

Briefing

PRICING AND PROFITABILITY

SEPTEMBER 2014

Interview

Chris Emerson

Bryan Cave's practice economics group director on creating its very own software to crack the pricing and project management conundrum

Feature

Pricing, refined

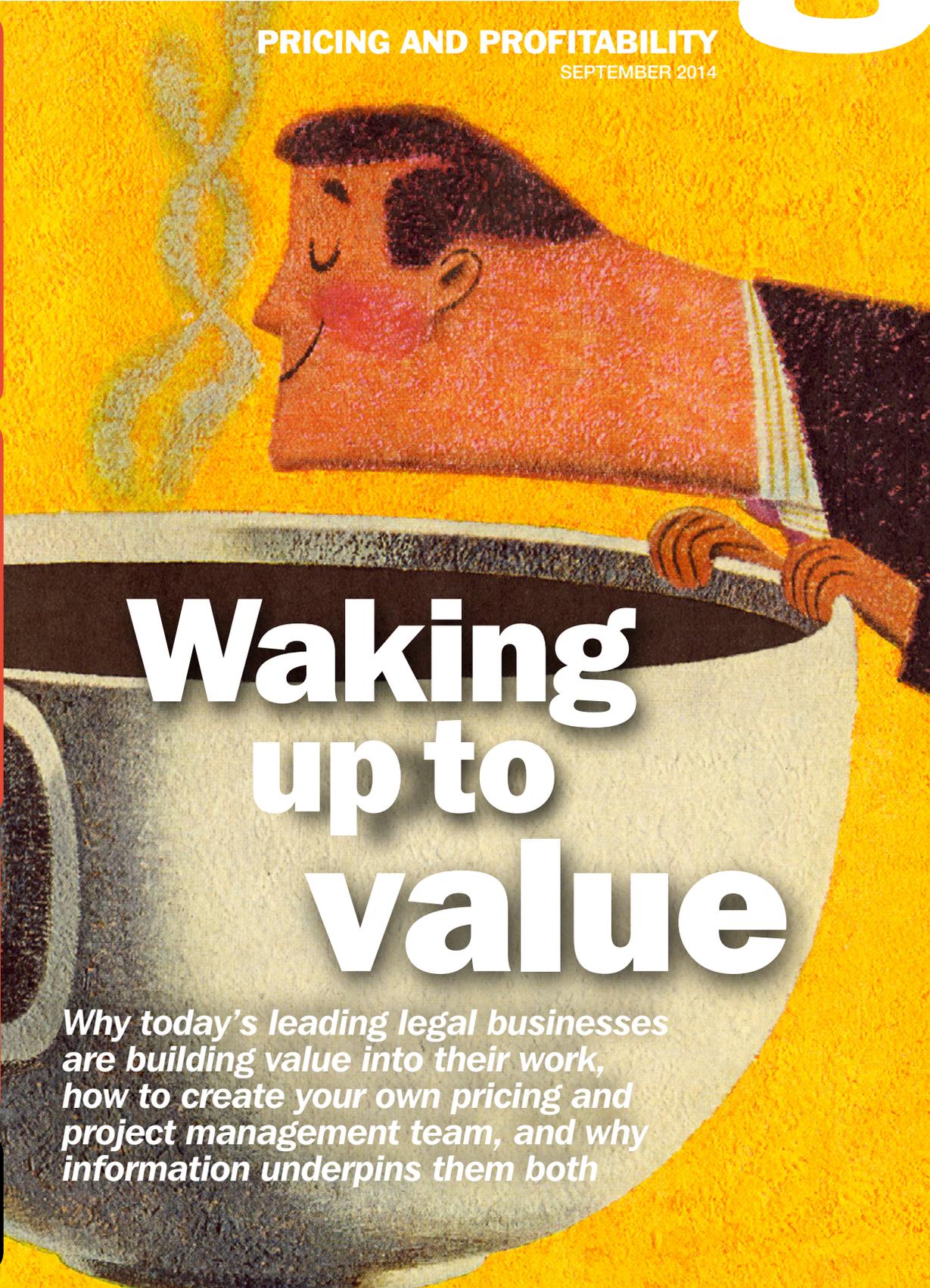
Law firm business development is at the forefront of modelling new approaches to client value to keep the hungry young competitors at bay

Industry views

Delivering the data

Leading suppliers share their insights on information management

Briefing jobs:
Senior roles in BD and operations on our jobs pages

An illustration of a man with dark hair, wearing a suit and tie, looking over a large, rolled-up document. The background is a textured yellow and orange. The man's face is in profile, looking towards the left. The document is unrolled, showing a white surface with some faint lines. The overall style is a textured, painterly illustration.

