



# Industry Specialization

**MAKING COMPETITORS *IRRELEVANT***

**PATRICK J. MCKENNA**

## **Advance Praise for Industry Specialization**

"It is very positive to see something written exploring the imperative to move to an "industry first" approach and the related challenges." Beth Wilson, Canada Chief Executive Officer – DENTONS CANADA LLP

"Your content is absolutely on point and reflects much of our experience over the past 8 years after we aligned our firm into industry business units" (with full P&L responsibility). Paul Eberle, Chief Executive – HUSCH BLACKWELL LLP

"Congratulations on writing an informative, engaging and practical resource!" Chris Boyd, Chief Operating Officer – WILSON SONSINI GOODRICH & ROSATI

"This is an excellent guide about how to manage, refine and improve already existing industry groups and it makes a great case for having an industry focus." Gary Sasso, President & CEO – CARLTON FIELDS

"I enjoyed the book. It reminded me of the "One Minute Manager" for law firm industry groups. Hopefully as successful!" James G. Perkins, Ph.D., Chief Operating Officer - PROCOPIO

"The tone and directness really appealed to me. "Do this, don't do that. Think about this, don't forget that" is exactly what is needed and can only come from years and years and the many firms you have seen succeed or fail. No shortcuts, no magic wands but a logical, sustained and committed approach is what's called for." Gillian Ward, Global Chief Marketing Officer – BRYAN CAVE LEIGHTON PAISNER

## **PRELUDE**

## **INTRODUCTION**

Understanding How To Make Your Competitors Irrelevant.....	9
Appendix A: Industry Specialization: The Table Stakes Just Went Up .....	20
Appendix B: Law Firm Selection Influencers.....	22

## **CHAPTER 1**

Because Clients Want Firms That Know Their Business .....	25
Appendix C: A Firm Leaders Observations .....	46

## **CHAPTER 2**

Get Your Industry Focus In Sync .....	49
---------------------------------------	----

## **CHAPTER 3**

The Most Lucrative Growth Requires You Get Granular.....	63
Appendix D: Getting Granular.....	72
Appendix E: A Global Chief Marketing Officer's Observations .....	85

## **CHAPTER 4**

Effective Strategy Often Requires Being First and Being Exceptional.....	87
Case Study: The Life Sciences Industry.....	99

## **CHAPTER 5**

Be Dominant Somewhere Rather Than Mediocre Everywhere .....	102
Appendix F: RECOGNIZING INDUSTRY DOMINANCE .....	114

## **CHAPTER 6**

Helping Lawyers Focus on Client Industries? .....	117
Appendix G: One Firm Leader's Experience.....	133

## **CHAPTER 7**

High Performing Industry Teams Meet . . . Weekly! .....	135
Appendix H: TWELVE Action Planning Meeting Topics .....	158

## **CHAPTER 8**

Big Industry Groups Suck!.....	160
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## **CHAPTER 9**

Claiming To Be Full Service Is An Exercise In Futility.....	174
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**CHAPTER 10**

Learning Faster Than Your Competition Can Be Your Strategic Advantage .....181

**CHAPTER 11**

Embrace Thought Leadership As Your Industry Group's Strategy for Growth ...193

**CHAPTER 12**

Monitoring Industry Trends .....204

**CHAPTER 13**

In Matters of Industry Group Strategy: Beware of Best Practices .....212

**CHAPTER 14**

What to Do If Your Chosen Industry Falters .....222

Appendix I: What Industries Will Become Obsolete in the Future? .....228

**CHAPTER 15**

Where Your Industry Group Initiatives Really Fail .....233

**CHAPTER 16**

Using Sales Professionals Within Industry Teams .....242

Appendix J: A Chief Operating Officer's Observations.....249

**CHAPTER 17**

Going The Next Step: .....251

Multidisciplinary Industry Teams (MITs) .....251

Appendix K: A Compilation of My Lists .....264

**About The Author**

Patrick J. McKenna .....282

Leadership Series at Legal Business World .....287

Other ePublications by Patrick J. McKenna .....288



## **Also by McKenna**

### **Strategy Innovation: Getting to the Future FIRST**

Legal Business World, 2019 (e-Book)

### **The Art of Leadership Succession: How To Select Your Next Firm Leader**

Legal Business World, 2019 (e-Book)

### **When It Comes Time To Instigate Change**

Legal Business World, 2019 (e-Book)

### **Leadership Lessons From The Trenches**

Legal Business World, 2018 (e-Book)

### **Serving At The Pleasure Of My Partners: Advice To The NEW Firm Leader**

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### **Passing The Baton: The Last 100 Days,**

Ark Publishing, 2008

### **First 100 Days: Transitioning A New Managing Partner**

NxtBooks (e-Book), 2006

### **First Among Equals: How to Manage a Group of Professionals**

Free Press / Simon & Schuster, 2002 (co-author)

### **Beyond Knowing:**

### **16 Cage-Rattling Questions To Jump-Start Your Practice Team**

Institute for Best Management Practices, 2000 (co-author)

### **Herding Cats:**

### **A Handbook for Managing Partners and Practice Leaders**

Institute for Best Management Practices, 1995 (co-author)

### **Practice Development: Creating A Marketing MindSet**

Butterworths, 1989 (co-author)

*(Other online/downloadable publications see [page 289](#))*

# PRELUDE

Let me begin with a little confession. I'm beginning to realize that I have gotten older. My first book was at the invitation of Butterworths Legal Publishing and with a co-author we wrote what we believe was the very first book on the subject of law firm marketing – published back in 1989!

Now the relevance of that is twofold. First, we were informed that to use the word "**marketing**" in our book title would not fly. So, after my telling this publisher that I was prepared to take the manuscript (that they invited us to write) off-the-table, they succumbed to having that shocking "marketing" word relegated to the subtitle (*"Creating The Marketing Mindset"*). And secondly, I will take sole responsibility for making this bold prediction, that based on everything I knew about what clients seemed to be looking for, that the vast majority of law firms would be organized with an industry group configuration within the following ten years. So here I am, over 30 years later, and I don't make predictions anymore and you are now reading a book that has been a long time in coming.

Now I tell you this because as this book was in its formative stages I circulated the manuscript to a number of law firm leaders and C-Suite professionals from firms that I knew to have REAL industry teams for their feedback. I invited all of them to be ruthless in critiquing the

material. I'm proud to report that I received some excellent feedback that caused me to ask some originators for permission to include, with attribution, their observations and experiences within the text that you are about to read.

That said, one of the comments I received that stood out in particular was this one:

*I would be careful of the use of the word "**specialization**", especially for California readers. We have to be very careful in this state with the Bar on use of that word in our marketing materials and general skill set descriptions etc. They make sure that the word is only used when the lawyer is actually "certified" by the State in a specific specialization (e.g Certified Tax Specialist for example). Probably not an issue for a book, but just a caution that you might want to check with an ethics lawyer. Not sure any other state is as hot on this as CA.*

I will leave it with you to judge whether my choice of book title for this adventure was appropriate or not.

From a couple of those that reviewed the initial manuscript, I received this sort of comment:

*I am sure law firm leaders might be looking for some hard data on the law firms that, in your mind, have implemented industry group strategy well. Have they improved revenue, have their profits increased, added*

*great new clients? Etc. Not sure what you can include in that regard, but we all know we fight the "things are going well, why do we need to change" syndrome in law firms. Risk aversion and, when financials are good, even more reluctance to change legacy organizational habits and structures.*

And I could not agree more. Now here is the reality.

I definitely know who some of the firms are who have pioneered and excelled with their dedicated discipline and focus to having industry teams and I approached a good many of them, at the most senior levels, by email, with personal LinkedIn requests and by telephone calls.

A fair number choose not to respond and in some cases these are firm leaders that I know, at least from previous correspondence, sharing a podium and such. Some responded but really gave me nothing of any substance. Some responded with some very insightful commentary and then when I requested permission to publish it . . . they freaked.

You see these people are not stupid!

They are doing precisely what I have advised my clients over the years to ensure that they do. Shut the hell up about what you are doing that really works and about how you have specifically made it work.

Now that all said, I believe that you will find some interesting competitive intelligence within these various chapters from information that I have gleaned over the last few years. But should you still have any doubts, do not read or listen to some brain-dead consultant. Go out and talk to your clients and ask them what they believe and what specific criteria they employ to select and engage external professional resources, because after all, the specific American and Australasian statistics that I have provided (see Appendix B) in this book may not really apply to you or your firm.

And go out and speak with your counterpart in some other professions – like accounting, consulting, and even venture capital financing. NEWS FLASH: They have been working with a strong industry focus for decades.



# INTRODUCTION

## Understanding How To Make Your Competitors Irrelevant

Over the years I've had the opportunity to pose one particular question to groups of lawyers. I have done this during literally hundreds of organized training sessions that I've conducted, as well as more recently in virtual sessions where these lawyers are then divided into breakout groups and allowed to brainstorm for ten minutes, to come up with some credible and believable answers. This particular question is one that I have been told repeatedly is on the minds of every prospect and many of your existing clients, although your existing client may not articulate it. The question that I pose is this:

*"Tell me please,  
why should I choose you / your group / your firm,  
And what do you bring to my particular business matters,  
That I cannot find anywhere else?"*

And please do notice those last six words, which serve to make this a fairly difficult question to handle.



Now as you might guess, responses usually boil down to a variation on two very familiar and time-worn themes. You will likely hear: *"because we can do it better, faster, and cheaper - so why not give us a try on just one matter so that we can show you what we can do."* (As if I, as the prospective client, am going to get some divine gratification from taking a personal risk with an unknown quantity). Or you will most certainly hear: *"because we offer a broad array of services such that you really can expect to get some depth of expertise from our firm."* (And I'm often thinking to myself, and how can you truly provide me with any real depth and breadth . . . given your size).

What I have learned those responses indicate to most sophisticated clients is that if you were truly recognized as having the preeminent specialized expertise in any given area, it would not be necessary for you to resort to tactics of "better, faster, and cheaper." Your expertise would be apparent and therefore speak for itself, or it could be easily demonstrated to the perspective client and present some compelling evidence for consideration. Alternatively, without a preeminent position, proffering a full-service capability is not likely to be viewed as credible unless maybe your firm is from among a handful of the largest in the nation.

And even among some of the largest, you will witness a growing need to become far more focused. I was recently struck by an interview with Sandy Thomas, upon being reelected for his third term as Global

Managing Partner at Reed Smith, when he was asked about the direction of his firm and his *growth priorities*. He responded that Reed Smith will focus on developing capabilities in **five core industries**:

- financial services;
- life sciences and health;
- energy and natural resources;
- transportation;
- and entertainment and media.

The interviewer observed, *"That's a wide net -- but compared to some Big Law leaders who seem loathe to imply any scrap of business is less important, it's practically a laser-like focus."*

Do you know the biggest mistake that many law firms are making today? The research suggests that it is believing that somehow potential clients will find you.

Today, more than ever, prospects are searching for subject matter experts and trusted advisors to help solve their problems. Like it or not, your potential and existing client has far more options than ever before. So, for you to be successful, it takes focus, specialization, recognition and authority to stand-out in an overcrowded, highly competitive legal market with risk-avoiding, impatient buyers who can find numerous alternative providers in short order.

In other words, you need to have a deep understanding of the critical business challenges, speak the language and have experience in solving the pain points of your targeted clients – most effectively by way of having **first-hand industry knowledge**.

### **How One International Firm Went About Attempting to Transfer Its Industry Knowledge**

It was mid-June 2021 and the partners of an International AmLaw 100 firm gathered virtually for a Partner's Conference to discuss strategy, clients, technology, revenue generation opportunities and the future. Like most firms reacting to the pandemic and watching entire client industries be impacted, at various points over this firm's two-day agenda the conversations had them talking about the current state of the Oil and Gas industry in the UK obstructed by Brexit, the tremendous explosion of growth within the Netherlands Life Sciences industry, and emerging Fintech developments in Berlin. But I was particularly impressed by a one-hour meeting which brought together a panel devoted to discussing Business Opportunities in the Technology Space.

What was intensely interesting about this discussion was that it started with an explanation about "What is different about working with technology industry clients." *It's a different culture and ideology and we mean that both literally and symbolically. Causal dress used to be my*

*wearing a Navy-Blue Sports Coat, but you can't wear that here. A men's shirt with a collar is even suspect. And why? It is symbolic of an industry focused on creativity, judging people by their merits, and just getting the job done.*

*You need to speak the language (data); in their medium; and in their timeframe. It can be hard to get a legal item on the weekly agenda you have with your client. They want to see analytics. They are also very sensitive to whatever technology you happened to be using since they themselves are engaged in tech development work.*

*The employee experience matters. Our client contacts are preoccupied with what the employees think, what they are feeding back by way of internal surveys, how fast we are with email responses – so we need to seriously focus on the employee experience. And in the absence of data, they will track you! These clients share data on when their cases were filed, what we are doing and how long it took for us to do it. This is a client culture that we need to understand and stay ahead of.*

As I listened to this discussion I thought back and wondered whether I had ever encountered any other law firm go through an explanation of what made some particular industry clients different; and of course, they all are. The discussions didn't conclude there. Then they dove deeper into how Technology Startups (their targeted niche) were so uniquely different.

*Speed matters and risk tolerance is high. These are people who are trying to navigate through each stage of their start up process as fast as possible in a highly competitive environment. They are preoccupied with each stage in their business life cycle and obsessed with getting results while not being all that interested in the methodology.*

*Their ecosystem has three groups: Funders, Incubators and Advisors and you need to understand their various stages of growth and find out what level of funding they are at. So, the Seed Capital entities are usually living hand to mouth; the Series A have a bit of money to spend; while the Series B companies usually have much more investment dollars available to them.*

*Relationships definitely matter. Use "TechCrunch" (startup and technology news) to find out who these companies are; where their funding comes from; where "meet ups" are happening (where they share info on who to use to do what); and get to know any incubators in your area. You have to develop a voice – they will look you up if you have valuable content to share that clearly shows you understand their industry.*

And the discussions still didn't end there. The panel moderator then posed two questions to the interested attendees to brainstorm:

- 1. What are our inherent challenges, as lawyers, in attempting to become a dominant player in serving this particular niche?*
- 2. What can and must we then do to overcome those challenges?*

## **Advantages of Focusing on Industry Specialization**

In science, in medicine, in business and in law, the trailblazing developments are produced not by the generalists, but by the specialists. The COVID-19 vaccine was developed not by a broad ensemble of general practitioners but by a small group of gifted biotechnologists with deep expertise in virology.

