

# 2024 RFP Impact Report for Law Firm Marketing and Business Development Professionals



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## Survey Objective

We started this survey with a question:

### How can law firms increase their RFP win rates?

If recent reporting is correct, law firm marketing win rates when responding to prospect RFPs is 18%. This suggests there is a significant opportunity to improve.

**18%** Current Industry Win Rate

As well, based on anecdotal evidence, we are aware of some firms experiencing workflow issues and process bottlenecks that appear common across marketing and business development (BD) departments of firms of all sizes.

## We endeavored to:

1. Quantify the problem in such a way that we could provide a valuable benchmark for the legal community.
2. Identify these commonalities in a manner that might illuminate solutions that could impact win rates.

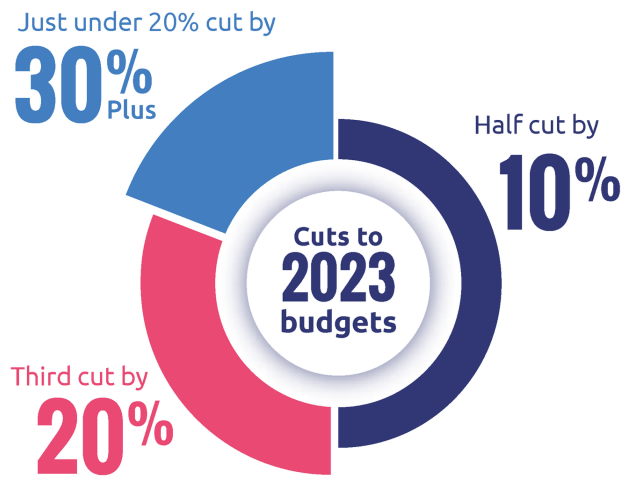
To that end, we surveyed the legal market over a 6-week period and partnered with the **Legal Marketing Association (LMA)** who distributed the survey to its membership of **14,000 marketing and BD professionals** and received responses from **49 firms**. The following describes our findings.



# Background on the Market Challenge

**Law firm marketing budgets shrank in 2023<sup>2</sup> though revenue grew, overall, by 4.6% as of Q3 2023<sup>3</sup>.**

In comparison to 2019's pre-pandemic budgets, marketing departments cut their budgets by 10% or more: half cut 2023 budgets by 10%, a third by 20%, and just under 20% cut their budgets by more than 30%.<sup>4</sup>



While the decreases in budgets matched a steady downturn in optimism in client spend, the demands upon the marketing department actually increased: approximately 50% of buyers adjusted their law firms in 2023, and this meant more requests for proposals (RFPs).

To increase that pressure, the number one method firms implemented to measure the overall effectiveness of their marketing/business development departments (for 75% of firms that measure their departments' effectiveness) was by RFP outputs.

It's quite a recipe for marketing and business development professionals to navigate: shrinking budgets, increased demand and high scrutiny on output.

## Market Factors

- ① **Decrease Budgets**
- ② **Respond to more RFPs**
- ③ **More scrutiny**

2. Thomson Reuters: The Oracle's Temple: The State of the Global Legal Marketing & Business Development Profession. 3. Thomson Reuters Q3 Report. 4. Ibid. 5. 2023 Thomson Reuters State of the Legal Industry. 6. Thomson Reuters: The Oracle's Temple: The State of the Global Legal Marketing & Business Development Profession

# The Impact of RFPs on Marketing and Business Development

## DESIRED OUTCOMES

### Buy Back Time... Win More RFPs

In our investigation, we hypothesized we could identify potential **time and cost-savings** remedies that could materially help marketing and BD departments win back time and win more RFPs.

Here is an overview of the survey respondent demographics:

#### Demographics

700 - 1000+ Attorney Firms	36%
251 - 700 Attorney Firms	24%
100 - 250 Attorney Firms	20%
1 - 100 Attorney Firms	20%

### Increase Win Rate

First things first: respondents clearly confirmed that what marketing and business development professionals want, overwhelmingly, is to increase their win rates (58.82%) and spend less time doing it (41.18%). With 18% as the average win rate, then this should come as no surprise.



