

By Benjamin Sotelo and James Gillen

# Customer Relationship Management for Law Firms

## Creating and maintaining a customer database can improve your bottom line

While marketing is clearly an essential business practice, it is not taught in law school. As more lawyers graduate from law school, the relative size of the client base is decreasing. All too often, however, law firms expect new clients to come to them by word of mouth and do nothing to retain clients. Years ago, many large law firms saw the need for marketing and started investing in it, but others, including midsized and smaller firms, resisted this trend. However, the good sense of having a budget and plan for the acquisition and retention of a client base is unassailable. Every law firm should investigate what it needs to create, use, and maintain its own customer relationship management (CRM) software program.

Simply put, a CRM uses the database capabilities of a law firm for marketing purposes. CRM programs are the most advanced marketing tool currently available. CRMs track communications among the firm, its client base, and the target market. CRM programs empower one user to coordinate market-

ing messages sent via fax, e-mail, and regular mail. This software also allows a user to orchestrate a firm's communications into one voice. In the past, this much work required a small department.

A CRM program requires a database. Only with a properly deployed database can any serious marketing campaign have a chance at success; without the ability to control and test every marketing attempt, the firm cannot know which marketing dollar is providing a good return on investment. Regarding databases, the old axiom of computing—that for good output, one must gather good data—still applies. Additionally, CRMs generally still lack focus on how to translate general marketing principles into specific actions. For example, they do not monitor the computer's calendar and send a message to a user listing what four specific steps to take that day toward marketing the firm.

Despite these concerns, CRMs are still the best means of marketing a law firm. Unfortunately, too many legal enterprises try to jerry-build a CRM program out of an already installed legal program. This practice is not advisable, because legal programs generally are designed to run

litigation campaigns, not marketing campaigns. A dedicated CRM application is the fundamental control mechanism for a law firm's marketing effort and should be suited to its tasks, but it is only a piece of the puzzle.

The five most important elements of a marketing campaign are analysis, list, offer, testing, and follow-up. If a marketing campaigner fits these pieces together correctly, new clients will arrive and current clients will stay with the firm.

The first task is to conduct an internal and external analysis of the firm's clients and potential clients and the available means of reaching them. The analysis should uncover potential market niches and provide a road map that is based on true and current information. It should also determine what ABA rules apply and what features a CRM must have for the campaign. For example, if the analysis shows that 80 percent of the firm's target market is best reached online, then online marketing becomes an important medium, and the CRM must have significant online functionality.

The internal analysis should include a firm's product portfolio, technical abilities, management and employee strengths and weaknesses, and financial standing. External analysis includes customer information, the firm's competitive abilities in comparison with other firms, an industry analysis, and consideration of larger influences, such as population demographics and the economy.

### Starting the Analysis

The analysis will reveal the firm's opportunities, threats, strengths, and weaknesses. The CRM statistics will also raise questions, some of which may uncover previously unnoticed avenues for firm growth. The marketing data will also allow the

firm to focus more precisely on its marketing mission and the appropriate strategies for achieving it. With this knowledge, the firm is also in a better position to select an appropriate CRM. The analysis will also uncover the target market. Usually this market is identified by demographic criteria such as income level, industry, and geography.

Once the target is clear, the list must be selected. Without a good list, which is true and current information on the target market, no marketing campaign can succeed. For example, if a law firm were to mail invitations to the executives of major entertainment firms in Hollywood to attend the firm's entertainment law seminar but used a list of executives of local kennel clubs, the firm's campaign can be expected to fail (despite what the firm may have heard about kennel clubs). Lists can be purchased from many sources and cost from 10 to 85 cents per name.

Once an accurate, useful list is compiled, the next question to address is what to offer the people on that list. The offer is placed in the banner of all literature in a prominent place for the reader to see immediately. The offer is the information that gets the target to respond and contact the firm. When a firm has a clear focus on the target, many questions about the offer are answered, but personal experience and marketing knowledge remain important for the creation of the kind of offer that addresses the target's true needs in the correct idiom.

For example, knowledge of a firm's target clients should ex-

*Benjamin Sotelo can be reached at [benjamin@legalfriendly.com](mailto:benjamin@legalfriendly.com). James Gillen practices personal injury law in Marina del Rey.*

tend to personality traits. Most extroverts like bold colors, while introverted clients tend to prefer earth tones. This bit of information can be useful to a firm that is tailoring its offer, for example, to actors or to actuaries. Any advantage that may be available should be included in the CRM database.

