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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

5 Marketing Lessons From Howrey's Graveside

Law360, New York (March 21, 2011) -- It's official: Howrey LLP has dissolved. It's a sad end for a proud firm, which was undone by a slow drip of partner departures that began in the fall of last year.

Even before the dissolution vote, journalists had begun extracting lessons from its demise about the modern law firm business model. Legal marketers should consider Howrey's experience as well, as it illustrates a number of significant points about our work. And while we've discussed many of these points over the last 10 years, the downfall of Howrey provides a potent and contemporary case study.

1) A Law Firm Is Not a Consumer "Brand"

From a marketing perspective, one of the more revealing reports about Howrey came in connection with its talks with Winston & Strawn LLP.

In late February, when Winston was the presumptive destination for many Howrey attorneys, the Recorder reported that Winston had offered $2 million for the Howrey name. Above the Law, meanwhile, openly questioned whether the name was worth even that much. Two million dollars may not be peanuts, but it had to be a bitter pill indeed, for a firm that poured so much money into marketing itself as a "brand," to see its name going for clearance prices.

Like Brobeck Phleger & Harrison LLP, another defunct firm, Howrey was widely admired for its well-executed advertising campaigns. It was also a pioneer: it broke ground as the first corporate defense firm to initiate a print ad campaign (called "The Human Side of Genius") to promote its name. It even went as far as to obtain a mention in Hollywood's Runaway Jury, based on the John Grisham novel. But as of late February, the name it had advertised so vigorously was worth a mere fraction of the annual salary of one of its rainmaking partners.

The reason the Howrey name returned so little for so much effort is simple: for buyers of legal services, the law firm "brand" is not a relevant product. Clients don't come to law firms for the name chiseled on the wall, but rather the individual attorneys doing their work. Clients are famous for saying "I hire the lawyer, not the firm" — and although a cliché, it's true.

Recruiters understand this principle and operate by it: business is portable, tied to the lawyers that manage the relationship. If a firm wants to grow revenue, it can — in most cases — do so simply by attracting a lateral partner with the business it wants.

Meanwhile, just down the hall from the recruiters, marketing departments often operate on an entirely different premise: that business can be institutionalized. In this view, the firm itself is a product independent of the individual partners that practice there.

But by and large, that is not the case. If it were, the partner departures from Howrey would have had little

effect. Impressed by the power of the Howrey name alone, clients should have continued to support Howrey with their business; all of the partner departures should simply have created an opportunity for new partners to fill the gap and service Howrey's blue-chip, institutional clients.

Alas, the clients came for the partners, not the name. So despite all the resources spent marketing the firm as a product, when the partners left, their clients left with them. Just like the recruiters would have predicted.

2) The Lawyer Is the Consumer "Brand"

None of the above should be taken to suggest that firms do not have distinct reputations — or if you prefer marketing-speak, "brand identities." They do. The names Skadden, Cravath, and Covington all mean something in the marketplace for legal services.

Those firms, however, did not get their reputations through fancy branding campaigns. They developed their "brands" over time through the collective reputations of their individual partners. Because the service of those partners is what clients are interested in, even the finest law firm reputations, built up over decades, remain entirely dependent on the firm's individual partners.

Ask a recruiter how long Skadden would remain a preeminent M&A firm if all of its stellar M&A lawyers walked out the door to another firm tomorrow. (Their answers will range from "immediately" to "a few days.") The lesson here is that Skadden's "brand power" in the M&A field belongs to its M&A lawyers, not the firm.

3) Partners Are the Product; The Firm Is the Product Marketer

As Howrey demonstrates, clients don't hire law firms. And if lawyers are what clients are buying, then they should also be what law firms are selling (i.e., branding, marketing, promoting, advertising, etc.).

Successful brand marketers, after all, build their campaigns around the products consumers buy, not the companies that own them. Look at the corporate world for the best examples: Eli Lilly doesn't market Eli Lilly — it markets Cialis and Cymbalta. Kraft Foods doesn't market Kraft Foods — it markets Chips Ahoy, A1 Steak Sauce and Crystal Light.

