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**THE ACKERT ADVISORY
LEGAL INDUSTRY REPORT**

Business Development Challenges in a Changing Market

A Market-Wide Study

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Executive Summary

In the Spring of 2016, The Ackert Advisory conducted a market-wide study examining law firm business development (BD) challenges in a changing market. Respondents were asked to describe the state of BD at their firms, including:

- 1.Their top BD challenges and how problematic they are
- 2.The effectiveness of their BD training programs
- 3.Their utilization of metrics in measuring BD success
- 4.The extent to which they hold their lawyers accountable to their BD goals

This white paper includes a detailed analysis of the survey findings as well as a list of best practices for firms wishing to employ effective BD programs, mitigate problematic BD challenges, and maximize the success of their BD initiatives.

This study forms an unprecedented examination on the state of BD initiatives within law firms, specifically with regard to accountability. Other studies on law firm BD have covered topics such as: the difference between marketing and business development, challenges in winning new business, the ROI of various types of BD initiatives, and budget allocated to different marketing and BD activities—but none of these studies focus on accountability, which was found to be the #1 business development challenge at law firms today.

The accountability problem at law firms has not been examined much to date. Although law firms place a growing emphasis on business development to cope with an increasingly competitive market, the extent to which lawyers are held accountable for engaging in BD activities remains problematically low.



Key Findings

1. The #1 business development challenge at law firms is a lack of accountability for lawyers to engage in BD activities.
2. The most problematic BD challenges all center around an unwillingness or inability for lawyers to bring in new business, rather than external factors such as insufficient market opportunities or competing law firms.
3. The most effective BD training resource was internal coaching, followed by external coaching and BD training provided by internal staff or lawyers.
4. All of the most effective BD training resources are centered around in-person coaching.
5. Most firms place little to moderate value on metrics in calculating the effectiveness of their BD training programs.
6. Most firms (59%) hold their lawyers accountable for engaging in BD activities infrequently—less than once per fiscal quarter.
7. For firms that hold their lawyers accountable frequently, their BD challenges are less problematic than the average firm. Their BD training programs are more effective than average, too.
8. When coupled with a high level of human interaction, BD training technology is one of the highest-rated solutions among law firms.

Read the full report for more insights and explanations into our findings. We have also included a series of best practices at the end of this white paper.



Data Analysis

The data in the following analysis were compiled via a survey sent out to over 3,000 legal marketers and business development professionals worldwide. There were 103 survey respondents (mostly legal marketing and BD professionals) representing over 90 North American firms. Firm sizes ranged from boutique to global, with the majority of respondent firms in the 50 to 300 lawyer range. Respondents provided answers to 6 questions concerning business development challenges, training programs, metrics, and accountability.

Top Business Development Challenges

The first survey question asked respondents which were the biggest challenges with BD at their firms, and how problematic they are on a scale of 1 to 5 (1 being hardly problematic at all, and 5 being extremely problematic). The results are displayed in Figure I.

Figure I



The results indicate that the top two challenges by a wide margin are a lack of accountability for lawyers to engage in BD activities and a failure by lawyers to prioritize BD activities.

It is interesting to note that the most problematic challenges are behavioral rather than driven by external forces or market conditions. This illustrates the failure by lawyers to consistently engage in fundamental actions needed to generate new business, as well as the failure by marketers to hold them accountable. It is to some degree encouraging that the most problematic BD challenges are internal, and therefore easier to change, rather than the more circumstantial problems at the bottom of the chart such as “competing law firms” or “not enough new matters or opportunities in the marketplace.”

Effectiveness of BD Training Programs

Not all BD training methods are created equal. We asked respondents to rate the effectiveness of the various training resources their firms employ on a scale of 1 to 5, with 1 being “not effective” and 5 being “highly effective.” Figure II below illustrates the weighted average of respondents’ ratings. Respondents who do not use a particular program were not factored into the data.

