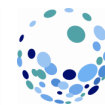


# A call to action for advisory firms

## Effective client-adviser relationships 2012

In association with:

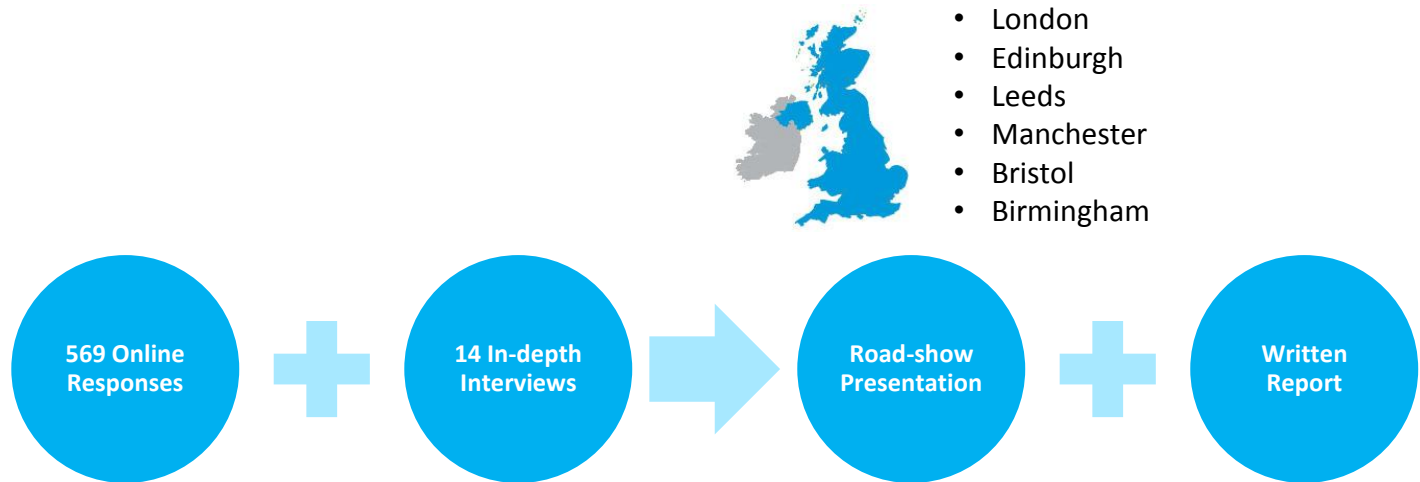


Meridian West



# An overview of our approach

## Online poll and in-depth interviews with clients and advisers

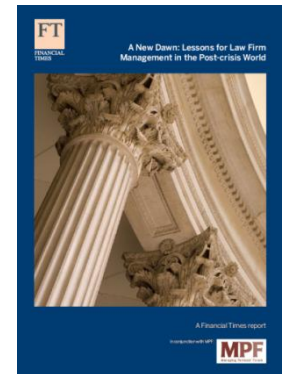


### Advisers

- Managing Partner, Accountancy Firm
- CEO & CMO, Global Executive Search Firm
- Partner, Magic Circle Law Firm
- Former-CEO, Accountancy Firm
- CEO, Property Consultancy
- Director of Knowledge Management, Law Firm
- Director, Management Consultancy
- Partner, Accountancy Firm
- Partner, Law Firm

### Clients

- Chief of Operations, Bank
- Managing Director, IT
- Chairman, Media
- Managing Director, Asset Management
- Asia-Middle East Managing Director, Energy

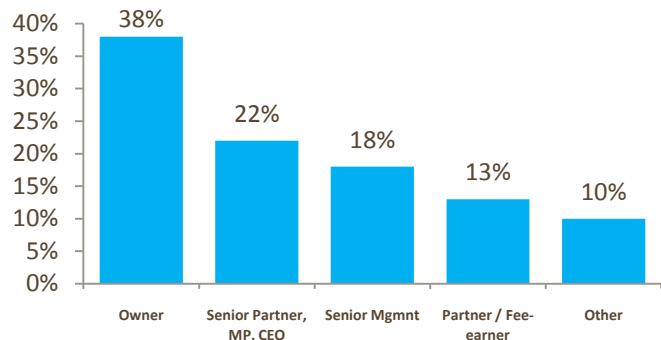


September 2012

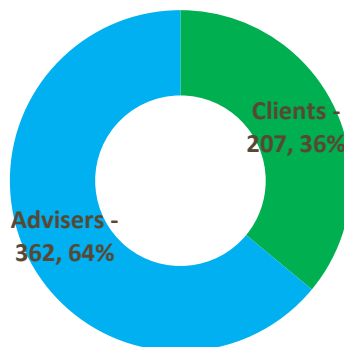
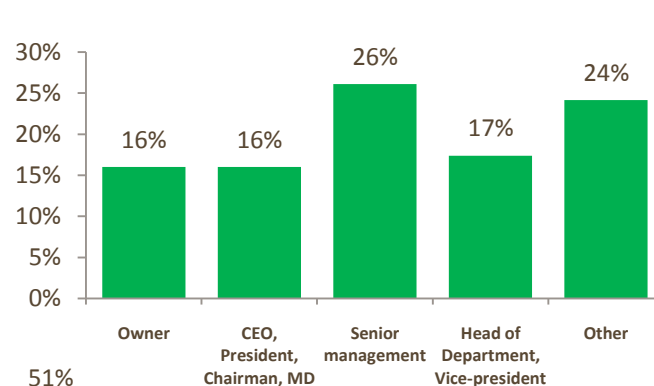
# Robust online study among clients and advisers across four sectors

