

Law firm data.

Not big - very clever

The stories I could tell.

In one of my previous marketing director roles I spoke to a senior stakeholder at an insurer client. I asked what we needed to do to stand out. She highlighted two things - get our thought leadership right and get our data right. She wanted us to tell her what the risks of the future were and how her business could become more efficient.

There's been lots of talk recently about Big Data. Law firms have neither the volume nor velocity of data for it to qualify as big. They do, however, have a huge variety of data. And that data has value. Lots of value.

But what exactly is the value? The value of data - big, small or in between size - is the same now as it's always been. It's in the story that it tells. Data exists to provide insight. Insight needs to drive action.

There are three core stories that data can tell a law firm:

1. How to improve its own business
2. How to improve its sales and marketing
3. How to improve its clients' business

Most law firms already use their data to improve their own businesses. They measure utilisation, WIP, lock-up, profitability and the like. They're now grappling with how data can help them improve their sales and marketing.

Improving sales & marketing.

Most firms focus on the basics of CRM. This is, of course, a great place to start. However, while many have invested huge sums of money and time in various systems, they're only using them as a relationship database, tracking who knows whom and where they work.

This is fine, but consider again that the point of data is to provide insight - and the point of having insight is to drive action. To get the most value from their data in this area, firms need to work out what story it's telling - what should they do more of, what should they do less of and what should they stop doing altogether?

For example:

- How much non-chargeable time and money are you investing in your clients? How does this impact the true profitability of your accounts? What's the correlation between money invested and revenue? What does this tell you about what works and what doesn't work? Are there clients or prospects in whom you're investing too much or too little?

- Acceptance rates for events and read rates for newsletters are basic indicators of success. But are you linking them back to your CRM database to uncover what topics different clients - and stakeholders within clients - seem to be most interested in? Aggregate this up to see what topics resonate the most in different markets and then build campaigns around them.
- How are you measuring return on investment from campaigns? How much time and money do you spend on thought leadership? How many meetings with clients and prospects does it lead to, how many proposals do you submit and how much work do you win? What's the value of the work you're winning?

These are just some of the things you can do with business development and marketing data. Bring all of them together and your data will tell a powerful story that guides you towards using time and money more effectively.

Linking everything back to new business wins and client profitability also helps bring marketing & BD teams closer to the heart of the business, including building stronger relationships with finance. And anything that gains you the ear of the managing partner or senior partner has to be a good thing.

Improving your clients' business.

Few firms focus on how to use their data to help improve their clients' business. Law firms hold huge volumes of data about their clients' matters, cases, projects and deals. Of even more value, they hold huge volumes of data about their clients' competitors' matters, cases, projects and deals. This puts them in a unique position.

Most pieces of work that law firms are instructed on can be broken down (literally or figuratively) into stages - employment tribunals, commercial litigation, real estate development and asset management, defending insurance claims, even smaller types of M&A work.

How long does it take to move through the different stages? How much does each stage cost? Where do delays occur? How can delays be removed? Critically, how do your clients compare to their peers in these areas?

If a client typically takes much longer than its competitors to complete certain stages of, say, lease renewals or professional indemnity litigation, why is that? What does your data tell the client about how they can improve their own systems and processes?

Law firms have a perspective on the market that their clients don't. As such, they have an unparalleled view of what their clients can do to save time and money. At the moment they're not using their data to deliver insight or take action.

Challenges.

Using data to improve your own business, your sales and marketing and your clients' business is not easy.

First, there's the basic challenge of where the relevant data sits. Typically it exists in multiple databases and systems. CRM systems, finance systems, case management systems, practice management systems. Each of them often holds a different piece of the puzzle.

Second, even if you can access all of the necessary information, who's going to analyse it to deliver the insight? Data analysis is a specific skill that few people in a law firm have. There's likely to be a significant cost impact on law firms, first to get the data out from where it's hiding and then to employ the people who can find out what story it's telling.

However, the prize is worth it. In a market where differentiation is virtually impossible and gaining a competitive advantage critical, data is one way to achieve it. Want to really add value to your clients? Then get to grips with your data.

Thirteen.Be.Distinctive.