

**LJN**LAW JOURNAL  
NEWSLETTERS

# Marketing

## The Law Firm®

An **ALM** Publication

Volume 32, Number 6 • October 2016

### LEADERSHIP

## How to Create a Collaborative Law Firm Culture

By **Silvia L. Coulter**

Today's law firm strategies include a strong focus on retaining good talent. This is important to focus on because clients will tell us, if asked, that they consider a law firm's team to be part of their own internal team. So, retaining valuable talent, as many readers likely know, means staying connected to the clients. Retaining talent, especially at the mid and junior levels of the firm, can be as complicated and as simple as creating a collaborative culture.

Much is being written about how collaborative cultures will facilitate improved client service and higher profits. But little is being written about how to achieve a culture of collaboration. Below are some steps to implement a collaborative culture:

1. **Put the same effort into interviewing firm members and employees as the effort that is put into interviewing clients.** Aligning the goals of the firm with lawyer and staff expectations is critical to keeping productive talent. It's every bit as important to know about their expectations and build their input, feedback and ideas into the firm's strategic

*continued on page 6*

## Truth, or Big Data Dare

By **Karen Ellis**

**W**ith all of society's technological advancements, it is a bit shocking that there has only been ONE technology ever developed to sniff out lies. The polygraph, invented in 1921, has barely advanced since. In 2003, *The Encyclopedia Britannica* listed the polygraph as one of the greatest inventions in human history, describing it as having had "profound effects on human life for better or worse."

As recently as 2013, the U.S. federal government was indicting individuals who stated that they were teaching methods on how to defeat a polygraph test. Seriously, does anyone else find this disturbing? It seems that as one of the most important inventions in history, the polygraph would have evolved at least once in 95 years? But no, even the U.S. government continues to defend this contraption rather than improve upon it.

### A NEW DAY

Yet, as 2016 begins its countdown to 2017, the evolution in the detection of lies has already become more up-to-date than one may have guessed. The answer is not a new technology, but rather the data that is being collected on the backs of hundreds of new technological advancements. Increasingly, big data and analytics innovations are able to detect whether we are telling the truth or not.

Data from wearable devices and smart phones is already being used by hospitals to monitor their patients, and by car insurance companies to track the actual driving habits of their customers. In serious auto accidents, police collect the phones of the parties involved to check if anyone was talking, texting, or using an app at the time of the collision. Social media and public cameras record every action we take from the moment we awaken to the moment we fall sleep and actually, even while we ARE asleep. The data being collected for all these "things" is being funneled into a national database ready to be separated, segregated and analyzed.

*continued on page 2*

### In This Issue

Truth, or Big Data Dare.....	1
<i>Leadership: Collaborative Law Firms</i> .....	1
<i>Social Media Scene: Year of Change</i> .....	3
<i>Marketing Tech: 10 Technologies</i> .....	5
<i>Voice of the Client: Out of Business</i> .....	7

PRESORTED STANDARD U.S. POSTAGE PAID LANGHORNE, PA PERMIT 114
--

# Big Data

continued from page 1

With all these “things” monitoring and recording our every action, reaction, thought, insight, and opinion as “big data,” lying is well on its way to becoming an extinct human behavior.

The ability to know “beyond a doubt” whether a person is lying could possibly be one of the greatest achievements in human history, as well as one of the biggest paradigm shifts. What does this mean? A paradigm shift is a radical change in underlying beliefs — it means to discover a new model or pattern that helps us to see from a new understanding, shifting us from the old way of thinking and acting to the new. In the entirety of our human existence, we have never had the clarity of knowing that which is 100% true, especially truth that is based on irrefutable facts. But big data is changing that.

## WHAT THIS MEANS TO LAW FIRMS

Considering that much of what is debated within the justice system is based upon discerning who is lying and who is not, the practice of law will most likely encounter quite a paradigm shift of its own. With that in mind, lawyers — and law firm marketers — need to take a lead in business when it comes to taking technological advancements seriously.