## Accountancy, law, property consultancy, consulting

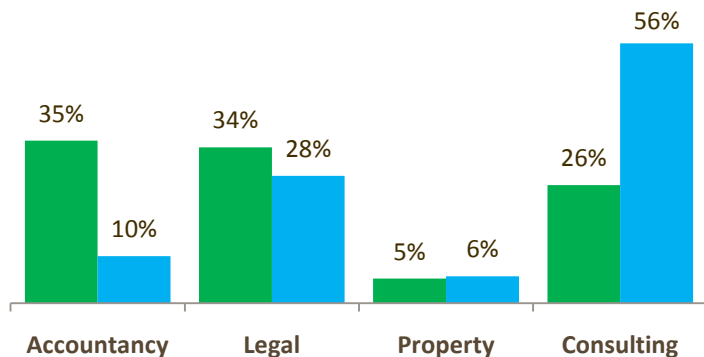
**Advisor job titles**



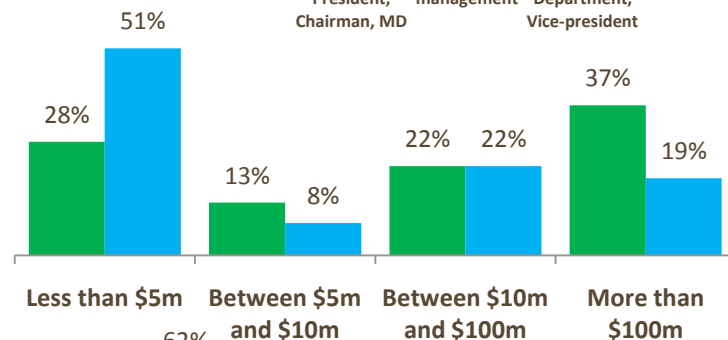
**Client job titles**



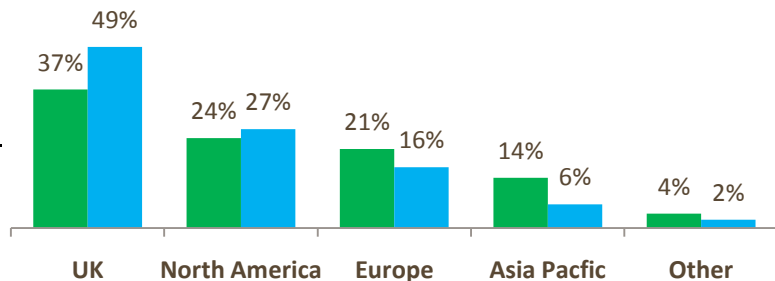
**Sector**



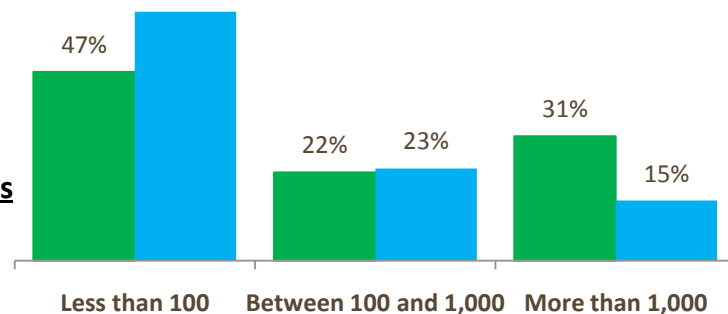
**Turnover**



**Region**



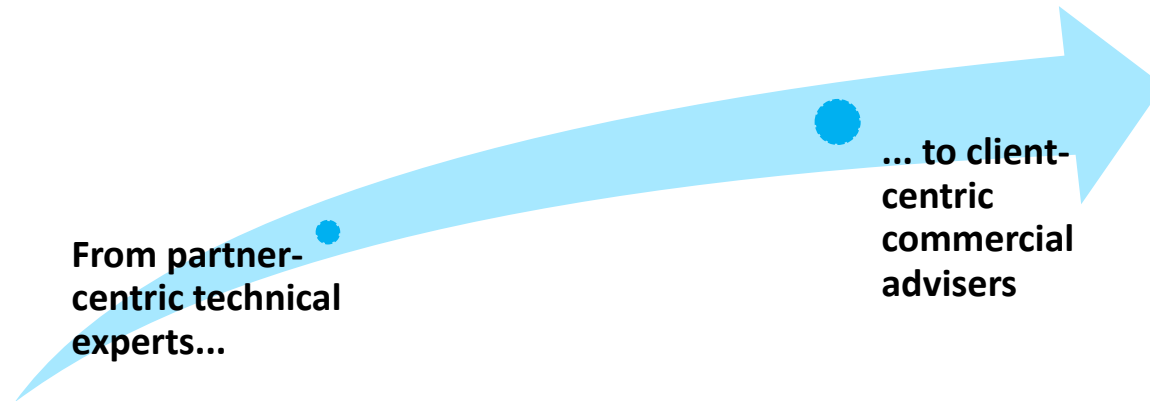
**No of employees**



# In summary: a fundamental shift in model of professional firms

## Requires more sophisticated approach to client-adviser relationships

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### The old model for professional firms:

- Fee-earner led
- Hourly rate
- Internally-focussed metrics
- Functions working in silos
- Informal project management
- In partners' comfort zone

### A new model for professional firms:

- Collaborative
- Alternative fee arrangements
- Externally-focussed metrics
- Functions working together
- Sophisticated project management
- Out of partners' comfort zone

This shift has a fundamental impact on the building-blocks of all advisory firms:

Contribution of management

Knowledge and commercial awareness

Added-value services

Supporting people: training, tools and frameworks

# What is driving this systemic shift?

## Regulatory concerns, pricing pressure and more demanding clients

### 1. More complex business environment



**55%** of clients say they are managing a more risky business environment.



**37%** of clients say improving communication and collaboration in the business is among their three biggest challenges.

### 2. Pricing pressures



**71%** of advisers say they expect the number of advisers offering discounts to win work will increase.



**31%** of clients say the procurement function will take a more active role in commissioning external advisers.

### 3. More demanding clients



**80%** of clients say they will expect a more consistent levels of service from professional advisers.

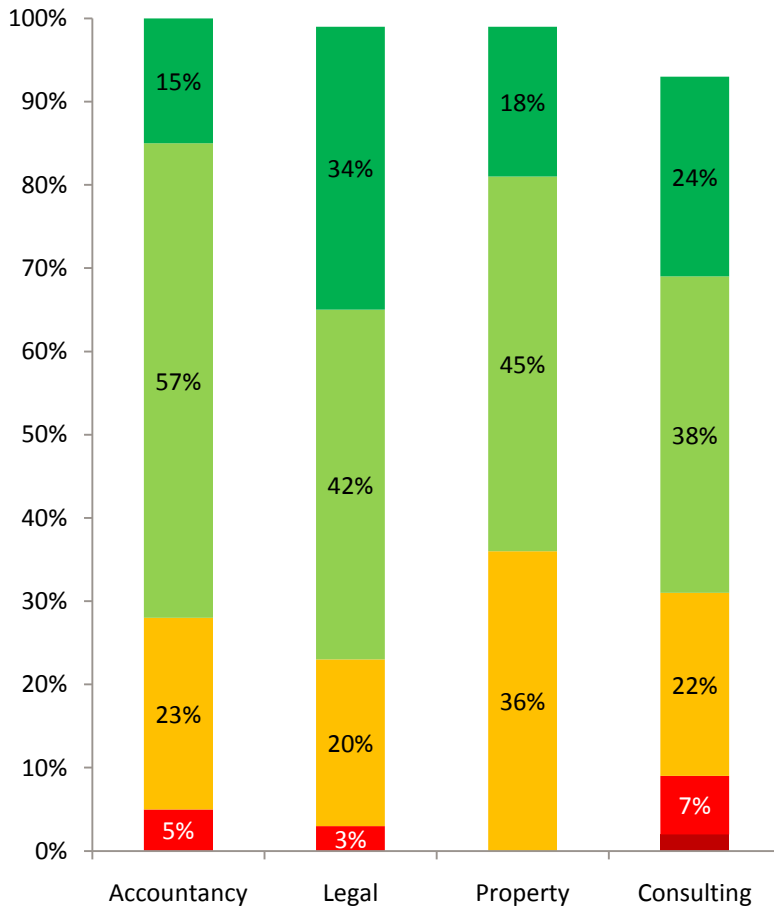


**61%** of clients say they are trying to achieve more with less resource.

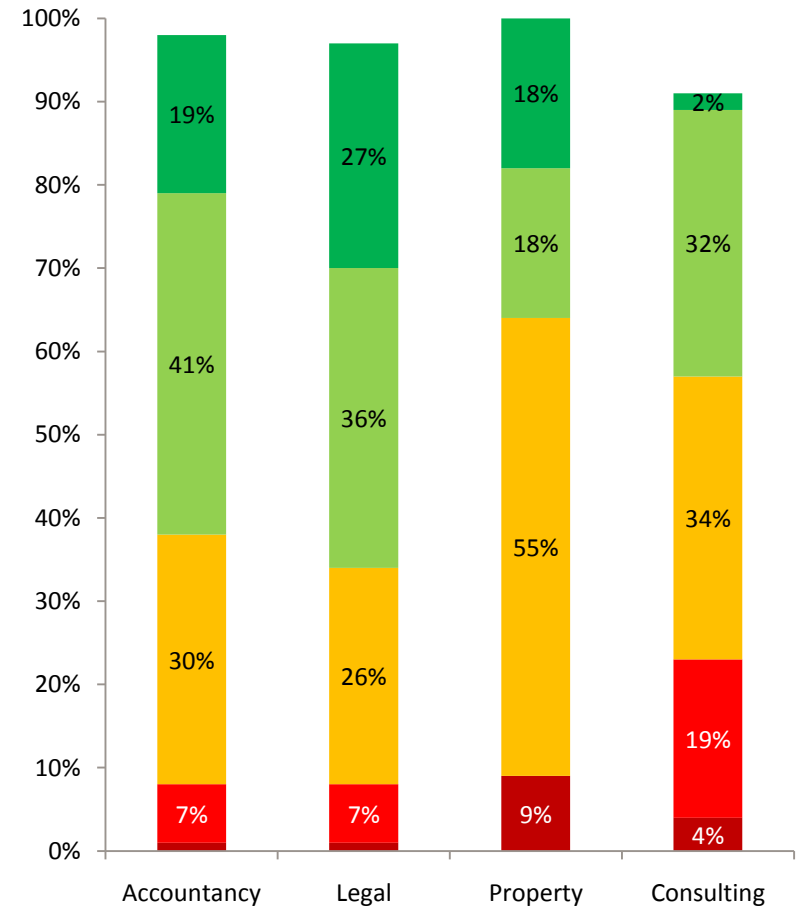
# Lawyers score best for showing commercial insight, value for money

