

2021

Marketing & Business Development Report

LAW FIRM & LEGAL PRACTICES



InterAction[®]

2021 Marketing & Business Development Report: Law Firm & Legal Practices

Copyright © 2021

Published by LexisNexis®
Headquarters (New York, NY):
230 Park Avenue, 7th Floor, New York, NY 10169

All rights reserved. Except as permitted under U.S. Copyright Act of 1976, no part of this publication may be reproduced, distributed, or transmitted in any form or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

LexisNexis and the Knowledge Burst logo are registered trademarks of Reed Elsevier Properties Inc., used under license. Other products or services may be trademarks or registered trademarks of their respective companies.

Research and design by the Hinge Research Institute and Hinge Marketing.

Visit our websites at www.lexisnexis.com and hingemarketing.com/research-institute

Table of Contents

04	INTRODUCTION
07	ABOUT THE SAMPLE
12	EXECUTIVE SUMMARY
16	KEY FINDINGS
17	The Impact of the COVID-19 Pandemic
21	Marketing Strategies & Results
30	Winning & Retaining Clients
35	Business Development Maturity & Technology
42	Marketing & Business Development Budget and Resource Allocation
46	CRM Adoption & Usage
49	CONCLUSION: LOOKING FORWARD
53	ABOUT INTERACTION®
55	ABOUT THE HINGE RESEARCH INSTITUTE

Introduction

Unlocking Key Insights for Growth and Success

A lot has happened since we shared our last Marketing & Business Development Report in 2019.

A global pandemic, political unrest, and economic instability joined forces to create a law firm business environment that was unprecedented, unpredictable, and often, uncomfortable.

Around the world, every law firm was impacted differently. Some died. Some survived. And some even thrived.

Either out of necessity or through pro-active planning, virtually every law firm faced potential reductions or delays in partner payments, lawyer and staff salary cuts, or lawyer and staff furloughs or layoffs.

Since most law firms typically do not have a lot of assets to sell, and they aren't going to ask partners to invest their own cash, some were forced to secure loans or lines of credit.

What decisions did your law firm make? How did these decisions compare to those made by comparable firms in the marketplace. What decisions and preparations do you still need to make for tomorrow?

LexisNexis® InterAction® and the Hinge Research Institute conducted the *2021 Marketing & Business Development Report* qualitative and quantitative research to help you make or validate your own tough decisions. It gives you visibility into how other law firms around the world are responding to today's conditions, and it provides findings, insights, and tips you can use to grow and succeed in the coming months, and into the future.

Even law firms that grew over the last year had to do things differently. With referrals down and face-to-face conferences on pause, law firms turned to digital marketing and business development. In-person meetings have given way to videoconference meetings on platforms such as Zoom.

This industry report is designed for partners, lawyers, associates, marketing and business development leaders, and staff who are involved in the growth, operations, and success of a law firm. In the report, we cover trends and findings related to the COVID-19 pandemic impact, marketing strategies, business development maturity, budget and resource allocation, technology adoption, and more.

Unlocking Key Insights for Growth and Success (continued)

But beyond the findings, we want to provide practical insights and tips that you can use going forward. Where applicable, we cite other research from the Hinge Research Institute that describes how high growth law firms are handling similar situations and the results they are getting. We compare firms that embrace technology against those that do not. Where possible, we provide year-over-year trends so that you can see where priorities have changed since our last report and if these priorities are in line with your priorities.

Throughout the report, we include quotes from study participants to provide real-world context and help make the abstract data more personal and understandable.

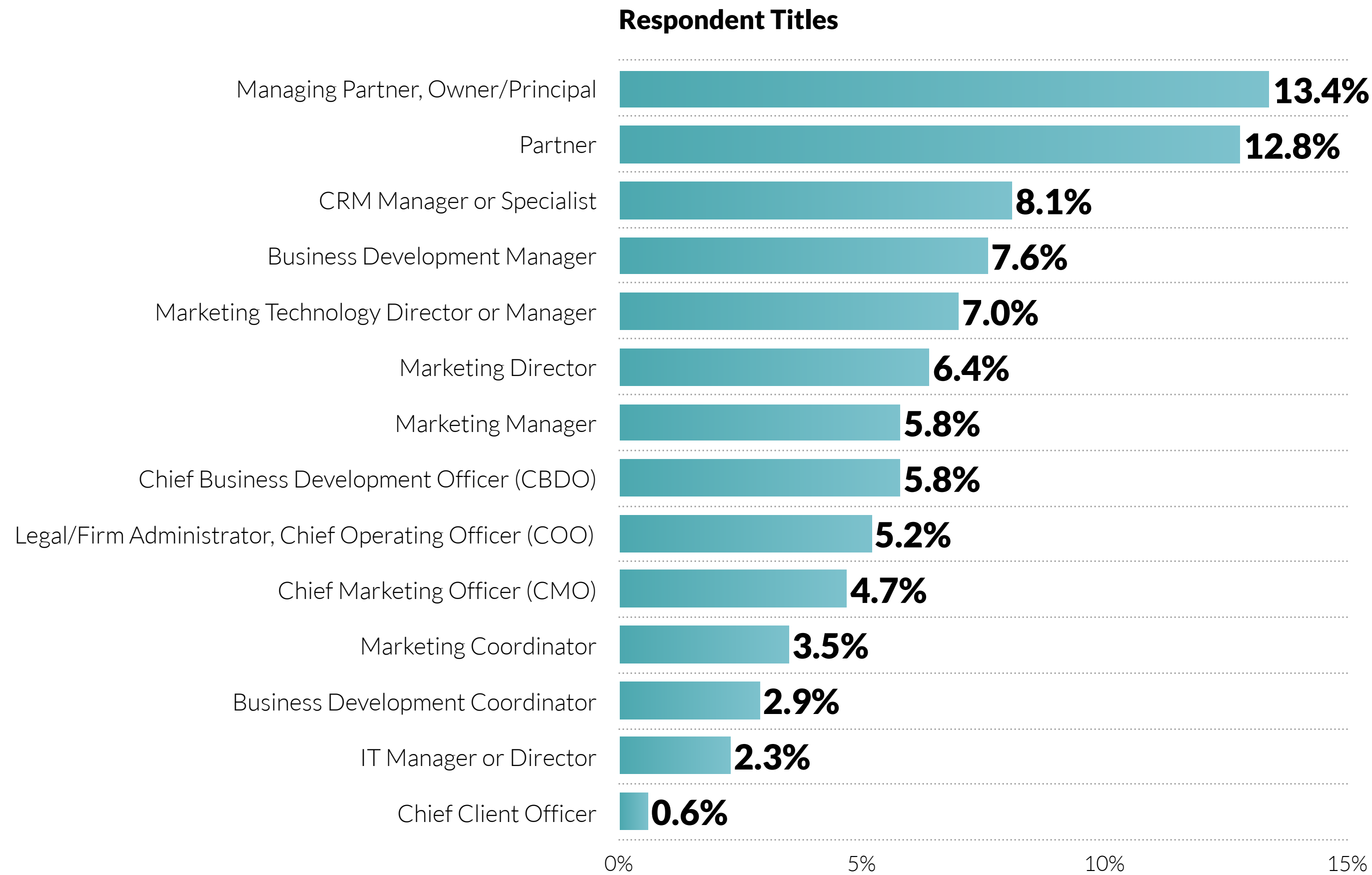
Enjoy the rest of this report. We hope you find it insightful and actionable.

"Clients have more of the upper hand. We need to focus on the needs and wants of the clients—not the other way around."

Business Development Manager

About the Sample

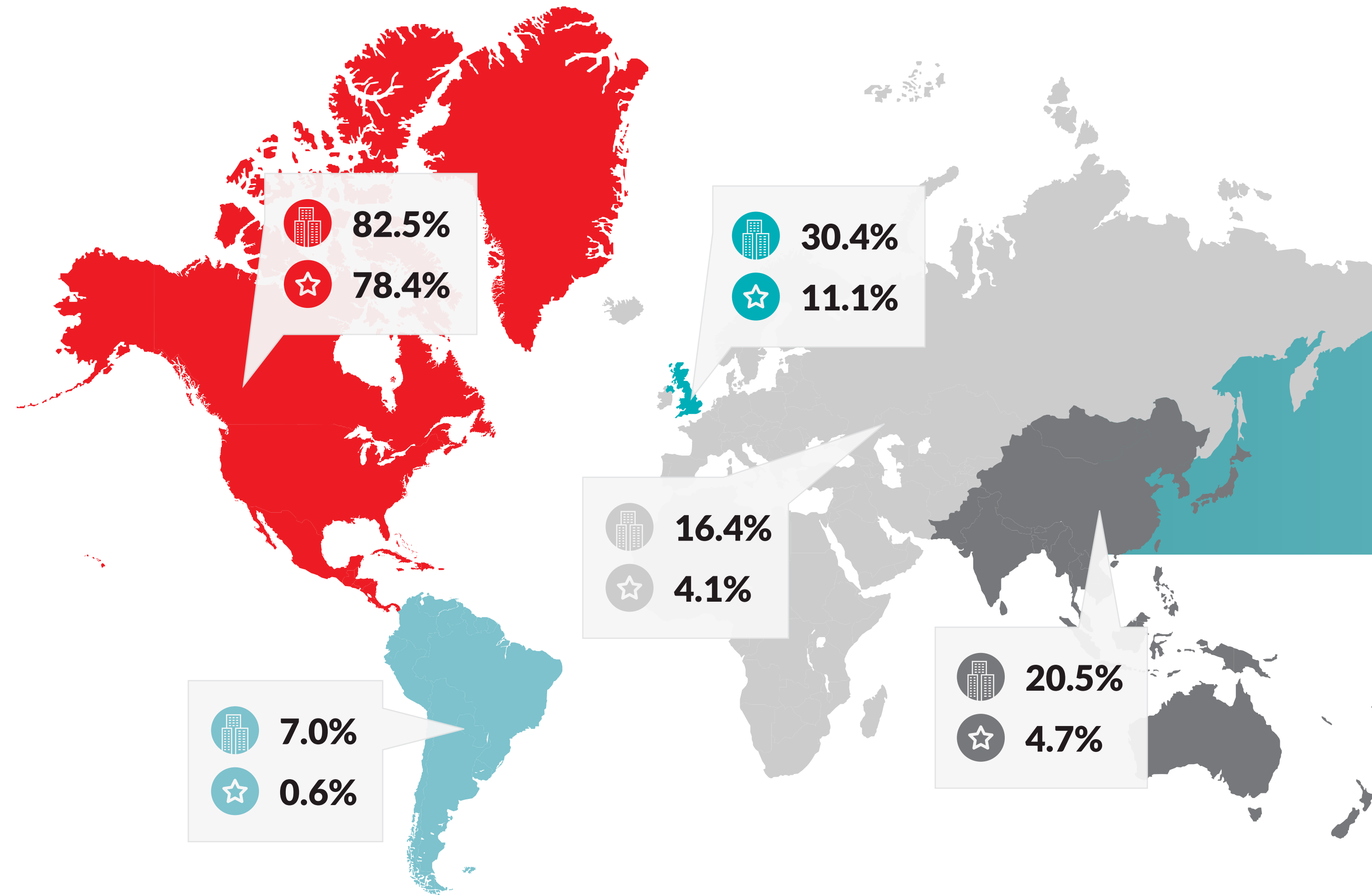
Spotlighting a World of Perspectives



Not only did the responses come from many regions around the globe, they also came from many job functions within law firms. From Q4 2020 through Q1 2021, 168 were surveyed with 14 titles represented.

- More than 79% had the title of manager or higher.
- More than 27% had a marketing title.
- More than 16% had a business development title.

Spotlighting a World of Perspectives (continued)



Physical Offices Located in this Region*



Office Headquarters Located in this Region

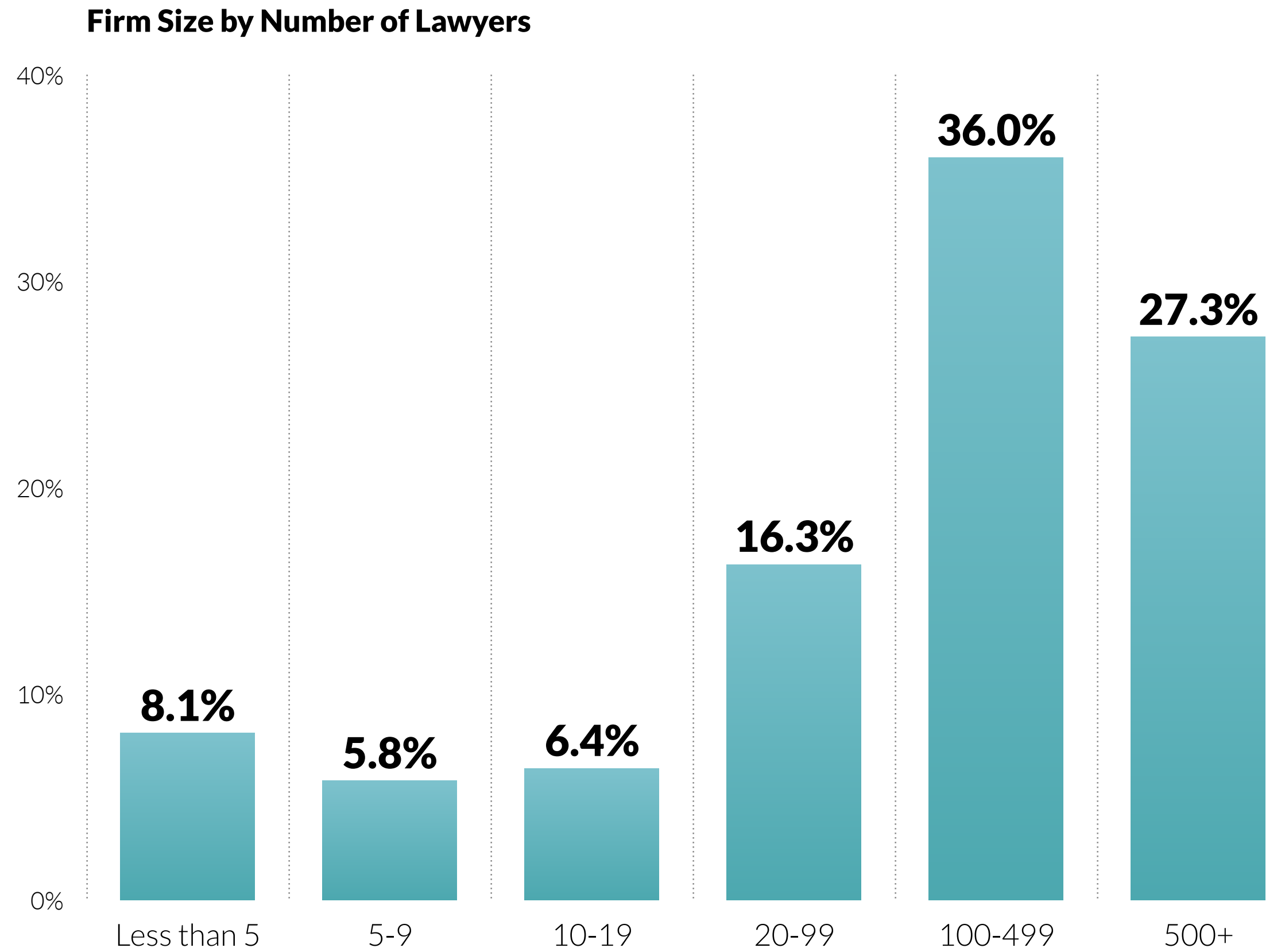
"We have to get the prospects where they are—we cannot wait for them to come to us."

Managing Partner

While most of the responses came from North America, there was strong survey representation from the UK, APAC, and EMEA regions, as well. Also, for the first time, there were responses from South America.

**Companies may have offices in more than one region, so total is greater than 100%.*

Spotlighting a World of Perspectives (continued)



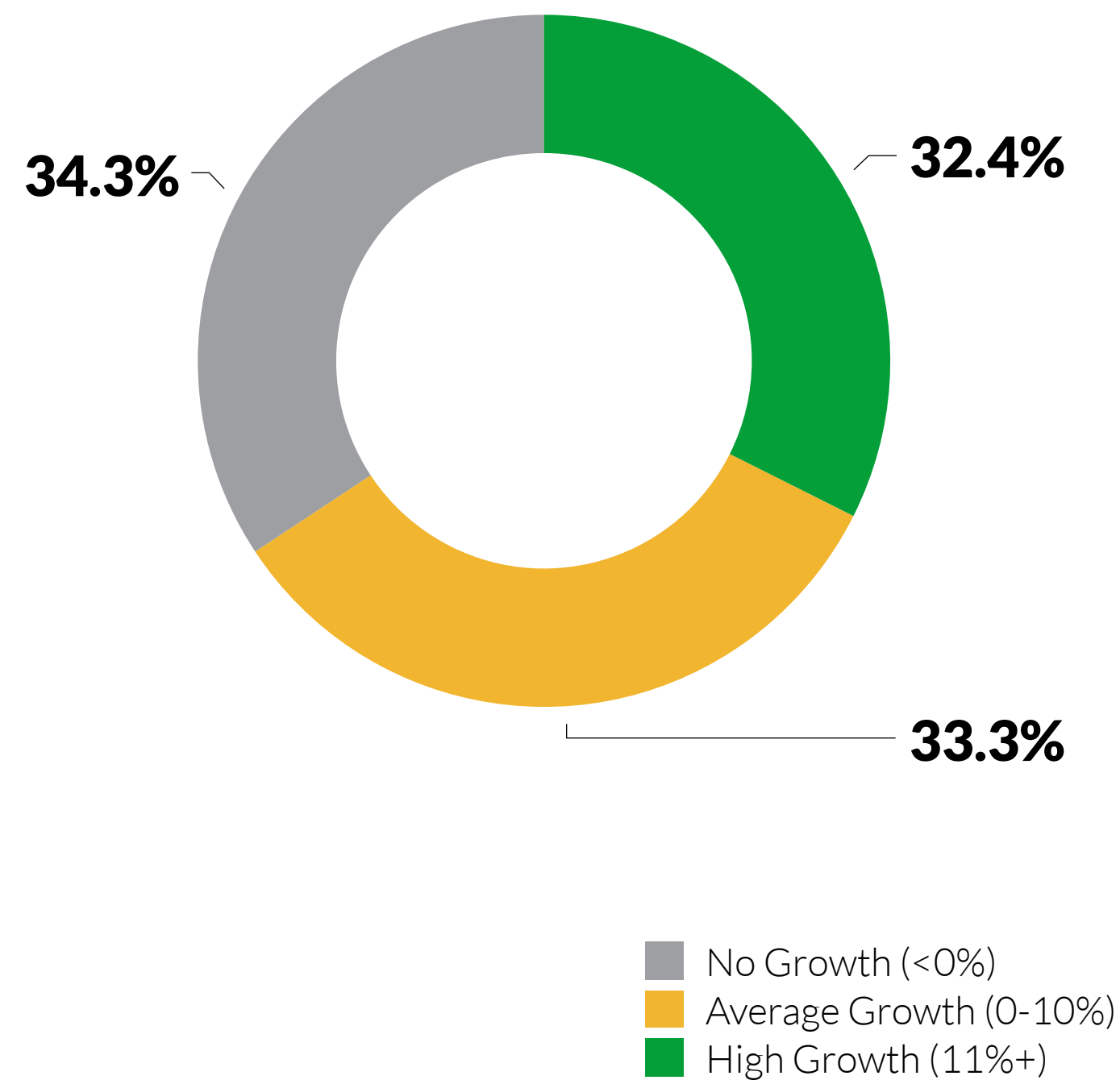
In this report, we received responses from law firms of all sizes, with firms (100-499 employees) leading the way at 36% of all survey participants.

