



Client Selection: Your First Step Toward Project Success

Go beyond your gut...ask the right questions and heed the warning signs when considering a project with a new client.

“Choose your client, choose your claim.” Those words of wisdom come from one XL Insurance agent who’s seen more than a few claims that resulted from A/Es having chosen the wrong client to work for.



In a recent study of closed claim files, Design Professional found that poor client selection was a factor in 16% of the total number of claims, representing 18% of claims dollars. If those figures don’t convince you, consider this: in the same study, we found that 64% of claims against the A/E were by the client.

The good news is you do have control over which clients you choose. By improving your client selection practices, by identifying the “bad” and “good” clients, your firm can significantly reduce its chances of being sued.

WHAT MAKES A GOOD CLIENT?

Although there’s no “official” definition of a good client, there are some common traits you can look for. For example, good clients are willing to discuss their project in-depth with you and explain how it fits into their business strategy. Although they’ll have clear ideas about how to evaluate the success of the project, good clients are flexible and are willing to investigate options and alternatives.

Good public clients will often be able to explain the larger issues of the project, such as how the project meets community needs and fits into the tax base. After spending time with them, you should also have a feel for the “politics” of the project and the public entity with whom you are working.

The best clients approach a construction project as a collaborative process. They communicate with the project team openly and honestly. They understand their roles and responsibilities, as well as the risks they must accept. They come to meetings, make timely decisions, assign capable people to the project, pay their bills on time and provide you with the information and data you need to do your job. And they’re willing to negotiate an equitable contract.

Good clients will often have an interest in the total capabilities of your firm and how it might add value to their business. This means, however, that you may have to explain what your capabilities are and how they add value to the project at hand.

Finally, good clients understand that issues and conflicts will arise during the project, and are willing to work to resolve them quickly and amicably.

ASK THE RIGHT QUESTIONS

Knowing what makes a good client, of course, is only half the challenge. You also have to learn to identify good clients.

Start by asking questions—questions about the prospective client’s experience with the type of project, level of sophistication, attitude about quality, reputation for honesty and integrity, communication style, project team selection, willingness to institute dispute resolution techniques and history of litigation.

For example:

1. The client's reputation and financial condition. Check every client's financial capability and background before you agree to commit your services. What's the client's reputation for honesty and integrity? You can ask the prospective client for the names of other design professionals they've worked with in the past. If they're no longer doing business with those individuals or firms, ask why.
2. The client's experience with construction projects in general and this project type in particular. What is the client's experience managing projects of this size and type? An unsophisticated client, though, isn't necessarily a bad client; in fact, if all the other indicators are good, the client may be a fixer-upper. Recognize, however, that the unsophisticated client will require more of your time, effort and money in managing the project and the client's expectations of you and your firm.
3. The project's budget and schedule. Is the budget adequate? Does the client have the funding for your services, the project and a healthy contingency? Is the schedule realistic? Does it account for unanticipated delays? Will it require too much of your staff for too long a time?
4. How the project team was selected. How did the client come to select you? Who was your competition? Have any other team members been selected, such as the contractor or other consultants? How and why were they selected? If no other team members have been selected, how will they be identified and chosen?
5. The client's claims history and dispute resolution philosophy. Does the client understand that there will be issues and conflicts that arise during the project? How do they expect to resolve them? Does the client readily agree to a mediation clause in the agreement? Your research can also reveal whether the client has a propensity toward claims and/or litigation against design professionals.

6. Communication style. How does the prospective client communicate with you? Are you able to understand what the client wants? Is the client open and honest? Does the client speak as if he/she values your service, or are you just another consultant the client requires? Does the prospective client talk about speed on a project yet is slow to respond to questions from you?

CHOOSING SUCCESS

If the prospective client doesn't measure up on the important issues, sometimes the best decision you can make is to simply walk away. Choosing the right clients goes a long way toward ensuring project success and preventing unnecessary losses.

Adapted from the "Client Selection" workshop from the Design Professional group of the XL Insurance companies. For information about this and other loss prevention education programs we offer, contact your agent or broker.

The information in this article is the product of over 30 years of front-line claims experience and is part of the educational service provided to the design industry by the Design Professional group of the XL Insurance companies. For more information, other loss prevention resources and to find an agent in your area, visit xldp.com or phone 800-227-8533 ext.2102508.

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30 Ragsdale Drive
 Suite 201
 Monterey CA 93940
 800-227-8533 ext. 2102508
www.xldp.com