Are We There Yet?
Revealing the Latest Trends in Legal Marketing and Business Development

Results from the joint Legal Marketing Association and Bloomberg Law® research study - April 2016
Ask anyone. The face of commercial law is changing. Read any legal magazine. Attend any gathering of attorneys or legal marketers. Talk to any legal expert. You will hear the same thing. Macro trends in technology, recent economic woes, and shifts in buyer behaviors are driving law firms to reconsider the way they develop new business and deliver for their clients. Law firms are increasingly feeling both internal and external pressures to change their business models and reconsider their go-to-market strategies.

How is this changing environment impacting legal marketing and business development functions and the professionals that deliver those services within today’s law firms? Are law firms reducing costs or doubling down on business-building activities? What role does technology play?

How are the roles that legal marketers play changing to address these new pressures? Is there a seat at the table with law firm partners for marketing and business development professionals to contribute their business expertise?

All indications show that the pace of change within law firms continues to increase. Surprisingly, the pace of change within legal marketing and business development departments seems to be slowing down. Perhaps law firm practice areas need time to catch up and better align with the considerable new marketing and business development initiatives that have been put in place for the past two years. Perhaps there is too much uncertainty in the market to be willing to look too far ahead. Either way, marketers and business development professionals continue to be asked to broaden their scope and take on new responsibilities.

These new responsibilities will surely be made easier by the improved relationships between marketing and business development professionals and the attorneys with whom they work. Yet, there is still a disconnect between those activities for which attorneys most often turn to these professionals and the more strategic and client-facing responsibilities these marketers and business development professionals are increasingly focusing on. It seems attorneys’ perceptions may not yet have caught up with the realities of how marketing and business development professionals are spending their time.

So, where are we going and how will we know when we get there? It is not entirely clear exactly where the road will lead, but one thing is for sure: the scope of responsibilities legal marketers and business development professionals undertake continues to expand, and the way they are responding to industry changes is becoming increasingly more diverse.

**Increased Investment**

Law firms are increasing their investment in marketing and business development activities, in sync with firm budgets, to respond to internal and external pressures.

Despite mounting external pressures impacting law firms today, the number one reason cited for increased focus on marketing and business development is internal pressure to generate revenue. Perhaps the two are related. Attorneys may be internalizing the growing pressure from those corporate counsel consolidating their law firm panels, in-sourcing more work, and requiring different billing models. Or, perhaps the internal pressure is simply a matter of the continual pursuit for more revenue.

67% of attorneys and marketing and business development professionals agree that their firm is increasing its emphasis / focus on business development and marketing efforts. Only six percent of respondents disagree with that statement.
Interestingly, law firms do not yet seem to feel threatened to any great degree by disruptive innovators such as alternative service providers or legal technologies. Those may be the gathering new threats just around the corner, but they are not yet dramatically impacting law firms’ behavior.

**Catalysts for Increasing Emphasis on Business Development/Marketing Efforts**

- More internal pressure to generate revenue: 68%
- Corporate counsel reducing the number of firms with which they will work: 46%
- Pressure from other law firms that are effectively using marketing: 43%
- Clients requesting new billing models: 41%
- Trend towards corporate counsel in-sourcing more work: 36%
- Demand for specialized expertise: 35%
- Increase in number of RFP and auction-type bidding processes: 30%
- Entry of alternative service providers, and new legal technologies: 15%

**Growth of Budgets over Next 2 Years**

- Marketing/Business Development: 37%
- Firm Budgets: 30%
- Decrease >10%: 12%
- Increase <10%: 12%
- Decrease <10%: 7%
- Increase >10%: 6%
- Same: 44%

Growth of marketing and business development budgets over the past two years has kept pace with law firm budgets. Fifty-eight percent of law firms report some growth in their marketing and business development budgets, and 57% report overall firm budget growth. The same is anticipated to be true over the next two years, as well. In the short term, marketing and business development budgets are expected, by both marketers and attorneys, to continue to grow in line with the overall firm budget.

