2014

An Ackert Advisory Legal Industry Report

Investing in Rainmakers:

Bridging the Gap Between Business Development Training and ROI

Table of Contents

Executive Summary

In the fall of 2013, The Ackert Advisory published a white paper exploring business development (BD) coaching or training programs within law firms and the return on investment (ROI) generated from these programs. The conclusions reached by the paper were based on a market-wide survey sent to over a thousand law firms in North America. While the results of the survey presented many interesting observations, the most salient findings are listed below:

1   Most midsized-to-large law firms recognize the need to offer some type of BD training.

2   Most law firms have not established best practices to ensure that their training initiatives are effective.

3   Those firms that do attempt to measure a return on training initiatives rely heavily on subjective, anecdotal evidence rather than empirical metrics.

4   Because of the way they are currently conducted, the BD training programs undertaken by law firms typically do not generate meaningful ROI.

For the 2014 update to this report, we repeated the same process: over a thousand law firms were asked to identify the BD programs in use at their firms, including:

1. Internal Coaching
2. External Coaching
3. Webinars
4. E-learning

Furthermore, respondents were asked whether they judged their programs to have provided ROI.

The following pages include a detailed analysis of the survey

findings as well as a list of best practices for firms wishing to maximize the return on their BD training expenditures.

The results from this survey were compared to the findings in 2013 to produce a never-before-seen examination of the evolution of business development trends. It is the intent of the authors to produce a new survey annually in an effort to provide a detailed story of the changing business development landscape facing today's law firms.

Below are a few highlights from the 2013 vs. 2014 comparison. Each point as well as several others will be discussed in more detail in the main portion of the paper.

1. **As with the results measured in 2013, law firms of all sizes continue to rely heavily on multiple business development training programs.** In 2014, over 94% of responding law firms affirmed using more than one program versus 92% in 2013.

2. **Out of all types of business development training programs, only e-learning has seen an increase in reported ROI from 2013.** All other forms of BD training saw declines in reported ROI with reported ROI in webinars dropping precipitously from 26% to just 3% in 2014.

3. **It appears that nearly every firm uses anecdotal evidence as a basis for measuring ROI with 36% of firms reporting they use a half anecdotal/half metrics based approach and 34% indicating they only use anecdotal.** No firm reported using only metrics to determine ROI.

Discussion

The era of BD investment within North American law firms is here to stay. A sound argument can be made for law firms to engage in BD training, whether offered internally or externally. The law firm business model typically does not employ a sales force. Rather, it relies on its partners for the lion's share of business origination. An increasingly competitive marketplace requires that a larger percentage of the partner population possess the ability to originate business. Yet, a law school education rarely includes any training in sales, marketing, or networking skills. As a result, in order for most law firms to source and secure a sufficient number of new clients and matters in today's business environment, the firms themselves have taken on the responsibility for the instruction of these relationship-development attributes among their attorney ranks.

To this end, BD training is an economic investment by law firms. However, given the survey findings, it is clear that most firms will need to apply more formal scrutiny before their BD training yields meaningful results.

BD training methodologies for lawyers continue to evolve and become more sophisticated. In past years, the only BD training program offered by most law firms consisted of mentoring tips often presented ad-hoc by senior partners to more junior colleagues. Today, however, a law firm can choose from a variety of BD training protocols, including webinars, E-learning curricula, multi-tiered training programs, and ongoing BD coaching.

It was in this context that The Ackert Advisory surveyed the North American law firm landscape on the types of BD training programs currently utilized in order to learn whether such programs succeed in yielding more rainmakers.

Types of BD Training Programs

Today, law firms have an extensive choice of options when selecting business development training programs. With the aid of technology, lawyers are able to attend webinars, assimilate e-learning, and participate in coaching without ever leaving their desk.

To get a better understanding of the programs firms are using, participants in the 2014 survey were asked to assess whether their firms use any of the following business development training programs: internal coaching, external coaching, webinars, and e-learning.

