

Lessons Learned Reviews: A Key to LPM Implementation

Note: This article was adapted from the fifth edition of the Legal Project Management Quick Reference Guide, an electronic library of LPM tools and templates. For more information, see www.legalbizdev.com or call 800-49-TRAIN (800-498-7246)

It is widely agreed that many clients are demanding greater value these days through the application of legal project management (LPM).

There is, however, still controversy about the best way to apply LPM. When we interviewed managing partners and senior executives at 50 AmLaw 200 firms for the book *Client Value and Law Firm Profitability*, they ranked client communications as one of the most important elements of LPM. (The only factor that was considered more important was “defining scope.”)

One of the best ways to assure effective communication is to hold a meeting at the end of every significant matter to review what worked, what didn’t, and what could be done better the next time. In large matters, lawyers may also conduct these “lessons learned” reviews after completing each significant milestone or phase.

These discussions are a learning opportunity and a marketing opportunity. Such a discussion can enhance your relationship, help you learn more about what an existing client values most, and enable you to provide more value. If a large matter is at a pivotal point, a mid-course review and redirection could be the difference between success and failure. Could you possibly think of a better way to develop new business?

The lessons learned review could be long or short. You could hold a formal group meeting and send the questions in advance, or you could simply ask your client some of

the questions below. If you think of this as marketing, it will be obvious that it is better to have the discussion in person, maybe even over lunch. The phone can be a good second choice, but email is a distant third. You want to get people to open up and speak freely, and that is unlikely to happen via email.

The length and formality of the process should depend on the size and significance of the matter, your relationship with the client, and on how much work they are likely to have for you in the future. This article lists a number of different questions you might ask. In many cases, the first two will be enough.

The Two Most Important Questions

Unless there is a major open issue requiring an immediate joint review, or a client requests a lengthy discussion, we recommend that you assume that clients have little time to spare. This may mean limiting the debrief to two simple questions:

1. What did you like about the way we handled this matter?
2. What could we do better?

The first question is a classic “easy to answer” opening. Ask this one first, because it will get people talking freely.

The second question is the one you really care about, since you are likely to learn far more from criticism than from praise. No matter how much clients like your work, they can always like it more. Also in today’s highly competitive environment, it is in your interest to turn every client into a raving fan.

If the second question opens the door to a laundry list of complaints, do not get

defensive. Do not argue, disagree or explain your position. In fact, at most lessons learned meetings you should say very little and listen more than 90 percent of the time. Keep probing for more information. These meetings are designed not to understand reality, but rather to understand the client's perception of reality. Because when it comes to client satisfaction and new business, perception is everything.

When clients raise problems, you need to reassure them that things will be better in the future. In most cases, however, you should not get into the details at the initial discussion. You need time to think about the best way to solve the problem, and to assure client satisfaction. So be prepared to say something like, "That is an important issue. Let me talk to a few people about the best way of preventing that from happening again, and then I will get back to you."

Of course, if you do promise to get back to your client with a solution, you must put a high priority on completing follow-up as soon as possible.

If your time is limited, and your clients' time is too, you can stop after you follow up. But if you want to consider more questions, read on.

Two More Questions You Could Ask

If you have time to probe deeper, you can also add one or both of these optional questions:

3. Working together, how can we improve the value you receive in the future on matters like this?
4. On a scale from 1 to 10, how satisfied are you with our firm?

The third question is optional and focuses on the issue which is most likely to lead to new business: how to increase perceived

value. This is a slight rephrasing of a key question suggested in the Association of Corporate Counsel's "Value Challenge Briefing Package." Note the phrase "working together," which stresses the need to align interests and collaborate more closely.

The fourth question is also optional. There are many ways to phrase effective questions about client satisfaction, but the best way is to ask for a numerical rating, because it forces clarity and frankness.

We ask our own clients this question at the end of every program we deliver, and to be honest, many shy away from giving a number. The client is always right, so if they don't want to be pinned down with a number, we go with the flow. The important thing is to begin a genuine conversation about satisfaction, and to encourage clients to talk about the things you really need to hear, rather than more comfortable vague praise.

If clients do give you a number, there's a good chance it will be lower than you expected. The reason is that most people overrate themselves. Psychologists call this the Lake Wobegon effect, named after Garrison Keillor's fictional community in which "all the women are strong, all the men are good-looking, and all the children are above average."

The best place to see this effect in the legal community is in a series of surveys published in *Inside Counsel* magazine comparing ratings of satisfaction from clients and the law firms who serve them. In one such survey, 43 percent of lawyers thought they were earning an A for their work, but only 17 percent of their clients agreed. So, if you think you deserve an A, you're probably wrong.