- Firms with more than 500 employees were also well represented with more than 27% of the total.
- There was also a balanced representation of responses from firms with 19 or fewer employees, at more than 20% combined.

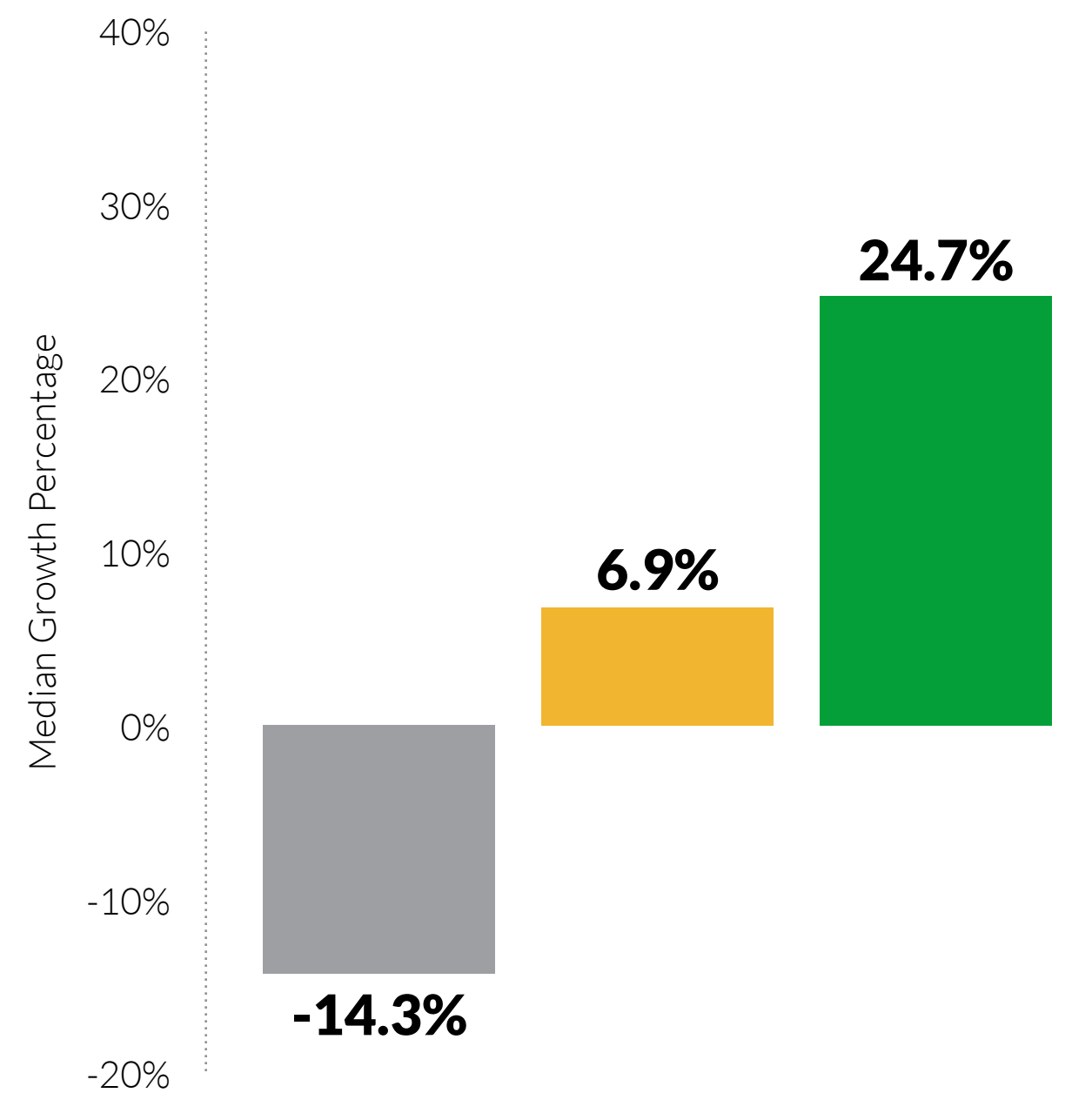
High Growth vs. No Growth Firms



Growth Category Breakout



Average Growth Rate by Growth Category



- Law firms in this study were grouped into three growth categories based on their annual revenue growth from 2019 to 2020. High Growth firms had annual revenue growth of 11% or higher, Average Growth firms had annual growth of 0-10%, and No Growth firms had negative annual growth. Roughly a third of the firms in this study fell into each growth category.
- Throughout this report, High Growth and No Growth firms are compared to each other to understand how their marketing, business development maturity, and strategies differ from their slower growing peers.
- We wanted to understand how High Growth firms were able to grow under so much adversity.

Executive Summary

Marketing Impact on Firm Growth

Most firms rank marketing as important in firm-wide strategic direction. Firms are realizing that marketing must be driven by—and drive—their integrated growth strategies.



ALL FIRMS

79.7%

of firms find marketing to be important in firm-wide strategic direction

High Growth law firms do a lot of activities differently than the rest of the firms...including investing in marketing and business development.



HIGH GROWTH FIRMS

38.0%

Average projected increase in marketing/BD spend from 2020 to 2021

Marketing Impact on Firm Growth



ALL FIRMS

69.8%

of firms agree that strategies to win new business have changed considerably over the past 12 months



NO GROWTH FIRMS

66.6%

of firms that did not grow in 2020 are not using a CRM

The BD/sales of two-thirds of law firms was hit the hardest by COVID-19.



ALL FIRMS

66.0%

of firms found their BD/sales to be more difficult as a result of COVID-19

Data Quality and Tracking Metrics Are Critical to Success

TOP CHALLENGE

DATA QUALITY

is ranked as the #1 challenge in successful marketing efforts

KEY DRIVER

TRACKING METRICS

is a key driver for more than a third of firms that self-identify as having high business development maturity

TRACKING METRICS

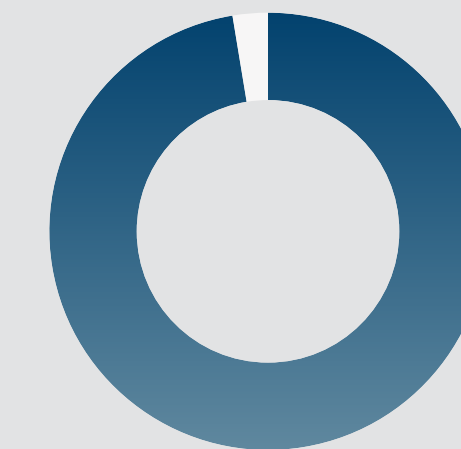
Firms that saw high growth (more than 20%) were

4X MORE LIKELY

to use tracking metrics for marketing and BD efforts

WINNING NEW BUSINESS

Firms that find marketing to be successful in winning new business:



HIGH LEVEL MATURITY

97.4%



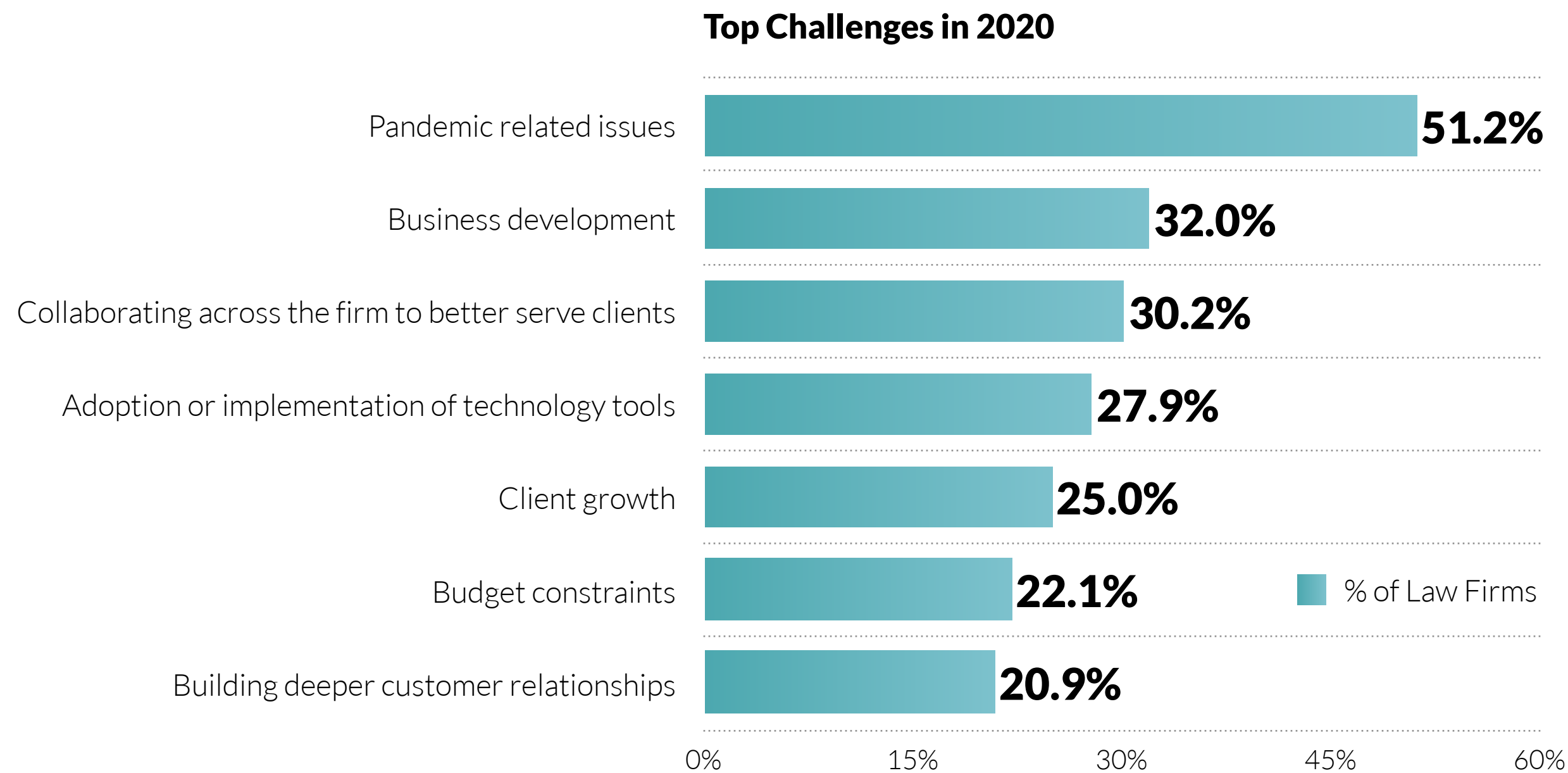
LOW LEVEL MATURITY

42.9%

Key Findings

The Impact of the COVID-19 Pandemic

COVID-19 Was the Top Challenge of 2020



As expected, pandemic-related issues was the top challenge for law firms in 2020. Cancelled or postponed client work, delayed payments, videoconference meetings, and new court procedures all wreaked havoc on law firms. A lack of referrals, conferences and trade shows, and client growth during the pandemic also impacted the business development of many law practices.

KEY INSIGHT/TIP

Despite having to work from home and a lack of face-to-face meetings, law firm employees actually collaborated *more* than in the past—one of the reasons some law firms not only survived but thrived. In 2019, 42% of respondents identified collaboration as a top challenge. This year, only 31% of respondents noted collaboration as a top challenge. Improve your effectiveness and efficiency by using communication technologies such as chat and collaborative documents to stay connected, responsive, and in sync with your clients and employees.

Also, use these low-effort technologies to communicate and measure more frequently. Where you used to communicate and report on a quarterly basis, consider doing it monthly instead. Try delivering monthly status reports on a weekly basis. Where can you deliver more impact and accelerate a positive outcome?

“Whereas in-person meetings were easy to showcase personalities and capabilities, many feel a sense of disconnect over Zoom. It’s harder to gauge such attributes in a virtual environment.”

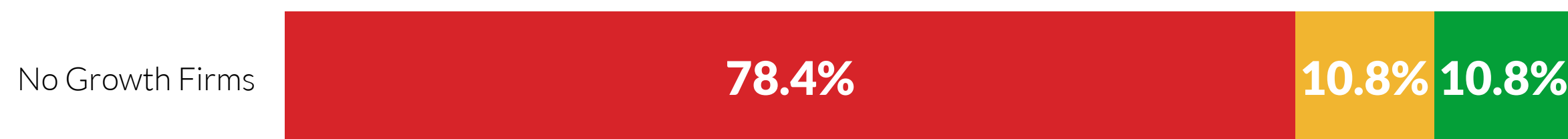
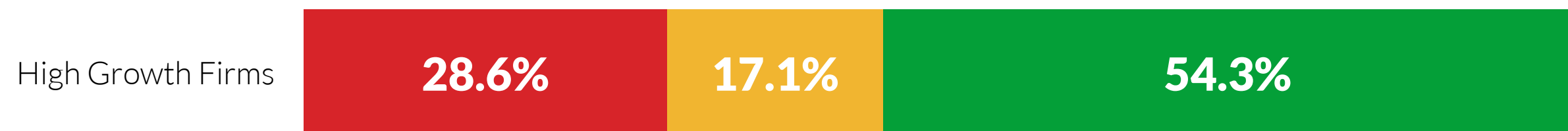
Marketing Director

Were Law Firms Negatively or Positively Impacted by COVID-19?

Overall Impact of COVID-19 on Law Firms



Overall Impact of COVID-19 on Law Firms



- Substantially or somewhat negative
- Stayed the same
- Substantially or somewhat positive

At first glance, it appears that just as many law firms were positively impacted (41.3%) as were negatively impacted (37.8%).

However, as we dug deeper into this and other research, we saw the results dramatically change when firms are grouped into No Growth, Average Growth, or High Growth categories.

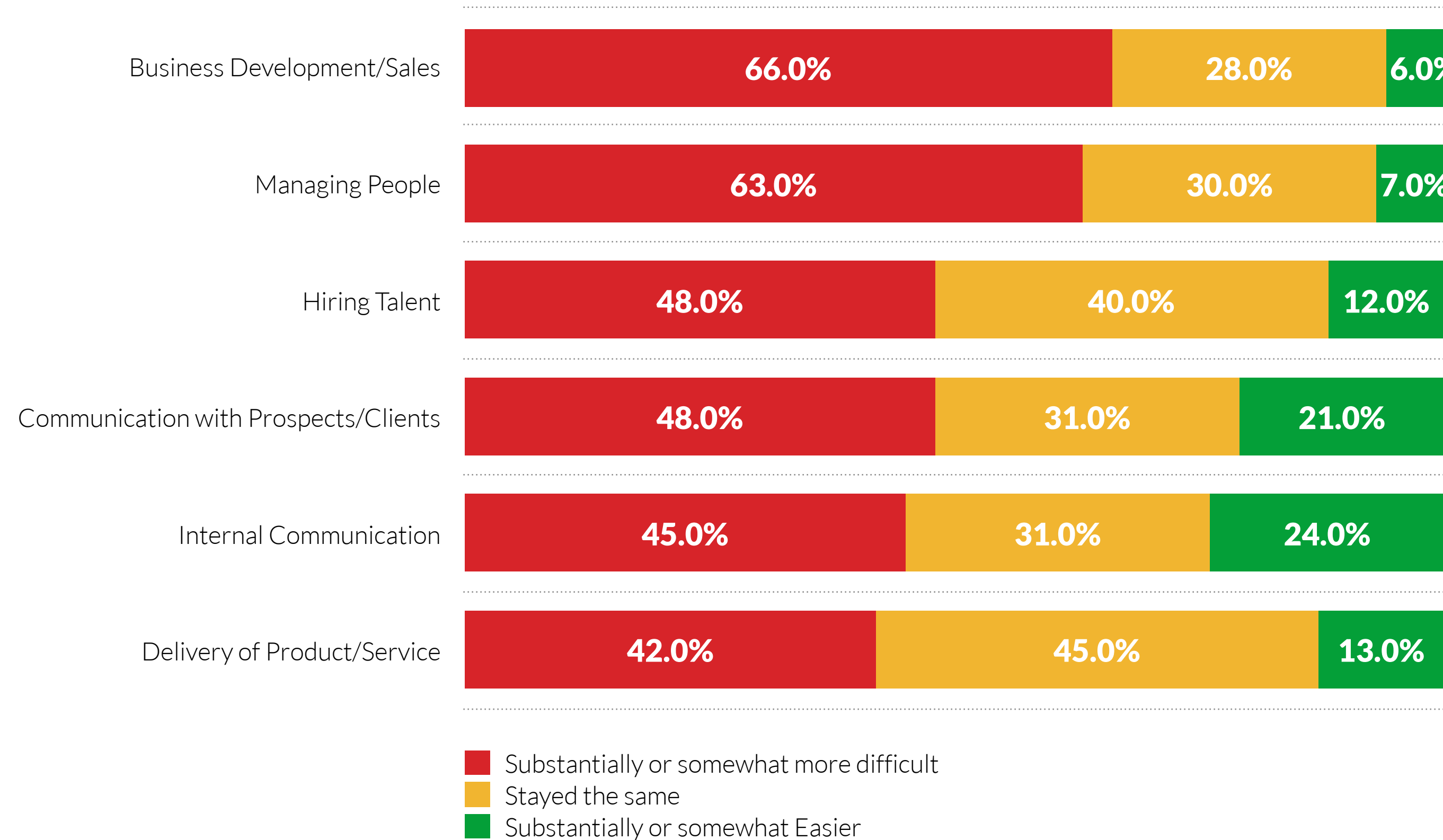
- No growth law firms were hit the hardest with 78.4% being negatively impacted versus only 10.8% seeing a positive impact.
- Conversely, high growth firms were more than four times more likely to be positively impacted than negatively impacted (54.3% versus 10.8%).

