

**Client Views: Small and Medium-sized Enterprises**  
Research Findings  
Jules Hall, Moulton Hall Limited



The Law Society



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## Acknowledgements

The author would like to thank the small and medium-sized businesses who agreed to participate in the study. Thanks also go to the 51 solicitors, for the time they made available to discuss their views of clients, and for the thought given to the concerns put forward by clients.

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ISBN 185328 9620 0



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## Introduction

The Law Society's Strategic Research Unit (SRU) aims to provide a knowledge base about the solicitors' profession. It collects data, both quantitative and qualitative, generated by means of ongoing surveys, commissioned research, the Society's databases, and in-house projects. As part of this ongoing activity, in the summer of 2003, the SRU commissioned research into the small and medium-sized business (defined as 5–120 employees) community's perceptions of solicitors. This work updates information provided by a study conducted in 1993 by Dr Judith Citron and published under the title 'To Catch a Client', which was published in the Law Society's *Gazette*.

### Objectives

The aim of this research was to raise awareness of how firms can improve the services they provide to small and medium-sized businesses. The requirements for the research can be summarised under three key headings.

- The type of legal work for which small and medium-sized businesses use solicitors.
- Decision making in small and medium-sized businesses.
- The attitudes of small and medium-sized businesses to their solicitors.

### Approach

The research included both quantitative and qualitative work and covered both small and medium-sized businesses and the solicitors who instruct them.

The research was broken down into two key elements:

- research among small and medium-sized businesses; and
- research among solicitors.

### Research among small and medium-sized businesses

This study began with a major screening process of 2,500 small and medium-sized businesses in England and Wales. These were divided into two age bands, four employee size-bands and three key sectors (full details of age bands, industry sector categories and size bands can be found in the appendix to this report).

Businesses were contacted and the key legal decision-maker was identified (interviewers asked to speak to the managing director/owner or company Secretary or the most senior person who would instruct a solicitor on behalf of the company).

This exercise generated a base of businesses that had instructed a solicitor in the last twelve months. A random selection of 250 businesses from this base then completed a short telephone questionnaire to establish the balance of instructions issued by type. These were divided between:

- business and commercial;
- commercial property;
- employment law.

The other elements covered in the short telephone questionnaire were: the types of firm used; the client's reliance on other professionals for legal advice; and their overall satisfaction with the solicitors' firm they had used most.

Fifty of these small and medium-sized business clients were then asked to take part in a semi-structured, face-to-face interview. This went into more detail about decision making as well as clients' experiences of using law firms and their opinions of them.

In analysis data from the 250 telephone interviews were weighted to reflect the English and Welsh business population using a matrix comprising employee size-band and business type (the weighting matrix can be found in the appendix to this report).

### Research among solicitors

Having collected feedback from small and medium-sized business clients, the Law Society wished to gauge the views of solicitors in England and Wales who serve this group. The key objectives for doing this were to establish:

- solicitors' views about what clients want in terms of relationship and service;
- The approach solicitors take in relation to some of our key findings (*eg* proactivity, fee management, adding value *etc*);
- how solicitors react to the clients' views and whether they recognise their own practices in the results;
- how solicitors' practices could react to these.

A series of two-stage, semi-structured telephone interviews were conducted with 51 firms of different sizes and types. In all cases, interviews were conducted with individuals who offered advice in one of three key areas. A full breakdown of firms interviewed is set out below.

In all cases, firms were screened to establish whether they had small and medium-sized businesses within their client base. Only those that did were invited to take part in the research. A full set of the questionnaires used can be found in the appendix to this report.

### Firms covered by size and specialism

	Business and commercial	Commercial property	Employment law
1-4 partners	11	7	2
5-10 partners	6	2	3
11+ partners	5	5	3
City firms	3	2	2

## Firms covered by type and specialism

	Business and commercial	Commercial property	Employment law
City firm	3	2	2
Other large London firm		1	1
Large firm outside London	5	3	3
High Street practice	14	10	4
Specialist/niche firm	3	-	-



## Summary and conclusions

### Research of small businesses

Two-thirds of the small and medium-sized firms screened had instructed a law firm in the last twelve months, the overall balance in terms of type of work is as follows.

- 58% had sought advice on business and commercial issues.
- 48% had sought advice on commercial property.
- 34% had sought advice on employment law.

Three-quarters involved a solicitor at the early stages of an issue, but one-quarter of small and medium-sized business clients who had sought business and commercial advice left it until they had no choice.

One-third of newly established small and medium-sized businesses had not instructed a lawyer in forming the new company.

Small and medium-sized businesses placed considerable reliance on professionals other than law firms for legal advice. The following proportions said they had asked a professional other than a solicitor for legal advice in specific areas.

- 47% for business and commercial issues.
- 27% for commercial property issues.
- 18% for employment law.

The other professionals they were most likely to talk to for each type of legal issue are:

- for business and commercial issues: accountants and auditors (88%);
- for commercial property issues: accountants (48%), surveyors and architects (46%);
- for employment law: consultants (41%).

Banks, small business advisors, barristers and professional bodies also figure to a greater or lesser extent for each area of law.

The main advantages cited by small and medium-sized business clients for using other professionals were that:

- some (banks, small business advisors and professional bodies) offer advice for free;
- other professionals who specialise in a particular field may be better informed and more up to date than solicitors;
- the other professional may be used as a sounding board to determine whether a solicitor is needed;
- the other professional may prove cheaper;
- the advice they give may be more commercial and practical.

Many of the clients spoken to had long-standing relationships with their solicitor, so discussions about the process they would follow in finding a new one were often hypothetical. Personal recommendation and personal knowledge were key in the process of finding a firm. Choices were based on: personality; expertise; resources; willingness to take a commercial approach to advice; fee levels; and the availability of the individual dealing with their matter.

When asked how important they considered a number of factors to be when choosing a solicitors firm, clients gave the following average ratings. Importance was rated on a scale between one and five, with five representing the greatest level of importance. In the table below; the closer the score is to five, the more important the factor. Factors are organised in overall level of importance.

Base (all)	250
Willingness to keep you up to date with progress	4.58
Willingness to give you constructive/commercial advice about the next step	4.51
Ability to communicate in plain English	4.48
Ability to understand the issues that affect your business	4.36
Ability to get your work done quickly	4.28
Reasonable fees	4.24
Availability of your solicitor when you want to speak to him/her (in or out of hours)	4.24
Ability to manage your expectations about costs and keep you informed of the costs being incurred	4.24
Production of well laid out written documentation	3.90
Attractive offices and meeting rooms	1.88

The fact that reasonable fees is placed equal sixth indicates the importance of value rather than cost, value being represented by the way in which the solicitor deals with the client and the level of effort he puts in to understanding the client's business.

Small and medium-sized clients who took part in the 51 face-to-face interviews indicated excellent levels of satisfaction in all but the two least important areas.

Factor	Client	Client
	Average score	Percentage scoring excellent/very good
Willingness to keep you up to date with progress	4.58	94%
Willingness to give you constructive/commercial advice about the next step	4.51	92%
Ability to communicate in plain English	4.48	84%
Ability to understand the issues that affect your business	4.36	84%
Ability to get your work done quickly	4.28	82%
Reasonable fees	4.24	86%
Availability of your solicitor when you want to speak to him/her (in or out of hours)	4.24	84%
Ability to manage your expectations about costs and keep you informed of the costs being incurred	4.24	80%
Production of well laid out written documentation	3.90	68%
Attractive offices and meeting rooms	1.88	10%

In line with this, three-quarters of clients said they were satisfied or very satisfied with the firms they used most, but one in ten was dissatisfied.

The key areas small and medium-sized clients would like solicitors to improve on (in this order) are: their approach to fees (in terms of managing clients' expectations better); their proactivity (in terms of keeping them up to date and showing an interest in their business between instructions); the speed at which they work; their availability; and their willingness to take a commercial approach to advice.

### Recommendations

On the basis of these results, the key improvements the profession can make are:

- a demonstrable commitment to adding value by going that little bit further for the client;
- a greater willingness to be proactive (in particular between instructions) by keeping clients up to date on legal developments;
- a continued commitment to offering commercial advice which takes account of the client's business as well as the legal framework;
- an emphasis on making themselves available to clients and returning calls promptly;
- a commitment to completing work in a timely fashion, keeping clients up to date with progress and informing them of delays;

- an approach to fees that enables clients to plan better — *eg* estimates of what fees are likely to be (perhaps best and worst case), more detail of how fees are apportioned (including itemised bills), and more communication about costs incurred as the matter progresses;
- a move to encourage clients to see solicitors as the first port of call for legal advice and to involve them at the earliest opportunity.

## Research of solicitors

Overall solicitors' impressions of what clients expect in terms of relationship and service were fairly close to what the clients had identified. The table below shows how clients and solicitors ranked the importance of ten factors in the relationship between firm and client. As the table shows, solicitors, like their clients, placed reasonable fees relatively low down the pecking order. The only real discrepancy is the importance that clients placed on the solicitor's ability to understand issues which affect their business. Clients ranked this fourth, while solicitors placed it ninth. This finding goes some way to prove clients' general perception of solicitors as arrogant and aloof.

Factor	Client Rank	Solicitor Rank
Willingness to give you constructive/commercial advice about the next step	2	1
Willingness to keep you up to date with progress	1	2
Ability to communicate in plain English	3	3
Ability to manage your expectations about costs and keep you informed of the costs being incurred	6=	4
Ability to get your work done quickly	5	5
Availability of your solicitor when you want to speak to him/her (in or out of hours)	6=	6
Reasonable fees	6=	7
Production of well laid out written documentation	9	8
Ability to understand the issues that affect your business (and my business)	4	9
Attractive offices and meeting rooms	10	10

The majority of firms felt that they were doing as much as they could to address clients' desires in key areas such as managing expectations on cost, keeping clients informed about costs incurred, doing that little bit more for the client without charging for it and offering constructive commercial advice. However, this may simply be because solicitors do not know what more they could be doing. This could indicate a role for the Law Society in providing firms with more ideas about how to better service clients in these areas.

Many firms did not attempt to keep in touch with clients between instructions and half did not seek to update clients on legislative changes between instructions; clients indicated they would appreciate attention to both of these.

Most were not surprised by the results presented to them from the client research and as a result most felt there was little to be done in reacting to them. In parallel with this, most felt that there was little help the Law Society itself could offer them.

However, looking at the gaps between clients' expectations and the reality of solicitors' delivery and taking account of suggestions some solicitors made about areas of help they would appreciate, there seem to be two key areas where the Society could take action.

