



Law Firms in Transition: Marketing, Business Development and the Quest for Growth

A survey of over 100 legal marketers and business development professionals

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Marketing, Business Development and the Quest for Growth

Increasingly law firms are transitioning from a traditional marketing-driven approach to growing their organisations via focused business development activities. LexisNexis was curious to learn just how extensive business development is amongst law firms and what their rationale for adoption is.

LexisNexis commissioned a survey in July 2015 in the US, surveying over 400 legal professionals. A similar supplementary survey of more than 100 legal professionals was subsequently conducted in December 2015 covering the UK, Mainland Europe, South America, Africa, Asia and Australasia.

About the Supplementary Survey

Responses were solicited from customers and prospects of the LexisNexis CRM system, InterAction. The survey was conducted during November and December 2015. More than 100 participants responded. Most (53%) respondents report being employed as marketers or business development professionals in law firms in the UK, with the others located in South America (2%), Mainland Europe (9%), Africa (2%), Asia (9%) Australasia (16%) and others.

Executive Summary

The survey results provide interesting insight into the current marketing and business development dynamics in law firms. The key findings are:

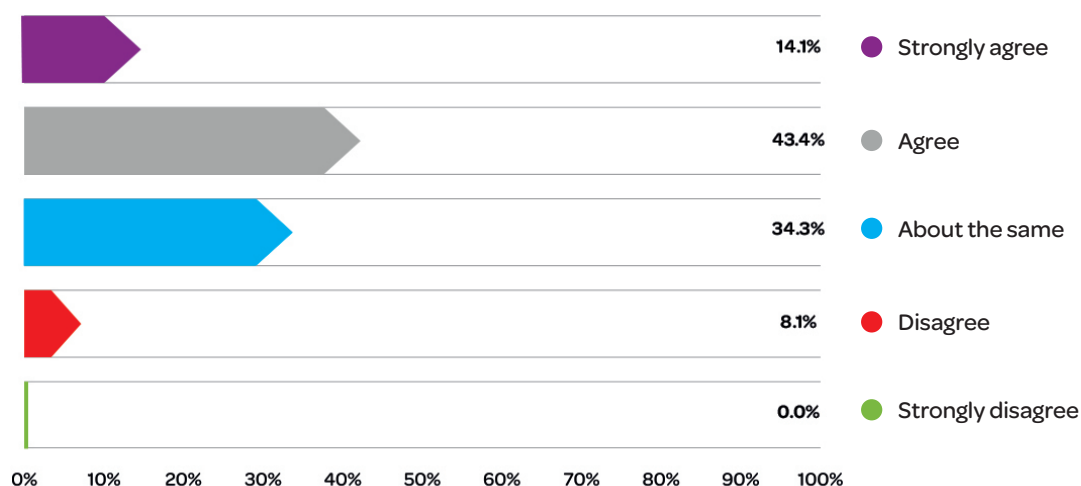
- Legal marketers are optimistic about growth
- Pricing and competition are the biggest challenges to law firm growth
- The marketing strategies of law firms are in transition
- Marketing and business development structures in law firms vary greatly, but most believe that they should be separate functions
- Law firms plan to invest in technology (CRM and marketing automation) to help drive growth
- Measuring ROI is a challenge, but the win/loss ratio is a frequently measured metric
- Legal marketers harbor many ideas of how their firm could better support the marketing and business development functions including investing in people and technology, better reporting and accountability

Legal marketers are largely optimistic about growth

At last, the legal industry is beginning to shake off the effects of the last economic downturn. The survey reveals that most law firm marketing and business development professionals (57 %) believe that the growth potential of their law firm is more promising in 2016 than last year. Approximately one-third of the survey's respondents (34 %) expect their law firm growth to remain at the 2015 level. Only 8 % disagree that this year's outlook is more promising than 2015. These findings mirror the results of the US survey.

In addition, 62% of respondents say that they are pro-actively targeting international growth.

