CX Pilots

Turning Empathy Into Money

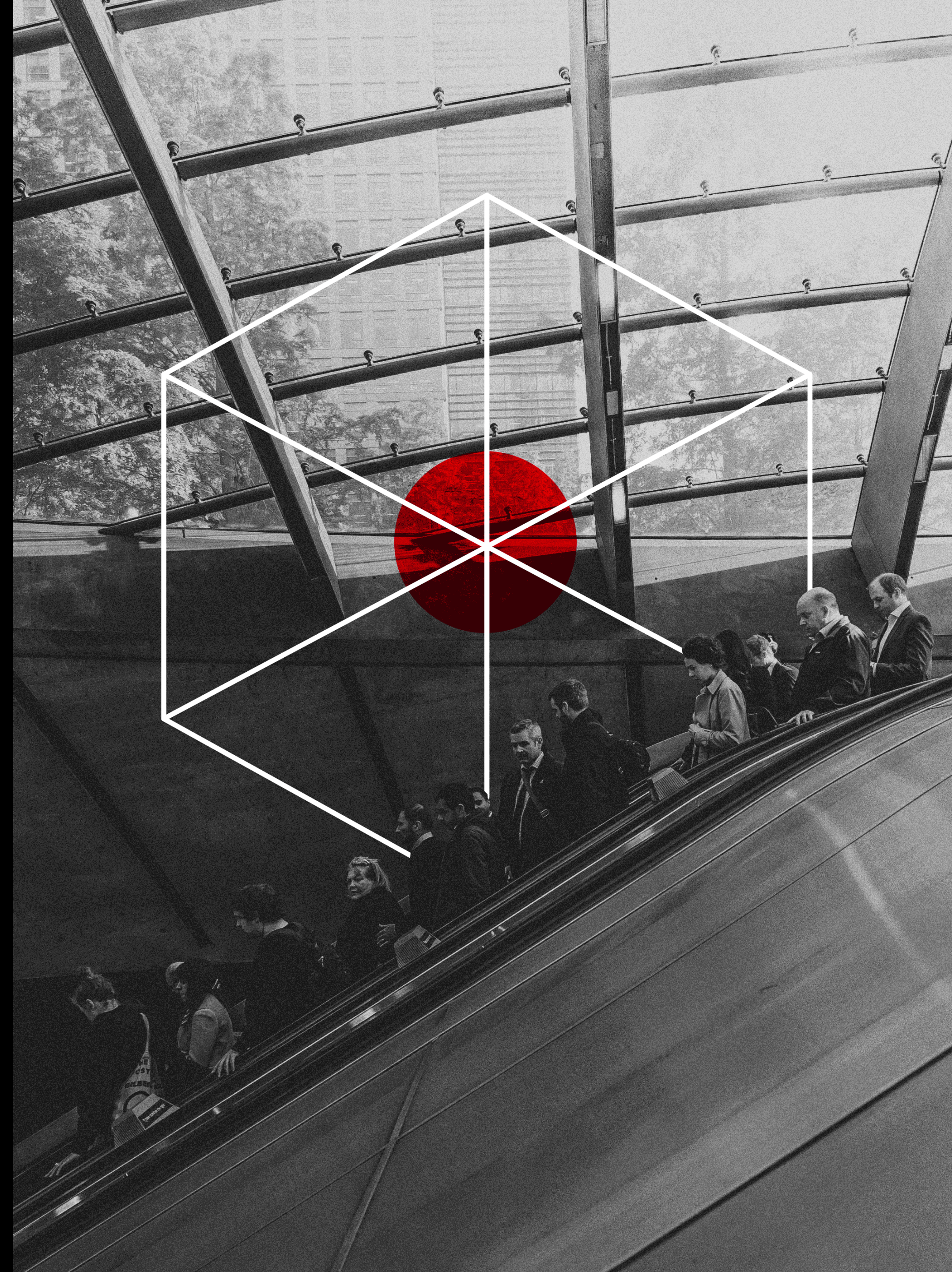## a Closeup on CX in Legal

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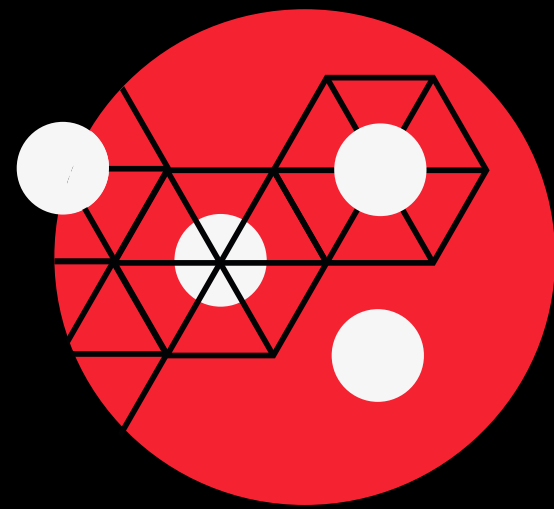madina@cxpilots.com

cxpilots.com

About CX Pilots

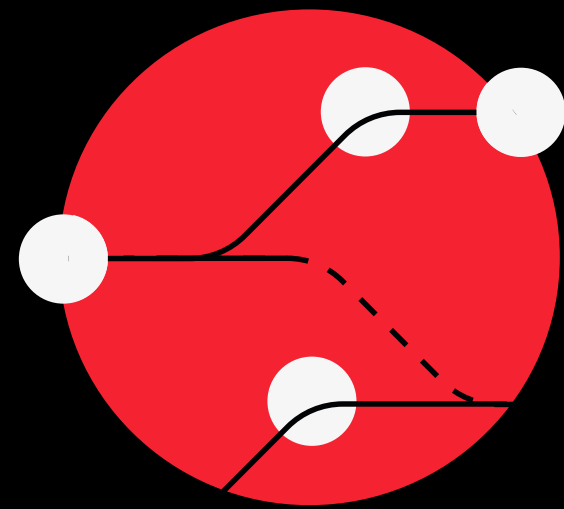## Putting Humanity Back into your Firm

CX Pilots is the world's leading end-to-end CX (client experience) / PX (people experience) management consultancy for professional services firms

We build simplified CX systems that engage amazing firms in experience-centered business
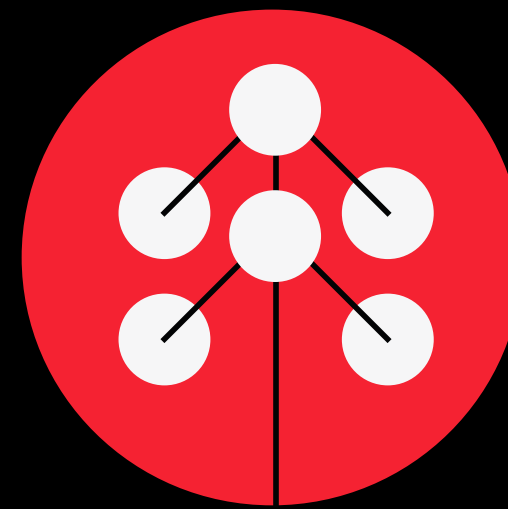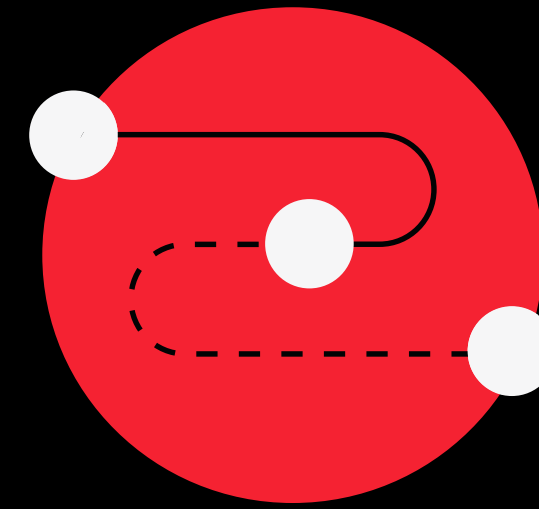
In Legal, We're Known Most For

CX/PX assessments & diagnostics
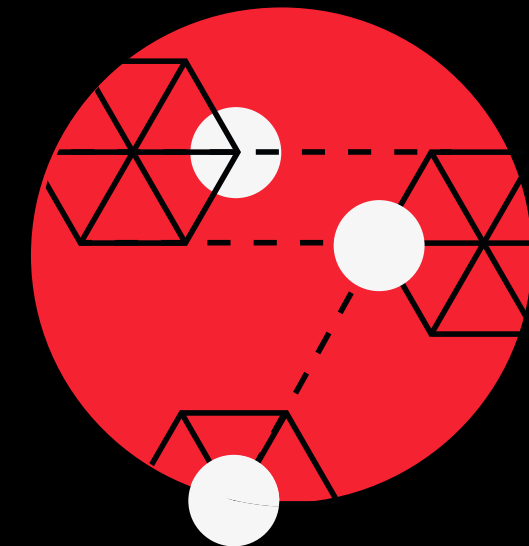
CX strategy

CX program execution support

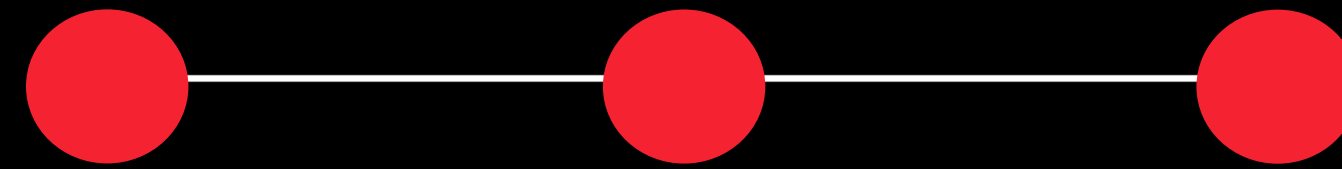**Client feedback systems**

Client journey mapping

Agenda

1. What is CX?
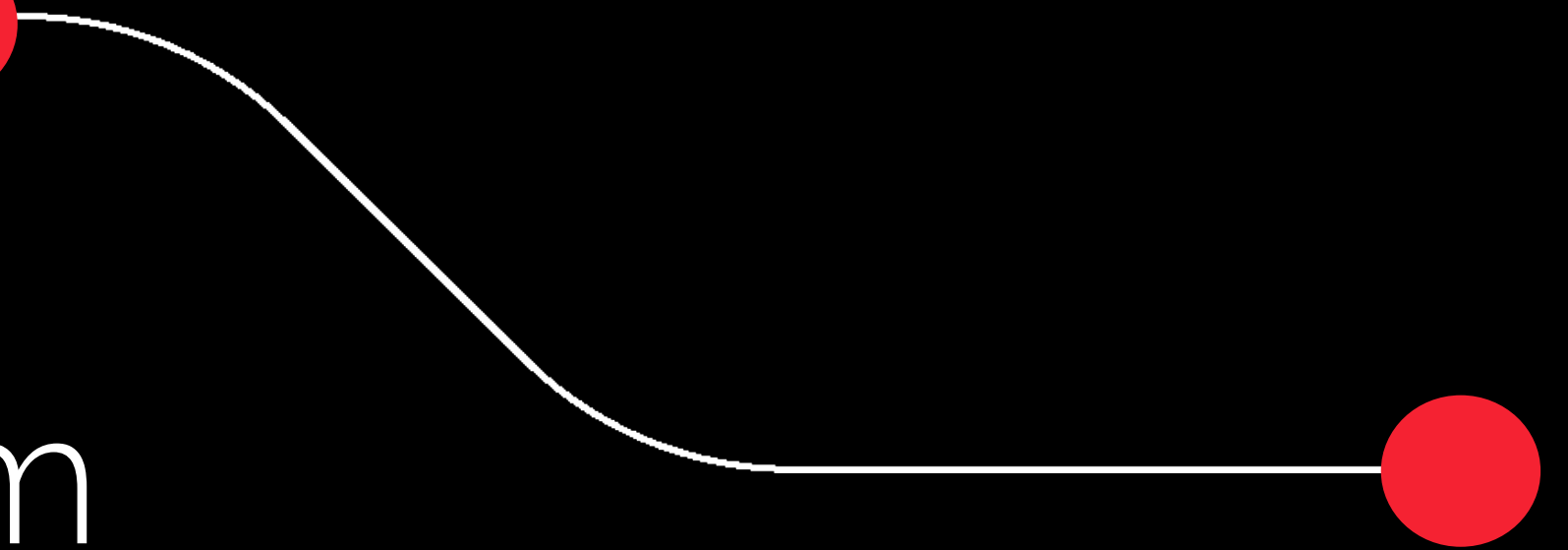
2. How to bring CX into your firm
Table Exercise

3. Client Empathy = CX foundation

CX PILOTS
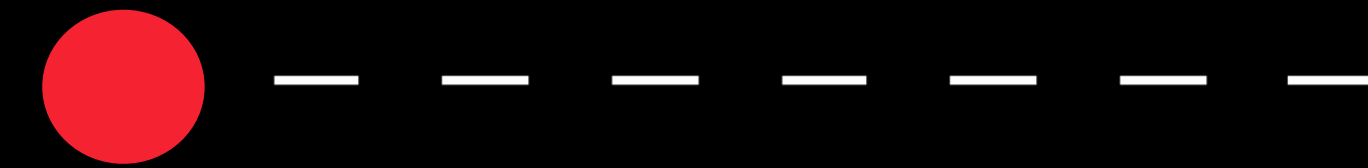
CX: Some Numbers

The average AmLaw200 law firm has **3,300 "important"** client relationships.

The average important client relationship has **9 distinct journeys**.