KEY INSIGHT/TIP

We saw that High Growth law firms tended to adapt more readily to COVID-19 (largely by embracing digital marketing and technology), while No Growth firms tended to be more reactive in their approaches (budget cuts, etc.). While being proactive can provide significant benefits, count the costs, too. Remember that an investment in new technology or digital marketing is also an investment of time and money in new skills, processes, and education.

Where Was the Impact of COVID-19 Felt the Most?

How have the following been impacted by COVID-19?



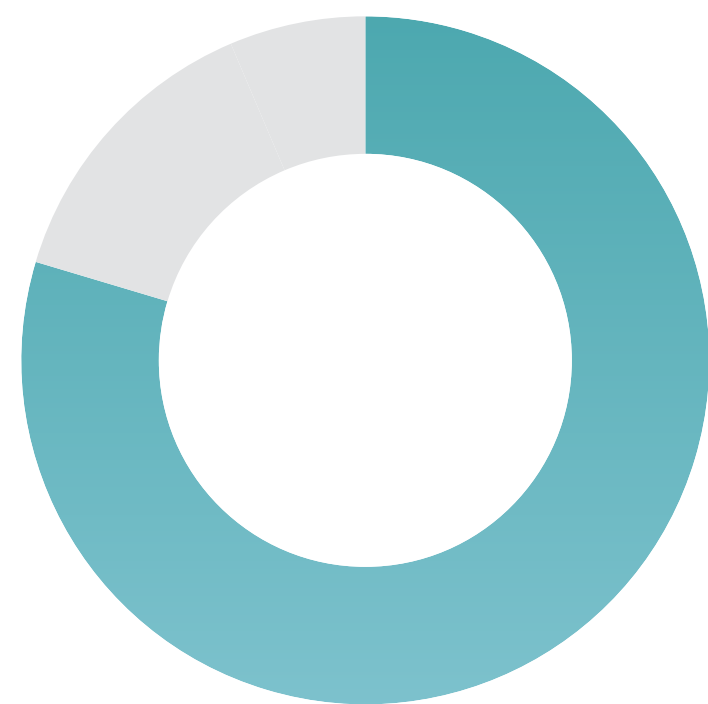
Whether law firms were positively or negatively impacted, they all found it more difficult to perform in the areas of business development/sales, managing people, hiring talent, and communications with prospects and clients. Specifically:

- Business Development/Sales was hit the hardest by COVID-19 as two thirds of law firms found their Business Development/Sales to be more difficult as a result of COVID-19.
- Over 60% of law firms had more difficulty managing people, and nearly half struggled to hire staff as a result of the pandemic. No doubt, the challenges associated with remote work and videoconferencing played a role. Many law firm lawyers and employees were not familiar with technologies such as Zoom and had to overcome learning curves related to product features and on-camera presentation.

Marketing Strategies & Results

Perceptions of Marketing Leadership

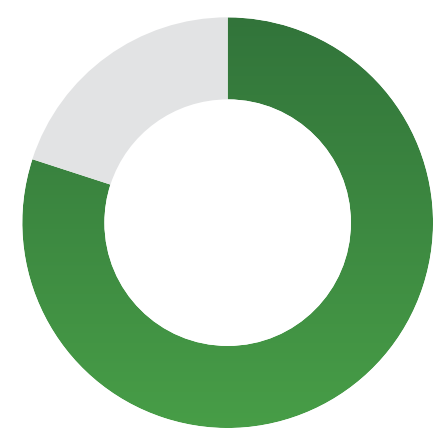
How important is marketing in your leadership's firm-wide strategic direction?



ALL FIRMS

79.7%

Find marketing to be important in firm-wide strategic direction



HIGH GROWTH

80.0%

Find marketing to be important in firm-wide strategic direction



NO GROWTH

75.7%

Find marketing to be important in firm-wide strategic direction

Law firm leaders view marketing as an important piece in their overall strategic direction.

- In 2019, 77% of the responses to this question fell within the top three ranking. (In this and many other survey questions, respondents provided a rating on a seven point scale—0 to 6.) In 2021, the top three rankings increased to nearly 80%.
- When we break out the data for No Growth and High Growth law firms, we see similar responses from both groups, with High Growth firms at 80% and No Growth firms at 75.7%.

KEY INSIGHT/TIP

Marketing's positive perception across all surveyed law firms is good news. In many other professional services industries, many marketing executives struggle to be recognized as an integral part of their firm's strategy.

However, this perception can easily change if marketing does not execute and deliver. Step back and make sure that your marketing is not only being implemented, but being measured and optimized along the way. Is your website generating all the leads that it could? Does your messaging truly differentiate your firm? How are you filling the lead generation gap when referrals are down and conferences are on hold?

Perceptions of Marketing Leadership (continued)

*Do you agree or disagree with the following statement?
 “Our marketing and/or business development leader(s) drive strategic outcomes and are seen as expert advisors at the firm.”*



ALL FIRMS

58.7%

Agree that marketing/BD leaders drive strategic outcomes



HIGH GROWTH

60.0%

Agree that marketing/BD leaders drive strategic outcomes



NO GROWTH

45.9%

Agree that marketing/BD leaders drive strategic outcomes

On the previous page, we looked at perceptions of marketing overall; now we turn to the perceptions of marketing execution.

As you can see, only 59% of those surveyed believe that marketing and/or business development leaders drive strategic outcomes. In 2019, the response rate was higher at 65%.

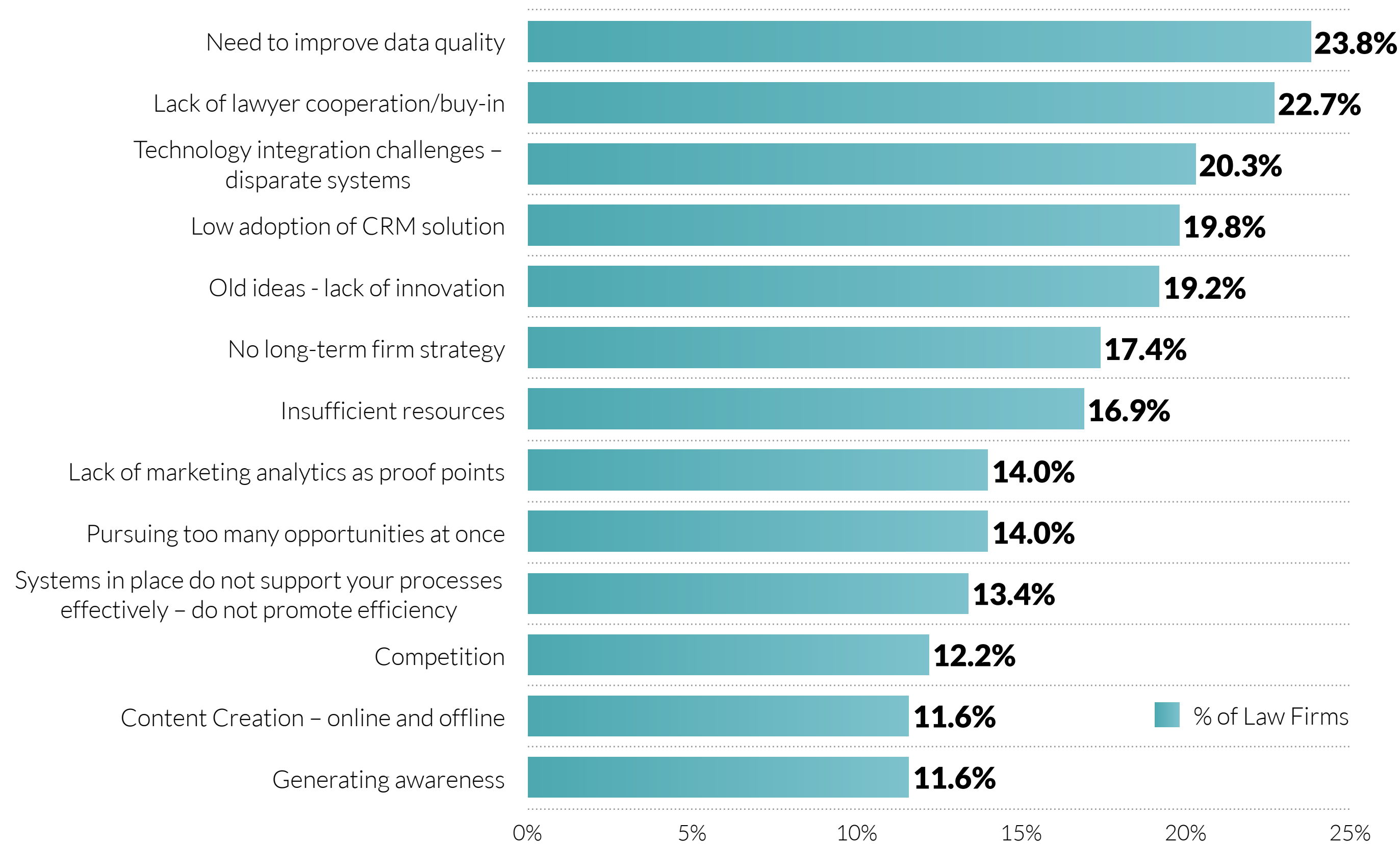
- When we look specifically at No Growth and High Growth law firms, we see that 60% of High Growth firm respondents believe their marketing and business development leaders drive strategic outcomes, while only 46% of No Growth firm respondents feel that way. Growth appears to be closely correlated with this perception.

KEY INSIGHT/TIP

Most lawyers are not marketers, and they do not always understand the scope, complexity, or fluidity of marketing. It is often difficult for leadership to assess marketing skills or experience. Be careful of hiring from within—especially when it comes to digital marketing expertise. Consider outsourcing these functions to leverage specialized skills (websites, research, SEO) that can directly impact growth.

Top Marketing Challenges Law Firms Are Currently Facing

Law Firms' Top Challenges Regarding Marketing Efforts



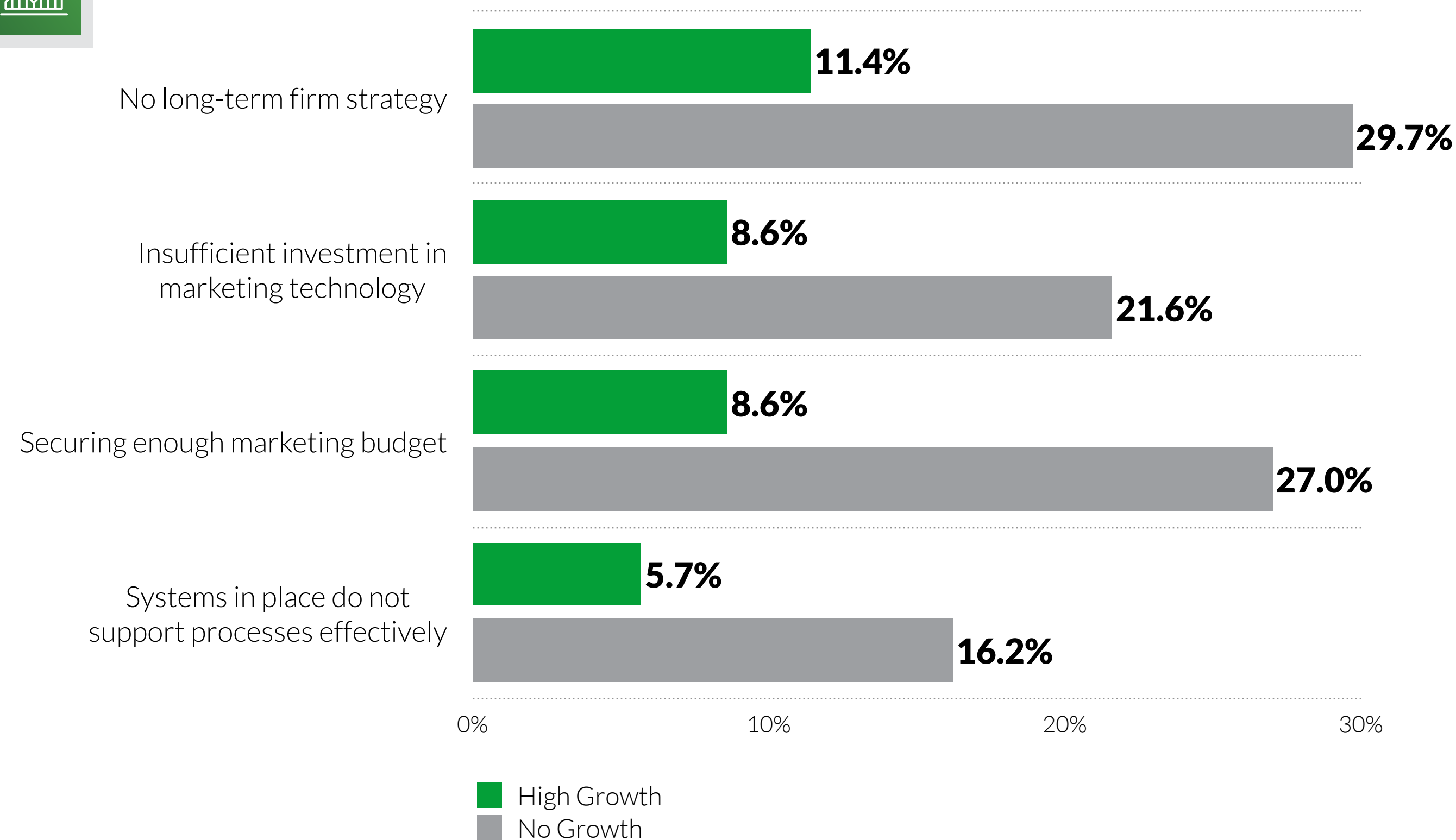
For Average Growth and High Growth law firms, this list should look familiar. While specific rankings and priorities may change from year to year, most of these complaints are perennial challenges at law firms around the world. A few key points to note:

- Need to improve data quality tops the current list of top marketing challenges at 23.8%. As email marketing becomes more accepted by law firms to generate and nurture leads, the marketing database becomes extremely important. Most law firms are content sending out periodic email campaigns. But success will come when law firms invest in growing their list using proven strategies, such as promoting gated content (webinars, guides, etc.) and augmenting and cleaning the data in the database on a regular basis.
- Lack of lawyer cooperation/buy-in is second on the list at 22.7%. No surprise here. Let's face it, most lawyers do not understand or value the scope of marketing and business development initiatives. That is why technology integration, CRM adoption, marketing analytics, content creation, and generating awareness are also on the list. Most lawyers want the sausage. They do not want to know how it is made.