## Consulting and property are weak for both of these criteria

Providing advice that shows commercial insight



Value for money



■ Extremely poor ■ Poor ■ Average ■ Good ■ Excellent

■ Extremely poor ■ Poor ■ Average ■ Good ■ Excellent

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**Contribution of  
management**

**Knowledge and  
commercial awareness**

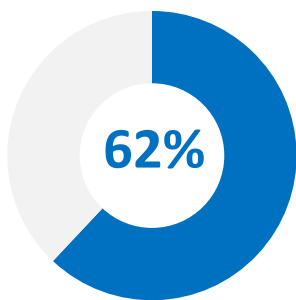
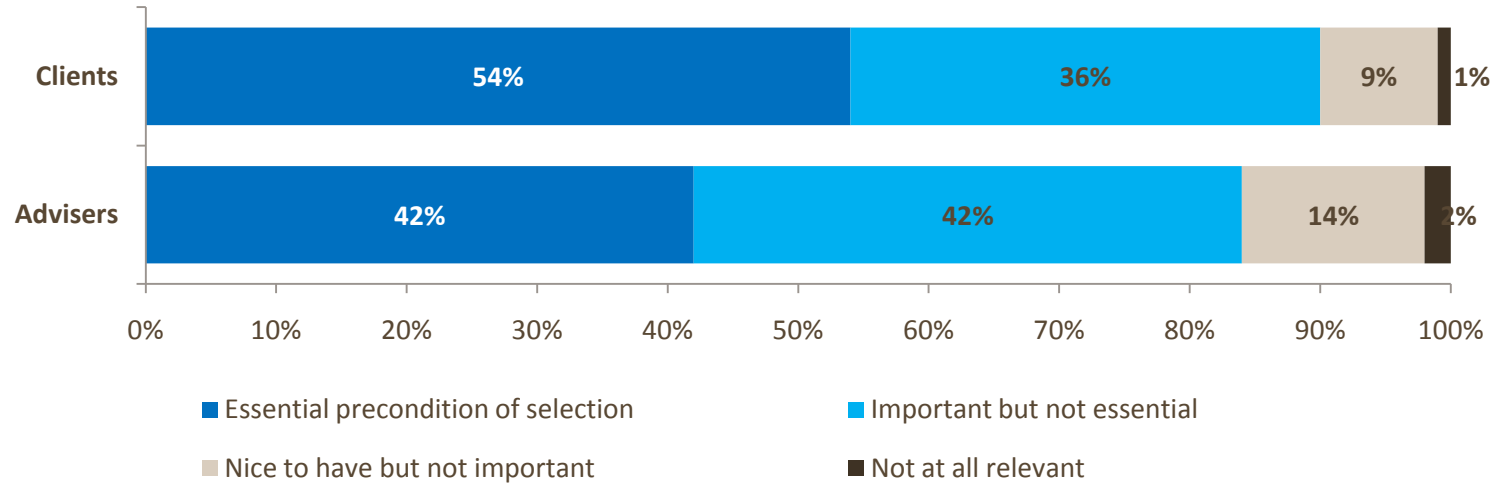
**Added-value services**

**Supporting people:  
training, tools and  
frameworks**

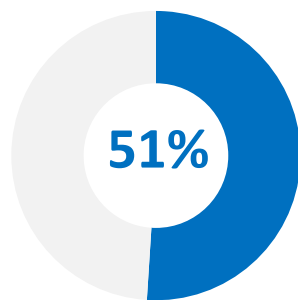
# Clients are clear that they expect a firm to be well managed

## Their impression of whether a firm is well managed drives selection

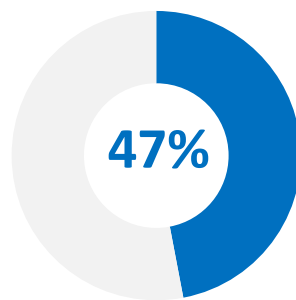
What impact would your impression of whether a firm is well managed have on your selection?