Most professional firms start out as being somewhat focused but over time and as prospects request a particular service, slowly diversify themselves into a state of being almost indistinguishable. As you consider the intricacies of whether or not to develop a particular specialization, there are a number of natural cautions that are likely to arise.

The first is trying to determine whether an industry that holds some attraction is large enough to offer sufficient opportunity. Perhaps you have an interest and experience working in HealthCare and specifically with Hospitals but is it a big enough playground in your particular locale and will defining your practice that narrowly leave you with insufficient opportunity?

The second reason you might hesitate is you feel comfortable that there is a large enough market, and it is an industry that holds great interest . . . but if you become too highly focused will you be losing out on lucrative opportunities that could come your way, but for the fact that you have now become too highly specialized.



Ignoring your reasons to be reluctant for a moment, let's look to some of the competitive advantages that should accrue to any professional that becomes more industry focused.

### **Having An Industry Specialization:**

1. makes it easier to identify prospective clients.

As a corporate or litigation attorney, you are just one amongst hundreds that struggle to differentiate yourself in a way that clients might find attractive. Once you focus on an industry, you find that prospects are identifiable through industry lists which are often available through local or regional Economic Development departments; through association or trade organizations which often can also provide you with C-level contact names and company information; and through conferences, summits and other meetings where industry players come together in ways that allow you to make valuable contacts.

Then with a bit of research and effort you can quickly begin to read about their unique challenges; learn about the specific issues these companies are struggling with; and begin to explore ways in which you can provide value and demonstrate that you speak their language and understand their world.

2. makes cross selling a natural occurrence

One of the great ironies of the conventional law firm is how everyone bemoans the lack of cross-selling that occurs amongst part-

ners. From the client's perspective, what I have often heard is *"Someone comes in, asks how their firm is doing and if we dare say okay, they then want to immediately introduce us to some of their other professionals and tell us about their newest service offerings."*

When you have a true industry group, you are surrounded by a small group of colleagues that focus on the same industry but bring different substantive knowledge to the table such that if the client's current issue involved intellectual property, tax or investor relations issues, there is another lawyer available to pitch in and help provide valued counsel. It is all part of providing a total turnkey operation rather than trying to sell the client addition services.

3. allows you to have clients easily spread the word about you  
Since we work in a world largely defined by industry groupings, it stands to reason that industry participants naturally can spread the word about you at conferences, through trade publications and in the course of industry meeting discussions. This kind of word-of-mouth spreads far more easily amongst industry participants, regarding the various goings on within their sector, then it ever could amongst unrelated clients randomly talking about some legal issue they might be facing.
4. means your best clients take you with them to their next job  
Should the occasion arise and it is inevitable, that a valued client contact moves from one company to a new employer, the likeli-

hood of them taking you along is very high, since you know the industry and their personal idiosyncrasies. And research shows that if you have a solid client relationship you can expect to follow them through, on average, three such career moves. Meanwhile, an added benefit, is that the odds are in your favor of surviving the change in decision makers as the new incumbent is likely to value your history with their new employer. That advantage can become magnified over time as key C-level contacts change positions and spread the word about your expertise.

5. allows you to place a higher premium on deep expertise  
My colleague George Beaton at Beaton Research in Australia has conducted extensive surveys and longitudinal research to measure *“the reasons clients may have for appointing a more expensive law firm.”* He reports that 82% of law firm clients have selected a firm that was more expensive than other options, due to the firm's *“understanding of the client's business / industry”* and the lawyer's *“leading expertise in their area of need.”* Ironically, I'm told that those results have **stayed constant for the past 10 years** of surveying client companies.

6. allows you to develop micro-niche expertise that confers an even larger advantage.

Developing an expertise in any given industry is likely to expose you to dozens of sub-industry niches, many of which hold the potential for developing even deeper expertise.

The more of an expert you become, the less clients will ever even care about potential conflicts except in rare cases. Sophisticated clients understand that expertise requires deep insight, repeated applications, working in similar environments, and that those 'similar environments may by necessity include their competitors.

Also, the confidentiality of practicing law provides for additional comfort concerning conflicts.

### **Be perceived as an Expert**

As indicated in my earlier example, you need to understand the business, how it operates, the way it goes to market, how it makes money, and the value it brings to its customers. There are two key preconditions to being perceived as credible by clients. First, clients have to trust you and your counsel. This trust is built on the perceived solidity of your experience and wisdom and also on a belief that you always have their best interests in mind when you suggest an idea or course of action. Second, you must be relevant. Your insights, counsel and specific solutions must track against the client's goals, strategy and market realities. If you are NOT perceived to be strategically relevant, you become just one more transactional provider.

Expertise wins! Deep expertise in a specific subject matter and in a client industry always wins, especially in the long run. Even during this pandemic, all of the well positioned industry experts, specialists and visible authorities in their respective fields, got back on track quickly and many enjoyed their best ever annual revenue.

## Appendix A: Industry Specialization: The Table Stakes Just Went Up

Husch Blackwell made the strategic decision in 2012 to go “all-in” on industry specialization. With almost 10 years of experience as an industry-aligned law firm, we have a great perspective on the benefits (there are many) and the challenges (they are significant) of this strategic change.

The benefits are well-stated in Patrick McKenna's book, "Industry Specialization: Making Competitors Irrelevant." Industry specialization provides real differentiation from other firms; increased value for clients; and more interesting work from clients as they realize the benefits of working with great attorneys who are also specialists in their industry. The list goes on.

There are significant challenges which should not be overlooked. As every leader knows, change is challenging. The change from a traditional practice group structure to a true industry-aligned structure is a really big change – think engine replacement while the car is still running! That type of change requires significant analysis and planning, strong buy-in from the Partners and a well-thought-out implementation plan by firm leadership. Chapters 5, 6 and 7 highlight some of those challenges, however, the live version of implementing this change is even more daunting.

The increased investment of time and buy-in required by our attorneys and the groups responsible for the development of our professionals is equally significant. Young attorneys are working hard to develop core skills and talents needed to be an excellent attorney at a top firm. In addition to that existing investment of time, these same attorneys need to invest additional time to develop their industry specialization. Industry learning doesn't really end after year 6 or 8 or 10. To be a true industry specialized attorney requires an additional level of time, commitment, planning and effort. In an era where many younger attorneys are already questioning the time required to be successful in private practice, this issue should not be taken lightly.

Like many things in life, the extra work pays off - but it takes more than a week, a month or even a year. Developing industry expertise leads to more challenging work from more satisfied clients and, for many, a more satisfying professional career. You can only get those benefits - and a successful move to full industry specialization - with a deep commitment, strong buy-in, a good plan and lot of additional work.

*- Paul J. Eberle, Chief Executive - HUSCH BLACKWELL LLP*





## Appendix B: Law Firm Selection Influencers

[204 responses from in-house counsel respondents]

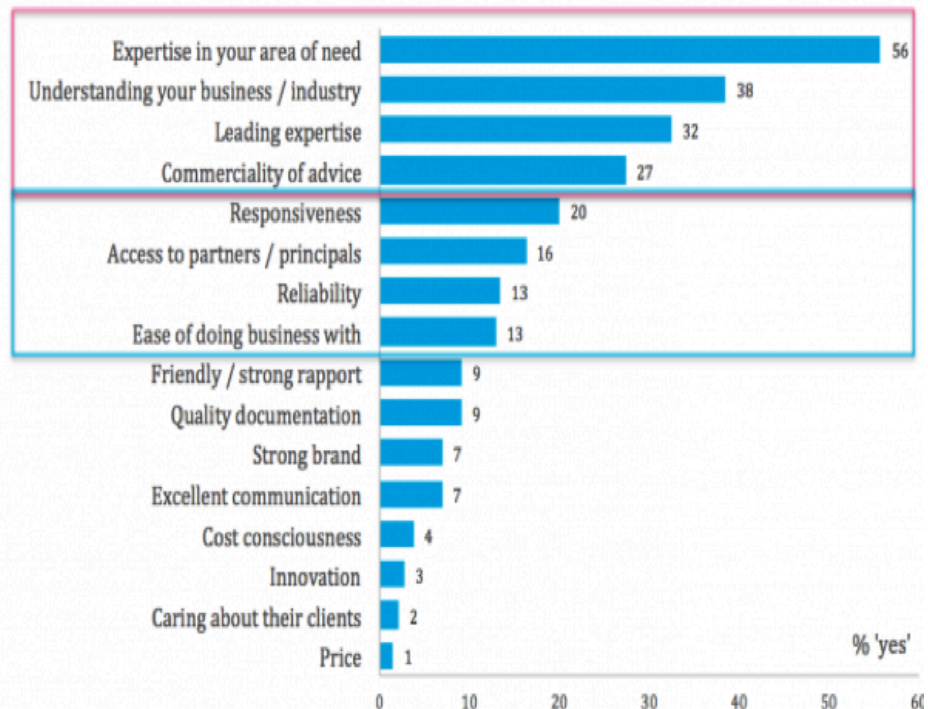
### AVERAGE MEDIAN RATING:

Demonstrated understanding of your industry	9.6
Referrals / Recommendations from colleagues	8.6
Personal contact: Visits / phone calls / personal notes	6.7
Written material demonstrating lawyer's expertise	6.1
Free seminars, webinars, CLE training for your department	4.9
Branding as a 'full service firm'	4.6
Industry events: Sponsorships / presentations / attendance	4.1
Website content / Firm brochures / Advertising	3.6
Directory listings and ratings (traditional and online)	3.3
Membership in law firm networks	3.2

Committee work and involvement, Board memberships	3.2
Direct mail / email communications about a firm	2.9
Social media activity: LinkedIn / Twitter / Facebook / Other	2.3
Invitations to social events / sporting events / meals	2.2

## Reasons for appointing a more expensive law firm

**82%**  
of law firm clients  
have selected a firm  
that was **more  
expensive than the  
other options.**



Source: Chief Legal Officer Survey

If you want to compete on value and justify premium pricing, you need to demonstrate that:

1. You really understand the client's business, what they want to achieve, their strategic issues and consequently their specific needs
2. You have the specific experience and expertise in that particular area of work, based on having done similar work in the same industry
3. Your value proposition for the client will be a superior commercial outcome

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# CHAPTER 1

## Because Clients Want Firms That Know Their Business

It is surprisingly common how often at some legal conference you will witness a panel of corporate clients discussing their views on law firms. Invariably someone in the audience will ask these panelists, *"What is the most important criteria for you in selecting outside counsel?"* I fully suspect that the person asking this is expecting to hear that the most important criteria is "cost" or perhaps *"responsiveness."* While those things are important, they are NEVER the answer the panelists give, especially if that panelist is a General Counsel. The answer invariably is, *"I want someone who knows my business"* or framed more pointedly, someone who can *"demonstrate a thorough understanding of my industry."*

In nearly every other profession from accounting to engineering, it is widely accepted that *"Clients do not have legal, financial, technology or other technical problems, they have business problems. Those business problems just happen to have legal, financial, technology or technical elements to them."*

In fact, *Understanding Your Client's Industry is the single biggest differentiator among law firms* – it is also the single largest driver behind clients being able to justify paying higher rates to any law firm. At least that is what we know based on more than 5,000 interviews with top legal decision-makers, reported by The BTI Consulting Group (Wellesley, MA)

Because *practices* and *offices* are the traditional management units within law firms, *industry* is often the undervalued component of many law firms supposed “client focused model” and organizational structure. Organizing by *practice* is an internally focused structure that is firm-centric, while organizing by *industry* is externally focused and client-centric.

From BTI's research we found that 36.9% of law firms indicated they had dedicated industry group in 2019, which was up from 27.3% in 2017. BUT – not all industry groups are created equal. I say that because the research indicated that:

- less than half of industry groups had a dedicated budget – one proven key for success;
- only 13% had dedicated attorneys who work solely on these industries and have skills that are focused on the industry; and
- less than 10 firms (out of 350), rely on industry groups to define strategy and map out plans for practices serving their clients.

All this suggests that in **ONLY HALF** of those law firms claiming to have industry groups are actually dedicated industry groups. For far too many firms, any pretense of having a real industry focus is simply a list of industries displayed on their firm's website – without any recognition that perhaps the clients can discern the difference.

**Bad News Flash:** you are not fooling anyone!

Perhaps worse, some firms claim to serve far too many industries — and seriously undermine their credibility with clients in the process.

Meanwhile, I continue to hear how industry group leaders are **completely frustrated** . . . by their lack of any clear mandate, authority, and visible support from firm leadership. Few get any meaningful leadership training; get a separate budget or a dedicated marketing support professional attached to the group. Few meet on a regular monthly basis or collaborate across offices; nor have they developed a 'real' formal strategic plan. Worse yet, few get the support from partners or firm management, which could, for example, make a firm require that partners work only in ONE core industry.

Typically, firm management is organized along practice lines and office lines, and while industries can be some (vague) part of the management matrix, most firms have not got that balance right . . . quite yet.



## **I. Are Your Industry Practices Just for Show or Are They REAL?**

Turning back to The BTI Consulting Group research – clients, on average, rate their primary law firm an 8.3 out of 10, with 10 being best – not exactly premium rate worth. The good news – clients will teach you through client feedback and meaningful dialogue outside the context of a case or matter.

Here are a dozen diagnostic questions (not intended to be comprehensive) that I've developed that you should internally review and discuss, to evaluate where your firm stands with respect to having a genuine industry focus:

- Does your firm understand how much importance your **clients place on industry knowledge**? (Do you have client survey or interview results that you can easily share with attorneys throughout the firm evidencing your client's views?)
- Does your firm leadership really believe that industry knowledge has a direct and meaningful impact on your overall **financial performance**? (For example, through the ability to retain clients, cross-sell other services, build a reputation to win new / better clients, achieve selective niche dominance, etc.)

- Has your firm made definitive decisions about **which selective industries** to strategically target and focus on?  
(or are industry teams simply a marketing ploy and/or does your firm claim to serve many different industries?)
- Has your firm organized and actively recruited **partners to join and commit** a specific number of non-billable hours to working in ONE chosen industry team?  
(or are partners left to join in as many different groups as they wish, leaving group leaders to wonder who specifically is committed to doing anything?)
- Does each industry group **have a leader** (or co-leaders) **trained** to manage, coach, support and facilitate the group's initiatives?  
(or are group leaders left on their own to determine whether to have their group meet and what to do if and when a meeting occurs?)
- Does the firm have any **formal programs** and **budgetary resources** available to develop the industry competence and expertise of the partners?  
(or is the task of developing, and continuing to build, valuable industry knowledge and skills left up to each individual's personal initiative?)
- Does your firm have industry **focused research programs** that monitor and identify emerging industry trends?