Please indicate your level of agreement to the following statement: All things considered, this year looks more promising for law firm growth than last year.



Clearly, marketing and business development teams are aggressively focused on achieving a higher level of growth than they did in 2015 with several committed to repeating the double digit growth they achieved last year. Their optimism is based on the broader economic indicators as highlighted by the survey, but also on the conviction that their firm has the ability to capitalise effectively on their cross selling and client retention strategies. Winning new clients is far harder and often significantly less financially rewarding than retaining and broadening the firm's services to its existing client base.

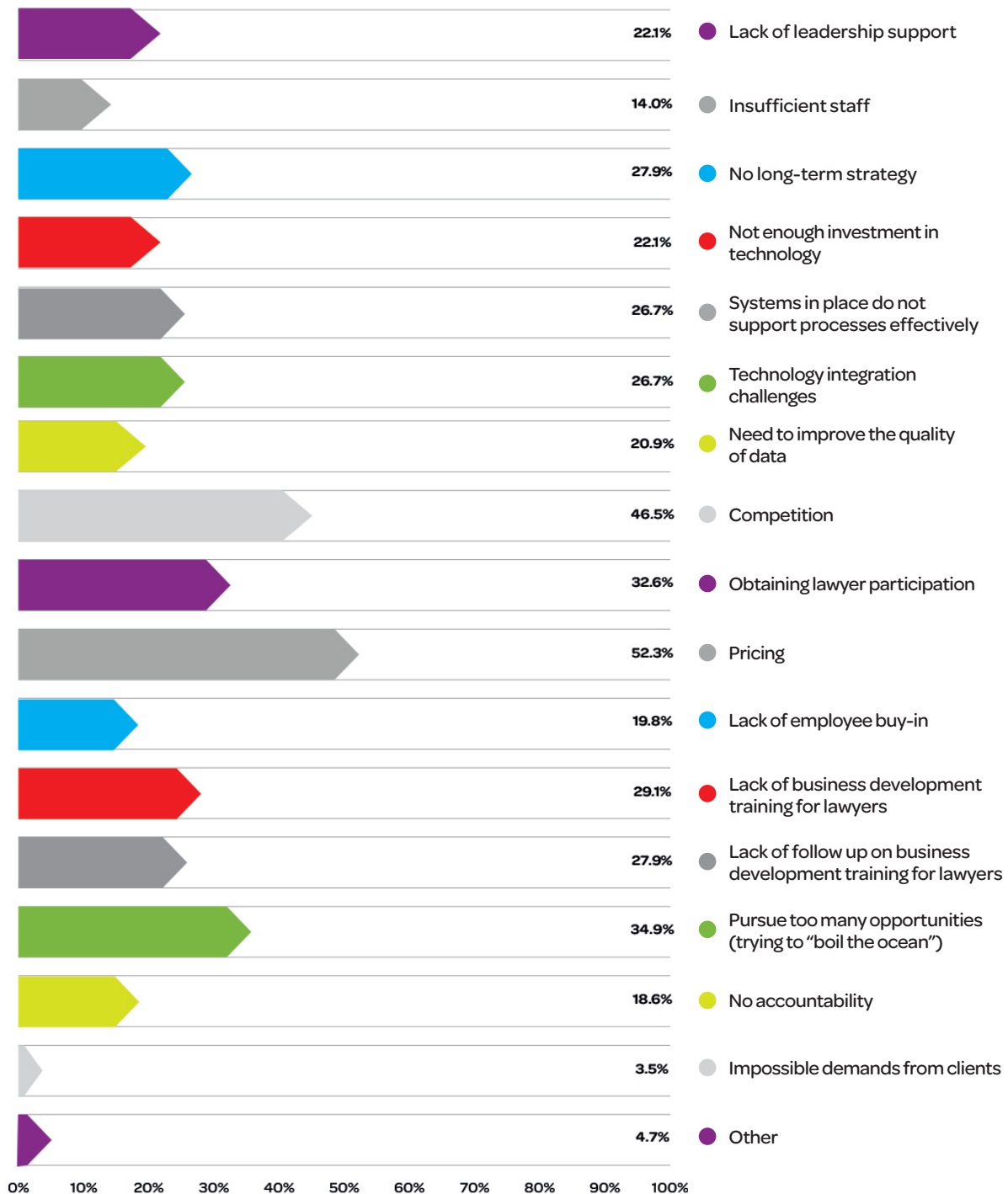
62% claim to be pro-actively targeting international growth, which is not surprising as law firms in London and elsewhere in England and Wales have been winning an increasing share of a growing global market. Supported by a strong international reputation, a professional and highly qualified workforce and resilient client acquisition and retention strategies, the larger UK firms are well placed to continue to win a larger share of this market.