Top Marketing Challenges (continued)



No Growth Firms Struggle with These Marketing Challenges

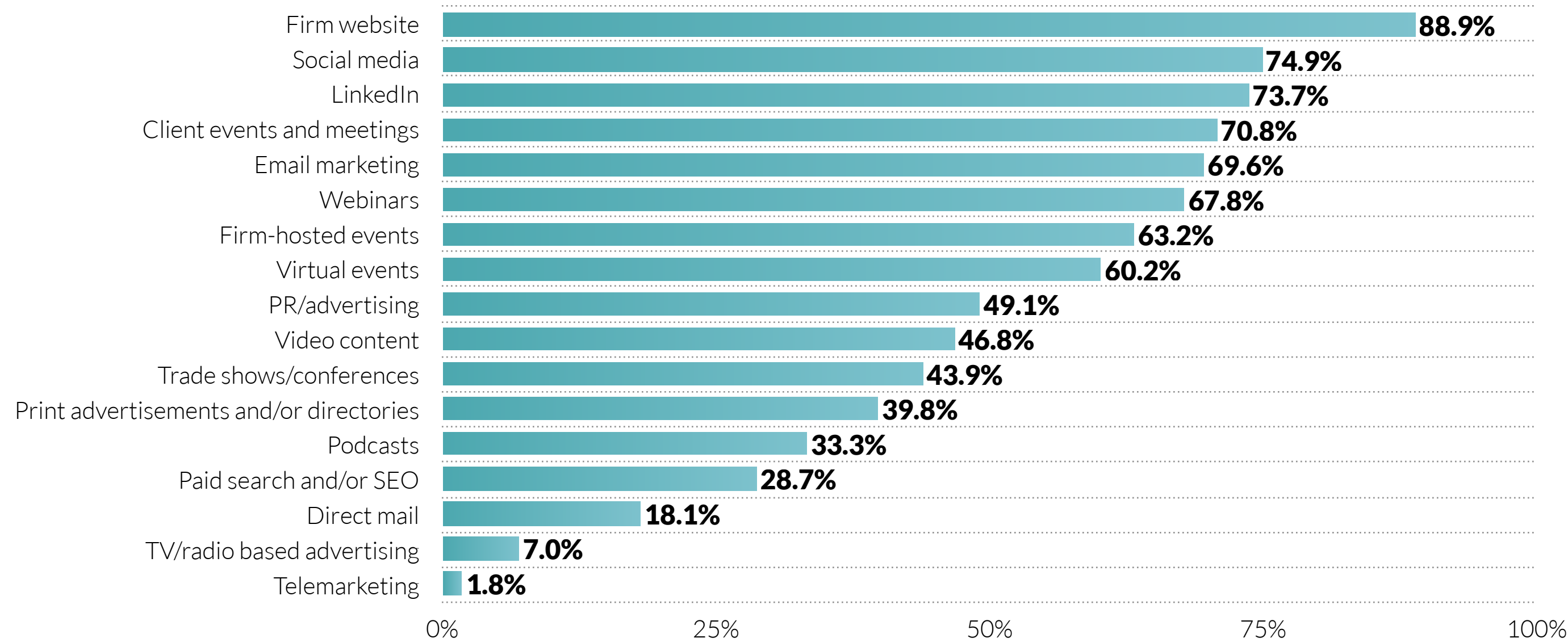


No Growth law firms have a different set of top marketing challenges. Why don't these firms grow? Part of the answer may be their lack of key infrastructure components. A few points to note:

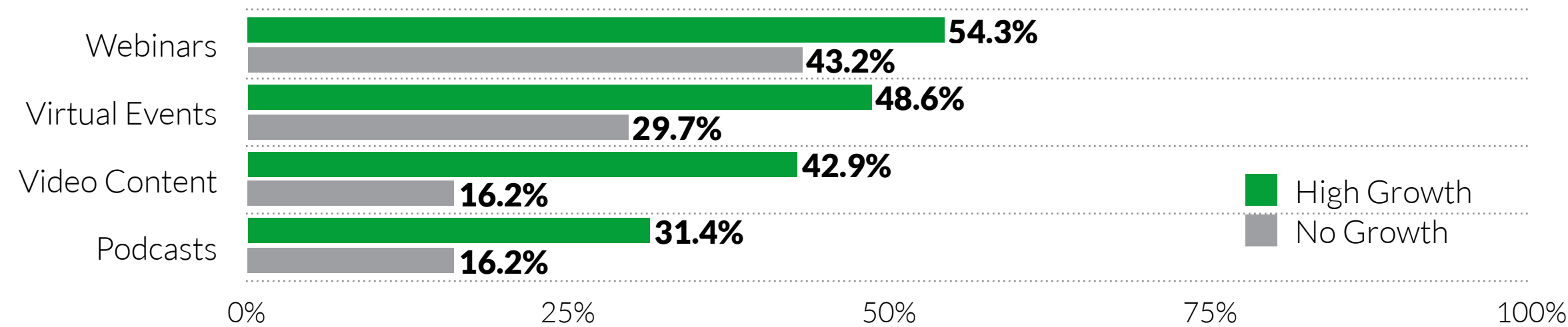
- With the lingering effects of the COVID-19 pandemic, there is no denying that law firms need to pivot and embrace digital marketing now more than ever to generate visibility, leads, prospect and client engagement, and sales.
- Digital marketing requires technology. Technology requires investment—investment in technology, resources, skills/training, processes, and change management.
- Technology must work well with other technology or it won't provide returns in efficiency and effectiveness.
- Marketing without a strategy is like driving blindfolded. You can invest in driving lessons, a car, and gas/electricity, and even a GPS navigation system. While you may be quick to start the car, how far are you going to get? And do you even know what your destination is?

Current Use of Marketing Techniques

Marketing Techniques Law Firms are Currently Using



High Growth Law Firms Utilize these Techniques Substantially More than No Growth Firms



Use of marketing techniques is going to vary across law firms depending on the strength of their brands, target audiences, etc. But as our research shows, almost every law firm leverages some sort of website. This makes sense as most marketing activities are designed to drive people to content and messaging on a website. Surprisingly, email marketing is not listed as a top-three marketing technique. This may be because, until recently, many law firms relied primarily on referrals to grow.

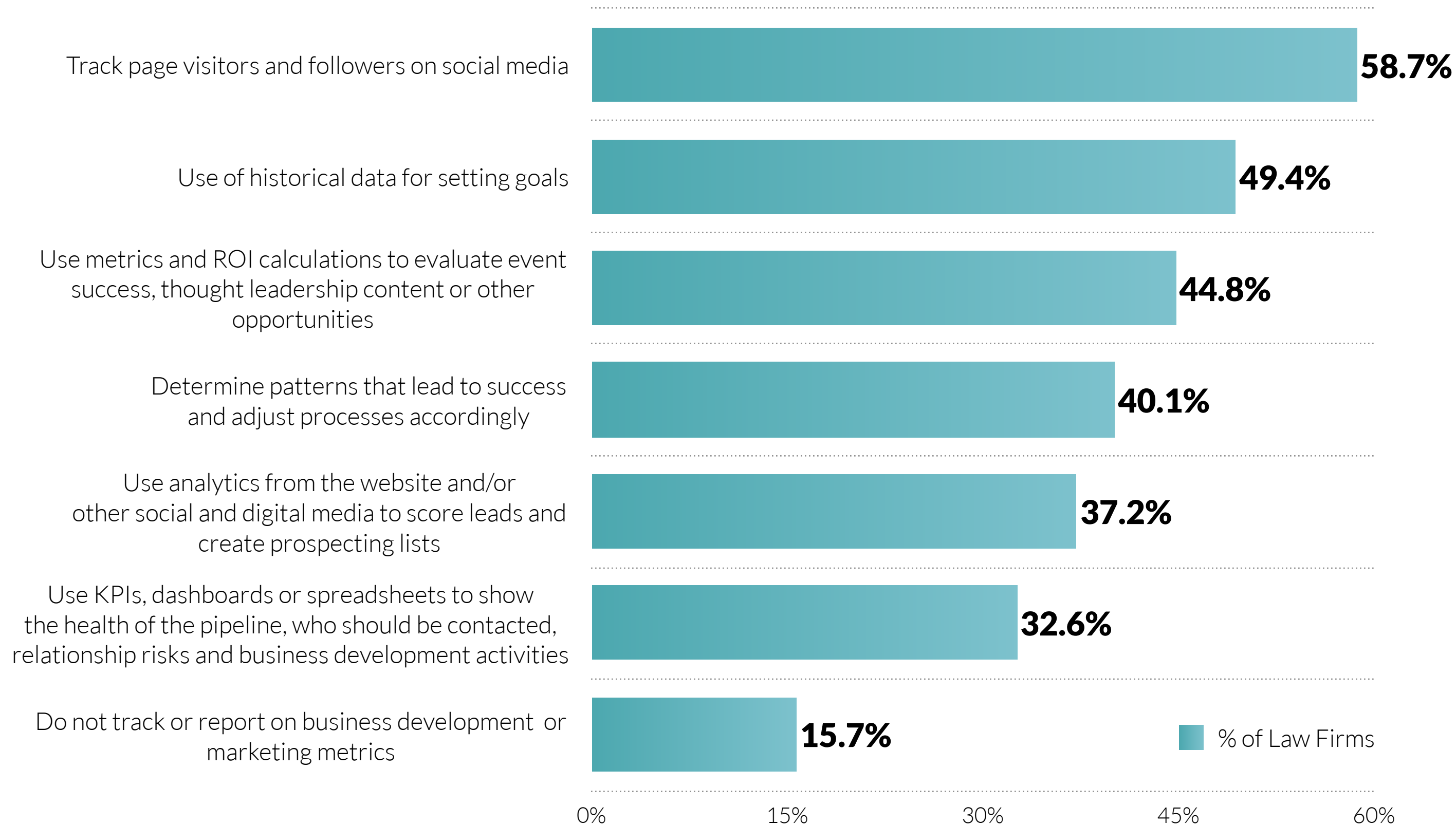
So, how what marketing techniques are High Growth law firms using? Our research shows that:

- High Growth firms use the same marketing techniques that No Growth and Average Growth firms use, but they use certain techniques more frequently.
- High Growth firms use webinars and virtual events significantly more than No Growth firms. High Growth firms have discovered that they can use these channels to effectively showcase thought leadership, build trust by putting a face to a name, and answer questions in real time.
- High Growth firms also use video content and podcasts two to three times as much as No Growth firms. These channels allow speakers to showcase their expertise and personality so that listeners feel more comfortable with them.



Tracking Marketing & BD Metrics

Methods in Which Law Firms Track/Monitor Their Marketing & BD Efforts



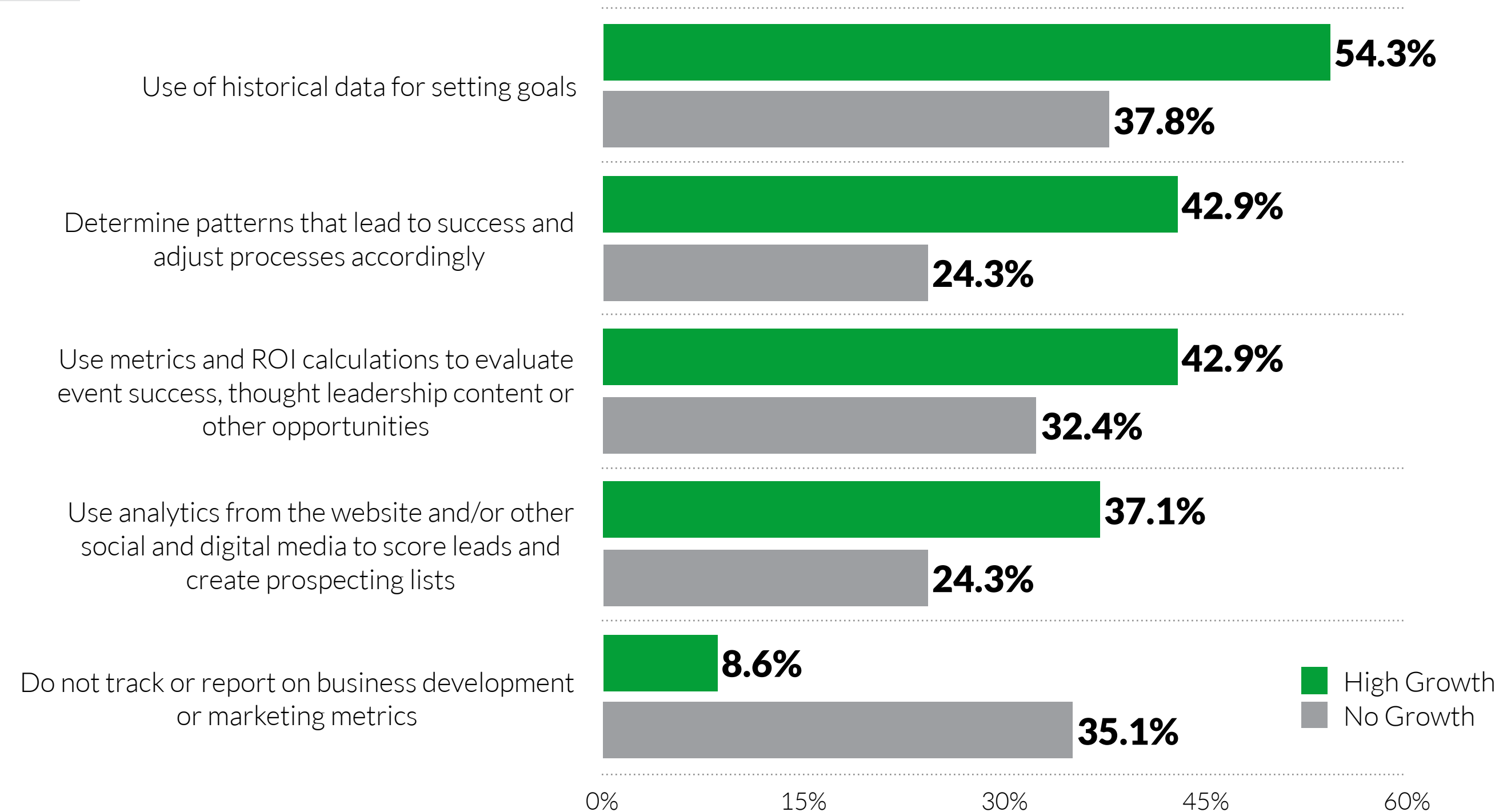
Tracking marketing and business development metrics seems to have grown in importance since our last report in 2019. In almost every answer option, the percentages went up. The priority of the answer options however remained the same as 2019.

- “Use metrics and ROI calculations to evaluate event success, thought leadership, etc.” showed the biggest positive jump, from 36% in 2019 to 45% in 2021. For many, this answer represented the core function of metrics and reporting, and it indicates that these respondents were doing at least basic measurement and analysis. It may also indicate that in the absence of live events during the pandemic, many respondents were assessing which past events performed the best and where they could shift budget to other marketing activities.

Tracking Marketing & BD Metrics (continued)



High Growth Firms Differ Greatly When it Comes to These Tracking Techniques

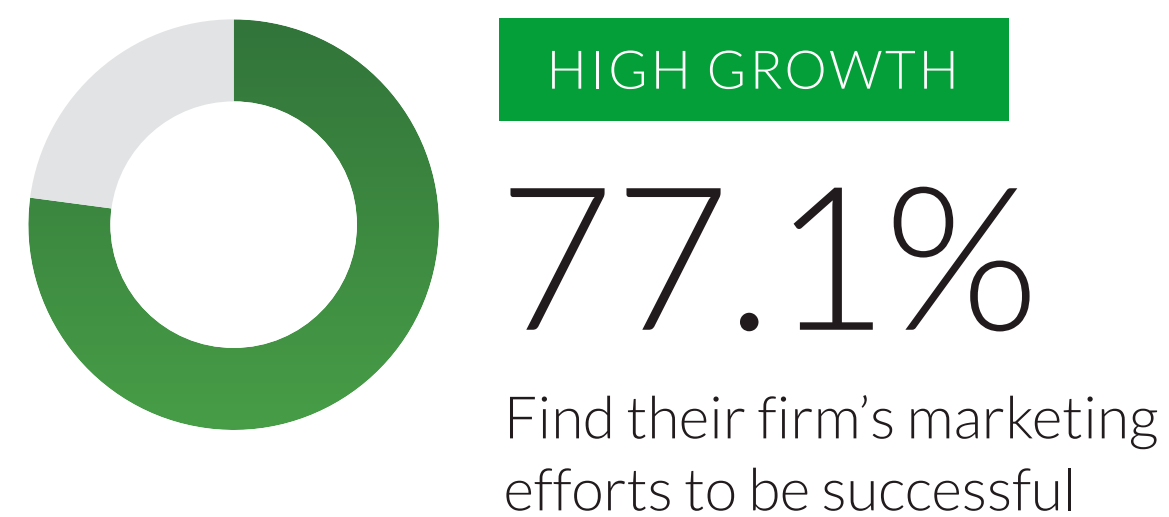


KEY INSIGHT/TIP

High Growth law firms do things differently than their slower-growing peers. High Growth firms ranked "Use of historical data for setting goals" and "Determine patterns that lead to success and adjust processes accordingly" as their top responses. Their response to "Do not track or report on business development or marketing metrics" was four times lower than other law firms. Take a tip from the High Growth law firms and don't focus exclusively on executing programs—focus on evolving and optimizing them.

Success of Marketing Efforts

How successful would you describe your firm's marketing efforts?



The percentage of respondents that were happy with the success of their marketing efforts was 75% in 2019. That number dropped to 69.2% in 2021. The decrease is understandable in light of a global pandemic that redefined the state of "normal" across business and personal affairs.

Many target audiences were in a mindset of panic and protection in 2020. They engaged less with the world and responded less often to emails, phone calls, webinar invitations, and other calls to action. Many were trying to figure out how to adapt and reach out to their own prospects and clients. Everyone was distracted. It is very hard to market effectively under these conditions, especially when traditional methods stop working. Law firms needed to find new ways of marketing and conducting business development outreach.

For many law firms, the years of 2020 and 2021 will be marked with an asterisk—a time of marketing pivots, new investment, and lots of testing.

- Not surprisingly, High Growth law firms had a more positive response than their peers. High Growth firms saw a marketing effort success rate of 77.1% compared to No Growth firms at 59.5%. Naturally, growth is a key result of marketing success.

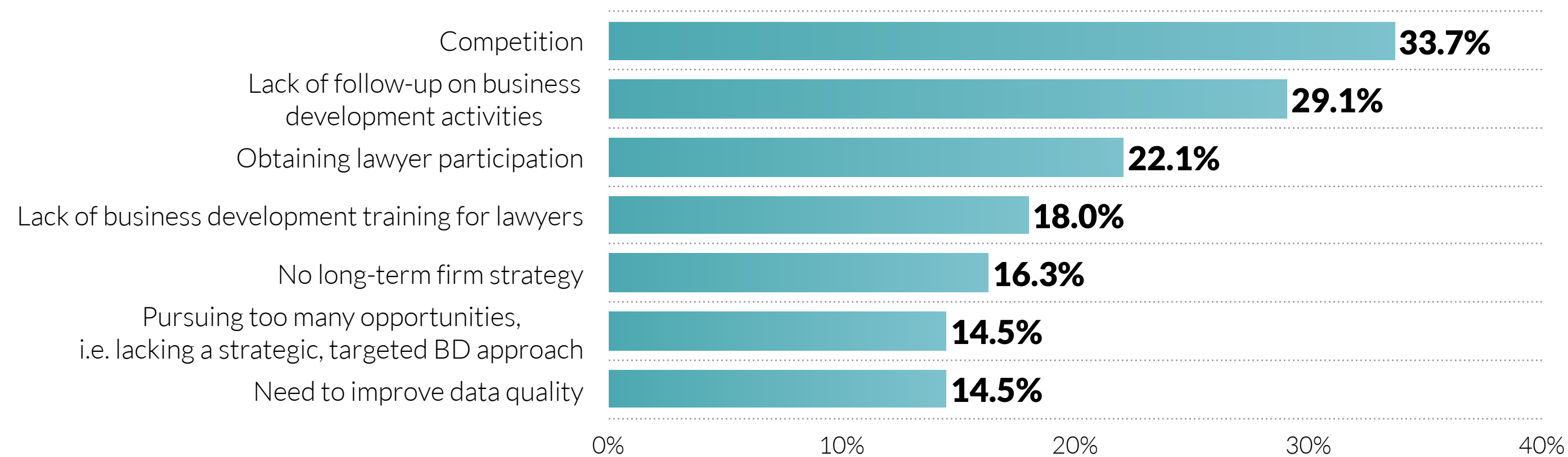
“We need to work harder to stand out from the crowd and offer meaningful thought leadership in creative ways. This is how we get new clients to switch their existing legal counsel.”

