



How to Create Business Development Plans for Your Law Firm



CONTENTS

1. The Purpose of Business Development Plans
2. Key Reports and Materials for Planning
3. Practice Dynamics That Impact Business Development
4. Targeting the Right Prospects
5. Creating Your Plan
6. The Fundamentals of a Good Business Development Plan

Sustainable growth from profitable clients is the key to success for any law firm. How do you make sure you focus on the right kinds of clients, prospects and marketing to support your growth goals?

Focused on growth and based on thoughtful strategy, this practical guide for law firms walks through the step-by-step process of creating firm-wide and practice-specific business development plans.

This guide incorporates the expert knowledge and proven successful processes of legal marketing & business development leaders. Covering the strategic value of business plans, the work and thinking required to enable successful plan creation and detailing all the elements of a sound, achievable plan, regardless of your target market or area of legal practice.

Our goal is to provide intelligent guidance on business planning that law firm leaders can take away and implement with their teams. We hope firms find this both thought-provoking and instructive.



THE PURPOSE OF BUSINESS DEVELOPMENT PLANS

There are three main reasons why you need a good business development plan for your practice. These are the three P's of business development planning:

- Practice Priorities
- Practice Profitability
- Practice Problems



1

Practice Priorities

The actual process of business development planning forces you and your team to set priorities. Everyone has to agree to these and agree to focus on them for the coming year. The best thing about setting priorities is not only knowing what should be ruled in, but also knowing what is ruled out! This means you get back a lot of previously wasted time. You get back all the time that you typically would have spent examining ad hoc marketing and business development opportunities. If an “opportunity” is not aligned to the plan, it doesn’t need consideration. A lack of focus - being spread too thin and watering down your potential impact - can be one of the biggest impediments to meeting growth goals at law firms.



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2

Practice Profitability

The work that goes into practice planning makes you critically assess the underlying profitability of different client types, practice areas and teams. The perception of profitability and the reality can be quite different if you don’t frequently review profit by practice. Being disciplined about reviews like this lets you see the hidden gems or changing dynamics across practices. There are often practices that might not look like the biggest revenue generators initially, but because of their client handling systems or the way they process their work, they have a better profit margin or better realization rates, and consistently do really well in the background. Part of the purpose of BD planning is to see those opportunities for further investment in areas that already have great ROI, as well as identifying improvements to under-performing practices.



3

Practice Problems

Creating BD plans makes you look at reports and think about client relationships in ways that you don’t normally do on a day-to-day basis. By looking at those things, you start to see patterns or anomalies and you’ll want to find out why they exist. It’s a great discipline and can help you uncover problems in practice management, for example, in how clients are being managed in different practices or how individual issues sit with specific people.

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KEY REPORTS AND MATERIALS FOR PLANNING

Before you start digging into the actual creation of your business development plan, you need to do some homework. Essentially, the purpose of this is to arm yourself with the information you need to make decisions, before you put pen to paper. Getting the data you need and having broader firmwide conversations about the health of the firm and its practices will help you to build the right plan.

There are six key reports and templates that will typically come from your finance or marketing people or your practice manager.

1

Practice Fee Report

This is a breakdown of all your practices and the revenue across those. Typically, this looks at revenue trending over three years, so you can start to see which practices are actually growing, or which might be in decline, and have conversations about the reasons for that. What are the underlying elements in each of these practices causing that growth, or hindering it?

2

Client Fee Report

This is a breakdown of your top clients by practice area, so you can see the breadth of your firm's relationships with different clients. See which clients your teams are engaged with, who in your firm is billing them and how embedded they are across all your practice areas. The client fee report is a good report to show you the stability of your client base as well as the stability of some of your practice areas. It gives you a sense of the depths of relationships that your key clients have – this is indicative of loyalty. It's also a good way to see some vulnerabilities or opportunities for cross-selling, for example, if you see a key client who hasn't been billed much from certain practice areas over the last number of years, perhaps there are any underlying issues there to investigate. And where there are practices that have never billed a particular client, potentially that's an opportunity for cross-selling other services.

3

WIP vs Billed/Budget

Comparing work in progress (WIP) to billed fees and to budgeted fees is a great way to see how efficient different teams and different practice areas are – both in terms of billing processes and work rate. It can also help you identify knowledge gaps or opportunities to create processes that make things more efficient.

Are you getting bills out frequently enough or in small enough amounts? The closer bills are sent to the actual work being done, the faster they are paid. Smaller amounts are also easier for clients to take care of quickly – reducing the risk of having to write off portions of bills later, just to get clients to pay.

Sometimes when there's a big gap between WIP and billed it means that people are climbing too high a hill in terms of knowledge. They just don't have the information or the knowledge they need to be able to execute the work efficiently. Maybe there are training issues there or perhaps it's a project scoping issue. Maybe the quote was agreed far too early in the process before the project had really been scoped fully.

These are some of the valuable insights this report can provide. And central to decision making about the type of work and clients you can efficiently service.

