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*Compelling Research. Compelling Results.*

# Winning the Value War

*Prepared for:* **Delaware Valley Law Firm Marketing Group**  
April 27, 2010

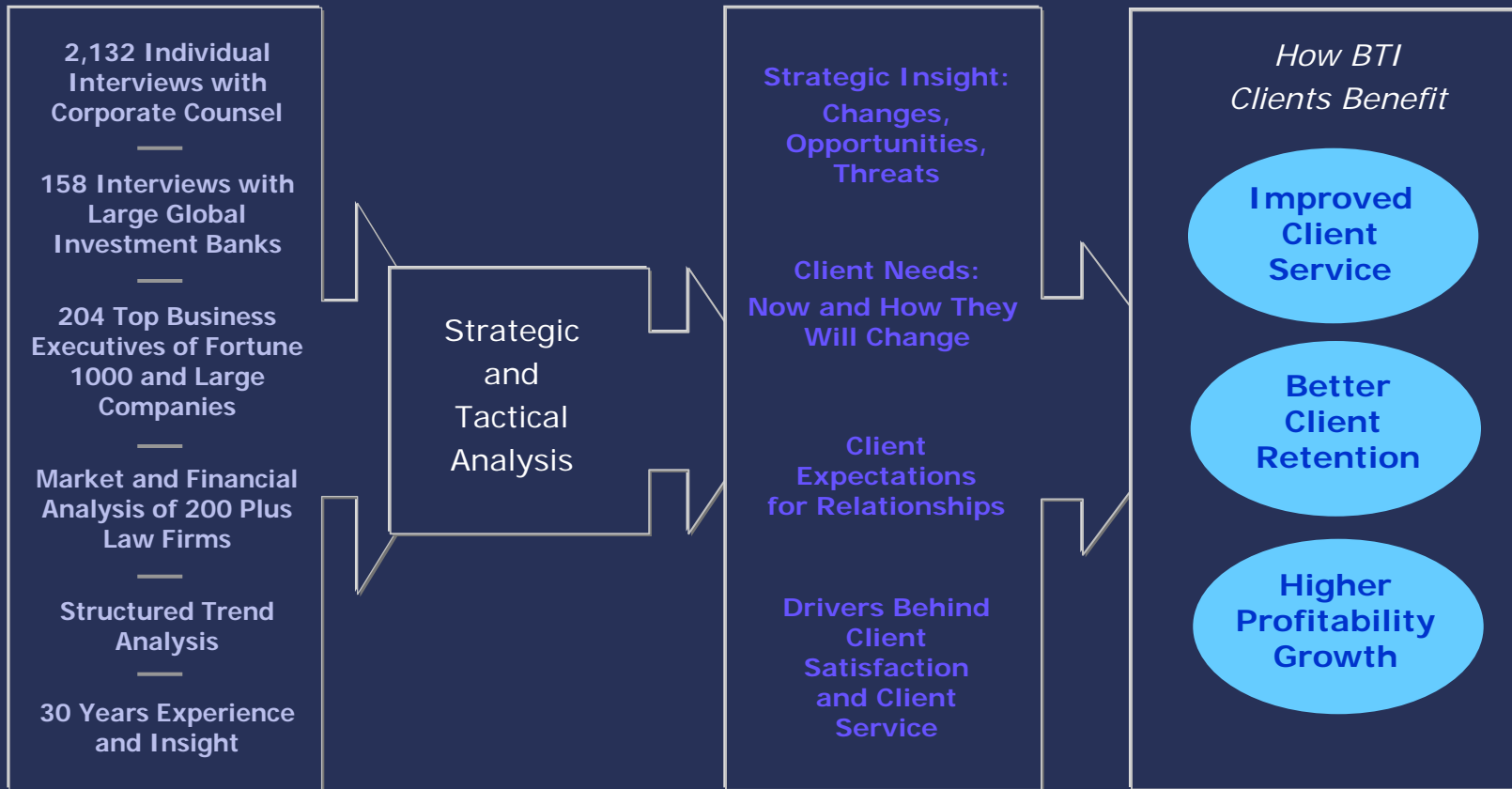
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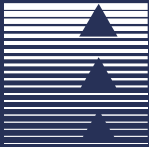




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# The BTI Approach





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# Legal Spending Update and Outlook

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## Today's Agenda

- ◆ Legal Spending Update and Strategic Outlook
- ◆ Key Trends in Outside Counsel Management
- ◆ 17 Activities Driving Client Relationships, Service and Satisfaction
- ◆ The Reign of Value
- ◆ The Role of Alternative Billing Arrangements



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# Top Trends of the 2010 Legal Market

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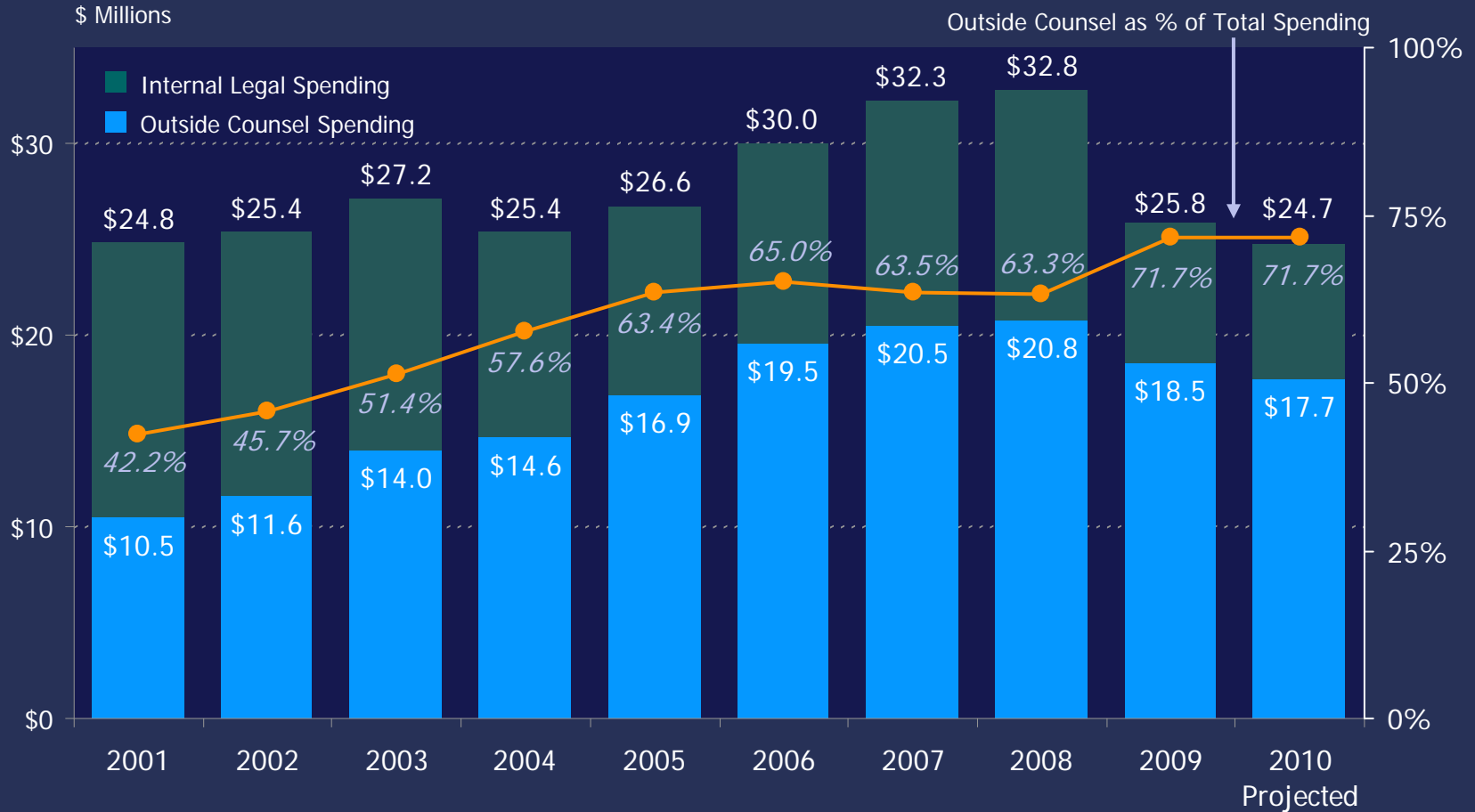
## Top Trends

