



Investing in Rainmakers:

Do Business-Development Training Programs Yield ROI?

An Ackert Advisory Legal Industry Report

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Executive Summary:

The Ackert Advisory conducted a survey of North American-based law firms to identify the types of business-development (BD) training programs they utilize with the objective of uncovering protocols that yield a positive return on investment (ROI) for those firms.

Survey respondents identified whether they offered one or more of these four types of BD training programs:

- Internal coaching – Marketing, BD, or professional-development staff employed by the firm whose job includes coaching firm lawyers on a case-by-case basis or through a structured program
- External coaching – Outside coaches who are engaged for a period of time to work with one or more lawyers
- Sales webinar/trainer – Outside consultants who present a “one-off” instructional program in person or via webinar with no follow-up
- Formal mentorship – A structured program whereby senior counsel are paired with junior lawyers for an extended tutelage on business development

Regardless of the type of training program utilized, few firms report that their BD training expenditures yield positive ROI. This is largely because most firms base the effectiveness of their training on positive feedback from lawyer trainees rather than meaningful performance metrics or measurable financial outcomes.

In conjunction with the survey findings, The Ackert Advisory identifies a series of best practices for designing, launching and overseeing profitable BD training programs in the legal industry, based on its experience of having conducted more than 500 BD training sessions at law firms.

Survey Methodology and Key Findings:

A market-wide survey was conducted over the course of two weeks in April 2013 by the Ackert Advisory in an attempt to gain an understanding of the various BD initiatives being implemented by law firms based throughout North America. Responding law firms ranged in size from regional to international. Survey respondents answered questions concerning the specific BD training programs they use, whether these programs yield a tangible ROI, and how the firm measures ROI.

Over two thousand BD and marketing professionals from hundreds of firms were asked to participate in the survey. Survey results provide insight into:

- a. The types of BD training programs utilized by law firms
- b. How firms measure the ROI from their BD training dollar
- c. Whether individual BD training programs yield tangible ROI for the firms

Utilization rates of the different types of BD training programs demonstrate that the popularity of internal coaching far outranks other training offerings, with 71% of all responding firms indicating that they use some form of an internal coaching program.

Program Type	Percentage of Firms Using the Program Type
Internal Coaching	71%
External Coaching	54%
Sales Webinar/Trainer	46%
Formal Mentorship	31%

Regardless of type of BD training program offered, law firms generally do not realize an effective ROI from the financial expenditures devoted to such training:

Program Type	Percentage of Firms Reporting Positive ROI from the Program Type
Internal Coaching	12%
External Coaching	22%
Sales Webinar/Trainer	25%
Formal Mentorship	22%

The survey's most salient findings:

1. Most mid-sized-to-large law firms recognize the need to offer some type of BD training.
2. Most law firms have not established best practices to ensure that their training initiatives are effective.
3. Those firms that do attempt to measure a return on training initiatives rely heavily on subjective, anecdotal evidence rather than empirical metrics.
4. Because of the way they are currently conducted, the BD training programs undertaken by law firms typically do not generate meaningful ROI.

As a companion to the survey findings, The Ackert Advisory includes a series of recommendations to address the legal industry's need for training best practices. These include:

- Select willing trainees
- Establish a quantifiable baseline of metrics to measure against returns
- Utilize technology to capture metrics and confirm trainee engagement
- Isolate multiple training programs from one another to ensure accurate cost/benefit analysis
- Employ metrics that have monetary value so that the firm can demonstrate true ROI rather than merely leading indicators

Discussion:

A sound argument can be made for law firms to engage in BD training, whether offered internally or externally. The law firm business model typically does not employ a sales force. Rather, it relies on its partners for the lion's share of business origination. An increasingly competitive marketplace requires that a larger percentage of the partner population possesses the ability to originate business. Yet, a law school education rarely includes any training in sales, marketing, or networking skills. As a result, in order for most law firms to source and secure a sufficient number of new clients and matters in today's business environment, the firms themselves have taken on the responsibility for the instruction of these relationship-development attributes among their attorney ranks.

To this end, BD training is an economic investment by law firms. However, given the survey findings, it is unclear how much formal scrutiny firms apply on whether such training yields meaningful results.

