



LexisNexis®

InterAction®

Law Firm Marketing & Business Development Survey

2018 RESULTS



Introduction

The legal market has experienced intense change over the past five years, and as the dust settles, firms are starting to adapt to meet new client demands and increased competition. The 2018 Law Firm Marketing and Business Development Survey sought to identify how marketing and business development leaders, as well as firm C-Suite executives, are adapting and reacting to this current climate.

The report includes feedback on:

- » THE CURRENT STATE OF
LEGAL MARKETING AND
BUSINESS DEVELOPMENT
- » HOW MARKETING AND
BUSINESS DEVELOPMENT
TEAMS ARE CHANGING
- » WHICH METRICS ARE
BEING TRACKED AND USED
TO COMMUNICATE VALUE

Executive Summary

Key Insights are based on data derived from marketing and business development professionals across the US and in Europe. Nearly half of the respondents are LexisNexis® customers from large firms averaging 416 fee earners. Most respondents have worked for their firm for eight years and in the legal profession for 15 years.

1

THE INDUSTRY HAS REACHED A NEW NORMAL

There was a sharp decrease in people who agree or strongly agree with this statement: “The strategies and activities law firms require to win new business today have changed considerably in the last two years.” Firm adoption of business development efforts, tools and marketing support continues to be a challenge and affects the ability to achieve collaboration within the firm.

2

COMPETITIVE PRESSURE HAS GROWN AND OBTAINING LAWYER PARTICIPATION IS STILL A TOP CHALLENGE

Competition is expected to be more stiff in 2018 compared to 2017, making new business all the more difficult to acquire. Staying competitive is among the greatest challenges for law firms in 2018, as revealed by the survey, and rivalries are coming equally from peer firms, larger firms and internal legal departments. The pressures of this competitive landscape are building on marketing and business development professionals and are magnified by inconsistent management support. Survey responses show a lack of lawyer participation and follow-through, and having no consistent strategy hinders new business wins. These challenges stymied firms in 2017 and they will continue to do so in 2018 without strategy changes.

3

METRICS CONTINUE TO BE A CHALLENGE

Metrics continue to be a challenge as marketing leaders struggle to track and measure their success and program impacts. Most firms track fee earner goals, win/loss outcomes and practice area goals and nearly 60% monitor goals either quarterly or continually. However, there is widespread dissatisfaction with the metrics in place for marketing/business development in both the US and Europe.



4

FIRMS ARE RETHINKING HOW TO ALLOCATE LIMITED RESOURCES

Spending is being allocated differently as budgets remain the same. Marketers are being asked to push boundaries and create innovative new ways to increase revenue by building the firm brand. A few budget categories have shown increases, such as client and market research, thought leadership and content marketing.

5

TECHNOLOGY IS A GROWING PART OF THE MARKETING AND BUSINESS DEVELOPMENT DEPARTMENT'S ROLE

Technology has historically been underutilised to fill the gaps of collaboration, analytics and consistency. However, the future of law brings opportunities for marketing automation and assistance with tasks like proposal generation as firms work to become more sophisticated and efficient in their marketing and business development activities. Collaboration (within the firm) in serving existing clients was named the most difficult challenge in 2018, a task that can be streamlined with the right technology solution.

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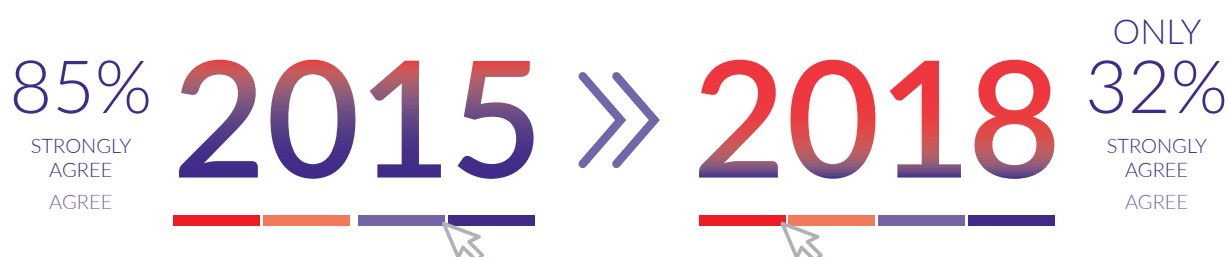
Clients have taken control of the market and law firms must be far more strategic with their business development initiatives than in the past.