(or is the aspect of developing thought leadership and identifying new service opportunities simply left to chance?)

- Has each industry group developed a formal, **written strategic plan** identifying specific niche opportunities where they are working to develop a position of dominance?

(or are groups just expected to meet occasionally to discuss what each member has been working on with their clients?)

- Has your firm assigned specific **marketing professionals to support** each of the industry groups?

(or are you just expected to call upon the marketing department as a need might happen to arise?)

- Does your firm capture and leverage the **industry specific intellectual knowledge** gained from client engagements?

(or is knowledge management just not a recognized priority within how we add value to our client work?)

- Are industry competence and expertise assessed and tied directly to **lateral recruitment** efforts in order to build upon the industry group's market strength?

(or is lateral recruitment simply a matter of finding those with a book of business irrespective of any recognized industry expertise?)

- Does your firm **report and assess performance by industry** (fees, profitability, growth, partner contribution, partner promotion, compensation decisions, etc.)?  
(or is performance by industry secondary to practice group, office, or some other performance criteria?)

Law firms that have made a commitment to industry focus and industry teams need to do these things. And those that don't are missing out on one of the primary benefits of an industry focus, which is to differentiate the firm and build relationships by showing clients and prospects that your firm knows something that the client (and your firm's competitors) don't know.

## **II. Do Clients Value You Having An Industry Focus?**

While attorneys tout their deep technical or functional expertise, most clients view that as table stakes. They assume you're an expert in employment law, international tax or complex litigation. And as clients face increasingly complex business challenges that go well beyond any one (traditional practice group) area of the law, they wonder if you really understand the key aspects of their industry. To be fair – they don't care if you don't know the intricacies of making their widgets – but they DO want you to know the idiosyncratic aspects of what they are having to deal with. For example:

any exclusions they can use to avoid a regulation unique to their company, product or service;

- how much a pharma company spends on due diligence before beginning serious development, so they know you know what you are getting into;
- sound strategies to accelerate the time to get permits and approvals; or
- the legal spend per barrel of oil, for an energy company.

You can be a great technical expert – but the secret sauce is proving you can put it to work in specific and granular manner for clients. A few good strategies to really gain insight into one of your valued clients is to:

- read at least 6 pages deep into their website – homepages don't count;
- check all client career pages, LinkedIn and places like The Ladder to see what kind of people your client is looking for – especially in product development, engineering and within their legal departments; and
- assign an associate to assemble all the alerts about this client, their competitors. and ask that it be delivered in an organized fashion on a monthly basis.

But wait, there is more.....

What they also want to know is – have you done it in their industry? Do you understand the nuances of their industry? Can you hit the ground running or will they have to invest hours to teach you and your team how things are normally done in their world?

In assessing the strength of your industry practice, you need to ask:

- Are clients in our market footprint aware of our specific industry practice?
- Do clients consider us a viable option to service their needs?
- Do clients proactively inquire about our industry capabilities and ability to address specific opportunities?
- Does the firm have luminaries who are widely recognized as experts on key industry issues?
- Does the firm have bench strength that enables us to effectively serve multiple clients or bring full scale teams to bear on complex high stakes engagements?
- Do clients hire us in preference to our competitors?
- Do clients continue to hire us because of what we know about their industry?
- Would clients recommend us to others in their industry?
- Do the top companies and top executives in the industry trust us with addressing their most complex problems or do they just send us their commodity work?

- Is our firm able to attract, develop and retain the best industry talent or do talented industry experts seek out opportunities elsewhere?
- Is our firm one, that young professionals with an emerging focus on an industry, aspire to work with?

Hence if you have any aspiration of being a trusted advisor and offer valuable advice to your client, you must first understand the client's business problem. When the CEO calls the GC – they never ask about the legal risk – they ask about business risk. The more you can understand and advise on the business risk, the more clients are willing to pay and use your services.

Understanding the client's business problem requires understanding the client's business. It is at this point that **industry becomes relevant** as it becomes a proxy for understanding many aspects of the clients business – such as: industry terminology; kinds of products and services offered; industry specific revenue sources and revenue recognition issues; common contractual terms; industry specific laws and regulations; typical business practices; types of talent employed; technologies used; and supply chain structure and practices.

**Be on the lookout** for signals that you might not be up to speed on the deeper industry matters:

- Do clients express frustration at "... having to teach your people our business"?

This can sometimes be a reaction to someone not understanding the basic industry lingo or technical terminology commonly used by members of the industry.

- Do you find yourself sheepishly asking questions about basic terminology in client meetings, or bluffing your way through the meeting and frantically researching the topic later?

I remember seeing one client asking the attorney, *"So you are representing yourself as a HealthCare attorney, please tell me what you know about BHRT?"* only to receive a bewildered reaction.

- Do clients and prospects explicitly ask to see industry credentials or meet with professionals in your firm that have industry expertise?

This may come about as clients do NOT see your industry group members actively involved in any of the industry or trade associations. Or alternatively the client is highly skeptical as they observe on your website, the same lawyers supposedly active in multiple unrelated industries.

- Do you avoid following up on a particular discussion point (and therefore miss opportunities) because you're really not sure what the client is talking about or its significance?

I remember the partner representing his Manufacturing Industry



Group who was completely unfamiliar with new developments in the sub-industry known as Augmented Manufacturing / 3D printing, and just seemed to shrug his shoulders when the subject was raised.

The logic of all this rests on the idea that businesses in the same industry face similar legal challenges and that clients can benefit from a firm's accumulated expertise, built up over years of deal-making and litigation in a particular industry. Industry groups promise that a firm knows the jargon, power players and problems that its clients deal with daily.

Industry knowledge may be less of an issue with a pension matter but becomes incredibly important when advising on specific international trade regulations. Typically, the more complex the issue, the greater the need for industry expertise. The key question for any professional professing having some industry knowledge becomes:

*What do I need to know about this industry in order to understand what my client is talking about, explore the various implications and options to achieving the results my client is looking to realize, assess the possible risks, and deliver service and advice that is relevant and appropriate to this client's business?*

It is worth recognizing that this is where having a **real industry “team”** can make a significant impact. For example, those in the group with different levels of seniority may require different levels of industry

knowledge based on the nature of their work and the client interaction. Also, the client's work may be effectively executed by drawing expertise from across practice disciplines and successful leveraging only one or two key industry lead attorneys who can help explain the industry characteristics to others that are bringing some specific deep expertise around say a tax, technology or intellectual property issue.

### **III. Should “Industry” be THE Critical Component of Your Overall Firm Strategy?**

“Strategy” is often misunderstood amongst law firm leaders. Being a law firm leader means that you are not managing one homogenous firm, but rather a portfolio of very different businesses. Strategy should be thought about at the business unit level with a clear, shared understanding of where the firm will allocate its scarce resources (people, time, dollars) towards the goal of being the “leading” or “go to” firm for one (or multiple) segments of clients, facing one (or multiple) types of business issues.

In practical terms, strategy helps guide deliberate choices about where your firm is and, just as importantly, where the firm is NOT going to direct limited resources. It can also (more controversially) include which clients and targets your firm will (and will not) continue to serve and/or pursue. My experience is that being more industry focused allows your firm to find more (and better) client opportunities for four key reasons:

1. Prospects and clients actively seek you out because of your enhanced profile within their particular industry and trade associations, because of your publishing and speaking on topics that are relevant to their specific businesses interests;
2. Unlike more “generalist” firms where the client is often wondering how much time and money it will cost to “bring you up to speed” on their business issues, you demonstrate an insider’s knowledge of key industry issues and trends;
3. With an industry focus, you are able to more quickly and concretely identify how a new regulation, piece of legislation, disruptive technological advance, or economic development, etc. is likely to specifically impact a particular industry and the companies within it; and
4. Clients believe they will get better outcomes and results because you understand the business risk, which clients believe drives legal strategy with the business risk defining the goal.

These points were reinforced in a recent discussion I had with by Jon Lindsey of [Major, Lindsey & Africa](#), who outlined some of the results from his firm’s recent Lateral Partner survey. According to Jon, the search for the right lateral is not about the individual simply having “a book of business” anymore, but rather, 75% of Major Lindsey’s executive searches are concentrated on finding some attorney with the “right

practice specialty." And at least one-third of the inquiries Lindsey's firm receives are very industry specific, along the lines of: *"Please find us a private equity attorney with a specialized knowledge of the pharma industry."* Lindsey said that from his experience, those kinds of industry-specific inquiries have definitely been on the rise.

In Australia and New Zealand, my friends at Beaton Research conducted their [annual survey](#) on the performance of their professional service firm clients and found that half of the law firms in the study had their **clients rank *Innovation as the law firms' worst performing attribute***. Also, there appears to be a big gap between firms' current innovation activities and what clients truly value. For example, clients do not view innovation simply as technology, apps, AI, etc. In fact, the number one thing that clients say they want is for their law firms "to understand them better." Indeed, clients want firms to "improve client service and client experience through better understanding the needs of clients, **including understanding their business and industry.**"

Meanwhile, Graciela Gomez Cowger, CEO of Schwabe, Williamson & Wyatt directs her firm on a strong focus on six industry sectors. In an [interview](#) she explained that the firm moved that way as a response to client feedback. *"They wanted industry-tailored legal advice that takes into account the particularities of the industries in which they operate,"* Cowger said, adding that how the firm spends its time and resources, how it hires, and how it trains its lawyers is all dictated by this industry knowledge. *"Having this narrow focus simpli-*

*fies our operations, helps us make decisions, and allows us to partner with our clients."*

And in a time when some firms still do not understand the dynamics of industry fragmentation and simply attempt to package it all under one umbrella, I saluted an announcement made by [Marshall Dennehey](#). In an effort to keep pace with client needs in the evolving healthcare environment, this firm launched four practice groups: Behavioral Health Risk and Liability; Electronic Medical Record and Audit Trail Litigation; Emergency Medical Services; and Telehealth and Telemedicine. As an example of how strategic this move was, we all know that HealthCare is one of our most regulated industries, but COVID-19 took the shackles off "Telemedicine." As part of the \$2 trillion CARES Act passed by Congress the FCC planned to spend \$200 million to support telehealth programs. So, if your firm has a vanilla labelled HealthCare group, how are you expecting to compete?

When your firm focuses on a specific industry, it quickly deepens its understanding of how to apply its expertise in that industry. Your firm can move quickly to identify key issues, determine best practices or spot how emerging trends may create new opportunities and problems for companies in that particular industry. But the real issue here is not just about the deepening of industry knowledge and insight, but whether your firm has a structured process for developing, refining and sharing those industry insights that can then allow you to enrich your relationship with valued clients.

Here are some SEVEN specific steps to make sure you have covered in making your industry group efforts worthwhile:

***1. Determine your firm's current industry experience***

It's an easy step to take since every client has a Standard Industrial Classification (SIC), North American Industry Classification System (NAICS) or International Standard Industrial Classification (ISIC) code that is determined by the company's primary line of business. That said, it will be inevitable that some of your clients may be players in multiple different industries. At last look, Amazon is a major player in well over a dozen different industries.

Also, clients that make silicone chips have nothing in common with companies that make cars, but law firms keep creating "Manufacturing" industry groups. The key is finding industry definitions that reflect the firm's actual client base and experience.

***2. Decide which specific industries to target***

This requires examining the various industries your firm is currently serving and the revenues realized, together with your firm's ability to deliver qualified service expertise.

Expertise is the largest requirement to creating an industry group because the members of the team must have hands-on experience working within the particular sector. In addition, having group members who are active participants in trade associations provides you

with the advantage of having your people hanging out where the potential clients are.

### ***3. Compare the strength of your firm's capabilities to your major competitors***

Critically and objectively assess your firm's existing capabilities to solve clients' most pressing problems in each targeted industry. Will clients view your firm as credible? Does your partner group have solid client references and relationships that will help you compete effectively? Do you have (or can you quickly develop) insightful points of view and usable intellectual property (checklists, templates, tools, etc.) that will pique your clients and targets' interest? If not, it will be difficult to compete effectively and might not be the best industry sector to focus on — unless your firm is willing to invest in building the missing capabilities and credentials.

It is not unheard of to see some firms enter markets where they had few existing clients and were up against well-positioned competitors dominating the landscape. I am not saying that you should never move into totally new industry markets, but you do want to carefully evaluate whether the competitive battle is your firm's best investment of time, energy and focus compared against other industries where your firm may be starting from a more established position.

### ***4. Analyze the current size and projected growth rate of each targeted industry***

You should ensure that the current size and the projected growth rates for each target industry under consideration will result in a sufficiently large market for you to compete in. “Sufficient” will naturally vary by firm — but should always be substantial enough that it can support a critical mass of partners and professionals as it evolves.

Now that said, there are some industries that may be in their early developmental stages (e.g. Vertical Farming) or it could be a mature industry that is currently going through a fracturing process where multiple sub-industries are emerging (e.g. DNA based medicine in HealthCare). In these instances, being a ‘first mover’ could secure a competitive advantage . . . over some period of time. You need to feel comfortable that you can achieve that first mover advantage and that the targeted industry has traction and is not going to become simply a fading fad.

### ***5. Coordinate practice breadth with each targeted industry***

Clients that come to a law firm because of its industry knowledge expect their industry experience to extend over a range of necessary legal specialties. Successful industry groups **are narrow in their industry focus but broad in their practice capabilities.**

Clients coming to an industry group also expect their law firm to be an industry insider. The best way to do that is to be the first to advise clients on breaking industry news. A simple client email within 24



hours of an important regulatory change affecting an industry screams industry knowledge much more than a well-crafted formal newsletter a month later. Don't be one of those firms or attorneys who simply rely on sharing industry news, as it fails to tell clients anything of value.

***6. Ensure geographic alignment (where necessary) between the targeted industry and your locations***

Be sure to evaluate the need for geographic fit between your target industries and your office presence, given the geographic clustering that is prevalent in many industries. For example, it will be challenging to service oil and gas clients in the Houston area if your firm only has offices in the Northeastern US. Similarly, a firm with a presence in Silicon Valley is likely to be well placed to serve clients in some aspect of advanced technology.

***7. Try to match culture between partners and each targeted industry***

The reality is that some firms and their partners are better suited to some industries than others. For example, media businesses and their executives are quite different from oil & gas executives who are different from those running hedge funds. Because clients generally tend to retain people they "like" and are like them, it is hard to understate the importance of this criteria. This cultural / personality match (or lack thereof) should be discussed openly (and without fear of retribution) to help guide your firm and its individual partners towards

the right industry focused decisions.

