

ERM 2.0 — What's Next for Legal Marketers

How Relationships Impact Client Development Strategy

By Wilbur Swan

Law firm marketers understand that “whom you know” really matters, and how you know them matters even more. Enterprise Relationship Management (ERM) is what firms today use to track and manage their relationships to determine which connections firm-wide can be valuable in growing their business. But ERM, like most marketing technologies, has evolved. It is critical for law firm marketers to remain aware of how to use this technology to their firms’ best advantage as it continues to mature. Where ERM 1.0 was about “who knows whom” and improving efficiency in identifying key relationship owners, ERM 2.0 is about changing how the firm can use its relationship information as intelligence for a competitive advantage. Additionally, it encapsulates deep market and relationship data analytics, allowing firms to better understand their strategic business risks and opportunities. In other words, it really comes down to taking all relationship information and making it actionable.

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BEST PRACTICE

ERM 2.0 should be part of a broader, evolving best practice for law firms, typically called a client development strategy. It represents a deliberate plan to leverage intelligence — relationship/business/competitive — to effectively deploy and measure marketing efforts as they relate to improving client development. At the core of this best practice is the understanding that relationships and experience are the key assets that a firm brings to the table, and that by leveraging them effectively a firm can outperform its peers in achieving a growth strategy. In fact, this intersection of expertise and relationships is where most new business opportunities arise for a law firm.

So with this in mind, what are the first steps a firm should examine in moving relationships forward and turning that data into intelligent competitive information that can play a strategic role in client development?

The three building blocks of an ERM 2.0 approach are:

1. Identify opportunities.
2. Act and quantify.
3. Measure and adjust.

IDENTIFY OPPORTUNITIES

Using ERM 2.0 means layering relationship information on top of market analysis so you can make more-informed decisions about your best prospects in a given industry or certain geography. For instance, if your firm is looking to open a Boston office and build a more formal practice area in biotech, you may start by researching all of the companies in the area. With limited time and resources, how do you really narrow that list down to the top three to five companies that make the most sense to pursue?

The best way to refine this list is to combine competitive intelligence information and relationship information — for example, by looking at market data and

analysis tools to answer questions such as: Who are the biggest players in this space? Who has the most market share? What is their litigation spend rate? What portion of their litigation events have we handled over the past five years? What is their turnover rate with general counsel?

By combining this type of data with an ERM system, you can then ask: Where do we have relationships with the heavy hitters? Who at our firm has the best connection to this company? Where have we already had success? When did we last reach out to these firms? Do we have strong enough relationships to break into the top three? And are there certain relationships at these companies we need to cultivate right away?

ACT AND QUANTIFY

Once you have winnowed your list based on market research and cross-referenced it against the strength of your existing relationships, begin very targeted marketing campaigns to a short list that are measurable, and quantify how the strength of your relationships with these prospects grows (or in some cases doesn't) based on your outreach.

Use your ERM system to see if you're actually developing new relationships to prospects; once you establish your hit-list, check regularly whether your attorneys are reaching key contacts.

Take an overall snapshot, as well, of your firm's relationship network and examine what types of relationships you have to your top prospects, and how strong they really are:

- Are they broad relationships but shallow? (Suggesting lots of possible connections, but no deep relationships to top influencers at your top prospects).
- Are they narrow and deep? (Signifying that not enough relationships have been established, but the ones you have are very strong).

- Are they broad and deep? (The ideal situation: you have both a broad set of connections as well as established relationships to the top players).

You will also want to ask yourself where, across your entire prospect list, you are finding success and where you are failing. Do you need to readjust where you are focusing your efforts? Has your relationship network pointed you in a different direction, such as to another industry you should try to pursue based on all your connections and the strength of your relationships to that market?

Once you set up these snapshots, continue to measure these metrics on a regular basis, each month or each quarter to track your firm's growth. Within the quarter, analyze whether you, between marketing and attorney outreach, have been able to get a stronger relationship network in place in the geographies and industries you're interested in, and how this has correlated with new business activity for your firm.