On average, firms respond to 103 requests for proposals annually, spend about 46 hours per response which translates to 4738 hours per year, 394.8 hours per month, or 98.7 hours per week – all of which is costing the firm about \$959,139 annually.

### Here's a closer look as to how those hard costs break down

Overall, 65% or 3079.9 of the hours annually spent responding to RFPs are earned by the firm's marketing function. Assuming that these hours are mainly performed at the director level or below with an average director-level salary in the Am Law 100/200 of \$280,000<sup>7</sup>, this costs the firm approximately \$414,480.76 in marketing resources.

Adding in attorney time which accounts for 22% or 1042.36 hours of the total time spent responding to RFPs at the average hourly rate for an Am Law 200 firm at \$510/hour<sup>8</sup>, 22% is costing the firm \$531,603.60 annually. Finally, 9% or 426.42 hours is time spent by creative teams, which, at \$30.62 an hour or costs the firm \$13,056.98.

<sup>7</sup>. ALM 2022 Marketing & Business Development Compensation Survey <sup>8</sup>. ALM Legal Compass Intelligence



## AVERAGE ANNUAL COST

65% Director **\$414,480** annually

22% Attorney **\$531,603** annually

9% Creative team **13,056** annually

Cost of average RFP of 23 pages **\$959,139** annually

These numbers reflect an average RFP which, according to the data, is approximately 23 pages, though sometimes RFPs can be as long as 122 pages. 42% of RFPs have 20 questions or fewer, 36.84% have 40 or fewer questions, and the outliers can contain 101 or more questions, just over 5% of the time.

**This means, on the longer end where firms report 106 hours spent on RFP responses, costs could swell to \$2,201.437.13 annually to the firm.**

# \$2.2 Million

Average Annual Cost Responding to RFPs

## Technology in the RFP Workflow

And here's where we should note some of the technology firms are leveraging in their RFP workflows.

Half of the responding firms use experience management software to manage experience data, 38.24% use Excel, almost a quarter are using Word (23.53%) and/or SharePoint (23.52%).



59% of firms use **experience management software**



38% of firms use **Excel**

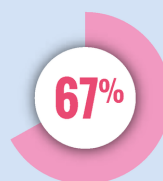


24% of firms use **Word and/or SharePoint**

100% of firms use past RFPs and proposals when developing their responses to new RFPs. 67.5% use their experience management database, 61.76% use email, and 58.82% use Excel.



Use **past RFPs and proposals**



Use **their experience management database**



Use **email**



Use **Excel**

Interestingly, almost no firm reported using a *dedicated* time tracking tool to track time spent committed to the RFP workflow by marketing and BD; instead, most firms in this report are providing estimates which, most studies show, provide underestimations. This means, in reality, these costs are likely much higher.

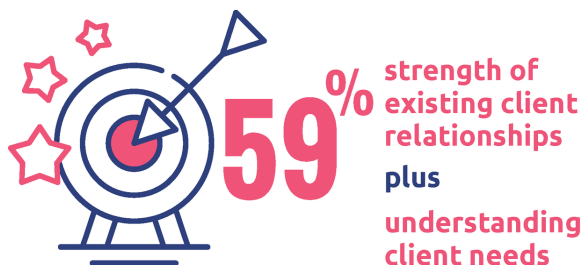
# Increasing Profitability + Win Rates with Technology

At an 18% win rate and a cost to the firm ranging between **\$959,139 to \$2,201,437.13 annually** to the firm, this means the revenue brought into the firm from each RFP must land between **\$53,285 – \$122,302**.

Can firms both increase their win rates and become more profitable per RFP won?

Firms know what helps them increase their win rates.

Most firms (59.26%) firms believe that **understanding client needs and requirements** as well as the strength of existing client relationships are **the greatest contributors to winning** any particular RFP.



## Here's the thing: this is not where most of the time is spent during the RFP response process.

The lion's share of RFP response time is spent simply trying to find past work and relevant experience (42%) and reading past RFPs (31.43%) – despite the fact that over half (52%) of any given new RFP is duplicative and/or contains questions the firm has previously answered and firms are spending.

