

Cross-Selling Legal & Other Professional Services: Ideas For Improving The Odds For Cross-Selling Success

By John W. Olmstead, MBA, Ph.D, CMC

I am often asked to help law and other professional service firms design and implement strategic business plans and marketing programs. I also coach many solo and small firm attorneys in practice and personal development matters. In all of these situations the issue of cross-selling always comes up as a desired strategy and goal. However, my experience over the past 30+ years has been that **cross-selling is talked about much more than it is effectively put into practice.**

In the BTI Consulting Group's 2007 report Benchmarking Law Firm Marketing and Business Development Strategies, the section on cross-selling was titled, "Achilles Heel for Law Firms." When BTI interviewed 120 Chief Marketing Officers and Directors of Business Development at leading law firms, they found that only 4 percent of law firms rated themselves as highly effective in cross-selling, and 77 percent thought they were ineffective. <http://www.bticonsulting.com/publications/38.htm>

My experience and our surveys of our clients and their clients has shown similar results. Cross-selling is talked about a lot and seldom implemented.

Cross-selling can be an effective strategy - but it is not easy and it

requires trust, commitment, communication, hard work, dedication, and

“Cross-selling is talked about much more than it is effectively put into practice. Stop giving cross-selling lip service - put in place organizational systems that will facilitate the process.”

organizational alignment.

What is Cross-Selling

In essence cross-selling is selling additional services to an individual or organization that is already an existing client.

David Maister says it best in the book, *The Trusted Advisor*, that he co-authored with Charles Green and Robert Galford, in which he states that:

New relationships are at the very heart of cross-selling. In reality we have two strangers trying to get to know each other, each carrying a heavy burden of real and presumed reputations and expectations. Cross-selling is as much about strangers as it is about relationships. Cross-selling is like meeting your prospective in-laws for the first time.

Typical cross-selling opportunities involve:

1. Level 1 Opportunity

Introducing a new service to a current client individual provided by the servicing attorney. This is the easiest level of cross-selling. In this situation the players in the relationship do not change. The challenge is for the servicing attorney to convince the client that he/she has the requisite content expertise.

2. Level 2 Opportunity

Introducing a new service to a current client individual provided by a different attorney in the servicing law firm. The new player is the new attorney whom the client does not know nor have a relationship. The challenge is to get the client to take the risk and possibly a leap of faith to establish a relationship with the new attorney whom he/she does not know or have any experience with. More than likely the client may already have a relationship with another attorney handling that type of work.

3. Level 3 Opportunity

Introducing an existing service to a new person in a current client's organization - possibly a different department (legal department vs.

human resources department). The new player is the new individual in the client organization. The challenge is to get the individual in the client organization with whom the attorney has a relationship to be willing to help the attorney create a relationship with the new player in the client organization as well as the new player willing to take a chance on establishing a relationship with the new attorney who he/she does not know or have any experience.

4. Level 4 Opportunity

Introducing a new service to a new person in a current client's organization provided by a different attorney in the servicing law firm. Two new players exist - the new individual in the client's organization and the new attorney in the law firm organization. Other players involve the individual in the client organization that is currently working with an attorney in the law firm and the attorney in the law firm that is working with this individual. These individuals must serve as gateways or introducers to the two new players. The challenge is to find a way for these individuals take a risk and invest the time and effort in fostering these new relationships.

Challenges and Hurdles

As you can see from these four cross-selling opportunity levels cross-selling involves different challenges that have to be overcome in order to successfully implement cross-selling. Consider the following challenges and hurdles:

1. Relationships take an investment of time and must be nurtured on behalf of the parties making the introductions and connections as well as the parties trying to form the

new relationship. Attorneys often want immediate gratification and the "quick fix" and are unwilling to invest time needed for longer term results. More than a "one-shot" simple introduction is required.

2. Clients hire lawyers not law firms.

3. Cross-selling requires trust on the part of all parties (introducers and new players). A high level of trust must exist within the law firm organization between the attorneys involved and within the client organization between the parties there as well.

4. There is potential risk of embarrassment for all concerned. The referring attorney in the law firm could risk losing the client if the other attorney does poor work for the client. Another issue is the lost of control over the client. The individuals in the client organization could also risk criticism (or even their jobs) if the new relationship does not pan out.

5. Many law firms are "lone ranger" rather than "firm first" or "team based" firms. As a result there is no inclination or incentive to invest the time and effort nor take the risk to refer work to others in the firm.

