



Predicting Cross Selling Performance

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Many law firms are (rightly) convinced of the benefits of cross selling but disappointed at their poor performance in that area. The traditional response is a mix of exhortation by the managing partner, ambitious action plans, dedicated training programs, and a revamping of the partners' annual performance appraisal form (when such a thing exists) to include cross selling as a criterion. This traditional response generally fails to deliver material long-term improvement and very soon, the situation goes back to normal. The reason is that cross selling is a natural outcome: it happens naturally, without any efforts, if the certain conditions are met. If these conditions are not present, exhortations, actions plans and other measures won't change anything. You don't grow a tree by exhorting. In other words, firms with cross selling problems should not focus on cross selling. They should focus on the conditions that, when met, make cross selling the path of least resistance. What are these factors that make cross selling as natural as going with the flow?

Specialisation. In many firms, different partners have a similar general practice. Each partner is sort of a mini full-service practice on his or her own. When everyone is basically doing the same thing, partners tend to become rivals and to compete for clients and for work. On the contrary, when there is a clear differentiation between the practice of different partners, cross selling becomes much more natural and effortless. This is the reason why cross selling happens quite frequently and easily in international networks and alliances: a Swedish firm with a client needing assistance in Spain is not tempted to provide the legal services itself: the obvious next step is referring the client to the Spanish member firm. Inversely, it is sometimes striking to see how different practice groups in the same firm will compete for the same assignment. An interesting exercise to do with law firms is to ask to each practice group who in the firm should handle an incoming transaction: it is very common to have three or four different practice groups claiming priority for handling the same file. Poor differentiation and specialisation makes cross selling unlikely.

Client sophistication. There won't be much cross selling if the clients of the firm are one-dimensional. A client operating exclusively in its domestic market won't need services from the alliance's other member firms. Some clients simply don't have enough breadth and depth to ever need cross selling. On the contrary, clients with many

different entry points and contact persons, with a large in-house legal team, with a web of different business units and with international operations offer obvious cross selling opportunities.

Partners' interaction. Cross selling opportunities can only be identified and seized if partners talk to each other. In firms with a strong culture of talking about clients and assignments, information flows and cross selling follows. There is no cross-selling without partners talking to each other about their clients and their clients' business, etc. Many lawyers believe that cross selling is all about introducing one's partners to one's clients. Actually, cross selling is very much more about talking among partners about clients. "What is happening with this client? What business issues is this client facing? What do we know and whom do we know?" Etc. Unfortunately, most law firms organise themselves around practice groups and fail to enhance interfaces among these practice groups through "cross-practice-group client teams", transversal practice group, inviting delegates of other groups at the practice group meetings, etc. Eventually, it is very simple: in law firms where partners hardly talk to each other (and there are many), cross selling is very unlikely to flourish.

Quality standards. Anyone will be reluctant to refer a client to a lawyer or a firm with poor quality standards. As anyone knows, clients are a lawyer's main assets, and nobody wants to take risks with their core assets. Lawyers who care about their clients won't introduce them to lawyers if they have doubts about the quality of their work. There may be various aspects of this quality: legal expertise, ability to get results, client care, client relationship, partner's involvement, and reasonable pricing. Is a partner convinced that if she sends a client to another partner, the client will enjoy the same level of care in all these dimensions? Reality shows that in many cases, even in so-called "integrated" or "global" firm, that is not true. A top client in Frankfurt may become an end-of-the-list client in Paris, just as a top client in the labour & employment department may become a lost case in corporate. A genuine, shared and consistent commitment to quality, irrespective of the client's origin, is therefore another safe predictor of cross-selling performance.

Relationship intelligence. Cross selling is the predictable offspring of stable partnerships. When partners fly in and out, they tend to keep their luggage ready for the next trip, and therefore to keep their client relationships mobile. If you cross sell your clients to your partners, the day you leave the firm, these clients are very likely to stay with the firm. So if your plans are to leave the firm and you want to keep your client base transportable, you better keep the main contacts for yourself. In other words, cross selling can hardly develop in an atmosphere of distrust. Partnership that are a healthy human eco-system, with a very low turnover, in which partners feel that they are able to invest for the long term, are those where cross selling is most likely to happen.

Affectio societatis. Law firm with a higher degree of cross selling are more than an opportunistic business arrangement among individuals. In law firms that are successful in cross selling, partners share a culture, a set of values, a vision of their profession and of the firm. There is more to being a partner than maximizing your earnings. It is about

sharing a vision, following a brilliant tradition, contributing to a project, being part of something bigger than you. And in these firms, partners have a genuine and powerful attachment to the institution and to what it represents. Partners see themselves, both individually and collectively, as contributing to a higher, shared goal, and that team spirit is making cross selling the most natural and obvious thing.

And financial incentives? Literature about cross selling generally puts forward the importance of financial incentives for cross selling. I am not convinced. There are many impressive examples of successful cross selling without financial incentives, as in international alliances: the reason why people cross sell is not because they have a financial interest on it (there is no commission on the fees generated by the referred firm), but simply because their client has a legal need that they are not able to fulfil themselves, as in the above example of the Swedish firm with a client needing assistance in Spain. If the same Swedish firm happened to have a branch office in Spain, it would refer the job to that office, and not cross sell it to the Spanish law firm. So there real question is not, "Do I have a financial incentive to cross sell" but "Can I do the job myself"? If you can, you will probably do it. Why would you cross sell? If you can't, you will cross sell, even without financial incentives, because otherwise what would you do? You can't do the job anyway. Cross selling does not make you lose anything. So I don't think that financial incentives have such a commanding impact on cross selling, as many tend to argue.

In conclusion, cross selling is probably the most intelligent business development strategy for law firm and enhancing cross selling should be a priority for law firms. I believe however that the best way to increase cross selling is not to work on cross selling as such, but to improve the conditions that naturally produce cross selling: greater differentiation among practices, a portfolio of clients with sufficient breadth and depth, a culture of sharing and discussion client information among partners and across practice groups, a true commitment to consistent quality standards, a partnership where partners feel they want to spend the rest of their career, and a vibrant *affectio societatis*. ■