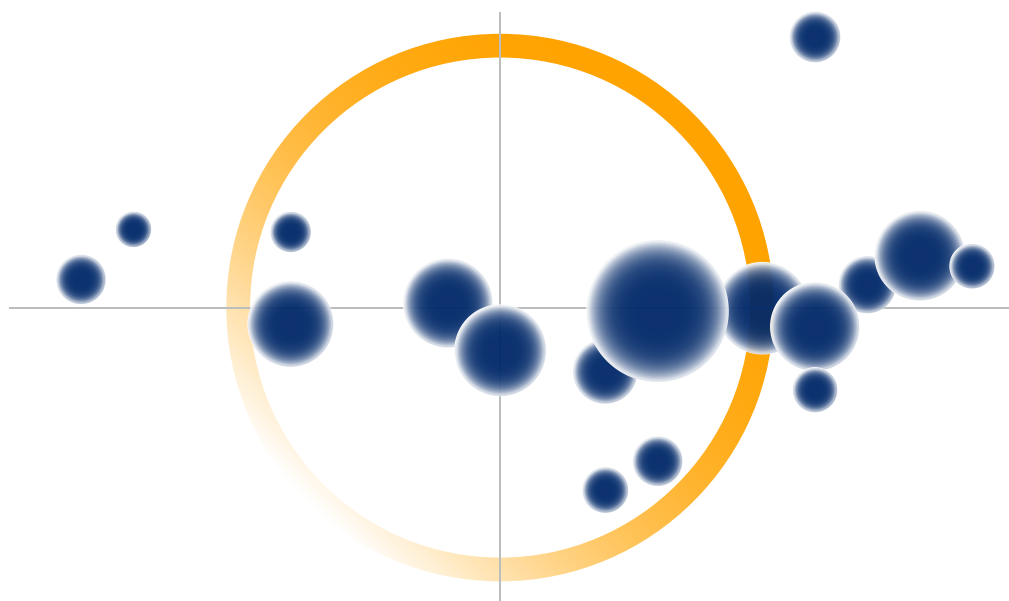


BTI Business Development Opportunity Zones

How to Grow by Industry and Practice in 2016

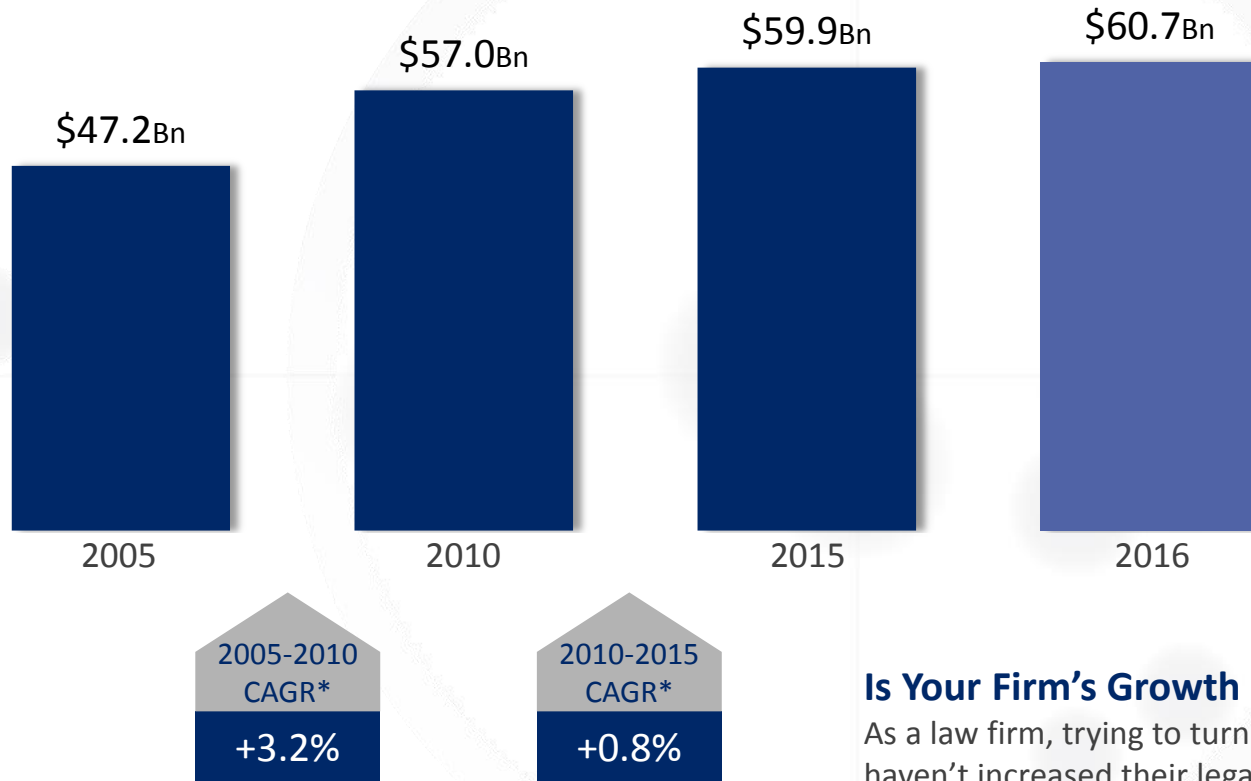


2016

DO YOU WANT TO GROW MORE THAN 1.2% IN 2016?

FINDING GROWTH OPPORTUNITIES IN A STAGNATING OUTSIDE COUNSEL MARKET

US Outside Counsel Market Size



In 2016, the market for outside counsel services in the US is expected to grow only
1.2%

This translates into
\$720 million
being chased by the 650 law firms serving large companies
(*\$1.1 million per firm if we divide it equally*)

Decreasing CAGR* means
fewer opportunities
for law firms to
increase revenue and profits

Is Your Firm's Growth Strategy Aggressive Enough?

As a law firm, trying to turn a profit is harder than ever. Clients haven't increased their legal budgets in any noticeable fashion for the last 5 years. Cost cutting can only help your bottom line so much. Unceremoniously raising billing rates strains—and frequently ends—relationships. It's clear law firms are in a tight spot these days. However, there is a solution: drive revenue and profitability by aligning with today's evolving marketplace and deliver an unmatched client experience to increase the value of existing relationships.

LAST YEAR'S CALLS TO ACTION ARE ALREADY OUT OF DATE

ANTICIPATE WHERE THE CLIENT SPENDING WILL BE

The Beginning of the Legal Revolution.

Let's talk strategic planning. Law firms today are taking their strategic planning initiatives far more seriously than they have in the past and with good reason. When one's business is in a hyper-competitive market space, a well-crafted strategy is a proven tool for success.

After a year-long (sometimes multi-year) process, a law firm develops a plan for how they would like to be positioned in the market and outlines broad-sweeping—yet measurable—goals to achieve over the following 3 to 5 years.

However, there is another layer. Client spending shifts annually and new markets emerge during both the strategic planning process and the implementation of the plan. Most firms ignore these inevitable changes and focus on the plan's set goal. In the meantime—market conditions shift and evolve. This leaves the law firm missing major opportunities.