Understanding your client's business is one of the most potent law firm differentiators. Every minute your firm waits to strategically invest in industry groups gives another firm a chance to build their brand.

*My thanks to Michael Rynowecer, President of The BTI Consulting Group, for his valued input into this chapter.*



## Appendix C: A Firm Leaders Observations

I reflected after reading this on my own experience moving from a Big 4 to leading a law firm and where I saw resistance / challenges in shifting to an industry focus. For example:

1. A fundamental lack of understanding of the difference between Practice, Geography and Industry. I recommend leaders develop a very simple visual that could show their lawyers the difference between Practice, Geography and Industry in a way that they can see how the matrix works. I have found the following types of definitions work well:
  - **Practice** – This is “What We Do”, it is the product lens, we develop service offerings, build communities of practice, enhance legal skills of lawyers, etc.
  - **Industry** – This is “Who We Do It For”, it is the client lens, the marketplace in which our clients conduct their business, how they see themselves (and as you point out is completely defined by SIC codes). Industry crosses all practice and geography.
  - **Geography** – This is “Where” we and our clients operate.
2. Resistance to “Industry Focus.” I have come to believe that the primary resistance arises from the way many lawyers view themselves – which is as individual technical experts defined by their area of law. Strong business acumen was a hallmark of professionals in Big 4 environments and professionals viewed them-

selves as business advisors first, technical experts second. When I observe many lawyers working on exercises that would have been standard at a Big 4 – like brainstorming about key business issues facing a group of our clients operating in the same industry (or sub industry), lawyers often struggle with thinking about anything other than the law or changes in the law. I am generalizing to make the point – there are some strong business minded individuals. Firms would be well served to develop some strong industry focused learning opportunities for new associates, establishing a base that will grow industry leaders for the future.

3. Structural impediments. Business planning for example should start with industry – what are the key issues likely facing our clients this year in a particular industry... what solutions (single practice or multi-practice) can we bring to bear on these issues... which clients should we target... what thought leadership could we develop to demonstrate our understanding and expertise in these issues... how much revenue might we generate from these solutions. Unfortunately, much of the traditional business planning is mechanical (number of lawyers generating planned hours at an assumed rate) or focused on selling specific practice services as defined by internal structure. So, an “inside-out” approach as opposed to an “outside-in” approach.
4. I have also found success introducing lawyers to cross-practice collaboration in a particular industry by focusing first on pulling

together lawyers from multiple practice areas to focus on a particular client's issues and then extrapolating that to a broader cluster of clients (from the same industry of course).

- *Beth Wilson, FCPA, FCA, Canada Chief Executive Officer - DENTONS*  
*With more than 20,000 people, 12,000 lawyers and 200 locations*



## CHAPTER 2

### Get Your Industry Focus In Sync

Surveying 700 in-house and law firm attorneys across the US and EU **the Future Ready Lawyer Survey**: Performance Drivers provides some compelling information. When exploring WHY clients would switch firms, the top three reasons include: they no longer trust that your firm can meet their needs; you don't specialize in the area of law they need; and you failed to communicate your value proposition properly.

Now compare those three failings to the data that emerges when exploring the most important criteria clients use in evaluating and selecting an external law firm. This research, which is completely in line with what I have seen Michael at BTI report in his research – identifies the top three criteria: Specialization (are you doing something that we cannot just get everywhere else?); Technology (are you using technology to improve your productivity and collaboration?); and Ability to Understand Client Needs (which sounds a lot like the commonly phrased – do you understand our business / industry?)

We know that many would assert they have embraced having a

smattering of industry groups within their firms. Nevertheless, and consistent with these research findings, it remains interesting and informative to look at what some of your actions may actually signal to clients about your firm's specialized expertise; your industry knowledge; and your competence in addressing client's needs.

For example:

- ***What label you attach to your industry group actually matters.***

When you think about the various options available for stimulating revenue growth, one of those options is driven by the preponderance of various industries that are located in your particular market footprint. That said, I am always surprised by the lack of knowledge some professionals display in understanding which industries often have a prevailing influence in their particular locale. In fact, in a number of my strategic planning meetings (after having done some in depth homework myself), I've asked partners to tell me, *"What particular industry concentration or 'industry cluster' is your city, region or state focusing attention and fiscal resources on developing?"*

A short period of stunned silence is then often punctuated with some wild guesses and sometimes a few manage to guess correctly.

When we think about industry clusters we naturally imagine the car

manufacturers of Detroit, computer makers of Silicon Valley, aircraft manufacturers of Seattle, financial services in New York, and the movie makers of Hollywood; but industry clusters are more than just a collection of companies in the same industry. Industry clusters are actually a geographical proximate group of interconnected companies with associated institutions in a particular specialization – all linked by networks.

In other words, while some locality can have an industry group, for example the Napa Valley vineyards, what would make this group a cluster would be the presence of upstream and downstream specialists. Using the example of the Napa Valley vineyards, this would include upstream manufacturers and suppliers of herbicides, pesticides, and irrigation, harvesting and processing equipment – while downstream would include manufacturers and suppliers of winemaking equipment, bottles, labels and corks. The associated institutions would then include government departments (including export), educational and research organizations, plus other related industries like tourism, hospitality, and these days . . . even robotics manufacturers who are entering the AgTech niche market to explore ways of enhancing wine making efficiencies.

The challenge that arises from all of this can often manifest itself in really understanding what specific industry you are really working in



and how you are communicating your expertise and value to the market.

For example, in one particular firm I was engaged in working with, as I examined the various clusters in their market, I noticed that one of the top three industry clusters was "Photonics" which included data transmission technologies, laser processing and spectroscopy analysis. When one examined the firm's web site you could not find a single mention of anyone having done work in the "Photonics" industry. When I raised this point later in our strategy sessions, I was informed that the firm had a long history of serving a number of major companies in the . . . "Optics" industry.

Now, you're welcome to call it the Optics industry, but if I, as the client, call it the Photonics industry and am proud of being an active member of the New York State Photonics Industry Association – you might see how you and your firm could be perceived to be absolutely **inapt!**

Meanwhile, by not focusing your attention on the right industry "label" you may have just missed opportunities for leveraging your competence into other, closely located geographic areas like Michigan, Colorado, Arizona, Florida and the Carolinas where there are active Photonics industry clusters. But then I suppose you could explore prospects in New Mexico, the only state that I could identify that had an active "Optics" industry cluster.

## GOING FORWARD:

If future growth is your goal then make no mistake – it is not what you call the industry, it is what the client calls itself that is most important.

• ***With many industries you need to be very specific about the sub-industry that you are targeting.***

A blog post that got a fair bit of attention awhile back announced: “*Hot Legal Practice Areas to Consider.*” It advised lawyers that: “*Changing technology, government policies, and legal environments mean that there are more opportunities than ever to expand your practice into new areas.*” And amongst the top areas to consider was . . . Health Care.

The way some firms define and describe their industry groups is really quite amusing – especially in light of the research cited at the beginning of this article and your client's need to access specialized expertise. If you look at Health Care by way of example, and examine various law firm websites, you are likely see a description that reads something like this:

*We offer clients the advantages of both a concentrated practice in health care law and a business firm with broad and varied areas of experience. Our Health Care practice enjoys an outstanding reputation for its knowledge in health law and its leadership in the health law community. Our strength lies in the ability to understand and keep pace with the numerous changes in the health care industry and to work creatively with clients to achieve workable solutions. We offer a comprehensive*

*approach with many inherent advantages. Because we are familiar with how health care is delivered and financed, we can respond quickly to the business and financial needs of our health care clients and to the practical realities they face. Our experience encompasses a wide range of matters of concern to the health care industry, including:*

- Business Transactions*
- Integrated Delivery Systems*
- Contracts*
- Managed Care Relationships*
- Health Care Provider Financing*
- Restructuring and Reorganization*
- Tax Advice for Tax-Exempt and For-Profit Entities*
- Antitrust*
- Fraud and Abuse*
- Medicare, Medicaid, and Third Party Reimbursement*
- Employment Issues*
- Credentialing and Accreditation*
- Certificate of Need*
- Patient Care and Operational Issues*
- Medical Malpractice*

It all sounds both comprehensive and compelling. The only small problem from any client's perspective, is that Health Care as an industry, has fractured into well over 100 distinct sub-industries as it has grown and matured, each of which is comprised of companies who

Beyond those obvious sub-industries there are also numerous micro-niches that could provide lucrative opportunities for those lawyers desiring to specialize and effectively market that specific expertise to become the go-to providers and achieve a significant strategic advantage over those attorneys who simply claim health care experience.

If this doesn't make sense for any reason, let's consider the industry of professional services and the sub-industry known as the legal profession. If some service provider held themselves out to be the world renowned expert in professional service firms, your first question would still be, *"Yes, that's fine, but what do you specifically know about law firms?"*

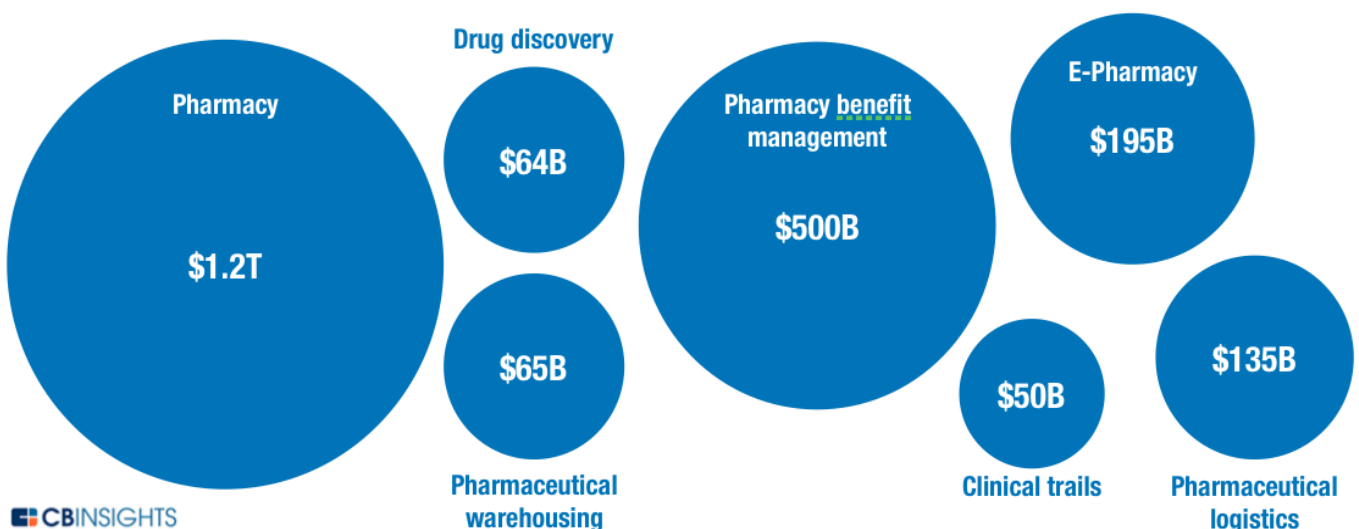
Then if that same renowned expert began to tell you about how they employed their smarts in digital marketing to the advantage of some major accounting firm, even though you might admit that the tactics were equally applicable, you would still inquire as to what experience they have had serving a law firm like yours. You reject any notion that being an expert in an industry as broad as professional services, or even digital marketing leadership in the accounting sector, is sufficient.

Isn't it fascinating how the mindset we bring to the table as purchasers of professional services is so completely different from the mindset we exhibit as sellers of professional services? As sellers, we appear to be quite content with telling the marketplace that we are Health Care lawyers with little regard for what our clients are looking to buy. Therefore, to be provocative while also technically accurate – I would strongly advocate that there is **NO such thing as a Health Care lawyer!**

Taking this even one step further, I have witnessed some law firms

who do list some of the Healthcare sub-industries they serve, include Pharmaceuticals.

*NEWS FLASH:* Pharma is a sub-segment within the Life Sciences Industry but not Health Care. Once again, any prospective client seeing that may not be too impressed and you may also have missed out on exploring some of the lucrative micro-niches within Pharma:



## GOING FORWARD:

As all industries eventually mature, they naturally fracture into multiple sub-industries and even into what I would label “micro-niches” – and the future for astute lawyers and their firms is to dominate and be the go-to lawyer in some targeted micro-niche.

- **There are areas of lucrative opportunity that may defy simple industry categorization**

One particular area of emerging opportunity and one that continues to be discussed amongst the members of various industry associations is in what is being categorized as the “Internet of Things” or IoT – one of a number of what I have come to label as “*Tech-Driven Hybrids*” in that they are not substantive legal practices nor are they well-defined industry groups as they impact numerous different industries.

You may have heard about IoT in the context of wearable devices: things like the now familiar Fitbit that promised to improve health and wellness, or more fully featured devices like the Apple Watch with extended smartphone functions like messaging or Web searching. But while consumer technology is a hot area, IoT will likely have its greatest impact amongst your manufacturing, resources, utilities and other industry clients. Simply defined, IoT is about connecting millions of digital objects, from trucks to refrigerators and hydro meters, to the Internet. Data gleaned from the sensors and systems applied to these objects can then be used to monitor, control or redesign business processes.

Meanwhile, a number of IoT focused venture funds have been launched and one analyst claims that knowing how many IoT companies there are, at any given moment, is like tracking a moving target. Globally, every three weeks there's either an acquisition or a new company starting up. And according to Accenture, roughly three

quarters of large companies are investing 20% of their research and development spending on big data and analytics, which IoT is driving.

My research into this area of opportunity indicates that there are four expanding segments: makers and installers of physical sensors; connection providers (landline, wireless, telecoms, etc.); storage and security hardware and software (server farms, the cloud) to hold on to and encrypt all the collected data; and finally the data analysis software. Some companies do all that in one solution; others focus on one piece of the spectrum.

The projections for growth are huge: Networking equipment titan Cisco Systems Inc. believes IoT represents a \$19-trillion (U.S.) global market and predicts that 50 billion devices will be connected to the Internet this year.

So, is there a law firm reading this that will be the first to launch an IoT Focus Team . . . or are you content to let the Big 4 competitors occupy this lucrative market space?

## **GOING FORWARD:**

In spite of what some pundits might suggest – growth is NOT dead; it is merely *hiding* amongst numerous areas of opportunity not easily categorized within traditional legal practice group or departmental structures.



