

Beware The Naïve Marketer Calling On CEOs

by Patrick J. McKenna

This is a headline appearing in a recent issue of Legal Week:

Company CEOs are key decision-makers in selecting law firms, not in-house counsel.

"Much of my time and our marketing and sales effort over the past decade have been wasted through concentrating on the wrong people.' That was the stunned reaction of one law firm leader on learning that the client CEO or chair is primarily responsible for a massive 82% of law firm appointments for organisations with sales up to \$500m..." Are law firms are focusing much of their marketing on the wrong people?

What makes this important is that the individual behind this research is planning a cross-country road-trip in the coming months to promote to law firm marketing people the results of his breakthrough survey and one can just imagine the number of marketing people who will soon be out calling and having their lawyers calling upon corporate CEOs. Here's the copy contained in an e-mail I received about a week ago:

Are you interested in getting inside the head of client CEOs?

"Much of my time and our marketing and sales effort over the past decade have been wasted through concentrating on the wrong people." That was the stunned reaction of one law firm leader on learning that the client CEO is primarily responsible for a massive 82% of law firm appointments for organizations with sales up to US\$500m, according to a recent Financial Times (FT) / Managing Partners' Forum (MPF) survey of law firm clients based worldwide. We believe this to be the most comprehensive survey of the views of client CEOs ever conducted in the professions. MPF and FT are organizing a series of FREE breakfast sessions from 8am to 10am exclusively for C Suite members at law firms that are interested in getting inside the head of client CEOs. Is your firm in the 10% whose leaders spend more than 30% of their time with client CEOs? If it isn't, then maybe it should be....

I am MPF's Founder and CEO and will be traveling to North America to present the findings as our contribution to Professional Legal Management Week. Please join me at: New York – October 3 / Toronto – October 4 / Chicago – October 5 / Los Angeles – October 6 / San Francisco – October 7

Now, I don't for a moment believe this to be true – either from my experience as a public company VP or as a Board Director. A diligent CEO would never usurp or override the responsibility of one of their C-level senior team members. But, that may just be my impression. So, I decided to go to some people who would know far better than I, what's going on here.

First, let's hear from **Elisa Garcia**, the Executive Vice-President & General Counsel at Office Depot. Elisa reported to me:

This is clearly not the case in U.S. public companies. Europe, however, is different . . . I find even in a multinational, I have had my battles with European Managing Directors that think they can fire the lawyers I oversee, so I am not surprised that they think they should be hiring law firms as well.

In-house counsel overseas does not have the level of respect that it has here (I have seen evidence of this in Asia, when clients were surprised by the number of former law firm partners I had in my law department--they could not understand why someone would move in-house).

There was a time when selection of outside counsel was made by CEOs. There were "old boy" networks that ensured that CEOs fed their friends, but that mentality does not exist with companies that have complex legal issues requiring expertise and hands on management of outside firms. Those firms that want to believe that marketing to client CEOs in the USA is a good idea are going to be surprised. Every CEO I have worked for would send that solicitation to me, and, if a firm went directly to the CEO over me, then that firm would not get a leg in the door. Even firms that have had an established relationship with the CEO and the company before my taking the GC role have the sense enough to ensure I am the primary contact, that I am always the first informed of issues and those that have not done so have been "retrained.'

I am about as shocked as that law firm leader that was quoted in the article!

I also conferred with my old friend **Michael Roster** who I've had the pleasure of participating with at practice management conferences and law firm retreats. Mike is the Chair of the ACC Value Challenge Steering Committee as well as being a former General Counsel at Stanford University and Golden West Financial. From Mike . . .

. . . agree on all points, and in fact, many U.S. CEO's would be furious about an attempted end-run. CEO's have far more important things to do in their day than get calls from sales people. At best, the CEO (or more likely, his or her executive assistant) would likely tell the GC about the call, with an admonition from the CEO to tell that particular firm, don't ever bother the CEO like that again.

Finally, just to round out my little panel (after all they always say that you should get three quotes) I went to **Jeffrey Carr**, Senior Vice-President and General Counsel at FMC Technologies, Inc., with whom I co-authored a couple of articles last year. Here's what Jeff had to add to our discussion:

All I can say is "wow" -- and I wouldn't be the GC/CLO at such a company. I agree with Mike and Elisa. In addition, I'm thinking the 82% statistic falls either in the category of delusional/wishful thinking of the law firm marketing folks, or the literal manifestation of Benjamin Disraeli's (interestingly, another Brit) famous statement that "there are lies, damned lies, and then there are statistics"

So there you have it folks. It's always nice to have my impressions and prejudices confirmed by smart people. Be forewarned. This may be the kind of research where someone shots an arrow into the air and then paints a target on where it lands!

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Patrick J. McKenna (www.patrickmckenna.com) has worked with the top management of premier law firms internationally to discuss, challenge and escalate their thinking on how to manage and compete effectively. He is co-author of business bestseller *First Among Equals* and his latest work, *Serving At The Pleasure of My Partners: Advice To The NEW Firm Leader* will be published by Thomson Reuters in July 2011. McKenna has worked with at least one of the top ten largest law firms in each of over a dozen different countries on issues associated with developing competitive strategies, improving profitability, client service excellence, and systems for effective practice governance.