

A Predator's Paradise: BTI's Premium Practices Forecast and Client Service Performance 2011

Prepared for: **Delaware Valley Law Firm Marketing Group**
March 23, 2011

Prepared by: The BTI Consulting Group
396 Washington Street, Suite 314
Wellesley, MA 02481
Tel: (617) 439-0333
Fax: (617) 439-9174
www.bticonsulting.com
info@bticonsulting.com

The BTI Approach

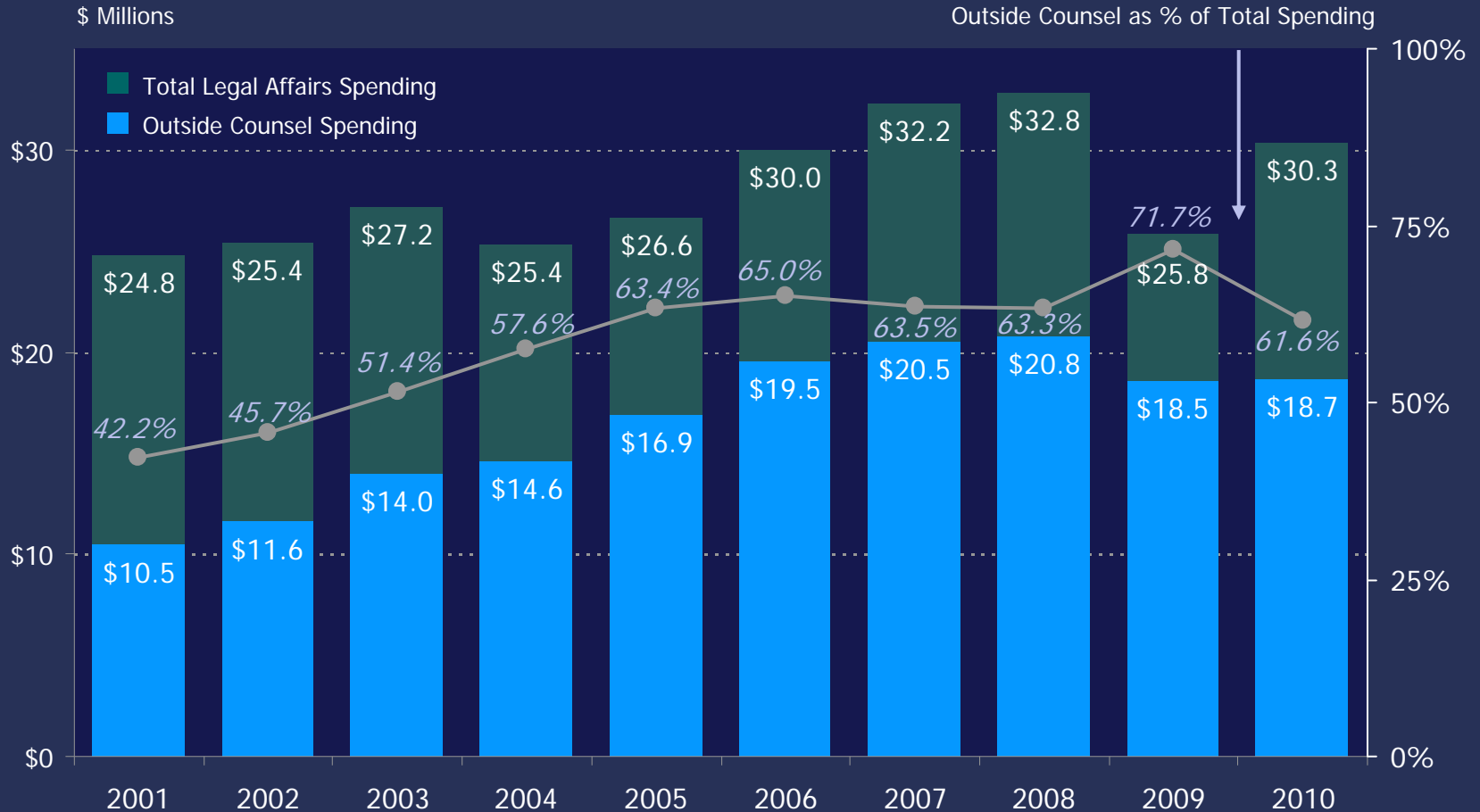


What We Will Talk about Today

Topics for Today

- ◆ Key Trends in Outside Counsel Spending
- ◆ Client Service and How Law Firms Stack Up
- ◆ Understanding Your Value Proposition
- ◆ Strategic Implications for Law Firms

