




Law Firms in Business Development Transition

A survey of 400+ U.S. legal marketers and business
development professionals



With increasing attention being focused these days on law firms transitioning from a traditional, strictly marketing-driven new business paradigm to one that embraces business development, LexisNexis was curious to learn just how extensive a beachhead business development has established among U.S. law firms. We conducted a survey to find out.

ABOUT THE SURVEY We solicited respondents to the survey from two sources – membership in a legal marketing association and the readership of a third-party trade publication with a subscription base consisting of legal IT and law firm marketers. The survey was open from July 6, 2015 to July 27, 2015.

More than 400 participants responded. Most of the respondents (81 percent) report being employed as marketers or business development professionals working for law firms in the U.S. Nearly half of the respondents said they worked for law firms with more than 200 attorneys.

Geographical distribution of the survey respondents covered 45 states or U.S. territories. The states with the greatest participation are those known to have a large concentration of law firms, including: New York, California, Washington, DC, Texas, and Illinois.

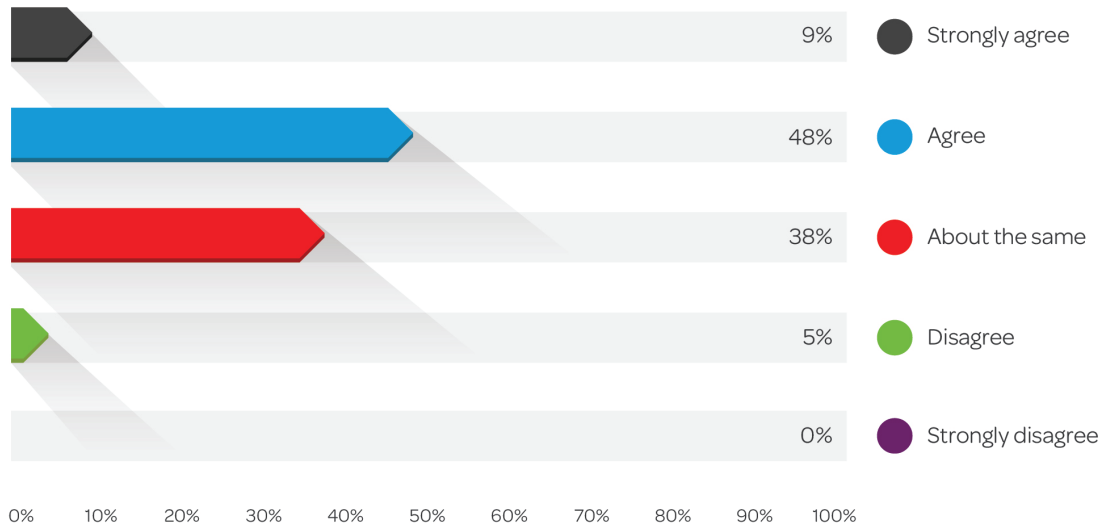
EXECUTIVE SUMMARY

A review of the survey results provided several interesting insights into the current state of law firm marketing and business development dynamics.

Legal marketers are largely optimistic about growth

It appears that the legal industry may finally be starting to shake off the effects of the last economic downturn. Our survey revealed that most law firm marketing and business development professionals (57 percent) believe that law firm growth potential is more promising this year than last. Approximately one-third of the survey respondents (38 percent) expect law firm growth to remain about the same. Just five percent disagreed that this year's outlook is more promising.

