

LEGAL MARKETING



ASSOCIATION

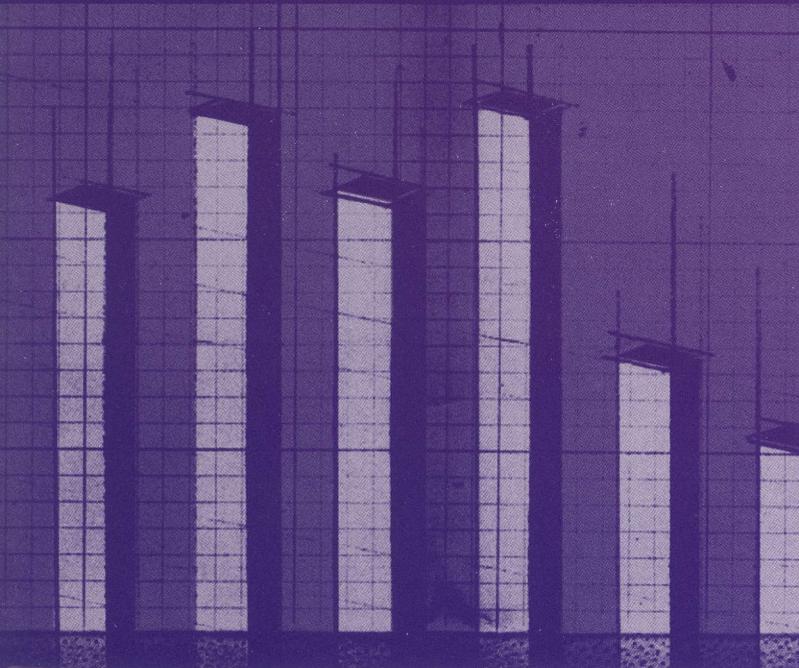
Research Guidelines to be Followed by
The Legal Marketing Association (LMA)
when

Conducting Market Research

and

Advisory Guidelines for Law Firms

Wishing to Commission and Conduct
Market Research



A Powerful Management Tool

Market research can be just as powerful a tool in the legal industry as it has proven to be in all other major sectors of American business. Appropriately applied research tools will reduce the uncertainty that LMA and law firms face when making many decisions, such as:

1. How to maximize client loyalty and the amount of business from each client
2. Whether and how to open a new office
3. Whether and how to offer a new practice area
4. Which lawyers to recruit as lateral hires
5. How to position the firm in the market to most effectively compete for desired business
6. Which tactics, of the many available (such as advertising, seminars, etc.), of a firm's positioning strategy will be most effective.

The sections here present recommended market research practices which will be followed by LMA when conducting market research concerning its membership and the field of legal marketing. LMA also encourages law firms and law firm marketing professionals to consider and follow these guidelines when commissioning and conducting market research.

The following describes how to engage a research firm/consultant and then suggests some best practices in the research process. These guidelines focus primarily on quantitative research, because that is what law firms

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should almost always be doing. Qualitative research (e.g., focus groups) is of greatest utility when used as a tool in the development of quantitative research. (One of the most common mistakes law firms make is treating qualitative research as conclusive, when in fact, it is exploratory.)

Most firms, in most situations, should engage a market research firm to conduct the required research. Few firms have the in-house expertise to gather and analyze data appropriately, and fewer still can spare the time of their professional staff to do so. Thus these guidelines will assume that such a consultant is to be employed.

These very basic guidelines represent the minimum practices employed by businesses outside the legal industry. Employing them should ensure that your research provides benefits substantially in excess of the cost of the studies. And it will go a long way toward convincing those old-school skeptics that market research should be an integral part of the business of law.

Selecting a Market Research Firm

The RFP (Request for Proposals)

To prepare an effective RFP for research services, the law firm must clearly understand and articulate its information needs. A detailed RFP should require that market research firms provide most, if not all, of the following:

- Company background
- Restatement of the company's understanding of the firm's situation or business condition(s) leading to research/study
- Restatement of the company's understanding of the firm's primary research objectives (information needs)
- Fixed cost and timeframe
- Reasons for methodology recommendations
- Descriptions of the acceptable ranges in survey response rates
- Description of analytic steps
- Qualifications of the personnel to be assigned to each task
- At least three recent references

There are also legal considerations when developing your RFP. First, the proposal and its acceptance should be structured to form a contract regarding the work to be conducted. Second, the proposal or your agreement letter should specify that the research firm guarantees the confidentiality of preparatory materials (customer lists and any other business-sensitive information learned about your firm) and findings (data, reports, presentations, etc.). Third, you should explicitly grant or withhold permission for the research company to use the firm's name, logos, etc. for promotional or other purposes. Finally, all rights to all materials developed as part of the project should be the exclusive property of your firm. This includes questionnaires, data files, reports, etc.

