

How U.S. Law Firms are Responding to RFPs

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By Annie G. Berger

(New York, NY June 29, 2015) – Competition for new work remains high inside law firms, and with clients increasingly pressured by their own organizations to tightly manage budgets, requests for proposal (RFPs) continue to play a pivotal role in how clients purchase legal services.

Recently, spurred by our Australasian alliance partner Seldon Rosser’s survey of how major Australian law firms are responding to RFPs, we sought to replicate it here in the U.S. to understand the current state of readiness for RFPs: what resources are utilized, what elements are necessary for a successful response and how firms track and measure success.

In the 115 responses we received, what we found is that U.S. firms are making progress particularly in the infrastructure and processes needed to successfully produce the document – for purposes of this article we refer to them as “component parts”. However we lag behind our peers outside of the U.S. in applying the next level of intelligence – true business assessments of opportunities, client interactions and lawyer/client relations before, during and after the process.

Here’s a look at what we found and a few recommendations on what might drive greater success for U.S. marketers and lawyers engaged in the process.

The majority of our response (85%) comes from large (600+ lawyers) and midsize (100-600 lawyers) firms. Fifteen percent (15%) of respondents come from small firms (less than 100 lawyers). (See Figure 1.)

Our Highlights

- We’re getting more proficient in the component parts of the process: most respondents report satisfaction with experience databases, design templates, content libraries, and other assets needed to complete the process
- Though most of the respondents note that there is sufficient partner engagement (77%) in the RFP process (Figure 8), there’s still a need for more internal communications regarding business development initiatives like RFP responses (Figure 15). In fact, responding U.S. firms still don’t know the win rate of 21% of opportunities
- We aren’t spending enough time in contact with our clients and prospects during the RFP process (U.S. data, see Figure 16); Australian firms report speaking with clients during the process nearly 20% more than U.S. firms (58% vs. 39%)
- Not surprisingly given their sophistication with the process and stronger engagement with clients, Australian firms have a significantly higher win rate (58% winning more than 50% of the time) than their U.S. counterparts (22% winning more than 50% of the time) (U.S. data, see Figure 10)

- We don't always evaluate the opportunity at the outset, nor do we close the loop, something that's vital to do for process improvement (Figure 16). Less than half of the firms (42%) have a formal bid/no bid analysis at the outset. Fifteen percent (15%) of us don't conduct a debrief once the document is submitted to the client. That compares to 68% and 52% respectively by Australian firms. Without that important feedback, there's little room for improvement

What's Behind the Data: U.S. vs. Australian

For the most part, firms are working on one – four (1-4) RFPs per month; the next highest group is reporting between five – nine (5-9) RFPs.

According to respondents, most of the time spent on RFPs is on customizing the document (47.4%) and liaising with partners (23.7%). It's a step in the right direction to have that much interaction with partners, yet we may be still spending too much time on the document itself, how it looks and reads, and not enough on assessing the language in the RFP and getting more information from clients to understand what motivates the client and how the firm can meet their demand.

Marketers at U.S. law firms are reporting improvement in access to the tools they need to get it all done. These component parts we described previously include the nuts & bolts to the response: access to accolades databases (50%), image libraries (38%), matter databases (57%), design templates (63%), industry research (56%), pricing guides (48%) and secretarial support (33%) and marketing coordinators (46%) to help pull it all together (Figure 15).

What we aren't seeing is easy access to the interpersonal and analytical elements in the RFP process: better evaluations of and follow up on opportunities, client insights and external advisors to help inform the process. Only 39% of respondents report their firms are calling the clients for further information during the response process (Figure 16). According to Seldon Rosser Director Graham Seldon, in Australia there has been a real shift in the acceptance that business development professionals should speak with clients directly to gather intelligence that can help in winning work. "Law firms in Australia understand the benefits of business development professionals canvassing client opinion both before and after a pitch is presented. In some cases law firms have long term pursuit strategies where business development professionals are engaging with prospect clients well ahead of an invitation to pitch, to establish rapport and credibility and collect valuable buyer behavior information."