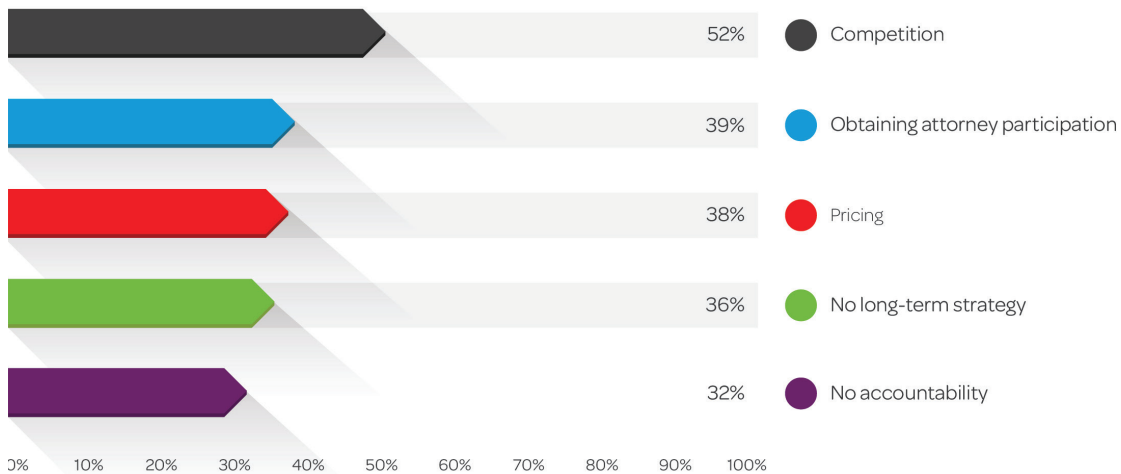
This year looks more promising for law firm growth than last year.



Law firm competition is fierce

Competition is the single largest challenge to law firm growth, according to 52 percent of the respondents. The next biggest challenge cited was obtaining attorney participation in business development and marketing efforts (39 percent). Rounding out the top five challenges reported are pricing (39 percent), no long-term strategy (36 percent) and no accountability (32 percent). Open-ended comments such as “Many people courting same potential client with no respective plan in place” added narrative depth to the data.

Top 5 Challenges In Winning New Business



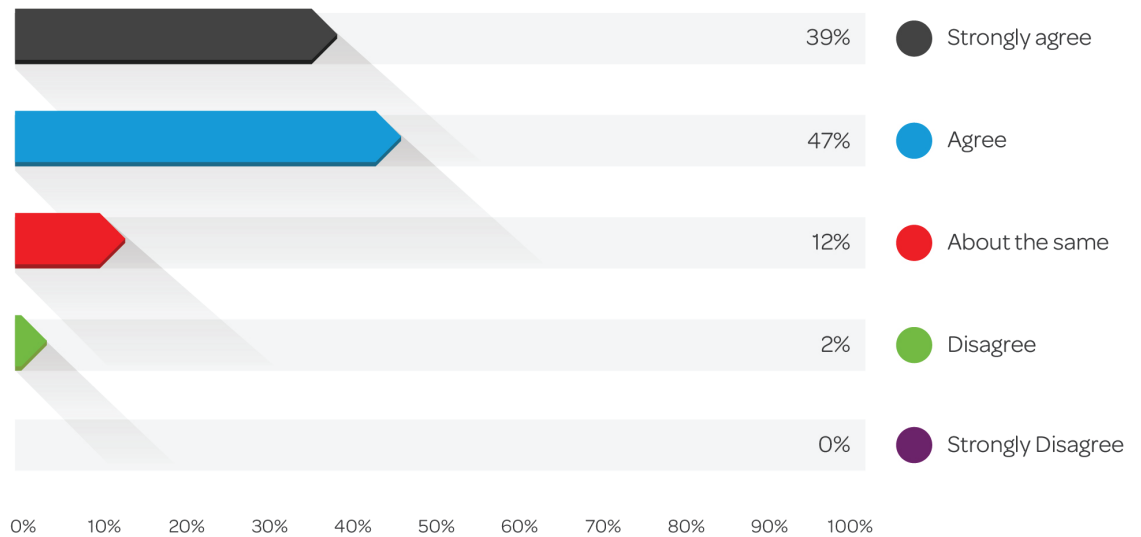
Other open-ended comments add color to the numbers:

- “Thin bench strength of attorneys in certain practices.”
- “Lack of follow-up on proposals from attorneys.”
- “Potential clients usually go with current counsel.”
- “Corporate counsel keeping more cases in-house.”
- “Too much focus on what the law firm can do instead of what the client really needs.”
- “Compensation structures which discourage cross-practice collaborating selling.”
- “Too many lawyers, not enough work. Competition is fierce.”