**Number of FTEs Compared to 2 Years Ago**

<table>
<thead>
<tr>
<th>Category</th>
<th>Smaller firms with 6-199 Attorneys</th>
<th>Larger Firms with 200+ Attorneys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Development</td>
<td>42%</td>
<td>57%</td>
</tr>
<tr>
<td>Marketing</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>Event Management</td>
<td>24%</td>
<td>31%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Competitive Intelligence</td>
<td>21%</td>
<td>41%</td>
</tr>
<tr>
<td>Professional Development for Bus. Dev./Marketing Activities</td>
<td>18%</td>
<td>30%</td>
</tr>
<tr>
<td>Knowledge Management</td>
<td>15%</td>
<td>26%</td>
</tr>
<tr>
<td>Practice/Process Improvement</td>
<td>25%</td>
<td>32%</td>
</tr>
<tr>
<td>Pricing</td>
<td>13%</td>
<td>43%</td>
</tr>
</tbody>
</table>

More than two-thirds of law firms are increasing their emphasis on business development and marketing efforts. Some of the most effective newly implemented marketing and business development initiatives over the past two years include hiring staff, investing in social media and content marketing efforts, creating business plans and client teams, more attorney coaching, and training and use of competitive intelligence.

In the past two years, law firms have shifted resources to increase full time equivalents (FTEs) in areas such as business development, marketing, practice/process improvement, pricing and competitive intelligence, with the largest law firms (200+ attorneys) leading the way.
Expanding Roles

Marketing and business development professionals' roles are expanding to include more focus on strategic activities, and presence in the C-Suite continues to increase.

In today's law firms, marketing and business development professionals are just as likely to have come from outside the legal industry as they are to have been previously employed at a law firm. This may, in part, help explain the expansion of legal marketers' roles within their firms into areas such as pricing and business planning, functions already often performed by marketers in other industries.

Not surprisingly, the average number of FTEs supporting each function increases as law firm size increases. Interestingly, even at the smallest of law firms all functions are represented, including pricing, as well as practice and process improvement. In fact, attorneys, marketers, and business development professionals are all doing more than they were three years ago. The biggest change for attorneys has been the addition of social media responsibilities to their plates. In addition to more social media activities, both marketers and business development professionals are doing significantly more in terms of practice and process improvement, practice and business planning, firm strategic planning, attorney coaching, content marketing, client service, and client relationship management. Marketers are also focusing more on competitive intelligence, while business development professionals are engaging in more direct business development and even forming and managing client teams. At the same time, no one is seeing a significant decline in other responsibilities. So, marketers and business development professionals are increasingly taking on new responsibilities and expanding their roles. Does that mean their influence is growing as well?

When all respondents were asked about how key marketing and business development functions are structured within their firms, marketers and attorneys agreed that, despite the changes in roles, the traditional Marketing department is still alive and well within law firms. In fact, 61% of respondents wrote in “Marketing” as the name of the department that is responsible for marketing, business development, competitive intelligence, public relations, and event management at their firms. Business Development (18%) and combined Marketing and Business Development (10%) departments were also cited as having primary responsibility for these tasks. The most common distinguishing factors between designated “Marketing” and “Business Development” departments is that Marketing departments are rarely responsible for pricing, whereas pure Business Development departments are rarely involved in practice/process improvement or knowledge management. In the 19% of law firms with an Account or Finance department, pricing is often managed within that department, and in the 13% of law firms with a Library, those departments tend to be involved in competitive intelligence.

Curious about the rise in C-suite positions for marketers and business development professionals? It seems the Chief Marketing Officer (CMO) title was adopted by 21% of law firms more than 10 years ago. At this point, 45% of law firms have
someone with that title. It is much more prevalent, though, at large law firms than at smaller ones: **68% of firms with 200+ attorneys have CMOs**, but only 26% with <200 attorneys do. By contrast, only 20% of law firms have a Chief Business Development Officer (CBDO).

It turns out that the title of Chief Pricing Officer may not be as new as we thought, with 2% of law firms having had someone in that role for more than 10 years. On average though, only 8% of law firms have Chief Pricing Officers. Here again, large law firms are leading the way: 14% of firms with 200+ attorneys currently have someone in the role of CPO (and the related Director of Pricing title exist within 31% of firms with 200+ attorneys).

### Positive Relationships

Positive relationships between attorneys and marketing and business development professionals have opened the door for further value creation.

Despite the occasional frustration, both attorneys and marketing and business development professionals characterize their relationships as generally positive. **Eighty-eight percent of attorneys and 99% of marketers indicate their relationship has remained relatively positive or gotten better over the past two years.** However, marketing and business development professionals are more than twice as likely to believe their relationships with attorneys have improved in the past two years. Respondents cite a number of reasons for improved working relationships, most notably, building of credibility and trust, more one-on-one time, and better understanding of attorneys and their needs. With more than two thirds of marketing and business development professionals at their current firms for fewer than five years, it is no wonder that relationship building has been so important.