KEY INSIGHT: 1

THE INDUSTRY HAS REACHED A NEW NORMAL

This year's survey proved that after years of continued change, firms have gotten comfortable with the "new normal" state of the industry.

Respondents were asked to indicate their level of agreement with the following statement: "The strategies and activities law firms require to win new business today have changed considerably in the last two years." During 2017, more than 75% agreed or strongly agreed, down 10% from 2015, and the number continues to decline for 2018.



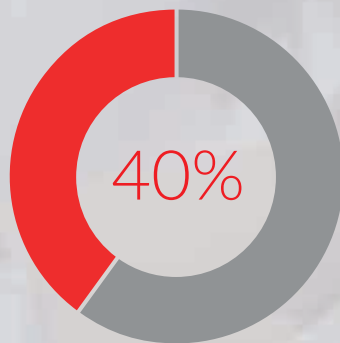
This trend shows that firms are adjusting to establishing innovative methods for collaboration and client development so they can meet an even more competitive market. A consistent firm strategy to meet market demands is beginning to be informed by marketing strategy and business development actions; however, this is nowhere near the norm for most firms.

With the pace of change slowing, there is an opportunity for marketing and business development leaders to be innovative change agents within their firm. However, 54% of firms rate their marketing sophistication as "Average" or "Below average," and that number increases to 61% when asked about business development sophistication. These results show there is real opportunity to improve the way marketing and business development is done and to explore how these strategies contribute to overall firm growth.



COO and Managing Partner Perspective

Only half of the COO and Managing Partners who participated in this survey believe their marketing departments are adapting to this change.



WHEN ASKED WHETHER THE MARKETING DEPARTMENT HAS ADAPTED TO THE CHANGE, ONLY 40% OF COO AND MANAGING PARTNERS SAID “SOMEWHAT.”



COOs and Managing Partners are still looking for new approaches and industry insights from their marketing and business development leaders.

Most acknowledge that the skill set of their marketing leaders will have to expand in order to deliver value to the firm in the coming years. One COO commented that marketers must be much more innovative and constantly explore new horizons. Another added they should be techno-savvy, psychotherapists, artists, technicians and magicians. With all of these role and responsibility expectations by firm leadership, marketing and business development leaders have a valuable opportunity to position themselves as a strategic leader within the firm.

Numerous comments mentioning strategy and communication were included in the survey, reflecting that management, marketing and business development teams must work together to be proactive and strategic.

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...They should be driving changes in how our partners operate, how they approach current and prospective clients, and the result should be increases in revenue and higher realisation/rates.

KEY INSIGHT: 2

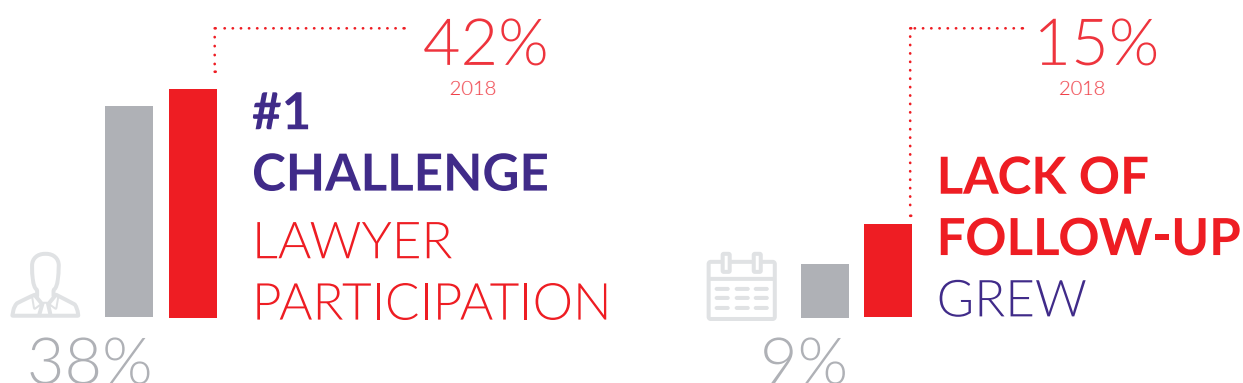
COMPETITIVE PRESSURE HAS GROWN AND OBTAINING LAWYER PARTICIPATION IS STILL A TOP CHALLENGE

