

# "The Market Place"

## MARKETING: it's more than just a fad



by Sally J. Schmidt

**I**t started slowly and subtly about ten years ago; law firm brochures, invitations to client seminars, and legal updates or newsletters appeared in the mail. Today, law firm marketing is in full gear, as firms try to target prospective clients, narrow and refine their services, look for new pricing techniques, and promote their firms through sophisticated communications or public relations efforts.

Why have law firms incorporated marketing activities and programs into their practices? In a word, competition. This is demonstrated by:

- The sheer number of lawyers. Experts predict that by the year 2000 there will be one million lawyers; that represents one attorney for every 270 people.
- The number of law firms. The number of private law firms increased 50% over the past decade.
- In-house legal staffs. Corporate counsel, up nearly 300% over the past ten years, have taken over much of the routine, "bread and butter" work traditionally handled by private law firms.

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- Other professionals. Many accountants in effect are practicing tax law; financial planners are doing estate planning; other private concerns are offering everything from litigation support capabilities to alternative dispute resolution services.

Other reasons that marketing is becoming an accepted practice include:

- Specialization. While most lawyers ethically cannot call themselves specialists or experts in a particular area of law, clients increasingly are seeking attorneys who focus their practices in the areas of interest to them.
- Economics. Overhead has increased dramatically, due to the increased costs of space, technology, malpractice insurance and associate salaries. In addition, revenue growth — industry wide — slowed 20% to 30% over the past decade.
- Client sophistication. Clients, some in-house counsel and some not, are becoming more sophisticated and vocal about the services they receive. They are scrutinizing bills, spreading their work around to more law firms, demanding better communications (such as budgets and proposals), and, in short, are less concerned about long-standing relationships with law firms.
- Relaxed ethical restrictions. Since the Bates decision ten years ago, which

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first allowed attorneys to advertise, lawyers slowly have tried more and different types of marketing activity. The *Shapiro* decision last summer, which ruled that state bar associations could not prohibit lawyers from making direct mail solicitations, opened the door to another round and form of marketing. While certain restrictions still exist (particularly those involving good taste), there are many willing marketing pioneers who will try virtually anything to develop more business.

- Firm structures. There is less loyalty among lawyers; articles report that by the time today's law school graduate is 35 years old, he or she will be in his or her third firm. In addition, we have seen the emergence of boutique practices and mega-firms (Baker & McKenzie now claims to have 1600 lawyers). Finally, over the past few years, the dissolution of several prominent law firms has increased lawyers' anxiety about the future.

The bottom line is that it is not enough just to be good anymore.

**The Marketing Process**

Marketing is the process of developing and retaining a loyal and satisfied clientele. The marketing concept is simple: sensitively satisfying people's needs. Even at its most basic level, marketing involves the management of what marketing students have typically called the "Four P's": Product; Price; Place; and, Promotion.

**Product**, in the case of law firms, is services and people. Things which fall into this area include: the use of personnel in the practice (attorneys, paraprofessionals and even non-lawyers, such as accountants or nurses); the services which the firm chooses to offer; the extent to which services are customized; and even a few tangible products of legal work, such as estate plans and contracts.

**Pricing** activities, while easier to identify, are not typically seen as a function of marketing. Issues such as providing free initial consultation, setting hourly rates, using retainers, and even budgeting for litigation all fall under this area.

**Place** stands for the distribution function, that is, everything involved in getting the service to the client. This includes where the firm locates its

offices, the use of messengers, which geographic areas the firm chooses to serve, the use of technology (such as telephone systems or fax machines), and even the office space (is parking available?).

The final P stands for **promotion**, which is the most visible component of marketing and, unfortunately, receives the most emphasis in law firms. Brochures, advertisements, seminars, newsletters and announcements would all be considered promotional efforts. These activities can be very worthwhile, but only if done in conjunction with a program which includes the other three components.

Every law firm's marketing program should have six basic goals:

- (1) *Paying attention to and retaining existing clients.* Depending on the firm and its practice, up to 80% of the work may come from existing clients, either new business or referrals.
- (2) *Cross selling to existing clients.* This is the process of obtaining additional work from existing clients in new service areas.
- (3) *Developing new clients.* Every firm needs an ongoing stream of new business. Sometimes a client's business may leave the firm through no fault of the lawyers, as in the case of an acquisition or takeover.
- (4) *Developing referral relationships.* Accountants, brokers, bankers, engineers and other lawyers serve as excellent sources of business for certain practice areas.
- (5) *Providing internal marketing programs.* A very important goal of any marketing program is to ensure that the lawyers have the skills, resources and information they need to develop business. Activities in this area might include in-house marketing newsletters, or lawyer training sessions on how to network.
- (6) *Enhancing the firm's reputation, capabilities and image.* Media coverage, public television sponsorship, and law firm brochures fall into this category.

The marketing process, whether done at the firmwide level, by practice group or department, or by individual attorney, is as follows:

- (1) Identify a target. This may be an industry (e.g., health care), a geographic region, or a specific prospect or client.
- (2) Research and identify their needs. It is important to identify what is "hot" for that target: for insurance companies, it may be structured settlements; for corporations, it may be the unification of Europe.

(3) Develop objectives. These should be measurable, such as: one new banking client; 10 additional estate plans from existing clients; to become the preeminent firm in the state in the real estate area.

(4) Develop the services or programs. Examples include a seminar on environmental issues for lending institutions or a newsletter on employment law for existing clients.

(5) Communicate and implement. Firms must assign responsibility and timelines for each activity.

(6) Monitor the results and evaluate the program. Did the activity product give the intended results? Did the firm establish ways to judge if the programs were successful?

**Conclusion**

Unfortunately, most law firms will admit that the results of their marketing efforts have been uneven — or worse. The reason for their lack of success is simple: lack of focus. While newsletters, seminars, brochures and other activities can be effective marketing tools, most law firms see virtually everyone as a potential client, and they suffer from an inability to focus their programs on particular, identifiable industries, companies and people. By targeting its marketing efforts, a law firm can be ensured that it is pursuing a low risk, high result marketing effort.