



# **Making the right investments depends on strategic confidence**

White paper

The complexities of managing a global law firm keep even the savviest law firm leader up at night.

From getting leadership to act on a proposed path to ensuring systems security to retaining the best talent, not to mention tracking revenues and determining remote working conditions, there are potential management pitfalls around every corner.

When the market is volatile and the future unclear, how are the top-performing firms around the world mitigating risk while ensuring profits remain high, retaining brand recognition, and recruiting and retaining the best lawyers in the market?

And how do you have confidence that you're investing in the right strategic priorities?

When looking at findings from the [Thomson Reuters® Institute](#), it's clear that the top performing firms are setting up strong growth strategies that place client needs at the center. But what are these firms relying on for long-term strategy and investment?

When your firm has the ability to better understand the best business practices, and how to succeed when you land new legal matters or cases, there's a real opportunity to gain a competitive advantage, now and in the future.

Utilizing survey responses from global large law firms for [Stellar Performance](#) and the Thomson Reuters Institute [Pandemic Performers](#) report, we'll take a look at some of the competitive and market intelligence, as well as financial metrics, that top firms are accessing to get ahead, and stay ahead.

The latest research suggests that savvy law firms were actually able to thrive during the pandemic. According to the Pandemic Performers report, firms that experienced growth were those that had better "financial hygiene." Those "Pandemic Performers" are firms in the top quartile of performance in revenue per lawyer (RPL) growth, with financial hygiene encompassing key financial measures, including worked rate growth, billing realization against standard and agreed/worked rates, and fewer discounts in the billing process.

In addition, the quality of leadership and firm direction/strategy are two of the strongest drivers of engagement at a firm, so having strategic vision is also a talent management issue.

**Engagement drivers for lawyers at top firms, according to the Stellar Performance report:**

-  Fair and respectful treatment
-  Growth and progression opportunities
-  Quality of firm leadership
-  Firm's direction and strategy

Considering these last two items, it's clear that firms need to get their strategic decisions right if they want engaged and motivated lawyers. So, how can [Strategic Insights](#), the only legal market intelligence tool that combines trusted financial performance metrics and timely global market research insights, set your firm up for greater success?

This white paper will show how having [trusted intelligence enables the best strategic decisions](#).



## Getting partner buy-in on strategies that support clients' needs and the current market

Your firm depends on quality decision-making which is necessary to inspire the rest of the partnership to follow a strategic vision. That's difficult enough without struggling to find consistent metrics and necessary information. Legal competitive intelligence and legal market intelligence, along with financial metrics, are essential to gaining a competitive advantage.

Lacking reliable data isn't a new problem for law firms, but it can leave your firm struggling to convince partners on a particular strategy while eroding sustainable, profitable growth. A lack of consistent and actionable insights is exacerbated when information is spread across numerous tools and platforms, which makes business development and brand awareness more difficult.

With the right information in one place, you can see if your firm's brand is recognized by current or potential clients, in which practice areas and across which geographies. Your firm's solid brand recognition can then act to bolster or redirect investments to either increase your hold in a strong position or remedy a weakness.

Business development and brand awareness are about more than just bringing in new cases and hoping clients remember to call you first. With the right information, you can leverage one in the service of the other. You want to act decisively and know with certainty that clients are satisfied with the service you provide.

You're looking for better tools to help make better strategic decisions that help both your clients and the firm. When it comes to law firm competitive intelligence and legal market intelligence, a lack of consolidated tools makes it difficult to track firm performance and legal industry trends in a way that makes sense.

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***"There's no place to see all the information,"  
said a firm leader at Debevoise & Plimpton.  
"There is a hodge-podge of resources."***

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***In a recent Thomson Reuters Large Law Firm Technology Survey, 45% of the largest 200 global law firms said a system that could better organize and leverage customer data to help firms win more clients would be very, if not extremely, valuable.***

During the last 18-24 months, we've seen massive upheaval, with a diminishing market followed by some of the strongest demand for legal services in years. The ability to adapt gave firms a better opportunity to thrive in the midst of the COVID-19 pandemic.

Ann Rainhart, chief strategy officer at [Taft](#), launched multiple task forces in the last year to better handle the financial, cultural, and economic pressures brought on by a pandemic. The firm needed to make sure employees collaborated properly, maintained safety, and had answers for clients asking big questions. Attorneys on the front lines needed to trust leadership's vision, but they also couldn't feel alone.

