

LEGAL
INDUSTRY
EDITION

THE 2021 STATE OF CRM IN PROFESSIONAL SERVICES

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Foreword by Chris Frisch

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FOREWORD

CRM Forecast/Foreword: Cloudy with Some Silver Linings

By Chris Fritsch, JD, CRM Success Consultant and Founder of CLIENTSFirst Consulting


At the beginning of 2021, many of us were looking forward to finally coming out of the dreary days of the pandemic. Instead, at the end of 2021, like it or not, we've been given a lesson in resilience – and a few select letters of the Greek alphabet.

At this point, it may be tough to forecast what the future holds for many areas of the legal industry, but we can make some marketing and business development technology predictions with the assistance of Ackert's *State of CRM at Law Firms 2021 Industry Report*, which has been a barometer of CRM success in law firms since 2015.

Each year, research across industries indicates that, despite the intrinsic value of CRM software and the millions of dollars that have flooded the CRM market, people still criticize the software as being frustratingly ineffective. But being a CRM Success Consultant requires a certain level of optimism, so I managed to find a few rays of hope peeking through this potentially gloomy research.

First, due to the pandemic, marketing and business development technology purchases have taken the industry by storm, as firms had to adjust to working remotely and developing business in this new environment:

“Firms have experienced a digital transformation, with even the most conservative and tech-averse firms quickly pivoting to enable remote work and meet rising client demands. With traditional business development activities like in-person meetings, conferences, and networking events put on hold indefinitely, firms quickly learned to rely on webinars, podcasts, blogs, virtual events, and social media to gain business development leads and nurture relationships through the funnel.”



Additionally, a potentially sunny spot in the research shows that 9 out of 10 firms have now acquired CRM systems. Another possible silver lining, after years of relentlessly clinging to on-premises systems, firms have finally become more cloud-y, with 8 out of 10 reporting that their CRMs are now cloud-based.

But despite a few flurries of hope, the report this year also had an overcast of concerns. Nearly half of the firms surveyed said that business developers still don't have the technology they need to be effective. How is this possible since almost all have acquired CRM systems, tools that are designed to facilitate effective business development?

The disconnect may be that most firms are focused on the more basic CRM features like contact and list management rather than on advanced areas with the potential to contribute more value. Specifically, attorneys are still not regularly using CRM technology to track the business development pipeline or funnel, instead preferring other tracking methods such as spreadsheets, Outlook, or paper notes. Yes, you read that right, paper notes. Dismal indeed.

The climate will have to change significantly for CRM use in law firms to approach the level of sales sophistication or success of other markets. Actually, the industry has a long way to go before even approaching the level of success achieved by other Professional Services firms. Consulting, accounting, and financial firms are all considered to be light years ahead in this area.

So, what is the root of the adoption drought? The reasons lawyers are reluctant to embrace CRM are numerous but consistent. Once again this year, lack of time and perceived value top the list. Also important, there is often no or low pressure or accountability from firm leadership to require, or even encourage, system use.

Based on this forecast, the outlook for CRM in the legal industry may seem a bit gloomy. But in reality, what may be needed is a sea change in the way CRM success in the industry is defined. Some smart firms have begun adopting new technologies and methodologies to get more ROI from CRM. They have been utilizing automation and dedicating additional staff and resources to assist the lawyers with getting information into and insights out of their CRM systems, freeing up the attorneys to spend more time on billable work or business development, which may actually be a better use of their time. So, when it comes to CRM in law firms, the outlook may be cloudy... but with an increasing chance of success.

About Chris Fritsch

As a CRM Success Consultant and the Founder of CLIENTSFirst Consulting, Chris Fritsch and her team help Professional Services firms select and implement the right CRM and related, and integrated, technology solutions to support their business development efforts, increase adoption and maximize return on investment. Chris is also an award-winning writer and presenter who speaks nationally on CRM and related business development technology topics. Chris received her law degree from Emory University School of Law in Atlanta, GA and was inducted as a Fellow of the College of Law Practice Management for her dedication and contributions to the profession.

Chris can be reached at 404-249-9914 or CF@CLIENTSFirstConsulting.com.



EXECUTIVE SUMMARY

In September 2021, Ackert Inc. conducted the sixth installment of its market-wide study on Client Relationship Management (CRM) software adoption and utilization in law firms. This white paper is a continuation of similar studies conducted since 2015. It examines trends in CRM utilization based on the responses of 149 U.S. law firms.

Key Findings:

Nearly 9 out of 10 law firms have a CRM platform.

More than 8 out of 10 law firms report that their CRM users are not lawyers.

16% of law firms rate their CRM as being highly effective for pipeline management.

Less than half of lawyers who use CRM use it regularly for sales pipeline management.

More than half of lawyers still use spreadsheets instead of CRM, and slightly fewer still use Word documents.

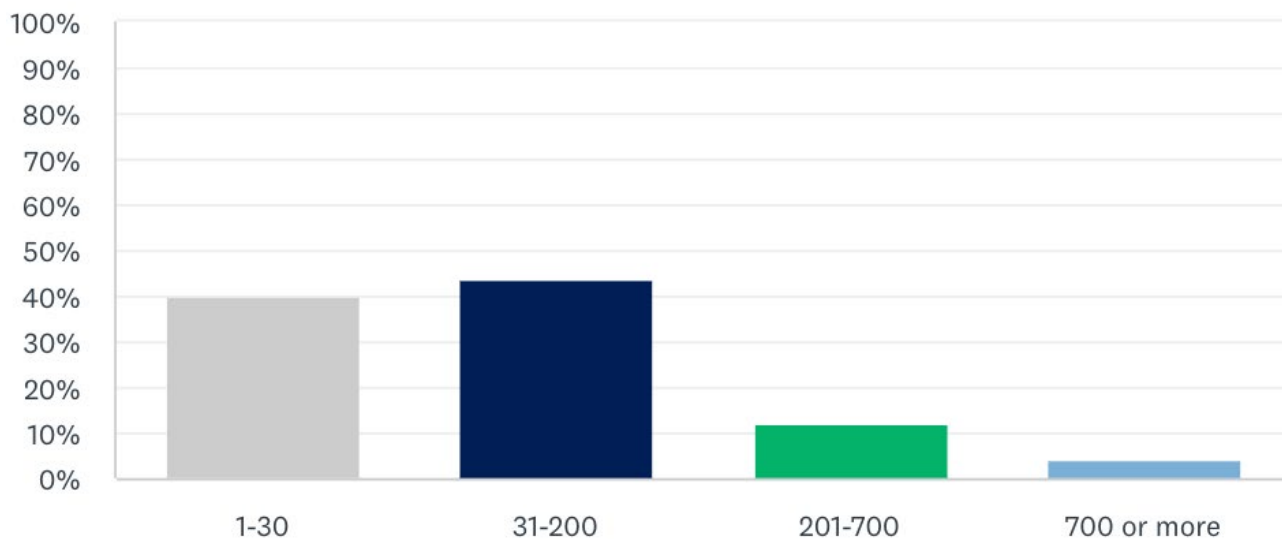
Law firm marketing/business development leaders lack an understanding of accountability's critical role in ensuring seller-doer CRM user adoption.

Nearly half of law firms report that business developers don't have the technology they need to be effective.

DATA ANALYSIS

We asked the 149 U.S.-based law firm marketing and business development professionals to answer a series of questions regarding demographics, technology platforms, budget allocations, user adoption, ROI, integration, support services, and business development tracking and accountability initiatives.

