

## Grow Your Practice Series:

March 2007

### 101 Ways to Effectively Market Your Law Firm

#### No. 5: Are You Building a Brand? And Should You?

Consumer products companies spend billions building a brand. Only in recent years have professional services providers such as law firms even thought about what their “brand” is or what it means. Or how to promote it!

**Madison Avenue:** For a consumer products marketer, nothing is more important than their brands. In fact, their brands are their most valuable assets. What images come to mind when you hear these words that are literally common nouns, but their brand has made them so much more than common: “**Coke**”, “**Crest**”, “**Tide**” or “**Glade**”? A brand is both the name of the product or service as well as that product’s or service’s reputation, quality, value, price points, sex appeal, look, color, packaging, smell and ambiance. Everything that product is—more precisely, everything the manufacturer wants consumers to believe that product is—is wrapped up in the one or two words that compose its brand.

**Procter & Gamble** originated the concept of branding and also conceived of the concept of a “brand manager,” a position that is now common at virtually every consumer product companies. While **P&G** may not be known to all Americans, its brands include **Crisco**, **Folger’s**, **Right Guard**, **Ivory**, **Pampers**, **Prell**, **Charmin**, **Old Spice** and **Iams**.

**Brand Confusion?** Companies spend millions promoting their brands, and millions more defending them. For example, when **Toyota** introduced its **Lexus** line, guess who filed a lawsuit claiming trademark infringement? None other than **LexisNexis**. The case did not go to court, and the parties agreed to disagree. The consensus among professional marketers is that no reasonable person would confuse a car with legal research services just as no reasonable person would confuse a **Cadillac** car with **Cadillac** dog food.

**New Brands Emerge:** Some brands just develop on their own. So many people called **Coca-Cola** “**Coke**” and **Chevrolet** “**Chevy**” that both names were subsequently trademarked by **The Coca-Cola Company** and **General Motors**.

**The Value of a Brand:** The reason brands are so important, and that companies spend so much money promoting and protecting their brands, is because of the value a brand adds to a product or service. Without a brand, there would be no brand loyalty, and that means companies would continually have to sell, re-sell and re-re-sell the same consumers over and over endlessly. Once you are a **Maxwell House**, **Black & Decker**, **Good Year**, **Hewlett-Packard**, **Compaq**, **Chrysler**, **Bill Blass** kinda guy, shopping for coffee, power tools, tires, printers, computers, cars and clothing not only becomes simpler and easier, but a re-affirming experience. You pull that **Black & Decker** shop vac out of the box, plug it in and flip it on. It roars to life like a **Boeing 767** and sucks up everything in sight. “Good choice!” you think to yourself. “Smart buy.” “I got it!”

**Branding a Law Firm?** So much for today’s marketing lesson. How does this apply to law firm marketing? If a law firm is serious about growing to the next level, and using a comprehensive marketing program to do that, building a brand for the law firm must be a key element in that marketing program. Building a brand is an investment rather than an expense, and good investments pay for themselves over and over again.



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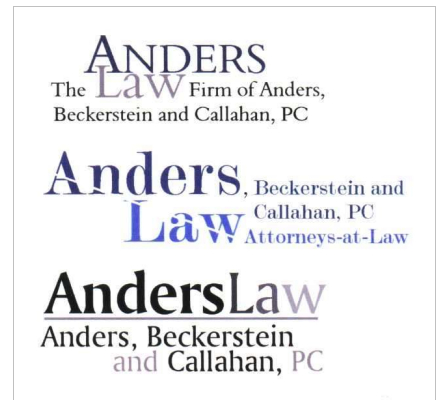
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**Building Your Brand:** Several important factors go into creating and then building a brand for your law firm:

