

PETER SCOTT CONSULTING

Briefing Note April 2014

Restructure your law firm to build your competitive edge

“Restructuring – the act of reorganising the legal, ownership, operational or other structures of a business for the purpose of making it more profitable or better organised for its present needs”

Developing and maintaining a successful law firm usually requires a determined and focused approach, concentrating effort and resources in a prioritised way on those matters which are most likely to help you to achieve your objectives within given timescales.

Given the factors currently driving the changes we are seeing in today’s legal markets, there has rarely been a more urgent or opportune time for law firms to consider steps which may now need to be taken to restructure themselves with a view to laying new foundations for success. It could be that making just one key change will enable a firm to move towards achieving its objectives or it may be that a number of things are co-ordinated into a plan which when implemented will make a major difference.

Having a ‘focused’ approach for this purpose means I would suggest, first identifying those critical areas of the business where things will need to change if a firm is to maintain its competitiveness, and then taking well planned and determined steps to implement essential changes. To achieve this it will be necessary to begin by challenging every aspect of a firm, rather than just accepting the status quo. Very often issues may have already been recognised within a firm but no steps will have been taken to deal with them. Allowing fundamental problems to fester by doing nothing is not going to be the way firms will progress in today’s more aggressive and competitive markets.

Each law firm is different and will have its specific issues and hurdles to overcome. There are however currently a number of common themes which I am regularly coming across in today’s fast changing and demanding legal environment. Some of these I list below in the form of questions which may help you to clarify your thinking about your firm.

Your strategic market positioning

Strategic positioning requires continuous research, analysis, planning and decision-making. In particular, law firms face continuous judgement from their clients in terms of their skills in their core work types, their ability to anticipate and respond to market needs and their resources available, to deliver the services sought.

What kind of law firm do we need to be if we are going to achieve a competitive advantage?

What will be the nature and required standards of our future activities and performance for us to successfully compete?

Are there any clear requested improvements or gaps in our capability against what the market needs?

How are we perceived by clients, referrers and the marketplace?

What are our perceived strengths and weaknesses compared with our competitors?

What are our most potentially profitable opportunities?

Do we know the greatest threats to which we may be exposed?

Which types of clients should we act for / realistically expect to be able to act for?

In which sectors should we operate / realistically expect to be able to operate?

What services will those clients and sectors require in the future and how will they require those services to be delivered?

What levels of performance will those clients and sectors expect?

Will we realistically be able to achieve our strategic goals on our own or will we need to join with others?

Your people and their skills, behaviour and performance

Ensuring that a firm's people are highly trained, skilled and motivated should be a critical objective if a firm is to achieve a competitive advantage over rivals. This needs to be actively managed.

Do we know the 'people hurdles' which exist in our firm that will need to be overcome if our firm is to be able to achieve its objectives?

Do our people all have the skills necessary to enable our firm to achieve its objectives?

Are all our people prepared to change how they work and behave to help us to achieve our agreed goals?

Are we able to recruit and retain the best talent?

What are we going to do about our 'underperforming' partners?

How much is underperformance costing us?

Do we have adequate succession plans in place to secure the future of our firm?

Do we fairly reward the skills and behaviours we say are valued in our firm?

Is our current reward system helping us to achieve our goals or is it holding us back?

Are we making sufficient investment in our people?

Identifying the changes you wish to bring about is often the easy part. Successfully implementing plans is one of the most common difficulties for law firms and in the main the evidence for this seems to point to hurdles placed in the path of change by other partners. Implementing changes is more often than not about taking people with you on the journey.

Before embarking on this part of the process of change, it is vital to ask the question –

Do we possess the skills required to carry out the task in hand?

In next month's Briefing Note we will be discussing some of the particular techniques which can be used to successfully implement change to help create more competitive law firms.

©Peter Scott Consulting 2014