

Law Firm Strategy Revisited

by Patrick J. McKenna

A couple of years ago I was asked if I would write a brief, highly pragmatic and regular column for the ABA's Law Practice magazine addressing important strategic issues that law firms, of all sizes, face on a continuing basis. To my chagrin, attempting to be relevant and prescriptive in a very brief number of words can be far more challenging than I ever imagined. What follows here are the latest collection of my perspectives, stitched together and offered as a stimulus for your own thinking on these issues.

• **Be A Creator of Best Practices**

Strategic wisdom has it that if you don't want to reinvent the wheel, you should seek out "best practices." This is where your firm invests time in studying what some other firm may be doing better than anyone else. You then try to integrate that best practice into your own not-so-terrific activities, systems or structures.

But here's the deal: Copying another firm's client service standards may be easier than creating your own, but the creators of change always have the highest commitment to change. It is only through creativity, not replication, that people get the opportunity to fully commit to constructing the conditions for which they yearn.

You could also run the risk of becoming a firm of mimics. Ask yourself, where did this firm with the current "best practice" get it from? If they got it from somebody else, you are admiring the wrong firm. And if the practice was the result of the firm's own innovation, then they're probably planning to move on to something even better. Innovation is an innate part of who they are. You are going to be left trying to mimic last year's model. You will never catch up with the front-runners. Innovators, by definition, are always one step ahead.

Simply adopting someone else's best practice may not be your best practice after all.

• **Welcome New Voices**

Strategic blindness comes from too much inbreeding. It is the result of having the same partners, pursuing the same conversations, about the same subjects, in the same way . . . and expecting different insights to emerge.

Do seriously exciting ideas - about new services, new approaches, new methods, new niches, new ways to collaborate - bubble up with great regularity from every nook and cranny of your firm? Good enough is never good enough; it is only a sure-fire recipe for becoming yesterday's news (and you know what pet owners do with yesterday's news!)

Innovative insights only emerge from hearing NEW VOICES. Your firm needs to welcome hearing from new voices to hear new strategies.

Diversify the leadership voices available to your firm. Set up your own informal "Advisory Board" comprised of respected community and business leaders who can meet quarterly

with the firm's leadership and offer an impartial view. Have them tell you what is going on in their version of the real world.

Up the ante: Set aside a modest, special budget to fund new experiments. Assign one partner to oversee submissions and get the word out that the firm welcomes new ideas.

Ensure that at least one member of your firm's executive committee is 30 years of age or younger. The younger generation has a different model for how they think about things. And if you don't think one of your younger professionals (partner or not) could have some tasty contributions to make participating on the executive committee, you are clearly suffering a bad case of truth decay!

• Create A Sense Of Urgency

Change usually proceeds from a perception of immediate necessity. But when business is good and the firm is doing well, your partners don't see any reason to change. So, how do you create any sense of urgency?

1. **Define a situation that needs attention.**

For example, what happens to your firm when the senior partners (baby-boomers) start retiring in mass and haven't handed over the care and custody of some of the firm's premier clients?

- Form a task force comprised of partners willing to define the scope / capabilities / parameters / requirements that an "ideal" system / approach should have.
- Invite all of the partners to assess how well the firm is currently performing.
- Ask how partners would suggest the firm meet any identified shortcomings.

2. **Help people see the consequences.**

- Identify the resulting problems and possible consequences of not making changes.

3. **Make the business case for your initiative in irrefutable terms and communicate it repeatedly.**

- Express the peril facing your firm and/or the firm's ability to serve clients.
- Continually repeat your message for the need to change through every communication and educational channel available.
- Invite outside experts to come in for brown-bag lunches to talk about related new trends and developments.
- Have managing partners or practice leaders from affiliated law firms visit to speak peer-to-peer with partners.

Your challenge is to help people see what changes need to take place and then let them figure out for themselves how the changes can best be implemented.

• Client Advisory Boards

Developing a Client Advisory Board can be a great source of information about your market. Your board can provide real world counsel on what you are doing right, what you are doing wrong, what you are *not* doing and most important - how to stay competitive. Here's a few tips for achieving best results:

Choose good contributors. Select members based on their ability to provide useful insight, perceptions, motivation and especially, contrarian views.

Make it win-win. Let them know that their participation will have a meaningful influence on how your firm provides even better service to organizations like theirs.

Don't sell to this group. Select and use your board for advice. Clients will see through covert plans to generate more fees.

Prepare your members. Advise members ahead of time on agenda items, provide detailed backgrounders, and prompt their thinking with questions for discussion.

Minimal meetings. Keep meetings to two or three per year. Make each meeting count with a full agenda of important issues.

Run effective meetings. Begin and end on time, keep to the agenda, review past commitments, encourage participation, keep communications open, and conclude every meeting by recording specific action items.

Treat these people special. Provide quality meals, refreshments and meeting space. Make your board members feel highly appreciated and acknowledge them publicly and often.

Reward participation. Dinner, theatre or sports tickets, and small gifts are all appropriate.

Act on the advice. Your advisory board will give you their best only when you act on their recommendations.