While working with lawyers, it became apparent to me that while most are very attuned to the various details of law, they are woefully out of touch with the massive changes happening in the legal arena as a result of technology. As one obsessed with “truth” and technology marketing, the biggest change

**Karen Ellis** is Owner of Social Sweet Spot — digital strategizing, content writing and IoT business. Reach her @ SocialSweet, @AmazTechnoChick, and @SDBiotechBeach on Twitter; and SocialSweetSpot on LinkedIn, Facebook, Instagram, Periscope and more.

that I recommend to ALL law firms, no matter how large or small, is to ensure that the data you are collecting on your clients is locked down immediately. It may be time-intensive and expensive, but if you do not make the effort to do so quickly, you are highly vulnerable to litigation when the systems are compromised and precious private data falls into the wrong hands.

“For a hacker, a law firm is a one-stop-shop for pillaging sensitive data” states one online article (<http://bit.ly/2cDIUV1>), which had previously asked the question: “Which law firm will be the next Ashley Madison [the ‘cheaters’] website that was famously hacked, with users’ names made public?”

The Panamanian law firm Mossack Fonseca was the next Ashley Madison of the legal industry, according to the article, and worse yet, since the hacking of Mossack Fonseca, two of the highest-profile firms in the world admitted to breaches of client data. News broke that a Russian hacker targeted at least 50 more elite firms, including titans like McDermott Will & Emery and Kirkland Ellis. Everyone knew this was coming, but the more alarming thing is that seemingly few know what to do about it, and even fewer seem to care.

Law firms, by the very nature of the services they provide, maintain and handle very valuable information. Hacking a law firm, then, is much more efficient than hacking the client itself.

## HACKING

The consequences of the “hacking of America” may not capture the attention it deserves, but that is only because most of those losing precious personal information are still somewhat ignorant of their rights to privacy and the responsibilities of the businesses that hold the keys to their private information. But as most lawyers and marketers know, it only takes one savvy victim to bring the truth to light. The truth of hacking is that the holders of our private information

continued on page 4

# Marketing The Law Firm®

EDITOR-IN-CHIEF . . . . . Kimberly Alford Rice  
EDITORIAL DIRECTOR . . . . . Wendy Kaplan Stavino  
GRAPHIC DESIGNER . . . . . Rohit Singh

### BOARD OF EDITORS

SHARON MEIT  
ABRAHAMS . . . . . Foley & Lardner LLP  
Miami  
BRUCE ALLTOP . . . . . LawVision Group LLC  
Boston  
MARK BEESE . . . . . Leadership for Lawyers  
Evergreen, CO  
LARRY BODINE . . . . . Lawlytics.com  
Tucson, AZ  
JOHN J. BUCHANAN . . . . . Reed Smith  
San Francisco  
ALLAN COLMAN . . . . . The Closers Group  
Torrance, CA  
BETH MARIE CUZZONE . . . . . Goulston & Storrs PC  
Boston  
NICHOLAS GAFFNEY . . . . . Zumado Public Relations  
San Francisco  
JOHN HELLERMAN . . . . . Hellerman Communications  
Washington, DC  
VIVIAN HOOD . . . . . Jaffe  
Jacksonville, FL  
ARI KAPLAN . . . . . Ari Kaplan Advisors LLC  
New York  
MARC BORGAL SHUNK . . . . . LawVision Group LLC,  
Houston

Marketing The Law Firm® (ISSN 0893-7788) is published by Law Journal Newsletters, a division of ALM. © 2016 ALM Media, LLC. All rights reserved. No reproduction of any portion of this issue is allowed without written permission from the publisher. Telephone: 800-756-8993; Editorial e-mail: [wampolsk@alm.com](mailto:wampolsk@alm.com) Circulation e-mail: [customercare@alm.com](mailto:customercare@alm.com) Reprints: [www.almreprints.com](http://www.almreprints.com)

POSTMASTER: Send address changes to:  
ALM  
120 Broadway, New York, NY 10271

Published Monthly by:  
Law Journal Newsletters  
1617 JFK Boulevard, Suite 1750, Philadelphia, PA 19103  
[www.ljonline.com](http://www.ljonline.com)



## 2016: The Year Everything Changed In Social Media Marketing

By Larry Bodine

Three megatrends culminated in online business development in 2016, requiring attorneys to change their digital marketing tactics and to re-focus on what produces results.

