



IDENTIFYING YOUR CORNER

A VIEWPOINT ON LAW FIRM STRATEGY

“Your firm’s strategy is its plan for success, achieved by gaining a competitive advantage within its markets. But success is a measure not just of what the firm does but of what it is.

This Viewpoint proposes that good strategy proceeds from an identity which is both clear and of value to clients.”

📍 MEDIA CARICATURE

Based on the measures used in the media, law firms are judged by reference to their profitability, scale and status (deriving from the halo effect of high-profile clients or deals). This creates an unflattering portrait of the legal sector as distinguishable solely by league tables of wealth, geographic expansion and numerical size.

There is a huge opportunity for firms to counter the insinuation that they are more focused on their own measures of success than those of their clients. But that requires firms to establish distinctive identities, not pursue strategies based on these same measures. For that to succeed, firms need to have the courage to move away from the consensus surrounding three (widely-accepted) generic strategies for competitive advantage, namely *price*, *quality* and *focus*.

📍 SUPPLY-SIDE MEASURES

The challenge of innovating on *price* reflects a nervousness that disruption on pricing will reduce margins rather than increase them. Notably, some firms have increased margins through offering clients pricing models providing for risk-sharing on the overall cost of projects. Having said this, competing purely on being cheaper is likely, absent some disruptive model on the cost of delivery, to result in a self-destructive rush to the bottom of the market. We haven’t yet met a lawyer who wants to sell him or herself on the basis of being cheaper than the competition.



The difficulty in building a strategy based on **quality** is that it reflects what most firms say about themselves. Being truly better than the competition is a long-haul project – dependent on market perception and not simply proclamation. It requires a ruthless pursuit of consistent excellence in everything that the firm does and is (by definition) a position only achieved by a handful of firms.

The move from practice-led to sector-led **focus** in marketing activity is so widespread that any new competitive advantage left to be gained from it is probably nugatory. Sectors are now primarily the umbrella for bespoke service programmes that firms have in place for their key clients.

One problem with the idea of competitive advantage is that it prompts strategy to be determined by reference to what the rest of the market is doing, and then trying to find points of difference. In seeking to find differentiation, it is key that it adds value to a firm's relationships with its existing clients, not those it aspires to have, and that it plays to the firm's strengths – again, recognised strengths, not merely ones it would like to have.

Differentiation needs to avoid being a guilty lurch towards difference for its own sake, tacitly acknowledging that nothing about the current model is sufficiently distinctive.

🔗 T'AIN'T WHAT YOU DO...

A focus on identity involves not so much differentiation as individualisation: extracting the essence of your organisation and building on it. This allows a firm to develop a shorthand by which it can explain itself to the outside world, and which has an internal resonance for its people too. It should aim for accuracy, realism rather than aspiration, and avoid anything that sounds like a marketing slogan. A simple test: if no sensible firm would say the opposite, it's not a strategy.

A good starting point is to triangulate your firm's approach to services, clients and geography. In the first category, you may claim distinction in a field of law as, for example, the magic circle firms do in corporate finance or banking. In the second, you may claim distinction in relation to a client type or sector, such as shipping or media. In the third, you may claim distinction based on its jurisdictional reach through tie-ups, mergers or office openings.

🔗 CHOOSING YOUR CORNER

A firm must have clarity about its position on all three corners of this triangle, but its identity will be incoherent unless it emphasises a dominant corner. Without this, the firm is suggesting that it can be all things to all people everywhere – and clients will be unclear what the firm is actually offering.

Detailed identity-profiling requires a further exercise in triangulation, this time combining **branding** (the identity to which the firm aspires), **culture** (the unwritten rulebook of conventions and practices) and **user-experience** (the unvarnished, warts and all, feedback from your people and your clients).

One only needs to read how law firms describe themselves on their websites to see that many of the brands they aspire to have are more or less the same. Despite this, there are actually many subtle and important differences in law firm culture.

In identifying what these are, the most valuable nuggets generally come from talking to your people and clients. Brand is your reputation; your reputation is what other people say about you (and what you are known for doing consistently), not what you say about yourself (and only do now and again).

Understanding what is distinctive about your culture – the 'way we do things around here' – will help you articulate three or four values (more is too many) that are core to the way your firm operates. These can act as a powerful descriptor – with one important qualification.

🔗 THE CLIENT KNOWS BEST

Those values must build a narrative that looks at the firm through a demand-side, client lens. Clients choosing law firms look for 'fit' – particularly when they cannot separate contenders on price, quality or focus. The biggest prizes are won by the firms that address the role the firm plays in the life of their clients rather than the role their clients play in the life of the firm.

As with one-to-one coaching, the aim of a strategy is to deliver a plan for success based on a confident understanding of your strengths and weaknesses in the eyes of others. The challenge for law firms is to focus more on how they are valuable than on how valuable they are.



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