In addition, teams still do not have sufficient project plans or project management tools that help integrated teams collaborate and create more successful responses quickly. For example, 38% of the firms responding involve finance, the lead partner and the marketing department together in pricing; yet 39% don't involve marketing at all in pricing strategies.

Perhaps most alarming of our results: more than one-fifth (21%) of respondents are not informed of the win rate (Figure 10). While this will not shock anyone involved in RFPs, it points to the need for more frequent, and better communications both between clients and law firms and internally among the pitch teams assembled to complete the RFP. We need to get better at communicating before, during and after this process because response teams will only get larger from this point onward as firms add to their pricing and project management teams.

Compared to Australian counterparts, U.S. firms are not adding enough rigor to the process before or after. Australian firms are calling clients more than U.S. firms (58% vs. 39%) to learn more and ask questions about the RFP and they're using other insights such as client interview notes and secondees feedback (34% vs. 15%) with greater frequency (Figure 15).

As a result, we can only infer that these more sophisticated approaches that are more in tune with client needs are influencing the win rates of Australian firms (53% vs. 22% winning more than 50% of RFPs, see Figure 10). There are areas ripe for opportunity: CMOs who can address these missing elements can help drive revenue and growth for their firms.

What the Experts are Saying

We reached out to two consultants who work in the areas of competitive intelligence, sales, pricing and project management, Ann Lee Gibson and Amy Hrehovcik, respectively, for their perspectives. Both agreed that U.S. firms need to move in these directions if they want to compete and win.

According to Ann Lee Gibson, Ph.D., principal of Ann Lee Gibson Consulting, adding competitive intelligence to the business development function is critical, as is filling the marketing team with individuals who have strong consulting skills.

"Successfully responding to a RFP and winning new business competitions requires a wide array of skills, including a business perspective that some lawyers may find counterintuitive. In RFP competitions, we shouldn't merely answer canned RFP questions and drone on about how great we are. We should proactively offer specific ideas about how to address and resolve clients' and prospects' legal and business challenges. The more specific and tailored our proposals are to each client's issues, the more impressive they'll be."

Gibson also said that proposal and business development managers must help law firm partners understand the decision makers to whom they're pitching, what appeals most to those decision makers, and what will compel them to purchase legal services.

The most successful proposal and business development professionals do not shy from recommending that the firm say no to some competitions and other new business opportunities. Gibson says the firms that are most successful at pitching new business (through both RFP competitions and proactive pitches) have a win rate of 50-60%. Those firms are selective and don't respond to every opportunity that comes over the transom. They save their energy for opportunities that align with the firm's growth strategy and that elevate the firm's practices.

"Increasingly, as traditional legal marketers catch up to other industries, we will be drawing on data to drive our decisions," says Amy Hrehovcik, Founder of Ailey Advisors. "External trends are important, but the greatest opportunities for legal marketing today reside internally. Helping our firms move away from the old economic model, and focus on profit margins and client satisfaction is the path to optimization. This begins by educating ourselves regarding the nuances of how the firm currently makes money and how these numbers are impacted. The more we know, the better we can communicate with different levels of 'maturity'."

Hrehovcik encourages the legal marketing community to ask the difficult questions and challenge itself. “Why a team prioritizes the progress of creating a document over collaborative, inter-departmental teamwork and measurement is due to many factors, including competing demands on marketers’ time.”

Hrehovcik continued to say that it has never been more crucial to improve measurement than right now. “We’ve all experienced the strategic significance of the RFP process shift beneath us. Today firms actually lose clients if the price or project plan do not align. And many exceptional business development teams convert this concept into profit margins – daily.”

How to Win More

It’s clear that legal marketing finds itself at a crossroads once again. Similar to the way our industry responded a decade ago to the shift in legal marketing and the increased need for specialized roles in the department and technology infrastructure, CMOs now need to address this new challenge of adding data to decision-making and driving the change in the bid process.