Outside Counsel Spending Flat Lines as In-House Legal Budgets Grow



Source: BTI's Study with Corporate Counsel 2010

Key Drivers of the 2011 Legal Market

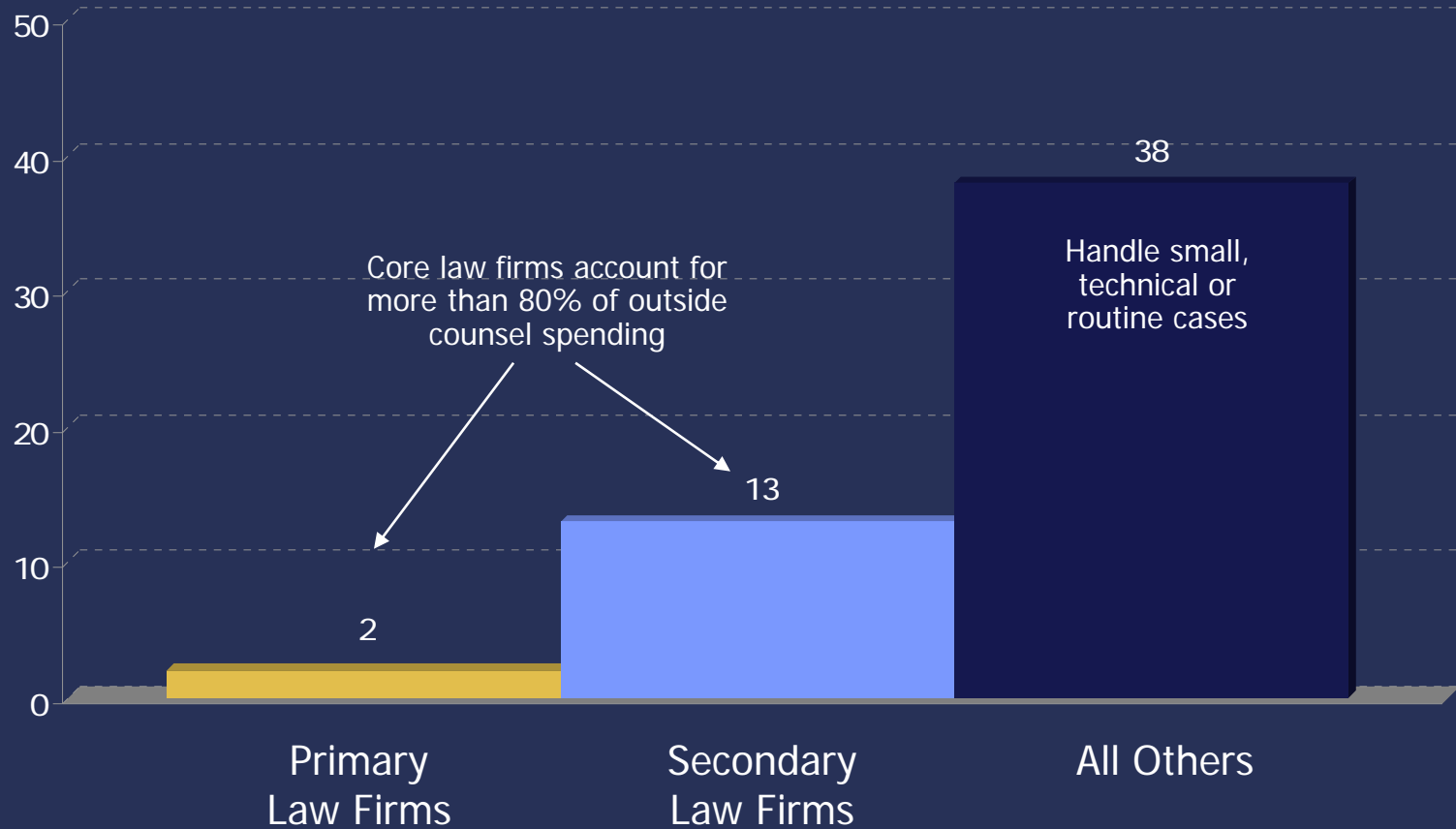
Market Drivers

1. It's a Predator's Paradise
2. Virtually no matter is immune from clients' demand for value
3. Resolution rates skyrocket—settling 1 in 3 active cases in 2011
4. Obama administration props up Labor & Employment, Litigation and Regulatory
5. Shareholder activism drives new demand for counsel and strategy
6. Opportunistic M&A is growing
7. Corporate counsel using pass/fail test to assess law firms' client service

Fortune 1000 Corporate Counsel Rely on 15 Core Law Firms: Intense Competition Every Single Day

