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BNA Insight

Why Law Firms Must Change Their Marketing Priorities

BY JIM HASSETT AND
JONATHAN GRONER

When Kramer Levin, a firm with over 350 lawyers in New York, Silicon Valley and Paris, conducted a search for a new head of marketing last year, the two finalists were required to give formal presentations to the firm's executive committee describing their recommendations for the firm's marketing priorities. Jennifer Manton, the finalist who was ultimately chosen, focused on broadening the position to include more business development activities that will directly drive client growth, including legal project management (LPM) to meet client demands for improved communication and efficiency.

Last fall, when Manton began work in her new position, one of the first things she did was to start planning an LPM coaching program similar to one she had been involved with at her previous firm. (Full disclosure: All of the LPM programs described in this article were conducted by LegalBizDev.) Since then,

a pilot group of seven Kramer Levin lawyers has successfully completed one-to-one LPM coaching, and the firm has already seen benefits in improved client communication, more accurate price estimates, increased client satisfaction and more. A second coaching group will soon be underway.

"It's all about connecting the dots between the client experience and the service approach," Manton said. "LPM helps lawyers address many of the issues clients raise in satisfaction interviews, such as the need for better communication."

One of the many interesting things about this story is that Manton is a former president of the international Legal Marketing Association (LMA), which in the past reflected the nature of the profession by being associated with a more traditional approach to marketing. Marketing is often defined by the "Four Ps": price, product, promotion and place. Historically, law firm marketing departments have been involved almost exclusively in promotion. In today's economic envi-

ronment, that is a recipe for disaster.

One way to see how most law firm marketing departments have traditionally spent their time is to look at the LMA "Your Honor" awards, described on their webpage as "the longest-running annual national award program recognizing excellence in legal marketing." There are 10 major categories: identity, promotional and collateral materials, advertising, events, websites, social/interactive media, media relations campaigns, community relations, marketing on a shoestring, and practice development. Only this last category includes direct business development programs such as attorney coaching and cross-selling initiatives.

In fairness, it is important to note that three years ago LMA recognized the LPM movement when it started a new Client Value Special Interest Group, which just held its third annual P3 conference in Chicago. (In this case, the three Ps are project management, pricing and process improvement.) Interestingly, this group was originally formed as part of ILTA (the International Legal Technology Association). The majority of speakers at this year's conference are not from marketing or business development, but rather hold other titles such as CEO, COO, CFO, or director of LPM, pricing or knowledge management. And when *Strategies*, LMA's official magazine, interviewed three experts to preview this

*Jim Hassett is the founder of LegalBizDev (www.legalbizdev.com), which helps law firms increase profitability by improving project management and business development. Jim is the author of 13 books, including *The Legal Project Management Quick Reference Guide* and *The Legal Business Development Quick Reference Guide*.*

Jonathan Groner is a public relations specialist, a freelance writer, and a lawyer. He has previously worked as a marketing manager at Jenner & Block, as senior communications counsel at Womble Carlyle, and as managing editor at Legal Times.

year's conference, none of them had marketing titles.

In our experience, when LPM is rolled out in a firm, the marketing department has often been limited to a support role, if it has any role at all. In some cases, we have advised clients to get their marketing departments more involved in our LPM coaching and training programs and have essentially been told "No, that's not marketing's job." But we believe it is.

LPM, LPM, LPM

According to Altman Weil's Chief Legal Officer Survey last fall, the top three service improvements that general counsel and law departments would like to see are greater cost reduction (58 percent), more efficient project management (57 percent) and improved budget forecasting (57 percent). Since LPM leads to cost reductions and improved budget forecasting, you could say that the top three client requests were LPM, LPM and more LPM.

Andréa Danziger is director of business development and practice management at Loeb & Loeb, a firm with more than 300 lawyers in Los Angeles, New York, Chicago and four other offices. She believes that the marketing department should be deeply involved in meeting the need for LPM.

"It bothers me if someone looks at our function as just putting together marketing materials," Danziger says. "If we don't reach a strategic level of involvement in decisions relating to pricing and staffing, we aren't doing our job. We need to be touching the levers of profitability in each and every pitch, proposal and RFP response."

Seat at the Table

Loeb & Loeb began its LPM initiative three years ago. According to Danziger: "It's very important for marketing to have a seat at the LPM table, and at our firm we have one. My business development team makes recommendations concerning what is the right team—how many partners, how many associates, how many staff attorneys—and at what price. We work with finance to illustrate how such decisions will impact the budget and, as a result, are able to offer the client options. But LPM is not just about budgeting. It's about how to achieve clients' goals in the most cost effective way, and about how to communicate with both cli-

ents and the internal team. Our involvement helps ensure this is happening."

To date, 19 lawyers at Loeb & Loeb have completed one-to-one coaching (with more underway). Danziger notes: "If the relationship partner has gone through our LPM coaching program, it shows. The client becomes more confident in us as a result. This has improved client retention and satisfaction."

Robyn Radomski is the chief marketing, strategy & business development officer at Bingham Greenebaum Doll, a firm with over 200 lawyers in eight offices in Indiana, Ohio and Kentucky. She agrees that a seat at the LPM table is needed, and she earned hers by organizing the firm's first pilot test of LPM coaching, which has already led to improvements in budgeting, cost control and client communication.

