

LEGAL MANAGEMENT

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OPERATIONS MANAGEMENT

Marketing's Impact on Profitability

No matter the firm size, marketing is becoming a key part of a firm's success

Profitability is a critical, increasingly discussed topic when it comes to the business of law. In today's hypercompetitive legal market, the question of if and how a firm is making money is extraordinarily important.



PETER DARLING

Partner, Repechage Group

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MARK GREENE

Chief Marketing Officer of
Lewis Roca Rothgerber

It also generates a cascade of equally critical questions: Is a particular project profitable? A given client? How do you track it? Who is responsible for measuring and improving profitability?

Law firm profitability is now a team effort, and one increasingly driven by marketing. Within firms, particularly large ones, marketing has gone from being an overhead item to an in-house resource directly connected to profit.

That wasn't always the case. In the past, marketing was about creating websites, collateral and branding. For the most part, it stayed away from the nuts and bolts of what really drove a firm's business.

Law firms are increasingly being run like the professional services business they are. And for marketers, that means an increasingly prominent role structuring deals, managing and contributing to client relationships, and ultimately applying the metrics of profitability to the day-to-day reality of real cases and real clients.

MARKETING MOVES TO THE FRONT

For many law firms, focusing more on marketing requires a shift in thinking. In the past, "intuition, anecdotal evidence and faith [were] certain things the strategies marketing needed to focus on. Now, management teams' work with marketing is grounded in planning, real information and data," says Damien Enderle, Chief Marketing Officer with Saul Ewing, a 265-attorney regional firm headquartered in Philadelphia.

He sees an educational and evangelist component to his role, as the conversation about marketing is still evolving. Introducing these concepts to his firm — and helping his counterparts integrate the marketing metrics needed to gauge and grasp profitability into their day-to-day work — is part of his job.

In smaller firms, marketing's contribution to profitability also includes protecting ongoing revenue.

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MICHELLE FRIENDS

Marketing Director at
Fairfield and Woods



Michelle Friends, Marketing Director of Denver's 44-attorney Fairfield and Woods, says client retention is a priority.

“Clients are valuable, and very expensive to replace,” she says. “I work with our attorneys on using marketing tools to retain the clients they already have and to explore ways to help them leverage their existing relationships.”

This means focusing on client service and, when feasible, using surveys, interviews and other marketing tools to track client satisfaction — and to provide recommendations for increasing it.

By applying her expertise in client satisfaction and relationship-building, Friends helps her attorneys focus on listening to clients as well as understanding their satisfaction. She even sees invoices as a marketing opportunity, noting they communicate a great deal to a client. If a client understands an invoice, it helps with retention, grows practices and cross-marketing opportunities, and — most importantly — builds trust.

PROFITABILITY MEETS THE FOUR P'S

At larger firms, marketing and profitability intersect in a number of ways, says Mark Greene, Chief Marketing Officer of Lewis Roca Rothgerber, a 250-attorney firm based in Phoenix.

As many attorneys know, clients are increasingly demanding innovative pricing arrangements. They want relationships with firms that more fully integrate risk and reward, replacing the billable hour with more of a shared-outcome strategy. In structuring these relationships, marketers have a key seat at the table.

“From the outset, marketing has classically always been about the Four Ps — product, price, place and promotion. We're still doing that, just in a much more sophisticated way,” Greene says.

This means helping to determine what work to pursue in the first place, and working closely with the firm's finance team to analyze which prospective clients would be profitable. It also includes helping structure client relationships, develop pricing strategies and alternative fee arrangements that integrate process improvement, optimization and *Six Sigma* to understand and deliver what clients value.

This process-based approach also helps structure staffing levels, build leverage into delivery models and construct a custom framework for legal services that's customized for both the client and the firm. All this, according to Greene, is developed with the relationship partner and helps guide his

discussions with the client, his delivery of services and the profitability of the relationship as a whole.



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CONNECTING THE DOTS

No matter the firm size, the first marketing job is to track marketing expenses and connect them with results.

Profitability, after all, is revenue minus expenses, and legal marketers universally contribute to the bottom line when they take a good hard look at whether their expenditures help produce revenue.

For example, does purchasing a \$5,000 table at an event really help bring in clients? Marketers need to examine these opportunities and determine whether putting forth the money makes sense. The marketers may not have the final say in such things, but they still need to ask the questions.

Enderle notes that marketers and chief financial officers are often the ones driving the conversation around pricing, profitability, project management and other innovative marketing tools. As an example, the need for a formal, staffed pricing manager function is something midsized firms are just beginning to embrace. In addition, as marketers speak more about profitability with practice leaders, a need arises for outside expertise to be brought in to provide some of the specialized skills this work demands.

At large firms, marketing's role in profitability is more evolved. The innovations being introduced at firms by marketers like Enderle are often already in place — and widespread. At a larger firm, marketing's contribution to profitability involves developing and applying metrics across the entire client lifecycle. This means creating methodologies to systematize, track and evaluate marketing at every touch point — the basic “Is this worth the money?” question — on steroids.

At the end of the day, firms of every size are waking up to the fact that marketing is much more than brochures, websites and events. It's a multidimensional tool applicable to both prospective and current clients. It influences everything from billing and staffing to fee arrangements. Plus, it helps firms keep the clients they're already serving, while developing ways to bring in new ones.

ABOUT THE AUTHOR

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