- **Industry sector expertise is THE differentiator.**

For those who missed one particular development that emerged some years back, 750-attorney Husch Blackwell, a St. Louis based firm, completely dispensed with its traditional practice group structure in favor of organizing itself into a configuration of six industry groups.

In an interview with Chair Emeritus, Maurice Watson, he explained, *"We were aware that the competition, especially in our segment of the market, was intensifying, that there were too many talented lawyers and talented firms and too little great work to be had. As a consequence, there's much greater pressure and focus on the need for law firms to be able to differentiate themselves as well as establish, for clients, that they can offer some kind of additional value that other comparable firms could not provide."*

Back in 1989, I co-authored what I believe was the very first book on the Marketing (and we were not allowed to use that word back in those days) of legal services (for Butterworths Publishing and distributed internationally) wherein I confidently predicted that within ten years every significant law firm would be structured based on industry groups . . . so much for the complete folly of making predictions!

Fast forward over three decades and it is still staggering for me to understand why, in spite of witnessing other professions, like our

brethren in the accounting, financial investment and management consulting fields, focus on analyzing client need through an industry lens, that so many law firms still miss this opportunity. It gets even crazier when we consider the research in this *Future Ready Lawyer Survey: Performance Driver* and evidence that one of the primary reasons for corporate counsel to either select (or deselect) any firm is increasingly based on the degree to which that firm clearly “demonstrates” an understanding of the client’s business, their industry, and what specialized issues are of paramount importance.

### **What makes industry sector expertise a meaningful differentiator?**

First, where you enter into serving a specific industry segment and are eventually perceived by the sub-industry members as having specialized knowledge in their unique business and legal matters (“you talk their lingo”), you can develop a name recognition that becomes hard for others to match.

Second, in any market with a steep learning curve, being first to target and develop a presence in some specific industry segment (think: augmented manufacturing / 3D printing) can confer the advantage of having a head start. That head start allows you to position yourself as a primary source for media commentary, for seminar presentations, for having articles published, and other such positioning tactics.

Finally, by being early and effective in targeting some lucrative sub-industry, you have the opportunity to draw clients into your web, creating “switching costs” that curtail those clients from any notion of later, moving their work to other copy-cat firms.

## **GOING FORWARD:**

Your future personal growth and career prosperity may very well be dependent upon you participating actively and continuously investing to build your knowledge and skills within some chosen industry segment; and then working diligently to establish a significant presence.



## CHAPTER 3

### The Most Lucrative Growth Requires You Get Granular

I was reading an interesting interview with Sandy Thomas upon being reelected for his third term as Global Managing Partner at Reed Smith. What struck me was when he was asked about the direction of his firm and his **growth priorities**, he responded that Reed Smith will concentrate what he calls its “talent, time and treasure” as the firm embarks on a new four-year plan. The focus will be on developing capabilities in **five core industries**: financial services; life sciences and health; energy and natural resources; transportation; and entertainment and media. The interviewer observed, *“That’s a wide net -- but compared to some Big Law leaders who seem loathe to imply any scrap of business is less important, it’s practically a laser-like focus.”*

We all know intuitively that we need to have our firm grow but the subject of growth can be a tricky topic such that it becomes important to have an informed perspective on how to think about it. Growth creates healthy practices, strong firms, opens up opportunities, excites and attracts good lateral talent, and rewards partners. But do we really know how to achieve it?

One approach is to pay attention to which clients you pursue and particularly when you look at clients through an industry lens like Reed Smith is doing. I would argue that in order to truly identify growth opportunities you need to drill well below the traditional industry level. And I would suggest that those few firms that have focused at all on developing Industry Practices invariably miss-the-boat when they position themselves at too high a level to establish themselves in a manner that really attracts the better potential clients.

And why does this happen? Because, and I am not going to blow smoke at you here – law firms and lawyers do NOT understand the intricacies of Industries.

As but one example, even some of the Legal Media that I would expect to know better, have me shaking my head. **The Legal 500** is seeking submissions for its US Ranking of law firm practice and industry groups. The purpose of these rankings is *“to help in-house lawyers and legal teams find the right advisors.”* Amongst the list of Industries in which you can enter your firm to be considered include *“Environmental”* and *“Native American Law.”* Important areas of practice to be sure, but are these really industries and especially when you cannot help but add “Law” to the title? Then their categorizations go on to include *“Media, Technology and Telecoms”* . . . all lumped together as one industry? Digging deeper you can find *“Cyber Law”* (there is that “Law” term creeping in again) and *“Fintech”* included under this

heading. Little wonder when it comes to understanding industries, that some of our law firms seem confused!

Some decades back a friend introduced me to the President of a large Public Relations and Marketing Communications firm because this firm was in financial difficulties, needed some business experience to help turn things around and thought that I might be able to be of assistance. I was intrigued but quickly realized that this was a firm in the professional services industry and there was very little information available at that time on the inner workings of these kinds of businesses. Now just imagine, this was before the age of Google and so I had to scour academic libraries to help me learn as much as I could, as fast as I could, in order to be of any value to this Executive's plight. Now, this little adventure ended well and the firm was saved. For my trouble I subsequently embarked on a career-altering journey over the next two years of working with PR firms; engineering companies; accountants; research consultancies and law firms – which I eventually discerned were all significantly different players existing in this same 'professional services' industry.

Now I could have tried to establish myself as an expert across this entire industry, as only my good friend and colleague David Maister was able to accomplish; but not coming to the market holding a Harvard Professor pedigree, it soon dawned on me that perhaps I needed to make some hard choices. And so like many of the lawyers I see who

are struggling to hold themselves out as an accomplished expert across an aggregate industry, I discovered that you need to look *deeper* within your chosen industry in order to identify some pocket of potential growth where you can better focus your time and resources.

Most industries, especially those that are more mature are comprised of a number of granular levels including Sub-industries (TIER 2); Segments (TIER 3); and what I call: Micro-Niches (TIER 4); and also by market (region or country). Understanding these various levels (and some industry analysts may use slightly different terms but please don't miss this point) can be indispensable for you in seeking to make the right decision about how to grow and where to prosper.

***“Most industries, are comprised of a number of granular levels including Sub-industries (TIER 2); Segments (TIER 3); and what I call: Micro-Niches (TIER 4)”***

Let's look at but one example from an Industry Perspective. The Construction Industry is one that is mature and that many firms across the country purport to serve. If you go to the website of some firm serving this industry and with an acknowledged Industry Group Practice you will see some “overly brief” generic text about who they specifically serve within the industry: *Attorneys serving the Construction industry represent all segments including owners, developers, public entities, general contractors, subcontractors, sureties and financial institutions. We provide*

*guidance to clients on the legal issues that arise at all stages of public and private construction projects.* (I cringe whenever I see that term “all”)

Then you will also likely see a lengthy list of the Legal Services, followed by some Representative Matters evidencing the kinds of legal services provided clients, and sometimes even a few client Testimonials. All quite impressive except this is rather *cursory* information.

Why do I call it “cursory?” Well, if you examined or are a player in the Construction Industry you would recognize that it is comprised of 4 different Sub-industries (TIER 2) and those various Sub-industries include 51 different Segments (TIER 3). So for example, the largest of those sub-industries is “Special Trade Contractors” and it encompasses 23 segments including companies in everything from Demolition and Wrecking to Steel Framing; and from Swimming Pool Construction to Elevator Installation Services. Now if you are a company that specializes in Swimming Pool Construction, please tell me what part of this firm's generic text appeals to you when you are out looking for legal counsel to assist you with an enormously complex matter?

Now if you are interested in exploring some of the more lucrative work and where there is likely to exist minimal if any competition, you need to drill down to a deeper level and that is in the Micro-niches (TIER 4).

So, still talking about the Construction Industry here, there are over a dozen (that I've identified) micro-niches where some firm could estab-



lish themselves as the 'Go-To' provider. These include areas like: Modular Housing (a \$500 billion/year market); Senior Housing Construction (to accommodate the 'Silver Tsunami' in retirement community developments); 3D Printed Prefab Homes; or how about Climate Change Bunkers (just imagine a Survival Condo that is 15 stories deep complete with a heated swimming pool). Can you name a lawyer who has established themselves as the go-to attorney in any of these micro-niches?

It is challenging to truly understand, and then set about serving the needs of clients if you don't get specific in terms of which industry level you are addressing. Not only are there semantic and terminology differences in business processes between industries, but there are substantive differences amongst different industry levels, depending on how companies are organized, what products/services they sell, how their customers buy, and so forth. Thus, although it may be accurate to describe a home builder and paving contractor as examples of "construction companies" each of these two businesses serve very different needs, handle their customers quite differently (with low-touch or high-touch strategies), sell/deliver different products/services; and these differences can be significant – such as how they might go about managing financial or tax transactions to handling intellectual property issues.

Another popular industry that a number of law firms, including Sandy in his stated aspirations for Reed Smith, claim to offer expertise in, is

Health Care. Now one of the little things that can tend to annoy sophisticated clients and have them question a firm's credibility is when some law firm combines Health Care and Life Sciences as if they were the same industry. They actually are two very different groupings.

The Health Care Industry is comprised of 4 Sub-Industries (like Hospitals and Health Services) and 89 different Segments; while Life Sciences has 5 Sub-Industries (like Biotechnology and Pharmaceuticals) and 143 different Segments. And like my Construction example there are all kinds of TIER 4 Micro-Niches capable of providing lawyers and their firms with lucrative opportunities. For example, Wilson Sonsini, is one firm that has Industry Groups with active practices in a couple of notable Micro Niches:

In Health Care they have ten attorneys practicing in Digital Health:

*Whether you're tracking daily personal activity, using video chat to speak to your doctor, or looking up medical records, Digital Health has become a regular part of life. This fast-growing sector will continue to effect change in consumer behavior and provider care. Luckily our attorneys bring broad expertise backed by scientific training and superior legal experience to some of the best in Digital Health.*

In Life Sciences there is one attorney Andrew Hoffman designated as the principal focused on serving the micro-niche of Global Generics:

*Today's generic pharmaceutical market is high paced and rapidly growing. With change comes increasing regulation and drive to support research and development, which Wilson Sonsini has deep expertise navigating for its clients. Through specialized support and industry knowledge, our attorneys can assemble a team to bring pharmaceutical offerings to global markets.*

And I love this example with Andrew being a solo because it refutes any notion that in order to have a viable go-to practice you need a large group – when if anything it is just the opposite. So many of the higher performing firms I've seen have rather small, focused groups with highly dedicated attorneys working in concert to develop a significant market presence.

Now don't let me leave you with the impression that you have to be the size of a Reed Smith or Wilson Sonsini to make this work. When I was doing some research on the "Anti-aging and Regenerative Medicine" micro-niche, one of the leading law firms I found was the Cohen Healthcare Law Group, a firm of only four attorneys headed by Michael Cohen, a former assistant Professor of Medicine at Harvard Medical.

And I loved to watch what transpired in the Financial Services Industry and the Alternative Financing Segment when a small overlooked Micro-niche known as Special Purpose Acquisition Companies (SPACs) became all the rage. I hope that no one missed the fact that the

market leader, the go-to attorneys, were from 120-lawyer Ellenoff Grossman – a name that few might recognize and that Kirkland Ellis and Skadden allowed to kick their butts. Ellenoff achieved #1 record-setting deal flow in 2020, largely as a result of having identified this granular opportunity and being a first mover a few years before it gained traction. Now watch them take the lead in another little known Micro-niche, Equity Crowdfunding (how many have heard of that one?)

In summary, in order to identify growth opportunities, you need to delve deep below the traditional industry labels. Applying the idea of granularity to your Industry Practice and your markets and then staying cognizant of new trends and developments, should help you to determine the level at which the most valuable and actionable insights are to be discovered.



## Appendix D: Getting Granular

### Some Sample Industry Breakdowns



#### **FINANCE INDUSTRY**

(3 Sub-Industries / 25 Segments)

##### ***Credit Intermediation (10)***

- Auto Leasing, Loans & Sales Financing in the US 52222
- Commercial Banking in the US 52211
- Credit Card Issuing in the US 52221
- Credit Card Processing & Money Transferring in the US 52232
- Credit Unions in the US 52213
- Loan Administration, Check Cashing & Other Services in the US 52239
- Loan Brokers in the US 52231
- Real Estate Loans & Collateralized Debt in the US 52229
- Savings Banks & Thrifts in the US 52212

***Funds, Trusts and Financial Vehicles (7)***

- Health & Welfare Funds in the US 52512
- Open-End Investment Funds in the US 52591
- Private Equity, Hedge Funds & Investment Vehicles in the US 52599
- Real Estate Investment Trusts in the US 52593
- Retirement & Pension Plans in the US 52511
- Trusts & Estates in the US 52592
- Workers' Compensation & Other Insurance Funds in the US 52519

***Securities, Commodity Contracts and Financial Investments (8)***

- Commodity Dealing and Brokerage in the US 52315
- Custody, Asset & Securities Services in the US 52399
- Financial Planning & Advice in the US 52393
- Investment Banking & Securities Dealing in the US 52311
- Securities Brokering in the US 52312
- Stock & Commodity Exchanges in the US 52321
- Venture Capital & Principal Trading in the US 52391

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**FINTECH Sub-Industry**

(10 Segments / 37 Micro-Niches)

***Alternative Lending***

- Real estate lending
- Micro-lending

- Commercial lending
- Retail and marketplace lending
- Underwriting and credit scoring

### ***Insurtech***

- Health and life
- Automotive
- Enterprise
- Origination / aggregation

### ***Money Transfer***

- Institutional
- P2P & remittance

### ***Consumer Finance***

- Digital banking
- Loyalty & rewards
- Consumer credit
- Wallets
- Management tools

### ***Wealthtech***

- Investment tools & platforms
- Retirement savings
- Digital advisory
- Brokerage

- Alternative investments

### **Capital Markets**

- Infrastructure
- Market data & analytics
- Alternative capital

### **Financial Services IT**

- Cloud services
- Platforms & APIs
- Enterprise Architecture

### **Payments**

- AP/AR
- B2B payments
- Payment platforms & POS

### **RegTech**

- Risk management
- Crime surveillance & fraud detection
- Regulatory affairs

### **Digital Assets**

- Cryptocurrency storage & payments
- Networks & exchanges
- Digital security services



- Cryptocurrencies
- 

## **LIFE SCIENCES INDUSTRY**

(5 Sub-Industries / 143 Segments)