Law firm marketing strategies are in transition

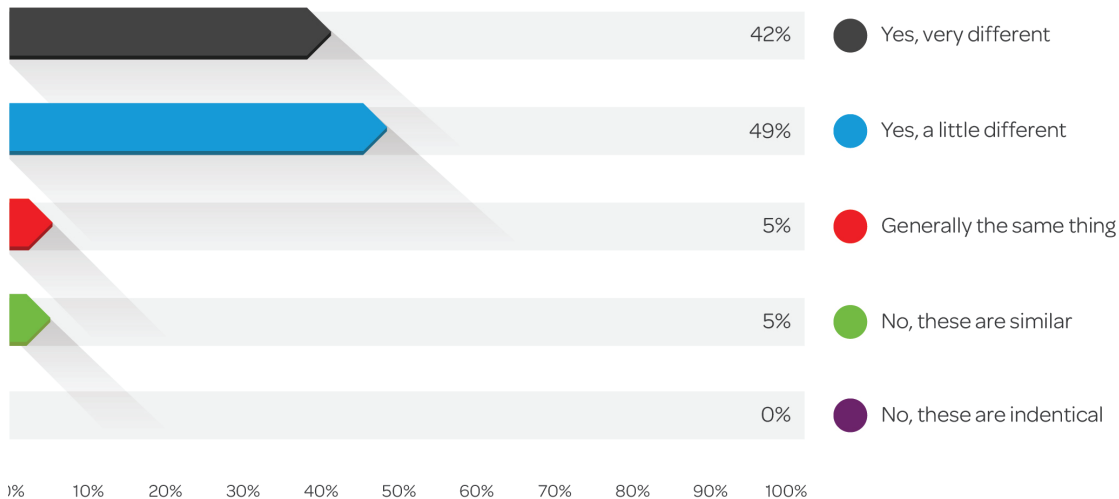
85 percent of the survey respondents agreed or strongly agreed that the strategy and activities required to win new law firm business have shifted in the last several years.

The strategy and activities law firms require to win new business have changed considerably in the last few years.




The majority of respondents – more than 90 percent – believe that marketing and business development are different functions requiring different skill sets. The survey revealed that marketing and business development professionals are extremely passionate about the topic. Those who answered “yes” were asked a follow-up question about how these functions differ. We logged more than 320 answers to the open-ended question. The wide range of views reflects variance in roles and responsibilities across law firms. A representative sample of verbatim responses is listed on page 6.

Are marketing and business development different functions that require skills in a law firm?



- “Marketing establishes the brand by making an impression. Business development builds on the brand by confirming the reputation and turning connections into a relationship (sale).”
- “Marketing is the brand, the message, and the umbrella over business development. Business development is growing a network of people who will refer clients.”
- “The marketing function develops the tools and technology needed to support the BD efforts.”
- “Marketing is more of an art form, whereas BD is about relationships.”
- “Marketing is about the product, placement, price, promotion and profit. It’s numbers based and easy to analyze, it does not account for the touchy-feely aspect in business development. Biz dev is about creating and maintaining client relationships and is very individualized and doesn’t have a number tied to each activity, it’s longer term.”
- “Lawyers are not good at selling or marketing themselves, you need professionals for that. They need to focus on practicing law.”
- “One spends money, the other makes it.”
- “Marketing is making the strategic decision about where opportunities lie. Business Development is the process of trying to maximize those opportunities.”
- “Marketing requires someone to go to specified public groups and make a pitch to people you do not know. Business development usually requires going to people you are familiar with (and may already represent) and convince them to send more business. Both skill sets are completely different from what it takes to practice law.”