The first is in offering marketing support in terms of publicity, probably in the form of PR, conducted on behalf of the profession. This would focus on:

- raising clients' awareness of the value of turning to a solicitor early on in the process;
- telling small and medium-sized businesses that law firms have a broad range of expertise on which they can draw;
- helping to manage clients' expectations about what solicitors can and cannot do, how long the process is likely to take and what level of fees to expect;
- how to make better use of technology such as email for communicating with firms during the course of a matter.

Another form of marketing support firms would appreciate is the production of materials. This includes:

- provision of a skeleton newsletter which firms could modify and then send to clients;
- advice on cost-effective marketing approaches;
- clearer signposting to articles in the Law Society's *Gazette*, which can help to keep them abreast of business issues.

Another plea was for the Law Society to work more closely with local agencies such as Business Links to promote the use of law firms among small and medium-sized businesses.

Firms would also value the provision of more training and guidance in a variety of areas such as:

- time management;
- resource management;
- sales and marketing.

The provision of guidelines on fees would also help firms to know where to pitch themselves.

Knowledge of Lawyers for your Business was very limited and, given the variety of calls for more marketing support, further promotion of this service is likely to be beneficial. In line with wider promotion, any modification of the service which would enable clients to be provided with a list of firms according to specialism would be appreciated.

## Research among clients

This section of the report includes quantitative and qualitative information. Quantitative information is presented in the form of graphics which show:

- base sizes;
- percentages (rather than actual numbers), unless otherwise stated.

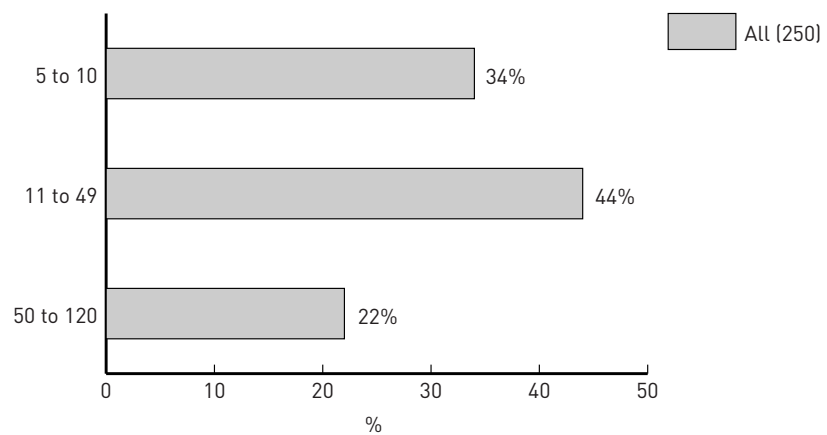
Any significant differences (eg by type or size of client) are noted in the body text. Data shown in graphics is weighted, unless stated otherwise.

Qualitative information is set out in the body of the text.

### Context

In all, one-third of the small and medium-sized businesses interviewed had between 5–10 employees, two-fifths between 11–49 employees, and one-fifth between 50–120 employees.

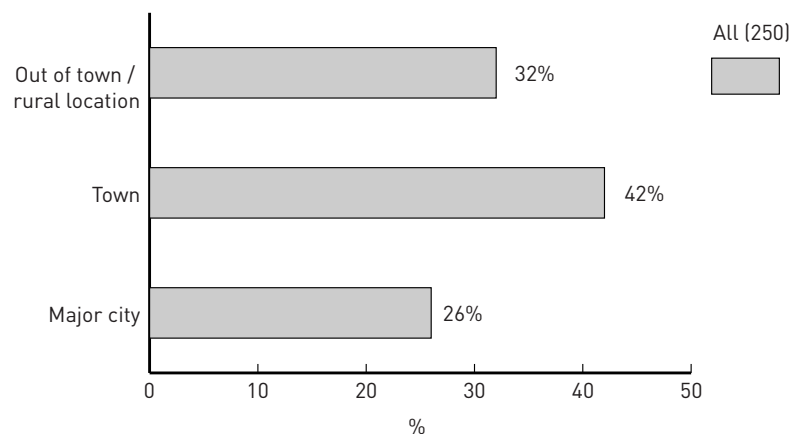
#### Number of employees



Unweighted data

One-quarter were situated in major cities, two-fifths in main towns and one-third in out-of-town or more rural locations (businesses were asked to classify their location themselves).

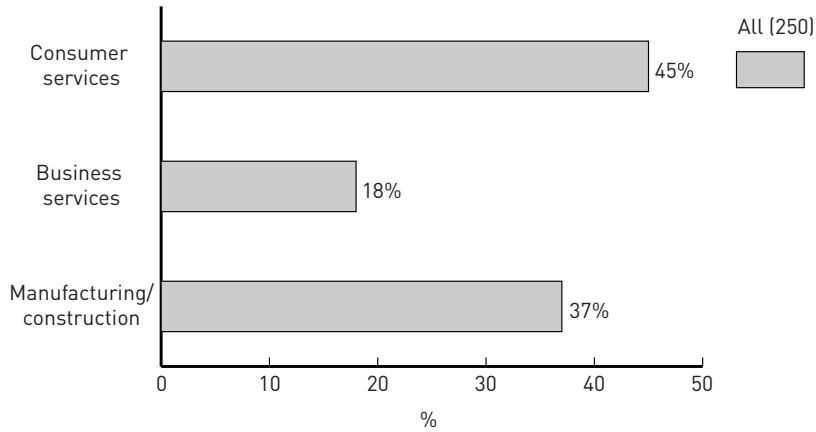
#### Company location



Unweighted data

Roughly two-fifths of businesses fell within each of the manufacturing/construction and consumer services categories. The remainder were classified as business services.

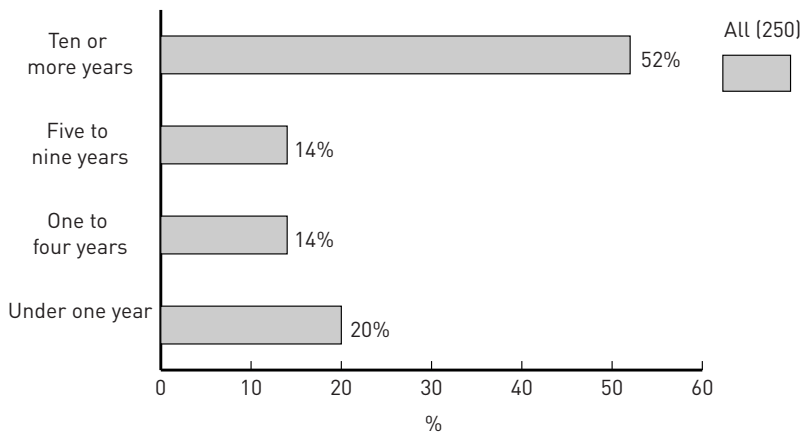
### Business type



Unweighted data

Half had been trading for ten years or more, just over one-quarter between one and nine years, and one-fifth for under one year.

### Length of trading

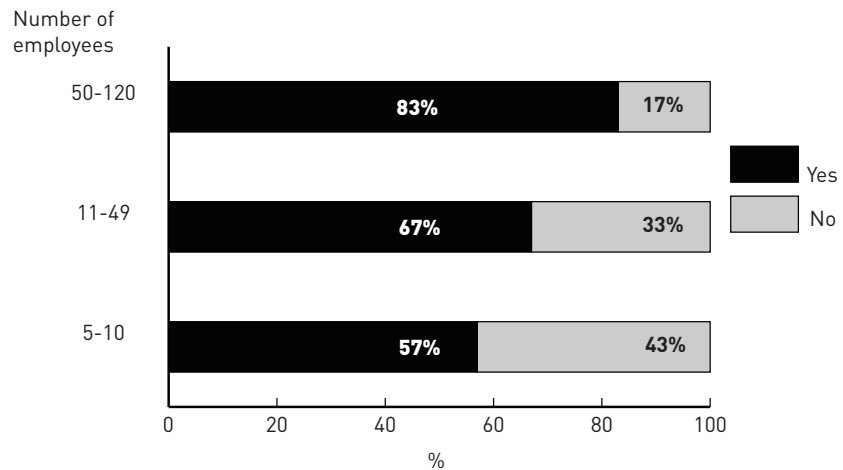


Unweighted data

### Use of solicitors

Overall, 62% of small and medium-sized businesses in England and Wales had used a solicitor within the last twelve months. The largest firms were significantly more likely than the smallest to have done so, but there was no difference in likelihood according to business type or length of trading.

Use of solicitor in the last twelve months

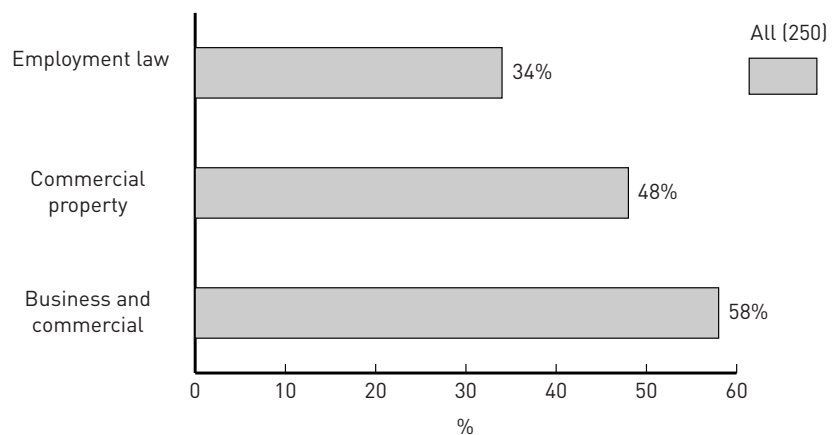


By size of business - based on 382

There was considerable overlap between instructions, which indicates that small and medium-sized business clients were likely to need a solicitor several times in any one year to help with different areas of law.

Business and commercial instructions were most likely to have been issued; well over 50% small and medium-sized businesses had instructed a lawyer on such matters. Commercial property instructions had been issued by half of the companies and one-third needed employment law advice. This balance is broadly in line with the areas of expertise firms claimed to offer when interviewed as part of the Solicitors' Omnibus in 2002. Half practice business and commercial law, one-third commercial property, and one-fifth employment law.

