

CLIENT FOCUS WHITE PAPER:

Achieving Excellence in Client Service

Summary of Strategy

Our goal is to enforce a uniform standard of client service excellence via a package of activities including a firmwide “Client Feedback Program.” The Client Feedback Program is three-tiered:

- Client questionnaires and appropriate firm response/action
- Client visits
- Guarantee

Regional Input *

	Americas	Asia Pacific	Europe	Hotels	LaSalle Investment Management
Questionnaire	Yes	Yes	Yes	Yes	Yes
Client Visits	Yes	Yes	Yes	Yes	Yes
Guarantee	Yes, but may depend on business.	Culturally won't work	Yes, but not if client has to be 100% satisfied.	Yes, if feedback procedure is in place.	Already have performance incentives.

* See attached exhibits for full detail.

Current Status

Many of the firm’s existing client feedback programs and client relationship management programs are in fledgling stages of development or are being implemented sporadically. Also, client questionnaire and follow-up procedures (both of which can be accomplished by client visits) vary among business units and regions.

Currently, a well-developed client management program is underway in Europe, where the firm has instituted the Client Relationship Management (ECRM) program for the region’s top 20 clients. The program is being pioneered by Global Client Services and Capital Markets. A questionnaire was developed as part of this program, but to date it is not being used extensively.

It is imperative to track client activity globally for a client feedback program to function efficiently. The firm’s current use of a disparate group of database systems does not easily allow for a comprehensive picture of all the firm’s activity with a particular client. This makes it difficult to intelligently manage a coordinated questionnaire/feedback program.

The firm presently provides no explicit service guarantee.

Strategy

- 1) Incorporate the best practices from current client focus initiatives.
- 2) Develop and implement a workable, efficient and cost-effective model for implementation of a client feedback program that can be tailored to function effectively across different organizational schemes.

Management of the Initiative

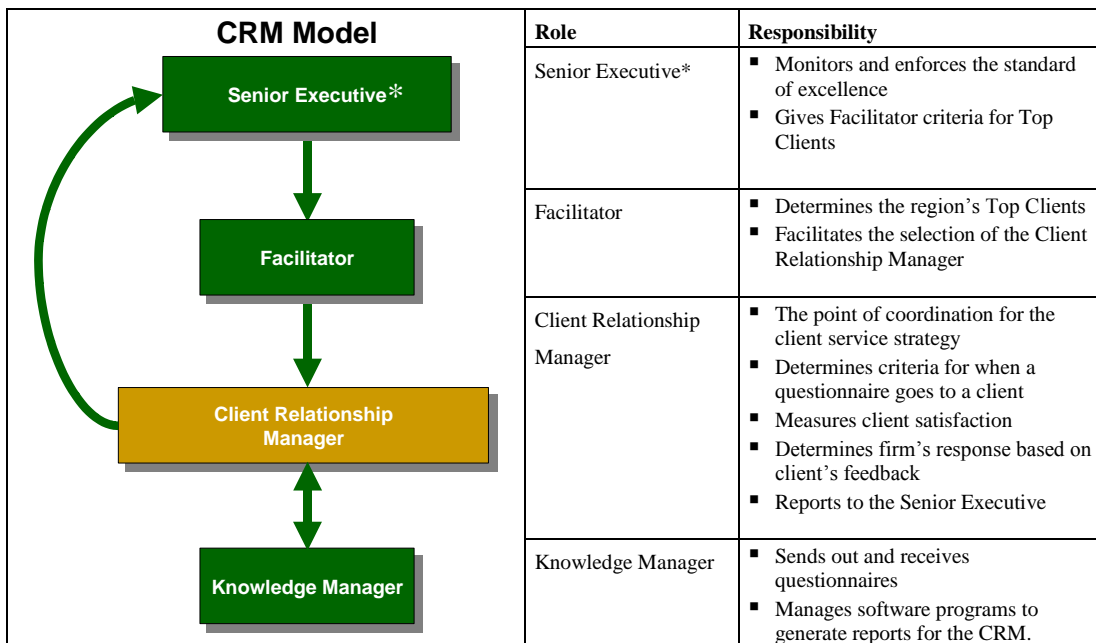
For any client feedback program to succeed, it must be part of a broader client relationship management program.

