



10 Ways to Weather the Storm: Marketing in a Recession

Hurricane season is in full force. As I write this, three hurricanes are lined up threatening the gulf and east coasts of the United States.

At the same time, we've reached the fourth quarter of 2008. This is the time of year that experts predicted an economic upswing, an end to the almost-maybe-recession, a light at the end of the tunnel. But for most clients and law firms, the light is dim at best. While not quite an economic hurricane, we're in a storm and we don't know yet when it will pass.

A recent survey from Citigroup's Law Firm Group indicated that many of the indicators of law firm economics are down. Revenue growth is about half of last year. Gross billable hours dropped by a fraction, compared to growth of 3.9% last year. Profit per equity partner (PPEP) has decreased by 9.1%, compared to a double digit growth over much of the past seven years. Hours billed by lawyers decreased by 5.5% over last year while expenses continue to grow at a rate of more than 10%.

Some firms are reacting by laying off staff and associates. Others quietly struggle with cash flow and are increasing their credit lines while receivables age at a rate not seen since 2001.

While some attorneys are worried about their jobs, others are considering their options. Peter Zeughauer said in a recent *American Lawyer* article that as the economy slows, dissatisfied partners are expected to change jobs in record numbers, and "this has legal recruiters licking their chops."

Clients are pushing back too. They are cutting and consolidating their use of outside counsel. A recent study by Hildebrandt indicated that 50% of companies surveyed are, or are planning to, engage in a 'convergence' process this year. The Association of Corporate Counsel launched their "Value Challenge", a systematic way to 'reconnect cost to value in outside legal services' this month. Their annual conference brochure describes the program this way: "ACC's Value Challenge proposes to revolutionize the outside legal services market through an evolutionary process that we challenge every in-house counsel and law firm to consider and adopt."

Uncertainty, fear and confusion are common emotions when experiencing a storm. Here are some tips on surviving, even thriving, in a storm:

1. Connect with clients - Meet with them face to face. Ask them questions about how their business is changing and what challenges they are facing. Actively discuss business – not just legal – issues with them. Understand their specific needs and concerns. Look for ways you can help, either professionally or personally. Communicate with them regularly.

2. Create customized offerings for clients, based on their specific needs. Do they need introductions to a new bank or accounting firm? Are they considering a change in strategy that may require a new set of services (i.e. bankruptcy, merger, acquisition, relocation, asset sale). Would a confidential series of in-house CLEs benefit their Legal, HR, Operations, Risk Management or other department?
3. Seek feedback in down times. Now is a great time to launch or expand your client survey program. Send your managing partner and other firm leaders to visit with clients. Hire a survey firm to conduct face-to-face visits, or ask someone else in your firm to meet with your clients to (1) determine satisfaction level and (2) identify hidden opportunities.
4. Expand profitable business. To do this, most attorneys and firms need a way to identify which work (practice area, industry and individual client) is profitable or not. Focus your time and effort on growing profitable work with a promising future.
5. Develop a short term and long term plan for each client you want to keep. Execute your plan quickly. Plans must be focused and disciplined. Plans should include how you will gain feedback from the client, how you will learn about their business needs, how you will expand the client relationship, whom you will introduce into the client team and why, customized offerings, intangible benefits of the relationship, and your 'value proposition'.
6. Develop talent. While firms look to cull practice groups and dismiss unproductive attorneys, you should coach and mentor the attorneys you need to keep on your team. Give challenging assignments and personal attention. Build your team.
7. Consider re-tooling. Is your practice or industry headed for long term demise? Have you ignored the writing on the wall while you were able to meet billing expectations? Now may be a good time to consider applying your experience and knowledge to a new practice or industry – one that may be counter-cyclical or more recession-proof. If so, find a mentor or sponsor to show you the ropes and introduce you to clients and prospects.
8. Look for opportunities. In times of uncertainty and economic pressures, clients and firms may make unusual decisions. Clients may fire expensive firms and search for more cost-effective regional or local counsel for all but the bet-your-company cases. Competing firms may experience low morale and cause rising stars to look for greener grass. Watch for new and unexpected opportunities.
9. Invest in your personal brand. Don't stop those activities that build your reputation and visibility, like public speaking, writing, networking, pro bono work and community involvement. In fact, it is more important now than ever. Take the time to go to business development or sales training. Find a coach.
10. Don't panic. No recession lasts forever. Using your time wisely during the storm will pay off when the wind subsides and the sun comes out again.

This article originally appeared in the online journal, Originate (www.pbdi.org) in 2008. Mark Beese is President of Leadership for Lawyers, a consultancy dedicated to helping lawyers and other professionals become better business developers and leaders. www.leadershipforlawyers.com