While the industry changes have started to settle, we are seeing an increase in competitive pressure throughout the legal sector. As competition increases, marketing and business development leaders are still seeing their efforts to win new business hindered by a lack of firm-wide adoption of business development tactics and absence of follow-through.

We saw significant decrease YOY in the number of people who indicated pursuing too many opportunities, insufficient resources, and pricing models as the top challenge. Firms appear to have done a lot of work to tackle some of the larger institutional challenges when it comes to winning new business.

Obtaining lawyer participation and lack of follow-up are two challenges that have grown significantly YOY. There is still a disconnect between marketing and normal firm operations that marketing and business development leaders need to work to close.

CHALLENGES IN WINNING NEW BUSINESS?



Competitive pressure continues to increase, which means the need for strong marketing and business development is greater now than ever. Competition is coming almost equally from peer firms, larger firms and internal legal departments.

MOST COMPETITIVE PRESSURES?





COO and Managing Partner Perspective

Most COOs and Managing Partners agree that CMOs and CBDOs are somewhat effective at helping the firm deal with competition. However, firm leadership would like there to be more focus on business development activities that get prospects in a position to be matched with key partners.

Today's marketing and business development leaders need to have an effective strategy for making change happen within a culture that is reluctant to transition and slow to take advantage of opportunities. CMOs and CBDOs must use their skill set and experience to lead firm strategy and not just react to it. A strategic, forward-thinking approach that proactively stays ahead of market trends will lead partner buy-in. This is important because it creates an environment of collaboration between partners and the marketing and business development leaders that increases selling success. It also allows for a much better use of analytics (both pure and predictive) to determine how firms align themselves in the market and build a distinctive brand.

2: COMPETITIVE PRESSURE HAS GROWN

HOW EFFECTIVE IS YOUR BUSINESS DEVELOPMENT & MARKETING IN TERMS OF HELPING THE FIRM DEAL WITH COMPETITIVE PRESSURE?

COOs

59

0

100

MANAGING PARTNERS

68

0

100

66

[Marketing and business development leaders]
....Must be much more innovative. Must understand
that firm administrative officers can generate
relationships and work and position colleagues
holding these positions effectively. Must work
with clients experience officers in helping the firm
differentiate itself through the consistent delivery
and marketing of a distinctive client experience.

KEY INSIGHT: 3

METRICS CONTINUE TO BE A CHALLENGE

Not unlike last year, marketing and business development leaders are struggling to measure and report on the impact and value of their programs. There is widespread dissatisfaction with the metrics in place, as 60% of survey respondents are “Not Satisfied” with measuring the marketing success at their firm.

Most firms are tracking specific metrics related to activities (web page visitors, event ROI, etc.), but the majority are not using higher level metrics system to track patterns, view the entire pipeline, or score leads.



METRICS TRACKED BY FIRM

TOP THREE

Individual fee earner goals



Win/loss



Goals by practice area



MEASURING MARKETING SUCCESS AT FIRM

TOP FOUR

Track page visitors for bios or blogs
and followers on social media



Use metrics and ROI to evaluate events,
thought leadership, etc.



Use historical data for setting goals



Determine patterns that lead to success
and adjust accordingly



Frankly, I think the CMO's job is the hardest in the firm. All success is attributed to the lawyer and all failures are the fault of the CMO.

— Firm COO

Most firms do not track leads or lead sources or put formal metrics around marketing and business development efforts. Instead, they track fee earner goals, win/loss outcomes, and practice area goals. Instead of being measured, business development ROI is more commonly tied to intangible metrics, anecdotal wins and firm-wide revenue goals.

