LexisNexis® RFP Activity Summary Report
Executive Summary

It’s no secret that corporate legal departments have embraced the use of RFPs and other competitive bidding mechanisms to identify, vet and engage outside counsel. Given the current economic climate, you might expect this type of RFP activity to be ramping up, along with the corresponding effort and resources law firms must devote to winning new clients this way.

In late July, LexisNexis® InterAction® conducted a survey to begin to quantify law firm RFP response efforts. The intent was to get a snapshot across law firms indicating the level of RFP activity, its trend line over the past year, and the amount of effort being expended by practices.

Key Findings

A surprising number of survey respondents simply do not know the level of RFP activity underway at their firms. With 359 participants, almost 41 percent were unable to answer the first question quantifying monthly RFP activities. Accordingly, the key findings in this report are based on 213 respondents who passed the first question gateway.

Overall, firms are responding to an average of 5 to 16 proposals each month with larger firms engaged in a higher volume of RFP activities than their counterparts in smaller firms. Although 68 percent of firms are handling an average of 10 or fewer RFPs every month, it’s a different story at the high end. 15 percent of our respondents are juggling more than 21 activities each month, which equates to a run rate greater than 250 proposals a year.

42 percent of respondents saw an increase in RFP activity at their firms over the past 12 months. An identical 42 percent believe the volume of RFP activity has stayed the same.

Responding to RFPs, pitches and proposals puts a strain on practice resources. While some 46 percent of RFP responses can be handled with fewer than 20 hours of effort, that total also means the majority of work takes even more time. The survey selections topped out at 40+ hours per RFP response, a category that still garnered 7 percent of the replies.

Based on all the replies, the average hours-per-proposal figure increased with firm size ... ranging from 19.6 to 25 hours. Interestingly, this question also earned a relatively high “don’t know” response rate of 22.6 percent. Although the survey audience could address volume and growth rate questions, they were unaware of the amount of effort required from the firm to handle that workflow.

By combining average RFP volumes and average hours-per-proposal, it’s possible to assess the growing impact of these kinds of activities on legal firms. For smaller sized firms, the lower proposal count and hours required per response still adds up. On a yearly basis, it totals 1,175 hours of effort which is enough to fund more than half of a full-time equivalent (FTE) employee. For the largest firms, the average yearly total came to 4,800 hours, representing 2.3 FTEs.
For all the time and effort devoted to RFPs, pitches and proposals, only a modest 58 percent of respondents verified they bother to track wins and losses. 25 percent placed themselves in the “don’t know” or “maybe” category; and 17 percent were willing to admit they do not track. Among those who keep tallies, the preferred methodology is simple Microsoft® Excel®, which out-pulled CRM systems 2-to-1 and manual tracking by an even larger margin.

About the Survey

The LexisNexis® RFP Activity Survey was conducted online between July 23 and August 3, 2012. Eight simple questions were used to classify firm size and the extent of firm involvement in responding to RFPs, pitches and proposals. Participation in the survey was encouraged via email notices to LexisNexis contacts – both customers and prospects – and postings on LinkedIn® sites. A ninth, optional question captured personal information from respondents interested in being eligible for a random drawing awarding gift card prizes to survey participants. In total 359 responses were received; 213 were used in preparing this report. The following pages provide more detail about the findings and responses.

Respondents by Law Firm Size

Survey findings are based on 213 respondents who cleared the first question gateway of identifying the volume of RFP activity underway at their own firm. A breakdown of the 146 people who replied “Don’t Know” is included to indicate that the lack of awareness is not based on law firm size.

<table>
<thead>
<tr>
<th>Attorneys in Law Firm</th>
<th>% Completing Survey</th>
<th>% “Don’t Know” RFP Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 50</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>51 - 100</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>101 - 300</td>
<td>42</td>
<td>30</td>
</tr>
<tr>
<td>301 - 500</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>501+</td>
<td>16</td>
<td>24</td>
</tr>
</tbody>
</table>

Figure 1
Average Number of Proposals (Annualized) by Firm Size

RFP activity increases with firm size, which should be expected. Larger firms have more people involved in client engagements and business development. For firms of every size, the annualized volume of RFP activities quickly takes on notable proportions.