The average client journey has an average of **118 important interactions**.
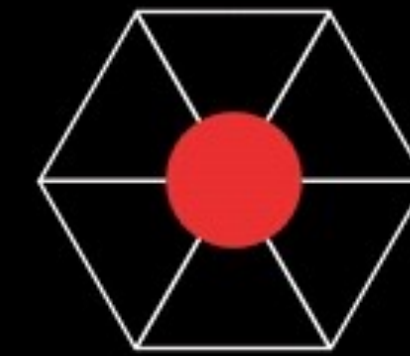
That's **118** X **9** X **3,300**=
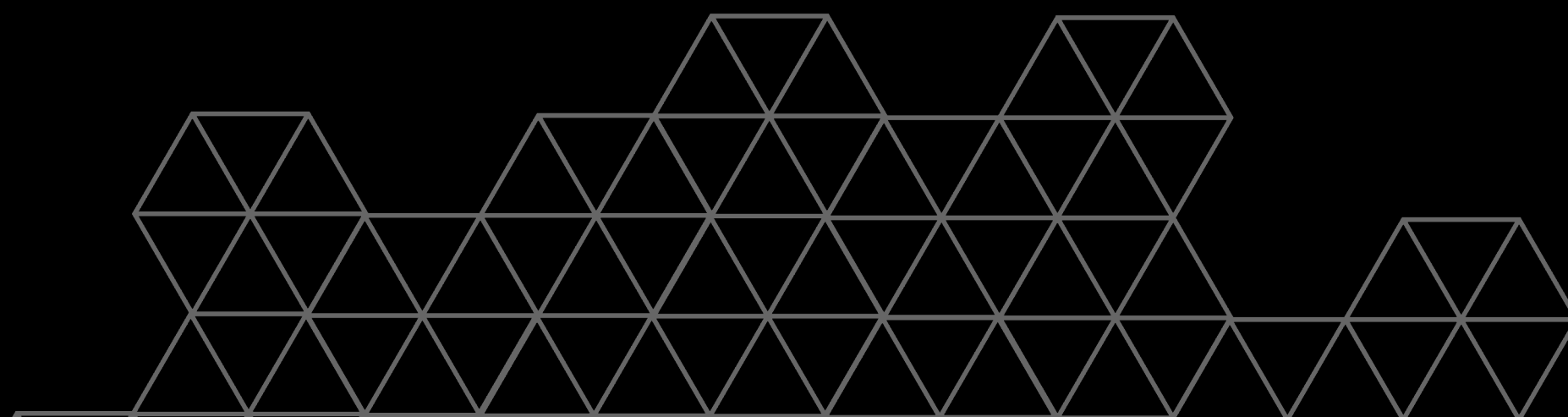
CX: Some Numbers

That is =

3,504,600 interactions!
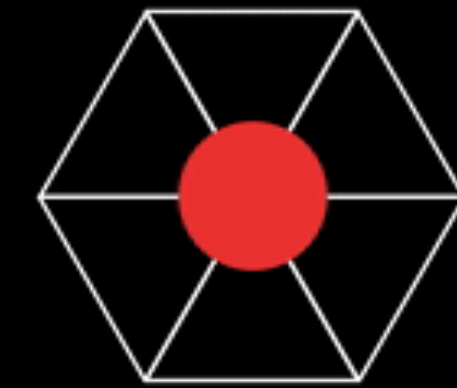
Can you manage 3.5 million interactions consistently?
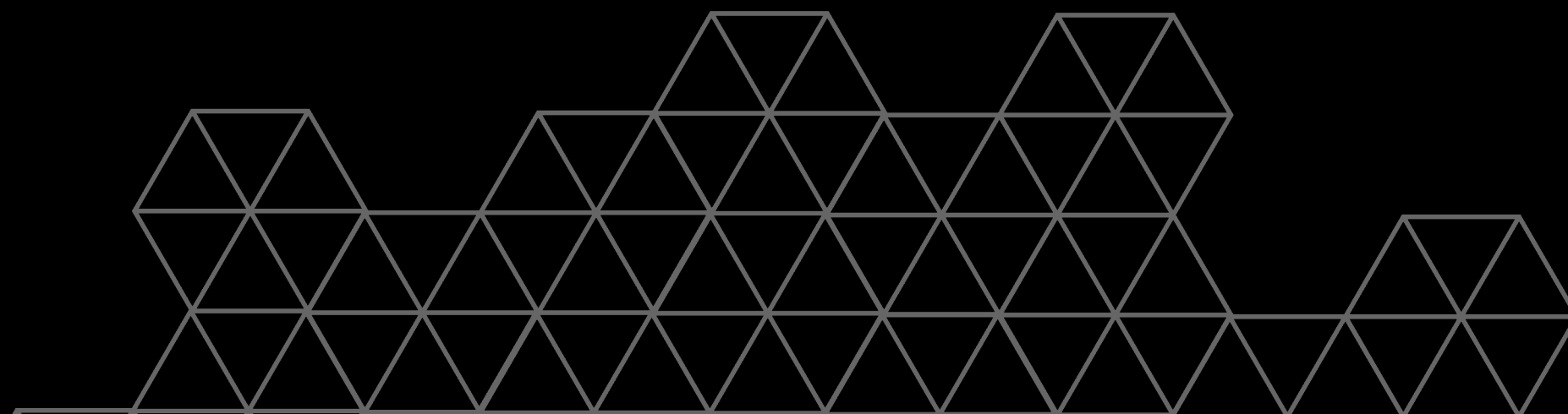
Yes, You Can. Through CX.
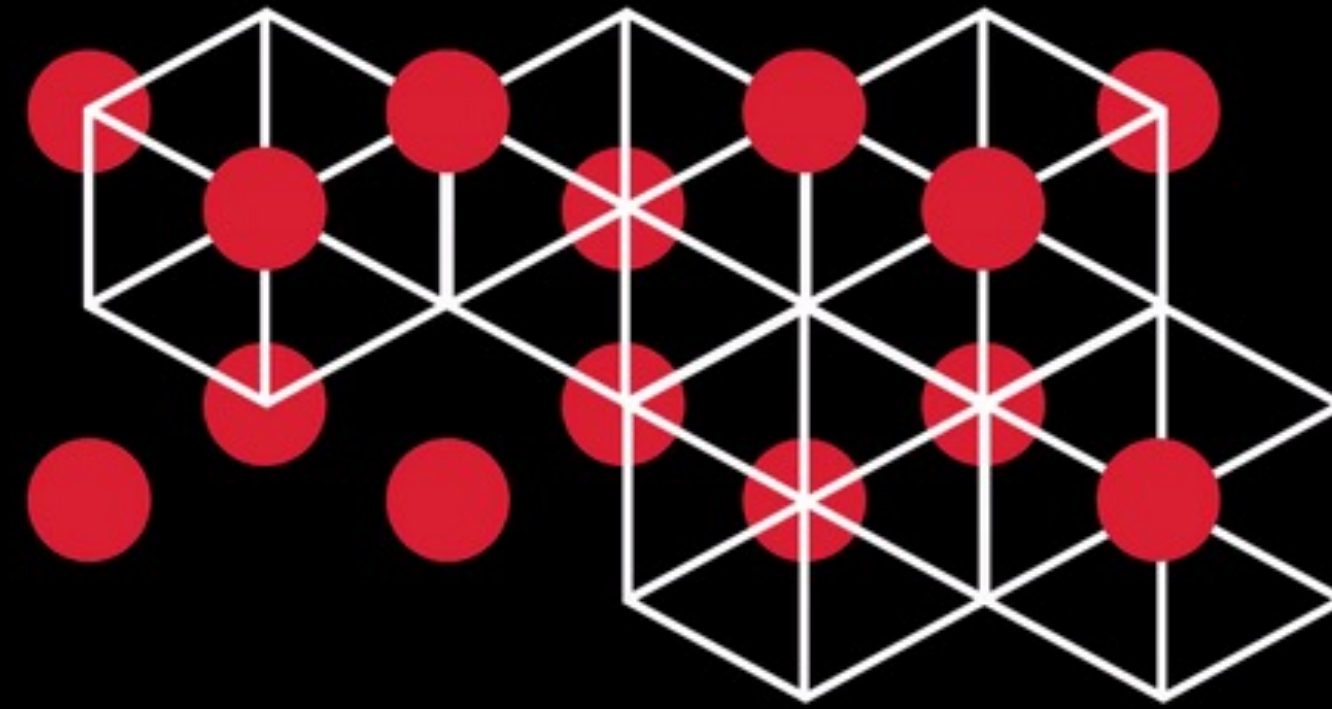
1. What is CX?
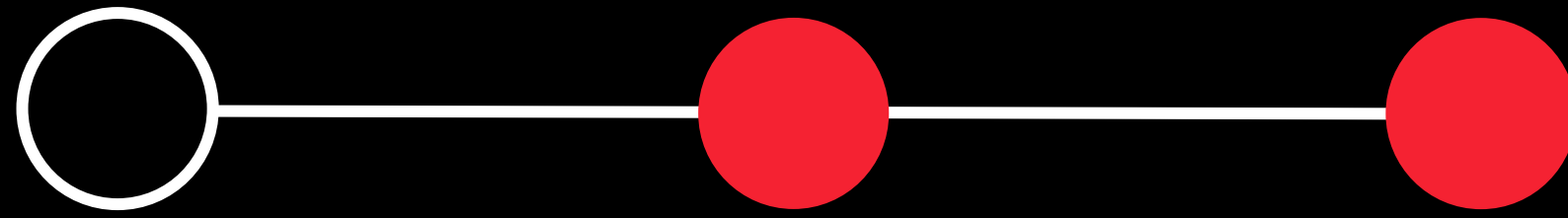
What is Client Experience?

CX forces firms to think about people—**human experience.**
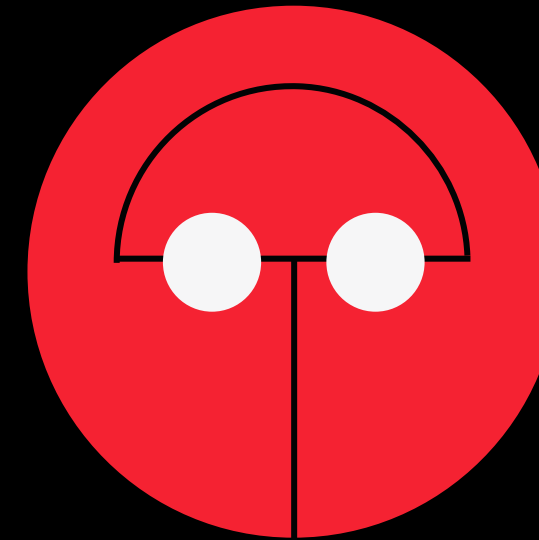
Client Experience (CX) refers to a **client's holistic and subjective perception** of your firm.
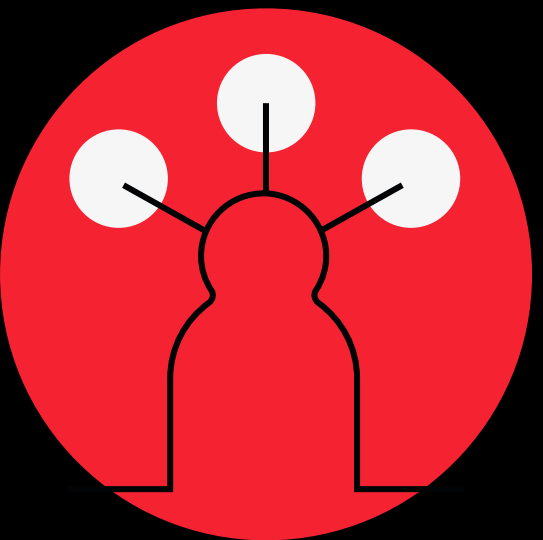
It addresses **everything your client encounters**, while interacting with your firm, before, during and after an engagement.
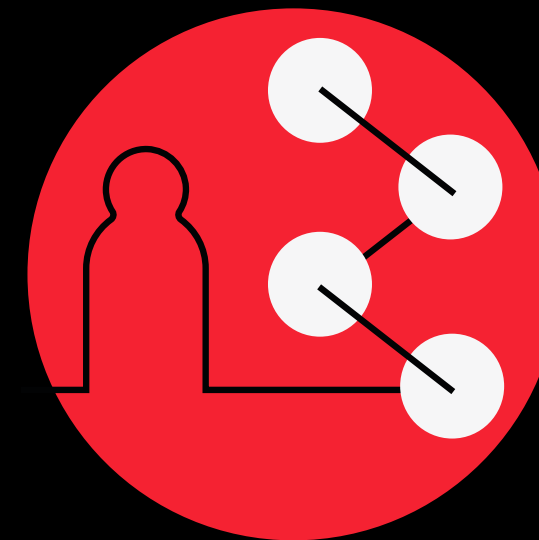
CX is not how you deliver a service. It is **how your clients perceive you**/your firm.

CX = PX + PSX + JX

PX = Price experience | PSX = Service experience | JX = Journey experience

Service ≠ Experience

Service is what and how you deliver—experience is how what you deliver is perceived and felt.