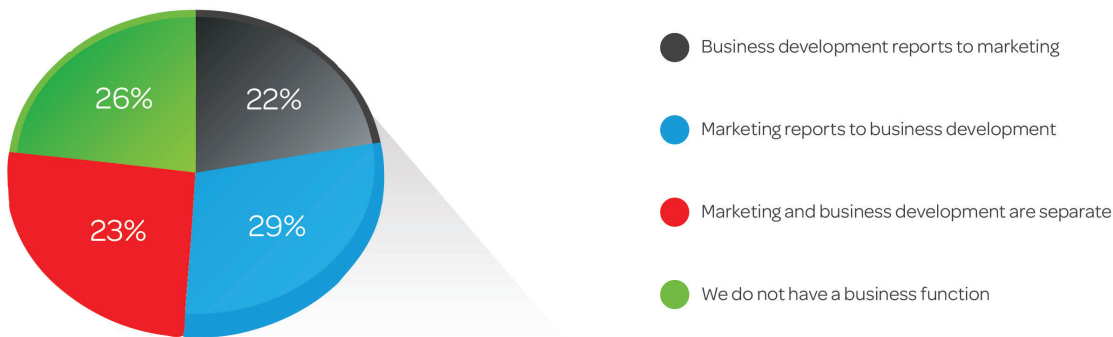
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- “Business development requires more precise analysis, and long-term and sophisticated attention.”
 - “I view ‘marketing’ as mostly synonymous with visibility. Marketing is the earliest stage of the business development process and mostly involves making clients aware of who you are, what you do, etc. When I think of business development, I view that as being further along in the process. It relates more to a smaller, select group of clients or prospects and the focus is on relationship building and follow-up. It is less about visibility and name recognition and more about developing genuine connections and trusted relationships.”
 - “Marketing is brand image. BD is relationships.”
 - “Marketing is focused on collateral, PR and advertising. Business Development is focused on developing and maintaining relationships that lead to new clients and work for the firm.”
 - “Marketing supports business development efforts.”
 - “BD has generally been responding to RFPs, preparing pitches, and partaking in some training. Marketing is generally everything else - content, PR, web, etc.”

Weighing in on the verbatims, Matt Thompson, director of the client advisor program for LexisNexis® InterAction®, says, “The comments showed many respondents have identified the relationship-oriented approach as the key element that differentiates business development from marketing. I think this indicates that firms understand the success drivers for BD and the next challenge is to figure out how to better empower the lawyers to do business development since they are the ones who have the relationships.”

Law firm marketing and BD structures vary greatly

Precisely how law firms have structured marketing and business development to meet evolving requirements varies greatly. About 25 percent of respondents said their law firm did not have a business development department, while 29 percent indicated that marketing reports to business development. An additional 24 percent of law firms say they have a chief business development officer (CBDO) and of those, 81 percent said the CMO fills both roles.

Describe your firm's marketing and business development organization.



Given the overall sense that new business strategies are in a period of transition, respondents were provided separate follow-up questions:

- Answered, “yes” that marketing and BD are different functions. These respondents were asked to describe how the CBDO role was filled: 81 percent said the chief marketing officer (CMO) filled both roles; nine percent said the CBDO and CMO were unique and separate roles; 10 percent indicated these were separate roles working in close collaboration.
- Answered, “no” or “unsure” that marketing and BD are different functions. These respondents were asked: Do you believe your firm should create a separate role for a CBDO? In response, 45 percent answered “no,” 29 percent said “yes,” and 25 percent reported that they were “unsure.”

Thompson observes that he has seen firms placing a greater emphasis on business development in recent years. “You can trace this through the evolution of job titles at firms,” he says. “Some firms have the same marketing staff but have added ‘business development’ to job titles. Other firms have created new, dedicated business development roles. Either can work as long as you avoid the trap of having a marketing mindset when trying to do business development.”

“Marketing is about being found and you want to target as big a pool as possible,” Thompson adds. “Business development for law firms is about 1:1 relationships, it needs to be personal, and you want to reduce the pool to smaller set of targets. I have seen more firms hire people with direct selling experience outside of the legal industry into business development roles to help firms improve their BD motions.”

