

# How to get more quality clients to your law firm

## Colin Ritchie, Business Coach for Law Firms

**Tory Ishigaki:** Hi and welcome to the InfoTrack Podcast, I'm your host Tory Ishigaki and today I'm sitting down with Colin Ritchie of Ritchie Business Solutions to discuss how law firms can get more quality clients without marketing or selling. Welcome Colin.

**Colin Ritchie:** Hi Tory.

**Tory:** How are you?

**Colin:** I'm very well thank you

**Tory:** Just to give a little background to our listeners, you're a former accountant turned business coach to law firms. Can you tell us how this transition came about and what inspired you to help smaller law firms?

**Colin:** One of the things that I always wanted to do was work with clients to help them with their business and help them improve the performance of their business. I initially started working with just small businesses generally and out of that I started doing some work with a law firm. What I woke up to one day when I started doing some research on law firms is many smaller law firms were not generating the sort of profits that I would have expected and it made me realise there was a whole market out there and quite a large market too. There are thousands of smaller firms who could really do with some help. For that reason, I decided to just focus on smaller law firms.

**Tory:** That's very interesting. Your whole theme is helping these law firms get clients without marketing or selling.

**Colin:** That's right and I suppose that's just based on my own experience where what I found while doing my accounting degree was that it really didn't include any marketing subjects at all. It included a lot of technical information about how to be an accountant but no skills about how to run a business or how to attract new clients. When I started talking to lawyers I found really it was the same. Their law degree taught them how to be a lawyer but not necessarily how to run a legal practice or how to attract new clients.

**Tory:** So I came in and listened to your seminar earlier today when you were discussing this and one of the things that stuck out to me was you saying it's out of a lot of people's comfort zone and it's not natural for them. I think when a lot of lawyers hear marketing and selling, they tense up and it's something they really don't feel they have time for. Especially at InfoTrack the majority of our clients are legal professionals and their number one pain point is usually lack of time, they feel like they're overworked, they don't have enough hours in the day, they're trying to reach their billable hours and how could they ever fit in time to do the actual business aspects of their law firm.

**Colin:** Exactly. Look, you know yourself if there's something you really don't enjoy doing it's funny how you don't find the time to do it. And with a lot of professionals that seems to be the way, they're really out of their comfort zone with marketing and selling their services so it is very easy to suddenly decide that you really don't have time to do it. And of course people are busy and they may well not genuinely have time to do that part of it with all the client demands as well.

**Tory:** So what do most small firms currently do to try to get more business or market their firms? When they come to talk to you what do they say?

**Colin:** Well I've seen firms do just about anything you can imagine to attract new clients. In fact, a funny one that I saw was a client that I've done quite a bit of work with on the gold coast who started off advertising on the side of buses. He was spending actually quite a considerable amount of money and when I asked him how many clients did you pick up advertising on the side of buses? Guess how many clients he picked up? Not one. But the funny thing was that a number of other firms saw him do that so the next year six firms started doing exactly what he'd done so it was quite funny so he pulled out because it wasn't successful but 6 firms started doing it because they saw him doing it so it was quite amusing. Look, things like that I just tend to think are a total waste of money just as he did after years of trying I suppose. Typically, people are doing a range of things but the things that work are backed up by an annual benchmarking survey that Macquarie bank does on the legal industry. Overwhelmingly work comes from two areas – repeat business from existing clients and referrals from both clients and your professional network. So somewhere around 75% of work for the average firm comes from those two areas so for that reason they're the areas I get people to concentrate on.

**Tory:** You talk a lot about attracting the ideal client, so how do people go about finding who their ideal client is and then actually attracting them?