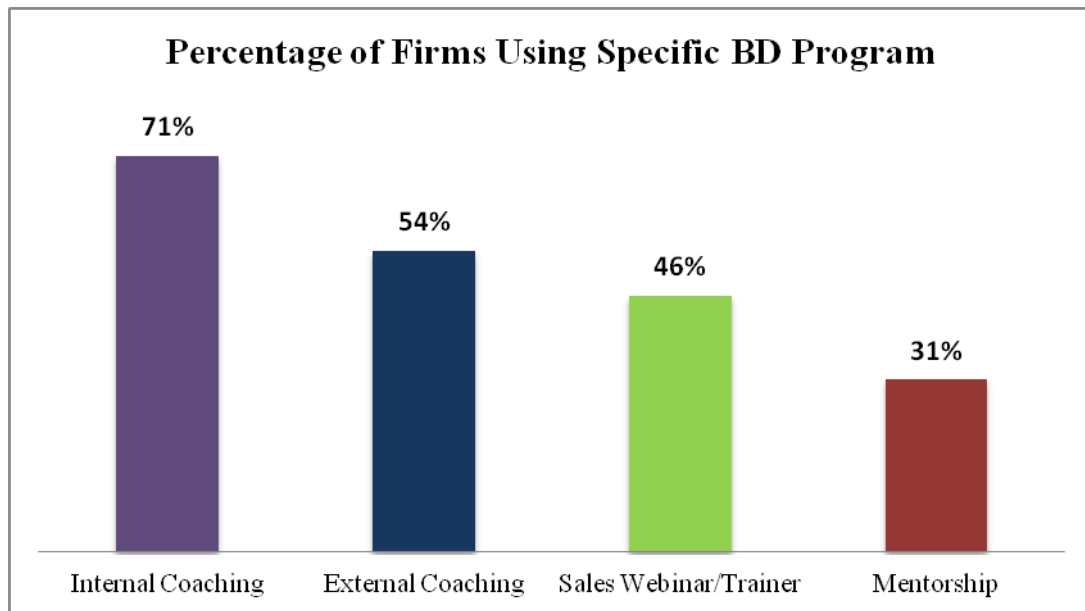
BD training methodologies for lawyers continue to evolve and become more sophisticated. Until fairly recently, the only BD training program offered by most law firms were mentoring tips, often presented ad-hoc by senior partners to more junior colleagues. Today, however, a law firm can choose from a variety of BD training protocols, including webinars, E-learning curricula, multi-tiered training programs, and ongoing BD coaching.

It was in this context that The Ackert Advisory surveyed the North American law firm landscape on the types of BD training programs currently utilized in order to learn whether such programs succeed in yielding more rainmakers.

Types of BD Training Programs

The Ackert Advisory categorized four types of BD training programs and asked survey participants to identify which types they offered. Their responses, as revealed in Figure I, show that internal coaching by far is the most common type of BD training program offered at law firms today:

Figure I

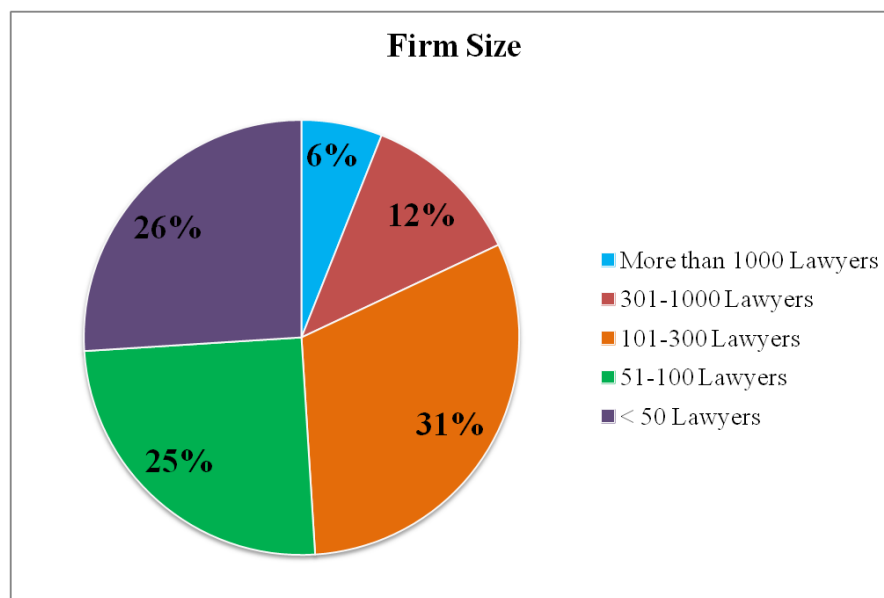


Additionally, most law firms utilize, or plan to utilize, multiple types of BD training, with 95% of respondents utilizing (or preparing to utilize) at least two types of BD training; 69% at least three types; and 28% four types.

Size of Firms

Participating law firms ranged from boutiques to mid-sized regional firms to global firms with thousands of lawyers. Figure II shows participating firms by attorney headcount:

Figure II



The larger the law firm, the more likely that it offers broader BD training options. A cross-section of respondents by firm size demonstrates that larger firms offer more BD training of all types.

ROI of BD Training Program Expenditures

The survey sought to identify the metrics law firms use to determine whether their BD programs yield ROI. Survey respondents reported three primary metrics:

- Increased raw numbers of originations and/or new matters opened
- Increased BD activity
- More general “anecdotal” evidence

Figure III reveals the degree to which these metrics are utilized in attempting to analyze the effectiveness of the various types of BD training programs law firms offer.

Figure III

Program Type	Increased Originations and/or New Matters Opened	Increased BD Activity	Anecdotal
Internal Coaching	66%	54%	61%
External Coaching	54%	43%	40%
Sales Webinar/Trainer	44%	32%	48%
Mentorship	52%	45%	50%

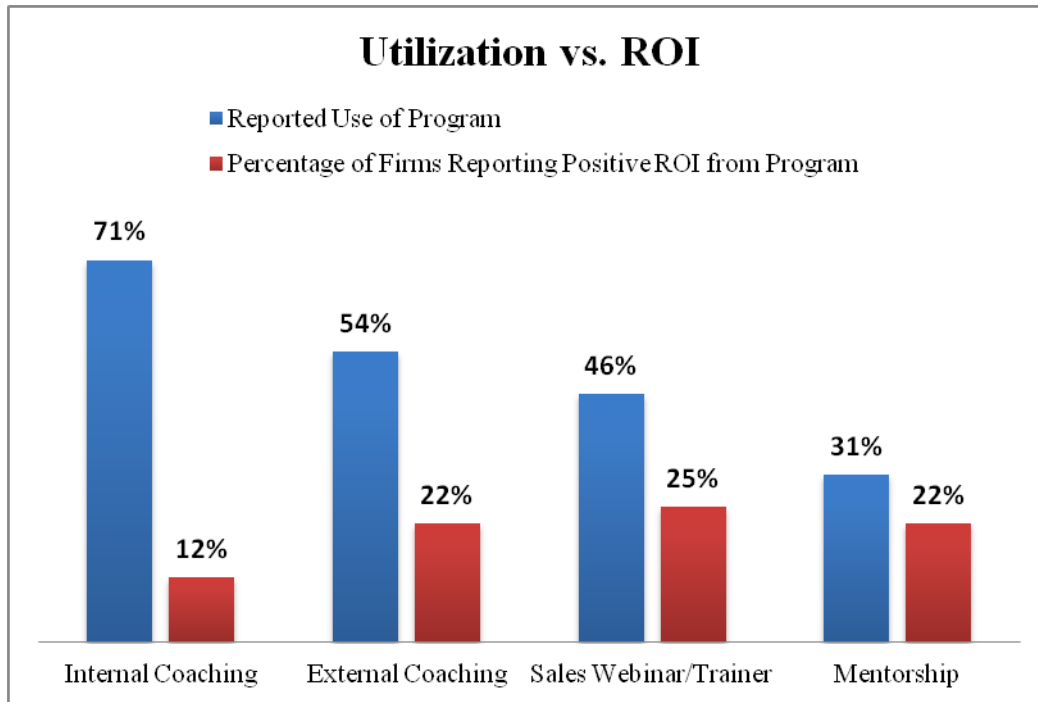
At the associate level, evaluating the effectiveness of BD training programs is particularly challenging given that associates typically do not originate many new matters. The most common approach taken by law firms was to capture anecdotal feedback from the associate-trainees themselves. However, some survey participants indicated that, for their associate-trainees, training effectiveness is tied to the leading indicator of increased BD activity.

