Data-Driven Business Development Initiatives: Is Your Firm Utilizing the Complete Value of Existing Assets?

by Jennifer Roberts of Intapp

Advanced data analytics are enhancing business development and marketing efforts across many sectors. Companies are implementing data-driven content marketing programs and using data to improve the customer experience and identify potential opportunities.

Many law firms today are not equipped to leverage all existing data resources — insight on clients and matters, in particular. This is due to a combination of factors, including IT systems that silo information, a lack of broad buy-in for a data investment and cultural mores that hamper collaboration.

Marketing and business development teams use the firm's experience data primarily for request for proposals (RFPs), website content and pitches. Gathering information is typically a time-consuming and reactive process with immediate deadlines. In a highly competitive marketplace, a firm's ability to use and process its data effectively represents a fundamental strategic differentiator and can provide a distinct advantage.

Modern firms use data to drive strategic initiatives, assess risk and find opportunities to expand. Intapp recently invited 400 law firms to participate in a survey on the mounting pressures faced by business development teams. The results were clear. Leading law firms are eager to do more with data to devise and inform their business development strategies. How firms face and overcome various roadblocks when approaching business development in a more data-driven way will be the key to their success.

Survey Demographics

Responses to the aforementioned survey reflect business development priorities and practices at a range of large and midsize law firms.

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Nearly half of the responses came from regional and boutique firms with 151-500 lawyers, while a little over one-third came from larger global firms with over 500 lawyers.

Survey respondents included firm leaders in marketing and business development roles and leaders in knowledge management and pricing. One-third of the respondents were chief marketing and business development officers. Another third were at the director or manager level in marketing and business development roles. The remaining participants were directors, managers or individual contributors within knowledge management, pricing and strategy.

Structural Approach

The majority of firms approach business development in a similar manner. For 72 percent of respondents, the marketing and business development function is organized as an independent department within the firm. A much smaller proportion (11 percent) have marketing and business development embedded within the entire practice — a technique used to encourage collaboration between lawyers and business development.

While this approach may encourage collaboration, it also fosters the creation of multiple data silos. Different practices within a firm organize and categorize their data dissimilarly. To drive collaboration and limit the data silo effect, some firms are implementing a hybrid approach based on the concept of one independent group dedicated to different practices, which requires a more consistent procedural approach.

Business Development Challenges

Marketing and business development have their fair share of responsibility for capturing business from new and existing clients. This often involves situations in which team members must drop everything and quickly respond to lawyers' requests for pitches, RFPs and other outreach efforts. Capturing the data for executing these requests effectively was reported as the largest constraint to 2017 business development initiatives.

This is an issue often referred to as the "ad hoc problem" (AHP). It comprises data scavenger hunts to pull together information on a firm's expertise and client feedback in order to respond quickly to requests. These tasks are spur-of-the-moment, strenuous and require teams to gather information from a variety of systems. And the most critical information often resides in a lawyer's head. Efforts to gather data usually involve mass emails with the subject line, "Has anyone worked with [fill in the blank]?" Marketing and business development team members run around the office with clipboards and templates trying to catch lawyers' attention. Next, a series of intricate spreadsheets are collected. Just getting this far can take up to 80 percent of the business development team's time. This can thwart proactive efforts to invest energy in innovation and use data to deliver higher value.

Massaging the data to meet the attorney's request becomes the next significant challenge. This is not limited to RFPs and pitches. Business development often must promptly pull together client profiles in preparation for meetings, determine areas of cross-serving opportunity from pen and paper, and develop website content. Curation of data and approval processes are also required and only

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slow momentum further. These efforts require collaboration that quickly consumes the remainder of the business development team's time as they try to get approvals and feedback.

Getting through these obstacles is imperative to a successful data-driven approach. It will provide more consistent data and increase available time. With more free time, business development can bring in new elements of data science that drive analytics to provide revenue-driven results.