It's about they **feel**
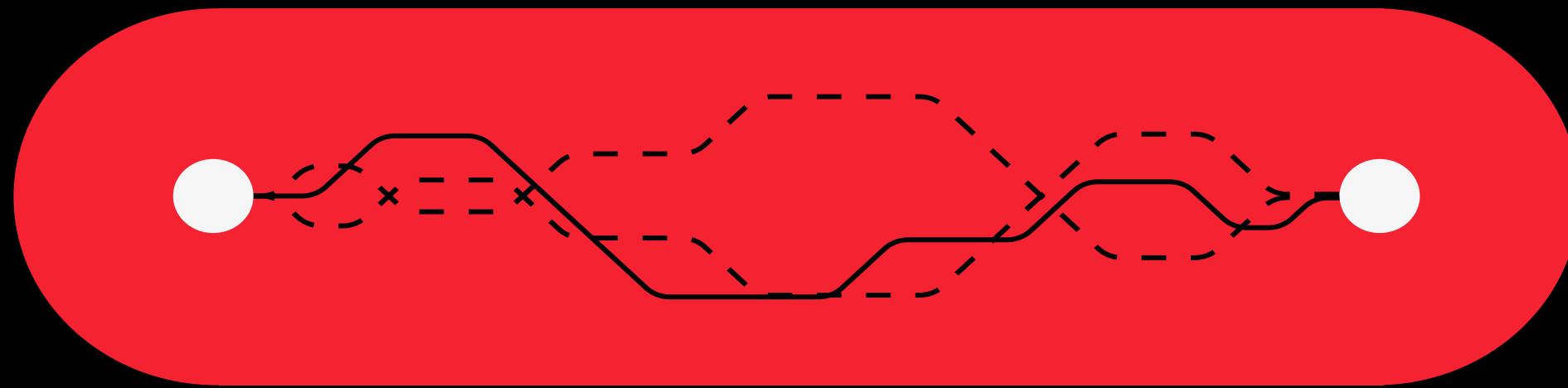
- We are not only delivering service and advice, We are delivering the human experience that clients have with us while we manage uncertainty together.

It's the **journey** not the destination
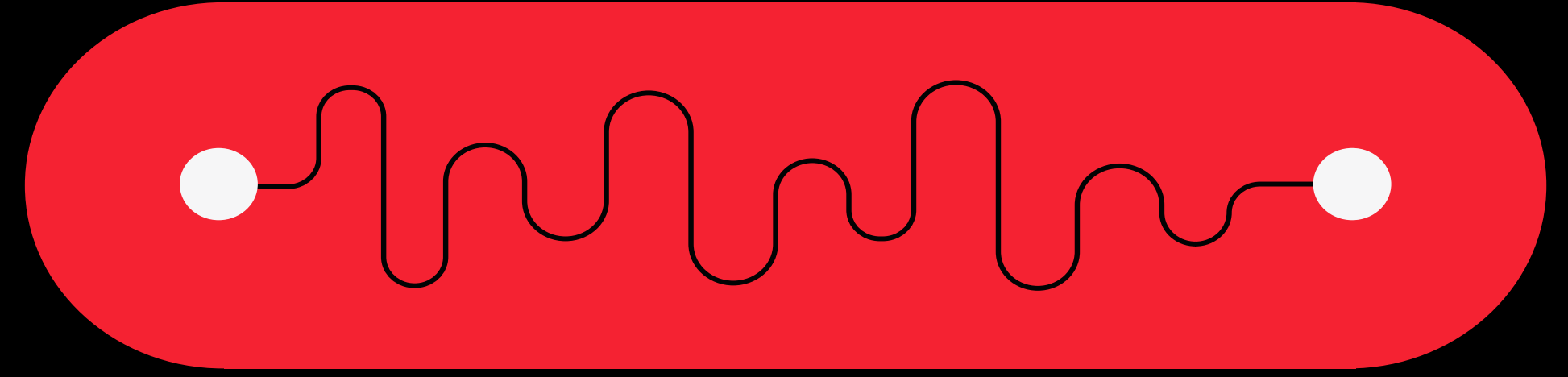
- The details that live on in their memory long after the work/project is complete will be experience-based, not service-based.

CX is a mature management concept in all other sectors

Not so much in legal

Law firms always adapted to changing client's demands but not fast enough in today's rapidly evolving environment
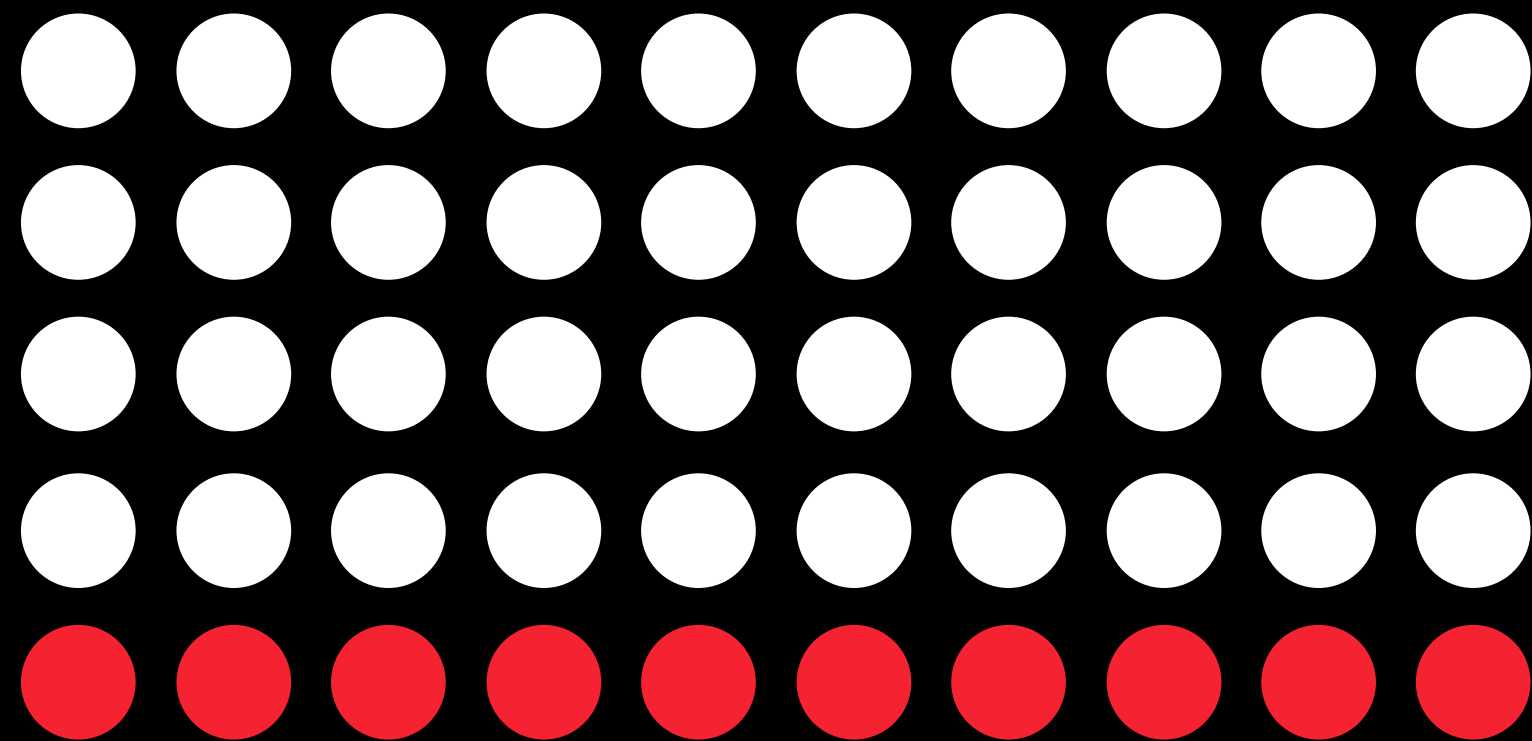
Only 10% of top 50 law firms are perceived by GCs as delivering a strong CX (LexisNexis, 2019)
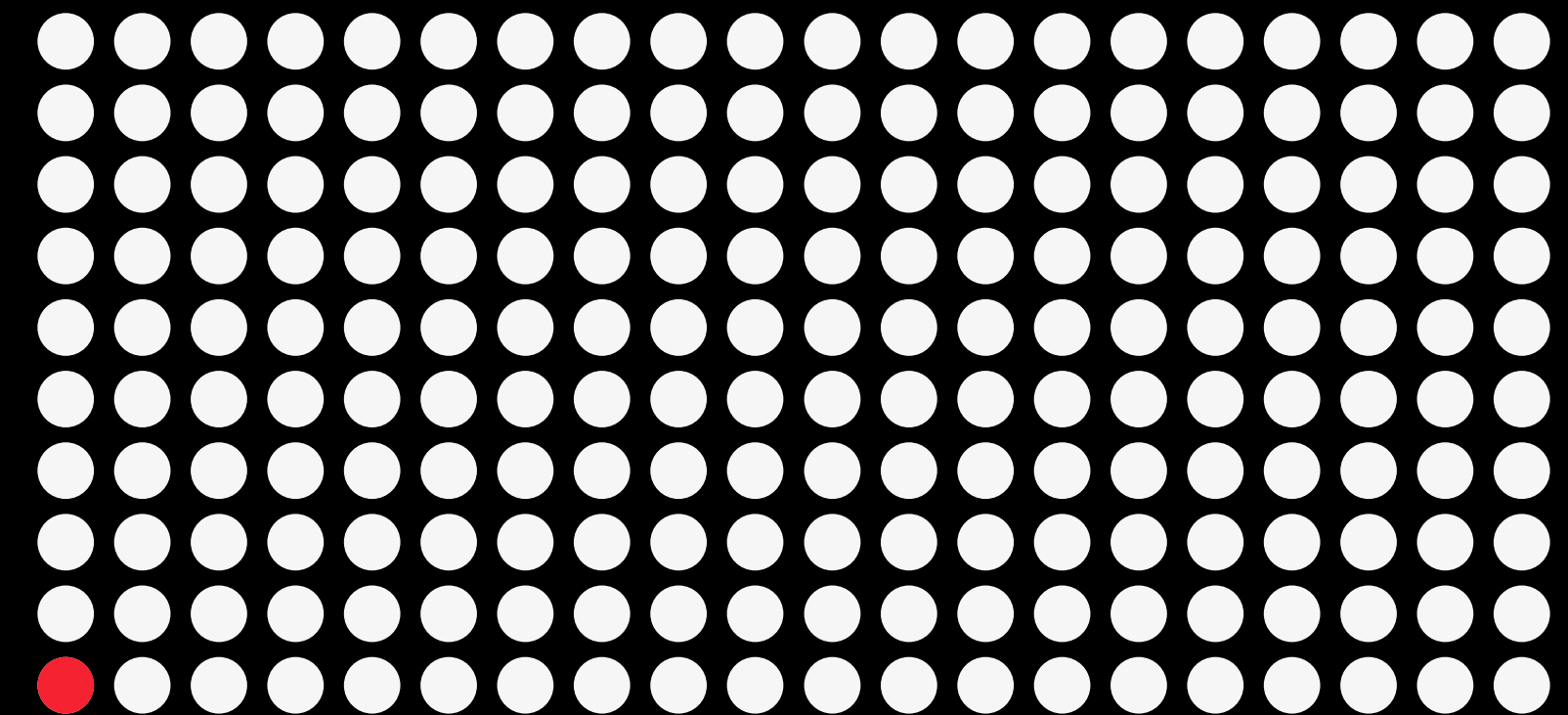
Only 1 out of all Global 200 law firms has a Client Service Charter on its website (CX Pilots, 2021)

Law firms still define client centricity as delivering great **client service**, not **experience**

CX is the new battleground for differentiation

o **89% of companies compete primarily on CX (Gartner, 2017)**

o **Differentiation has always been a struggle for law firms**

o **Today, clients expect more than just professionalism and excellent service, which are now table stakes**

o **Clients expect similar frictionless and emotionally uplifting experiences they have outside of the legal industry**

o **Law firms are trying to cope but too slowly: other PSFs are leading the pack**

88%

of B2B clients say the experience a company provides is just as important as its products or services
(Salesforce, 2022)

Value of CX
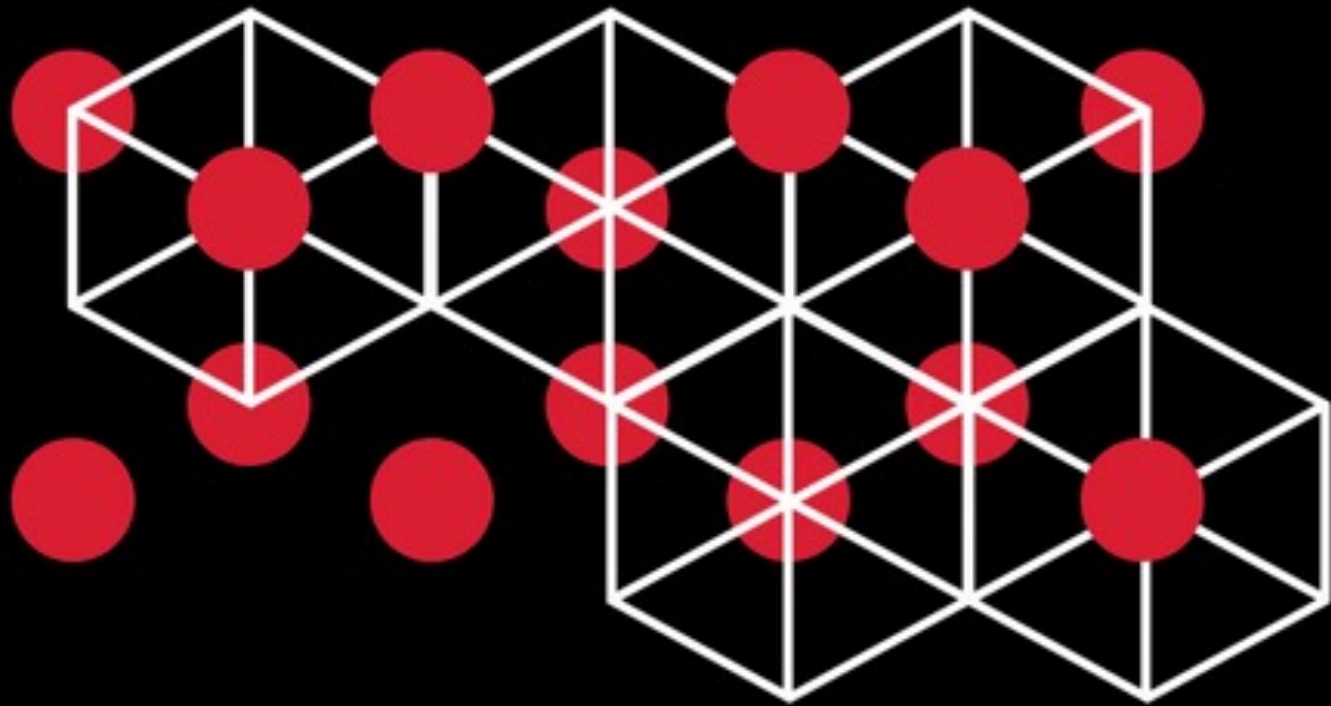
The Business Case for CX

Faster Growth

3.5x
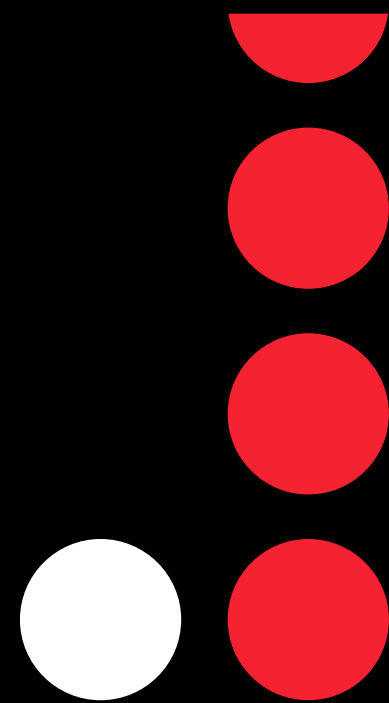
Fastest growing firms 3.5x more likely focus on end-to-end client experience (Bain, 2022)