Marketing Technology Director

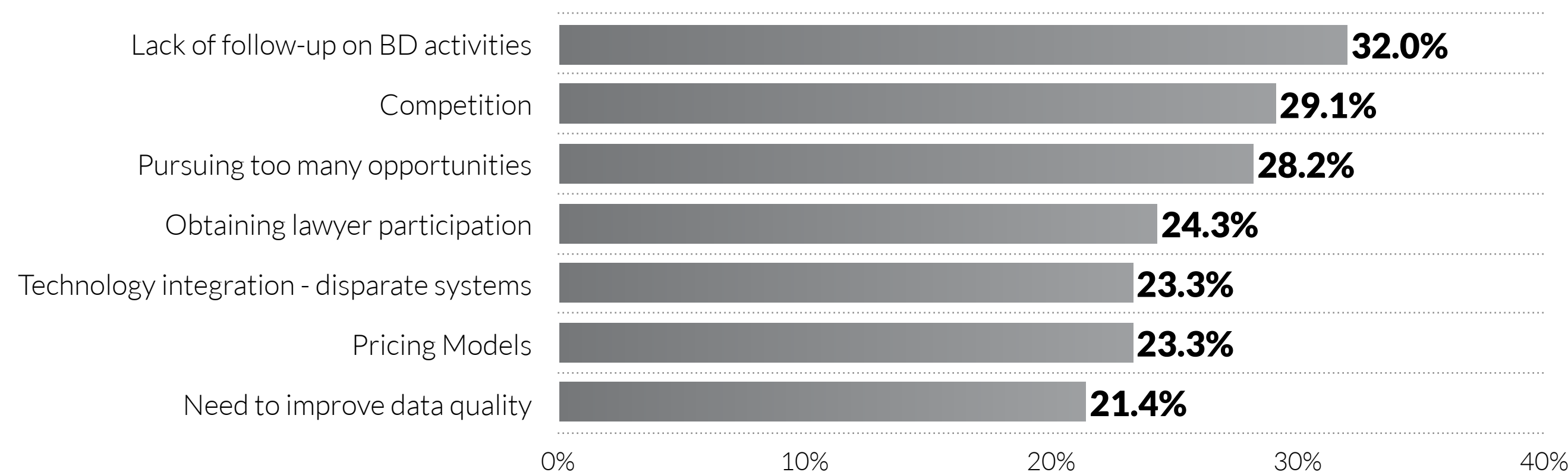
Winning & Retaining Clients

Challenges of Winning New Business

Top Challenges with Winning New Business in 2020



Top Challenges with Winning New Business in 2018

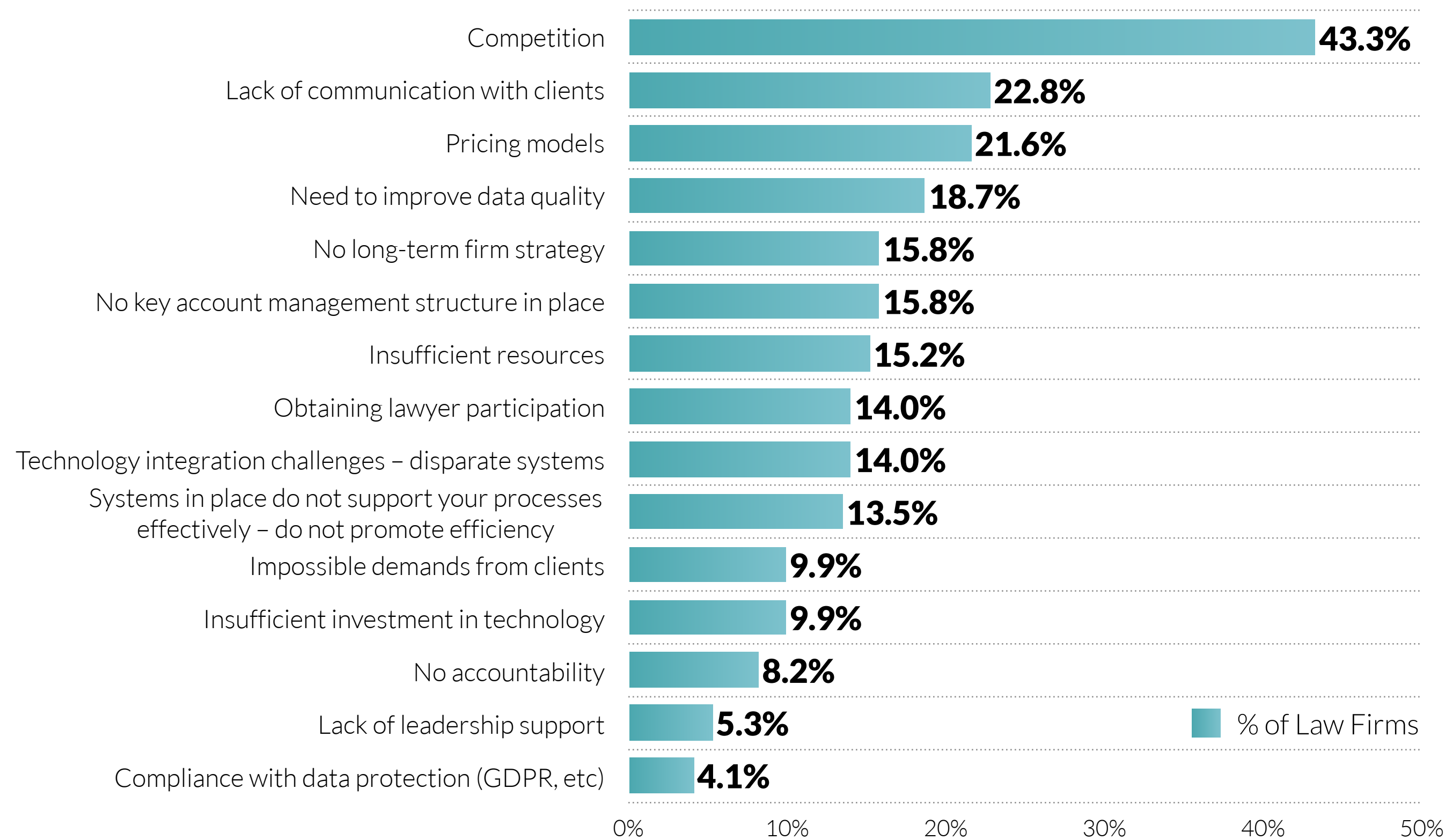


As we saw earlier in the report, business development and sales were hit hard by the COVID-19 pandemic. Competition moved up to the top business development challenge, rising from 29% in 2019 to 34% in 2021.

- Lack of business development follow-up still remained a top challenge, dropping only slightly from 32% in 2018 to 29% in 2020. Typically, this is a result of not having enough resources dedicated to business development—or pursuing too many opportunities (#6 on the list).
- New to the list of challenges is "No long-term strategy." It is hard enough for a law firm to grow when it has to pivot on several fronts. Having no long-term strategy makes it that much more difficult.

Client Retention Challenges

Top Client Retention Challenges That Law Firms Are Currently Facing



In most years, law firm client retention challenges are variables a law firm can control: lack of communication, pricing, data quality, insufficient resources, lack of leadership support, etc. In 2020, however, that was not the case as competition dominated as the top client retention challenge.

- Competition outranked almost every other client retention challenge by at least a factor of two. Prospects and clients are at least speaking to your competition. Do you know why?

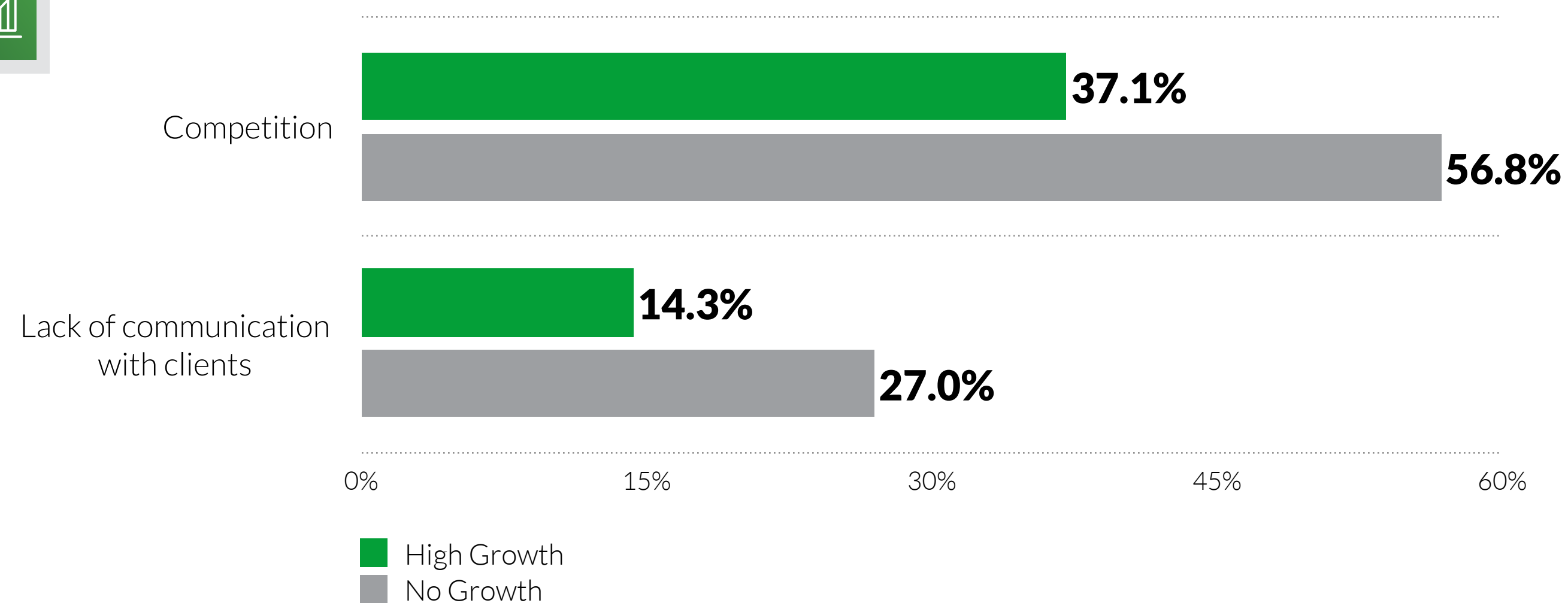
KEY INSIGHT/TIP

One of the best ways to learn about your competitors, how prospects and clients perceive your firm, what services prospects value, and more is to conduct custom research. In addition, you can use the research to make better decisions—as well as educate your target audiences on industry trends, behaviors, and priorities. When you use your research as a resource for your content marketing program, it helps you build credibility, visibility, and leads. Turn that research cost into a research investment with returns.

Client Retention Challenges (continued)



No Growth Firms Struggled with These Client Retention Challenges



While all law firms have been hit hard by more intense competition, no group has been hit harder than No Growth firms (over 56%). Unfortunately for them, a lot of their competition is probably the high growth law firms that have embraced technology, digital marketing, long-term strategies, and larger budgets—which in turn generate more visibility and engagement.

- Another major client retention challenge facing No Growth firms is lack of communication with clients. Many of these firms have not invested yet in the technology, skills, and processes to help them automate many of their account management functions—relying instead on old, manual processes. While they may have every intention of communicating with their clients more frequently, they are often distracted by other priorities and their communications are forgotten or not timely.

Have Business Development Strategies Changed Considerably?

Do you agree or disagree with the following statement?

“The strategies and activities required to win new business today have changed considerably over the past 12 months.”



69.8%

Agree that strategies to win new business have changed considerably over the past 12 months

“We have to be very client specific. No one approach fits all. Prospects are very time poor. We need to anticipate and offer real value to get a meeting. The prevalence of the Work From Home model makes it harder to get in front of people without an existing relationship.”

Business Development Manager

As you can imagine, the majority of our law firm respondents agreed that business development strategies have changed considerably in the past 12 months—almost 70% of them.

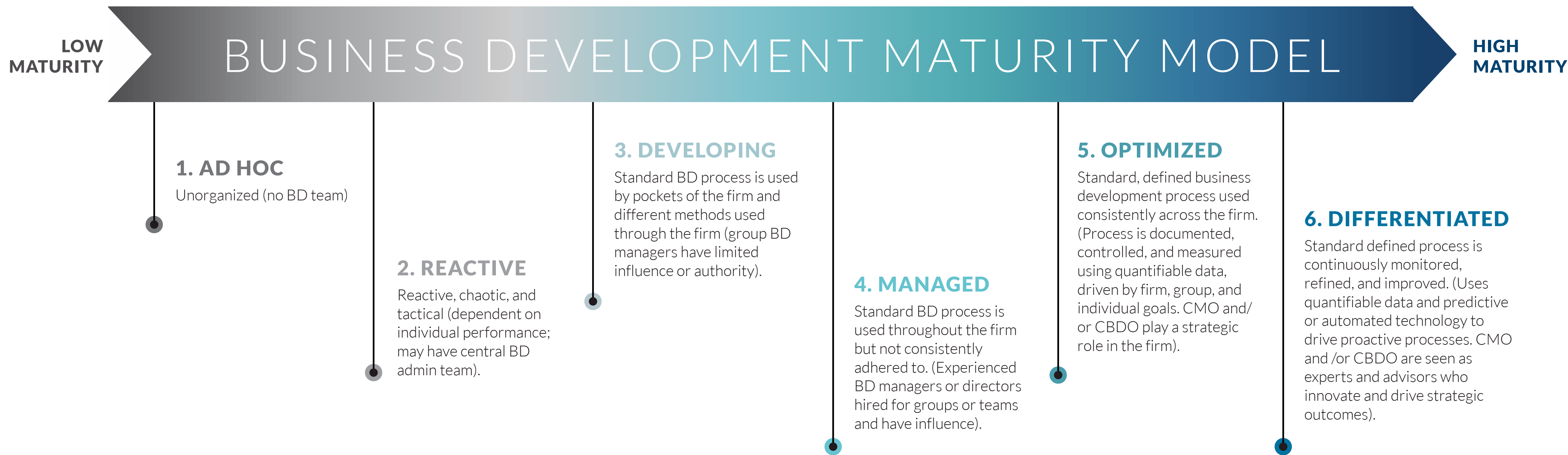
In our phone interviews and open-ended survey questions, we heard some of the ways that law firm business development strategies have changed. Here are a few representative quotes:

- "We have greatly expanded our webinar offerings in lieu of in-person conferences and events, which has drawn in many new prospects who otherwise might not have been on our radar."
- "We have come up with new systems and ways to track our diversity to more easily handle inquiries and win the work we are going after."
- "We have shifted to interactive virtual events and smaller-scale educational sessions."
- "We have revised our billing and pricing. No more hourly rates. We have more flat fee billing."
- "We are getting emotional intelligence, infotech skills, and digital sales and marketing training for our lawyers and staff."
- "We are leveraging more automation."

Business Development Maturity & Technology

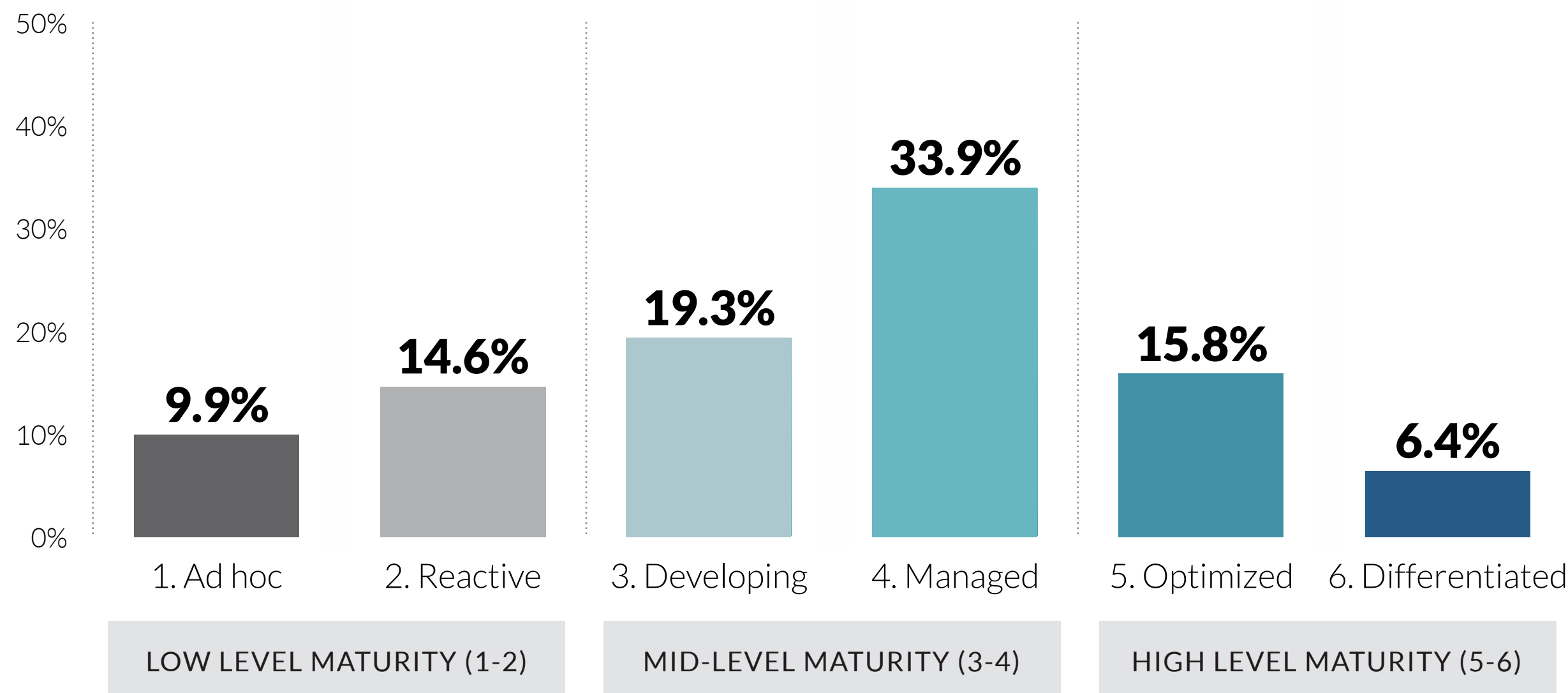
Introducing the Business Development (BD) Maturity Model

InterAction® created a six-level business development (BD) maturity model to help law firm respondents self-identify and respond to specific questions around maturity. This information will help readers gauge their BD maturity levels in this and future *Marketing & Business Development Reports*.