1. Move to risk avoidance from risk averse
2. Cost control equals risk control
3. Compliance at comprehensible cost
4. Resolution for existing matters
5. Deferral is the new mantra



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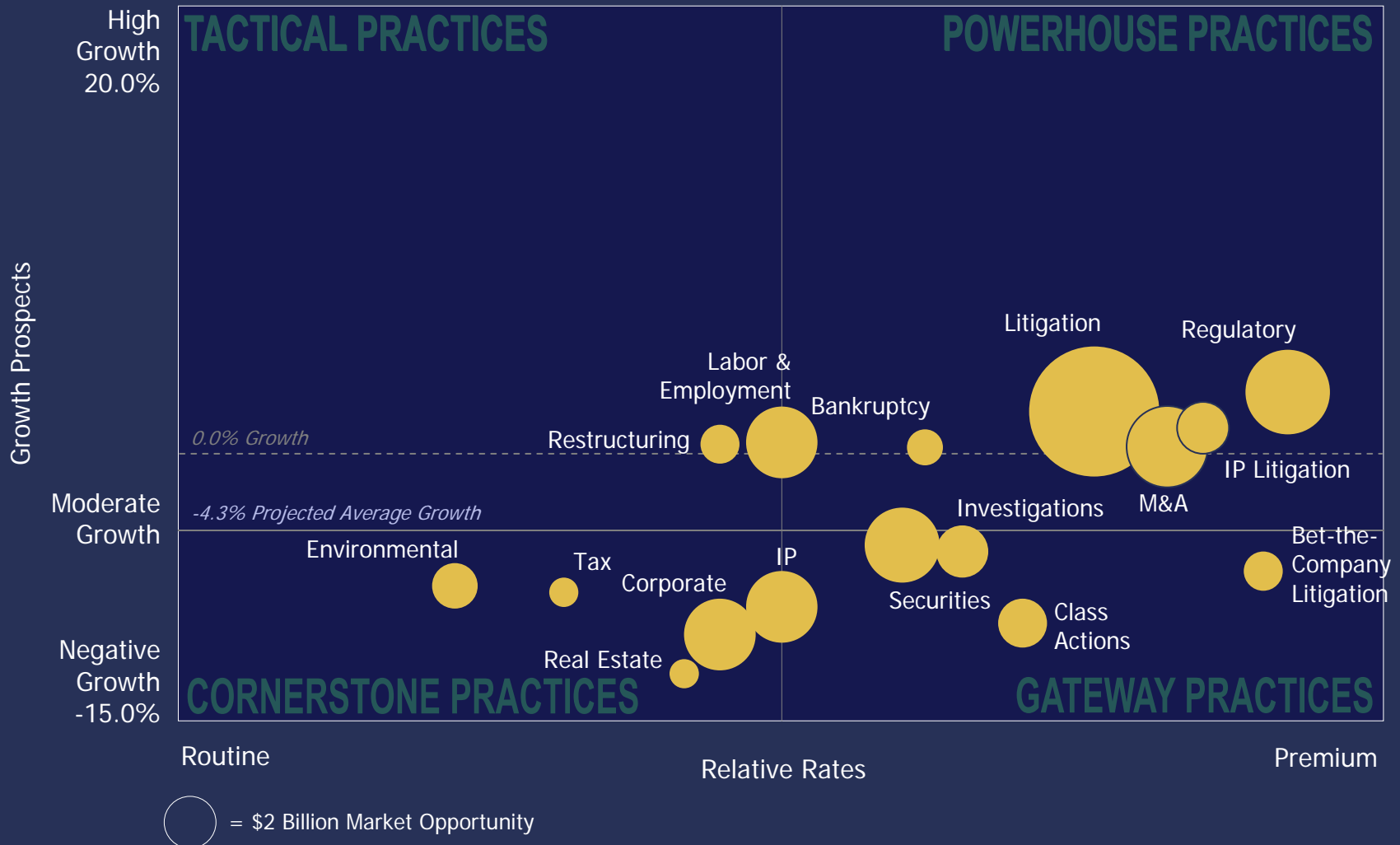
# Corporate Counsel Slash Legal Spending— Average Spending on Outside Counsel Drops Over 10%





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# BTI's Premium Practices Roadmap 2010





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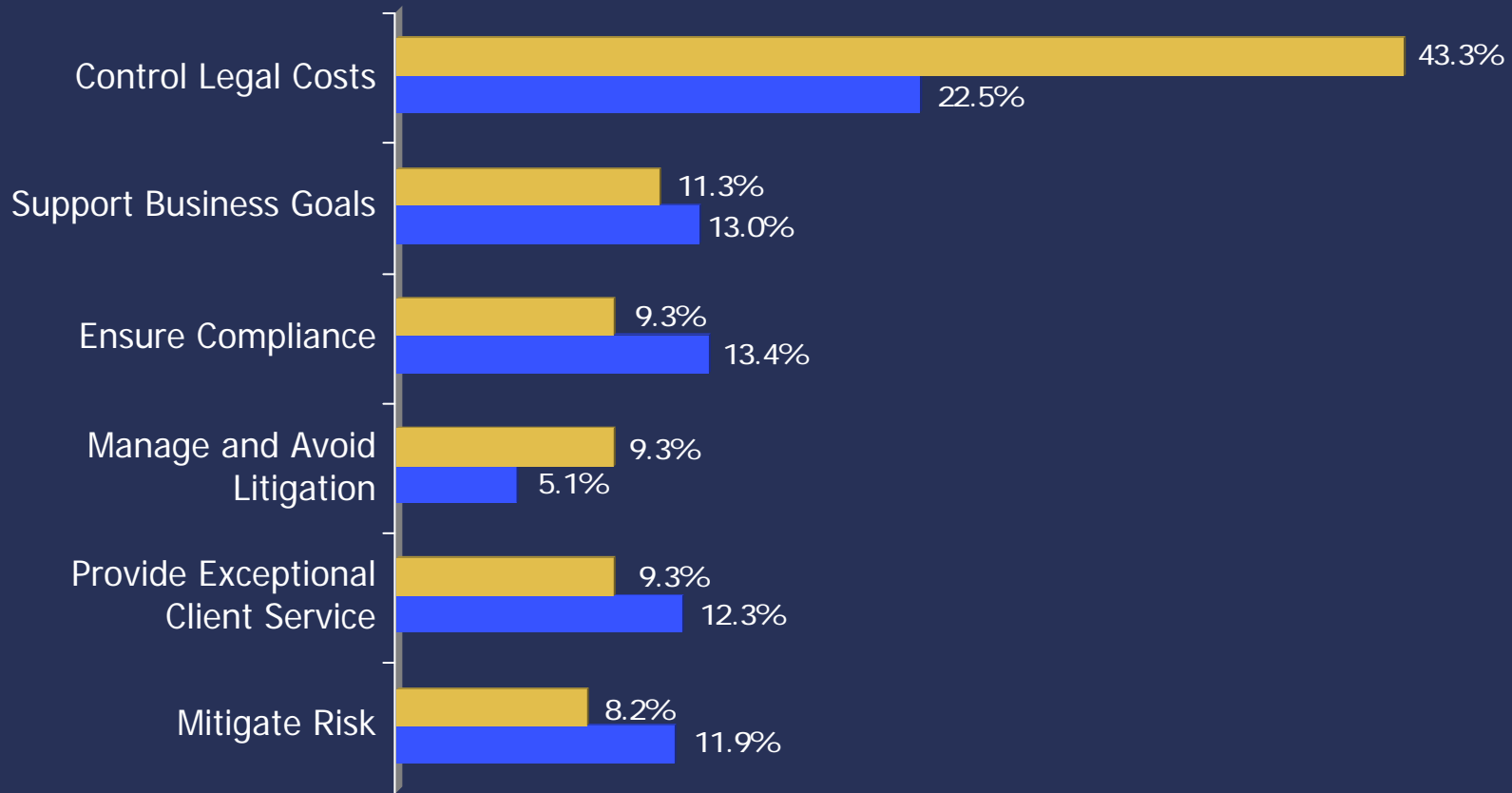
# Controlling Costs Dominates Corporate Counsel Goals

What is your most important goal for the General Counsel's office next year?

