

Law Firms Must Sell Services Better: Here's Why and How

By Keith Lipman

Price Takers and Price Makers

The latest Am Law 100 survey results are cause for concern: at a mere 1.5 percent, the growth of revenue per lawyer is at its lowest in years. Combined with stagnant growth¹, work moving in-house at the rate of about \$4 billion² and growing, and increasing use of alternative legal service providers (ALSPs)³ – (74% of departments plan to do so in 2017), to say the market is hyper-competitive is an insufficient characterization.

In essence, it's a buyer's market and law firms are price takers; clients are price makers. To succeed in this market, firms will need to sell services better. The new legal landscape requires a high degree of skill and agility and includes: demonstrating expertise, understanding cost structure, pricing competitively, managing a pipeline of work, and recognizing opportunities for cross-selling – all while ensuring that the work being chased is actually profitable, not just undifferentiated revenue.

Selling the Right Combination of Cost and Expertise

Change is generally not a popular concept, particularly in law firms. The volatility in the legal market is testimony to change, and there will be winners and losers. Partners have begun to understand the value of data and analytics. It's data that can help them win new business, by properly understanding cost structures, analyzing opportunities, and tracking experience and expertise for appropriate resourcing. That same data can be leveraged with appropriate tools to streamline the process of pitching for new work, automating the proposal generation process, improving efficiency.

Partner priorities are changing – from one focused purely on delivery at any cost to one that rather ensures the appropriate effort for the price agreed; this requires firms to drive business disciplines into their processes to succeed. Unfortunately, what firms often find is that much of the data they could potentially leverage is being entered by admins during new business intake, when they don't have enough information, or by secretaries at the end of the matter, when they are hurried to close it and move in, and is therefore inaccurate or incomplete. Worse, the data is often indistinguishable and distributed across multiple, siloed systems.

To succeed in selling, firms need to know:

- Have we done this work before?
- Who in the firm has the right expertise to deliver the appropriate level of service?
- Do we have the right people to deliver the engagement profitably?
- Do we have the right geographical presence or knowledge of opposing counsel and judge?
- How do we demonstrate these capabilities?

To respond quickly to these demands, firms need a way to harvest what data they already have while also proactively tracking extended information about clients, matters, lawyers, and other professionals –

¹ [Georgetown Law Center for the Study of the Legal Profession 2017 Report on the State of the Legal Market](#)

² <http://www.bticonsulting.com/themadclientist/2016/9/7/clients-bring-4-billion-in-house-for-all-the-wrong-reasons>

³ [Georgetown Law Center for the Study of the Legal Profession ALTERNATIVE LEGAL SERVICE PROVIDERS: Understanding the Growth and Benefits of These New Legal Providers](#)

including vendors. The challenge is knowing how to gather, maintain, and present data to partners and marketing professionals so that it readily can be applied to win profitable new business.

More so, it means firms must evolve their business development capabilities. Historically, firms have been poor at cross-selling, missing opportunities for higher-margin (i.e. more profitable) revenue. To improve that, they need better opportunity management. Managing a sales pipeline enables more accurate revenue forecasting. Firms also must streamline their proposal creation ability. With the ever-increasing pressure of client RFPs, automating proposals that demonstrate the right experience and expertise will have a huge impact on pitching for, winning, and retaining more business.

Sell Services Better

Core to these processes is data – understanding work the firm has previously done, who has experience and expertise, building appropriate teams, automating the generation of targeted proposals to win work are all driven by data. This is the same data that firms already should be leveraging for internal KM projects, for pricing (which is a key element to winning new business and keeping existing business), understanding costs to ensure profitability of work being performed, monitoring of matters, and for improving scoping skills to enable more intelligent working and improved delivery at predictable pricing.

Successful firms already are doing this. Specifically, 71% use software to pitch, price, budget, leverage experience, and monitor matters — and it's working.

Unsurprisingly, these firms have increased profitability in a flat market while also reporting that their non-hourly engagements are at least as profitable as their hourly ones (and 40% report that non-hourly work is actually more profitable).

Characteristics of Financially Successful Firms

Operational Change	% of Upper-Tier Firms Implementing	% of Lower-Tier Firms Implementing
Technology: Use of software that allows firm lawyers to monitor the progress of matters, resource commitments, and budget status in real time on a matter basis	71	47
Technology: Efficient and easily usable knowledge management system that provides lawyers with ready access to the firm's prior work product	71	59
Technology: Document review software using predictive coding based on a "seed sample" of documents provided by firm lawyers	71	35
Technology: Client "self-help" tools that allow clients to perform tasks directly that previously required active participation by firm lawyers	29	12
Technology: Use of project management software	53	35
Technology: Use of e-learning systems	65	29

PEER MONITOR®

Until recently, firms have had to rely on various, disjointed point solutions – each with a separate silo of data; this is no longer a best practice and its impossible for those solutions to be considered best-of-breed. Today, best of breed solutions leverage a single set of data. One source of truth. This data provides the core management information and analytics firms today need to be successful. It delivers a new kind of agility into a firm's core operations, putting it in a better, long-term position with the right business disciplines to better sell services in the new economy.