Happier Clients

+42%
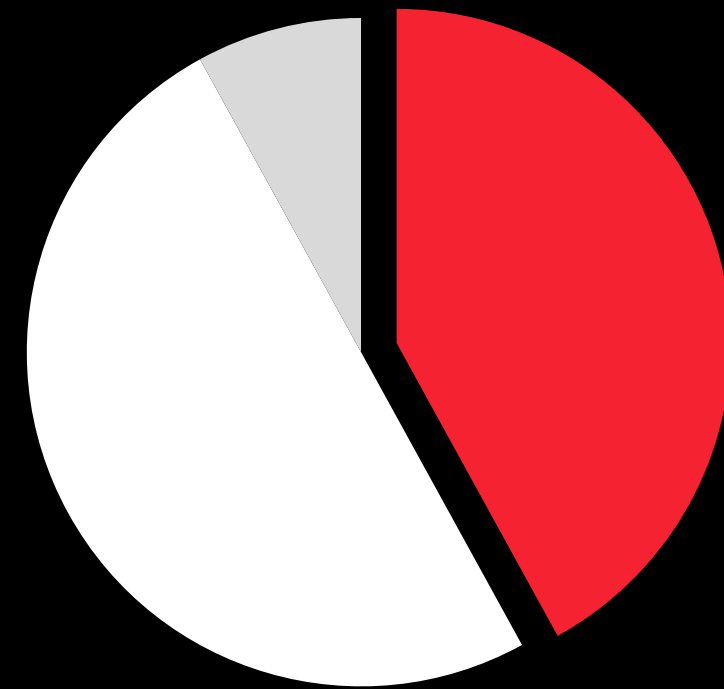
42% growth in client satisfaction and higher percentage of client retention in in CX leading law firms (Beaton, 2022)

Greater Profitability

+25%
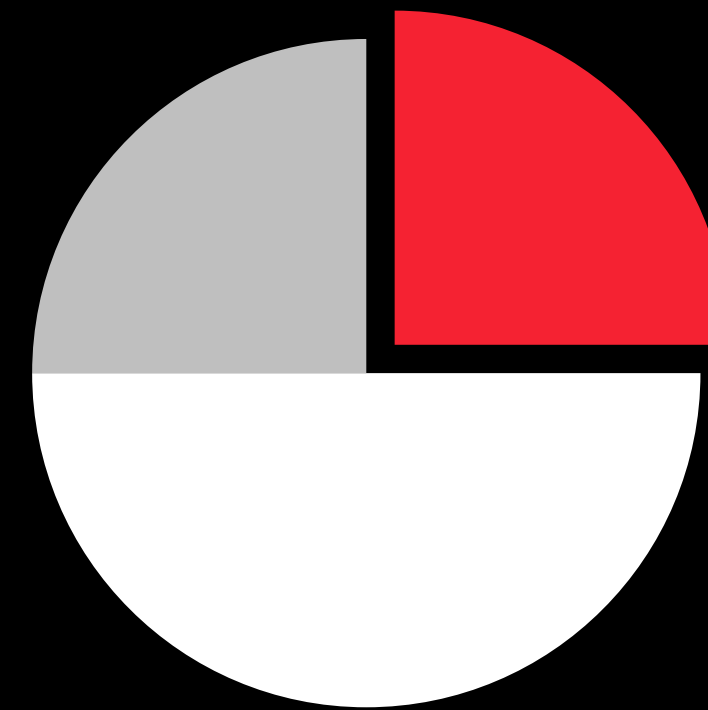
CX optimization projects reduce costs by 15-25% over 3 years (McKinsey, 2016) 5% of client retention results in a 25% increase in profitability (Bain, 2022)

More Engaged Employees

+39%
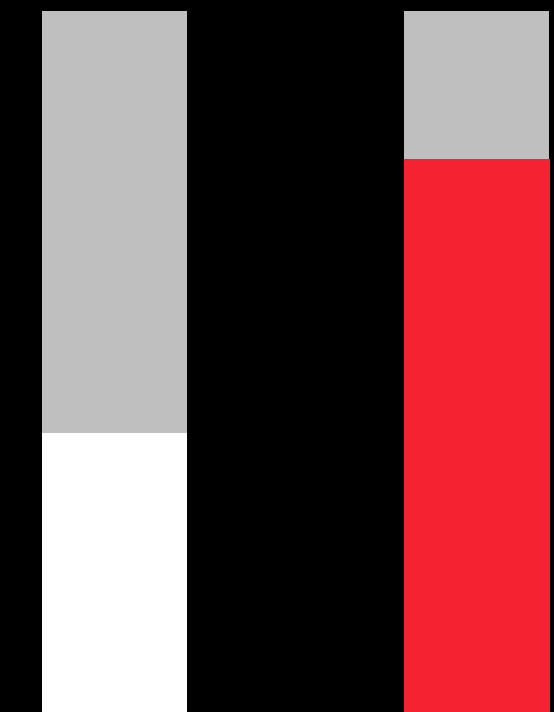
Top CX companies report higher percentage of highly-engaged employees: 79% vs 40% (Gallup, 2012)

Value of CX when the competition heats up

Increase profitability

Increase CLV (revenue/client)

Become more empathetic toward each other and the client

Value of CX

Increase partner and employee engagement and retention

Increase awareness of the client's total journey/experience

Increase client loyalty and retention
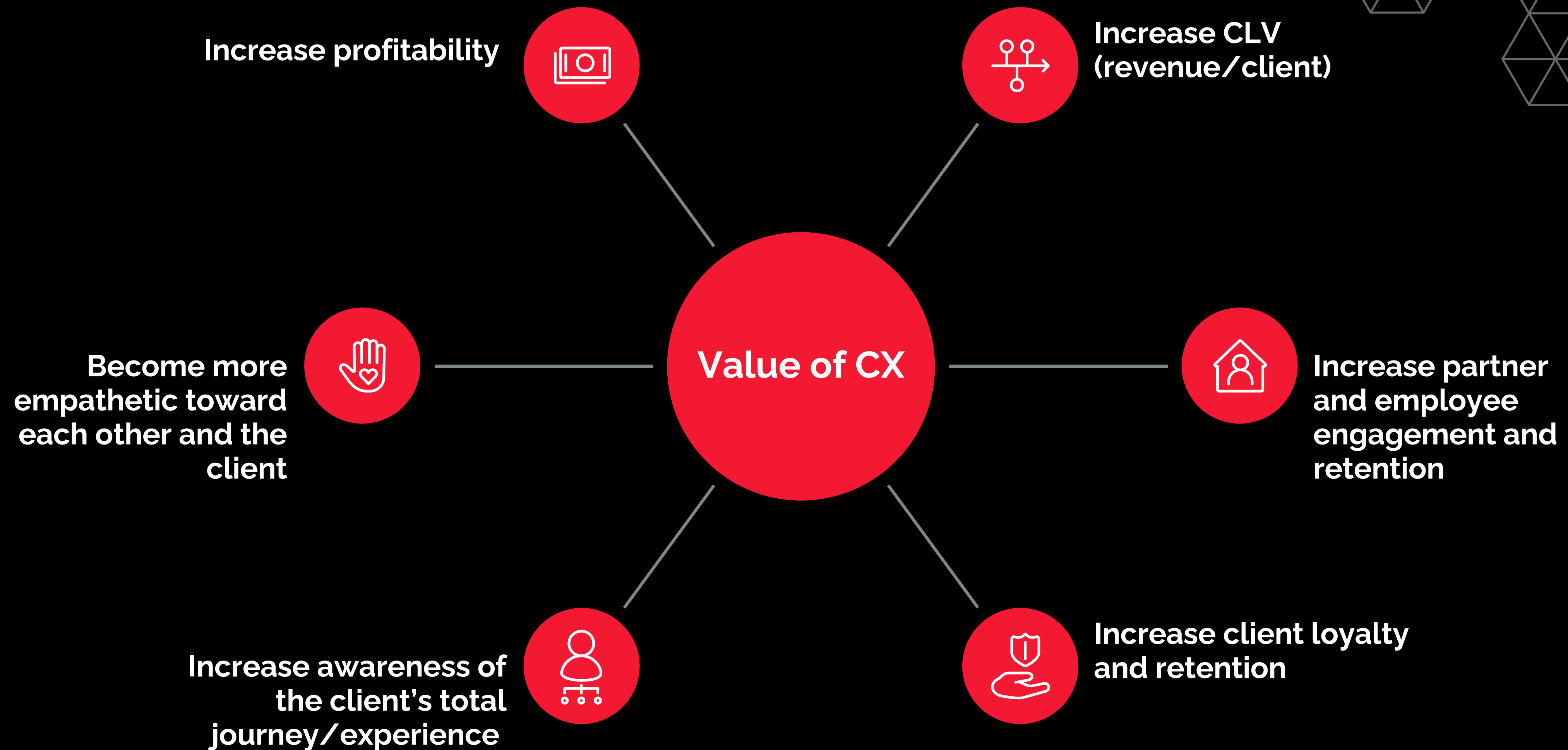
Value of CX on growth of the firm

Better Client Experiences

Your Firm's Growth

More Ideal Clients

More Effective Resources

Better Firm Member Experiences

More Revenue

Enviable Reputation

More Desirable referrals

Revenue of CX Leaders & Laggards Over Time

— CX Leaders   — CX Laggards

2X

Greater growth for leaders since 2016

1.7

1.0

2016   2019   2021
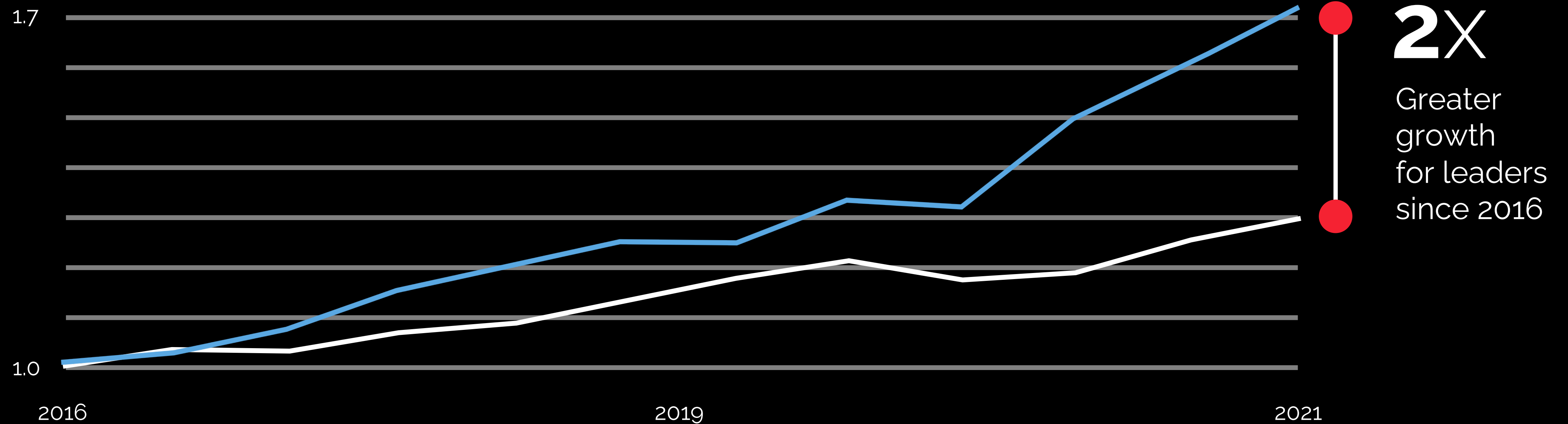
McKinsey & Company, 2021

Case Study

Managing client churn and meeting growth objectives with CX/EX: a 1400-person advisory firm

The Challenge

14%
dip in client retention

19%
decrease in cross-selling

21 pt.
decrease in Net Promoter Score (NPS)

Poor client feedback across practices and geographies about

Consistency

Internal Turnover

Relationship Health

Experience Quality

Case Study

Managing client churn and meeting growth objectives with CX/EX: a 1400-person advisory firm
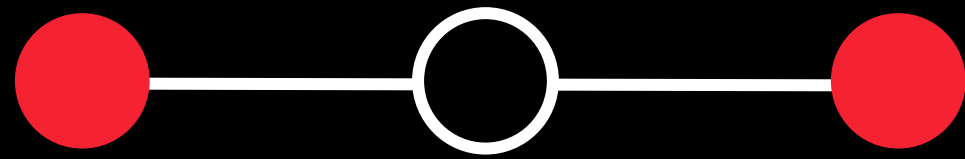
The Solution

