

NEW JERSEY LAWYER

Turning a marketing eye toward ROI

By Larry Bodine and Suzanne Lowe

Suppose we asked you for \$100 right out of your wallet for marketing. Would you hand it over? Not bloody likely. But suppose we told you our marketing was proven to work, we had statistics to back it up and you would get a return of \$264? We think you'd make the investment.

Law firms in the United States spend billions on marketing. But surprisingly, almost none are asking for a demonstrated return on investment. This was just one finding in our new research study, *"Increasing Marketing Effectiveness at Professional Firms."** More than 375 marketers and practitioners, primarily in law firms, told us:

- Less than 10 percent of firms have a separate budget for measuring marketing effectiveness. This means they are not looking for a return-on-investment (ROI);
- Their "best results" marketing initiatives — we outline the top seven later in this article;
- The three client metrics that are statistically linked to competitive success;
- Overcoming obstacles to measuring marketing; and
- Five strategic goals for law firm marketing.

Other research backs up our findings. Extremely effective law firms turn their marketing dollars into \$2.64 in profits per attorney for every dollar earned by a typical law firm. (BTI Consulting, 2004)



Larry Bodine is a strategic marketing consultant based near Chicago. Reach him at 630.942.0977 or at www.larrybodine.com.



Suzanne Lowe is the founder of Expertise Marketing and author of "Marketplace Masters: How Professional Service Firms Compete to Win." See www.expertisemarketplace.com for more information.

Least-effective tactics

Yet most law firms throw their money away on advertising, printed marketing materials and brochures, directory listings (now on the seemingly prohibited and possibly unethical lists: "Super Lawyers" and "Best Lawyers"), annual reports, practice announcements, event planning with no follow-up, holiday cards, alumni programs, hopeful mentions in news articles or websites, public relations and sports tickets.

Is your firm pursuing one of these initiatives? You should know they were at the bottom of the list of effective marketing tactics, cited as the *least effective* initiatives in our survey. Don't be surprised, because all of those tactics have one thing in common: There's no real way to tell if they are helping your firm make real competitive inroads.

So for starters, put your money on measuring marketing. Create a specific line item in your marketing budget to track the effectiveness of your marketing, and you'll be ahead of 90 percent of other law firms. If the marketing initiative can't be measured, don't go forward with the initiative.

How to measure

Once you've got the funding, exactly what should you measure? According to our research, law firms that want to excel at marketing should use three client metrics.

1. **Growing client revenue:** Did you grow revenues with your client?
2. **Moving phases of a sale through a pipeline:** Did you convert the selling opportunity to the next stage, i.e., inquiry to a lead, lead to a prospect, etc.?
3. **Listening to the client ...** and responding to what they say.

Put another way, if you can't measure the results by one of these three ways, you shouldn't pursue the marketing effort. You are wasting your time and money.

These three client metrics are unequivocally objective and obvious, clearly identified with clients and feature very tangible outcomes. They are fact-based and non-ignorable. And the more client metrics our respondents used, the more they said they were extremely effective in growing revenues against competitors.

So forget about measuring marketing by counting the number of publicity hits or the number of attendees at your seminar or number of magazine copies your advertisement appeared in. Push down the money spent on printing and rewriting brochures, writing ad copy or arranging menus for dinners. Decrease these pursuits, or if your firm is addicted to bad marketing, at least send them to an outside agency.

Seven most-effective initiatives

Instead, pursue one of the following seven "best results" marketing initiatives identified in our study:

- 1) Arranging business development appointments with clients and prospects
- 2) Developing differentiation, positioning and branding strategies

3) Targeting prospects and marketing to industries of potential clients

4) Implementing programs to increase firm share of a client's wallet (i.e. cross-selling more services to clients, increasing the size of engagements clients buy)

5) Responding to formal RFPs and inquiries for service

6) Conducting client relationship management programs (assigning account managers/client teams, client-service directors.)

7) Undertaking client satisfaction feedback initiatives (end-of-assignment interviews, surveys, feedback evaluations.)