Pricing and competition are the greatest challenges for law firms

Pricing (52%) and competition (46%) pose the biggest challenges to law firm growth, according to respondents. The other biggest challenges cited are trying to pursue too many opportunities (35%), obtaining lawyer participation (33%) and lack of follow up on business development training for lawyers (28%).

In comparison, competition (52%), obtaining lawyer participation (39%) and pricing (38%) were the top three challenges reported by respondents in the US.

Which of the following represent the 5 top challenges for law firms winning new business?
(Choose at least one and no more than five).



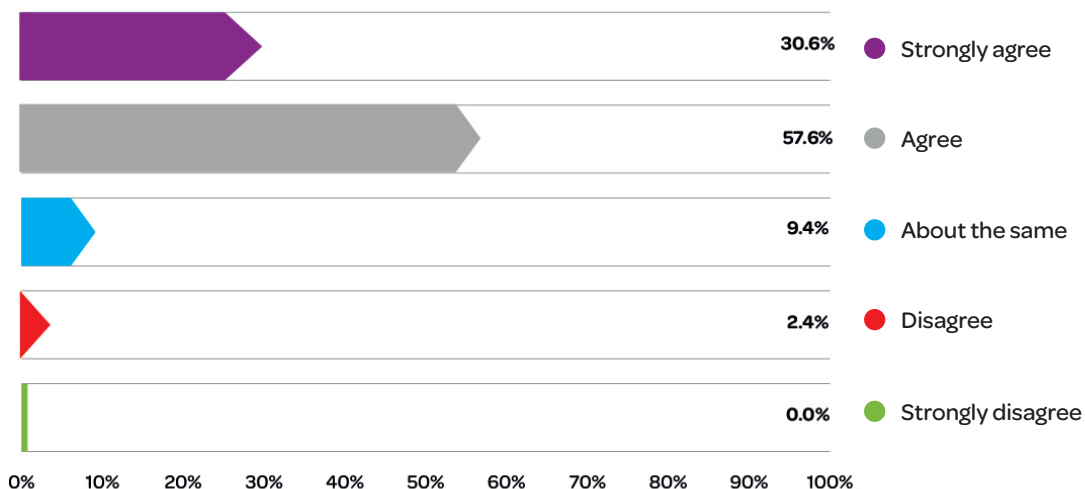
Evidently across geographies, sensitivity to pricing and hence a demand for a wider range of pricing options is proving a substantial challenge to law firms. Strength, depth and breadth of relationships with clients will inevitably play a vital role in positioning firms as trusted advisors and in taking discussions beyond pricing alone. The ability to convincingly explain the wider benefits and value add of the firm to clients will go a long way in helping organisations to achieve the much desired client 'stickiness'.

It will also help them to overcome the second challenge identified - competition. Without the active support and engagement of firms' lawyers, overcoming some of the challenges reported will be particularly difficult to accomplish – after all, it's the fee earners who need to reinforce the messages that their legal marketers have developed on behalf of their organisations. For some lawyers, who are not naturally comfortable with delivering benefits-based messages to clients, a little help even via peer to peer mentoring could make an enormous difference.

