

Chapter 8:

The next level – auditing your firm’s CI and BI

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Every firm is looking to improve their capabilities around business and competitive intelligence (BCI). The most frequent question I’m asked by far is: “What are other firms doing to improve their BCI?” My typical response is: “Can you first describe where your firm is today so I know what will be of interest to you?” Most people struggle to provide a specific answer of where they are today. What often makes this a difficult question to answer is business and competitive intelligence means different things to different people, even within the same organization. To one, it is a tactical dossier on a target client to prepare for a pitch meeting, providing background on the executives and a general business overview. To another, it’s a strategic analysis of how competitors and clients reacted to the firm’s recent office opening in a new city. A BCI function in a law firm needs to be able to serve each of these requests as well as many other types of requests from internal clients – usually attorneys.

To serve these internal clients and their various requests for reports and information for BCI, and to continually improve the service level delivered, a firm must regularly address these three key questions:

- Where is our BCI function today?
- Why is our BCI function where it is today?
- How can it be more effective?

The challenge most firms have addressing these questions is they do not have any framework for analyzing exactly what and how they do things today. Instinctively we know when things are not optimized and need change. But what specifically do we change, and why?

One useful method for firms to analyze what they do, how they do it and what needs to be changed is through a lens examining the “people, processes and tools” used to fulfill client needs (Figure 1). A deficiency in any one of the three creates a client service delivery challenge.

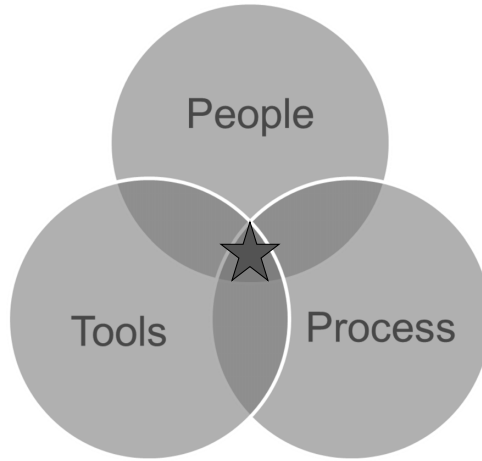


Figure 1: People, Process, Tools: a methodology for client satisfaction

To help identify more specifically map where a firm is today through the people, process and tools lens, this chapter also uses the BCI Capabilities Quadrant (Figure 2) to help identify what the firm needs to change in the people, process and tools equation. Do they have the right tools, and are they leveraging all the tools they have at their disposal most effectively? Do they have the right people and skillsets performing the right work? Do they have the right processes in place to deliver to client requirements?

Assessing BCI maturity using the Capability Quadrant

I often use the Capability Quadrant below to assist firms reviewing where the firm is today. The purpose of the Quadrant is to provide a framework to measure the efficiency and effectiveness of the people, processes and tools and help a firm determine where it lies on the maturity scale. The objective is achieving the ability to deliver BCI that is organizationally efficient and minimize fire drills, while making sure to meet the client’s requirements.

The Quadrant helps us identify:

- Do I have the right people/skill mix?
- Are my processes solid, repeatable – or ad hoc?
- Do we have standardized deliverables to meet client needs – to cover 80 percent of all requests?
- Do our toolsets provide data we really need? Are we using all the tools we have available?
- Are users fully trained?
- Do we meet client preferences on formatting – or deliver raw data?
- Do we provide analysis and highlight opportunities and actionable data according to client preference?



Figure 2: BCI Capabilities Quadrant

Overview of the four sections

- The bottom left is self-explanatory and is usually in firms where the use of BCI is simply not done. Typically seen in small to medium sized firms and where firm culture might not be very collaborative.
- The opposite quadrant (top right) is evident in firms where they have a high-performing and mature BCI function. Things may not be perfectly optimized, but client needs are well met, and the function is seen as helping the firm meet its objectives.

- The top left is not very common. A firm in this quadrant would typically have excellent people skills and defined processes, but they have not invested in acquiring the right toolsets, or possibly leveraging tools that do exist in the firm. Not a common scenario, as usually good people will figure out the tools need to be upgraded. If this scenario does exist, the scenario would typically be good people analyzing poor or incomplete data. Client delivery risks opportunities missed as data was not found or was not current.
- By far the most common scenario is bottom right. Here a firm purchases tools designed to perform a specific function in BCI, but the people assigned to use the tools and analyze the research data do not have the right combination of experience, skills and training to optimally use the tools. Also common in this quadrant are fire-drill type processes; a frequent result is large volumes of data pulled from the purchased tool sets delivered to the client in a voluminous “data dump” that leaves the client frustrated. Staff delivering this data dump are normally not experienced and skilled at leveraging internal tools like the financial system or document management, and data is missed here as well.