- Internal Coaching – Marketing, BD, or professional-development staff employed by the firm whose job includes coaching firm lawyers on a case-by-case basis or through a structured program

- External Coaching – Outside coaches who are engaged for a period of time to work with one or more lawyers

- Webinars – Web or mobile-based seminars utilizing either internal or external resources for education on specific BD topics

- E-learning – Teaching and learning in an educational model based on using electronic media and devices as tools for improving access to training, communication and interaction

And although certainly not exhaustive, the above categories serve as a broad representation of the most commonly used initiatives.

Figure I shows the reported utilization of the four aforementioned programs within the 2014 respondent firms.
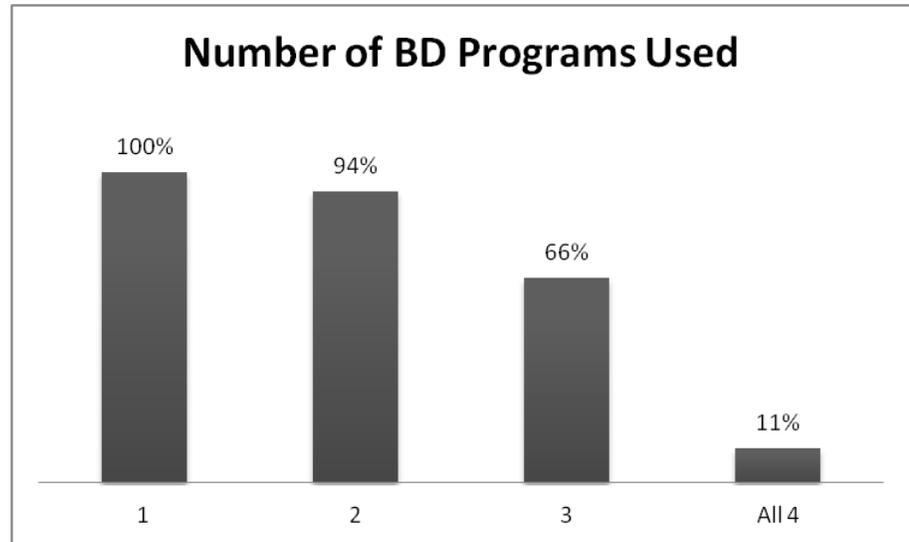
Figure I
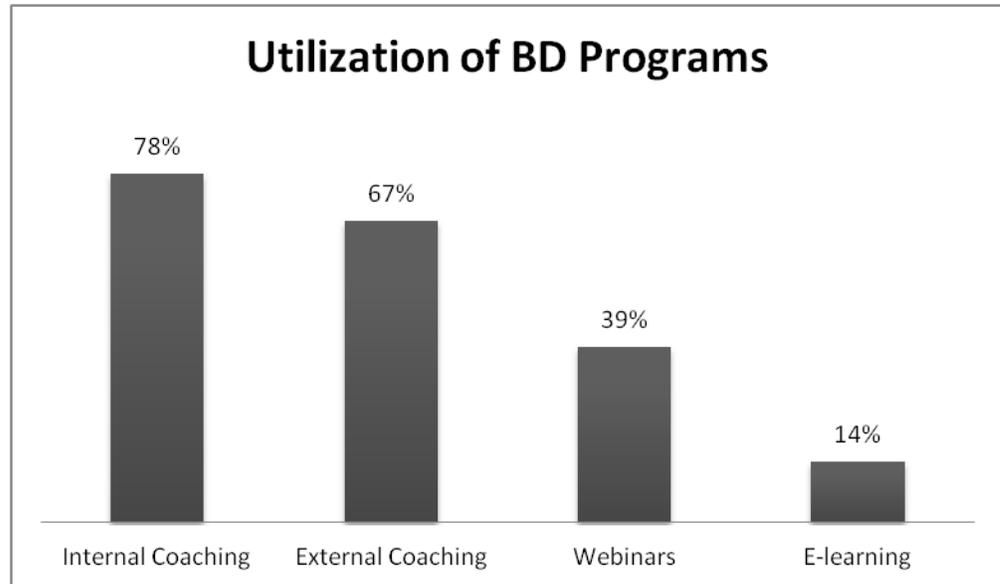
Over 75% of firms represented in the 2014 survey report using some sort of internal coaching program while only 39% and 14% use webinars and e-learning, respectively.

