

Marketing

The Whys and Hows of Industry Marketing

SALLY J. SCHMIDT | Many law firms continue to categorize their services à la the law school curriculum. In other words, they organize their internal structures as well as their external marketing efforts around substantive practice areas—tax, litigation, corporate, estate planning and the like. Savvy firms, though, increasingly realize the benefits of an industry approach.

There are, of course, many clients who seek expertise in a particular area of the law. A growing number of business clients, however, want a lawyer who has more than a knowledge of the law—they want a lawyer who also knows their industry, product or business needs.

Other professions have known the value of marketing to industries or niches for many years. In today's extremely competitive environment, more and more law firms are taking a market- and client-driven industry approach, too, by focusing around areas such as energy, life sciences, financial services, health care, telecommunications, hospitality, or media and entertainment, to name examples. To help you determine



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whether this approach might suit your firm, let's look at some pros, cons and how-tos of industry marketing.

Benefits of Industry Marketing

Business clients typically need a broad range of services, so focusing marketing efforts on their particular industries generally means a cross-disciplinary approach. Done right, it results in these paybacks:

- Since most client matters will benefit from (if not require) knowledge of more than one legal discipline, an industry focus brings together varying areas of substantive expertise and builds the lawyers' knowledge of the client's issues. This results in better client service and improved client retention rates.

- By participating in a cross-disciplinary effort, lawyers become more attuned to additional business opportunities and clients become more aware of the firm's range of services. Along with the enhanced potential

for cross-selling, this can also result in opportunities to better mentor young people across disciplines.

- In many cases, because industry efforts are still untapped in law firms, simply having an industry focus, especially if it's very narrow (such as equine law), will give a firm a distinct advantage in that market. Think in terms of increased name recognition and branding. According to McKinsey & Company research, the top three firms in a market niche get the opportunity to "sell" 70 percent of the time; the opportunity for the fourth place firm drops below 40 percent.

Overall, the industry approach results in more effective marketing—and the potential for improved profitability in these tough economic times. To illustrate the possibilities, a study of the accounting firms that showed double-digit growth in both *Public Accounting Report* and *Bowman's Accounting Report* found that "development of niche markets" was the most consistent marketing initiative of these successful firms. (Source: "Double-Digit Growth: Tools From Top Firms," American Institute of Certified Public Accountants.)

Challenges of Industry Marketing

Unfortunately, implementing industry marketing efforts isn't always easy in law firms. There are several common obstacles. First, many lawyers are reluctant to commit their practice to an industry,

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which can leave the firm without a “face” for its marketing efforts. Second, getting cross-disciplinary efforts to run smoothly can be difficult when lawyers first start working across practice areas.

Third, industry groups can be difficult structurally, since firms often still need traditional practice groups or departments—including for administrative reasons, such as recruiting efforts, training programs, work allocation and the like. So industry teams simply add another dimension to the internal organizational chart.

Lastly, conflicts of interest (real or perceived) can be an issue. In the highly competitive airline industry, for example, how many carriers can a firm represent? That’s why it’s important to define the industry broadly enough to allow multiple representations but narrowly enough to reflect value to the clientele you wish to target.

Fortunately, by properly defining the target industry, the team members’ roles and the group’s strategy, these obstacles can be overcome.

Steps for Getting Started

If you’re convinced that industry marketing efforts can work in your firm, here are the logical steps to get started.

■ Identify one or more industries to target.

There are two ways to approach this step. One is by researching the industries of existing clients and working to better penetrate them. The other is to investigate growth industries in the firm’s market and how the firm can leverage its experience and expertise in them. Some combination of the two approaches will be most useful.

■ Select a team leader. The leader should be someone who is respected

and trusted, visibly committed to the industry or niche, well liked by colleagues, motivated and enthusiastic. Without an industry champion, the effort will fail.

■ Assemble the team. Obviously, the team should be developed with an eye toward the needs of the given industry. Industry teams often include primary members (i.e., those who form the core of the group and are responsible for carrying out the team’s activities, attending industry meetings and so forth) and ancillary members (i.e., those whose client relationships or expertise are useful in developing business or who otherwise periodically participate on the team).

■ Establish a vision or mission for the team. Generally, industry teams should be asked to do these four things:

(1) identify and expand the firm’s market share in the industry; (2) enhance the firm’s position and differentiate the firm in that industry; (3) capitalize on the firm’s diverse expertise; and (4) integrate lawyers across practices and offices in business development and marketing initiatives as well as client relationships.

■ Develop a strategic marketing plan for the group. This plan should outline the group’s competitive advantage or position; the investments and innovations needed to succeed; client service or service quality issues and ideas; marketing and branding initiatives; talent and professional development requirements; profitability targets; and metrics by which the team will measure success.

■ Identify the support the group will need. This would include market-

ing, administrative and IT support and budget allocations.

■ Build a communication structure for the team. The firm should consider both intra-team communication methods—such as a team-specific e-mail list, intranet page and meetings schedule—as well as intra-firm communications—in other words, how the group will report to the firm.

Other Things to Do at the Outset

When starting up industry marketing efforts, law firms should also consider some additional points of advice.

First, don’t bite off too much. When establishing the industry marketing process, it can be helpful to pilot just a group or two to ensure that things get up and running effectively, and to identify any unexpected issues or challenges before rolling out more groups.

In addition, you should establish a reporting relationship for each industry group leader. This means specifying to whom the group leaders are accountable, as well as how they will report on group activities, successes or challenges.

Finally, you need to address team rewards. The discussion should include rewards for the team leader as well as the group, whether rewards should be in the form of compensation or bonuses (most firms find the latter easier to implement), how the rewards will be determined and divided, and whether there are alternative incentives that could be implemented. Make no mistake about it—particularly if the firm has a system that provides disincentives to share clients or originations—it will be virtually impossible to have truly successful industry team efforts without considering compensation. **LP**