client has been less than totally satisfied in the past. The annual interview is also a powerful, but frequently overlooked, tool to build long-term loyalty among foreign clients. It can also improve the probability of a satisfied client referring other foreign clients.

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**“I already know everything that my clients want.”**

No, you do not.

Law firms sometimes refuse to conduct client surveys or other feedback techniques because the partners believe that they already know what their clients want. They are almost always wrong, especially with respect to foreign clients.

When my colleagues and I compare responses from foreign clients to responses from partners concerning client needs and expectations, we find that, even in well-managed firms, the partners’ perceptions are consistent with client feedback for only about 80% of the quality indicators. In other words, partners usually know most of the factors that are important to foreign clients, as well as how important those factors are.

**But this is not good news.**

The bad news is the risk that lies outside the 80% that the partners “get right.” The 80% accuracy rate also indicates a significant misunderstanding of client service expectations in 20% of the quality indicators. Moreover, this gap between partners and clients usually includes at least one decisive factor -- a quality indicator that is so serious that failure to deliver it could cost the firm a client.

Does your firm want to take a 20% risk that you do not know something that could cause you to lose a foreign client?

The 20% gap between partners and foreign clients is not always completely bad news. A client survey sometimes can uncover hidden opportunities in that 20%. In some

instances, foreign clients might perceive a competitive strength in the firm that the partners do not see in themselves. The firm might have one or more competitive advantages that it is not emphasizing in its marketing efforts aimed at foreign clients.

**Selling the right things**

The experiences of law firms in Korea, as well as in the rest of the world, demonstrate that the first step to building a foreign client base is to understand three key points:

1. What are the decisive quality indicators for each of our foreign clients?
2. How well do we deliver each of the decisive quality indicators?
3. How does the performance of our firm compare in each of the decisive indicators to that of our competitors?

The best way to answer these questions is simple: Ask the clients. Foreign clients, especially, will be delighted to tell you the answers.

**About the author**

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