COO and Managing Partner Perspective

As mentioned in the survey comments, COOs and Managing Partners have two general metrics for overall firm success when it comes to marketing and business development: 1) An increase in annual revenue from existing clients, and 2) An increase in the number of new clients. Both of these metrics are overall firm metrics and not specifically tied to marketing and business development initiatives.

The majority of Managing Partners and COOs see the fault with this and agree that some type of ROI measurement for marketing and business development efforts should be applied, as there is currently no tangible evidence of success or completion. The effectiveness of these efforts is based on perception and is widely subjective.

KEY INSIGHT: 4

FIRMS ARE RETHINKING HOW TO ALLOCATE LIMITED RESOURCES

For the past year, firms have estimated their marketing spend at about 5% of the firm's revenue, and it looks like this number will remain the same in 2018 for the majority of firms. While 79% of respondents expect stagnant or modest increases to their marketing budgets, budget allocation is experiencing significant changes across the board.

BUDGET CHANGES



UNDERSTANDING
YOUR MARKET

^20%

Increase in
Client and Market
Research



BUILDING
YOUR BRAND

^4%

Increase in
Public Relations



LEVERAGING NEW
CHANNELS + TACTICS

^2%

Increase in
Digital Marketing

^5%

Increase in
Thought
Leadership

^6%

Decrease in
Traditional Marketing

Legal marketers are responding to the changes in the industry by beginning to shift how they spend their limited budgets, focusing more on understanding their market, building their brand, and leveraging new channels. The greatest investment reallocation between 2017 and 2018 is in client/market research, expected to account for about 6% of the budget in 2018, which is an increase of 20%.

COO and Managing Partner Perspective

Marketing leaders are being asked to deliver innovative ways to build the firm's brand and increase revenue within the same budget constraints of previous years. COOs and Managing Partners are determined to focus on areas where they can make the greatest impact and are requiring an elevated sophistication in digital and nontraditional media, particularly when it comes to brand-building efforts. They are asking for data-driven analytics at increasing rates and are tasking their marketing leaders to use data-based outcomes to deliver and execute on innovative strategies.

Firm leaders see value in being perceived as thought leaders of the industry, and want marketing and business development teams to take initiative in finding opportunities that will fuel their position. They are insisting on non-traditional client engagement and value-add related strategies and realigning resources to accommodate this shift. Firm leaders are pulling resources from traditional events and focusing efforts on high-impact summits: events that include client teams, feedback programs, and other non-traditional client engagement.

KEY INSIGHT: 5

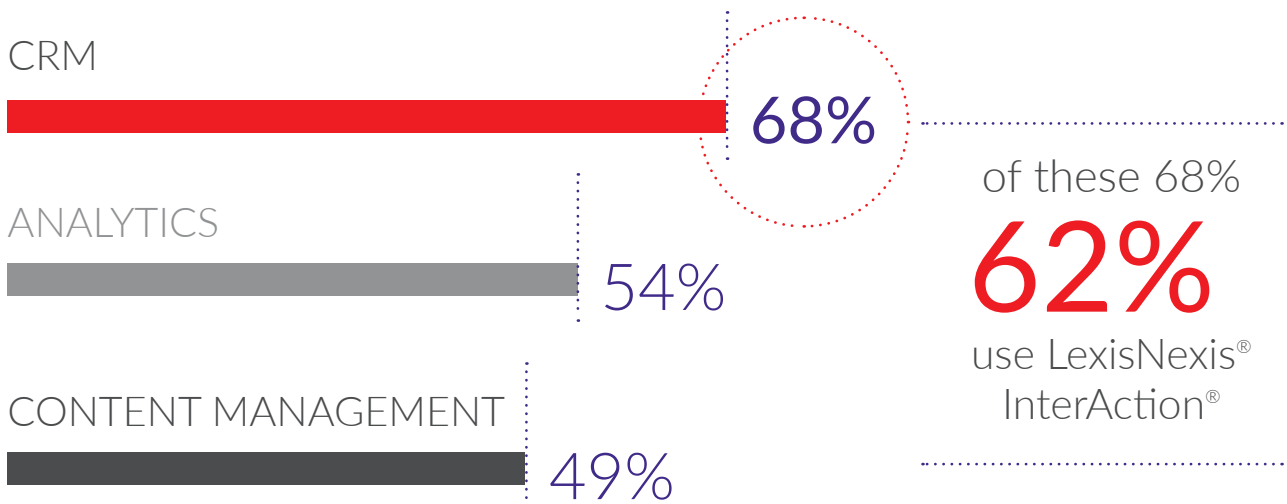
TECHNOLOGY IS A GROWING PART OF THE MARKETING AND BUSINESS DEVELOPMENT DEPARTMENT'S ROLE

