

Baker & McKenzie, San Francisco and Palo Alto Offices

Legal Marketing, Communications, and Business Development

The San Francisco and Palo Alto offices of Baker & McKenzie work together to meet the complex legal needs of Bay Area businesses. Baker & McKenzie is a full-service commercial law firm that has built a reputation for providing quality legal counsel to a wide range of clients, from emerging enterprises to Fortune 500 companies.

Not only do the Bay Area offices assist local clients with their domestic legal needs, but also foreign companies doing business in the region and U.S. clients with interests abroad. Marshalling the firm's worldwide resources, Baker & McKenzie offers a rare combination of domestic and international expertise and is therefore better positioned to serve clients in today's global economy.

- As marketing director, I formulated a marketing plan for local web-based promotions, successfully raising the awareness and stature of the firm among Silicon Valley businesses operating in international markets. In addition, I served on the select committee that conceived and executed the second generation of the firm's worldwide website, including direction, content, and related cross-media promotion.
- I reversed a three-year decline in client seminars by exploiting the marketing potential of seminar selling: I more than doubled the average attendance from 75 to nearly 175; reduced costs by setting program goals and actively managing the budget; improved audience satisfaction by using "voice of customer" research to shape program content; strengthened the content and look of seminars by introducing high-impact visuals to communicate complex legal issues.
- I conceived, developed, and taught presentation skills workshops for associate attorneys. The intensive program both strengthened attorney communication skills and helped address the growing problem of associate dissatisfaction.

FOR IMMEDIATE RELEASE

September 17, 1998

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BAKER & MCKENZIE ANNOUNCES CHINA DESK

China Desk will counsel Bay Area companies on the legal and regulatory aspects of doing business in the People's Republic of China

PALO ALTO, CALIFORNIA, September 17, 1998—Baker & McKenzie, an international commercial law firm with 59 offices in 34 countries, today announced the creation of a “China Desk,” headquartered in the Firm’s Palo Alto Office. The Desk is devoted exclusively to helping Bay Area companies understand the complexities of selling products and services to, and investing in , the People’s Republic of China. The Desk will be headed by Cole R. Capener, a Baker & McKenzie Partner with over nine years of on-the-ground experience as a partner in the Firm’s Hong Kong and Beijing offices.

THE CHINA DESK

The China Desk will give Bay Area companies direct, immediate access to experienced legal counsel, as well as extensive market and legal resource material, neither of which is currently available to Bay Area companies. According to Managing Partner Bruce H. Jackson, “The China Desk will give Bay Area companies real time access to

—more—

mission critical information pertaining to foreign trade, investment, technology transfers, and financial transactions in the People's Republic of China."

The China Desk is the West Coast anchor for the Firm's China Practice Group, which consists of a multinational team of attorneys, consultants, translators, and researchers. "The China Desk is about information and access," said Mr. Capener. "The China Desk will assist Bay Area companies in structuring, documenting, and negotiating a broad range of commercial transactions. In addition, our attorneys will help with feasibility studies, market information, and translation and interpretation services."

THE CHINA OPPORTUNITY

"We selected the Bay Area as our base of operations because it is our view that technology companies situated in Silicon Valley—and, in fact, along the entire West Coast—will naturally migrate to China over the next decade," said Mr. Capener.

Despite widely held concern about the Asian financial crisis, Mr. Capener notes that China's gross domestic product will grow by nearly 7 percent this year. Mr. Capener is particularly optimistic about the mergers and acquisitions market in China. "While recently announced mega-mergers like Daimler-Benz with Chrysler, Citicorp with Travelers, and BankAmerica with NationsBank have seized the headlines in Western newspapers, the M&A market in China has also come of age. Yet, for the most part, this development goes unnoticed. China promises to be near the forefront of the continuing wave of global M&A transactions. And while the laws and regulations governing M&A transactions in China currently do not permit all of the M&A structures most Westerners are accustomed to, I am certain that all forms will inevitably become available to M&A participants in the People's Republic of China as the country continues to reform its state sector and foreign investors continue to ply the country's investment waters."

According to Mr. Capener, Bay Area investment in the People's Republic of China will be driven by: (1) Technology companies seeking a lower-cost manufacturing base for both hardware and software products. "Because China is developing its own little Silicon Valleys, the availability of qualified manpower could be enormous." In fact, in the next decade, Mr. Capener sees "growth companies moving to China after establishing markets

in the United States because Europe is no longer the sole route for market development that it was 10 years ago.” (2) Companies wanting to manufacture products in China for sale around the world. These companies will go to the People’s Republic in order to utilize low-cost, highly skilled labor and to make use of attractive business incentives. (3) Companies looking to penetrate the immense China market.