Data Analysis

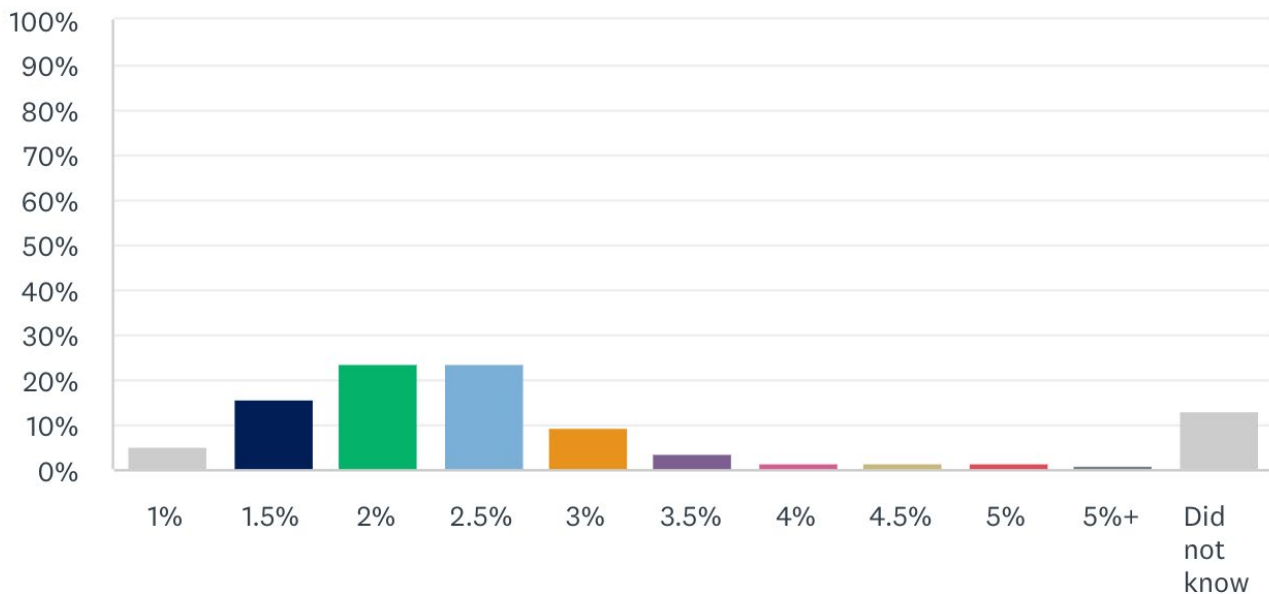


Respondents represented firms of all sizes. We asked them to quantify the size of their firms based on the number of lawyers. 43% have 31-200 lawyers, and almost as many (40%) have 1-30. 17% of respondents report that their firms have more than 200 lawyers.

MARKETING BUDGET

We asked respondents to quantify the size of their marketing budgets as a percentage of firm revenue, excluding salaries. The response to this question indicates whether a law firm can afford or how much of an investment it can make in CRM. 62% of firms have marketing budgets between 1.5 and 2.5%.

Marketing Budget



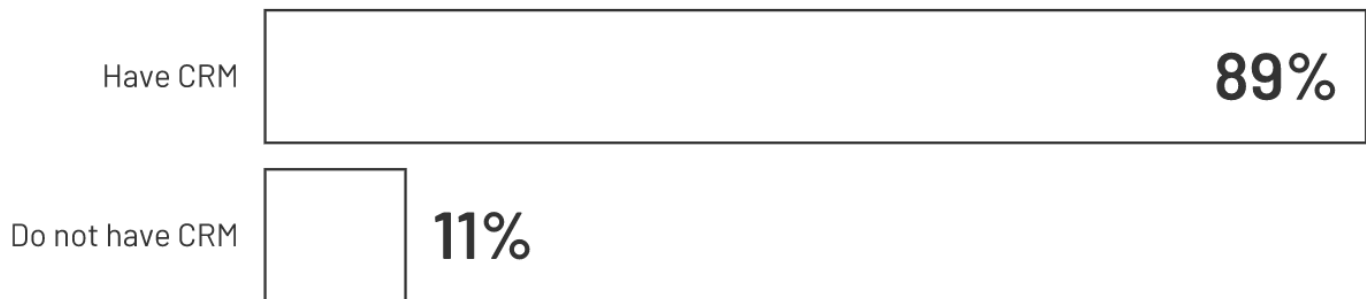
It is interesting to note that 13% of respondents from law firms don't know or are not sure what their firm's marketing budget is.

HOW MANY LAW FIRMS HAVE CRM

According to respondents, nearly 9 out of 10 law firms (89%) have CRM. Firms who don't have CRM cite the following reasons:

- "We have no need for CRM."
- "Until I was put in this position in 2018, my firm had never heard of CRM. I have been trying to educate them ever since."
- "No buy-in, limited understanding of usefulness."
- "Concern that lawyers won't engage (as they don't on many initiatives)."

How Many Law Firms Have CRM

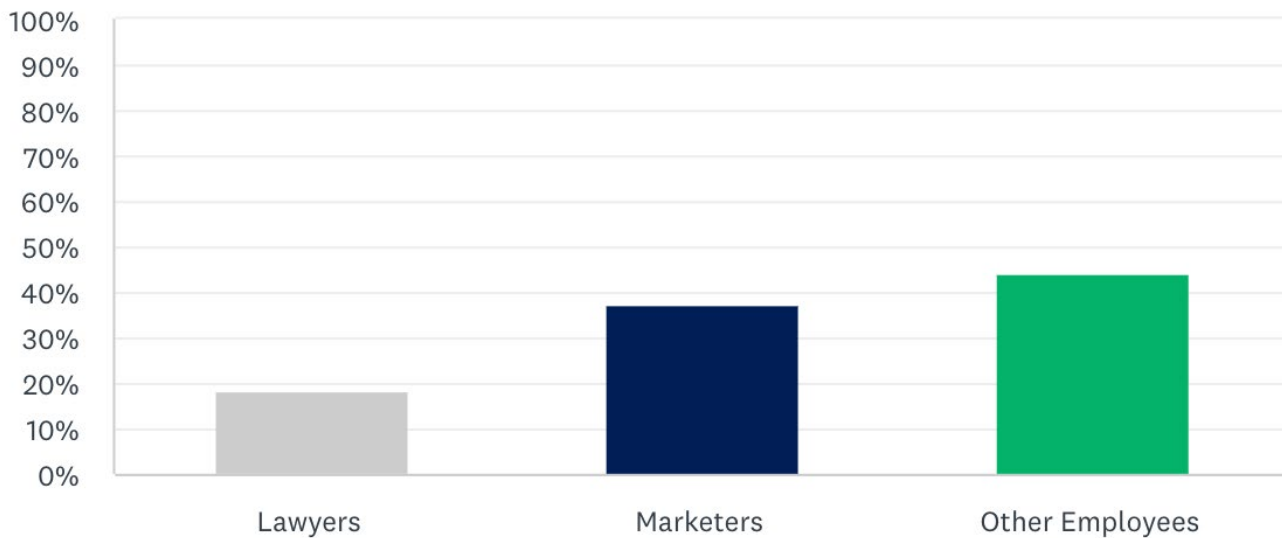


- "No/minimal buy-in; insufficient budget."
- "We are in discussions for possible review and implementation."
- "We are using Hubspot for marketing automation and considering adoption of the CRM capabilities but have yet to develop or implement a process."
- "No buy-in, lack of resources."

HOW MANY LAWYERS USE CRM AT LAW FIRMS

We asked respondents to identify who uses CRM in their firms, lawyers, marketers, or other employees. Nearly four out of 10 (37%) report marketers are the CRM users at their law firms, and the remaining 45% are other firm employees.

