Which Comes First: The 'C' RM or the 'E' RM?

When it comes to managing the multitude of relationships so crucial to law firms, there are a variety of technology tools to choose from. Two of the more popular and effective ones are Client Relationship Management (CRM) and Enterprise Relationship Management (ERM) systems.

When selecting a tool to assist with managing relationships, one question commonly asked is, "Which system should a firm implement first?" To avoid this 'Chicken or Egg' dilemma, it makes sense to thoroughly evaluate your options before making a decision because, while the two systems have a lot of commonalities, they also have a multitude of differences. The chart below gives a quick side-by-side comparison of the systems.

Criteria	CRM	ERM
Value / Features / Benefits	Communication, mailings, events, client service, activity tracking, relationship management, business development opportunity discovery, tracking and management	Reveal and rank relationships
Data Entry Requirements	Moderate	Minimal
Attorney and/or Secretary Time Requirements	Minimal to moderate, depending on how widely, and with how much functionality, it is rolled out	Minimal, depending on whether marketing or all attorneys have access
Communication / Training Requirements	Moderate. Focus on system use, privacy and security, user benefits and change management issues.	Minimal. Focus on promoting trust in data collection and expectations of data usage.
Methods of Installation or Hosting	Primarily onsite within the firm's firewall	Onsite at the firm or hosted offsite in the 'cloud'
Pricing Model	Primarily licensed; occasionally subscription	Primarily subscription
IT / IS Involvement / Time Required	Moderate	Minimal
Rollout / Deployment Time Required	Approximately 3 months to 18 months	1 month to 6 months
Industry Taxonomy	Not Included but available for some systems for an additional price	Included in most systems

Which Came First?

In the pecking order of relationship management tools, CRM clearly came first. It has been around over a decade and has evolved into an effective tool to help firms and attorneys manage contacts, enhance communications, improve client service, track activities and opportunities and discover relationships. But the real benefit of CRM is its ability to foster coordination and communication, two things that almost every marketing and business development initiative in a law firm depends upon.

A Bad Egg?

While there are few technology tools as potentially beneficial to a law firm, there may also be none as frequently maligned. In the past, research indicated that more than 70% of CRM implementations may have failed to meet expectations. However, the reason for failure often had more to do with the expectations themselves than CRM.

When CRM selection and implementation focuses on all the 'bells and whistles' a system offers, firms often expect - and try to do - too much. Just because CRM **can** do all these things, that doesn't mean that it **should**. To avoid under-delivering on CRM's promise, during the initial deployment, be strategic in focusing on a limited number of goals that are agreed on by key stakeholders. You should also appreciate that with advanced functionality often comes additional requirements in terms of training, communication and resources.

But the biggest challenge with CRM often has little to do with technology. It's the people and process issues. In fact, when it comes to CRM success, it's almost ALL about the people – busy, overworked and sometimes overwhelmed people – the lawyers and assistants who support them.

These people are balancing client demands - and sometimes demanding Clients – with critical deadlines and significant billable hour requirements, while being leg-ironed to their BlackBerrys and wading through a never-ending flood of e-mails. Add to this the lawyer personality: risk averse, extremely autonomous and not always fond of sharing, to say the least. CRM success depends on getting all these busy, overworked, independent people to work together for the good of the firm. No wonder CRM implementations are challenging.

Spring Chicken

Considering the CRM challenges, it's not surprising that alternatives have been hatched. ERM is a recently developed technology that helps firms reap similar benefits through automation rather than participation. ERM developed out of the realization that many attorneys may not have - or make - time to organize their contacts electronically. In fact, in many firms you can still find a senior attorney with a wealth of valuable relationships buried in that recognizable round relic, the Rolodex. As a result, only a small percentage of those contacts – and relationships – make it into the CRM. And for the ones that do, the information is often inaccurate and almost always incomplete.