ABOUT COLE CAPENER

Cole R. Capener began examining Chinese legal topics as early as 1979. He joined Baker & McKenzie in 1986 and was elevated to partner in 1989. He provides legal, business, and tax advice to multinational clients regarding their investment and trading activities in Greater China. He has advised multinational clients on the establishment of hundreds of joint venture and other investment projects, including the China World Trade Centre project in Beijing, a computer component joint venture in Tianjin, a chip testing and assembly facility in Shanghai, a wholly foreign-owned software development company in Beijing, a medical product manufacturing facility in Yantai, a consumer product plant in Shekou, and a motorcycle production company in Guangdong, to name but a few. He also has advised clients on cross-border mergers and acquisitions deals involving assets in the People’s Republic of China.

Mr. Capener is fluent in the Chinese language and is the author of numerous publications on Chinese legal topics, including a recent book titled, *A Guidebook to Mergers and Acquisitions in China*.

Mr. Capener graduated *magna cum laude* (and *phi beta kappa*) from the University of Utah in 1978. He graduated with honors from the George Washington University National Law Center in 1981. He is admitted to practice law in California, the District of Columbia, New York, and Utah.

ABOUT BAKER & MCKENZIE

With 59 offices in 34 countries, Baker & McKenzie’s global network offers resources and expertise in every area of business law in virtually every important financial and commercial center in the world. The Firm’s Bay Area offices—located in San Francisco and Palo Alto—include over 80 attorneys. The client roster includes emerging enterprises and *Fortune* 500 corporations.

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To: Virginia L. Gibson
George H. Kalikman
John F. McKenzie
J. Pat Powers
André M. Saltoun

Copy: Bruce H. Jackson

From: Peter P. Speliopoulos

Date: October 2, 1998

Subject: SF/PA Marketing Plan Discussion Paper for Fiscal Year 1999

This discussion paper represents my thinking on what our office needs to do to gain prominence in the Bay Area marketplace. My assignment was to develop a bold, aggressive marketing plan that, for initial planning purposes, was not limited by time or budget. To that end, I have proposed activities—both ordinary and extraordinary—that will dramatically enhance our business development efforts and position us to act upon shifts in the external environment.

Once finalized, our marketing program, at its most effective and strategic, will drive the entire office by helping us:

- Focus on profitable services.
- Evaluate penetrable markets.
- Price, design, and promote our legal services in the most effective ways.

An effective, integrated marketing program is fundamental to our success. And this paper was written to foster a robust discussion among committee members of how best to achieve that success.

TABLE OF CONTENTS

Market Overview	1
Challenges.....	5
Positioning	7
Marketing Objectives and Strategies	8
Marketing Tactics	
Overview.....	9
Business Analysis and Measurement.....	10
Strategic Partnering.....	12
Image Advertising and Brand Management	14
Strategic Advertising	16
Media Relations	18

MARKET OVERVIEW

Looking at market forces will provide countless insights into potential defensive or offensive strategies that we should address in the marketing planning process in order to curtail or exploit each competitor's strengths or weaknesses. The market overview speaks to the issue of how we position ourselves in the various market segments we target. What is the positioning of each practice group and each of its competitors? Is our positioning preemptive or reactive? Do we have a strong positioning relative to our competitors? Does our positioning dominate a strong attribute that is important to our target market?

ENVIRONMENTAL FACTORS AFFECTING THE PRACTICE OF LAW

Dramatic changes have been taking place within the legal profession. An increasingly competitive marketplace has resulted in the hard realization that the practice of law must now be viewed not simply as a profession, but also as a business.

The most significant environmental factors influencing the practice of law today are ones with which everyone is familiar: the *Bates v. State Bar of Arizona* decision on law firm marketing; the sheer number of people practicing law in California; specialization within the legal profession; the rise of the megafirm; the widespread use of technology in law firms; rising overhead costs and the resulting decline in profitability; the growth of corporate legal departments; client quality and cost-containment efforts; and, most important of all, the foray into traditional legal services by other professional services providers.