It is important to note that an overwhelming majority of these firms use more than one BD program. In fact, over half report using at least three of the featured programs. Figure II on the next page shows the full percentage breakdown of firms using 1, 2, 3 or all of the listed programs mentioned.
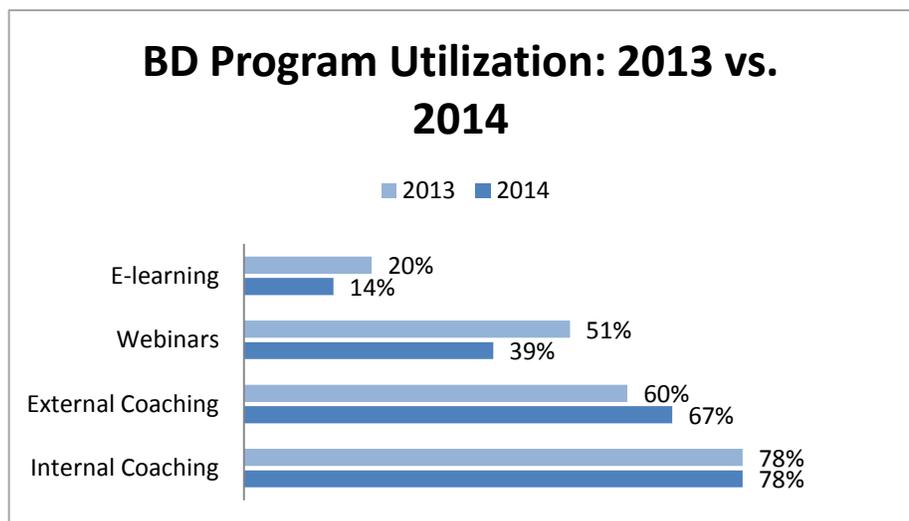
Figure II

Number of BD Programs Used

Bars: 1 = 100%, 2 = 94%, 3 = 66%, All 4 = 11%

Changes in Utilization

The similarity between the surveys of 2013 and 2014 allows us to now compare how firms are changing their utilization of specific business development programs over time as seen in Figure III.

Figure III

BD Program Utilization: 2013 vs. 2014

Legend: 2013, 2014

Program	2013	2014
E-learning	20%	14%
Webinars	51%	39%
External Coaching	60%	67%
Internal Coaching	78%	78%

External coaching is the only category of business development programs where firms reported increased usage, with 60% of firms claiming usage in 2013 and 67% in 2014. The use of internal coaches at firms remains constant between the two years, with nearly three quarters of firms relying on internal coaching. Both e-learning and webinar use declined between the two surveys.

It is important to point out that the results of this survey do not necessarily indicate that a trend can be inferred from the changes observed between 2013 and 2014. There are many market, budgetary, and logistical factors that determine a firm's use of a specific BD program. The results contained within this study are merely a snapshot in time. It is only with continued surveying that a broader picture of BD utilization will come to light.
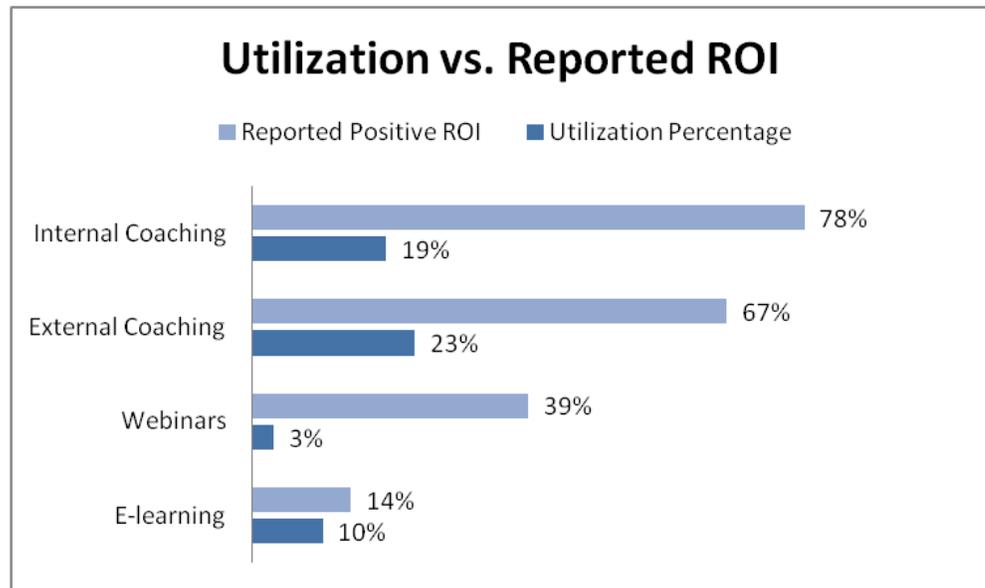
A Question of ROI

