



WPG

**FIRM SELECTION AND
CROSS-SELLING CAPABILITIES
IN TODAY'S MARKETPLACE**

EXECUTIVE SUMMARY

Prior to 2020, the legal marketplace was undergoing seismic shifts related to evolving client demands, new industry players, fee pressures and more. Then the COVID-19 pandemic hit, further disrupting the industry. Now, as law firms and clients reenter the workplace, we are beginning to see changes in why clients are selecting law firms for new work and trends around how well firms are cross-selling to their current clients.

As part of our core business at Wicker Park Group, we interview clients on behalf of firms to determine the health of relationships, clients' challenges and expectations, how they view their industries and much more. Taken together, these interviews provide a data-supported picture of emerging trends and shifting dynamics.

FINDINGS - A SNAPSHOT

Trends in priorities



Understanding
of Business
and Industry



Geographic
Footprint
& Rates



While some reasons behind why clients select firms remain consistent (i.e. expertise), clients are increasingly focused on hiring firms that **deeply understand their business and industry.**



Clients are placing less importance on two selection criteria compared to previous years—**geographic footprint and rates/efficiency.**

CROSS-SELLING TO CLIENTS

Clients are more likely in recent years to say they have considered their existing firms for other legal services beyond current work.

The amount of negative sentiment around perceived bench strength of outside counsel has decreased.



Opportunity Alert:

However, instead of taking advantage of that opportunity, firms are losing out:

- Clients are significantly more dissatisfied with their firms' introductions of other expertise.
- The number of clients who do not know firm capabilities beyond core work very well has increased in recent years.

FIRM SELECTION – EXPERTISE TRUMPS ALL

For over five years, interviewees have named expertise as the most important selection consideration, and that remained the same in 2021. In both 2018 and 2019, 28% of respondents named expertise as their most important criteria for selecting outside counsel, and that number slightly increased to 31% in 2021. (In 2020, 20% of respondents cited expertise, but all data from 2020 should be assessed carefully in light of the pandemic-related shutdowns.)

Most Important Criteria for Selecting Outside Counsel (2021)