Let’s look at each of the above as we analyze how we get to the top right of the Quadrant.

Do I have the right people/skill mix?

The people factor on the vertical axis usually requires two or three types of skillsets.

1. The first is attributed to the “miner”. The miner can dig up large amounts of data. This is often gained during research or library experience. They are familiar with searching and using the search tools the firm buys, as well as many public domain services available. If the entire BCI process is left up to the “miner”, the firm will usually end up in the bottom right of the Quadrant, with the deliverable to the client being excessive amounts of raw data lacking format, organization and any level of opportunity spotting or SWOT analysis (Strengths-Weakness-Opportunities-Threats).
2. The second needed for success is the “analyzer”. This is often a business development team member who communicates directly to the client, or in some cases is the client. This skillset analyses and

synthesizes large amounts of raw data into a concise and actionable deliverable. They are often skilled at opportunity spotting and SWOT type analysis. If the entire process is left to the analyzer, the deliverable is typically much more concise, and some opportunities likely identified. The risk is that this skill often isn't capable of thoroughly searching many of the tools; this means that important information – and thus opportunities – may not be discovered.

3. The third skillset is less common in firms, but is growing in popularity every day: the quantitative analyst, or the “quants”. The quants specializes in the application of mathematical and statistical methods, such as numerical or quantitative techniques. This skillset is very adept at taking BCI data and finding the key data points – for example, looking at the balance sheet of a target or prospect to see where opportunities or issues may lie. They often can also look at the firm's internal numbers around staffing ratios, rates and other data that can be highly useful in a pitch or proposal. I have never seen a firm where the BCI function falls to this skillset alone. However, if your BCI team does not have a full-time quant, make a friend and adjunct them to your team. They often spot trends and data points other people do not see.

From a staffing perspective, it is very difficult to find highly proficient levels of these skills. These people tend to be concentrated in large firms. Finding a single person with two of the three skills, let alone all three skills, is tough. In firms fortunate enough to staff specialists in all these roles, the key is getting them operating as an effective team. Doing so will elevate the BCI function to either the top left or top right of the Quadrant. For smaller firms, the challenge is that there is not enough demand to justify hiring all these skillsets, so they need to try and find the right skill mix in possibly just one resource. There are certainly generalists in firms who have some level of proficiency with two or even all three skills, but finding one person highly skilled in even two is difficult. Firms might consider outside consultants to fill this lack on an as needed basis.

Do I have the tools and know how to use them?

The tools factor on the horizontal axis is a combination of what we have and the questions of whether we know how to best utilize them. Tools fall into two categories: internal and external. Let's look at each and how they can be used for BCI.

Internal marketing tools

Firms have internal tools for marketing and business development purposes. A website is a staple in every firm and the core function is to display content, with the most frequently visited pages typically being attorney bios and experience, where prospects are credentialing a lawyer. Customer relationship management/enterprise relationship management (CRM/ERM) systems are common in many. An “experience database” is not as common but very useful, with the primary function of taking internal matter data and translating internal data to market-facing data. CRM/ERM systems are designed to collect data about clients and prospects and provide a historical view of who we know, who knows them the best, and ideally what interactions we have had with them as far as meetings, events attended, newsletters subscribed to, social media interaction and other data. The goal is to understand their “engagement level” with us – both past and present – and make it available to include in a BCI report if appropriate. Key data that can be mined from these tools includes:

- Who knows who – which attorneys have relationships with which clients/prospects (ERM/CRM)?
- What interactions do we currently have with them (newsletters, blogs, Twitter or other feeds subscribed to or future events signed up for [CRM/website])?
- Past interactions – what did they attend and subscribe to in past (CRM/website)?
- What work have we performed successfully for them (time and billing system or experience system)?
- Client or prospect preferences – do they prefer email or phone? Who is their assistant? Spouse? Children? Favorite teams? Dietary restrictions? Civic involvement? Religion? Politics? School/alumni? Law firm employment? This information would ideally be in the CRM, but it's likely you'll need to look in several places.