1. Your next client will most likely visit you using a smartphone, not a desktop computer. New data from comScore shows that digital media time spent on mobile devices is now a whopping 68%. Desktop computers account for only one third of digital time spent. Ask yourself: What does your law firm website look like on a cell phone?
2. On social media, Facebook is by far the most effective. Facebook is social media to consumers. Sixty-six percent of adults log onto Facebook every day, according to Social Media Explorer. Eighty percent of consumers use the Facebook smartphone app. It is also on almost half of users' smartphone home screens, according to comScore. How many likes and followers does your Facebook page have?
3. A majority of Americans are likely to retain a lawyer who is active on social media. Fifty-four percent of consumers say they would likely retain

---

Attorney **Larry Bodine**, a member of this newsletter's Board of Editors, is the Senior Legal Marketing Strategist for LawLytics.com, a website marketing platform for attorneys in small law firms.

an attorney who is active on Facebook, Twitter or LinkedIn, according to research by Thomson Reuters. This is especially true for younger Americans between the ages of 18-44. When was the last time you updated your firm's Facebook page?

### THE NEW SOCIAL ORDER

To grasp how much things have changed online in 2016, it is useful to compare the current number of active users on the social media that most lawyers use. (Source: Smartinsights.com)

- Facebook: 1.59 billion (by far the largest, fastest growing medium);
- Instagram: 400 million (a Facebook property);
- Twitter: 320 million (total of users is stagnant);
- Snapchat: 200 million (growing rapidly); and
- LinkedIn: 100 million (now just a resumé site with little engagement).

Did you notice that YouTube was not on the list? That's because Snapchat (the mobile app to send videos that disappear after a few seconds) has more than 10 billion daily views, *which exceeds even YouTube — the original site to showcase video content.*

Twitter has degraded into a firehose of content, where law firms must post around the clock to break through the noise. Twitter is not a place where consumers spend a lot of time because most tweets include a link that sends them someplace else. Twitter's best use it to try to send traffic to your website.

LinkedIn has become a silent dumping ground for self-promotional messages and links that lead away from the site. I manage 10 LinkedIn groups and despite my best efforts, there is hardly any interaction. I spend most of my time weeding out spam and removing people who post about topics that are irrelevant to the group.

### MAXIMIZING RESULTS ON FACEBOOK

This brings us back to Facebook, which is now the social medium where attorneys should market. Absorb the fact that Facebook:

- Has far more engagement with people than LinkedIn or Twitter.
- Is the second most used web browser (after Chrome).
- Has the highest percentage of daily users.
- Has the highest average number of daily sessions.
- Is where most Americans get their news.
- Is where 34% of consumers find help to select a service provider, like a lawyer, plumber or doctor.

How did this happen? Two other megatrends converged in 2016. One began in 2009 when Baby Boomers (66 million) began using Facebook to stay in touch with their children and grandkids. The second culminated in April 2016 when the Millennial generation (75 million) overtook the Boomers as the largest generation in history. Millennials are all over Facebook.

Numbering about one quarter of the U.S. population, Millennials have spending power projected to reach \$1.4 trillion in just four years. They are launching businesses, buying cars and starting families.

Millennials are digital natives who grew up with the Internet always in their lives. They work and play on cell phones. They are also all over social media, sharing, liking, snapping, forwarding, and commenting on all their findings. They are socially conscious and expect law firms to demonstrate corporate responsibility. They are visually oriented and tell stories with pictures more than words.

### Engagement

Facebook is not for sending traffic to your website. The idea is to

*continued on page 4*

---

## Social Media Scene

*continued from page 3*

engage people who are already there on Facebook, by liking their posts, sharing them, too, and responding to their comments. Your own posts should be designed to get people to know, like and trust you. This is accomplished by posting videos of attorneys volunteering at a community event, by posting photos of your staff appreciation event, and by posting stories that humanize your law firm.

