SurePoint

EBOOK

Why CRM: A Guide to Client Relationship Management for Law Firms

INTRODUCTION

Client Relationship Management (CRM) is integral to a law firm's success. Alone, a CRM solution provides a centralized database to manage firmwide contacts and easily answer questions like, "Who knows whom?" When used as part of a holistic strategy to uncover and identify relationships that exist among a firm's lawyers, CRM can improve client satisfaction, unlock performance, and help firms become more profitable.

In our latest eBook, "Why CRM: A Guide to Client Relationship Management for Law Firms," we'll share actionable insights and guidance to leverage your firm's relationships and understand the activities that lead to new business. We'll lay the groundwork for developing a CRM strategy and identifying a solution that aligns with the firm's strategic goals and objectives.

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Chapter 1: Client Relationship Management: A Primer

Providing excellent client service is a cornerstone of nearly all law firms; however, many firms do not take the time to understand the relationships that exist among their lawyers. Understanding these relationships and prioritizing business development can be a challenge for many attorneys. When firms know who is sending them work and can identify the activities that lead to new business it, lawyers can focus their time on the relationships and activities that lead to new business.

When a CRM implementation fails, it is often because the platform doesn't align with a firm's strategic goals and objectives. Law firm marketers work extremely hard to show value and focus on activities that lead to new business. When lawyers don't have visibility into marketing and business development activities at the firm, it can be difficult to show their value. A robust CRM allows firms to track these activities and share them firmwide. Bad data – data that is missing, wrong, or incomplete – can prevent attorneys and other key stakeholders from buying into the system and even leave them questioning the value of the firm's marketing altogether.

A comprehensive CRM strategy not only provides value to the firm but strengthens relationships and creates a culture of proactive contact management. Some common examples of how CRM can benefit a law firm include:

Communications

- Communicate to all clients when needed
- Client and prospect contact information is visible and accessible firmwide
- Know who is reading industry alerts and thought leadership

Relationships

- Easily answer who knows whom and see who knows them best
- Know where clients are located
- Insight into the industries the firm represents

Business Development

- What are you doing for current clients and to attract new ones
- How the firm's attorneys cultivate relationships
- Quantify incoming business

Chapter 2: Identify Data Silos to Improve Performance

At many firms, data exists in silos. This means that data is found in multiple, disconnected places, and access is limited to certain individuals at the firm. For example, contact data may be found in emails that never make it into a firm's CRM system. Billing data may be limited to the firm's financial management solution or members of the finance team. Data silos make it impossible for a firm to have a complete client profile and may even prevent or impede a firm's ability to cross-sell or pitch for new work.

When data silos exist at a firm, it makes marketing difficult as well. However, this is not just a problem for a firm's marketing team. It is a problem for everyone. Think about common requests like a Top 20 Client List. The firm's finance team is often asked to prepare budgets and provide information to the management committee to drive strategic initiatives, profitability, and growth. Data silos between financial and relationship data make it difficult to understand what is being done to develop new business or understand the rationale for launching a new practice area. All of this makes it impossible to show a return on investment (ROI).

It is important to understand the types of data silos that exist and find a way to bring them together. A time and billing integration is a simple way to do just that. When firms integrate financial data with their CRM system, it is easy to see the activities that lead to new business and quantify the value of that business. This helps the firm's marketing team and attorneys to focus on the activities and strategies that work. Historical data can be used for forecasting and to identify opportunities for cross-selling to established clients.

Chapter 3: Aligning CRM With Your Firm's Goals

Most CRM implementations fail to meet expectations because they do not align with a firm's goals and objectives. One way to ensure that a CRM solution aligns with a firm's goals is by conducting a Gap Analysis. This simple exercise enables a firm to articulate where it is and where it wants to be in terms of its CRM strategy. Start by taking inventory of the challenges the firm faces and how CRM can solve them.

For example, many law firms struggle to quickly pull together a mailing list. This can be especially frustrating when the firm's marketing team and attorneys spend time working on targeted and time-sensitive content of interest to clients and contacts. In fact, many firms did not realize they had a problem until the start of the Covid-19 pandemic in 2020. As one marketing professional said, "There was so much information to share, but no way for us to share it easily."

When conducting a Gap Analysis, it is important to ask and answer two basic questions:

- Where are we now?
- Where do we want to be?

Think about the challenges the firm faces and what is needed to overcome them. A Gap Analysis is an effective and efficient process that will ensure a firm's CRM solution aligns with its goals and objectives. The analysis can also be used to provide marketers with talking points to share with key stakeholders and facilitate conversations when deciding how to improve the firm's existing strategy or invest in a new solution.