Successful firms will find a way to pivot and capture the new business in the growing segments as part of their plan. Clients are boosting spending in some industries while cutting others ruthlessly. The winning law firms will be ahead of these trends and grab the new business—and will learn to look for new pockets of business every year as the client spending mix changes.

Cybersecurity and Data Privacy are the new legal darlings for the second year in a row. Real Estate, Tax and Environmental are all showing new signs of life. Labor and employment continues to inch north as does Corporate work and M&A. All these areas show changes in direction from prior years.

The rapid changes in the market demand new approaches to strategic planning and growth. To identify a path forward, law firms need to:

- Understand how broad client and industry trends are rewriting the rules for success *(See full report for more)*
- Pinpoint the near-term opportunities to capitalize on in 2016 *(See full report for more)*
- Establish a new strategy based on: speed and agility in market entry, client experience, and competitive destruction *(See full report for more)*

Strategic Success:
**Anticipate the
inevitable changes in
client spending patterns**
as part of a long-term
strategic plan

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- Taking Market Share from Other Firms Is the Only Way to Grow
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- **M&A and Corporate Transactions**
- **Bet-the-Company Litigation**
- **Class Actions**
- **Regulatory**
- **Securities and Finance**
- **IP Litigation**
- **Investigations**
- **Restructuring**
- **Bankruptcy**
- **Corporate**
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- **Tax**
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Order *BTI Business Development Opportunity Zones 2016* now for the data and strategies to jump start your firm's growth today

