

Strategic Options and the Serving Men

By Nick Jarrett-Kerr

You may remember Kipling's famous (but, by today's standards, slightly politically incorrect) versicle: "I keep six honest serving-men (they taught me all I knew); their names are What and Why and When and How and Where and Who". Using an extension of the Kipling poem, I have distilled strategic options into seven basic parts.

What? What services? Many (but not all) firms are largely defined by the portfolio of services they offer. Commercial or individual, transactional or contentious, expertise or volume related, advisory or regulated services all form an extensive (and at times unrelated) menu from which law firms have to choose by design, historical accident or default. The problem is that many law firm still think they can do everything they have always done and descend into either generalist or 'bits and pieces' practices. Depth of service trumps width of service every time.

Who? Who are your clients? Almost the first thing which a prospective client wants to know is "who do you act for?" It is in the identification of client types and industry sectors that market segmentation starts to occur. This is the critical process through which legal work finds its way to particular law firms according to factors such as importance, complexity, value, relationship and convenience. For too long law firms have allowed clients to choose them, as opposed to the firm making deliberate and

strategic choices about the types of clients and sectors for which the firm deliberately decides to offer a competitive proposition.

Where? The firm's choice as to where it should compete (positioning) is not just about geography although location and 'reach' (particularly regional/national/international/global) is an important aspect of the firm's positioning and scope in the market in which the firm is established. At the top of each law firm market, you will find a few market leaders whereas at the bottom of the positioning matrix, will be the "minor league players. A firm's positioning and scope also helps to establish sets out the boundaries beyond which the firm will not go and the borders which allows the firm to concentrate on what it does well.

How? If the firm's choices as to where it is to compete lead to the firm's positioning, the firm's strategies, to define how it should compete, address the gaining and sustaining of competitive advantage. This is arguably the most critical aspect of the firm's strategy capturing the firm's explanation of the firm's value proposition to its clients and the distinctive or unique combination of ca-



pabilities and activities which allows the firm to provide solutions to its clients' needs.

Why? Every professional firm is made up of its members and needs a *raison d'être* which transcends the desire to make money. Why the partners/members of any firm stick together and choose to be part of a particular firm has a lot to do with the mutual aspirations and motivations of its members. Ambition (or lack of it) is a huge determining factor in the framing of the firm's overall vision and the attainment of stretching strategic objectives. The problem is that many firms are made up of partners with differing motivations and ambitions. It is difficult to main maintain unity of strategic purpose in a firm made up of widely different 'Performatolics', Life Stylists, Idealists and Institution Builders

When? Every strategic plan needs to describe the time for action – the implementation and execution steps which will convert aspirational plans into actionable ones. Significantly more than half of firms' strategic plans get derailed, undermined or unachieved. Even when implemented, an overwhelming majority take much longer than originally anticipated. For professional service firms, it is vital to appreciate that implementation is best accomplished through or by high performing partners. In this increasingly competitive market, it is becoming increasingly apparent that strategy execution

has become a critically important core competency.

Whither? Whither – whilst not one of Kipling's original 'serving men' – describes a firm's overall strategic direction. This aspect therefore embraces the firms' options between further consolidation and growth of its market share in its existing markets, and its choices over market or service development and diversification. It comprehends the need for rationalisation of the firm's business model as well as the imperative for increase in scale as well as scope.

Successful strategies are built by careful evaluation of the firm's strategic options illustrated by the seven 'serving men'. This evaluation needs an objective appraisal of the firm's tangible and intangible resources and capabilities aligned with clients' needs, and a deep understanding of the firm's competitive environment. This evaluation can then be fleshed out into some simple but consistent long-term goals which then need to be driven forward into effective implementation.

