

Rethinking Business Development & Marketing for Law Firms:

A Guide to Navigating 2024



Whether a small independent practice or a large global law firm, the need for well-developed business development and marketing strategies that generate a consistent flow of client revenue—from both new and existing clients—is foundational to profitability. Yet in the face of a shifting workplace model, intensifying competitive landscape, and technological advancements, business development presents a challenge for law firms.

In fact, business development remains the number two challenge faced by small law firms, according to the Thomson Reuters [2022 State of Small Law Firm Report](#). Increasing client expectations and price sensitivity, coupled with budget and resource constraints, add further complexity to business development efforts for firms of all sizes and across all practice areas.

On the economic front, [rising interest rates](#), the geopolitical unrest in Europe and the Middle East, and the [collapse](#) of three U.S. regional banks earlier this year have left both clients and law firms [uncertain](#) about the direction of economic trends. However, despite economic uncertainty, demand for legal services is projected to remain strong, with [41%](#) of clients planning to increase legal spending in 2023 and only 20% expecting to cut back. Notably, the Thomson Reuters Institute's Law [Firm Financial Index](#) (LFFI), a key measurement of law firm performance, increased sharply in Q2 this year, with demand for legal services increasing [1.5% year-over-year](#).

To capitalize on this growing demand, the Q2 LFFI [report](#) found that midsize law firms are ramping up headcount to increase capacity and gain market share, [Am Law 100](#) firms are focused on controlling expenses and boosting efficiency, and [Am Law 200](#) firms are attempting to find a balance between the two. As firms of all sizes and specialties work to build their client base, business development and marketing capabilities are taking center stage.

Understanding business development in a law firm

What constitutes business development in a law firm? Who is responsible for business development activities? How does marketing fit into the puzzle? While business development and marketing functions have the same overarching goal of growing the business, the approach differs somewhat.

[Business development in a law firm](#) is the process of expanding revenue streams by identifying and acting on strategic opportunities, such as building client relationships and strategic partnerships or expanding the practice areas and legal services of the firm. Business development is focused on winning new work from new and existing clients, maximizing referrals from contacts outside the firm, and exploring other practice areas to drive growth.

Working in tandem with business development, the marketing team is focused on bringing the firm's message to its target audience, creating a compelling story of the value of the organization to generate and convert leads via web content, social media, and advertising, for example.

While marketing campaigns are primarily the responsibility of a firm's marketing communications department, business development has become more collaborative, rather than [siloed away](#) with marketing and communications. With a more collaborative approach, activities can be spread across multiple levels of the organization—from partners networking at events to plant seeds with prospective clients, lawyers cross-selling services to existing clients, or the business development team building pitches or following up on website-generated leads.

What factors are influencing law firm business development strategies?

While law firms acknowledge that ongoing business development is crucial to survival, executing successful marketing and business development strategies is complicated by various internal and external factors:

- Adoption of remote and hybrid working models
- Firms are overwhelmed by escalating volumes of data and content
- Ongoing modernization of the business of law
- Choosing the right BD tools and applications (e.g., CRM, proposal management, email marketing) can seem confusing
- Inefficient workflows impede consistent results

“Main challenges [for our BD teams] are around quantity of content to maintain, scope of organization, access to tools (being they aren’t always firmwide) and training, as well as adoption of tools and process change around new tech that may be in place.”

Senior Executive, Top Tier Law Firm pitch team



Challenge #1: The workforce, transformed

The labor force and the workplace have changed significantly since 2019. The COVID-19 pandemic rocked the workforce to its core, prompting a mass exodus of workers from the labor force—the [Great Resignation](#). According to data from the US Bureau of Labor Statistics (BLS), [47 million](#) Americans quit their jobs in 2021, followed by more than [50 million](#) in 2022.

In the wake of the Great Resignation, many firms face growing pressure on the talent front and are struggling with [staff shortages](#)—an especially acute challenge in more [rural areas](#). Law firms are facing competition from other industries and are [scrambling to hire](#) and retain marketing and business development professionals. Indeed, talent has become the [top concern](#) for leaders of law firms of all sizes.

In the pursuit of talent, law firms are feeling the pressure of increased expectations, both on the compensation front and in terms of bonuses and flexible working arrangements. For US-based Am Law 100 firms, average associate compensation increased by [17.3%](#) on a year-over-year basis in Q1 2022.

The business development role at law firms is also changing. According to a [survey](#) by the International Legal Technology Association (ILTA), demand for generalist skills associated with traditional law firm marketing tactics is decreasing, while demand for digital marketing, data analytics, and strategic business development skills is on the rise—including a conspicuous [skill gap](#) in data analysis. Notably, 74% of firms experienced greater demand for lead generation and pursuits skills; similarly, [41%](#) of firms reported greater demand for pitching and proposal roles and skills.

The pandemic also changed how and where people work, with many employees continuing to work from home or adopting a hybrid model in the name of work-life balance. To attract top talent, law firms must embrace remote working options and flexible work hours.

Indeed, amongst lawyers most likely to stay with their current law firm, a recent [study](#) found that 59% rated their firm a 9/10 or 10/10 for the availability of flexible working arrangements. At the same time, law firms must manage the resulting collaboration and communication challenges and issues of [diminished firm culture](#) that accompany remote working models.

Solution

With the ongoing challenge of hiring and retaining business development professionals in a tight labor market, outsourcing is a viable solution for law firms, particularly around management of CRM systems data and support. Indeed, the [National Law Review](#) confirmed that “in recent years, more firms than ever have turned to outsourcing as a cost-effective and time-efficient hiring solution that allows them the flexibility to source the right resources when they need them at reasonable rates.”

To alleviate the pressure on overwhelmed business development teams, law firms are turning to technology. Implementing applications and tools that automate, accelerate, and streamline business development processes and tasks (e.g., email marketing platform, proposal management software, presentation templates) creates efficiencies that help reduce the need to hire additional staff.

In the face of remote working challenges, law firms are [deploying cloud-based solutions](#) and secure communication platforms, enabling seamless collaboration among team members and clients, regardless of their location. In fact, cloud adoption has played a key role in facilitating collaboration for lawyers and other legal professionals working remotely; approximately [40%](#) of firms used the cloud in 2022 vs. only 3% in 2020, according to the ILTA 2022 Technology Survey.

To read the rest of this article, please scan here for the full copy.



The final word

The business landscape of the legal sector has changed dramatically from even a few years ago. Law firms must learn to adapt quickly in order to satisfy shifting client expectations, leverage technological advancements, and stand out from the crowd despite intensifying competition. By optimizing business development and marketing strategies and tactics that reflect the changing environment, law firms can successfully acquire new clients, nurture existing ones, and build a reliable revenue stream that sustains profitability.

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