Market Trends 2016

4 Overarching Trends Driving the Future of the Legal Industry

Trend 1: Client Turnover Hits Hard

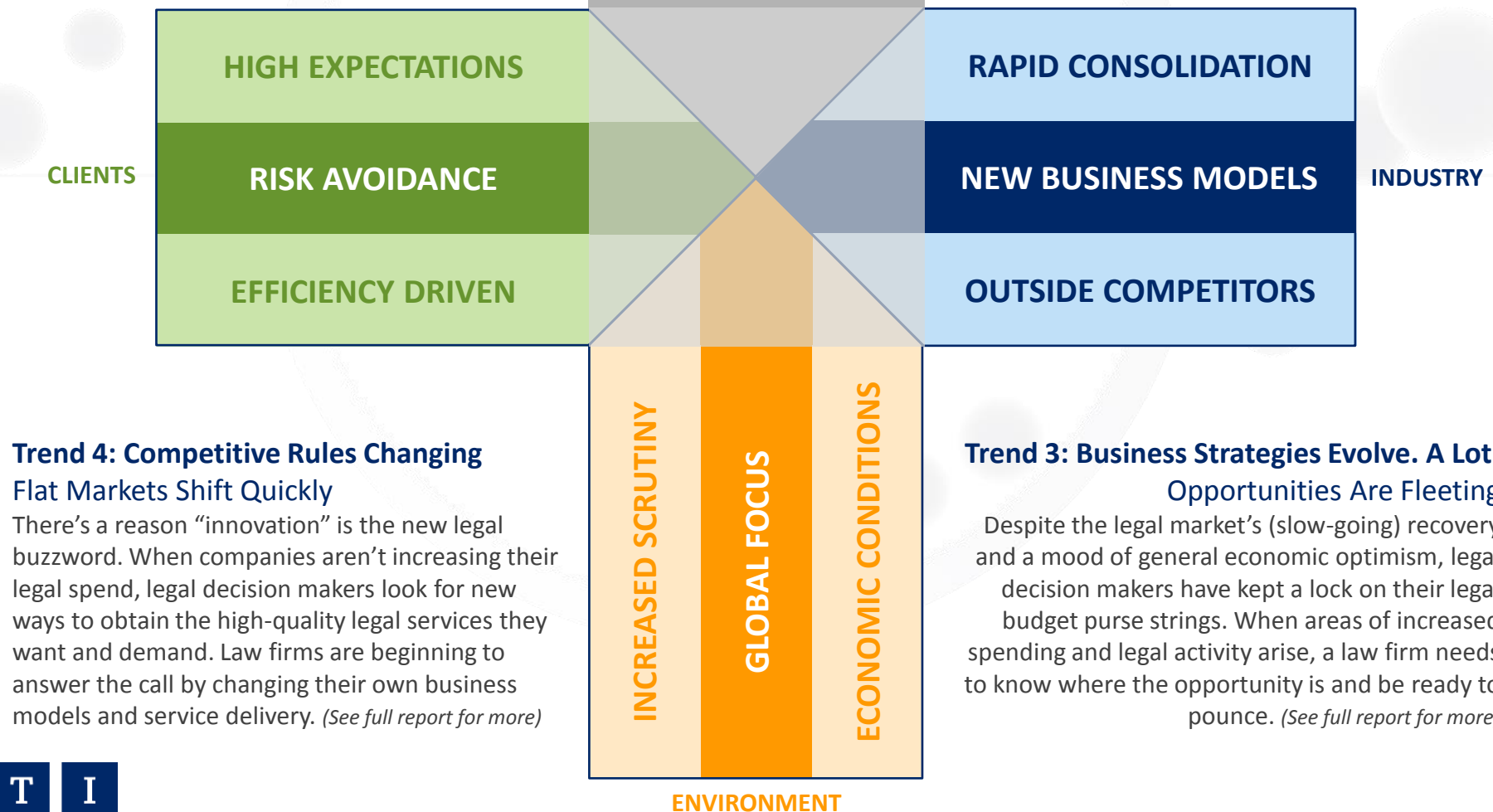
Client Loyalty Declining

Clients are seeking more efficient and more company-specific legal solutions—and they are willing to keep looking for the firm able to provide all three elements. In the last 18 months, more than 60% of legal decision makers have replaced one of their primary law firms. *(See full report for more)*

Trend 2: Law Firms Are Hyper-Competitive

All Firms Want to Grow; Most Won't

Competition is inherently more intense in stagnant markets. In a flat market, law firm growth can only be achieved by taking market share from other law firms. Aggressive growth and even more aggressive client protection strategies are required for survival. *(See full report for more)*



Trend 4: Competitive Rules Changing

Flat Markets Shift Quickly

There's a reason "innovation" is the new legal buzzword. When companies aren't increasing their legal spend, legal decision makers look for new ways to obtain the high-quality legal services they want and demand. Law firms are beginning to answer the call by changing their own business models and service delivery. *(See full report for more)*

Trend 3: Business Strategies Evolve. A Lot.

