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## Law Firm Marketing and Business Development

*From Conception to (Current) Reality*

By **Amanda K. Brady**

**C**hange is constant and hard — and usually lumpy. This is especially true when it reaches the core of how an organization operates and goes to market.

Like other professional services firms, most law firms employ the seller-doer model. A lawyer brings in business and then leads the actual engagement. Despite that, some firms are experimenting with dedicated “sales” professionals to generate engagements, while most lawyers still bring in the bulk of the work. But how they bring in work and who helps in the process has evolved in the last 10 years, proving that lawyers, too, can change.

In the early days of law firm marketing, the Associate Recruiting Manager was often also responsible for marketing, and the function centered on events, typically associate

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recruiting events as well as tickets to social and sports events. The term “marketing” itself was a four-letter word — at least when applied to lawyer activity — often because it elicited visions of phone book covers and late-night television advertisements.

### **THE BOOM**

As the economy boomed in the early 2000s, larger law firms began building significant marketing teams (of 30 and 40 professionals) to support the growing business. These marketing functions typically included staff to manage events, advertising, collateral/brochure development, RFPs and emerging websites. As a general rule, these functions were managed by a marketing committee or a marketing chair who managed a marketing director, who, in turn, essentially responded to attorney ideas and requests. In the mid-2000s, a number of marketing directors (or Chief Marketing Officers, as they were beginning to be called) were trying to initiate a dialogue with their firms about placing a greater focus on business

development and client relationships and the benefit of becoming more targeted in their outreach efforts. They were met with varying degrees of success. Too often their pleas fell on deaf ears as law firm partners were simply too busy to consider doing things differently. Life was good and the business kept rolling in. It appeared that whatever marketing they were doing was working, so there was no compelling driver to change.

### **THE BUST**

Then everything did change. Into 2008 and 2009, as the economy faltered and law firms tried to respond to a decline in legal work, they sought every opportunity to reduce overhead. Non-revenue-generators were some of the early recipients of layoff notices and marketing departments were decimated with cutbacks. Chief Marketing Officers and many of the senior members of their teams were considered high-cost overhead and were let go.

In 2010, law firms began rehiring marketing leaders and rebuild-

ing their departments. However, there was a new focus on the need for targeted business development that emphasized client relationships and actively generating leads for new work — not just on sponsoring events, advertising and responding to RFPs. I distinctly recall a conversation with a law firm managing partner for whom I was starting a Chief Marketing Officer search. As we developed the position description, he switched the phrase “marketing and business development” to “business development and marketing,” noting that he wanted both prospective candidates as well as his partners to understand that going forward there would be a focus on business development. (Ultimately, he changed the title to Chief Business Development Officer.) My question to him — and my question to any law firm leader wanting to focus on business development — is, “Are your lawyers ready for what that will require of them? Business development and marketing professionals cannot generate legal business in a vacuum. Your lawyers will have to proactively participate.”

#### **THE METAMORPHOSIS**

As the Chief Marketing Officer/Chief Business Development Officer roles have transformed over the last five years, these professionals have become more integrally involved in helping to define and implement growth strategies for their firms. They and their team members actively engage with practice groups and individual attorneys to develop detailed business development strategies with enumerated activity

plans and accountability. And they are developing these strategies based on research targeting practice areas, industries or individual companies and trying to align the firm’s expertise with potential opportunities.

Understanding some of the differences between a traditional marketing function and business development is key to evaluating current practices and future expectations for this department. Law firm marketing and strategy consultant Timothy Corcoran in “Demystifying Law Firm Marketing, Part One: What Is It?” explains it this way: “Marketing is about creating visibility and awareness of the firm’s and the lawyers’ credentials and capabilities, with the ultimate objective to be included in the ‘consideration set’ when a prospective client needs outside counsel to address a business issue.” Furthermore, he explains, “Business development is about advancing an opportunity from ‘Who should we talk to?’ to ‘We may be able to help,’ to ‘And here’s how we’ll do it,’ to winning the work and generating fees from a new matter.”

#### **THE NEW NORMAL**

As a general statement, firms are now proactively reaching out and engaging prospective clients instead of waiting for new clients to respond to broad marketing efforts or assuming existing clients will return. As a part of this trend, firms are conducting extensive client outreach and using various methods to gain a better understanding of their client’s business and the particular issues they may

be facing. These methods often include in-person interviews of the client’s General Counsel or other key relationships. These interviews are typically conducted either by Managing Partners/Chairs (sometimes with the CMO participating) or by experienced external consultants. The assumption is that clients will be more honest and open about the work being conducted on their behalf if the engagement attorneys are not in the room. Regardless of who actually conducts these client interviews, the CMOs are front and center in organizing and implementing these initiatives, as they are central to determining appropriate business development strategies.

#### **DEPARTMENT STRUCTURES AND BUDGETS**

Most law firms combine the marketing and business development functions under one functional leader. The traditional marketing functions — public relations and communications, creative services/graphics, collateral development, events and technology (Internet marketing, contact database, CRM and the website) — often report up to a Director of Marketing or a Director of Marketing Operations.

Separate business development (BD) functions and professionals are typically aligned through a practice or industry focus and are often physically embedded within the practices so that they become a part of the team and can more easily stay abreast of what is happening in those practices. For larger firms with many offices, this becomes a

little more difficult. Consequently, business development professionals often are assigned to one or several practice areas and also serve as a generalist marketing and business development “backstop” for the office in which they reside. Regardless, experienced professionals (usually manager level) with a strong knowledge of effective BD tactics and good people skills, embedded in a firm’s key practice and industry groups, are an increasingly important ingredient in a high-performing business development function. More and more, firms are engaging CMOs with experience in the hiring, development and effective use of such individuals. But the BD professionals can’t do it alone.