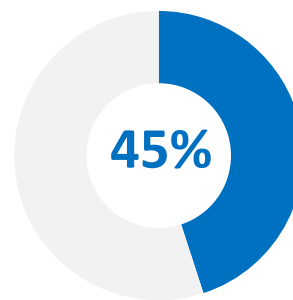
Accountancy



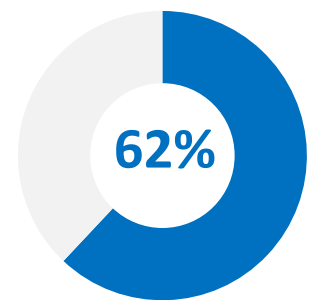
Legal



Consulting



Property

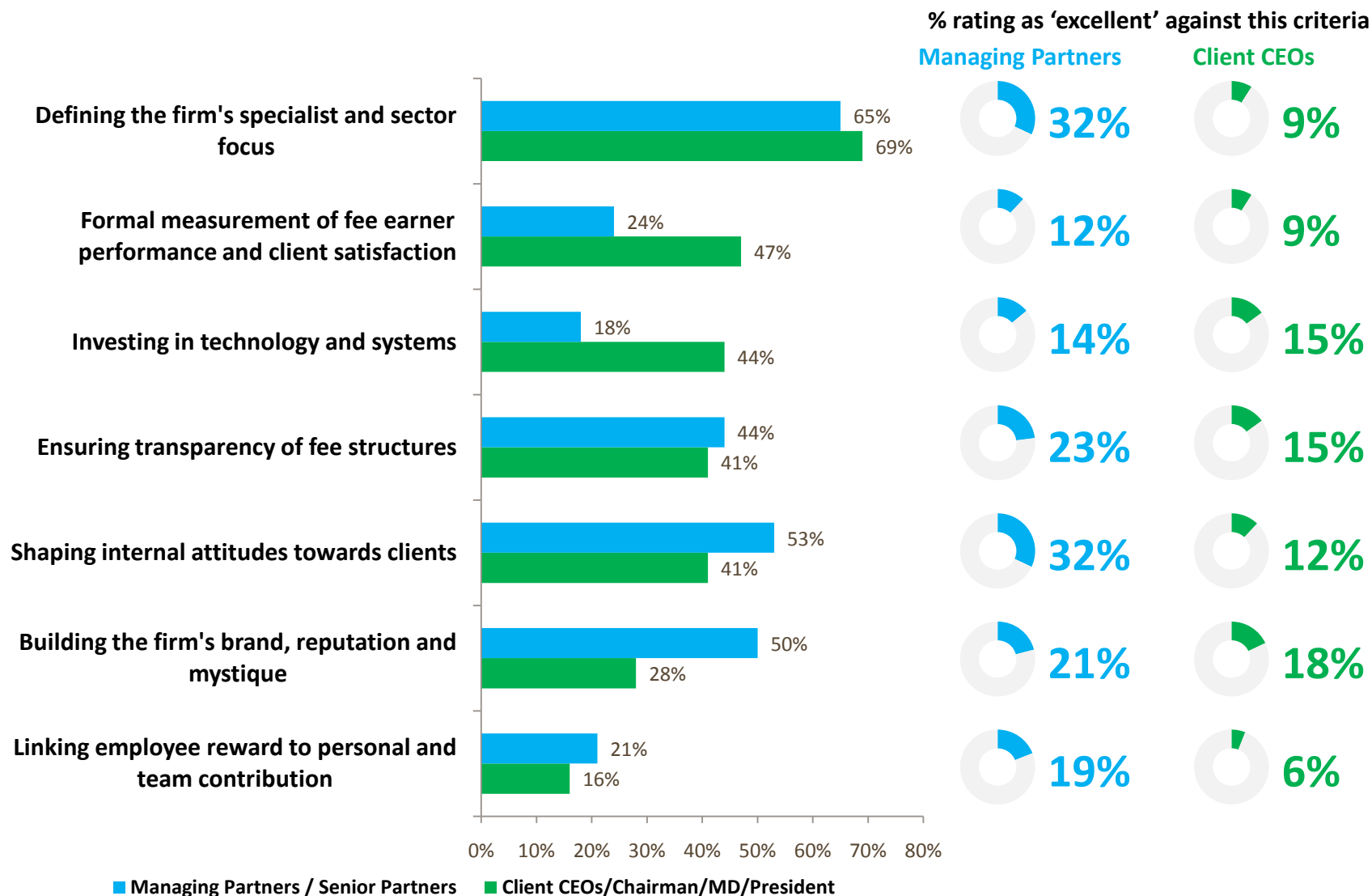


Client CEO / President  
/ Chairman / MD



# Management's primary role is to embed consistent client service

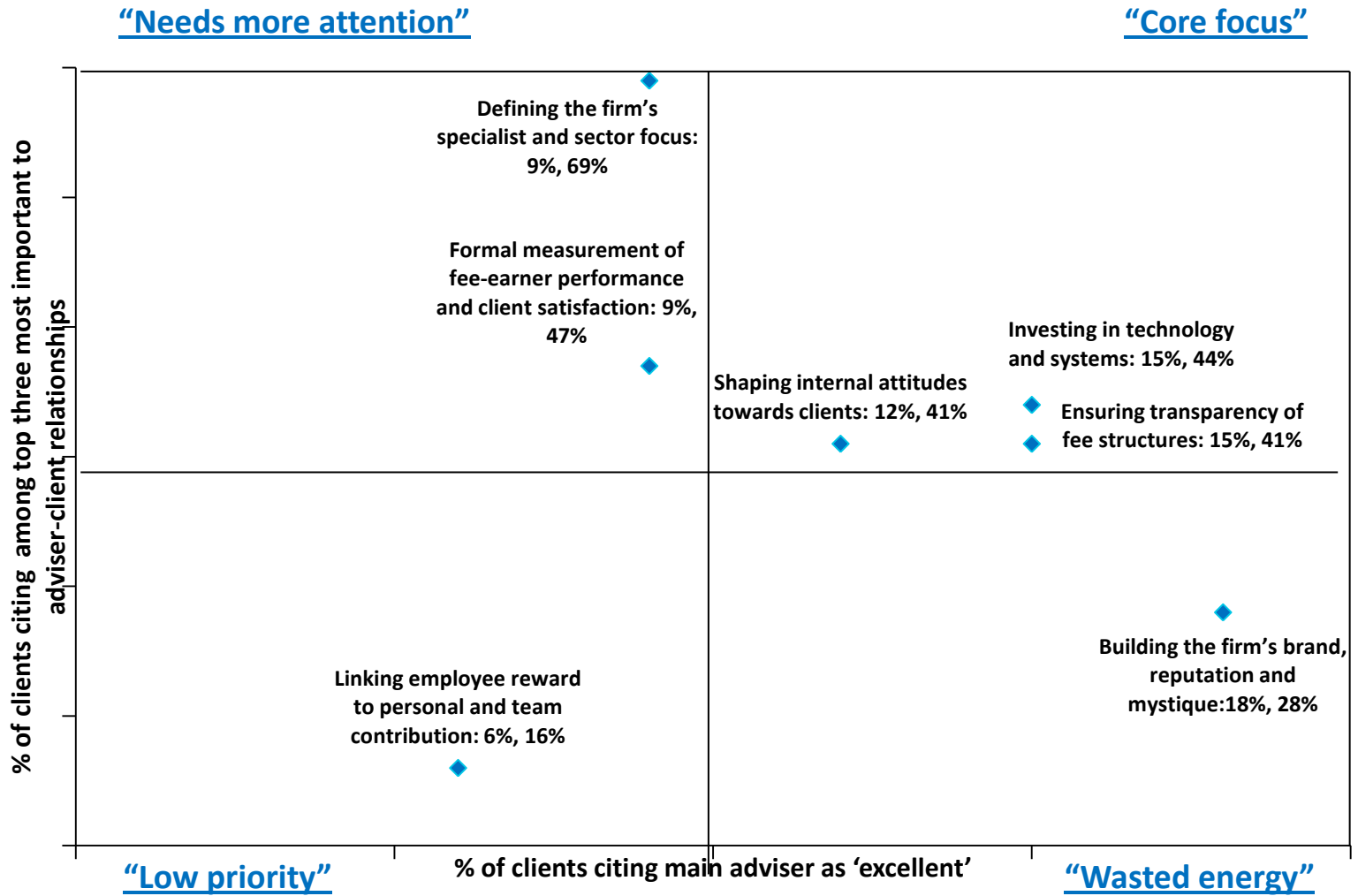
## But clients perceive management is not performing



Which of the following three aspects of management would you see as being the most important to the client-adviser relationship?  
 How would you rate the contribution of management at your main adviser to the client experience?