How Many Lawyers Use CRM at Law Firms



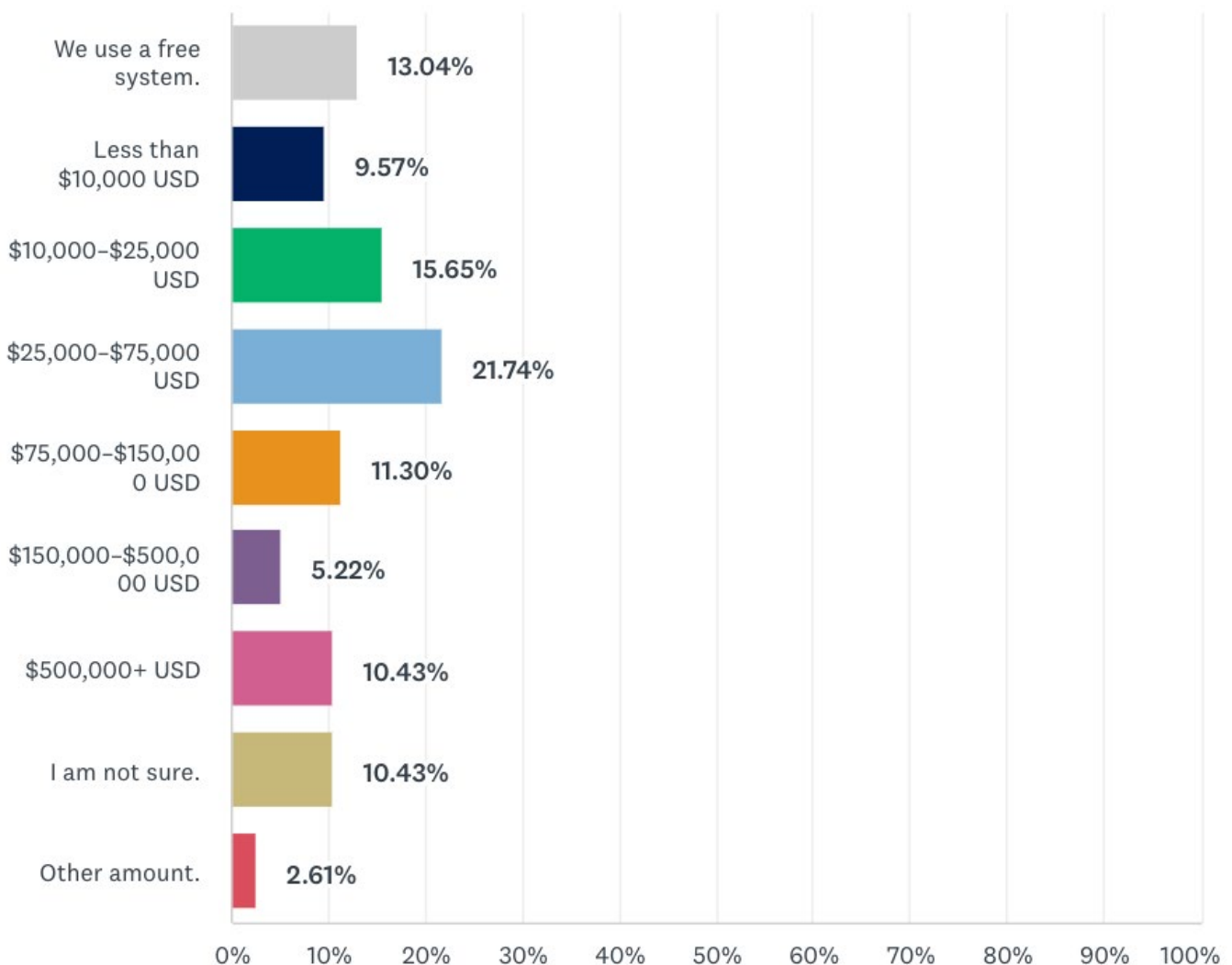
Lawyers are CRM users in only 18% of firms.

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HOW MUCH LAW FIRMS SPEND ON CRM IN A TYPICAL YEAR

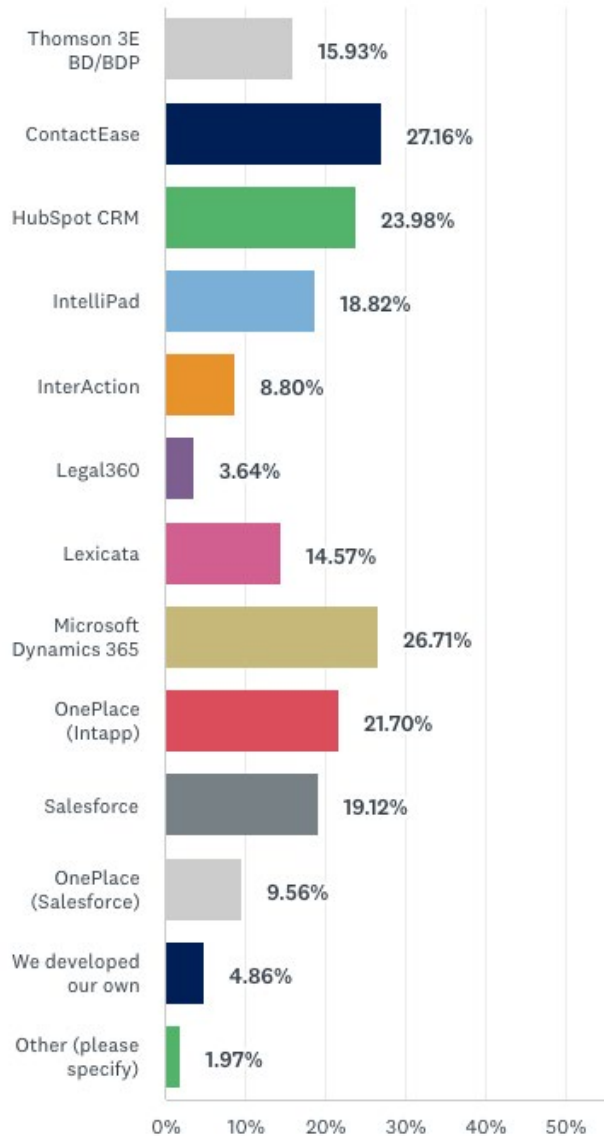
The highest percentage (22%) of law firms surveyed pay between 25,000 and 75,000 U.S. dollars per year on their CRM platform. An equal percentage of firms pay less than \$10,000 as pay \$500,000 or more (10%). 13% of smaller law firms use a free CRM system.

How Much Firms Spend on CRM



TYPES OF CRMS AND ADD-ON PLATFORMS

Types of CRM Platforms



Of 16 types of CRMs and add-ons across professional service firms, the front runners in the legal vertical were ContactEase (27%), OnePlace (Intapp) (22%) and IntelliPad (19%). Judging by the responses, it is common for law firms to have multiple CRM platforms and add-ons.



