



BY HEATHER SUTTIE

Fighting for Law Firm Dollars

Outsourcing some of the old "full service" model allows marketing departments to work within shrinking budgets



CONTINUING PRESSURE for value and intense focus on profit is resulting in tightened controls and reduction of law firm spending.

Some firms continue to de-equitize partners in order to become more profitable. After associates' pay, support staff salaries and rent have long been two of the biggest overhead costs.

Over the past five years the ratio of lawyers to assistants has increased from 2:1 to 4:1 and higher. Many firms are also cutting back on office space and opting for alternative arrangements, such as hoteling and working from home.

Continued centralization of many standard law firm business functions is entirely possible. We've already seen this trend in finance, human resources, IT and, in some cases, offshoring traditional legal work to lower-cost service providers.

Having long been considered a cost centre, it's likely that more areas of marketing and, in some instances, business development will be outsourced in an effort to reduce overhead, increase profitability and streamline workflow with an eye to efficiency. There are pros and cons to doing so. Balancing the trade-offs between marketing and business development efforts that are service-oriented and those that are strategy-

oriented will be a determining factor in many firms' financial future.

SERVICE VS. STRATEGY

When you pulled into a gas station in the 1960s, an attendant would promptly appear and start pumping gas into the car. They'd check oil, transmission and washer fluid, clean windows and mirrors, and check air pressure on all four tires. That was full service, and perhaps explains why what we call a gas station now was called a service station then.

This dated expectation of hop-to-it service remains pervasive among many traditional law firms with respect to their marketing and business development departments, which are also chronically underfunded. PwC's UK-based *Annual Law Firms' Survey 2016* showed that over an eight-year span the average budget allocation for marketing and business development was a woeful 2.5 per cent. IT had the lion's share at 4.7 per cent while the worst-off group was finance, at 2 per cent.

The survey also classifies marketing and business development as a support service, along with IT, finance, HR, training, and administrative assistance. On the flip side, however, it reports that client experience, which is dependent to a large extent on the efforts of marketing and strategic initiatives of business development, is crucial to a law firm's welfare.

OUTSOURCING

Law firm marketing and business development teams generally run very lean. Many firms already outsource major marketing pieces, such as the firm's website — from development to hosting — as well as customer relationship management and marketing communication functions that include so-

cial media, public relations, creative services and event planning.

Outsourcing time-intensive, hands-on marketing work opens business development capacity by serving the needs of the firm's current clients as well as fostering relationships with potential new clients that strategically align with the firm's strengths. (Outsourcing can also mean a geographic shift. For example, the *ABA Journal* reported last September that DLA Piper LLP would cut 180 jobs in the UK and move business support roles, including marketing, to its back office in Warsaw.)

GIGGING

Chief marketing officers in law firms tend to have relatively short tenures. Those who last more than 10 years usually have an uncanny ability to dance fast through an ever-evolving internal minefield. Over the past 15 years or so, many CMOs — who have tended not to leave firms of their own volition — have begun to embrace the "gig" tactic: they join a firm and do the job for, say, four years. In the fifth year, they look for a new job and jump.

This can be expected to be the way of the future considering that millennials, who will soon start to take more senior roles, want more control over their careers, while those of earlier generations are learning how performing a variety of roles that play to their strengths can provide a fulfilling and flexible lifestyle for years to come.

The working world is changing with the speed of summer lightning. However, the fluidity of talent that can be scaled up or down to suit market pressures, while providing premium client service, offers more opportunities than obstacles. ▀

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