“Asking for client feedback and not having the procedures to deal systematically with the responses is obviously a disaster. ...Either [a client feedback program] is an integral part of a total quality program, or it shouldn't be done at all.”

David Maister, *Managing the Professional Service Firm*

Maister also writes, “For any firm without a client feedback program, the first step must be a controlled pilot program.”

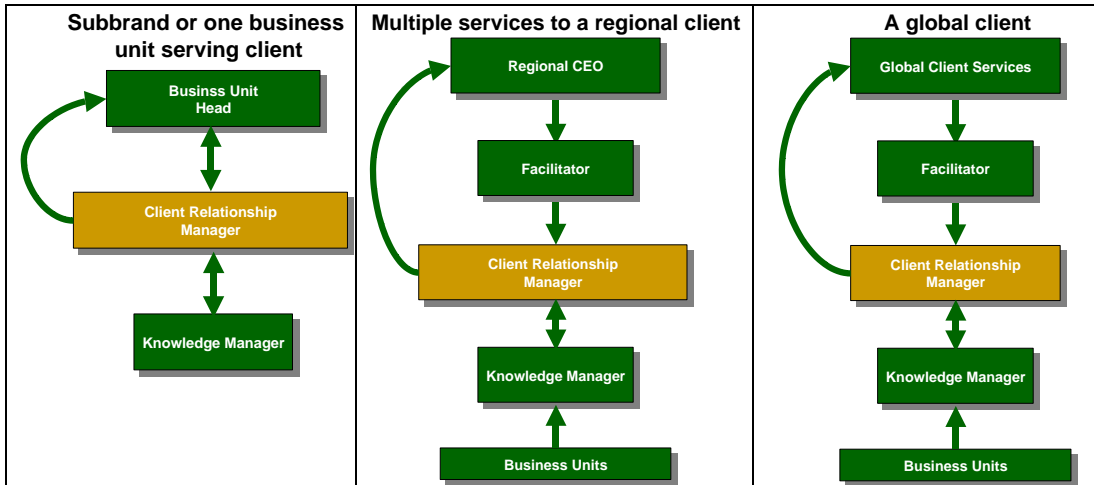
Although the topic of an overall Client Relationship Management (CRM) program is beyond the scope of this white paper, our European region has had some success with ECRM, and therefore a significant portion of a pilot program has already been completed. Based on Europe's experience, we have developed the following model for the management of the client feedback portion of a total client relationship management program.



* The person at this level will vary according to type of client and the scope of the engagement. See charts on following page.

The **Senior Executives** have oversight responsibility because they are in the best position to understand the significance of the cumulative responses in the context of the culture of a particular region and to have the power to call for changes at the business unit level. The **Client Relationship Managers** determine the firm’s response based on the client’s feedback because they have an in-depth understanding of the client.

The following charts illustrate possible variations of the basic CRM Model depending on the type of client or extent of services that the firm is providing.



For example, for clients that have operations in one region, the “Senior Executive” would be the Regional CEO, but for global clients, GCS would fill in at the Senior Executive level to enforce the feedback program across regions.

In some instances, another mechanism may be the best practice for a sub-brand and/or business unit. For example, since Investment Management’s relationships are not ultimately transactional in nature, there are no regular events to trigger the sending of a questionnaire. Furthermore, this sub-brand is currently managing client feedback with the assistance of Kingsley & Associates, a credentialed provider in the industry.

