

PETER SCOTT CONSULTING

Briefing Note December 2019

Critical questions to ask if you are to build your competitive edge

Where are we now?

To provide a realistic answer to this fundamental question affecting its competitiveness, a law firm will need to take a reality check by **challenging its own perceptions about itself**. It can do this in a number of ways. For example:

- **by listening to clients**, prospective clients and those who regularly refer work to it, with the objective of:
 - understanding how it is currently perceived by clients, referrers and the market, to enable it to focus on issues of most relevance and highest priority;
 - understanding levels of client awareness and receptivity to current services and how these may need to change;
 - identifying any clear requested improvements to or gaps in its capability against what its market needs, both currently and in the future, or against what its competitors are providing;
 - identifying any significant strengths and weaknesses against relevant competitors and any client-related risks to the business;
 - providing input into its strategic thinking and decision – making with a view to expanding what it provides to, and the share of business it wins from clients.

- **by facilitating internal ‘brainstorming sessions’** when no topic (however sensitive) is off the agenda to try to arrive at answers to questions such as:
 - How is our firm perceived by key clients and referrers, and how does it compare to our key competitors in fulfilling these needs?
 - Have we lost valued clients and good people to firms which are larger and more developed than our firm?
 - Is there anything (or anyone) holding us back?
 - Are our existing strategic plans realistic and achievable within given timescales?
 - What are the external and internal risks to the future of our firm?

- Is succession an issue for us now, or will it be an issue for our firm in the next [5] years?
- Are we finding it difficult to 'stand out from the crowd' and create meaningful differentiation from our competitors?

Where are we going?

(What kind of law firm do we realistically need to be?)

Strategic planning for a firm's future direction and growth requires continuous research, analysis, planning and decision – making – **and needs to be client driven**. Planning for a firm's future should begin with a process of logical analysis of both the external and internal change factors exerting influence or control over a law firm, followed by decision – making based upon that analysis.

Understanding what clients will expect from a firm in the future is the most valuable input on this issue. This often means key clients, prospects and referrers who will have the clearest perspective on what they (and the market) value and what your firm should do to secure its future growth. Addressing some of the following questions is likely to clarify **future focus**:

- Where are the gaps in our ability to provide clients with what they will want from us to ensure continuing client satisfaction and loyalty?
- What will we need to do most cost effectively to drive profitable growth (without any major investment being needed)?
- Where are our most profitable market opportunities likely to be?
- Where is there likely to be most potential demand for new specialisms?
- Where in our markets should we position our firm to build capability to gain more profitable business?

How are we going to get there?

- ***Do we have leadership which is ambitious for the firm and is that ambition shared by the rest of the firm?***
- ***Do we have the right people with the appropriate skills to enable us to achieve our ambitions?***

Success for a law firm is likely to be determined by its **ability and willingness to change**. There is a need to think ahead and embrace new ideas. The world is changing fast and only by continuously questioning the validity of the status quo and adjusting as necessary will law firms successfully respond to the powerful and adverse forces impacting on their

businesses. Doing nothing cannot not be an option in today's aggressive and competitive legal markets.

In today's highly competitive legal markets, any law firm that wants to be successful must ensure that the performance and behaviour of its people is aligned with the needs of its clients and the markets in which it operates, because a firm's people must be both able and willing to work in a way that ensures a firm can consistently deliver what clients will need.

While ensuring that a law firm's people are highly trained, skilled and motivated should be priorities if a firm is to effectively compete, success is also likely to depend as much on other more intangible cultural factors, including above all, the **ambitions** of its people.

When I speak of **ambition**, I am referring to a firm having a strong desire to achieve stretching, but realistic and achievable goals in the light of the resources available to it and over realistic timescales. Those resources can only consist of **great people** (your human capital) together with your **financial** resources, both of which are interdependent but are all too often in short supply.

Looking at those law firms which have powered ahead over the past few decades, they have all tended to have a common people factor present, **leadership**, which has provided, nurtured and driven their ambitions. Such leadership has had the determination to implement change by driving a continuous process of forward planning, decision-making and implementation.

The particular kind of leadership I am referring to here is leadership which:

- **Is thinking and visionary.** The desire by partners to be led by someone with an appropriate vision of what a firm can become should not be underestimated.
- **Challenges** everything a firm does and how it does it and is never satisfied with anything which is less than '*best*'.
- **Is inspirational** and able to **communicate** its ambition by making the strong case for change so as to ensure its people want to go on the journey with the firm.
- **Has the determination to implement change**

If answers given to the following questions indicate a level of complacency and lack of ambition, then they should provide a **wake-up call** for any firm:

- Are all our partners 'hungry' and passionate about building our Firm?
- What needs to be changed in our Firm?
- What do we collectively and individually want to achieve for the business?
- What should be the skills and behaviours required to succeed at our firm?

- Is our firm making sufficient investment in its people to develop these skills and behaviours?
- Do we realistically consider we will be able to achieve our goals on our own?

There should be no place for complacency in the modern law firm

Radical change in the markets in which law firms operate is happening at an ever-quicker pace and will not stop. Law firms will need to focus strongly on change management and be ever more agile and nimble if they are to successfully think ahead, embrace new ideas and deliver business transformation. They will need to consistently do things differently and keep innovating. **Law firms which are complacent and do not face up to and deal with these challenges will not survive.**

There is now a compelling need for firms to urgently and critically review their strategic thinking and organisations. To do this a highly focused approach will be required, involving identifying those critical areas of the business **where things must change** if a firm is to increase its competitiveness to survive.

Every aspect of a firm should be challenged and measured for its effectiveness to meet present and future needs and to contribute to its success. Too often issues requiring attention are internally recognised but no steps are taken to deal with them. To be complacent and permit fundamental problems to go unresolved by doing nothing is a recipe for failure.

Ambition, which banishes complacency, and in its place encourages innovation, the embracing of technology and new ways of more flexible working, combined with developing agile and effective strategic responsiveness, is what will create tomorrow's most successful law firms.

Some businesses will grasp these opportunities in 2020 while others will fall by the wayside. To do nothing should not be an option.