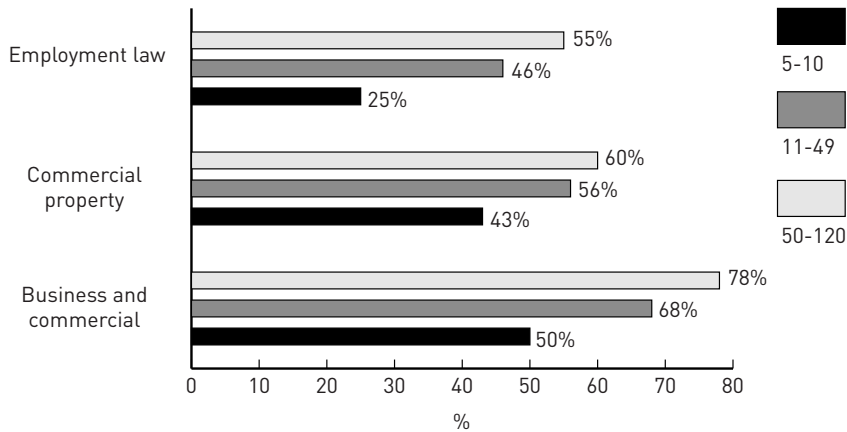
Type of instruction issued



All who have instructed a solicitor - 250

A comparison between types of instruction issued by size of company indicated that the largest companies were significantly more likely to have instructed on business and commercial, and employment law. There were no differences in terms of the type of instruction issued between companies of different ages.

**Type of instruction issued in the last twelve months**



By size of business – based on 250

On average, companies used just one firm. This did not vary by sector, but the findings do indicate that the larger firms are likely to use a greater number of solicitors.

**Average number of firms used**

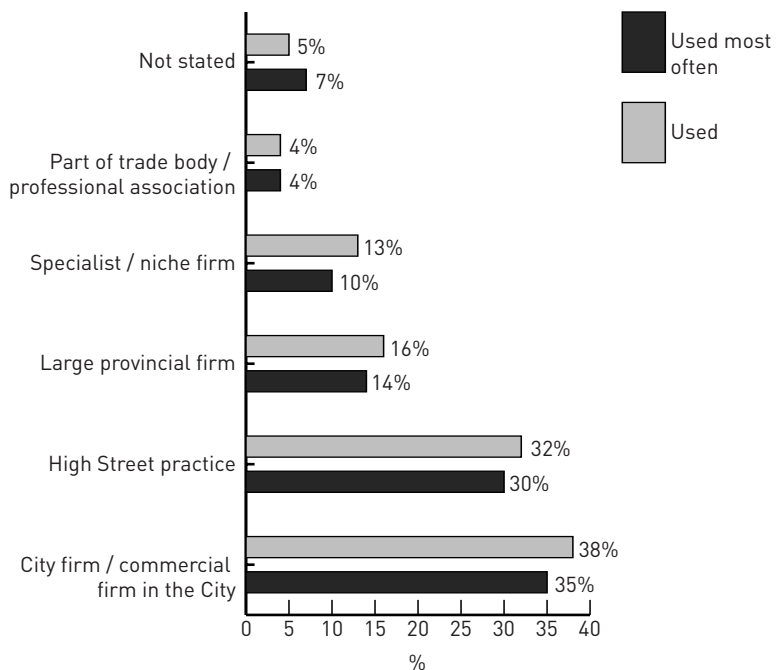
Base (all)	Average
All	1.34
5-10 employees	1.11
11-49 employees	1.49
50-120 employees	2.92

In qualitative work, some said they kept to one firm because they were satisfied that it could handle all their legal needs (though this group recognised that these needs were relatively limited). Other reasons for using only one firm, mentioned by a few people each, were the value of the relationship and trust that can be built up, and the fact that it would simply be too much effort to find an alternative. Just two companies stayed with one firm because of cost (believing the firm they have found to be competitive). Other reasons mentioned by just one company each included the fact that the firm has been involved with the family business for years: ‘I wouldn’t dream of using anybody else’; and the fact that the firm is local.

The main reason given for using more than one firm was the requirement for a particular area of specialism or to divide work between the more complex and expensive instructions (for which they might use a City firm) and the more simple (for which they might use someone more local). The only other reason cited by more than one person was conflict of interest. Other instances included a company that was using one firm on a residual matter and another for all new instructions and a company that chose to use a firm other than their usual one for a management buyout, for which they considered geographical distance a positive advantage. Another decision maker said he chose to use an additional solicitor following an unsatisfactory outcome on a lease, while another chose a second solicitor because he did not like the 'pedantry and high fees of the City firm'.

Small and medium-sized businesses were asked to classify the type of firm or firms that they had used in the last twelve months. Small and medium-sized businesses were more likely to have used a City firm or a High Street practice than a large provincial firm or niche practice. This probably reflects the actual number of each type of firm. The larger firms were more likely than any other group to have used a large regional firm and those operating in consumer services were more likely to have used a High Street practice. This seems to indicate the client's preference for using a solicitor that mirrors their business and therefore, to some extent, the client's culture, *ie* small shop — small High Street practices; medium-sized company — large regional firm.

Type of firm instructed in last twelve months



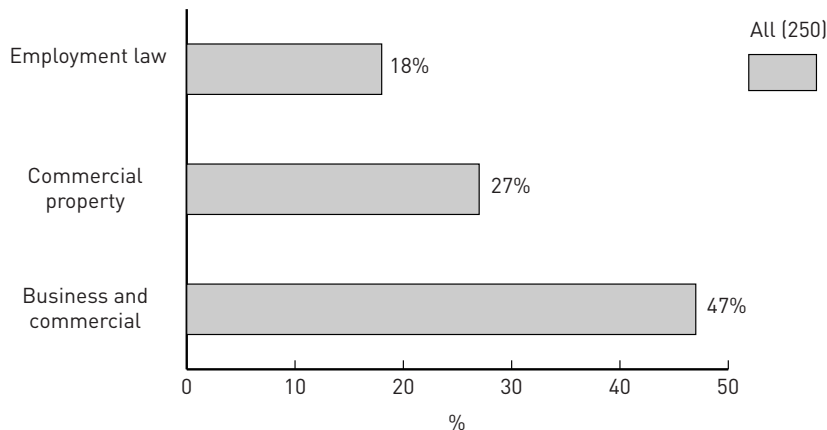
Based on 250

## Use of other professionals

Results indicated that law firms were by no means the only source of legal advice for small and medium-sized firms. Indeed, nearly half had consulted other professionals on business and commercial issues, one-quarter on commercial property and one-fifth on employment law.

### Use of other professionals

*Have you sought legal advice from other professionals such as accountants, surveyors, barristers, arbitrators, consultants, banks or small business advisors instead of going to a solicitor on any of the following?*



The area of law dictated to some extent the type of other professional consulted. For business and commercial work, accountants and auditors take the lion's share of consultations: 88% of the 117 that had been made. Banks had been consulted by 24%; surveyors and architects by 20%; small business advisors by 19%; unspecified consultants by 15%; barristers by 15%; arbitrators by 9%; and trade bodies by 1%.

Within commercial property, accountants/auditors and surveyors share the bulk of 67 consultations, with 48% and 46% respectively. Banks had been consulted in 28% of cases; small business advisors in 23%; unspecified consultants in 7%; arbitrators in 6%; and barristers in 6% of cases.

For employment law consultants (presumably human resource) were the most important group, accounting for 41% of the 44 consultations in the last twelve months. Accountants and auditors were consulted in 16% of cases, barristers were consulted in 15% of cases, small business advisors in 14% of cases, and trade associations and professional bodies in 8%. Arbitrators were also consulted in 8% of cases, banks in 5% and ACAS in 2%, while 1% said they went directly to publishers such as Croners.

The interviews with small and medium-sized businesses indicated that other professionals tended to be used for reasons of cost. Some offered completely free advice (though companies recognised that this could be rather limited and inexpert), others were at least considered cheaper than law firms. One decision maker felt the other professional (in this case an accountant) could put a framework of the deal together and that this would save on time and

cost. Some suggested that in certain areas a solicitor may be less well versed than the expert. Two examples were cited here: one was health and safety, where consultants specialising in the field were expected to know more than a solicitor; another was the fact that accountants can better deal with tax matters. In another case, the decision maker (a licensee) explained that he felt confident of getting best advice from others in his business who had been through similar issues.

A few decision makers suggested that other professionals were a useful sounding board, which they could use to establish whether they needed to go to the lengths of briefing a solicitor at all:

*We'd talk casually to our accountants as a double check.*

Other reasons for using other professionals, mentioned by just one person each, included: the fact that other professionals can give a different viewpoint; that they are more likely to get the job done quickly than a solicitor; and that for large transactions other professionals would need to be involved as a matter of course.

Many decision makers could see no drawbacks at all to using other professionals to provide legal advice. Those who could see drawbacks suggested that advice might not always be complete or correct. Others said that consulting other professionals could add to timescales:

*If it's on a specific area of new legislation the experts may already be swamped, so it may take them a while for them to get on to it.*

*It can take them longer to get to know you and your background.*

One decision maker made the point that, when consulting other professionals on legal issues, the client would have no recourse to formal legal action or reparation if the advice given was wrong.

In contrast to many other comments made, one decision maker said that solicitors keep things 'nice and simple', while specialists might confuse them with jargon.

Another commented that, in most cases, however many other professionals he might speak to, he would have to consult a solicitor in the end.

## Decision making

Qualitative work indicated that there were three approaches clients took when choosing to involve a solicitor. Most either: do so straight away; do so only after they have checked with someone else first; or leave talking to a solicitor until the very last minute.

Those who involve a solicitor immediately may do so because they know the issue is complex and that they lack knowledge and need further clarification. Those involved in property said that as soon as they reach the contract stage a solicitor needs to be involved. Some involved in employment law recognised that they have a constant need in an area which they considered to be a 'legal minefield'. Others involved in employment law would involve a solicitor as

soon as it became clear that the issue was serious or for anything such as dismissal or redundancy. One decision maker explained that he would involve a solicitor immediately on corporate finance and another said he would not hesitate to go to a solicitor if in need of a licence application. Another said that, whatever the circumstances, he would never hesitate to go directly to a solicitor:

*I wouldn't know what to do without their advice.*

One of those who leaves consulting a solicitor until the last minute has a completely opposing view:

*One of the worst things you can do is let an accountant and lawyer in to run your business.*

Those who delay calling in the solicitor until the last moment said the catalyst might be the receipt of something from another solicitor or a summons or writ, or if they are unable to manage the situation themselves, for example when a dispute with a customer escalates.

Those who asked someone else first might ring their professional body for advice, or might only go to the solicitor when they have been advised to by their accountant. One decision maker explained that in order to gain insight from another professional on all legal issues he had brought in a non-executive director. This man is a specialist and can keep on top of the mountains of legislation that apply to his operations.

### **Identifying a firm**

The key means of identifying a law firm was personal recommendation, whether it came from friends, accountants or other businesses. An extension of this was the reputation of the solicitor in the local area. The reputation concerned was more likely to be based upon the individual within the firm than the firm as a whole.

Personal knowledge can also help. This may be based on the decision maker's experience on the private client side, or it might be a personal interaction quite unrelated to the legal world; in one case a decision maker ended up instructing 'someone I sold a car to'.