A system that doesn't align with a firm's goals is a waste of everyone's efforts and can harm future endeavors as well. With law firm marketing budgets under constant review, it is important to show value and ROI. When a system doesn't align with the goals and objectives identified by a firm, it is impossible to show ROI. Once a firm has identified how it will measure success, the next step is to find the right data.

Chapter 4: The Right Data for ROI

Once a firm has identified its goals and objectives, it is important to identify the data to help meet them. ROI is one of the easiest ways to show value, but it is also one of the most misunderstood. One of the biggest hurdles to unlocking CRM performance and analyzing ROI is incomplete or inaccessible data. When data exists in silos, in different locations, platforms, or with different people at a firm, it can be difficult to see a complete picture. There are three essential data sets to consider in your ROI analysis:

- CRM Data
- Relationship Data
- Financial Data

CRM Data

CRM data includes contact data that comes from mailing lists, engagement with firm marketing activities, and firm events. CRM data can include basic contact information such as a job title and email address. For firms that use a marketing automation platform, the database should include emails that contacts have read or events they have attended. From intake to automation, every touchpoint comes together to show the contact's journey. Firms track marketing and business development activity in their CRM to easily identify and understand the initaitives that work best. This insight allows a firm's marketing team to focus its resources on the activities that lead to new business.

Relationship Data

Relationship data can be found in attorneys' inboxes. These are the people with whom attorneys are communicating every day but might not make it into the firm's CRM. Here you might find clients as well as referral sources, industry experts, and potential lateral hires. Relationship data can also come in the form of a business card shared during a networking event or a phone call from a referral source.

Tracking this information and making sure it gets into your CRM enables you to know who the firm's attorneys are talking to and how often. An integrated enterprise relationship management (ERM) solution is one way to enhance this data and ensure that it is accessible.

Chapter 4: The Right Data for ROI

Relationship data is especially valuable because it provides insight into the relationships that exist among a firm's professionals as well as the strength of those relationships. This data can also be used to leverage your existing relationships to identify growth opportunities at the firm. These might include new office locations or practice areas, pitches for new work, and even which industry organizations to support.

Financial Data

Now that we've considered the role of CRM and relationship data, let's take a closer look at an often-overlooked data set – a firm's financial data. When incorporated into a firm's CRM strategy, financial data can provide insight into the effectiveness of its marketing and business development activities and help tell the story of its relationships.

Chapter 5: Financial Data: The Missing Piece in CRM

Showing ROI is dependent on three data sets: CRM data, relationship data, and financial data. Historically, firms have been reluctant to share financial data as part of their overall CRM strategy. This is one of the reasons many law firms struggle to show value when assessing the success of their CRM strategy and other marketing-driven initiatives.

Financial Data is Essential to ROI

A firm's time and billing system can provide a wealth of knowledge, but it's only useful if it can be accessed. Many CRM platforms integrate with law firm time and billing systems to provide a complete picture of a firm's relationships.

A firm's finance team may be reluctant to share financial data for any number of reasons. Perhaps they don't understand how it will be used or are concerned that the data may be manipulated or shared with others. Maybe they've been advised by firm management not to share this information. However, it is not uncommon for a firm's marketing team to develop activities targeted at the firm's top clients. For firms where financial data is not accessible across the firm, this may require an email or visit to your firm's finance department and in some cases, many follow-up questions.

Once the request is granted, it may come in the form of a printed report or pdf that provides little or no context. You can expect to see total hours billed, fees collected, or even matter descriptions. However, what isn't available are the relationships that exist between the contacts. Business development activities that led to the new business won't be reflected in that report. Without that information, the ability to identify cross-selling opportunities or trends is limited. When financial data is siloed, it is also difficult to correlate revenue generation and engagement with marketing activities like sponsorships, events, and thought leadership.

Understanding the relationships that exist between a firm's attorneys and its clients is imperative to CRM success. When this information is available, it provides valuable insight to inform a firm's marketing and business development activities so the firm's marketing team and attorneys to focus on the initiatives that lead to new business.

Chapter 5: Financial Data: The Missing Piece in CRM

Connecting Financial Data to the Client Journey

A firm's financial data provides the details necessary to understand the client's journey. A robust financial management system should easily display information such as:

- Top clients
- New matters
- Top-producing attorneys
- Hours per matter
- Clients
- Profitability metrics by attorney, client, and matter

With current and correct data, it is easy to understand where a firm's business is coming from, how clients are engaging with marketing, the events that lead to new business, and opportunities for growth. This is why many firms pursue a direct integration between their CRM and financial management system. A direct integration eliminates back and forth communication while reducing the potential for error due to lack of context and irrelevant information.

