Managing Partner Forum®
ADVANCING THE BUSINESS OF LAW

TOP PRIORITIES FOR LAW FIRMS IN 2014? DEPENDS…

JD Supra Perspectives

January 8, 2014

TheRemsenGroup
727 Kirkwood Avenue - Atlanta, GA - 30316
404.885.9100 - www.TheRemsenGroup.com

JDSUPRA® BUSINESS ADVISOR

Top Priorities for Law Firms in 2014? Depends...

12/20/2013 by **JD Supra Perspectives**

Explore: Business Development | Client Services | Law Practice Management

Like 23 | g+1 5 | Tweet 69 | Share 34 | Send | Embed

2014 will be the year that law firms either get serious about making themselves into competitive businesses, or start planning for their elimination from the market... - Jordan Furlong

What should be the top priorities for law firms in 2014? Well, that depends entirely on whom you ask, of course – and, since we recently put the question to CMOs at firms on JD Supra, we thought we'd seek out the perspective of consultants next, those professionals who spend their days working closely with firms to help them succeed in their marketing, client development, and overall business efforts.

As expected, we received a diverse mix of responses – everything from words of caution about cybersecurity to reminders that law firms have a long way to go yet as they make themselves into truly competitive businesses. We also saw themes in these answers: even as many of you anticipate an uptick in the economy, in the new year firms need to remain focused on client service, smart marketing, innovation, and truly efficient business models. Here's what we heard back:

Getting Serious About New Business Models

From **Jordan Furlong**, principal at Edge International and senior consultant at Stem Legal: "2014 will be the year that law firms either get serious about making themselves into competitive businesses, or start planning for their elimination from the market. Most firms now recognize that the legal services environment has become dramatically more challenging: clients want lower fees at more predictable prices, and they're taking advantage of multiple sources of legal work other than their traditional outside counsel. But despite what many lawyers still hope, this isn't a fad or a blip: it's the new way of doing business in the law. So law firms must streamline their operations to become more productive, analyze and control their costs of doing business, heighten the predictability of their fees, create workflow plans that engage and reward the most appropriate personnel for each task, prioritize client service and relationships as the primary means of retaining and developing business, and most of all, find the courage and vision to lay out a clear identity and strategic path for their firm and be prepared to shed any lawyers who will not adjust their behaviors to reflect the new direction. Cutbacks and price wars and lateral acquisitions have all been tried and none has alleviated the pressures on law firms; it's time to accept the conditions of the new market and start transforming law firms into professional businesses that can dominate that market."

On the need for new business models for law firms, **Timothy B. Corcoran**, principal at Corcoran Consulting Group, agrees but sounds a note of caution. The greatest challenge for law firms in 2014, he says, will be sustaining this culture of change: "Change is difficult for lawyers, for oft-repeated and sound reasons, but moreso when the end result of change is perceived to be undesirable. Nobody likes to be described as a dinosaur, or have his professional expertise minimized as 'repetitive' and 'low-value,' or have her profession characterized as diminishing in prestige and earning capacity. But that's exactly the script employed by clients, pundits, vendors, consultants and, yes, even some law firm leaders, to prod reluctant lawyers to 'fix' their practices and businesses. Problem is, it's a flawed argument.

The primary reason that fundamentally different business models prevail in other industries isn't because the dominant player in a market segment forced its will on the other players. Rather, different models prevail because they provide benefits to all players in a market.

Yes, hourly billing may create perverse incentives and sometimes lead to over-billing clients, but lawyers should have discarded it long ago because it undervalues their contribution by relying on a metric only tangentially related to professional experience. Yes, clients are demanding lower rates and more predictability, but lawyers should have pursued these approaches long ago because fixed fees can generate greater profits and create a competitive advantage. Yes, clients want better insights into matters, but lawyers should have pursued project management long ago because doing so both improves quality and tightly links it to financial performance, and provides protection against lower-cost alternatives. As the economy continues to improve and law firm profits hold steady there will be increased resistance to change. Law firm leaders and those who support them must properly illustrate that embracing the *right* changes will provide competitive advantages and improved financial performance. The pursuit of pleasure is always a much more effective incentive than merely fleeing pain."

John Grimley (of International Business Development) raises what until very recently was probably a dirty word in most law firms: "My suggestion for 2014 would be that more firms emulate the award winning 'sales pipeline' business development model of Baker & McKenzie. I believe as a result of revenue challenges this model is gaining more traction in firms and is now being recognized by the legal press as worthy of recognition. It's getting traction because it works.

> *Sales pipelines in law firms may sound gimmicky - but they're far from it. They identify new potential clients based on sophisticated market research then act as point in helping attorneys pursue new business to close.*

This requires sophisticated business development professionals working alongside subject matter practitioners to win new business from new prospective clients and existing clients. The key elements to this model are bringing attractive opportunities to prospective clients and the follow through necessary to sheppard these relationships continuously until new clients are borne from the process. The principles of the "sales pipeline" model can and should be emulated not just by large law firms but by boutiques as well."

