

Strategies

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Leading the ROI Discussion in Your Firm



by Norm Rubenstein

Legal marketers who have been at their craft since the mid- to late 80s have witnessed a significant growth in the investment that law firms are making in their marketing programs. While that growth may not have kept pace with the rate of growth in size and profitability of many firms, it has created resources for positioning and business development about which many longstanding legal marketers could only have dreamed a decade ago.

In the early stages of institutional legal marketing, most law firms invested less than one percent of gross revenue on marketing and client development, and this often included staff compensation. Today that percentage is creeping upward. Market-leading firms, particularly those with aggressive visibility programs that incorporate significant advertising or sponsorships, currently spend north of two percent of gross revenue on marketing staff and programs. This continues to be far less than their corporate clients, but more than ever before - and many indicate a willingness or intention to keep expanding their marketing investments in coming years.

But with increased investments in legal marketing programs - domestically and internationally - comes a different level of scrutiny of legal marketers and of their ability to manage their firms' limited resources. Not surprisingly, as firms have ratcheted up their

investments in marketing and, at the same time, recruited more sophisticated and more expensive marketing talent to lead their centralized marketing efforts, lawyers have begun to focus greater attention on the nature of those investments and to question the benefits they produce for their firms.

That increased scrutiny has led to discussions about whether law firms actually can measure return on marketing investment and, if so, how. While those discussions often have ignored important distinctions between professional services firms and corporations' marketing departments (not the least of which is the lead time and horizon for measuring marketing impact), they do point to an important development in the evolution of legal marketing programs and to an opportunity it creates for legal marketers in firms of all sizes and practice mixes.

The ROI Discussion

Legal marketers have an opportunity to "own" the return on investment (ROI) discussion in their firms. And taking this a step further, to own it is to initiate it. In firms where an executive director, a chief financial officer, a managing partner, a chair, or some other lawyer initiates the discussion about whether to measure the efficacy of the firm's marketing program, the chief marketing officer (CMO) or marketing director has ceded a significant reputation-building advantage. Why? Inevitably the discussion of how effective the

firm's marketing program is/has been in (a) raising visibility, (b) developing marketing strategy, (c) targeting specific clients or industries and (d) addressing other priorities will surface. If the topic is raised by someone other than the firm's most senior marketing professional, it suggests that the marketer is more focused on deploying firm resources than on determining how best to invest them or in evaluating their effectiveness. In fact, good marketers always are interested in whether the strategy and tactics they advocate are capable of accomplishing their intended purpose.

As any in-house marketer knows, the firm's managing partner or chair often is its most vocal marketing champion. This is likely the individual whose marketplace presence has exposed him/her to best practices by other firms and the one who struggles to generate enthusiasm and acceptance among firm lawyers for the work of the CMO and the marketing department. In the course of that marketing cheerleading, that firm leader often is confronted by skeptical partners whose support of and enthusiasm for marketing may be grudging at best. Having the CMO or most senior marketer lead the effort to evaluate whether the firm's investment in marketing and client-development activities is yielding appropriate results can help bridge the gap that often develops between marketers and legal practitioners.

Another important reason that legal marketers should own the conversation about the value of the firm's marketing program is that the conversation is both inevitable and predictably cyclical. Like taxes, the cost of marketing and the value it provides resurface every year - at a minimum during the firm's budgeting cycle, an event that defines many marketers' autumn season. As marketing programs have expanded and firms have acquired the requisite staff to implement these more robust branding and business-development programs, the budget-review process is more protracted and

intensive than it was in the earliest days of legal marketing. Given the klieg light that shines on the marketing program and expenditures during that cycle, it is a dramatic statement of the chief marketer's confidence in the decisions he/she makes in collaboration with firm leadership and in his/her willingness to examine those decisions objectively if he/she launches the discussion about the value of marketing program components.

Focusing on the value - in this case, the ROI - of a firm's marketing spend can be an excellent insurance policy for legal marketers in volatile economic cycles. It is no secret that legal marketers have not enjoyed the tenure in law firms that many expected or felt they deserved. The causes for the revolving door leading to marketing departments are legion. Law firms are organizations with unusually challenging business models: Virtually everyone the marketing director must seek to inspire or change also is an owner - and therefore a boss. Thus, in their efforts to spearhead what constitutes nothing short of a cultural revolution in their firms, marketers may orchestrate their own undoing. However, if marketers demonstrate sensitivity to the cost-intensity and the yield of their marketing programs, they are likely to win over partners who see the entire marketing program as a big slice of overhead. Once again, owning the conversation can help position the marketing team on the right side of careful money management.

Another reason for increased attention to the real value of our marketing expenditures is that it inspires good marketers to weed out ineffective marketing investments from their firm's marketing mix. Often these expenditures require politically dicey discussions with influential partners, office or practice chairs and other influencers about marketing initiatives they control. A sophisticated marketer may appreciate that a marketing spend on client entertainment, sports tickets, certain kinds of levels of

sponsorships, one-off advertising, etc., may offer little or no demonstrable value to the firm's marketing program. Excising those items or activities from the firm's annual marketing budget, however, requires the support and participation of the partners whose projects they fund.

Thus, legal marketers must don their educator and negotiator caps and help their lawyers discern the important distinctions among effective and wasteful marketing efforts. Much of what some of us have learned about effective marketing budgeting and about evaluating the value of individual components of a marketing program stems from coaching by marketing consultant and former in-house marketer Deborah McMurray. Her Couch Money (r) program spotlights how firms can find and redeploy significant dollars already in their marketing budgets toward marketing designed to yield greater ROI for the firm.

Last but not least, marketers must own the ROI discussion in their firms as part of a profession-wide effort to redefine what legal marketers do. Over the last 15 years, we as an industry have encountered lawyers who presume that marketers who have experience and expertise in visibility enhancement (media relations, branding, advertising and the development of Web sites and collateral) are less experienced or capable in budgeting and resource allocation than marketers who focus

on strategic marketing planning, targeted business development and research and other competitive intelligence activities.

It is an age-old and unscientific dichotomy: a presumption that marketing art and marketing science are administered by different individuals whose brains reflect different wiring. The reality is that today's generation of senior legal marketers are highly trained and versatile professionals whose understanding of how to develop strategy and how to select and apply tools to accomplish that strategy are equally well-developed. And they have track records to prove it.

By initiating the discussion and understanding how firm leaders evaluate their marketing investments, legal marketers can reshape outmoded stereotyping and demonstrate our equal comfort balancing and evaluating budgets and crafting marketing strategies. Marketers who demonstrate an understanding of (1) how to evaluate the effectiveness of wide-ranging marketing tools and (2) have the confidence in the tough discussions to which that analysis leads are more likely to participate in those discussions from their own seat at the table.

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