6. Lack of knowledge regarding other partners' practices.

7. Fear of losing clients.

8. Fear of losing client control.

9. Compensation systems in many law firms encourage hoarding of work and discourage the referring of work to others.

10. Communication systems in

some law firms do not facilitate relationship building among attorneys. Effective cross-selling is simply not possible without strong relationships and high levels of trust among attorneys in the law firm.

Why Bother

Research conducted over the years by numerous research organizations has shown that on average it costs five times as much (dollars/time investment) to get new clients than it does to get more business from existing clients. It just makes good business sense to leverage existing relationships.

Institutional clients are reducing the number of law firms that they use. According to BTI Consulting Group, corporations in the Fortune 1000 list are using 20% fewer core law firms than they did a year earlier. As a result fewer firms will be getting work from these companies and they will likely be the firms that successfully cross-sell their practices.

Recommendation From a Fortune 500 Client

Recently I was doing a telephone interview with the general counsel of a Fortune 500 company for our law firm client and I asked him if there was an opportunity for the law firm to get additional work in a practice area in which the company had no experience with the law firm previously and if an opportunity existed what the firm needed to do to earn the business. Here is his response.

Obviously we currently have other law firms handling that work. However, we have been evaluating those relationships and may be

making some changes. There is room for other law firms to earn our business in the practice areas that you have discussed with me.

I am aware that the law firm does other work other than what we have been using them for - but I am not sure exactly what those areas are.

In order to begin to forge a relationship into these other service areas:

1. I need to know specifically what they do.
2. I need to know who does it.
3. I need to know how well the person(s) do it.
4. I need to have a well established relationship with the person - trust, respect, like the individual, etc.
5. I suggest that we start by having the partner in the firm that I have a relationship with begin educating me on the firm's other practice areas and begin introducing me to the other players in the law firm.

We hire lawyers - not law firms.

Ideas For Improving the Odds

IDEA #1: Stop giving cross-selling lip service - if you are serious - put in place organizational systems that will facilitate the process.

IDEA #2: Ensure that firm communication systems support cross-selling initiatives.

IDEA #3: Ensure that the firm compensation system does not encourage hoarding of work and discourage a cross-selling program.

IDEA #4: Foster a culture of "giving to get" in which professionals in the firm uphold a "firm first" attitude and are willing to invest the time and effort to foster relationship building and cross-selling efforts.

IDEA #5: Find ways to create, foster, and support trust building in the firm.

IDEA #6: Provide relationship management and client service training to all attorneys in the firm.

IDEA #7: Implement a client feedback system (telephone interviews) to enhance relationships with existing top tier clients. You may wish to outsource this effort to an independent party to ensure the greatest success.

IDEA #8: Increase the client's points of contact with the law firm.

IDEA #9: Do whatever it takes to learn your client's business.

IDEA #10: Meet frequently with other attorneys in the firm and learn in detail about their practices and areas of expertise.

John W. Olmstead, MBA, Ph.D., CMC, is a Certified Management Consultant and the president of Olmstead & Associates, Legal Management Consultants and Life On Balance. Both firms are based in St. Louis, Missouri. Olmstead & Associates helps law and other professional service firms change and reinvent their practices. The firm provides practice management, coaching, marketing, and technology consulting services. Their coaching program provides attorneys and staff with one-on-one coaching to help them get "unstuck" and move forward, reinventing both themselves and their law practices. Life On Balance helps clients improve work-life balance and improve overall quality of work and life. Work-life coaching, consulting, and speaking services are provided. Founded in 1984, Olmstead & Associates serves clients across the United States ranging in size from 100 professionals to firms with solo practitioners. Dr. Olmstead is the Editor-in-Chief of "The Lawyers Competitive Edge: The Journal of Law Office Economics and Management," published by Thompson West. He also serves as a member of the Legal Marketing Association (LMA) Research Committee. Dr. Olmstead may be contacted via e-mail at john@olmsteadassoc.com. Additional articles and information is available at the firm's web site: www.olmsteadassoc.com

© Olmstead & Associates, 2008. All rights reserved.



Olmstead & Associates
LEGAL MANAGEMENT CONSULTANTS

410 N. Fourth Street
St. Louis, Missouri 63102
Phone: (314) 241-5665
(800) 783-5665
Fax: (419) 844-3677
jolmstead@olmsteadassoc.com
www.olmsteadassoc.com

Helping Lawyers Change & Reinvent Their Practices