Qualifying the Market Research Firms

You should use your professional network—both legal and other industries—to identify firms that have done good work for firms like yours and solicit quotes from at least three firms that you expect will bid on the work. Be sure to identify firms with serious market research expertise—not firms that conduct research

as a sideline business. Small market research firms come and go quickly, so identify firms that you are confident will be around for the foreseeable future. It is generally the case that older research firms and larger firms are most likely to be around a few years down the road.

Ask to see articles or white papers written by the firm's principals demonstrating their research expertise, not general marketing expertise. You also should request at least three references, which should be regarding projects very similar to that requested in your RFP and conducted by the same people as those who will work on this project. If possible, get references for the firm's most recent similar projects—not necessarily the ones with the happiest clients.

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Make sure you know which members of the research firm's professional staff will actually work on your project. You should get a biography or résumé for each person. You want to avoid the situation in which you buy services from someone you are very comfortable with only to discover that this sales person will not be involved in the work. Make sure you know who will design the materials for your study (e.g., survey questionnaire, focus group screener and discussion guide, coding schemes) and who will write and present your findings.

Selecting the Best Firm for Your Needs

Once you have eliminated some firms on the basis of their proposals, you should interview the finalists to determine all of the following:

- Whether they are competent researchers
- Whether they understand your firm's business situation

- Whether they can extract the business implications of their data and help you translate them into action
- Whether you are comfortable with them as people
- Whether you can easily communicate with them despite your different sets of jargon (“researchese” versus “legalese”)

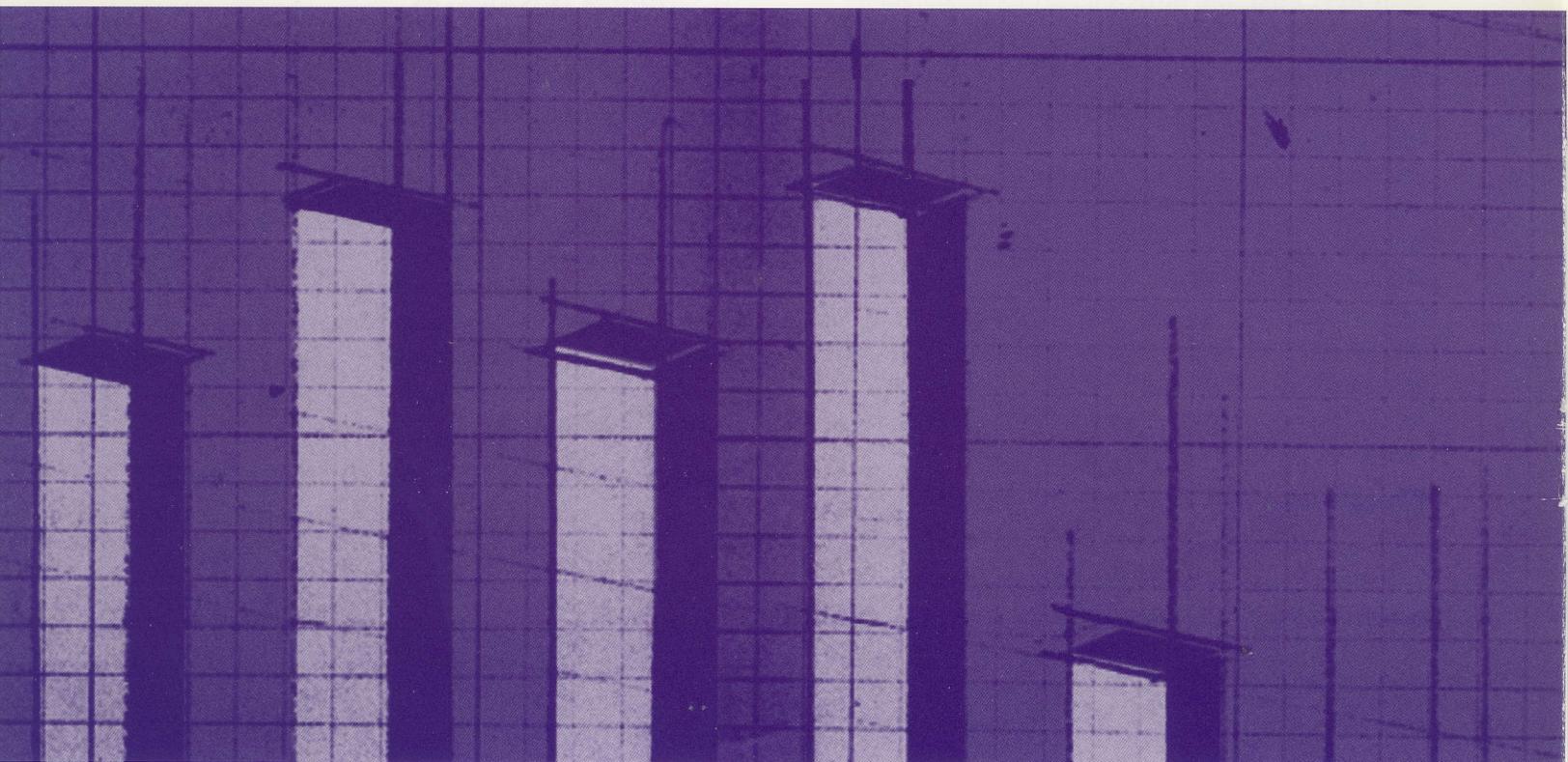
Ask to see (not keep) an example of their reports. They may insist that the report be sanitized to protect the confidentiality of their client, which is fine. Make sure the report is easy to understand and includes the appropriate explicit recommendations for action, explaining the meaning of the findings in terms of their marketing implications.

