

Horses choosing courses - How refreshing!

Legal Marketing Magazine Cover Feature

June / July 2007

Every horse can win a race, but selecting the right race to run in is key. Law firms should choose the arenas best matched to their capabilities for differentiation and competitive advantage.

We frequently hear that sophisticated purchasers of legal services are, more and more, choosing 'horses for courses' in the selection of their lawyers. By matching the complexity and risk of the work with the capabilities and reputation of the firm for each service required, they aim to deliver best value.

In this context 'best value' from the viewpoint of the purchaser can often mean that the job is done at the minimum level of competence to deliver a satisfactory outcome. But with the comfort of an appropriately credible law-firm brand to protect the buyer's position should it all go wrong!

For clients, a horses-for-courses approach is essentially an exercise in value engineering and risk management. What a passive and dreary environment this is for the horse.

In this world, many firms focus on being more efficient than their competitors – they concentrate on running around the same course, only faster. A more strategic approach is to choose to run a different course. Consider how much more exciting and motivating it would be if horses started to actively choose the courses on which they wished to run and the competition against which they wanted to pitch themselves.

Of course we are talking about choice and choice is the essence of strategy. By choosing the markets in which to compete, the competencies to develop and the services to offer, professional firms create a proposition which is not just differentiated but also determinant.

In the modern world, the concept of differentiation runs the risk of being no more than a convenient communications tool rather than a means of defining a source of sustainable competitive advantage. What is important is not being different for different's sake but being different in a way that delivers real added-value to a client – being different in a way that is determinant.

The end of the unique selling proposition as we know it?

Professional-services marketers should now accept that there is no single, inimitable 'silver

bullet' that will separate them from their peer group and that searching for it will be ultimately futile.

In the final reckoning all firms in a particular weight class have very similar skills and resources; they all have the same ingredients and, to a large degree, that's why they are in the same weight class. Creating competitive advantage is about recipes not ingredients!

Patrick Barwise and Sean Meehan, in their book *Simply Better*, make this point well, using the example of the brand equity created by Toyota. There is no unique area in which Toyota delivers a knock-out blow, no aspect which differentiates it sufficiently well to persuade the purchaser. Brand equity and customer loyalty is built from the bottom up and from the inside out by being 1 per cent better than competitors across every aspect of the product and service mix. Put together a number of these small differences and you create a compelling reason to purchase and to keep purchasing.

Similarly, there is no one component that enables a law firm to stand head and shoulders above the crowd but rather a multitude of factors; each ingredient does not make the difference but, when put together, the recipe is compelling. The firm that gets this right is, as Barwise and Meehan say, 'simply better' than the competition.

However, simply better does not necessarily mean simple (nor, for that matter, does it necessarily infer complex). The maxim of 'as complex as necessary, as simple as possible' should apply.

Choosing how to develop this integrated service mix requires insight, investment and tenacity. It means developing the skills, capabilities, cultures and resources that enable the firm to 'walk the talk' of its brand promise. It means aggregating them into a programme that delivers superior client value, strong and resilient relationships. It means creating a firm that can offer exciting career prospects for its members and sustainable, market-leading profitability for the partners and directors who own it.

The competency-led approach to business development and brand strategy

What do we mean by competencies? It is basically shorthand for a mix of skills, capabilities, resources, cultural aspects, processes and personalities which, when assembled, define the client experience. In the act of 'assembling' there is also a competency – the same ingredients can make very different dishes depending on the proportions, the methodology and the skill of the chef! If the ultimate dish is the production and delivery of a brand promise that delights clients, then the competencies represent the most important ingredients and the skills of the management team are analogous to the recipe and chef.

A competency where there is a discernable difference between competing firms may be an area of legal skill but it is more likely to be an aspect of service delivery, project management, relationship skills, approach or culture.

Table 1 illustrates some of the high-level thinking that needs to be considered when developing a competency-led approach to integrated brand strategy.