For example, the Shouse Law Group of California, which is very successful at generating new business online, has a Facebook page (<https://www.facebook.com/ShouseLawGroup>) with cartoons, statistics and scads of glowing reviews by happy clients. Avoid posting self-promotional sales messages. This is akin to a salesman at a cocktail party who pitches everyone he meets to buy insurance. Also, avoid posting your firm's list of jury verdicts, because it makes potential clients think that they'll just be a statistic at your firm.

### **Moving Pictures**

Video goes over very well on Facebook. Just make sure to upload your video directly to Facebook — don't link to YouTube videos. This is referred to as a "native" upload, which Facebook auto-plays without sound. Caveat: Do not upload a video of a lawyer sitting in front of a bookcase, talking to the camera. Nobody wants to see that.

---

## Big Data

*continued from page 2*

are no less responsible for its "security" than the banks we entrust to keep our deposits safe. If a bank is robbed, they have insurance to cover their losses so that customers are not left with the consequences created by the criminals that hijacked the bank.

### **Informative Visuals**

Infographics also succeed on Facebook. Nowadays, people tell stories with pictures, and a graphic works much better than a wall of text. Rhode Island personal injury lawyers d'Oliveira & Associates are masters of this, and have a library of more than 100 infographics.

### **Take Your Own Pictures**

Your firm's lawyers should start to use the camera on their cell phones, and take pictures of places they go in their law practice. This can include a selfie in front of the Hall of Justice, a picture from a partner's 20th anniversary party, or a photo of the softball team that the firm is sponsoring.

For example, the Law Offices of Craig Goldenfarb of West Palm Beach, FL, has a funny cover photo on Facebook showing the staff on Red Nose day, sticking out their tongues and wearing funny red clown noses. The Red Nose campaign raises money for impoverished children. Nearly 500 people have liked the page.

### **Brand Ambassadors**

Above all, generate shareable material. Think how much more effective this is than touting yourself on your website. It's better to have others share your brand with their friends. Engaged Millennials will be your brand ambassadors, and few law firms have awakened to the opportunity yet.

For example, the Sinas Dramis personal injury law firm of Grand Rapids, MI, sponsored its "Lids for Kids" Bike Helmet Giveaway and Safety

If you are wondering, yes, cyber insurance is a "thing." As a matter of fact, the increasing cost of attacks launched by hackers is boosting cyber insurance into a major growth area for insurers. So, if you don't want to think about how safe your clients' data is under your law firm's care, you may want to have a serious conversation with your C-Suite about investing in some quality cyber insurance.

Event last summer. At the event, the firm gave away 439 bike helmets to children. Each was custom-fitted by trained volunteers to help prevent a brain injury in a bike-related accident. The event was shared far and wide by young people.

"This audience can spread the good word about your firm, for your firm," says Kate Stromberg, a millennial who is marketing director of Network Affiliates in Colorado. "If you can create an experience with your brand, Millennials will become messengers for your brand and ambassadors about the experience you provided for them."

Law firms are also turning to employees as beacons for their brands. The use of employee social advocacy programs has grown about 191% since 2013, according to Social Media Explorer. What could be more effective than having your superstar employees sharing your law firm's Facebook posts with their own friends?

### **CONCLUSION**

The evidence shows that social media is no longer optional in law firm marketing. Your potential clients and referral sources are on their cell phones, checking into Facebook several times a day. By giving them something to share with their network, your firm will generate positive word-of-mouth and encourage recommendations. Facebook marketing is all about building trust. And once your visitors trust you, the rest will take care of itself.

—❖—

---

### **CONCLUSION**

Big data is changing the way truth is deciphered, and it is also changing the way we do business. As a marketer, the choice is yours to decide whether to perpetuate the lie that your clients' most valuable data is 100% safe in your law firm's hands, or you can take action to help secure your firm's future.