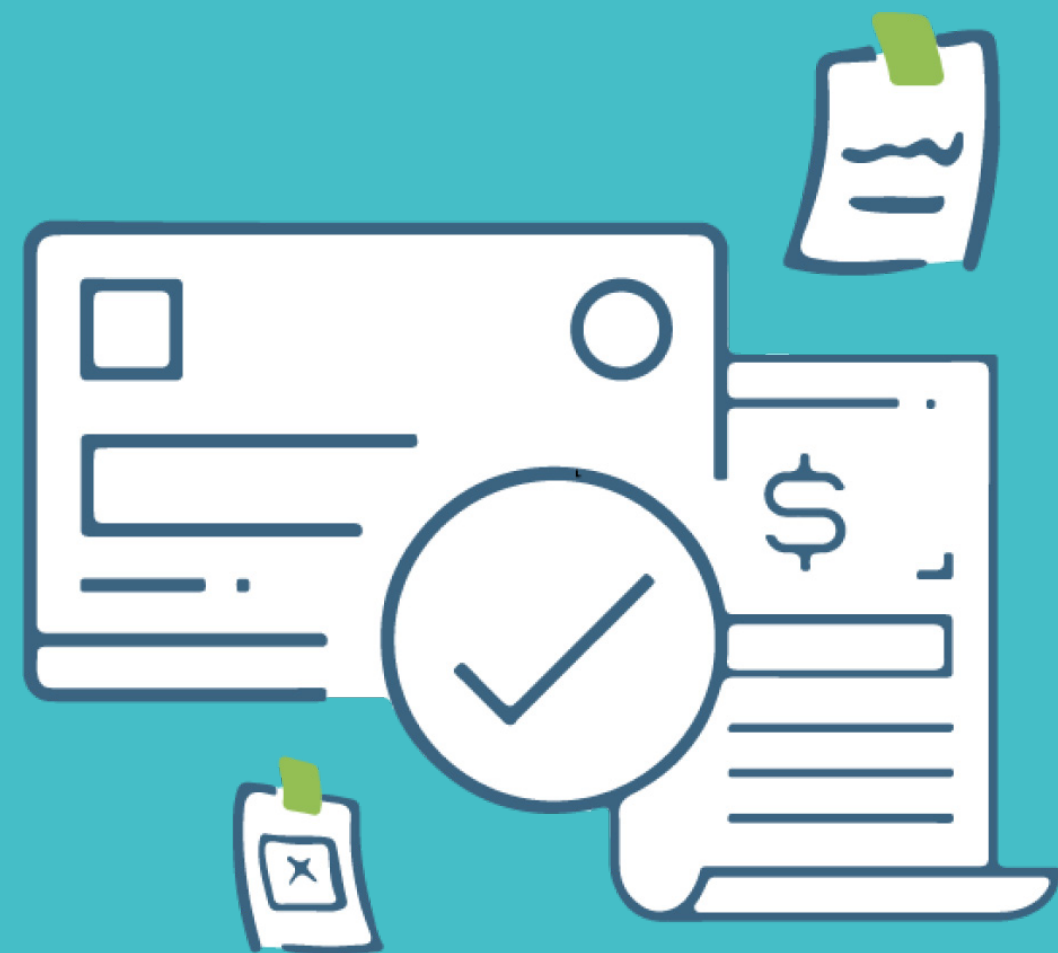
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4

Prior BD Spend

This report shows what you spent previously on business development and looks at the spread of spend across the different types of business development and marketing activities. The key thing to ask here is if you can actually track results back to what you spent previously? If so, you'll have a clear idea about the kinds of activities that have helped generate interest in your firm. This should guide where you invest in future to drive more business. If you can't trace results, why not? Because that's good information to go into the business development planning process with. You will obviously want to create a plan that is traceable and measurable, and has very clear goals, so that you know exactly what it is you're trying to achieve – and if it's working. Ask your teams how they can develop processes to capture results of marketing & business development expenses. Many firms build this into their matter opening detail capture forms, so that every matter is traced back to a specific marketing activity, business development activity or referral source.



5

Utilization

Utilization is one that people don't necessarily think about in relation to business development planning, but it is important because you need to be able to resource your business development plan – it's obvious but often overlooked that people have to actually execute on the plan that you put in place. The thing to look at there is who is busy in your firm or who has free time? And are the people who are super busy or the people who have free time the ones you actually want to be doing business development work? For example, you might have some rising stars in your junior team that deserve more profile, or you might have well-known partners that are helpful to have out and visible in the marketplace. But if they are maxed out with client work, they're not going to be able to give the time required to fulfill your business development plan.

Utilization - who is busy in your firm or who has free time? And are the people who are super busy or the people who have free time the ones you actually want to be doing business development work?

There are a few things you can do. You can obviously try and free people up and make sure that they do have time to do more of that business development work. You can look at the people who might be a little bit quieter and how they can either pick up some extra work from other people who you want to be more focused on business development, or you can enable those people who are quieter to commit to helping more with the background work related to business development. Utilization reports give you real insight into how people are working and how to realistically engage them in business development.

6

Consistent BD Plans

Finally, having a consistent business development template is crucial, even if you're a small firm. Having a template that you can use across different practice areas and having one that is consistent and familiar to people makes it easy to review and track progress over time. It should be simple; it should be familiar to people and it should be specific.

Those are the key things that you really need to have and the “homework” that you need to do in relation to analyzing these reports. Ideally, for a smoother and more efficient process – something we value highly at Actionstep! – you have these materials in place before you actually get into the business development planning process.



PRACTICE DYNAMICS THAT IMPACT BUSINESS DEVELOPMENT

- Which Practices Complement Each Other?
- Changing Market Opportunities
- The Health Of Your Clients' Business

Assessing practice dynamics is a key component to your business development planning process. Practice Dynamics are essentially the drivers outside of your control that you need to consider more broadly as a firm, because they have significant impact on revenue. While you might not be able to control them, you certainly need to be aware of them, and ideally have planned contingencies in place to address them.

