

# Competitive Intelligence in Law Firms

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# Competitive Intelligence in Law Firms

- ▶ Definitions and use of competitive intelligence in the legal industry
- ▶ How we got into this field
- ▶ Research sources and process
- ▶ Tips for creating actionable deliverables

# What is Competitive Intelligence?

- » Definitions and use in the legal industry

# What is CI?

- ▶ It is the effort to understand rivals, market conditions, and other factors that can affect growth, business development, and success.  
(Competitive Intelligence in Law Firms, July 2014, American Lawyer Media)
- ▶ Information that has been refined enough so that it can be used in making a business decision. (Fuld–Gilad–Herring ACI, CI Fundamentals and Basic Analysis, LMA Certificate Program)
- ▶ “Actionable”
- ▶ “Insight”

# What do CI Professionals in Law Firms do?

- Identify Targets
- Meeting preparation
- Competitor Research
- Acquisition Research
- Market Research
- Client Feedback programs
- Current Awareness

# Widespread Industry Adoption

- 83% of respondents have CI initiatives in place at their firms (Competitive Intelligence in Law Firms, July 2014, American Lawyer Media)
- 84% said they were doing more CI than 2 years ago. (Competitive Intelligence in Law Firms, July 2014, American Lawyer Media)
- 51% of all respondents believed CI spending was going to increase within a year's time. (Competitive Intelligence in Law Firms, July 2014, American Lawyer Media)
- 42% of managing partners agree that CI is a critical piece of running the firm. (Competitive Intelligence in Law Firms, July 2014, American Lawyer Media)
- 45.3% of small law firms perform competitive intelligence & market research (Small Firms Level the Marketing Playing Field, May 2017, American Lawyer Media)



# Who Owns the CI Function?

- ▶ CI is a convergence point between law librarians and law firm marketing. 57% reported that CI support is a joint responsibility between the library and marketing.

Source: LAC Group, The Strategic New Roles Of Marketing And The Library In Big Law

- ▶ Law firms have to balance between having a generalist versus embedded staff in certain practice areas who may not be able to connect the dots across practices.

- ▶ Select firm examples:

Source: Passarella, Business law: Firms working to bulk up intelligence analysis functions, Pittsburgh Post-Gazette (May 27, 2014)

- Duane Morris: Housed in marketing systems, led by business intelligence analyst.
- Fox Rothschild: Equally staffed by library services team and business and competitive intelligence team. One director of business and competitive intelligence reports to the firm's chief knowledge officer.
- Cozen O'Connor: Joint library-marketing effort. The library gathers the information and the marketing team creates the deliverable.
- Buchanan Ingersoll: Library provides background information. A dedicated researcher on staff with a business and marketing background creates the deliverable, as do other members of the marketing department.

# Who Owns the CI Function?

- ▶ **Crowell & Moring:**

- CI department was recently dissolved in favor of more business managers/business dev team. Library completes most CI requests.

- ▶ **Hunton & Williams:**

- Market Researcher & Analyst, Reports to CMO.
- Five librarians trained to compile custom company reports

- ▶ **Other Virginia-based Firm:**

Business Intelligence Analyst works with team of librarians who handle business development research; coordinated by one of the firm's library managers.



# Attorneys' Role in CI

- ▶ Attorneys are essential contributors/consumers/actors...
  - Attorneys have the most direct client contact. Successful CI requires sharing client feedback, experiences, and opportunities internally.
  - Attorneys have the most extensive knowledge of their practice area and can identify related opportunities with a particular client, industry, or market.