Managing the More Painful Aspects of the Process

How does a firm move past the inherent difficulties of *ad hoc*, reactive data practices? Innovative firms are breaking down barriers by leveraging technology that enables data capture, automation and analytics. With 72 percent of respondents looking to invest in technology in 2017, it is at the forefront of business development leaders' minds

With an understanding of how lawyers work, many firms realize they can use the matter life cycle to their advantage. Leveraging certain points such as matter opening, changes in matter status and the close of a matter can trigger workflows to the proper stakeholders who then fill out a template with additional matter-specific information.

This is a critical strategy for capturing accurate data. Embedding data capture in the way lawyers work increases the likelihood of gathering complete client, matter and experience information and eliminates duplication of effort after the fact. Data capture also helps the firm achieve consistency in data, making it easy to find, analyze and possibly even benchmark.

Beyond data capture, the modern firm can also leverage automation to address other processes that consume business development time, such as workflows for marketing and pitch content approval. Lateral integration is another great example where automation can take on a big role. Upon hiring new associates, workflows can kick off quickly to get the laterals' backgrounds into the system, connect them with others and match their experience with incoming matters and pitches.
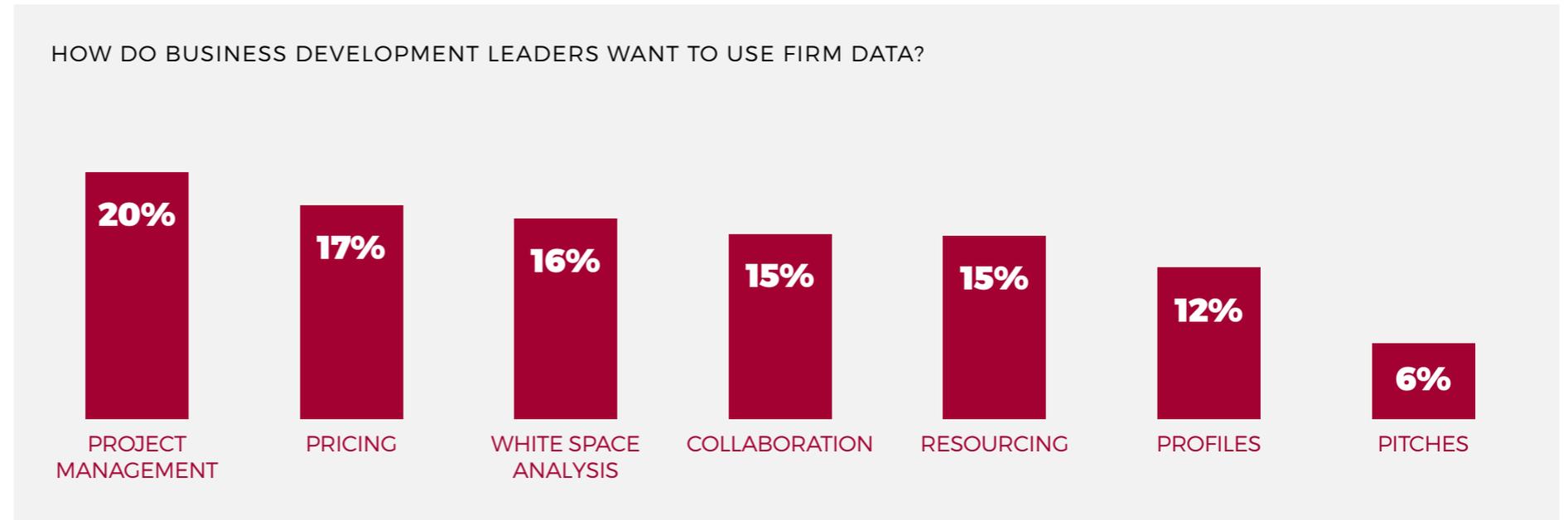
With the Data in Order, Now What?

The possibilities for data-driven approaches to business development are endless. Legal can learn a lot by looking outside of the industry at the part data play in strategic business decisions and driving revenue. Hotel chains, airlines and phone companies have done this well. They leverage data to understand their consumers, study buying patterns and evaluate experiences to capture repeat business.