- ◆ **Define Who You Are:** Think about any of the brands listed in this article. **Folger's** is NOT **Starbucks**. It is NOT gourmet coffee. It is reasonably priced coffee you buy in the supermarket. **Ivory** is 99 and 44 one-hundredths percent pure soap. No additives, scents or charisma added. A **Toyota** is relatively small, reliable, competitively priced and not very exciting. A **Cadillac** is big, gaudy and powerful, and makes no apologies about it.
- ◆ **Getting Started:** The good news is that without a current brand image for your law firm, you have the opportunity to build that brand. First, however, you have to decide what you are. Are you high-tech or more person-to-person? Are you the large law firm that can handle any case, or are you the small, folksy, friendly type of law firm where any client can call up his attorney at any time just to ask a question? Do you specialize in personal injury, or are you the full-service cradle-to-grave law firm that handles everything from adoptions to estate planning? Is your focus individual clients or commercial accounts? Figure out who you want to be when you grow up, promote that image, and grow into it.
- ◆ **A Name Is a Name Is a Name:** How do you want to be known? You can try to promote **Anders, Beckerstein and Callahan, PC**, but it might be easier for Messrs. Beckerstein and Callahan to swallow their pride and focus on promoting "**Anders Law**". It's easy to pronounce, easy to remember, and much easier to market and promote.
- ◆ **Stylize Your Name:** Once you pick your name, decide how you want it to appear. "**XEROX**" for example, always appears in same font, in the same shade of red and only in all capital letters. That's not a coincidence. They've spent 40 years promoting that brand. Pick a font and a color for the text and stay with it with a religious fervor!
- ◆ **Develop a Logo:** Even better, develop a logo for your firm's new, marketing-focused name, and promote the hell out of it! Here are just a few prototypes of logs and stylizations for the fictitious **Anders Law**. The combinations are endless.
- ◆ **Lock in a Domain and Phone Number:** Let's stay with **Anders Law**. They should register [www.anderslaw.com](http://www.anderslaw.com), [www.anders-law.com](http://www.anders-law.com) and any other related domains they can as soon as possible. They should also see if **866-ANDERS-1**, **877-7-ANDERS** and **888-ANDERS-8** is available and lock them in.
- ◆ **Plan Ahead:** What? You have no plans for radio or television ads, so you really do not need a vanity telephone number right now? How will you feel in two years when you try to get **866-ANDERS-5** or **877-7-ANDERS** and find it is taken? Grab it now!



**A Consistent and Repetitive Message:** Let's say you are just advertising in the **Yellow Pages** right now with occasional newspaper ads. Make sure the message in both is consistent, the way your name appears is identical, and repeat the same message from medium to medium.

**You are off to a good start.** More in the next issue.

## Managing Your Practice: Funding Your Marketing Out of Your Cash Flow Is Always Best. But What If the Cash Is Just Not There?

It is always best to fund current expenses—payroll, rent and marketing—from your cash flow. The challenge facing personal injury attorneys is that all their expenses are front-loaded while all their revenue is back-loaded. So how do you fund your marketing if the cash is just not there?

**A Tale of Two Law Firms:** To see how taking the initiative to find funding for a marketing campaign compares with waiting until the cash is on hand, let's take a look at two fictitious law firms of equal size and resources practicing law right down the street from each other.



- ◆ **Addicus, Baker & Cardoza in 2005:** This is a three-attorney law firm with a support staff of five, and they specialize in personal injury, medical malpractice, wrongful death and related lawsuits. They charge a 30% contingency fee, and their primary method of advertising is the **Yellow Pages**, and they receive referrals from former clients, other law firms and physicians with whom they've worked over the years. They want to expand their marketing, but they just never seem to have the cash to do it!

Cases Handled in 2005:	40
Case Settled Out-of-Court:	30
Cases Won at Trial:	5
Cases Lost at Trial:	5
Total Cases Won in 2005:	35
Average Settlement:	\$100,000
Total Settlements in 2005:	\$3.5 million
Total Fees Earned in 2005:	\$1 million
Salaries for Partners and Staff:	\$700,000
Rent and General Overhead:	\$300,000
Funds for an Aggressive Advertising Campaign:	\$0

- ◆ **Addicus, Baker & Cardoza in 2006:** With NO major marketing initiative, 2006 was essentially a repeat of 2005 for **Addicus, Baker & Cardoza**. They handled another 40 cases, took in about \$1 million in fees, and broke even at the end of the year. In fact, 2007 and 2008 will not be much different either! Every few months, they talk about the need to get on television and really grow the firm to the next level, but they just never have the cash to do it.
- ◆ **Xavier, Yoder & Zablonksi in 2005:** This is also a three-attorney law firm with a support staff of five, also specializing in personal injury, medical malpractice, wrongful death and related lawsuits. They charge a 30% contingency fee, and their primary method of advertising has also been the **Yellow Pages**, they also receive referrals, but they made the decision to put their practice on television, and grow the firm to the next level.