They kept a close eye on revenue and cash flow, and had to more carefully track metrics they'd always monitored.

"We made strategic early decisions so that we didn't enter into a crisis," Rainhart said. "Sometimes making bold decisions early on is important. That calmed everyone down, they didn't feel panicked. It was a really important leadership decision to say, 'We've got to take action.'"

According to the Pandemic Performers report, the highest performing firms were more resilient because of their "scale, practice diversity, brand, and support for their lawyers. They had good financial hygiene; and above all, they were more likely to take a long-term view."

So, what's the best way for your firm to overcome the issues you face, regardless of the market? How can you take a long-term view? You already understand the economies of scale, but it's critical to know how your brand fits into the market, and the business development and investment strategies necessary to stay at the forefront. It's important to flex with current conditions because the world is always changing. At the same time, you need to keep your current lawyers happy and engaged as this will lead to happy clients.

When it's difficult to organize customer, firm, and market data into one place to aid in decision making and investment strategy, it makes overcoming other complexities in the market even harder. By combining your firm's customer and practice data with the right strategic insights, all in the same place, you'll be able to [make decisions you can trust](#).



## Access the right insights into your firm's financial and market data to make successful strategic decisions

Getting your strategic decisions right is no small task. It takes vision, persuasiveness, and a deep knowledge of your firm in the context of the legal industry. So, how can access to the right strategic insights keep your firm successful and profitable into the future? Let's take a look at five ways having strategic confidence can help you make better decisions.

### 1 Know how your firm compares to the competition

The first way you can make decisions you trust is by knowing how your firm stacks up against the competition. Brand positioning ensures your competitiveness, but it also informs strategic decisions.

Knowing how your firm ranks against your competitors gives credence to important initiatives, be it mergers and acquisitions, geographic expansion, client management, or pricing. With the right strategic insights, you can benchmark and compare key performance indicators against select peer groups and the broader legal industry. This allows you to assess market position via financial and market research data. Don't rely on gut feelings about your brand awareness and favorability. The firms with established credentials and those that capitalized on client awareness by doing good work were the most successful during the last 18-24 months. Looking at the Pandemic Performers report, success was tied to utilizing awareness and turning favorability into business.

When you know what clients and the industry think about your firm, you're able to notice areas for improvement, remedy them, and keep a long-term strategy for success.

### 2 Better adapt to changing market conditions

Having access to the best legal competitive intelligence and legal industry trends better positions your firm to adapt to changing market conditions.

This may seem obvious, but a sustained competitive advantage requires continual and customized review. That's why more firms are investing in strategic analysts to give them a heads up on what the future holds. When you're on top of market trends, you're able to focus in on new practice areas, new geographies, and find your niche while competitors are still working to define a strategy.

In addition, legal competitive and market intelligence can buffer your firm against a soft market, or give it a boost to leverage the peaks of demand. The Pandemic Performers report showed that the firms which weren't Pandemic Performers were strongly focused on litigation, and their lack of practice diversity hurt them while trying to weather the storm of an economic downturn. In addition, those firms that weren't among the top performers during 2020 didn't increase their investment in technology and/or resisted it beforehand. As a result, productivity suffered, and so did business development and realization rates.

Advance your firm's strategic direction by taking advantage of the best in competitive and market intelligence that allows you to easily view and share results with data visualizations and interactive dashboards between teams. With Strategic Insights you also have [actionable insights and the option of customized and personalized commentary](#). When you know what's coming ahead and even know what's come before, you can adapt messaging or investments to stay ahead of the competition. And you don't have to do it alone.





### 3 Make sure your rates are properly tracked and leveraged

Accessing the right financial and competitive insights ensures a high degree of rate integrity and aids in profitability analysis. In the Pandemic Performers report, the top firms were the ones with the best RPL growth. That happens through strong rate performance and worked rate growth, even when demand slips. Your firm must grow and maintain rates in order to invest back into the firm, increase revenue and profit, and drive more demand. It's possible to overcome cost concerns with insight into realization performance.