A final key insight from this year's survey is that technology continues to be a growing part of the marketing and business development department's role. Budgets are allocating an average 5% increase for mar-tech related investment; however, it is fairly common for the marketing technology budget to sit within IT (41%) rather than in marketing or business development.

CRM solutions proved the most widely-used technology with 68% of firms using this product.

The adoption rate of firms shows opportunities in areas like marketing automation and proposal generation, as firms become more sophisticated and efficient in their marketing and business development activities.

WHICH OF THE FOLLOWING TYPES OF TECHNOLOGY DOES YOUR FIRM USE?



5: TECHNOLOGY IS A GROWING PART OF THE MARKETING AND BUSINESS DEVELOPMENT DEPARTMENT'S ROLE

Define Your Path Forward with InterAction

Among survey respondents that use CRM or ERM, 69% use a LexisNexis CRM product, and 62% use InterAction. LexisNexis continues to invest and innovate so that our solutions stay ahead of the change in the industry and support your overall firm success.

Your current data is integrated into the InterAction system, securely stored and saving you time and money by uncovering unseen risks and enabling opportunities for growth.

Customise specific users to accept or decline changes that others' make to their contacts. Selectively share information without sacrificing control over data. Specialised professional services will address your technical, strategic, and organisational needs and provide additional tools and training for seamless adoption.

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Their role is also about strategy, but strategy cannot be accomplished without a collaborative and strong working relationship with other operations in the firm: technology, accounting, HR, research and library services, etc.



COO and Managing Partner Perspective

The emerging role of the legal marketing and business development leader is full of opportunities for growth. As competitive pressure continues to build and lawyer participation remains a top challenge, marketing and business development leaders will have to step into a more dynamic strategic role to keep their firms moving forward and prospering as everyone catches their breath in the new normal state of legal marketing and business development.

Firm leadership is expecting marketing and business development team members to create unconventional methods for reaching new clients putting marketing and business development leaders in the driver's seat when it comes to the new normal. Tasked with this transition, marketing and business development leaders are looking to technology to ensure their firms stay competitive in the new normal that has emerged.

Convincing firm leadership of technology's increasingly necessary role is still a challenge, and marketing and business development leaders are expected to bring firm leadership a strategic vision of how new technology will benefit the business, as well as help them understand what current technology can do.

ABOUT THE SURVEY

The 2018 Law Firm Marketing and Business Development Survey, conducted by LexisNexis in conjunction with Catapult Growth partners, aimed at uncovering marketing and business development trends among firms of all sizes. During March – June 2018, 91 legal marketing and business development leaders, including 40 Am Law 100 Chief Marketing Officers / Chief Business Development Officers (“C-Levels”) were surveyed about their marketing and business development structures, strategies, tactics, measurements and more.

Survey participant
titles included:

DIRECTOR OF:
BUSINESS
DEVELOPMENT
MARKETING
MARKETING +
BUSINESS
DEVELOPMENT
CMO
MARKETING
MANAGER

416

FEE EARNERS

Average Firm Size

The study was largely composed of marketing and business development professionals in the US.

Nearly half of the respondents are LexisNexis customers, from large firms, averaging 416 fee earners.

