



At your service But can you guarantee that?

Most legal practices now recognise the importance of service issues in the differentiation of their practice¹ and many make direct claims about the levels of service that clients can expect.

Some go as far as to say they 'guarantee' high levels of service. Do they? A 'guarantee', according to the *Australian Little Oxford Dictionary* is a "written or other undertaking to answer for performance of obligation; thing serving as security".

A true guarantee therefore involves some form of compensation or redress if the offer (the service) falls short of either a specific defined promise or broader client expectations. This is the factor that offers clients greater reassurance, reduces client risk and makes service guarantees attractive.

The vast majority of law practices are risk averse and would run a mile from offering service guarantees in a profession not universally recognised for high service standards. Because true guarantees are so rare, however, they can be powerful differentiators in a market where it is notoriously difficult to differentiate.

In addition to the strong message it sends to clients, a service guarantee, if effectively implemented, can also be a powerful internal motivator – focusing minds on both general and specific aspects of service and helping to improve standards across the board.

There are generally two kinds of service guarantees – one tied to specific measures or attributes, or alternatively, covering more general measures of client service satisfaction.

Specific attribute guarantees

With specific attribute guarantees, the scope of the guarantee is limited to either a single attribute, or alternatively to a number of specified attributes.

One example of this among Queensland practices is the Trilby Misso Client Service Charter, which lists 15 commitments in relation to accessibility and responsiveness, communication, security and privacy, and commitment. It promises clients the right to request a total penalty payment of \$100 if they have failed to meet the commitments outlined in the charter. There are two further commitments relating to charitable donations and recycling of paper, with further specific penalties in terms of charitable donations.

The advantage of linking guarantees to specific attributes is that they should then be easier to understand, assess and invoke – thus increasing credibility and reassurance. Practices looking to develop such guarantees should therefore put considerable effort into their structuring and phrasing to ensure they can be understood, measured and assessed in a clear objective way that is transparent and fair to both practice and client.

These guarantees, which often define service standards such as responding to communications within set time limits, are also easier to manage in that they can be

directly linked to internal quality management and performance management systems.

One potential downside of such service guarantees is that they can become focused only on a narrow range of service commitments which a practice is confident it can deliver on, rather than on broader client perceptions as to what good client service involves. To be effective, therefore, such specific client guarantees or charters should be informed by regular, systematic client feedback on broader client perceptions of client service and the refinement or development of commitments as required.

General client satisfaction guarantees

An alternative to such specific guarantees is a full-satisfaction guarantee covering client satisfaction and all aspects of the service. Such a guarantee might or might not include stated attributes by which a client can assess service, but the guarantee goes broader and is not limited to these attributes.

The wording would therefore be along the lines of: "If you are not completely satisfied with the service you receive, we will happily reduce fees payable by \$X/X%."

One of the few Australian practices to offer such a guarantee was the (now closed) Optim Legal. At the QLS Symposium 2010, Optim Legal co-founder Christian Hyland told delegates how their 'satisfaction-based billing' allowed clients to rate their services each month and raise or lower fees by 20% depending on their levels of satisfaction. Although such an approach is a few steps

Keep it simple...

Problems with billing in litigation matters?

Charging for litigation matters can be challenging – mainly because of the unknowns at the start of the matter, and because litigation and its cost/benefit can be highly emotive.

One approach regaining popularity is to issue your litigation bills on a solicitor and own client costs basis – that is, bills based on an independent assessment of your matters by a costs assessor.

It means that in your original conversation with the client when you provide estimates for various stages, you can put them at ease a little. No, you can't give any guarantees on escalation and the consequences, but what you can do is to give them reassurance that, whichever way it goes, an independent party will review and certify your costs as the foundation for any bills.

You will be charged a fee, but you may find that this is more than offset by the reduction in aggravation and pressure to discount.

So consider having a small sample of your completed files assessed on a trial basis and (a) see how the assessment compares with what you actually charged on an itemised time basis and (b) think about how much easier the conversation might be when a little less potential aggravation is on the table.

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A practice idea that might make a difference.

Most law firms 'talk the talk' about providing exemplary client service, but are they ready to 'walk the walk' when it comes to guaranteeing that? Report by Giles Watson.

too far for most risk-averse law firms, Hyland claimed that the practice profited from this approach with very few instances of clients reducing fees and many instances where they increased them.

Similarly, Exemplar Law in Boston offers a 'value guarantee' and encourage clients to determine the value received, and to renegotiate fees if they feel value was less than the price billed.

Such guarantees can therefore be seen as moving towards the value-pricing approaches of VeraSage Institute founder Ron Baker et al – but with practices controlling the range of compensation/discount being risked.

Implementing service guarantees: Is it worth the risk?

Although very few firms proactively offer service guarantees, in practice they still routinely discount bills when the client expresses dissatisfaction with the service received. When this occurs, the practice will offer compensation as needed, even though it doesn't gain from the promotional and differentiation benefits of offering a service guarantee. In these circumstances, surely it would be better to offer a guarantee?

While law practices will inevitably focus on the risks involved in offering service guarantees, they should also focus on the substantial benefits in terms of promotion, differentiation, client trust and client relationship management.

However, the effort involved in preparing to offer service guarantees should not be underestimated. It will require significant investment in developing individual skills, nurturing a client-focused culture, and implementing a range of quality management and other systems.

Perhaps the best way to assess whether your practice is ready to offer a service guarantee is the current level of client satisfaction either in relation to specific attributes or general service satisfaction according to client satisfaction surveys. (You do all implement client satisfaction surveys, don't you?)

Those who do run client satisfaction surveys typically report that 85-90% of the feedback is positive, which is encouraging. To truly be able to differentiate yourself on service and be confident in offering service guarantees, this percentage probably needs to be above 95%. If you are receiving client satisfaction at this level or above, and are looking to use this to differentiate yourself, a service guarantee shows you are willing to put your money where your mouth is.

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Notes

¹ See 'Client service: Myth or reality' in the June 2012 edition of Proctor, page 54.