Hero-Practices and Intra-Practice Reliance

At most law firms, certain practices will always be reliant on other practices for a percentage of their work. Internal referrals and cross-sells are key to their stability. An example of that might be a firm that does a lot of corporate mergers and acquisitions. They would typically feed a steady flow of work to employment, IP and finance/banking practice areas. And a firm that does a lot of conveyancing might refer or cross-sell their estate planning services to clients.

Naturally, if the referring practice takes a dip in their work, there's a huge knock-on effect to those other practices. The overall impact on your firm can be much greater. What do you do to mitigate this? How do you find other sources of work for those practices that are reliant? There isn't much you can do about the practices who are feeding them the work if it's a market issue. But there is more that you can potentially do to build other sources of work for those reliant practices.



Play the long game – because business development is built on relationships and if that client knows you are thinking about them in challenging times, they will be more loyal than ever in the future.

Changing Market Opportunities

Changing market opportunities or challenges are of course outside of your control, but you can leverage your firm's advantage around them. Do you have someone in your firm who is tasked with keeping an eye on regulatory developments, market movement or economic factors? And how do you communicate that sort of information to your practice or your practice leaders? As practice leaders, you need to stay informed and be prepared for changing market conditions. You might see them as opportunities or threats. There are always bubbles, changes and movements in the market, and while no-one can predict, for example, a global pandemic, keeping an eye on market developments means you discuss potential threats or opportunities, plan how you could pivot or resource or market the firm differently and identify your potential for being more adaptable because these things will happen whether you are ready or not.

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Client Business Health

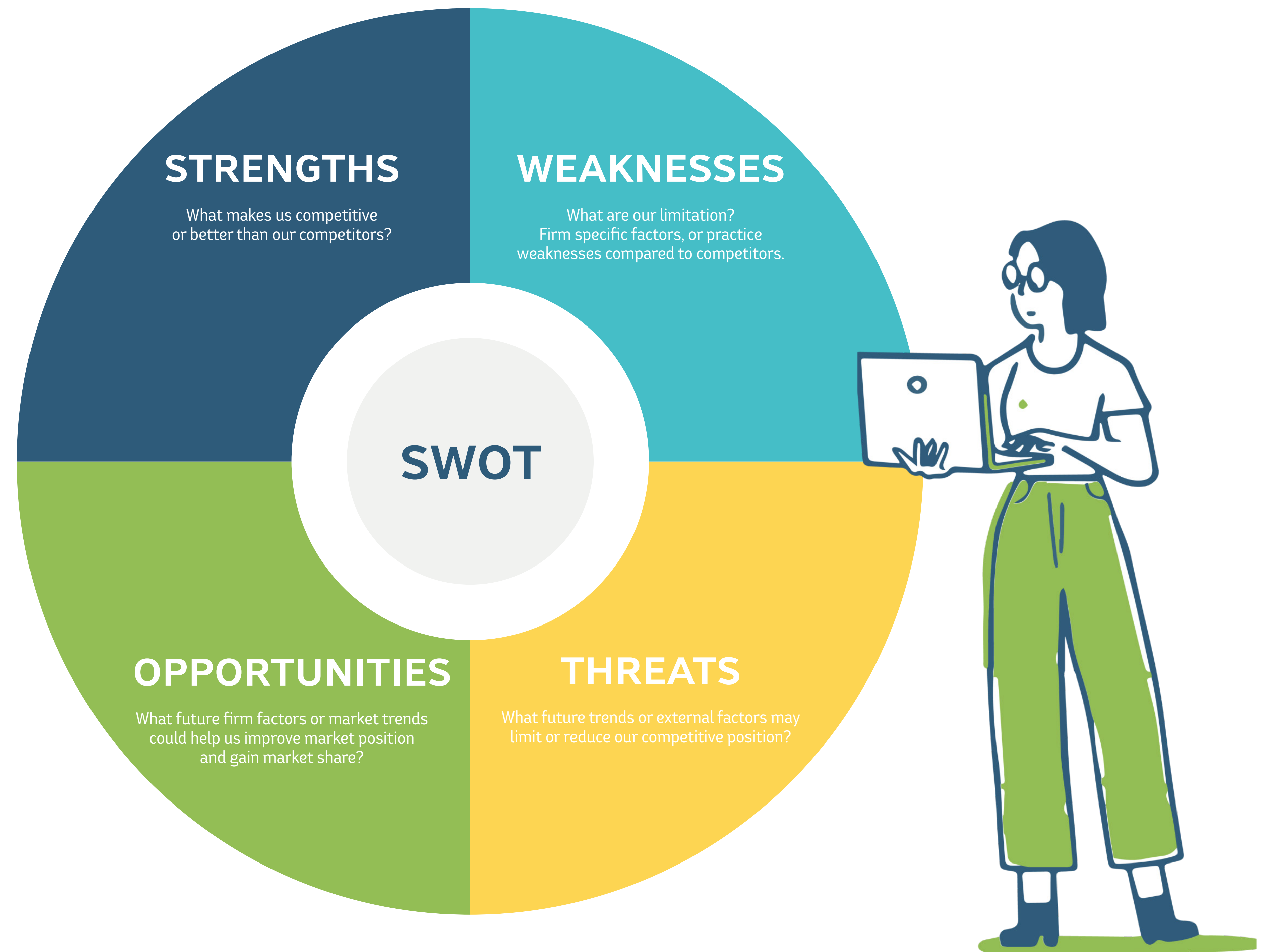
Being aware of what's happening with your own clients is essential. The goal is to see or anticipate changes in their behaviour or activity, to be prepared and not be surprised by things that might happen to them, which have a knock-on effect to your practice. For example, ask yourselves if, as a firm, you are particularly exposed to any one sector or any one type of client. What are the things that are happening in that sector or with that type of client at the moment? Can you leverage that sector-specific knowledge with things like case studies, testimonials, and turn that into an opportunity? On the flip side, what if something challenging happens in that sector to reduce their requirements for legal services?