BLURRED DISTINCTIONS BETWEEN PROFESSIONS

This last point—the encroachment of professional services providers on traditional legal services—deserves further comment. Accountants, financial planners, and mediators are taking away work that has traditionally been done by law firms as these professional service providers have expanded their missions and looked for new service growth areas. The steady movement of accounting firms into the legal arena is most pronounced in Europe, where some of the largest law firms are now owned by the Big Five accounting firms. In fact, Arthur Andersen, KPMG, and PricewaterhouseCoopers (Price Waterhouse and Coopers & Lybrand merged on July 1, 1998) are now competing for the title of Europe's largest law firm.

In the United States, the Big Five are also adding attorneys in their drive to build one-stop professional services firms to meet *all* of the needs of their clients. According to an article in *The Wall Street Journal* in mid-1997, Price Waterhouse had 500 tax attorneys in the United States, Ernst & Young had 800, and Arthur Andersen had 1,000.

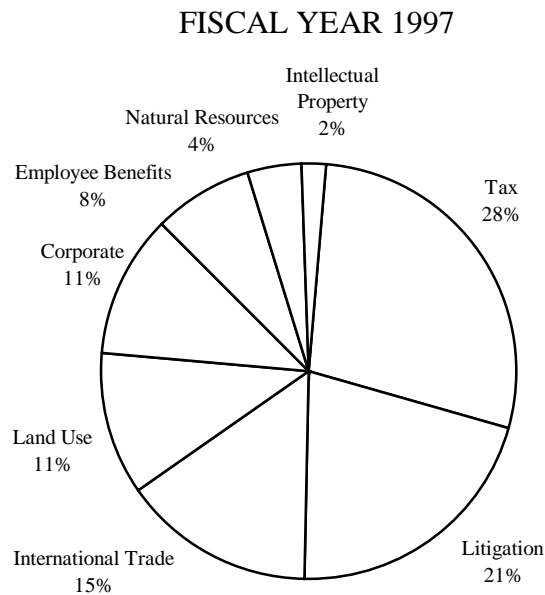
The international commercial law landscape is changing dramatically as international law firms consolidate and the Big Five gobble up law firms in Europe in order to broaden their base of clients and prospective clients. For example:

- Even though it has abandoned its reported acquisition of London law firm Wilde Sapte, Arthur Andersen contends that it will continue to build their international network of firms with local legal competence. The conclusion of the deal would have created the U.K.'s sixth largest firm. Arthur Andersen reportedly has now turned its gaze on Frankfurt.
- Allegations that Arthur Andersen engaged in the unauthorized practice of law were recently dismissed by a committee of the Texas Supreme Court.
- Knopf Tulloch & Partner (a German by-product of Arthur Andersen comprised of accountants, tax advisers, and attorneys) and London firm S.J. Berwin & Co. announced recently that they were forming a strategic alliance.
- Arthur Andersen recently merged with one of Spain's top law firms to form Garrigues & Andersen.
- In the U.K., Arthur Andersen's affiliation with Garret & Co. has expanded the law firm to nearly 150 attorneys in just three years.
- In Paris, Deloitte et Touche Juridique et Fiscal and KPMG Fidal Peat International now appear on the city's list of law firms.
- Ernst & Young has set up a law firm—Donahue & Associates—in Toronto. The firm operates independently on referral business from the accounting firm's Toronto offices.
- KPMG will soon open KPMG Law, a commercial legal arm, in Auckland. In all, KPMG has legal practices in 70 offices around the world.
- KPMG now has 1,100 attorneys in France, making it that country's largest law firm.
- Recently, Linklaters & Paines, the U.K. firm, merged with four other leading European law firms to form Europe's largest.
- PricewaterhouseCoopers opened a law office in Moscow last year, which it hopes will soon grow to 100 attorneys.
- PricewaterhouseCoopers has an alliance with Miller & Chevalier, a law firm in Washington, D.C. that has a large tax practice. The two firms refer clients to one another.

- Coopers & Lybrand (now PricewaterhouseCoopers) helped establish the British law firm Tite & Lewis in 1997.
- U.K. firm Slaughter and May already has a strong regional practice in Asia which we regularly run up against; however, for the time being, the firm has not injected significant levels of resources into Hong Kong.
- New York firm White & Case has a notable regional practice in Asia and, through its assimilation of Grice & Co., has now made the leap into local Hong Kong practice.

