2009 Year in Review – Business Development Trends in Law Firms©

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Overall, in the global economy and within the legal industry, investment is no longer at a stand-still as it was earlier this year. But to keep their houses in order, many law firms have made and are continuing to make significant cut-backs, changes and upgrades in the manner and methods by which they are investing in business development. Some key trends in 2009 and into 2010:

1. The year-end collection process will be tough as firms experience sharp reductions in the total percentage of receivables collected at 100% realization/standard rates. This phenomenon has been occurring incrementally over the last 10 to 20 years. Now, all together, at some law firms, the percentage of clients that actually *pay* full rack/standard billing rates is as low as 20-30%. The remainder – up to 80% in some firms – is paid based on discounts, blended rates, and other alternative billing arrangements. In addition, due to heavy debt and cash shortages that many corporations are facing, obtaining 100% collection without write-downs in a timely manner will be more difficult. Finally, lawsuits related to law firm collections, conflicts of interest and/or malpractice have risen dramatically of late. All of this impacts profitability. As a consequence, the traditional billable-hour business model is being re-thought and adapted to these realities. Many firms still struggle with reacting to these requests and issues on a one-off basis. Others have taken a top down approach and adapted their management and billing approach, methods and policies, which has helped increased their market and client share in this environment.

2. Competition is at an all-time high, causing attorneys to change their thinking, mind-set and habits. At a firm-wide level, the end of the boom years has ushered in unprecedented belt-tightening. Some firms are trying to squeeze the cost/expense side of the ledger *past* bare bones – which may be a strategic mistake in the long run. Other firms realize that in this environment, strategic investment is crucial to continued, profitable growth and survival. With an increasing number of RFPs being issued to law firms that require a considered, strategic response, usually with an alternative fee component, many firms' win-rates have been reduced. Simply demanding that lawyers develop more work without effective support and tools is not as efficient as is offering the assistance of a solid, internal business development program and related processes. For individual lawyers, resting on one's laurels, doing the same-old and/or waiting for business to come in the door is no longer a viable approach to developing business. Neither is taking the matter/case and running with it while making minimal and/or last-minute client communications. This recession has even somewhat dissipated the level of some attorneys' dismissive, arrogant and know-it-all attitudes and behaviors. Some of the world's very best lawyers are starting to realize that they may not know everything there is to know or do everything they can be doing to develop new work.

3. Upgrades to traditional marketing efforts/support –

A. Investments are tightening up in the traditionally most-utilized marketing tools. This includes an increased emphasis on ROI for any/all seminars, speaking, writing, public relations, advertising, branding and conference attendance. Different law firms are implementing this effort in various ways. For example, some firms are directly funding far fewer opportunities and/or requiring lawyers to invest some of their own money. Some lawyers are being required to fill out post-event ROI forms, and some are required to attend internal training on "Best Practices to Get the Most Out of Your Speaking & Writing" and related topics.

B. Train-the-trainer, train-the-coach and train-the-leader programs are being commissioned for lawyers and staff. To get the best "bang for the buck" and avoid the cost of re-hiring several external trainers/coaches for every single program, some firms are utilizing qualified, experienced, external resources to train the members of their internal marketing, business development and/or professional development staff and also practice group and client team leaders. The objective is to upgrade internal resources, enhancing their ability to help the firm's lawyers actually get business in the door from their various opportunities – i.e., to focus less on marketing/branding and emphasize helping lawyers get ROI from their direct client development efforts. One firm recently held a program for their entire business development department on the subject of "Sales Training & Coaching for Law Firm Marketers©." Another firm offered all client team leaders and practice group marketing staff a program on "How to Coach Lawyers to Win RFPs, Beauty Contests & Proposals©."

C. Business/client development and/or "sales" pipelines are being employed to a greater degree. More sophisticated firms know and understand the linear process of sales and how it applies to lawyers, practice areas and the firm itself. These firms are early-adopters in using an internal, step-by-step sales process and pipeline to track efforts, outcomes and revenues. To implement an effective sales pipeline process, some firms have various members of their business development staff work with key lawyers/leaders on a pipeline process, using a bottom-up approach. In other firms, the C.B.D.O., C.M.O. or another lawyer or non-lawyer professional spearheads the pipeline process at the direction of the firm's Exec Com or Board. Pipeline processes help streamline effort, save time, money and help get new business in the door in a more structured, efficient and predictable manner.

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