Three key items CMOs would be wise to consider are: 1) figure out ways to improve communications between marketing teams and the lead partners responding to the RFPs, between marketing, finance, pricing and the lawyers and between the firm and its outside audiences; 2) put rigor behind the response process, including the ability to say “no”; establish data-driven decisions and add more toolkits and project plans that will help measure and inform future responses; 3) compel firms to seek more frequent insights from clients before, during and after the RFP process.

For the full survey results, please see the attached appendix.

For legal marketers looking to develop the skills needed to usher in more effective RFP strategies at their firms, continue to work on business development coaching and setting your lawyers up to understand the importance of involving the client in the process. Keeping your sights on the infrastructure resources that are available and elevating your consulting skills will result in a sophisticated approach to the RFP process, satisfied internal clients and ultimately, a win for the firm.

For more information on what we’re seeing from law firm marketing teams, please contact us.

Annie Berger is a Recruiting Manager with J. Johnson Executive Search, Inc. (JJES) who specializes in placing marketing and business development talent into law firms across the U.S. She can be reached at annie@jjohnsonexecsearch.com.

Proposal and RFP Survey Responses

Firm Size

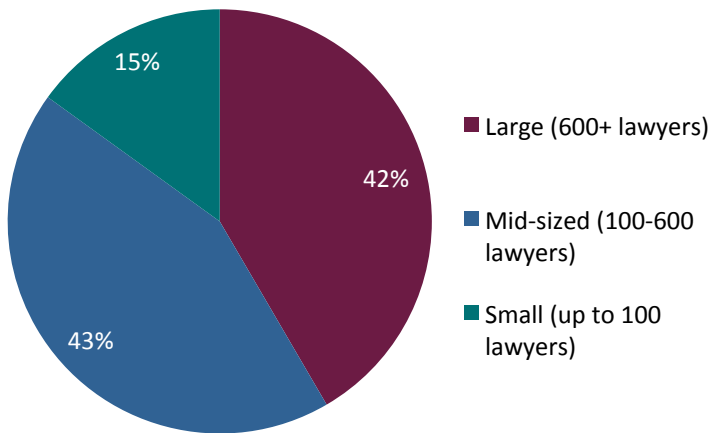


Figure 1

Title of Respondent

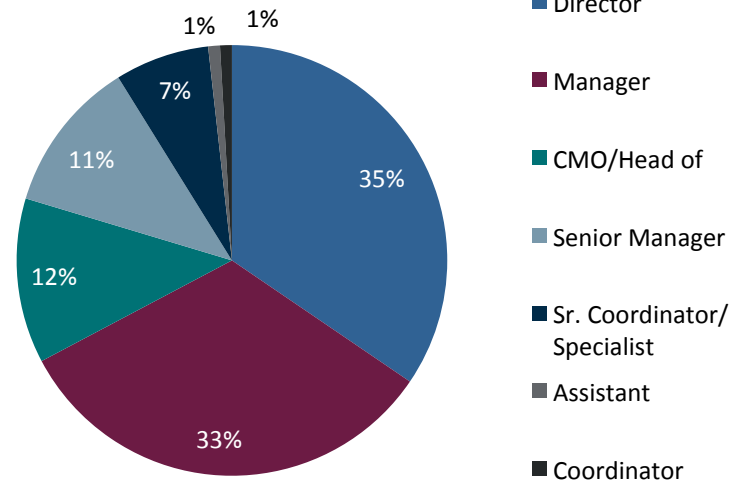


Figure 2

Number of RFPs Worked on Each Month

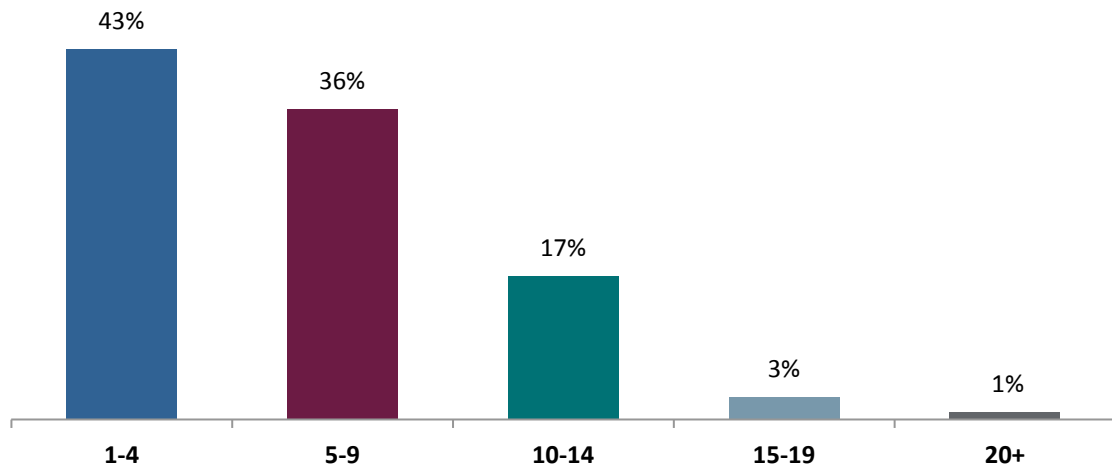


Figure 3

Proposal and RFP Survey Responses

Each Proposal or RFP Generally Takes

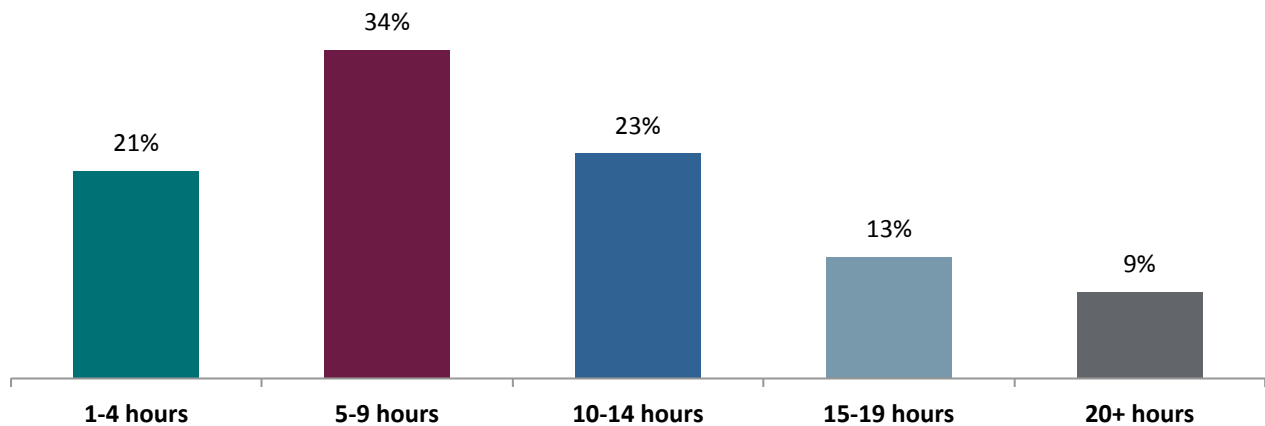


Figure 4

Majority of Marketing Team's Time is Spent

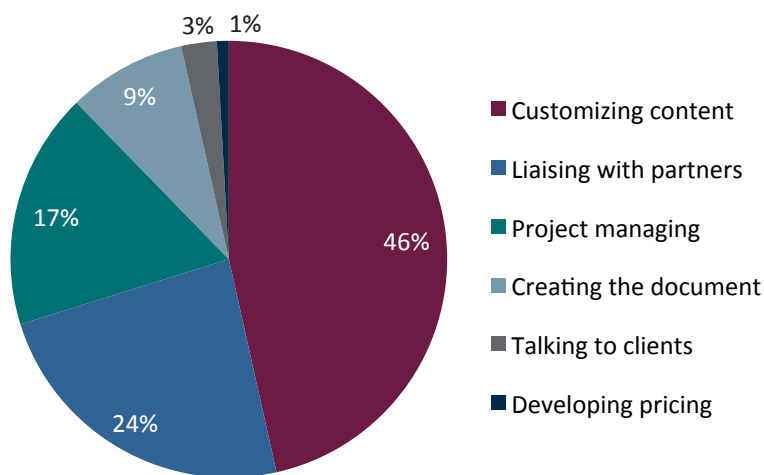


Figure 5

Percentage of Proposals & RFPs for "New Clients"

