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Size counts? Determining your optimal marketing headcount

In a piece first published in PM magazine, we take a look at law firms in the US and UK and compare the size of their marketing and BD teams

Investment decisions are never easy. But perhaps it is even harder in a function like marketing and business development (BD) where much of the success is predicated on finding and fulfilling a firm's often hidden potential. Growth here needs to be justified with convincing evidence of reward that may not yet be in plain sight. It's a tough ask for even the most seasoned marketing/BD professional.

Much of the investment decision-making will revolve around the unique requirements of each firm's location/s, internal and external forces, growth into new markets/sectors/geographies, and so on. This can only be achieved by sound internal strategic review.

But, at the same time, firms always need to know what the rest of the market is up to. Are other firms making similar decisions? Does their resourcing stack up to yours? Sometimes you'll want to strike out, invest heavily to do something different that enables your firm to seize market share. Even then, though, you need to know where the land lies to understand the likely impact of your actions.

This is where we wanted to help. In partnership with US recruitment firm J. Johnson Executive Search, we compiled data from 31 UK and US law firms, to show the ratio of practising lawyers to full time marketing/BD/communications professionals.

As specialist recruiters of BD and marketing professionals into law firms, Totum is often asked to provide this kind of data, which can support a firm's decision making on how best to resource this critical function in today's legal business. We hope the results will not only help give a snapshot of typical marketing & BD headcounts across firms, but also give the directors and heads of this function solid market data to help substantiate the case for investment.

Our findings

Overall, the numbers of practising lawyers to full time marketing/BD/communications professionals ranged from 10.2:1 to 37.1:1. Further breaking these down, we could see that:

1. The largest teams in this function share a ratio of 10.2 practising lawyers to one full-time marketing/BD/comms professional. No fewer than seven firms are within the 10:1 to 11:1 range, with a further 12 firms sharing ratios from 11:1 to 13:1. By accident or design, the majority of respondent firms (61%), therefore, seem to be maintaining similar headcounts.
2. At this end of the ratio scale, US and UK firms are closely aligned, with the top US headcount at 10.4:1 and the UK at 10.2:1.

3. At the other end of the ratio scale, however, US firms feature far more prominently. The eight firms with the smallest teams are all US firms ? with ratios ranging from 21.8:1 to 37.7:1. The smallest team among UK firms has a ratio of 16.5:1.
4. Larger firms (of more than 2,000 practising lawyers) maintain bigger teams on the whole than smaller firms (of less than 1,000 lawyers). The lowest marketing headcount among the largest firms had a ratio of 12.7:1 compared to 37.1:1 among the smallest firms polled.

Delving deeper

Some points here are particularly worth further exploration. For this, we asked for additional input from David McClune, CMO at Shearman and Sterling (who also played an instrumental role in compiling the data), Lynette Williams, Global Head of Client & Market Development at Clifford Chance, and Serena Simmons, Global CMO at Hogan Lovells.

First, it isn't perhaps surprising to see US headcounts ranging far more widely than in the UK, with the eight smallest teams all coming from US firms. McClune, Williams and Simmons agree that this likely reflects that UK firms started investing in marketing functions before the US. ?The significant trend, particularly towards investing in BD, started in the UK and Australia, and is only now being replicated in the US,? says McClune.

What is more surprising, however, is that at the larger end of the headcount spectrum, US firms compete closely with UK firms, with very similar ratios of around 10.5:1. Look more closely, however, and it is clear that these are the global firms ? those that have invested much more strongly in BD in recent years to support their growing footprints. ?They are seeing the value of BD in terms of its impact on revenue and reputation,? says Williams. ?US firms were historically stronger on the PR and comms side, but they are now investing in BD to balance that.?

At the other end of the scale, those US firms with the smallest headcounts tend to be the white-shoe New York firms. These are the firms, McClune argues, that are less likely to be focused on international expansion and whose investment tends to still focus on marcomms ? as in, media communications and PR. Growth in BD here remains more limited.

In terms of the size of firms, it also seems little coincidence that the smallest headcounts can be ascribed to the smallest firms with perhaps fewer investment opportunities or less desire to seize those that arise. Expansion (and growth in BD) is less important when you have a strong niche or boutique operation.

However, Williams doesn't think that larger firms will necessarily always have a proportionally higher headcount. With more investment in underlying systems and infrastructure, she thinks that larger firms are achieving efficiencies whereby they may need fewer people in a relative sense ? they can achieve economies of scale.

Simmons adds that headcounts may also range due to different regional demands. ?Factors can include the level of market development,? she says. ?You need more resource in an investment phase ? and of course local market practice (for example, some places are more pitch-heavy than others, some require more frequent client events, etc.)?

Our conclusions

There are, of course, limitations to this kind of data. We would have loved to have broken down the ratios

more deeply, exploring how exactly firms split their investment between marketing, BD and communications, and then again how each of those elements are defined.

But as Simmons says, this varies widely from firm to firm. What one firm would put into the remit of BD, another will ascribe to marketing or communications, and vice versa. And then there are the people that are embedded into specific practice areas or smaller offices, whose work encompasses a wide range of both BD and communications activities. Variety doesn't make for an easy analysis.

But having said that, we have been able to use these ratios to draw some interesting and, hopefully, helpful conclusions. If there is a key area that seems to make a difference to headcount in marketing/BD/communications functions, it is BD. Those firms that tend to have higher headcounts are those ? whether based in the UK or US ? that have global ambitions. These, understandably, are also typically the larger firms that have invested in BD.

Those with smaller headcounts tend to be the smaller firms, with, it could be argued, different aspirations. Global expansion ? and the resourcing to go with it ? may not be of critical importance. Likewise, these firms are not so beholden to resource the varying marketing needs of many different regions.

In the long term, these ratios may change. Investment in technology and infrastructure may make a difference to how law firms resource all their functions. Likewise, external markets may change significantly enough to change strategic priorities.

But what we have seen is that many firms have grown massively in recent years ? expansion that we don't think could have been achieved without what is shown by these ratios: significant investment in the growth of the marketing and BD function. It's not just that the right skills help firms physically expand their footprint, but that they help build a firm's brand reputation too, enabling them to cement that growth.

For that reason, we think this investment will continue ? as firms only increasingly realise the value that such teams have brought to those willing to build their marketing/BD and communications strength.

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