Getting Started with a Time and Billing Integration

An integration may seem daunting, but it doesn't have to be. Many firms choose to start with a simple export/import and a spreadsheet. This helps firms easily establish benchmarks so they can understand where they started and use this information to make future decisions.

Chapter 5: Financial Data: The Missing Piece in CRM

Mapping the Client Journey

For many firms, financial data may be presented at the client or company level and presented as a client matter number or in terms of total revenue. Combining CRM and financial data makes it easy to map both data sets to a single record and connect data at both the company level and the individual level where relationships are shown.

As firms relate the data to the company and the individual, the full client picture starts to emerge. It is easy to see who attorneys know and who they are working with so the information can be attributed to practice groups, office locations, and individual attorneys.

Use Financial Data to Uncover Opportunities and Show ROI

When financial data is accessible, it is easy to see how relationships evolve and identify opportunities for growth through cross-selling, developing new practice areas, and more. This works for new clients and established ones as well. As the journey from contact to client is tracked, the corresponding financial data at each stage can be used to evaluate ROI and truly see the whole picture of what's happening at the firm: understanding the actions taken, how much it costs to bring a client on, and if the efforts resulted in new business. It really is that easy.

Chapter 6: Use Data to Grow the Firm

Once data silos have been eliminated, it is important to prioritize the data. Often, the firm's marketing team builds the methodology to provide attorneys with the data that will help them focus their business development efforts. Whether a firm participates in one-on-one business development coaching, or the marketing team presents it at regular practice group meetings, having accessible data in one centralized location makes it easy for everyone involved.

Once the data is used to build a client profile, marketing can help attorneys coordinate outreach by providing a list of targeted contacts, running reports to analyze gaps in relationships, and identifying opportunities to cross-sell or pitch for new business. The data can be used to rank contacts making it easy for attorneys to prioritize outreach.

When the firm's new business can be quantified and tied to marketing and business development efforts, showing ROI is easy. Attorneys will also be more likely to engage with future marketing activities and champion these activities among other attorneys and key stakeholders at the firm.

Integrating CRM and financial data is essential to revenue growth in law firms. With financial data at their fingertips, marketers have unparalleled insight into developing strategies, programs, and tactics to win new business and retain clients. A marketer may be able to provide an attorney with a list of clients and quickly identify where billable hours and revenue are in decline. This may be a sign that a client is looking to leave the firm. The marketer can then design a plan to reengage the client through research on emerging issues or business challenges and develop a focused plan to address them through thought leadership, events, and other relevant, targeted outreach.

You can also use available data from CRM and time and billing to identify profitability trends by clients, practice area, matters, attorneys, and more. This information can be used to make the case to develop new practice areas.

Chapter 7: Data-Driven Decision Making

As in-person events make a comeback, people are feeling energized and ready to get back into a routine. With this return, firms are receiving new sponsorship requests often from clients. This is an area where access to the right data can help firms make informed decisions. Often the request is made directly to an attorney which can make it even more sensitive. When a firm receives a sponsorship request, especially one from a client, it is important to consider the request carefully. Think about the following:

- Should we sponsor this event?
- Can we say no?
- Is this the right audience for us?
- Are we spending too much time marketing to one group of contacts?

When the request comes from a client, there are additional questions to consider:

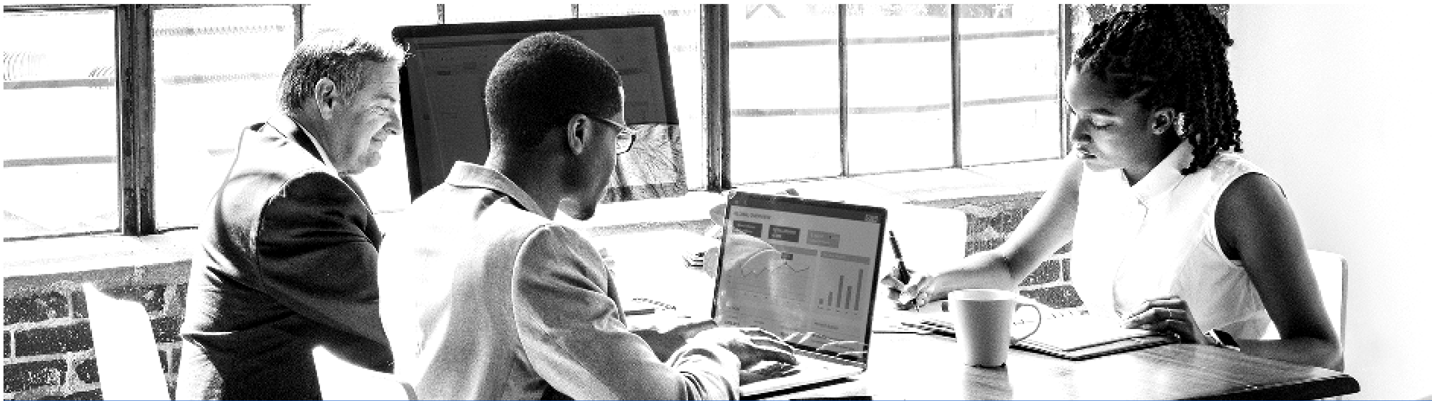
- How much business does this client send us?
- Will this result in more business?
- What are the implications of saying no?

When firms track this data, it is easy to justify the marketing spend for the activities that work and identify and cut back on the ones that don't by using the data to show:

- Average spend per client
- What the firm is doing
- What worked
- What did not work

With the right data, it is easy to take a step back and analyze the benefits as well as any potential risks before rushing into a decision or a sponsorship that doesn't work for the firm.

If the firm decides to sponsor an event, it is important to clearly define expectations and use data to ensure the benefits are realized. When this is tracked in CRM, you can follow the event through its lifecycle to identify new relationships or business generated. The next time you receive a sponsorship request, you can use this information to decide whether to participate or look at new ways to support the client.



Chapter 8: How to Incorporate Financial Data into Your Business Development

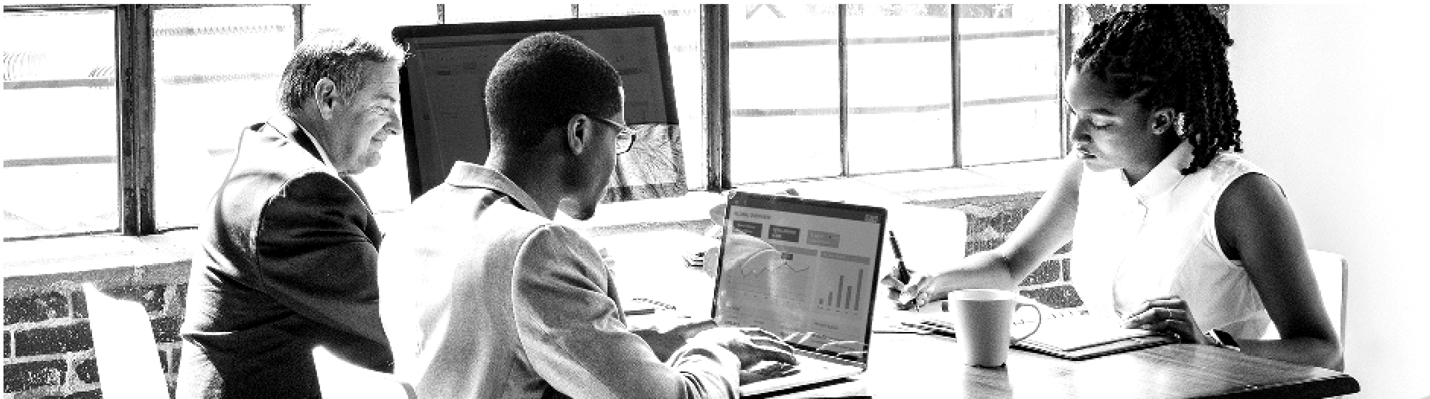
In earlier chapters, we shared how the right data can unlock performance in your CRM and help show ROI. In this chapter, we'll consider how firms can use data from financial management systems like the SurePoint Legal Management System (LMS) and Coyote Analytics to develop marketing and business development activities that lead to new business.

When an attorney is not meeting their billable hours, a firm may provide additional coaching. Using available data from the firm's financial system can provide valuable insights to help identify those attorneys and understand who is at risk of falling behind. By looking at a timekeeper's clients, matters, and recent activities, the firm's marketing and business development professionals can use this data to help them strategize and plan targeted outreach. This approach empowers the firm's professionals to focus their efforts and time on activities that strengthen existing relationships and develop new ones.