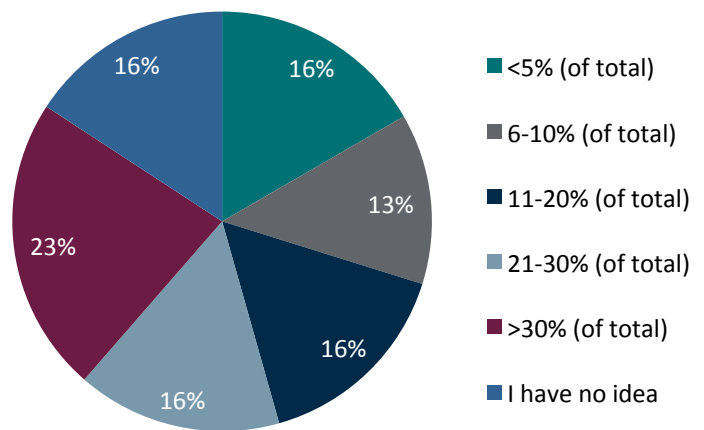


Figure 6

Proposal and RFP Survey Responses

Marketers Rate Firm's Approach to Proposals & RFPs
(1=Basic, 5=Sophisticated)

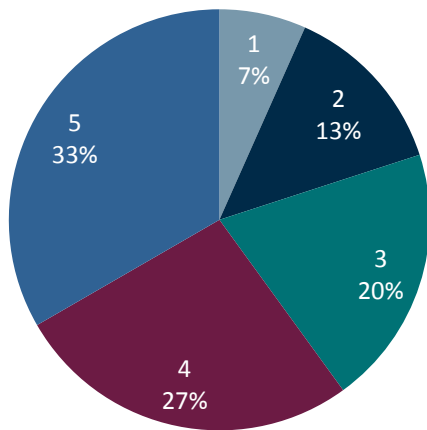


Figure 7

Partner Engagement on RFPs