**Colin:** It's a good point because one of the things that I find is people have this sort of vague idea about who they want

to act for but often it's not very specific. And what I encourage them to do is to actually break that down into nitty gritty detail of exact who they want to attract. So what I did was I actually prepared a relatively simple document and really what I asked people to address is 4 simple questions to identify who their ideal client is. And the first one is really just that who is my ideal client? And really look at who are the clients you're acting for now and break that down into who are the ones I really would prefer to spend the rest of my career working with and how can I get more of those. And then identify what are the attributes those people have. Why do I really like working with those people? Is it the work? Is it the personality? What is it? SO that you really know I nitty gritty detail why those people are your ideal clients. I talk about 4 steps, so I guess that is cover who are those clients, the other three steps are what are the issues, what are their pains, problems, or challenges. Because if you understand the things that are keeping them awake at night, if you want to think of it like that then you really understand them. And when they come to talk to you, you can see them thinking "where have you been all my life? You just get me because you understand my issues". Having then worked out that it's a matter of saying so if they're the issues that these people have, they're the things that really do worry them. How can I come up with solutions for those? And what I call unique solutions. Don't forget if you're the only one talking to that person about those solutions, to them it's unique. Even if any other lawyer in Australia could help them, it's unique. And then from there having worked through that process, the last one is where would I find those people. But it really is a process to work through those four steps. But it's quite funny what I find is most people have simply never done that.

**Tory:** How long do you think it would take to do that?

**Colin:** An hour maybe. And when you think about it, what's an hour for the rest of your career?

**Tory:** Something so simple.

**Colin:** Absolutely and it costs nothing.

**Tory:** Can you tell us a bit more about referral programs? I know you say there are two different types of referrals so what are those?

**Colin:** Typically, you'll get referrals from two areas. One is your professional network, so if you're a lawyer perhaps a commercial lawyer then you may well get referrals from accountants, perhaps financial planners, maybe other lawyers who don't do that type of work, that sort of thing. So that's your professional network. So there may well be referral relationships that you can cultivate there. The other area is referrals from your existing clients. Clients that you already do work with that are happy with you and those people may well refer. In that case probably family, friends, acquaintances, business partners those sorts of people may well get referred to you by your existing clients.

**Tory:** So for people who don't have a big professional network yet, how would you advise them to grow that and build it up?

**Colin:** I guess the magic figure I often work with is have 20 relationships. What I'm talking about there, having done that work identifying exactly who your ideal client is, it'll often help you get clarity on who are the sorts of people who could refer me those sort of clients that I'm really looking for. You may well have some existing referrers who are referring you clients, call those your yes's within your twenty. You may well have some other people in your professional relationship that you have a relationship with but for whatever reason they're not referring you clients, so let's call them your no's currently and your goal obviously is to try and reactivate those people to get them to refer. And as well in your 20 you may well have a group of people who in a lot of cases you may not know at all but you know that they have access or within their client base they have people who may well be your ideal clients. So your goal with those people and I call those your maybes because you may be able to turn them into a referral source, your goal there is to build a relationship with those people and so they're the 20 and then it's a matter of managing that. So say in those no's you're not able to have a relationship for whatever reason they're not referring you've tried your best and you just can't get it over the line, you might decide to cull that from your 20 and add another one into your maybes if you like and act on building that relationship. So at any time it's just a matter of managing those 20 relationships.

**Tory:** And once you've developed those relationships, what's the best approach. Do you just go straight up to them and ask for referrals? Or how should people handle that?

**Colin:** I think the approach very much is that you reap what you sow, so if you're the one that's looking for referrals then what are you prepared to offer. Now I'm not talking about money, please at no stage would I suggest paying for referrals I just think it just doesn't feel right somehow. What we're looking to do in those cases is just identify the way that you can help that referrer. It's a much easier to initiate a relationship by perhaps a phone call or a meeting to talk about how you can help them rather than have meeting or a phone call talking about how they can help you and they don't even know you. Why should they help you? Whereas if you take the approach saying how can I help you, even if they're not interested do they think any the worse of you, you've made a phone call asking how you can help your business. I think that's the approach that I find works best and it's much easier to make that phone call or have that meeting if all you're

offering is a way of helping them.

**Tory:** When you were working as an accountant did you ever refer people to lawyers? When did you have experiences like that? What really impressed you and made you want to refer someone?

