



The 7 Steps

Photo: Patrick Dransfield

a coherent business development and marketing strategy for law firms

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Before anything else, I want to start with a quote from the late, great Peter Drucker when he was the strategic consultant to GE. He said to the incoming Chairman, Jack Welch, back in 1981: *“Think of GE as a green-field project. If you were to start from scratch, would you create this as a company in the way it is presently configured - and if not, why not?”*

This is a great question that would be valuable for you to ponder for a moment. *“If the law firm you are currently working for is a green field project- would you start it, and if not, why not?”*

It is a very pertinent question for GE itself right now as the company is constantly in the news, and not in a positive way. One analyst in a Financial Times article was recently quoted as saying: *“GE confused the current size of the market with the future growth of the market”*.

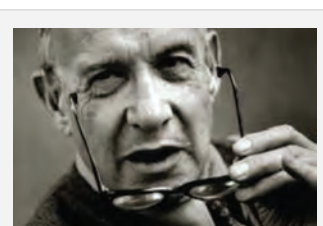
What does this mean? In GE’s case, the analyst went on to explain that in her view GE had about 5 years ago over- expanded in their most profitable business of the time-coal-fired turbines- and hence missed the rise of alternative energy, such as fracking, wind and solar energy. The old mistake of believing that the past is a reliable indicator of the present and future means that GE is now facing an up-hill battle to achieve the luster it once enjoyed under Jack Welch. It also goes to prove that even the best companies with the best systems and advisors can get the macro-economic market wrong.

What has this to do with legal practice? The lessons of history are applicable to the situation of anyone within a partnership law firm, who is helping manage and drive revenue for the firm. My contention is that we are already at that inflection point that Richard Susskind talked about. He has given the date of 2020 as his latest estimate of when the tipping point for traditional law firms will occur, when AI is really going to bite as far as law services is concerned, both in terms of the appetite by law firms and by general counsel.

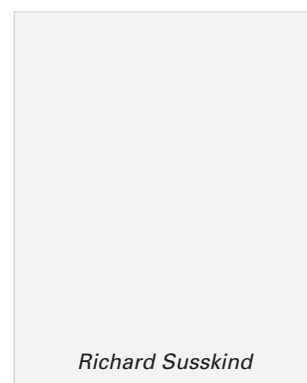
But, as Richard often says - *“the future is here: it is just not evenly distributed”*. However, it is in my view a folly for the business managers of law firms to look to the immediate past as an indicator for planning for the present, and the future. There are a number of reasons why I believe this: they include: the impact of technology - and the new emphasis of stream-lining legal processes, the growth of the in-house counsel community, and competition - especially the new non-partnership legal providers that are increasingly assertive in the market.

Mark Harris is the co-founder of Axiom, an example of the latter. Twenty-odd years ago he was an over-worked junior associate working late in the West coast office of a Biglaw firm and one late night too many, while totting up his billing hours, he formed the opinion that neither he nor the clients were getting a good deal out of the arrangement: only the partners were benefitting. He vowed to change the model - and Axiom is now a US\$330million global business dedicated to disrupting the status quo of legal services. One fact that you may not know about Axiom - it is not just the plain vanilla work that they are presently doing for clients. More interestingly, Axiom is taking what can be defined currently as bespoke work and, by applying proper processes, making this complex work more efficient and therefore more cost-effective. And it is still a people’s business, driven by the legal acumen of their lawyers, augmented by technology, sales, marketing and HR experts. A formidable crew.

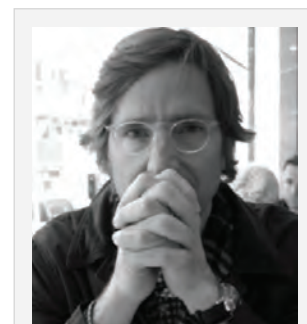
Although arguably a new phenomenon to the Legal Industry, disruptors like Axiom come from a long line of companies that have broken the mould. The legal advice and



Peter Drucker



Richard Susskind



Mark Harris

even the process they provide is not new - but the organizational infrastructure and client-focused philosophy are indeed new. It is not new ideas that change markets, but more efficient ways of doing the same thing. One example we all know is Henry Ford and the manufacturing - not the invention - of cars . Previously, the likes of Bentley, Rolls Royce and Mercedes used artisan, bespoke stage-coach manufacturing. Henry Ford applied assembly line processes to manufacturer the Model T Ford at a fraction of the cost. An interesting parallel to the legal industry as there remains both Ford and Bentley at the mid-range and top range of today's car market - but whole host of other marques in that uncomfortable middle market that have fallen into the scrap yard of history. Remember the Hillman Imp, anyone? Or a Sunbeam Rapier! Or a Chinese Hongqi?