That's looking at client health by sector or by grouping, but even just on a client-by-client basis, think especially about your top clients – the people or businesses that you absolutely can't lose as clients. If you start to see that assignments are dropping or that bills are going unpaid, it's obviously a sign of distress, but it doesn't necessarily mean that the problem is with your firm. It might be – and that's crucial to uncover – but maybe that particular client is struggling financially, or is something else going on in their business? What can you do to address that? It can be as simple as reaching out to them and asking what you can do to help or support them. Play the long game – because business development is built on relationships and if that client knows you are thinking about them in challenging times, they will be more loyal than ever in the future.

Client health, changing market trends and intra-practice reliance are just some of the practice dynamics that are worth discussing while you build your business development plan.

SWOT ANALYSIS

Looking at practice Strengths, Weaknesses, Opportunities and Threats is a good way to uncover many of these practice dynamics. You should do this for every practice area, so every practice area plan that you put together has a tailored SWOT in it. It doesn't really matter how big or small your firm is, or whether there's overlap or some repeating Strengths, Weaknesses, Opportunities and Threats across the practices. You can use these as a basis for discussion and reflection and include it in summary form. It doesn't need to be particularly detailed in your business development plan, but it should spark debate and discussion and be the guide for what you then decide to do within your plan.



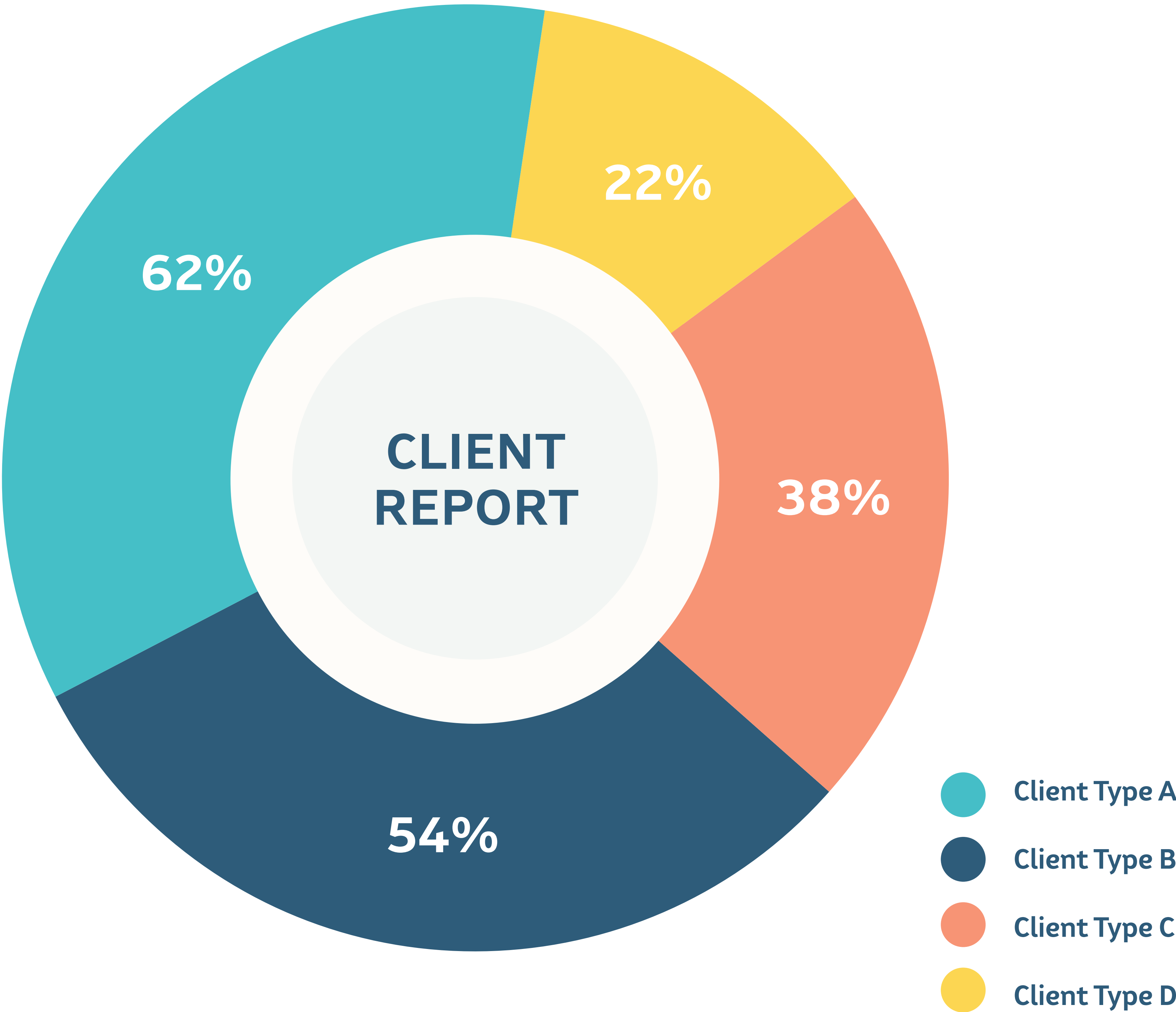
TARGETING THE RIGHT PROSPECTS

How do you focus your BD efforts on the right prospects?