If you are conducting a telephone survey or in-person interviews, meet the interviewers prior to engaging the research company. In the case of a client survey, these people will be representing your firm to your clients, and it is essential that you are comfortable

with their professionalism. If the research firm doesn't want you to meet the specific people who will be conducting your interviews or to see where they work, do not engage their services. Inquire about the interviewers' experience with professional services projects. Make sure that every person has experience interviewing executives. This is very different from interviewing consumers about breakfast cereals.

Make sure the report includes explicit recommendations for action.

Insist that the interviewers assigned to your project have been conducting business-to-business interviews for this research company for at least 6 months. Plan to participate in the training of the interviewers so you can teach them about your firm, and explain your goals and objectives for the research.



Conducting Market Research

Effective Data Collection

1. The Questionnaire. Effective data collection requires a well-crafted questionnaire. Yours should be designed by professionals. (It is too easy to come up with a questionnaire that sounds good but will not provide the data you really need.) Before you begin to craft questions it is usually a good idea to conduct at least two focus groups. The groups will help to ensure that you are asking the right questions and that those questions are crafted in the language of those who will be answering the questions. Your questionnaire should be pre-tested internally, and tested again with at least a couple of real clients to check for wording, flow, skip patterns, etc.

Make sure that the answers to every single question will result in a decision being made and/or action being taken by the firm. Do not waste valuable interviewing time with 'nice to know' questions.

Your questionnaire should absolutely in no way be a marketing tool. Nothing in it should even suggest to your respondents the possibility that the interview is some sort of sales pitch.

Use qualitative research, a review of quantitative research you have previously conducted and the experience of your research firm to determine what to measure with your questionnaire (i.e., what questions to ask).

2. The List. If lists of people or companies to be interviewed (a.k.a., the "sample") are to be developed by the research firm, require that the firm present evidence that the lists they develop are representative of a population of interest to you. Specify whom within each company is to be interviewed (e.g., associate general counsel for environmental law). The research company should either obtain a list of those people, or specify how they will identify a qualified respondent within each company (i.e., present their screening criteria).

When possible, develop a complete list of everyone in the population of interest (e.g., all manufacturing companies in Omaha with at least \$100 million 1997

revenues). You will either conduct interviews with a sampling of that list, or with the entire population.

If you conduct interviews with everyone in the population of interest (this is known as a "census"), you eliminate all issues/limitations of statistical inference (e.g., sampling error). For instance, there is no ± 10 percent involved when you have interviewed all of your top clients. If you must interview only a sampling of the population of interest, make absolutely sure that it is a representative sample. This is usually done by means of random sampling.*

3. Fielding. In most research situations the firm's intent is the development of valid conclusive (quantitative) information. In the case of client surveys, the survey process also yields very actionable client-specific information that should be the basis a of follow-up with each specific client interviewed. Law firms (especially smaller firms) often conduct client surveys solely for the purpose of developing such client-specific information, without any intent to study the data in aggregate. In such non-qualitative studies, the concern about "non-response bias" will not apply.

Focus groups help ensure you are asking the right questions.