Waking up to value

Why today's leading legal businesses are building value into their work, how to create your own pricing and project management team, and why information underpins them both

Industry Analysis

CRM is now more important than ever

Fiona Jackson, client adviser for LexisNexis Enterprise Solutions, outlines why firms need to optimise their customer relationship management strategy for controlled international business development

As law firms increasingly grasp the opportunities presented by a more global legal market, they need a BD strategy that leverages both local difference and a unified international approach.

Firms of all sizes are courting the globalisation trend to capitalise on the huge business opportunity it presents. Technology has blurred geographic boundaries and provides the operational support to make international business expansion affordable. But legal businesses can't adopt a 'one size fits all' approach across countries – they need a business development strategy that allows them to leverage the interdependencies between regions and exploit each country's distinctiveness to offer a local and personalised service to clients.

Customer relationship management (CRM) systems are a big part of the solution – they can be used to centralise and optimise international business development to achieve business targets in a controlled, structured and results-

driven manner.

Referrals play a significant role in helping law firms expand their international presence. But how many firms actively manage inbound and outbound referrals strategically? I dare say not many. Routinely, firms are part of international networks, but don't proactively cultivate their relationships for business growth. Knowing where inbound referrals come from helps to more effectively determine which firms to pass potential matters to, and who to preferentially reward with opportunities.

Such analysis also helps to determine which firms are like-minded, culturally aligned, have the complementary expertise, are similar in their pricing structure and so on – all factors that are also crucial to developing the reputation of a firm's brand. By developing referral tracking and management capability in the CRM system, firms can have real-time visibility of how effectively their network of contacts is working for the business and take informed decisions about which relationships they must focus

effort on.

Many corporate law departments are using panel reviews and online auctions as measures for cost cutting. Most recently, the Royal Bank of Scotland warned more than 20 firms on its panel that they were going to be asked to make cost efficiencies if they wanted to maintain their place on the panel from 2015. But firms pitching for panel work or bidding in online auctions must be sure that the projects they secure will deliver profits. This requires business intelligence (BI) to assess potential resource availability and profitability of the assignment in order to make an educated decision.

Firms should consider integrating their CRM systems and practice management systems. This will offer further insight into their most profitable clients globally, internal expertise, how resources worldwide can be optimised and even where they can fine-tune processes to increase profitability alongside relationship intelligence. In panel reviews and auctions, access to such data is essential to determining the go/no-go/walk away position. Firms can also use this information to devise innovative pricing models – ahead of the review process – to improve competitiveness.

A proactive client management strategy must be integral to a firm's BD activity. Client management of course becomes more challenging in an international scenario – there are cultural, language and regulatory differences to deal with. A centralised CRM system facilitates targeted communications to strengthen client engagement. It can be the repository where global client objectives are stored, ensuring that the right information reaches the right people in the right format, in a timely manner and in adherence with the data protection rules of the countries in question.

Fundamental to all this is clean, high-quality data. Achieving this is a challenge for many organisations, not just law firms. The findings

of the Experian Data Quality 2014 Global Research report shows that 75% of businesses are dissipating 14% of revenue due to poor data quality as a consequence of wasted marketing spend, resources and staff time.

Firms must ensure that there is a single instance of every contact in their CRM system – that is, everyone is seeing the same information on a contact at any point in time, anywhere in the world.

CRM systems offer multi-language capability, which is critical for global business development programmes. If a change to an entry is made in English in London, the system automatically sends an alert on the modification to the firm's data steward in China so that it is reflected in Chinese. This ensures accuracy of the data at all times, regardless of where in the world it's being accessed. From a cultural standpoint, CRM systems also provide international salutations so that people are addressed appropriately based on gender, seniority, profession and country.

The CRM discipline has moved on. It's not simply a marketing communications tool – it's now a strategic business development instrument that firms must optimise for competitive advantage.

Integrating with firms' practice management systems makes the combined solution even more compelling. A 360-degree view on every client, partner and prospect – right from basic contact information to historical record of matters, billing status, profitability and such – is powerful data. This kind of centralised knowledge can help firms discover, manage and exploit the relationship intelligence that exists to meet business growth targets.

Learn more about

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