The advantages of the CRM model are:

- It is organized by client as opposed to sub-brand/business unit and therefore:
 - allows for quick implementation at the client level
 - resolves issues created when multiple sub-brands/business units work for a client in multiple regions
- Resources are already in place in many instances (e.g., apex managers can serve as the Knowledge Managers in the United States and Client Relationship Managers have been identified in some regions).
- It is similar to many mechanisms that are already in place.
- It encourages the use of the Major Activity Reporting System (MARS), the future database of choice (see “Information Technology” below).

To avoid overlap, and because this mechanism is dependent on a hierarchy of clients, the clients should be selected for the program in the following order:

- 1) Firm and sub-brands' top 20 clients
- 2) Alliance clients (global clients)
- 3) Region top 20 clients
- 4) Country top 20 clients
- 5) Business unit top 20 clients

Information Technology

Information Technology supports the program at many levels. By virtue of the firm migrating to MARS, the Client Relationship Managers will have a “snapshot” of all client activity, which they can use to make informed decisions—when and how many questionnaires should go out to a client, for example.

Sophisticated electronic questionnaire programs that the firm has already researched (e.g., Inquisite, currently being used by TRG) could assist the Knowledge Managers with developing e-questionnaires, storing the completed questionnaires and generating reports.

Guarantee

David Maister indicated that his clients have employed a variety of approaches to address differing cultural and geographic needs: guarantees in North America, questionnaires in Europe and face-to-face meetings in Asia.

Initial anecdotal feedback suggests that a guarantee “will not work” in Asia, parts of Europe and possibly Australia. However, it was pointed out that if we have a client feedback program in place, then it would be possible to move to a guarantee system. Furthermore, professionals in the field have indicated that a guarantee would work for some business units, though not for others.

According to Maister, once a guarantee becomes the client satisfaction mechanism, the questionnaire takes a support role as “self protection.” (It would be difficult for a client to refuse to pay outstanding fees based on a lack of satisfaction after awarding the firm high marks during the course of the relationship.)

Recommendation

We recommend that the firm offer a guarantee only after the process of sending, receiving and responding to questionnaires has been successfully implemented. To address the differing needs of different business units, the guarantee mechanism should be piloted by certain business units before being implemented on a larger scale.

Implementation Schedule [NOTE: Dates redacted]

- [Date]—Roll out CRM to Europe’s top 20 clients
- [Date]—MEC Meeting. Approves use of the CRM Model and establishes necessary employee roles to manage the program.
- [Date]—MARS roll-out to GCS and Land Services.
- [Date]—Conference calls with regional and sub-brand client focus teams to discuss integrating client feedback model into existing initiatives.
- [Date]—Regional CEOs identify “Senior Executives,” “Facilitators,” and Client Relationship Managers.”
- [Date]—Identify top 20 clients for firm, alliance, region and country categories.
- [Date]—CRMs appoint Knowledge Managers.
- [Date]—Complete Knowledge Manager training.
- [Date]—CRMs determine a questionnaire or client visit strategy for each of the Top 20 clients and appoint Knowledge Managers to assist in the strategy.

During the rollout of the client feedback program, an interim solution would be to allow for the present use of questionnaires and client visits on the condition that there are, at the very least, follow-up mechanisms in place to respond to clients’ issues to *their* satisfaction.

Issues/Concerns

- We recommend that the present term “Client Feedback” be changed to “Client Satisfaction,” for the following reasons:
 - The service guarantee issue is not really a “Feedback” issue
 - “Client Satisfaction” better characterizes client visits, since obtaining feedback is just one of many reasons to visit a client
 - The correlated component in ECRM is already called “Client Satisfaction,” so the new term will avoid confusion and aid in blending the initiatives
- A complete Client Satisfaction program should also include: management behavior, training, reward systems, and tools, templates and methodologies.
- The firm should consider internal publication of the client feedback results to encourage implementation of the program and initiatives.
- There are several database systems (e.g., LMRS, ARGO, Midas, Goldmine) that are incompatible, inconsistent and are not used firmwide. We need to determine which systems should be consolidated into MARS and which can continue in their present state.
- It is recommended that a function be added to the MARS database to track questionnaire status and list CRMs.