Opportunities Are Fleeting

Despite the legal market's (slow-going) recovery and a mood of general economic optimism, legal decision makers have kept a lock on their legal budget purse strings. When areas of increased spending and legal activity arise, a law firm needs to know where the opportunity is and be ready to pounce. *(See full report for more)*

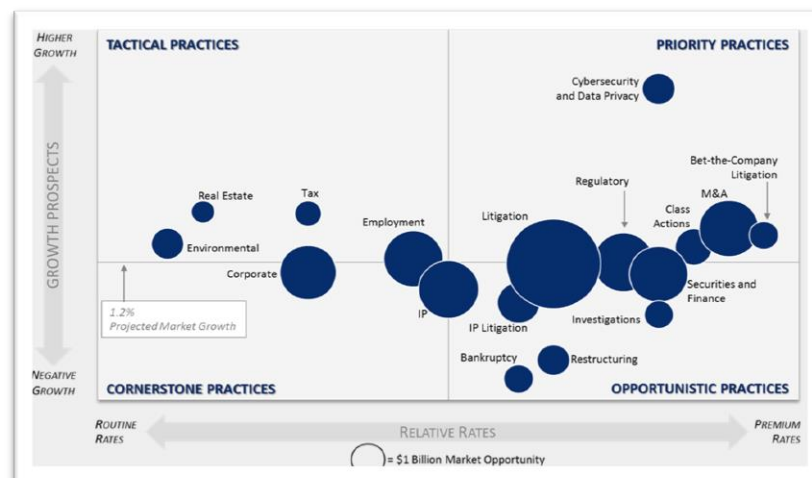
Where to Find Growth 2016

Opportunity Assessment 101

The most difficult reality facing law firms today is the unlikely return of rapid growth and double-digit spending increases. Now law firms are tasked with identifying, creating, and exploiting growth segments.

Practice Trends

BTI's Practice Roadmap details how companies are changing the way they allocate their legal budgets in 2016 and what impact these changes will have on the opportunities available to law firms. Each practice has a distinctive set of characteristics law firms can use to their advantage. Firms can use this to assemble their strategies and resources in a way to drive the highest returns for the lowest investment for each major practice area. *(See full report for more)*



Industry Needs

BTI takes this analysis one step further in our Industry Opportunity Matrix. This chart identifies the legal priorities companies will be tackling in 2016 and segments them out into practice and industry opportunities to allow you to target resources faster and more efficiently on these fleeting bursts of activity for the next year. *(See full report for more)*



Reading BTI's Opportunity Assessments

INDUSTRY OPPORTUNITY ZONE

For every major practice segment, BTI analyzes which client industries are expected to have increased needs and spending—and which are declining.

Top growth prospects

Despite disappointing growth in the overall market for outside counsel services, these areas are slated for prime growth and higher-than-market rates.

Moderate growth prospects

The legal market in 2016 will largely be neutral in terms of dollar growth. There will be little change in terms of spending and clients needs in these practice segments.

Low growth prospects

The most successful growth strategies are consistent with market realities—and in these low growth prospect sectors rapid growth is not going to return in the near future.

A flurry of smaller deals continues to revive the M&A market.



■ Top Growth Prospects
■ Moderate Growth Prospects
■ Low Growth Prospects

BTI
CONSULTING GROUP

PRACTICE DRIVERS

Current trends and developments impacting the type of opportunities available.

PRACTICE OVERVIEW: M&A

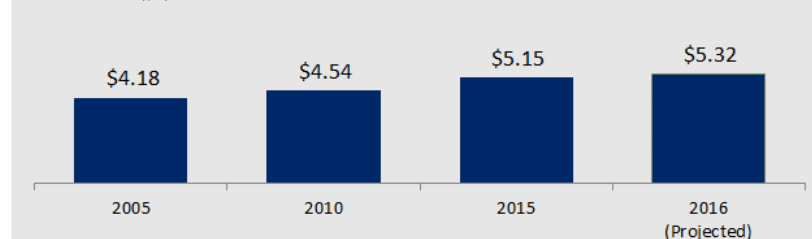
New life is breathed into the M&A market as companies, eager to grow and diversify, seek out strategic transactions and deals.

