



Moving Along the Arc:

The Journey From Marketing to Business Development and What Law Firms Can Expect When They Get There

INTRODUCTION

It's difficult to distinguish between a passing fad and an authentic movement when you're in the middle of it looking out. But when it comes to the transition from traditional law firm marketing to business development, the conclusion is clear – the shift in focus from old-school marketing to the new model already has more than enough momentum to prove its value and viability down the road.

That's not to say that such a shift is necessarily easy to implement, or that it can be accomplished quickly, though. New technology and processes can be intimidating. The inertia of old habits is often hard to overcome, and the fear of failing can have a paralyzing effect on even the most enthusiastic champion of change.

With these caveats in mind, this white paper examines the state of the business development movement in law firms and looks closely at its drivers, its obstacles and its future. It takes a look at the steps one large law firm took to implement a successful business development program. Finally, it presents some best practices for developing, implementing and nurturing an effective business development program.

A Brief Lesson in Legal Industry Economics

The long-held notion that the legal industry was generally immune to the vagaries of the economy was turned on its head in 2008. With stock prices falling, corporate earnings contracting and the U.S. and global economies on the brink of near-apocalyptic failure, the formerly immutable legal industry suddenly found itself facing an unprecedented challenge – a buyer’s market.

The effect of corporate cost cutting on legal departments manifested itself in several ways. Procurement gained an elevated status in many organizations, becoming the gatekeeper for law firm hiring and compensation. Companies also began mandating that their legal departments use fewer law firms, and that they consciously monitor the performance of those that make the cut. Perhaps most importantly, they began taking a closer look at what they were paying outside counsel, providing information that they then used to implement measures to reduce their legal spend.

The recession delivered a hard lesson to law firms: in an environment characterized by flat spending, high client expectations and increasingly critical scrutiny of their performance, firms that don’t up their competitive game don’t grow – or worse.

A Post-Recession Model for Law Firm Growth

For the majority of law firms, the “good old days” of attracting and winning new clients with relative ease ended following the financial collapse of 2008. The traditional tools of law firm mass marketing, including communication, branding, events, public relations, and advertising, among others, have become less effective in the era of post-recession hyper-competitiveness.

Although relationships have always been instrumental in winning new business for law firms, they have typically played a small role in the formal marketing strategies these firms develop. Based more on the concept of casting a wide net and hoping for the best, that antiquated model for growth is now undergoing an extensive overhaul. There is still an unequivocally important role for traditional marketing in today’s law firm. This method, however, is now being combined with formal business development programs at a growing number of forward-thinking firms, demonstrating that they are determined to grow despite the challenges imposed by flat client spending and increasing competition.

Business development programs focus on identifying, measuring and leveraging relationships. The network of connections that exist between a firm’s lawyers, clients and prospects serves as the basis for nurturing those relationships at multiple touch points throughout the entire opportunity sales cycle. Relationship-based sales cycles extend across long timeframes. As a result, business development programs work best when they employ technology that enables accurate tracking and analysis of relationships, establishing action item timelines and tracking and analyzing other key metrics related to opportunities.

Components Necessary for Growth

Growing a law firm in today’s highly competitive environment requires a different toolkit than the one deployed prior to the last recession. At a minimum, a growth program should include:

- A clear strategy
- Business development/Sales function
- Revenue-driven marketing; branding, thought leadership, content marketing that helps differentiate a firm and/or its practices in the marketplace
- Operations and administration of the marketing department

Dressing for Business Development Success

Because it focuses on relationships rather than product, business development is much more closely aligned with sales than with marketing. This requires that the individuals charged with business development possess a different skill set than their marketing counterparts. In addition to the business acumen and strategic insight critical to marketing success, the business development point person must have a keen instinct for both identifying networking opportunities and knowing how to best respond to them. Leadership qualities are essential, of course. One often-overlooked quality is patience, a necessary trait given the lengthy sales cycle common to business development opportunities. The role of the business development leader is multifaceted, switching between strategist, tactician, mentor, counselor, cheerleader and more, to ensure the successful development and deployment of a business development program.

On the ground, the firm's lawyers must be adept at networking and willing to promote themselves on behalf of the firm. They must adopt and adapt to the use of a client relationship management system, embracing it as the lynchpin of the firm's business development process.

For understandable reasons, securing lawyer buy-in regarding the CRM process often presents one of the biggest hurdles to a firm's adoption of a business development program. Convincing lawyers to share the many contacts that they have cultivated over the course of a legal career can be difficult, as these contact lists often represent decades invested in nurturing valuable relationships. However, it is essential to recognize that contacts not only provide value to individual lawyers, but also represent valuable opportunities for the firm as a whole due to cross-selling.

Overcoming the lawyers' reluctance to share their contacts requires demonstrating that doing so can lead to new opportunities. One of the most effective way to demonstrate the synergistic effect that sharing contacts can have is working with a single, receptive practice group. It is likely that this simple exercise will reveal previously unknown connections, while also uncovering opportunities that can be pursued by leveraging the newly identified relationships. The key is to communicate the relationship breakthroughs realized within the practice group with the entire firm, allowing them to serve as proof points that will drive additional buy-in down the road.