Programs aimed at training lawyers and producing a culture of BD are only as effective as the ROI they produce. And considering that many comprehensive BD training programs can cost six figures, it is important for firms to be aware of the return they are receiving in comparison to the costs they are paying.

One theory as to why firms choose to utilize certain programs could be that those programs with good track records of providing ROI are more likely to find themselves integrated into firms while those with mixed or negative returns are used less.

Figure IV on the following page provides an opportunity to examine this idea.

Figure IV

Utilization vs. Reported ROI

■ Reported Positive ROI   ■ Utilization Percentage

Internal Coaching — 78% / 19%

External Coaching — 67% / 23%

Webinars — 39% / 3%

E-learning — 14% / 10%

In addition to being asked what programs were used at their firm, respondents were also asked whether the specific program yielded a positive ROI if it were currently in use. Firms were only asked whether ROI existed, not the actual return as it pertains to a cost-benefit analysis. So, of the firms that reported using some form of internal coaching, 19% reported a positive ROI from their program. The 19% should not be read as indicating firms received a 19% return on investment.

Across the board, BD programs have a poor track record for producing positive ROI. External coaching only produces positive ROI for 23% of the firms using this type of program, according to the survey, while programs like e-learning and webinars produce returns for less than 15% of firms.

Figure IV does not necessarily substantiate the theory that programs with better records of producing ROI should be more highly utilized. Though internal coaching is the most heavily utilized type of BD program with over three quarters of firms using some form, it ranks second in reported ROI with under 20% of firms reporting positive ROI. Similarly, nearly 40% of firms report using webinars to introduce BD training, but it ranks last with only 3% of firms claiming a return on their investments.

Changes in ROI

As with the changes seen in utilization rates between 2013 and 2014, we see differences in the reported ROI of programs over time as apparent in Figure V.

Figure V

Reported ROI: 2013 vs. 2014
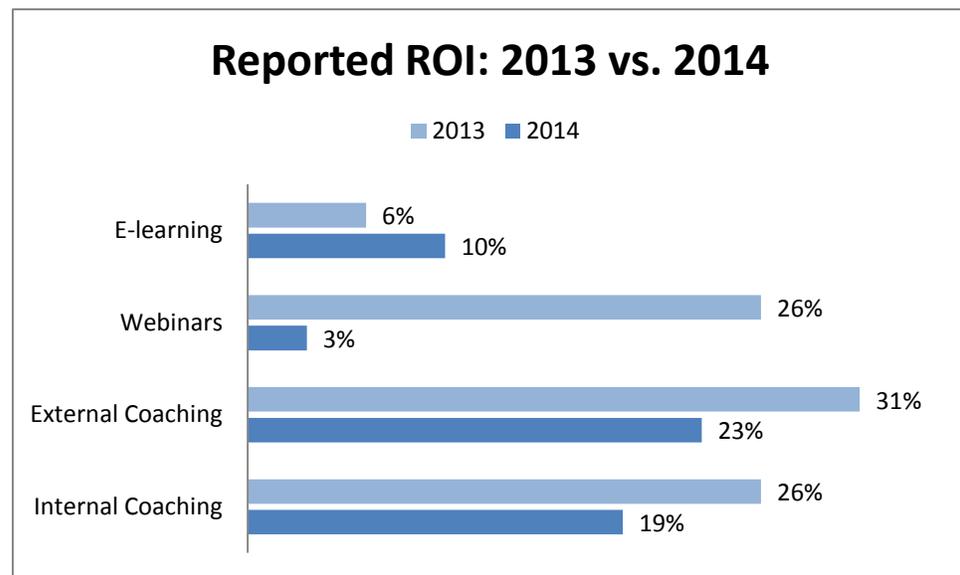
Across the board, e-learning is the only category of BD training that sees an increase in reported ROI between the two time periods, moving from 6% of firms reporting positive ROI to 10%.