# How we got into it

»» Arlene Fletcher  
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# Research Process

- » Company Research  
Resources  
Focus Areas  
Challenges

# Frequently Used Resources

- ▶ CapitalIQ, Hoover's, ReferenceUSA, Mergent, Thomson ONE, Global Company Intelligence, Dun & Bradstreet
- ▶ Company Structure:
  - External: Exhibit 21, D&B Family Tree, CapitalIQ, Lexis' Corporate Affiliations file (available in print as Directory of Corporate Affiliations)
  - Internal: Leadership Directories, BoardEx
- ▶ SEC Filings: EDGAR, Securities Mosaic, Business Law Center, Lexis Advance
- ▶ Investor transcripts: Fair Disclosure Wire, SeekingAlpha, CapitalIQ, Lexis Advance, company websites
- ▶ Litigation and Deal Resources: MonitorSuite, Courtlink, CourtExpress, Bloomberg Law, Courthouse News, Lex Machina, Mergermarket, Intelligize
- ▶ Government websites and public records
- ▶ Legal analytics & Big Data

# Frequently Used Resources

- ▶ SWOT: Lexis Advance provided by GlobalData, Canadean, MarketLine, also ProQuest Dialog
- ▶ Outside Counsel: ALM, Chambers, MonitorSuite, Courtlink, Bloomberg Law, CCH Corporate Counsel Profiler
- ▶ LinkedIn profiles
- ▶ Job listings
- ▶ Internal data and information
- ▶ Internal resources: Excel or other data crunching software, report builders, graphic design software

# Gather Information for Analysis

- ▶ Identify strategy, risks, and pain points
  - Press releases and business news articles
  - SEC filings (10-K) and investor presentations
  - Analyst reports
- ▶ Incorporate industry developments
  - 10-K Business Section
  - Investor presentations
  - Trade/Industry groups and news



# Communication

- ▶ Appropriate communication level during research process will vary case-by-case.
- ▶ Check in with progress updates on longer projects.
- ▶ Check in when your findings seem to conflict with original assumptions.
- ▶ Avoid playing “telephone” with intermediaries.
- ▶ Keep other potential stakeholders informed.

# Challenges and Pitfalls

- ▶ Outdated reports
- ▶ Source bias
- ▶ Information silos
- ▶ Cost: time, personnel, resources

# Creating Actionable Deliverables

- »» How to think like a CI professional and add value to your research deliverables

# Analytical Frameworks

## Michael Porter's Five Forces



- ▶ Five forces act as pressures on profit and also as a defense of profit.
- ▶ Structural change occurs when one high impact player in one or more area of the five forces gains or loses power. Loss of power is an opportunity for the industry to become more profitable.
- ▶ Change in an industry is driven by one of four drivers: Technology, Government, Social, Competitive Action

# Analytical Frameworks

## Michael Porter's Four Corners

Infer	Observe
<b>Drivers</b> Goals Executive Background Culture Creed	<b>Strategy</b> What is your competitor's strategy and are they succeeding with their current strategy? If not, they are likely to change direction.
<b>Management Assumptions</b> What does management believe about itself, others, and their competitive environment?	<b>Capabilities</b> Understand the strengths and weaknesses of your competitor.

# Summarize

- ▶ HealthSouth's past year has been marked by tremendous growth. The company has been on a buying spree, purchasing a rehabilitation service chain and a home healthcare company in the past year. They've also agreed on a deal in Birmingham for a new headquarters campus. In both the headquarters deal and some of their acquisitions HealthSouth has received generous tax benefits from the respective states. The company has also been involved in a number of new joint ventures in several states for new hospitals. HealthSouth's explosive growth has been attributed largely to the growing senior population in their target states in the South.
- ▶ February 24, 2016 – HealthSouth ends a year of rapid growth with more plans to expand
- ▶ January 25, 2016 Birmingham weighs \$1.9M in incentives for HealthSouth HQ
- ▶ January 19, 2016 – HealthSouth's data revolution
- ▶ November 20, 2015 – HealthSouth forms joint venture in Texas
- ▶ October 1, 2015 – HealthSouth closes \$730M deal with Texas hospital chain
- ▶ August 31, 2015 – HealthSouth acquires CareSouth Health for \$170M
- ▶ August 7, 2015 – What's driving HealthSouth's big deals?
- ▶ June 30, 2015 – HealthSouth plans third joint venture in the last month in Arkansas