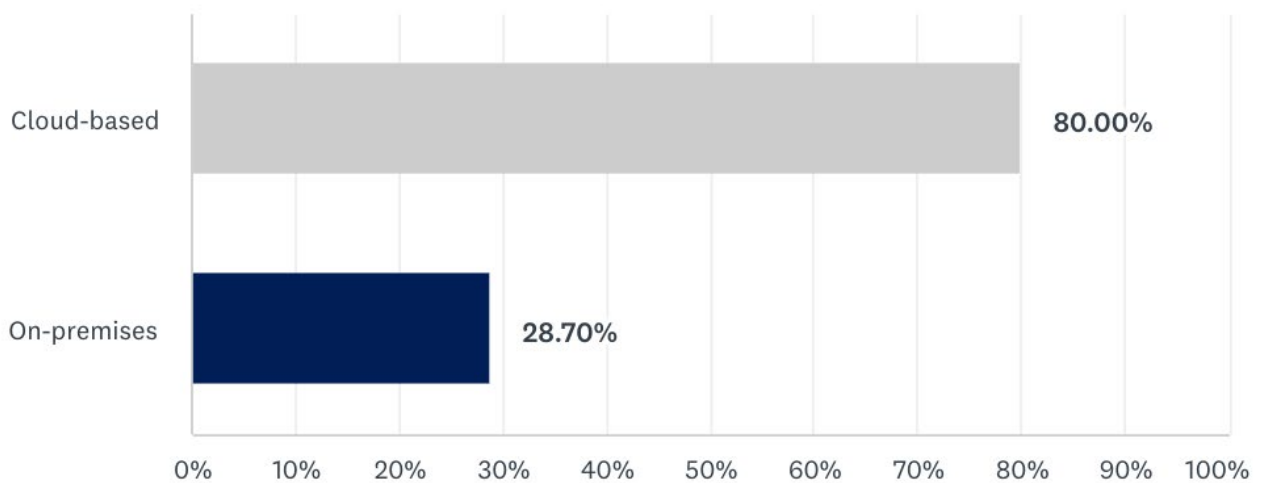
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CLOUD-BASED VS. ON-PREMISE CRM SYSTEMS

Eight of 10 law firms report they use a cloud-based CRM, which is not surprising. 29% report they use an on-premises CRM, however, indicating 9% of law firms currently use both a cloud-based and on-premises CRM system.

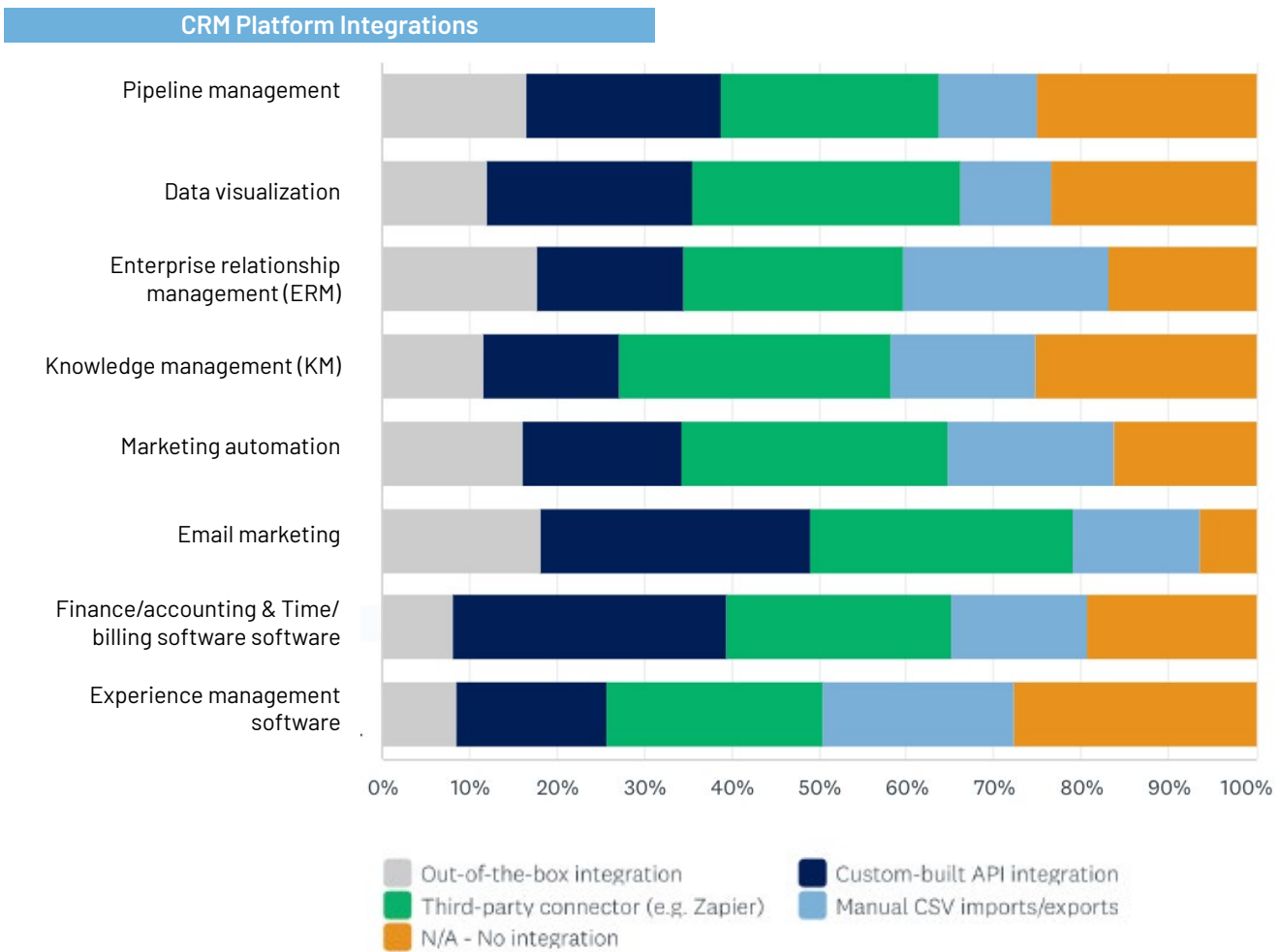
Cloud-Based vs On-Premise CRM



CRM PLATFORM INTEGRATIONS

Of eight types of CRM software integrations, the highest percentage of law firms (94%) have an email marketing platform. Three out of four law firms have pipeline management.

We asked what type of integration law firms use for each platform: out-of-the-box, custom-built API, or third-party connector. Across all platforms, the highest percentage of firms (an average of 28%) use third-party connectors.