# Shaping attitudes to clients is a core focus of management

## More attention to sector plans and performance management

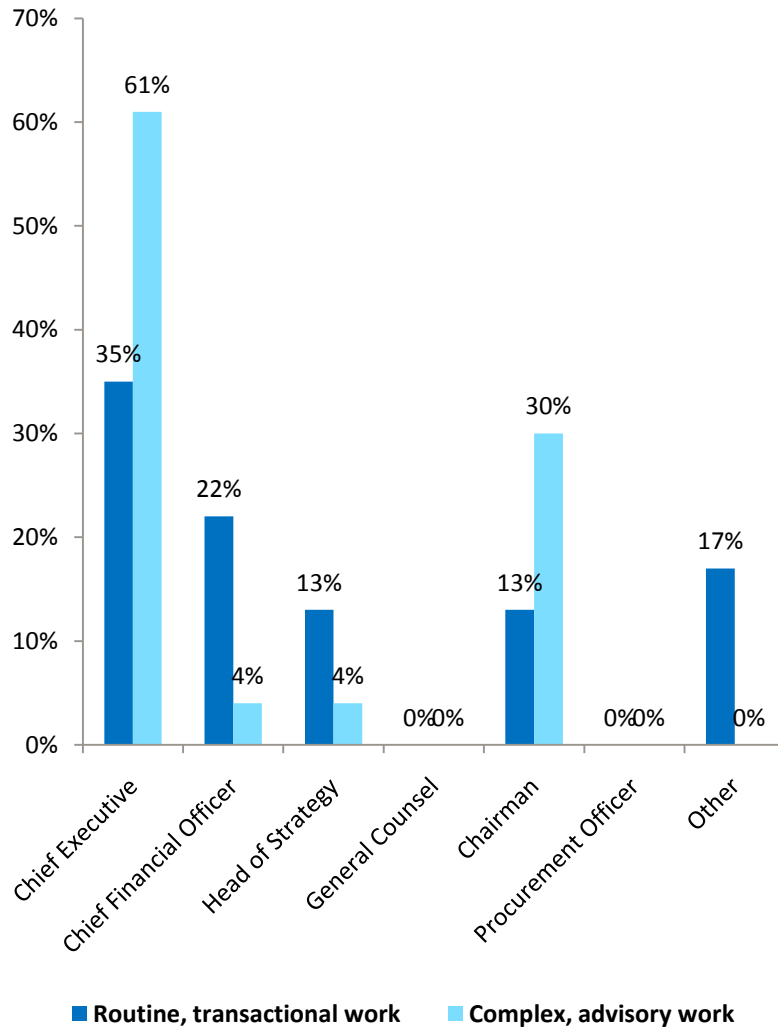


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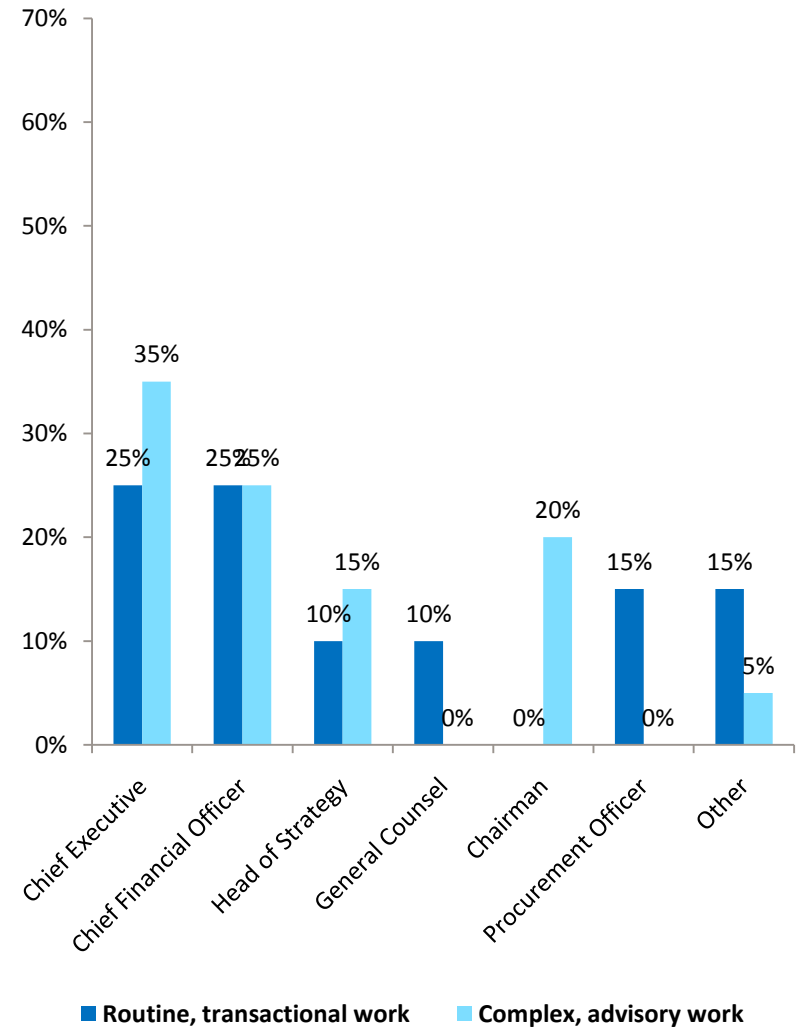
# The client CEO is a critical decision-maker for complex work

## Most clients of most firms have revenues of less than \$100m

Organisations up to \$100m revenues

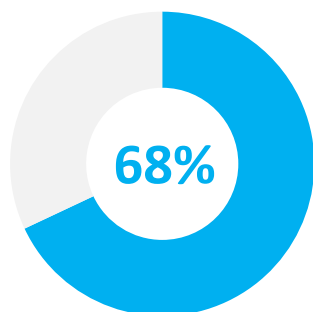


Organisations with \$100m to \$500m revenues



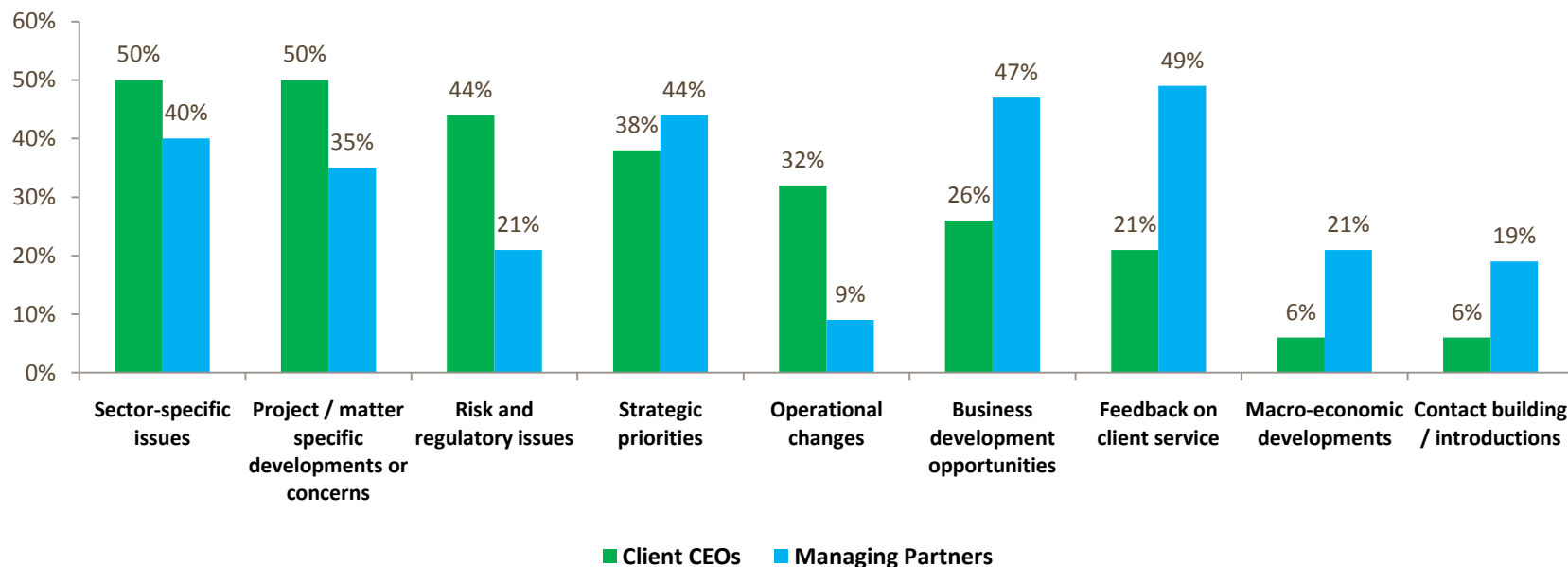
## As a result, regular conversations at C-suite level are essential

### Client CEOs less interested in feedback, want to discuss sector issues



...of both managing partners and client CEOs agree that regular conversations between senior executives at the client's organisation and the managing partner / senior partner of their advisory firm is 'very important'.

#### Highlighting the "agenda gap"



To what extent do you feel regular conversations between senior executives at your organisation and the Managing Partner or Senior Partner at your advisory firm is an important part of developing a healthy client-adviser relationship? What three issues do you see as prioritised for the agenda in your conversations with management at advisory firms?