Law firm marketing strategies are in transition

88 % of respondents agree or strongly agree that the strategy and activities required to win new business have shifted in the last several years. This finding is similar to the US results (85%).

Please indicate your level of agreement to the following statement: The strategy and activities law firms require to win new business today have changed considerably in the last few years.

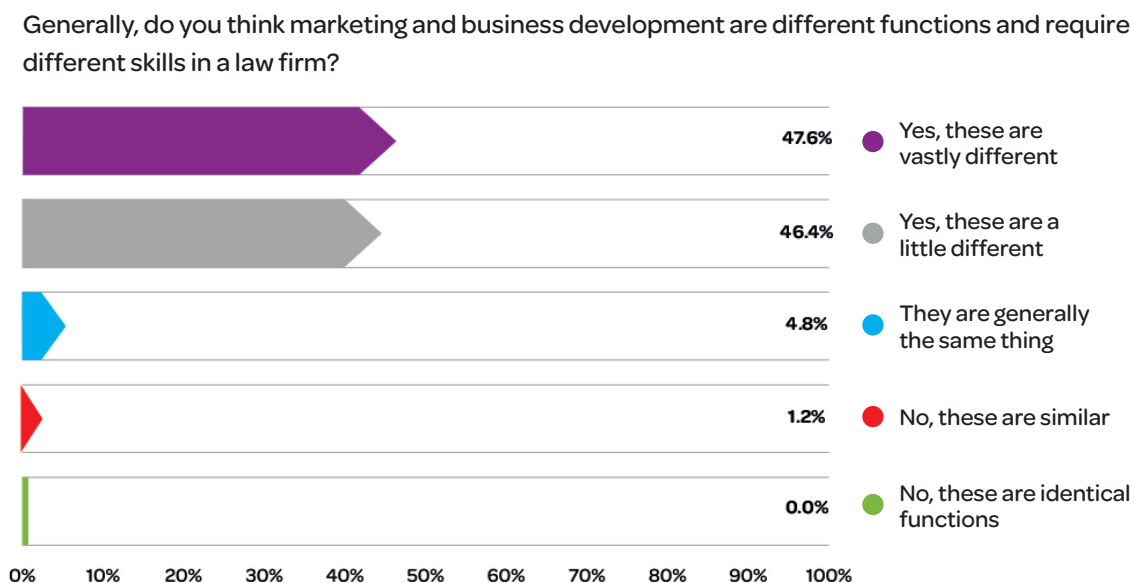


Anecdotal evidence corroborates this finding too. For instance, reporting features high up on the agenda of legal marketers and is a major focus for 2016. This is encouraging particularly as further questioning reveals that firms are keen to improve their ability to achieve clearly defined strategic business development and marketing goals.

To this end, it's important that legal marketing professionals report against appropriate issues and then analyse the results to gain insight into what they should do more or less of and then take the necessary corrective measures, so that it's not reporting for reporting's sake. This is a significant move towards business development and away from traditional eMarketing activities.

Business development and marketing are different functions

The majority of respondents (94%) believe that marketing and business development are different functions requiring different skill sets.



Firms seem to be clear on the lines of demarcation between marketing and business development - with the former effectively setting the stage while the latter function focussing on furthering specific client acquisition and retention strategies and goals. Of course, it's axiomatic to stress that the two functions need to work together and maintain strong lines of communication so that the activities performed by one team reinforce the efforts of the other and vice versa.

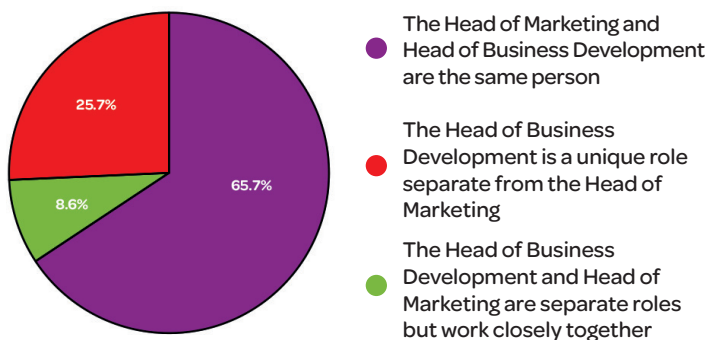
Law firm marketing and business development structures vary greatly

The structures for the marketing and business development functions are fairly similar in law firms. 44% of respondents say that their marketing function reports to business development; whereas 37% indicate that the marketing and business development functions are separate departments. Only 7% of respondents claim that their firm does not have a business development function.