The key to successful data-driven initiatives is to start small, build momentum gradually and not dwell on perfection. In an ideal world, there would always be complete and consistent data to drive statistical models. Unfortunately, this isn't realistic; a fact those dealing with data daily realize all too frequently. There are plenty of techniques available to work around these challenges, so do not let them hinder your efforts to build a successful initiative.

Data-driven approaches are high on the agenda of business development leaders. When asked what they desire from their data, answers varied from the practical use of project management and pricing to the more exotic white space analysis.

Imagine if data could be used to predict what *could* be done and help guide conversations around opportunities.

HOW DO BUSINESS DEVELOPMENT LEADERS WANT TO USE FIRM DATA?

PROJECT MANAGEMENT	PRICING	WHITE SPACE ANALYSIS	COLLABORATION	RESOURCING	PROFILES	PITCHES
20%	17%	16%	15%	15%	12%	6%

What Do Some of These Initiatives Look Like?

Project Management and Pricing: Project management and pricing are hot areas in the legal profession. The ideas of transparency and predictability for clients are fueling this movement. With the collection of attributes tied to a matter, firms can implement machine-learning techniques and clustering methodologies. These include k-nearest neighbor (used frequently to classify data based on similarities) to group data based on lawyers, clients, matter type and so on.

In grouping matters by similarity, firms can better understand ways to increase profitability and resource future projects in more effective ways. In addition, firms can budget business development strategies based on similarly categorized matters and track to that budget with automated threshold triggers that provide insight to lawyers and clients on actual versus anticipated costs, time and outcomes.

White Space Analysis: Helping the firm win business from new and existing clients is the ultimate goal of business development. As it stands, white space analyses are done by hand, usually by compiling spreadsheets and sitting down with the responsible lawyer to talk it through. Data are used as a reminder of what has been done, but imagine if data could predict what could be done and help guide conversations around opportunities. Predicting buying habits is something already done by many consumer-based businesses, from Target to Best Buy.

The same principles can apply to selling legal services (*e.g.*, logistic regression to understand the likelihood of an event such as a cross-selling opportunity for a client in manufacturing who already brings litigation work to the firm). Applying probability and correlation analyses can also help to understand buying patterns and render robust results on the probability of a client having a need for certain types of work or the likelihood a new client will bring work to the firm.

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Collaboration: In addressing collaboration, cultural mores within a law firm cannot be ignored. These include compensation structures, messaging from the top and historic silos. However, data can be a strong tool to break down barriers to collaboration and encourage lawyers to team up beyond cross-selling. Understanding the needs of two practices or lawyers working together and considering various attributes such as location, type of work and client size can inform discussions and help drive positive changes in behavior.

Revenue is a strong incentive. Trends can be identified in the way certain lawyers work together with varying degrees of productivity and success. There is even an opportunity based on machine learning to provide recommendations to those struggling to team up and collaborate on clients. These recommendations can encourage teamwork modeling after those practices and lawyers doing it most effectively. One can make a powerful case for business development's involvement by recording win/loss and return on investment (ROI), encouraging collaboration between business development and lawyers. These insights can help propel strategic initiatives for increased collaboration.

Data-Driven

These ideas are just the beginning of changes in data-driven marketing and business development strategies for modern law firms. Drawing ideas from outside of the legal profession provides a starting point; however, the culture of law firms and psychology of lawyers add caveats and twists that cannot be ignored. These nuances must be considered but should not hinder the progression of a successful data-driven approach. Rather the process becomes a means for working within the parameters of the law practice to increase the prospect of success.

As seen in other industries, the movement will gain momentum as lawyers see the power data provide in driving business. The key is to start small and gather the right data using technology to facilitate the process. Also important is having the appropriate people in the right places and involving stakeholders at all levels to buy into the initiative. Once the foundational elements are in place, the doors will open for data-driven approaches, making a firm's data work for the firm rather than having the firm work for the data. The firm's ability to use their data as a strategic differentiator will enable them to capture a greater share of the market. **ILTA**

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