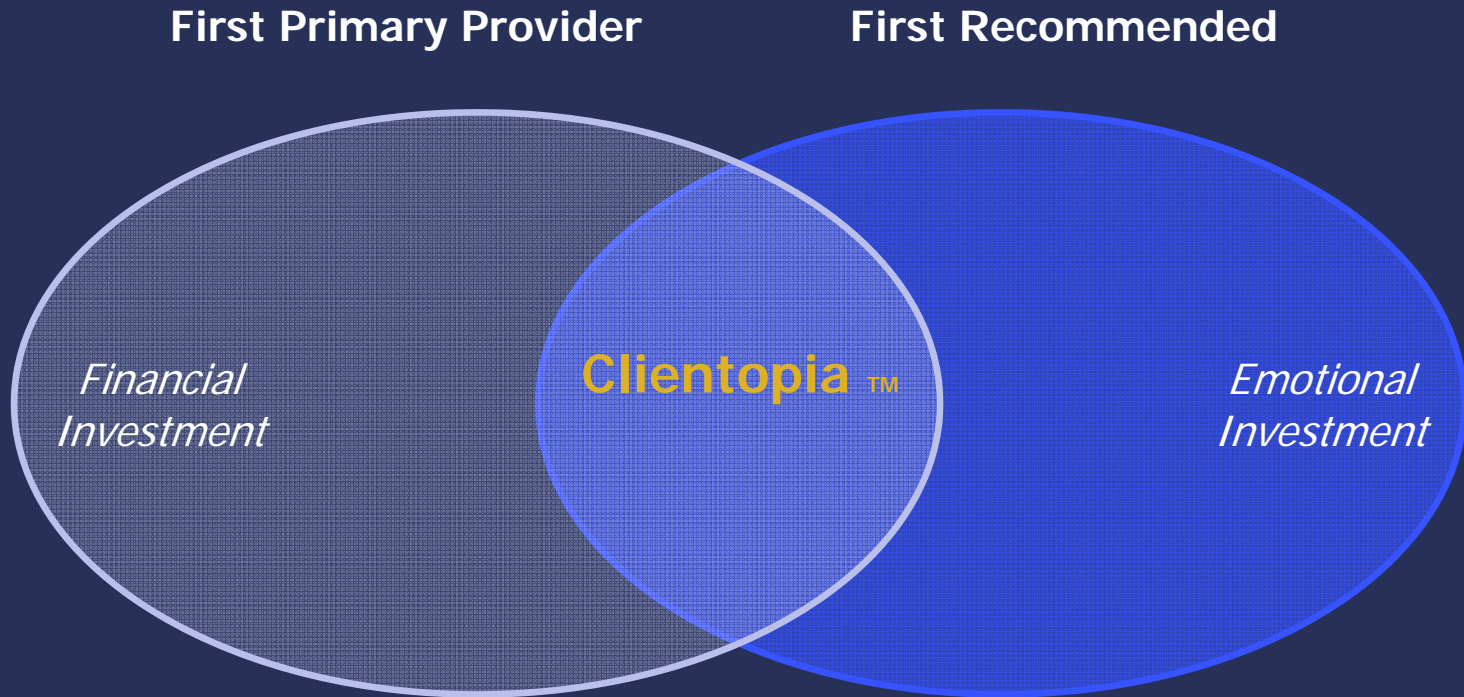
Law Firm Utilization

Number of Law Firms



Source: BTI's Study with Corporate Counsel 2010

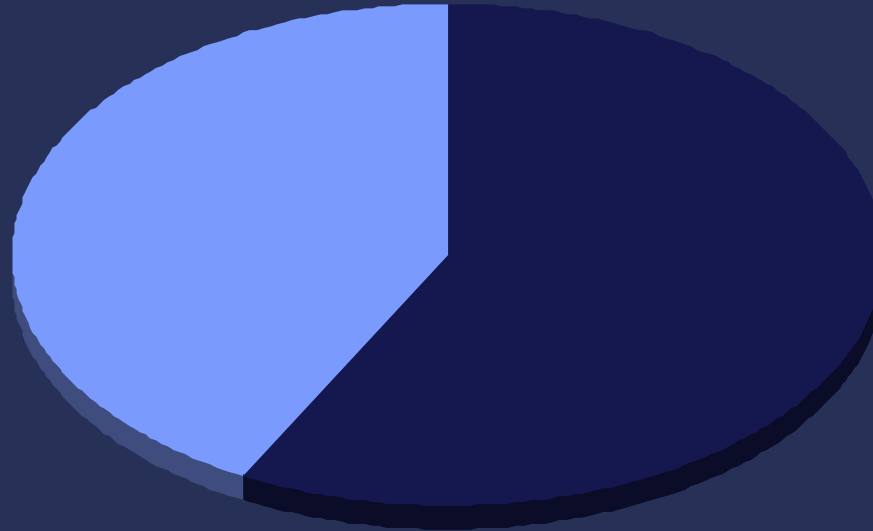
Benchmarking Key Client Service Metrics: Reaching Clientopia



Clientopia
The Ideal State of the Client Relationship

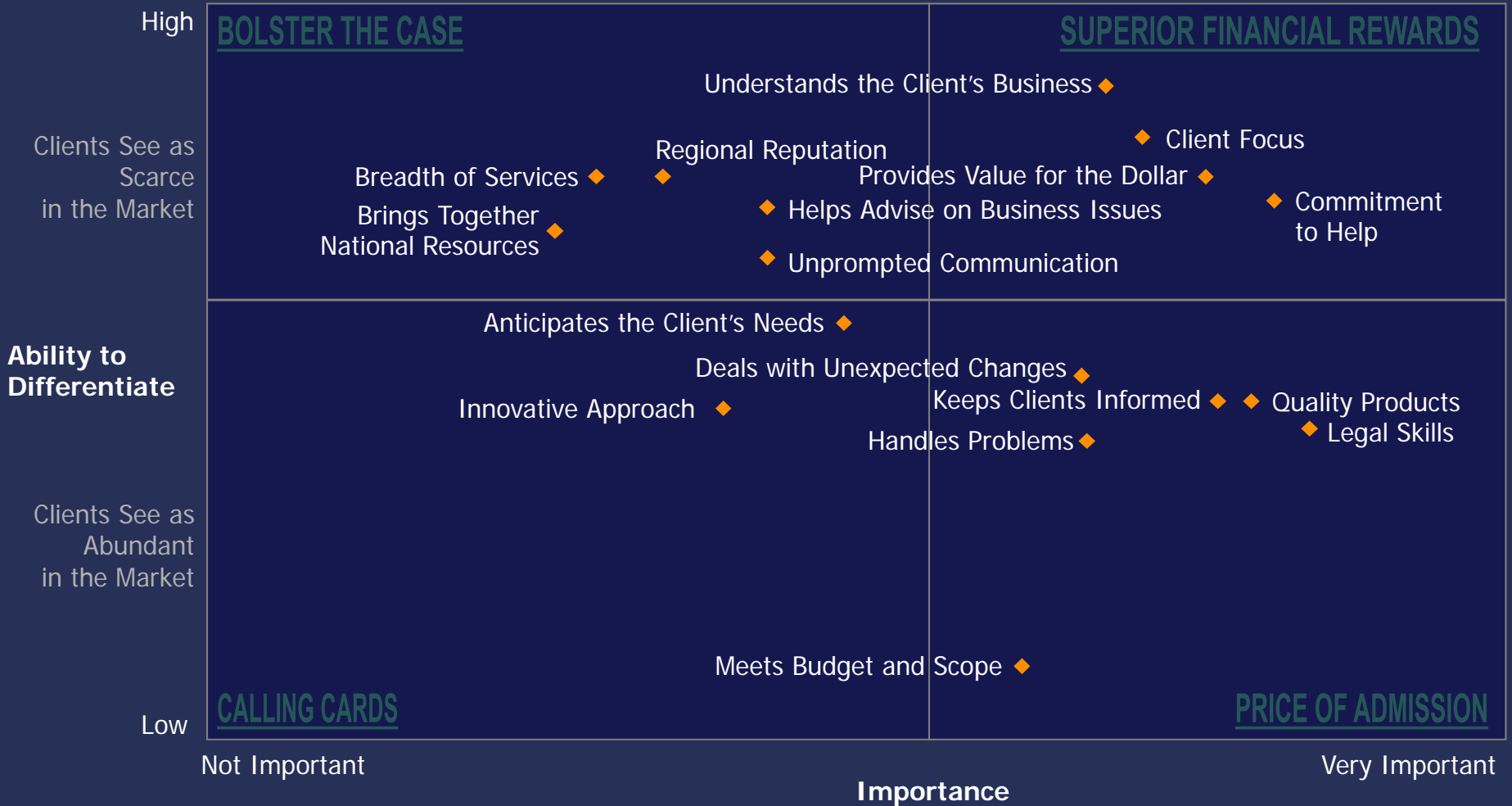
42.3% of Corporate Counsel Enjoy Clientopia