—❖—

## 10 Technologies That Will Make You Smarter and Faster (and Better Looking!)

By Dan Lear

If you needed any proof at all that we're living in an online world, this one simple fact should confirm it: There are over two million apps in the Apple store for iOS devices. From games, health and fitness, and educational apps, you can find an app to help with pretty much anything in your life. Beyond apps, there are hundreds of software as a service (SaaS) companies, making billions of dollars a year, that can help you manage everything from expense reports to data sets to legal research.

As a fan of technology, and legal technology specifically, I spend a lot of time researching what's new, helpful, or just plain interesting. Herein are my top 10 as of this moment in 2016. All of them will either help improve how you run your law firm, plan for retirement, or will improve your personal life in some small but excellent way. They run the gamut, from legal research SaaS systems to crowdsourcing traffic reports in order to find the best driving route.

Without further ado, here are 10 technologies that I think will make you smarter, faster, and maybe even better looking.

### CASETEXT

Casetext is a legal research startup founded in 2013 that has put 10

**Dan Lear** is the Director of Industry Relations for Avvo. As a technology-focused business lawyer, Lear has advised companies from startups to the Fortune 100 and helped develop agreements and terms for early cloud services offerings. More information can be found by visiting <http://rightbrainlaw.co>.

million cases and statutes online. Their mission is to make the full text of any legal case available to anyone — and to make it easy to read and understand. Members of the legal community, including lawyers, judges, and law professors, annotate cases to cross-reference and link cases to make researching easier. This is not a flash in the pan; last year, a Casetext blog post was cited in a brief to the Supreme Court. To date, the company has raised over \$8.8 million in funding.

### METAJURE

Lawyers generate 26,000 documents on an annual basis, and send and receive countless emails — all which have to be tagged and filed on the firm's server. Metajure is a Document Management System (DMS) that automatically captures and catalogs all documents, and creates a unified and searchable database that operates much like Google. It pulls from personal computers, network drives, or other storage sites such as Microsoft SharePoint, Worldox, and NetDocuments. If you've been wondering how to better access and monetize your data, Metajure is worth a close look.

### E-DISCOVERY IN THE CLOUD:

#### EVERLAW AND LOGIKCULL

How do you pull together your case when there are all those texts, tweets, emojis, and Facebook posts to get your arms around? For family law, business law, and workers' comp issues in particular, this type of data can be extremely relevant. With both Everlaw and Logikull, even the smallest firms can afford to make e-discovery easy. Both are SaaS platforms with well-built and intuitive user interfaces that include drag and drop functionality, and both are backed by some of the most reputable investors in the world.

#### RANK AND FILED

If you are an avid investor or are in business law, SEC filings are probably important to you. Rank and Filed bills itself as "SEC filings

for humans," and was created by Maris Jensen, a former SEC analyst who wanted to make corporate filings easy to search and understand. Using the Electronic Data Gathering, Analysis and Retrieval (EDGAR) system, she gathers data from EDGAR, indexes it, and returns it in formats meant to help investors research, investigate and discover companies on their own. Given that all SEC filings are technically public information, her "Why did I have to build this?" question at the bottom of her page is valid. Maris, I'm glad you did build it. The filings are beautifully presented.

#### SUPPORTPAY

For those practicing family law or who co-parent kids with a former spouse, SupportPay is a must-know. The company, which has been featured in the likes of *Forbes* and *U.S. News and World Report*, enables parents to share child expenses and exchange child support/alimony directly with each other.

#### ROBINHOOD

With Robinhood, you can trade stocks for free. It's true. You don't have to lose money to pay fees anymore. How does Robinhood make money? They accrue interest from customers' uninvested cash balances, and don't charge the customer for it. They are also testing margin accounts from which they would also collect interest, should it go live.

#### ACORNS

If you're at all like me, you use a debit card instead of cash most of the time, making the days of digging change out of cash cushions obsolete. Acorns squirrels away (pun intended) money from your debit card into a retirement account, rounding up on every single transaction and taking that difference, whether it's 80 cents or two cents, and setting it aside for you. You can also transfer a lump sum at any point in time.