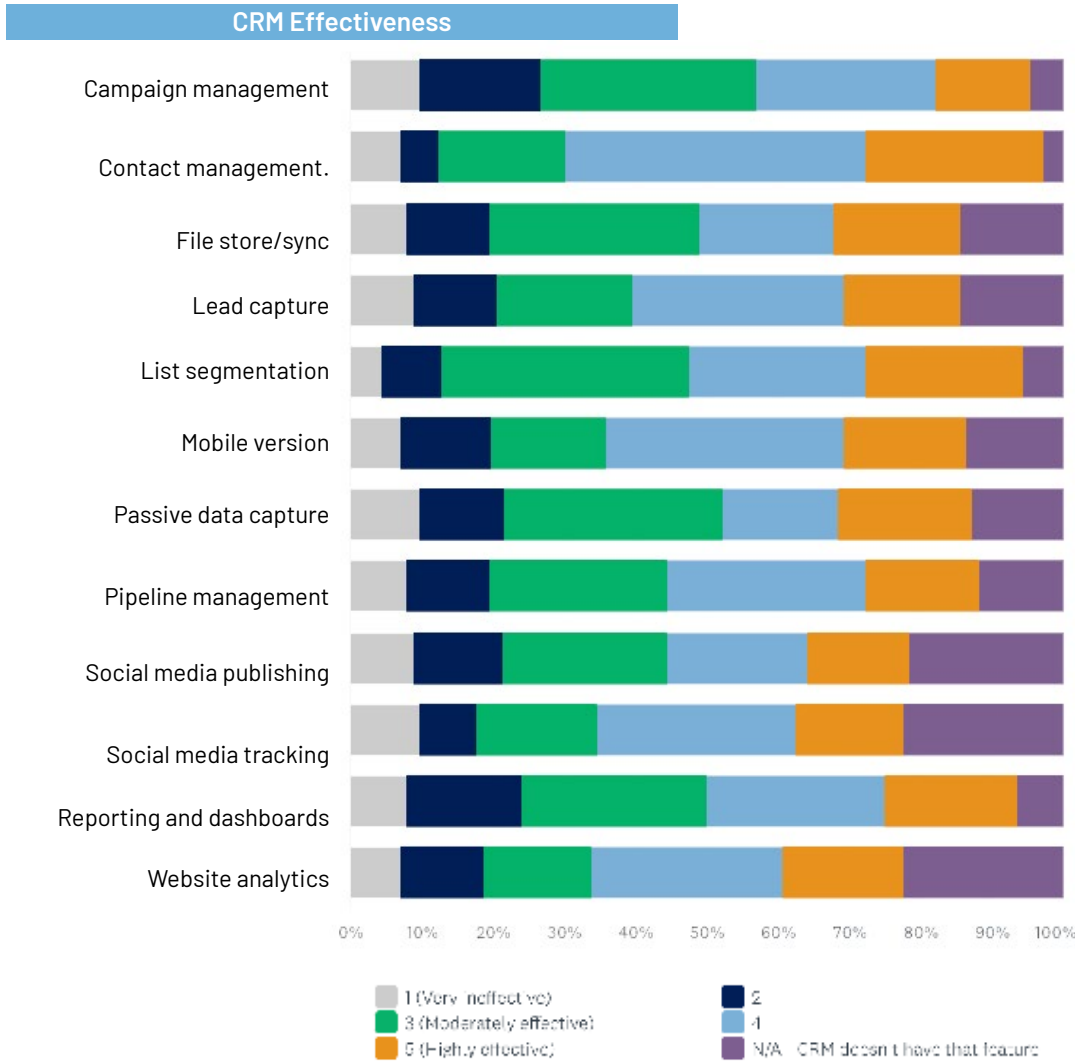


Most firms use third-party connectors for each platform, except for finance/accounting and time/billing software.

Law firms use custom-built APIs to integrate platforms with their CRM least, at an average of 14% across all platforms.

CRM EFFECTIVENESS

We asked respondents to rate the effectiveness of their CRM tool on a scale of 1-5 (1 being very ineffective and 5 being highly effective) for each of 12 essential marketing/business development functions. An average of 24% of law firms rate their CRMs as only moderately effective across the 12 functions. An average of 18% rank their CRMs as highly effective across all functions. Of the 12 marketing/business development functions, it's perhaps not surprising that the function rated highly effective by the highest percentage of firms is contact management (25%), followed closely (22%) by list segmentation.



Fewer than one out of five law firms (16%) rate their CRM as highly effective for pipeline management.

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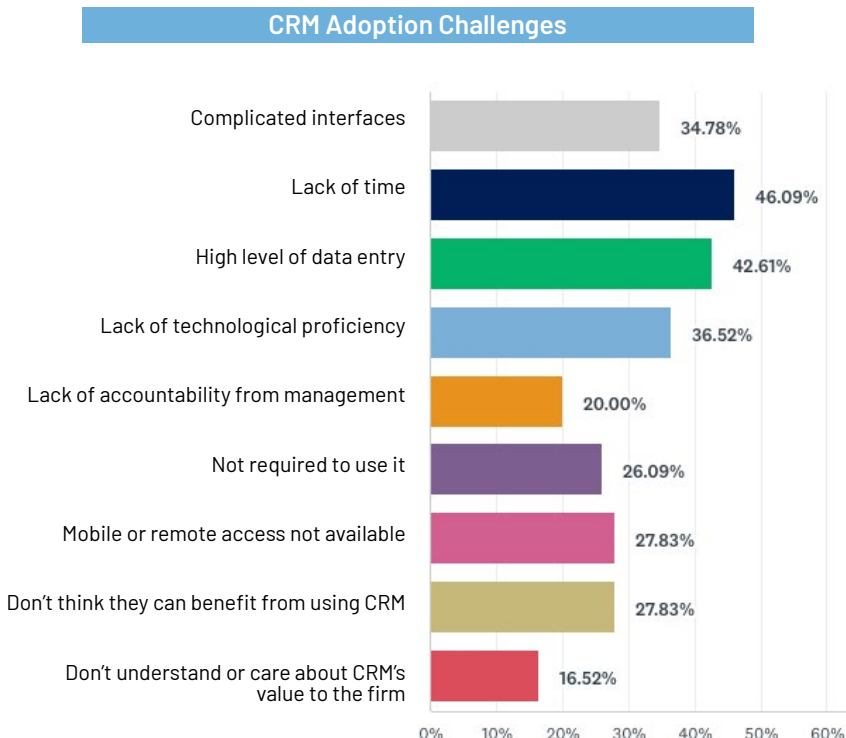
HOW MANY LAWYERS USE CRM REGULARLY FOR SALES PIPELINE MANAGEMENT

Next, the survey asked what percentage of lawyers who use CRM use it regularly for sales pipeline management (defined as at least once every two weeks). On average, fewer than half of lawyers (45%) who use CRM at their firms utilize it regularly for pipeline management.

Considering that lawyers are CRM users at just 18% of firms, lawyers are using CRM regularly for sales pipeline management at 8% of firms.

CRM ADOPTION CHALLENGES

For those who do not regularly use CRM for sales pipeline management at their law firms, the survey asked respondents to select the top three of eight factors they believe contribute to low adoption. The highest percentage cite lack of time (46%), followed closely by the high level of data entry CRMs require (43%).

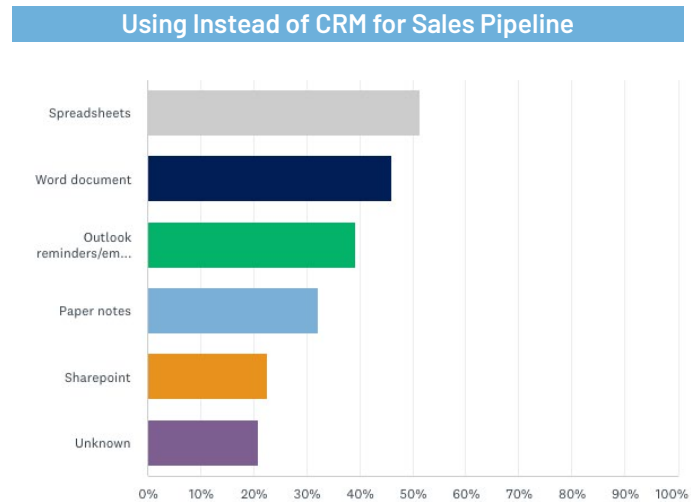


The factor the lowest average percentage of law firms (17%) identify as contributing to low CRM adoption is a lack of understanding or care about CRM's value to the firm, followed by lack of accountability from management, which is cited a top challenge by just one in five law firms.

WHAT LAWYERS USE INSTEAD OF CRM FOR SALES PIPELINE MANAGEMENT

According to our survey, despite all the press about how law firms boosted their technology adoption due to the pandemic, more than half (51%) of lawyers are still using Excel spreadsheets. Nearly half (46%) are still using Word documents.

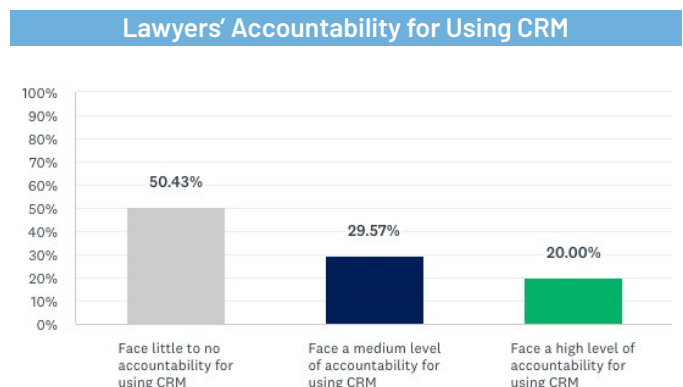
Nearly one in four lawyers (39%) still uses Outlook reminders/emails, and almost a third (32%) still use paper notes.