## How Corporate Counsel Priorities Have Changed

Percent of Corporate Counsel

■ 2010  
■ 2009



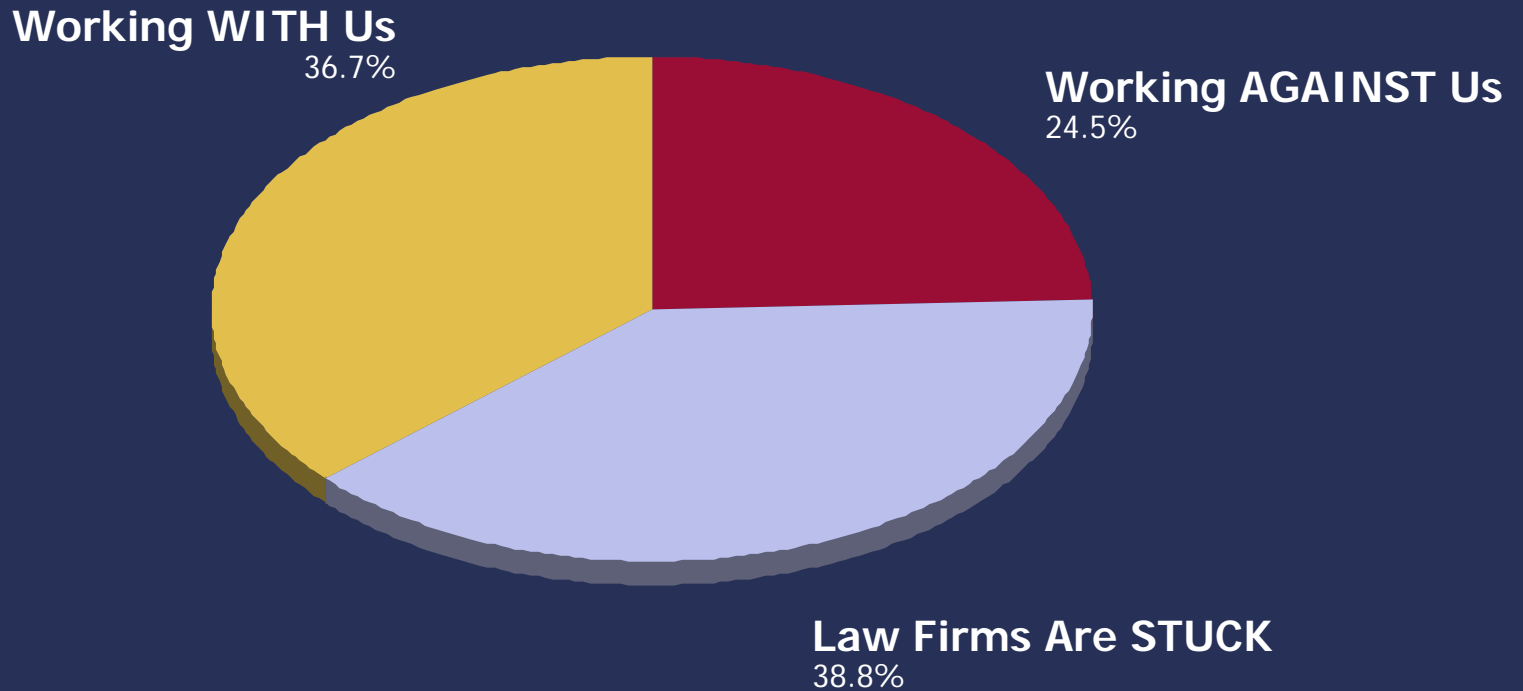
Note: Chart does not add up to 100%. Responses smaller than 5% excluded.



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# Recession Lesson for Corporate Counsel: Few Work With Us

What is the one lesson you have learned about law firms as a result of the recession?



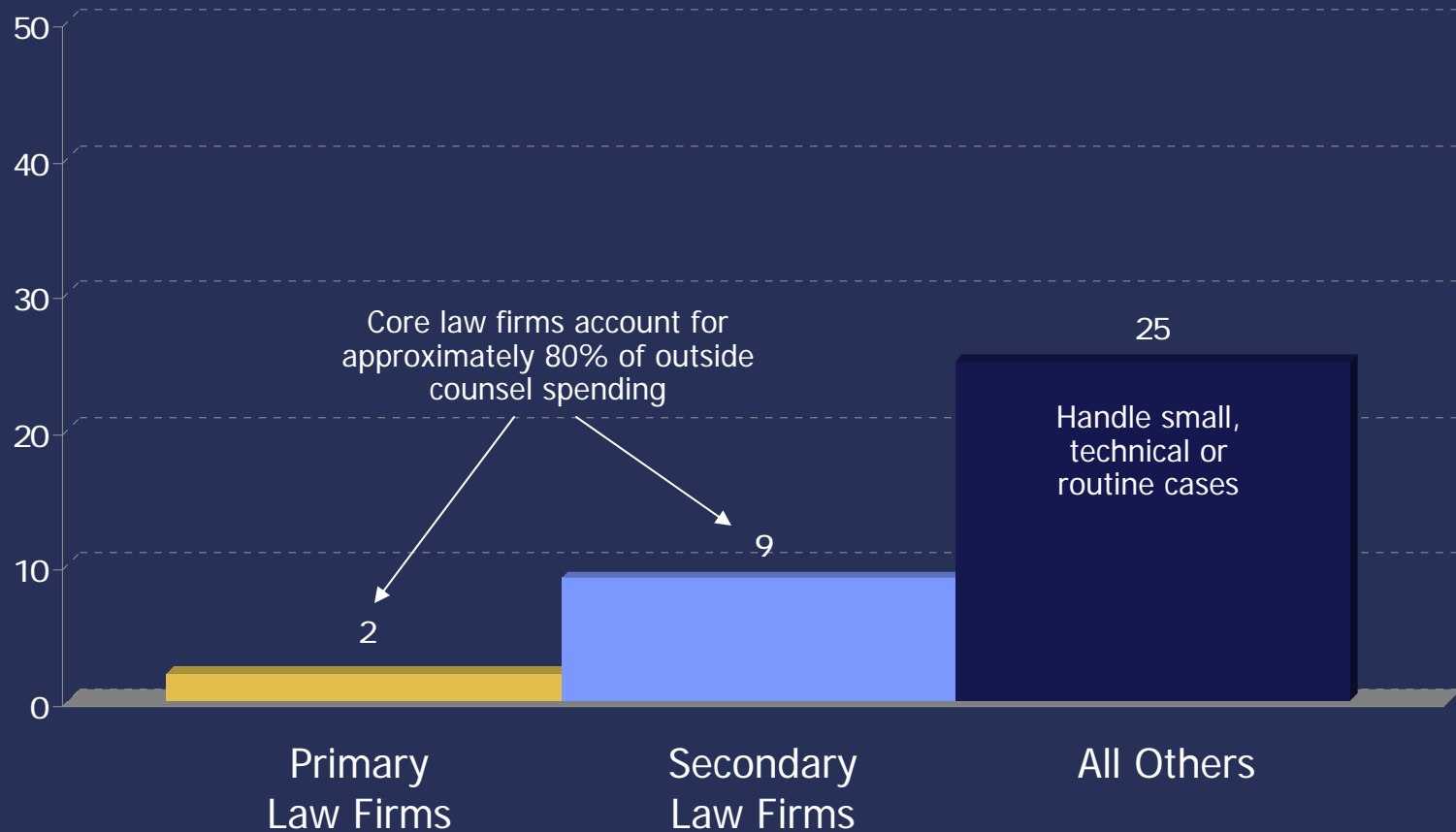


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# Corporate Counsel Rely on 11 Core Law Firms to Handle Bulk of Legal Work