CURRENT CLIENT PROFILE

Rank Clients By:

- Monetary Value
- Reference Value
- Client Relationships
- Quality of Work
- Future Work



TARGETING THE RIGHT PROSPECTS

In addition to the SWOT exercise, which will have helped you define some of the market opportunities that you want to focus on from a business development point of view, looking at your current client roster should also help you to define your target prospects, and help you understand where you’re going to focus your business development efforts.

Referral Value

Another value point, other than fees billed, to think about is what those clients look like from a reference value point of view. Are these clients willing to provide testimonials about your firm, or to refer a colleague or to refer a friend or another business? Or are they “marquee clients” – pretty well-known companies? Or companies in your target sectors that you really want to grow your market share in? Having those sorts of referenceable clients is going to be helpful to you even if they’re not particularly large.

Fee Value

Start with your list of current clients broken down by fees billed. It might not be your full client list – depending on the size of your firm you might want to look at your top 20, 50, 100, etc. Just doing that and looking at that list of clients by fees billed, maybe over the last number of years, is very insightful. It’s valuable to do that on a regular basis and make sure you really understand what’s happening with your clients. When you look at that top 20 or that top 50, are there commonalities in that client base? In terms of industry, business size, age or location of those people.

Strategic Value

Think about the strength of the different client relationships within your client list.

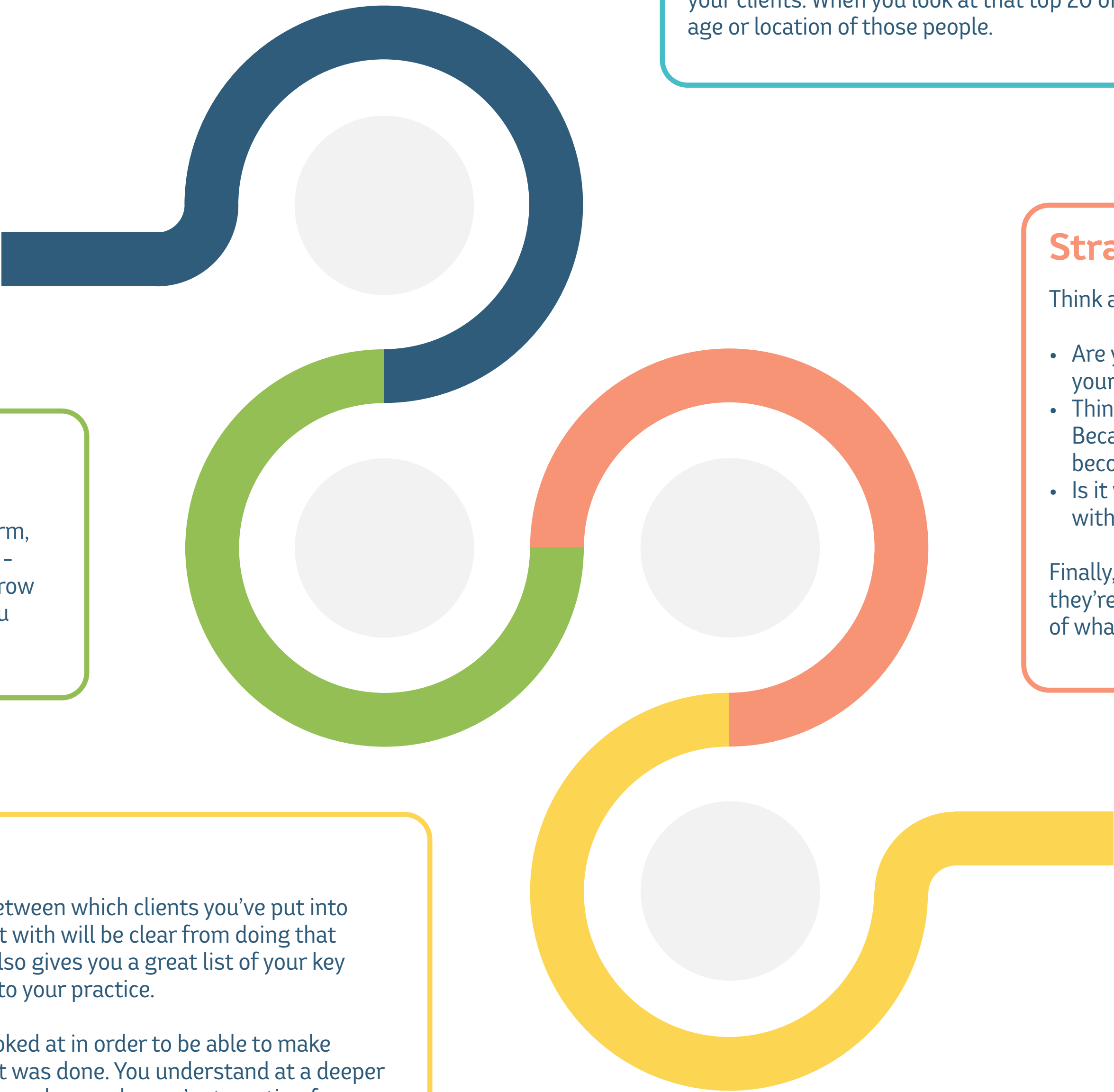
- Are you able to see common factors for building strong working relationships within your practice?
- Think about work quality – is it sophisticated work that you do for these different clients? Because that kind of work can help to build your reputation and can absolutely help you to become well-known for that area of work.
- Is it work that you can build a very efficient process around? For example, repeatable work that, with a better workflow and templates, you’ll have a fantastic profit margin?