*continued on page 6*

---

## Marketing Tech

continued from page 5

### HEMINGWAY

Legal clients may like this app the best out of all of these. Hemingway is a word processing application that helps you write like Hemingway — bold and clear. The app will highlight sentences different colors to indicate how to improve your writing. Yellow sentences need to be shortened or split up. Red are dense and complicated that your reader will get lost in trying to follow the sentence. Blue highlights adverbs, which should be replaced with ‘verbs with force instead.’ Hemingway himself might use this, were he alive today.

### VIRTUAL SCHEDULING ASSISTANT

Scheduling meetings can be time-consuming with so many busy schedules to coordinate. Meet Amy, your new personal assistant. All you have to do is cc: Amy on meeting requests, and “she” will take it from there. Amy is, of course, artificial

intelligence, but I’m all for a robot doing some admin work.

### ROVER

Sometimes there are days when Fido needs to have someone check in on him (those stitches in his side need tending), but the family can’t make it. Or, you need a new place to take him while you’re on vacation. That’s where Rover steps in. Rover helps you find and book local dog sitters and walkers in over 10,000 cities. The site has reviews and includes how many repeat clients each sitter has. The sitter sends photo and text updates while you are away — and Rover provides insurance in case your dog needs to go to the vet.

Technically, that’s 10 technologies (11 if you’re counting by company), but here are two of my very favorites for the sheer joy they bring to my life every day.

### BITMOJI

This is, in my opinion, a tribute to what we as humans can do. Your texts are boring if they are just words and the occasional smiley face from

the pre-sets. You need an emoji that looks more like you. Enter Bitmoji. Create your avatar from a menu of facial features and body builds, and you’ll show up in all kinds of fantastic greetings. Now, I can respond to my wife with “Totes adorbs” and “Hi MoFo.” She loves it. Truly.

### WAZE

Waze might be why the Internet exists. And what I mean by that is this is a great technology that actually does something that you couldn’t have done before we were all connected by the huge data pipeline in the sky, particularly with handheld devices. Forget mapping your road trip with Google. When you use Waze, you have the advantage of real-time, crowd-sourced knowledge from other Waze users who will tell you if traffic is terrible north of Seattle, if there is an object in the road to watch out for, or a cop waiting to nab speeders. The app provides alternate routes with ETAs, making your journey more informed and most likely, much easier.



---

## Leadership

continued from page 1

thinking and planning. This useful habit also demonstrates that everyone matters.

2. **Be inclusive about decisions that impact others.** Regardless of what decisions are being considered and discussed, it’s always wise to involve other voices and in most, but not all cases, the voices of the group (whether it’s an operations team, legal professionals, or administrative team) of people who will be impacted

---

**Silvia Coulter** is a founding Principal of LawVision Group and leads the firm’s Client Development and Strategic Growth Practice. Ms. Coulter specializes in client retention, growth and new business development strategies. She is also a certified culture and leadership coach. Reach her at [scoulter@lawvisiongroup.com](mailto:scoulter@lawvisiongroup.com).

by the decision. This is where the greatest gap exists in law firms — between those who make decisions and those who are impacted by them.

3. **Over-communicate.** For important matters like visiting offices to discuss the firm’s strategy, important firm updates and more, be sure to include business and support team professionals. They “touch” the clients in many ways and are an important asset. Involve them in important communications and they will appreciate and also understand the game plan and their role in its execution.
4. **For client teams, include the voice of the client.** Rather than hear a partner rattle on about what he/she knows about the client, ask the clients to be part of the team and invite them to one meeting a year. Hearing what the clients’ goals are from their

perspective and their voice aligns the team, the firm and the client. It’s powerful.

5. **Recognize client successes.** When the client has a success, recognize it. Many clients share with us that they never hear from their firms about important client events and, in fact, some will be proactive in raising this topic as a means of how a firm can add value. Whether it’s an acquisition, a new C-level hire or a recognition of some sort, show that the firm and its members are paying attention to the client. It ups the game score and helps to strengthen the relationships.
6. **Recognize firm team successes.** Maybe the corporate model of a 5-year gold pin or “employee of the month” seems unimportant. The unspoken message is “YOU MATTER!” to both employees

continued on page 8

## Not If, But When Your Fortune 500 Client Goes Out of Business

By Mike O'Horo

Well, now, there's a radical notion, eh? Were you inclined to reject it out of hand as mere headline click-bait? Or, did it prompt you to consider that big client, from whom you receive most of your origination credit and your firm accrues so many billable hours? Have you ever thought about Fortune 500 companies failing? That's rare, isn't it?

