

Client Strategy in a Changing Legal Market - Executive Summary

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Client strategy sits at the heart of all strategy. Without the ability to attract and retain clients, at a price which delivers an acceptable level of profitability, no business can be viable in the longer term. A firm's client strategy should be under constant review in order to ensure that the emerging needs of the client and the firm's competitive capabilities remain aligned. In a market that is undergoing fundamental and far reaching change, this requirement has never been more pressing.

Client Strategy in a Changing Legal Market provides a route map for the leadership team, enabling them to navigate these choppy economic waters and arrive at strategies which are both well founded and resilient. Starting with a review of the importance of strategy in the context of client acquisition, development and retention, we clarify the strategic options open to firms and the implications of the route that they choose on their client strategy. The message is clear that one size does not fit all, and firms need to respond to the peculiarities of their own market position to craft a client strategy that maximises their strengths and opportunities whilst, at the same time, minimising the impact of any weaknesses or threats.

By applying recognised strategy models to the legal sector, readers gain insights into the forces that are driving change from two crucial perspectives: the legal services industry (and by extension their own firm) and that of the client. By looking at the world through the eyes of the client we see opportunities for new service development as well as ways of enhancing the current offer. Such opportunities may be immediately apparent or latent, waiting for a firm that is prepared to innovate in order to create advantage for itself and benefits for its clients. There must, of course, be a deep understanding of the competitive situation. It is not enough simply to offer an excellent service; what is important is to be distinctly better (i.e. delivering more value) than competitor firms on the service aspects that are of most importance to the clients. However, client strategy may also be significantly affected by new entrants in October 2011, when alternative business structure provisions of the Legal Services Act 2007 (LSA) come into force. Not being hidebound by the traditional conservative risk-averse culture of the legal profession, it is likely to mean that a markedly different approach is adopted by these new entrants, one which firms will have to respond to either by competing directly or by repositioning.

Implicit in the approach that is advocated is the concept of choice – both of the client and by the client. Whilst it is self-evident to lawyers that a client may or may not choose to use their firm, it is

often not so clear that they also have choices about the book of business that they write and the sort of clients with which they write it. To make these choices effectively requires a comprehensive understanding of the client-competitor-firm strategic triangle first postulated by Kenichi Ohmae together with a reasoned appreciation of how macro-economic changes will impact on this landscape. Having made choices the process moves to the development of strategy at two levels – to target the specific audiences identified and to focus on the specific opportunities that will be afforded by a small number of important clients – success with whom will be a key driver of overall firm performance through a key client programme.

At this point we also address the important issue of engendering an innovation-led approach. This is in order to create client strategies that are simply unique and so have no competition – the core issue being that much of law firm client service strategy is, in essence, a me-too cycle of imitation which is ultimately profit eroding. The key question for the strategist is how to create a client strategy that ultimately adds to the bottom line.

No work on client strategy would be complete without a review of the business models that are emerging and which look set to change the shape of some parts of the market. The economic pressure under which firms now operate means that new models of resourcing – whether it be offshoring, onshoring, north-shoring or part-timing – will necessarily have a place in the mix. The key challenge for firms will be to manage efficiency and service delivery as harmonious bedfellows rather than creators of mutual tension.

Change is very much integral to any strategy development and implementation process. Within this report we consider a number of the areas in which the need to change may be felt most sharply across systems, processes and, of course, people. This final area drives to the cultural core and to the very essence of the firm. For many, it will require a new level of client centricity to be adopted in order to ensure the success of the client strategy.

Throughout, we draw on a mix of theory, best practice, case studies and references to the latest developments which are unfolding on a daily basis. The aim is to ensure that Client Strategy in a Changing Legal Market is a practical guide for law firm leaders as they deal with a dynamic market, changing rules of competition and the need to deliver unique value to their clients, in order to ensure that they prosper and build businesses which are resilient and adaptive.

