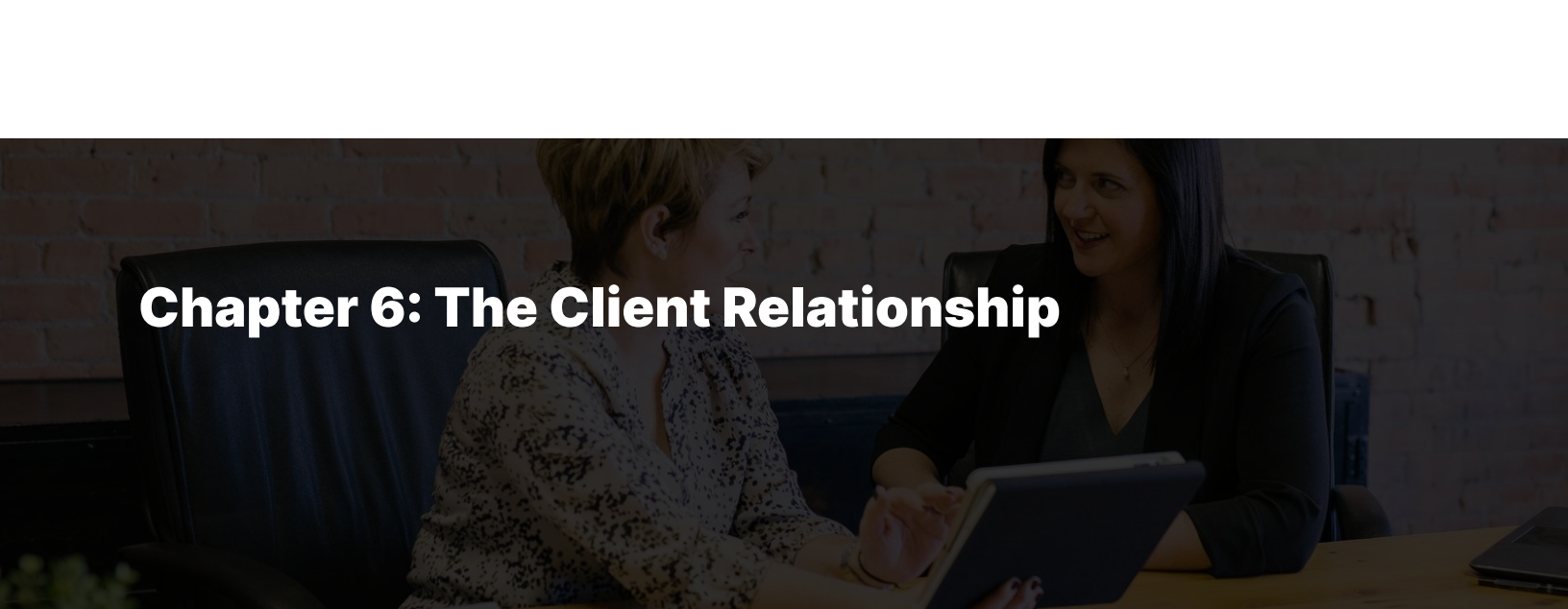




Chapter 6: The Client Relationship

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6.1 Introduction

We tend to think of the client relationship as that of the traditional client-lawyer relationship.

The party bringing or defending the claim (these are known by numerous terms dependent on the type of action that is taking place) is the client and the lawyer is a member of one of the main legal professions (e.g., CILEX Lawyer).

However, a client is anyone who is using legal services whether it is provided by a lawyer, another legal professional or a supporting business.

Changes in legal reforms in 2014 to funding and valuable referral fees, saw the traditional firms become part of a turbulent, changing landscape with more competitors. Legal firms and organisations were forced to diversify, providing a better range of affordable services for the consumer and opening up regulated and non-regulated areas of the organisation.

This chapter explores how this has impacted today's law firms, whether they are a traditional Limited Liability Partnership (LLP) or an Alternative Business Structure; learning to manage client relationships in a highly competitive, consumer driven environment has never been higher on the agenda.

CONTINUE

6.2 The external client

External clients are relationships that exist outside of the business that contribute to the effectiveness and productivity of the business, therefore impacting on its success. By using a supply or service chain, the business is able to provide for successful case management without undertaking the overhead costs of complete involvement. This also means the business is able to “shop around” for more cost-effective providers or to seek a more efficient scope of work, leading to a strategic, goal focused organisation.