## Discussion points – contribution of management

### Key questions for your firm to consider

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1. What are the marketing messages about your firm's management that will resonate most with clients?

2. Are your management priorities aligned with the things that matter to clients?

3. Is your firm sufficiently considering the influences of client CEOs as key decision-makers for selection, especially for complex advisory work?

4. Are your firm's C-suite level conversations falling into the "agenda gap"?

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**Contribution of  
management**

**Knowledge and  
commercial awareness**

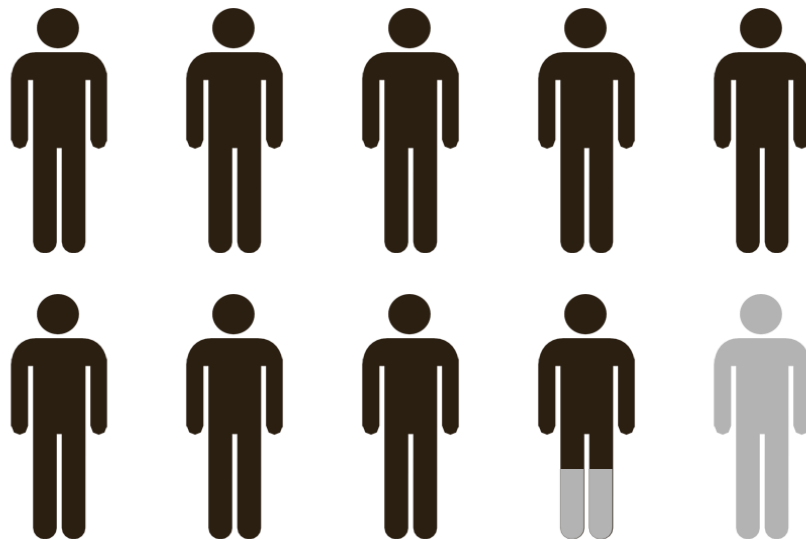
**Added-value services**

**Supporting people:  
training, tools and  
frameworks**

## Advisers acknowledge the need to become more commercial

Clients increasingly looking for advisers to deliver commercial advice

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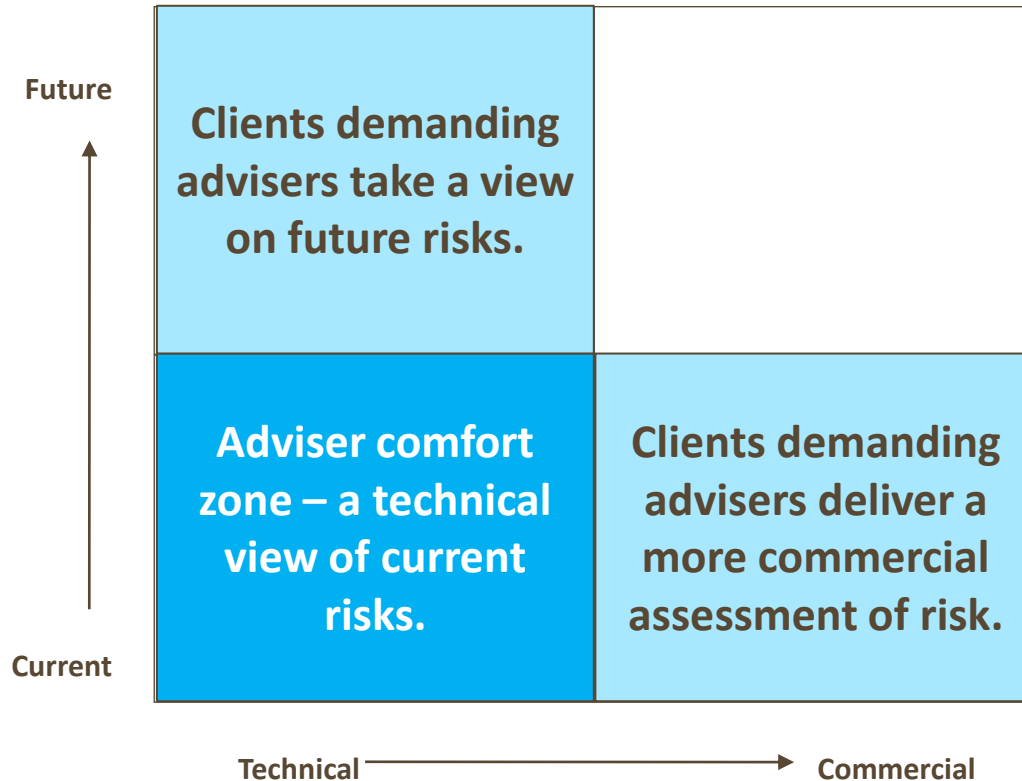


**87%** of advisers say they will need to develop a more commercial skill-set in addition to their technical competencies.

## This translates into a focus on more commercially-savvy advice

### And a more forward-looking assessment of future risks

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#### Case study: creating an online portal to measure regulatory risk

“We have a software tool that we are rolling out to clients which I have helped developed. It allows the client to track the bribery legislation of 120 countries around the world. The client is given this but it counts towards their added-value spend.”

- Partner, Magic Circle Law Firm



# Clients want advisers to get under the skin of their business

## To really understand their strategy and business plan

---

Which of the following do you think it is essential for professional advisers to know about your organisation in order to deliver successful advice?

1. Business strategy / business plan **75%**
2. Industry sector issues and trends **67%**
3. Key client personnel / senior management **55%**
4. Financial statements **45%**
5. Recent deals – e.g. M&A, JVs **32%**
6. Information about client competitors **29%**
7. New product launches **16%**

“The most important thing for me is to develop a long-term relationship with an adviser who understands my business well, so that when I need something doing I don’t have to explain everything from the beginning again. They should understand the context of what I’m doing, understand our history, understand my style of doing business, and understand me as a person.”

- Managing Director, IT Company

## Discussion points - knowledge and commercial awareness

### Key questions for your firm to consider

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1. How can your firm improve the way it “gets under the skin” of clients’ businesses?

2. Is your firm investing enough in developing the commerciality of its advisers?

3. Should your firm be doing more to demonstrate a deep understanding of sector trends and issues?

4. Does your firm take the opportunity to learn from how your clients manage their businesses?

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**Contribution of  
management**

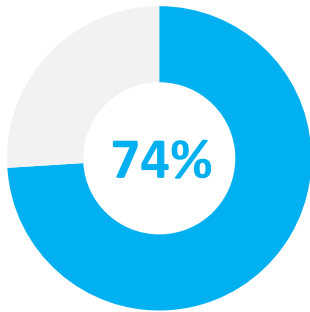
**Knowledge and  
commercial awareness**

**Added-value services**

**Supporting people:  
training, tools and  
frameworks**

**As more work becomes commoditised, clients seek added-value**  
**So advisers must articulate value they bring to client relationships**