• Eliminate Barriers To Switching

Whenever you are trying to get some prospect to change from their existing firm to yours, you need to understand a concept called 'barriers to switching.' A key consideration in getting people to move their legal work to your firm is to eliminate the barriers. Ask yourself: what are the barriers to switching? What keeps this prospect from becoming our client tomorrow?

Quite simply, you need to identify some motivating rationale for why this individual or company *should even try* your services. (And no, I'm sorry, your assertions that you can "do it better, faster, and cheaper" is rarely perceived as believable and possibly insulting of their ability to choose a provider – so don't go there!)

You are refreshingly strategic if you've targeted a particular niche that other competitive firms haven't. So, if you have a service offering that is seen as unique in some way ("We have a specialized team that serves the needs of Women Entrepreneurs"), you have a chance of getting a prospect to consider giving you a try.

If you're not differentiated . . . then perhaps this prospect is worried about how costly it will be for you to get up-to-speed on their matters. Devote some specific non-billable time up front to learn about their business or situation, and inform them that you are prepared to make that investment.

Perhaps this prospect doesn't perceive you offering any real added-value. Think through (or ask) what would constitute value for this kind of client. Perhaps it's inviting them to an educational program, offering them preventative counsel, or helping them meet with influential contacts.

To dominate in your chosen market, you have to identify the most complete list of barriers and work diligently to eliminate them.

• **Making The Call Can Bring Magic**

How many times have you met a prospective client or good referral source and closed your conversation with "I'll call you" but then neglected to follow through? The follow-up necessary to effective networking remains something we all struggle with. Perhaps that's because we tend to lose sight of networking's real purpose. It is not about connecting for the sole purpose of getting work, referrals or anything else from people. Networking is about giving.

If you read the news with a few people in mind, a couple of times a week, this approach will become natural. I can't tell you how many times I have received a huge thanks after e-mailing an article with a message like "You probably saw this, but just in case you missed it." If you give someone a pearl of wisdom or a bit of current information that he or she can use to advantage, you have just set up a quid pro quo. There's the magic!

Think about the relationships you value and make them a priority. Begin with colleagues, referral sources or valued clients whom you haven't heard from recently. Call them. Start with just three. Meet them for coffee. Think about them as you read the news and send articles that may be of merit or use to them. The fact that you thought of them and made the effort will make them feel valued.

So whom can you phone today? Don't make a big deal of it. Simply think about three people you know and like—and then call them. They'll appreciate it.

• **Ask For The Business**

A top fear shared by all of us is having to ask for the business, even if we know we can meet a prospective client's need. "I don't want to appear too pushy," confessed one lawyer. Often, it's just a simple matter of the appropriate wording. Here are some phrases that might help you comfortably close your next deal:

- We would be honored to work with you on this matter. What will it take to get started?
- You mentioned that you needed to move on this and that time was of some importance; does that mean you would like us to begin today?
- Now that we both have a better feel for what I can do for you and how we might approach this situation, shall we get started?
- It looks like we have created the right solution for what you need, and we can do this within a reasonable budget. Are you ready to move forward?

- If you do not have any further questions, there's just one left for me to ask of you: When should we start?

- You said that you would like to have these agreements in place by the end of this month. Working backwards, that gives us only two weeks to get all the parties to meet, so I'd recommend starting on Tuesday. Does that work with your schedule, or would you rather begin on Monday?

Remember, asking for the business is the natural conclusion of having a solution to your prospect's problem. All you have to do is say so, and ask when you can get started.

• **What is Your Skills-Building Approach?**

In today's world, you have to continually assess your skills and adapt them to match up to your target markets. Arm yourself with the following information to keep pace:

Skills are more specialized. Rapid knowledge growth means it is increasingly difficult for lawyers to keep on top of everything they need to know. You need to specialize; knowledge niches are the reality for most professional careers.

Skills are degradable. The half-life of knowledge is decreasing at a furious rate. Firms are painfully discovering that many of their legal skill offerings are becoming increasingly commoditized.

Skills can be transferred. The boomer retirement issue is real. Smart firms are spending serious money to ensure that the important knowledge of senior practitioners is being captured, retained and archived.

Skills are increasingly portable. That's the thing we've learned with globalization. With client sensing that certain skills are readily available, they've learned about outsourcing their legal requirements. It doesn't really matter to them where the skills are, as long as they can procure them when needed. Not exactly good news for you.

Skills are renewable: Fortunately, the expiry date on your skills can be extended. If you can develop a mind-set toward constant improvement and invest some portion of your non-billable time in developing new skills, you can adapt and evolve.

So, here is your ACID-TEST: What is it that you know in 2007 that you didn't know one year ago? Or, put slightly differently, what is it that you can actually do for clients today, that you couldn't do at this time last year? If your answer is not much, then bless you, but you may be quickly on your way to becoming extinct!

© 2008. **Patrick J. McKenna**

Patrick J. McKenna (www.patrickmckenna.com) a partner in Edge International, consults on law firm strategy and can be reached at (780) 428-1052.