With a few notable exceptions, major company-transforming M&A deals have been largely curbed. However, there has been a steady rise in smaller, more strategic transactions by companies looking to:

- Expand customer bases
- Enter new geographic markets
- Take advantage of favorable financing options and increasing cash reserves

The good news: smaller, targeted expansion efforts mean getting a slice of M&A work isn't exclusively for the white-shoe, New York firms.

M&A Market Size (\$B)



MARKET SIZE TRENDS

BTI has tracked the legal market for the past 15 years. Use this data to understand the potential revenue opportunities available in each practice—and how major changes have impacted your firm's ability to be profitable.

How to Grow 2016

5 STRATEGIES FOR SUCCESS IN 2016

THESE STRATEGIES TRANSCEND MARKET CONDITIONS

Knowing Is One-Quarter of the Battle.

At the heart of most strategic plans is growth. More revenue, increased profits, new clients, new geographies—the permutations are endless, but the goal is the same: get more.

We've outlined where there will be opportunities to grow in 2016. Now we want to outline how you go about targeting and winning those market advantages. The following 5 strategies have proven successful in growing law firms' financials time and time again. They work across practices, industries, and clients.

Once you master these techniques, use them to target the opportunities identified within this report with more precision.

PRIORITY PRACTICES | HIGHER GROWTH, HIGHER RETURNS

Priority Practices provide the strongest opportunities for short-term growth. Shore up your resources in these 4 practices to take advantage of the expected growth and access to premium rates. Focus on quickly developing industry expertise in these practices to correspond with the industries expected to see top spending in these areas in 2016.

To do: Launch industry SWAT teams. *(See full report for more)*

- Cybersecurity/Privacy
- M&A
- BTC Litigation
- Class Actions

OPPORTUNISTIC PRACTICES | HIGH VALUE POINTS OF ENTRY

Opportunistic Practices provide access to premium rates, but few clients are increasing their spending here. Meaning: competition will be tight. Winning work demands understanding the client's business like no other firm and demonstrating your ability to provide business value. Make the most of your time-strapped resources by only focusing on industries with high growth projections.

To do: Act as a business advisor to capture high-rate legal work. *(See full report for more)*

- Regulatory
- Securities and Finance
- IP Litigation
- Investigations
- Restructuring
- Bankruptcy

5 Strategies for Success in 2016

CORNERSTONE PRACTICES | THE MUST HAVES

Run as lean as possible in Cornerstone Practices. Low growth and few premium-rate matters make the work in this area less attractive, but a necessity for law firms. Clients see firms not offering this staple practice as unable to meet their most basic legal needs.

To do: Focus on high-return differentiators to give clients a compelling reason to choose your firm.

(See full report for more)

- Corporate

TACTICAL PRACTICES | REVENUE BOOSTERS

High growth, but fewer premium rate opportunities, make Tactical Practices a challenge. Work in these areas ranges from routine to bet-the-company. Establish deep industry expertise in the handful of industries increasing their spending in these practices and aggressively pursue these clients. For other matters, run efficiently to increase the volume of work handled.

To do: Look for a new entry point to capture high-rate matters. *(See full report for more)*

- Real Estate
- Tax
- Environmental

CROSSOVER PRACTICES | THE WILD CARDS

Flexibility drives success. Crossover Practices display characteristics from each quadrant, and the work (and range of rates) follows suit. Profit is created by offering the best options (staffing mix, pricing, etc.) to clients on an individual matter basis. A word of caution: unlike Tactical Practices, Crossover Practices are not expected to see high growth in 2016. Work is limited and competition fierce.

To do: Create targeted client development plans. *(See full report for more)*

- Employment
- Litigation
- Intellectual Property

PUT THIS REPORT INTO ACTION

GETTING STARTED

WHAT now?

You know WHERE there will be opportunities to grow in 2016.

You know HOW to go about targeting and winning those market advantages.

Now you need to find the best course of action for YOUR firm.

*The best-performing firms have one element in common: **the client experience is a vital component of their strategic mindset.***

Start here:

**1**

Review the [Industry Opportunity Matrix](#) to locate which practices and industries offer the best clients to focus on.