But while attorneys may not 'manage' contacts, they live and die by e-mail. ERM taps into these 'hidden' relationships without attorney input by mining e-mail traffic patterns and then using logic to rank the

connections by strength. The resulting relationship information can then be easily accessed via a simple search. Industry information can also be added to enhance contact targeting and segmenting.

But for all of its benefits in mining a firm's vast relationship capital, implementing ERM can be challenging. Some attorneys are still hesitant to implement a system that seems to surreptitiously examine e-mail. Countering this objection requires an explanation of how ERM works, monitoring only e-mail flow, not content. ERM systems also employ security features to encourage participation by allowing lawyers to share the majority of their contacts while keeping sensitive ones private. As a last resort, lawyers can opt out of the system, although this defeats the purpose of having the system in the first place.

These types of privacy and security concerns are often indicators of a more serious challenge in law firms – a reluctance to share information or contacts. Firms where this attitude is prevalent may have challenges executing business development strategies requiring communication and collaboration, like client teams or cross selling. Ultimately, in today's legal marketplace, attorneys must realize that to thrive, or perhaps even survive, collaboration is essential. Gone are the days where contacts were considered 'property' of individual attorneys. Today they must be recognized as assets of the firm.

Egg Substitute

While ERM is a great relationship intelligence tool, it was not intended to be a substitute for the variety of features and benefits provided by CRM. Discovering relationships is only the first step. Leveraging those relationships and communicating effectively is essential, which is why mailing and event management and other similar initiatives are a high priority at almost every firm. For accomplishing these crucial tasks, there is no substitute for a well-implemented CRM.

Hatching a Strategy

Once you have a good understanding of CRM and ERM, the question becomes, which should you choose? Before taking a crack at this question, or shelling out thousands of dollars on a system that might not be the best fit, you should first identify your firm's specific needs and goals by asking key stakeholders a few insightful questions such as:

- What are our key firm initiatives and how could technology be used to support them?
- What is our plan for marketing and business development?
- What problems are we trying to solve?
- Do we have management and leadership buy-in?
- Does our compensation and/or culture encourage sharing?
- What is our tolerance for change?
- What resources are we willing/able to invest and what return do we expect?
- Are we willing / able to mandate participation or will we need to rely on consensus building?

Regardless of the answers, taking the time up front to assess your firm's needs will ultimately aid in the selection process – and enhance your chances of success significantly. Additionally, what works at one firm may cause issues at another. For instance, ERM might be great for a firm that is focused on introductions for pitches or RFPs. But it won't be the best fit for a firm with significant challenges dealing

with mailings and events. While ERM could also be used to enhance the reputation of a firm's marketing department by positioning it as the go-to resource for relationship information, this information alone won't help attorneys who have challenges collaborating.

Scrambled

As powerful as each tool may be beneficial independently, when CRM and ERM are mixed together and well integrated, the resulting benefits can be exponentially greater. For instance, ERM can be utilized to identify and gauge relationships and that information can be passed to the CRM, where it can be shared and utilized to guide business development. Additionally, contacts can be segmented by title or industry by the ERM and then added to the CRM for inclusion on lists for mailings or events targeted to their specific interests.

Breeding Success

Ultimately, achieving success in managing and leveraging the firm's relationships requires not only the right technology, but also a strategy. Planning will be crucial from the outset. Gaining leadership support will be essential. Necessary resources must be dedicated including time, money and people. Attorney buy-in must be fostered through communication and training. Success must be tied to solving problems and achieving goals. While this may seem ambitious, for firms that are willing to make the investment, the results can be exceptional.

About the Author

As a Business Development Technology Consultant, Chris Fritsch has worked together with hundreds of top law firms across the country to help them choose and implement the right technology and strategies to enhance their business development efforts and maximize their value and return on investment.

Chris also writes and speaks nationally on business development and legal technology topics. Her areas of expertise include client relationship management (CRM), competitive intelligence, business development and related technology.

Chris received her law degree from Emory University School of Law in Atlanta, GA, where she served as Managing Editor of the Emory International Law Review, as well as student and faculty technology consultant.