42.3% of Corporate Counsel
Recommend Their Primary
Law Firm First



Source: BTI's Study with Corporate Counsel 2010

17 Activities Driving Superior Client Relationships



BTI's Methodology and Approach

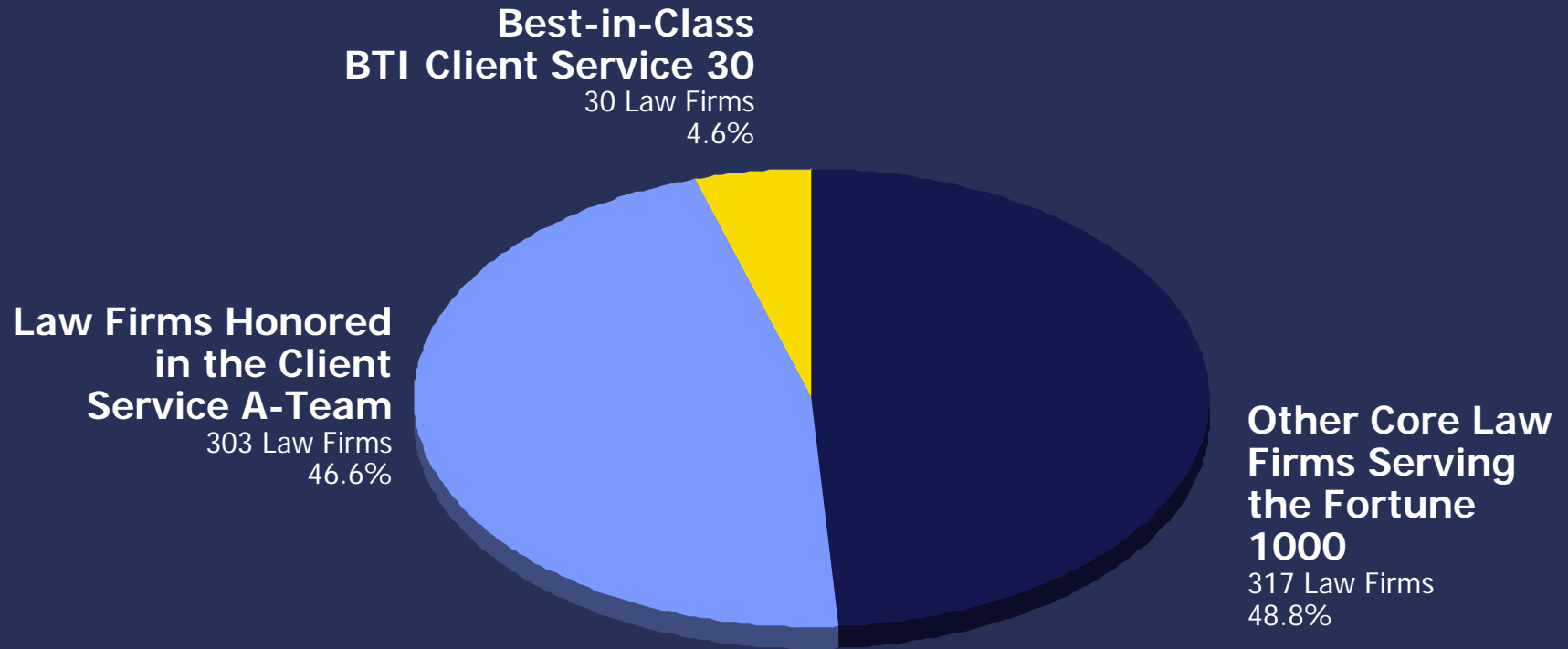
BTI's analysis draws on nearly 300 interviews with corporate counsel at Fortune 1000 and large organizations to determine precisely which law firms deliver the absolute best client service.

General Counsel and C-level executives define 17 activities they use to select and evaluate outside counsel.

BTI's scoring system relies on 3 purely client-driven and unprompted variables:

1. Client-ranked importance of each of the 17 activities driving outside counsel relationships
2. How difficult it is for clients to find law firms performing well in each activity
3. Unprompted, client feedback as to which law firm—by name—performs best in each of the 17 activities driving client relationships