- Developed CX Strategy

- Shifted practice standards focus from Service Quality to Experience Quality

- Provided Executive Empathy Training to better equip leadership with engraining CX into culture

- 12 months of CX Strategy "town halls" to socialize the change and expectations

- Set up a "CX/EX University" focusing on applied CX/EX, empathy, emotional intelligence, and client relationship theory

- Redesigned the client feedback system to be more closed-loop and add metrics beyond NPS
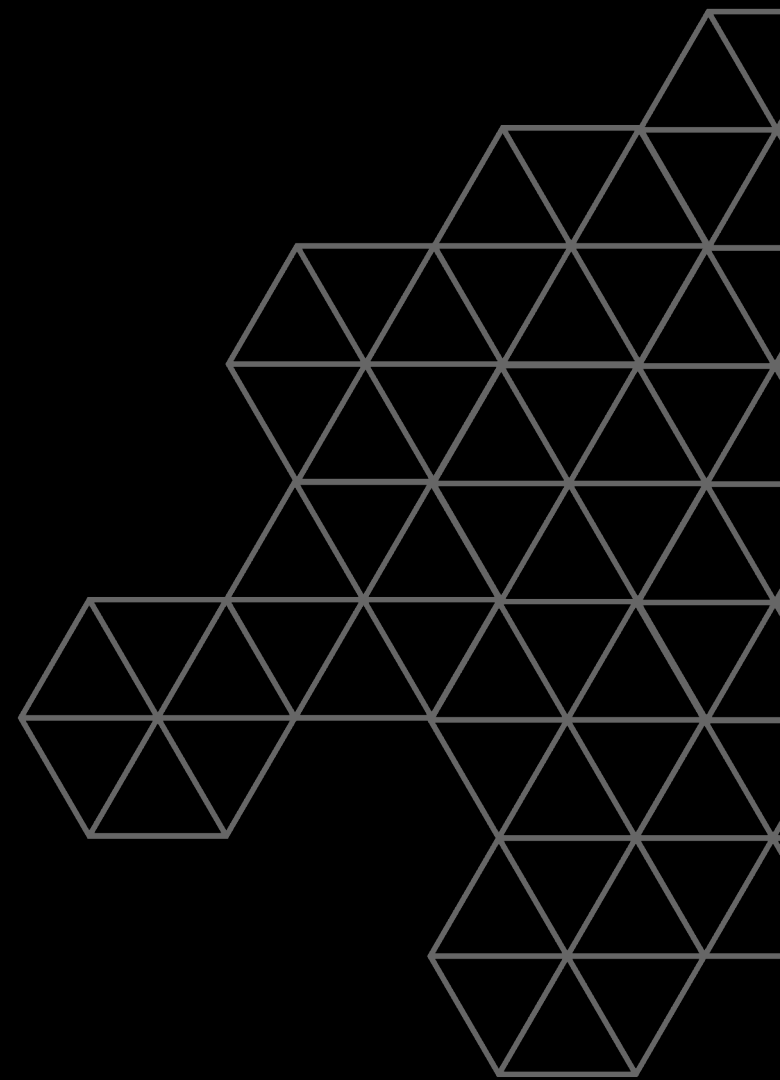
Case Study

Managing client churn and meeting growth objectives with CX/EX: a 1400-person advisory firm

The Outcome

People

+7.5%

● Improved average sales effectiveness by 7.5%

● 30% improvement in annual 360-degree performance reviews (eNPS)
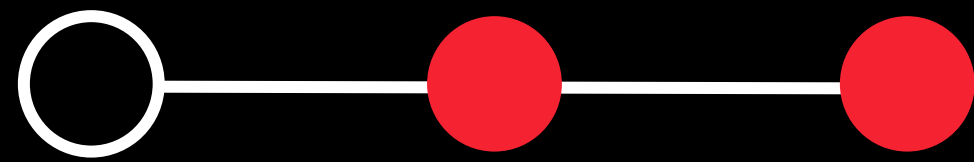
Clients

+16%

● Increased client retention by 16% over 18 months

The Firm

2.2X

● Firm's total "hard ROI" of CX was 2.2X in 22 months
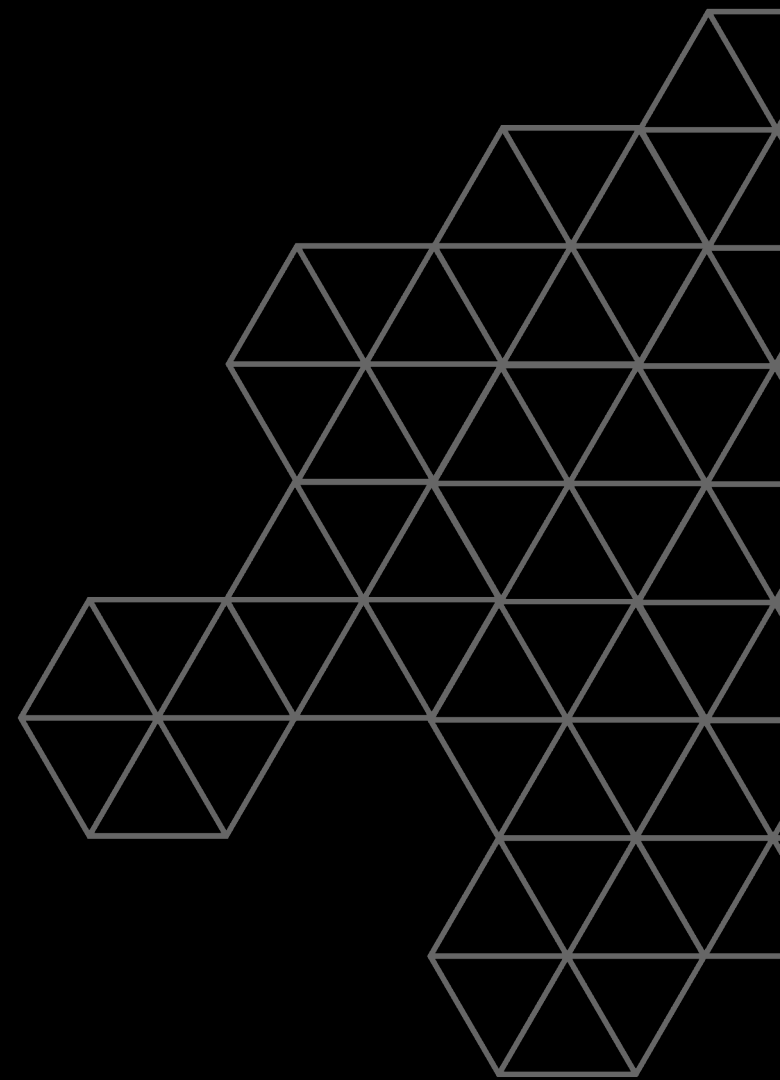
Key Principles
of an Effective CX Program

- **CX Programs must be about change**
- **Aspired from the top, enabled firm-wide**
- **Informed empirically by client voices**
- **"Outside-in" perspective**

- **Right metrics at the right time**
- **Cutting through silos, democratizing data**
- **Continuous learning culture**
- **Decisions based on data**

CX Program Framework

Understand	Design	Implement
CX Maturity Assessments & Diagnostics	Bespoke CX Roadmap & Strategy	CX/EX Program Socialization & Adoption
Client Personas & Journey Mapping	CX Charter	CX/EX Coaching & Training
Closed-Loop Client & Internal Feedback Systems	CX Metrics & Measurement	CX/EX Centers of Excellence
Data Insights Management	Engagement, Operations, & Governance Modeling	CX/EX Improvement & Future State Design

2. How to bring CX into your firm

Table Exercise (20 minutes)
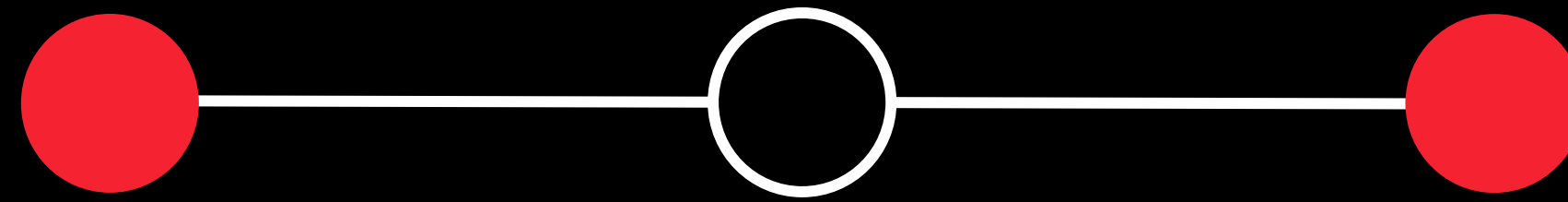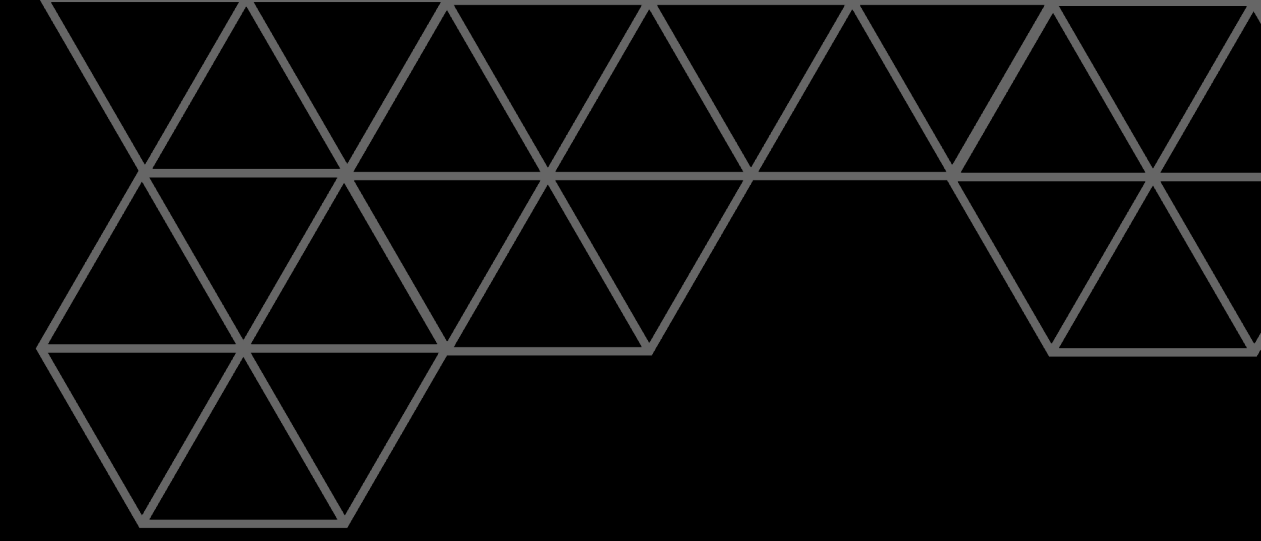
Table Exercise (20 minutes)

Developing your CX strategy—leading practices

- Formulate firm's point of view on CX
- Determine how to gain value from CX
- Communicate intention to the firm
- Perform a CX maturity assessment
- Develop a CX charter
- Create CX ambassadors
- Create closed-loop client feedback
- Establish CX metrics (simplified)

- Determine best ideal targets (segment)
- Develop simple persona to target
- Journey map that persona
- Determine small "pilot" to try out
- Measure effectiveness of "pilot"
- Communicate results of pilots
- Integrate CX into Marketing
- Leverage feedback into recruiting

3. Client Empathy =
foundation of CX
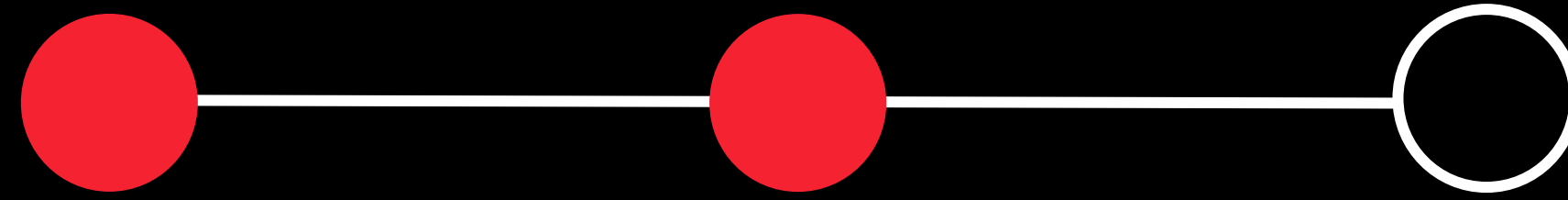
Why?

Because, fundamentally, CX is about

deep connections with your clients
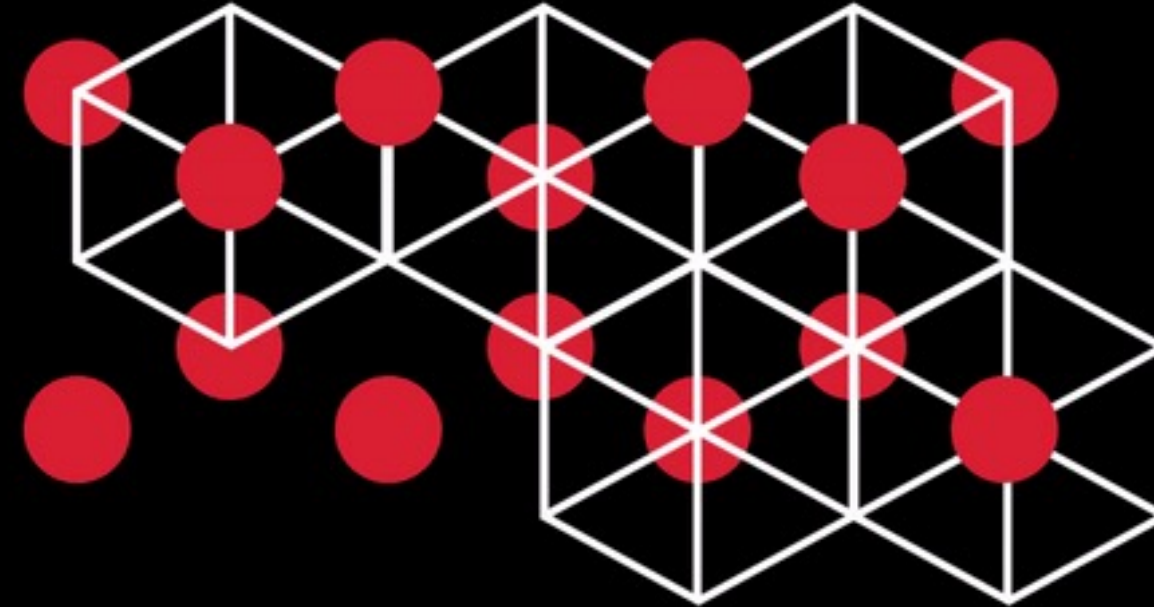
Client Centricity