2

Delve into the [Practice Area Overviews](#) to understand how the market is affecting each client.

3

Select which [Strategy for Success](#) will be the most effective for growing your business with each client.



Order **BTI Business Development Opportunity Zones 2016** now for the data and strategies to jump start your firm's growth today

About BTI

THE BTI CONSULTING GROUP

HELPING PROFESSIONAL SERVICES FIRMS BOOST CLIENT SERVICE FOR OVER 25 YEARS

Driving Superior Client Relationships. Fueling Superior Growth and Profits.

BTI conducts more independent research on how clients acquire, manage, and evaluate their professional service providers than virtually anyone.

We benchmark how Fortune 1000 companies buy, how professional services firms sell, and how to manage service provider performance. Through more than 14,000 independent interviews with C-level executives and systematic analysis, BTI has helped professionals boost client service for over 25 years.

We examine the market from the client's perspective. Our proprietary methods include open-ended interviews with high-level executives and decision makers, carried out by highly trained senior interviewers. These are not to be confused with check-off-the-box surveys. Our reports and findings are based on what your clients and users say: we don't put words in their mouths and we don't look to third parties to report what your clients are saying.

BTI is the leading provider of strategic, client-based research to the legal community. BTI has helped more than 200 law firms and professional services firms improve client service through compelling research and advice. We conduct the only continuous benchmarking market study in the legal services industry, now in its 16th year.

Clients use BTI's insightful, custom client feedback surveys to drive change, create urgency, and substantially boost performance.

RESEARCH METHODOLOGY AND APPROACH

INDEPENDENT, UNBIASED RESEARCH

BTI Business Development Opportunity Zones 2016 is based solely on in-depth telephone interviews with leading legal decision makers.

This comprehensive analysis trends data from more than 4,500 corporate counsel client interviews conducted over the span of 16 years.

This research is independent and unbiased—no law firm or organization other than BTI sponsors this study.

Each year, BTI reaches out to a sample of legal decision makers at large organizations with \$1 billion or more in revenue.

Participants are granted confidentiality at the individual and organizational level.

2016 SURVEY PARTICIPANT DEMOGRAPHICS

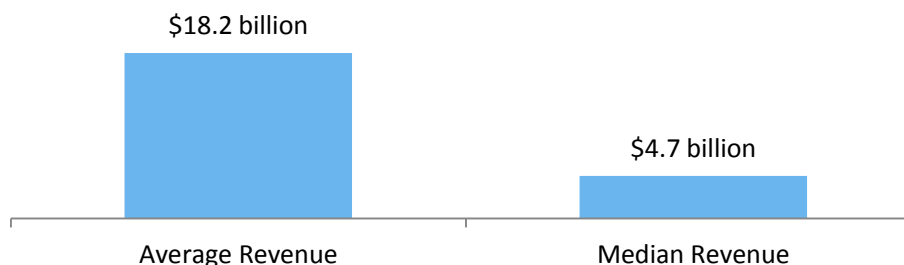
OVERVIEW

Interviews	322 in-depth telephone interviews
Time Frame	Conducted between March 9 and September 10, 2015
Incentives	Respondents receive a complimentary report of legal benchmarks and metrics

HIGHEST-RANKING LEGAL DECISION MAKERS

- General Counsel/Chief Legal Officer
- Direct Report to General Counsel
- Other Legal Decision Maker

ORGANIZATIONS WITH HIGHEST LEVELS OF LEGAL SPENDING



REPRESENTATIVE OF MORE THAN 15 INDUSTRY SEGMENTS

Banking	Energy	Insurance	Pharmaceuticals	Telecom
Chemicals	Financial Services	Investment Banks	Professional Services	Transportation
Consumer Goods	High Tech	Manufacturing	Retail Trade	Wholesale Trade

FUELING GROWTH AND PROFITS WITH CLIENTELLIGENCE®

GET THE MOST FROM THE 17 ACTIVITIES DRIVING GROWTH



Pinpoint your strengths—and weaknesses—in the activities proven to drive growth

BTI's 25 years of research pinpoint the 17 activities responsible for driving the absolute best client relationships. In essence, they are how clients define client service excellence and what clients expect out of the firms with whom they have the best relationships. The best-in-class performances in these activities are proven to drive superior financial performance.

There's only 1 way to determine if you are hitting the best-in-class threshold: ask.

Client feedback allows you to unequivocally pinpoint where you are excelling and where you need systematic improvements in your relationships.

