

A Survey Of Law Firm Marketing

How far have firms come in their marketing efforts? What specific marketing activities do firms use or plan to use? Who is responsible in the firm for marketing? This summary survey of law firm marketing is excerpted from "The State of Law Firm Marketing: 1990." Complete copies of the survey are available for \$395 by calling (612) 895-5797 or writing Sally Schmidt Consulting, Inc., 1601 East Highway 13, Suite 106, Burnsville, Minnesota 55337.

By Sally J. Schmidt

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In the 13 years since the U.S. Supreme Court's *Bates v. State Bar of Arizona* decision, which recognized that lawyers have a First Amendment right to advertise, corporate law firms slowly and cautiously have begun to develop strategies for marketing. As the 1990s begin, it is worthwhile to evaluate how far firms have come in their marketing efforts, what specific marketing activities firms have done, are doing, and are planning to do, and how well marketing has been integrated into law firm systems and methods of operation.

In the final analysis, although there has been an enormous increase in the level of marketing activity, law firms remain uncertain about the efficacy and appearance of marketing their services. A sample of findings from the survey is excerpted below.

1) Who is engaged in marketing?

Eighty-nine percent of the respondents said their firms currently were involved in marketing activities, although most have been engaged in organized marketing for a relatively short period of time. The great majority, nearly three-quarters of those firms responding, said they have been engaged in marketing activities for five years or less.

Firms with more than 25 attorneys were more likely to be involved in marketing. Firms claiming to do no marketing at all, when compared to the sample as a whole, tended to be smaller, with one office, a larger consumer practice, and a greater representation from the Southeast section of the United States.

For so many firms (43) to claim that they do no marketing highlights the continued lack of understanding of the marketing function among those in the legal industry. Some form of marketing goes on in every firm, whether the lawyers know it or not. Marketing is quite simply an exchange between the lawyer and the client, and includes developing, pricing, delivering, and promoting the legal service. While some firms may not be promoting their services, or

doing their marketing in an organized fashion, announcements, stationery, office space, fax machines, retainers, hourly rates, and paralegals are all part of the "product" which firms market—and should be considerations in the marketing program.

2) Who has responsibility for marketing?

While much has been said about the development of the non-lawyer marketing executive position, most firms engaged in marketing still draw lines of responsibility between development and implementation. In most of the firms responding to the survey (68 percent), lawyers or groups of lawyers are responsible for the development of marketing ideas or plans. A non-lawyer marketing director or administrator is in charge in just 22 percent of the firms.

This accountability does change with firm size. According to the survey results, there is a growing trend toward giving responsibility for the development of marketing ideas and plans to a marketing director or coordinator as the size of the firm increases. On the other hand, larger firms are more likely to have marketing personnel.

Responsibility for the implementation of marketing ideas or plans is another story. Forty percent of the firms engaged in marketing affix responsibility for the implementation of marketing ideas and plans with a non-lawyer administrator or marketing director. It appears, therefore, that in these cases the lawyers make decisions and then hand them off to a marketing director or coordinator who executes the decision.

What is perhaps most interesting to note is that the effectiveness of most corporate law firm marketing efforts is directly related to the individual efforts of lawyers. Trying to delegate the implementation of marketing illustrates again the lack of understanding of how marketing works in a professional service firm. For the most part, a non-lawyer marketer's main contribution is to facilitate the marketing efforts of the firm through the organization and implementation of institutional activities which support the individual attorney's initiatives. These institutional activities, such as brochures, seminars, meetings, press releases, or newsletters, rarely will result directly in new business, however.

3) What do law firms spend on marketing?

Not much. The 1990 marketing budget for the majority of responding firms with budgets represented 1 to 2 percent of their gross fees. Surveys of other professional services, such as accounting, architectural, and design firms, indicate that these service industries generally commit between 4 and 7 percent of gross fees to marketing. In contrast, only 4 percent of law firms responding to the survey allocate more than 3 percent of gross fees.

In addition, and perhaps more disturbing, is the apparent lack of fiscal responsibility with respect to marketing. One quarter of the firms with marketing programs had no annual budget, and another 38 percent simply did not know what the budget was.