COLLECTIONS FOR THE TOP 200 CLIENTS BY PRACTICE GROUP

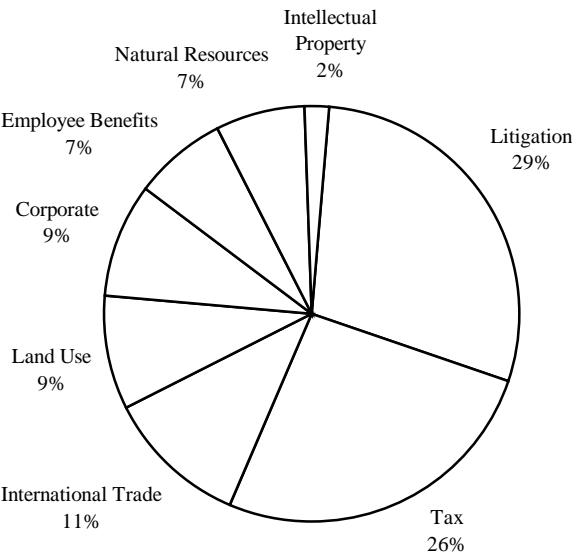
It is essential that we know where our business comes from. Below are the collections for the top 200 clients for each area of practice for fiscal years 1997, 1996, and 1995. (Data for fiscal year 1998 are not yet available.)



FISCAL YEAR 1996



FISCAL YEAR 1995



CHALLENGES

THE LAW FIRM “PRODUCT”

Legal services by their nature are intangible, and therefore, difficult to market. And the few tangibles that do exist are difficult for clients to evaluate. Our “products” are, by and large, inherent in our people and their skills. These are important to articulate as a way of laying bare what our clients value in the relationships they have with us. Our “products” include:

- *Legal and staff personnel.* Our people are the primary “product” of the office, from the interpersonal skills they exhibit in dealing with clients, to their expertise in a specific area of the law, to their aptitude in performing work on a client’s behalf, to their personal interest in each client’s legal business.
- *Legal services.* In addition to the core legal services provided by attorneys and paralegals, clients base their judgments of the legal services rendered on such things as the attorney’s success in keeping the client informed of the file’s progress, doing the work correctly the first time, delivering a fee that is in line with that which was agreed to when the work was started, fast turnaround on work, and a whole range of other vague, service-related factors.
- *Written work products.* The quality of the written documents that ultimately end up in the hands of a client offers tangible evidence of our expertise. The work product includes such things as briefs, contracts, memoranda, seminar materials, invoices, and other such documents.

CHALLENGES CREATED BY INTANGIBILITY

The intangibility of the law firm “product” presents many obstacles to marketing. These obstacles include:

- *The difficulty in determining what value the market places on services rendered.* It is difficult to stay abreast of the marketplace. Client work is all consuming, so we tend *not* to spend the time we should understanding client and market needs. In fact, planning requires an obsession with the outside world: What is going on in the marketplace that will affect our business and how should we prepare ourselves? Understanding the marketplace is further complicated because our clients themselves have difficulty judging the quality, value, and unique benefits of a particular attorney, the office, and the firm. Client judgments are not based solely on the legal work performed. Their judgments are based in large part on vague perceptions and expectations, and whether and how these are met.

- *The difficulty in determining what legal services to offer.* What services should the office provide? Like most law firms, we decide our areas of practice based on instinct rather than the needs of the market. Because our services and our attorneys are one and the same, it is difficult to make decisions regarding the fate of practice areas. If a product is not profitable, it is pulled from the market; however, because a partnership is made of human capital, such decisions are impossible.
- *The difficulty in determining if our service offerings are profitable.* Decisions regarding what services should be retained or eliminated are not based on historical information or profitability analyses. In fact, the office does not measure the profitability of our practice areas in order to make informed decisions regarding how to price the services offered and how to allocate promotional dollars. A law practice is about people. The effect of eliminating, reducing, or redirecting a “product line” affects people’s lives.
- *The difficulty in determining how to price our legal services.* What monetary value does the marketplace put on the services we offer? Are our services undervalued? The fact is, we simply do not know. Traditionally, law firms have sold time, with attorneys billing by the hour. What is the best alternative to the traditional hourly rate? There are several alternatives to traditional hourly billing, including variations on hourly rates, flat fee arrangements, retainers, contingency fees, and results-based fees. An even more interesting approach to pricing might be referred to as value pricing, a pricing arrangement which is directly tied to the client’s objectives and is based on the perceived “value” of the service to the client. This is the approach used by consulting firms.
- *The difficulty in determining whom to target.* Which markets will the office serve? Ours has traditionally been a general practice, full-service approach where we have identified our target audience as all Bay Area companies that currently, or will eventually, have overseas operations. But can we afford to do absolutely everything? Another way of asking the questions is this. Which are the most profitable market segments? The process begins with a focus on the client. After all, clients “buy” legal services in different ways. Conversely, practice areas have different strengths and weaknesses and get their business in different ways. The targets, therefore, should be those segments of the market that can be best served by the office.
- *The difficulty in keeping the Baker & McKenzie brand “top of mind.”* The Baker & McKenzie brand is strong, respected, and well-established in the greater Bay Area marketplace. We are the Coca-Cola of international law. We were first. And we are the best. Moreover, associated with the Baker & McKenzie brand are unique, identifiable attributes, attributes that help the office focus its efforts on targeted groups that have the greatest likelihood of using our services. However, our position is being threatened by aggressive competitors who are systematically targeting international markets.

