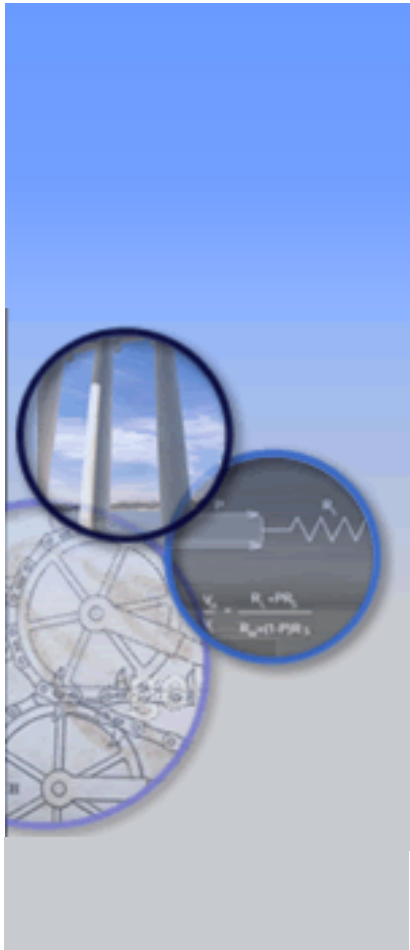




# Hedging the Risks How to Deal with the Unexpected or the Unwanted

## Tips on How to Keep an Important Client From Leaving

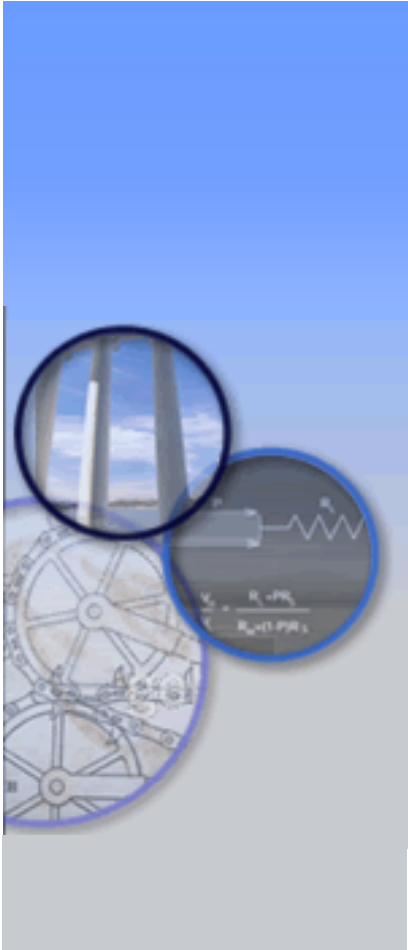
**P. Branko Pejic, Esq.**  
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# OVERVIEW



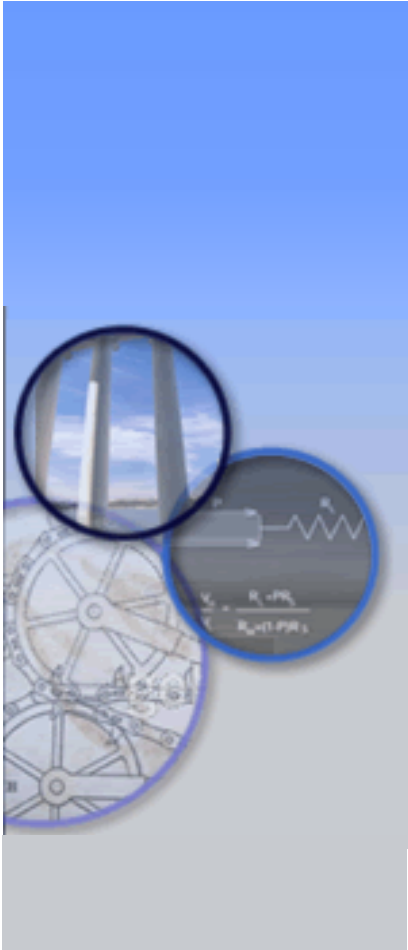
- It is always better to work with clients to avoid and/or identify potential problems with client, even before any potential break-up or partner departure, but sometimes it happens.
- This portion of the lecture discusses general common sense strategies to keep and maintain clients, and
- Provides some tips if problems affecting the client relationship arise.