Empathy & Client Centricity
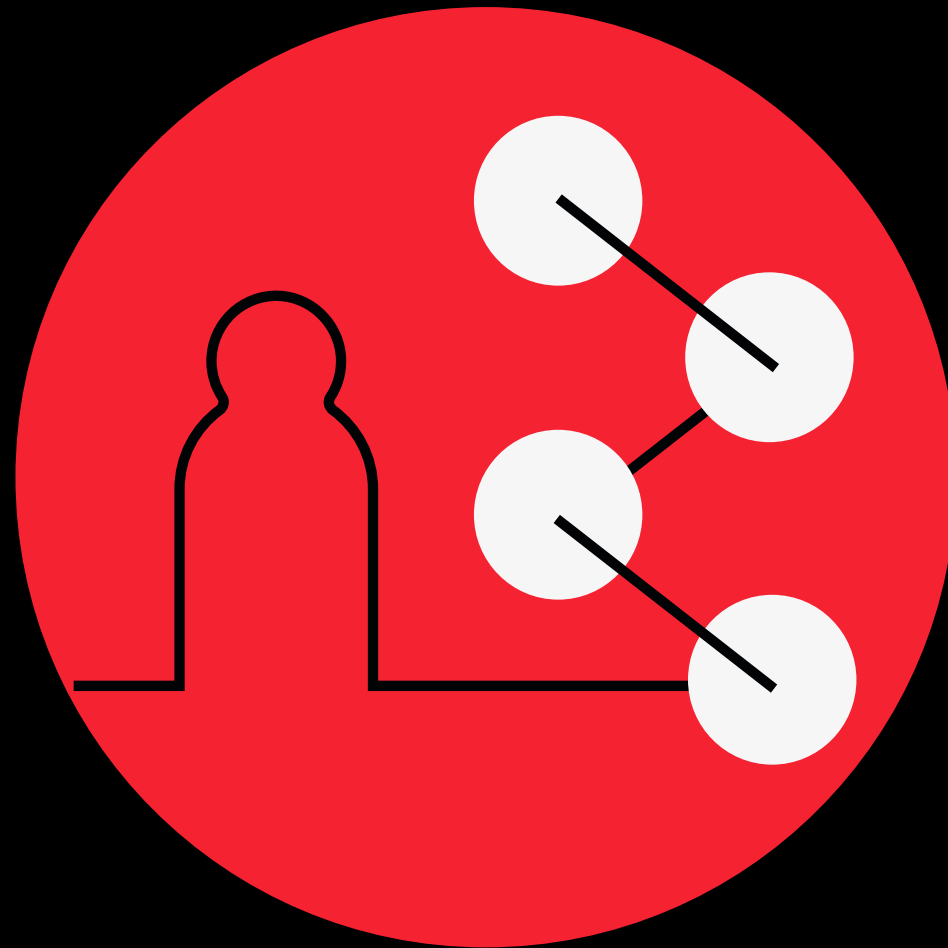
2x $$$

Top 10 empathetic companies 2x times more profitable than 10 least empathetic companies (HBR, 2015)

+**60**% $$$
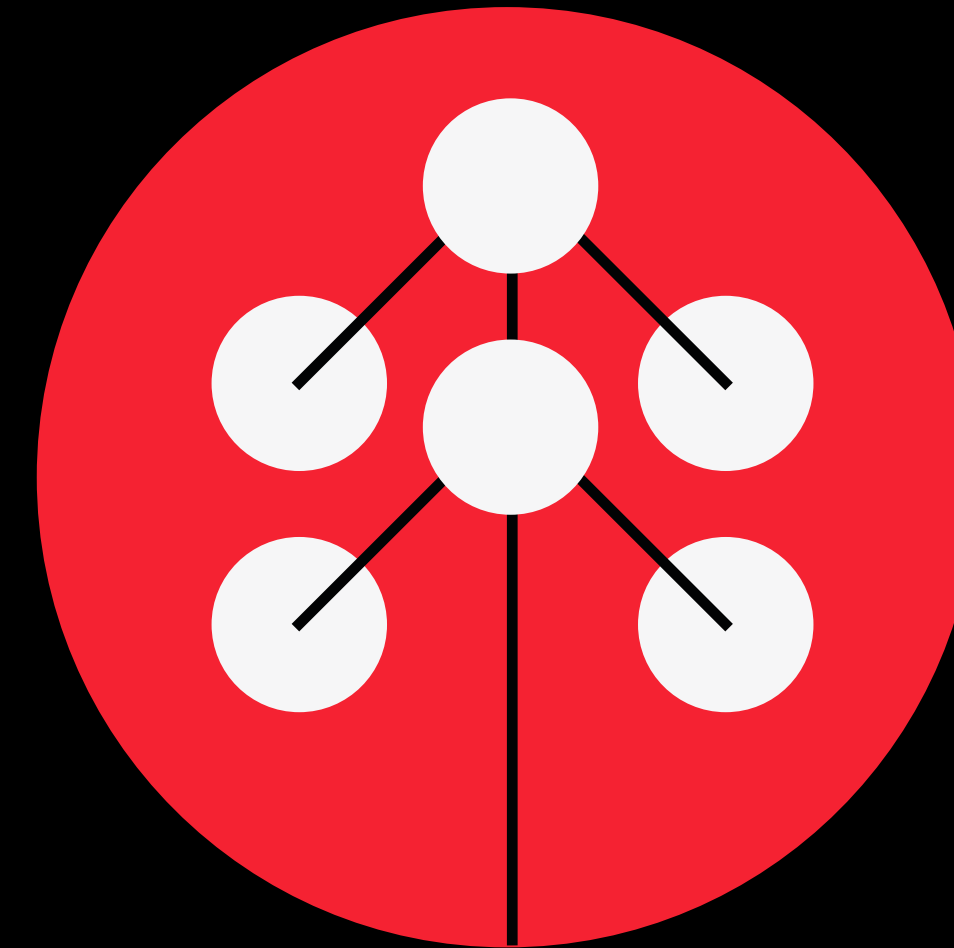
Experience-centric companies (those practicing empathy) are 60% more profitable than those that aren't (Deloitte, 2021)

CX Building Blocks

Interactions are what create **client journeys**

Client journeys are what create **client relationships**

Client relationships are what **create retention, loyalty, and advocacy**

Retention, loyalty, and advocacy are what create **profit**

CX Journeys: "The Value Canvas"

Awareness

Consideration

Commit

Onboarding

First Use

Ongoing Engagement

Evolve

Discontinue

Renew

Client
Experience
Management
Program

The Value
We **Deliver**

The Way We
Engage

The Way We
Operate

The Value
We **Gain**
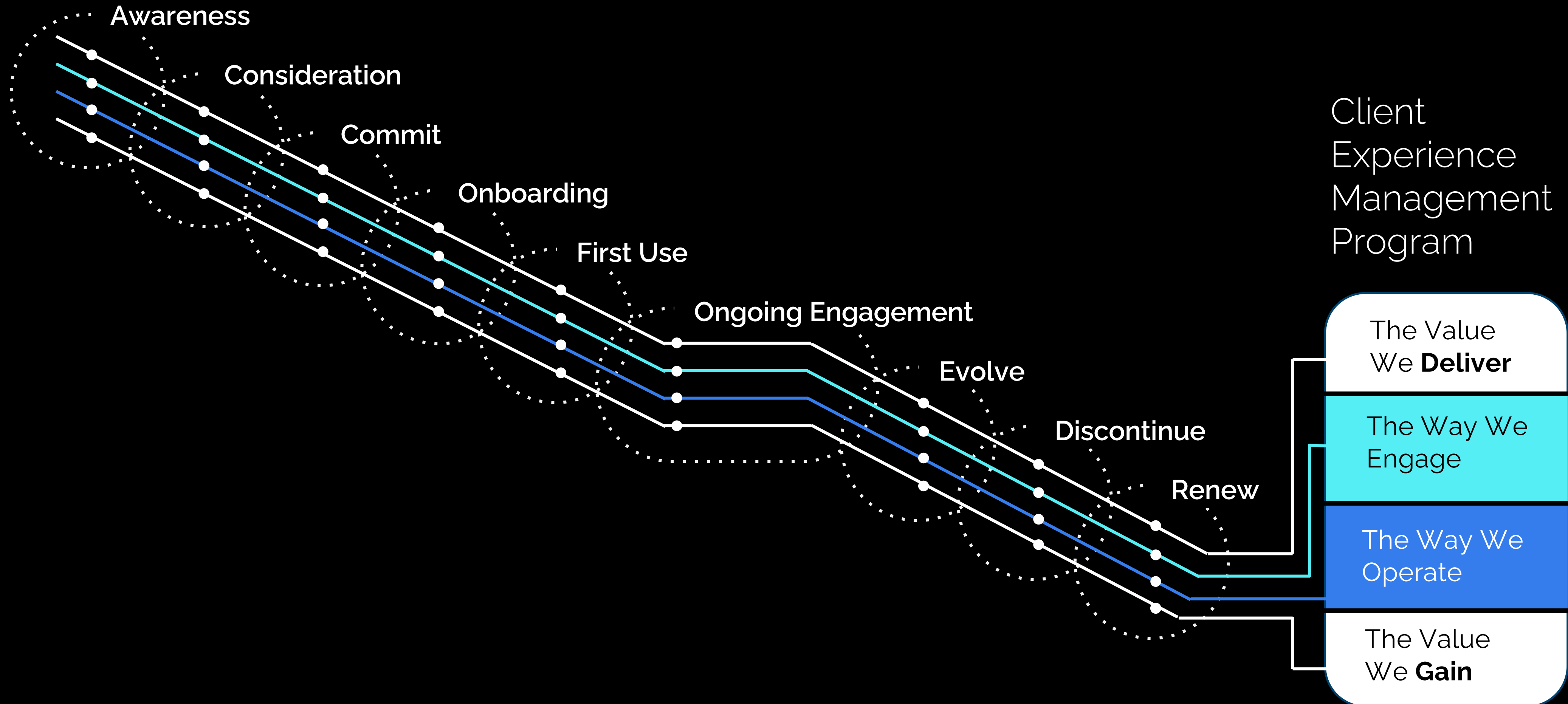
How to lose money in 10 days

A 30-second empathy exercise
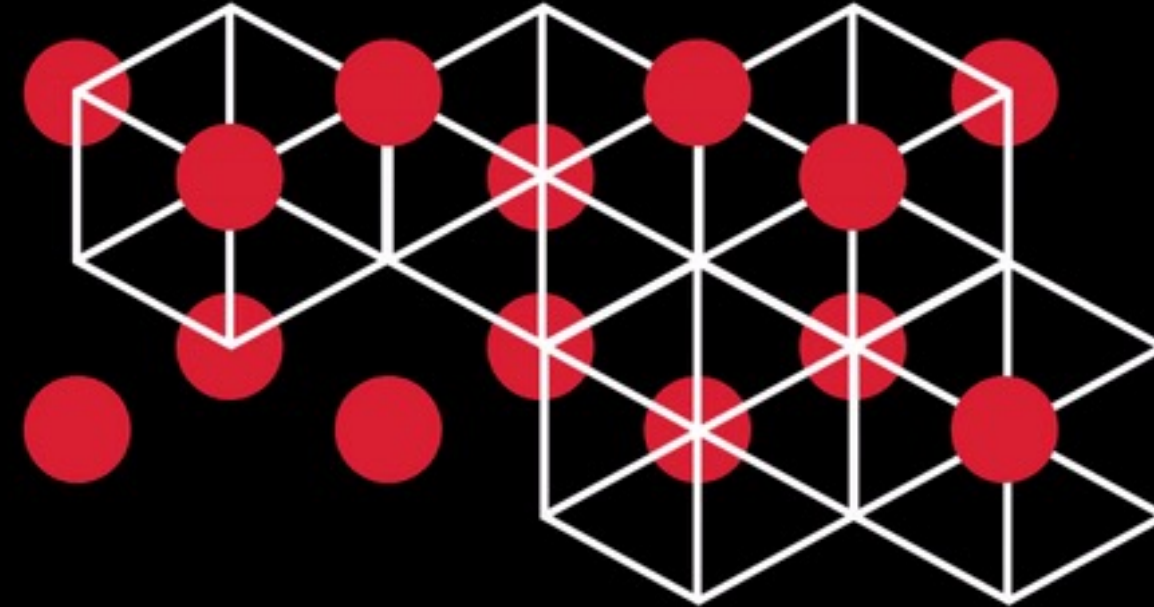
Client instructs the firm on an employment matter. Client specified at the beginning that they need at least an idea of how much the spend would be.