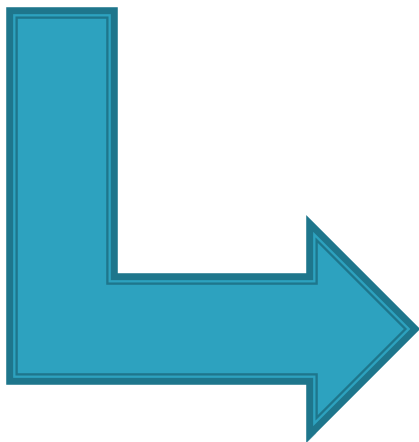


# Connect the dots

- ▶ Are you familiar with your firm's practices and forward strategy?
  - Opening new facilities in other states > tax breaks for job creation; labor laws; different environmental regulatory issues
  - Implementing new customer database > cyber-security issues; privacy matters
  - Acquiring a new business line from another country > international trade concerns; antitrust concerns

# Graph

Recipient ▲	Award ID ◆	Award Amount ◆	Award Date ◆	Award Type ◆	Awarding Agency ◆	Funding Agency ◆	Role ◆
ACCENTURE FEDERAL SERVICES LLC	EDFSA15C0006	\$1,323,932	9/23/2016	Contracts	Department of Education	Department of Education	Prime
ACCENTURE FEDERAL SERVICES LLC	HSHQDC14DE2005	\$1,448,120	9/23/2016	Contracts	Department of Homeland Security	Department of Homeland Security	Prime
ACCENTURE FEDERAL SERVICES LLC	FA700014C0051	\$26,460	6/13/2016	Contracts	Department of Defense	Department of Defense	Prime
ACCENTURE FEDERAL SERVICES LLC	EDFSA15C0006	\$826,443	7/28/2016	Contracts	Department of Education	Department of Education	Prime
ACCENTURE FEDERAL SERVICES LLC	GS00Q09BGD0005	\$133,295	4/12/2016	Contracts	Department of Defense	Department of Defense	Prime



2016		
Agency	Dollars Obligated	Number of Contracts
Centers for Medicare and Medicaid Service	\$ 133,659,162.09	11
Department of Education	\$ 127,495,700.00	22
Defense Logistics Agency	\$ 111,100,857.42	51
Internal Revenue Service	\$ 76,347,797.24	120
Department of the Army	\$ 67,600,332.13	14

# Highlight Key Issues . . . even if they go beyond the Ask.

Request for company profile focusing on environmental, energy, and labor/employment:

- ▶ Energy insight:
  - The company has taken steps to diversify its operations over the past several years. Communications is still the largest segment and company x is its largest customer. However, **the company has grown its oil & gas segment** from 0% revenue in 2007 to 45% in 2015. Electric transmission and power generation accounted for 9% and 4% of 2015 revenue, respectively.
  - The company is pursuing opportunities in wind energy construction, fueled by the extension of renewable energy tax credits through 2020.
- ▶ Labor/Employment insight :
  - Labor and employment litigation comprises a growing share of the company's litigation volume. The company's most significant concern is likely FLSA class actions. The company is regularly sued as a joint employer/enterprise, primarily with company x. Issues include employee classification, overtime, compensation for travel between job sites and home office, and the legality of dispute resolution agreements. Firm xyz has been its primary counsel in this area. **Similar issues arose several years ago and clearly were not resolved to the satisfaction of employees or the courts. Therefore, the company may be open to new labor/employment counsel.**
  - Other employment issues include noncompete/nondisclosure agreements and multiemployer pension plans.
- ▶ Insight beyond the Ask:
  - **Mexico is another growth area.** Up to \$50 billion for 10,000 miles of pipeline opportunities are being planned by the government of Mexico.
  - Corporate governance, compliance, investigations and related shareholder litigation are other areas of potential opportunity. The company may face enforcement action or shareholder litigation related to the restatement of certain 2014 interim financial statements, regarding which an SEC investigation is underway. There has also been a **significant increase in withheld votes for nearly all board member candidates over the past two years.**

Result: The attorney brought in a number of additional partners from other practice areas to make a coordinated pitch.

# Questions?