POSITIONING

For the office to be truly competitive in our chosen markets, clients must perceive that unique benefits exist in using our services over those of other firms. Positioning is the process of finding a set of distinctive qualities to promote in the minds of “purchasers” of international legal services.

To address the challenge of differentiating the Bay Area offices of Baker & McKenzie, the Management and Marketing committees together adopted the following as its positioning statement, the theme that will unify our marketing efforts in order to produce a sustainable image in the marketplace:

Baker & McKenzie is the Bay Area’s preeminent legal resource for international business.

As a result, the singular quality about Baker & McKenzie that we will promote in the minds of clients, prospective clients, referral sources, and influentials is that Baker & McKenzie offers distinct advantages in international markets that no other firm does or can offer. Our goal with each marketing execution will be to reinforce in the minds of business leaders that they should think of Baker & McKenzie when they think of international or cross-border issues. Just as the name “Wilson Sonsini” is synonymous with “corporate and securities law,” our strategy is to make the name “Baker & McKenzie” synonymous with “global law.”

It should be noted—and noted intently—that this positioning is vulnerable because it is easy for competitors to imitate, as we have seen recently with the growth of accounting and management consulting firms that are pursuing a business development strategy for corporate clients that features one-stop professional services shopping for audits, tax counsel, and business advice, with the most visible display of the trend among accounting firms in Europe.

MARKETING OBJECTIVES AND STRATEGIES

MARKETING OBJECTIVES

Our marketing objectives are:

- To retain 95 percent of those clients from whom we generate a minimum of \$50,000 in business each year.
- To eliminate those clients that do not meet the aforementioned objective (too many resources for too few dollars).
- To implement a strategic business development program that increases revenues by 15 percent and profit by 20 percent by the end of fiscal year 2000.

MARKETING STRATEGIES

We will achieve our objectives by:

- Preempting aggressive competitors through pricing, delivery, and efficiency.
- Reducing low volume work to increase profit margins.
- Implementing a bold branding program to keep the Baker & McKenzie name “top of mind.”

MARKETING TACTICS

OVERVIEW

Clearly, the challenges dictated by the intangibility of legal services will not go away; therefore, we must take bold steps to keep the Baker & McKenzie brand in the fore. Below are five aggressive initiatives designed to do just that: forge a definitive identity in the local market. Secondary tactics are those ongoing initiatives that we will take up as required throughout the year. Tertiary tactics are those that have been considered and rejected at this time.

PRIMARY TACTICS

- Business analysis and measurement (\$0)
- Strategic partnering (Unknown)
- Image advertising and brand management (\$200,000 to \$250,000)
- Strategic advertising (\$150,000 to \$350,000)
- Media relations (\$45,000 to \$60,000)

SECONDARY TACTICS

- Charitable sponsorships (\$5,000)
- Database management (\$0)
- Online marketing (\$15,000)
- Professional announcements (\$7,500)
- Seminar programs (\$85,000)

TERTIARY TACTICS

- Client newsletter (\$10,000 to \$15,000)
- Internal marketing newsletter (\$1,000 to \$2,500)
- Office capabilities brochure (\$25,000)

BUSINESS ANALYSIS AND MEASUREMENT

RECOMMENDATIONS

- Launch a comprehensive internal analysis program by practice area to validate market capabilities.
- Ascertain the target audiences for each area of practice.
- Measure thoroughly the effectiveness of each and every marketing activity upon completion.
- Measure annually the state of the office.

RATIONALE

The “products” of our office are our people: our attorneys and their expertise. Therefore, a critical area of support for our marketing program is a system that gathers, organizes, and disseminates information that the attorneys can use in their business development efforts. We must create and implement methods which keep useful, up-to-date information flowing freely throughout the office.