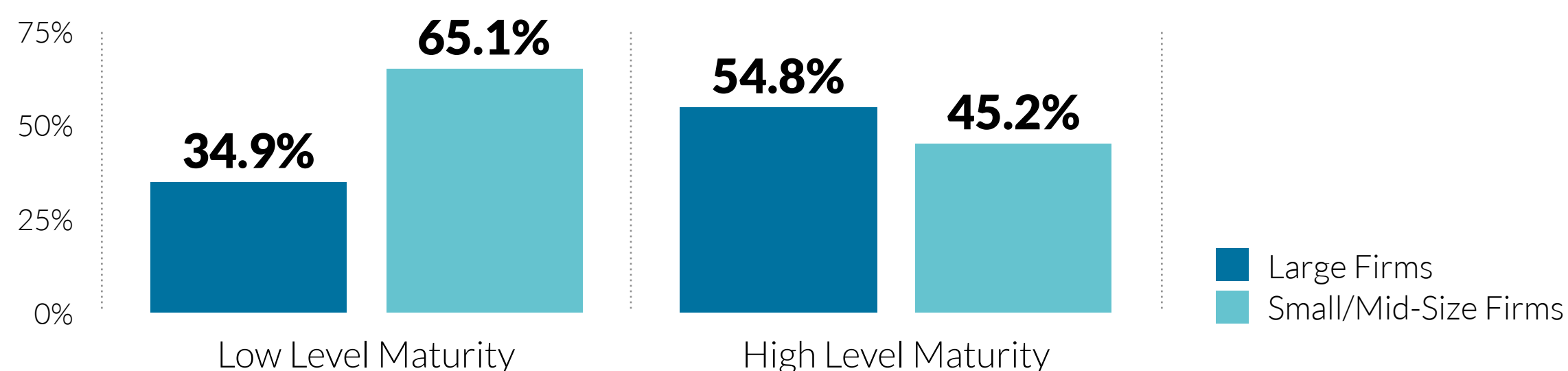


Business Development Maturity

BD Maturity Levels of Respondents



BD Maturity Levels by Firm Size



Analyzing the responses against our BD Maturity Model, it is interesting to see that most law firm respondents around the world see themselves at either “Level 3: Developing” or “Level 4: Managed.” This provides a normal distribution with the majority of responses in the middle. Furthermore, we saw that:

- Roughly one in five law firms (22%) have a high level (5 or 6) business development team as self-identified using our maturity model. As you will see, having a high level BD team directly correlates to a firm’s ability to accurately track their BD/marketing efforts.
- Larger firms typically have a higher level of BD maturity. Nearly two-thirds of small/mid-size firms have a low level of maturity.

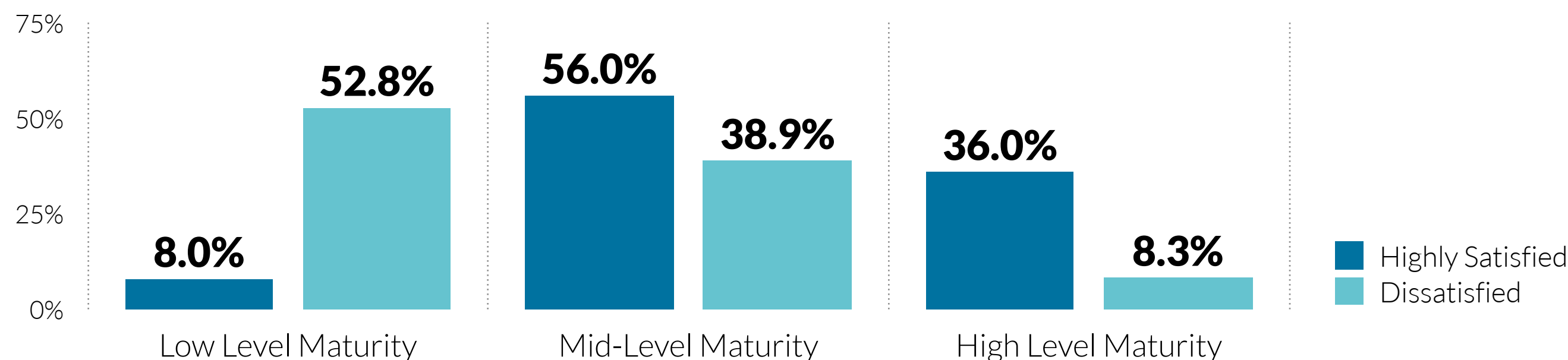
“To succeed and win more business, we need more automation and an established set of metrics.”

Managing Partner

Business Development Maturity Leads to Higher Satisfaction in Tracking Performance



Satisfaction in Firm's Ability to Accurately Track/Monitor its Marketing and BD Performance?

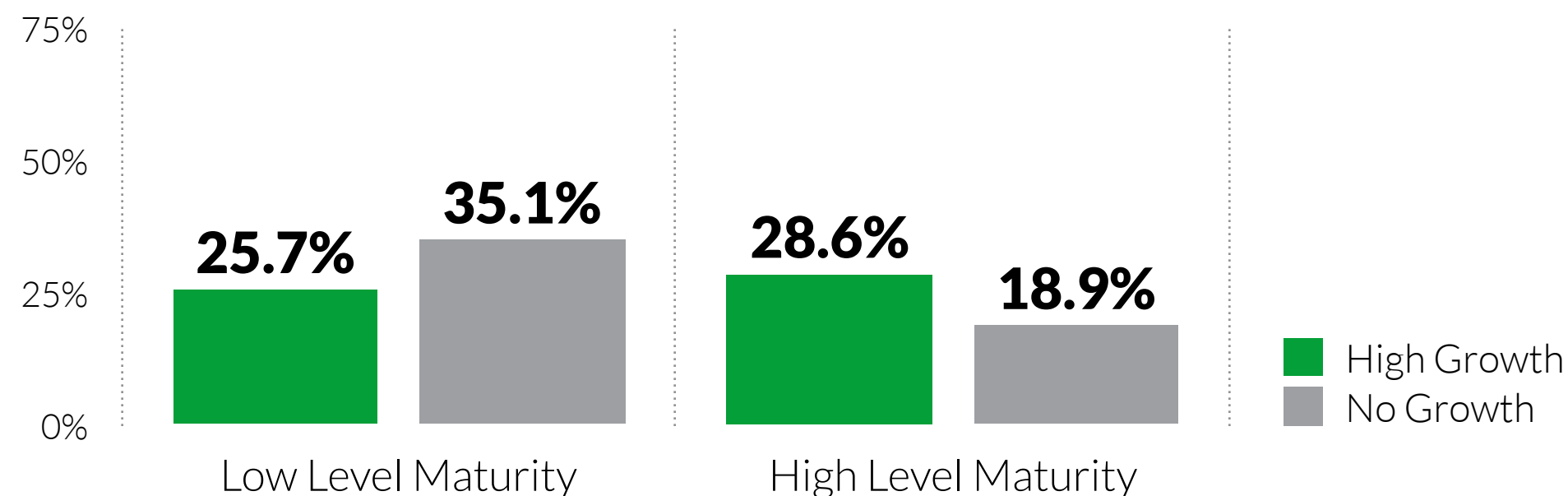


Our BD Maturity Model reveals an interesting correlation. Law firms with higher business development maturity levels were able to more accurately track and monitor marketing and business development performance. This is important as it could impact which campaigns and programs are implemented, where budget is allocated, which activities should receive more funding for extension or optimization. We did not see the same relationship with no growth firms. In fact:

- More than a third of highly satisfied firms have a high level of business development maturity, while the same can be said for only 8% of low-level business development teams.
- Over half of firms that are strongly dissatisfied with their ability to track their business development/marketing metrics have a low level of business development maturity.

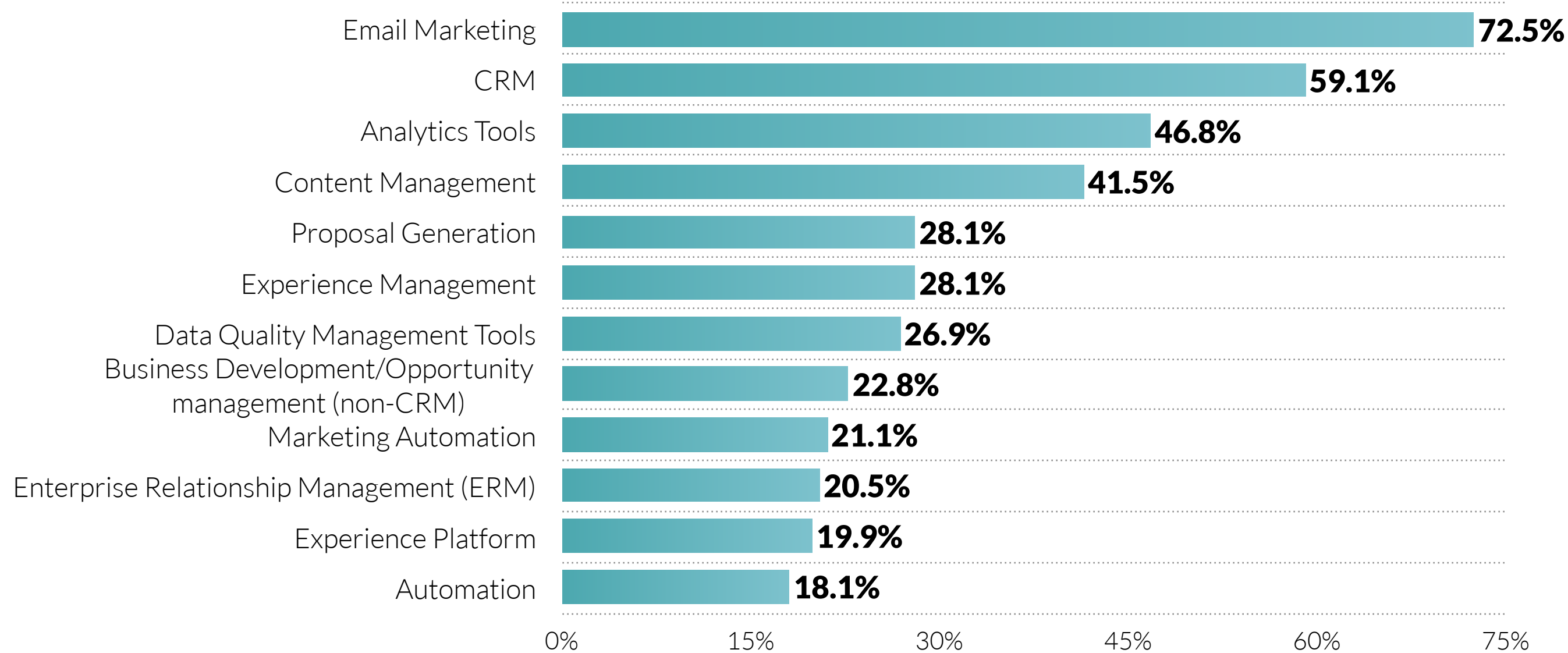


Maturity Level of High Growth vs. No Growth Firms

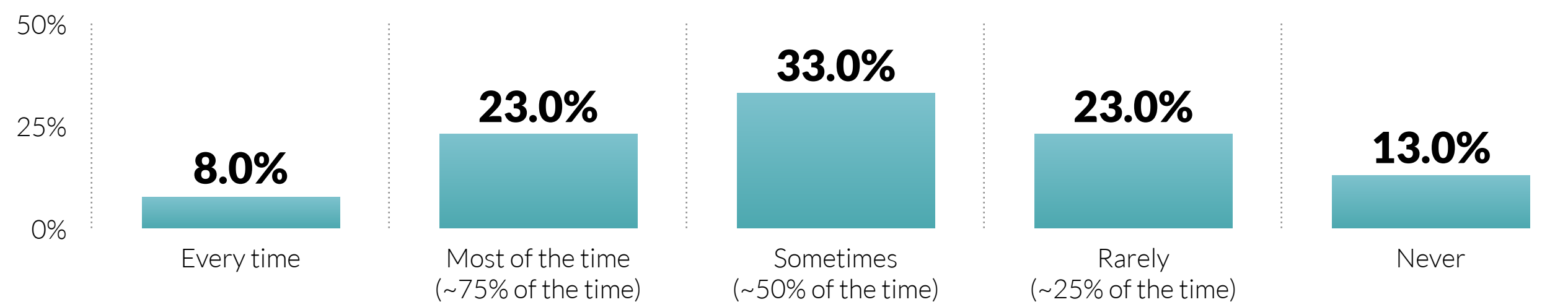


Business Development's Use of Technology

Current Use of Business Development Technology



Frequency of Technology Inquiries During the RFP Process



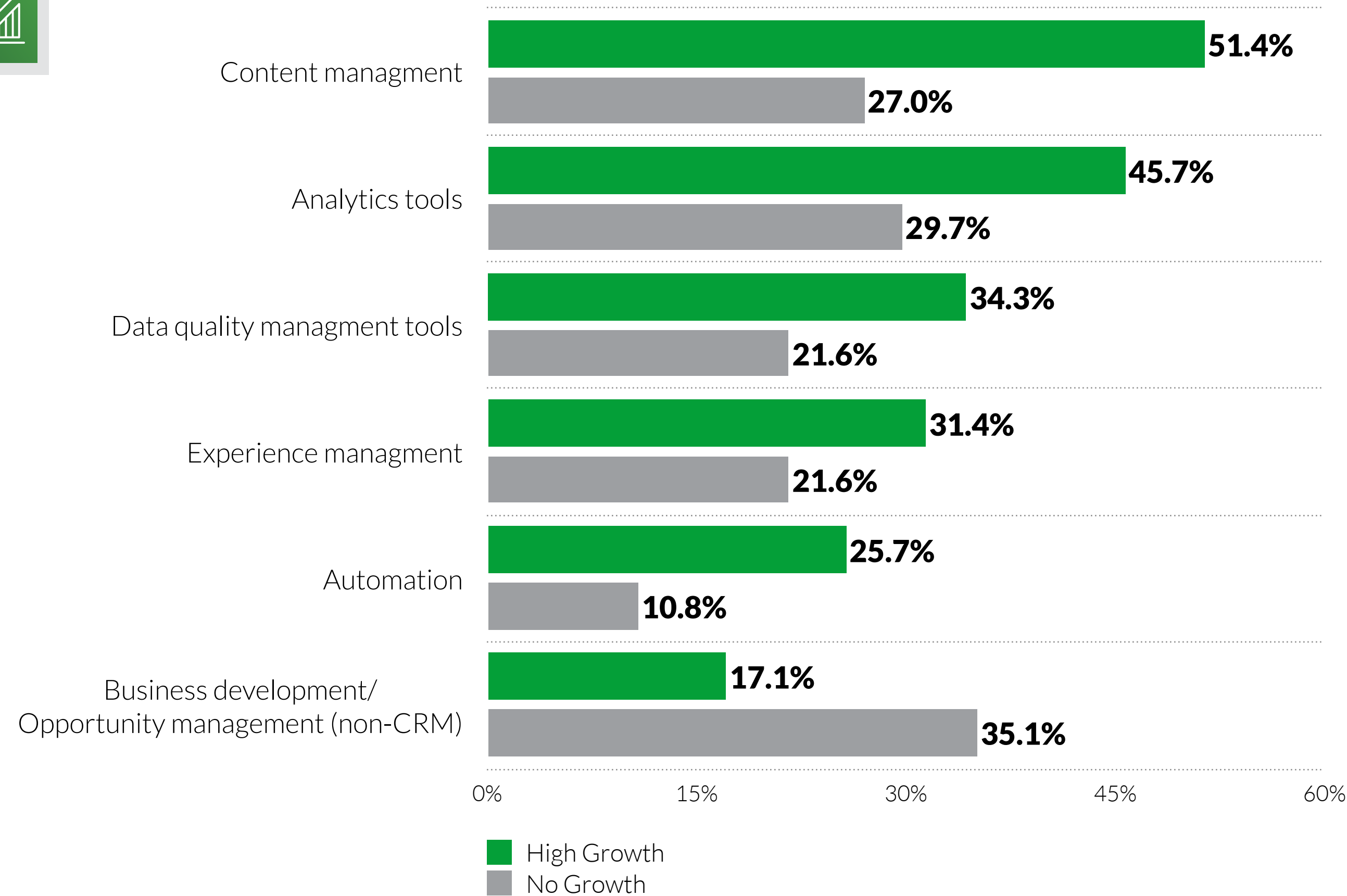
As law firm business development teams have changed the way they find, engage, and track prospects and leads, it makes sense that technology use is on the rise. Platforms for email marketing, customer relationship management (CRM), analytics, and content management top the list of adoption.

- Nearly three-quarters of surveyed law firms (72.5%) are using email marketing. Law firms are looking for ways to scale, automate, segment, and nurture outreach. Email and marketing automation platforms allow law firms to generate more visibility and engagement.
- A little more than half of law firms are taking advantage of a CRM platform to help them capture prospect and client insights and data, get better visibility into their sales pipelines, access reporting, and make more timely and impactful decisions on opportunities and priorities. But that also means almost half are not using customer relationship technology, which is probably costing them opportunities and business.
- Prospects and clients are leveraging technology and want to work with law firms that are using technology to operate effectively and efficiently. In fact, our research shows that 64% of respondents reported that their prospects or clients request information regarding their use of technology at least half of the time.

