

# Effective Law Firm Differentiation

Standing Out in a Hyper-Competitive Legal Market



a discussion by  
Fernando Moreno



In order to be  
irreplaceable  
one must  
always be  
different.

*Coco Chanel*



# the case of Mexico



looking for a  
corporate law  
firm

All top-referred firms offer the same things:

- International experience
- Experience in different sectors
- Attorneys with international training and experience
- Commitment to clients' business goals
- Strong reputation as market leaders

Which was which?

## the typical message of a “full service” law firm:

- We have been around for 10/20/30/100 years.
- Our quality standards are world class.
- We are fully committed to our clients’ success.
- Our standards of ethics and professionalism are high.
- We have local and international experience.
- Our attorneys are prestigious and experienced.
- Our network of international contacts is first rate.
- Our facilities and our technology are state of the art.
- We are experts in 20/30/40 specialties.

*The message is the same all over the world – only the wording changes.*

Differentiation  
is critical to  
the process  
of selecting a  
law firm.

- Meeting the basic requirements only guarantees that a firm will be considered.
- Final selection is based on the perceived differences between the candidate firms: “Which firm can better satisfy my specific needs?”
- The broader (more general) the market segment, the larger the amount of qualified candidate firms.
- The larger the amount of qualified candidates, the harder it will be to stand out due to relevant differences.
- If the candidate firm cannot explain how it is different, it will be much harder for the potential client to perceive any differences on his own.

Being  
different is  
not enough.

The differences must be...

- relevant
- credible
- clear
- provable
- sustainable
- understood by the whole firm
- desirable to the client

How to  
differentiate?

by area of practice

by type of client

by who we are

by how we operate

by offering something  
different

How to  
differentiate?

by area of practice

by type of client

by who we are

by how we operate

by offering something  
different

## Examples of differentiation by area of practice:

- Cardillo Law Firm – “termite law”
- Pape Chandler – motorcycle injuries
- Caplin & Drysdale – tax law
- Rebaza & Alcázar – financial boutique
- Maples and Calder – offshore advice

How to  
differentiate?

by area of practice

**by type of client**

by who we are

by how we operate

by offering something  
different

## Examples of differentiation by type of client:

- Jeffery M. Leving, Ltd. – fathers' rights
- Gould & Ratner – family business
- Ferrere – regional investors in Mercosur
- Ali & Partners – Western clients with conflicts in the Middle East

How to  
differentiate?

by area of practice

by type of client

**by who we are**

by how we operate

by offering something  
different

## Examples of differentiation by who they are:

- Armstrongs – stock exchange experts in Botswana
- Salans – multinational without a head office nationality
- Moreno Ruffinelli – only firm in Paraguay with associates graduated from top international universities
- Devebois & Plimpton – special kind of lawyer personality
- Bernstein Law Firm – family-owned bankruptcy firm

How to  
differentiate?

by area of practice

by type of client

by who we are

**by how we operate**

by offering something  
different

## Examples of differentiation by how they operate:

- Spigthoff – tough when needed
- Deacons – fully integrated infrastructure
- Wachtell, Lipton, Rosen & Katz – 1:1 ratio of associates to partners
- Cravath Swaine & Moore – rotation of attorneys
- Linklaters – organization by business sectors
- Posse, Herrera & Ruiz – systematic multidisciplinary approach
- Levenfeld – speed
- Segal McCambridge – making the complex simple
- Camilleri Preziosi – partners as account managers

How to  
differentiate?

by area of practice

by type of client

by who we are

by how we operate

by offering something  
different

## Examples of differentiation by offering something different:

- Macleod Dixon – access to cost management tools
- Aurora Law Offices – written guarantee
- Laner Muchin – phone calls returned within 2 hours

The  
positioning  
statement

Who are we?

What do we do?

Who do we work for?

How are we different?

How do our differences  
result in better client  
satisfaction?