Two decision makers said they had used the *Yellow Pages*, while another stated that he would never use the *Yellow Pages* as a source for a solicitor.

### **Selecting a firm**

Having identified one or more firms, the final choice was extremely subjective and was most probably based on the personality of the individual solicitor who would be acting for the client. Several references to the 'gut feeling' that the decision maker has following an initial meeting or phone call serve to underline this.

When clients talked about personality, they wanted someone they could get along with — someone who took a calm (and calming) approach to the work.

Personal experience (either their own or someone else's — such as other senior managers within their organisation) was just as important in picking the firm they would instruct as it was in identifying a particular solicitor.

This experience will be based on the individual's personal performance. Decision makers wanted to see a track record, wanted to know about the individual by his or her reputation and might well return to an individual who they felt performed well for them on a past matter. Some clients may prefer to choose an individual for a major issue who they have tried out on a smaller, less complex matter first.

Another issue which played a part for some was the resources and expertise found within the firm. This was important because some clients preferred to use one firm to cover all areas of law; one client said he preferred to use a City firm precisely for this reason. Others will choose a firm because of a particular specialist within it who can meet their particular need. Some look for a sufficient number of individuals within the firm, which will reassure the client that the firm will be able to handle their business. Several referred to a preference for the individual they instruct to have wide experience (since some associate this with maturity, they preferred to instruct an older solicitor).

The ability of the firm to take a commercial approach includes the desire for the firm to understand the client's business and their point of view, and for a willingness to visit the business and understand operations. There was also a preference for a solicitor who specialises in commercial rather than private client work.

Other elements which will play a part in choice of firm are: reasonable fees; the availability of the individual working on the case; the length of time the firm has been established (which leads to credibility); and the approach the individuals — and firm — take, which should be transparent and honest. Several preferred to instruct a firm which is in their immediate locality, and so is easy to reach.

Clients recognised that although these are all desirable attributes, some are extremely difficult to judge until they start working with the firm (hence the value of personal experience and, failing that, recommendation).

### **Important elements for firms to demonstrate**

During qualitative interviewing, decision makers were presented with a list of elements which would be important in the firm with which they chose to work. In presenting this list it was made clear that the provision of high quality advice would be taken as read. Clients were asked to score the factors on a scale from one to five, where five indicated it was extremely important and one that it was not important at all. The scores were not mutually exclusive, so all factors could have been given the same score. The overall ranking was as follows.

Factor	Client Rank
Willingness to keep you up to date with progress	1
Willingness to give you constructive/commercial advice about the next step	2
Ability to communicate in plain English	3
Ability to understand the issues that affect your business (and my business)	4
Ability to get your work done quickly	5
Ability to manage your expectations about costs and keep you informed of the costs being incurred	6=
Availability of your solicitor when you want to speak to him/her (in or out of hours)	6=
Reasonable fees	6=
Production of well laid out written documentation	9
Attractive offices and meeting rooms	10

The average scores from which those rankings were derived are set out below.

Factor	Client Average score
Willingness to keep you up to date with progress	4.58
Willingness to give you constructive/commercial advice about the next step	4.51
Ability to communicate in plain English	4.48
Ability to understand the issues that affect your business (and my business)	4.36
Ability to get your work done quickly	4.28
Ability to manage your expectations about costs and keep you informed of the costs being incurred	4.24
Availability of your solicitor when you want to speak to him/her (in or out of hours)	4.24
Reasonable fees	4.24
Production of well laid out written documentation	3.90
Attractive offices and meeting rooms	1.88

Although there was little differentiation in importance between all factors — with the exception of the attractiveness of offices and meeting rooms — it is worthy of note that reasonable fees figures only equal sixth. This serves to highlight that clients are looking for value represented by a whole range of issues rather than for low fees.

When asked whether they preferred to work with a firm in the immediate vicinity or whether they were prepared to instruct a firm further afield, half said they would prefer to instruct a local firm, nearly as many had no particular preference, and very few were prepared to go further afield.

The preference for a local firm was based largely on the ability to get together for face-to-face meetings. A few felt that local knowledge would mean the solicitor could give better advice in their particular case. Others felt that it would be easier for the transfer of documents for signatures *etc.* One felt it gave him the opportunity to 'pop in' to check on progress; another stated a preference for using local suppliers wherever possible. One felt it would be easier to build a good personal relationship with a local firm and another felt that because he was based outside London, fees in his locality would be more reasonable. Another commented that it would mean that his company and the firm he instructed would be more similar in size and therefore culture:

*It means we're a medium-sized client of a medium-sized firm.*

## Relationships

In the majority of cases, the length of the clients' relationship with the firms they use and the length of the relationship with the individuals they instruct tallies. Three clients had moved firms with the individual solicitor they instruct. The average length of relationship is nine years but ranges from a few months to 40 years.

Most dealt with a partner, whilst some dealt with an assistant. A few said that the individual they deal with varies depending on their needs. Several were not sure of the seniority of the individual they deal with and one dealt with an assistant with access to a partner as and when needed.

Most clients were dealing with their preferred individual. Those who said they preferred to deal with a partner did so because they appreciated an expertise born of seniority or because they had built a relationship with the partner and liked them as an individual. However, they recognised that a partner's time can be expensive.

Several of those who preferred to deal with an assistant said it was because the partner's time is more expensive. Others said they had built up confidence in the individual; another simply preferred the assistant's personality.

Those who liked to deal with either as appropriate indicated that they were happy so long as the advice received is good advice and as long as the individuals concerned are both efficient and available. One made the point that in a large firm with specialists the level of the individual is less important, but in a small firm only the partner would be likely to have the required level of expert-

ise. Another said that they were happy to deal with a less senior person in the run up to the final issue but that they would expect to transfer to a partner at that point. Others want the best person for the job, regardless of rank:

*I'd rather deal with an efficient junior than a partner who's too busy to deal with issues and vice versa.*

One client said that they would trust the judgment within the firm about the best individual for a particular job, and another pointed out that there is no guarantee that the partner will be better than an assistant. Another commented that simple work does not require a partner and the accompanying high fees.

Half indicated that they have no contact with law firms between instructions, and a few say all they get is a Christmas card. Quite a few volunteered the fact that they were perfectly happy with this arrangement; only one complained that they would like more involvement between instructions.

Contact — for those who have it — breaks down into face-to-face contact and written, telephone or electronic contact. Face-to-face contact dominates, and ranges from informative events such as attendance at courses, seminars and twice-yearly briefings, to social events including lunch, other functions and corporate hospitality. Written contact included regular newsletters bulletins on changes in legislation and briefings on employment issues. Several said that they had contact with their solicitor via email and a few by telephone. Two said that they have monthly contact but only when the solicitor is chasing invoices.

Most said other senior colleagues have dealings with the law firm and that they tended to deal with the same individual.

## Satisfaction

The key areas clients highlighted when asked what they most appreciate about the firms included: efficiency; quality of advice; the fact that there is a good team and the right resources to enable the firm to handle the work; a commercial approach; the personality of the individuals with whom they work; and the value the firm brings to their business.

Efficiency can be summarised by: the lack of undue delays; the availability of their solicitor; the fact that the solicitor can handle all of the work needed by the client, and does not need to keep referring back; and the fact that the work is done accurately first time.

Quality of advice also encompasses quality of service, professionalism, the fact that the firm has delivered favourable outcomes and generally has a good reputation. One client felt that if his solicitor were highly regarded then other people would be less willing to 'have a go at me'. Another spoke of his solicitor as an intelligent, powerful presence who gave him real confidence in meetings.

Clients who spoke of the importance of good teams referred to the significance of good communication during cases and the ability of their solicitor to manage their expectations about what is likely to happen next and when. Others simply referred to the availability of back-up and other resources within the firm.

Clients talked about a commercial approach as being one where the firm understands how the client operates; takes time to get to know them, gives commercial advice; understands the business; takes a pragmatic approach to the business, and does not solely focus on the law but paints a bigger picture for the client and sets out all the implications which, for example, a contract might have in the future. Other comments included references to solicitors who came up with solutions and listened to their clients.

Comments about personality included the approachability of the individual. One client talked of an individual he could 'have a laugh with', another talked about the need to gel as a team. Two clients talked about individuals who were 'pleasant to deal with' and a few referred to the importance of being able to trust the solicitor whom they instructed.

When it came to value, while some clients referred to work that was reasonably priced, others focused on solicitors who were willing to do that little bit extra work within the estimates they gave, and who offered free advice in the early stages.

When clients were asked what irritated them most about the firm they dealt with, many could not think of anything. Those who could named fees, the lack of a commercial approach, the firm's lack of speed, several cases of incompetence and the fact that the firm did not seem interested in the client.

On the subject of fees, clients simply felt their firm was too expensive. Others indicated that they would like an itemised bill so that they could see what they are spending their fees on. Another complained that his solicitor had included other partners in meetings without consulting him first and then billed him for the privilege.

Complaints about the lack of a commercial approach included comments that solicitors seem unable to explain things in simple language. One client complained that his lawyer seemed unwilling or unable to give an assessment of just how serious a particular risk might be. Another complained that the solicitor did not offer any strategy or direction in his advice about how to deal with specific issues. Another said that his solicitor had no real understanding of the consequences of his advice for the client's business, and another said that solicitors in general have a reputation for being pedantic.

Those who complained about speed referred to a lack of urgency and the fact that they have had to chase their solicitors. One complained that his solicitor tends to slip on delivery because he over-promises on timing.

There were individual examples of perceived incompetence, such as: a solicitor who wrote an unenforceable contract; a solicitor who is never able to answer queries on the spot but always has to refer; another whom the client felt should have advised him to settle out of court and save on fees; and an example of a junior who faxed a confidential document to an open office.

Those who felt that their solicitors were not interested in them suggested that their solicitors should be more proactive in their relationship. One complained that once an issue is complete his solicitor loses interest in him and 'takes the money and goes after bigger fish'. Another feels that his solicitor has no allegiance to him as a client and simply sees him as a number, while another complained that although he pays for individual attention, he does not always get it.