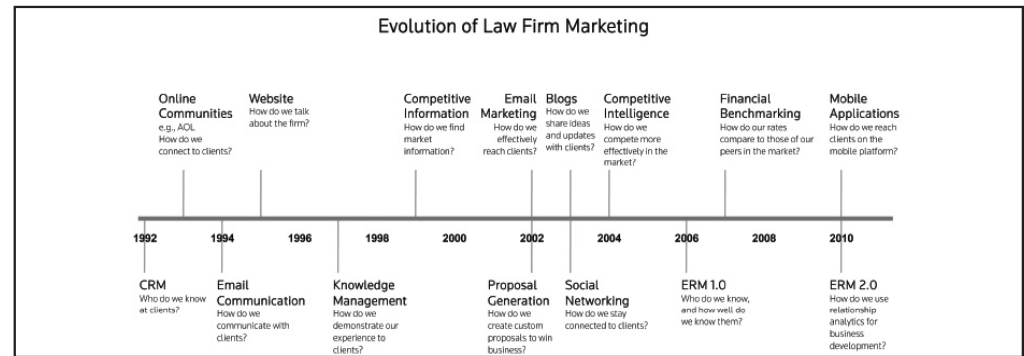
Putting these metrics in place and reviewing them each month or each quarter underscores the importance of staying on top of and tracking your most valuable relationships, as well as where you can best allocate your time and marketing dollars. It gives your department real, actionable data that you can use to take the most informed, intelligent steps forward in your client development strategy.

MEASURE AND ADJUST

With these metrics in place, your firm can also take a step back to look at the broader view of its overall relationship network and the areas you need to focus on to grow the business. One thing your firm should do is create automated scheduled reports that are sent each month to partners via e-mail, where they can glance at relationships, relationship strength, and how well your firm is connected to its top prospects.

This can help make the more critical decisions about reprioritizing the practice areas you pursue, how you structure your account teams, where to open new offices, what hires should be made, which industries and even what specific firms are the most ideal prospects, and where you should be investing your marketing dollars and your attorneys' time.

Your firm also can't afford to ignore its existing clients while it is pursuing new prospects. Equally important is using your ERM 2.0 system to track how well you're



staying on top of your relationships with current clients. You need to measure if you've lost touch with any important contacts at these firms, how often your attorneys are reaching out to them and through what mediums (e-mail, phone, in-person meetings).

This is a good way to track whether your firm has created a "gatekeeper" model with relationships to clients or an "enabler" model. In the gatekeeper model, only one or two people at the firm, such as a partner, have a relationship to the client. This is a risky strategy; partners can be pulled away, both by your competitors and for other unforeseen reasons. Instead, you should strive to set up an "enabler" model where multiple people at your firm and across client teams hold multiple relationships to each client. This ensures that you've got a stronger firm-wide connection to that company, and if the "gatekeeper" at your firm leaves, there are other established relationships with that business.

Below is a quick ERM 2.0 checklist to help you determine whether your firm is really capitalizing on relationship information and market intelligence. If you are not currently doing these things, it's time to think about putting a more formal ERM 2.0 process in place, complete with market analysis and relationship management technologies.

Ask yourself:

- Do you know, at a glance, where you are focusing your actual client development efforts in contrast to where you have said you would do so?
- Are you tracking marketing lead conversion compared with how your firm's relationships are building?
- Are you able to correlate certain types of relationship activity to buying signals? If you increase your relationship strength from one key contact to a half dozen at a prospect, does that correlate with your

firm's success in retaining counsel?

- Are you thinking about which clients are at risk because the bulk of relationships exist with just one person at your firm?
- Who are your critical clients, and are you closely monitoring your firm's activity with these clients and the ongoing strength of relationships with key players at those clients?

CONCLUSION

As demand for legal services becomes more competitive and clients become more demanding, leveraging your firm's two most valuable assets — its experience and relationships — is going to make the difference in landing new clients and keeping existing ones.

ERM 2.0 is about taking your valuable relationships and turning them into competitive intelligence to strengthen your client development efforts. By layering your existing relationship network on top of market research, your firm can quickly use its resources to cut to the chase and pursue the right prospects whose needs align with your firm's core strengths. Following the steps above should put your firm on the right track to making relationship management an active, measurable, accountable practice that your entire firm can participate in to help grow the business.