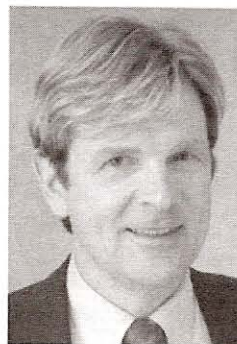


# Proving ROI on Marketing by Measuring Marketing Effectiveness

By Larry Bodine and Suzanne Lowe



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Management guru and author Peter Drucker said, "If you can't measure it, you can't manage it." So why is it that so few law firms measure their marketing efforts? Why is it that so many CMOs are getting hammered by partners to demonstrate ROI on their efforts can't do it?

In our just-released 2006 study, "Increasing Marketing Effectiveness at Professional Firms," more than 377 senior marketing and management respondents gave us plenty of excuses:

1. Our people aren't inclined to measure.
2. It's hard to change their mindset.
3. Measurement is not viewed as a worthy activity.
4. Our people avoid accountability.
5. Measurement is perceived as too hard, too costly and too time consuming.
6. We're too small or new to have our act together.
7. Our marketing leadership is new.
8. We have no dedicated measurement resources.
9. We have no measurement budget.
10. We are in too much turmoil to focus on measurement.

Boo-hoo, we say. Measurement obstacles are largely self-

caused, and are related to myopia, inertia and avoidance of accountability. You better start to prove a return-on-investment on your marketing efforts to keep your job. Here's how:

## Measuring Marketing Effectiveness:

**For starters, your firm needs to have a budget for measuring marketing.** We were very surprised that only a fraction of our respondents' firms have a separate budget line for evaluating the effectiveness of their marketing programs (340 said "NO" when asked if their firms have a separate line item for Marketing measurement; only 37 said "YES").

Your argument to get this line item is that you firm could bring in more revenue, if only it deliberately added structure to measuring marketing effectiveness. "Half the money I spend on advertising is wasted; the trouble is I don't know which half," said department store merchant John Wanamaker. You don't want to be heard saying that.

**Once you've got the funding, exactly what should you measure?** According to our research, law service firms that want to excel at marketing should use our study's three Client Metrics.

1. Growing client revenue: "Did you grow revenues with your client or not?"

2. Moving the phases of a sale through a pipeline: "Did you close the sale or not?"

3. Listening to the client: "Did you listen to the client or not?"

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 risking your job.

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!

## What Other Law Firms Measure:

So please forget about measuring marketing by counting the number of publicity hits, or number of attendees to your seminar or number of magazine copies your advertisement appeared in. These do not relate to points 1, 2 or 3 above. Push down the time you spend printing and rewriting brochures, writing ad copy, arranging menus for dinners, and developing branding campaigns. Delegate this work or send it to an outside agency.

Instead, be like survey respon-

dent Patrick Lamb, a partner at Butler Ruben 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 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 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 said his firm keeps track of three things:

- ❖ The number of disputes that are brought to the firm.
- ❖ The size of these disputes
- ❖ The percentage of work the client is giving us."

Or follow the model of Lindsay Fikowski, Regional Marketing Manager for McCarthy Tétrault based in Calgary, Alberta, Canada. A key marketing initiatives is to increase the firm's "share of wallet"—its share of the client's 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 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 the #1, #2, #3 or #4 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 5 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 it useful to the partners."

### You Shall Overcome:

The perception that measurement is challenging, however, is real, and must be overcome. 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 (i.e., segmenting the market, targeting the "right" clients, and prioritizing which clients or industries to pursue or to avoid).

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

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

**AFTER THAT: Increasing the firm's amount of revenues** with its most strategically important current clients (i.e., 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").

**FINALLY: Increasing the perceived value** of the firm to all audiences, including non-targeted prospects and clients, influencers, suppliers, and current and potential employees (i.e., 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).

Measure your marketing and measure it well. Your firm will be glad that you did.



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Readers can find an 18-page summary of the study online at [http://www.lawmarketing.com/Summary\\_of\\_2006\\_study\\_results.pdf](http://www.lawmarketing.com/Summary_of_2006_study_results.pdf). To see the complete 80-page study and its accompanying 68-page case studies report visit [http://www.expertisemarketing.com/marketing\\_study\\_results.html](http://www.expertisemarketing.com/marketing_study_results.html).

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