	Addicus	Xavier
Cases Handled in 2005:	40	40
Case Settled Out-of-Court:	30	30
Cases Won at Trial:	5	5
Cases Lost at Trial:	5	5
Total Cases Won in 2005:	35	35
Average Settlement:	\$100,000	\$100,000
Total Settlements in 2005:	\$3.5 million	\$3.5 million
Total Fees Earned in 2005:	\$1 million	\$1 million
Salaries for Partners and Staff:	\$700,000	\$700,000
Rent and General Overhead:	\$300,000	\$300,000
Funds for an Aggressive Advertising Campaign in 2006:	\$0	*\$125,000

\* In December of 2005, **Xavier, Yoder & Zablonksi** arranged for a \$125,000 advance against a package of lawsuits they expect to settle in 2006, with the funds to be drawn on in \$25,000 increments as needed through 2006.

- ◆ **Xavier, Yoder & Zablonksi in 2006:** Xavier and partners charged into 2007 with a television ad campaign ready to go. Because they had cash on hand, they were able to pay the production costs to create two world-class television ads, and they could buy time on local television at the best rates! Ah, the power of CASH!

Cost to Produce Two 30-Second Television Ads:	\$15,000
Average Cost for 30-Second on Local TV:	\$65
Eight Spots a Day:	\$520
Four Days a Week:	\$2,100
50-Week Campaign:	\$110,000
Total Advertising Campaign:	\$125,000

\*The ad campaign generated 10 new clients in 2006.

	2005	2006
Cases Handled:	40	*50
Case Settled Out-of-Court:	30	34
Cases Won at Trial:	5	8
Cases Lost at Trial:	5	8
Total Cases Won in 2006:	35	42
Average Settlement:	\$100,000	\$100,000
Total Settlements in 2006:	\$3.5 million	\$4.2 million
Total Fees Earned in 2006:	\$1 million	\$1.3 million
Salaries for Partners and Staff:	\$700,000	\$700,000
Rent and General Overhead:	\$300,000	\$300,000
Repayment of Legal Finance Advance:		\$175,000
Additional Revenue to Distribute to Partners:		\$125,000

- ◆ **Xavier, Yoder & Zablonksi in 2007:** Xavier and partners updated their ads, but kept roughly the same media schedule even though rates went up. The firm added a new associate and one new paralegal to handle the increased client workload, and moved to larger facilities. Also, with a new associate on board, each of the partners took an extra week's vacation! With the reputation **Xavier, Yoder & Zablonksi** was able to build as the premier personal injury law firm, they not only attracted more cases, the average size of their recoveries grew to \$125,000!

Cost to Produce Two New 30-Second Television Ads:	\$25,000
Average Cost for 30-Second on Local TV:	\$75
Eight Spots a Day:	\$600
Four Days a Week:	\$2,400
50-Week Campaign:	\$125,000
Total Advertising Campaign:	\$150,000

\*The ad campaign generated 10 new clients in 2006.

	2005	2006	2007
Cases Handled:	40	*50	60
Case Settled Out-of-Court:	30	34	40
Cases Won at Trial:	5	8	10
Cases Lost at Trial:	5	8	10
Total Cases Won in 2006:	35	42	50
Average Settlement:	\$100,000	\$100,000	\$125,000
Total Settlements in 2006:	\$3.5 million	\$4.2 million	\$6.2 million
Total Fees Earned in 2006:	\$1 million	\$1.3 million	\$1.8 million
Salaries for Partners and Staff:	\$700,000	\$700,000	\$850,000
Rent and General Overhead:	\$300,000	\$300,000	\$450,000
Repayment of Legal Finance Advance:		\$175,000	\$150,000
Additional Revenue to Distribute to Partners:		\$125,000	\$350,000

**Conclusions:** The best time to launch an aggressive marketing campaign and grow your practice to the next level is probably two years ago. Since fate has denied you that option, here are some points to ponder.