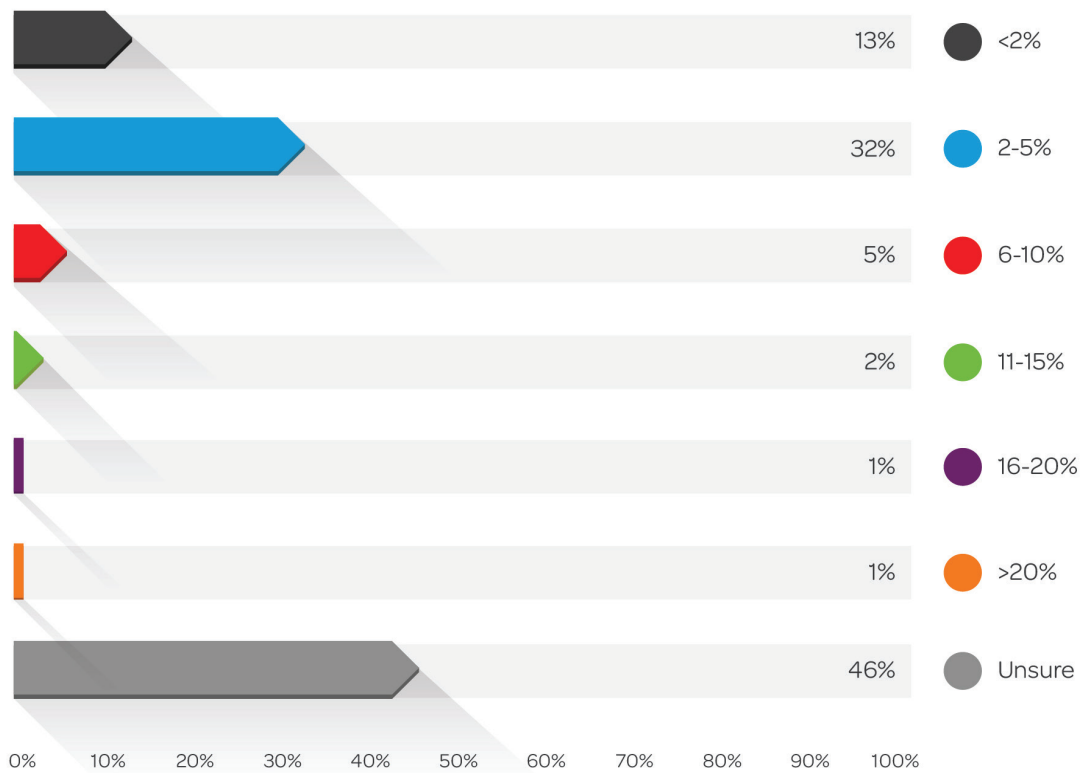
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- Matt Thompson, Director of the Client Advisor Program, LexisNexis

Marketing and business development spending

We wanted to know how much of firm revenue was being spent on marketing and business development activities. 13 percent of survey respondents said their firm spends between one and two percent of revenue on marketing or business development, while just under a third (32 percent) reported that their firms spend two to five percent. 46 percent of respondents answered that they were unsure.

Percent of law firm revenue spent on marketing and business development



Law firms eye thought leadership as key to growth

Our survey also asked respondents about the growth-driving activities their law firms were planning to invest in over the next 12 months.