650 Core Law Firms Serve the Fortune 1000; Just 333 Stand Out for Superior Client Service



Source: BTI's Study with Corporate Counsel 2010

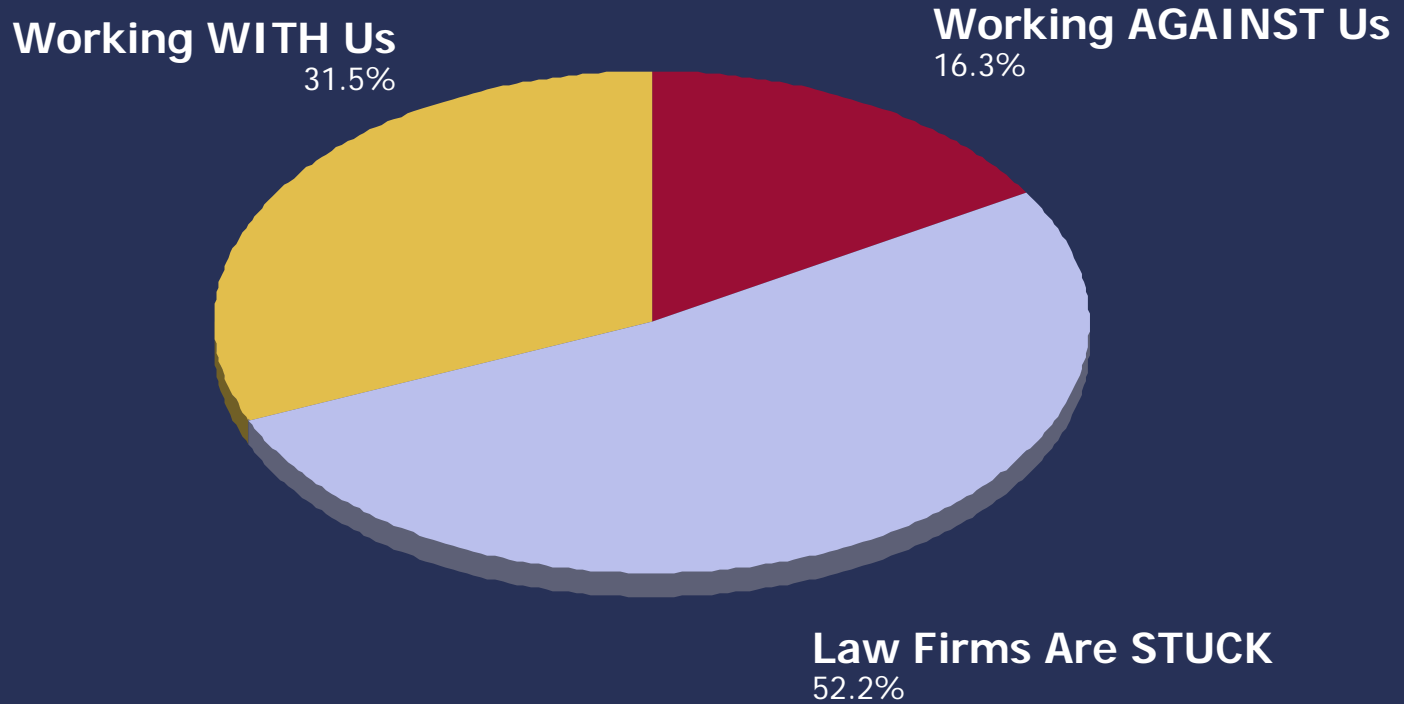
The 2011 BTI Client Service Top 30: The Cream of the Crop

BTI Client Service Rank	BTI Client Service Score	BTI Client Service Rank	BTI Client Service Score
1. Jones Day	715.42	16. Dorsey & Whitney	195.18
2. Thompson Hine	464.12	17. Bryan Cave	164.97
3. Alston & Bird	315.37	18. Baker Botts	164.70
4. Sidley Austin	280.40	19. Bradley Arant Boult Cummings	158.00
5. Fulbright & Jaworski	277.98	20. Hogan Lovells	156.24
6. Kirkland & Ellis	267.46	21. Ogletree, Deakins	149.38
7. Foley & Lardner	265.22	22. Bingham McCutchen	144.88
8. Skadden, Arps	229.02	23. Stoel Rives	137.51
9. Morgan Lewis	226.70	24. Eimer Stahl	137.46
10. Reed Smith	223.89	25. Ropes & Gray	132.01
11. Holland & Knight	218.70	26. Lathrop & Gage	122.36
12. Frost Brown Todd	217.85	27. Thompson Coburn	121.12
13. Gibson, Dunn & Crutcher	217.16	28. Latham & Watkins	120.36
14. Baker & McKenzie	207.33	29. Pillsbury Winthrop Shaw Pittman	110.72
15. Faegre & Benson	207.13	30. Littler Mendelson	102.84

Highlighted firms boast 10 consecutive years as part of *The BTI Client Service Top 30*.