Words both groups use to describe their relationships include “collaborative,” “supportive,” “responsive,” “respectful” and “collegial.” “Challenging at times” is, however, also in the top five responses given by a majority of attorneys compared to only 25% of marketers. Marketers are more likely than attorneys to describe their relationships with the other as supportive and responsive.

Attorneys are most positive about marketing and business development professionals’ ability to plan and execute events, provide support for client pitches and build brand awareness. They tend to be only somewhat positive about their ability to strategically position the firm, integrate business development into attorney daily workflow and effectively generate new business.

Marketing and business development professionals are looking for more buy-in and responsiveness from attorneys, with 40% finding it at least somewhat difficult to achieve. Perhaps this is a partial reflection of the disconnect between activities for which attorneys say they currently rely on marketing and business development professionals and the new roles that those professionals are increasingly playing within their firms. For example, only business planning, content marketing, and competitive intelligence show up on both lists (in teal). In addition, attorneys seem more likely to rely on marketing and business development professionals for more communications-oriented tasks such as public relations, RFP work, and rankings and awards submissions, while marketing departments are building capacity and expertise in more strategic marketing and business development activities.
When it comes to their biggest challenges in effectively developing business, both groups agree that **lack of time is their number one concern**. Marketing and business development professionals also cite a shortage of proper staffing and lack of budget, while attorneys are less likely to be concerned about these types of resource constraints. On the other hand, difficulty finding leads for new work or new clients and difficulty getting meetings or face-time with potential clients are two key areas that seem to challenge attorneys significantly more than they do marketing and business development professionals. Another area in which attorneys see a deficiency is in marketing and business development professionals’ ability to integrate business development into the attorneys’ daily work flow.

Perhaps if marketing and business development professionals could find ways to tackle these issues for attorneys, taking advantage of the reported increase in good will in their working relationships, it would help to close the gap between attorney perceptions of the more limited value they see and the reality of the expanding roles marketing and business development professionals are now playing.

### Underutilized Technology

Many technologies and tools are available, but their full benefit is not being realized, due in large part to implementation challenges and the difficulty of aggregating data across systems.

Marketing and business development professionals have access to many tools and resources in order to help make their work more efficient and effective. **Two-thirds or more of law firms have adopted business intelligence and client relationship management (CRM) software**, as well as tools to help them understand which law firms represent which companies in litigation. More than half of all law firms employ outside consultants (69%) and/or a content generation or management service (60%). Content generation or management is also the biggest area in which law firms have recently added resources, with 19% of law firms making this investment within the past two years. The next areas of growth may be in proposal management software and CRM software, where roughly 30% of law firms expressed a need.

Interestingly, self-described business development professionals are more likely to use many of the existing technologies than are marketing professionals. Leading the way for most used tools for all users are business intelligence, CRM, and representation identification technologies. Moreover, **business intelligence software is identified as the single most valued resource for business development professionals** – by more than double any other tool.

**Virtually all law firms either have or desire CRM software (96%), but only 48% of marketers and 61% of business development professionals report using it.** For this and other technology solutions, shortfalls such as the cost, complexity, lack of effective integration, and lack of proper training were most commonly cited as the reason existing tools are not always effective for marketing and business development activities. However, the benefits of technology are many, with a majority surveyed finding new clients and leads, and also new opportunities to assist existing clients, as a result of their client intelligence gathering efforts.

For attorneys, **prospecting/lead generation tools top the list of technology that is not meeting their needs**. This should not be surprising given that nearly 50% of attorneys cited difficulty finding leads for new work or new clients as one of their greatest business development challenges.

Yes, we’ve come a long way, and there is still further we can go.
Survey Stats

286 PARTICIPANTS TOTAL:

172 Marketing and Business Development Professionals
Marketing includes public relations and event management specialists
Business development includes competitive intelligence, business intelligence, client relations

114 Attorneys
(89% partners)

FIELDDED:
February 23 - March 7, 2016

QUALIFYING CRITERIA:

Law Firms with >6 Attorneys
Attorneys must engage occasionally or regularly in business development activities

METHODOLOGY:

Online survey with sponsors identified
Invitations to LMA members and social media followers as well as Bloomberg Law’s internal panel of attorneys

STATISTICAL SIGNIFICANCE:

95% confidence level
+/- 5.8% margin of error for total respondents
+/- 7.5% to 15.7% for subgroups, depending on size

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