Blue-Sky	Operational
<ul style="list-style-type: none"> • Which markets are we in today and which ones do we want for tomorrow? • What are the forces driving change in our clients' worlds? What does this mean for us? • Where can we create sustainable competitive advantage? • What are our relative strategic competencies? • Where can we stretch existing competencies to take advantage of emerging trends or develop compelling propositions? • Where do we need to invest and grow now in order to take advantage of future opportunities? • How do we create cultural alignment in any merger, growth or recruitment strategy? 	<ul style="list-style-type: none"> • What generic competencies do we need to excel at? • How do we make ourselves incrementally better day after day? • What matters to clients and how do we perform in both absolute and relative terms? • What are the low-hanging fruits in terms of investment priorities and change management? • How do we integrate excellence in key competencies into performance management and recruitment? • What opportunities exist to leverage knowledge and create business development mileage? • How do we take a competency-based perspective to identify the best markets to target? • What can we 'bottle' in terms of our culture and approach that clients' love?

Table 1.

Using competency maps to guide the creation of value propositions

One of the most interesting areas for legal business developers to understand is how to prioritise areas for development by taking an increasingly client-centric perspective.

Consider a model that maps the relative strength of a firm's competencies on one axis against the competencies that clients value most highly on the other (See figure 1). The relativity of competencies is an important point. When considered through a competitive lens, it doesn't really matter how good you are in absolute terms. What matters is how good you are perceived to be when set against peer firms.

What we find when we map each of these relative competencies and their value to clients onto this framework is a scatter diagram with a competency represented by a bullet positioned on the axes.

The area that should then form the initial focus and a prioritisation of effort in terms of brand development will be in the bottom right-hand corner.

These are the competencies which are of high value to the client and where the firm is perceived as being relatively weak. Therefore, the focus should be to ensure strategic investment so that your firm performs highly (in both absolute and relative terms) on the dimensions that are of most importance to the client.

On the other hand, to the left-hand side of the diagram, are those competencies which are perceived to be of low value by the client. Some of these will be 'hygiene factors' where maintenance is important (lack of maintenance, however, will cause them to rise dramatically in importance to the client), but where further investment will create marginal and diminishing returns. Also in this zone of the diagram (often in the top left-hand corner) are those factors which are of low value to the client but where the firm has high-performing capabilities. These will typically be competencies which fit one or more of these profiles:

- Important to the professional culture of the lawyer;
- Represent a historic norm of behaviour within the firm;
- One of the tenets of the firm's myths and legends.

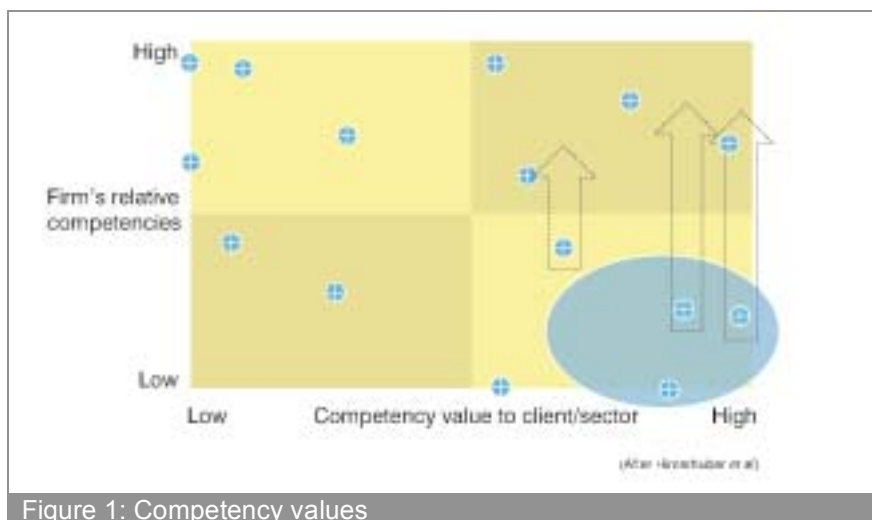
This is an area in which the business developer should be prepared to challenge conventional thinking and bring to the table new possibilities and creative ideas. Rather than running wearing blinkers it is time to open up new perspectives. Blinkers are great for keeping you going in a single direction and ensuring minimal distraction, however they are a huge impediment to seeing opportunities and dangers only a short distance away. Taking a different and broader perspective on business development can open up a new window of opportunity.

No matter what the stopwatch says, I'm an Olympic sprinter!