Recession Teaches Corporate Counsel: Few Law Firms Work With Us

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



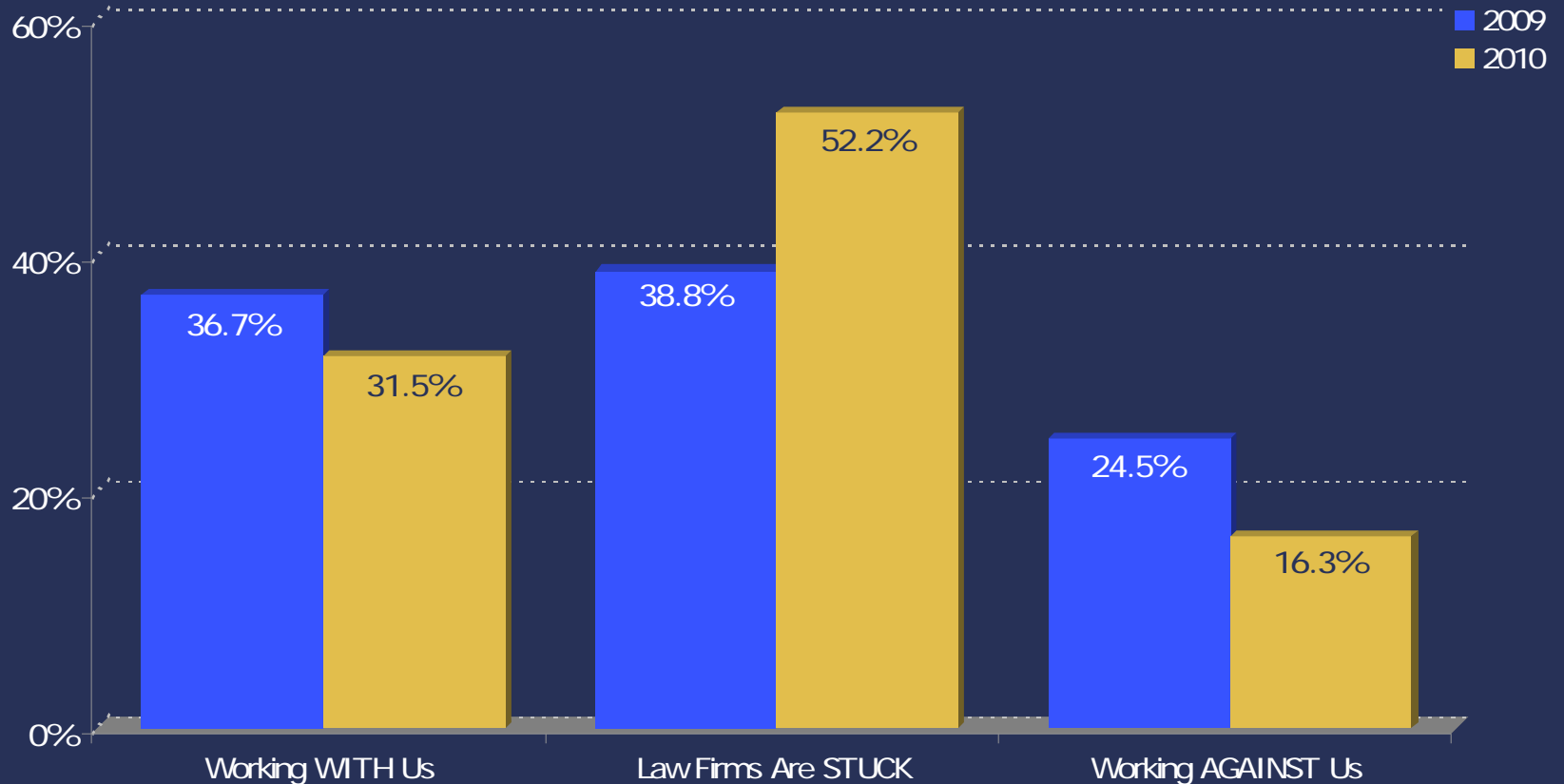
Source: BTI's Study with Corporate Counsel 2010

Fewer Law Firms Are Working Against Clients; But Clients Say Most Are Still Stuck