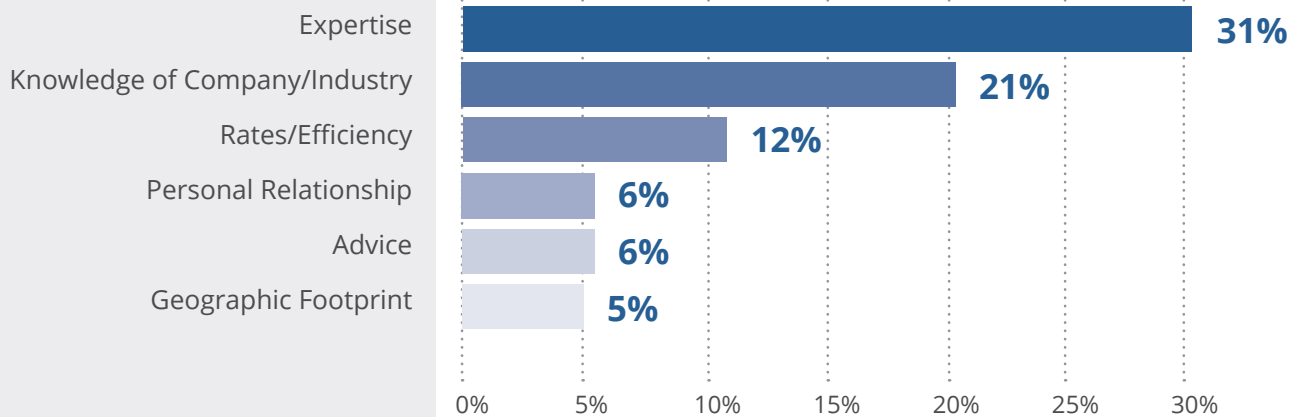


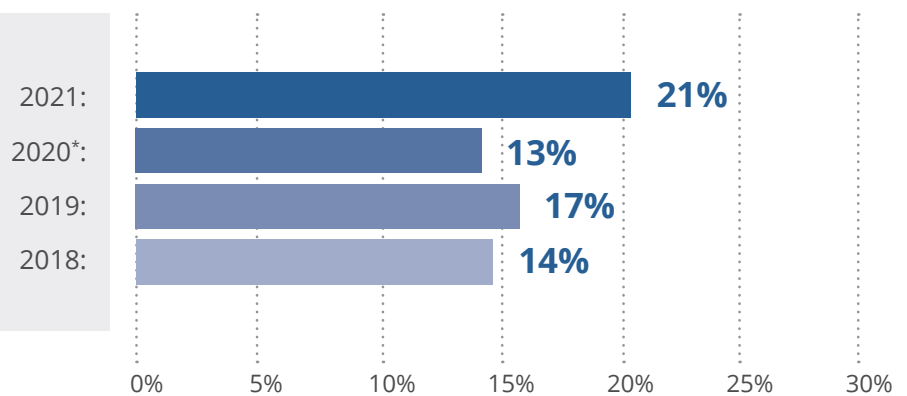
TABLE STAKES VS. DIFFERENTIATORS

While expertise continues to be the top reason for counsel selection, many clients view it as a baseline expectation. Alternatively, company/industry knowledge is often viewed as a greater differentiator that sets the “good” counsel apart from the “indispensable” counsel. Read on to learn more.

UNDERSTANDING YOUR CLIENTS' BUSINESSES

In 2021, the second most common selection criteria named was knowledge of the company and industry. Since 2018, knowledge of the client's company and industry has grown in importance. Clients are eager for the personalized touch and proactive support that they only receive from firms that have that deep understanding.

Importance of Company/Industry Knowledge from 2018-2021



*Note that 2020 data is skewed by the pandemic shutdown.

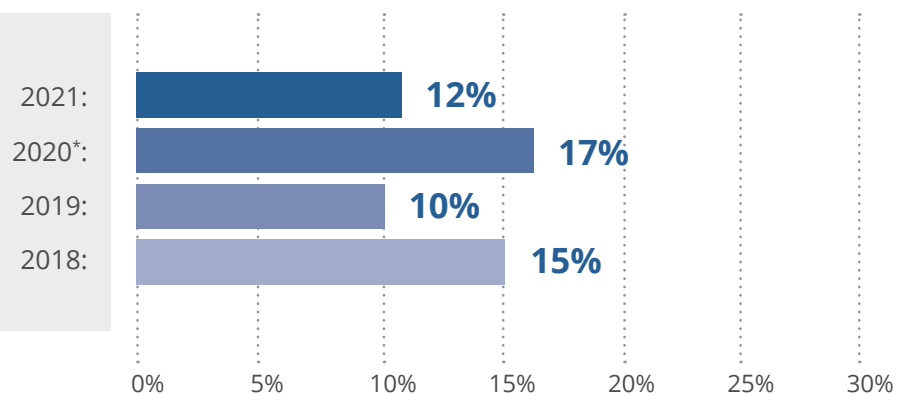
“ *What we most need outside counsel to do is to understand the business. I thought that when I was an outside lawyer, but I experienced it in house. We got our best work from firms who know our business.* **”**

Echoing the sentiment that better advice and work product come from outside counsel who know the business, another client said, “[The attorney] knows what we tackled 15 years ago. She knows the risk tolerance, our leadership and how they think. So when she is giving advice, it won’t ever be misplaced.”

RATES AND EFFICIENCY

While a firm's rates continue to be a selection factor for most clients, there is evidence that rates alone are less of a driver when companies look to hire. Setting aside the 2020 number (due to the unusual circumstances of the early pandemic), the percentage of clients naming rates and efficiency as a top reason for firm selection has trended lower.

Rates/Efficiency from 2018-2021



*Note that 2020 data is skewed by the pandemic shutdown.

Many interviewees will note that while they continue to seek efficiencies, the benefits of working with higher-cost firms can outweigh those concerns. "Cost is important, but I wouldn't compromise that for the right expertise," said one interviewee in 2021.

Firms that succeed often use their company knowledge and expertise to proactively solve problems and efficiently handle work, demonstrating a focus on cost regardless of rates.