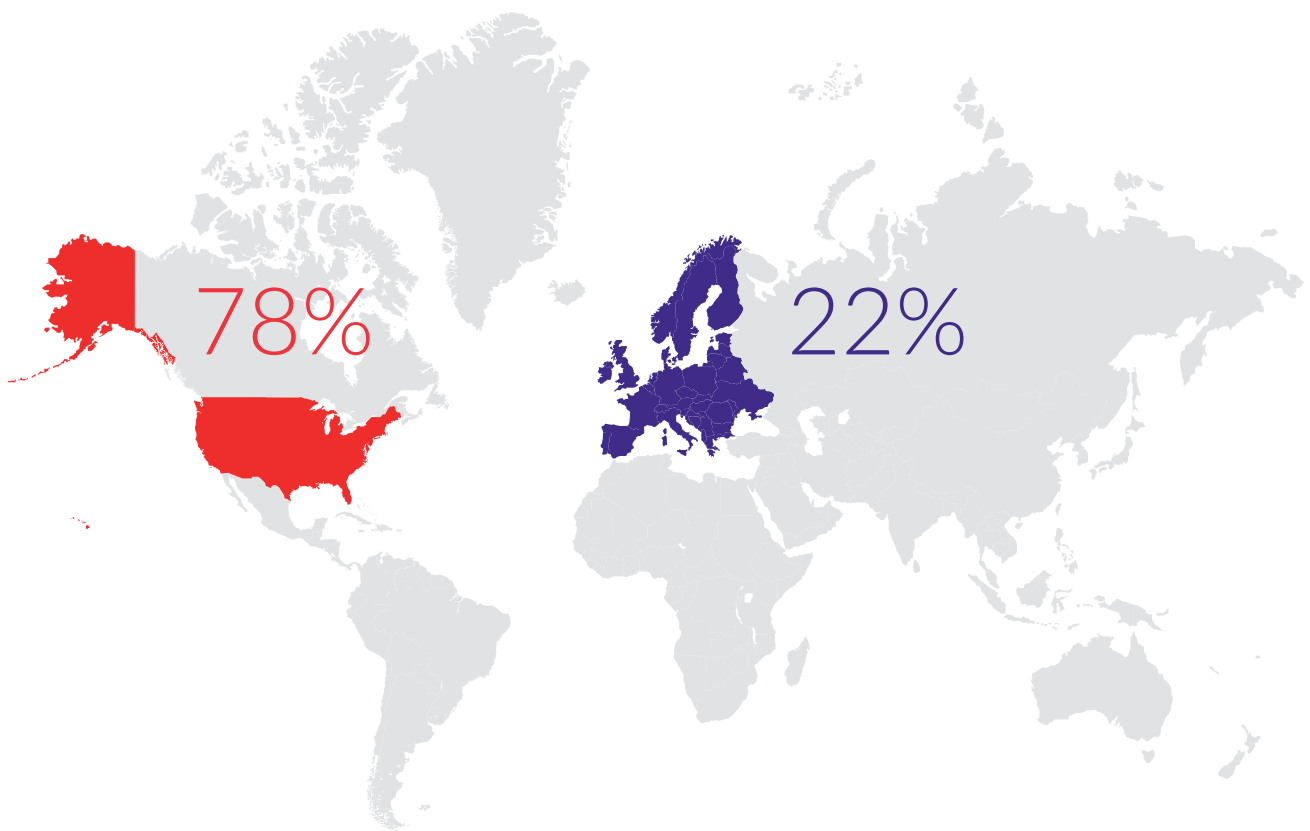
Participant titles include marketing or business development directors, officers and managers. Of the survey respondents, 42% have a marketing title, compared to 23% who have a business development title. Another 24% fall under “other type of management role.”

42%

MARKETING TITLE

23%

BUSINESS DEVELOPMENT TITLE



Nearly a quarter of the interviews were from European firms. There was little difference between the US and Europe in terms of respondent titles. In Europe, participants were from much larger firms than those from the US, with over half from firms with 451+ fee earners.

Most are quite experienced as marketers in the legal profession. The typical respondent has worked for their firm for eight years and has worked in the legal profession for 15 years. US respondents are slightly older and have worked in the legal profession longer than their European counterparts.

15 YEARS
IN LEGAL PROFESSION

8 YEARS
AT FIRM

£200M
AVERAGE
ANNUAL REVENUE

The majority of respondents represent established firms, maintaining several offices and averaging £200M in annual revenue. US firms are on par with the annual revenue amounts in Europe, although the European firms tend to be older and maintain more offices.



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