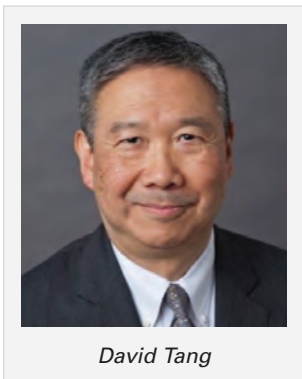
The fact remains that the partnership structure and traditional law firm approach is taking a nineteenth century approach to 21st century issues. As David Tang, the Asia Managing Partner of K&L Gates and former Chair of the San Francisco Federal Reserve says: "The law is a mature profession and an immature business".

Q: Why do you as business development and marketing professionals need 'The 7 Steps'?

To paraphrase: a bad plan is better than no plan at all. And having a plan and then working with the partners and associates to implement it can also help prevent some of the more ridiculous abuses of the marketing and business development function that I have witnessed over the years. Examples are legion and include: — a partner in S E Asia with the bad habit of ploughing through back copies of the Financial Times and insisting on presenting pitches to parties involved in an announced IPO under the naïve assumption that somehow the legal teams were not already firmly in place. Or another young partner insisting we produce a pitch within 40 minutes for a power plant proposal on St Lucia (believe me, if the client is asking you for a pitch with less than a one-hour deadline, yours is not likely to be the first one to be drawn out of the pile). Or, one of my favourites — two new lateral partners from a local Hong Kong office pitching up in Moscow, bravado fueled by vodka, to go and see a major Russian state-owned resources company about a well-publicized restructuring — without even calling the 60 lawyer strong Moscow office before or even during their sojourn (said office already served the company as lead counsel). No plan would have prevented another lateral junior partner insisting on having the firm's designated photographer approach him on his knees and call him 'Dato' before condescending to have his profile photo taken: "Everybody has a plan until they get punched in the mouth", as ex-heavy weight boxer Mike Tyson aptly put it.

There are indeed some tough people that one comes across when working for an international partnership. None tougher than the managing partner of White & Case's Prague office during the 1990's. Frustrated by the marketing departments obsession with frivolous colour coding and brand imaging (the presiding Chief Marketing Officer had come out of the New York advertising milieu) — he began his address to the partnership and said Chief Marketing Officer in his home town of Prague with the words "the streets are strained with the blood of marketing professionals that could not step up to make a real difference to the revenue line". You can't accuse him of mincing his words, at least.

Initially I devised the 7 steps for my own survival — and orientation towards business development at Shearman. Honestly speaking though, my role at the firm was mainly focusing on what I knew best at the time and also what the firm recognized as the role of marketing — that of rankings, profile in the media (especially the legal



media) and the like. It was only when I moved to White & Case where I had a more full-on Business Development role and a regional team that the 7 Steps became a strategy through which we would corral our efforts. From hence the 7 Steps became gradually something more than a personal *modus operandi*.

In fact, it was only when Gail Jaffa, Managing Partner of Professional Services Marketing Group in London kindly invited me to speak about the business of law in Asia and the Middle East that I realized that the 7 Steps had a potential to help guide others beyond my immediate horizon. Gail told me *“the most important takeaway for this group will be guidance towards their own personal strategy as the partners invariably pull them in every possible direction.”* I also came to realize through implementation that the 7 Steps Program is scalable and can equally apply to an individual partner's business plan, a legal practice, or a whole firm.

So here it is - the 7 Steps, which will provide law firms with a logical and proven framework to address the topic of business development and marketing in your own law firms:

1. Macroeconomics

The first principal of the 7 Steps is Getting business OUT There to Inside the Law firm and so first you need to work out what is OUT THERE in the way of Potential Legal Business. To do that you need to be aware of the general business factors that are affecting your clients and potential clients; so the first step of the 7 steps involves analyzing key Macro-economic factors. Being a scholar of History, this seemed obvious to me. But I rarely witness either partners or business development professionals with the relevant knowledge or propensity to go from first principals.

2. Evaluation of market opportunity

After you've analyzed the key macro-economic factors, you must ask: What impact does the above have on the firm's practice areas and business generally? Remember - not all macro-economic change heralds business opportunities in the international law firm space.

3. Matching your firm's strengths to market needs

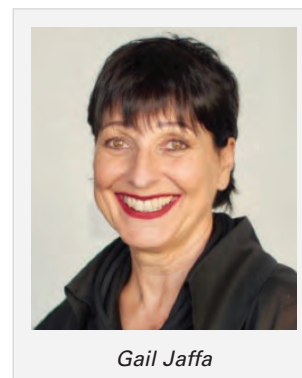
Then, the firm must objectively assess its ability to match its strengths to market needs. Certain firms have declined to even enter into particularly competitive or commoditized sectors, which is a viable strategy. Many businesses fail by trying to be all things to all clients and also to have too much coverage without ample cost controls (witness: the fate of Coudert Brothers). I reference 3 potential market opportunity case studies in the first part of this article¹.