Benchmark data can be an effective tool when measuring the impact of these efforts. For example, using available data may highlight why lawyers struggle to meet their hours. For example, new lateral hires or senior associates on the partner track may need additional guidance as they develop their practices and find footing at the firm. With a robust time and billing system, it is easy to access valuable information like rate audits, new clients/matters, client/matter investment, and firm practice analysis. This data gives marketers insight into the types of programs and tactics to develop. It can also guide client onboarding and help ensure that new clients are added to mailing lists and receive relevant content such as legal, regulatory, or industry updates.

Many firms have dedicated professionals to assist in developing individual marketing and business development plans for lawyers. When these professionals understand the firm's clients and practice groups, they can help the firm's lawyers position themselves and stay top of mind with clients and prospects. Regularly reviewing new client/matter reports is a good best practice to help ensure that lawyers are reaching out appropriately and that clients receive relevant mailings.

With the right data, it is easy to identify lawyers working with the same clients and who to introduce when cross-selling opportunities arise. Time and billing data can also be used to evaluate growth opportunities, such as the feasibility of a new practice area. As a firm considers focusing on a new area of law or expansion into a new geographic area, data can be used to analyze trends, identify potential areas of growth, and look at clients in a particular industry.



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As firms consider raising rates, management can use available data and built-in functionality to understand how long clients have been billed and at what rates. While firms consider adjusting rates, clients are also evaluating the value that law firms provide. Rate audit functionality allows firms to evaluate current staffing and other logistics as they develop a value proposition and prepare to approach the client.

Rate data is especially important to inform the development of playbooks to aid in these conversations. By looking at collected hours, fees, and other data points firms can understand their profitability and measure success at all levels of the firm. This can help firms decide how to allocate resources. For example, a practice group may appear wildly successful in terms of hours, but indirect costs such as travel and expenses may prevent the group from becoming profitable. Likewise, some practices may bill fewer hours but are more profitable based on the total fees collected.

Many firms track the viability of traditional hourly matters against those with alternative fee arrangements. SurePoint's proprietary method allows firms to understand profitability by looking at collected hours, collected fees, and other data points. When firms use this data to measure and understand success at the firm, office, practice, and attorney levels, it can be especially helpful when deciding how to allocate resources. Firms can also use this data to understand the cost of doing business and if it makes sense to pursue certain matters. For example, Coyote Analytics features custom fields and grids that allow firms to build targeted mailing lists and track the activities that lead to new business.

The scenarios in which time and billing data can help inform a firm's growth strategy are endless. LMS and Coyote Analytics can be tailored to specific law firm personas. In the absence of a CRM solution, marketers can rely on both products for a high-level overview of total revenue, net income billing realization, collection relationship, and more. Looking at data year-by-year or even quarter-by-quarter provides insight into the activities and matters that generate revenue and how it compares over time. When used with CRM data, it is easy to identify the activities that lead to new business so a firm can do more of them.

Chapter 9: CRM is a Journey Not a Destination

CRM for law firms is not a new concept. The technology or names may change, but the benefits, as well as some of the challenges, remain very much the same. When implementing CRM, it is important to understand that it is an ongoing process. This is why it is essential to select a platform that aligns with the firm's strategic goals and objectives.

Law firms do not follow a traditional sales process and should not rely on a traditional CRM. Platforms like ContactEase CRM, a SurePoint solution, are developed specifically for the way that law firms do business.

Modern law firm CRM platforms can follow a firm's contacts from intake to marketing automation. Still, if the system isn't easy for the firm's lawyers to use or doesn't support the firm's goals and objectives, buy-in from key stakeholders will be lost, and adoption will be almost impossible.

Finding the right solution starts with the right partner. A knowledgeable partner can help you define metrics for success, adjust course when necessary, and ensure that the firm's CRM strategy is aligned with its strategic goals and objectives. As a firm's CRM strategy matures, a good partner will be there to provide best practices for continuous improvement and ensure you get the most from the firm's investment. To learn how to identify the right solution, or unlock performance in your existing CRM, visit our CRM Toolkit.

ABOUT SUREPOINT

SurePoint® is a leading provider of award-winning enterprise software that improves workflow and maximizes financial performance and profitability for law firms nationwide. Its distinctive cloud platform integrates client management, practice management and financial management for powerful relationship-building and knowledge-sharing capability. With a community of more than 100,000 members, SurePoint continues to transform the legal industry by enabling law firms to unlock higher performance, freeing lawyers of administrative burdens so they can spend more time focusing on their clients and their practices.

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