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Innovation Can Lead to More Business for Firms

BY STACY WEST CLARK

Special to the Legal

One thing I hear from many law firms today is that their revenues are flatlined or falling. Consequently, they are eager to know where and how they should spend their marketing dollars.

Thanks to Boston-based BTI Consulting, a leader in strategic market research for law firms and other professional services organizations, we now have a compass on what law firms today need to do. At the June meeting of the Delaware Valley Law Firm Marketing Group, BTI principal Marcie Shunk revealed findings from their 2008 Survey of National Market Awareness for Law Firms.

After interviewing 1,700 corporate counsel from more than 41 percent of the Fortune 100 and 17 percent of the Global 500 with average revenue of \$17.6 billion, one thing became statistically clear: If you have top of mind awareness with your clients and potential clients, you will beat out your competition and your revenues will be higher. There is a high correlation between how high a law firm's positive awareness is — i.e., people knowing the firm, having a favorable impression of it and being able to state something the firm does which is different from what other firms do and their financial performance.

To assess how aware these corporate counsel were of law firms around the country, BTI studied three measures of awareness: aided; spontaneous, in which the law firm's name is mentioned by the corporate counsel; and top of mind, in which the law firm is the first one mentioned by the general counsel. Aided awareness is when

you are prompted to recall someone or something because you are provided with positive differentiating characteristics. So, if I said, "Name an innovative computer company," and you said, "Apple," you would likely do so because Apple has distinguished itself from other computer makers because of its innovation.

BTI says: "Unaided awareness is the ultimate test of a law firm's standing in the eyes of clients. An individual's capacity to retain information is inherently limited. Therefore, those law firms who register in tests of unaided awareness have successfully beaten out competitors for a share of a client's state of mind. A law firm who raises its unaided awareness does so at the expense of another firm."

The results were really astounding. BTI discovered that law firms that differentiated themselves in a variety of ways from their competition had:

- Higher revenues.
- Higher relative market share.
- Higher profits per attorney.
- Higher profits per partner.
- Greater market share.
- More complex work.
- Clients who thought they were getting more value.

Importantly, the survey revealed that a "10 percent incremental increase in positive differentiation translates into a 28.5 percent increase in revenue for a typical law firm."

Market differentiation drives revenues higher. Firms that ranked highest nationally included Wachtell Lipton, Latham and Watkins, Sullivan and Cromwell, King and Spaulding, Fulbright and Jaworski and Jones Day. Morgan Lewis scored the highest in Philadelphia.



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But just because you are known best and for good things by your clients does not mean you are making more dollars if your firm is not run properly. As Shunk explained, "Market favorability drives higher profits and alleviates rate pressure. But favorability alone will not make you profitable. Profitability is all about how a firm is managed."

What did some of the top ranked firms have in common? What can we learn from them? What did they do? Innovate.

A law firm's innovation in technology, billing and service were named again and again by counsel listing them. Innovation comes in many different forms. One firm called all of its client's outside counsel to bring them together to figure out how all the firms could better help their common client. Would you be willing to do this for one of your clients? From the client's perspective, they were doing something extraordinary.

So what should law firms do to heighten their awareness and differentiate, and how long should it take for the firm to see some reward?

First, Shunk recommends firms target innovation as a driving theme. Several firms are doing this well. They are:

- Issuing thought leading research and white papers. (Fulbright issues a litigation trends survey.)
- Adopting client service standards and strategies.
- Making aggressive use of alternative billing arrangements (sharing risk, being accountable, etc.).
- Creating client-driven technology.
- Having a market leading strategy for their own growth. (Clients of DLA Piper said they saw them as running an innovative business and creating compelling approaches to business development.)

Second, Shunk says to increase your brand awareness, a firm today should focus on those tactics that involve someone having a direct experience with you. That can be:

- The service a client receives. Make it so good it differentiates you.

- The pitch you make for work. No one at the meeting will forget Shunk's tale of three firms that went in to pitch services to a company. The first two talked all about firm size, practice, experience and representative clients. The third, instead of pitching, said, "Let's use this hour to get to work and start solving your problem. If you like us after an hour, great. If not, you have not lost anything." Guess who got the case?

- How you handle yourself with your own clients across the table. To be sure, you are being observed by opposing counsel and opposing clients. How you treat/represent your client and handle the case is being watched. Be so professional, caring and effective, that it differentiates you and your firm from others.

- Your activity in trade associations, networking events and, if you run firm-sponsored seminars, doing them exceptionally well.

Indirect tactics also work. Shunk says

that it is in this area that marketing activities can have a powerful impact. Successful firms focus on public relations, having their lawyers quoted in papers, pinpointing prime speaking opportunities and delivering highly relevant, timely insights through seminars or targeted e-mails.

And how long does it take to see results? According to Shunk, anywhere from 24 to 36 months once a firm has put the programs she outlined in place.

So go out and innovate. Do something outstanding from your clients' point of view. Consider how you can stand out to your clients in terms of how you practice law. This is not a passive activity. As I like to say, get up, get out and get going.

For a copy of BTI's Survey of National Market Awareness, or for questions about the study, please contact Marcie Shunk at (617) 439-0333 x5049 or mshunk@bticonsulting.com or go to www.bticonsulting.com. •