"At its core, LPM is about delivering value to the client, and as marketers we represent the client's view and the client's perspective," Radomski says. "In addition, firms are always looking for ways to differentiate their services, and we see LPM as a huge part of that. LPM is the best way to deliver efficiencies to the client. It also helps the corporate general counsel look good by improving budget control and risk management."

Promoting and Recruiting

Over the last several months, Geoff Goldberg, chief advancement officer at McCarter & English, a firm with over 400 lawyers in the Northeast, has devoted a significant amount of his time to promoting LPM within the firm and recruiting lawyers for a recently started program of LPM coaching. (Goldberg heads business development for the firm and is also involved with advancing its business in other ways, including working with associates and laterals.)

"At first, I found it very hard to get lawyers to talk about LPM," he reports. "Whenever I raised the topic, eyes would begin to roll and people would say, 'That's for lawyers who do commoditized work, not for me.'"

Goldberg decided to develop a formal presentation about how the legal market is changing. He has offered it in four of the firm's offices so far, to make the point that "many clients are demanding more value and lower costs."

Lawyers faced with this demand, Goldberg says, have only three choices in how to respond: "Turn

down the work, say yes with discounts and take a hit to the bottom line, or say yes with lower fees but maintain profit margins by using LPM and doing the work more efficiently."

Most firms, Goldberg said, seem to be selecting the second choice with discounts that reduce margins, a trend that has become so prominent that consultant Bruce MacEwen coined the term "suicide pricing" for it. Over the long term, this trend is simply not sustainable.

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Marketing departments these days are notoriously understaffed, so where does Goldberg find the time to focus on LPM? "LPM is the single most important change in how we develop business and it's here to stay. Since driving it is the highest value I can provide to my firm, I focus on it first," he said. "I get my traditional day job done at night."

According to Loeb & Loeb's Danziger, "As we become more involved in strategic matters, some traditional marketing activities will have to accept fewer resources and give way to matters that are more important to clients in their selection of outside counsel. For example, brochures and off-the-shelf marketing materials are too general to guide purchasing decisions. What the client wants to know is who is on the team? What's their experience? What's the budget? How will the matter be managed?"

Fundamental Problems

None of the four individuals interviewed for this article was willing to be quoted on why legal marketers spend so much time on activities that have a low probability of producing new business, and LMA gives awards for them. But once we talked off the record to others, it was easy to find marketing professionals who went on at great length about two fundamental problems:

1. Many lawyers simply don't understand marketing. There's no reason they should. Lawyers are extremely intelligent, but very few have ever had the time or the inclination to study marketing.

2. In many firms with dozens or hundreds of partners, marketing professionals in effect have the same

number of independent bosses. On any given day, several may show up with tasks that marketers see as unlikely to pay off but that the lawyer sees as urgent. Marketers quickly learn to do what these bosses ask or look for a new job.

One head of business development described his job as “deciding who I will disappoint every day, due to lack of time.”

Marketers not only lack time to focus on products, pricing and LPM, they often don't have enough time to focus on the most fundamental tasks in business development, such as helping lawyers to increase satisfaction for current clients, plan sales advances or follow up consistently.

Legal marketing professionals must prioritize relentlessly. They've always been expected to work long hours, as their bosses do. But as a more competitive legal marketplace economy has led to staff reductions, the total number of marketing department hours has gone down at the same time that the hunger for new work has gone up. Still, in most firms marketers must set aside their own priorities whenever one of their many bosses shows up with the fire drill of the day.

Several of the people we talked to off the record mentioned the pet peeve of many legal marketers: “best lawyer” surveys such as Chambers USA, Martindale-Hubbell and Avvo. An enormous amount of marketers' time can go into the process of getting lawyers listed. We found many professionals who talked about how this is driven by lawyers' egos, but not a single one who thought these surveys were a cost-effective way to bring in new business.

Other off-the-record discussions also revealed that marketers are often forced to devote an enormous amount of time to bidding on RFPs that the firm is very unlikely to win. Why? Because a powerful partner insisted on it.

This underlying dynamic—in which people who understand marketing are micro-managed by people who don't—puts senior management in an awkward position. It is easy to say that the executive committee should simply give the marketing staff more independence. But management cannot afford to alienate powerful partners any more than the marketers can. At a time when lawyers with large books of business can easily become laterals and take their work to a different firm, one can ar-

gue that providing services that stroke the egos of powerful partners is a business necessity.

But if this takes so much time that marketers cannot work on the things that will actually bring in new business—such as helping to provide clients with the right product at the right price—then management has just two choices. Either hire more marketers—some to develop new business and some to stroke egos—or set firm ground rules for marketing department priorities, focusing on activities that are most likely to lead to new business.

Critical Moment

At this critical moment in the history of the profession, when it comes to the “Four Ps” of marketing, product and price are far more critical than promotion. The best webpage and brochures in the world cannot sell products that people don't want to buy. Just ask the people who once sold 3.5-inch computer disks, eight track tapes and buggy whips.

These days, as the managing partner of one AmLaw 200 firm put it in our recent book *Client Value and Law Firm Profitability*: “The firms that are most effective [at delivering value] are going to do well, and I don't think everybody will survive.”