Another way to get at this fundamental issue is to ask, "On a scale from 1 to 10, how likely is it that you would recommend us to a friend or colleague?"

In his business bestseller, *The Ultimate Question*, Fred Reichheld argues that

companies should focus more attention on loyalty by measuring the response to this one simple question. Reichheld and his colleagues at Bain have published several books and many studies showing that companies with high customer loyalty rates grow revenues twice as fast as their competitors. They have also shown that companies can increase profits by 25% to 100% simply by increasing customer retention by 5%.

Clients who rate the likelihood at 9 or 10 out of 10 are called “promoters” and are responsible for generating sustainable growth. You might think 7 or 8 on this 10-point scale would also be pretty good, but Reichheld has found that these people are motivated more by inertia than by enthusiasm. He calls this middle group “passives” and notes that they will often jump to another company at the first sign of a better deal.

The most serious business risk comes from “detractors,” people who rate the likelihood of referrals at 0 to 6 on that 10-point scale. From a strict financial view, many of these detractors may be profitable in the short term, but Reichheld notes that, “Customers who feel ignored or mistreated find ways to get even. They drive up service costs by reporting numerous problems. They demoralize frontline employees with their complaints and demands” (p. 6).

Eighty percent of negative comments come from this detractor group, and in this age of email and internet ratings, a single complaint can reach hundreds of potential clients in the time it takes to hit the send button. In short, detractors “suck the life out of a firm.” (p. 30)

More Questions to Ask

The following list of questions was inspired by the ACES (Alliance Counsel Engagement System) Report Card, a system Jeff Carr developed when he was General Counsel at FMC Technologies. ACES was used to calculate performance fees awarded to outside

counsel, based on their grades on six key factors:

- Understands goals
- Expertise
- Efficiency
- Responsiveness
- Predictive accuracy
- Effectiveness

If you plan a longer review, some or all of these questions could be adapted to your situation:

- Would you ask us again to do this kind of work?
- How likely is it that you would recommend that a colleague hire us?
- How well did we understand and meet your legal objectives?
- How well did we understand your business strategy and help you meet business objectives?
- Did we provide practical real-world advice and solutions?
- How would you describe our substantive legal knowledge and expertise?
- Did we use the best team to meet your needs?
- Were all deadlines met?
- Did we handle changes in your needs promptly and effectively?
- Were team members available when you needed them?
- Did we proactively take the lead when needed?
- How well did we communicate?
- Did we do a good job of explaining risks?
- Did we keep you informed and avoid surprises?
- Did we manage fees and expenses well?
- Were our original budgets and estimates as accurate as possible?
- Was the total project cost fair and appropriate?
- How could we do a better job of delivering value?
- Did our work meet or exceed your expectations?
- How would you rate our overall performance?

Internal Review Meetings

In addition to your lessons learned discussion with clients, it can also be helpful to have a meeting strictly of your internal team to increase team efficiency and morale. For firms that have a formal knowledge management system in place, meetings like this can be especially helpful in capturing insights and experiences that can be of great value to the firm in the future.

Obviously, some of the questions you ask in an internal meeting will be different from those you would ask a client. In the book, *Implementing Value Pricing* (p. 317), Ron Baker provides a long list of questions for such meetings, including:

- What could we do better next time?
- Did we add value for this customer?
- Did we have the right team on this engagement?
- Did this engagement enhance our relationship with this customer?
- What other needs does this customer have and are we addressing them?
- Did we learn any new intellectual capital that we could leverage across other customers?
- Should we communicate the lessons on this engagement to our colleagues and how?

The last two questions can yield important knowledge management results, including exhibit formats, checklists, briefs, innovative arguments, and more. Also, as noted on the web page, Knowledge Management Online:

Effective knowledge management should dramatically reduce costs. Most individuals, teams and organizations

are today continually “reinventing the wheel.” This is often because they simply do not know... what is already known, or they do not know where to access the knowledge. Continually reinventing the wheel is... a costly and inefficient activity... Knowledge management... should also dramatically increase our speed of response as a direct result of better knowledge access and application.

A Final Thought

Given the potential benefits of a lessons learned discussion at the end of every important matter and at critical junctures in large matters, why would anyone ever skip this step?

Because you are already too busy on the next matter? Because you feel awkward about discussions like this?

In the long run, these are terrible answers. As the legal profession becomes ever more competitive, lawyers who fail to find time to understand what clients want and need today may find themselves with a whole lot of free time tomorrow. ■

—Jim Hassett, Tim Batdorf, and Gary Richards

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