Top quartile firms enjoyed a wide gap over their bottom quartile counterparts in terms of how aggressively they were able to grow rates. Those firms had a lawyer-only worked rate increase of 5.3% from March 2020 to March 2021 versus 3.8% for bottom quartile firms. In addition, top performing firms were more likely to have their top lawyers praise their financial functions at the firm, especially when it came to budgeting and billing procedures, and profitability analysis. So, it's about more than making sure the rates are right, it's about keeping your lawyers and your clients happy.

Utilizing a tool like Strategic Insights can help [ensure your rates are properly tracked and leveraged](#), giving your attorneys and clients confidence in your pricing process.

### 4 Identify and target new business opportunities

According to the Stellar Performance report, lawyers cited developing new business as one of the key challenge areas of remote working in the last year. If firms are going to commit to a flexible working environment, they need a strategic approach to unlocking new opportunities and growth areas outside of personal interactions. Better intelligence can help focus these efforts.

"We need to get smarter about understanding what the right work is to go for and where we stand the best chance of succeeding," said a firm leader at [Allen & Overy](#).

It becomes even more critical to develop new streams of business during dips in the market. When marquee accounts can make or break profits in a particular quarter, it's crucial to have the most accurate picture of what's needed to keep those clients happy, but also know what benefits the firm.

Do you trust your acquisition vision, geographic expansion, and practice area plans?

Gaining access to [2,400 global client interviews](#), updated quarterly, can help your firm better benchmark and adjust to trends that can gain you a foothold in a new practice area or geography.

Move beyond static analysis to ensure your law firm stays at the forefront of the trends that matter the most. Pair your firm data and [the best in market data](#) to strengthen your business plans, validate investment priorities, and set your strategic direction, positively and profitably.

### 5 Develop stronger client relationships

According to the Thomson Reuters Institute, top performing firms are more likely to be recognized for having business savvy lawyers who understand the client's objectives and deliver strategic, practical advice. Business acumen is a skill these lawyers work hard to develop by keeping their business and industry knowledge up to date. The highest performing lawyers also recognize it as a differentiator.

During an interview for the Stellar Performance report, a lawyer explained, "We need the ability to demonstrate a deep understanding of a client's industry and business-specific needs and tailor advice to meet those unique needs rather than providing one-size-fits-all legal advice."

And the proof is in the data. When it comes to Stellar Performance research, the top lawyers in the industry cite "client-centricity" becoming increasingly important. ***In the latest study, 38% of stand-out lawyers, when asked what they thought was most important for firms to get a handle on, said either understanding clients' business or sector.*** In addition, they said it was increasingly important to have general business acumen to help guide and focus the advice.

Essentially, there are top performing partners at firms like yours saying that they need to get better at understanding clients' businesses and their actual goals.

"Unquestionably, law firms need to demonstrate deep, broad legal expertise, often in niche areas of law, underpinned with a product-type and consulting-type approach, as well as market intelligence and industry knowledge," said a Thomson Reuters Stand-Out Lawyer in a Stellar Performance survey. "We need clear sector and business understanding so that our advice is more than just legal advice in isolation."

With access to Strategic Insights, you can utilize proprietary data to tailor offerings to clients, set better expectations, and bridge the gap between the value added and value experienced by the client.

Putting clients first shouldn't be an afterthought, and while it's not necessarily cutting edge, it helps the firm look forward, keeps current clients satisfied, and makes sure the business is bringing in a steady stream of matters. Armed with competitive, market, and financial intelligence, you can be the partner your client needs.



## Trust your strategic decision making

Keeping a long-term view is important and can build a more solid foundation for firms. Whether in a time of economic boom or a downturn, firms must have confidence in their financial standing and their market position to build a better strategic vision that the partnership wants to follow.

With Strategic Insights, you will have easy access to [the most reliable and robust market and competitive intelligence](#), as well as financial performance metrics, helping you solve your firm's biggest strategic

pain points by relying on science and rigor instead of "gut" feelings. Taking the first steps toward a holistic view of firm performance and brand positioning, without the need to cull through multiple tools or data sets, can position your firm well to maximize its potential and gain a competitive advantage for years to come.

Learn more about [Strategic Insights use cases](#) and [request a demo](#) today to see how you'll be able to better benchmark and compare key performance indicators, stay on top of market trends, and better inform your strategic decisions.

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