## Law Firm Utilization

Number of Law Firms



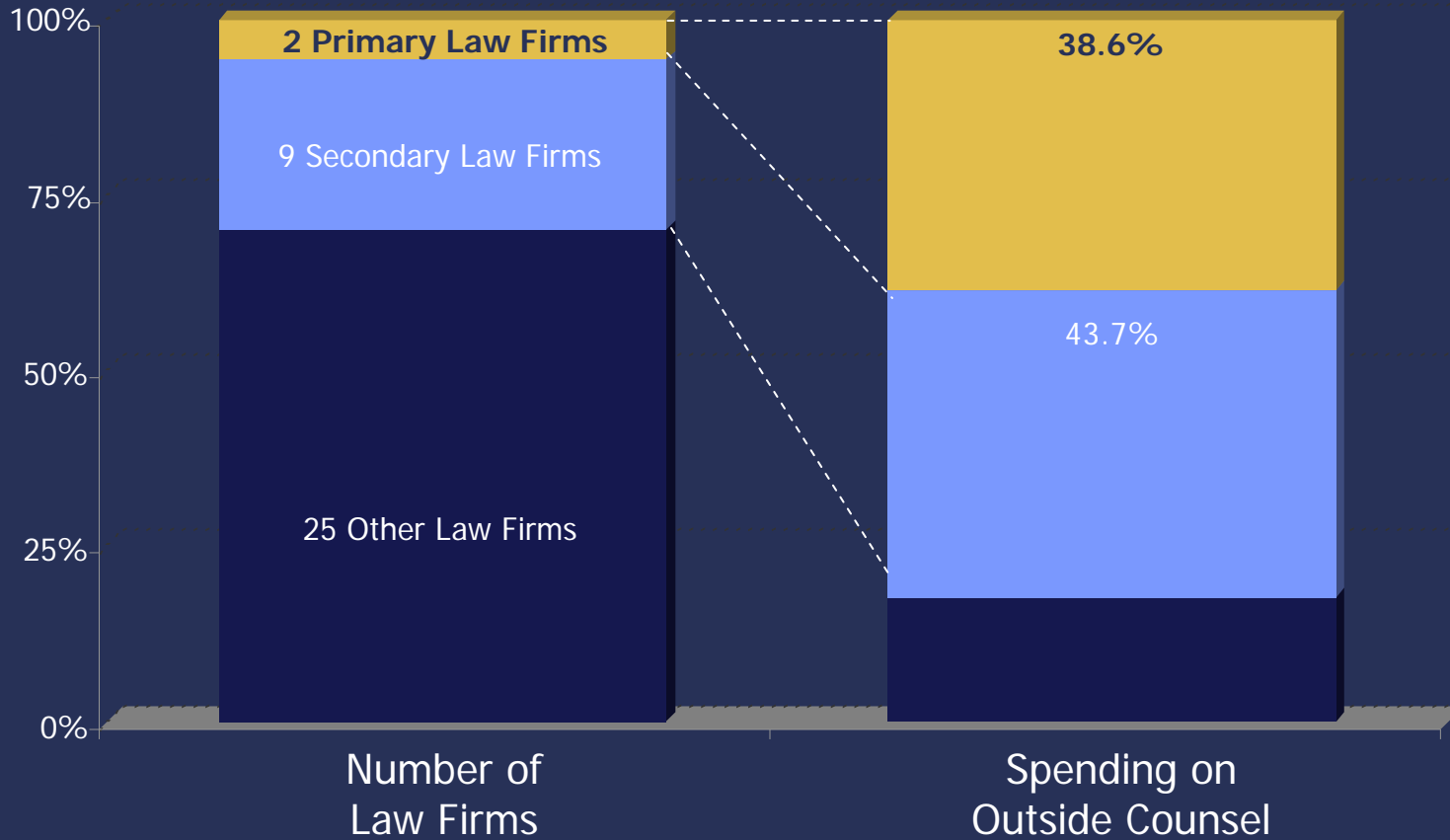


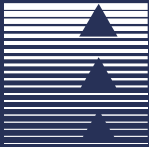
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# A Single Primary Law Firm Enjoys More than 3 Times the Fees of a Secondary Firm

## Portion of Client Spending by Law Firm Category

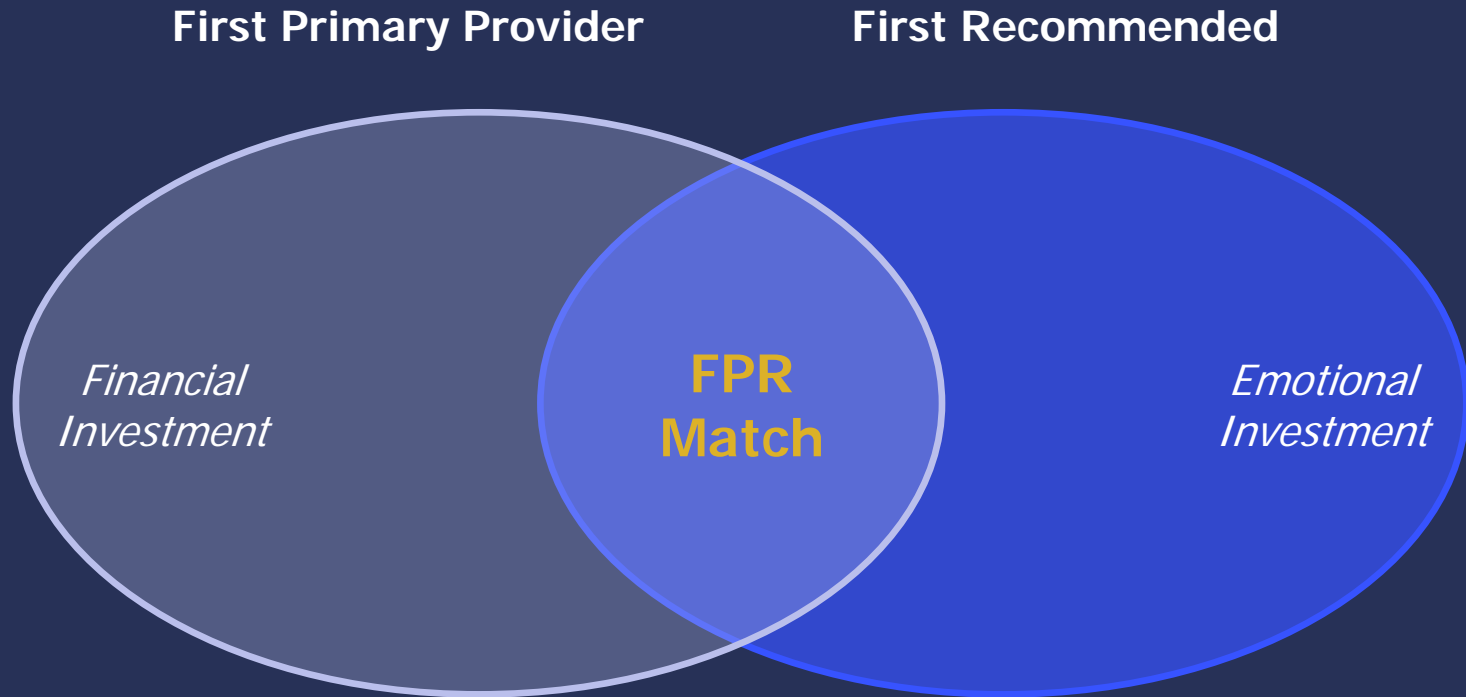
Percent





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# Benchmarking Key Client Service Metrics: The FPR Match