Finally, what is the likelihood for further work from each of these clients? How likely is it that they’re going to come back to you for more legal work in the future? Do you have any sense of what their legal budget looks like?

Bring It All Together – Priority Targets

Ideally when you look at your clients through these different lenses you will see an overlap between which clients you’ve put into those different categories, and the types of companies and the individuals that you work best with will be clear from doing that exercise. Those should be your priority targets. The great thing about this exercise is that it also gives you a great list of your key clients – the ones that you absolutely have to take care of, and that are extremely important to your practice.

With all this in hand, you’ll have the information you need from the key reports that you’ve looked at in order to be able to make decisions, you’ve identified some potential market opportunities from the SWOT analysis that was done. You understand at a deeper level some of the practice dynamics that are going on and some of the market dynamics, and you know who you’re targeting from looking at your client list. From looking at the market opportunities you know who you’re targeting, and you also know which clients you’re minding. Now let’s dig into what the actual plan looks like.



CREATING YOUR PLAN

GOAL SETTING

Looking at the creation of the plan itself, the first step is to set key goals. Although it's the first step, it will probably be the last step also – you're going to come back to your goals and tweak them over time. First of all, just start thinking about what those goals should look like before you start developing the other areas of the plan.

What are the areas that you should be thinking about in terms of goal setting?



Revenue

Start with revenue. You can break revenue down in any number of ways; it might be an overall revenue goal that you then break down by client or by client type or by sector. When you create revenue goals, include some pretty good detail in there, and that you can build your revenue goals from the ground up so that they are realistic.

Sector/Work-Type Goals

Include some goals around target client type, or the sector that you're targeting, so that you have a really good idea about the impact of that particular type of client on your overall revenue. After your report analysis, you will have a good sense of the type of work that you want your practice to be doing and what that breaks down like. Do you need a particular type of work for your junior lawyers to keep them busy to help to train them up? Do you need a particular type of work for your experienced partners? And what is the balance of that across your practice? How much of each of those things is going to be represented in your overall revenue target?

Market Share & Position

Think about market share and position, (what do you want to be known for in the market). Are there competitors that you go head-to-head with again and again? How do you position yourselves against them, how are you better than them and why do clients choose you over them? And what are your goals – is it that you're going to be better known than one of your competitors, is it that you're going to gain some market share with a particular group of clients? Have some really good goals around market sharing position.

Brand Awareness & Profile

Identify the team members within your practice that you want to spearhead your business development efforts. These are people you want to be visible in the marketplace, because it's helpful for the firm for them to be visible. What areas of expertise within your practice do you need to profile? Are there particular pieces of work that are particularly interesting to the clients or the targets that you're targeting? How are you going to go and develop that profile and identify the goals for profile here?

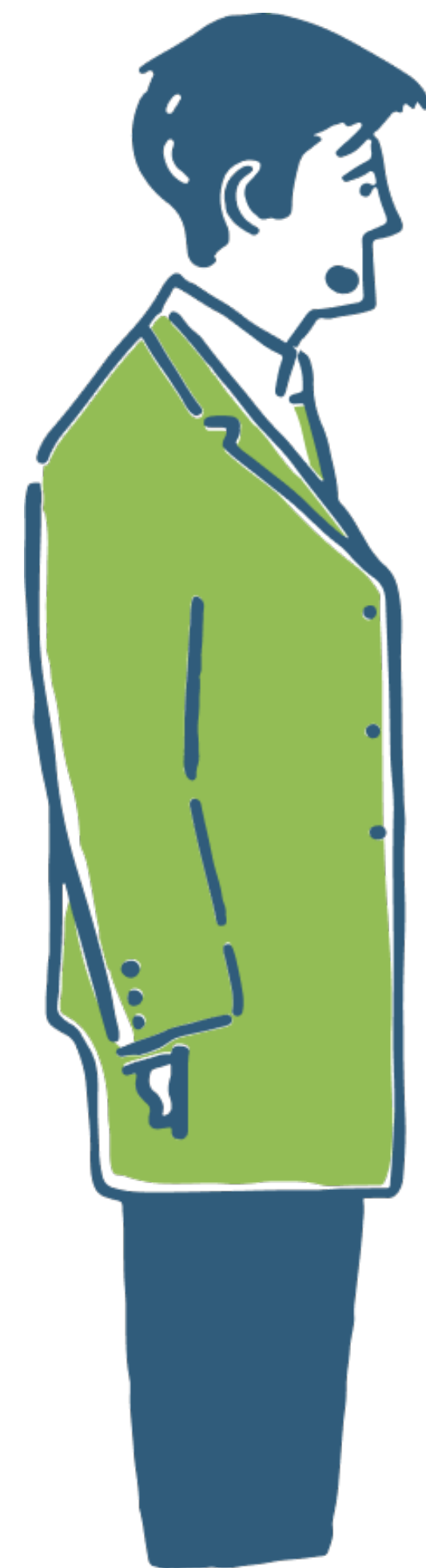
Do you need a particular type of work for your junior lawyers to keep them busy to help to train them up?
Do you need a particular type of work for your experienced partners? And what is the balance of that across your practice?
How much of each of those things is going to be represented in your overall revenue target?