Marketing in a Rebounding Economy: Focus, Innovation, Differentiation

> *The time has come to shed the recession mindset and get your marketing ducks in a row...*

The good news, from **Robert Algeri**, partner at Great Jakes Marketing: "The economy is ready to bust out starting in 2014. After five frustrating years, key economic indicators are finally pointing in the right direction. GDP growth could be as high as 3.5% to 4%; home prices, up over 30%, continue to climb; unemployment is down to 7% and falling; and after Congress' recent agreement to pass a budget, Kiplings, PIMCO, Morningstar and scores of other economy watchers share an optimistic outlook. So what does this means for law firms? The time has come to shed the recession mindset and get your marketing ducks in a row. But here's the catch – marketing is not a switch that you can just flip on. It takes time to craft strategies and then execute them. But that's OK. Starting your efforts now means that your firm will be well positioned for things when they really begin to heat up. We just turned a corner. Let's prepare ourselves to take advantage of what's to come."

With this in mind, **Paula Black** (Paula Black & Associates) suggests to her clients that it is time to focus: "It's a hard skill to perfect when there are so many demands, options and desires. The solution is very simple, create a "Focus: Three" plan. What are the top three things you want to accomplish in 2014? Could it be profitability, growth or job satisfaction? When you create a priority plan like this it gives purpose to your actions. When many scattered voices distract you, ask... Does this action or new initiative get us closer to our three goals? If not, just say no! 2014 will reward firms that focus on where they want to go and don't allow themselves to get distracted."

Ross Fishman of Fishman Marketing strikes a note on differentiation: "In a rebounding economy, the top firms must stay top of mind, and differentiation is extremely important. More firms are merging and moving into new markets. Smaller firms are struggling to stand out and retain their historic clients and market share. Market leaders hold stronger positions and can charge higher rates, while anonymity is a slow death. Look-alike firms must *stand out* – which means no skylines or generically smiling lawyers on their website home pages. You *can* do better. And in today's economy, you *must*."

> *So many things that should be done in the law firm, could be done if leaders would back away from the old, stale opinions and the crutch of precedent...*

And taking her inspiration from an American rap artist turned successful entrepreneur, **Jayne Navarre** of LawGravity sounds the rallying cry for innovation: "As LL Cool J once said, 'Don't let your past hold your future hostage. Don't let the old stale opinions of others affect your fresh current dreams. The future is now.' So many things that *should* be done in the law firm, *could* be done if leaders would back away from the old, stale opinions and the crutch of precedent—show me who else is doing this. (Get rid of these words that kill great ideas and opportunites.) Innovate like you mean it in 2014. Innovate as if

your life depended on it, and maybe it does. Look no further than those projects on the table—big data, process improvement, social media, legal project management, content curation, database clean up—that are bogged down in committee or lack funding. Do something before they die. Why wait to get them approved two years later after the real benefit has already been enjoyed by the competition? Seize the day. Trust your advisors. Allow your staff to try something new - and perhaps even fail. Act decisively, deliberately, and freely. And, if you can't; get some one who will do it for you. That is the leading issue for 2014--take action now."

Adrian Dayton draws his inspiration not from a rap star turned entrepreneur but from an icon nonetheless: "The martial arts legend Bruce Lee once said, 'There are no limits. There are only plateaus, and you must not stay there, you must go beyond them.' 2014 will be a year where firms realize that to grow in this economy they must adapt, they must do things they have never done before. Two key changes that I see driving increased profitability within firms in 2014 include: laser focus by practice groups and individual partners on high growth opportunities and firms embracing online marketing (not just social media) as a requirement for all inidividual lawyers in the new economy. I also think 2014 might be the year that the Buffalo BIlls break their 13 drought and make it back to the playoffs.

And **Amy Knapp** (Knapp Marketing) echoes the call for innovation thusly: "Though the economy is back, a majority of lawyers and law firms have come to accept fundamental changes to their business model and how they measure success. For the first time this year, I saw lawyers just as eager as their bizdev staff to embrace new tools like social media; to truly differentiate in their websites and to invest their personal time in focused longer-term business development initiatives.

2014 is going to be a wild ride from a competitive standpoint: the lawyers who ventured out ahead on the innovation curve have tasted success and they will push the envelope; those who have been waiting for 'business as usual' to return are going to feel like they were hit by a tsunami. Lawyers: its your year to dance like nobody's watching!"

Maintaining Confidentiality of Client Information

> *Trying your best and failing is not an option for lawyers...*

And finally, from **Edwin Reeser** a sober reminder of the growing challenge of cybersecurity in the digital age: "Law firms are increasingly being targeted by sophisticated hackers seeking confidential client information. Some of these efforts are by teams sponsored by sovereign nations, whose resources are immense. Yet trying your best and failing is not an option for lawyers, who are charged at every peril to themselves to maintain client secrets. Increasingly the intrusion threat from outside is being matched by the extrusion threat from inside. Firms unable to demonstrate to their clients robust systems protection capabilities may lose engagement opportunities, and those who fail to protect client data could face liabilities."

*

Stay tuned, we'll be adding additional responses as they come in.

Topics: Business Development, Client Services, Law Practice Management

Published In: Firm Marketing Updates, Professional Practice Updates