Successful marketing is driven by information. Who are our clients? Who are our competitors? What is happening in the market? The information needs go on and on. Using research to identify and analyze our core competencies and using measurement systems to judge effectiveness are critical to the long-term viability of our marketing program.

EXECUTION

- *Measure the effectiveness of all marketing initiatives.* Before any marketing campaign—or even a specific marketing activity—is undertaken, we will develop criteria for evaluating its effectiveness. Only then can intelligent decisions be made about the value of certain types of efforts. If we do not set benchmarks by which progress may be measured, it will be extremely difficult to gauge an activity’s effectiveness, in terms of time and money spent. The evaluation stage is designed to determine what happened with the marketing program and why. It is a way of fleshing out where modifications might make sense. In evaluating after the fact, we will certainly learn how to improve future efforts.
- *Analyze existing information.* Comprehensive internal analysis first involves a study of the results of the Client Care Survey and other existing statistical information, most of which should be available from the accounting system.

- *Analyze attorney perceptions.* Attorney perceptions will be analyzed in order to identify strengths, weaknesses, opportunities, and threats with respect to personnel (both lawyer and non-lawyer), technology, services, clientele, administration, fees, operations, compensation, and image and reputation. The responses will be tallied to see how similar (or dissimilar) attorneys are in their opinions of how the office is situated and where we are headed.
- *Measure the office's business by practice area.* It is crucial that the statistical information about the office's business be analyzed annually by the Management and Marketing committees. This would involve, for example, answering such questions as:
 - Which practice areas are growing most quickly?
 - What percentage of total revenues does each practice group represent?
 - How profitable is each practice group?
 - Which industries represent the largest percentage of office revenues?
 - How has the composition of the office's top 20 percent of clients changed in the last three years? In the last five years? Why?

Answering these questions will provide valuable insights into the strengths and weaknesses of our business development efforts. For example:

- *Clients by industry.* By analyzing clients by industry, we will see whether our clients represent significant percentages in certain industries. Such an analysis would provide us with surprising and extremely important results for our marketing planning process.
- *Clients by revenues.* Listing key clients over a three-year (or longer) period of time by revenues and the number and diversity of matters would help us uncover clients or industries that might be slipping away.
- *Practice areas by revenue.* By tracking the revenues and other contributions of practice areas over time, we will be able to create benchmarks by which to judge success and failure. This is particularly important if certain groups are involved in more aggressive marketing programs or have been targeted for growth.

BUDGET

\$0

STRATEGIC PARTNERING

RECOMMENDATION

- Create strategic relationships with one or more Bay Area law firms.

RATIONALE

Why enter into a strategic partnership with a competitor? Why turn away from familiar structures that have worked so well for so many years? Because the world is changing in ways that makes partnering a viable way of achieving success in an ever more competitive marketplace. Strategic partnerships simply represent a better way of conducting business and competing in an industry that is undergoing unprecedented consolidation. The benefits of strategic partnering include:

- *Doing more with less.* At a time when we are grappling with limited and diminishing resources, partnerships offer us expanded capabilities, allowing us to do more with less or to do something entirely different than our existing resource base permits. In order to survive, we have to find ways to be more accomplished with fewer attorneys and support staff. As a result, we must learn to share our expertise and time with unlikely entities.
- *Improving the client relationship.* Without a doubt, there has been an increasing emphasis in recent years on the client's role in defining quality. Partnerships will enable us to be more flexible, to leverage our core competencies, to create new ventures that would have been inconceivable in the past, and, most important of all, to better serve our clients. Today, the pace and direction of change is often unpredictable and inconsistent. We see rapid change existing beside stability and stagnation. Increasingly, realities such as these require organizations to be nimble, adaptable, and ever more responsive to client demands.

Partnering represents efforts to combine the best available resources needed to add value to the client relationship. Currently, global business is experiencing a tremendous amount of shifting and blurring of boundaries, roles, and markets. The best example of this is the technology market. In many cases, competitors share information or even become each other's customers. In short, companies are finding that there is less time and capital available to do what they used to do on their own, as autonomous businesses. Companies are being forced to form strategic partnerships in order to survive.

EXECUTION

There is some legal work that our office is not equipped to handle. Our clients would be best served if we were to refer their matters to a specialist in that area of the law. Joint ventures may take either of two forms:

- A strategic partnership in which we have a formal, advertised, mutually beneficial client-referral arrangement.
- A strategic alliance with a predetermined contract term, during which all of our domestic practice attorneys would actually “work for” the domestic joint venture partner while its international attorneys would move to Baker & McKenzie.