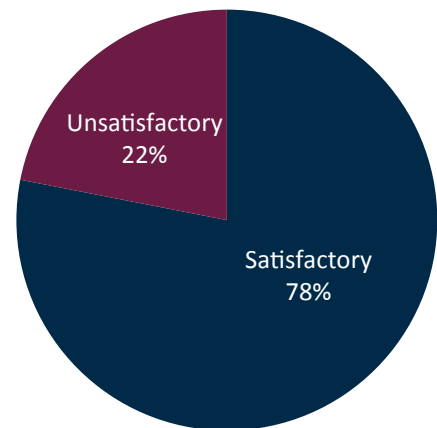


Figure 8

Marketers Rate Their RFP Tools and Resources

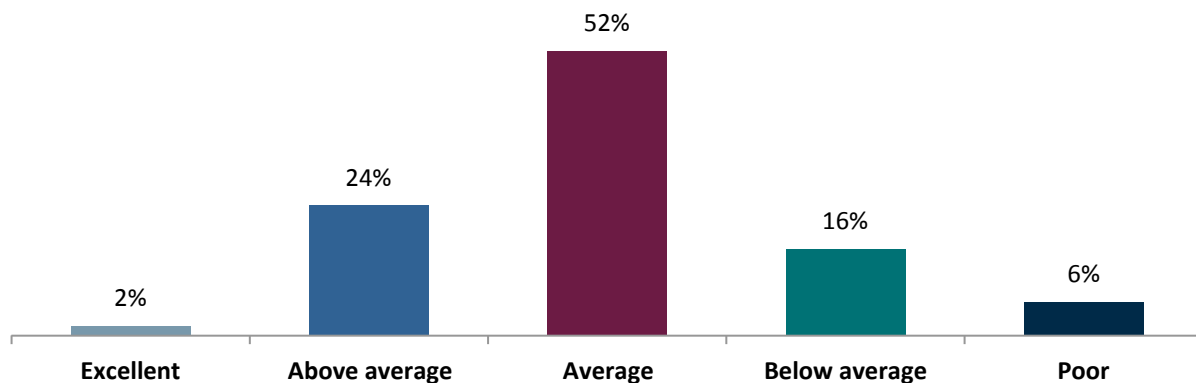


Figure 9

Proposal and RFP Survey Responses

Firm Win Rate