*When we have face-to-face meetings we are constantly interrupted by phone calls.*

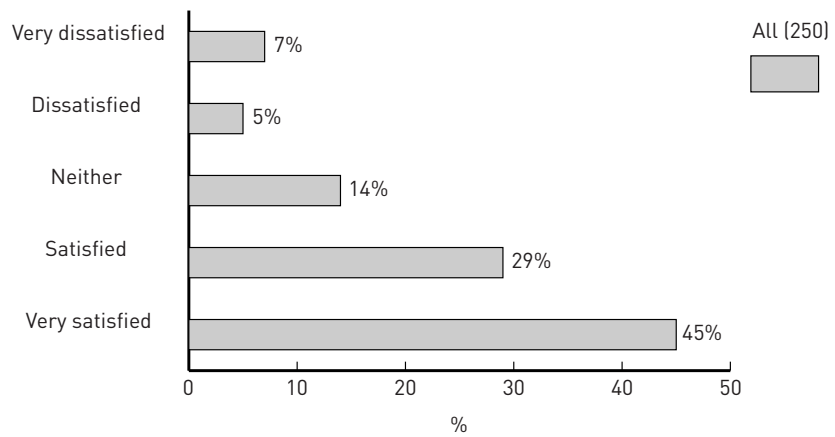
Few clients interviewed face-to-face reported incidents when things had gone wrong. These are listed below.

- Ambiguous advice was given about the client's chances of winning a case (this ended up costing more than settling out of court).
- A client was given wrong advice, which resulted in him being locked out of his building.
- A client experienced many delays and incurred extra fees because he was invited to unnecessary meetings.
- A firm missed an important item out of a report delivered to Companies House.
- One client took five months instead of two to take over a property.
- Information was leaked to the opposing party.
- The solicitor did not turn up at a court hearing and did not tell the client or his agent that they should either. This solicitor failed to appear three times and even failed to appear when the judge ordered him to do so.
- A solicitor wanted to settle an insurance claim when the client knew he had a case to defend.
- A secretary did not pass on messages, which meant the client had to call four times before he got a response.

Unfortunately, the majority of clients who had reported an incident indicated that they were unhappy about the way the matter was resolved.

In line with the pockets of dissatisfaction outlined above, although the vast majority of the 250 clients interviewed by telephone were satisfied with their solicitor, one in ten were not.

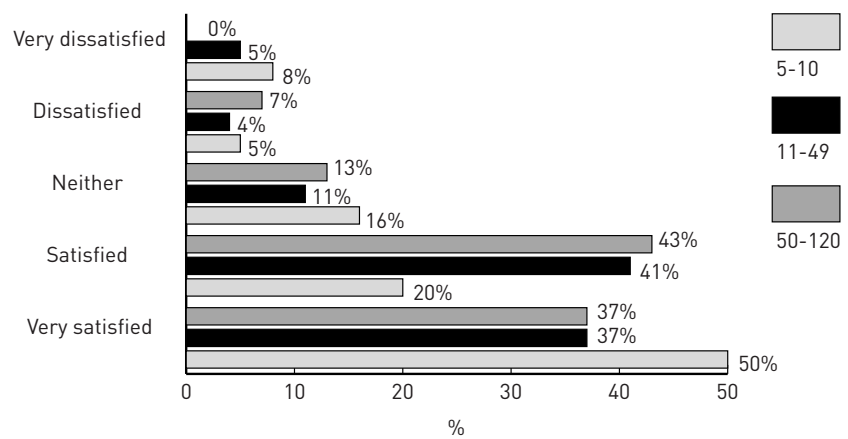
**Satisfaction with firm**



Weighted data

Larger business clients tended to be more reserved in their praise, but since base sizes were small it was not possible to pick out any differences in satisfaction levels between different sizes or types of firm.

**Satisfaction with firm by size of client business**



Satisfaction levels among those interviewed face-to-face were excellent on all but the two least important factors. Even so, clients had a number of criticisms.

Factor	Client	Client
	Average score importance	Percentage scoring excellent/very good
Willingness to keep you up to date with progress	4.58	94%
Willingness to give you constructive/commercial advice about the next step	4.51	92%
Ability to communicate in plain English	4.48	84%
Ability to understand the issues that affect your business (and my business)	4.36	84%
Ability to get your work done quickly	4.28	82%
Ability to manage your expectations about costs and keep you informed of the costs being incurred	4.24	80%
Availability of your solicitor when you want to speak to him/her (in or out of hours)	4.24	84%
Reasonable fees	4.24	86%
Production of well laid out written documentation	3.9	68%
Attractive offices and meeting rooms	1.88	10%

### Meeting rooms

Most had little to say on this point since for many it was irrelevant. However, one was concerned that expensive-looking surroundings might be costing him money, while another was singularly unimpressed:

*If they're nice you're paying for them.*

*You can't get into his office for piles of paper; I suppose he knows where things are.*

### Fees

Several complained that fees were simply too high, others said that they would like to see a breakdown of costs. One client complained that it had cost him more to take his case to a tribunal than to settle out of court, and felt his solicitor should have made this eventuality clear to him. One was cynical about the fees charged by large regional firms and would expect a smaller local firm to deliver the same service for less.

*All large regional firms charge far too much, to cover things like opulent offices.*

### Managing cost expectations

One decision maker complained of the lack of transparency caused by the cosy relationship between the senior partner and his managing director, which meant that there was little discussion about costs:

*I've been unable to find much evidence of any proactive offering of information of this nature in the files.*

Others complained about specific problems, such as the arrangement of an unnecessary meeting for which a client was subsequently charged, and the difficulty of getting any kind of estimate up front. Others wanted regular updates and a clear breakdown of costs.

#### **Understanding issues that affect your business**

One client complained about the cultural clash between his business and that of his solicitor:

*The food industry works on the 'just in time principle', particularly when supplying supermarkets. Solicitors work to 'their own time' principles.*

Another asked that all lawyers adopt a more commercial approach. One said it would be helpful if his solicitor could understand the implications of his advice for the client's business operations. Another client was most unimpressed that his solicitor had lacked a grasp of human resources issues to such an extent that the client had needed to call in a specialist consultant.

#### **Keeping clients up to date**

Clients complained that solicitors do not appreciate the importance of keeping them up to speed with developments. One said that he never receives enough information and that whatever information he does receive is always produced at the last minute. Another made the point that he does not wish his work to be rushed, but he does want to be told how things are progressing and notified when there are delays.

#### **Offering constructive advice**

One client complained that his solicitor was much better at presenting the problem than the solution

*He gives all the scenarios where you can't move things along, rather than setting out a solution.*

Another complained that his solicitor was unable to think laterally

*They don't see beyond what we've asked them about or look outside the box; they lack initiative.*

#### **Communicating in plain English**

One client complained that his solicitor had given him ambiguous advice in the past and another that his solicitor only spoke in legal jargon, which made it hard for him to keep track of problems.

#### **Changes**

When clients were asked what single thing they would most like to change about their solicitor, a number could not think of anything. Others requested that solicitors change their approach to fees — most of these wanted to see lower fees. While a few asked for an indication of costs up front, one asked for more transparency plus an honest assessment of whether the chances of a positive outcome meant a case would be worth pursuing. Another asked for a set fee structure for more straightforward issues.

Some clients requested greater proactivity. Two asked for more frequent updates in legislative changes that would affect their businesses, others want their lawyers to show greater interest in their businesses generally: 'They just lose interest when the job is over.' Another requested more contact on outside matters and another suggested that his lawyers could spend more time informing themselves about his business, for example by visiting him to see how he works.

A small number of small and medium-sized business clients wanted their solicitors to work faster (but not at the expense of quality), keep them up to date with progress and let them know of delays. One asked if there was a way to speed up correspondence exchange between all parties.

A few wanted to see their solicitors make themselves more available. One spoke of the frustration of leaving messages on voicemail:

*If the person you want is unavailable there should be a back up to keep everyone up to date; the worst thing is having to leave a message on voicemail never knowing when someone will get back to you.*

Another complained that his firm used a premium rate telephone number as an information line, which he regarded as cheeky.

*They should stop using an 08700 number, they're taking the mick!*

Several wanted better facilities, including the quality of the waiting area and more convenient parking.

A few wanted to be made to feel that their lawyers cared, either by improving their interpersonal skills or simply by going to visit the client on his premises.

A variety of other one-off suggestions included: relocating the offices closer to the client; having to take responsibility for mistakes made; publicising the fact that they have expertise in dealing with small business issues; using plain English; and employing a friendlier receptionist.

## Research among solicitors

### Stage of involvement

The interviews with solicitors was designed to show the range of views and behaviours and not to measure their salience. Results are based on discussions with 51 solicitors who work for small and medium-sized business clients. Where results are presented in tables they show actual numbers, not percentages. Findings from small and medium-sized business clients indicated that one-quarter of those who had sought commercial advice had put off talking to a solicitor until they no longer had a choice in the matter. Solicitors themselves painted a similar picture.

### It depends

It seems that the nature of the client may determine where they turn first. Larger clients tended to go to their solicitor first, while smaller ones would be more likely to seek help from an accountant. Regular clients, regardless of their size, and accustomed to talking to lawyers, were also more likely to make a solicitor the first port of call, while clients who had not used a solicitor before were likely to ask around before coming to them. In the case of commercial property, solicitors indicated that clients were likely to go to an agent first, describing themselves as 'further down the food chain'.

### Someone else first

Solicitors suggested a range of third parties to whom clients would turn before them. Clearly this depended on the area of law involved, but included accountants, surveyors, trade bodies, and human resource experts. Solicitors believed clients do this for a range of reasons. In some cases small and medium-sized business clients may simply be unsure whether they need to involve a solicitor or not. In others they were more comfortable with their accountants (because they were in more regular contact). One solicitor suggested that his profession has suffered from 'bad press' and tends to have a bad reputation among small and medium-sized business clients. Another reason that clients go to the accountant first is the perception that advice from the accountant is cheaper. The desire to save on cost is a reason some may turn at first to a trade body, many of which offer advice for free.

*It varies. The more established clients talk to us first. Others talk to their accountant or bank manager first. Small firms rely on their accountants to a considerable extent. They're closer to them and keep in touch on a more regular basis.*

Commercial property, 11+ partners

### Leave it until the last moment

Fear of cost and the perception that solicitors are expensive was one of the main reasons why solicitors believe clients delay consulting them until the last minute. Other solicitors believe that clients put off going to see the solicitor until later because they prefer to seek the advice of other professionals first. This is either because they perceive other professionals more useful in

the early stages of an issue or because they are in more frequent and regular contact with other professionals and therefore feel more comfortable dealing with them.

Several solicitors suggested that approachability may be a problem for the profession, which they recognise as generally 'less approachable' than others. They also pointed out that individual solicitors are not always easy to contact.

Some felt that clients from smaller businesses may simply be ignorant of the implications of delay both in terms of the time that will ultimately be needed and the cost involved if they do not seek advice from a solicitor at an early stage. Others may simply not realise they need to involve a solicitor.

Others suggested that solicitors' may be suffering from a poor reputation, either because small and medium-sized business clients do not trust solicitors to give the right advice for their business or because constant bad press makes clients cynical about the fact that solicitors may complicate things unnecessarily (which in turn is likely to have cost implications).