The best feedback initiatives not only assess how you and your firm perform, but also look at the performance of the competitors also serving your clients. At the end of the day, what does it matter if a client thinks you are doing great, if a competitor is doing better?

**LEARN MORE ABOUT THE 17 ACTIVITIES AND
BTI'S NEWEST BOOK: *CLIENTELLIGENCE***
www.bticonsulting.com/17

The 17 Activities Driving Growth

Quadrant I: Relationship Bliss

1. Commitment to help
2. Client focus
3. Understanding the client's business
4. Providing value for the dollar

Quadrant II: Price of Admission

5. Legal skills
6. Quality
7. Meeting core scope
8. Keeping clients informed
9. Dealing with unexpected changes
10. Handling problems

Quadrant III: Relationship Builders

11. Breadth of services
12. Helping advise on business issues
13. Regional reputation
14. Unprompted communication
15. Bringing together resources

Quadrant IV: Business Magnets

16. Anticipating the client's needs
17. Innovative approach

KEY SERVICES TO HELP OUR CLIENTS

DATA-DRIVEN INSIGHTS AND HIGH-IMPACT ADVICE

BTI PERFORMS A BROAD RANGE OF SERVICES FOR OUR CLIENTS, INCLUDING:

CUSTOM CLIENT FEEDBACK RESEARCH

High-impact client feedback drives SUPERIOR client service.
Superior client service drives growth.

- ☐ Client Service Performance Studies
- ☐ Client Needs Assessment
- ☐ Your Firm's Client Service Score

MARKET ASSESSMENT

Establish a DIFFERENTIATED position—with less risk, lower costs, and a greater chance of success.

- ☐ Brand Health & Market Awareness Studies
- ☐ New Market Entry Assessments

BUSINESS DEVELOPMENT

BTI looks at PERFORMANCE in new ways—driving adoption of new tactics and better results.

- ☐ Strategic Business Planning
- ☐ Client-focused Business Practices
- ☐ Custom Training

STRATEGIC PLANNING

Assess your options to find the GROWTH best suited to your firm: from least risk to highest return and anything in between.

- ☐ Financial and Market Performance
- ☐ Competitive Analysis

USE BTI'S SERVICES AND RESEARCH TO:

Drive new business immediately

Keep competitors out of your client base

Find your strengths... and weaknesses

Learn what clients really want from you

CLIENT INSIGHT BRIEFINGS

Tailored to your firm and chock full of CLIENT-BASED insights, BTI briefings draw from our research and experience to help you boost client satisfaction, increase client retention, and improve your performance.

Please contact **Michael B. Rynowecer** at
+1 617 439 0333 or mrynowecer@bticonsulting.com
to learn more about BTI's custom research & services.

BTI RESEARCH AND PUBLICATIONS

AUTHORITATIVE, INNOVATIVE, AND PRACTICAL ADVICE FROM OUR RESEARCH

The data and insight found in BTI's reports are used to train attorneys, guide business development, inform strategy, and calibrate market trends against firm tactics.

In short, you get many of the benefits of a custom study commissioned for your firm, at a fraction of the cost. These insights are proven to drive growth and client retention and protect fees.

All of our reports come with a 100% satisfaction guarantee and complete telephone support to help you maximize the value from our publications.

You can order these and other compelling BTI research or publications at www.bticonsulting.com

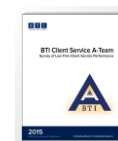
BTI LITIGATION OUTLOOK 2016 – NOW AVAILABLE



Your guide to understanding how clients' expectations are changing to help you grow and capture new market opportunities, take smart risks, and spur innovation. *BTI Litigation Outlook 2016* helps you create and provide solutions before clients realize they need them.

BTI CLIENT SERVICE A-TEAM 2016 – TO BE RELEASED DECEMBER 2016

17 activities drive superior client relationships. 4 matter most. Discover how clients rate more than 300 law firms—by name—in these key activities, including Client Focus, Commitment to Help, Legal Skills, and Provides Value for the Dollar.



BTI BRAND ELITE 2015



Based on why clients hire and recommend law firms—not the services, size, or location of a law firm—BTI's research reveals how law firms of any size reap substantial new business by improving brand perceptions in the market.

BTI CLIENT SERVICE ALL-STARS 2015

354 attorneys step up to meet—and exceed—clients' expectations and earn recognition, by name, from corporate counsel for delivering the absolute best client service.



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