## Developing an effective positioning

### Six basic steps:

1. Identify the firm's "best mission"
2. Identify top competitors for the "best mission" clients
3. Analyse top competitors to identify how your firm is different from them
4. Select those differences which can result in competitive advantages for your "best clients"
5. Confirm your choices through market research
6. Communicate your positioning to the market

## Developing an effective positioning

### Six basic steps:

1. Identify the firm's "best mission"

Which client sectors and practice areas or business lines are most likely to deliver growth that is both profitable and sustainable in the long run?





## Identifying the firm's "best mission": Strategic Business Unit Analysis

Helps to analyze the different business units of the firm, by practice area or business sector, or both, in order to:

- determine which units are most likely to yield a higher return on the firm's investment
- prioritise use of the firm's resources, by concentrating investment on those units most likely to deliver profitable growth, while avoiding spending on units with little or no future
- identify units which need to improve internally before the firm can invest to develop them externally
- improve focus for competitive analysis
- improve the firm's overall profitability and increase its chances to grow

# Strategic Business Unit Analysis

**high profitability**

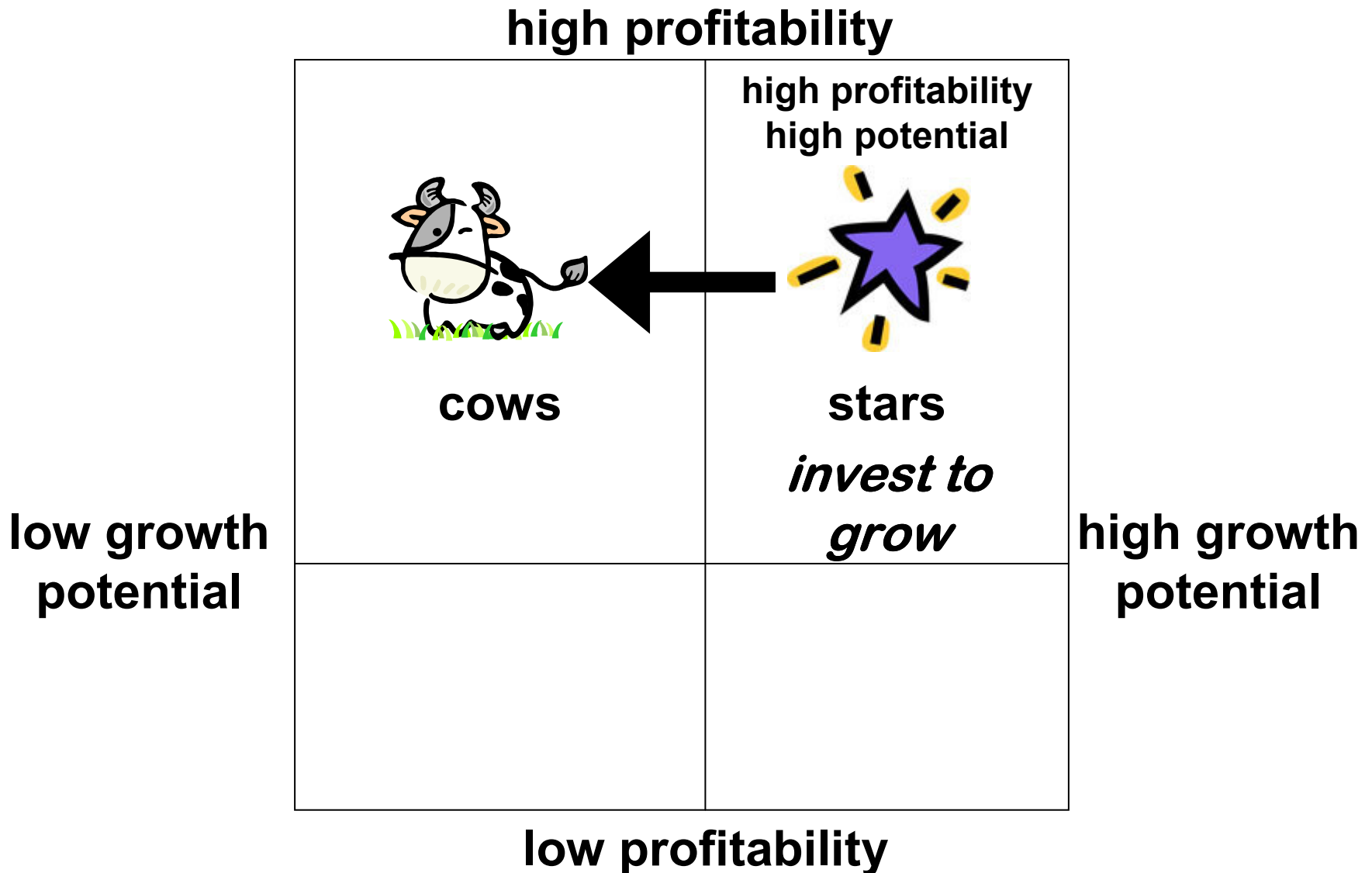
<p><b>high profitability low potential</b></p>  <p><b>cows</b></p>	<p><b>high profitability high potential</b></p>  <p><b>stars</b></p>
<p><b>low profitability low potential</b></p>  <p><b>dogs</b></p>	<p><b>low profitability high potential</b></p>  <p><b>question marks</b></p>