4) How do firms reward or compensate lawyers for marketing?

The responding firms were split almost evenly on whether their compensation systems rewarded or recognized lawyers' marketing contributions. Perhaps the most interesting survey result, however, was the following: The longer that firms have been engaged in marketing, the larger the percentage that reflects marketing in their compensation systems.

The greatest number of firms do this by rewarding both efforts and results (46 percent). The largest percentage of firms reflect the individual lawyer's marketing contributions as a

consideration or factor in a subjective compensation system. Firms that have been engaged in marketing the longest are more likely to provide cash or a bonus to compensate for marketing or business development.

Clearly, if firms expect their lawyers to engage in marketing efforts or produce new business, they must be prepared to reward and recognize these contributions.

5) What areas or concerns are currently receiving emphasis or attention in marketing?

In response to the question, "Are there any areas currently receiving emphasis or attention in your firm's marketing plans or programs?" 17 percent of the firms listed new areas of business that they were trying to develop. The substantive practice areas that were listed most frequently included international, environment, labor and employment, financial institutions, and construction.

When asked to list their firm's one biggest concern in marketing, the majority of respondents replied, "Developing and implementing marketing plans." Most of the people who answered this question expressed frustration at not being able to gain attorney cooperation and involvement in the marketing effort.

The five marketing activities done most frequently in the past include: seminars (58 percent), overall firm brochures (50 percent), firm-sponsored tickets to functions events (50 percent), attorney resumes/biographies (47 percent), and forming a marketing committee (45 percent). The top five marketing activities that firms are doing now are: developing a marketing database/mailling list (59 percent), firm-sponsored tickets to functions/events (57 percent), attorney resumes/biographies (56 percent), seminars (54 percent), and overall firm brochures (50 percent). The next most popular marketing activities that firms are currently trying include: developing overall firm marketing plans (49 percent), advertising in the Yellow Pages (46 percent), developing department/practice area marketing plans (45 percent), client newsletters (44 percent), and developing a firm identity/logo (43 percent).

Through the comprehensive survey results it is possible to conclude that law firms are beginning to move into a more sophisticated level of marketing. The majority of respondents have tried many of the familiar marketing tactics (e.g., brochures, seminars, newsletters) and now are considering the more strategic aspects of marketing, such as planning, developing new substantive areas of practice, and measuring the results of their efforts. Yet most of these same firms appear to be struggling with precisely how to do these things.

It is reassuring, nonetheless, that law firms are beginning to recognize that marketing is a strategic and necessary function which cannot be viewed independently of the rest of the firm's systems and procedures. The commitment of the firm to integrate marketing into its culture, operations, and systems will be the most important factor in determining its future marketing success.

SURVEY METHODOLOGY AND DEMOGRAPHICS

Nearly 400 firms across the United States responded to a written questionnaire probing their past, present, and future marketing efforts and activities. A total of 2,627 comprehensive questionnaires were mailed in the spring of 1990 to a geographically representative sample of law firms across the United States. The surveys were directed to the person in charge of marketing or the managing partner in each of the firms. The firms represented a broad range

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of size, practices, and sophistication with respect to marketing. The surveys were mailed in February 1990, and the recipients were offered incentives to participate. A total of 390 surveys were included in the final analysis, resulting in the following demographics: Midwest responses were 29.1 percent, Southwest 29.1 percent, Southeast 12.9 percent, Mid-Atlantic 11.8 percent, New England 11.5 percent, California and Hawaii 10.6 percent, Texas area 10.0 percent, Canada 5.0 percent, and Northwest (and Alaska) 3.2 percent.

Responses by size of firm included 25 percent from firms of 1-10 attorneys, 23 percent from firms of 11-25 attorneys, 17 percent from firms of 26-50 attorneys, 19 percent from firms of 51-100 attorneys, and 16 percent from firms of 100 or more attorneys.

Fifty-nine percent of responding firms had just one office, 16 percent had two offices, 9 percent had three offices, 7 percent had four offices, and 9 percent had five or more offices.