

Report to Legal Management

OUR 31ST YEAR

EDITOR

James Wilber
Principal
Altman Weil

CONTRIBUTING EDITORS

Ward Bower
Principal
Altman Weil

William F. Brennan
Principal
Altman Weil

David G. Briscoe
Senior Consultant
Altman Weil

Thomas S. Clay
Principal
Altman Weil

James D. Cotterman
Principal
Altman Weil

Daniel J. DiLucchio, Jr.
Principal
Altman Weil

Virginia Grant
Consultant
Altman Weil

Marci M. Krufka
Senior Consultant
Altman Weil

Charles A. Maddock
Principal
Altman Weil

Alan R. Olson
Principal
Altman Weil

Richard C. Reed
Senior Advisor
Altman Weil

Larry R. Richard
Principal
Altman Weil

MANAGING EDITOR

Susan D. Sjoström

Time or Money: Which Works Best?



Charles A. Maddock

By Charles A. Maddock

Most law firms grapple with the question, "Should we invest time or money into marketing? If it's both, which is more productive?" Few firms have a surplus of either resource – except for startups that have plenty of non-billable time – so taking the right steps in marketing could literally be a make-or-break proposition. Let's look at the pluses and minuses of spending time or money on marketing.

Money

Buffeted by client pricing pressures and increased competition for business, law firms have placed additional emphasis on the importance of marketing to clients and prospects. Dollars spent on marketing as a percentage of gross revenue, however, remain flat. In some instances, they have actually declined.

The 2004 *Altman Weil Survey of Law Firm Economics* indicates that the national average for promotional dollars spent as a percentage of law firm revenues actually dropped from 1.8% in 2002 to 1.7% in 2004. By geography, the highest percentage spent is in New England (2.0%), the lowest is the Southeast (1.6%). The ratio spent decreases as firms grow larger (nine-lawyer firms spend 2.0%; firms >150 lawyers spend 1.5%) and by market size (populations of <250,000 = 1.8%; >1 million = 1.6%). It is important to note that these figures do not include marketing-staff compensation or

benefits. Both have been on the rise recently, with salaries for Marketing Directors and Chief Marketing Officers in larger firms beginning in the low six figures and topping out at \$500,000. Small to medium sized firm compensation for Marketing Directors ranges from \$60,000 to \$116,000.

Not surprisingly, spending varies greatly by practice area. On a per-lawyer basis, insurance defense firms spend the least, possibly because of the relatively high loyalty of clients and lower firm margins. On the opposite side of the bar, plaintiffs' personal injury firms spend nearly four times as much as their defense brethren, most likely because of the high cost of television and outdoor advertising as well as other consumer media.

Just as important as percentage spent, which has not changed materially in the last ten years, is how they are spending their promotional dollars. At Altman Weil, our experience indicates that law firms are smarter in spending marketing dollars while focusing more on spending and rewarding marketing

continued on page 3

Inside This Issue

Law Firm Consolidation	4
The Twelve Most Important Things for a New Partner To Do	6
Six Strategies for Dealing with Under-Performing Partners	8
News from Altman Weil	11

Time or Money ... *continued from cover*

time – and shifting the focus to retention and growth of current clients rather than continually chasing prospects.

For some firms, spending money to do advertising in professional journals or on television, cable, billboards or the web is the strategy of choice. Lawyer advertising doesn't have to be "sleazy." Instead, advertising should be considered an engine for delivering prospects. But before spending money:

- Set reasonable performance expectations. Lawyers are impatient and expect immediate returns. Payoffs from advertising may not occur for three to six months or more.
- Print advertising has become increasingly popular over the years, so much so that many legal and business publications are overflowing with ads. Before your firm takes the plunge into this medium, take a hard look at your message. Is it different and more meaningful than other firms? Is it true? Would prospective (and current clients) care? If you think your advertising meets these tests, run it up the flagpole and see if anyone salutes. Simple testing with clients and prospects can be ego-deflating, but can save valuable time and money.
- If the firm is considering television advertising, there are many agencies that syndicate their work among a number of law firms. This means firms pay for a portion of the advertising and the resulting leads because the spots are shared among several firms. For many firms, this is the way to go. The ads are usually tasteful and effective. Equally important, the agencies employ media experts who know the best stations on which to place the advertising and the best times for it to air.