Finally, set some team rules. Agree who in your team is going to be responsible for each action or area. That means you are always able to come back and hold people accountable to the plan and it's outcomes.



THE FUNDAMENTALS OF A GOOD BD PLAN

Your plan should build on your strengths
to take advantage of opportunities.
It should also mitigate threats by fixing
weaknesses.



SWOT

TARGET PROSPECTS

GOALS

APPROACH

SPECIFIC ACTIVITY

BUDGET



actionstep



THE FUNDAMENTALS OF A GOOD BD PLAN

Once you’ve set your high-level business development goals, it’s time to get into the meat of the plan itself.

Below is a summary of some of the key elements to in your business development plans for each of your practice areas, starting with three main things:

- 📍 **Key Clients** – Who do you have to mind?
- 📍 **Key Targets** – Who would you love to win?
- 📍 **Key Referral Sources** – Who do you need to reward?

How you address these is to simply identify for each of those categories what goals, activities and outcomes you hope to achieve for each.

Clients

You’ll identify 3 to 10 key clients that represent a significant percentage of your practice. You can’t lose these clients. So, what are you going to do to make sure you don’t?

Targets

Select a handful of target organizations or target groups of people, and detail who’s going town each. Who’s going to engage with those particular targets? What sort of routes of access you have to those targets, and what’s the rationale, what’s your proposition compared to anybody else? How are you going to replace another law firm?

Referral Sources

When you had a look at your client list you will have seen which clients came from which referral sources. Looking at those referral sources and really understanding where some of your work is coming from is key. Take care of those referral sources. Track who’s sending you work, and either send them work back, or send them a thank you, or show them that you appreciate what they’re doing in other ways.

Looking at those referral sources and really understanding where some of your work is coming from is key.

For each of those three areas you want to make sure that you have some key SMART actions: Specific, Measurable, Achievable, Realistic and Timed. It might look something like this:



ORG	KEY CONTACTS	OPPORTUNITY	GOALS	LEAD PARTNER	SMART ACTIONS
Client	Strongest relationships & decision makers	E.g. Continue/build on prior work	<ul style="list-style-type: none">• Protect from other firms• X in revenue• Y transactions of Z type	To coordinate activity	<ul style="list-style-type: none">• Look at gaps in current relationships• Schedule ongoing relationship building activity• How do we become indispensable? E.g. workshops, presentations, written updates, regular case/matter calls, useful introductions
Target					
Reference Sources					



You'll have three tables in your plan; one for clients, one for targets, and one for referrals. You'll break it down by:

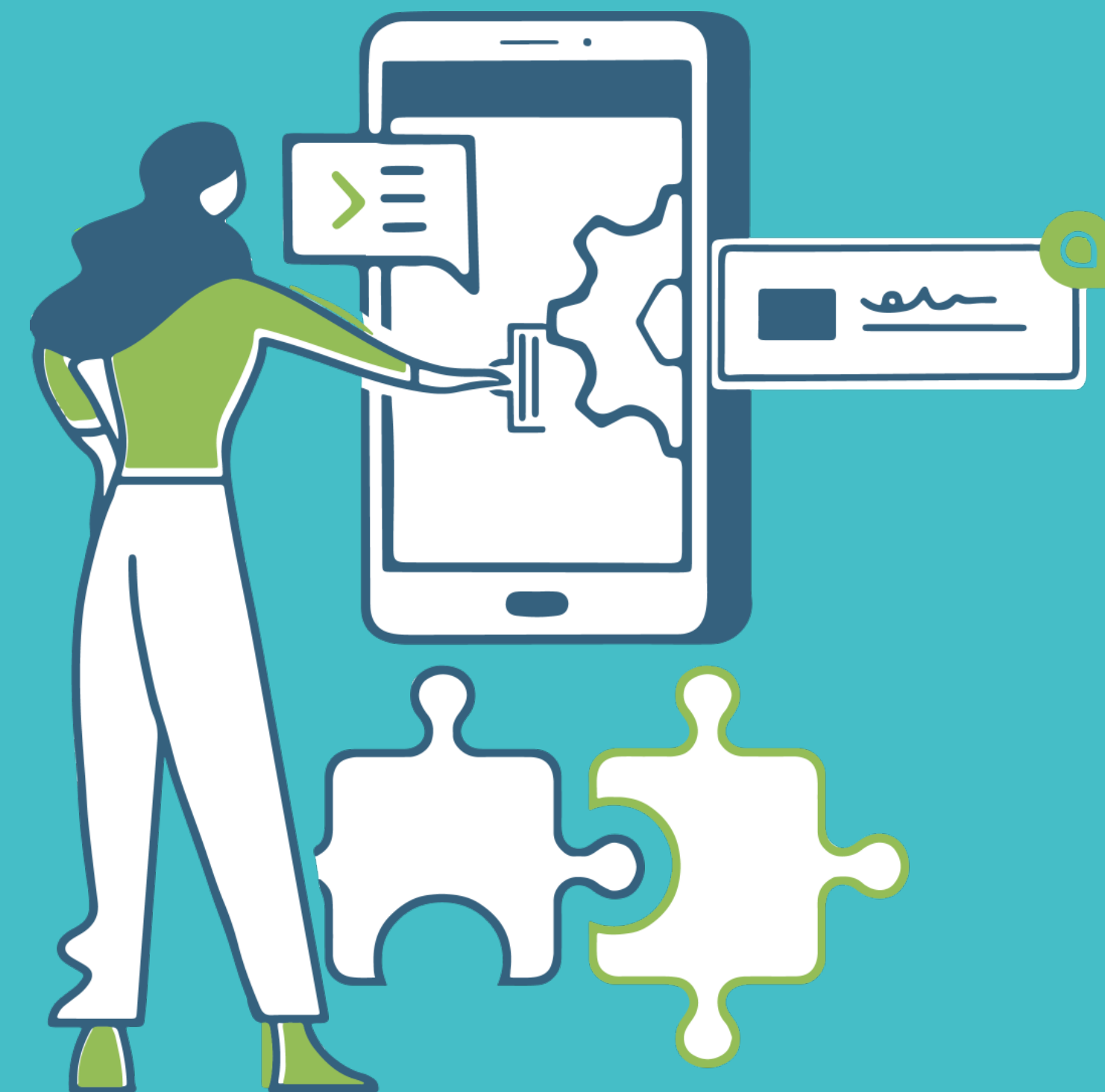
- 📌 Key contacts
- 📌 What the opportunity is
- 📌 What your very specific goals are for that very specific client
- 📌 Who the lead partner is, or who the lead person is in your practice to look after this particular contact, and then
- 📌 What actions you're going to take.