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

Changes in How Law Firms Responded to the Recession

Percent of Corporate Counsel



Source: BTI's Study with Corporate Counsel 2010

7 Signs Your Law Firm May Be Stuck

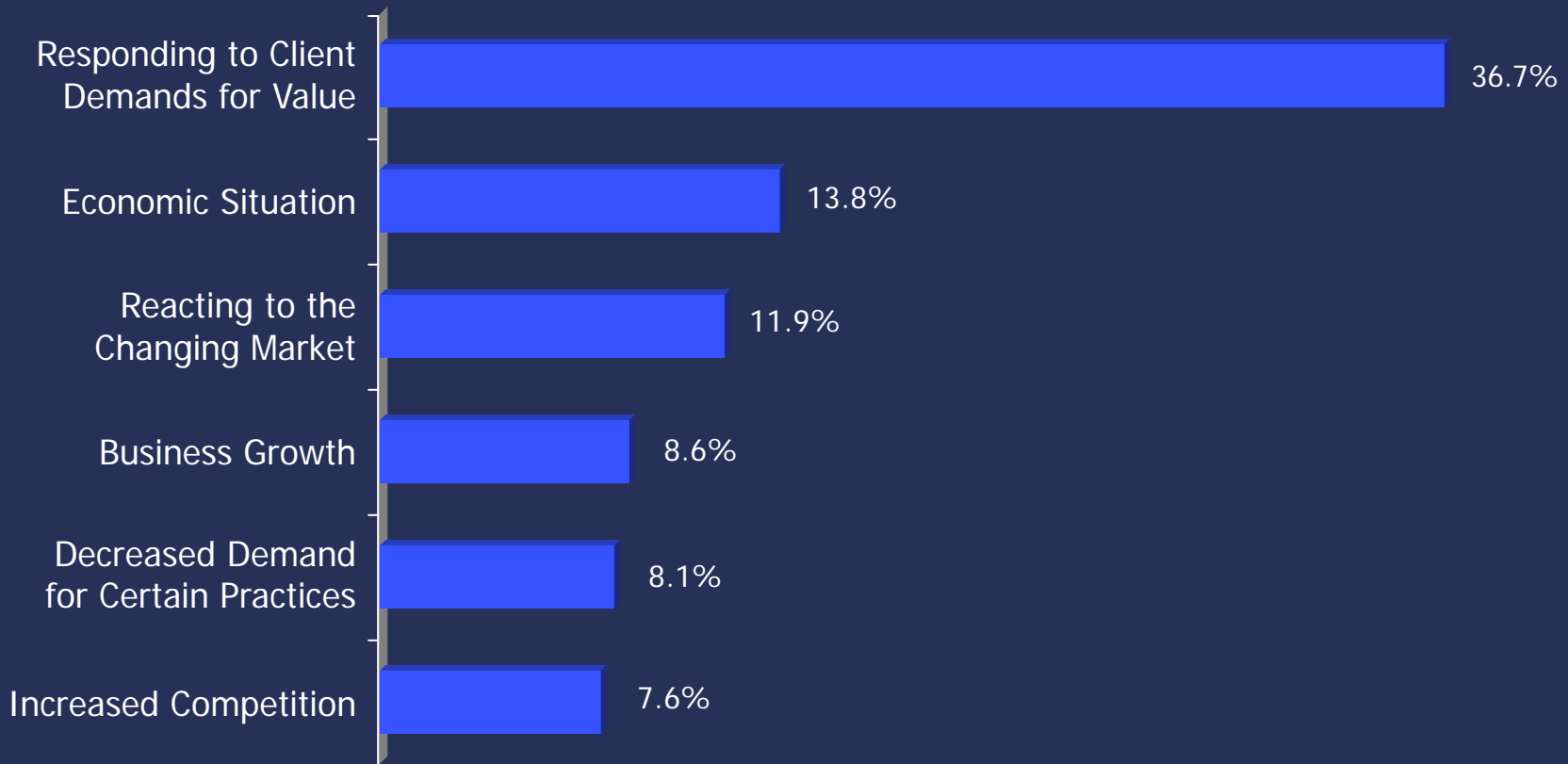
7 Signs You May Be Stuck

1. You haven't updated your client on budget activity in 60 days
2. You have not discussed alternative fees with your clients
3. Your firm just sent a letter to your clients announcing rate increases (with no prior phone call from you)
4. You had to explain to your client why the matter being billed really had to be performed by a partner
5. You don't know if you've read your top 3 clients' billing guidelines
6. You haven't visited your major clients in person in over 6 months
7. Your client interview team just informed you your client contact has been gone for over a year

Delivering More Value: Top Challenge Facing Leadership Partners

What do you see as the biggest challenge facing your firm right now?

Biggest Challenges Facing Leadership Partners
Percent of Law Firm Leaders



Note: Chart does not add up to 100%. Responses smaller than 7% excluded.

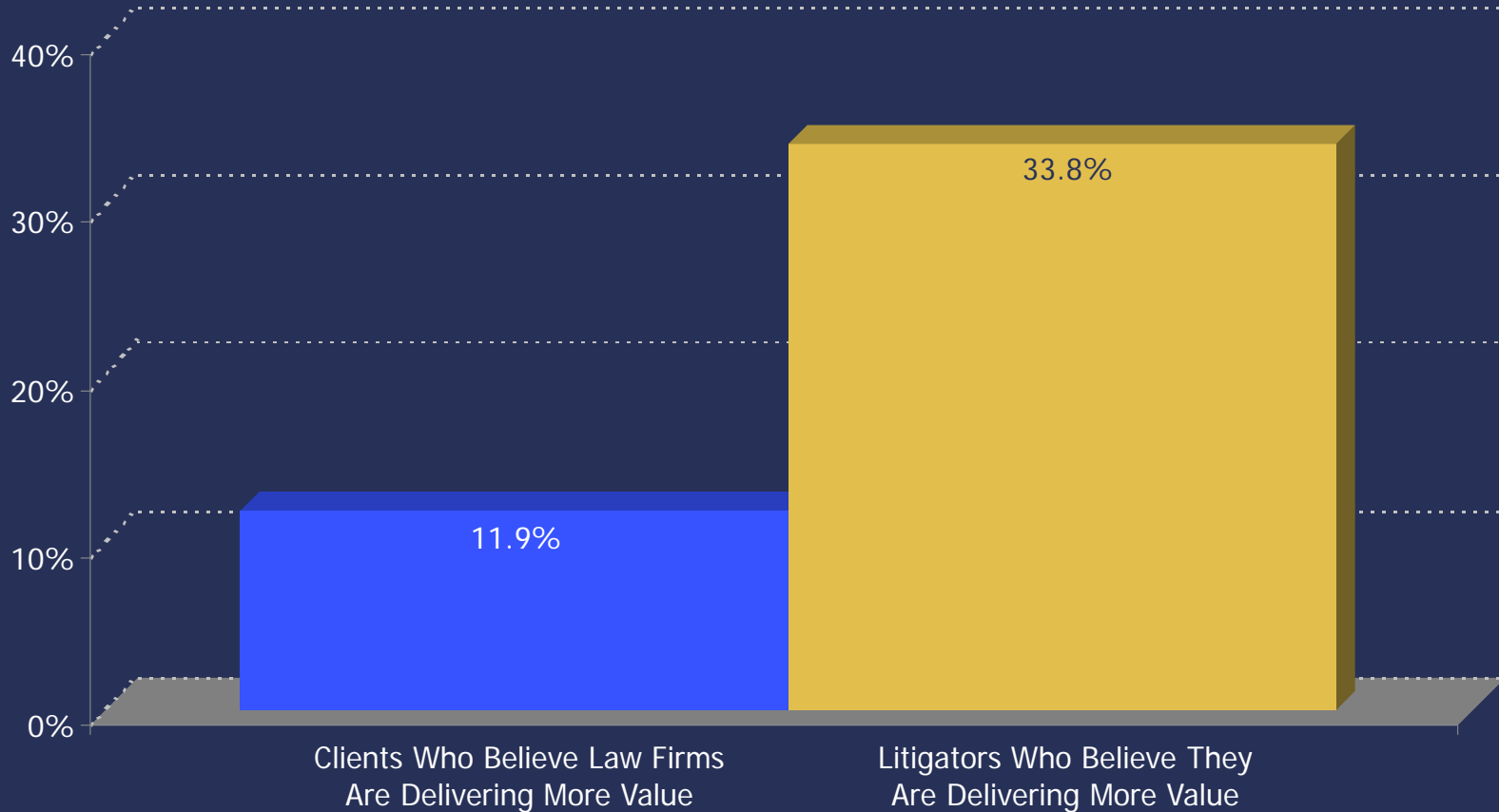
Source: BTI's Study with Leadership Partners 2010

Clients Blind to Law Firm Changes

How has the role of outside counsel in litigation changed in the past 12 to 18 months?