# WHY CLIENTS LEAVE



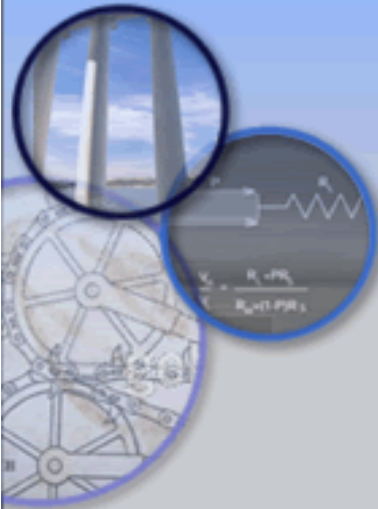
- While clients may leave for many reasons, the primary reason is generally because the client does not feel special – not enough attention or focus on that client’s issues; or
- A partner or practice group is leaving the firm.
- These reasons are generally not unique to a size of firm (small vs. large) or jurisdiction.



# WHY CLIENTS LEAVE



- While most of the proposals herein are of a general nature, some will work better with larger or smaller firms as discussed, and others may not be permissible in all jurisdictions, given the respective laws and rules governing the practice of law.

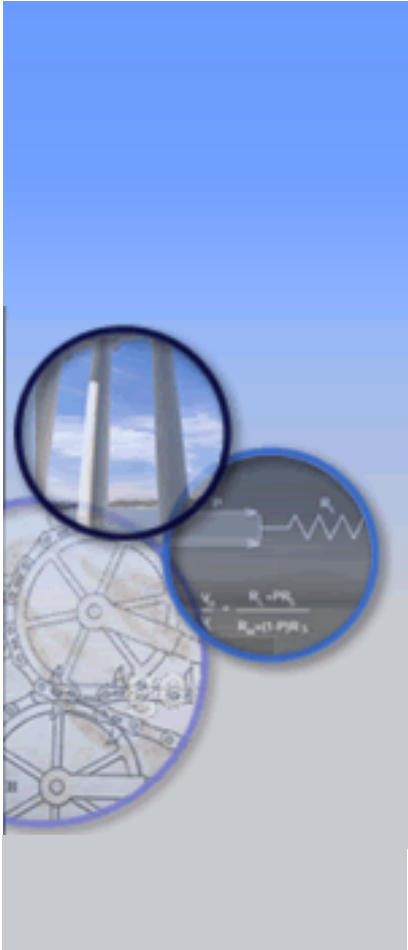


# KEEPING AN EXISTING CLIENT HAPPY



The most important rule to keeping an existing client happy as well as keeping that client is also the simplest:

**TREAT ALL CLIENTS LIKE  
YOUR MOST IMPORTANT  
CLIENT**

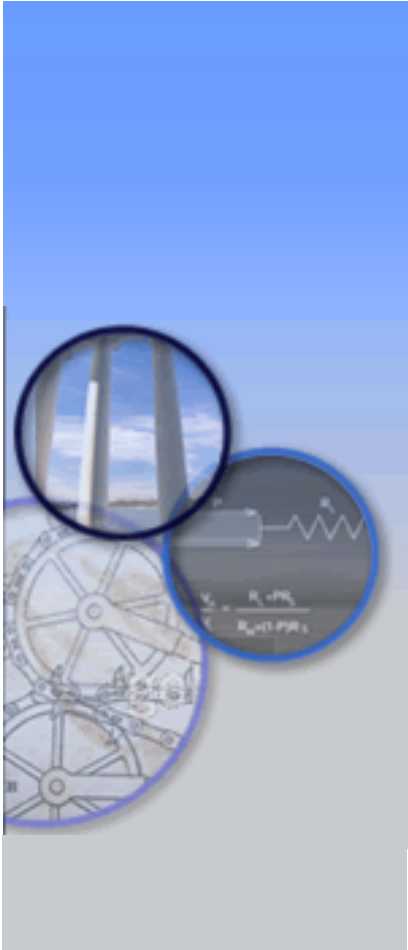


# KEEPING AN EXISTING CLIENT HAPPY



The following strategies are fairly generic and should generally be applicable to different sizes of law firm and not jurisdiction specific:

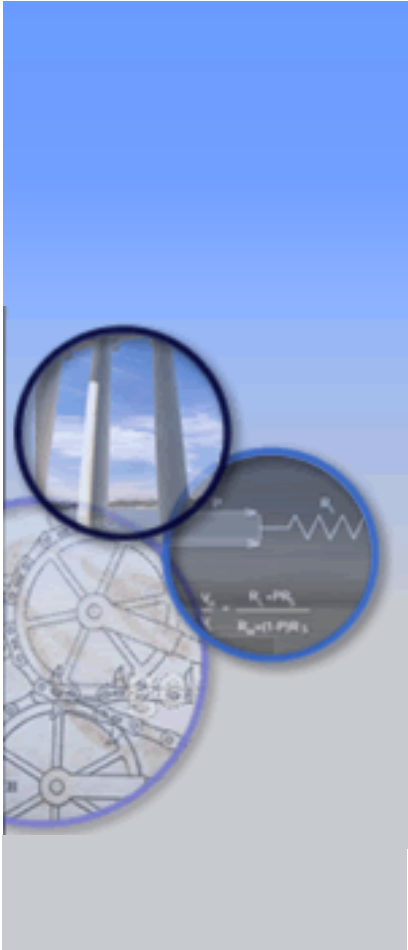
- Have and maintain open lines of communication with clients so that both sides understand the other's expectations and needs
- Keep client informed of issues and developments in respective cases
- Anticipate and/or be responsive to issues that are important to the client



# KEEPING AN EXISTING CLIENT HAPPY



- Surprise bills. As we all know, a client can get upset if they receive a bill they do not expect. While part of keeping open lines of communication, maintaining expectations on billing (making sure that the client's view of the value of a file/mandate matches the bill that is issued) is a priority unto itself. Being aware of the value the client places on the work and having the client aware of what a mandate may cost is an all important client management tool.

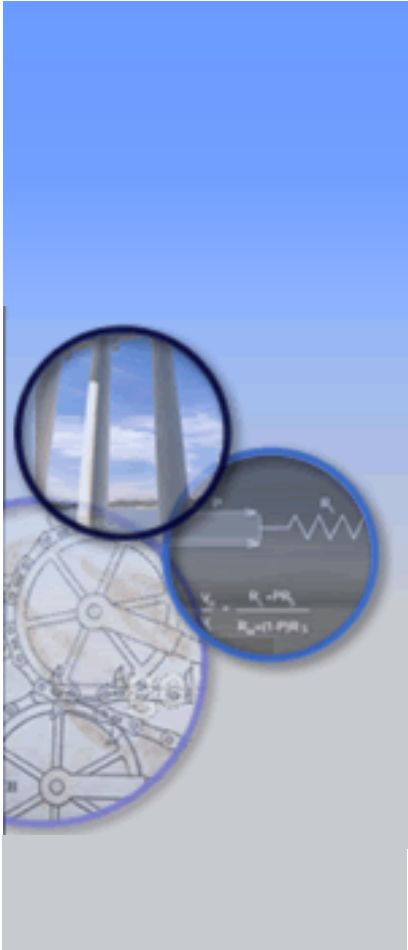


# KEEPING AN EXISTING CLIENT HAPPY



The following may be better suited for larger law firms and may not be allowable in all jurisdictions:

- Develop/institute structures/programs tailored to client, e.g., communication, docketing and billing arrangements
- Expose client to more than one person in the firm, so that there is a relationship with the “firm” and maintain that relationship through client visits
- Advise client of an impending departure at a reasonable time



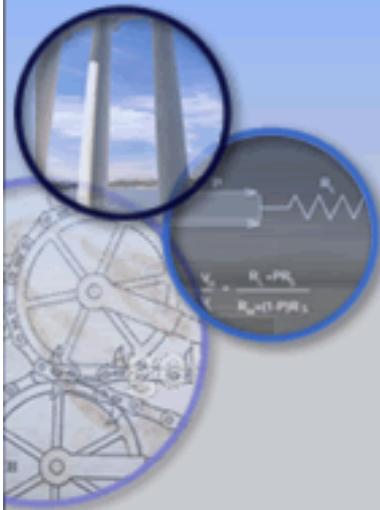


# SOLVING PROBLEMS TO KEEP CLIENTS



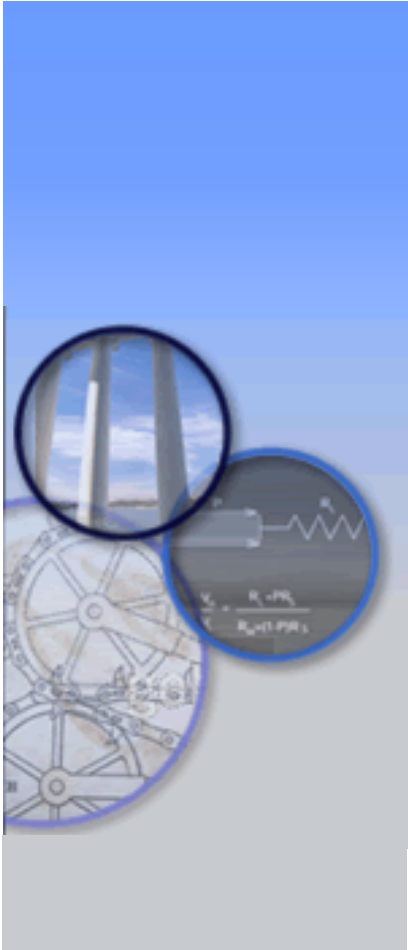
If a problem arises and/or a client is unhappy despite your best efforts, the below are a list of ways to seek to keep an unhappy client:

- First off – redouble your efforts communicate and respond to the client as discussed previously.
- Also, work diligently to identify the causes of and resolve the problem/issue immediately; and
- If permissible in the jurisdiction, offer discounts going forward and/or refunds



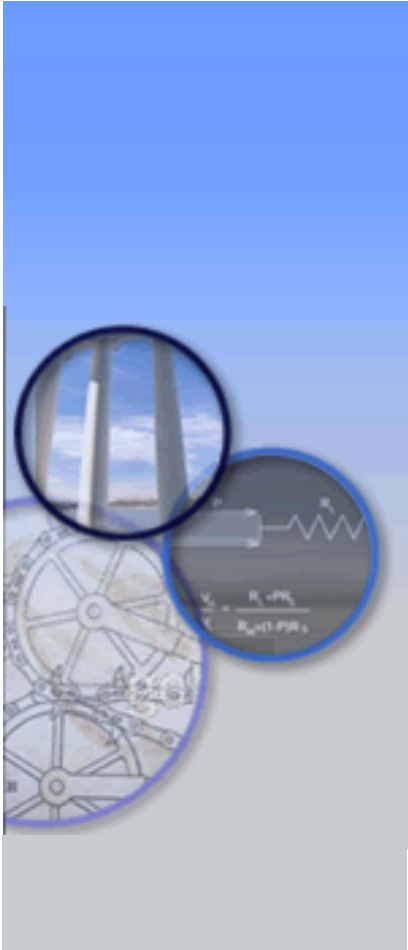


# QUESTIONS?





**THANK YOU!**





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## **Hedging the Risks**

### **How to Deal with the Unexpected or the Unwanted**

**Preparing for and Dealing with the Break-Up of a Professional Partnership**

## **A. Possible reasons for a Break-up**

- an important client leaves the firm
- an important person or group of persons/partners leaves the firm
- disputes within the group of partners