So far so good, now enter the (sur)real world of the professions. In this space, choices and investment decisions are often not driven by logic but by personality and unrealistic aspiration. Here, markets and opportunities which are diametrically opposed are pursued with equal vigour. Different streams of activity which create huge brand dissonance are targeted without so much as a blemish of embarrassment.

It is also a place in which self-awareness and the ability to see the world through the eyes of the client are attributes in limited supply. This creates a challenge for the business developer in ensuring that partners understand the firm's true competitive position.

The psychological phenomenon is called 'positive illusion'. In simple terms it suggests that people tend to think that they are a bit better than they are perceived by those around them. Whether it be golf, tennis, academia or client relationships, we all tend to think that we are just that bit better than we really are.



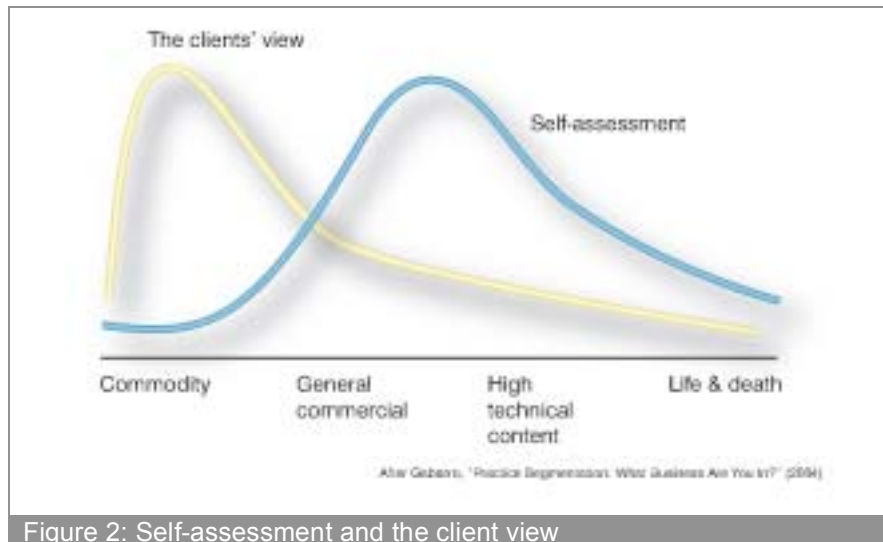


Figure 2 illustrates the effect of positive illusion of perceptions of legal services provided. Most will accept the categorisations that are suggested – ranging from commodity work through to ‘life and death’ issues. The difference comes when the perspective of the professional is set against that of the client when analysing the typical service profile. The lawyer perceives a skew to the right whereas the client sees it in the opposite direction. The dissonance is clear and the potential for dissatisfaction manifests.

Without thorough and unequivocal research, lawyers (trained for years to argue and find fault) plough the furrow of maintaining the status quo with incredible resilience. Ways of breaking down this mentality must be sought if they are to run a different race on a course chosen by them rather than the competition.

Without an objective view of client preferences and the performance of the firm, any strategy to develop new skills and competencies will be difficult at best and well nigh impossible in many cases. Acquiring this understanding is crucial.

Winning races builds belief

Every horse can win a race; selecting the right race to run is the key. This race has to be stretching in order to motivate and develop, it has to have reasonable prize money to pay the stable fees, it must provide the possibility of loss to remove complacency and encourage competition, and it should be part of a bigger picture, an ambition and an aspiration to fulfil potential to the maximum.

To build a prize-winning stable, a thorough understanding of the capabilities and potential of all residents is needed. Newborn foals need to be nurtured, appropriate training needs to be provided, the stable needs to be well maintained and occasionally a new horse has to be introduced to stretch and push the status quo. These are all, at their most fundamental, competency-based decisions within a strategic framework.

Of course, professionals are not horses; horses can run faster and are more predictable in their behaviour. But many firms could learn lessons from their equine friends and choose arenas best matched to their capabilities in which to conduct their competitive contests.



Andrew Hedley
Hedley Consulting

andrew.hedley@hedleyconsulting.com

Hedley Consulting advises the leadership teams of professional service firms on business development and change strategies that deliver immediate and sustainable improvements in business performance.