Once the CRM database is in operation, the remaining steps of testing and follow-up are continuous. For this reason, a CRM database that allows for various forms of analysis is desirable. Various theories of analysis should be accounted for in the database.

For example, one marketing theory that your marketing effort must keep in mind is the theory of the choice set. The CRM database needs to address the choice set, which is all the firms that a client considers when deciding to employ a firm or lawyer. Usually, the choice set contains no more than five items. If your target's choice set does not include your firm, you are not yet in the game. For this reason, the CRM database should include data about competitors and their solutions to client needs.

#### By the Numbers

Some of the time-tested rules of marketing rely on easy-to-remember numbers. The rule of 3, for example, states that the target will not remember the firm until the target has been exposed to the firm's message three times. The rule of 10 indicates that the firm should communicate with the target every 10 days. The firm can use more than one medium for this purpose, including the fax machine, regular mail, e-mail, and the telephone. Next is the rule of 2, which cautions starry-eyed marketing directors to remember that the usual return rate for a communication campaign is only 2 percent. This percentage, or pull rate, can be improved, however, with support from other media (for example, a mail campaign supported by telemarketing). The CRM program is a critical tool for increasing the pull rate.

Then there is the rule of 1. The one-voice campaign helps the target remember the offer by making the offer appear the same no matter which medium communicates it. In other words, the mailed flier, the fax, and the Web page should all look alike and convey the same message. The firm must keep its marketing campaigns specific, with a focus on the target. The firm should find out what the target needs and offer a solution instead of telling the target what it needs. For this reason, even larger firms should concentrate on a specialty. When a firm tries to present itself as all things to all people, its message is bound to be confusing.

The firm's message should also alleviate the concerns that clients and potential clients



## RINGLER ASSOCIATES

**Manuel R. Valdez, CSSC**

MRValdez@RingleAssociates.com  
CA License No. 0623820

Over 20 Years of Experience in Structured Settlements,  
Insurance, Financial Services, and Healthcare.

**Manny J. Valdez, CSSC**

MJValdez@RingleAssociates.com  
CA License No. 0C76457

Over Four Years of Structured Settlements,  
Insurance and Financial Services Experience.

1145 Linda Vista Drive, Suite 104  
San Marcos, CA 92069 • 1-888-471-7051  
(760) 471-7051 • Fax (760) 471-9175

## LAWSUIT & ASSET PROTECTION



- ✓ Calif/Nevada Corporations, Family LPs & LLC's
- ✓ Offshore Companies, Trusts, Private Banking
- ✓ Estate Planning, Real Estate, IRS, Tax Matters
- ✓ Financial Strategies, Investment Planning

**STEVEN SEARS CPA, ATTORNEY AT LAW**

Professional **949-262-1100**  
Confidential [www.searsatty.com](http://www.searsatty.com)

## YIKES! IT'S 1:00 PM AND I HAVE TO FILE TODAY!

No problem. FAX & FILE® has a network of 17 company-owned offices around the state. That means we can file your documents and serve your process without passing them off to a third party, as most attorney services do. We don't lose control. You get better service and better prices.

415/491-0606  
213/617-1212



**FAX & FILE**  
SAME-DAY LEGAL SERVICES®

[www.faxfile.com](http://www.faxfile.com)



## Anita Rae Shapiro

SUPERIOR COURT COMMISSIONER, RET.

### PRIVATE DISPUTE RESOLUTION

PROBATE, CIVIL, FAMILY LAW

PROBATE EXPERT WITNESS

TEL/FAX: (714) 529-0415 CELL/PAGER: (714) 606-2649

E-MAIL: [PrivateJudge@adr-shapiro.com](mailto:PrivateJudge@adr-shapiro.com)

<http://adr-shapiro.com>

FEES: \$300/hr

## Judgments Enforced

### Law Office of Donald P. Brigham

23232 Peralta Dr., Suite 204, Laguna Hills, CA 92653

P: 949.206.1661

F: 949.206.9718

[dbrigham@earthlink.net](mailto:dbrigham@earthlink.net)

AV Rated

## TRUST DEED FORECLOSURES

**"Industry Specialists For Over 15 Years"**

At Witkin & Eisinger we specialize in the Non-Judicial Foreclosure of obligations secured by real property or real and personal property (mixed collateral).

