



James Wilber,
Editor

“A recent study in the UK concluded that brand recognition in a professional services industry is worth a 10 to 15 percent premium in fees..”

Branding For Law Firms: What Is It and Can It Create Competitive Advantage?

By now many of you have heard about the concept of branding as it applies to law firms. Some of you may have some threshold questions regarding what branding is and how it may help your firm achieve and sustain competitive advantage. In today’s competitive marketplace, branding becomes a strategy of great importance as firms strive to differentiate themselves in the minds of consumers and potential consumers of legal services. This article will explore the basics of law firm branding.

What Branding Is

At its core, branding is all of the promises and perceptions an organization wants its clients to believe. For the client, a branded (or name brand) law firm provides comfort and security in terms of the quality and consistency of the services the client knows he or she can expect from such a firm. For the law firm, its brand (if it has one) is something of real value — it is an asset that needs to be believed by the organization, and like all important assets, managed and leveraged for the organization’s own good.

A brand provides a relationship between a firm and its services and the client or potential client. Branding is more than what a firm’s advertising or promotional materials say the firm is; instead it is how the client reflects back to the firm and its services. A strong brand provides a means for the potential client to save time. That is, once he or she identifies a brand name firm, it often becomes unnecessary to continue looking for other (presumably, lesser known) firms. Of course, a law firm’s brand must not only promise, it has also to deliver!

What branding is can also be defined by listing what it is not. Branding is not a slogan. It is not an advertisement or advertising campaign. It is not positioning and it is not marketing. Nor is it a vision or mission statement (remember that a brand is what the client perceives it to be, not necessarily what the firm wants the client to believe).

Why Care About Branding?

The answer to this question is simple — branded (or brand name) firms can typically charge more for a particular service than a non-branded firm charges for the same service. Thus, branding is a key to better profitability for a law firm.

With regard to consumer products, research shows that more than 50 percent of product choices are brand-driven, that 70 percent of consumers use brands to guide their purchase decisions, and that fully one-third will pay a premium for branded products. In 1998, Wall Street financed over \$1.6 trillion in corporate mergers and acquisitions. Brands are one of the primary areas of focus for M&A analysts as they opine on the potential value of a merger or acquisition. In fact, in 1998, 35 percent of the annual reports of major corporations had the word “brand” on their covers.

For professional services firms, including law firms, a strong brand can result in better profitability. A recent study in the UK concluded that brand recognition in a professional services industry is worth a 10 to 15 percent premium in fees. That conclusion can be confirmed by looking at hourly charge-out rates of partners in major UK law firms — e.g., “magic circle” London firms, which arguably are “branded” by virtue of their press coverage and advertising, versus those of comparably experienced and specialized partners in marginal firms. The differential may actually be more than 10 to 15 percent.

Most law firms, however, have little or no investment mentality, and establishing and maintaining a strong brand requires a significant investment — in time, people and money. Too many firms see branding, if at all, as “only” a marketing function. The leadership in too few firms considers branding an important strategic goal.

Law Firm Branding

For most firms, to take advantage of what branding can do will require a shift in mindset.

continued

Branding Law Firms...continued

To the consultants at Altman Weil, branding is one of the most important elements of law firm strategic planning. As Al Ries, author of numerous books about market positioning and branding, has said, "The essence of marketing is building a brand in the minds of consumers." But for a firm to be able to achieve competitive advantage through branding, a "champion" is required – someone (or a group) who believes in what branding can do and who ensures that the firm devotes the necessary resources to establishing and maintaining a brand.

Several US law firms have devoted considerable attention to branding. For example, Baker & McKenzie's brand is "One world. One firm. Connected." Jones Day's is "Legal minds. Global intelligence." At Skadden Arps, the brand is "A tradition of excellence," and at Wilson Sonsini it is "Strategic partner at all stages of growth." Different firms, known for different things, with different brands. The one thing they have in common is their focus on the importance of branding as a means of creating competitive advantage.

Practical Steps Your Firm Can Take

There are some practical things you can do to get a start on a branding initiative. The first is to conduct market research about the firm's clients, its competitors, and among the legal press. Combine the results of the market research with the views of the firm's opinion leaders, and distill what you have learned into a branding proposition (i.e., branding statement). Critique the proposition from all sides and with rigor, and then implement the brand and conduct training for everyone in the firm about it and how to emphasize and maintain it.

To develop the branding proposition, collectively ask yourselves the following questions:

- Who are we?
- To whom?
- Where are we?
- What services do we offer?
- How are we different or better than the competition?

Once you've done that, identify the attributes that spring from answering the questions, get a consensus on each attribute from the leaders of the firm, and put them into a branding statement.

After you've developed your branding statement, test it. Ask yourself, is it true – do we actually do what we are saying? Is it important to us? To our clients? Is it differentiable from other firms? Are we unique? If we aren't unique, can we be pre-emptive and say it first? Will these things (in our branding statement) be demonstrable over a period of time?

Conclusion

Branding is a concept whose time has come for the legal profession. And for good reason. A strong brand can help a law firm attract and retain clients. It gives prospective clients a reason to choose the firm. It helps the firm avoid pricing battles. It can greatly simplify its marketing efforts. It helps the firm send a consistent message both internally and externally. Most importantly, it can lead to improved profitability. ♦



James Wilber
Editor