Not really.

When lawyers and marketers think about losing clients, they think primarily of being displaced by another law firm or, these days, by technology, in-sourcing, or an alternative service provider — or even having the relationship partner take the client with her to another firm. The assumption is that the client will still purchase legal services, but from someone else.

What if that big client was no longer buying from anyone?

In March, Sports Authority, the national sporting goods retailer that, at its peak, had \$3.5 billion annual sales and made *Forbes* magazine's list of America's Largest Private Companies, filed for bankruptcy. Afterward, the e-mails I received from them shifted from promoting famous brands to announcing a fire-sale of their remaining inventory. The last one I received, in mid-June, wasn't about merchandise at all, but instead offered its stores' fixtures for sale.

**Mike O'Horo** is a co-founder of RainmakerVT, an online business development training company. He has trained and coached over 7,000 lawyers in firms of all sizes and types, in virtually every practice type. Reach him at [mikeohoro@rainmakervt.com](mailto:mikeohoro@rainmakervt.com), or 702-942-7367.

When they start selling the fixtures, you know it's over. By August, the last of Sports Authority's remaining 450 stores had gone dark, and the last of its once-16,000 employees hit the unemployment lines.

The pain and loss isn't limited to Sports Authority and its employees. Suppliers are affected, too. While a behemoth like Under Armour says the retailer's death will "knock a few million off 2016 profits," many smaller suppliers will be significantly impacted, and some may be in danger of failing entirely.

### LAW FIRMS ARE SUPPLIERS

Set aside the bankruptcy firms for whom Sports Authority's demise is a windfall. What of the other outside counsel who won't be paid for the work they've already done on employment, contracts, IP, tax, litigation, etc.? And the lawyers who must replace that future business?

In an article by Martin Reeves in *Working Capital Review*, "Sports Authority's Bankruptcy a Reminder to Ratchet up Your Company's Robustness" (<http://bit.ly/2cosFJj>), the Boston Consulting Group (BCG) cautions that "Sports Authority's fall reflects a wider phenomenon. The mortality rates of companies — across all industries — have increased significantly. Our analysis of entry, growth, and exit patterns for 35,000 publicly-listed U.S. companies since 1950 revealed a dramatic trend."

- Public companies are perishing sooner, with few surviving into their 50s and 60s.
- The five-year exit risk stands at 32% today — up from just 5% 50 years ago.
- Increased mortality affects companies of all ages, in all industries.
- Size provides no refuge either: Only 7% of companies that are market share leaders today are also profit leaders in their industries — down from 25% in the 1960s.

Steven Denning pointed out a few years ago in *Forbes* that 50 years

ago, the life expectancy of a firm in the Fortune 500 was around 75 years. Today, it's less than 15 years and declining all the time. That's less time than it takes a lawyer to make partner and establish him/herself as a reliable business generator.

Only 12.2% of the Fortune 500 companies in 1955 were still on the list 59 years later, in 2014, and almost 88% of the companies from 1955 have either gone bankrupt, merged, or still exist but have fallen out of the Fortune 500 (ranked by total revenues).

### THE BIG COMPANY FAILURE TREND WILL CONTINUE

The BCG article continues, "Rising mortality among businesses is an increasing threat and will likely remain so for the foreseeable future. Leaders need to consider not only how strong their game is, but how long it will last."

These are Fortune 500 companies, not mom-and-pop stores or startups.

Fast-growing companies fare no better. The Kauffman Foundation and *Inc. Magazine* conducted a follow-up study of companies five to eight years after they had appeared on the magazine's list of the 5,000 fastest-growing companies. What they found was startling: About two-thirds of the companies that made the list had shrunk in size, gone out of business, or been disadvantageously sold.