Joint venture arrangements of either kind would allow us to gain access to benefits too costly to secure on our own. For example, instead of building whole practice areas or taking on work that falls outside our core market segments, strategic partnering would allow us to serve the needs of our clients, while at the same time allowing us to maintain control over the relationships.

The criteria for evaluating potential joint venture partners are these:

- *They must complement our own capabilities.* Our partnerships will be formed to acquire client work that we could not otherwise secure. Possible targets include: Cooley Godward; Fenwick & West; Gray Cary Ware & Freidenrich; Gunderson, Dettmer, Stough, Villeneuve, Franklin & Hachigian; and The Venture Law Group. These fine firms do not offer overlapping services; instead, their practices complement our own. While common interests, values, goals, and perspectives are ultimately what make or break a partnership arrangement, each of the prospective partners must offer a unique dimension not held by the other. Therefore, we must seek out partners with distinct capabilities and access to a unique clientele to which we ourselves would not otherwise have access.
- *They must pass rigorous standards.* While it is true that forming a joint venture will require some risk-taking, we must be certain to do our due diligence. We must carefully and diligently move beyond the initial “attraction” and begin to define the major issues and dynamics of an ongoing relationship.
- *They must possess a tenacious commitment to client service that rivals our own.* We are looking for joint venture partners who are primarily concerned with better serving our mutual clients and finding ways in which we, together, can gain a greater share in our mutual markets. Regardless, we must choose partners for whom we have considerable respect. In choosing to work together—for the common good of our clients—there must be no doubt that we can make extensive use of each other’s strengths as the foundation for the partnership. All the complementary strengths in the world will not be of much benefit to either partner if we do not use them to benefit our clients.

BUDGET

Unknown

IMAGE ADVERTISING AND BRAND MANAGEMENT

RECOMMENDATION

- Expand image placements in local publications (beyond such annual publications as *The Book of Lists* for San Francisco and Silicon Valley) in order to increase awareness among key market segments.
- Exploit spot opportunities that present themselves, most notably the 50th anniversary of the firm.
- Retain Jamison Cawdrey Advertising to execute the creative.

RATIONALE

In the case of image advertising, it is important to realize that little, if any, business will ever be generated because the advertisements are *not* designed to prompt a direct response. Brand advertising helps raise awareness with prospects and helps to reassure “purchase” decisions by existing clients. In this way, clients and prospects are able to pick out our legal services from among the clutter. This is particularly important today, as the number of players targeting international business law has increased dramatically, while the available time to research legal services has decreased. Moreover, branding is most important in our category because of the current lack of differentiation among “international” law firms, thus making it difficult for prospects to make rational, fact-based decisions when retaining legal counsel.

For all the benefits that a bold image advertising program will bring, it is still critical that attorneys develop personal relationships with clients and prospects. The gala reception will focus on clients and prospective clients in an effort to foster goodwill, generate greater name recognition, recognize key events, and, most important of all, strengthen relationships. Activities that foster face-to-face contact are to be encouraged; after all, it is through in-person contact that our attorneys will develop relationships. And relationships lead to business.

EXECUTION

Building brand equity through image advertising and other applications of the brand provides a means of differentiating our legal services from those of the competition. Through a disciplined process, we will define the images, perceptions, and associations that we would like clients and prospects to apply to the Baker & McKenzie brand. Clients must be able to recognize immediately brand attributes in the firm name, the wordmark, the firm tagline (i.e., “One World. One Firm. Connected.”), and all other executions of the brand.

The major event of the year is the firm's 50th anniversary. We will "sprinkle" the anniversary celebration over the entire year instead of limiting the celebration to a particular week in July, 1999. There are many beneficial initiatives (e.g., advertising, publicity, gala celebrations, announcements, a history brochure, and a commemorative gift) that the office should undertake to celebrate the firm's 50th year, while also taking full advantage of firmwide initiatives from IEO. The most significant initiatives are:

- *Image advertising.* There are two types of advertising (excluding trivial executions such as tombstone announcements and directory listings): advertising designed to generate business and advertising designed to create an image. Here we are concerned with the latter: namely, creating a unique, forceful, and sustainable image of our capabilities in the greater Bay Area marketplace. For the current fiscal year, our image advertising will key off the firm's 50th year.
- *Gala celebrations in Palo Alto and San Francisco.* The main event to celebrate our anniversary is a gala reception with our attorneys, clients, prospective clients, referral sources, influentials, and staff. There are a number of things we could do to make the event a memorable one, such as honoring the founders of the firm, inviting relatives of the founders, honoring clients who have been with the firm since the founding year, inviting retired partners, and donating money to a special cause. While having the event at a memorable site would be ideal, the cost would be prohibitive, so the venues for the celebration will be the Palo Alto and San Francisco offices.