Figure II

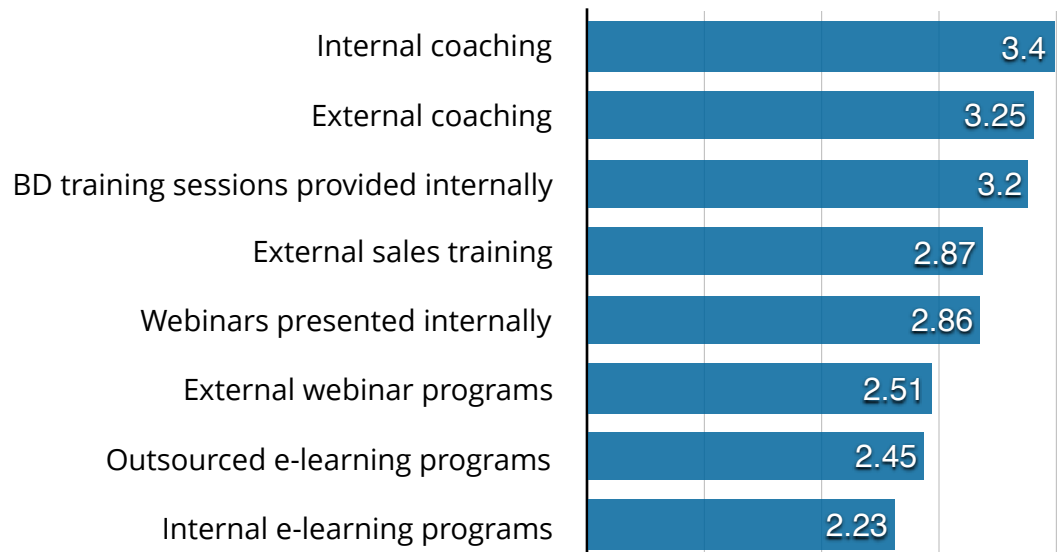
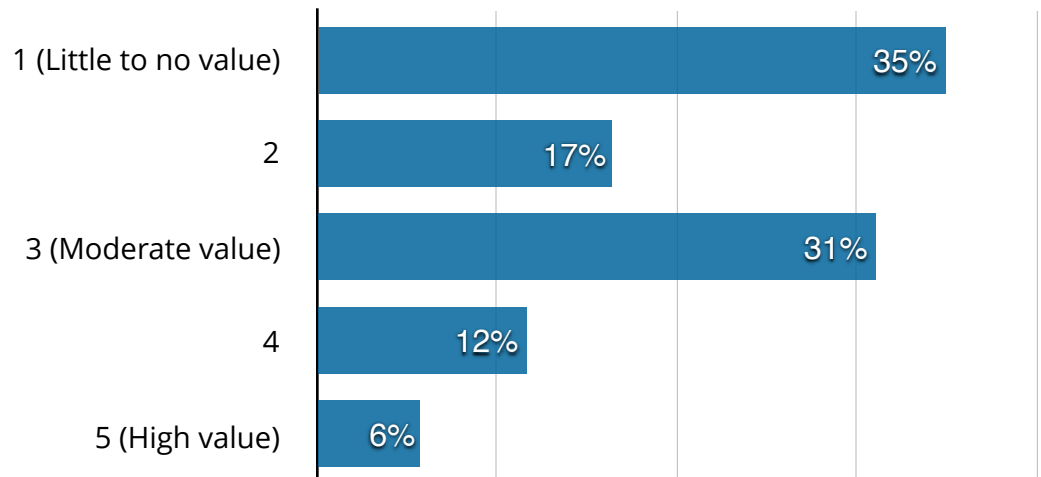


Figure II illustrates with remarkable clarity that those BD training resources which involve live, real-time dialogue are more effective than purely technology-based resources like webinars, e-learning, or CRM. This is unsurprising given what we know about the top challenges law firms face with BD; a lack of engagement by lawyers would only be encouraged by training resources which don't enforce attendance, participation, or accountability the way real-time meetings do.

