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The Financial Case For Law Firm Branding

Law360, New York (February 26, 2010) -- Over the last two decades, global law firms have evolved from collegial professional partnerships to organizations that adhere to the management practices of other large businesses, yet many of them continue to neglect the vital importance of effective branding, particularly in a weak economy.

In 2009, 13 of the Am Law 200 firms had revenue above \$1 billion. Two of the firms exceeded \$2 billion, while another 12 had revenue between \$900 million and \$1 billion. Businesses of such magnitude need sophisticated strategies for profit maximization, and must understand that they are leaving profits on the table whenever they fail to sufficiently emphasize branding activities as part of their plans for revenue and profit growth.

For those firms that had begun to focus on their brands but got sidetracked by the recession, this is the time to get back on track. Likewise, for those that had yet to begin, this is their opportunity to invest in the type of effective marketing that will position leading firms to emerge from the recession in a strong position to benefit from renewed growth in demand for legal services.

Why do so many law firms continue to give short shrift to branding? Because they are operating on several misconceptions. First, law firm leaders may think that branding relates only to the symbols of the brand, such as the firm name, logo, and other elements of the corporate identity, rather than the net impression associated with those symbols.

Second, law firm leaders may believe that branding campaigns are very expensive, especially if they believe advertising will be involved. Third, they find the return on investment difficult to measure.

Fourth, the preceding three factors, combined with the recession, have led law firm leaders to emphasize business development at the expense of branding, when they should be viewed as complementary and mutually reinforcing. When these things are debunked, law firm leaders realize that investing in their brands will pay off many times over through increased firm revenue and profitability.

Law Firm Brands and Profitability

What is a strong brand, and what are its benefits?

A strong brand translates directly into revenue and profitability for law firms as for any other business, because it increases market share and allows for premium pricing.

At its essence, a brand conveys a set of expectations associated with the firm; it reduces anxiety about making choices. Every law firm has a brand; that is, its lawyers and clients have a set of expectations they associate with the firm.

For the strongest legal brands, that set of expectations differentiates the firm from its competitors and translates into a leadership position in the marketplace.

For example, a leading mergers and acquisitions firm — Firm A — evokes this set of expectations from potential clients:

“Firm A is the go-to firm for complicated mergers and acquisitions. Firm A’s lawyers understand my business needs and will work tirelessly to achieve my business objectives. They are expensive but worth every penny because I get faster and higher quality outcomes when I use Firm A’s lawyers.”

A firm with a weaker brand will evoke a set of expectations that is generic and uninspiring, such as: “Firm B is a large firm with many lawyers that offer a wide variety of services.”

Firm A’s brand is powerful. The firm is perceived as a leader in a particular practice area. It commands higher prices and is better positioned than its competitors to recruit the best law students and lateral partners.

Firm B, although well known, does not have a leadership position and will likely attract lower-priced commodity work. It follows that Firm A has a larger market share than Firm B. Firm A is more likely to end up on the short list for major new matters even when Firm B is equally able to handle them, because the marketplace does not associate Firm B with having those strong qualities.

A firm that has built a strong brand will attract high-priced, major work, and the talent to support it. Its leadership position results directly in greater market share and higher profitability.

How does a law firm develop a stronger brand at a reasonable cost?

A strong brand follows from consistently reinforcing a well-thought out market position in all firm communications and client interactions. First, the firm needs to determine how it is currently perceived in the marketplace and to identify the leadership position it aspires to achieve.

A starting point is to review the firm’s strategic plan, conduct research by interviewing key lawyers in the firm, review competitors’ positions, and assess the firm’s comparative strengths and weaknesses.

Additional research can be in the form of original quantitative research, or the firm can purchase syndicated research, which is less expensive and can be insightful.

Also, client service interviews provide perspective on the firm’s capabilities, and on how the firm is perceived vis-à-vis the competition. All of this research tells the firm how closely its reputation aligns with the position it aspires to hold.

Once the firm has determined the position it aspires to achieve and has assessed the market’s perception of the firm, the next step is to develop a positioning statement that:

- Defines the market, i.e., who the firm aspires to serve;

- Explains the value proposition, i.e., why someone should choose the firm over the competition, in terms of the tangible benefits the firm offers; and

- Provides support or proof of the value proposition.

The positioning statement may differentiate the firm based on practice area strength or other distinguishing characteristics, such as a unique approach to client service, or the ability to provide seamless delivery of service across the firm's practices and geographies.

In every case, the value proposition must be as descriptive and nuanced as possible so that the firm's promise of value does not echo that of every other firm. The most effective positioning statements are:

- Relevant to the target market, because they promise the target something important to them; and

- Believable, because the brand is grounded in the firm's core strengths and is authentic to the firm's lawyers and clients.

The positioning statement is not advertising copy. It describes the brand and informs the brand stewards — the lawyers and staff — how to communicate that brand to the marketplace, including clients, recruits, media and competitors. It is used to guide the creation of symbols that communicate the brand, such as logos and other graphic treatments, as well as communications tools for the firm's Web site, pitch materials, client communications and advertising.

The positioning statement comes to life as it is illustrated through the firm's corporate identity, as well as through the actions of the firm's lawyers in the course of serving clients and pitching new ones.

The process of defining a brand is well worth the cost and does not need to be expensive. The expenses for developing a positioning statement include primarily the price of conducting outside research. The firm may also want to hire a branding expert to guide the process, or rely on the marketing staff if it has the requisite experience to lead the effort.

Depending on the size of the firm, the type of research conducted, and whether a consultant is used, this research can cost from tens of thousands of dollars to the low six figures.

How does a law firm instill its brand in the marketplace?

The key to aligning branding with increased revenues lies in a law firm's effectiveness in diffusing its brand in every aspect of the firm's marketing and business development program.

The firm must review the graphic manifestations of the brand, i.e., the corporate identity, and ensure the brand is communicated and carried out consistently. The firm also needs to connect its brand to business development activities such as:

- Referrals: Referring party explains why others should choose the firm, i.e., the brand;

- Profile raising: Speaking and writing to showcase the brand;

- Networking: Explain the brand in conversation; and

- Expanding current clients: Lawyers communicate the brand through service to their clients.

Effective branding means knowing the firm's brand and its value proposition, and then communicating them through professional conduct as well as the firm's communications to clients, prospects and recruits. The most important tool for attorneys to communicate the brand is through their actions:

- How do you describe your services?
- How do you promote your services?
- How do you price your services?
- How do you perform your services?
- How do you get feedback from your clients?

In Conclusion

The strongest legal brands have been built through long-term and consistent communication and delivery of the firm's value proposition to clients. Typically, firms with strong brands also have a strong strategic plan that has led them to focus on key areas of growth related to client needs.

Many of the firms with strong legal brands have never conducted an advertising campaign. Instead, they use marketing and business development tools such as the creative use of Web sites, media relations, client communications and one-on-one client interactions in order to stake out a clear position in the marketplace.

These leading firms have integrated their positioning in all of their marketing, business development and recruiting activities.

Their lawyers act as brand ambassadors in their day-to-day communications with clients and prospects because they understand and embody the brand. The world's most successful brands — those of firms such as McKinsey, Google, IBM, Intel and Apple, for example — are associated with some of the most profitable companies in the world.

Similarly, law firms that build strong brands attract the most prestigious clients to do their most important work. Consequently, they are among the most profitable law firms in the world.

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