When your client needs a foreclosure done professionally and at the lowest possible cost, please call us at:

**1-800-950-6522**

*We have always offered free advice to all attorneys.*

**WITKIN  
& EISINGER, LLC**

RICHARD G. WITKIN, ESQ. ♦ CAROLE EISINGER

## Important Announcement

Esquire One Publishing  
is now doing business as

## Litigation One™

Our name has changed, but we're still the same attorney-owned company that is committed to providing "first stop" resources for California litigators. Visit our [new website](#) to see how our growing book list can help enhance your pre-trial motions, motions in limine, discovery responses, auto cases or trial tactics.

[www.litigationone.com](http://www.litigationone.com)

will always have about risk. A guarantee is one means of lessening apprehensions about spending money but not getting the desired result. For this reason and because client retention is of vital economic importance, a CRM program must address communication from the client as well as to the client. Good work is the start—after that, ask clients for their impressions, find a way to add their information to the database, and ensure that they are aware that you appreciate their business. Ask satisfied clients for referrals.

Finally, one last number to consider is how much a firm should spend on marketing. The CRM program should provide accurate estimates of the following:

- The amount of the firm's average billing per client.
- The number of billings per year.
- The number of referrals that an average client makes.
- The estimated number of referrals that each client could make.
- The percentage of referrals that become clients.
- The amount of gross billings per year divided by the number of clients per year.
- The value of a return client.
- The value of each referral that becomes a client.
- The lifetime value of a client—the calculation of which includes the number of years a client can do business with the firm.

Using these values, it is possible to surpass guesswork and arrive at accurate estimates of the return on money invested in finding and keeping clients, including referrals. A potential means of calculating a marketing budget is to multiply the fully calculated lifetime value of a client (including referrals and other factors) by 15 percent.

In addition to statistical analysis, the CRM program can be used to sell a firm's legal products across a customer base—that is, selling a different legal product to clients who have already sought one legal product. The CRM program should also allow users to search for referrals across lists and to track referrals according to various cross-references.

CRM programs are only one piece of a law firm's marketing strategy. They are only a tool that, properly employed, will allow the firm to use its resources wisely. To that end, each law firm should use its CRM program to test marketing channels and offers. With feedback from the market, the firm can improve its ability to identify and reach its target clients, hone its image, and concentrate on the message that allows the firm's target clients to remember and contact the firm. The CRM program is the central mechanism by which this effort is controlled. ■

## Steven Richard Sauer, Esq.

Counselor at Law

*Professional arbitrator and mediator since 1974.*

## Settlement Impasse?

Masterful guidance when the stakes are high.

4929 Wilshire Boulevard, Suite 740 • Los Angeles, California 90010-3821  
Telephone: (323) 933-6833 • Fax: (323) 933-3184 • E-mail: [arbitr@aol.com](mailto:arbitr@aol.com)

## 35<sup>TH</sup> ANNUAL FAMILY LAW SYMPOSIUM

Presented by the Family Law Section and the Los Angeles Superior Court  
**MAY 10, 2003 AT THE HILTON UNIVERSAL CITY  
555 UNIVERSAL HOLLYWOOD DR., UNIVERSAL CITY**

### The Vast Middle Class

A videotaped mock trial proceeding will be discussed in depth by panelists, including:

#### Analyzing testimony

Cross-examining a financial expert on "cash" income  
Fast track evaluations

#### Additional panels will cover:

Initial client interviews—real life issues  
Interviews with judges—in a talk show format

**Registration:** 8:00 a.m. - 8:30 a.m.

**Meal/Reception:** 8:00 a.m. - continental breakfast

**Program:** 8:30 a.m. - 4:30 p.m. (includes lunch)

In keeping with this year's theme, note **NEW LOWER PRICES!** \$120.00 CLE+PLUS Members; \$140 first year admittees/non-profit legal services providers/non-attorney support staff/students; \$195 family law section members/barristers/retired judges; \$215 other LACBA members; \$220 affiliated bars; \$245 all others; \$265 at the door

Admission price includes reference disc, continental breakfast, luncheon, and breaks.

REGISTRATION CODE: 8096E10 (6 CLE hrs); approved for Legal Specialization Credit in Family Law.

Registration by phone with Visa, MasterCard or American Express: Call (213) 896-6560 Monday-Friday 9:00 a.m.-4:00 p.m. For questions about programs or program registration, send e-mail to our Member Service Department at [msd@lacba.org](mailto:msd@lacba.org).

The Los Angeles County Bar Association is a State Bar of California MCLE approved provider.