The Value of Metrics

Capturing meaningful BD metrics continues to be a challenge for law firms. In previous market-wide studies where we explored the ROI of various BD training methods, we observed a recurring theme year-over-year: most firms rely heavily on anecdotal feedback to evaluate the effectiveness of their BD training programs, rather than hard empirical data. This is an ongoing trend, as is illustrated by Figure III. We asked respondents to rate, on a scale of 1 to 5, how much value is placed on metrics in calculating the effectiveness of the BD training resources they use.

Figure III



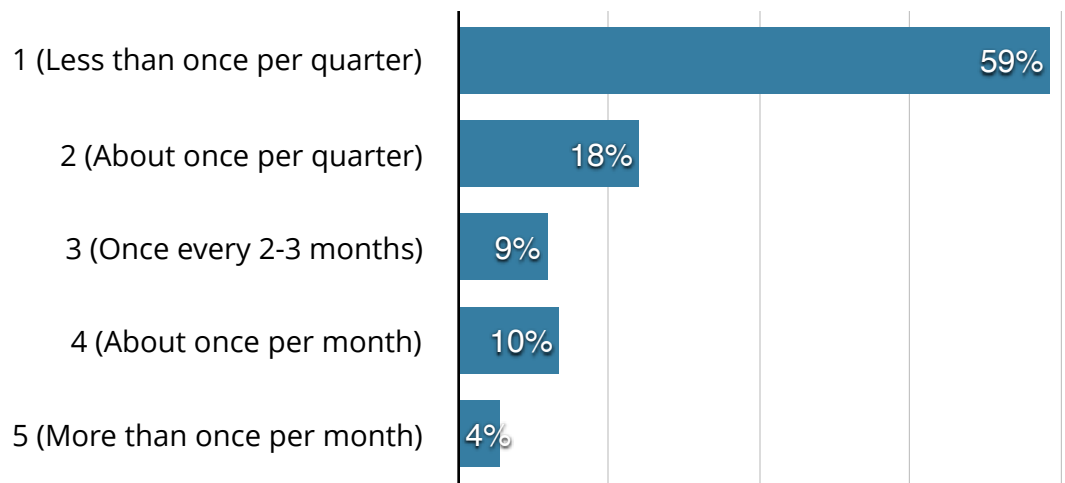
The majority of responses indicated that law firms spend little to no value or moderate value on metrics in calculating the effectiveness of their BD programs; over 82% of responses fell in the 1 to 3 range. Given this data, we should regard the reported effectiveness of various training resources in Figure II with a grain of salt, knowing that they were measured using more anecdotal feedback than hard metrics.



The Accountability Problem

Accountability, or a lack thereof, appears to be the key problem facing many law firm marketing and BD initiatives. We conducted a separate study in 2015 that examined the utilization and ROI of CRM within law firms, and it found that the #1 reason behind low CRM utilization by lawyers was a lack of accountability for them to use it, as reported by 76% of respondents. This year we aimed to discover whether this problem extended into other areas, so we asked respondents how often their lawyers are held accountable for engaging in BD activities (e.g., meeting with a BD Manager, CRM dashboard review, regular mentorship, coaching circles, etc.). Figure IV below illustrates their responses.