The most substantial change occurs in firms reporting ROI for webinars. In 2013, of the firms reporting using webinars, 26% reported procuring positive ROI; however, that number sharply declines to just 3% in 2014.

Again, the complicated nature of BD training program implementation at firms makes it difficult to apply a causal factor to the observed changes from year to year. It is easy to assume that declines or increases in reported ROI are merely reflections on effectiveness of programs, but to do so would ignore a host of factors including calculations of ROI in the first place. Only with continued studies will a clearer picture of the interplay between ROI and utilization begin to emerge.

Measuring ROI

In the survey, firms were asked to use their own assessment of ROI when answering whether or not a specific program produced a positive return. Yet, it should be quite apparent, given the complex nature of ROI measurement, what appears as a return to one firm may very well be a loss to another. To this point, this year's survey questioned firms specifically about the nature of their ROI calculations to get a better picture of how ROI estimates differ across the legal community.

Specifically, firms were asked to gauge their approach to measuring ROI from programs on a scale from 1 to 5, ranging from purely anecdotal (1) to purely metrics based (5) with the middle considered a half anecdotal and half metrics approach.

Rigor of ROI Measurements: 1 to 5

1 (Purely Anecdotal)	2	3 (Half Anecdotal/Half Metrics-Based)	4	5 (Fully Metrics-Based)
35%	23%	36%	6%	0%
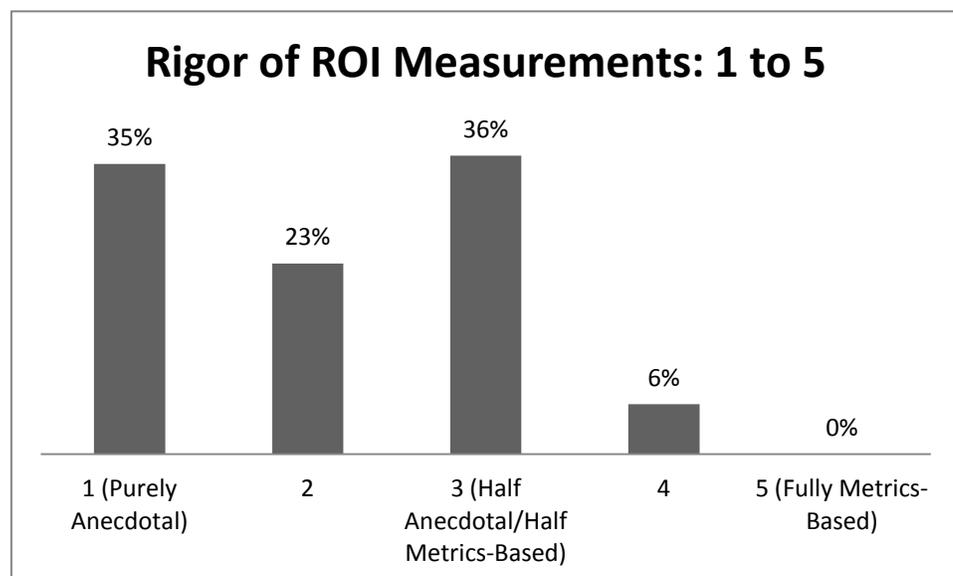
Over 90% of the firms fall between the 1-3 range. In fact, nearly the same percentage of firms indicating a half anecdotal and half metrics based approach report using a purely anecdotal methodology, while none of the firms report using only metrics in determining ROI from a specific program.

The data in Figure VI clearly indicates that the measurements of ROI discussed earlier were largely determined by a more anecdotal approach (e.g. asking the lawyers whether or not they "liked it" or "found it helpful"). According to the data, most firms rely on lawyer feedback and personal observations rather than hard figures like new matters opened and origination amounts to determine the effectiveness of a BD training program.