- ◆ **That Day That Never Comes:** For too many attorneys (other professional service providers and small business owners are also included here) are waiting for the day that will never come. If you can just close out a few big outstanding cases, you will have the cash on hand to do the marketing you know you always should have done.
- ◆ **Legal Finance—Used Wisely—Really Costs You Nothing!** Using next year's fees today to grow your practice pays for itself, and then actually turns a profit!
- ◆ **Study All of Your Financing Alternatives:** The concept presented here is not solely dependent on the use of legal financing to raise funds for a marketing campaign. If you can borrow the money through conventional means at a lower rate, and you have the cash flow to servicing of that debt while you wait for your new clients to come in and their new cases to close, go with traditional financing. If you can only raise part of what you need through conventional financing, use a hybrid formula and raise some of the funds through conventional funding and the balance through lawsuit advances.
- ◆ **This Model Is NOT Limited to Television Advertising:** The model we present here is for a law firm in a mid-size city of 400,000 to 500,000 people. If you are located in a larger city, the cost to advertise will go up proportionately, but the market you are reaching is also much larger. If you are in a smaller community that does not have its own television broadcast outlets, consider radio or outdoor advertising. The concept is exactly the same, just on a smaller scale.

**Time Is the Enemy:** Time is the only asset you cannot put in storage and you cannot buy more of. Every year that you do not take your law firm to the next level is another year that can never be recouped.

## Legal Finance and the Attorney: Be Prepared to Provide Your Clients with Practical Advice about Lawsuit Cash Advances

More and more attorneys are referring their lawsuit plaintiff clients to a legal finance provider, most often to **LawMax**. While not every client will need financial advice, ask for financial advice nor heed your financial advance, here is what those clients who take an advance against their pending claim should consider.

- ◆ **Can You Get the Money Cheaper Elsewhere?** The very first issue to address is to make sure the plaintiff cannot get funds somewhere else. Legal finance should be the source of last resort because it is expensive. If a plaintiff can borrow against a 401-K or other retirement plan, get a loan from a credit union, borrow against a life insurance policy or otherwise borrow the money a relatively low rate of interest, those options need to be explored.
- ◆ **Use the Money Judiciously (No Pun Intended):** While some lawsuit plaintiffs can take an advance, and then go back a few months later and qualify for additional funding, they should never think of a lawsuit advance as a revolving credit line. They should spend every dollar cautiously and on the assumption that the advance they receive is all the cash they will be able to take as an advance against their pending claim. Reputable legal finance companies— and **LawMax** is the leader in that category—never over-fund a case. As a rule, the total funds advanced to a client should not exceed 10% of the expected settlement so the advance does not have an effect on the outcome of the case.



- ◆ **Pay the Most Critical Bills First:** For plaintiffs threatened with eviction from their homes or repossession of their cars, paying the back rent or delinquent payments should be their first concert.
- ◆ **Delay Bills that Can Be Delayed:** If there are medical bills to be paid, see if the providers will take a lien against the lawsuit. If they will, that relieves that financial pressure and stretches out the available cash.
- ◆ **Only Make Minimum Payments:** If a plaintiff has run up a credit card or several credit cards, do NOT use the advance to pay off the balances on the cards. Make just the minimum payment each month so the money lasts and the plaintiff stays current and does not damage his or her credit rating. When the case settles, the plaintiff should have sufficient funds to either pay off all credit card debt or at least make substantial payments on the balances.
- ◆ **Still Needs More Cash:** If a plaintiff has taken an advance—either from **LawMax** or from another legal finance provider—and he or she needs cash again in a few months, the plaintiff can apply for additional funding. If **LawMax** can provide additional funding—and do so without adversely affecting the case—**LawMax** will advance additional funds to the plaintiff. Incidentally, when **LawMax** advances funds to a plaintiff who previously received funding from another legal finance company, **LawMax** pays off the previous lien and rolls both advances into one transaction so their just one lien against the lawsuit settlement.



**Questions?** Should a client ask you a legal finance-related question, and you are not sure of the answer, do not hesitate to call us. We will provide you with advice you can relay to your client.

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### **Disclaimer: The Marketing Advice We Offer May NOT Be Applicable in Your State!**

We try to provide practical marketing advice as part of this e-letter, but please be aware that everything we recommend may not be permissible in every state. Each state Bar Association has slightly different rulings on what is and is not ethical for an attorney to do in terms of advertising and promotion, and each state has different laws covering exactly how attorneys can promote their practices. We recommend that you make sure what we promote in **Attorney@law** is both ethical and legal in the jurisdictions in which you practice.