The 'build it and they will come' syndrome is also especially unhelpful and potentially ruinous as a strategy when expanding into new markets - but is surprisingly prevalent even among the best of firms.

4. Defining your Firm's key competitive advantage

How does a law firm differentiate itself in the market and what are the key messages that it wants a client or potential client to know about it?

The top management of the firm needs to create its own narrative, its own tag line, and then believe it, get everyone in the firm to believe it and then articulate that convincingly to the legal market place. Chairman Mao's theory of 'Democratic Centralism' - neither democratic in nature or central in application - can assist here. Law firms are not by nature democratic, after all!



Gail Jaffa

Competitive strategy goes back into antiquity and is best collated and explained in Sir James Frazer's 'The Golden Bough'.



The Golden Bough by J M W Turner

For a more up-to-date adaption, the model employed by the consultants McKinsey will prove helpful with their definitions of 'Market Leader'; 'Market Contender'; and 'Market Follower' are useful to use in this context. The external evidence provided by third party sources such as Chambers and our own 'Representing Corporate Asia and Middle East' client surveys are also helpful tools².

It is also important to realize that a firm can change this dynamic. As an example, look at the way that Latham & Watkins expanded into New York and have built an intelligent and ambitious strategy around the world; or more recently, the advance of Eversheds Sutherland by taking their focus to clients, process, technology and grown-up business discussions about legal budgets.

Now more than ever before, successful legal service providers need to find competitive advantage in order to differentiate themselves in a crowded marketplace. There are thousands of really smart lawyers; so many in fact that providing quality legal services is merely a given. It is expected by clients and it does not of itself differentiate the firm, in my opinion (although others very vocally differ).

5. Identifying and targeting key clients and potential clients

When selling a product, it is essential that you know what are the buying points of your potential clients. And it is essential to listen to them and ask them what services they require and then match what you have to their needs.

There are 12 reasons why law firms' clients buy legal services

- Experience in a specific area
- Reputation of law firm
- Branding
- The firm's reputation and experience with clients
- Personal relationships
- Local knowledge and local expertise

- Resources
- Availability
- Responsiveness
- Fees
- Failure of other party
- Third party advisor (and deliverer of hard truths)

6. Relaying the message

The purpose of marketing is to be in your client's mind in a positive way as often as possible.

You need to include the following when you are relaying the message about your firm- in any media:

- (i) What are the important buying criteria for external clients?
- (ii) What is your narrative?
- (iii) What are your strengths?
- (iv) What differentiates you?

To my mind there are three important arms to marketing and a proper and strategic marketing strategy should have all three:

1. Existing Clients - and an in-house client satisfaction programme
2. Direct Marketing - which is target specific
3. Big Picture marketing - using external media (including Social Media intelligently).

7. Getting the business

All of the above 6 Steps now apply to how the firm articulates its buying points to its clients and to the market generally. Nowadays a partner at a law firm needs to be a revenue producer for that firm as well as a legal expert. However, it is important that at the centre of what the firm produces is its legal expertise. Clients may buy a partner's pater but they will come back to her legal advice and integrity. If that does not appeal, then lawyers can pitch up to the Axioms of this world, who employ professional sales people so that the lawyers can engage one hundred percent on what they do best - legal work.

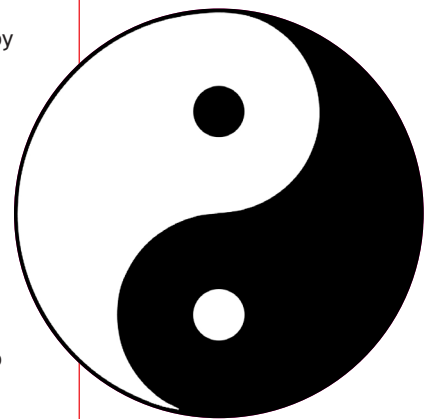
It does mean that both lawyers and the business development people they employ need to equip themselves with the armoury to go out and do battle. You cannot outsource this to an outside marketing department.

Conclusions

Screen Shot 2018-11-30 at 5.02.53 PMThe attractiveness of legal marketing for me as a non-lawyer marketing professional was the fact that it was both a BRAND and also an INDIVIDUAL that we were selling.

The ultimate goal of the '7 steps' is to align your firm's marketing message to the firm's services and for those services to seamlessly match your clients and potential client's legal needs.

And finally I will leave you as I started with a quote from Peter Drucker: "Courtesy is the lubricating oil of an organization". An obvious point perhaps - but one that is often forgotten in law firms and hence sometimes reflected out towards the service industry that is part of the legal milieu. Please do remember to always apply the very best of manners in all your dealings as after all, we do all have to rub along somehow.



For more information on the 7-Steps, contact Patrick Dransfield

Footnotes

"You! Your Law Firm Partners Need You!"
In-House Community Surveys & Awards