

Competitive Intelligence

“Competitive Intelligence” has become one of the hot buzz words in legal marketing lately. The words conjure images of corporate spies, espionage and skullduggery. CI, however, provides valuable tools to those who manage and market professional service firms in an ever increasingly competitive marketplace.

What is CI? The Society of Corporate Intelligence Professionals define it this way:

“Competitive Intelligence: A systematic and ethical program for gathering, analyzing, and managing external information that can affect your company's plans, decisions, and operations.

Put another way, CI is the process of enhancing marketplace competitiveness through a greater -- yet unequivocally ethical -- understanding of a firm's competitors and the competitive environment.

Specifically, it is the legal collection and analysis of information regarding the capabilities, vulnerabilities, and intentions of business competitors, conducted by using information databases and other "open sources" and through ethical inquiry. SCIP's members conduct CI for large and small companies, providing management with early warning of changes in the competitive landscape.

CI enables senior managers in companies of all sizes to make informed decisions about everything from marketing, R&D, and investing tactics to long-term business strategies. Effective CI is a continuous process involving the legal and ethical collection of information, analysis that doesn't avoid unwelcome conclusions, and controlled dissemination of actionable intelligence to decision makers. “ (Source: www.scip.org)

CI gives marketers and law firm managers tools to make informed decisions. Marketers who use CI tools can help their firms identify and focus their marketing activities on the highest value opportunities. Consider three scenarios for CI:

1. Competitive Analysis
2. Client and Prospect Research
3. Market Analysis

Competitive Analysis

Learning more about your competitors can help you clarify how you want to position your firm in your marketplace, including branding, new practice areas, new office locations, and even recruiting. To learn more about your competitors, consider these tools:

- Martindale-Hubble: How many lawyers do they have? Where are they located? What areas of practice are most dominant? What gaps do they have in their practice? www.martindale.com
- Chambers USA: The EU guide to lawyers is now available in the USA. Chart how many lawyers and practices of your competitors receive high ratings from Chambers. Where are their stars? Identify gaps. www.chambersandpartners.com/us/
- Best Lawyers: Another directory of top lawyers, but without the flashy commentary. www.bestlawyers.com
- Corporate Board Member Magazine ranks the top 5 law firms in 50 metro areas. www.boardmember.com
- Amlaw 100 and 200: Law.com lists the top 100 and 200 law firms by all sorts of metrics, including number of lawyers, revenues and profitability. If you collect data every year you can create some interesting trend charts. American Lawyer will sell you the information too. www.law.com/jsp/law/amlaw100.jsp
- Law.com: While we are at law.com, search for other rankings of law firms, including their new “A-List” of law firms, Minority Rankings, Associate Survey rankings and Pro Bono rankings. They also have a list of hourly rate ranges for some firms. www.law.com
- Local Business Journals and Newspapers: Many cities have a business journal owned by American City Business Journals. Creative searching for articles about a competitor can give you an insight into what they are up to. Look for feature stories, announcements of new hires, opening (or closing) of offices, volunteer/charity connections, etc. www.bizjournals.com
- Advertising Review: Look through local and national legal media and cut out competitor’s ads. Consider how they are positioning themselves. Some publications have third party reader surveys that give rankings and commentary on how your and your competitor’s ads are received.
- Lexis Nexis Media Search: Search for your competitor in local, national, global and trade publications. Are they frequently writing articles? Appear as experts or defendants? What are they known for? Any dirt?
- Findlaw: In addition to the greedy associates section, Findlaw has articles and other data that help you get a picture of a firm. While it is difficult to get good data on law firm legal rates, Findlaw does report on associate salaries, which could be an indicator of rates in some cases. www.findlaw.com
- National Association of Law Placement provides self-reported data on law firms, including associate salaries. www.nalpdirectory.com
- Web Sites: Don’t forget to check your competitors web site(s). Identify what they think their strengths are. How good is their web site and what does it reveal about their marketing commitment? What can you learn about their firm from their press releases, articles in the news, events, and community involvement? Are they a leader in certain practice areas or also-ran? Do they mention clients, projects, transactions, matters and cases?
- Courtlink: One of the best tools I have found is Courtlink. Lexis has found a way to collect its court data in one place and make the results intelligible and meaningful. Run a Courtlink search on your competitor to get a comprehensive report on their litigation activity in Federal Courts. The report will give you a snapshot –both in graphic and textual form – of their litigation by practice area, federal district, judge,

and client. Yes, even client. Courtlink provides the report in HTML format, allowing the CI professional to drill down to the case and brief level. This is a very powerful tool that, I am told, will improve in utility even more in the next few months.

www.courtlink.com

- Google: Google everywhere. Google your competitor, your competitor's managing partner, their star attorneys, their marketing director. Use the "Google Current Site" feature to search law.com, findlaw.com and other legal sites. If they are active in a particular industry, go their main industry sites and google them for your competitor. Google also has a pretty good (and free) news alert system that will send you an e-mail when your competitor appears in the news. www.google.com

Clients and Prospects

Many of the tools that you might use to research competitors are also helpful in learning about current clients and prospects. Courtlink's function to search on a particular Litigant results in an insight into a company's total activity in Federal Courts. For example, a search on a particular company in Courtlink might reveal that they have had 120 cases over the past 5 years consisting of 30% employment related, 20% Intellectual Property related, 25% commercial litigation and 25% securities related. The report will list all of the cases with details such as which states they were filed, which law firm represented them, and the court and docket information. If you click on the case heading, you can learn more about the specific case down to the brief level in some cases.