A service chain is defined as the entire process of creating, facilitating and delivering legal services to the consumer. A service chain focuses on key areas to maximise efficiency, quality of service and profitability. The legal firm assesses its strengths and weaknesses, identifies where value can be added and sets about achieving this through measurable objectives, and transferring work to external clients within their service chain who are more adept to complete it.

External clients come in these three different forms.

Select each card to view examples of each category.

They provide a stream of income.

Examples:

Public consumer
Case Management Companies
Estate Agents
Mortgage Panels
Insurers
Trade Unions

They support the business.

Examples:

Counsel
Medical agencies
Medical experts

They provide outsourced services to the business.

Examples:

- Legal expenses insurers
- Cost lawyers
- Out of jurisdiction work
- Out of expertise work
- Volume work

In terms of who they are depends on the legal service provided, whilst some will exist across multiple practise areas.

Maintaining successful relationships with external service chain clients is as important as managing the traditional client-lawyer relationship. Without outsourced services, the ability to progress a client's matter becomes problematic. In the first instance, without service chain relationships the firm may not be able to undertake the scope of work requested, finding themselves unsustainable in a legal landscape that is constantly evolving to meet the needs of the consumer and regulatory changes. Secondly, by legal businesses diversifying their proposition, they maintain independence whilst creating loyalty and reliability for the consumer.

1

The business applies a strategic approach to business planning, identifying objectives and goals – this enables the service chain client to understand the organisation and how they fit into the “bigger picture” of success.

2

By collaborating with external clients, the business opens opportunities to provide and receive feedback improving quality of service, reputation and profitability.

3

The business has a clear governance structure – defining methods for communication, process, managing risk; measurements for success and failures.

4

Improving communication and trust – building trust with an external client takes time and investment, often starting with small projects and as success is achieved, branching out into more significant work, whilst also developing tools and mechanisms to support processes.

A lawyer may sit anywhere in the service chain supporting the business.

For example, you may be part of an Alternative Business Structure (ABS) providing legal services to a car insurance provider or you may be employed in the conveyancing sector by an organisation providing services investigating title, or you may even be practising within a trade union organisation providing legal advice to members.

In all of these scenarios you form part of a service chain where each contributor relies on external relationships to achieve success. Given the representative you are dealing with may also be in the same position, it is understandable to see why external client relationships can become confusing for the traditional client-lawyer relationship.

Service chains within a legal environment afford law firms the ability to deliver better services for the client. They are able to identify the proportion of work that matches their expertise and profitability goals, whilst low value work that does not use the firm's fee earners skills to their appropriate pay grade, may be outsourced through a relationship with an external provider whose expertise is volume work.



Again, the outcomes of this can be beneficial to a business.

Why?

It can identify shortfalls in current legal processes where regulatory requirements are not being met. Further by acknowledging the shortfalls it can motivate an overstretched team and free them up to focus on their client care, thus placing more value on service and the circle of delivering quality to all clients continues.

Being able to understand the rules that govern the client-lawyer relationship is essential to your understanding of the external client relationship and its influence. You have a duty to provide your client with appropriate legal advice that keeps them updated, enabling them to make informed decisions as to the timelines and fees incurred during the legal transaction. This includes disbursements that may be paid to third parties on their behalf to progress the matter or information disclosed to third parties for the same reason.



The most important or impactful external client relationship that exists is between the lawyer and your client. Learning how to develop trust and confidence within your client-lawyer relationship is key to the success of the organisation.

In modern times, legal firms no longer rely on the fact that customers will use their local high street firm for all of their legal services. With changes to legal funding, the consumer purchases increasingly on price and reputation. In terms of comparisons, the consumer will research a legal service in the same way as they would buy a new kitchen appliance or select a mobile phone provider. They expect legal services to be available no matter where they are located, they expect them to be reasonably priced and they will read reviews before deciding which firm to use for their requirement.

Once a good relationship is established and a high quality service delivered, the consumer will return. Sadly, if the service is not good, they will invariably leave a negative review on a reputation management platform to warn others. This can be hugely damaging for a business, not only to income, but also to the fee earners and those working internally, decreasing motivation and commitment.

Fundamentally, think of external clients and internal clients as customers. Everyone is a customer and everyone is comparing the service they receive to the last time they had an interaction with the business, the department or even with you.



Protecting the client's information is a guiding principle of the client-lawyer relationship as set out by CILEX Regulation Code of Conduct.