The lawyer gives an approximate number of hours it might take. Service is delivered as expected. Client is satisfied with the quality of service.

The final invoice exceeds the initial client expectation and contains several items not mentioned initially.

How do you think the client felt?

How likely is the client to return or refer?

What is an opportunity cost here?

Client Never Returned

That was a mismanaged interaction

Estimated lost opportunity cost to the firm:

$108,700.00
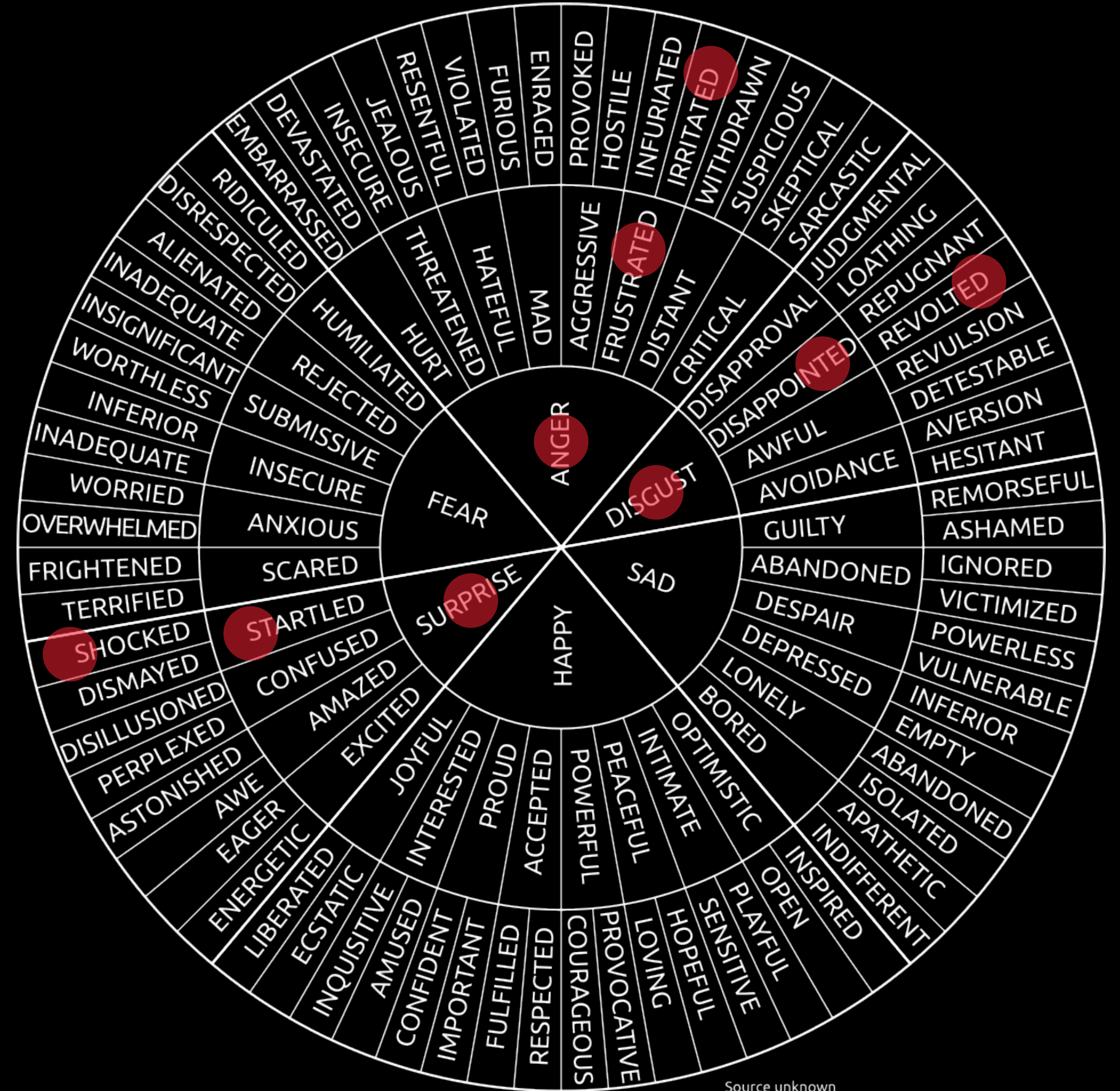
Source unknown

Remember

3,500,000

Client interactions

=

3,500,000

opportunities to

=

**Create Value
or
Destroy Value**
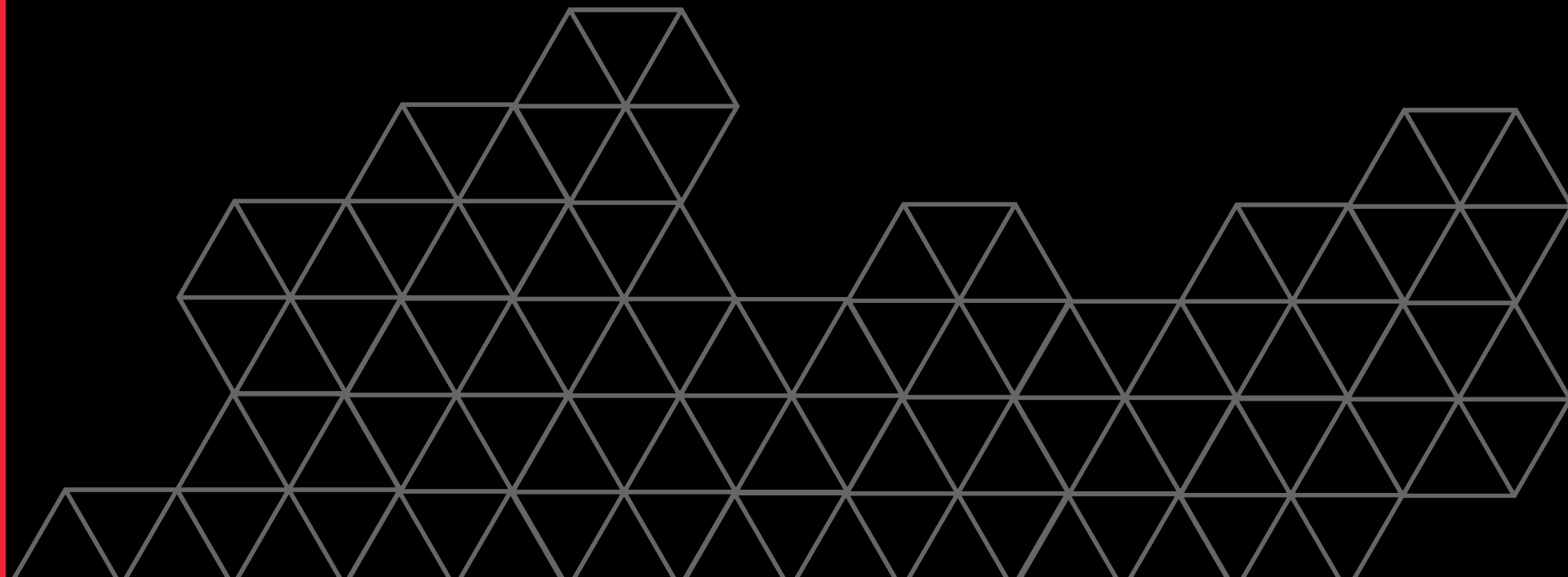
The art + science of client interactions

Three Types of Empathy

COGNITIVE

EMOTIONAL

EMPATHIC ACTION
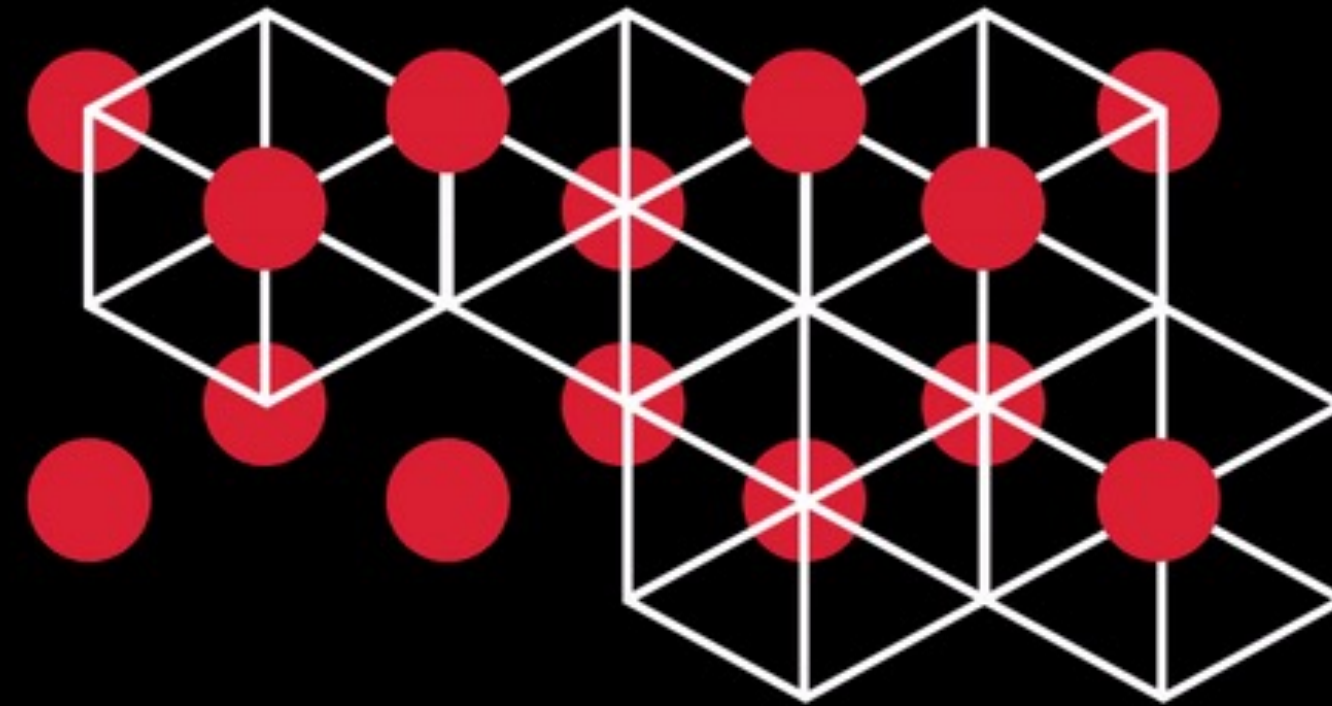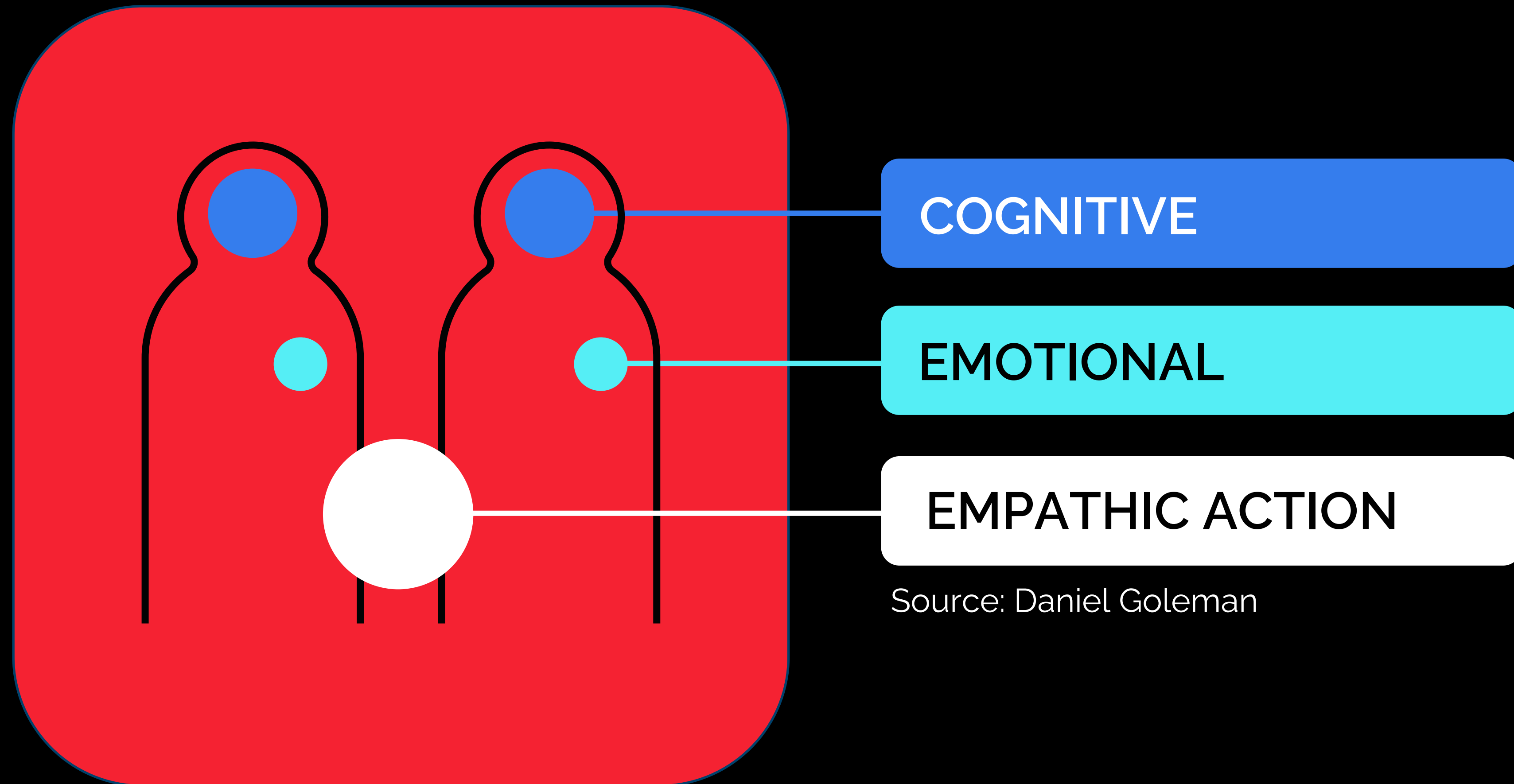
Source: Daniel Goleman

Cognitive Empathy

The 'rational rigor' applied to each interaction

Setting Expectations	Timeliness	Responsiveness	Dependability
Understand Needs	Recovery	Innovation	Value / Cost

Emotional Empathy

The 'compassionate rigor' we apple to each interaction.