How Outside Counsel Have Changed

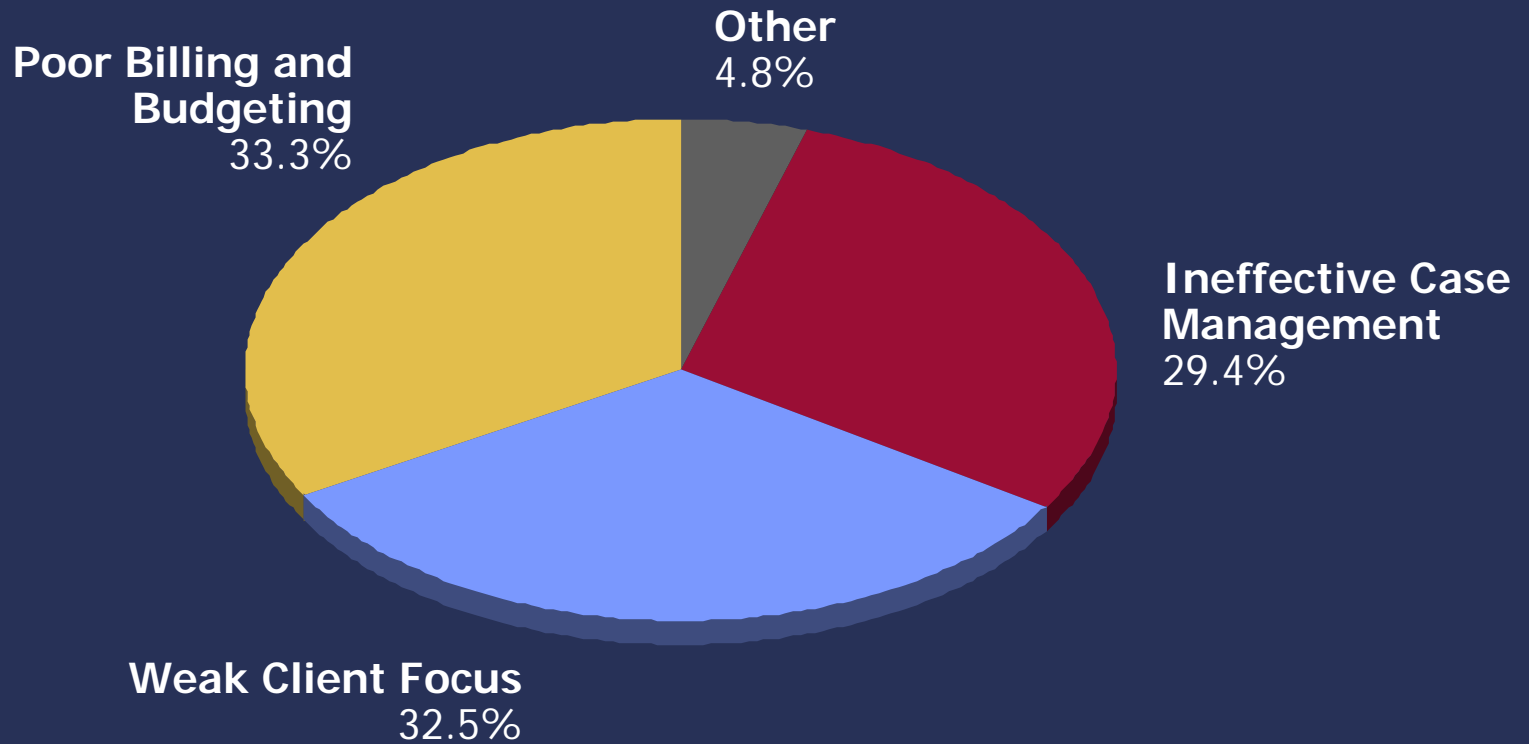
Percent of Corporate Counsel and Litigation Practice Leaders



Sources: BTI's Annual Study of Corporate Counsel 2010
BTI's Study with Litigation Practice Leaders 2010

Driving Clients Crazy

What is the one thing that your outside counsel does that just drives you crazy?



Source: BTI's Annual Study of Corporate Counsel 2010

Direct Client Feedback: What Drives Clients Crazy?

What is the one thing that your outside counsel does that just drives you crazy?

*"It annoys me greatly when they
up the bill with low value items.
If something doesn't actually have business value,
it shouldn't be billed for."*

Senior Counsel, Leading High Tech Organization

*"When they go off on a detour
with their *pet issues*
...and incur costs I did not authorize.
It is my decision, not theirs, to take risks."*

General Counsel, Fortune 500 Entertainment Giant

Source: BTI's Annual Study of Corporate Counsel 2010

Strategic Implications of Living in a Predator's Paradise

6 Strategies to Drive Your Firm's Value Proposition

1. Hyper-focus on your firm's existing clients
2. Embed AFA discussions into every client intake
3. Don't let your clients use invoices to evaluate your staffing, budget and project management skills
4. Offer your 5 largest clients a mid-matter staffing and budget review
5. Pump up the adrenaline—every client ranks your deliverables and interactions against at least 14 other law firms every day
6. The only way to acquire new business is to teach your client (or prospect client) something of:
 - ◆ Value about their business they don't already know
 - ◆ Importance
 - > Reduces risks
 - > Streamlines processes
 - > Saves 25% or more

About BTI

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 road map for business development
- ◆ Measure against 17 activities client 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

About BTI: BTI Custom Research and Services

BTI's In-Depth Client Surveys for Law Firms

- ◆ Conducted over 150 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. Shunk

Michael B. Rynowecer
mrynowecer@bticonsulting.com
617-439-0333 x5048

Marcie L. Shunk
mshunk@bticonsulting.com
617-439-0333 x5049

Thank You

www.btibuzz.com

To find out how BTI can help you in your client research initiative, email or call Michael B. Rynowecer or Marcie L. Shunk

Michael B. Rynowecer
mrynowecer@bticonsulting.com
617-439-0333 x5048

Marcie L. Shunk
mshunk@bticonsulting.com
617-439-0333 x5049

A Predator's Paradise: BTI's Premium Practices Forecast and Client Service Performance 2011

Prepared for: **Delaware Valley Law Firm Marketing Group**
March 23, 2011

Prepared by: The BTI Consulting Group
396 Washington Street, Suite 314
Wellesley, MA 02481
Tel: (617) 439-0333
Fax: (617) 439-9174
www.bticonsulting.com
info@bticonsulting.com