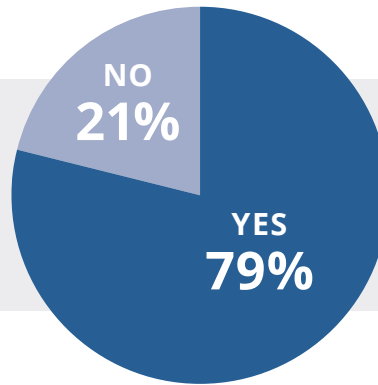
“ I probably shouldn't admit this, but hourly rates rarely come into play. I want to pay for quality and I can manage efficiency. ”

CROSS-SELLING TO CLIENTS – THE UNMET NEED

For many clients, the pandemic tested outside counsel relationships and (in the best scenarios) led to a deeper appreciation and trust. Those outside counsel who went above and beyond to show up for their clients and provide desperately needed support are well-situated to grow those relationships. One interviewee in 2021 said, “My sense is you could do more for us. ... We just want to continue to grow and foster the relationship all around.”

Considered Using the Firm for Other Legal Services

In 2021, **79%** of interviewees said they had considering using the firm for other legal services.

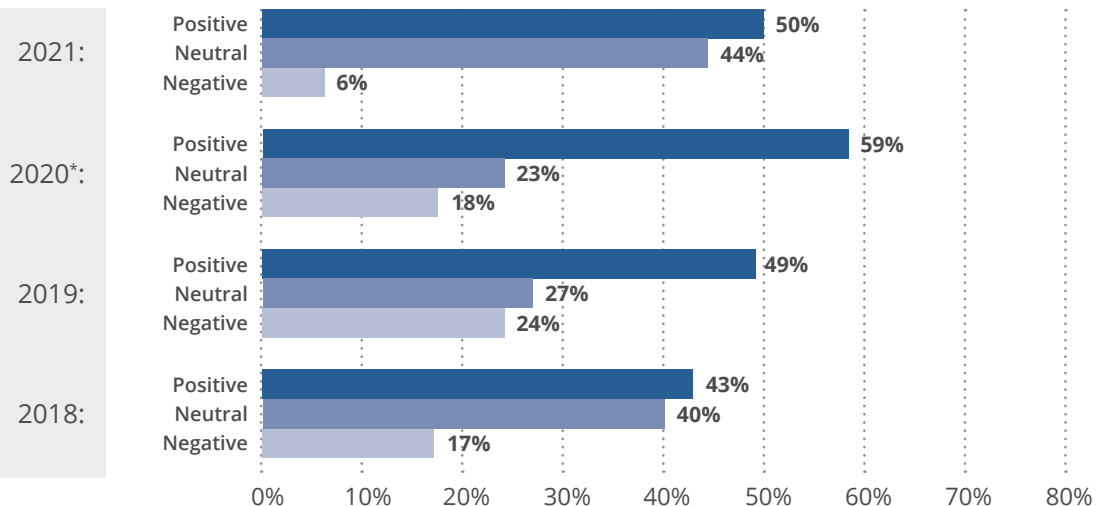


That compares to **49%** of clients saying they had considered using their firm for other legal services in 2020.

BENCH STRENGTH

Hand in hand with that data, the negative sentiment around firm bench strength has decreased in recent years. When asked about bench strength from 2019-2021, the percentage of clients with positive sentiment in the past three years has hovered between 48% and 59%. But interestingly, the negative sentiment has dropped from 24% in 2019 to 6% in 2021 (along with a corresponding increase in neutral sentiment).

Bench strength positive/neutral/negative sentiment from 2018-2021



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What does this mean?