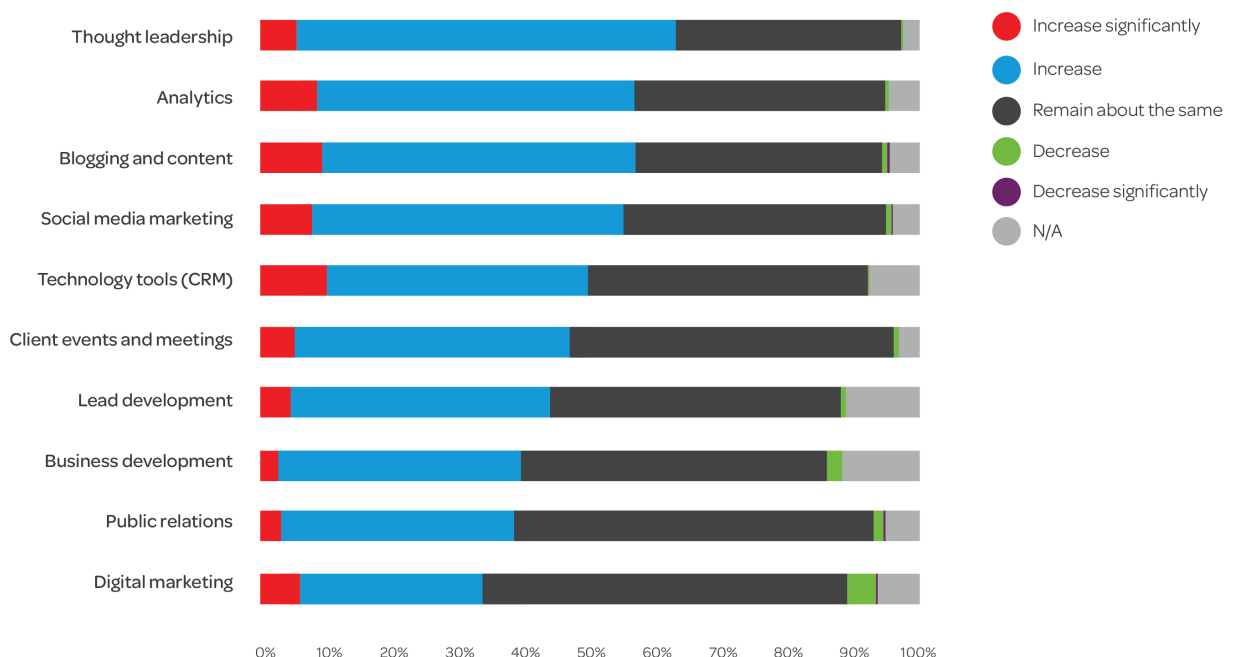
The investments identified center primarily on technology and new media marketing. The top 10 activities in which law firms that said they expect investment to “increase” or “increase significantly” are:

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| 1. Thought leadership (63%) | 6. Client events (48%) |
| 2. Analytics (58%) | 7. Lead development (44%) |
| 3. Blogging and content marketing (57%) | 8. Business development calls (41%) |
| 4. Social media Marketing (55%) | 9. Public relations (40%) |
| 5. Technology (i.e., CRM) (51%) | 10. Digital Marketing (35%) |

The interest in thought leadership expressed by a majority of survey respondents is not surprising, as it’s a trending topic in legal circles these days. But, as pointed out in a recent posting on the [BTI Consulting Blog](#), thought leadership that lacks true *leadership* is problematical. According to BTI, when it comes to email alerts masquerading as thought leadership, “Few get noticed, even fewer are read, and even fewer are remembered. More and more are blocked.”

Thompson cautions that content can’t exist in a vacuum. “With firms declaring a focus on digital marketing, content marketing, and/or thought leadership, the key will be aligning the data and technology efforts with the content efforts to make sure that you can measure which efforts yield outcomes.”

Over the next 12 months, our law firm’s investment in the following activities will be:

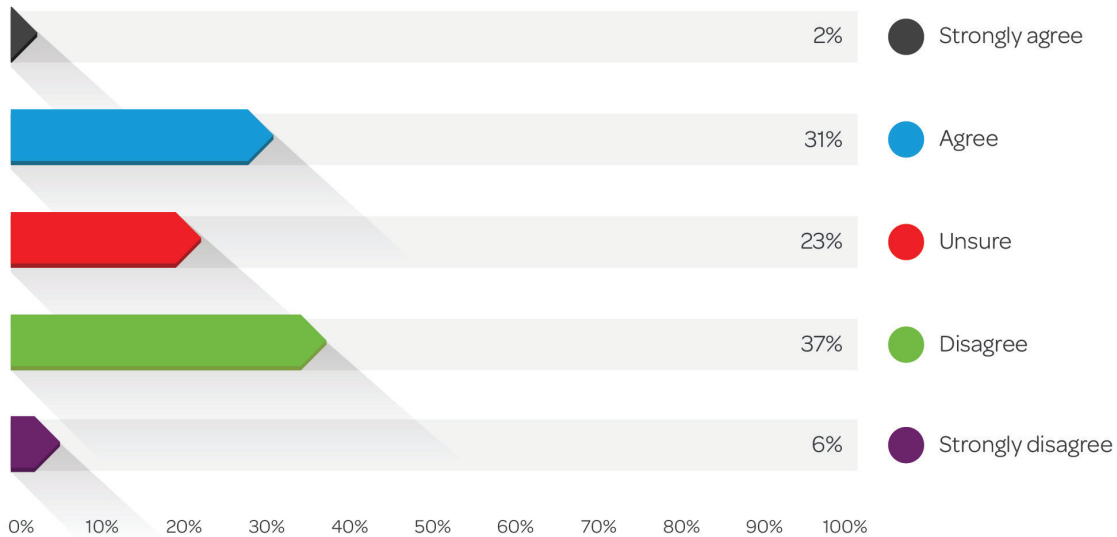


Measuring ROI is still a challenge

Measuring the ROI on the activities in which a law firm invests for growth continues to be a challenge. The largest group of respondents (43 percent) indicated that they do not have quantifiable data. One-third said they did have data and another 23 percent stated that they were unsure if they had quantifiable data. By way of commentary, if a firm is unsure whether or not it has data on ROI, chances are it does not.

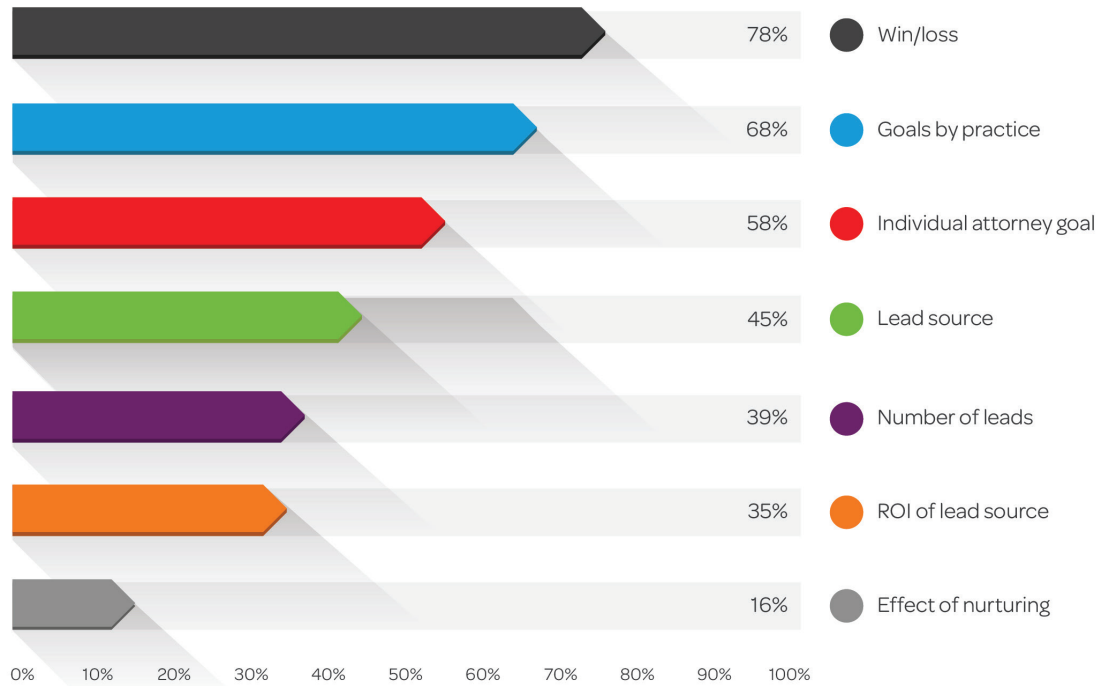
The finding that most firms are struggling to prove ROI is not surprising, says Thompson. "Identifying the return on investment of various marketing and BD initiatives is a common challenge for marketing and business development leaders," Thompson says. "In a relationship-oriented business like a law firm, a prospect may have engaged with you multiple times before making the buy decision. How do you know how much credit goes to the lawyer bio information a prospect saw on your website vs. the blog post they read vs. the golf outing they attended? Although you may not be able to parse out the credit for a specific deal, by looking at your initiatives and financial data in aggregate, you can see which of your marketing and BD activities provide the most ROI."