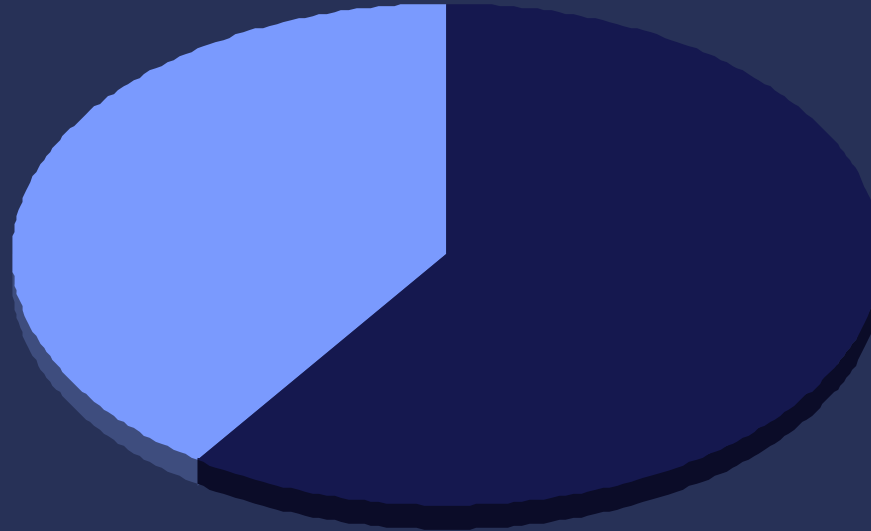
**First Primary Recommend Match (FPR Match)**  
The Gold Standard in Measuring Client Satisfaction



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# 40.4% of Corporate Counsel Truly Satisfied with Their Primary Law Firm

40.4% of Corporate Counsel Recommend Their Primary Law Firm First

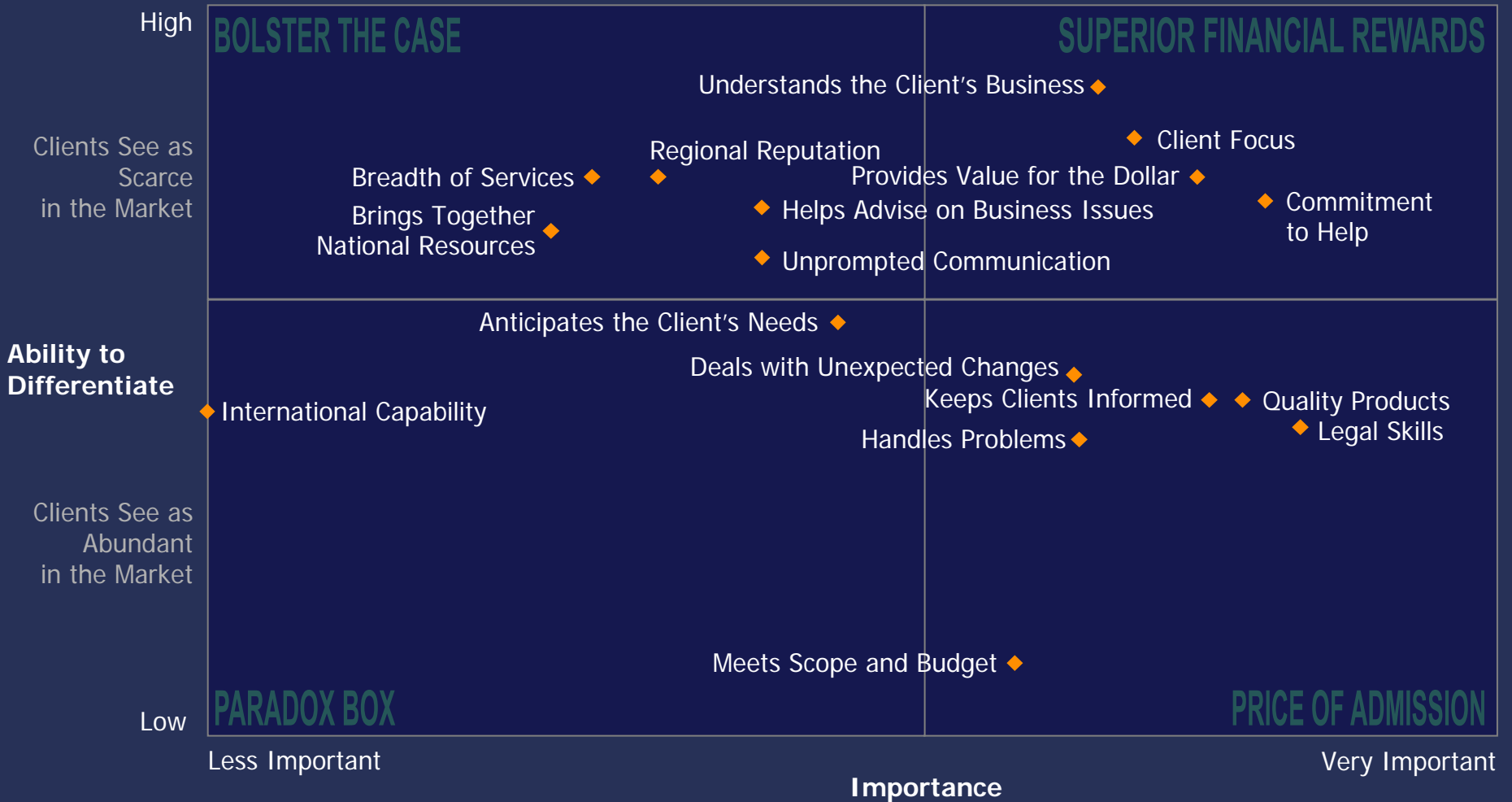


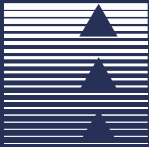
The Gold Standard in Measuring Client Satisfaction



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# 17 Activities to Develop Superior Client Relationships



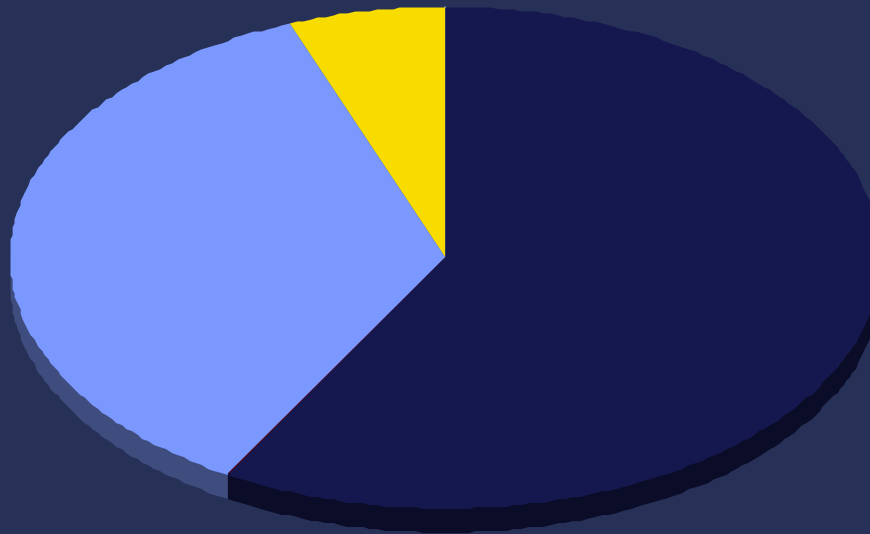


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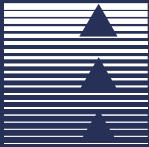
# 505 Core Law Firms Serve the Fortune 1000; Just 210 Stand Out for Superior Client Service