LAWYERS' ACCOUNTABILITY FOR USING CRM

When we asked respondents earlier in the survey to identify the top three factors contributing to low CRM user adoption at their law firms, only 20% cited lack of accountability. But in decades of work with law firms, we have witnessed how critical it is for leadership to have accountability measures in place for seller-doers to optimize a business development program's success.

To further explore to what extent law firms hold lawyers accountable, we asked respondents to describe the level of accountability firms hold lawyers to for using CRM regularly for tracking business development. Half of firms hold lawyers to little to no accountability, and 30% hold them to just a medium level of accountability. Law firm leaders hold lawyers to a high level of accountability for using CRM regularly for business development at just one in five firms, the same percentage of firms that acknowledge lack of accountability as a leading CRM adoption challenge.

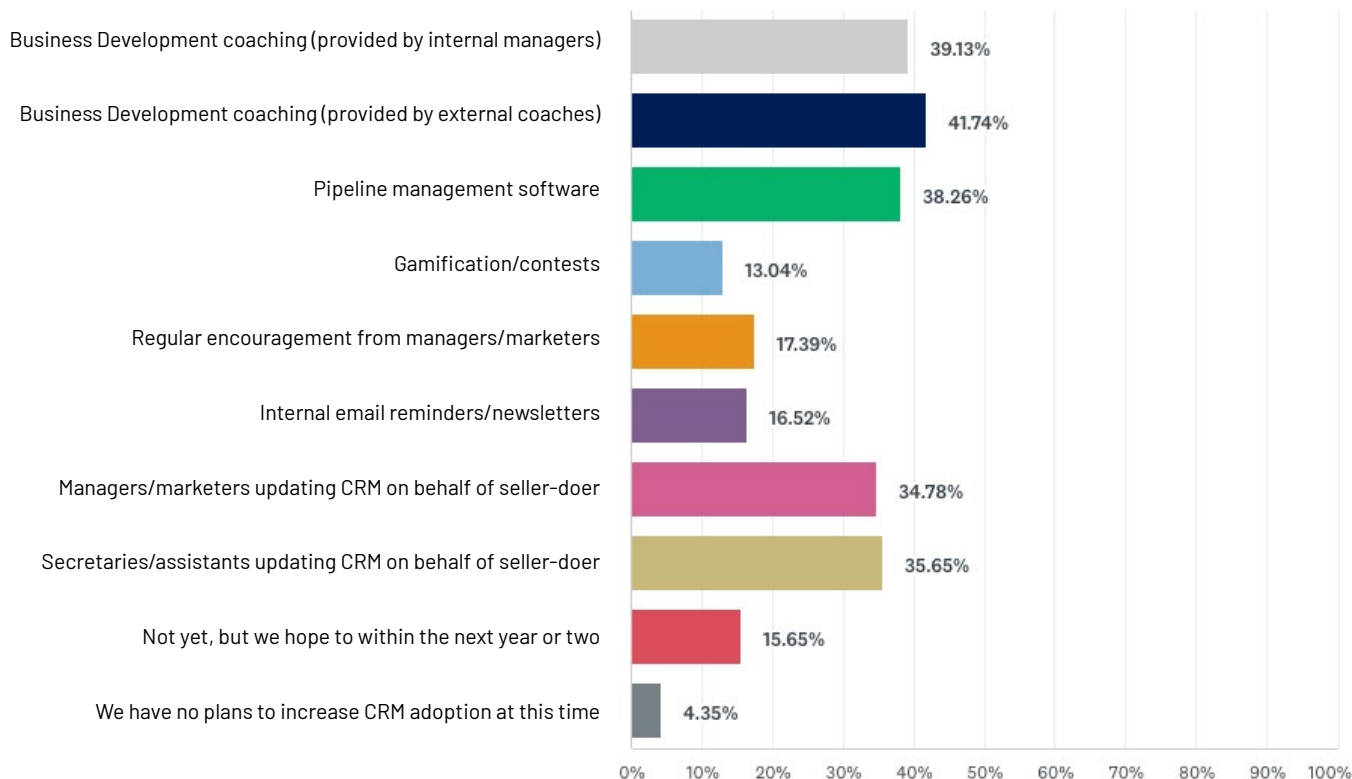


It seems that law firm marketing/business development leaders may lack an understanding of the critical role accountability makes in ensuring lawyers' CRM user adoption.

TOOLS AND INITIATIVES LAW FIRMS USE TO INCREASE CRM ADOPTION

In addition to accountability, law firms can implement many tools and initiatives to boost CRM user adoption among lawyers. We asked respondents what their firms have used from a list of eight options.

Tools Law Firms Use to Increase Adoption



The top three initiatives law firms use are business development coaching provided by external coaches (42%), coaching provided by internal managers (39%), and pipeline management software (38%). Perhaps not surprising to law firm marketers and businesses developers, at nearly as many firms, secretaries/assistants (36%) and managers/marketers (35%) update their CRM on behalf of lawyers.

An interesting follow-up to our findings on the level of accountability law firms hold lawyers to for using CRM: Lawyers get regular encouragement to use CRM from managers at only slightly more than 17% of law firms.

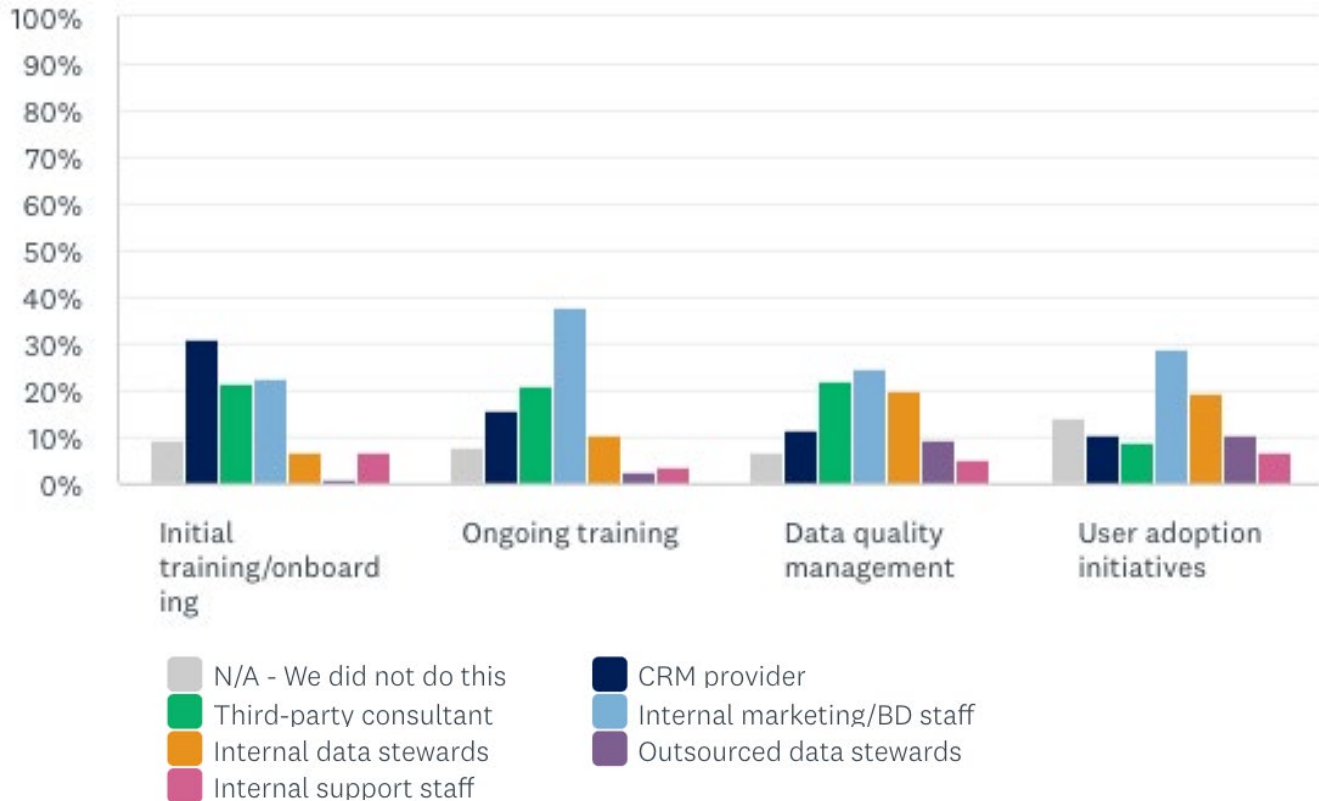
Half of firms hold lawyers to little to no accountability for using CRM regularly for tracking business development, and lawyers receive regular encouragement to use it at fewer than one in five firms.