## Where You Spend Time

- 1 Answering duplicative questions from past RFPs
- 2 Finding past work and relevant experience
- 3 Reading past RFPs





This effort **of locating past work and past RFPs is the number one process bottleneck** facing all law firms of any size, but it doesn't stop there: it triggers a whole set of ensuing process bottlenecks, including an over-reliance on attorney input. Current systems put marketing and BD into the position of tasking their attorneys more, not less, during the RFP process.

**Not only is this costly in terms of hard dollars (\$531,603.60 on average for attorney time see above) but attorneys also face a series of tremendous market pressures of their own, including a significant decrease in demand and productivity.**

Where possible, attorneys should be directed towards billable hours, building client relationships, and adding value (ranked as “highly popular” and “highly effective” in their BD efforts by the attorneys themselves), not marketing tasks (which attorneys rank as highly “under-popular” and “not effective” **in their BD efforts?**).<sup>10</sup>

## Attorneys Believe In:

- ✓ **Billable Hours**
- ✓ **Client Relationships**
- ✓ **Added Value**

## Attorneys Do Not Believe In:

  
**Marketing**

9. 2023 Thomson Reuters State of the Legal Market Report  
10. 2022 Thomson Reuters State of the Legal Market Report

# A Use Case for Generative AI

Not all roads lead to generative AI, but this particular problem is a solvable challenge that happens to align perfectly with the capabilities of fact-based generative AI.

Generative AI has shown to be exceptionally adept at **summarization, content aggregation, synthesizing** and searching **multiple answers** –and doing so across a vast corpus of documents.

To that end, generative AI is a better-than-human solution to attack the top 3 process bottlenecks in the RFP workflow:

1. Trying to **find past work** and relevant experience (42%)
2. **Reading past RFPs** (31.43%)
3. **Addressing the duplicative questions/content** (52%) of any given new RFP



**Reduce time spent by 90%.** For example, if firms are spending approximately 46 hours per RFP, currently available gen AI tools can **reduce time spent to 4.6 hours.**



Time allocation. Generative AI allocates back to marketing and BD **at a rate of approximately 41.4 hours per RFP** to spend more of the high value time marketing and BD professionals know makes the difference between winning and losing a proposal.



Billable time allocation. Generative AI can **reduce attorney time** of 10.12 hours per RFP response (22%) to **1 hour per RFP response.**



**Focus on winning work.** Generative AI enables marketing and BD to focus on the high value efforts they know helps them win, including everything from spending **more time understanding client needs** and requirements, to **crafting better, high value engagement letters.**



Create better outputs. Generative AI creates better-than-human outputs in terms of **accuracy and brand consistency** in proposals – in seconds.



Notwithstanding the existence of experience management technology, the **power of generative AI is quantifiable to marketing and BD teams.** If the department also has **an experience management platform**, these results are multiplied by these benefits:



**Offloads and streamlines attorney** input by centralizing their relevant matters and expertise and making it accessible to marketing and BD.



Removes the pain of the very “under popular” **marketing work attorneys dislike and gives back of attorney work** as well as freeing up more billable efforts, more time for the attorney to spend building client relationships.

Generative AI can reduce the hours spent from **46 – 106 to 4.6 – 10.6 per RFP** and transforming the cost of each RFP won from **\$53,285 – \$122,302 to just \$53,285 – \$12,230.**

This is a significant, direct impact to the profitability of each matter.

**In terms of soft benefits, marketing and BD as well as attorneys win back 90% of their time to refocus** toward the activities they know helps them increase win rates:

**understanding client needs and requirements and strengthening existing client relationships.**

# Conclusion

The business case for generative AI is becoming more and more clear to the market, and the application to the RFP process is one of the most salient to date. Generative AI provides a better-than-human solution for the precise workflow obstacles that are causing firms to spin their wheels on work that doesn't produce results: brute search for past work and previous responses.

It materially impacts profitability and wins back time to marketing, BD and the firm's attorneys to do of the high value work they were meant to do so they can win more.

Importantly, it's not merely 'wasting' time that's at stake. All of the professionals involved in RFPs — marketing, BD, attorneys — want to be doing the interesting, valuable and impactful work of understanding clients better. This shift has productivity benefits of its own and is the story of the value generative AI can bring to law firm professionals, not as a replacement tool, but as a true augmentation of intelligence.

## Acknowledgements

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