Whether your quantitative research attempts a census or a representative sampling, you must be very concerned about non-response bias. This occurs when a qualified respondent whom you attempt to interview is not interviewed. This may be caused by the person being on vacation, too busy or by an outright refusal to be interviewed. Unfortunately, non-respondents and respondents almost always differ in ways related to your survey (e.g., respondents are more interested in the topic or not as busy as non-respondents). Thus non-response causes your survey to be unrepresentative of the population of interest to an unknown degree.

*When you are generalizing to a larger population and therefore confidence intervals are required, the standard practice is to calculate the intervals such that you are 95 percent certain that the population statistic falls within the interval calculated. For instance, you might be 95 percent confident that between 12 and 19 percent of all customers find your firm's messaging system too slow.

To minimize the impact of non-response bias, you must achieve a very high participation rate in your surveys. It is reasonable to require a research firm to achieve a 60 percent response rate in business-to-business telephone surveys in which the sponsor is not identified (e.g., image/awareness survey or new office/practice feasibility survey), and a 90 percent response rate in client telephone surveys. Though many research firms will complain about such response rate requirements (and they are almost impossible to achieve with mail surveys), they are the only way to ensure that your results will apply to the population of interest with validity. You can only have confidence in the results of a survey if the respondents are representative of the group of interest. Therefore, a high response rate is essential whether you are conducting a census or a random sampling. So, your letter of agreement with the research firm should include specification of penalties if specified response rate goals are not achieved.

Statistical testing should be done at the 95 percent level.

It is essential that the right person be interviewed within each targeted company, especially with client interviews. Interviewers should only be able to accept a referral to another person if specifically approved by you, or if the referral meets a previously agreed upon rule (e.g., if the general counsel is not available, it is OK to interview the assistant general counsel).

Arrange to listen in as some of your interviews are being conducted. (Your research firm should be able to allow you to do this from your home or office.) You should conduct this monitoring periodically during the course of data collection to make sure that high-quality standards are maintained. Of course, the research firm should also be monitoring a sampling of all interviews conducted.

Effective Data Preparation

If open-ended questions are posed (e.g., “Why do you say that?”), the answers will need to be categorized and numbers assigned to the categories. This is called “coding.” You should review all categorization schemes before the coding of the data begins to make sure that the categorization of your data make sense in your business context. The person who codes your

data should be as well trained regarding your project as are the interviewers.

If data entry is required (i.e., paper questionnaires are used, or coded data must be entered into the database), the data should be entered twice and the resultant files compared. This relatively inexpensive process will eliminate almost all possibility of data entry errors.

Analysis and Reporting

Statistical testing should usually be done at the 95 percent confidence level. This is standard practice and represents a good trade-off between reporting all differences (though they are likely due to statistical fluctuations), and being so conservative as to report none.

If data describing the population of interest are available, data describing your completed interviews should be compared to the population data as a partial test for non-response bias. You might check to see whether your respondents are correctly distributed in terms of geography, number of employees and industry group. If your data fails this test, you are in trouble. Even if it passes this test, unless you have a high response rate, you may still have attitudinal mismatches between your respondents and the population of interest—there is no substitute for a high response rate.

Your research report should include:

- An executive summary
- A detailed description of the methodology employed
- Substantial discussion of the actionable implications of the data
- A copy of the questionnaire

If desired, you should be able to receive all statistical tables used in preparation of the report and a copy of the data file in a format you can use for follow-up analyses on your own (e.g., Excel).

Presentation of Findings

It is generally of great value to have the research vendor present the results of the research to the firm. This presentation should take the form of a lively discussion of the findings, combining the researcher’s knowledge of the data and research methods with your firm’s understanding of its business and community.

Top 10 Research Recommendations

1. **Go to great lengths** to achieve very high survey participation rates. Otherwise, you will have no basis for assuming that your findings represent the population of interest.
2. **Use only interviewers** you will be proud to have representing you to your clients (client research).
3. **Do not treat** qualitative research (e.g., focus groups) as conclusive. This is probably the most common mistake that law firms make.
4. **Demonstrate to clients** the benefit to them of taking time to participate in the survey (client research).
5. **Make sure you know** who will be conducting each stage of your work and their qualifications. Don't let a research firm's salesperson perform a "bait and switch."
6. **Make sure you know** what determines the purchase decisions of your market/clients, and that your questionnaires assess performance regarding those determinants.
7. **Pretest all questionnaires** for logical flow and wording.
8. **Do not conduct** "nice to know" research. Every question in each study should be included only if the results are likely to drive action by the firm.
9. **Interview the right people.** Make sure your lists are accurate and include the persons who will substantially influence the decision to use your services.
10. **Include implications** in reports or your research that will drive action by your firm. A tome of numbers sitting on a shelf is of no value.