### **Biotechnology (18)**

- Animal Health Biotechnology OD4023
- Blood Banking & Tissue Typing Facilities OD4035
- Cell Therapy OD4040
- Cryogenic Biobanking Services OD4041
- Dialysis Centers OD4038
- Emergency Veterinary Services OD4025
- Farm Animal Feed Production OD4613
- Fertility Clinics OD4036
- Human Biologics Manufacturing OD4043
- Natural Food Coloring Manufacturing OD4939
- Onshore Aquaculture OD5768
- Open Ocean Aquaculture OD5767
- Organic Crop Farming OD4007
- Organic Fruit Farming OD4008
- Organic Milk Production OD4010
- Veterinary Laboratory Testing Services OD4026
- Yeast & Bacteria for Food Production OD4013

## **Business Franchises**

- Environmental Testing in the US OD6297

## **Diagnostics (36)**

- Artificial Joint & Limb Manufacturing OD5704
- Defibrillator Manufacturing OD4065
- Dental Clinical Instrument Manufacturing OD4102
- Dental Equipment Dealers OD5650
- Dental Laboratories OD4087
- Dialysis Equipment Manufacturing OD4083
- Drug & Alcohol Test Kit Manufacturing OD4051
- Endoscope Manufacturing OD4072
- Glucose Meter Manufacturing OD4067
- Hearing Aid Manufacturing OD4068
- Hearing Protection Equipment Manufacturing OD5323
- Hospital Bed Manufacturing OD4104
- Intravenous (IV) Solution Manufacturing OD4107
- Laboratory Casework Manufacturing OD4946
- Laboratory Fume Hoods Manufacturing OD4114
- Laboratory Glassware Manufacturing OD5611
- Mammography Machine Manufacturing OD4056
- Medical Adhesives & Sealants Manufacturing OD4095
- Ophthalmic Equipment Dealers OD5649
- Ophthalmic Instrument Manufacturing OD5648
- Orthopedic Products Manufacturing OD4097

- Pacemaker Manufacturing OD4080
- PET Scanner Manufacturing OD4054
- Protective Eyewear Manufacturing OD4108
- Respiratory Ventilator Manufacturing OD5304
- Robotic Surgery Equipment Manufacturing OD4074
- Stent Manufacturing OD4600
- Surgical Apparel Manufacturing OD4110
- Surgical Instrument Manufacturing OD4103
- Syringes & Injection Needle Manufacturing OD4084
- Thermometer Manufacturing OD4090
- Venous Access Device Manufacturing OD4091
- Wheelchair Manufacturing OD4098
- Wound Care Product Manufacturing OD4099
- X-Ray Machine Manufacturing OD4061

### **Life Sciences (52)**

- Addiction Medication Manufacturing in the US OD6215
- Adult Diaper Manufacturing in the US OD6155
- Animal Pharmaceuticals in the US OD6222
- Assisted Living Facilities in the US OD6231
- Blood Testing Services in the US OD6471
- CBD Product Manufacturing in the US OD6172
- Endocrinologists in the US OD6294
- Endodontists in the US OD6295
- Geneticists in the US OD6312
- Gerontologists in the US OD6313

- Hepatologists in the US OD6328
- Immunodermatologists in the US OD6380
- Industrial Hemp Production OD3315
- Infectious Disease Specialists in the US OD6335
- Intravenous (IV) Hydration Centers in the US OD6337
- Mammography Services in the US OD6511
- Medical Marijuana Dispensaries in the US OD6170
- Medical Transcription Services in the US OD6515
- Memory Care Providers in the US OD6393
- Mobility Equipment Stores in the US OD6396
- Neonatal Physicians in the US OD6520
- Nephrologists in the US OD6345
- Neurologists in the US OD6346
- Neuropathologists in the US OD6398
- Neurotologists in the US OD6399
- Nurse Practitioners in the US OD6348
- Ophthalmologists in the US OD6354
- Organ & Tissue Donor Services in the US OD6401
- Orthopedists in the US OD6356
- Orthotic Manufacturing in the US OD6402
- Otologists in the US OD6403
- Pain Management Physicians in the US OD6525
- Pathologists in the US OD6359
- Pediatric Dentists in the US OD6361
- Pediatricians in the US OD6362
- Pet Funeral & Cremation Services in the US OD6528

- Phlebologists in the US OD6412
- Physician Referral Services in the US OD6533
- Proctologists in the US OD6421
- Prosthetics Manufacturing in the US OD6424
- Psychiatrists in the US OD6425
- Pulmonologists in the US OD6426
- Qi Gong & Tai Chi Studios in the US OD6427
- Radiologists in the US OD6428
- Retina Specialists in the US OD6432
- Rheumatologists in the US OD6433
- Sex Therapists in the US OD6436
- Taekwondo Studios in the US OD6444
- Teeth Whitening Services in the US OD6446
- Urologists in the US OD6451
- Wildlife Rescue & Rehabilitation in the US OD6575

### **Pharmaceuticals (35)**

- Acne Treatment Manufacturing OTC OD4125
- ADHD Medication Manufacturing OD4146
- Allergy Medicine Manufacturing OTC OD4118
- Anti-Fungal Medication OTC OD4126
- Antibiotic Manufacturing OD4143
- Antidepressant Manufacturing OD4139
- Antiseptic Manufacturing OD4947
- Antiviral Drug Manufacturing OD4147
- Asthma & COPD Medicine Manufacturing OD4137

- Athlete's Foot Treatment Manufacturing OTCOD4130
- Cold Sore Medication Manufacturing OD5457
- Contact Lens Manufacturing OD4155
- Contraceptive Tablet Manufacturing OD4152
- Cough & Cold Medicine Manufacturing OTCOD4117
- Decongestant Manufacturing OTC OD4127
- Ear Care Medication Manufacturing OTCOD4131
- Epilepsy Medication Manufacturing OD4153
- Erectile Dysfunction Medicine ManufacturingOD4144
- Eye Health Product Manufacturing OTCOD4124
- Foot Care Product Manufacturing OD4128
- Hair Loss Treatment Manufacturing OD4136
- Homeopathic Medicine ManufacturingOD5870
- Hypertension Drug Manufacturing OD4138
- Indigestion Medicine Manufacturing OTCOD4122
- Insect Repellent Manufacturing OD4948
- Insulin Manufacturing OD5310
- Medical & Recreational Marijuana GrowingOD4141
- Obesity Medication Manufacturing OD4140
- Pain Medication Manufacturing OTC OD4121
- Pharmaceuticals Wholesaling OD6094
- Pneumonia Medication ManufacturingOD5311
- Prescription Acne Treatment ManufacturingOD4154
- Psoriasis Medication Manufacturing OD5309
- Rheumatoid Arthritis Medication Manufacturing OD4150
- Sleep Aid Medication Manufacturing OD5307

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### **TECHNOLOGY HARDWARE Sub-Industry (33 Segments)**

- 3D Printer Manufacturing OD4428
- ATM Manufacturing OD4427
- Bare Printed Circuit Board Manufacturing OD4434
- Binoculars Manufacturing OD5012
- Capacitor Manufacturing OD4458
- Conferencing Service Providers OD6073
- Electricity & Signal Testing Instrument Manufacturing OD5719
- Electronic Access Control System Manufacturing OD4477
- Electronic Article Surveillance Product Manufacturing OD5723
- Fiber-Optic Cable Manufacturing OD5660
- Fire & Smoke Alarm Manufacturing OD4475
- Gas Detection Device Manufacturing OD5720
- Headphone Manufacturing OD4444
- LED Manufacturing OD4456
- Metal Detector Manufacturing OD5381
- Microprocessor Chip Manufacturing OD4435
- Microscope Manufacturing OD5476
- Night Vision Equipment Manufacturing OD4432
- Ordnance Manufacturing OD5015
- Oscilloscope Manufacturing OD5477
- Power Circuit Breaker Manufacturing OD5662
- Precision Agriculture Systems & Services OD4422
- Pressure Sensor Manufacturing OD5384
- Respiratory Protection Equipment Manufacturing OD4603

- Safe & Vault Manufacturing OD5016
  - Scale & Balance Manufacturing OD5721
  - Seismic-Monitoring Equipment Manufacturing OD5379
  - Sonar Device Manufacturing OD4463
  - Thermostat Manufacturing OD5371
  - Traffic Light Manufacturing OD6063
  - Ultrasonic Cleaning Equipment Manufacturing OD5374
  - Variable Message Signage Manufacturing OD4473
  - Wire Connector Manufacturing OD5659
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### **GREEN TECH Sub-Industry**

(22 Segments)

- Activated Carbon Manufacturing OD4484
- Air Purification Equipment Manufacturing OD4509
- Battery Recycling OD4511
- Biomass Power OD4497
- Bioplastics Manufacturing OD4512
- Building Lighting Control System Manufacturing OD4518
- Cell Phone Recycling OD5888
- Cooking Oil Recycling OD5810
- Electronic Goods Recycling OD4510
- Ethanol Fuel Production OD4500
- Geothermal Electricity Plant Operation OD4507
- Lithium Battery Manufacturing OD4499



- Nonferrous Metal Recycling OD5812
  - Scrap Metal Recycling OD5391
  - Smart Meter Manufacturing OD4486
  - Solar Farm Developers OD4493
  - Solar Panel Installation OD4494
  - Tire & Rubber Recycling OD5022
  - Urinal Manufacturing OD5019
  - Waste-to-Energy Plant Operation OD4496
  - Wind Turbine Installation OD4491
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## Appendix E: A Global Chief Marketing Officer's Observations

The pieces I read over and over again relate to granularity and really got me thinking: *"Why do most of us stay up at the much higher levels - the industry level or maybe the sub-industry?"*

My conclusions include identifying three problem areas which readers might do well to consider:

### **Problem #1: Niche marketing is hard.**

It likely excludes 95% of the lawyers and that's unlikely to be a people-pleaser to the partnership. You are correct, of course, but getting there isn't easy – especially in a large firms with hundreds of partners and even more great associates and, by their very nature, hundreds (if not thousands) of niches. Perhaps it is easier at smaller firms.

### **Problem #2: Data or lack thereof.**

Without strong evidence that these are not only profitable, potential brand-building segments that we can own and that are growing, we won't get the buy-in. It's very difficult if you are working with weak data and lack the analytical skills in-house to develop it properly. We have to get better.

### **Problem #3: Patience and time constraints.**

There is such a chronic shortage of "patient capital" in the law firm

model. Coupled with the crippling competitiveness of the market and the saturation of options for clients, we are in constant chasing mode. Partners want results now. Here, we find ourselves at odds with annual compensation cycles where niche marketing cannot deliver on short timeframes.

- Gillian Ward, Global Chief Marketing Officer – BRYAN CAVE LEIGHTON PAISNER LLP



## CHAPTER 4

### Effective Strategy Often Requires Being First and Being Exceptional

The curious paradox is that most law firms go to great lengths to look like every other law firm. In fact the common response that you are most likely to elicit from the leadership of many firms when first presenting a new concept, idea, or potential market opportunity is: *“Can you please give us a list of the other firms which are doing this”*.

The corresponding irony is that today, most competitive efforts are invested in tit-for-tat rivalry rather than in pioneering new industry market spaces. In other words, firms seek to outperform each other by being better (busily pursuing cost and efficiency gains, usually at doing commodity work) – rather than by aiming to be significantly different (exploring lucrative, emerging client micro-niche needs). This effort to be better often has the perverse and unintended consequence of (once again) only making competitors look more alike as they inexorably slide into low-cost mediocrity.

Real competitive advantage is achieved by getting out in front, by focusing on some area, some industry micro-niche in which you can be

unbeatable. By definition, if you are doing what everyone else is, you are not meaningfully differentiated; you do not have an advantage!

And I'm not talking here about creating a brand new business unit (e.g. Digital Transformation) in some area where you have never had any experience. What I'm advocating is for you to proactively explore and invest a modest amount of time into leveraging some novel client matter that you have already successfully worked on, where there is clear potential for other organizations in the same industry, facing the same problem or situation, to now benefit from your initial experience.

Growth is what we are taught to pursue. It creates marketplace recognition, higher profits-per-partner, makes it easier to attract better quality legal talent and better quality clients. And as one firm leader articulated this classic view: *"There are no partnership problems that growth cannot solve."*

Observations suggest that the leading firms start with the premise that the key to competitive advantage is to set your sights on being "first to market" with exceptional ideas and exceptional service offerings. They become obsessed with:

- *How can we be first to serve a client niche that no one else is addressing?*
- *How can we serve clients in such a way that nobody else has?*
- *What value-added can we offer that will make clients go 'wow'?*
- *What can we do that will actually lead the market?*

I strongly believe, from my decades of hands-on experience in working with professional firms to develop their strategic initiatives, that there are some distinctive (and often difficult for competitors to replicate) advantages in being first to market - - ahead of the curve, ahead of mass client demand, and ahead of the pack!

Some of those distinctive advantages to being first, include:

**1. You can leverage your first mover position to attract other prospective clients.**

When you first serve a new industry niche area and a new client need, there is the opportunity to leverage that experience across other potential industry clients and prospects; thus being perceived as having specialized knowledge equipped to handle their unique and evolving business and legal matters. For many attorneys it is a matter of taking off their technicians glasses, putting on their entrepreneurial glasses and critically assessing some of the more challenging clients matters that they have already successfully handled, perhaps during the past 18 to 24 months, to specifically look for opportunities to leverage some of the more novel and challenging matters.

**2. You can begin to develop name recognition that becomes difficult for others to match.**

Quick question: *"Who was the first law firm to launch an eSports practice?"*

Most knowledgeable observers would immediately offer the name of Pennsylvania-based McNees Wallace and Nurick. In June 2018, a young associate practicing employment and labor law, inspired the leadership at the McNees law firm to announce the launch of their eSports industry group to serve what was already a \$900m micro-niche. Esports, or competitive video gaming, is the result of a successful video gaming industry and involves professional gamers and oftentimes spectators. As esports grows, so does the number of complex legal issues that surround the industry. These issues include intellectual property protection, gambling, acquisition of sports properties, labor standards, and privacy and data security.

What is worthwhile noting is that it wasn't until December, at least six months later that in a formal new release entitled, *"Challenger Approaching: Greenberg Traurig enters eSports with new group."* Nevertheless, people will more often remember those that were first easier than those that came later. Sometimes the first preempts there even being a second, as no firm wants to be viewed as a direct copy-cat; devoid of any innovative thinking of their own.

Developing a memorable presence, a brand; is much easier when you don't have to differentiate yourself from a number of other similar offerings. Cognitive psychologists tell us that as consumers we have limited memory capacity – which is to suggest that we compartmentalize information; and have very limited shelf space! If you happen to be among the first to enter the consumer's conscience with respect to

some niche area, then when some prospective client hears about some legal issue in that space, they naturally think of you and your firm. In the consumer's mind there is no competition; you are the 'Go-To' player. You are first to occupy the market-space and first to occupy the mind-space.

