

## Getting More Business with a Peek Inside the Corporate In-House Counsel Suite

**By Larry Bodine**, Esq. of Glen Ellyn, (Chicago) IL. He is a business developer with 19 years experience who helps law firms attract and keep more clients. He can be reached at 630.942.0977 and [LBodine@LawMarketing.com](mailto:LBodine@LawMarketing.com). For more information visit [www.LarryBodine.com](http://www.LarryBodine.com).

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A smart way to generate more business for your law firm is to know what's going on with your corporate "customers." Here's a peek at what's happening in corporate in-house counsel suites so that you can maximize your business development efforts.



Larry Bodine

For starters, realize that your law firm is probably much larger than the in-house legal staff. According to a new survey, law departments have a total of 3 ½ lawyers for every billion dollars of revenue the company earns. Accordingly, a company that earns \$2 billion would have only 7 in-house lawyers.

The survey "[Law Department Metrics Bench marketing Survey](#)" was conducted by ALM Legal Intelligence (see <http://bit.ly/9tgy2P>), which has monitored trends of in-house legal performance since 1972. The survey is based on data collected from 61 US companies throughout 2009, in a dozen industries, with annual revenue of less than \$100 million up to \$5+ billion.

### Six trends affecting corporate clients

#### **Trend No. 1: Law departments are getting bigger or staying the same size.**

According to the survey, 32.8% of respondents have reduced the size of their law department in the last 12 months. The key takeaway here is that 67.2% of departments are *bigger* or the same size. This means that more corporations are taking work in-house and staffing up to do so.

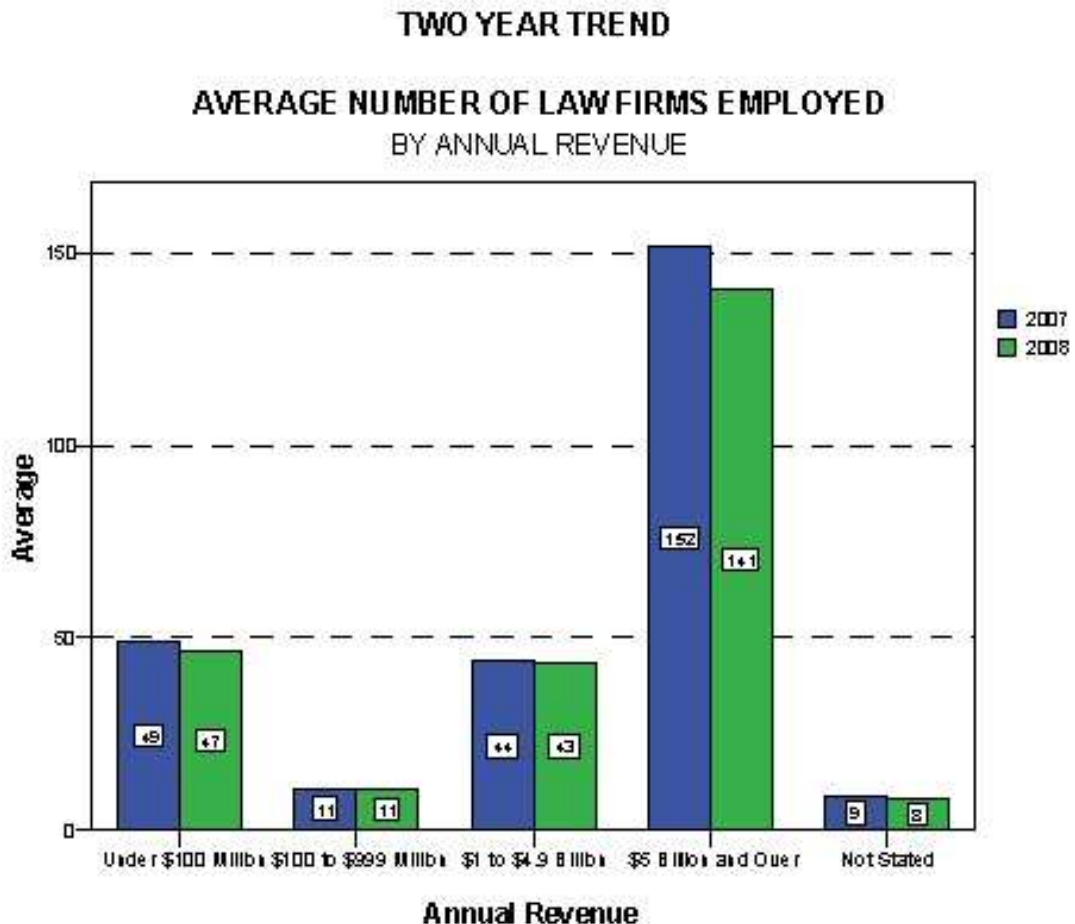
**Trend No. 2: In-house lawyers are working harder.** 70% of in-house lawyers say their workloads have increased during the past 12 months. This underscores Trend No. 1, that work is staying in-house. What this means to law firms is that there is less demand for routine corporate legal services like environmental, tax, real estate,