Another concern lawyers often voice when they're asked to participate in a business develop program relates to its effect on their productivity. The thought of adding another layer of time commitments – particularly non-billable hours – on top of an already busy schedule is not something any of us would find comforting. In order to overcome this obstacle, it is important to both convince the lawyers that the extra time required isn't substantial, and to incentivize them to accept their business development responsibilities.

The Compensation Game

Motivating lawyers to actively participate in business development efforts requires a tactic other than just offering an end-of-year bonus. Experience has shown that incentives – whether monetary or recognition-based – should be closely aligned with behavior in order to motivate the actions required.

Putting the “M” in CRM

Client relationship management (CRM) has come a long way since the days when lawyers carried virtually everything they knew about their clients in their heads. Back then, managing relationships was little more complicated than extending the occasional lunch or dinner invitation or footing the bill for a round or two of golf. Memory-based relationship management eventually gave way to storing information on index cards or in a Rolodex. Professionals later began to store contact info in spreadsheets. As the evolution continued, the process advanced to include the adoption of sales force automation systems, which were finally replaced by early iterations of enterprise-level CRM systems.

The first enterprise-level CRM systems were actually devised as a tool to allow management to track sales force productivity. Over time, the value derived from organizing and driving the sales process itself became apparent. Today, with new technology and additional features available, CRM systems are powerful tools for business development.

The team-based nature and extended life cycles of larger business opportunity pursuits make effective information sharing crucial. A CRM allows firms to track the entire sales lifecycle of an opportunity from initial engagement to close – whether as a win, a loss, or a decline. Moreover, it facilitates the scheduling and documentation of action items and critical touch points along the way. Some CRM systems are tailored to cater specifically to law firm processes, mapping to the unique way they do business.

The metrics tracked by a CRM system document the firm’s performance in responding to an opportunity and provide accountability for those involved. They can be used to identify additional opportunities that most resemble the firm’s past successful bids, focus efforts on the most promising opportunities and uncover cross-selling opportunities with current clients. While the metrics are critical, there are other, less quantifiable benefits from the implementation of a CRM. Perhaps the most underappreciated of these is the ability to help firms protect business from poaching. Reinforcing and expanding personal relationships with clients helps create barriers to competitive encroachment, making it more challenging for outliers to walk away with an established piece of business.

Manage Relationships to Generate More Revenue

Powerful CRM solutions such as LexisNexis® InterAction® help you manage and leverage client relationship information to support business growth. A variety of features in *InterAction* help you identify critical relationships to maximize your firm's network to generate more revenue.

- **Who Knows Whom® and InterAction Relationship Map™:** Whether you're pursuing additional opportunities with current clients or targeting new business, you can use these tools to help determine who else in the firm knows a contact and the nature of this relationship.
- **Related Contacts:** *InterAction* reveals subtle interrelationships among clients and prospects, enabling you to quickly recognize connections that would otherwise be difficult to uncover.
- **Microsoft® Outlook® tools:** In *InterAction*, you can use this panel to conveniently generate a list of contacts who may have a relationship with a selected prospect—for example, colleagues who formerly worked with your prospect or someone who has a seat on the same charitable board.
- **InterAction IQ:** Use this tool to automatically analyze header and signature block information in incoming and outgoing email correspondence of associates across the firm. Based on the frequency of email correspondence, *InterAction IQ* documents and scores relationships, helping firm professionals evaluate avenues for developing and supporting client relationships. *IQ* signature block capture helps ensure that contact info is accurate and up-to-date.
- **InterAction Business Accelerate Module:** *InterAction* has a unique relationship intelligence approach that provides greater insight into relationship connections and their key touch points. That helps you plan your approach when pursuing a prospect or more business with a client. Add on the Business Development module and you can now more successfully manage, report and analyze the complete business development process – evaluate results from cold pursuits, event leads, panel management, attorney business plans, proposals, pitches and more.

The BD Big 12: Best Practices for Implementing a Business Development Program

While business development programs come in many different flavors, the most successful ones share several key attributes. The following are a dozen recommendations based on the observations of law firm business development consultants Doug Johnson and Mo Bunnell.

1. Think big. Start small. Scale up.

One of the adages that author and consultant Mo Bunnell brings up in his talks about business development is that law firms should “think big, start small and scale up” when developing a business development program. Rather than trying to institute a full-blown business development program across the entire firm, Bunnell counsels, it’s much better to start small – with a single practice group, for instance.

That’s not to say that you shouldn’t envision the destination at the start of your journey, however (the “think big” part of the equation). Knowing where you want to end up is an important part of your eventual success, but getting there requires both a plan and patience. Once you’ve worked out the bugs and racked up some successes with your initial, small-scale launch, you can continue to roll out the program to an additional practice group or two at a time. After accumulating sufficient momentum, the rollout can be accelerated until the entire firm has adopted the process.

