MAY 2017

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M IS FOR MEASURABLE MARKETING

GRAHAM MOORE, THE DATA GURU

"Combining disparate sources of data to produce cohesive, actionable information is often a challenge. But just because it's difficult isn't a reason not to do it."

One area of business that's notoriously difficult to monitor is marketing. Developments in online marketing have made it far simpler for businesses to measure basic activity over recent years – with metrics such as the number of hits on a web page, number of reads, likes and shares of an article, and the number of followers and connections on social media. Online marketing quantitative feedback is also much easier to measure than perhaps traditional print or broadcast advertising.

But that isn't the whole story. The holy grail of marketing analysis is to fully track and quantify every prospect, from initial contact through to sale, delivery and payment. Yet that still isn't easy – not even with the explosion of raw data now available from Google Analytics, LinkedIn, Facebook, Twitter and so on.

The first step to better marketing measurements is to design your management information based on 'smart' objectives – including M for measurable. If your firm has these well-defined objectives for firm-wide goals, which are supported by specific objectives for business development and marketing, then the KPIs and supporting management info required will be clear.

There are two objectives that I regularly see progressive law firms aiming for. The first is obtaining a better understanding of existing clients – so they can focus marketing activity on attracting 'good' clients. The second is refining marketing spend by analysing both the value and acquisition cost of new clients.

Defining good and bad clients is a matter for each firm's broader business objectives – but elements that feed into this should go beyond a simple analysis of fees billed in the past year. Many firms don't regularly assess the value of clients in terms of either profitability or the value of credit they give in terms of work in progress and debtors.

An analysis of existing clients should also include retention levels, repeat business and cross-selling. All this information can be derived from the basic matter, time and billing records kept by all firms.

For well-defined campaigns and events, capturing marketing spend is usually relatively straightforward – but translating that spend into cost of acquisition requires linking those campaigns to new inquiries and those inquiries to actual instructions. In many firms, this raw data is spread across multiple systems – typically a practice management system, a separate CRM system, or Excel spreadsheets.

Combining these disparate sources of data to produce cohesive, actionable information is often a challenge for firms. But just because it's difficult isn't a reason not to do it. What's the alternative? Only measure things that are easy to measure? That path leads to the default of running a firm while only measuring time and billing.

Measuring the value of clients from different sources can provide further insight. If some sources are delivering clients that meet the firm's target profile, while others are introducing low profitability work with poor payment records, where should future marketing spend go?

Law firms typically have access to more data relating to clients and new business than ever before. But the challenge is to turn that into actionable information – and while that isn't always easy, it's surely worthwhile. LPM

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