Utilization of BD Training Programs and Reported ROI

The survey data reveals that law firms struggle to obtain positive ROI from their BD training programs.

Figure IV compares which types of law firm BD training programs yield higher percentages of reported positive ROI. External sales webinar/trainer programs appear to generate the highest positive return, yet even then, only 25% of firms utilizing some form of this type of BD training report positive ROI.

Figure IV



Internal coaching, at 71%, is the most common type of BD training, but nonetheless ranks dead last in yielding positive ROI. Though internal coaching may be the most cost-effective form of BD training for many firms to employ, the survey results suggest that firms need to institute more processes and competencies for the investment into such coaching to yield dividends. For example, it is common for an in-house firm professional to provide coaching to an attorney on an as-needed basis (e.g., in response to a plea to “help me improve the presentation I need to give next week”) without any processes in place to measure the efficacy of that coaching. Even a structured program (e.g., associate BD training) typically is assessed based on arbitrary indicators such as whether or not the lawyers “liked it” or “found it helpful.”

Programs administered by outside parties, such as independent coaches, consultants, and trainers, were twice as likely to result in some sort of reported ROI. Obviously, it is in the outside party’s interest to demonstrate that the firm’s investment was justified, so outside consultants are more likely to establish benchmarks and/or follow-up mechanisms to measure ROI.

Mentoring programs also ranked relatively well in terms of ROI – unsurprising given that law firm politics would make it difficult for a mentee to give overtly negative feedback to the senior partner to whom she was assigned. As one might expect, most of the reported ROI here is in the form of anecdotes rather than metrics.

Absent Best Practices, Confusion Reigns

On the surface, the struggle by law firms to demonstrate ROI from their expenditures on BD training programs might be equated with ineffective training. But that would be an unfair conclusion. The fact is that BD training for lawyers, under the best of circumstances, is a difficult undertaking. Between the reluctant attitudes of most trainees, and the challenge of assigning tangible metrics to an educational experience, it is challenging to tie financial profit to BD training.

To further complicate matters, in attempting to analyze the effectiveness of their various BD training programs, many law firms tend to group together a range of very different programs under the same category of “BD training.” This makes it much harder to determine which specific programs generate higher ROI, a significant analytic handicap given the survey finding that 95% of firms currently utilize more than one BD training program simultaneously. Additionally, at small-to-midsized firms, often the same set of lawyers participate in multiple BD training programs, further complicating efforts at segregating out an ROI determination for a specific program.

As an example of the analytic challenge, if a law firm chooses to measure the effectiveness of its BD training program offerings based on new matters opened by its trainee, the firm cannot know whether the matters stemmed from webinars she attended or the coaching she experienced from one of the firm’s marketing professionals.

This challenge should not dissuade law firms from utilizing multiple BD training protocols. In fact, as our companion set of best practices demonstrates, multiple BD training protocols, if coordinated effectively, can create synergies. But, as the survey findings indicate, most firms do not coordinate and measure the learning experiences that their various BD training programs create. Instead, many law firms introduce their lawyers to a multitude of ad-hoc programs and resources with the hope that something sticks.

Firms that tend to use less quantifiable metrics are bound to find themselves at a loss for meaningful ROI. Specifically, broad use of anecdotal evidence can produce particularly circumspect results in the form of both over- and understated returns.

The takeaway here is simple: without best practices for BD training and outcomes, law firms will continue to experience inefficient programs that yield questionable returns to the firm. Anecdotal feedback may sustain an initiative, but it will not justify a profitable business case.

Best Practices to Yield Better Returns:

The research findings reveal that there are no industry-wide standards as to what constitutes an effective law firm BD training program, leading to makeshift efforts to address a growing need.