In summary - what are the immediate actions and longer-term actions you're going to take to look after that client, or that target or referral? This is not an exhaustive list - ideally five top clients, five key targets, and five referral sources. Stay focused on these 5's - print off these tables, stick them up at your desk so you know exactly what you should be doing on a day-to-day basis from a business development point of view.



MARKETING & BUSINESS DEVELOPMENT ACTIVITY

Your target client and your target prospects are going to be your guiding light - everything you do from a marketing or business development point of view should be geared towards them.



The next thing you're going to include in your plan is your overall marketing and business development approach. Your target client and your target prospects are going to be your guiding light - everything you do from a marketing or business development point of view should be geared towards them. What you want to do here is detail the types of marketing activity that's going to give the best access to those target sectors or those target client types. Where do those people exist, where do those companies gather, either physically or virtually? In this section of the plan, you're going to include some detail on the mix of marketing channels that you'll use to access and build profile with your target prospects. It will be a mix of different things - it could be sponsorships, social communications, webinars, or workshops that you want to run for this particular group of prospects.

Another important one is networking - this is always going to be a big part of business development. You can have the biggest marketing budget in the world but if you're not out there in the marketplace actively cultivating relationships, that marketing is going to fall on deaf ears. People want to do business with people who they know and trust, and that's never going to change, even if we're in a much more virtual world nowadays, there still are opportunities to get involved. It might be getting involved in associations or on the boards of organizations. It could be in a charity, but just looking for opportunities to engage a little bit more deeply with groups of people that are relevant to your practice area.

Below are four other areas to include in your business development plan:

1

Calendar of Activity

Have activities broken down by month and what you're going to do on a monthly basis to support your overall goals.

2

Budget

What budget have you got allocated to business development and to marketing and how is that broken down between different activities?

3

Information and Knowledge

This is about detailing some of the dependencies that you have - anything from brochures you need, information you need from colleagues, or it could be an introduction from your colleagues. It's just an area to detail - things I need to be able to develop business in the areas I have said I wanted to.

4

Internal Communication

We mentioned assigning roles at the start when we talked about goals, but this is really about how you're going to share progress with that team. How that team is going to communicate some of the hurdles or some of the successes that they're seeing and how they are going to be tracking and measuring results for everybody to see.

CONCLUSION & WHAT'S NEXT?

The main thing is to view that plan as a living document. It is something that you and your team should put your heads together around on a monthly basis, so that you're able to track and measure activity against your goals.



This guide is intended to provide a summary of the fundamentals of a good business development plan for law firms and for each of the practice areas within law firms. You will include a SWOT, you will have some really good focus on target prospects, you'll set some very specific goals, you'll detail the approach you're going to take to reach those goals, you're going to note specific activity for each of those areas and have a budget that you stick to, spend and track outcomes from.

Assuming that you've actually gone through that process and now have business development plans or each of your practice areas within your firm, what's next?

The main thing is to view that plan as a living document. It is something that you and your team should put your heads together around on a monthly basis, so that you're able to track and measure activity against your goals. Follow up with the people who committed to doing certain things and make sure that they are accountable. A really good way to do this is to make sure that they have their own individual business development plans to align with the overall practice plan.

The final thing is to make sure you're spending your budget. If you have detailed what you're going to spend marketing & business development budget on and that's rolling up to the goals that you've identified, then you can be assured that you're doing the right things, and you're closer to your goal of meeting the revenue targets you set.



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As VP of Marketing for Actionstep, a legal practice management software business, Triona brings together some of her professional passions - the overarching value of building a strong brand, the modernization of the legal sector and the adoption of technology that lets businesses do what they do best and scale - without compromise.

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