*They do each or all of these! They tend to leave it until the last minute because of cost. If it was a purely legal issue, such as litigation, they'd contact us straight away. If it's something that involves financial decisions they'd be likely to talk to the accountant first, who tends to be more approachable.*

Business and commercial, 5-10 partners

### **Businesses trading for less than one year**

Since findings from small and medium-sized business start-ups indicated that one-third had not instructed a solicitor when forming their company, solicitors were asked for their thoughts on why that might be.

Cost was cited as a key barrier. Solicitors thought that start-ups assumed they could get a cheaper service elsewhere, particularly since they were likely to be paying an accountant's fee anyway. Some felt that start-ups were ignorant about the implications of not involving a solicitor in their formation. One solicitor also pointed out that other organisations charged fixed fees to start-ups for specific types of information such as employment advice.

There was certainly a recognition that there is plenty of other help available for small and medium-sized businesses wishing to set up (at least in their early stages), whether from accountants, companies such as Jordans or even the DIY option via the internet.

*We're almost redundant in this area, with the internet and their accountants to do the work for them...but our time comes later when they need to form a limited company or a partnership.*

Business and commercial, 1-4 partners

Solicitors recognise that other professionals tended to be in a better position to offer start-ups advice by dint of their relationship. Accountants are often familiar partners already and clients tend to understand them and thus relate to them better. One solicitor pointed out that it is possible to start a business without a solicitor, but not without an accountant. Others suggested that business start-ups do not realise that solicitors can handle a broader range of issues for them than other professionals can.

### **Benefits of earlier involvement**

Whether for start-ups or for established businesses, many of the solicitors offering business and commercial advice felt that small business clients would benefit from involving a solicitor at the outset. The key reason they cited for this was that they can offer preventative advice, which can save time and money further down the line. Solicitors are also confident that they will be able to agree better terms for their client than another professional could.

Not surprisingly, solicitors considered themselves the real legal experts, attuned to legal issues and able to word documents properly.

Solicitors were also keen to stress that they can provide additional input to other third parties. They can cover blank spots that clients may not have considered when taking advice from other parties and identify all the issues clients will need to cover. This may involve pointing out to clients issues which they had not made allowances for in their budgets. Several pointed out that their sphere of knowledge was much broader than that of an accountant or bank manager, who they believe can really only cover financial aspects.

However, some felt that others are better placed to provide the first line of help in certain circumstances. One solicitor operating in commercial property indicated that his clients, who are referred to him by agents, are generally quite sophisticated and know the issues which need to be covered as well as he does. Another (who, in view of other comments from solicitors is clearly not speaking for the majority of his peers) indicated that there was a role for other advisers to deal with broad commercial issues since solicitors 'tend to address the minutiae of the transaction rather than the broader issues'.

### **Persuading clients to involve solicitors at an earlier stage – the status quo**

If the majority of solicitors believe small and medium-sized business clients need to involve them earlier, a way clearly has to be found to persuade them to do so. Solicitors were asked what action they currently take to achieve this goal.

It is clearly easier to persuade those clients whom solicitors have already come into contact with. Thus, with existing clients' solicitors: talk about the client service they provide; aim to prove themselves by doing a good job; go the extra mile; seek to build a relationship during the course of the work and maintaining contact, for example through bulletins, seminars or social events after a particular case has finished.

For those small and medium-sized business clients solicitors have not already dealt with, the task is much harder. Some solicitors admitted that they do not know how to persuade them. One solicitor made the point that legal advice is often a 'distress purchase' which makes it particularly difficult to promote his services to a small and medium-sized business client until that client really needs him. He illustrated the point by taking an example from private client work:

*It's like advising someone to make a will and them saying: 'We're not planning on dying just yet!'*

Some firms spoke about marketing activities and the way they target the companies they want as their clients. Reference was made to various forms of marketing including: direct mail; advertising in local press; writing articles for and giving interviews to local press; taking part in sessions run in conjunction with the local Chamber of Commerce designed for start-up businesses; and advertising in the *Yellow Pages*. One solicitor referred to a website which he found very effective at bringing new instructions.

Some solicitors almost proudly stated that they have no form of marketing strategy. Others bemoan the fact that they have little time for these types of activity.

Several spoke of attempts to make themselves available so that when small and medium-sized businesses do try to get through to a solicitor, they are able to. Others referred to making the first contact easy for small firms in other ways, for example by holding seminars to help familiarise firms with key points or by removing the cost barrier and offering an initial free consultation.

Other firms stressed the value of networking and gave various examples such as a partner who works at Citizens Advice Bureau work with the local Chamber of Commerce, and the value of good relationships with other professionals who might make referrals.

Several spoke of the value of existing and past clients as a source of referrals.

Several cited drawbacks to this process. One said that his firm had tried offering free legal health checks but that these had not been successful. Others (particularly the smallest firms) were conscious that marketing is greedy of both time and resources. Another explained that, given the referred business he gets from accountants, which is so important to his practice, he would be wary of 'stepping on accountants' toes'.

#### **Persuading clients to involve solicitors at an earlier stage – what more they can do**

When asked what more they could do, some talked about the need to educate small and medium-sized businesses about the value of talking to solicitors at the earliest possible stage. A number focused on the need for more and better marketing and some called for support through some generic advertising, though clearly this could be done (and arguably done more effectively) through PR.

Several spoke about the need to address their image and the public perception of solicitors as expensive and pedantic individuals who 'sit in an ivory tower'. One solicitor suggested that the perception of solicitors in the US could teach English and Welsh solicitors something:

*In the USA lawyers are perceived as more approachable, we're seen as aloof and old fashioned. Learning from the US might help us to open doors.*

One solicitor made the point that once small and medium-sized business clients have chosen to come for legal advice, albeit at a late stage, lawyers should avoid the temptation to 'rub their noses in the fact that they've come too late'.

Suggestions for what more they could do to encourage earlier involvement echo the catalogue of activities that some solicitors already practice and include networking through local organisations such as Chambers of Commerce and Business Links. One firm talked of the need to identify the small and medium-sized business client's first port of call and build relationships there to ensure he will receive referrals. Others referred to making more of existing clients to encourage their recommendations. As well as offering excellent client service this included ensuring that existing clients were fully aware of the firm's entire range of expertise. Greater use of 'informative marketing', such as seminars and newsletters, was suggested by others as a way of making more of existing clients as a source of repeat and referred business.

Several spoke of moves to remove the cost barrier which they perceive keeps so many small and medium-sized business clients at a distance until it is too late. This included offering free consultations, capped fees, discounts, or simply ensuring the fees charged are reasonable.

### **Factors considered important in the firms that clients instruct**

Small and medium-sized business clients rated a list of factors they considered important in the firm they instructed. Solicitors themselves were asked to rate the same series of factors, plus several additions which emerged from the interviews with clients as being important. These additional factors were:

- willingness to keep the client informed about costs incurred during the course of the work;
- keeping in touch between instructions on a social level, *eg* lunches, golf, corporate hospitality, *etc*;
- updating clients on recent legal developments through written briefings, seminars, *etc*, both during and between instructions;
- personalities within the legal team that the client can really get along with;
- a willingness to do that little bit more for the client without necessarily charging for it.

Both groups were asked to rate the factors in the same way, *ie* to give each a score between one to five to indicate its importance. Five represented the most positive score, one the least. Neither group was asked to rank the factors in comparison with each other, so it was possible for a client or a solicitor to give each factor the same score.

The first table below shows the relative importance of the list of original factors for both clients and solicitors. These rankings are determined by the average scores given by the 50 small and medium-sized businesses and 51 solicitors, thus in the client list some factors have been rated equal. The only real difference was the lower level of importance solicitors place on the ability to understand their clients' businesses. Perhaps this was partly the reason that small and medium-sized business clients find solicitors' arrogant.

The fact that reasonable fees comes part-way down the list for both groups indicates the importance of other elements of the relationship that can be seen as adding value to the advice given (and thus justifying the fees).

Factor	Client Rank	Solicitor Rank
Willingness to give you constructive/commercial advice about the next step	2	1
Willingness to keep you up to date with progress	1	2
Ability to communicate in plain English	3	3
Ability to manage your expectations about costs and keep you informed of the costs being incurred	6=	4
Ability to get your work done quickly	5	5
Availability of your solicitor when you want to speak to him/her (in or out of hours)	6=	6
Reasonable fees	6=	7
Production of well laid out written documentation	9	8
Ability to understand the issues that affect your business (and my business)	4	9
Attractive offices and meeting rooms	10	10

The average scores from which those rankings are derived are set out below.

Factor	Client Average score	Solicitor Average score
Willingness to give you constructive/commercial advice about the next step	4.51	4.64
Willingness to keep you up to date with progress	4.58	4.60
Ability to communicate in plain English	4.48	4.41
Ability to manage your expectations about costs and keep you informed of the costs being incurred	4.24	4.37
Ability to get your work done quickly	4.28	4.36
Availability of your solicitor when you want to speak to him/her (in or out of hours)	4.24	4.21
Reasonable fees	4.24	4.17
Production of well laid out written documentation	3.90	4.11
Ability to understand the issues that affect your business (and my business)	4.36	3.93
Attractive offices and meeting rooms	1.88	2.96

When the four additional factors were added to the list shown to solicitors, they achieved the scores and rankings set out below. All but one factor, that of personality, were considered of lesser importance than the factors on the original list, and even that did not figure in the solicitors' top four. The importance of offices and meeting rooms still came bottom of the list.

	Solicitor Ranking	Solicitor Score
Willingness to give constructive/commercial advice about the next step	1	4.64
Willingness to keep the client up to date with progress	2	4.60
Ability to communicate in plain English	3	4.41
Ability to manage the client's expectations about costs, for example by giving an estimate of costs up front (but not a fixed quotation)	4	4.37
Ability to get the work done quickly	5	4.36
Personalities within the legal team that the client can really get along with	6	4.32
Availability of the solicitor when the client wants to speak to him/her and ability to return calls quickly	7	4.21
Reasonable fees	8	4.17
Production of well laid out written documentation	9	4.11
Ability to understand the issues that affect the client's business	10	3.93
<b>Willingness to keep the client informed about costs incurred during the course of the work</b>	<b>11</b>	<b>3.66</b>
Updating clients on recent legal developments through written briefings, seminars, etc, both during and between instructions	12	3.40
A willingness to do that little bit more for the client without necessarily charging for it	13	3.21
Keeping in touch between instructions on a social level, eg lunches, golf, corporate hospitality, etc	14	3.11
Attractive offices and meeting rooms	15	2.96

## **Solicitors' reactions to findings from small and medium-sized business-client research**

Solicitors were presented with the brief summary of findings (together with recommendations based upon them) from the work with small and medium-sized business clients. They were then asked to comment on these, both in terms of their reactions to the results and in terms of their views about the implications of these results for their practices and what help the Law Society could offer them and other firms like them.