### LESSONS TO LEARN

1. Don't allow your firm's or your revenue to be over-concentrated in any company, and over-dependent on their financial health.
2. Be careful about drinking the Kool-Aid that it's easier to get more work from an existing client than to get a new one. It may be easier, but after a certain degree of concentration, is it wise?
3. Remember your repeat clients. Follow your clients' industry news so you'll be alert to

*continued on page 8*

---

## Voice of the Client

continued from page 7

the competitive-, political-, or other macro-economic forces that threaten their financial health. (On the positive side, this is also how you're alerted early to emerging demand and non-competitive sales opportunities.)

4. **Market to an industry, not a company.** Diversify your client base by cultivating an entire industry, not merely one company within it. Sports Authority's \$3.5 billion revenue, while impressive, was

only 5.5% of the U.S. goods revenue. Industries never go away. The Boston Consulting Group's data say that a significant percentage of companies not only can go away but, over enough time, will.

In business, there's no such thing as stasis. Your clients are either getting stronger or weaker, growing or shrinking. You need to know which it is, and how it's trending.

To protect yourself and your firm, resolve today to:

- Strengthen your understanding of how business works generally, so that you can read and understand the business news more usefully.

- Pay attention to the business world at large, and the macro forces that shape it.
- Pay particular attention to the waxing and waning fortunes of your clients.

Many of you have set up Google alerts to tell you when your clients are in the news. That's fine, but by the time there's bad news about your client's company, it's too late. Add alerts about your clients' industries and follow those closely. The industry will report about the forces that affect your client long before anybody will be talking about your client specifically.



---

## Leadership

continued from page 6

and legal professionals. Try it and see. That's all I'm writing about that. Simply, it works.

7. **Connect with clients' goals.** Visit their websites and learn about recent happenings with the client organization. For public companies, visit their Investor Relations page and see what they are discussing with investors. The information gleaned from these sources will allow firm members to create new opportunities to add value and help clients to meet their goals. Sometimes these efforts will require "out-of-the-box" thinking.
8. **Model other collaborative cultures.** Take best practices and incorporate them into the firm. Howard Schultz, CEO of Starbucks, has stated: "Our only sustainable competitive advantage is the quality of our workforce. We're building a national retail company by creating pride in — and a stake in — the outcome of our labor. Starbucks' employ-

ees are expected to know the product line and behave as owners. Full-time and part-time employees (including leadership) receive training, career counseling, stock options, and health care benefits. The result: phenomenal growth and employee retention." To that I add, and clearly a market leader in pricing and profitability.

9. **Empower people to make decisions.** When people are empowered to make a decision on behalf of the firm, the team or with the client, everyone will be better served. When people are not empowered or controlled by their environment, they will exhibit aggressive defensive behaviors and clients and others may be the recipients of their attitudes. Alternatively, happy firm members will exhibit positive attitudes and better serve one another and clients.
10. **Last, introduce everyone on the team** — lawyers, staff and business professionals to the clients and vice versa so the clients know who the firm team is and the firm team is

more invested in retaining the relationship. A law firm client recently told me she sent holiday cards to the in-house paralegal team who were part of the in-house counsel's team. After that, she said the individuals went out of their way to support her and the firm, and to provide the in-house resources necessary to make the relationship even stronger. Everyone counts and everyone has a role.

### CONCLUSION

By creating collaborative cultures, firms will see the energy level of their team increase, people will enjoy their work and clients will benefit from improved service levels. Ultimately, the brass ring — profits, will go up. So while some firms will view the competitive environment as one that inhibits the firm, others will embrace change, lead the firm to a collaborative culture, and enjoy new firm stability and loyal clients.



The publisher of this newsletter is not engaged in rendering legal, accounting, financial, investment advisory or other professional services, and this publication is not meant to constitute legal, accounting, financial, investment advisory or other professional advice. If legal, financial, investment advisory or other professional assistance is required, the services of a competent professional person should be sought.

---

To order this newsletter, call:  
800-756-8993

On the Web at:  
[www.ljnonline.com](http://www.ljnonline.com)