Strong business development teams include market or business intelligence analysts who conduct targeted industry, market and company research to help identify trends or business issues that can serve as ammunition for partners in their pursuit of new engagements.

Traditionally, the CMO reported to the Chief Operating Officer (COO). However, this is now less common in AmLaw 100 firms. Now, typically, the CMO reports to the chairperson and an executive committee, marketing committee or marketing partner, with a dotted line reporting relationship to the COO — primarily to ensure that resources are allocated appropriately and alignment with other administrative departments is maintained. Most marketing departments in AmLaw 100 firms have between 40 and 50 professionals across both

the marketing and business development functions. Another often-cited metric is roughly one full-time marketing/BD staffer for every 25 to 30 attorneys. As John Neidecker, former CMO of Stoel Rives, explains, “The variance depends on the nature of the practice, geographic focus and whether certain functions are maintained internally or outsourced. The trend is toward outsourcing many of the central marketing and communications functions whenever this can be effectively accomplished and reallocating those dollars in support of a more strategic business development function.”

When these functions are maintained in-house, marketing operations professionals typically work together in more of a back office setting, while business development professionals are typically distributed throughout the organization and, as mentioned above, are often embedded within practice groups (*i.e.*, their offices are in the same area as the attorneys).

Firms budget, on average, between two and three percent of revenues for business development and marketing, and there are some outliers at the four percent mark, but the amount and what it covers is still a bit in flux. Some firms include everything but the kitchen sink in the budget and some do not. It could or could not include salaries/benefits, market research, IT costs, capex costs, contributions or community relations. Generally speaking, roughly one third of the budget is focused on business development

for such activities as building client relationships, attorney training, key client team programs and hiring consultants when needed.

#### TECHNOLOGY

The most common customer relationship management (CRM) system used in law firms today is InterAction, though the success of CRM systems is spotty across the AMLaw 200. Typically, these systems are utilized and maintained strictly by the marketing and BD professionals to ensure that the data is input correctly and in a timely fashion. While many attempts are made to gain access to attorney Outlook contacts, these departments often have to cobble together the CRM system contacts through event lists and deal sheets.

In addition to a traditional CRM system, there are other systems and technologies that pull together a variety of information from Outlook contacts and emails, financial and billing systems, targeted press outlets and LinkedIn connections to develop dashboards of relationship strings inside and outside the firm and then use that data to identify potential business opportunities. Gwabbit and ContactNet by Thomson Reuters Elite are two of the more common sales automation technologies being used by firms as well as tools developed by Shift Central and Manzama that also gather relevant information to facilitate business development.

O’Melveny & Myers and Allen Matkins are two firms that have utilized technology to significantly automate opportunity identification as well as

facilitate knowledge management. Some firms are using specifically developed mobile technology applications in addition to their websites to deliver content marketing and help define their expertise in a given space. In 2014, Bracewell & Giuliani launched the ShalePlay app that provides Apple and Android users a comprehensive resource on news and information related to shale, gas and hydraulic fracturing as well as energy industry trends and updates.

#### THE 'S' WORD

Several firms have been experimenting with hiring sales professionals who are aligned with certain practices, develop client relationships and then involve the appropriate attorneys to deliver the work, similar to a Big Four model. DLA Piper and Womble Carlyle are the best examples of this. It is much too soon to consider this a trend, and no firm has established a clear best practice in this regard, but firms are trying to be creative in how they approach the marketplace. According to Neidecker, "One potential downside to this approach is that partners in these firms may adopt the thinking that business development is the job of someone else in the firm at a time when competitive pressures are calling on partners to become more engaged in tactical business development than ever before."

#### PROFESSIONAL EXPERIENCE AND COMPENSATION

Although there are a few firms whose Chief Marketing Officers have been with their firms for many years, most of them have tenures of three to five years. Before the economic

downturn, 18-month tenures were common for marketing and business development professionals. That is less common in the last few years. It is a generalization but a commonly held view that people who grew up in law firm marketing have, on the whole, been unable to make the transition to strategic business development. For some it is because they have more of a marketing and communications background and continue to focus on their personal areas of interest and expertise. Others have been unable to make the leap because their partners simply do not see them as business development strategists, whether or not they have the capability.

Some firms are hiring marketing executives from industry (still a risky proposition because of the cultural integration, though several have successfully made the leap) and other marketing executives are moving to legal from other professional services — management, HR and IT consulting, advertising and PR and financial services (commercial and investment banking). Big Four accounting and consulting firms have developed sophisticated marketing organizations that sit side by side with their sales organizations. And although many of the sales professionals in these firms are externally facing and help to bring in work, there is still a distinct alignment with practices and the practitioners executing on that work.

CMOs/CBDOs are typically compensated on the high side of the C-suite. Excluding the top white shoe firms, AmLaw 100 Chief Marketing

Officer compensation ranges from \$400K to \$600K all in. While this seems like a hefty price tag, that cost is easily covered by one big engagement won as the result of the thoughtful planning, research and strategy offered by a skilled CMO/CBDO.

#### WHAT NEXT?

Law firm leaders have myriad options as to how to address marketing and business development and their approach should be informed by a well-developed firm strategy. While random acts of business development are the historical norm at firms, it's always better to shoot at a target. Even if you miss the bull's eye, you'll likely win something from hitting the outer rings.



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