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SUPPORT SERVICES LAW FIRMS USE TO IMPLEMENT CRM

Who Provided This Service?



It is important to note that even the best tools and initiatives can have little effect on a law firm’s ongoing success with CRM if lawyers lack support when implementing it. Initial training/onboarding, ongoing training, data quality management, and user adoption initiatives contribute to successful CRM adoption and can come from many sources. We asked respondents which types of support they offered and who provided it.

Overall, the highest percentage of firms (31%) use their CRM provider for initial training/onboarding. A nearly equal percentage of firms use third-party consultants (22%) and the firm’s internal marketing/business development staff (23%) for CRM training/onboarding.

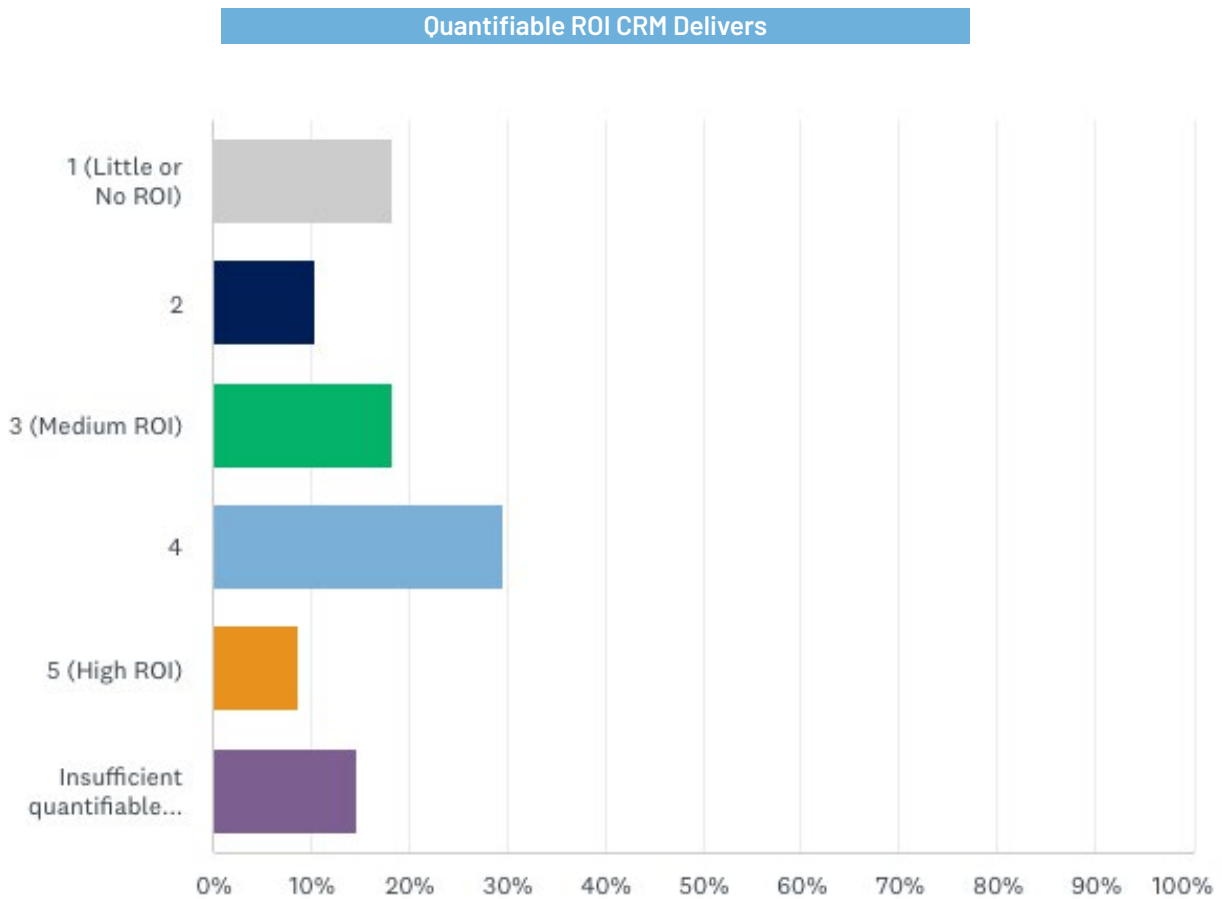
Likely not surprising to law firm marketing/business development staff, more firms rely on their internal marketing/business development teams to provide ongoing CRM training, data quality management, and user adoption initiatives than any other resource.

QUANTIFIABLE ROI CRM DELIVERS

Perhaps the million-dollar question is how much return on investment law firms get from their CRM platforms. On a scale of 1 to 5, we asked respondents what level of quantifiable investment their CRM delivers.

30% of law firms report that their CRM provides a level 4 ROI; however, only 9% report their firm gets a high ROI from their CRM, and 18% report they get little to no ROI.

A significant 15% of law firms have insufficient data on the ROI they get from their CRM.

