Categorizing CRM Contacts

- *By Chris Fritsch, Client Success Consultant and Founder of CLIENTSFirst Consulting*

Let Me Count the Ways

Utilizing categories can be an excellent way to enhance the value that your CRM system provides. Categories can be used to break your database into more manageable groups or classifications or to target or segment your contacts. There are many reasons - and variety of ways - to categorize your CRM contacts:

They Love Me

One of the most frequently used categories is 'Clients.' The primary reason for having a CRM in the first place is often to be able to quickly and easily identify these contacts. The firm needs to effectively communicate with these individuals, invite them to events and stay on top of the activities that are taking place with them to ensure coordination. Additionally, the contacts in this category are often ripe targets for cross selling and other business development efforts. The idea is that, since they already are writing you checks, presumably they like you - and might want to do more work with you.

They Love Me A Lot

Some firms go a step farther and break out their 'top Clients.' These are often the contacts that contribute 80 to 90 percent of the firm's revenue. As a result, it can be smart to single them out for special treatment. Some firms focus their most strategic marketing and business development activities, such as Client teams or Client feedback interviews or surveys, on this group.

They Could Love Me

Another useful category can be 'prospects.' For firms that are interested in developing business with new Clients, targeting prospects can pay dividends. You want to communicate and keep in touch with these contacts on a regular basis so that they are aware of the firm's professionals, capabilities and expertise. Plus, you want to make sure the firm is top-of-mind in case a need arises.

Target Practices

When you are trying to target key groups, it can also be beneficial to categorize your contacts by firm practice area or group. This type of category can be helpful, for instance, if you want to enhance communications with Clients that work with a certain practice or if you want to focus on cross selling between practices. They can also make it less frustrating to fulfill many common attorney requests.

How many times have you been asked by a partner to pull a list of the firm's Clients in a certain practice so they can get out a time-sensitive piece of information? Or maybe you are trying to induce a new lateral or group of attorneys to come on board, but before making a decision they have asked to see the firm's top Clients in a particular specialty. Or maybe your own attorneys simply can't believe it's really 'that' difficult to quickly and easily pull a list of key contacts to invite to a seminar.

If these types of requests seem next to impossible, then this type of categorization makes absolute sense. Remember, one of the best ways to really improve your aim at your key targets is to 'practice.'

Location, Location, Location

Sometimes CRM success sometimes really is all about location, location, location. A location category can help to ensure that the right messages reach the right contacts.

For instance, some firms like to include categories for each of the firm's offices that a particular contact works with most frequently. That way, when the office has an event, they can be sure to invite those people.

Additionally, some firms want to be able to add a category to company contacts for each of the states where they do business, particularly when a company has a main office in one state, but also has operations in several others. These types of companies are often interested in legal updates for multiple locations, but if you can't easily identify all their locations, you may miss an opportunity to provide information – and possibly legal services – to those Clients.

Other firms take location categorization to another level by utilizing software to convert zip codes into counties or regions. This is helpful when the contacts you want to reach are spread across several cites that comprise a large metro area. If you utilize these types of categories, you can ensure you don't miss anyone in the surrounding cities or counties.

'Status' Symbols

Another type of useful category is 'status.' No, this doesn't refer to your really cool celebrity-type contacts. It's actually a good way of identifying specific types of contacts that you may want to reach – or, sometimes, the ones that you don't.

For instance, you may want to categorize accountants, consultants, bankers or other 'referral sources' who may be able to help you to bring in Clients. These groups of contacts are the people you may want to include on your communications, share information with and invite to firm events.

Then there are the contacts who you categorize in order to exclude. For instance, you may want to categorize your competitors so you don't inadvertently send them alerts or invitations to seminars. You may also want to categorize your personal contacts to prevent them from being included in the CRM system at all.

Then there are more functional categories you can use to make it easy to quickly find certain people or companies when you need them. For instance, you may want to identify certain experts, vendors, service providers or other types of businesses the firm uses frequently.

So Many CRM Categories, So Little Time

Since using CRM categories can make it easier to segment and reach key audiences, it would seem to make sense that the more categories you have, the better, right? Not necessarily.

With categories, sometimes less really is more. You don't want to give people too many choices. One firm that was focused on industry marketing decided to make it mandatory that, before a new matter could be opened, an assistant had to choose the Client's industry from an alphabetical list of over 500 codes. They were later amazed to discover that they were working with literally thousands of 'Accounting Firm' Clients. Do you think this was the result of the firm's focused business development efforts to target Accounting Firms – or rather the fact that 'Accounting' just happened to be at the top of their enormous alphabetical code list?

Conversely, while you don't want to have too many categories, you also don't want to have too few. Another firm assigned practice name categories their contacts so that any contacts associated with these practices could be identified. Over time, most of the people who were known by the Labor and Employment group had been assigned that category. But because the contacts were not further categorized by 'status' types to describe their relationship to the firm, when the group decided to host a seminar aimed at preventing union organization in the workplace, several labor leaders who happened to be in the database were almost inadvertently invited.

Ultimately, when it comes to categories, you really have to be thoughtful and strategic and make sure you find a happy medium.

About the Author

As a CRM Success and Business Development Technology Consultant, Chris Fritsch works together with leading law firms across the country to help them select and implement the right Client Relationship Management solutions to support their marketing and business development efforts and maximize their return on investment.

Chris also writes and speaks nationally on topics including client relationship management, relationship intelligence, competitive intelligence and the use of technology to enhance profitability.

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.