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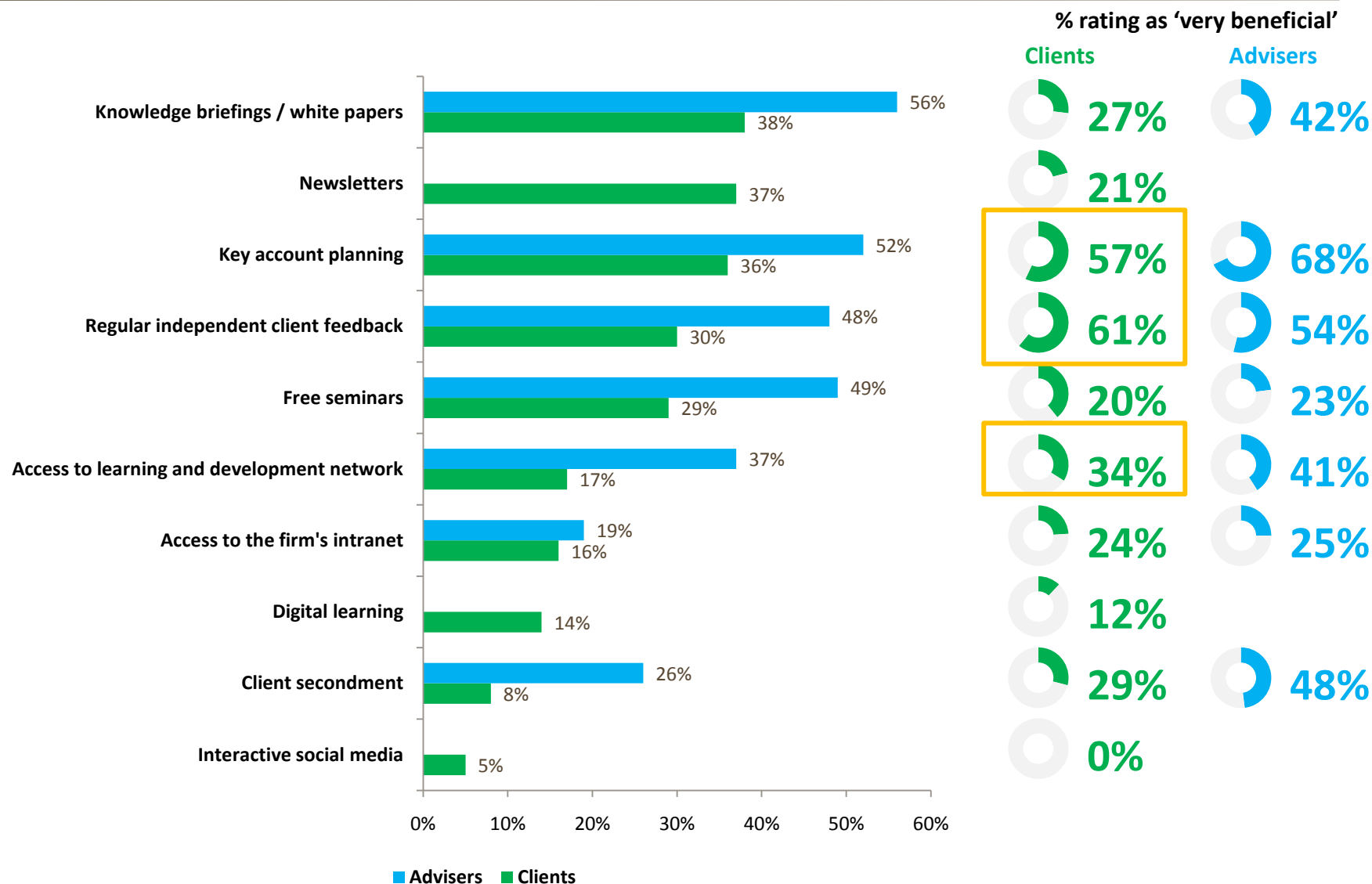
**...of client CEOs say they expect more added value extras from advisers.**

**“I don't think any company will put up with sky-high fees if they do not feel they are getting reasonable value for money. Lawyers who offer a competent service for more modest - but by no means cheap - fees will feel the benefit. I have seen this with law firms we deal with.”**

**- Managing Director, IT company**

# General awareness gap about the added-value services firms offer

## Client feedback, account planning, learning networks most beneficial



Does your organisation have any of the following tools or services in place?

How beneficial do you think each of the following are at improving the quality of advice /service you receive from your main adviser?

# Key account planning, client feedback priorities across all sectors

## Lawyers give lesser importance to learning networks

Accountancy	
1. Regular independent client feedback	51%
2. Key account planning	41%
3. Knowledge briefings / white papers	33%
4. Access to learning and development network	32%
5. Free seminars	29%

Legal	
1. Regular independent client feedback	44%
2. Knowledge briefings / white papers	40%
3. Key account planning	34%
4. Free seminars	30%
5. Digital learning	30%

Property	
1. Access to learning and development network	55%
2. Key account planning	45%
3. Knowledge briefings / white papers	36%
4. Regular independent client feedback	27%
5. Access to the firm's intranet	9%

Consulting	
1. Regular independent client feedback	66%
2. Knowledge briefings / white papers	42%
3=. Key account planning	38%
3=. Access to learning and development network	38%
5. Digital learning	32%

## Discussion points – added value services

### Key questions for your firm to consider

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**1. Does your firm successfully articulate the added-value it provides for clients?**

**2. Does your firm orchestrate learning and development networks for clients?**

**3. Has your firm invested in key account planning and independent client feedback?**

**4. Is your firm demonstrating sector expertise through thought leadership or white papers?**

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**Contribution of  
management**