External tools

Company websites, LinkedIn, Facebook, Twitter and other social media are usually free and can provide a wealth of information on a prospect. D&B Hoovers, Monitor Suite, Capital IQ, Pitchbook, Bloomberg, The Deal, Westlaw, Ibis World, Lexis or other external subscription information tools provide targeted help with business and legal history if

available. These are subscription-based and as a rule rely on publicly available information through filings and news. They are often much easier to use than internal systems, as they are designed to pull together information in a more consumable format. Key data that can be mined from these tools includes:

- Company website – for larger companies this is a treasure trove, with everything from officers’ and directors’ bios to SEC filings, business organization and structure, and business strategy and direction;
- LinkedIn, Facebook – this helps you ascertain background and relationships in common;
- Hoovers – Hoovers provides a business overview of a company as well as allowing for list-building based on business criteria like size, sales volume, industry, and location;
- Monitor Suite – This tool from Thomson Reuters provides information on three main areas: litigation, deals and intellectual property. There are many uses for this tool; it has capabilities for list-building and other handy functions, but the most common use is to run reports on companies, industries, law firms and lawyers. A report on a company, for example, can show which law firms/lawyers are hired for litigation, IP or deal work. Frequency work occurs, jurisdictions/geography, opposing counsel, and more;
- Pitch Book, Capital IQ, The Deal, Bloomberg, and Thomson Reuters Eikon are all tools that are used for doing “deal” work. Deal work broadly might include M&A, private equity, bond work and more, with information on parties, representation and more;
- Legal research with Westlaw & Lexis – these two tools are best known for their “legal research”. The ability to find cases and statutes “on point” is the traditional use case, but both are adding more databases and tools that not only facilitate but target business developers; and
- Industry research is an area that gets a lot of discussion. Google is certainly the most widely used and will find a large mass of information. The time required is the biggest challenge relating to Google and other wide search tools. Ibis World has a very straight forward industry research tool that breaks down industries and major players. Gartner, Forrester and others have tools that rate companies and products, with some free but most behind

a subscription wall. One of the most valuable reasons to search industry information is to compare a single company against their peers. Do their legal issues, for example, trend with peer companies?

Do we have our BCI processes optimized?

The processes factor is on the vertical axis with the people. The two are highly intertwined and is likely the origin of the phrase: “The process worked perfectly until we added in the people.” The biggest challenge of process change is almost always the people. Ask the question: “Will instituting new processes require changes to behaviors to be sure we are not simply plugging old fixtures into new plumbing?”

No two firms have – nor need to have – identical processes. However, firms which demonstrate success absolutely have defined processes. Here are some common examples of processes used:

- Role identification – who does what? Who is the researcher? The analyzer? Clearly define the handoff point;
- Track the lifecycle of every report – when did it come in and go out? Who did what on a report? Who does a follow-up to be sure the client is satisfied?
- Client processes – defined processes around how clients request BCI reports and clear expectations around what will be delivered and expected delivery time;
- Communication planning – to message out what is available to the client. I have worked with firms to create report examples, print out copies and put them in notebook with a table of contents, bring all clients in for a breakfast or lunch, and walk them through what is available and the process to request one. Include description of each report type and expectations around delivery times;
- Provide training on what is delivered in the report and don't assume the client will figure it out on their own;
- Create expectations with clients as far as what BCI is and how complete a report they can or should expect. Strive to perfection but adhere to the BCI rule of 80 percent (when 80 percent is certain, go with it, as perfection is usually not attainable);
- Get client feedback. What was useful and what was not? You have to ask, as rarely do attorneys give feedback without prompting, unless it was really bad;

- Track “wins and losses” for reports. No attorney ever comes back from a pitch meeting shouting out how the BCI report used to prep for the meeting created the win, but keep these stats for leadership reports. Many firms also track what resources might have been needed to better or more completely satisfy a client request if there were challenges – for example, we did not have the right tools / data to identify the target companies M&A work history;
- Build BCI use into attorney coaching programs. If your firm uses external coaches, ask them if they incorporate BCI information into their coaching methods. How can the internal team support that need? If you use internal coaching resources, build BCI information into the coaching for targeting and pitch preparation; and
- Look for other opportunities to leverage BCI. Is your managing partner headed to client interviews? Firm retreat coming up, or industry team meetings?

The quest for improvement of BCI in firms is ongoing and can never be 100 percent achieved. However, continual review of client needs, ongoing investment in people and their training, having the right toolset to support the business requirements of the clients, and a focus on ongoing process improvement will create an environment for BCI success in any firm.