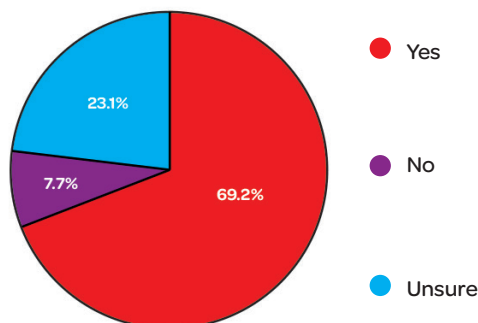
The scenario in the US is significantly different. 25% of law firms don't have a business development department, while marketing reports to business development in 29% of the organisations.

84% of respondents say that they have a Head of Business Development or similar appointed, but 66% state that the Head of Marketing and Head of Business Development are the same person.

Which of the following best describes the role your Head of Business Development or alternative fulfills?



Do you believe your firm should create a separate role for Head of Business Development?

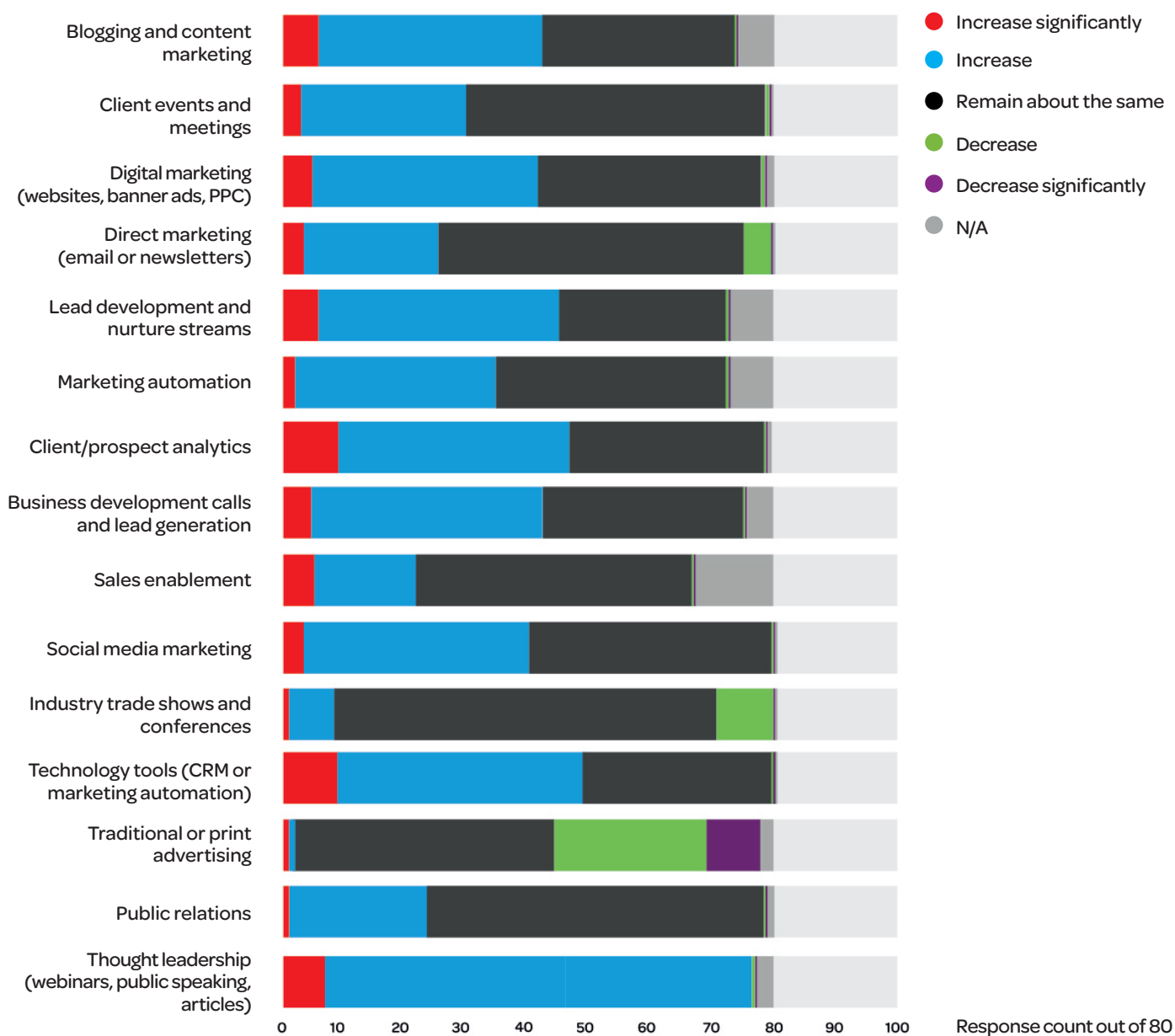


A few years ago, marketing was perceived by many firms as a major step change for the business with activities such as electronic communications being at the forefront. However today, legal marketers are moving on from an almost mechanical approach (let the technology do the job) to a more relationship driven approach. The emphasis is on expanding the breadth of services offered by their firms into existing client organisations. This is evidenced by the fact that not only are business development teams increasingly common in law firms, but also that their job descriptions clearly stress the importance of supporting firms lawyers to help them achieve their personal and departmental business development goals.