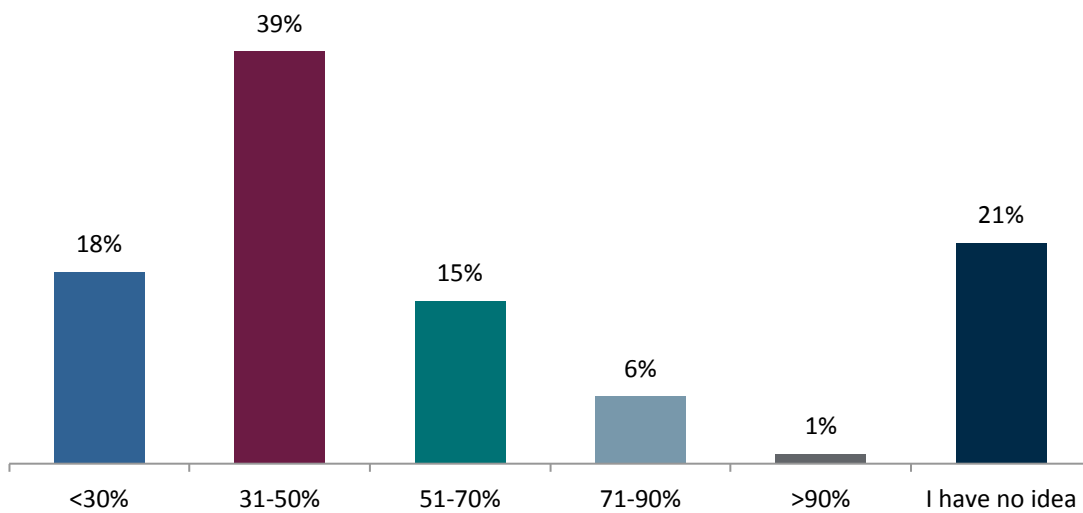


Figure 10

**Fixed or Capped Pricing
Is Used**

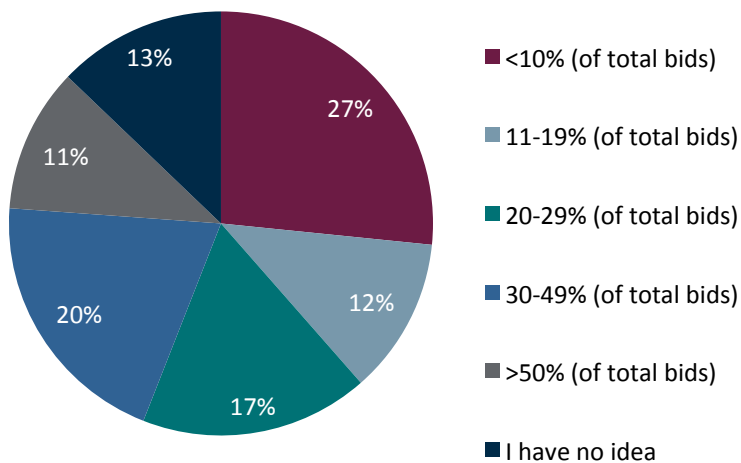


Figure 11

Current "Price Pressure" Is

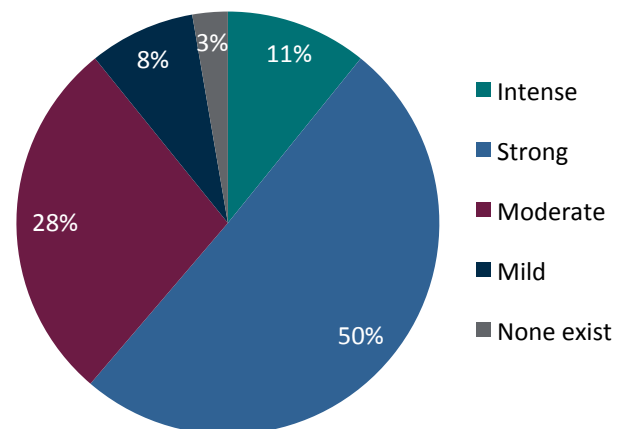


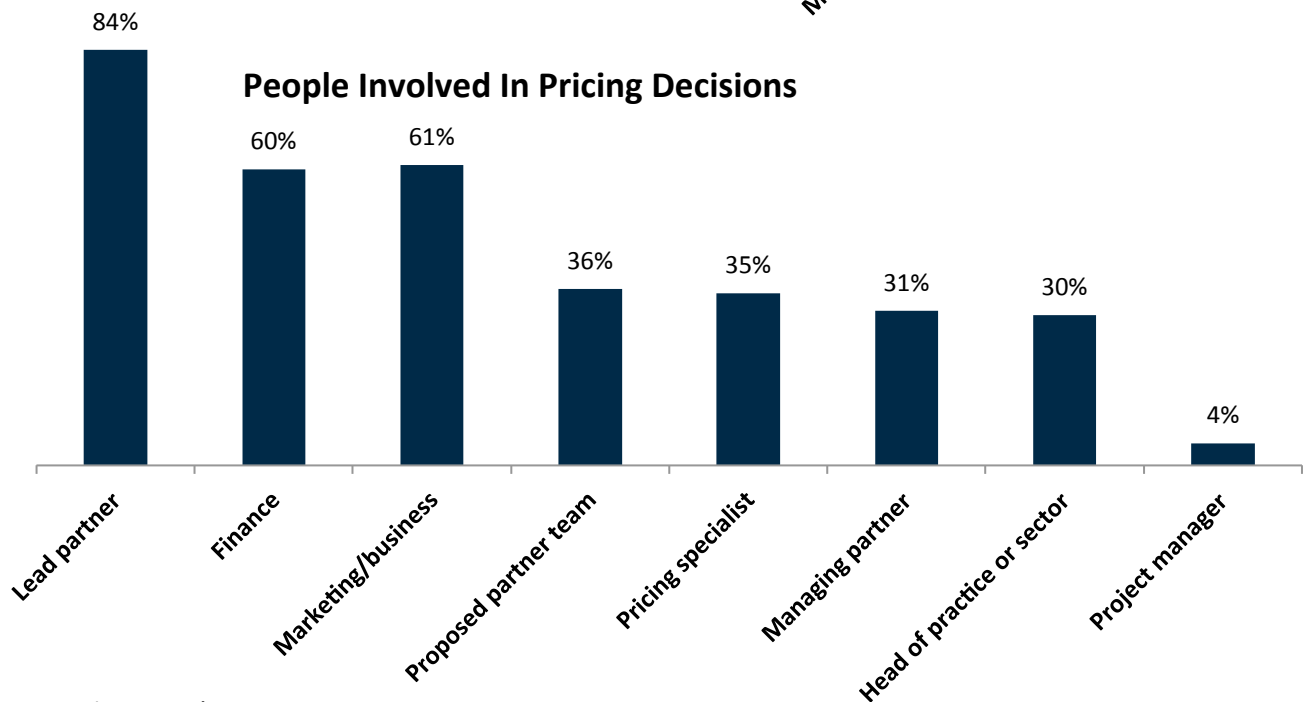