When dealing with external associated parties, your client must give express consent to disclosure of any information that is material to their case. The client must be made aware that you are sharing information, what you are sharing, with who and why. There are only a few exceptions to this, such as when there is suspected fraud or regulatory investigation. Material information shared with external clients must only be disclosed to the extent of what is required to allow them to make an appropriate decision on the facts.



Complete the content above before moving on.

6.3 The internal client

Within a business there are a number of key relationships that allow the case to progress. Unless we work solely on our own, there will always be internal client relationships from other departments that work together to complete a task.

For example, a conveyancing firm has a team that deals entirely with tasks following the completion of a property sale or purchase. The fee earner who has completed the transaction fails to record information correctly. Due to this error, the post completion team is forced to investigate the issue and liaise with the fee earner. Consequently, this takes up time and they are not able to complete a task with Land Registry on time resulting in the client becoming angry and the business incurring a fine.

The quality of service delivered to the external client may have been excellent throughout the transaction, but falls at the last post when the fee earner fails to take accountability by ensuring the post completion team were passed the salient information enabling them to finalise the transaction efficiently.

The motivation of the post-completion team suffers and their productivity drops. Their communications between the fee earner and the post-completion team become increasingly strained. The client's only contact channel is with the fee earner and he is becoming increasingly agitated.

The overall service to the client is beginning to fail. They have not received all of the relevant legal information relating to their property in a timely manner.

The client feels no other option than to make a formal complaint. The client chooses not to return to the firm for their next property purchase and shares their bad customer experience with others.

The lawyer has failed to manage the client relationship professionally and has not maintained an acceptable standard of client care, even though their relationship throughout the transaction was excellent with regular communication and appropriate legal advice.



This scenario demonstrates the direct impact on quality of service when internal relationships are at conflict. The team does not achieve its own service standard and the business does not achieve its client care standards. As an organisation they have lost sight of their objective and the client is justified in their complaint.

There are many examples of internal client relationships that you will encounter in a legal environment such as:

- Accounts departments, teams that deal with client money and teams that deal with company money.
- Internal quality assurance or audit teams.
- Complaints departments.
- New business or first response teams.
- Administration providers.
- IT Support.



Complete the content above before moving on.

6.4 Nurturing relationships

It is fundamental to nurture relationships internally and externally to achieve success.

This is clearly demonstrated in the examples provided, but it is also clear that a business needs both external and internal relationships to successfully meet its objectives.

However, there is an overarching principle that relates directly to external and internal clients and is the most impactful of all - that is the process of effectively managing expectations. It is absolutely the most **important self-management** tool that a lawyer must learn.

By developing the skills to successfully **manage expectations** from the outset, a lawyer is the reassuring face of the relationship. They set out the professional terms enabling the client to understand the level of service they can expect throughout.



Managing expectations means the client understands from the outset what is their responsibility and what is the responsibility of the lawyer. A lawyer should not rely on the client's first point of contact to retrieve all of the salient information. The client welcomes the initial call with their lawyer and for you, it is the perfect opportunity to begin the relationship positively and with clarity.

There are simple and effective methods that a lawyer must utilise to manage client expectations.

Step 2

Find out exactly what the client's expectations are early on. We all want to make the client happy and our role easier, but even the best legal service will fail if the client's expectations are unrealistic.

There is nothing worse than the client believing they are going to achieve a specific unrealistic goal because the lawyer did not take the time to have a challenging conversation early on in the relationship.

In the initial discussions a lawyer must establish the requirement, the fees, their responsibilities, response times to communications and projected, realistic timelines.

Step 3

Remember, timelines are not static, they depend on external and internal factors.

Do not make a promise to your client that you cannot guarantee and keep the client informed of any potential changes to timetables as soon as possible.

Step 4

Ensure the client understands that the lawyer is there to provide appropriate legal advice including the risks and costs pursuing unrealistic expectations. This can be difficult to discuss, but will build trust and confidence with the client throughout the course of the case.

Often the reason the client has approached you for representation is emotive. You are there to be the voice of reason and provide practical advice that will help the client to achieve the best possible outcome for their case.

Step 5

Make regular and meaningful contact with the client. Keep the lines of communication open and revisit the initial goal to review if it is still the desired outcome. You will be far better placed being proactive.

Understanding the problems and issues that arise is the responsibility of the lawyer; you are the expert. The client may need a process explained to them on the telephone and by email or letter. They will appreciate the time you have taken to ensure they understand, in turn this nurtures trust, giving the client peace of mind and allowing you to easily discuss change or issues as the case progresses.