Law firms plan to invest in technology to help drive growth

The investments identified by legal marketers center primarily on technology and new media marketing. The top three activities in which law firms expect to “increase” or “significantly increase” investment are:

1. Technology tools (CRM or marketing automation)
2. Client/prospect analytics
3. Thought leadership (webinars, public speaking, articles)



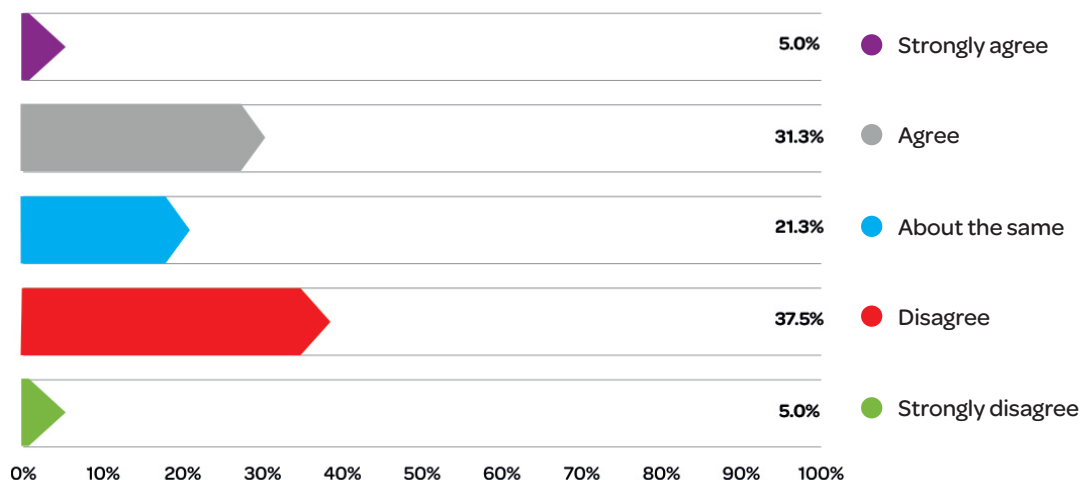
Firms are clearly looking for new approaches to differentiate themselves from competitors. The days of securing the loyalty or business of clients by telling them the firm employs “only the best” or that the organisation has existed “since the 18th century” are no longer sufficient. Firms recognise the importance of a business development centric approach to winning and retaining clients – which in turn requires motivating lawyers to embrace the discipline. It’s truly a ‘joint venture’ between marketing, business development and lawyers. CRM systems are enabling technologies that make it relatively easy for lawyers to be engaged and active in the process of business development’.