Figure 2

![Bar Chart showing the average number of proposals by firm size](chart)

Figure 3

<table>
<thead>
<tr>
<th>Attorneys in Law Firm</th>
<th>Average Number of Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 50</td>
<td>60</td>
</tr>
<tr>
<td>51 - 100</td>
<td>84</td>
</tr>
<tr>
<td>101 - 300</td>
<td>96</td>
</tr>
<tr>
<td>301 - 500</td>
<td>132</td>
</tr>
<tr>
<td>501+</td>
<td>192</td>
</tr>
</tbody>
</table>
RFP Activity Trend – Compared to 12 Months Ago

Although the total number of respondents was identical for those who believe RFP activity is increasing or staying the same, larger-sized firms aligned more with increased volumes than the status quo. A higher percentage of smaller firms tended to believe volumes were the same.

**Figure 4**

**Figure 5**

<table>
<thead>
<tr>
<th>RFP Activity</th>
<th>Number of Proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase</td>
<td>42%</td>
</tr>
<tr>
<td>Same</td>
<td>42%</td>
</tr>
<tr>
<td>Don’t Know</td>
<td>9%</td>
</tr>
<tr>
<td>Decrease</td>
<td>7%</td>
</tr>
</tbody>
</table>
Average Hours Per Proposal

It’s interesting to note that, on average, larger firms tend to devote more time to each proposal activity than smaller firms. There don’t appear to be any efficiencies or economies of scale for handling proposal work attributable to larger firms. When coupled with the higher RFP volumes also associated with larger firms, the incremental difference adds up quickly – as noted in the graphic representation that follows.

<table>
<thead>
<tr>
<th>Attorneys in Law Firm</th>
<th>Average Hours Per Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 50</td>
<td>19.58</td>
</tr>
<tr>
<td>51 - 100</td>
<td>20.73</td>
</tr>
<tr>
<td>101 - 300</td>
<td>22.39</td>
</tr>
<tr>
<td>301 - 500</td>
<td>24.61</td>
</tr>
<tr>
<td>501+</td>
<td>25.00</td>
</tr>
</tbody>
</table>

Figure 6
Estimated RFP Impact in FTEs (Full-Time Equivalent Employees) (Average Proposals X Average Hours)

There is a financial impact associated with RFP activity. In reality, that impact gets spread across multiple functions and teams as attorneys, paralegals, and the support staffs in business development and accounting contribute their parts to each RFP response. For this report, it’s expressed in the 2,080 standard hours associated with a full-time employee. With 2+ people indicated at the largest sized firms, you know the RFP impact puts the effort well beyond 4,000 hours a year.

Figure 7

![Bar chart showing the number of full-time employees equivalent for different ranges of attorneys in law firms.](chart1.png)

<table>
<thead>
<tr>
<th>Attorneys in Law Firm</th>
<th>FT Employee Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 50</td>
<td>0.6</td>
</tr>
<tr>
<td>51 - 100</td>
<td>0.8</td>
</tr>
<tr>
<td>101 - 300</td>
<td>1.0</td>
</tr>
<tr>
<td>301 - 500</td>
<td>1.6</td>
</tr>
<tr>
<td>501+</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Figure 8
Conclusion

Surprisingly, 146 out of 359 survey participants simply did not know how many RFPs, pitches or proposals their firm responds to on a monthly basis. This figure in itself is cause for concern since it highlights a significant lack of awareness about an important business activity that typically involves nearly all law firm personnel to at least some extent. Given the economic climate, one might expect RFP-type activities would be more top-of-mind for all survey participants. Nevertheless, more than 200 law firm representatives were clear about their RFP activities and directions.

Many indicators point toward continued growth in RFP volumes, and many firms are already accumulating notable levels of time and effort surrounding the process. That combination makes every phase of the activity – from inception and a decision to bid, to the win/loss follow-up that identifies corrective steps and best practices – worthy of a closer look and more discipline. With RFPs affecting firm growth and profitability, it would benefit most firms – especially larger ones – to find better ways of controlling, managing and tracking this critical business development activity.
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