**Best-in-Class  
BTI Client Service 30**  
30 Law Firms  
5.9%

**Law Firms Honored  
in the Client  
Service A-Team**  
180 Law Firms  
35.6%



**Other Core Law  
Firms Serving  
the Fortune 1000**  
295 Law Firms  
58.4%



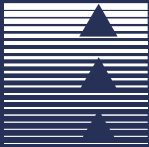
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# The 2010 BTI Client Service Top 30: The Cream of the Crop



## The BTI Client Service 30

Rank		BTI Client Service Score	Rank		BTI Client Service Score
1.	Foley & Lardner	224.74	16.	EpsteinBeckerGreen	99.45
2.	Jones Day	221.87	17.	Pillsbury Winthrop Shaw Pittman	96.38
3.	Baker Botts	211.57	18.	Hunton & Williams	94.90
4.	Alston & Bird	203.72	19.	O'Melveny & Myers	94.55
5.	DLA Piper	183.45	20.	Thompson Hine	88.94
6.	Kirkland & Ellis	178.84	21.	Vinson & Elkins	82.64
7.	Holland & Knight	152.09	22.	Porter Wright Morris & Arthur	82.52
8.	Morrison & Foerster	144.83	23.	Reed Smith	81.34
9.	Sidley Austin	141.98	24.	K&L Gates	80.06
10.	Baker & McKenzie	136.22	25.	Frost Brown Todd	79.78
11.	Cravath, Swaine & Moore	136.11	26.	Stoel Rives	79.43
12.	Mayer Brown	108.92	27.	Winston & Strawn	76.52
13.	Bryan Cave	106.50	28.	Debevoise & Plimpton	74.02
14.	Covington & Burling	105.93	29.	Allen & Overy	72.60
15.	Morgan Lewis	100.40	30.	Proskauer Rose	72.44



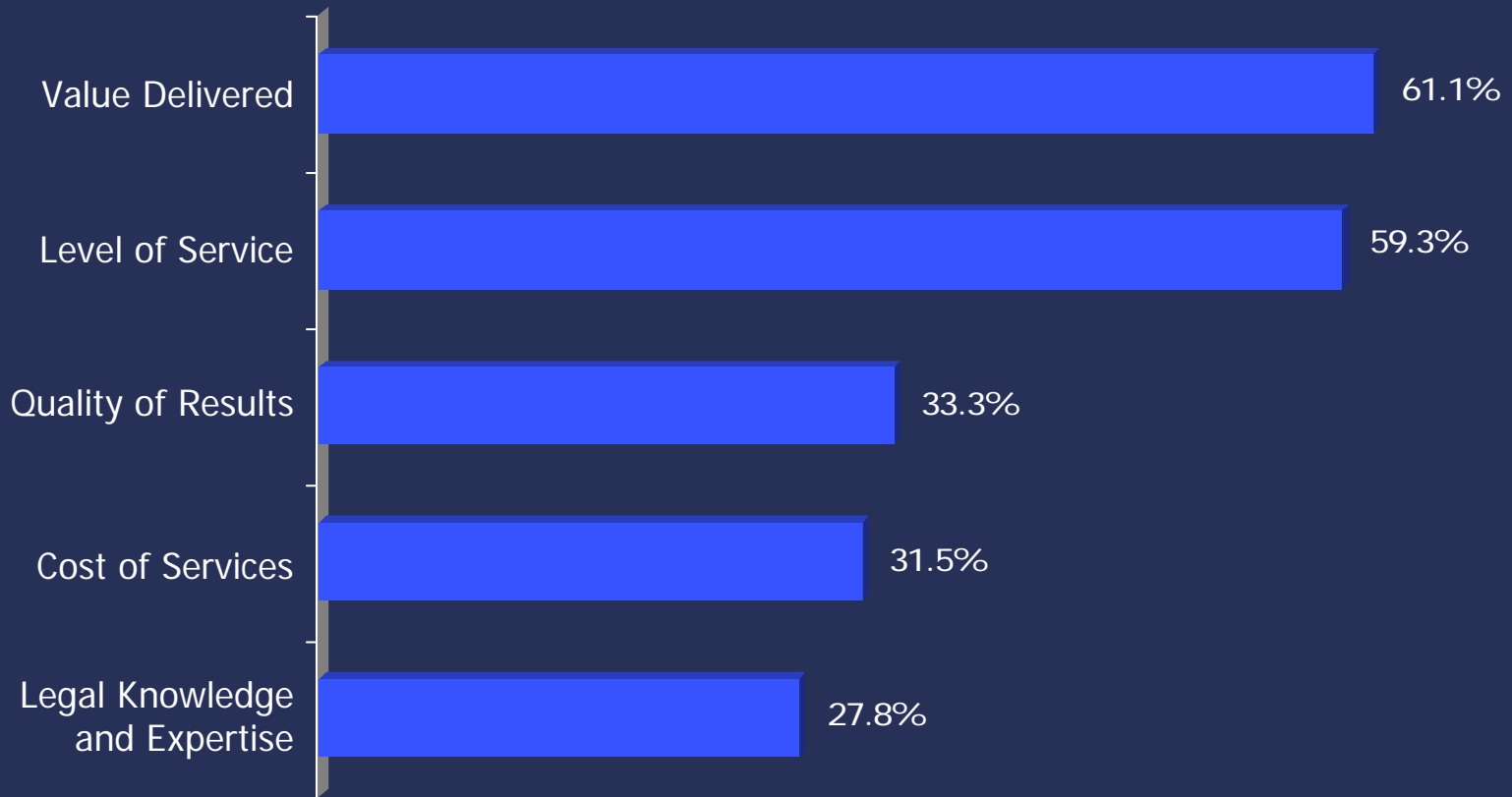
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# 60% of Corporate Counsel Rely on Value and Level of Service to Measure Law Firm Performance

Do you perform regular, systematic reviews of law firm performance?  
What types of qualities do you assess as part of this process?