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



A follow-up question drilled down into what metrics firms track. Respondents reported that the metric they tracked most frequently is the win/loss ratio.


My firm tracks the following metrics



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 follows below:

- "Invest more in helping lawyers to understand and focus on business development."
- "Have a greater buy-in and an increase in data for analysis."
- "Revitalize CRM."
- "Hire more sales people who are attorneys, but focused solely on business development."
- "More client-focused activities."
- "Get attorneys to work together so that a client sees a united front and attorneys who get their issues across the board."
- "The firm should expand its reach into new practice areas that may be helpful for business development. They need to be competitive with similar sized firms."
- "To have 100% participation of all people within the firm."

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- “Keep the marketing and business development department more in the loop of new business initiatives.”
 - “Invest in client feedback interviews and figure out ways to automate some marketing processes.”
 - “Track ROI from start to finish.”
 - “Have better data in our CRM and in our pitch and RFP tracking to improve our metrics.”
 - “Better train, equip, and reward attorneys for business development rather than a single-minded focus on the billable hour only.”
 - “Change their hiring practices; we are approved to expand headcount and get the right people in the right places, but HR takes FOREVER to fill positions.”
 - “To eliminate origination credit and replace it with financial incentives for cross-selling across offices and practices.”
 - “Implement a CRM.”
 - “Establish concrete guidelines that focus solely on strategic initiatives, and eliminate using resources on initiatives that have little to no ROI (e.g., rankings and making pitches to prospective clients who do not have any relationships within the firm).”
 - “Focus more on the strategic business development plans that are written each year by attorneys, and really figuring out how to leverage that.”
 - “Fix our compensation system for attorneys so that attorneys would be compensated to work together to build an existing client’s revenue base and to bring in new business.”
 - “Increase the number of business development professionals.”
 - “Leadership communicating about need to engage in business development actively, rewarding those who do, and doing something about those who are unproductive.”
 - “Create a firm-wide business development strategy and implement/track on the individual attorney level.”
 - “Create a real strategic plan, rather than focus on tactical plans, and embark on a change management campaign to affect cultural shifts needed to do things different and obtain a different outcome.”

IN CONCLUSION

Thompson says the growing focus on business development does not surprise him as the industry evolves, and he expects an increasing level of sophistication as technology continues to improve. “I believe the opportunity going forward is not in how we can make further distinctions between marketing and BD, but in how the two functions intertwine as part of a full prospect or client journey.”

He explains that, “A prospect may become aware of your firm through traditional marketing, branding, and PR efforts. These may drive them to your website where they may check out an attorney’s bio. Further marketing efforts may lead them to attend an event or receive a mailing. For marketing to lead to actual work, however, the relationship-oriented approaches of business development have to come into play. A human needs to converse with another human. A lawyer, working alone or with a sales professional, may have a phone conversation, meet for lunch, or visit the prospect’s office. There should not be a handoff between marketing and business development activities. Rather they should be intertwined. While the lawyer is building relationships with the prospect, marketing should still be going on. But as you learn more about the prospect, the marketing can be more targeted and personal – for example, sending them a thought leadership article about a topic in which they have expressed interest.”

Thompson concludes, “Modern approaches to content marketing and digital marketing blur the line between marketing and business development. Newer technologies let you track both the marketing efforts done by the firm as well as the BD activities done by individuals to provide an aggregated view of your pursuit of a prospect.”

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