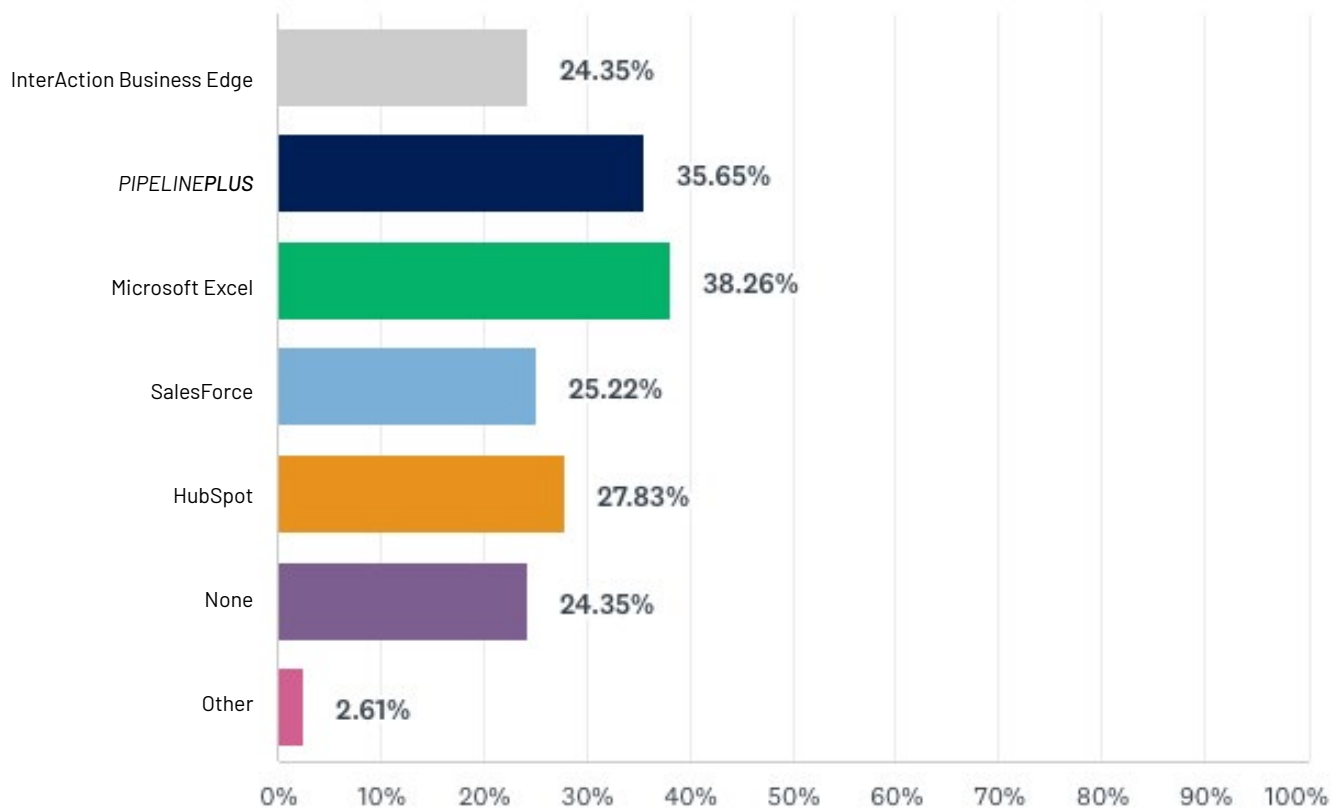


PIPELINE MANAGEMENT PLATFORMS USED BY LAW FIRMS

We then asked respondents which of six pipeline management tools they use at their firms. The highest percentage of law firms – 36% – use *PIPELINEPLUS*. A nearly equal percentage of firms (24-28%) use the other pipeline platform options.

Particularly notable is that nearly one in four (38%) law firms still use Excel spreadsheets as a pipeline management tool, more than any pipeline management platform. Nearly a quarter of firms (24%) do not use a pipeline management platform.

Pipeline Management Platforms Used by Law Firms



LAW FIRMS' BIGGEST BUSINESS DEVELOPMENT CHALLENGES

Our survey concluded by asking respondents to share law firms' biggest business development challenges during normal market conditions. The top three challenges respondents cite are that lawyers don't prioritize business development enough (52%), and don't have the technology (48%) and skills/techniques/knowledge (42%) they need to be effective.

Biggest BD Challenge



Interestingly, only 12% of law firms cite that leadership has not bought into business development. Law firm culture is also not a significant obstacle to business development at law firms. Just 15% of firms report that their firms do not have a strong business development culture, and the same percentage reports that their firms have ineffective systems or cultures for cross-selling.

CONCLUSION

Since the onset of the COVID-19 pandemic in the first quarter of 2020, law firms have experienced a digital transformation, with even the most conservative and tech-averse firms quickly pivoting to enable remote work and meet rising client demands. With traditional business development activities like in-person meetings, conferences, and networking events put on hold indefinitely, firms quickly learned to rely on webinars, podcasts, blogs, virtual events, and social media to gain business development leads and nurture relationships through the funnel.

But no matter what the tactic, business development takes consistent and persistent work. Busy lawyers, who are notoriously more interested in and comfortable doing the billable work they were trained to do, rely on marketing and business development leaders to provide the training, systems, and tools to make business development possible.

Unfortunately, as our research shows, while more than 9 out of 10 law firms have a CRM platform, few report getting a high, quantifiable return on investment from it. And, while firms find their CRM to be effective for a few marketing/business development functions, just 16% find it highly effective for pipeline management, which is a crucial aspect of growing firm business.

What's more, our research shows that lawyers are CRM users at just 18% of firms, and fewer than half of them use it regularly for sales pipeline management.

So why are firms' CRM platforms not being widely used for pipeline management?

It may not be surprising to law firm marketers/business developers to learn that nearly half (46%) cite lack of time, followed closely by the high level of data entry CRMs require (43%).

Do law firms hold seller-doers accountable for using CRM?

The results on this topic were troubling. When asked about factors that contribute to low CRM adoption, the second-lowest percentage of firms identified lack of accountability from management. Yet, respondents also report that leaders hold lawyers to a high level of accountability for using CRM at just one in five firms.

It seems law firm marketing/business development leaders may lack an understanding of the critical role accountability makes in ensuring lawyer CRM user adoption.

Outside of not doing a great job of holding seller-doers accountable for using CRM, it's not as though law firms aren't using tools and initiatives to increase adoption. The research shows that firms use business development coaching provided by external coaches at 42% of firms, coaching provided by internal managers at 39%, and pipeline management software at 38%.

When asked about their usage of pipeline management tools specifically, more than three-quarters of firms reported that they at least use something; however, firms report using Excel spreadsheets more than any pipeline software platform.

Despite the digital transformation journey law firms quickly embarked on when the pandemic hit, they still rely heavily on Excel spreadsheets and Word documents for business development and sales pipeline management – table stakes digital tools introduced before the digital transformation even began.

PIPELINEPLUS is a relationship management system for the busy professional. With a simple, intuitive interface, it solves many of the biggest challenges associated with low CRM adoption like excessive data entry and constrained time.

With our quick setup process, users have a sales pipeline up and running in just 5 minutes. *PIPELINEPLUS* prioritizes users' most important relationships so that business developers stay focused. It also provides AI-powered insights and recommendations on how to close new business, addressing the business development skills gap cited by many firms in this study.

Built-in tutorials provide business development best practices, so business developers always know what to do next.

PIPELINEPLUS integrates with Outlook calendars and can be used as a standalone tool or integrated with CRM as a power app to boost pipeline adoption.



To learn more, visit www.ackertinc.com
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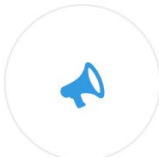
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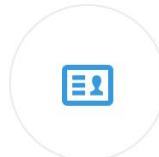
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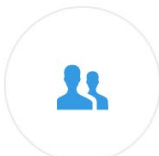
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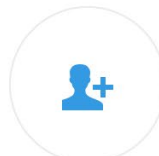
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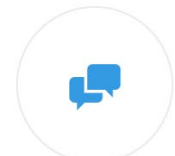
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CLIENT FEEDBACK

AUTHORS



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David Ackert, M.A., is the President of Ackert Inc. and its subsidiaries, and business development mentor to thousands of high-achieving professionals in the legal, corporate, A/E/C, and accounting sectors.



Over the past two decades, David has developed and implemented revenue acceleration programs for hundreds of professional services firms around the globe. He is the founder of several technology platforms including the *PIPELINEPLUS* software suite. His programs are winners of "Your Honor Awards" in both the U.S. and Canada, are featured in NLJ's "Technologies on the Rise," and rank as the top-rated offerings in their G2Crowd category.

David regularly keynotes at partner retreats and serves as a guest lecturer at USC's Marshall School of Business, Carnegie Mellon University, and at the UCLA School of Law. His work has been published and quoted in several business books and media, including the Los Angeles Times, the National Review, the Daily Journal, and more.

FOREWORD BY CHRISTINA FRISCH



As a CRM Success Consultant and the Founder of CLIENTSFirst Consulting, Chris Frisch and her team help Professional Services firms select an implement the right CRM and related, and integrated, technology solutions to support their business development efforts, increase adoption and maximize return on investment. Chris is also an award-winning writer and presenter who speaks nationally on CRM and related business development technology topics. Chris received her law degree from Emory University School of Law in Atlanta, GA and was inducted as a Fellow of the College of Law Practice Management for her dedication and contributions to the profession. Chris can be reached at 404-249-9914 or CF@CLIENTSFirstConsulting.com