- Forget about outdoor advertising. It is probably effective, but it's a blight on the community. It's not how you want to be remembered.
- Of course, you'll need a website. There are many prepackaged websites as well as developers that will customize a template for your firm. Don't scrimp on how browsers find your site, though. Ask your developer about metatags and optimization.

***"Forget about
outdoor advertising...
It's not how you want
to be remembered."***

Time

There's a new buzzword for face-to-face contact: "viral marketing." This means creating interest in and use of your services through personal exposure among potential clients and—horrors!—*asking* for business. For some law firms, this has meant hiring and retaining a professional salesperson rather than relying on the lawyers themselves.

Selling legal services is uncomfortable for many lawyers. Compared to the general population, lawyers have been shown to have low resilience, poor listening skills, low sociability, a high degree of skepticism, a high need for autonomy and other traits that put them at the opposite end of the scale from excellent salespeople. Most lawyers would rather practice law and not be told what to do.

With these traits in mind, some firms have come to the realization that there is an element missing in their business development program. Simply telling the world that their firm exists, offering high quality legal

skills and excellent service are no longer enough. Clients need to be given reasons why they should select a particular firm and need to be convinced that their choice is the correct one, both before and after their decisions. This is the role of sales in business organizations, a role that has been missing in many firms on an institutionalized (as opposed to individual rainmaker) basis. Several large firms (Womble Carlyle Sandridge & Rice; Duane Morris; Thompson Hine) have successfully built and maintained a sales function. Recently, a legal sales organization was formed (Legal Sales and Service Organization, www.legalsales.org) and the practice is expected to grow in many firms.

In most firms, however, lawyers have and will continue to do the selling. This means balancing the requirements of running a successful practice, keeping your ear to the ground for new developments, asking for business and consistently following up. To get time on your side:

- Get friendly with local reporters who can call on you when they need a quote in your field of expertise. There's no press like free press.
- Rub elbows with decision-makers in your community who can refer work to you: bankers, accountants, the Rotary or other service clubs, the Chamber of Commerce, local boards and more. Make sure they know about your firm by volunteering your legal services to the organization.
- Speak to community groups, schools, retirement homes and at workplaces. Make sure you have handouts.
- Ask for referrals from larger firms and from clients and previous clients. Send emails or alerts to these sources to maintain awareness.
- Increase personal contacts with clients, prospects and referral

continued on page 12

Time or Money ... continued from page 3

sources. But don't make these "random acts of lunch." Your contacts are likely to have friends already and would prefer that at least part of the discussion focus on legal business.

Whether you choose time or money and each clearly has its merits – be

patient and evaluate which approach works best for you. Remember, what gets measured gets done. Nowhere is this truer than in law firm marketing. ♦

Charles A. Maddock is a principal of Altman Weil, Inc. working out of the firm's offices in Newtown Square, Pennsylvania. He can be reached at (610) 886-2000 or camaddock@altmanweil.com.

Report to Legal Management

published by:

**Altman Weil
Publications, Inc.**

Two Campus Boulevard, Suite 200
Newtown Square, PA 19073
Telephone (610) 886-2000
FAX (610) 359-0467

COPYRIGHT NOTICE

Authorization to photocopy items for the internal or personal use of the subscriber or the internal or personal use of specific individuals in the subscriber's organization is granted by Altman Weil Publications, Inc. provided that the source and Altman Weil Publications, Inc.'s copyright is noted on the reproduction and the fee of \$100 per page is paid to Altman Weil Publications, Inc., Two Campus Boulevard, Suite 200 Newtown Square, PA 19073. Copying for purposes other than internal or personal reference requires the express permission of Altman Weil Publications, Inc. For permission, contact Altman Weil at the above address. Copyright © 2005 by Altman Weil Publications, Inc.

Serious Relationship Mistakes Made by Outside Counsel 2004 Altman Weil Law Department Management Benchmarks Survey

- 1. Lack of responsiveness (24%)**
- 2. Over-billing (20%)**
- 3. Over-lawyering (20%)**
- 4. Lack of results (18%)**
- 5. Patronizing attitude (9%)**
- 6. Training associates on company time (8%)**
- 7. Other (1%)**