Business Development's Use of Technology (continued)



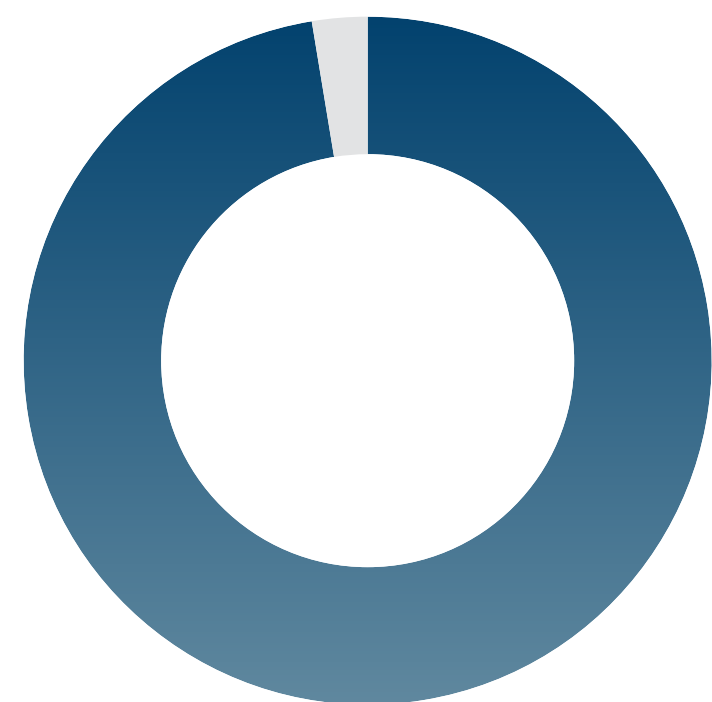
Business Technology Use by Growth & No Growth Firms



As with other sections in this report, we wanted not only to look at overall law firm marketing and business development trends, but to examine how High Growth law firms respond differently than No Growth firms. We saw a few interesting trends:

- High Growth law firms use content management technology almost twice as much as No Growth firms. (51.4% vs. 27%.) These technologies can provide more visibility around thought leadership and subject matter expertise, as well as more opportunities to show that a law firm understands—and knows how to solve—key client issues. Our research shows that subject matter expertise and experience is the top criteria buyers use to select a firm.
- The only area where No Growth law firms dominate High Growth firms is “business development/opportunity management (non-CRM) technology—35.1% v. 17.1%. Non-CRM technology continues to be a common feature of No Growth firms.

Firms With Higher Levels of Maturity Have Greater Success in Winning New Business



HIGH LEVEL MATURITY

97.4%

Find marketing to be successful in winning new business



LOW LEVEL MATURITY

42.9%

Find marketing to be successful in winning new business

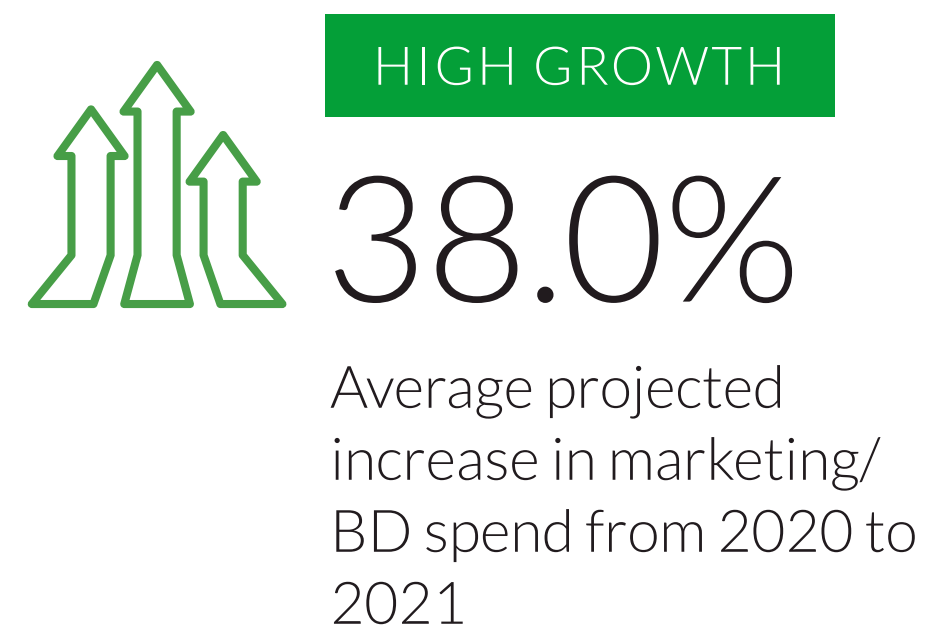
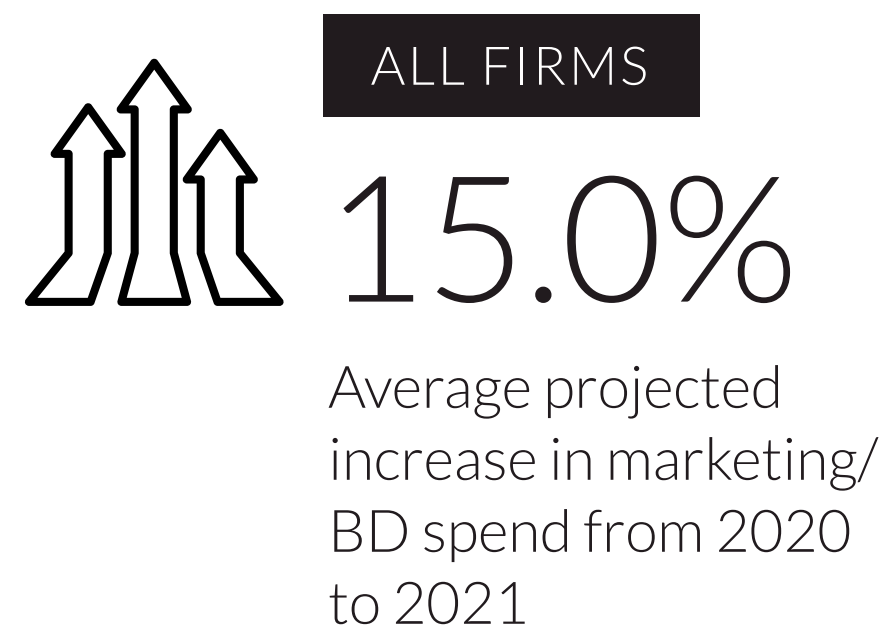
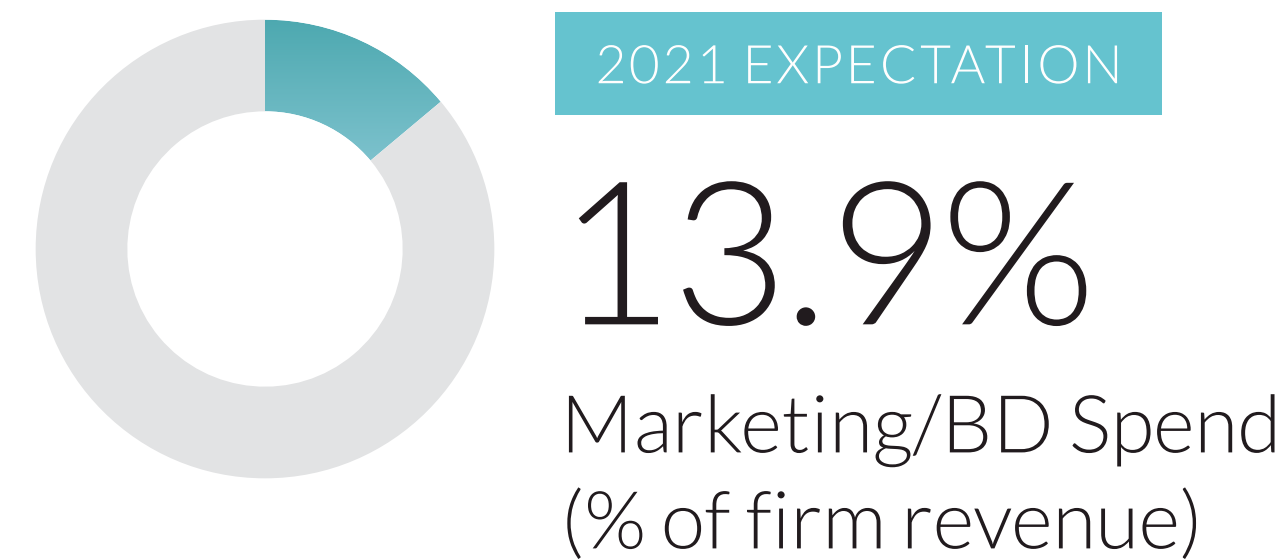
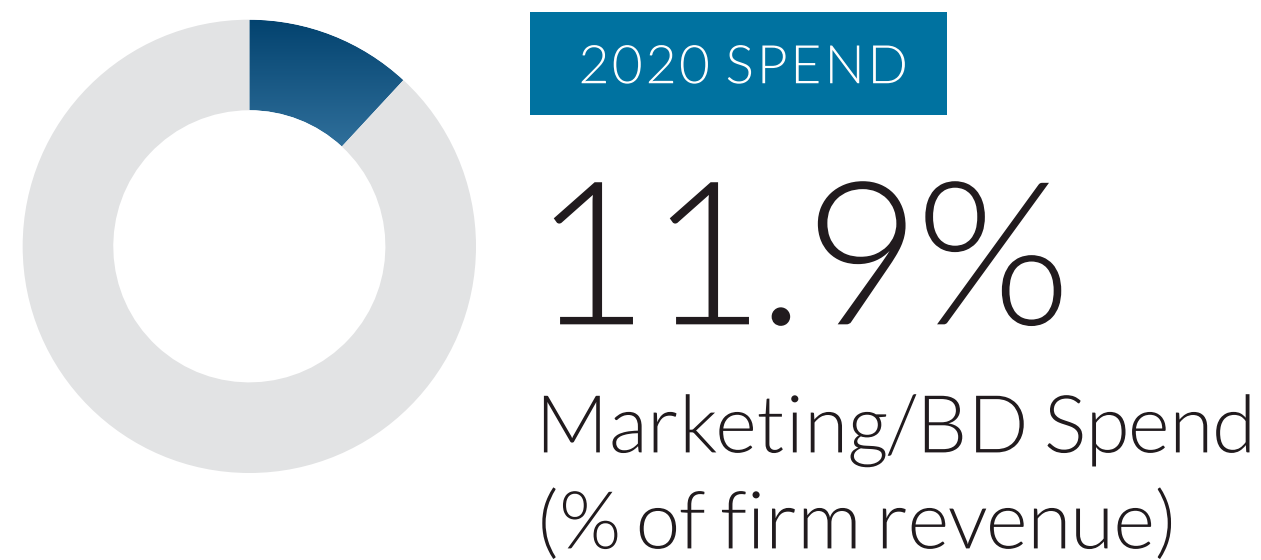
We noticed an interesting trend during our analysis of business development automation: While most of the surveyed law firms self-identified as being in the middle or bottom of the BD Maturity Model, those in the top two levels truly see the payoff (97.4% v. 42.9%).

KEY INSIGHT/TIP

While there are bound to be some challenges and setbacks along the way as your firm continues through the maturity level scale, it is worth the investment of time and money. Law firms must focus more on adopting and enhancing business development skills, strategies, technology, and processes. This focus will probably require more lawyer and non-lawyer staff participation. Competition is not going away and if your competition is dedicating more to business development initiatives, who do you think will probably win?

Marketing & Business Development Budget and Resource Allocation

Spending on Business Development & Marketing



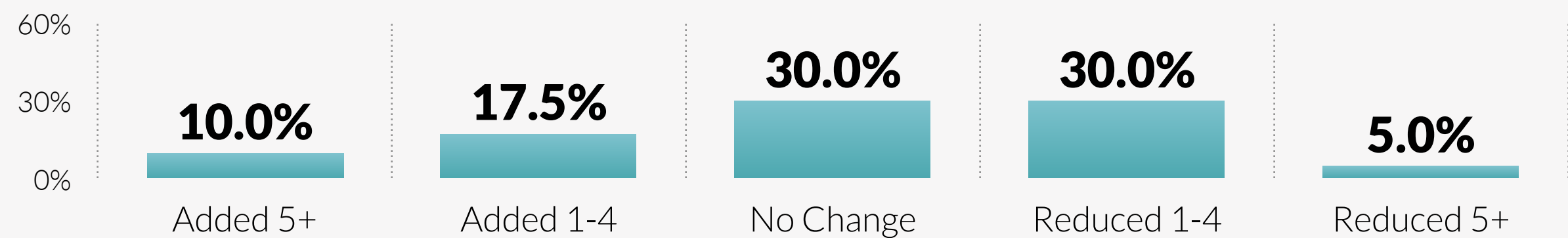
Taking into account that most respondents were not directly involved in their firms' business development or marketing budget development, we noted a few interesting trends:

- Most law firms are planning to spend more on business development and marketing in 2021 than they did in 2020.
- Across surveyed law firms of all sizes and from all geographies, we saw a mean increase in projected marketing spend of 15% from 2020 to 2021.
- No Growth and High Growth law firms expect to spend their budgets in very different ways. While No Growth firms plan to increase marketing spending by a respectable 10%, High Growth law firms plan on raising their marketing spending in 2021 by an average of 38%.

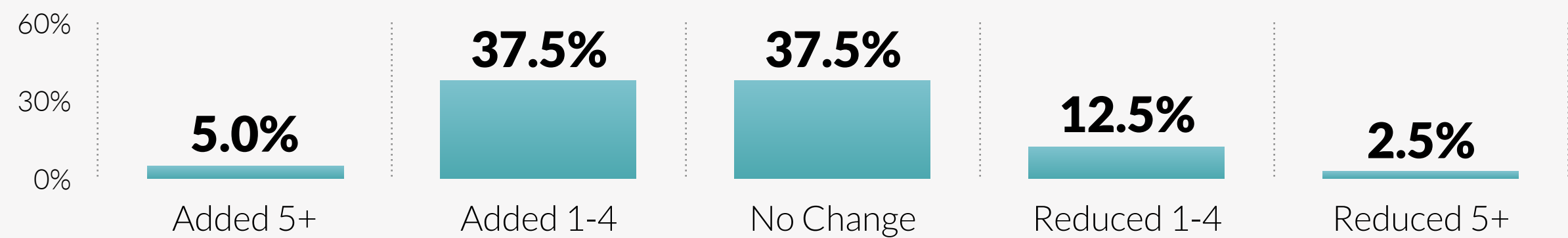
Hiring Marketing and/or Business Development Talent

FIRMS WITH SEPARATE BD AND MARKETING FUNCTIONS

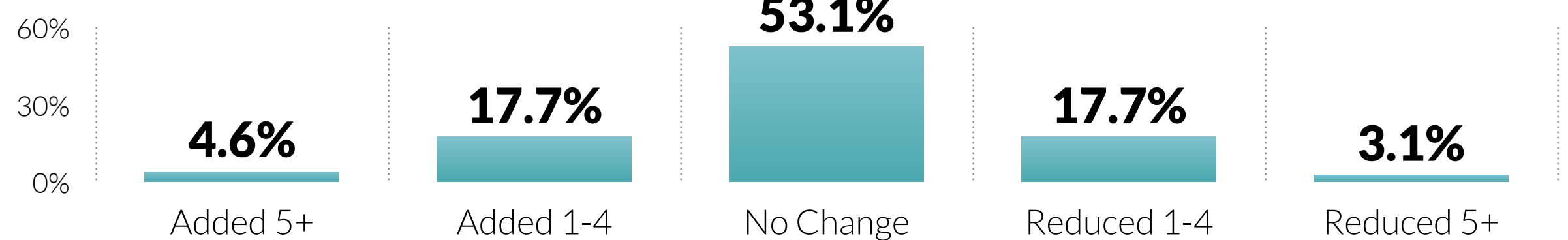
Change in Marketing FTEs over the Past 12 Months



Change in BD FTEs over the Past 12 Months



Change in Marketing/BD FTEs over the Past 12 Months*



*Responses in bottom chart were among firms who did not have separate BD & Marketing teams.

Law firms around the world handle marketing and business development differently. Some have separate departments (about a quarter have marketing and BD teams). Others have one or the other as a department. Also, there are those that combine both marketing and business development together in one department. When it came to resource allocation and management during the past 12 months, we wanted to get a snapshot of each scenario.