Other resources to consider:

- LexisNexis Company Dossier: provides an overview of a company's structure, business, news and finances. www.lexisnexis.com/companydossier
- Hoovers and OneSource also offer these services. www.hoovers.com and www.onesource.com
- Google and Yahoo provide free information on many public and some private company financials. www.google.com and www.yahoo.com
- Martindale Hubble's Directory of Corporate Affiliations provides biographical information on in-house counsel. www.martindale.com
- Aspen Publisher's Directory of Corporate Counsel also provides biographical information on general counsel. www.aspenpublishers.com
- The Deal: If you want information on mergers and acquisitions, funding, IPOs or even bankruptcy, search The Deal. www.thedeal.com
- CRM: Don't forget your CRM system. Interaction has a who-knows-whom function that lists the collective contacts of the firm with a particular client or prospect *and* who in the firm knows each contact. This is a great way to network internally to gather information on a prospective client.
- Internal Billing and document data: You might be surprised to find that a prospective client is already a client, a former client or conflicted from working with your firm. Many document management systems today allow for searching by client or whole text. Don't forget to mine your internal data and check for conflicts.

Markets

Learning and applying CI to geographic, industry and practice area markets can be challenging. Often there exists plenty of information available, but sorting through it to finding meaningful data can be time consuming. Consider narrowing your CI goal as much as possible before venturing off to find information. For example, instead of asking, “What is the legal marketplace like in South Dakota?”, consider narrowing the question to, “Is the legal market for biotechnology legal services in South Dakota suitable for new entrants?”

Many of the tools mentioned above are very helpful in researching markets. Martindale.com can be searched to provide results in various ways. Local and national media searches will reveal stories about legal services in the market. Courtlink Strategic Profiles – especially if done over a period of time – illustrate trends in legal markets (Employment Cases in Arizona, for example). Amlaw’s publications, some of which reside online, can also be helpful sources. Other tools you may want to consider are:

- Economic Data from local or national sources, including Economic Development Corporations, Chambers of Commerce, the Census Bureau, Department of Commerce and non-profit groups.
- Industry related professional or trade websites. Who’s on the board, who sponsors their conferences, who writes articles for their newsletters? Any of your competitors?
- Legal industry surveys and research: While still thin, there exists some good research on what buyers of legal services look for in outside counsel. Corporate Legal Times (www.cltmag.com) publishes an annual survey of in-house counsel. BTI Consulting (www.bticonsulting.com) publishes a survey of client satisfaction within the ranks of in-house counsel. Association of Corporate Counsel has also published surveys of their membership (www.acca.com)

These tools are but a few of resources you could use for secondary research. Good research will result in opportunities for solid primary research, which includes personal interviews (perhaps with clients, prospective clients, peer professionals, experts, etc), third-party research (such as a phone survey of potential clients to determine their level of satisfaction with existing counsel and their propensity to change counsel), focus groups, etc. Sophisticated law firms are using surveys, focus groups, phone and in-person interviews and other forms of primary research much more frequently in their decision process to make strategic moves, such as entry into a new geographic market, practice area, industry or a merger.

CI Process

Let’s go back to SCIP’s definition of CI: “A systematic and ethical program for gathering, analyzing, and managing external information that can affect your company's plans, decisions, and operations.” CI is more than data collection, it is also a function of analysis, synthesis, and management that results in improved decisions. At the center of a solid CI program is a business decision or question, such as:

- What other legal needs does Client X have?

- What law firms are our biggest competitors? Who are their clients and what is their share of our/their client's legal budget?
- Who hires legal counsel for Client X and what is their process? What can we learn about the decision makers that will give us an advantage?
- What is the business environment at Client X that will influence the decision making process?
- What service strategy (legal strategy, staffing, service and pricing scheme) can we develop for client X that will favorably distinguish our firm from the competition?
- Where should we grow/expand?
- How should we structure our practice/industry approach/client team/sales effort/etc?

A strong CI process will not stop with data collection (ever ask your librarian for research and get a 10" stack of paper?). The information must be compiled and analyzed into usable knowledge, clearly communicated to decision makers as business intelligence, applied in a decision, acted on and results measured. Intelligence needs to be documented, maintained and archived so that it is accessible for future decisions.

Finally, a word of advice: Know Thyself. Having a realistic, factual view of your firm and its strengths and weaknesses will give you a benchmark in order to compare with your competitors and evaluate opportunities and threats. Consider developing a spreadsheet with your firm's metrics on top (such as revenues, revenue per partner, profitability, %minority, # of stars, etc.) so that you can best compare your competitors to your firm.

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