

Marketing

SALLY J. SCHMIDT ■ SOLUTIONS YOU CAN USE

Measuring Your Marketing ROI

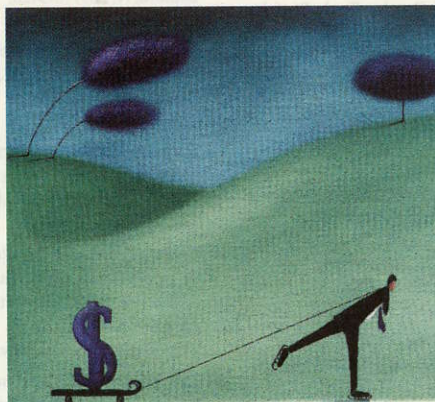
Even as law firms increase their investments in marketing activities, they seem to do little to measure the effects of their initiatives. Firms will spend thousands of dollars on public radio sponsorships and tens of thousands on marketing programs to build a particular practice area. Later, some partners will ask the question, “So, what did we get from that?” And, amazingly, few involved in the initiative are prepared to provide objective data.

Despite claims to the contrary, it is possible to measure the return on your marketing investments. To do so, however, the firm must establish reasonable objectives for its initiatives and then be willing to set and measure key metrics. The following outlines the process and provides specific examples of how it works.

The Process of Measuring Results

Measuring your firm’s marketing ROI requires a three-step process:

1. Establishing objectives for the activity, program, project or initiative being undertaken
2. Establishing benchmarks or determining metrics—in other words, what will be measured
3. Tracking and measuring, to determine changes or improvements in the metrics



Perhaps the most important point in the process is establishing reasonable and measurable objectives. This means understanding that not every marketing activity will result in new business. Consider some common activities.

Seminars. A firm seminar can be an excellent tool for developing a perception of expertise in a substantive area, getting the firm on the radar screens of prospective clients, providing value-added services, cross-selling to existing clients and developing new contacts. Yet the odds of a prospect engaging a firm lawyer after attending just one program are low (although, yes, it can happen).

Newsletters. A newsletter is a great vehicle for keeping the firm “top of mind” in a particular area, while showcasing results and building perceptions of expertise. It’s another example of a value-added service for clients and contacts. It does nothing, however, to build relationships because it’s a passive method of communication. Thus, it rarely produces business per se.

Web sites. Client decision makers

typically consult a law firm Web site after learning about the firm through other means. In other words, a firm Web site is an important source of information on lawyer credentials. But if contacts then call the firm, it usually isn’t because the site alone attracted them; it’s because the site does a good job of confirming the firm’s expertise in an area.

So, given those factors, what might you measure in terms of some typical marketing activities?

Marketing Activities for a Seminar ROI

- A survey that measures attendees’ satisfaction with the program
- Number of non-client attendees
- Quality of the companies attending (e.g., percentage of the top 25 in the targeted industry)
- Number of existing clients in attendance who do not currently use the featured practice area

Measurement Activities for a Cross-selling Program ROI

- Number of existing clients currently using a particular service or office
- Average number of services or offices used per client
- Client feedback on a survey asking them to identify firm services with which they are familiar

EXAMPLE 1: Goals and Metrics of a Specific Project

Let’s say your firm is sponsoring a program on public radio and intends to include its tagline, “The law firm

for entrepreneurs.” How can the firm determine its return on the investment? Here’s a reasonable approach.

Objective: To raise the level of awareness of the firm generally and the perception that the firm represents entrepreneurs and small businesses.

Benchmark: The current level of name recognition for the firm among listeners.

Tracking and Measuring: Conducting a telephone survey of randomly selected patrons or listeners of the station, asking: (1) which law firms they can name off the top of their heads; (2) whether they are familiar with the firm when it is mentioned; and (3) any specific descriptions of the firm they have, if they claim to be familiar with it.

After sponsoring the ads for a year or more, the firm can conduct the survey again to determine these outcomes:

- Can more people name the firm off the top of their heads?
- Do more people recognize the firm name when mentioned?
- Do more people associate the firm with representation of entrepreneurs?

EXAMPLE 2: Goals and Metrics of a Strategic Initiative

While it may be easy enough to conceptualize the measurement of a specific activity, how does a firm measure the results of a strategic initiative? In many cases, it involves a number of different activities.

An example might be the marketing plan for a construction practice group. A typical plan will incorporate a marketing mix, such as hosting a seminar for contractors, participating in industry associations, running an advertisement in a newsletter for contractors and sponsoring a golf outing for clients. In this case, there are any number of potential objectives, metrics and benchmarks the firm might evaluate.

Here’s a sample approach.

- Increasing the firm’s “market share” of top 25 contractors (measured by the city’s “Book of Lists”)
- Increasing the number of construction industry clients (measured through the firm accounting system)
- Increasing the revenue produced by construction industry clients, the number of hours billed to those clients or the number of timekeepers in the practice area (all measured through the time and billing system)

To assess its growth and success, the construction practice group can measure these key metrics annually as it implements the year’s marketing plan.

Laying the Groundwork

It is indeed possible to measure marketing results, but it does require some work up front. You might, for example,

need to change the firm’s file intake or new matter form to record the source of new business. You might want to categorize clients by industry or service(s) used in the firm’s accounting or marketing databases. And you might decide to conduct market research.

However, with a relatively small investment in these items at the front end, the firm can measure its more substantial investment—in marketing—at the back end. That way, you’ll finally be able to answer the big question, “So, did it work?” ■



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