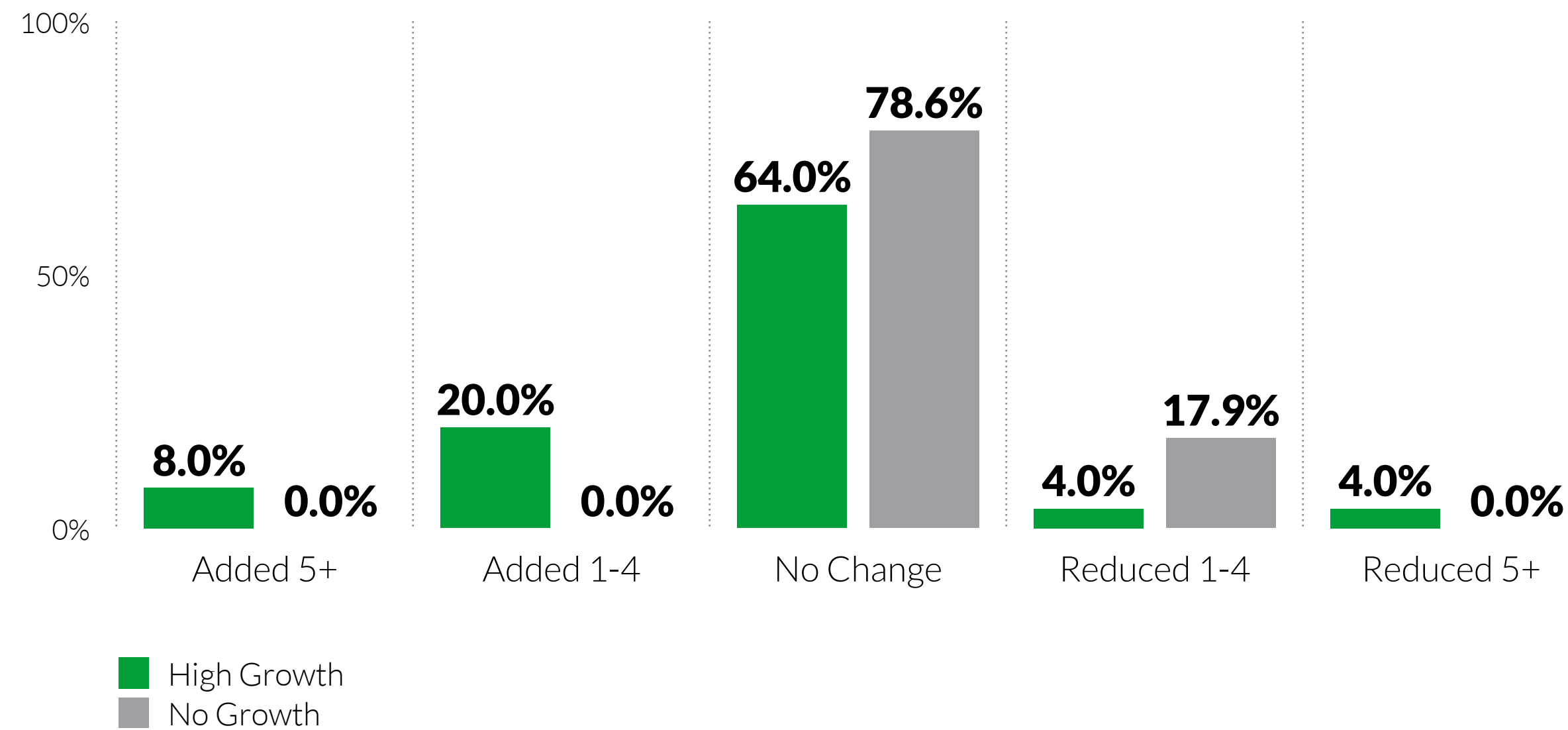
- For those firms that only had a marketing department or separated marketing from business development, most opted to keep things as they are or reduce headcount by up to four people. This behavior is typical for many firms when there is a downturn in business.
- For those law firms with a separate business development department, the trend was the opposite. They either made no change to staffing or they added up to four new employees. We believe that since referrals and other traditional BD activities were not as effective during the pandemic, many firms felt that they had to add more staff to achieve the BD results that they were getting in pre-pandemic times.
- It is interesting to note that firms that had a combined marketing and business development department made few if any changes. Perhaps the staffs in these departments are cross-trained and can take on other functions as priorities change.

Hiring Marketing and/or Business Development Talent (continued)



FIRMS WITH COMBINED BD AND MARKETING FUNCTIONS

Change in Marketing and/or BD* FTEs over the Past 12 Months



*Responses in bottom chart were among firms who did not have separate BD & Marketing teams.

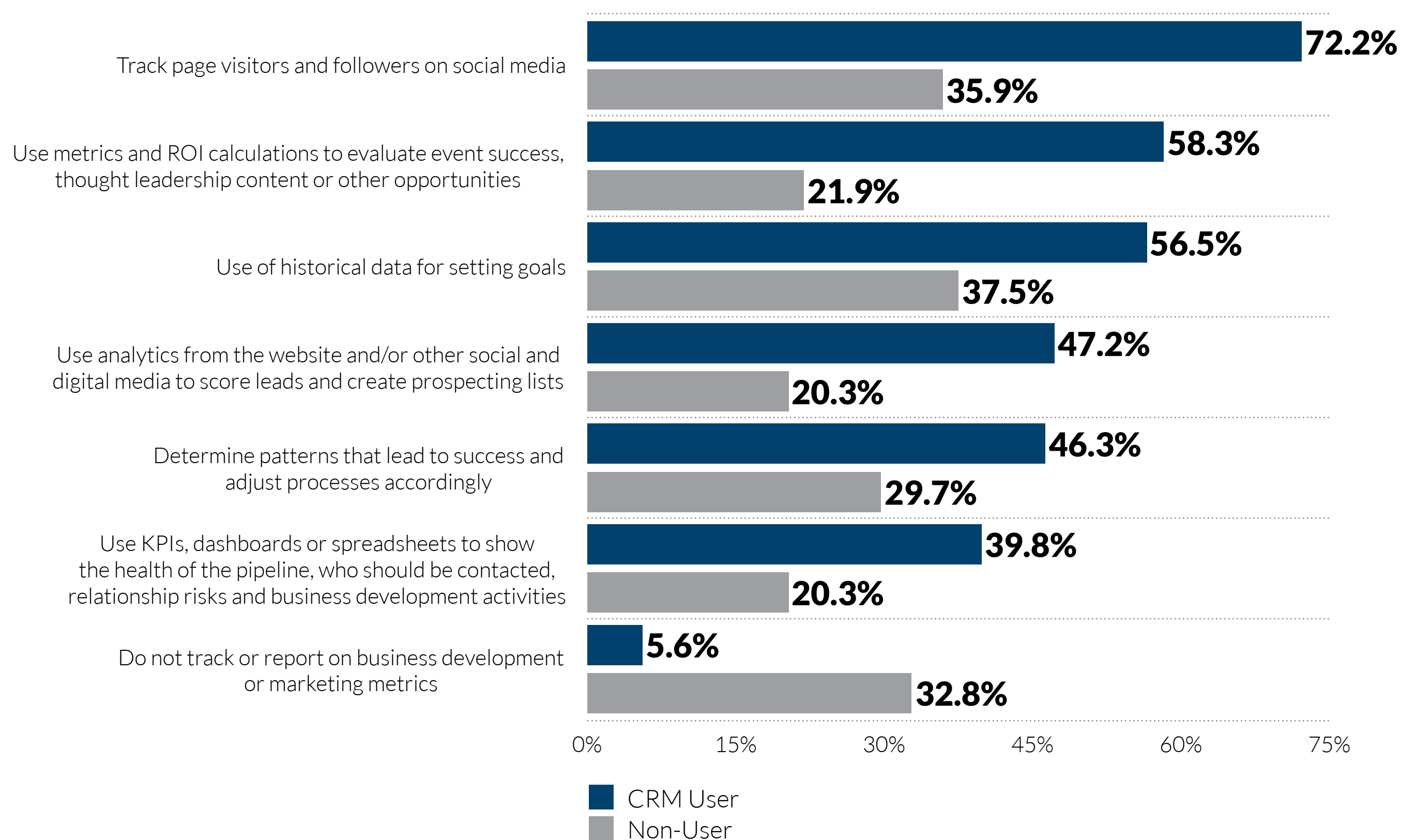
As we looked at law firm marketing and business development resource management across different department configurations, we then added another variable—High Growth versus No Growth reaction.

- For High Growth law firms that had combined marketing and business development functions in one department, we saw that while most made no change in headcount, one in five (20%) did make the move to add between one and four new employees.
- No Growth firms primarily made no changes to headcount (78.6%). When they did make a change, it was to reduce headcount by up to four staffers. Nearly 18% of No Growth firms made a reduction in headcount.

CRM Adoption & Usage

CRM Users Are Much More Likely to Track Their Metrics

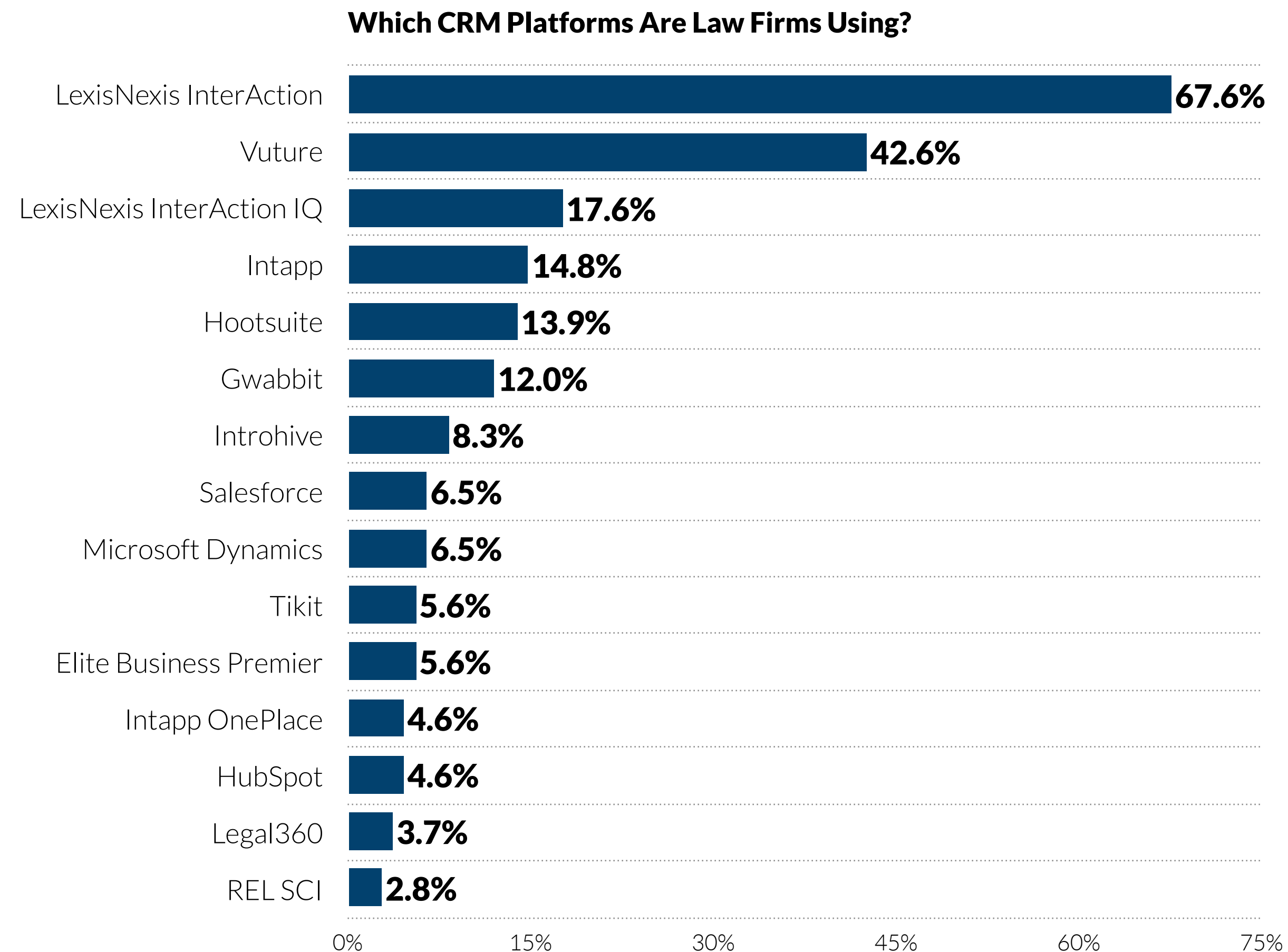
Methods Used for Tracking BD Metrics - CRM Users vs Non-Users



We are seeing some trends that we hope you will find helpful as you grow your firm. High Growth law firms are doing what it takes to reach the highest levels of business development maturity. These mature business development teams are leveraging CRM technology to help adapt to changing business development strategies. Now we are seeing that these CRM adopters are also more likely to track their metrics. Without these insights, it is very difficult to adapt to changing conditions and optimize your efforts. These CRM users have a distinct advantage over CRM non-users by:

- Using metrics and ROI calculations to evaluate event success, thought leadership, etc. CRM users do it almost three times as much as non-users (58.3% v. 21.9).
- Determining patterns that lead to success and adjusting processes (46.3% v. 29.7%).
- Simply tracking or reporting business development or marketing metrics. More than 32% of respondents who don't use a CRM admit to not doing this. Only 5.6% of CRM users reported that they do not track or report metrics.

Which CRM Platforms Are Law Firms Using?



CRM technology is becoming a more important and integral part of law firm marketing and business development functions. According to our research, two are more popular than the rest, but there are many options to choose from.

Our research shows that law firms considered many different criteria when evaluating CRM platforms, including:

- Price
- Functionality
- Industry-specific features
- Ease of use
- Technology stack integration/ease of implementation
- Training
- Customer support

Conclusion: Looking Forward

Looking Forward

This research initiative has been like no other project we have undertaken before. Affected by the COVID-19 pandemic, business disruptions, and political unrest, the business world was forced to adapt and change. But our goal remained the same: to provide the readers of this report with the trends, insights, and tips to help them prioritize, adapt, and optimize their marketing and business development efforts to grow their firms.

As we conclude this report, we have gathered a few key insights from our research and pondered what lies ahead. We would like to share five of these thoughts with you.

1. Law Firms Cannot Wait Any Longer to Adopt Technology

As the data clearly shows, many law firms are leveraging marketing and business development technologies, such as email marketing, CRM, content management, and analytics. But there are still many law firms that have not made the technology transformation yet. Keep in mind the sooner you start, the better. Technology adoption can be time-consuming.

There are so many stages to account for: evaluation, selection, implementation, training, and the learning curve stage, to name just a few. Every day that you wait is putting you further behind the competition and weakening your ability to connect with new prospects.

There is CRM, office automation, and other technology that is specifically designed to help law firms with marketing, business development, and more. Unfortunately many law firms have not dedicated the time and money to develop the understanding and resources to take full advantage of these technologies—when their competitors have.

Technology is sure to help you enhance your clients' journey and experience, allow you to be more accessible and responsive, keep your prospects and clients in close contact, and help support your business strategies and adapt to changing conditions. Start reaping the benefits and developing a stronger competitive advantage.

2. Law Firms Are Not the Only Ones Adopting Technology

Many of your prospects and clients are adopting and enjoying today's technologies. This is not going to go away after the pandemic. Many prospects and clients will prefer to meet virtually rather than in person.

For some, there is great appeal in turning on a computer and speaking with an attorney—versus dressing up, battling traffic in a car, and meeting with an attorney in person. This is an option many have grown accustomed to and law firms will need to accommodate these client desires.

Looking Forward (continued)

3. Law Firms Will Return to a Different Normal

As we have seen, not all law firms are the same. They behave differently based on size, geography, specialty, marketing and business development maturity, growth cadence, and technology adoption.

But as more people are vaccinated, more law offices will be open for in-person activity. However, most law offices will not be fully and regularly staffed until 2022. Court systems, too, aren't likely to return to 2019-levels of activity until 2022.

Until then, and even after, videoconferencing will be a popular way to communicate with prospects, clients, and fellow employees. It will be part of the new normal.

For most law firms, revenue and staffing will probably not return to pre-pandemic levels until 2022, as well.

The year 2021 is a transition year for law firms—one in which they will reassess their long-term strategies, reprioritize budgets and investments, and integrate lawyers more into the marketing and business development processes. Across law firms, all departments must focus on client outreach and service and new sales. This has to become the new mindset for most law firms to survive and thrive.

4. Business Development Will Need to Continually Adapt and Innovate

Through the disruptions of 2020, client expectations have shifted. Law firms need to stay on top of these changing preferences, as well as how their competition is addressing the changes. This is where frequent research comes into play. It truly is a game changer.

If you can see evolving buying behaviors early, it can only help your business development prospects. Missing these changes will definitely cost you.

Looking Forward (continued)

But, leveraging research more frequently is only one way that law firm business development teams need to adapt and innovate. Another way is by establishing and tracking metrics. Monitoring and measuring performance will help law firm business development and marketing teams set more accurate goals, determine where to make budget changes, and optimize programs and campaigns. Digital technology will be a big help in establishing business development reports and dashboards that can be shared with different functions (leadership, operations, marketing) so that everyone can be supporting the same goals and have the same expectations—leading to more meaningful discussions.

Adopting technology, leveraging research, and tracking metrics lead to a business development team that is more mature. As these activities become part of a more robust and mature BD process, you will see your firm evolve from one that uses reactive, chaotic, and tactical processes to one that uses proactive, automated, and predictive processes. You become a firm that can adapt to any industry, cultural, or economic changes—and grow.

Innovation should run throughout your firm, and it should be client-focused. You will find that questions throughout department meetings will tie back to business development. Is there a better way to offer your services? Can you deliver them differently? Can you package your pricing in a new way? Can you be more personal and authentic in your delivery? Are there areas where you can be more transparent with your clients?

From a marketing perspective, it could mean looking for new ways to showcase your expertise. Are there ways to drive more traffic to your website, engage your visitors, and encourage them to take the next step? Is your website optimized for mobile access? Do your web pages take too long to load, frustrating your clients and prospects? Do you really differentiate your firm on your website? Again, everything comes back to business development.

We believe that by understanding how the landscape has changed over the last year and half, law firms will be in the best position to generate visibility, leads, engagement, and revenue in a marketplace that is getting more competitive and global.

"Lawyers need to focus on sales more now than ever before."

Business Development Manager

About InterAction®

Advancing What's Possible

LexisNexis® InterAction® is the leading client relationship platform for law and professional services firms. For almost three decades, InterAction has helped firms of all sizes drive business relationships, accelerate firm growth, and increase revenue by embedding client intelligence at the heart of every engagement. We aim to be a partner that helps you grow your book of business through an innovative portfolio that enables you to uncover value in your contacts while improving your ability to deliver meaningful relationship experiences.

Discover more at [interaction.com](https://www.interaction.com).



About the Hinge Research Institute

Leveraging Data to Generate More Visibility, Leads, and Revenue

At the Hinge Research Institute, we conduct and publish independent research on professional services firms. This groundbreaking research is available nowhere else. The Institute is dedicated to achieving one goal—understanding what drives exceptional professional services growth. We do this in two ways:

1. Uncovering the marketing strategies and business challenges of high growth professional services firms; and
2. Giving B2B companies and associations the data and insights they need to understand and profit from the professional services industry.

To learn more about the Hinge Research Institute, please go to:

<https://hingemarketing.com/research-institute>