The vast majority of solicitors were positive about these results and found little with which to take issue:

*Yes, there aren't any surprises here, it's just what I would have thought, spot on!*

However, there were surprises (and disappointments) within the findings for some. Several remarked about the lack of differentiation between the average scores and that it would be much easier to prioritise action if the figures were not so 'squashed together'.

There were a number of comments about the relative importance of offices and meeting rooms. Several made the point that whilst these might not seem important to clients, they considered the appearance of their premises important since the surroundings played a role in creating a professional image.

Several remarked on the ranking of 'the availability of your solicitor when you want to speak to them'. Some were surprised that this was ranked only equal sixth, while one was surprised by what he perceived as its relative importance and felt that his firm would need to work harder on this factor. Another solicitor protested that he already did everything that he could to meet his clients' needs:

*Clients need to be realistic. I work 80 hours a week and am always available!*

Others took issue with the ranking for keeping clients up to date and, while one was surprised that it was top of the list, another (solicitor from a large firm) felt that his largest clients would take this factor as read.

Several were surprised to find that 'reasonable fees' came only halfway down the clients' list.

One was surprised to find 'production of well laid out documents' so far down the list.

### **Implications of the overall findings**

Since many were not surprised by the findings, the majority of solicitors felt they would have little impact on the way they run their practices now. Most said that they were already aware of the issues and at least try to act in accordance with them.

However, others focused on a number of areas where they felt they should work harder to meet clients' expectations. These are dealt with in more detail under specific headings below.

### Support from the Law Society

Half felt there was little the Law Society could do to support firms in the light of these findings, not least because it would be difficult for the Society to take any action which would help City, major regional and High Street practices in equal measure.

However, constructive suggestions focused on education for clients (either in the form of advertising or PR). One area which firms highlighted here was the need to explain to small and medium-sized business clients what they could expect from law firms and what that would be likely to cost. This should be accompanied by an explanation of what would be covered by those costs — some felt that this could help overcome the perception that fees are too high. There was also a call for help in managing clients' expectations of solicitors as miracle workers:

*[Clients] need to know that if they make a bad decision they sometimes have to pay for it, even with the help of a lawyer.*

One solicitor criticised the Law Society because it does not publicise itself enough, while another suggested that more work could be done with the CBI and Chamber of Commerce:

*If they were able to develop links with the CBI and Chambers of Commerce and have a joined-up approach, that might help.*

Others focused on the value of training and guidance, which could include time management and fee guidelines. One solicitor asked if any work had been done on the value of websites as an advertising medium for solicitors' firms.

In line with this came a request for more coverage of business issues within the Law Society's *Gazette*:

*...it doesn't allow lawyers to address the commercial reality of business. It should include far more business issues and introduce lawyers to new ways of looking at problems, for example, looking at business issues in financial terms or strategic and marketing terms, which many lawyers were never trained in.*

A suggestion which was made a number of times when solicitors focused on specific factors and how they might react to them was the idea of a format for a newsletter which small firms could use as a skeleton. One of the accountants' professional bodies apparently produces something of this nature.

Another suggestion made reference to a service not unlike 'Lawyers for your Business', though it proposed a referral service which could provide a list of firms with expertise in a specific area of law. Allied to this was a request for a:

*Legal advice helpline, which could signpost people to seek the advice of a solicitor early on.*

One firm focused specifically on the production of this research:

*Conducting this kind of research [ means] we can work with the results.*

### **Implications for marketing and client-servicing activities**

Solicitors were then asked more specifically about the impact the findings might have on their marketing and client servicing. As many had already stated they consider themselves to be doing the best job that they could, few felt there was much that would change:

*We seek to build a rapport and gain recommendation from our clients now.*

*We try to make ourselves available at all times and out of hours already.*

*Making good links with other professionals is key.*

Several pointed out that they do not consider themselves as undertaking any activity which they would classify as marketing or advertising. Instead, they say, they prefer to rely on the personal approach.

Many of the rest felt that the most valuable support the Law Society could provide would be in the form of marketing. This should include communicating the message to small and medium-sized businesses the value of using a solicitor and the fact that it would work out more cheaply in the long run. One solicitor suggested that coverage in the tabloid press would succeed in reaching a high proportion of small and medium-sized business clients.

Several High Street firms would like the Society to be active in marketing them as a group, though presumably not at the expense of other types of firm.

Another felt that the Society could do more to work alongside local enterprise agencies and organisations such as Business Link.

Another request was made at this point for help in producing material which firms could use in their marketing activity. This time the suggestion was for leaflets on business issues, presumably ones which firms could send out directly. Another suggestion was for guides such as 'how to find a good solicitor' and 'what you can expect from your solicitor'.

One request came for sales and marketing courses as well as courses aimed at teaching lawyers how best to manage their businesses.

Several spoke of the impact that these findings would have on recruitment and training. One felt that the results would have implications for the type of people he brought into the partnership, feeling that they would need to appreciate the need to offer expertise across the board. Others spoke about the importance of training existing staff to be aware of these areas and of conducting regular appraisals to ensure staff were equipped to provide the service in the way clients required. Certainly this research was cited as playing a part, since it would show those inside the practice what clients' saw as important.

One solicitor summed up the findings as a need to improve communication all round.

Another suggested that technology could play a valuable role in helping him meet his small and medium-sized business clients' needs.

At this point a number of negative comments were made about the Society. These are produced verbatim below.

*They shouldn't see themselves as a trade union for larger firms.*

*They don't seem to get on the back of anything that concerns High Street practices.*

*For a firm the size of hours (large City) the Society increasingly has little relevance*

*They do nothing for us at all.*

*It's all too bureaucratic, they don't seem interested.*

*They shouldn't waste time on in-fighting.*

*They should encourage public to support solicitors; my impression is all they do is criticise them.*

*I'd like the Law Society to stay away from us and confine itself to regulatory matters.*

### **Managing clients' expectations on cost**

Most firms indicated that they already seek to manage clients' expectations on cost as far as they can. A number mentioned the Law Society's rules regarding the client care letter at this point.

Some said they provide an estimate up front, though this may cover the range of possible fees from best case to worst case. At this point one solicitor explained his difficulty of pitching the estimate correctly:

*It's hard to give a quote which is realistic but won't frighten them off.*

Several pointed out that clients are placing them under increasing pressure by insisting on estimates up front.

A couple told us that their clients tended not to ask but rely instead on trust.

*We never give [estimates]. Most clients are regular and known. They'd have a heart attack if we told them up front, but we do give value.*

Solicitors were quick to point out the ease of providing an estimate in some cases and the difficulty in others. For example, conveyancing work may come with a set fee. For commercial property transactions, one solicitor said: 'I should know the fee from day one'. Litigation is often far too complex to be able to give a realistic estimate. One solicitor who works with contracts explained that it is much easier to provide a precise quotation once all the paperwork has arrived. Another recognised that even though he tries to give an estimate, the cost can snowball. Others say that they (and their clients) find it embarrassing to talk about money.

Once the estimate is given and work commences, the majority said they talk to their clients about costs as they go along and this may take the form of a telephone conversation, a written statement or a monthly bill.

Again, some firms say that clients are now insisting that they are informed about ongoing costs, particularly since small and medium-sized businesses are often working to very tight budgets.

For a few, updating clients on costs would be the exception rather than the rule, and might only happen when the solicitor realises that the fee is likely to exceed his estimate (and for one, only then if the discrepancy was over a certain figure):

*I'd talk to them if there was a significant change from the original estimate. If it's only 10% it's not critical, but if the work I did was much more than anticipated I'd have to tell them about that and tell them why.*

Few solicitors think there is very much they could do to improve these practices. Those who do simply feel they should be doing a better job of providing a clear picture of likely fees at the outset and then keeping clients informed of any changes along the way. One solicitor felt that, in view of the comments, it might be better for him to over-estimate fees to begin with. Another suggested that clients could help matters by allowing him to give an estimate once he has been able to make an assessment of what is likely to be involved.

Most thought there was little that the Law Society could do to help them. Those who did have suggestions focused on publicity which would help to manage small and medium-sized business clients' expectations, ie that legal advice may seem expensive, but is worthwhile considering the benefits which accrue. Allied to this was a suggestion for a publicity drive which would encourage small and medium-sized business clients to call in their solicitors earlier on. One solicitor suggested that a guide which set out likely fee levels according to size of legal firm might be useful.

### **Ability to do work on time and to keep clients updated**

Many solicitors felt there was little they could improve in doing work quickly (without compromising quality) and keeping clients updated on their progress. Those who felt they could do more focused on managing clients' expectations by setting out likely timescales at the beginning of a project to minimise disillusionment.

A number focused on the need for better time or resource management. This included the need to set down time management guidelines for all fee earners or holding weekly meetings so that work can be redistributed if needed. Of course, this suggestion relies on the firm having a sizeable team and on good communication between solicitors about the work they are doing. Another solicitor focused on the need to resist the temptation to over-commit himself, clearly a problem for smaller firms or those where only one solicitor can handle a particular area of law.

Other solicitors focused on the importance of keeping clients informed of progress, for example, by telling clients when and why there are holdups. Opinion was divided about whether this would be best done in writing or by telephone and although one firm recognised that this was something they did on a regular basis, it was probably an activity to which they should give even more attention.

Few had suggestions about any help the Society could give them in this regard, though proposals that were made focused on the need for education. One aspect of this was the desire to educate clients about what to expect and to encourage them to instruct solicitors early on. Another was the need to show all firms these results, so they know just what small and medium-sized business clients expect.

### **Ensuring that solicitors are available when clients need them**

Most solicitors felt that there was little more they needed to do to make themselves available to their clients.

Some of those who saw room for improvement focused on the value of technology. One suggestion was that voicemail messages should be updated regularly to give a clear indication of the solicitor's availability and when a call could be expected to be returned. One solicitor, who spent a certain amount of time out of his office, suggested that clients could be encouraged to make better use of email. He felt this would relieve the client's sense of frustration to some degree.

Few saw a role for the Law Society in assisting in this area. The only requests were for help in telling clients about alternative ways of contacting solicitors (such as the value of email) and help in managing clients' expectations, perhaps through an information pack which could be provided to new clients on what to expect when instructing a lawyer.

One solicitor suggested that time management training might help.

### **Keeping in touch with clients between instructions**

Many solicitors said they do not keep in touch with small and medium-sized business clients between instructions. A number said that smaller businesses tended to be too busy to bother with this kind of communication and did not expect it. Some suggested it would give small and medium-sized business clients the wrong impression since they would assume this activity would cost them more in fees. Others (who tend to be smaller firms) explained that they have little time or money to undertake this kind of activity. One explained that he had tried various activities but with limited success.