Step 6

Where there are problems, the lawyer should discuss solutions and avenues, being open and honest with the client.

The client will feel dejected, having a certain level of anxiety. They may lose focus and react emotionally. It is tempting to jump in and try and resolve these issues immediately which will often cause the client to react even further. During these times, allow your client to offload and get their frustrations out first before you both discuss the way forward.

Taking the time to listen, making notes of the client's fears and problems will let the client know you are there to do the very best you can for them. Following the conversation, ensure you have a realistic plan with achievable timelines and when they can expect to hear from you next. You should always follow this up with a written confirmation by email, post or on an interactive customer portal.

Following these steps is not a guaranteed way to client happiness, you are not going to please every client every time, but they will ensure that your client feels well informed whilst you are adhering to the Code of Conduct.

Identifying issues early on will prevent your client experiencing “surprises” that risk clouding the trust and confidence you have taken time to build up. Being attentive and nurturing the client relationship in the majority, ensures clients are easier to work with. Learning to manage your client in a professional and appropriate manner enables you to not only meet their expectations, but often exceed them.

Is this approach also applicable to internal clients?

The simple answer is yes.

The internal client requires the same reassurances as the client-lawyer relationship. You are liaising with a fellow professional who will be facing the same pressures and deadlines as you. They both form a link in the service chain, having similar respective standards of service. They are as committed to providing a quality service as you are.



Complete the content above before moving on.

6.5 Acting ethically

Members of CILEX must adhere to the Code of Conduct as set out by CILEX Regulation.

The Code is a set of principles that enable you to deliver prescribed outcomes relating to your conduct, practise and professional performance.



The Code of Conduct is in place to ensure all members behave in an ethical manner that is open and honest. Acting ethically is at the centre of the client-lawyer relationship. The Code provides you with direction and guidance to deal with situations that may arise during the course of the case. It is advisable to ensure you are well-versed with the Code so that you may understand not only your professional privileges but also the responsibilities placed upon you by the regulator.

A CILEX member is required to:

- develop and use your professional knowledge and skills for the benefit of those who use your services;
- maintain good professional relationships with others;
- act in a way that promotes confidence and trust in the legal professions and the provision of legal services.

Podcast: An example of a difficult client relationship



8:37

1x



Audio Transcript

Hello. So, this recording relates to Chapter Six client relationships. And I just have an example of where a client relationship can be very difficult with a case manager or a fee earner. In this situation, the client had purchased legal expenses insurance as part of a home insurance policy, and the legal expenses insurance included cover if the client had issues with an employer and intended to proceed to tribunal. So, the client was having issues and wanted to use their policy and the legal expenses insurance in order to bring a case against their employer. As you can imagine, this would have been a very traumatic time for that client. Having issues with an employer in any circumstances can be very problematic, particularly bringing on anxiety for the client when going into the unknown. So, this particular client was very anxious about proceeding, although they felt reassured that they would have legal expenses in place as they had taken it out with a home insurance company. So, they completed the claims form online as they were asked to do, and they waited for a telephone call. They've said that it was urgent and yes, given that every issue is urgent isn't it when you're their client, and as the lawyer you are expected to be able to understand that urgency and be able to explain to the client, how easily you can deal with that urgency.

However, a couple of days went by for that client, and no correspondence had been received, just a simple acknowledgement. It was becoming increasingly urgent that the client's issue was dealt with. So, the client made contact, and spoke with their case manager. The case manager was lovely, very approachable, seemed very friendly, and promised a call back later that day. The client felt really reassured that they would be able to move forward with this. The day progressed, and the client did not receive the phone call. So already one promise been broken. A couple of days went by, and the client had then received an email to say that they wouldn't be able to use their legal expenses insurance due to loopholes that the case manager had found. The client responded by email, because they'd received an email, but little did the client know that the service level agreement for emails was seven days and so the client is now on the backfoot.

Waiting for a response, as the seven days obviously wasn't clear otherwise the client would have known that, the client was becoming increasingly anxious and agitated and wondering what's going on as you would be. They then tried to call the legal expenses insurer and call their case manager specifically. The case manager did not have a direct telephone number, and the case manager was not accessible via direct email. Everything that went into the company went to a central inbox and was allocated out. If the client wanted a telephone call back, they had to telephone and request a call back and telephone calls were given a 24-hour priority for a callback. So that was the only way that they were able to speak to their case manager. Now when we talk about client relationships and all the areas that we've touched upon within chapter six, you can immediately see that this affects the client relationship.