### **3. Being first-to-market can command premium pricing.**

Everyone remembers the old adage that when you need brain surgery (or any highly specialized service), you always want to know that you are going to get value for your money, but fees are not the most important criteria for making your selection. You are looking for the best and most experienced and recognized specialist you can find.

### **4. It allows you to progress up the learning curve faster than those that follow.**

Acquired knowledge can psychologically lock out competitors from copying some of your ideas, processes, technology, and methods. In any market with specialized know-how and a steep learning curve, being first can confer the advantage of having a head start. That head start allows you to position yourself as a primary source for media commentary, for seminar presentations, for having articles published, and other such industry positioning tactics. First movers, who also act as "smart movers" in that they exploit their early positioning (critically important tactic!), have the likelihood of being able to gain a dominant market standing and define the standard that others may be required to follow.



**5. Being a First Mover can help you attract and retain the top talent that yearns to be a part of something meaningful.**

Interestingly, the best retention rates are most often found at firms with the highest growth. While compensation matters, it is the quality of the work assignments (challenging client projects and opportunities for professional growth) and the quality of the people that often tips the balance as to whether a professional stays or goes. The type of professionals you attract have lots of options. What buys loyalty these days? *"If they 'don't see you at the forefront,' you can forget about the other issues."* said Patricia Milligan, former President at Mercer Talent.

That all said, one wonders why so many firms choose to seek out attorneys simply because of *their book of business* (irrespective of whether that book is portable or profitable) rather than attorneys with *a book of knowledge* – expertise that can be selectively applied to help build a dominant position in some targeted and lucrative industry micro-niche.

**6. You can capture clients that will not then want to endure switching costs once competition arrives.**

A first mover also has the opportunity to draw clients into their web, creating "switching costs" that curtail those clients from any notion of later moving their work to other fast follower firms (if there are any). In some situations, key resources are scarce. So, for example, the first law firm to become active in a new industry association (like Aug-

mented 3D Manufacturing) could potentially lock out others. There is also the ability to develop primary relationships with key members of some industry clusters. Clusters are a magnet for attracting world-class talent that often then move between companies within that particular geographic locale. Thus, when a key player moves from one company to another, or to even starts a new venture, that attorney who has the personal relationship has the inside track.

## **7. It all translates into increased client revenues and profitability.**

Now, many pundits will argue that “being a fast follower is a better strategy” than trying to be the leader. Those eager to avoid the hard work of strategic innovation will seize upon this diagnosis to justify their instinctive fear of novelty, risk, or entrepreneurial adventure. Suddenly, timidity is heralded as a virtue.

To be a first mover AND a smart mover you must ask yourself, what race are we running here – sprint or marathon. If you try to run a 100-yard sprint like a marathon, you'll be left behind. If you try to run a marathon like a 100-yard sprint, you'll keel over from exhaustion. So, in order to enhance your revenue and profitability, it is critically important to ask some questions as you contemplate becoming a first-mover:

- Are there difficult technical hurdles?*
- Does market takeoff depend on the development of significant expertise skills?*

- Will it require complementary services?*
- Will a new or different infrastructure or service delivery be required?*
- Will clients need to adopt new or different behaviors?*
- Are there high switching costs for clients in order to retain our services?*
- Will competing standards confuse clients?*
- Are there powerful competitors that will seek to delay or derail us?*

If the answer to any of those questions is yes, you must be careful not to pour in too many resources too soon; the race is going to be a marathon.

On the other hand, answer yes to all of these three questions, and you'll need to sprint out of the starting block:

- Are the client benefits clear and substantial?*
- Are there potential trends taking shape that will accelerate takeoff?*
- Are there powerful competitors that will be compelled to follow?*

**8. It allows you to meaningfully differentiate what it is that you have to offer.**

The larger any industry or any market, the more specialization that takes place and the more specialized a firm must become if it is going to prosper. In any market or industry, with the passage of time, that market or industry will eventually fracture, and become two or more separate and distinct categories. Each category has its

own reason for existence and it's own market leader – which is rarely the same as the leader of the original category. The initial market leader is no smarter and no dumber than the new entrant. The problem is that they are most often burdened by historical baggage - - the psychological comfort of the status quo.

Awhile back I identified and wrote about the Anti-Aging and Regenerative Medicine micro-niche as one area of opportunity within a huge but highly fractured, mature HealthCare industry. As an area of interest for attorneys, some \$200 billion was spent in 2018 in the anti-aging or longevity industry. It is a curious phenomena that if you ask someone you consider fairly well-informed to name all of the firms who have a practice serving the "so-and-so" industry segment, at best, most will only be able to name two or three firms – and the more narrow the market or industry segment, the fewer the names they will be able to recall.

Now while there are dozens of law firms of all sizes claiming to serve HealthCare clients, I could find only one, a West Coast-based firm that specialized in focusing on micro-niches like anti-aging, biotech and nutraceutical companies, medical device companies, telemedicine ventures and emerging healthcare technologies – handling everything from medical practice business formations, mergers and dispute resolution, to e-commerce, licensing agreements and IP protection.

Most first mover winners are usually also the firms, that as a reflection of their commitment, are able to have a couple of partners working “full-time” on the issues while the late-comers are likely to only have enough client work to occupy a fraction of any partner’s time. Who came first can be an important issue and market visibility is the key. Timeliness distinguishes those with a long-standing interest in and commitment to some micro-niche area, versus those who may be delayed investing in the opportunity area. Your critical objective is “to be ahead of the curve”; to be able to see the issues unfolding ahead of time.

## THE LESSONS

Today’s revenues will be a direct reflection of yesterday’s decisions, while tomorrow’s numbers will be a direct outcome of today’s decisions. Aim to be the first to market, the first to organize a new industry niche offering; the first to serve a potentially new client need.

To accomplish that objective:

- someone must perceive a potential need in the marketplace and determine whether an **internal “champion”** exists to spearhead the effort. Time after time I have witnessed that if there is no champion – then there is no hope.
- your firm must determine whether there is **long-term market growth potential** and an existing experience base to build upon to

support the investment. You must be able to overcome what is likely to be persistent economic doubts.

- there needs to be a strong **degree of support** ("will") amongst the firm's leadership to invest in "test-marketing" a new niche practice. This new opportunity area is usually always partner-intensive as the emerging work at this stage requires "senior judgment." Only after significant work comes in are associates likely to be meaningfully involved.
- members of the pioneering group (which could be as small as two lawyers) must be **protected** as they spend, what might otherwise be billable time, researching and learning the field, planning and

meeting with other experts both within and outside of the firm.

- further **time** must be spent in developing questionnaires, tools, templates and approaches for pricing, marketing, and delivering the team's services.
- **resources** must be invested in initially providing education (articles and seminars) and counseling services to prospective clients on the issues, the ramifications, and the benefits of taking remedial action so that the group can then be in a position to actually sell its services.
- you must decide what **critical mass** is required to become a "player", whether to expand ahead of any growing client need, and whether the team should remain local or be geographically dispersed.

Getting in early, but remaining relatively small may result in your losing your initial advantage.

It's called the "First Mover Advantage" – sometimes it is better to be first than it is to be better. In general, studies have shown that the first firms get the lion's share of the market, while the latecomers divide the rest.

In fact, Tom Kinnear, a professor at Michigan Business School reported that first movers gain 2.5 times as much market share as later entrants into new markets.

The essence of having a first mover strategy: *"It is far easier to get into the prospective client's mind first, than to convince someone already using a service, to try yours."*



## Case Study: The Life Sciences Industry

My first exposure to working with a Life Sciences Industry Team which included a group of 8 lawyers was back in 2005, when consulting to NautaDutilh in the Netherlands. In those days the Dutch Life Sciences Industry was developing at a rapid pace with industry revenues increasing by 30% annually and over 400 companies active in the Netherlands, ranking it amongst the top in Europe. Key client clusters that this law firm was targeting to serve included: agri-foods, biologicals, blood transfusion technology, cardiovascular disease, cell growth and cancer, cognitive neurosciences, genomics/proteomics, immunology, inflammatory and infectious diseases, tissue engineering and therapeutic vaccines.

Today in the US, few industries were as directly affected by the pandemic as life sciences, which continues to grow at an intense pace with long-term implications emerging. Some examples include pharmaceutical companies applying artificial intelligence to screen for new drug candidates and technology companies looking to incorporate health metrics into their product portfolio.

Meanwhile, numerous firms are targeting this particular industry, including such notables as Fenwick & West and Cooley who both



claims that their life sciences work catapulted them to upward of 20% profit increases in 2020. As one lawyer described it,

*"Clients come with an attitude of 'I have a business problem that has legal implications.' Sometimes it's regulatory or sometimes it's, 'Let's do an M&A deal and merge.' They need a wide variety of expertise and skills."*

It's nearly impossible to examine the recent life sciences boom without acknowledging the massive activity in capital markets and transactions that continues to fuel never-before-seen levels of work for some legal industry teams. The industry has witnessed growth in the neighborhood of 30% among biotech companies going public.

And this life sciences focus is particularly core to Cooley, a market leader, where the life sciences industry touches a third of the firm's \$1.5 billion in annual revenue, with 95% of its attorneys serving life sciences clients. *"If you took the life sciences group out of the firm, it would be its own Am Law 100 firm,"* said Christian Plaza, vice chairman of the firm's global life sciences group.

According to Christian, *The firm not only has "the broadest team with the deepest experience," but also has strategic plans in place to "preserve its status" as a leader with an emphasis on building its team on the East Coast, he said. Today, the firm's life sciences practice spans hard-core pharmaceuticals and biologics, medical devices, medtech,*

*diagnostics and digital health. It is a big and integrated vertical, with all of its legal practices rolled into it.*

*These industry clients are voracious consumers of capital and need counsel on how to raise money through private and public transactions. Acquiring, protecting and commercializing intellectual property is a critical part of who those companies are. Further, there is a regulatory overlay that touches all of those areas. From a client perspective, a company wants support and advice regarding the whole business. Sometimes you need help fundraising, sometimes you need transactional advice, and sometimes someone sues you and you need a litigation team. From that perspective, **the industry focus makes perfect sense** because these companies just want to know we've got them covered.*

*The life sciences group often is more profitable than non-life sciences work. We tend to work on bigger "bet-the-company" deals, and in those matters, we see less rate and fee pressures because of our industry expertise. These companies tend to use a broader range of our services because everything is intertwined.*

Another result of the life sciences boom is a massive talent war that currently rages among those firms that continue to seek life sciences attorneys.



## CHAPTER 5

**Be Dominant Somewhere Rather Than  
Mediocre Everywhere**



In answer to the question "Upon what basis is your firm truly differentiated from your competitors?" a firm leader will respond, but only after taking some time for reflection.

This pause for reflection is interesting. It doesn't suggest that the question came as a total surprise, as one that had never been asked before; or that this is an issue that this firm leader has not regularly considered. What it does suggest is that despite any previous contemplation, a wholly satisfactory answer has not been found and that a suspicion exists in the mind of this professional that he or she is offering, at best, only a superficial response.

In my strategy sessions with groups of partners I have often posed a similar question to the entire industry team, one I believe is reflective of the primary concern that occupies most prospective clients' minds - what I have come to think of as the "defining" question. It goes like this: *"Tell me please - as a prospective client, why should I choose you (your group / your firm); what makes you distinctive; and what added-value can you bring to my business matters - **that I cannot get anywhere else?**"* (Please, do notice those last six words).

The responses I most often elicit to this question are fascinating. Firstly, I find, that it would be highly unusual for you to get the same answer from two partners within the same group, and you certainly won't get even a slightly similar response from two partners within the same firm. It is the rare firm or group that has developed a specific

"song sheet" of common and difficult (prospect and client) questions and suggested responses for their professionals to consider using.

Secondly, the answers that you do often elicit (in the words of one General Counsel whom I suspect evidenced these responses once too often) are likely enough to *"make me want to puke on your shoes."*

Now as you might guess, responses usually boil down to a variation on two very familiar and time-worn themes. You will likely hear: *"because we can do it better, faster, and cheaper - so why not give us a try on just one matter so that we can show you what we can do."* (As if I, as the prospective client, am going to get some divine gratification from taking a personal risk with an unknown quantity). Or you will most certainly hear: **"because we offer a broad array of services such that you really can expect to get some depth of expertise from our firm."** (And I'm often thinking to myself, and how can you truly provide me with any real depth and breadth . . . given your size).

What I have learned those responses indicate to most sophisticated clients is that if you were truly recognized as having the preeminent specialized expertise in any given area, it would not be necessary for you to resort to tactics of *"better, faster, and cheaper."* Your expertise would be apparent and therefore speak for itself, or it could be easily demonstrated to the perspective client and present some compelling evidence for consideration. Alternatively, without a preeminent position, proffering a full-service capability is not likely to be viewed as

credible unless maybe your firm is from among a handful of the largest in the nation.

And even among some of the largest, you will witness a growing need to become far more focused. I was recently struck by an interview with Sandy Thomas, just reelected for his third term as Global Managing Partner at Reed Smith, when he was asked about the direction of his firm and his **growth priorities**. He responded that Reed Smith will focus on developing capabilities in **five core industries**: financial services; life sciences and health; energy and natural resources; transportation; and entertainment and media.

The interviewer observed, *"That's a wide net -- but compared to some Big Law leaders who seem loathe to imply any scrap of business is less important, it's practically a laser-like focus."*

## **THE CASE FOR SELECTIVE FOCUS**

It is against this backdrop that issues of meaningful differentiation and strategic thinking should be explored. Unfortunately, too many of the firms I speak with engage in strategic planning as a mere extrapolation of the past, a means of forecasting their future five-year budgets, or some "strengths, weaknesses, threats and opportunities" exercise that treats the entire firm as one big homogeneous entity - when what is really needed is a brutal examination of the viability and profitability of each discrete business unit and office, and whether it is now or has

the potential of ever becoming a preeminent player in its respective marketplace.