Figure IV



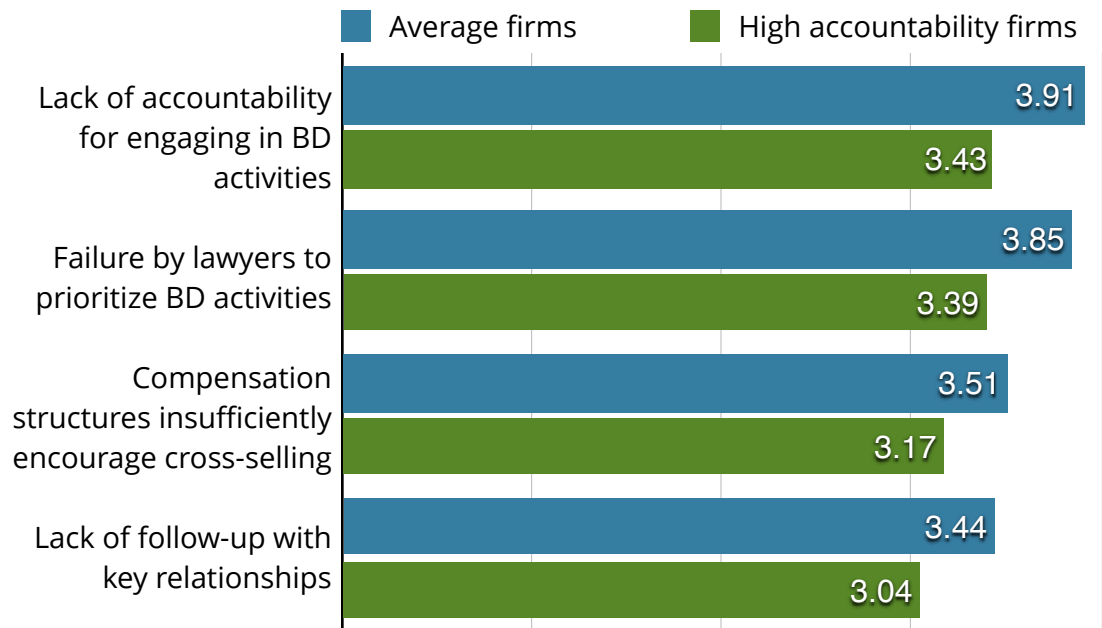
The accountability problem is clearly not restricted to CRM use. 59% of respondents reported that their lawyers are held accountable for engaging in BD activities less than once per fiscal quarter. Whether that is due to understaffed marketing/BD departments or lawyers refusing to be coached by them is unclear, although Figure I suggests that it is probably a mix of both.



High Accountability Firms

Given the pervasive nature of the accountability problem, it would be useful to understand what happens when firms manage to solve it. We compared the average respondent to firms who hold their lawyers accountable for engaging in BD activities a moderate-to-high amount per Figure IV, or at least once every 2-3 months. We compare the primary BD challenges of the two groups in Figure V.

Figure V



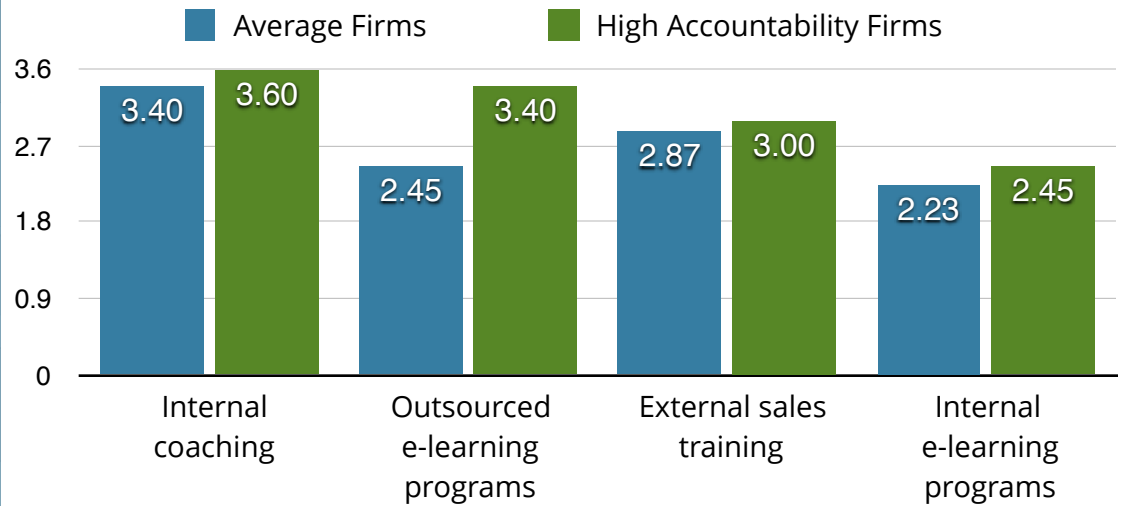
The top challenges for average firms and high accountability firms were about the same in terms of ranking, but high accountability firms gave their challenges lower “problematic ratings” than the average group. In other words, they encounter basically the same problems that average firms do, but they are less challenged by them.