You don't expect as a client to not be able to speak to anybody do you, you don't expect to it to take 24 hours just to have a telephone call, and you don't expect there to be a seven-day turnaround on an email that you've just received, and you've responded to, and then not have another response. This was a very difficult situation for the client, and the client was forced to make a complaint. The complaint then had an eight-week turnaround to be dealt with, and the situation went on and on.

This is just a really good example of how the client relationship can become quite marred early on. The expectations weren't managed from the outset, and the client was very unhappy. The difficult thing with legal expenses insurance is that you can't just go and buy another policy and rely on somebody else to be able to provide you with cover, if you're unhappy with the service, you can't go elsewhere. Your legal expenses insurance tends to be set in stone from the beginning with your home insurance policy, particularly in the case of a tribunal. In other cases, you can buy an after the event insurance but with tribunal proceedings you can't. So you are, as a client, stuck with what you've got, and that can be very draining for the client. So immediately, as a lawyer, there can be a lack of accountability, because the client can't go anywhere else. I find this example, really interesting, and extremely difficult for the client to get around. The client's perspective will look very different to the lawyer's perspective. The lawyer's perspective was: I'm hitting my timelines within the requested timescales, and so I'm responding within the risk requested timescales, seven days, and I return telephone calls within 24 hours. What wasn't happening was the client understanding that and the client then had to go through some difficulties to get an explanation in the first place. Nothing was clear. Nothing was easy to understand. There was no opportunity to speak to anybody who could explain anything to the client when they needed to speak to them. By the time they did speak to anybody, it could be a little bit traumatic. The client was quite angry by that point, they had their issues, which had been elevated somewhat because they had not been able to speak to anybody regularly. The client was feeling aggrieved at that point, and the case manager, who believed he was doing a good job, then came under fire. In these situations, you could see that a

much thorough explanation would be required from the outset and setting the clients expectations with them.



Case Study

A firm dealing solely in residential conveyancing - “W.E.Conveyance LLP” is a busy high volume company. There are three conveyancing teams consisting of a supervising lawyer and two assisting paralegals.

In the business there are also supporting departments including a new business team.

The new business team is responsible for taking initial instruction, providing an initial quote and issuing a Welcome Pack to the client.

A new business consultant takes initial instruction from Mr. Lukas Schmidt and Mrs. Janina Schmidt on the sale of their house. They are married, but are divorcing and have decided to sell their property, settling any outstanding mortgage value and dividing the profit.

Mr. Schmidt explains this to the new business consultant who makes brief notes during the telephone call. Mr. Schmidt also states that he would like the transaction completed within four weeks so that he can “get on with his life and buy

a new house with his new partner” and that all correspondence is sent separately, the new business consultant notes this on the file.

The Welcome Pack is returned to the assigned conveyancer one week later. In the Welcome Pack, Mr. Schmidt advises that the second party’s name is incorrect and again states that he would like correspondence sent separately.

Now that you have read the case study, try to answer the following three questions.

To view the answers, select each card.

The conveyancer proceeds with the initial call to the client. Considering the skill of managing client expectations, when preparing for the call, what should the conveyancer do?

They should retrieve the welcome pack, note the points made by the new business consultant, prepare questions to ask Mr. Schmidt. Does the conveyancer need a second telephone call with Mrs. Schmidt? Prepare for an emotive telephone call that may be time consuming. Allocate an adequate amount of

During the first call what are the key points that the conveyancer should be addressing?

The conveyancer should consider the specific timescale for the transaction, the correct spelling of the second party's name and is there a second address to send separate correspondence to. The conveyancer should aim to dig deeper without being intrusive, ie how realistic is it to set a four week

Following the initial call, the conveyancer has established information. What should they do next?

1. Make clear, factual attendance notes.
2. Follow up the telephone call in writing, highlighting next steps and key points.
3. Make corrections to mistakes.
4. Appraise paralegals with salient points.



Complete the content above before moving on.

6.6 Summary

(1) There are many more relationships than that of the client-lawyer and the part they play delivering quality of service.

(2) Service chains within a legal environment afford law firms the ability to deliver better services for the client.

(3) We must be mindful of client confidentiality when using service chains.

(4) The actions on internal clients impact on the external client.

(5) We must nurture relationships with clients and always act ethically.

You have completed Chapter 6.

EXIT

You have completed Chapter 6.

EXIT