**Colin:** Well, the thing I often talk about is there's two things that you need to see before you refer someone if you're a professional. The first one is you need to know that the person you're going to refer can help the client with their problem, so they've got the professional expertise. So there's that. The other part I reckon actually is equally as important you need to know that they're going to look after your client. They may well have the professional expertise but if they're just a terrible person to deal with and really upset your client then the chances are you'll end up with an unhappy client coming back to you saying 'ugh why'd you refer me to that person?' So they're the 2 things that I guess you're looking for so if you've built up a relationship now with a lawyer say back in my accountant days. So I'm highly confident that they can do the work and I know they're a good person to deal with so I have a high degree of confidence that they'll look after the client then once if you like those two boxes are ticked then I'm much more likely to refer to that particular lawyer in that particular case. So that's the approach that I take with lawyers. They're the two things you need to convince a referrer of before you're likely to get referrals.

**Tory:** I was actually reading through your blog the other day and you mentioned the story about a smaller law firm that had identified the things that real estate agents really wanted from lawyers and as a result of that they were able to make some slight changes in their own practice and then win over a big part of the market in the area because of that. Can you tell us a bit more about that story?

**Colin:** Exactly. So in that case that was a firm in Canberra so reasonable size market I guess and but particularly with a lot of competition. So there's a lot of legal practices in that market that offer conveyancing type services but what they were able to do is they identified the key frustrations of real estate agents when they deal with lawyers and then they really set about making sure that they eliminated those key frustrations in their firm and those frustrations were things like communication so often and I've done surveys of real estate agents on this sort of things and they'll tell me about trying to contact lawyers and not getting returned phone calls and not being kept in the loop of where the transaction is up to and things like that and all this firm did was really just deal with those key frustrations so made sure that they absolutely took that agent's call, triggered them as important and made sure that they keep them in the loop obviously with the client's permission as to what was happening in the transaction. Just all essentially basic stuff I suppose but the funny thing was, very few of the lawyers in Canberra were actually doing that with their real estate agents. And so what it did was clearly create a point of difference between them and almost every other legal practice in Canberra as so they actually became the lawyer of choice for a whole group of real estate agents.

**Tory:** It sounds so simple, the more you help people, the more they'll help you.

**Colin:** Absolutely. And it really is all about you reap what you sow.

**Tory:** In terms of the client referrals, how do people go about doing that? It sounds simple also, but it's hard to ask sometimes. So if you think your client has had a good experience, what do you do from there?

**Colin:** So certainly you can simply ask them and I guess what I've found is a lot of people aren't comfortable doing that. A lot of lawyers, a lot of professionals generally aren't comfortable with doing that. But there are various ways of doing it, let me explain with an example. This has nothing to do with law, but hopefully it'll make the point. One of the things I noticed with medical professionals, particularly with doctors. They're generally not very good with money and it really is the case but of course when you go to the medical practice someone needs to talk about money but you never talk to the doctor about money but you have to talk to someone. In that case it's often the receptionists or practice manager that you're talking to about money. And that ensures that you pay the bill and the practice prospers so I suppose turning that back to lawyers the doctors do that because they don't like talking about money but someone in the practice does. So if you're a lawyer and you don't like talking about referrals then maybe there's someone else in the practice that can do that, be that receptionist or practice manager or someone like that who can literally ask the question about referrals and explain that's a necessary part of ensuring the practice prospers.

So that's one example, another one would be in any client engagement forms to make sure that it's spelled out that one of the things you encourage is referrals. And Tory, just turning that around the other way - make sure you don't discourage referrals. One of the things you see is clients often ask you whether you're busy or a variation of that - "so I suppose you're flat out Colin"? That type of thing. So what's your answer to that? Because that has a big bearing on whether you get referrals. If your answer is "oh yeah I'm just absolutely snowed under", what message are you sending that client that was about to refer a major client to you? May as well be sending a message that you don't want referrals so you need to very much be thinking about how you answer questions like that, and not just how you answer them but how does your receptionist answer? How do your other team members answer that question?

**Tory:** So it's a client kind of probing. Maybe they're nervous to ask straight out as well.

**Colin:** Absolutely.

**Tory:** I think especially in the legal community it's so easy to default to saying "oh I'm so busy, snowed under", all of that. So definitely something to be conscious about.