The mentioned items may influence each other, disputes may arise because an important client leaves or an important person leaves because of disputes

## B. Differences in the situation in a small firm and in a big firm

### small firm

- A single partner works in a technical field or for one client
- close contact between the partners
- every change directly affects each partner and changes may affect the group

### big firm

- a group (department) works in a technical field or for one client
- it is possible to get out of the other's way if difficulties arise
- changes may affect the group or department, less affect on the situation of the individual partner

## C. Clarification of the situation within the partnership

### In case a client leaves:

- Why did the client leave?
- Change in Management
- Change of shareholder
- Bankruptcy
- Any conflict with a partner / associate?
- Influence on the business volume of the partnership and workload of the partner/department
- Pro-actively informing the other partners / associate / staff

## C. Clarification of the situation within the partnership

### In case an important person leaves:

- Reason for the decision?
- It is possible to change the decision? If yes, under what conditions?
- Will any clients, other partners, associate and staff member follow the person? If yes, what is the influence on the business volume of the partnership
- If the reason is known why the person wants to leave: what steps can be taken to avoid other people also leaving?
- Pro-actively informing the other partners / associate / staff



## **C. Clarification of the situation within the partnership**

### **In case of any disputes within the (group of) partners**

- Finding the reason of the dispute
- Is it possible to solve the dispute (via mediation or other moderated talks)?

## **D. Clarification of formal questions**

- legal situation
- financial situation

## E. Consequences and actions to be taken?

### Short-term

- Obtaining legal and tax advice
- Any further consequential losses (of partners, associates etc.) should be avoided
- Any safety precautions to be taken? (access of computer rights, change cancellation of account authorities etc.)
- What is the worst thing that could happen?

## E. Consequences and actions to be taken?

### Mid- and long-term planning process

- Change of the organizational structure, streamlining organization in order to save money
- Change of the size of the firm?
- Merger with another firm?
- Break-up of the partnership?
- What lessons can be learned from the unwanted and unexpected event?

If needed, these slides may be used as a “check list”,

I hope you will never need them!

## Hypothetical Situation for Discussion

- Partner A (“Whiz Kid”) is a member of the firm Fabulous Patents, LLP.
- Whiz Kid represents a client (“Heavy Hitter”). All of Heavy Hitter’s IP work is in a single area of technology. Heavy Hitter is a dominant player in its field of technology. Whiz Kid has worked for Heavy Hitter for many years and has extensive knowledge of the past, present and future product of Heavy Hitter as well as those of its competitors.
- Whiz Kid attends product development meetings with Heavy Hitter and is trusted by the key business people of Heavy Hitter.
- While several associates conduct much of the actual prosecution and drafting to implement the strategy that is developed by Whiz Kid.
- The other partners of Fabulous Patents, LLP would prefer a team approach to representing Heavy Hitter. However, Heavy Hitter is cost conscious and does not want to pay for two partners to manage the patent portfolio.

## Hypothetical Situation – Scenario A

- Heavy Hitter has advised Whiz Kid that it no longer wants to have its work conducted by Fabulous Patents, LLP.
- Heavy Hitter has advised Whiz Kid that they are happy to have Whiz Kid continue the work as long as he is not with Fabulous Patents, LLP.
- Fabulous Patents, LLP is a small firm and the loss of Heavy Hitter would significantly reduce the revenue and profitability of the firm.

## Hypothetical Situation – Scenario B

- Whiz Kid has advised Fabulous Patents, LLP that he will be leaving the firm.
- Heavy Hitter has advised Whiz Kid that they are happy to have Whiz Kid continue the work and will move the work to his new firm.
- Fabulous Patents, LLP is a small firm and the loss of Heavy Hitter would significantly reduce the revenue and profitability of the firm.





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