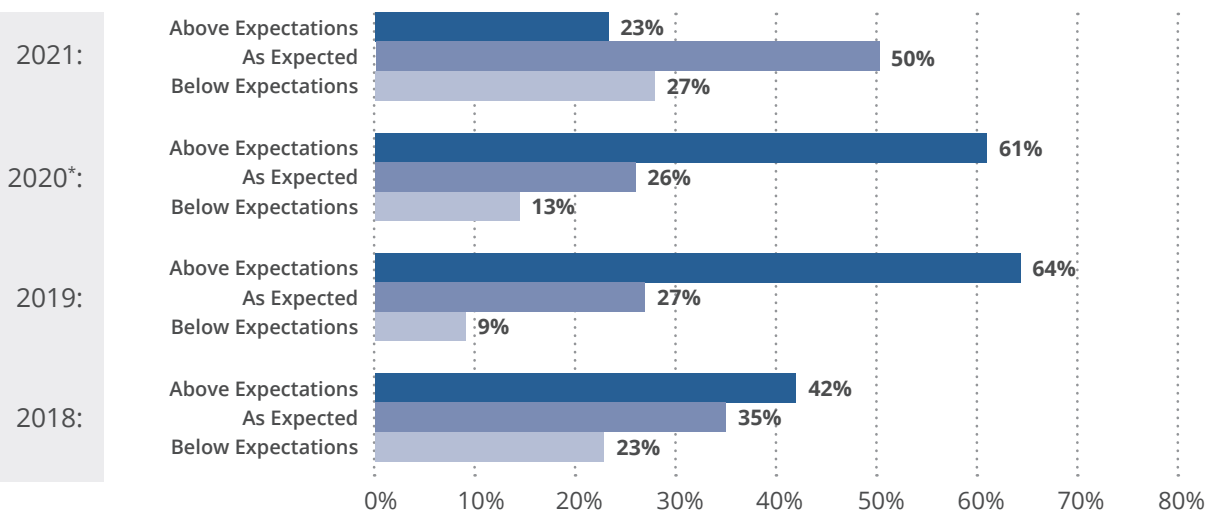
These numbers indicate that firms stepped up during the crisis management of COVID-19 and demonstrated their bench strength more successfully, creating even more opportunities for cross-selling. "Having good bench strength with attorneys who are up and coming and learning from [our primary attorney] is important," said a client in 2021. "I like the fact that behind the scenes she assigns work to others and I'm dealing with her directly."

INTRODUCTION OF EXPERTISE AND FIRM CAPABILITIES

Despite those positive metrics, the data shows that firms are often failing to capitalize on the cross-selling opportunities. First, firms are increasingly dissatisfied with the introduction of additional expertise. Said one client, "We don't always see it if they introduce a new group, area of expertise or new partner in a new area. They should want to set him or her up for success and help them make good impressions and make it easy on us to work with them, and I am not too sure we always see that transition of information consistently."

From 2019 to 2021, there was an increase in the number of clients dissatisfied with their firms' introductions of other expertise (from 9% "below expectations" in 2019 to 27% in 2021) and a decrease in satisfaction (from 64% "above expectations" in 2019 to 23% in 2021).

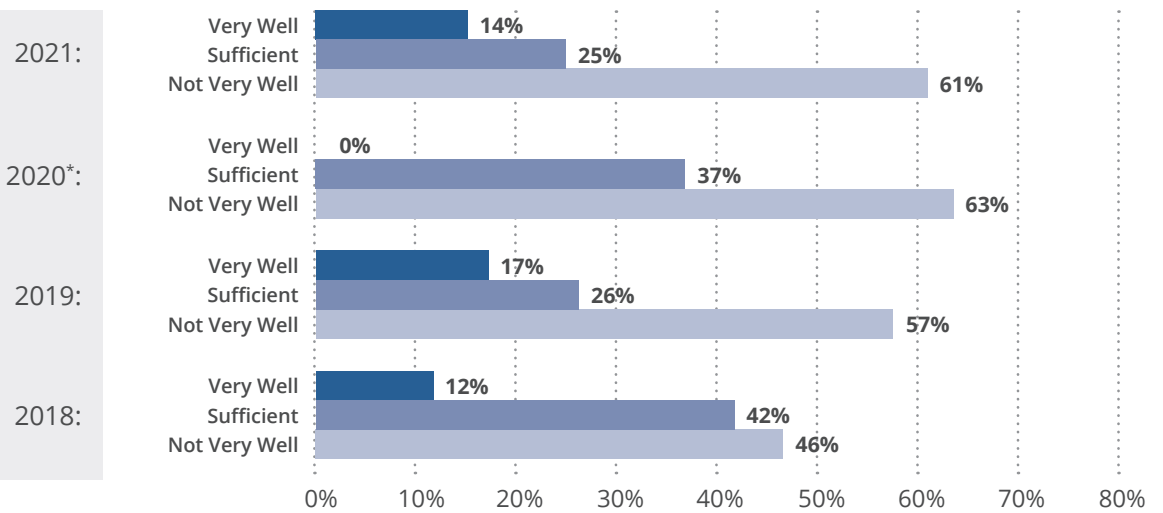
Introduced Other Expertise from 2018-2021



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Similarly, when looking at client knowledge of firm capabilities since 2018, more clients are likely to say they don't know about those capabilities in recent years. "I don't even know if I needed to call someone outside of [our city] whom to call," notes an interviewee. "I'm sure there are so many people who have joined the firm in the past 11 years. There should be a concerted effort to say, 'This is who you don't know and should know.' Give us their bios, have a webinar and have them come to meet us. Tell me when I need to call these people. Then I can call them and start working with them and I know who they are and trust them."

