



Portfolio Media. Inc. | 648 Broadway, Suite 200 | New York, NY 10012 | www.law360.com
Phone: +1 212 537 6331 | Fax: +1 212 537 6371 | customerservice@portfoliomediamedia.com

Upheaval Forces Firms To Rethink Marketing

By **Liz McKenzie**

Law360, New York (February 27, 2009) -- Facing a deflated economy and, in most cases, decreased business prospects, law firms must be increasingly savvy in exploring new areas of business development.

Many firms are slashing less-profitable marketing endeavors and shifting their focus to sales and more direct business developments efforts.

With partner profits down by as much as 10 percent in some U.S. firms, they are looking at new areas for business development — ranging from online social networking to creative billing and legal perks — to attract new business and make sure they keep the clients they have.

“Firms are watching their costs more,” said consultant Peter Zeughauser of The Zeughauser Group. “They are trying to spend their money more on directly bringing the firm business rather than building the firm profile.”

The emphasis is now on immediate results rather than long-term efforts such as branding and advertising, according to Altman Weil Inc. principal Charles Maddock.

“Everybody wants immediate results,” Maddock said.

The recession has also signaled a shift back to client outreach, and firms are spending more time than ever making sure they have consistent face time with their clients.

“The focus has shifted more to business development than marketing,” Zeughauser said. “Firms are spending more time visiting clients, checking in with them, seeing how their needs are changing and finding out what they can be doing better.”

“The first rule in marketing is always go back to your current clients,” said Altman Weil principal Pamela Woldow. “They already know you and trust you.”

Foley Hoag LLP Chief Marketing Officer Mark Young said firms need to be “in the world of their clients” and take as many opportunities as possible to have in-person “touch points.”

“Law firms are looking for ways to further engage their clients, making sure they are in constant communication with them,” Young said. “Smart firms understand that they are in business to advance the interests of the clients.”

Mark Thompson, chief marketing officer of Bryan Cave LLP, said his firm was reaching out to reassure clients that the firm is constantly working to solve their problems.

"Our clients are experiencing issues as a result of the downturn, and we need to make sure we are there for them in these troubled times," Thompson said.

The return to client relationship-building is one of the few positive effects of the recession, according to some consultants.

"The good news is that this is bringing them back to doing the things they should have been doing in the first place," Maddock said.

The budgetary restraints that many clients are inevitably facing because of the downturn have also pushed firms to tailor billing solutions based on their clients' needs.

"Firms that had previously not considered alternative fees are getting educated and reaching out to clients to let them know they would be willing to work on a contingent fee," Woldow said.

Cravath Swaine & Moore LLP announced earlier this year that it was departing from billable hours, attracting a blitz of media attention and simultaneously sparking a debate about how firms should manage billing.

"This is the ultimate hourly billing firm," Woldow said. "It stepped away from the pack, and it has gotten so much play and media coverage."

In a similar move, labor and employment firm Ford & Harrison LLP improvised by first announcing that clients would no longer be billed for first-year associate work.

Maddock said one firm he counseled was able to nab a client by agreeing to set up a cap so that its fees would not exceed a certain amount. The firm also threw in a day's worth of training for in-house litigators free of charge.

"The key for 2009 and beyond is for law firms to be able to have predictable fees for their clients," Woldow said. "Their corporate clients have budgets that have been cut, and they need firms that can offer them fee predictability."

Some firms have already begun offering value-added perks such as continuing legal training, education events and even free advice to lure in clients.

One top Silicon Valley firm offered several hours of free legal advice for anyone who participated in one of its online webinars, according to Woldow, who did not name the firm.

"The reason that it is so remarkable is that this is a top-tier firm," she said. "A top 10 firm doesn't give anything away for free. The fact that this top firm is giving away hours for free with top counsel is remarkable."

The Internet may well be the new frontier for business development, as a growing number of firms look to social networking Web sites, blogs and other online technology to reach out to potential clients.

Woldow said many lawyers and firms are utilizing social networking Web sites such as LinkedIn, Plaxo, JDSupra, Legal OnRamp and even Facebook, which allow users to quickly disseminate information to clients and keep in touch with other contacts.

"It's different from having those people in your Microsoft Outlook e-mail address book," Woldow said. "For example, on LinkedIn you can search for particular counsel or client and build a mini-network online and distribute information to them. We're seeing an exploration of that."

"It can be a way in which law firms can authentically, in real-time fashion, convey a perspective and point-of-view of its practice teams," Young said.

While some firms may be wary of blogs because of the fear of offering unsanctioned legal advice, others view them as an opportunity to further reach out to current and potential clients.

"If it can be done well, it becomes a very powerful medium," Young said.

"It's the ability to communicate in real time. It's an equitable exchange of information back and forth," he added. "We've launched a number blogs and find them to be a very successful way to communicate."

Philadelphia-based Pepper Hamilton LLP broadcasts podcasts of speeches from conferences and events. Similarly, Dechert LLP keeps its clients in the loop through an online client database system that sends client-specific updates such as regulatory changes or other news as it occurs.

"They are trying to be more 'with-it' but doing it in a way that takes away the fear of giving unsolicited legal advice," Woldow said. "We're going to see law firms more involved with transmitting tech directly to clients."

Responding to requests for proposals is also an important part of firm business development and firms should be selective in what proposals they choose to respond to, given the resources it takes to properly respond to most proposals.

"When there is an economic downturn there may be a tendency to answer more [RFPs] because you want to cast your net wide, but a savvy firm will not respond with a knee-jerk reaction to respond to every RFP that floats in the door," Woldow said.

Zeughauser contends that firms' responses should be based on three factors — the attractiveness of the work, the cost of responding and the likelihood of winning the client — and they should only respond to RFPs that will supplement the firm's client portfolio.

"Don't reply to all of them blindly," he warned. "You have to evaluate each one on a case-by-case basis."