For those who do try to stay in touch with small and medium-sized business clients, social events seem the most popular option. These range from lunches to activities arranged through local organisations such as the Rotary Club. Some have seasonal events, for example something at Christmas or an event during the summer. One or two use corporate hospitality.

Next in popularity come approaches which are informative in some way. These include the production of newsletters and information sheets and the running of seminars. One solicitor held a breakfast club every six weeks covering topical issues.

A few take a much less formal approach, keeping in touch by phone or letter, perhaps sending a Christmas card or simply bumping into clients in their relatively small and medium-sized business and social communities.

*We don't usually do golf or anything like that, we'd be on the golf course every day if we did!*

Few feel there is very much they could improve on in keeping in touch with clients between instructions, since, as some had already explained, they simply do not have the resources available in terms of either money or time. Others explained that in certain types of work, such as conveyancing, there might be very long gaps between instructions. Others felt that they would not want their clients to perceive that they were spending their fees on this type of activity.

There were very few suggestions about help the Law Society could provide for solicitors who wished to stay in touch with their clients between instructions. However, these included help with producing a newsletter (this help might take the form of a skeleton document which firms could modify and personalise). Another suggestion was for bulletins that could be used to update their clients. Presumably this is partly the role of the Law Society's *Gazette*; this comment might indicate the need for better signposting within the publication. Another option would be for the Society to suggest to solicitors that they could use the content of some articles specifically for this purpose. Another suggestion was for training to help firms establish good practice in this area.

### **Updating clients on recent legal developments between instructions**

Updating clients on recent legal developments is certainly one form of keeping in touch with clients between instructions. Around two-thirds of the solicitors who took part in the research say they did this to some degree.

Those who did not update clients say that they do not have the resources in terms of time or budget. Others felt their small and medium-sized business clients were too busy to take real advantage of these updates, particularly if they take the form of seminars.

*Sometimes people are too busy to turn up and then it's just wasted effort.*

The firms who did keep clients updated in this way choose a variety of methods to do so. Some ran regular or occasional seminars which were free of charge. Others provided information in writing, but this might reach clients through a number of channels. Some would write directly to clients (usually ones with whom they are currently working or who are very regular clients) about issues that they know will directly affect them. Others issue bulletins or newsletters. Some write for the local press or for the local Chamber of Commerce publications.

Several referred to the use of electronic media and one sends on-line updates. Others use their websites to keep clients up-to-date; these firms also use media such as newsletters and seminars. These firms generally seem very active in this area and tend to be larger.

*We provide on-line updates, run seminars and send out written briefings; we see this as essential.*

Commercial property, City firm

*We do a lot of seminars and send newsletters and generally keep our website up to date. Clients are encouraged to visit the website for legal news.*

Employment law, 11+ partners

### Doing a little more for the client without charging

The vast majority of firms said they tried to do that little bit extra in various forms. This seems more likely to be done for regular clients than for newer ones, though some considered the provision of a free initial consultation to fall into this category. One saw it as a way to address the poor reputation from which he believes his profession suffers:

*I try to dispel the myth that we're sharks.*

Some talked about the free seminars that they ran and others considered that the general information they provided for their clients about legal developments adds value.

Those who talk about providing the service for established clients explained that they would happily provide general advice about other issues when working on a specific matter. Some felt the downside of this would be that clients might not actually realise they are doing it. One indicated that he would only be prepared to go the extra mile for a loyal client who also recommended his services to others.

Others talked about doing that little bit more to make things seem equitable, for example if they have underestimated their fees. In other cases a solicitor may waive the fee on half an hour's advice, for which he would not feel comfortable charging. Others explained that they might spend longer working on a particular element of a matter and then tell their client how long had been spent, whilst only charging them for a shorter amount of time.

Another simply talked about the personal touch, which he perceived to constitute added value:

*They want value for money, and honesty in terms of timing is key, but they also like the personal touch of caring and taking an interest in clients, like asking 'how's the garden?'.*

Only a few solicitors told us that they do not provide anything extra. Some who operate in particularly competitive environments such as commercial property claimed it was simply not possible. Others said that it is difficult to do for

brand new clients, while others explained that the pressure is on them to deliver chargeable hours. There were a few who simply did not see why they should offer something for nothing:

*Our accounts people want to see billable time sheets.*

*Ask a dentist if he would give you free time as part of the treatment and see how far that gets you.*

Most felt that there is little the Law Society can do to help them. Those who made constructive suggestions asked for training, for support to help them keep up to date with legislation and advice that would help them reduce administration, thus freeing them up to go that extra mile for more clients.

### **Offering constructive commercial advice**

The vast majority said they offered constructive commercial advice; indeed many take it as read, and assume that their clients do too. One solicitor made the point that this is the best way to retain clients and this has a knock on benefit since it is much more cost effective to encourage repeat instructions than to try to generate new ones.

Solicitors were able to offer constructive commercial advice because they have familiarised themselves with their clients' business over time. One solicitor explained that he focuses on a specific sector (in this case agriculture) and makes sure he knows it inside out.

Another told us that staff had been specially trained to be more aware of the clients' businesses. One solicitor visits his clients' premises whenever he gets the opportunity, seeing this as an ideal way to learn more about his business. Another said that he and his colleagues worked together as a team and have the opportunity to discuss their clients' businesses regularly, providing an opportunity to give advice from a variety of legal angles.

However, solicitors recognise that the practice of offering commercial advice can sometimes have its drawbacks, not least because this sometimes involves telling clients things they may not wish to hear.

Another pointed out the fine line which is drawn between helping and becoming over-involved. One solicitor made it clear that this kind of involvement is only possible if there is a good relationship between client and solicitor and if the solicitor really understands the client. Indeed, it may be that some clients simply do not want their solicitors 'sticking their noses in'.

Some felt that there is little need to do any more than they already do. Those who can see room for improvement talk about a need to focus on their clients by trying harder to develop relationships, working harder at getting their clients to talk to them about their needs and concerns, and keeping up to date with business news. One solicitor even suggested the idea of studying for an MBA.

However, several sounded notes of caution. Solicitors were conscious of the need to tread carefully in an increasingly litigious environment. Others recognised the need to ensure that they are best placed to give advice; certainly,

some struggle to keep up to date with everything they need to know to enable them to do so. Another focused on the fine balance between giving constructive advice in specific areas while resisting the temptation to pass the client between experts within the firm too often.

Half felt there is little the Law Society could do to help them address the increasing focus on commercial advice. Others suggested some generic marketing which would tell clients that firms are likely to have expertise across a range of areas. Others requested more training, especially for new solicitors who may be less assured when handling clients. Another request was for more information on legislative changes and business issues, in particular those which are likely to impact upon small and medium-sized business clients. Another asked for a dedicated department to produce regular publications on business issues, much like the type of resource a large law firm might have.

### Referring to other colleagues when relevant

Solicitors were asked to what extent they would refer their clients to colleagues for assistance with other areas when relevant. This question was primarily asked to determine the extent of 'cross selling' within firms. However, solicitors' answers indicated that they may just as readily refer clients to experts outside their own practices.

Nearly all the solicitors interviewed for this research said they would refer clients to others. For some larger firms, seminars provided an ideal opportunity for clients to be exposed to other partners. In smaller offices, solicitors work in such close proximity that it is easy to consult a colleague on behalf of a client.

Several mention that, as far as possible, references would be kept 'in the family', but many spoke of referrals to accountants or even to other firms of solicitors if they did not have the expertise in-house.

*Accountants, financial advisors and surveyors are the main people we refer to; we work as a team to give our clients the best.*

Business and commercial, 1-4 partners

Some recognised that they may be too reactive in this regard. Others felt that making referrals can have a downside in that they lose control. Referring a client to a colleague means they have to trust those colleagues to do a first class job.

However, others recognised that there can be a disadvantage to not referring business on:

*Sometimes I've been tempted to help them a bit further and have bitten off more than I can chew.*

## **Lawyers for your business**

Solicitors were asked if they were aware of 'Lawyers for your Business', a scheme run by the Law Society with the aim of helping solicitors to find long-term clients from small and medium-sized businesses by promoting the value of legal advice to those already in, or starting up, a small and medium-sized business.

Only half had heard of the scheme and only half of those knew any details about it. Those who knew a little about the scheme referred to the fact that firms can register in order to have their names given out to potential clients. Several referred to the requirement to offer a free half-hour consultation.

One solicitor who knew about the scheme complained that it gave no indication of the quality of the firm or firms suggested.

Some of those who thought that they knew about the scheme were misinformed. One thought that names would be given out according to areas of expertise offered, while another thought it could identify ways firms could become involved with local voluntary groups.

Two of the solicitors interviewed were members of the scheme and while one reported that his firm had received referrals from it, another complained that it should be advertised more, since it had generated no business for him at all.

## Appendices



## Technical appendix

### Age bands

Contacts were divided between businesses which had been trading under their existing name for less than twelve months and those which had been operating for more than twelve months.

### SIC codes used

The following US SIC Codes were used to specify small business client contacts:

Manufacturing/construction	Business services	Consumer services
15,16,17,20-39	42,47, 50, 51, 52, 74, 75, 76, 78	41, 48, 49, 53-59, 60 63, 64, 70, 73, 79

### Employee size-bands

Employee size-band was defined as number of employees in England and Wales. Only HQ or single-site locations were selected.

### Geographical spread

The sample was drawn to cover the following areas and to give a spread of both urban and rural locations.

- CH8 (North/Wales)
- HD1 (North)
- SG5 (Midlands)
- LE7 (Midlands)
- CH61 (North)
- CM7 (South)
- YO41 (North)
- SM6 (South)
- CF1 (Wales)
- SW1 (South)

### Weighting matrix

In analysis, data from small business clients were weighted to reflect the English and Welsh business population.

	Employees trading for more than twelve months			
	5-10	11-49	50-120	5-120
Manufacturing/construction	9%	8%	2%	1%
Business services	30%	15%	2%	2%
Consumer services	17%	10%	1%	3%



## Questionnaires

## **[www.research.lawsociety.org.uk](http://www.research.lawsociety.org.uk)**

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- *Trends in the solicitors' profession*

### **Fact sheet information series**

- *Key facts on the solicitors' profession in England and Wales*
- *Distribution of firms, solicitors and turnover*
- *Number of Solicitors on the Roll and practising certificate holders since 1950*
- *Women solicitors*
- *Private practice solicitors' salaries*
- *Solicitors' working lives and clients*
- *Solicitors' use of and access to IT and the internet*
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