Conclusion

These survey findings indicate that although most law firms have multiple BD programs in place, program usage rates often do not correlate with the program's ROI. A broad use of anecdotal evidence will likely produce particularly circumspect results in the form of both over- and understated returns. Currently over one third of firms depend on purely anecdotal feedback to determine if a program generated an ROI, and at least 90% of firms calculate their ROI with a strong emphasis on anecdotes rather than metrics.

Without best practices for BD training and tracking outcomes, law firms will continue to experience inefficient programs that yield questionable returns to the firm. Anecdotal feedback may sustain an initiative, but it will not justify a profitable business case.

Best Practices

In light of this conclusion, we offer a set of best practices on how to design, launch and oversee law firm BD training programs that produce ROI. These recommendations are based on our experience conducting such programs at law firms across the globe:

1. **Provide adequate incentives.** Business development initiatives are prone to fail when firms expect their lawyers to originate without reaping some of the benefits personally. Firms should take pains to communicate their expectations regarding BD and to establish monetary rewards at every level.

2. **Select willing trainees.** Firm-wide initiatives that implement training for all lawyers within a particular practice area, group, or level will inevitably yield poor results. No attorney should be forced to learn how to develop business if it is not an area of genuine interest to her. Reserve training resources for those who will make good use of them. Training is valuable only to the degree to which it is implemented.

3. **Establish a quantifiable baseline of metrics to measure against returns.** When examining ROI, benefits must be compared to costs. Should it be determined that the benefits achieved are greater than the costs a firm can assume a positive ROI. However, to ensure that the calculation of the costs truly reflects what the firm puts into the investment, considerations for lawyer time and opportunity costs need to be assessed. Similarly, benefits should be calculated based on the measurable short-term gains as well as the projected advantage to the firm in the long-term. For example, an associate trainee may only bring in one small matter over the course of a given BD training program, but her increased rainmaking potential will yield a far more meaningful gain to the firm in the years to come. The firm should weigh and prioritize each of these factors before initiating the training to determine its criteria for ROI evaluation.

4. **Utilize technology to capture metrics and confirm trainee engagement.** Whether metrics are tied to a CRM or built into a third-party E-learning system, any number of performance tracking tools can provide firms with meaningful data capture so that they do not have to rely solely on the trainees' feedback.

5. **Use accountability groups to encourage implementation.** Given the demands of the billable hour, lawyers often find it challenging to implement the skills and strategies they learn through BD training. Group coaching can help with this implementation by creating constructive peer pressure and an accountability framework that underscores the importance of incorporating rainmaker activities into one's daily professional routine. Lawyers are more likely to take action if they know they will have to report on their progress to fellow lawyers.

6. **Employ metrics that have monetary value so that the firm can demonstrate true ROI rather than merely leading indicators.** If the firm has a comprehensive system for assigning origination credit that includes prospecting, it should be easy to track BD-training effectiveness. Otherwise, establish measurable indicators rather than rely only on anecdotal or "feel good" evaluations. Indicators could include the capturing of such activities as:
   - Launch new prospect relationship (e.g., meet key contact at conference and follow-up with a meeting)
   - Nurture existing relationship (e.g., take an existing client or referral source to lunch)
   - Contribute a referral or introduction to a key contact
   - Visit a client site
   - Achieve increase in adoption of the firm's CRM
   - Write and publish an article or blog
   - Present to a target-rich audience at a conference or CLE
   - Ask for a piece of business from an existing key contact
   - Receive an incoming referral

The authors are available to discuss these recommendations, their implementation, or any other findings in this white paper.

About the Authors

David Ackert is the President of The Ackert Advisory, a business-development coaching and training firm with law firm clients from throughout North America. Widely recognized as a pioneer in the intersection of business development coaching and technology, David is the founder of Practice Boomers, a BD training program that integrates E-learning and peer-group coaching to generate consistently measurable ROI to law firms. He is also the founder of Practice Pipeline, a software platform for prospecting.

Gabriel Byberg has worked with several economists in both academic and corporate settings on projects ranging from applied research in the field of renewable resource integration to the development of economic models depicting business-development behavior in service firms. His work has been quoted and published in numerous industry publications. He earned his BA in Economics from Pomona College with a specific emphasis in data modeling and econometric analysis.