It is interesting that the #1 BD challenge for high accountability firms is still accountability. Although finding the time and wherewithal to hold lawyers accountable is difficult for these firms, it seems to pay off by making their other challenges less difficult to manage.

We then examined whether high accountability firms experienced more success with their BD training initiatives. In Figure VI below, we compare high accountability firms with average respondents in terms of how effective their BD training resources are on a scale of 1 to 5.



Figure VI



Not only do high accountability firms face fewer BD challenges, but their training programs are more effective, too. When firms hold their lawyers accountable more often, nearly every BD training resource becomes more effective, but the most dramatic difference between the two groups occurs with internal coaching, outsourced e-learning programs (e.g., Practice Boomers or RainmakerVT), external sales training, and internal e-learning programs (e.g., a video curriculum or BD toolkit on the firm's intranet). This illustrates that when coupled with a high level of human interaction, BD training technology is one of the highest-rated solutions among law firms.

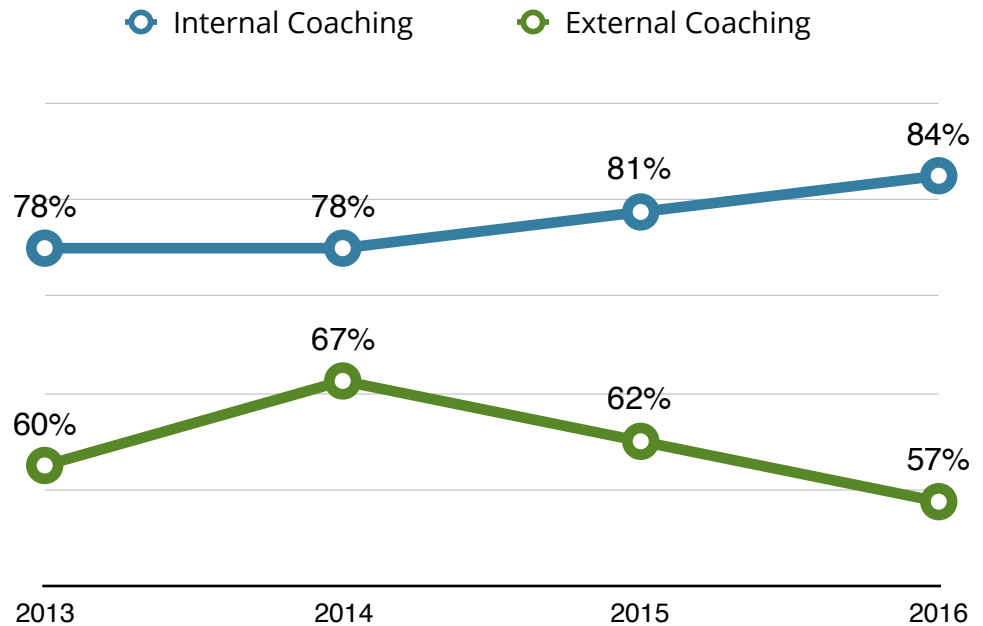
Coaching Trends

Coaching, whether done internally by marketing and BD staff or outsourced to external coaches, remains the most effective and highly utilized method of BD training. Past studies we conducted on the utilization and ROI of BD training programs indicate that internal and external coaching generate ROI more frequently than other programs, a trend that is corroborated by Figure II in this study.

We compared rates of utilization of internal and external coaching from our past studies with this year, as is illustrated in Figure VII below. Since 2013, law firms have been utilizing internal coaching at a steadily increasing rate, while they have been employing external coaches less and less.