**Knowledge and  
commercial awareness**

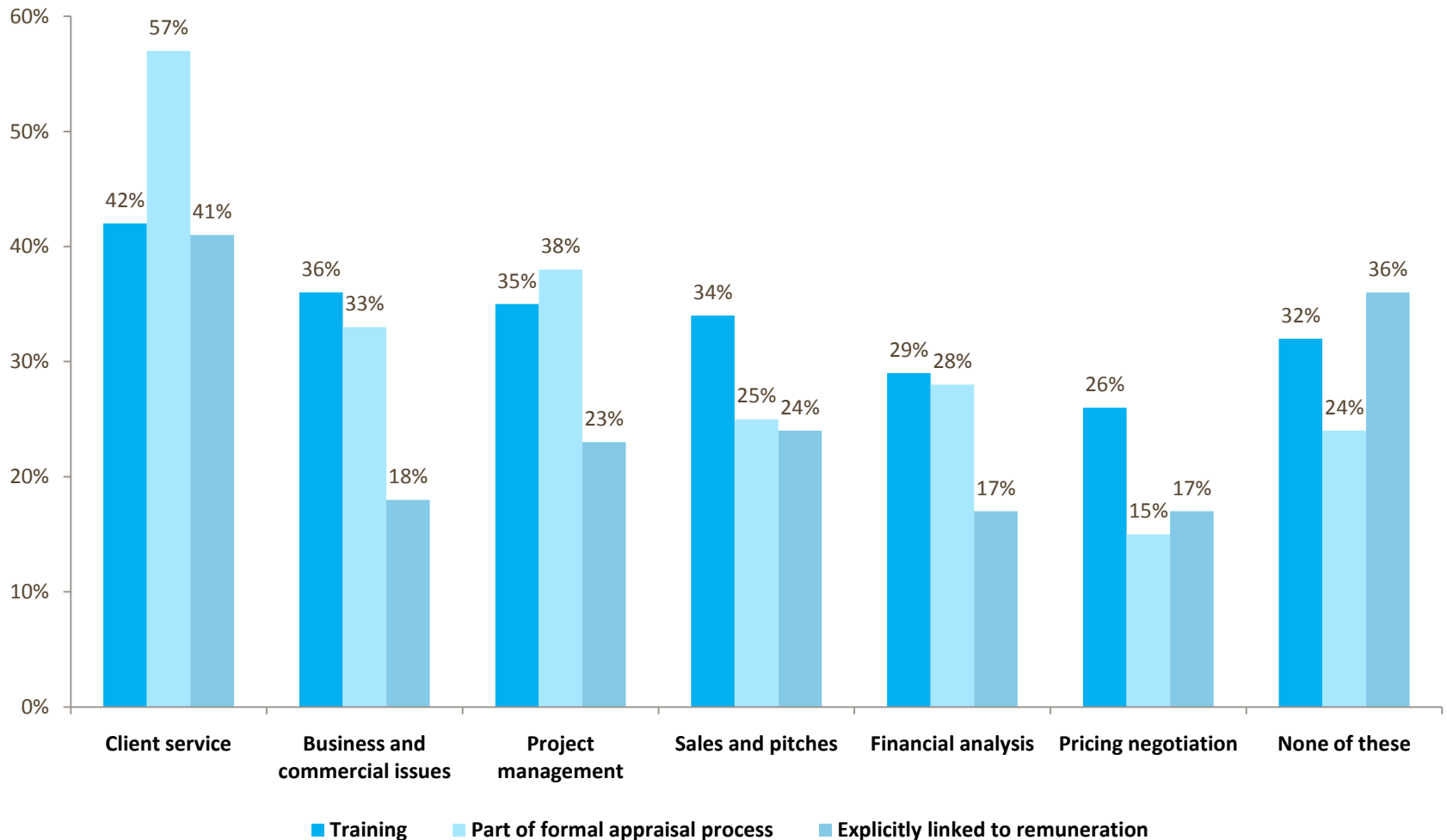
**Added-value services**

**Supporting people:  
training, tools and  
frameworks**



# Only 18% of advisers are remunerated based on their commerciality

## Yet 87% say they will need to develop a more commercial skill-set



Does your organisation provide you with training in any of the following areas? / Is competence in any of the following areas explicitly part of your formal appraisal process?  
Is competence in any of the following areas explicitly linked to your remuneration?

# What are the leading firm doing well with training?

## Best practice: financial awareness, negotiation training, client briefings

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### Financial awareness

**“We run internal courses for junior staff on the finances of the law practice. They get to understand about cash flow and lock-up and debt days. The FD explains in layman’s language how the finances of the firm operate. When I came into the profession it was like an old-boys network: you never would have been privy to that sort of information.”**

**- Partner, Law Firm**

### Client briefings

**“Whenever I bring a new member onto a client team I do a day’s training for them on all the issues so they get to know the key vocabulary, the individuals within the client, the client’s politics and expectations, and which issues will upset which members of the team.”**

**- Partner, Magic Circle Law Firm**

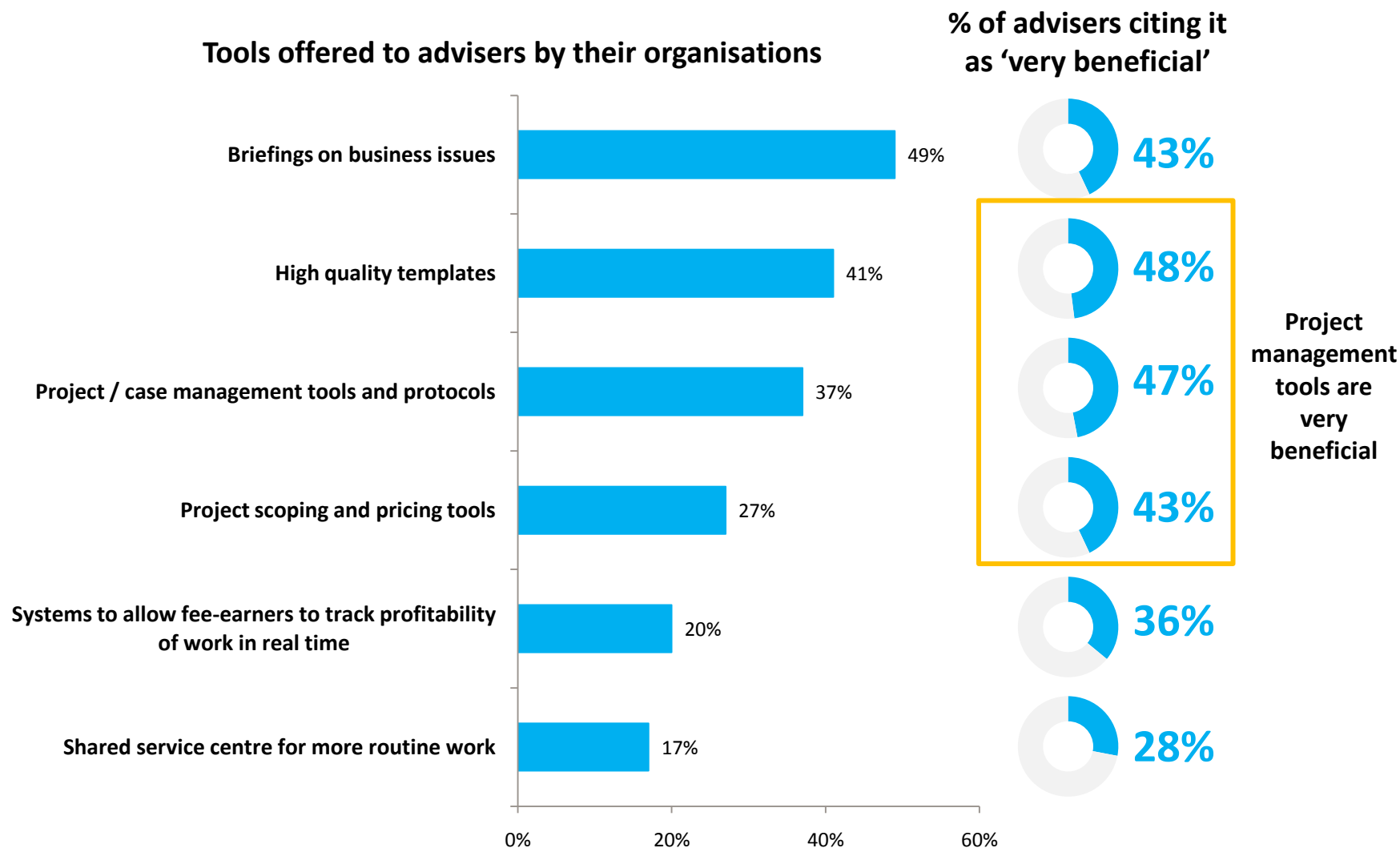
### Negotiation skills

**“We’ve just had a couple of months where there have been negotiation skills training for managers and partners. It was really good – it gives you the confidence to have awkward clients without feeling horribly English about it.**

**- Partner, Accountancy Firm**

# Firms can invest in tools to help advisers deliver better client service

## Templates and project management protocols cited as beneficial



Does your organisation have any of the following tools or services in place?  
How beneficial do you think each of the following are at improving the quality of advice you give to clients?

## Case studies: using of online platforms to share resources

### Use of online platforms, linking client service to employee progression

---

#### Case study: online knowledge platform in a law firm

**“We created a social platform where every single person has their own dashboard where they have their specific RSS feeds and news feeds coming in. I can see when people update their profile. The platform can link to Twitter. If there’s a news story on a particular blog that I am following I can see that. It aggregates client feedback and key account plans. The information is linked to the CRM system.”**

**- Director of Knowledge Management, Law Firm**

#### Case study: using social media in a global executive search firm

**“We have a technology platform that enables a tremendous amount of knowledge transfer collaboration across offices electronically. At its core it is a social media platform that enables communications, sharing insights and working on documents collaboratively. The platform is also used for one-to-one and web-based training.”**

**- CMO, Global Executive Search Firm**

## Discussion points – training, tools and frameworks

### Key questions for your firm to consider

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**1. Is your firm paying enough attention to client service and project management training?**

**2. Is your firm investing in the right types of tools and frameworks to support excellent client service?**

**3. Does your firm use technology to help facilitate best practice and knowledge share?**

**4. Are your people appraised and incentivised on their client service and commerciality?**

# A call to action for advisory firms

## Effective client-adviser relationships 2012

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Financial Times report in conjunction with MPF and Meridian West.

Research conducted by Meridian West. For more details, please contact:

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Alastair Beddow, Consultant

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