Personalization & Recall	Integrity	Compassion
Time & Effort	Meeting Expectations	Resolution

Empathic Action

The things that stay in client memory: *"I remember they / they are..."*

Friendly

Will Do The Job I Need

Will Make Me Successful

Easy to Work With

Understand Me

CX PILOTS

O.P.E.N. U.P. ™

Client interaction stages

MODALITY

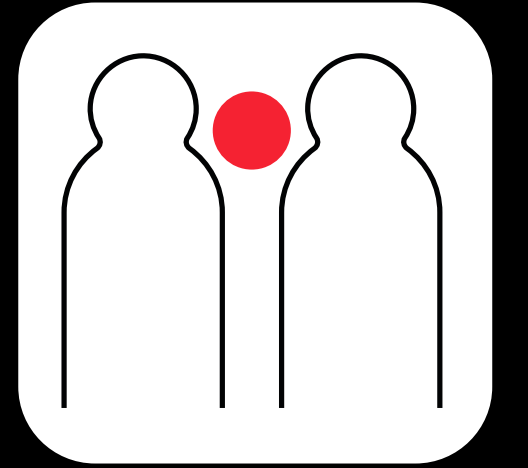| Opening | Plugging In | Exchanging | Nailing It | Unifying | Prep for Next |

Modality:

The staging and timing of every interaction

Stages of Client Interactions

(*O.P.E.N. U.P.* ™)

MODALITY

1. Opening
2. Plugging In
3. Exchanging
4. Nailing It
5. Unifying
6. Prep for Next

COGNITIVE

Setting Expectations	Timeliness	Responsiveness	Dependability
Understand Needs	Recovery	Innovation	Value / Cost

EMOTIONAL

Personalization & Recall	Integrity	Compassion
Time & Effort	Meeting Expectations	Resolution

EMPATHIC ACTION

Friendly	Will Do The Job I Need	Will Make Me Successful
Easy to Work With		Understand Me

Client experience lives in the minds of your clients, not you

It is whatever **they** think it is

Loyalty (retention) is predicated on empathy

Empathy is the closest lawyers will get to a **'magic bullet'** in growing/sustaining the most meaningful and long-lasting relationships
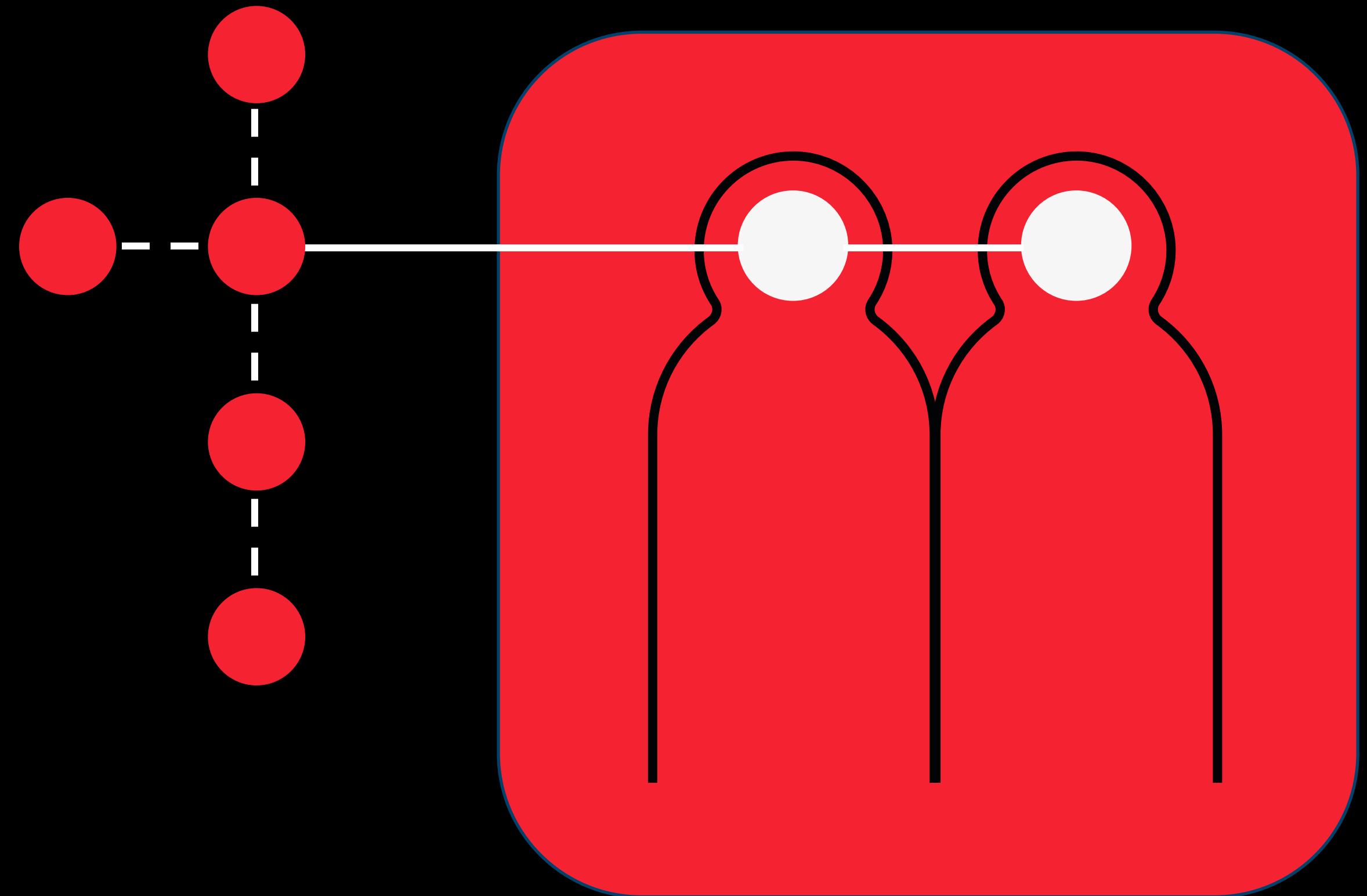
Key Takeaways

This is the science that drives client loyalty and leads to revenue generation

- A typical law firm manages 3.5 million client interactions

- Every client interaction has 6 stages (O.P.E.N. U.P). Each stage entails unique client perceptions

- There are many more interactions than a firm realizes. Systematically managing them is how one uses CX to convert empathy into profit

- Train lawyers and firm members to engineer empathy into every interaction

- The more you understand how empathy is created, the better you will be at retaining clients
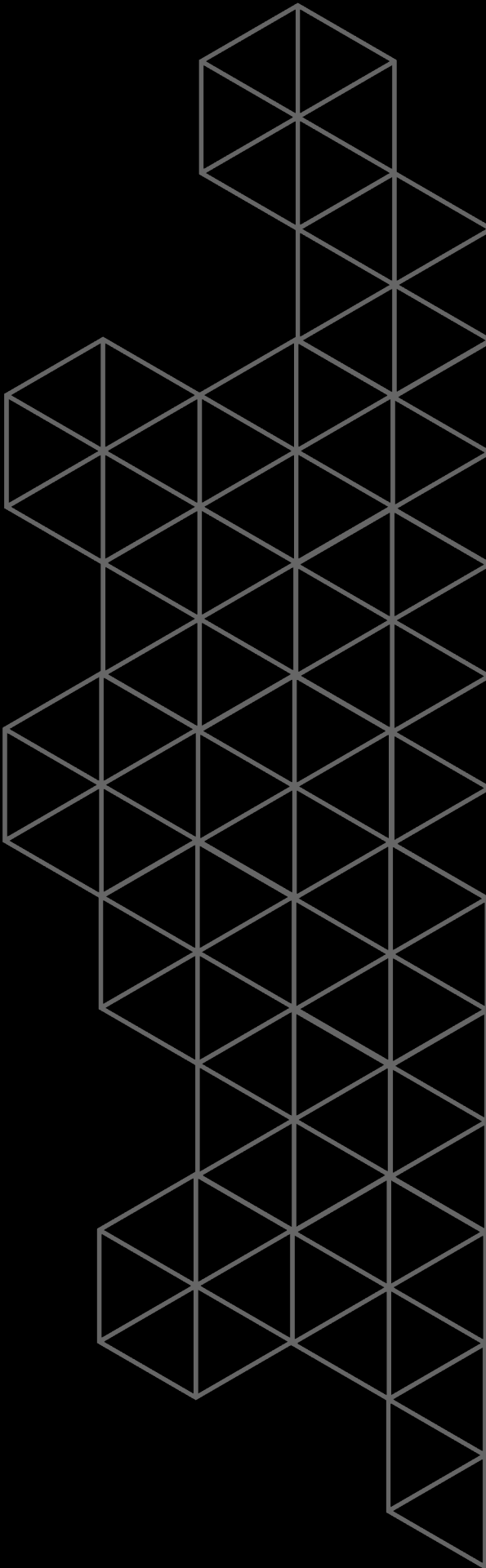
Scan to receive the CX For Lawyers and Law Firms
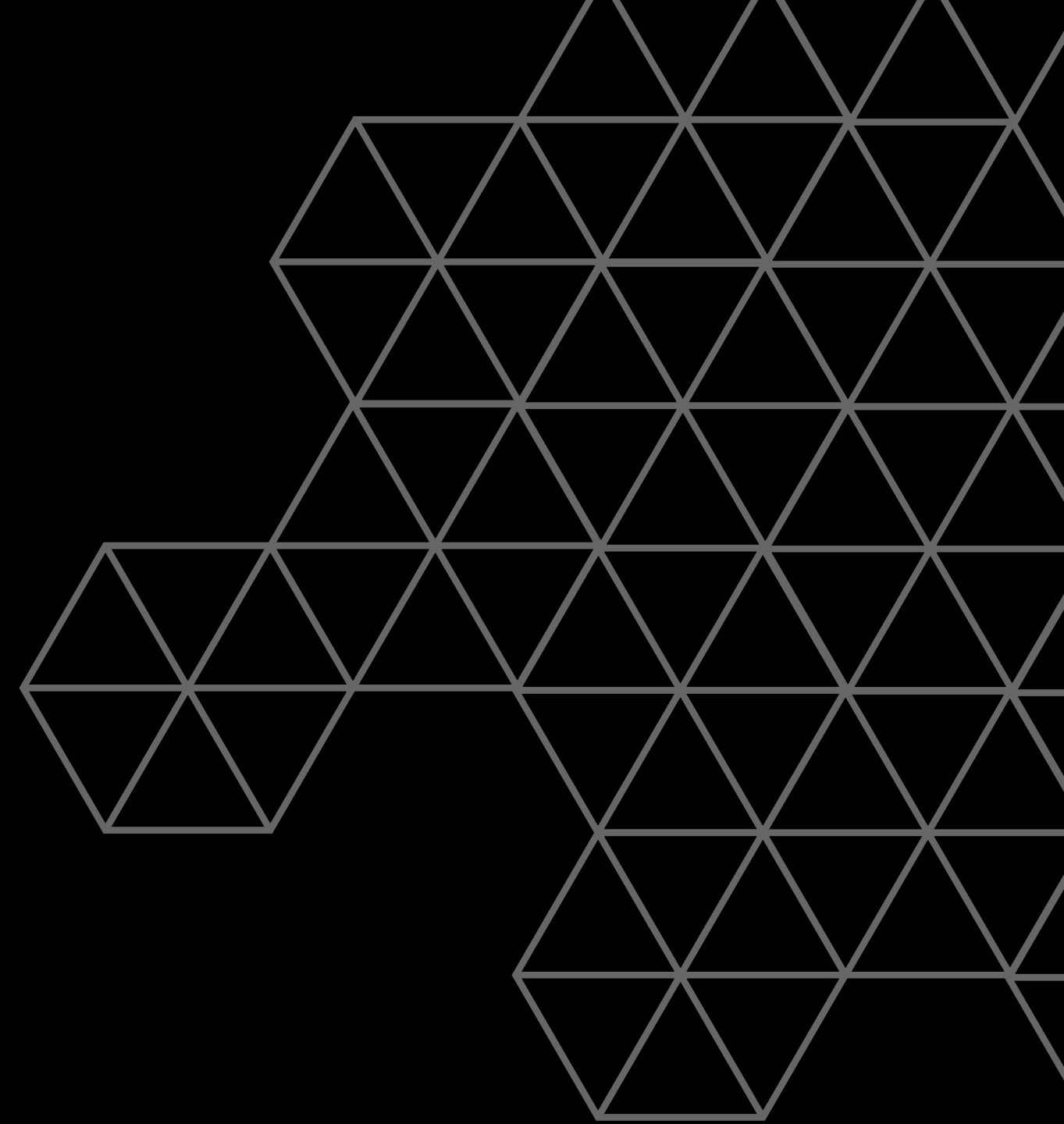
In times of heightening competition and intense pressure to grow the firm, CX can be your prime method of acquiring and retaining key clients and the most intelligent platform for the firm's growth

CX is a journey, not a piecemeal approach

It requires commitment, understanding, belief, and creative adoption strategies to get it right

CX PILOTS