**low growth  
potential**

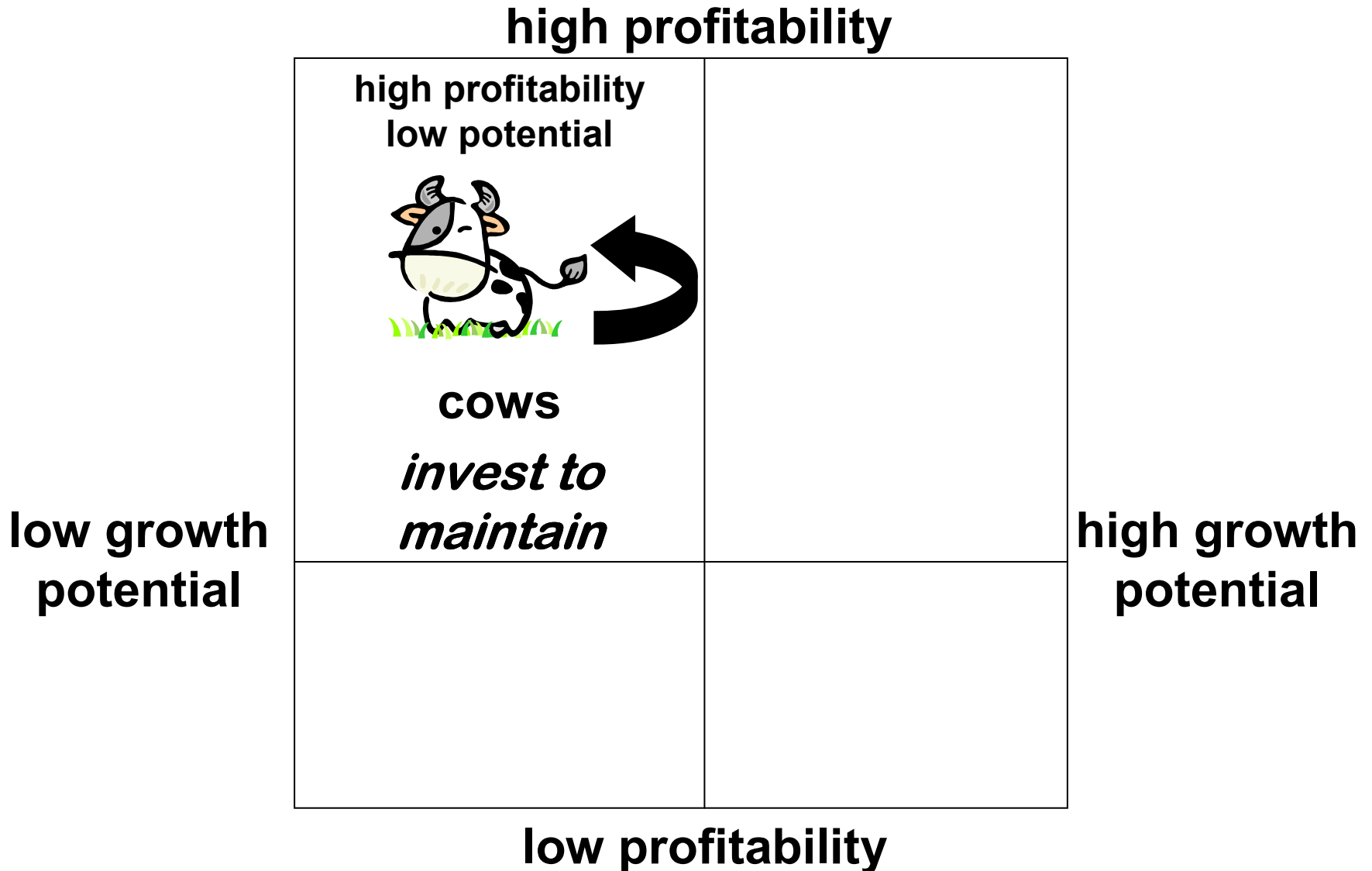
**high growth  
potential**

**low profitability**

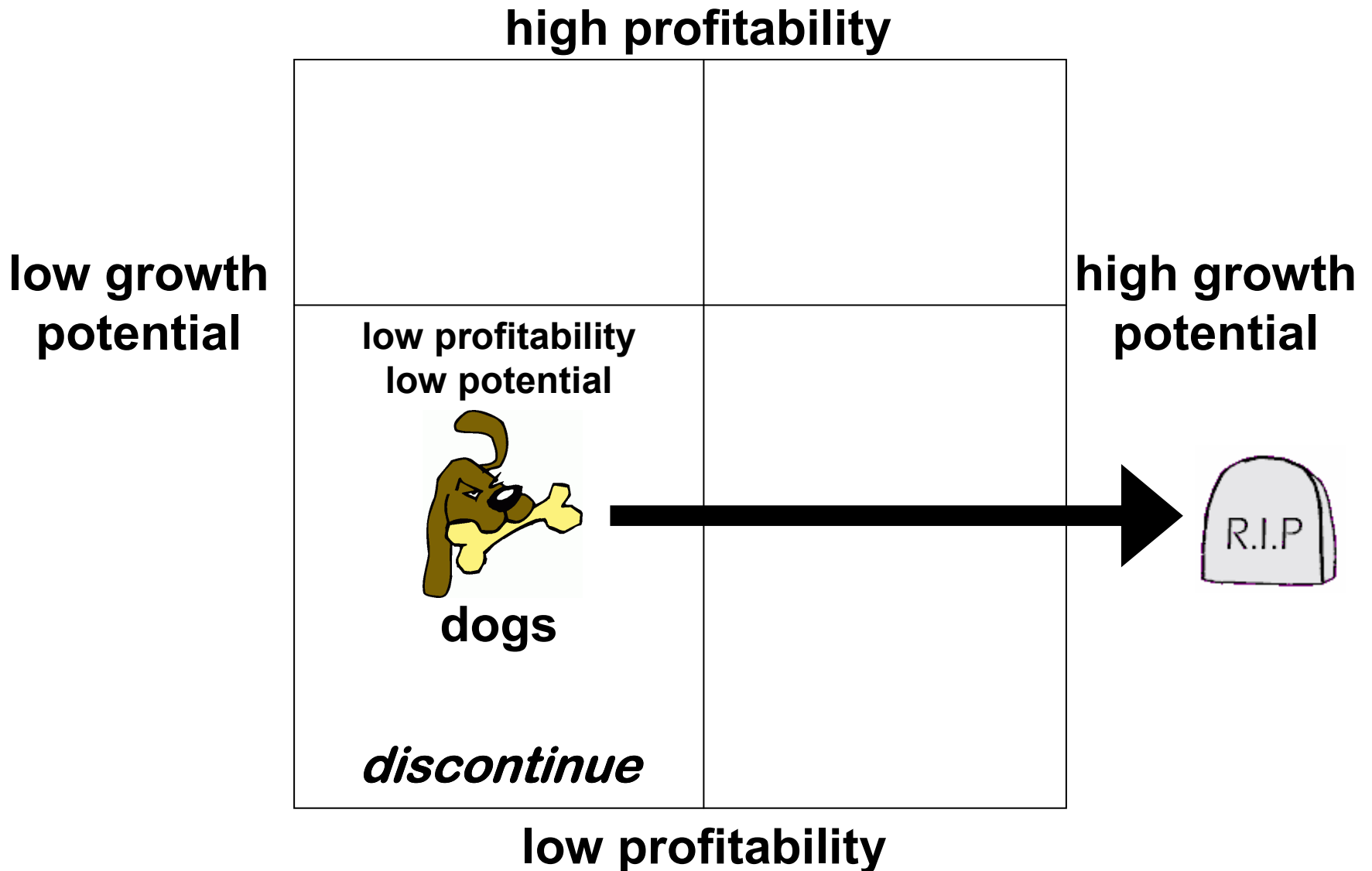
# Strategic Business Unit Analysis



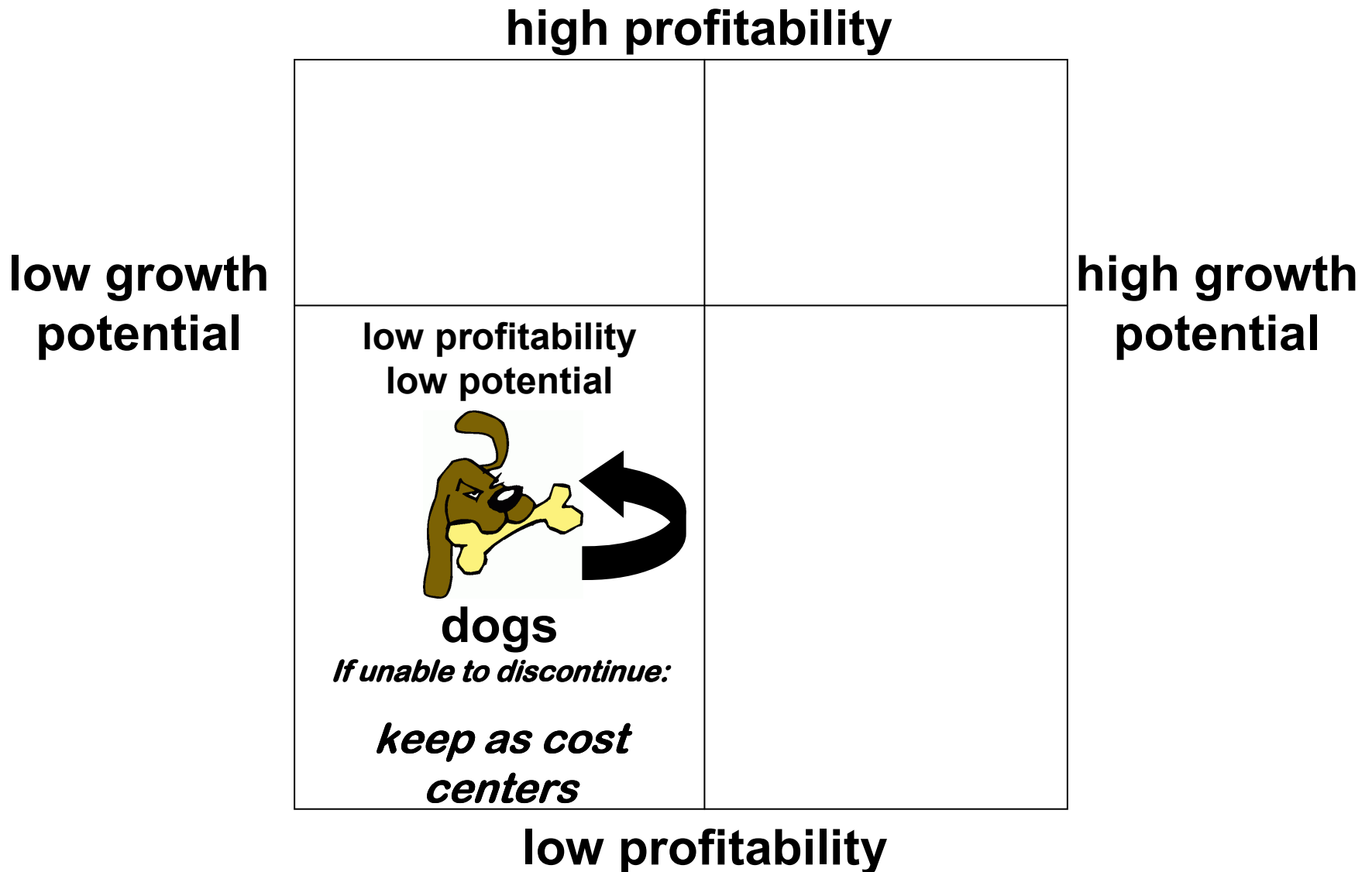
# Strategic Business Unit Analysis



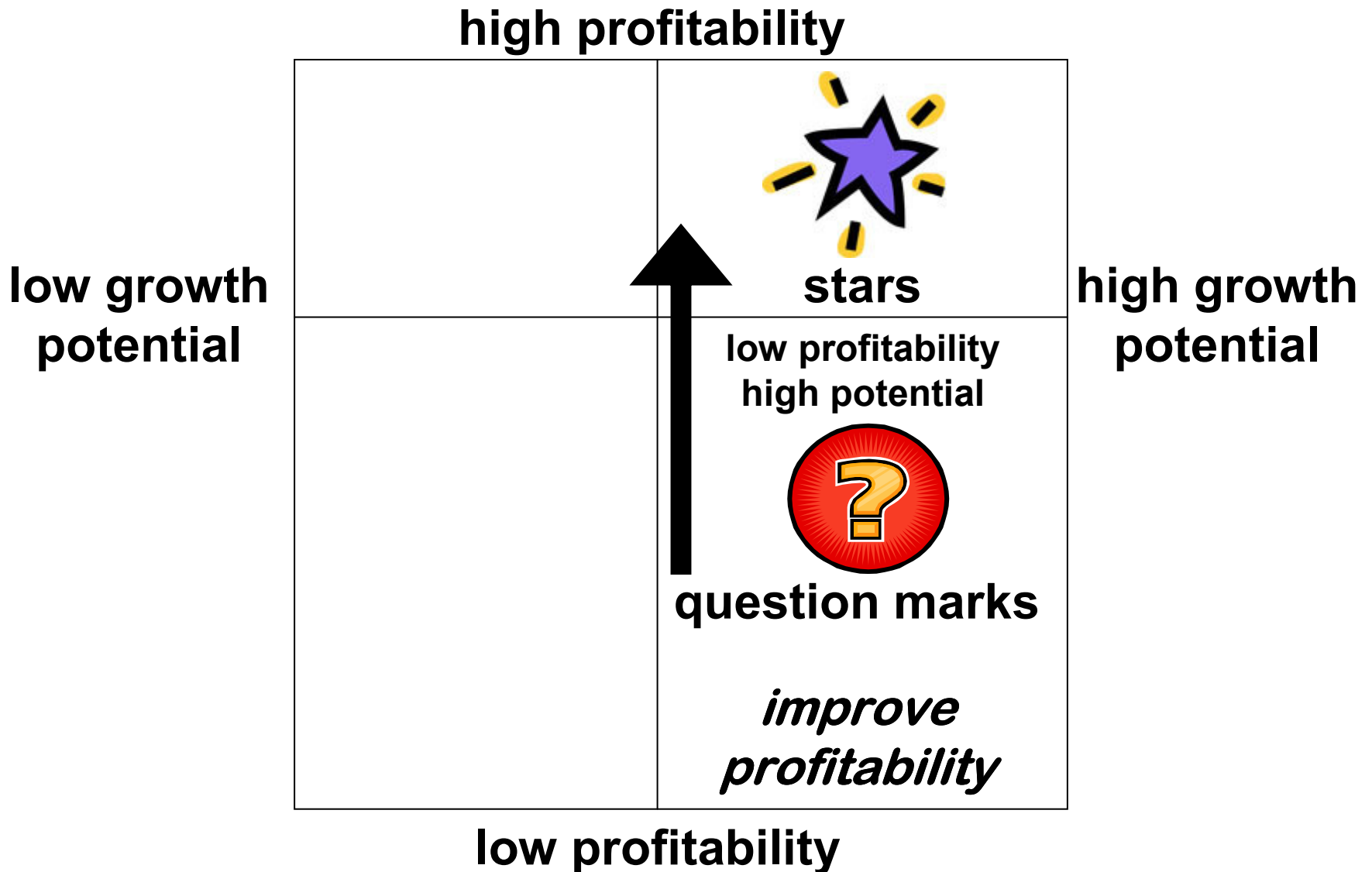
# Strategic Business Unit Analysis



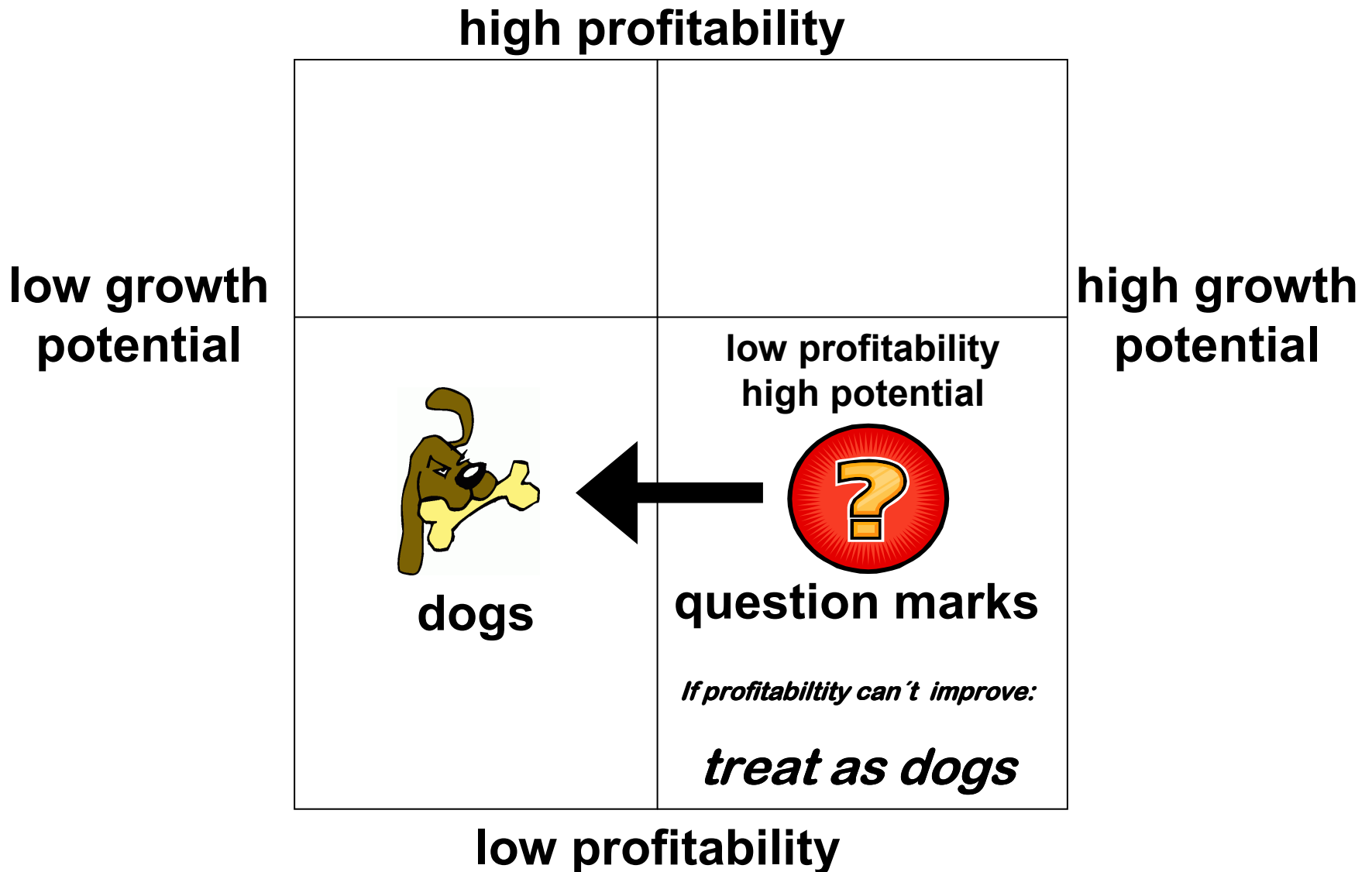
# Strategic Business Unit Analysis



# Strategic Business Unit Analysis



# Strategic Business Unit Analysis



## Strategic Business Unit Analysis

### Additional key considerations:

- The firm's portfolio needs to be balanced: as more *stars* are pursued, more *cows* are needed