2. Create a business development to-do list and load it into the technology platform

Achieving business development goals is a multi-step process that can extend over long periods of time. That’s why creating a to-do list should be a top priority. After looking at the potential new business opportunities that exist and examining the key relationships that can be leveraged to respond to those opportunities, the next order of business should be enumerating the steps required to turn the opportunities into new business wins.

3. Develop a process before implementing technology

Firms on the lower end of the business development maturity arc may be tempted to invest in technology to capture data without first taking the time to develop a process for managing the data. Determining which metrics to measure and record, how those metrics will be recorded, who in the firm will be responsible for what and many other key questions have to be answered first.

4. Don’t focus on the past – be prospective and proactive

Implementing a successful business development program requires positive thinking and the determination to make the program succeed. While it’s okay to learn from past missteps, dwelling on them will only impede progress.

5. Celebrate successes

One of the most effective ways to reinforce behavior and generate buy-in is to celebrate successes. Recognizing lawyers who complete their to-dos not only celebrates their accomplishments, but also reinforces their behavior and demonstrates to others that goals are being met.

6. Work with the lawyers who have an interest in and an aptitude for BD

Not every lawyer is cut out for business development. Instead of wasting time encouraging, coaching and/or nagging those who don't, concentrate on the lawyers whose personalities are better suited to building, nurturing, managing and leveraging relationships.

7. Differentiate your firm with thought leadership and content marketing

Firms that distinguish themselves from their competitors in the legal marketplace are the ones most likely to get noticed. Establishing a reputation for thought leadership via content marketing requires discipline and commitment, but it is a highly effective form of revenue-driven marketing.

8. Engage the lawyers

Trying to implement an effective business development program without the cooperation of the firm's lawyers is about as hard as pushing a rope. Without their buy-in and cooperation, the program's not going anywhere.

9. Make stakeholders accountable

A successful business development program is like a well-oiled machine. Stakeholders have to know their roles, be expected to fulfill the requirements of their roles and be held accountable if they fail.

10. Make business development a part of the firm's culture

To succeed, a business development initiative must be fully embraced and internalized by the firm's members, not merely superimposed on day-to-day operations. Enlist the support of champions to help spread the word about what you hope to achieve and how you plan to do it.

11. Monitor, measure, adjust and mentor

Like any process comprised of many moving parts, it's important to continually monitor and measure results, so that the necessary adjustments can be made to keep the process moving toward its objectives. Mentoring stakeholders along the way ensures that everyone not only knows what's expected of them, but also is equipped with the knowledge and tools needed to fulfill their assigned roles and responsibilities.

12. Use a CRM tool to manage the process

The business development sales cycle typically involves lengthy time frames, with several opportunities presenting themselves at various stages. Responding to large business opportunities requires the involvement of an entire team of individuals. Without a tool for managing a vast amount of relevant information, monitoring and managing complex to-do lists across multiple business development opportunities is extremely difficult.

Orrick Supercharges CRM to Accelerate Revenue Growth

The global law firm, Orrick, Herrington & Sutcliffe LLP, took the first steps toward implementing a data-driven business development program in 2012. That's when the firm's newly hired digital marketing manager began "supercharging" Orrick's client relationship management system (CRM).

Starting with just a single practice group comprised of lawyers who were receptive to trying something new, the digital marketing manager set out to demonstrate the untapped potential that resided in the firm's network of existing relationships.

Using LexisNexis® InterAction® IQ to identify, rate and leverage the most promising relationships firm-wide, and then creating and distributing customized, relevant content to targeted audiences, Orrick's CRM-enabled attorneys elevated their personal brands and enhanced the visibility of their core competencies. The high-octane CRM deployment also gave Orrick the ability to monitor and measure its business development ROI, which showed the firm which measures were working and which ones weren't.

With its early successes documented and the support of top management behind it, the program ultimately attracted buy-in from additional practice groups. Today, Orrick's supercharged CRM program continues to provide metrics the firm uses to further refine its business development strategy and fine-tune the tactics it employs.

CONCLUSION

With a growing number of businesses adopting alternative fee arrangements and reducing the number of law firms they use to better control and predict legal costs, competition among firms is stronger than ever. In the race to grow market share, firms that don't acquire the processes, technology and information that puts them in the business development fast lane will lose to those that do.

A data-driven, strategically aligned program aimed at identifying, responding to and tracking new business opportunities is a proven framework for gaining a competitive advantage. Savvy law firms use such programs to not only leverage relationships to win new business, but also to nurture and strengthen existing client relationships, cross-sell additional services and better protect their business from encroachment by competitors.

It's a winning strategy that will undoubtedly gain even more traction going forward.

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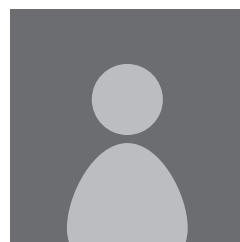


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