Similarly, analytics to enhance client engagement programmes are becoming increasingly popular in an attempt to draw out and then act on business and relationship intelligence. Many law firms are advertising jobs for Business Intelligence Analysts to support new approaches to business development. Firms investing in advanced analytics are essentially looking to identify and remove any issues that could impede their ability to win new clients and retain existing ones as well as improve their offering to make the organisation as appealing as possible to customers and prospects.

Measuring ROI is still a challenge

Measuring the ROI on investment in business growth activities by law firms continues to be a challenge. The largest group of respondents (64%) report that they are unsure, disagree or strongly disagree that their firm has quantifiable data to measure the ROI on marketing and business development initiatives. This is in line with the findings in the US results where 66% of respondents report that they do not have quantifiable data or are unsure if they do. If a firm is unsure of whether or not it has data on ROI, it's reasonable to assume that it doesn't.

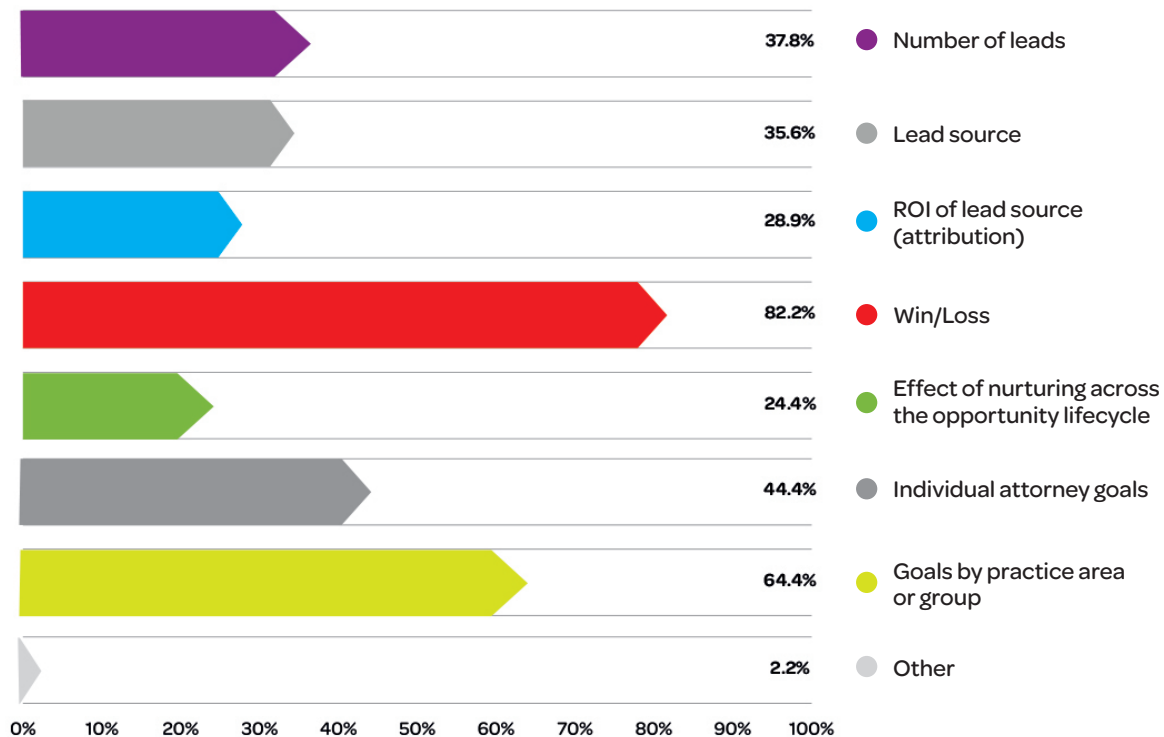
My firm has quantifiable data to measure the ROI on marketing and business development initiatives:



Proving a direct correlation between the firms marketing and business development efforts and real commercial growth is challenging, particularly in a relationship driven legal business where each and every interaction over long periods of time can make or break a deal, the issue is they have no mechanism for gathering meaningful metrics. Some firms are starting to create and monitor key success indicators which will allow them to effectively measure the health of the firms relationship with its key clients and key prospects.

Simple metrics such as the numbers of 'C Suite' personnel Partners claim to have strong relationships with at the client, the number of Partners known well by these 'C Suite' people, the number of events they actually attended versus those they failed to turn up for and marketing emails they responded to positively versus negatively can help the firm score its relationships and build league tables indicating the strongest and weakest. Once they have these, they can take immediate and effective action to strengthen their relationships and identify which of the firm's business development efforts has positive or negative effects on their client acquisition and retention goals over time.

My firm tracks the following metrics (select all that apply):



82% of respondents report that the metric they tracked most frequently is the win/loss ratio. In the US, this figure stands at 78%. The survey's final question was open-ended: The single most valuable thing my firm could do for marketing or business development would be'. A representative sample of the responses follow below:

- Increase the budget
- Invest more in people
- Implement new technology to integrate all that already exists
- Increase accountability
- Offer sales training for fee-earners, especially for cross selling
- Assign a head of business development
- Cross-sell
- Change the mind-set of lawyers towards business development
- Ensure partners follow through on their business development objectives
- Understand clients' business
- Invest in existing/new CRM system
- Undertake better reporting (track, measure and adjust activity metrics)
- Embrace new ways of undertaking activities

Unsurprisingly, the majority of these suggestions center on investing in people. Many firms today already have teams in place that are representative of personnel from across departments and functions – with a mandate to motivate staff (including lawyers) to embrace the principles of business development and relationship management to help the organisation achieve its strategic goals.

Survey Conclusion

It's interesting to note that for the most part, the issues faced by law firms in EMEA and APAC are similar to those experienced by legal practices in the US. However, deviations exist in the level of competition and the role that internationalisation plays in the respective regions.

There is much greater recognition of the importance of the business development function in EMEA and APAC as a vehicle to win more business, compared to the US. 18% of firms indicate a higher level of a designated business development function. This recognition is underpinned by the appreciation that increasingly a broad brush marketing approach alone is insufficient. Firms need the business development function to develop and strengthen select 1:1 relationships acquired from marketing initiatives and other new business-related activities so that they culminate into successful client acquisition programmes. In addition, there is a greater focus on internationalisation in EMEA and APAC as it is viewed as an avenue for business growth.

On a country level, as more choices become available to clients, local firms are looking for ways to strengthen their influence within the customer base to retain clients. They are also transforming their strategies and activities to win new business in their local markets. For the future too, this proactive approach is essential as it will allow them to devise ways to retain their home country advantage and ward off competition from international players.

An in-depth understanding and appreciation of client requirements in conjunction with a clear strategy for growth are going to be the key enablers of success in EMEA and APAC. Quantifiable goals and objectives of firms must percolate top down from senior leadership to lawyers personally engaging in the client lifecycle process end-to-end whilst being fully supported by an optimal combination of marketing and business development – and importantly being underpinned by the most appropriate technology. The need for CRM therefore must be defined by what the firm needs to do versus what it is presently capable of doing. Of course, as they set out to accomplish business goals, the savvy professionals will be acutely mindful that ultimately, the primary stakeholder that benefits from their initiatives must ALWAYS be the CLIENT.

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