## How Clients Evaluate Law Firm Performance

Percent of Corporate Counsel

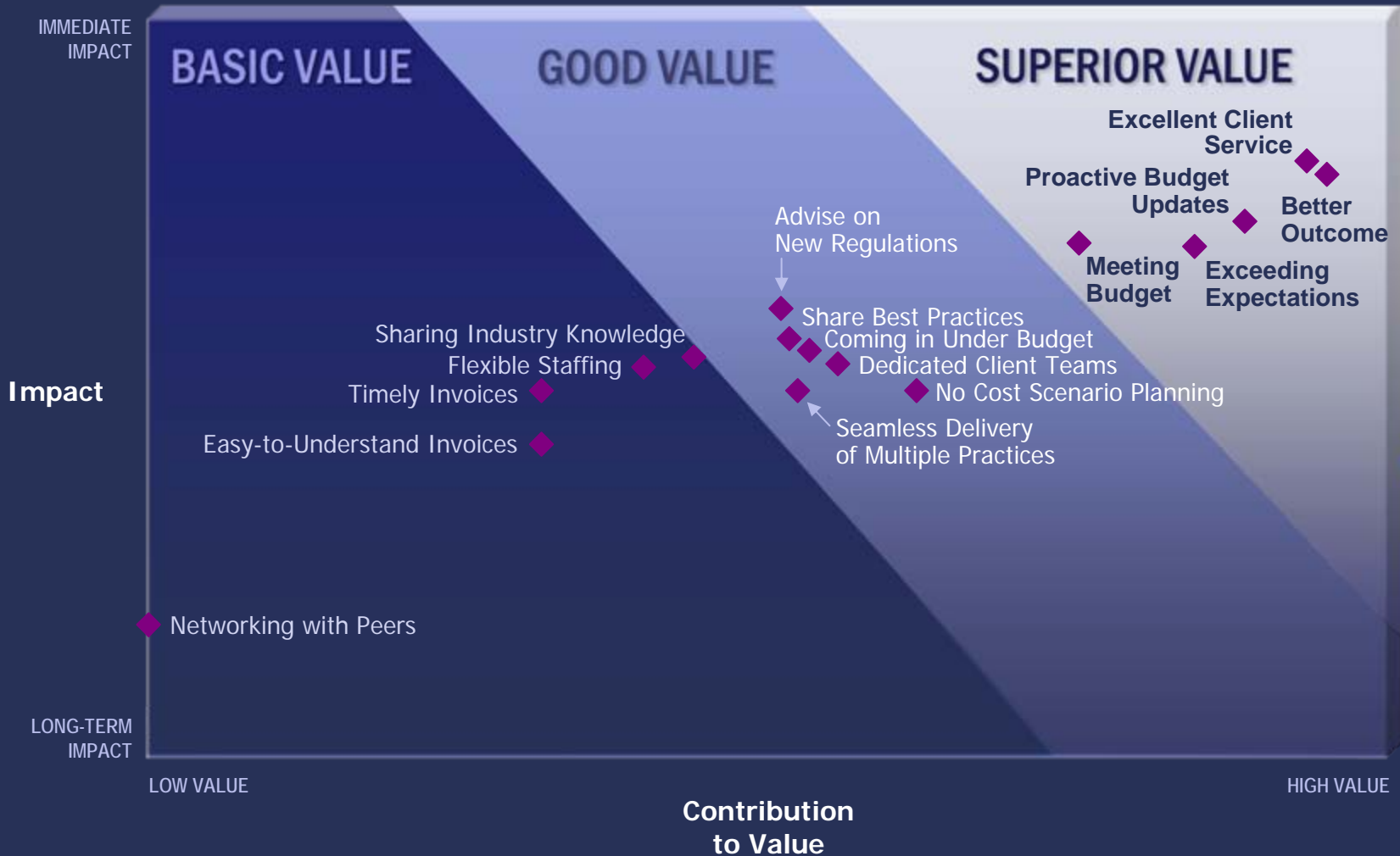


Note: Chart does not add up to 100%. Analysis allows for multiple responses.



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# The Three Waves of Value

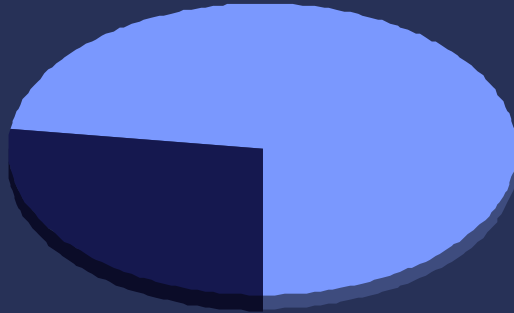




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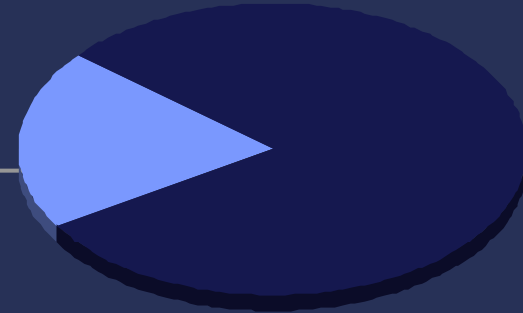
# Nearly 75% of Corporate Counsel Rely on Alternative Billing; One-Fifth of Outside Counsel Spending Covered by AFA

72.7% of Corporate  
Counsel Use  
Alternative Billing



**Percent of Corporate Counsel  
Using Alternative Billing**

20.0% of Outside Counsel  
Spending is Covered by  
Alternative Billing



**Percent of Outside Counsel  
Spending Covered by  
Alternative Billing**



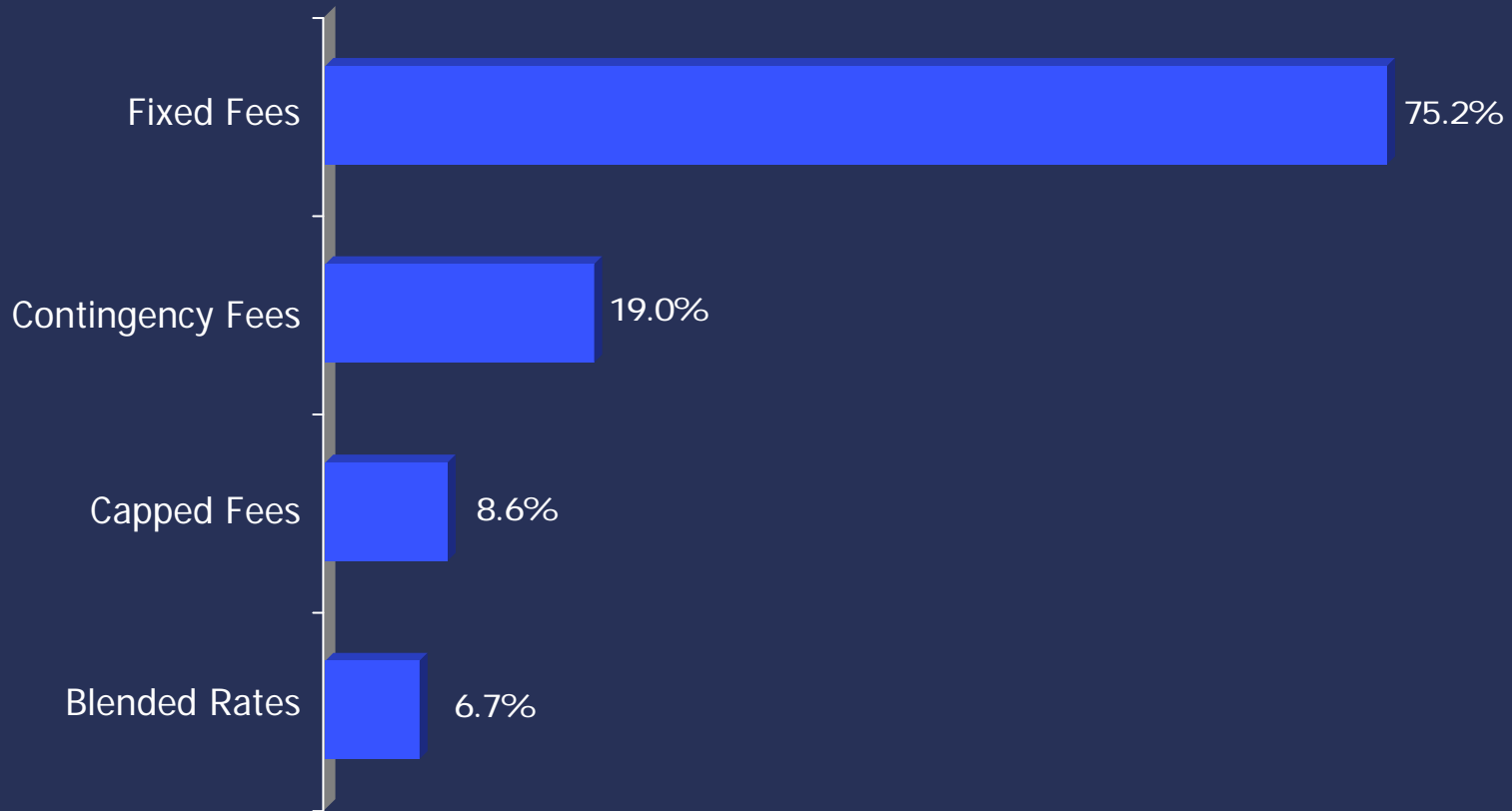
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# Fixed Fees Dominate as the Top Alternative Billing Method

What alternative billing methods do you employ most frequently? Which alternative billing method is your preferred approach?

