

LawTechnologyNews

September 2005

Business Intelligence: Why So Much Resistance?

SILVIA COULTER

By now, most law firms recognize that marketing efforts must go beyond creating firm brochures and running seminars, and that they must develop a firm culture more focused on client service.

Yet it's no secret that firm lawyers are not exactly embracing technology tools, including CRM – client relationship management software – that can help keep client data current, track interactions with clients, and analyze business opportunities. Many attorneys resist efforts to share client data, and then turn around and blame the marketing department for incorrect data.

Why is it so difficult to get this information reviewed and updated on a regular basis? Join any meeting of chief information officers and/or top marketing executives, and you're bound to hear side conversations like this: "What's happening with your CRM system?" "How's the CRM installation?" "We've only rolled out CRM in the marketing area, nowhere else in the firm."

OPTIONS

Yet CRM tools have been in use for a long time in most firms. According to the new 2004-2005 American Bar Association Legal Technology survey, 56.3 percent of firms with more than 100 attorneys have CRM software available to attorneys. Yet only 28.3 percent of attorneys in those firms use CRM tools.

Among the currently available standalone CRM software for legal operations:

InterAction, from a company newly acquired by LexisNexis and now called LexisNexis Interface Software Inc. ContactEase, from Cole Valley Software. Elite Apex Marketing Manager, from Thomson Elite. Atlanta's Aderant recently launched Aderant Front Office. Office Accelerator, by Baseline Data Systems Inc.

Of course, there are many off-the-shelf products aimed at salespeople, such as Sage Software SB Inc.'s ACT! and arguably, Microsoft Outlook would be considered in this list. (And even Redmond has officially joined the party with Microsoft CRM.)

WHAT'S GOING ON?

So if firms are buying CRM software, how can so many great law firms be struggling with it? Is the software not living up to the sales promises? Certainly, a key issue is the difficult transition from "lone wolf" to collaborative cultures. Compensation rears its ugly head everywhere, and current billing protocols continue to foster a client ownership mentality among partners. Some firms declined to be interviewed for this story, with marketing staff frankly admitting that they don't think CRM will ever work in their firms.

The issue seems to be not managing information at one's desktop but, rather, consolidating contact and client information on a firmwide basis.

That's where CRM installations start, and so it seems, stall. Consultant Sally Schmidt, of Schmidt Marketing Inc., suggests that "there are so many obstacles to implementing CRM that it's hard to know where to start. The biggest problem is the lawyers' lack of confidence with the system – how it will be used, who will access their clients, what their clients will receive, etc.," says Schmidt. "In other words, they don't want to share the information, which is what CRM is all about. Without assurances that their client relationships will not be adversely affected, CRM is doomed."

Lack of education, and training, also fuels resistance says Amelia Maguire, a partner at Miami-based Steel Hector & Davis, whose firm successfully uses InterAction.

CRM, she says, is an important tool for lawyers in developing, retaining and expanding clients. But proper training is essential, she cautions. "Unfortunately, most lawyers were introduced to CRM by taking a training course in the use of CRM software programs. They were told to take the class. They were told to put their contacts in the CRM. And they were told that marketing staff and other lawyers would have access to, and use, their contacts. Little wonder lawyers do not use CRM software effectively."

Ultimately, it's all about cultural issues, say many observers. Among them, consultant Bruce Marcus, who says focus on strategy and on benefits is key.

"Today, marketing is as integral to the practice as any other law firm management tool," says Marcus. "Until the lawyers recognize and face this fact – and the marketing and IT professionals can bring the partnership to understand it – nothing will change. Those firms that do understand it will thrive," he predicts.

PROGRESS REPORTS

While there is certainly resistance across the legal industry, CRM is working well at some firms:

At Chicago's Winston & Strawn, technology partner David Hambourger and marketing partner Barbara Sessions work as a tight team and are backed by leadership who understand the importance of useful client data. The firm uses InterAction software.

"Considering the cultural 'profile' of many law firms it is critical to have the support of firm leadership – including practice group heads – to successfully leverage CRM tools," says Hambourger.

David Bowerman, senior manager of business development at Seattle's Preston Gates & Ellis, says he can't imagine managing client teams without solid information that is tracked daily by partners and staff who equate good, accurate client data with improved ability to manage client relationships. Preston Gates uses InterAction to track sales pursuits as well as to manage client data.

Says Bowerman: "Our CRM system is the backbone of our business development process. Every opportunity is entered and tracked throughout each stage of the sales cycle, from inception to close, capturing detail on cycle time, decision-making processes, and referral sources."

The system, he says, "produces detailed pipeline reports that are used by practice group leaders to better manage resources and by firm leadership as a forecasting tool." The CRM system is also the central repository for client team data.

Rhonda Lewis is a systems application manager at Sirote & Permutt, a Birmingham, Ala.-based firm with 300 attorneys, and three offices in the state. Sirote selected ContactEase, from Cole Valley Software. "We have successfully moved past the days of managing multiple documents and address files located in several network directories, to be merged with a form to produce mailing labels," explains Lewis.

LEADERSHIP

So what makes the difference in the (albeit relatively few) firms where CRM is working? Leadership from the top that delivers a clear, concise message about the benefits of effective client relationship management, say proponents.

At Wilmer Cutler Pickering Hale and Dorr, firm leadership began presenting information about the installation of its InterAction system months in advance of the launch in mid-2001.

Co-managing partner William Lee made a point to tie the software and program to the need for accurate client data. Partners there are as time-strapped as at any firm, yet understand that a relatively small amount of time, sending off lists to clients for updating or reviewing the lists themselves, is worth the end result.

Steel Hector's Maguire would concur: "If you want lawyers to use CRM, then the benefits need to be sold to the lawyers and they need to see results from using CRM," she argues.

And she believes in both the carrot and stick. "Short of firm leadership articulating the benefits in a meaningful way, the most effective way to ensure lawyers use CRM software is to tie reimbursement on client development activities to updating the CRM with the client information and results of the activity."

Robert Greenbaum is senior marketing and business development manager at 17-office Duane Morris, which uses InterAction. He sees selling the benefits as crucial to CRM success.

"We constantly look for ways to get more attorneys to use it and we focus on its use as a client relationship tool, not a very expensive Rolodex," says Greenbaum.

"All it takes is demonstrating how the CRM systems helped in a client pursuit, and the attorney is sold on its use." Greenbaum and the rest of the business development team understand the need to demonstrate its value to the firm's attorneys. They send CRM professionals to provide updated training to both attorneys and support staff.

"The biggest success we have had with this project is literally going into a partner's office and showing them the value of the CRM system," he says.

"We do this by performing a simple, 'who knows who' search for a particular prospect he or she is targeting," he explains. "The partners are amazed when, in just a few moments, a list of other attorneys in the firm appears indicating any existing relationships with the prospect," Greenbaum says.

"Armed with this information," says Greenbaum, "the attorney can pick up the phone and call a fellow attorney to gain more intelligence and perhaps pave the way for an introduction."

Consultant Silvia Coulter is the president of Legal Sales & Service Organization, and is based in Manchester-by-the-Sea, Mass. LSSO recently partnered with Cole Valley Software Inc. (which offers ContactEase CRM software) to launch Zixie Inc., which offers a business development calendar. E-mail: scoulter@legalsales.org