- Evaluation of growth potential must take into account the firm's ability to compete credibly and successfully in a given market segment, both short and long term.
- In choosing new units to develop, strong and continued investment must be reserved only for those *star* units which have the potential of eventually becoming *COWS*.

## Developing an effective positioning

### Six basic steps:

1. Identify the firm's "best mission":

What are the firm's **star** and **cow** practice areas and service lines?

Which business sectors are **stars** and **cows** for the firm?

## Developing an effective positioning

### Six basic steps:

1. Identify the firm's "best mission"
2. Identify top competitors for the "best mission" clients

Which competing law firms are leaders in your firm's ***star*** and ***cow*** market segments?

## Developing an effective positioning

### Six basic steps:

1. Identify the firm's "best mission"
2. Identify top competitors for the "best mission" clients
3. Analyse top competitors to identify how your firm is different from them
4. Select those differences which can result in competitive advantages for your "best clients"

Remember:  
Being  
different is  
not enough.

The differences must be...

- relevant
- credible
- clear
- provable
- sustainable
- understood by the whole firm
- desirable to the client

## Developing an effective positioning

### Six basic steps:

1. Identify the firm's "best mission"
2. Identify top competitors for the "best mission" clients
3. Analyse top competitors to identify how your firm is different from them
4. Select those differences which can result in competitive advantages for your "best clients"
5. Confirm your choices through market research

How do you know?

The relevance and credibility of your advantages need to be confirmed through research.

How do  
you know?

Things to  
ask your  
clients

1. Why did you select us to do your legal work?
2. With whom else have you had recent experience?
3. How are we different from other prestigious law firms in this market?
4. How satisfied are you with the quality of our services?
5. How relevant are the differences that we think we offer to the quality of services that you expect?

## Developing an effective positioning

### Six basic steps:

1. Identify the firm's "best mission"
2. Identify top competitors for the "best mission" clients
3. Analyse top competitors to identify how your firm is different from them
4. Select those differences which can result in competitive advantages for your "best clients"
5. Confirm your choices through market research
6. Communicate your positioning to the market

Your “best mission” will determine your tactical marketing choices

- List of prospects for active marketing and sales
- Selection of fora in which to raise your visibility
- Media in which you will try to get noticed
- Business and professional associations in which you will participate actively
- Design of your website
- Internal communications
- Individual marketing plans

Extremely  
important to  
remember

- Strategy first, tactics second – do not use tactics that do not fit with your strategy
- Always keep your “best mission” in mind when selecting investments for business development
- Protect your positioning – make sure that your key competitive advantages are preserved
- Ensure that all your units and all your attorneys act in unison to project your positioning

*Gracias*

*Merci*

*Obrigada*

*Danke*

*Tak*

*Elharista*

*Grazie*

*Bedankt*

*Thank you*



**WALKER CLARK**

Business Advisors and Counselors to the Legal Profession