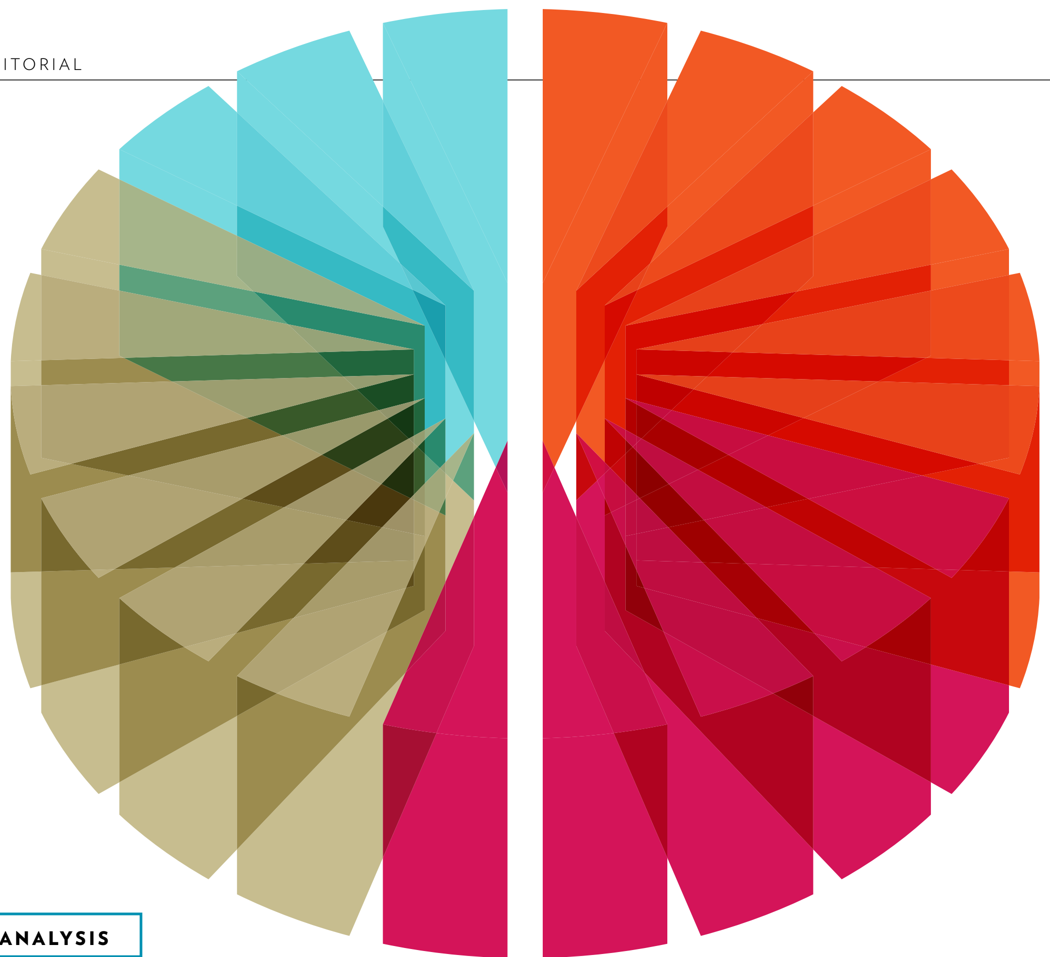

INDUSTRY ANALYSIS

Segmentation for client success

Michael Warren, VP, client development and intake practice at Wilson Allen, says measuring client engagement means balancing the science and the art

I remember watching the CMO of a global law firm present the strategy and results of their client engagement programme at an industry conference. What struck me was the absolute certainty with which she quoted figures like "it takes on average 2.2 face-to-face client meetings to close a $50k deal with an existing client." She explained that the firm had consolidated its data from a range of sources and was able to use the information on opportunities, matters, meetings and activities to ascertain this statistic.

Most important in what the CMO shared is what those statistics represented. It's not whether it was 2.2 or 3.2 face-to-face meetings. The point she was making is that her internal users believed in the veracity of the data model and they had to contribute data to the model for it to work.

We are operating in a world of increasing and increasingly diverse competition. We are also contending with tighter budgets and higher expectations from our internal stakeholders. As a result, it's more important than ever to be able to measure the effectiveness of your business development and marketing activity. And I don't just mean measuring click rates and RSVPs. As marketing and business development professionals, we need to be able to measure what works and, more importantly, what doesn't.

The importance of segmentation

The foundation of being able to measure client engagement is to have a clear segmentation strategy. To do this, you need to understand the variables that influence the segment a client falls into. Typically, this includes criteria from the following variables:

- **Client value** This might be revenue, collections

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or profit-related. It may also consist of other metrics around the number and average value of matters.

- **Revenue trajectory** An important variable is the change of the revenue over time. Is it diminishing, growing or stable? Two clients might have the same client value result, but if one has doubled in size and the other halved, then it's telling you something very different about those two clients.
- **Practice penetration** This enables you to identify how embedded your client is with you across the range of services that you offer.
- **Sector-focused** Most firms will segment by sector in some way, which is important as the thresholds of the financial variables may differ depending on the sector.
- **Revenue potential** This is typically drawn from your pipeline. It is always best to use a weighted revenue projection – for example, not all opportunities are likely to come to fruition, and not all people have the same attitude to risk and success. Some people are more optimistic about success than others, and you might want to take this into account.
- **Marketing engagement** This is a combination of several factors relating to how much different people at a client company are engaging with different messages.
- **Business development activity** This is typically looking at the frequency, recency and types of business development activities taking place.

As you will see from this list, most firms typically won't be able to draw the data they need to perform analysis from a single system. That fact presents challenges around taxonomy, integration and governance.

We have found that using something like Power BI is an extremely good way to take a rapid and iterative approach to mashing data and quickly producing output. There are many advantages to this, not least of which is that users find it difficult to understand the art of the possible or how a client engagement dashboard might look.

We have also found that starting with one or two of the data elements listed above, and then reviewing with your stakeholders and building from there, gets you to a workable model much more quickly than starting from the discussions around data lakes, warehouses and integration strategy. That's not to say that these things aren't very important in their own right. Still, when trying to prove that measuring client engagement is possible, you need to be able to develop in an agile manner, testing the relevance of different data points and then either advancing with them or discarding them.

How do you define engagement?

The second foundation to success is that you must be clear how you define engagement. You have to work out the different levels of engagement and the factors that indicate when someone has moved from one level of commitment to the next. That's why it's so important to use data from different sources. Analysing a single data source is only ever going to tell you part of the story.

For example, we have found in the segmentation model of our own CRM practice that there is a very high correlation between marketing engagement and awarding work. We will typically see multiple people from the same firm attending multiple webinars and reading multiple articles as a precursor to engaging on a new matter.

This correlation isn't necessarily surprising, of course, but the ability to see the results in the data enables you to start predicting potential outcomes better. More importantly, it allows you to begin to change your engagement strategy and try to drive that behaviour in others. For example, we can look at other demographic and attitudinal segmentation factors of people who become clients to find others with a similar profile who have not yet engaged.

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