Figure 12

Proposal and RFP Survey Responses

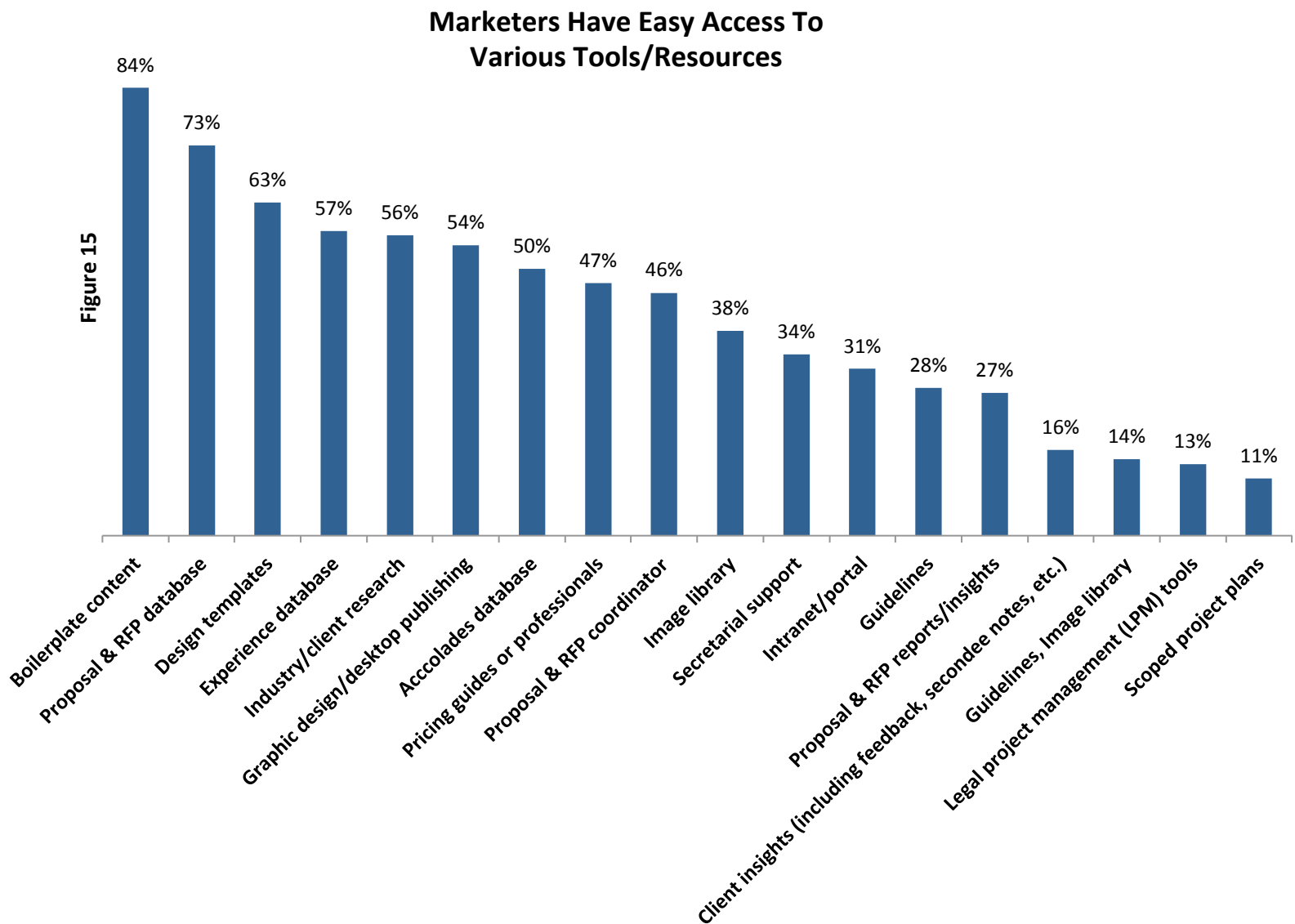
Figure 13



Figure 14



Proposal and RFP Survey Responses



Proposal and RFP Survey Responses

Communication Strategies for RFPs/Proposals