## Alternative Billing Methods In Use

Percent of Corporate Counsel



Note: Chart adds up to more than 100%. Multiples responses allowed.

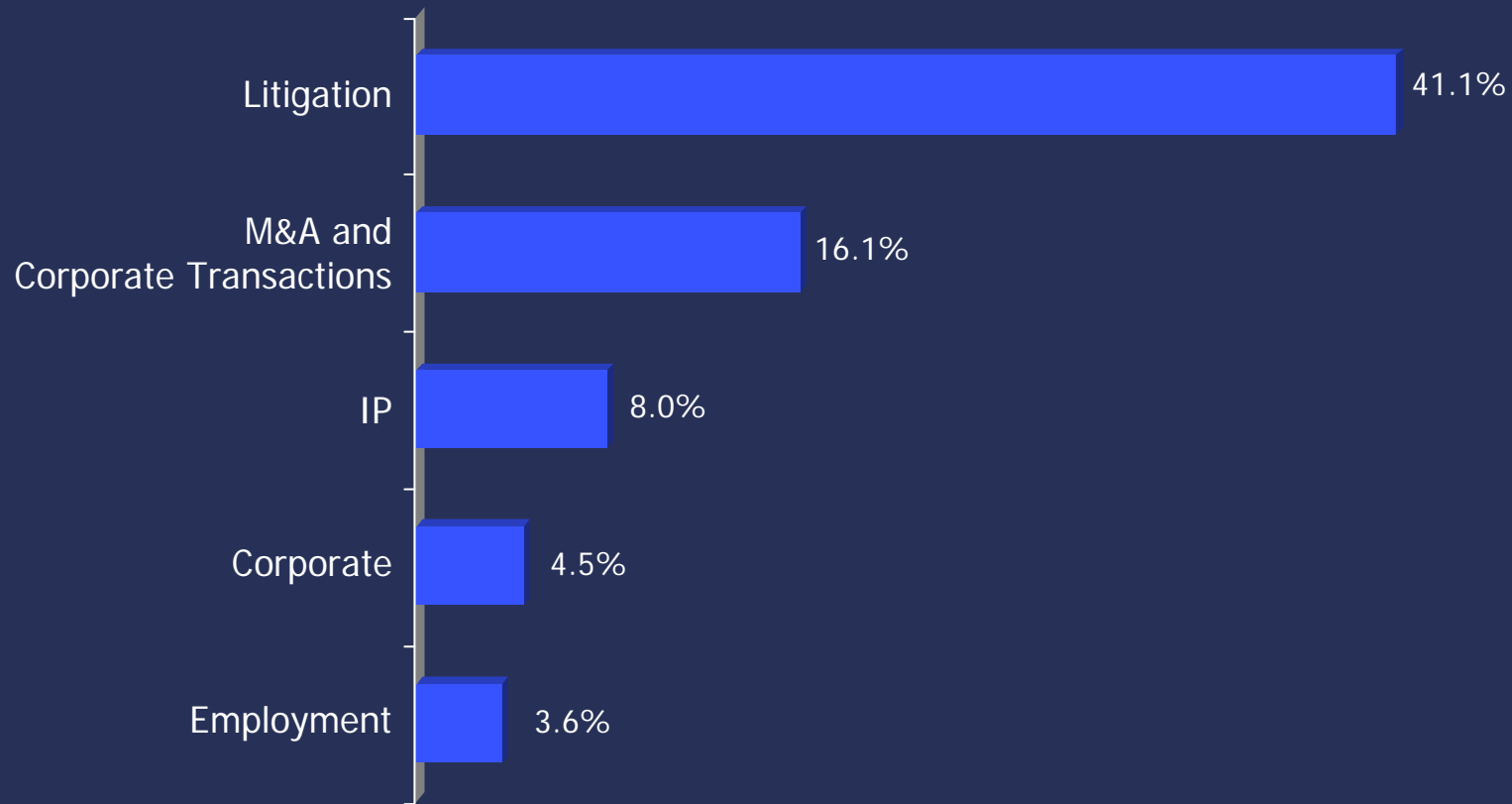


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# Alternative Billing Methods Most Typically Implemented in Litigation Matters

What types of matters are typically purchased using each of these alternative billing methods?

**Types of Work Handled Under Alternative Billing**  
Percent of Corporate Counsel



Note: Chart does not add up to 100%. Responses smaller than 3% excluded.



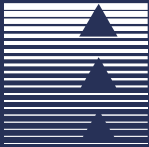
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## Alternative Billing in its Nascency

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### Directions in Alternative Fees

- ◆ 4 out of 5 clients get their best value from old-school hourly billing
- ◆ The majority of General Counsel expect to increase their usage of alternative billing in 2010
  - › Still in developmental stages
  - › Works well in more established relationships
- ◆ Some large companies are highly vocal zealots
- ◆ Demands a client-by-client evaluation about:
  - › Comfort
  - › Success
  - › Inclination to try
  - › Goals in using



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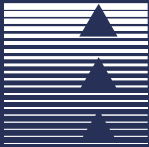
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## 8 Tactics to Use Cost-Cutting to Your Firm's Advantage

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### Leverage Cost-Cutting to Your Advantage

1. Use world-class client feedback as a strategic weapon
  - ◆ Define client-specific points of value
  - ◆ Superior client service translates directly into increased productivity
  - ◆ Rely on world-class feedback to serve as
    - ◆ An early warning system
    - ◆ Blueprint to new business
2. Develop an inventory of cost-based metrics using firm-wide experience to develop fixed fee pricing models
3. Create project management tools to help clients track and manage costs
4. Money saved doesn't always involve cost-cutting
  - ◆ Reduce litigation reserve
  - ◆ Loan repricing
  - ◆ Deal structures



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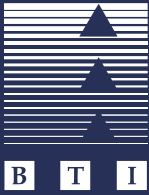
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## 8 Tactics to Use Cost-Cutting to Your Firm's Advantage

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### Leverage Cost-Cutting to Your Advantage (continued)

5. On YOUR dime, examine and offer advice on your client's last six:
  - ◆ Major transactions
  - ◆ IP filings
  - ◆ Licensing agreements
  - ◆ Major litigation
6. Risk reduction equals cost reduction
  - ◆ Think process and tools
    - > Early case assessment
    - > Mid-case reviews
    - > Process maps
    - > Flow charts for complex matters
7. Deliver dramatically better outcomes than expected
8. Overprotect your existing clients



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# About BTI

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## How BTI Helps Our Clients

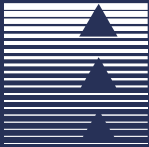
### 1. The most powerful, high-impact and actionable client surveys

- ◆ Proven call to action for partners
- ◆ Convince attorneys to embrace change
- ◆ Proven metrics linked to profits and growth
- ◆ Metrics linking partner and firm performance
- ◆ Detailed roadmap for business development
- ◆ Measure against 17 activities clients say drive relationships

### 2. Robust client service excellence initiatives

### 3. Compelling strategic assessments

- ◆ Market share gains and losses
- ◆ Client relationship strength and stature
- ◆ Client service performance



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## About BTI: BTI Custom Research and Services

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### BTI's In-Depth Client Surveys for Law Firms

- ◆ Conducted over 130 independent client research initiatives for law firms
- ◆ Interviewed over 6,000 clients
- ◆ Helped our clients boost relationships from \$600,000 to more than \$14,000,000 annually
- ◆ Work with law firms with 6 to 600 partners

BTI can help you develop high impact client research initiatives—  
email or call Michael B. Rynowecer or Marcie L. Borgal Shunk

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mrynowecer@bticonsulting.com  
617-439-0333 x5048

Marcie L. Borgal Shunk  
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# Thank You

For a copy of this presentation, please email us at:  
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To find out how BTI can help you in your client research initiative,  
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