Figure VII



Just as more and more corporations are insourcing their legal work, more and more law firms are insourcing their coaching efforts. Presuming that internal coaching provided by marketing staff is effective in holding lawyers accountable, this trend seems to be a wise business decision on the part of law firms. But firms whose marketers continue to have difficulty holding lawyers accountable may want to consider investing in additional resources that are highly effective when coupled with coaching, like e-learning programs or occasional external sales training, per Figure VI.



Conclusion

These survey findings indicate that the biggest BD challenges law firms face all involve lawyer behavior rather than external forces. Accountability, prioritization, and lawyer follow-up are the key factors in BD failure/success, yet lawyers are held accountable on a monthly basis at fewer than 14% of the firms surveyed.

While the human element can at times be problematic, it can also be the most powerful agent for change. BD training initiatives that involve person-to-person contact, like coaching sessions, external sales training, or meeting with BDMs, are by far the most effective resources compared with technology alone.

Most firms place little to no value on metrics in calculating the effectiveness of their BD training programs, and it's not surprising given how much strain it puts on their marketers. This additional effort creates a ripple effect that makes all the other BD challenges slightly more problematic. Tracking more metrics also increases the ROI of BD training programs, but firms should be careful not to focus so much on metrics that their BD challenges outweigh any additional ROI they obtain.

Overall, investing resources into increased accountability is a worthwhile investment. Firms that invest more time and resources into holding lawyers accountable tend to fare better overall. Additional accountability mitigates all of their BD challenges to some degree, and nearly all of their BD training programs are more effective—especially technology-driven programs such as e-learning. When marketers give a high level of attention to their lawyers, technology that provides structure and transparency seems to make BD training simpler and more effective.

Internal and external coaching remain the most effective and highly utilized methods of BD training, but internal coaching is on the rise while outsourced coaching is on the decline. More and more law firms are investing in bringing their coaching in-house. If the legal marketers tasked with coaching lawyers are able to hold lawyers accountable, this promises to be an effective shift. But firms that continue to have trouble holding lawyers accountable should consider investing in additional resources such as outsourced coaching, e-learning programs that incorporate coaching, or external sales training.



Best Practices

In light of these conclusions, we offer a set of best practices on how to mitigate the BD challenges at your firm, improve the effectiveness of your BD training initiatives, and track manageable metrics that measure your progress without getting in your way. These recommendations are based on more than 15 years of experience working with law firms worldwide:

1. Redefine ROI. It is almost impossible to directly tie marketing and BD initiatives to firm revenue. Most marketing and BD departments position their lawyers for success, but the lawyers themselves have to implement the resources, attend the events, or follow through on the coaching they receive. So redefine “return” according to the opportunities your department provides to your lawyers rather than their willingness to execute.

2. Improve accountability through human interaction. Check in with lawyers more frequently to hold them accountable for engaging in BD activities. This does not necessarily have to be time-consuming; firms that hold even monthly accountability meetings see a great improvement in their BD initiatives. Human interaction is the most effective way to change behavior, so delegate accountability meetings to BD managers or consider bringing in an external sales coach to begin introducing accountability into your firm’s culture.

3. Improve accountability through performance metrics. Set a baseline for proactive behaviors like “pitch meetings per month” or “BD touch points per week” and measure how your KPIs change over time. Consider introducing an e-learning program that reliably tracks metrics for you so you don’t spend an inordinate amount of energy trying to measure them.

4. Get firm leadership involved. Report lawyer performance trends to firm leadership so they can reinforce the accountability message. When your firm sends a consistent message about business development, as demonstrated by leadership, comp, and rhetoric, the lawyers will be far more likely to do their part.



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 intersection of business development coaching and technology, David is the founder of Practice Pipeline, a pipeline management software platform that integrates technology with peer-group coaching to make service professionals' business development pursuits more effective. He is also the founder of Practice Boomers, a BD training program that integrates e-learning with group coaching to generate consistently measurable ROI to law firms.

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