BUDGET

\$200,000 to \$250,000

STRATEGIC ADVERTISING

RECOMMENDATION

- Pilot an advertising campaign over a six- to 12-month horizon designed to generate client leads, using the Compensation and Employee Benefits practice as the model.
- Retain Jamison Cawdrey Advertising to execute the creative.

RATIONALE

The Compensation and Employee Benefits practice group was chosen as the model for the strategic advertising pilot project because the group is small and successful, international stock option and stock purchase plans are hot subjects now, and the business itself is not cyclical in nature. Moreover, even though we cannot afford to implement a comprehensive research program for the purpose of establishing measurable benchmarks for judging the effectiveness of the advertising, we are safe in relying on the accumulated expertise of the group to provide guidance on their competitive share of the market and the strength of their current marketing programs versus those of their competition's past and anticipated marketing activities.

EXECUTION

Unlike an image advertising program—which is concerned with building awareness and positively affecting market attitudes—a strategic advertising campaign is executed for the sole purpose of generating new business.

Our goal is to preempt aggressive competitors who have encroached on our unique position in international markets. The execution, therefore, will take what might be termed an anti-category stance to reposition Baker & McKenzie relative to our competitors in the international employee benefits category. A confident, aggressive approach will be taken: we will take a common, client-perceived problem (e.g., attorneys who are not accustomed to dealing with international transactions tend to view such transactions from a U.S. perspective, not taking into account the foreign side), establish the problem as inherent in the way our competitors operate, and then try to set ourselves apart from the competition.

BUDGET

\$150,000 to \$350,000

MEDIA RELATIONS

RECOMMENDATION

- Utilize targeted editorial programs to build awareness and legitimacy for the Palo Alto and San Francisco offices in the international legal services category.
- Engage Blattel Associates on a retainer basis to execute a sustained, proactive media relations program.

RATIONALE

Publicity must play a central role in our marketing plan. Publicity is particularly valuable for us because public awareness and public opinion are critical to developing new business. Our need to build market awareness, to enhance the firm's image in the local media, to educate our target audiences, and to respond to industry trends will be well supported by a vigorous media relations program. Our program will target those media experts who have a tremendous influence over our market base in order to obtain favorable references to the firm and the office.

The benefits of an aggressive, sustained media relations program are many, including the following:

- Establishing a high level of visibility for the office and our attorneys in key target segments.
- Enhancing our image of competence, professionalism, and compatibility.
- Communicating the benefits of using local attorneys for international work.
- Attracting the interest of prospective clients.
- Renewing the interest or positive attitude of past or current clients.
- Generating voluntary mention and real or perceived endorsements by media and other influentials.
- Producing a flow of unsolicited, qualified inquiries and referrals to the office.

EXECUTION

During the past several years, Baker & McKenzie has been almost exclusively associated with the Rena Weeks case in the Bay Area media. The fallout from the case has certainly subsided, but nothing of note has taken its place. We are virtually unrecognized by the local media, both general business and legal. To counter this situation, it is imperative that we increase our name recognition and promote our strong Bay Area presence through the implementation of a sustained, proactive media enhancement program, highlighting our high-caliber attorneys and distinguished practice areas.

Several challenges would face public relations counsel:

- *We need to reverse local media perceptions.* The local media view Baker & McKenzie as a Chicago firm and, therefore, have been reluctant to feature us in stories.
- *We need to deal with lingering perceptions about public relations.* Past public relations efforts have soured many partners on the value of retaining outside media consultants. In fact, most have little faith in the ability of public relations consultants to implement a proactive media program.
- *We need to organize in a way to respond effectively to media calls.* One of the keys to gaining positive media exposure is organizing in such a way that we are able to respond in a timely fashion to media calls. This requires that we not only designate someone to be in charge of the entire media relations effort, but also designate in advance an attorney spokesperson for each story.
- *We need to accommodate the special needs of spokespeople.* Getting the most out of the media means preparing our attorneys to work with the media. This includes developing a media policy that informs attorneys and staff how to respond to a call from the media, developing an effective and responsive procedure for attorneys with story ideas, and training inexperienced attorneys who will be spokespeople on how to talk to reporters.

BUDGET

\$45,000 to \$60,000