corporate and patent prosecution matters.

**Trend No. 3: In-house law departments have had their budgets cut.** According to the survey, 62.3% of law departments implemented budget cuts in 2009. This means the lawyers at a potential corporate client are doing more with fewer resources. It's an awful position to be in. A law firm that could ease the pain of in-house counsel would be welcome indeed.

**Trend No. 4: A majority of a corporate law department's budget is for fees for outside law firms.** According to the survey most companies spend 58% to 65% of their budget on outside law firms. This is good news, because it means there are fees to be earned from the overburdened law departments.

**Trend No. 5: The higher a company's revenues, the more law firms it uses.** As you can see from the chart below, the sweet spot is companies that have annual revenue of \$5 billion or more:



**Trend No. 6 – Companies are paying fees to outside counsel in alternative fee arrangements.** Roughly 20% of companies are spending 37% of their legal fees in alternative arrangements.

The research found that there are four primary criteria that corporations use when they select outside counsel. They are, in order:

- Firm specialization – 34%
- Cost – 19%
- Responsiveness – 18%
- History with the company – 12%

Interestingly, criteria that didn't matter were firm reputation, partnering capabilities and diversity.

### **Five tips to get corporate legal work**

Following are tips based on this information on how law firms can get more corporate work:

**Tip No. 1: Offer take specialized legal work off the desk of the overworked in-house counsel.** In-house counsel are buying litigation, M&A, IP *litigation*, regulatory, bankruptcy and labor & employment services from law firms. This will leave the legal department free to handle the day-to-day corporate work they are geared up to do.

**Tip No. 2: Establish your law firm as the industry expert.** Clients want experts, they don't want generalists. Your lawyers should use speaking, writing, blogs and membership in trade associations of clients to establish themselves as experts in the specialized areas of law that clients are buying (see Tip. No. 1).

**Tip No. 3: Offer a corporation cost-effective legal services.** Corporations want to work with law firms that can demonstrate efficiency. The terms in-house lawyers use are "value billing" and alternative fee arrangements. Clients care more about what *they'll get* than how much they have to pay for it. If you can show a client how you can *save them money* or get the job done more quickly, you'll get their legal work. Read [94.5% Offer Alternative Fees](http://bit.ly/9rk6zD) at <http://bit.ly/9rk6zD> for more details.

**Respond to client emails and phone calls immediately.** Clients view a quick response as top-quality work. It's human nature. It's much better to call back quickly and say, "I don't have the answer but I'll find out for you" instead of waiting 10 days to determine the answer, and then call the client. Lack of responsiveness is the top complaint that clients have about lawyers. For law firms that want new business, success goes to the swift.

**Target big companies in industries where you already have clients.** The rule of thumb is don't fish for minnows, fish for whales. It's a good time to do this because other studies indicate that there is a lot of turnover among law firms at big corporations. Some 60% of corporations say they are not happy with their primary law firm and would not recommend it. This creates openings for competing law firms. The best tack is to examine your client list according to *industry* (not practice group), because this is how clients view themselves. Then target the major corporations in those industries, using introductions from current clients and contacts you've developed at client trade associations.

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For more on this topic, call:

Larry Bodine, Esq.

Business Development Advisor

Tel: 630.942.0977

E-mail: [Lbodine@LawMarketing.com](mailto:Lbodine@LawMarketing.com)

Web: <http://www.LarryBodine.com>

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