**Colin:** And you may well be snowed under too but if you do really want referrals... so you're snowed under today but you really do want referrals for the practice to continue in the future than you really do need to think about how you answer those sort of questions.

**Tory:** Do you recommend that most firms should be both developing their professional network for referrals and also developing a more structured client referral scheme as well?

**Colin:** Absolutely, I think that you need both. Different practices, one will work better than the other. May well be that for a certain type of practice, professional network referrals are the best way to go and for others it may be the other. But my suggestion is if both types of referrals potentially work for your type of practice then look at cultivating them both.

**Tory:** I know a lot of firms lately are worried about differentiation in the legal market... it's more competitive, clients are shopping around more and wanting more value for their money. So what kind of advice would you give firms that are looking for a way to differentiate themselves?

**Colin:** The thing that I would say and this goes back to that Macquarie benchmarking survey where the majority of business around 75% comes from repeat business from existing clients and referrals. Don't forget a lot of those referrals are coming from that same existing client as well. So one of the things that I would say is the tighter you can make the relationship with those existing clients the less likely they are to leave. In the accounting industry we talk about the stickiness of clients so the closer that relationship is, the stickier your clients are. That means two things - they're less likely to leave you and they're less likely to be too concerned about fees. Obviously you can't just charge anything but if you're 10% more expensive or 20% more expensive, if you've built a relationship with that person, they're much less likely to leave just over a small difference in fees. What I would say to people who are concerned about differentiating themselves is concentrate on the clients you've already got and of course the referrals and then concentrate on building those relationships with the professional network and then really make sure that those relationships are as sticky as you can possibly make them. If you can do that then you really don't have to worry about those problems because you won't have them.

**Tory:** You said that referral clients are generally more high quality clients, why is that? What's the benefit of referral clients?

**Colin:** There's probably a couple of reasons for that. If we think about professional networks for a start, if I'm going to refer someone to a lawyer, I'm not going to refer a client that I hate dealing with to a lawyer. In fact, I'm more likely to be trying to get rid of that client myself. So I'm going to be referring a good client to the lawyer because it's almost professional embarrassment to be saying I'm going to refer this guy to you that doesn't pay his bills. Inevitably you get someone that is expecting to pay fees, expecting to pay within your credit terms, who's also predisposed to buy whatever it is you're offering, because the referrer, has already sold them on you as able to look after that problem for you. You're likely to find that the client is much less likely to question what you're suggesting and much more likely to say "yep that makes sense let's do it" and not be quibbling about the price. So for those reasons you find that the referred clients are just better for lots of reasons.

Now if you can take that a step further and really make sure the person that is going to refer you clients understands exactly the types of clients you're looking to get then as well as all of those points you can end up with clients you just love dealing with be it the work that you love doing or the type of clients you loved dealing with and that's the ultimate isn't it. Clients you love dealing with, happy to pay fees and not questioning or quibbling about the advice you give. SO happy days.

**Tory:** Sounds pretty good. Lastly if you could just give 3 pieces of advice to someone who is starting out trying to implement a referral program, what would they be? Just basics, how can they start?

**Colin:** One of the things that I would say is we have a couple of referral programs that we've developed - buy our programs - at \$180 each they're as cheap as chips. But alternatively if you don't want to do that, what I'd say is develop a referral program yourself for your professional network and for your existing clients. Make sure that you follow it, if you really do that what you may well achieve and what the ideal is, is to develop a boringly predictable flow of referrals. You can see the accountant in me coming out can't you?

**Tory:** Just a bit.

**Colin:** But what I find most people like with referrals is they like boring predictability. Apart from that, would be to really drill down and identify who their ideal client is. Know exactly who you want to get referred. It is amazing when you know exactly who you want that you can create the conditions to actually get them as clients in the first place. They're two of the main points I'd make.

**Tory:** That's great. Thanks so much for coming in today Colin, that was really insightful and I think that will help our listeners out there. If you'd like to know more about referral programs and attracting the right clients to your firm, you can visit Colin's website at [www.ritchiebusinesssolutions.com.au](http://www.ritchiebusinesssolutions.com.au). Thanks for joining us today.