Client Knowledge of Capabilities Beyond Core Work from 2018-2021



*Note that 2020 data is skewed by the pandemic shutdown.



CONCLUSION

While the full ripple effects of the pandemic are still unclear, the above data paints a picture of both the challenges and opportunities facing law firms in today's marketplace.

Selection criteria like expertise and rates continue to be important. But demonstrating a full and thoughtful understanding of your clients' businesses and industries is an increasingly important differentiator.

For established client relationships, the trials of the past few years have created cross-selling opportunities—but they are often opportunities firms have yet to capitalize on. Firms have demonstrated bench strength, and clients are often already considering existing outside counsel firms for additional work. But too often, firms have not provided knowledge of their additional capabilities or introduced expertise.

As some companies return to work and others make necessary adjustments in this changing economic climate, consider how you are positioning yourself and your firm to provide the service, efficiency and capabilities that will lead to new business.



BEST PRACTICES



Understanding Your Clients' Business

- Commit to a few key industries of interest and spend your business development time researching, networking and attending events focused on those industries.
- Read clients' internal publications, messaging, newsletters and filings. Share them with all team members.
- Be interested versus interesting. Ask your clients questions with genuine interest and willingness to learn.
- Encourage secondments. They help lawyers better understand the challenges, expectations and priorities of clients beyond the day-to-day work.



Efficiency versus Rates

- Determine clients' definitions of success. Some want a discount, but others are looking for predictability, transparency or efficiency.
- Provide estimates. You can't claim expertise in an area if you're unable to offer budgets or estimates.
- Ask more questions about budgets, goals and how clients are held accountable with bills.
- Request firm resources and/or strategize ahead of time to better articulate the rationale and value of increased rates.
- Seek to understand clients' interest in alternative fees. Get help from pricing and professional staff when clients want alternatives to the billable rate.



Expertise

- Be able to articulate the why and value of hiring you. If you are unable to do so, clients will struggle to justify the hire as well.
- Keep your firm biography, LinkedIn profile and other public profiles succinct and update them annually. Consider highlighting three to five areas of focus and a few select industries regarding the work you do best.
- Highlight your wins with numbers instead of long paragraphs (i.e. number of cases handled, number of deals closed, percentage of wins, dollars saved, ROI returned).
- Align your personal interests with your practice of law. Clients praise lawyers who are passionate about what they do.



Bench Strength and Cross-Selling

- Set aside time annually to learn about your clients' goals and key initiatives for the following year to better add value and make introductions.
- Ask clients where they are underserved/frustrated. They are more likely to consider moving that work.
- Introduce associates and junior partners to highlight depth of the team and create stickiness with the client.
- Invite a colleague or new lateral who might be a helpful introduction when meeting with a client face to face.
- Schedule small gatherings and cross practice/office dinners to get to know colleagues and lawyers in areas beyond your practice group.
- Review firm lateral announcements and determine how their expertise might support or align with your clients' needs.

ABOUT WICKER PARK

Wicker Park Group is dedicated to improving the relationships that firms have with their clients through client feedback interviews, client growth programs, training and development. In all engagements, our goal is to achieve measurable results by uncovering problems and identifying undetected opportunities for additional work. Our consultants—Laura Meherg, Nat Slavin, Tara Weintritt and Caitlin White—each have more than 15 years of experience and bring a unique perspective on the factors that determine successful relationships with outside counsel. Our clients include some of the world’s largest law firms as well as small boutiques and other professional service organizations.

“ *The Wicker Park Group has helped me and my firm maintain a strong client focus and ensure the ‘client is in the room’ when we develop our strategy. Aside from being best in class at their craft, they are a joy to work with and an extension of my marketing and business development team.* **”**