Given this, we offer a set of best practices on how to design, launch and oversee law firm BD training programs, based on our experience of having conducted more than 500 BD training sessions at law firms across the US and Canada:

1. **Define ROI:** When examining ROI, benefits must be compared to costs. Should it be determined that the benefits achieved are greater than the costs, a firm can assume a positive ROI. However, to ensure that the calculation of the costs truly reflects what the firm puts into the investment, considerations for lawyer time, opportunity costs, and other “soft” costs that are not readily quantifiable need to be assessed. Similarly, benefits should be calculated based on the measurable short-term gains as well as the projected advantage to the firm in the long-term. For example, an associate trainee may only bring in one small matter over the course of a given BD training program, but her increased rainmaking potential will yield a far more meaningful gain to the firm in the years to come. The firm should weigh and prioritize each of these factors before initiating the training so that it can determine its criteria for ROI evaluation.
2. **Select willing participants:** Firm-wide initiatives that implement training for all lawyers within a particular practice area, group, or level will inevitably yield poor results. No attorney should be forced to learn how to develop business if it is not an area of genuine interest to her. Reserve training resources for those who will make good use of them. Training is valuable only to the degree to which it is implemented.
3. **Tailor the training to the trainees:** Recognize that lawyers have different personalities, practice areas, and circumstances. Incorporate enough flexibility into the training to accommodate different learning styles and approaches. Use assessment tools and personality profiling to learn which forum is most likely to be successful among your participants. This will significantly improve training relevance and ROI.
4. **Define metrics:** If the firm has a comprehensive system for assigning origination credit that includes prospecting, it should be easy to track BD-training effectiveness. Otherwise, establish measurable indicators rather than rely only on anecdotal or “feel good” evaluations. Indicators could include the capturing of such activities as:
 - Launch new prospect relationship (e.g., meet key contact at conference and follow-up with a meeting)
 - Nurture existing relationship (e.g., take an existing client or referral source to lunch)
 - Contribute a referral or introduction to a key contact
 - Visit a client site
 - Achieve measurable increase in adoption of the firm’s CRM
 - Write and publish an article or blog
 - Present to a target-rich audience at a trade conference or CLE
 - Ask for a piece of business or referral from an existing key contact
 - Receive an incoming referral

5. **Use accountability groups to encourage implementation:** Given the demands of the billable hour, lawyers often find it challenging to implement the skills and strategies they learn through BD training. Group coaching can help with this implementation by creating constructive peer pressure and an accountability framework that underscores the importance of incorporating rainmaker activities into one's daily professional routine. Lawyers are more likely to take action if they know they will have to report on their progress to fellow lawyers.
6. **Establish rewards so that preliminary progress has meaning:** Today's BD efforts will not likely bear fruit for some time, so establish rewards for those who meet or surpass their goals in the program. These can range from symbolic monetary incentives (e.g., gift cards) to formal acknowledgment from senior counsel.
7. **Use technology to capture metrics and confirm trainee engagement:** Whether metrics are tied to a CRM or built into a third-party E-learning system, any number of performance tracking tools can provide firms with meaningful data capture so that they do not have to rely solely on the trainees' feedback.

Conclusion:

The survey findings demonstrate that law firms spend considerable resources on BD training programs that fail to produce meaningful ROI. If law firms gauged their BD training programs as business investments, they would set the stage for realization of significant profit from the expenditures on those programs. To maximize this opportunity, firms will need to instill and follow best practices geared less toward garnering positive feedback from lawyers and more toward achieving measurable results. This is not to say that anecdotal feedback is irrelevant – positive word of mouth among the participating lawyers often is the key to a successful pilot program of any kind. But, metrics that tie the training to revenue will need to become the new norm in order for BD training to advance from a “good idea” to a profitable investment.

About the Authors:

David Ackert is the President of The Ackert Advisory, a business-development coaching and training firm with law firm clients from throughout North America. Widely recognized as a pioneer in the field, David is the founder of Practice Boomers, a BD training program that integrates E-learning and peer-group coaching to generate consistently measurable ROI to law firms.

Gabriel Byberg has worked with several economists in both academic and corporate settings on projects ranging from applied research in the field of renewable resource integration to the development of economic models depicting business-development behavior in service firms. He earned a BA in Economics from Pomona College with a specific emphasis in data modeling and econometric analysis.