While there are significant differences in the marketing of pharmaceuticals, food products and professional services, in all cases the thing being marketed should be the same as the thing being bought. Which again, in the case of law firms' services, means the bulk of marketing resources should be placed on marketing (i.e., branding, selling, promoting, advertising, etc.) individual partners and their expertise.

It's tough to do when those partners can walk out the door for another firm, but that's actually where the law firm as an institutional brand comes back into play: the institutional brand — developed by the collective reputation of its partners over time — acts as a credential for the lawyers that work there. Few Skadden lawyers, for instance, would feel silly beating their chests about being Skadden lawyers.

Moreover, as a filter in a buyer's decision-making process, a product (i.e., partner) of Skadden comes with an enormous amount of trust capital. As a consumer, I don't buy Procter & Gamble, but I trust it to develop quality products. In this way, an institutional brand can be an influential factor, along with the partner's specific talents and expertise, which encourages prospective clients to choose that partner for their legal needs.

4) A Firm Should Be Marketed to Partners, Not Clients

Although law firms should not be marketed qua law firms to clients, they should be marketed that way to their partnerships and competitors' partnerships (i.e., the lateral market). This, too, is an often overlooked role for marketing and communications departments — and one that is evident in Howrey's demise.

To extend the analogy from above, Eli Lilly does not market Eli Lilly to its consumers, but it does market Eli Lilly to its current and potential shareholders — those that capitalize the company and those whose presence suggests confidence about its future. The partners of a law firm are not simply analogous to shareholders; in the case of incorporated firms, they are literally shareholders. And for all law firms, they are the audience to which the firm — as an institutional brand — is most relevant, and whose good opinion of the firm — as an institutional brand — is necessary to its continued success.

Communicating effectively about the firm to this audience and its potential members, then, should be viewed as an essential management activity.

In fact, in a detailed analysis of Howrey's struggles, The Washington Post noted: "When talent is your most valuable asset, any crisis in confidence can shake a once-stable firm to its core." After a down year in 2009, the article pointed out, lawyers became restive about Howrey's perceived "lack of transparency in decision making." The discontent increased after a 2010 annual partnership meeting — a shareholder meeting, if you will — at which the leadership failed to present convincing plans to stem the decline in revenue.

Many of Howrey's partners surely would have preferred to stay at the firm. And reports like the one in the Post suggest that if the firm had conceived of its partnership as the most important constituency to which it should communicate its benefits, such action may have had an effect. Certainly, for law firms that are not under severe distress, improving marketing and communications to partners can have nothing but a beneficial effect on retention.

5) Broaden Your Marketers' Mandate

While the portability of business may at first seem lamentable to marketers and firm leadership, there is a hidden upside to it. If losing talent leads to lost business, then marketers and leadership know what they must do to keep their business: keep their lawyers. In other words, if firms want to institutionalize clients, they must institutionalize their talent first.

It is within the power of marketers to make a difference. But for a firm to make the most of its marketing function, its leadership must allow marketers to go beyond business development in the traditional sense and aggressively support the HR and recruiting functions, making marketing a valuable asset to the firm's retention and recruiting efforts.

With all of the benefits described above, re-orienting the marketing focus of law firms is without a doubt the way of the future. A firm must market its lawyers to clients and the firm as an institution internally to its own partners and externally to the lateral market. Raising the profiles of individual partners is the best way to raise the overall profile of the firm; at the same time, by making the partners buy into to the firm brand, the brand itself is solidified. It's ironic that Howrey, a firm out in front in so many ways, didn't evolve in time. But the lessons it leaves can benefit all who remain.

--By John Hellerman, Hellerman Baretz Communications LLC

John Hellerman is the co-founder of Hellerman Baretz Communications (www.hellermanbaretz.com), which creates PR-fueled business development campaigns for many AmLaw 200 firms and was recently named one of PR Week's 2011 Top 5 "Boutique PR Agencies of the Year." John managed Howrey's PR efforts as an outside PR consultant between 1996 and 2001, during the Chairmanship of Ralph Savarese. He can be reached at jhellerman@hellermanbaretz.com.

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