Be like survey respondent Patrick Lamb, a partner at Butler Rubin Saltarelli & Boyd in Chicago. "When I arrived, the first thing we did was analyze how much revenue we were getting from our clients. We found that our revenue was concentrated in a small number of key clients. If any left it would be catastrophic, so I decided we needed to do client satisfaction studies.

"I was able to convince the two senior rainmakers to try it. The senior partners were skeptical at the very beginning; they hadn't heard about the approach, but there is a fairly compelling intellectual case you can make. They got very positive feedback from their clients. They were pleased that anybody would take the time to find out what they think. By the time we got back from the first interview, the client had called the relationship partner and said it was great."

Lamb says his firm keeps track of three things:

- Number of disputes brought to the firm;
- Dollar value of these disputes;
- Percentage of work the client is giving them.

Or follow the model of Lindsay Fikowski, regional marketing manager for McCarthy Tétrault in Calgary, Alberta, Canada. A key marketing initiative is to increase the firm's "share of wallet" — its share of the client's total expenditure for legal work. "We ask clients what their legal spend will be for the next year and this can lead into very detailed discussions. Our next step is to develop a profitability measure for each client. We're working on that," she said.

The firm also pursues a targeting and segmenting program. McCarthy Tétrault measures results by comparing the level of work in these key sectors against prior year's results. "We try to estimate very roughly what our market share is based on our estimate of the client's legal spend. We try to figure out where we stand, whether we are number one, two, three or four firm for the client."

"Lack of partner buy-in can be an obstacle," she conceded. "Marketing is very hard for the lawyers to do; they don't always know how to do it. They need to have a long-term plan in place — at least five years — because they may not see any work for five years. One year is too short-term for a plan," she said. But she overcomes the internal obstacles because, "We demonstrate the value of our approach to the partners and find ways to make marketing useful to the partners."

You shall overcome

The perception that measurement is challenging, however, is real and must be overcome. Here's what our respondents said:

- Our people aren't inclined to measure
- It's hard to change their mindset
- Measurement is not viewed as a worthy activity

• Our people avoid accountability; measurement is perceived as too hard, too costly and too time-consuming

• We don't measure at all

• We're too small or too new to have our act together

• Our marketing leadership is new

• We have no dedicated measurement resources

• We have no measurement budget

• We are in too much turmoil to focus on measurement

• We don't know how to measure

• We can't keep up with the shifts in the marketplace

We say it's time to climb out of the pity pot. Most measurement obstacles are self-caused:

• Myopia: Refusing to see the benefit of measuring to achieve ROI.

• Inertia: "We've never done it that way before."

• Avoidance of accountability: Lawyers don't like to file reports, attend marketing meetings or be held responsible for marketing activities

Put a procedure or policy in place that requires marketing initiatives to be measurable, track the activities and see whether you got your money's worth.

Five marketing strategies

Measurement policies can be even more effective if they are supported by stepwise marketing goals. Our study outlined a law firm marketing team's main function: leading firms to succeed at five strategic marketing goals.

First: Defining and identifying the most strategically important prospects/clients (segmenting the market, targeting the "right" clients, and prioritizing which clients or industries to pursue or to avoid).

Second: Acquiring the most strategically important prospects/clients (establishing a firm's attractiveness, credibility and thought leadership with the "right" clients and successfully winning new engagements with those targeted prospects/clients).

Third: Retaining the most strategically important clients (fostering increasingly significant client/firm relationships, and successfully keeping current engagements with targeted clients).

Fourth: Increasing the firm's amount of revenues with its most strategically important current clients (known as cross-selling in some sectors, this means increasing each current client's use of the firm's entire service portfolio and the firm's penetration into that client's available "share of wallet").

Fifth: Increasing the perceived value of the firm to all audiences, including non-targeted prospects and clients, influencers, suppliers, and current and potential employees (growing the firm's overall brand value and thought leadership equity; building broad awareness of the firm and its favorable reputation in its marketplace; and increasing its perceived eminence generally).

Firms that prioritize these goals have a much easier time selecting marketing initiatives and maintaining focus on strategically appropriate activities. These goals also provide an easier framework for measuring the performance of these initiatives.

If it counts, count it. Your firm will be glad you did.

***Readers can find an 18-page summary of the study at www.lawmarketing.com/Summary_of_2006_study_results.pdf.**