Take for example the SPAC market, also known as blank-check companies that form a sizable chunk of the IPO pipeline. These alternative funding vehicles took off during the pandemic and one firm in particular, of only 120 lawyers, managed to top Kirkland, Skadden and many other BigLaw names in their record-setting 2020 deal flow. Douglas Ellenoff was a **"first mover"** in this particular niche and reported to the media in 2021 that *"Right now, every phone call is new business. And that seems like a high-class problem to have."* Part of his firm's fee is dependent upon the deals getting priced and just through the first two months, his firm advised on SPAC IPOs that raised nearly \$10 billion. According to Ellenoff, his secret sauce - **developing niche practices where bigger firms have little interest, is how he got involved in SPACs in the first place.**

And if SPACs go out of fashion, Ellenoff has chips already down on other niche practices. He's convinced that equity crowdfunding finance will take off (a potentially lucrative micro-niche I identified and wrote an article about in 2019). As an alternative funding option and launched in May 2016, one of the more intriguing doors that entrepreneurs can now open to access capital is equity crowdfunding. When I last looked, companies in **58 different industries** have been successfully funded. Typically, about 80% of the capital committed goes to 17 different industries from application software and consumer packaged goods to



biotechnology and personal services. In March 2020 the Securities and Exchange Commission (SEC) proposed sweeping changes to regulate Crowdfunding as well as the other private capital-raising exemptions, one of which was to raise the overall limit to \$5 million. While not as big as some had hoped, this new ceiling allows for larger institutional players to invest alongside retail investors and may witness many midsize companies jumping into the online finance arena. Meanwhile, Ellenoff has invested in a technology offering, iDisclose, that he likened to TurboTax for crowdfunding disclosures. This is the mathematics of "Selective Focus." By being highly focused, some firms are able to be far more effective and profitable. The obvious lesson from watching Ellenoff's firm and that others are learning, is that when you expand to appeal to a larger number of markets and clients - you lose focus in your "core" strengths. Market power and competitive distinctiveness lies in being a SPECIALIST. When a specialist tries to broaden their base, they can invariably end up courting trouble, not new clients.

In reality there are very few firms (if any) that can truly demonstrate preeminence across a wide range of services and to multiple sectors of the market. Even the largest, supposedly full-service firm tends to be "Tier One" in a very small number of key practices rather than across an entire service range. The majority of firms truly compete in a vast number of substantive practice areas, industry sectors, or through some combination of the two. Such firms may or may not limit their activities to only those areas where they would be considered the most superior.



## THE RELEVANCE OF FOCUSING ON CORE STRENGTHS

A Financial Post report entitled *"The Changing Face of Professional Services"* found that 71% of the respondents reported that they prefer to work with **specialist firms** rather than a one-stop shop. And two thirds say that some firms are adding too many services and potentially diluting their core competencies. Accordingly, *"this may play to the strengths of firms that focus on **specific industries**."*

The report makes clear that the ability to advise clients effectively will in part be shaped by a firm's understanding of changing industry dynamics. *"Here, those firms that demonstrate a deep understanding of industry convergence and the changing nature of supply chains and consumer demand, should be well placed to benefit."*

This research concludes with a couple of recommendations most notably: **Do not dilute your strengths**. Some firms are deciding to focus on a smaller number of industries. Others are establishing new business units to meet a demand for specialization. Many are wary of non-traditional competitors encroaching on their territory. The message from respondents is clear: do not add so many services that distract from what you do best.

No single firm can claim to have expertise in every area and attempting to develop a competitive capability in a large range of services can actually make your firm less competitive in all of them. Competi-

tive markets create a strong need for firms to be very clear about what their "core" market position is and about what "table stakes" are required to play the game.

Consider the example of today's commercial real estate industry. There are some very high margin areas and some like conventional conveyancing, straightforward secured lending and others that just aren't so profitable. The higher margin transactions often require of a firm that they develop a strong industry team equipped with multi-disciplinary expertise. That expertise may require involving tax, corporate, banking, capital markets, intellectual property, and licensing professionals, in addition to specialists in urban planning, environmental, construction and joint venture issues. Firms must have a critical level of expertise, practicing together in a well-managed team, to stay in this game. Clients soon get a good idea of which firms have developed preeminent strength to handle the more complex transactions and those that may be best suited to the more routine work.

In this situation, once your firm (or business unit) gets excluded from the high margin transactions, you are left only to fight amongst a large number of rivals to get some slice of the remaining work, usually highly fee sensitive and involving fierce competition. As this continues, you face the stark reality of learning to live with a marginally profitable practice and potentially losing your very best talent to the market leaders. After all, is it not possible, that a few firms will command a significant advantage in the talent market as those who are the best in

their area are drawn toward them, thereby making it extremely difficult for other firms to grow or sustain what may once have been a profitable practice?

## **FOCUS REQUIRES THE COURAGE TO MAKE CHOICES**

From your firm's perspective, the strategic task that firm management has to determine is whether you are satisfied with the situation as it currently exists: is each practice truly profitable, is the practice worth committing further resources toward developing, or what would the downside be if we were not to provide these services? Indeed, could we somehow fine-tune or reposition this business unit so as to be regarded as the preeminent authorities in some new niche, industry or selective area of client need?

Such was the case with one employment practice group that I worked with. While not considered preeminent in their marketplace and not being favored with some of the more lucrative work, they reflected together as a group upon whether there was some niche within their practice in which they could develop a superior expertise and profile. Their strategic reflections helped them realize that with the tremendous number of consolidations going on among many of their clients and within selective industries, a different type of expertise was required to blend the various employment policies, personnel redundancies, and benefits issues that were cropping up between and among merging companies. They therefore set about to develop and

market their expertise in "Post-Merger Integration" employment issues. By repositioning their employment practice into serving this specific niche, their size which once limited them from being considered as a source for other important employment issues was no longer a disadvantage, as none of their major competitors had any expertise or professionals working in this distinctive area.

What allowed them to reposition their practice was understanding focus and critical mass. Obviously, from any buyer's perspective, the group with a dozen lawyers focused upon specifically serving a particular (niche) area is likely to be better (more competent), enjoying a greater degree of marketplace recognition (success), and able to offer the benefit of the shared experience of the entire business unit. Competitive firms (perhaps even much larger) having only a couple of professionals practicing in the same area are at a disadvantage.

Today the marketplace wars are being won by the well-focused specialists. As Peter Drucker advised managers many years back: *"Concentration is the key to economic results. Economic results require that (law firm) managers concentrate their efforts on the smallest number of activities (practice or industry groups) that will produce the largest amount of revenue."*

No other principle is violated as constantly today as this basic principle of concentration. In too many firms the motto seems to be: *"let's do a little bit of everything."*

## **BE SPECIAL OR BE DEAD**

As James Jeans the author of a classic text on trial advocacy once stated: *"We travel the path first broken, and over the years that path, through continuing affirmation of use, becomes a rut that directs our travel without the need for thought as to direction or destination. We become experts at mimicking mediocrity."*

While many firms engage in some form of strategic planning, only a few really come to realize that having three to five truly strong practices is preferable to having a good number of mediocre practices that serve only to consume resources, dilute profits and diffuse strategic strength. Firms and their business units need to clearly articulate what their selective focus is.

Become obsessed with questions like: *"What (industries and market niches) are we best at? What are we world class great at? What makes us unique?"*

The lessons to be learned from all of this, is that to be among the most profitable and successful you must change your focus from "do everything" to "do what we do well" and "do only what we are best at." Imagine having as a compelling challenge and managing your firm consistent with a strategy that states: *"We will have as integral to our firm only those business units that are ranked number one, two, or three in every market we serve."*

Ironically the message here may be to get rid of the 80% of what you do that's mediocre and get damned good and expand the 20% that really is "special." Because, if you're not special, you're dead.



## Appendix F: RECOGNIZING INDUSTRY DOMINANCE

There tends to be about three law firms that are the dominate service providers to an industry or a subsection of an industry and there are about six recognizable characteristics that seem to be in play for dominance to be acknowledged.

### **1. Critical Mass**

The more dominant player usually has a larger number of lawyers who regularly work with industry clients. And what is also distinctive is that this group of lawyers does not engage in puffery, in that they also claim to do work in numerous other industries. This group is highly focused on their target market. I have seen one dominant player comprised of only one partner, but they were also the only firm serving this particular micro-niche.

### **2. Name Recognition**

The dominant industry group is the one having strong name recognition throughout the industry. The test is typically an unaided name recognition market survey in which a respondent is asked to name three well-respected law firms serving their industry. The dominant firm will be mentioned among the top three by more than 65 percent

of respondents and will be the first firm mentioned by more than 40 percent.

### **3. Signature Clientele**

It is difficult to be perceived as being a dominant player without representing one of the industry-dominant members as an active client. Even if a firm has a large number of clients from the industry, a truly dominant industry team in any particular industry will have at least one significant, recognized company as its client.

### **4. Evidence of Expertise**

There is evidence that this team has substantial resources devoted to the industry and proven expertise and experience with the most critical issues. Major litigation cases, government representations, transactions between dominant businesses within the industry would all be expected to be handled by a dominant industry team. In fact, the engagement of such an assignment in an industry can literally create an image of dominance for any law firm faster than any other action.

### **5. Frequent Media Attention**

One of the reinforcing signals of who has attained dominance is watching how the industry and social media will call upon those partners from dominant industry teams to offer commentary, appear on



webinars and participate in expressing their views on important and timely industry issues.

## **6. Industry Influencer**

One would also expect that a dominant player would be able to exert influence within an industry and on behalf of the industry. It is likely that any dominant team would have among its partners, individuals who came from the industry and its trade association, and that newly-appointed general counsels of businesses within the industry may well come from a dominant law firm.

**At the end of the day, don't fight the competition; make it *irrelevant*.**



## CHAPTER 6

### Helping Lawyers Focus on Client Industries?

*Question: "I have been reading your various articles on the merits of attorneys having more of an industry focus and I'm intrigued. We have certainly become more cognizant of this topic as COVID impacted many of our client industries in ways that we would never have imagined. I manage a fairly large Litigation Department comprised of about 40 attorneys, fairly partner dominant, and spread out over five offices. Any ideas for how I might approach this with my colleagues and convince them to give re-organizing all or parts of our Department into smaller industry teams a try?"*

Thank you for your question. Perhaps before we go any further let me reiterate something that I had written about before. Basically, neither you nor I will live long enough to ever see you, or anyone in your position, convince a group of lawyers, especially litigators to do anything of this nature. Please remember what one of my very senior, statesman-like individuals, the founder of a major firm and a mentor told me. He said, "No lawyer, anywhere, EVER . . . gets excited, enthusiastic, willing supports or gets behind . . . any idea, initiative, change, plan or program . . . that they themselves have not had a PART in formulating!

*Your job is not to be the smartest in the room. Your job is to be the Coach, the Catalyst, the Facilitator; to help them get from where they are to where they want or need to be."*

With that in mind, perhaps we might provide them with a sequential experience that may allow them to explore some new practice options.

## **I. Preparation Stage**

You need to start with doing a little quantitative analysis on your current client base, something that if you have not done recently, I should expect that your Marketing professionals can assist you with. Here is what you need:

- *List clients in descending order of fees collected*

[Is your litigation client base diversified or dependent on a few large clients?]

- *Group clients by the nature of their Industry*

[Is your litigation work concentrated in few or many particular industries?]

- *Group clients by the geographic area they come from*

(How are your clients geographically dispersed?)

Let's make a list of those Industries that comprise the largest percentage of the work the Department does.

Just for illustrative purposes only, your list might include:

AgriBusiness	Franchising
Auto Dealerships	Healthcare
Business Services	Hospitality
Construction	Manufacturing
Electronics & High Tech	Retail
Entertainment (Sports / Media)	Transportation & Distribution

Now let's plan an initial 60-to-90 minute meeting of all members of your Litigation Department. This meeting can likely be done virtually, but from my experience, I think it is most effective if we can get everyone physically together.

At this meeting you need to have twelve fairly large round tables. Each of these tables should have a big tent-card displaying the name of one of the dozen different industries that you already identified from your client analysis.

## **II. Your First Meeting**

When your meeting starts and people are entering the meeting room, you will announce that we are going to engage in a discussion about the many clients we serve with an emphasis on industry. So, if you would please select whichever table you find attractive in that it represents the kinds of clients that you most enjoy working with – and al-

low about five minutes for your colleagues to find the table of their choice. The fun part here is not to give them a list ahead of time but allow them to scope the room, think about where they want to sit, and observe them watching where their closest friends decide to go.

Now you are going to facilitate this session by asking your colleagues to go around the table and answer each of the following questions that you are going to pose. You should do this by posing one question, giving them 5 to 10 minutes to carry out the discussion at their respective tables and then go to the next question and repeat the process.

Here are some initial questions to start with:

1. Introduce yourself to each other with some background information on why this particular industry is of personal interest to you.
2. Identify the "depth" of your industry experience by providing examples of the sub-industry clients that you have had the opportunity of working with.

***(Distribute this handout as an example)***

Identifying the Depth of our Industry Experience

*Example: **Construction Industry***

Large-scale commercial construction;

Industrial Building construction;

Construction Tech companies;  
Specialty construction;  
Highway construction;  
Residential building;  
Senior housing and retirement communities;  
Modular housing and prefab developments;  
Fire and Flood restoration;  
Insurance Public adjustment;  
Burglar alarm and Security services;  
Construction management;  
Oil & Gas Pipelines and related structures construction;  
Skilled trades;  
Building and equipment suppliers;  
Engineering and architecture;  
Interior design;  
Aggregate and material extraction.

*Example: **HealthCare Industry***

Ambulatory / Outpatient Care  
Assisted Living  
Behavioral Health Care  
Billing Services / Claims Processing  
Clinical Labs & Testing  
Clinical Research Organizations  
Contract Management / Clinical Outsourcing  
Diagnostic Imaging Services

Disease Management  
Health Information Technology / e-Health  
Home Health Care  
Hospital Systems / Management  
Long Term Care  
Managed Care  
Medical Products / Devices  
Occupational Health / Workers' Compensation / Wellness  
Physician Practice Organizations  
Rehabilitation

3. What have each of us learned about working with this industry that others around the table may not know, including any new developments or trends that you see emerging that may affect the players in this industry?
4. Identify and discuss what particular industry publications, newsletters and blogs we are each currently subscribing to or **"regularly reading"** – and which publications are not included that could be regularly reviewed.
5. Identify and discuss what particular industry associations and trade groups we are each currently **"actively involved"** in – and which we are not yet members of but could be, and what potential benefits might accrue from personal involvement.

6. What challenges do you or could you face attempting to develop new business in this industry?
7. Would there be any benefit to us in exploring further discussions together on this industry – and if so, would you be interested in continuing these discussions with a second meeting?

Now I'm betting that your people will have enjoyed the discussions and learned enough from each other in sharing their perspectives and experiences that they will be very open to a second meeting.

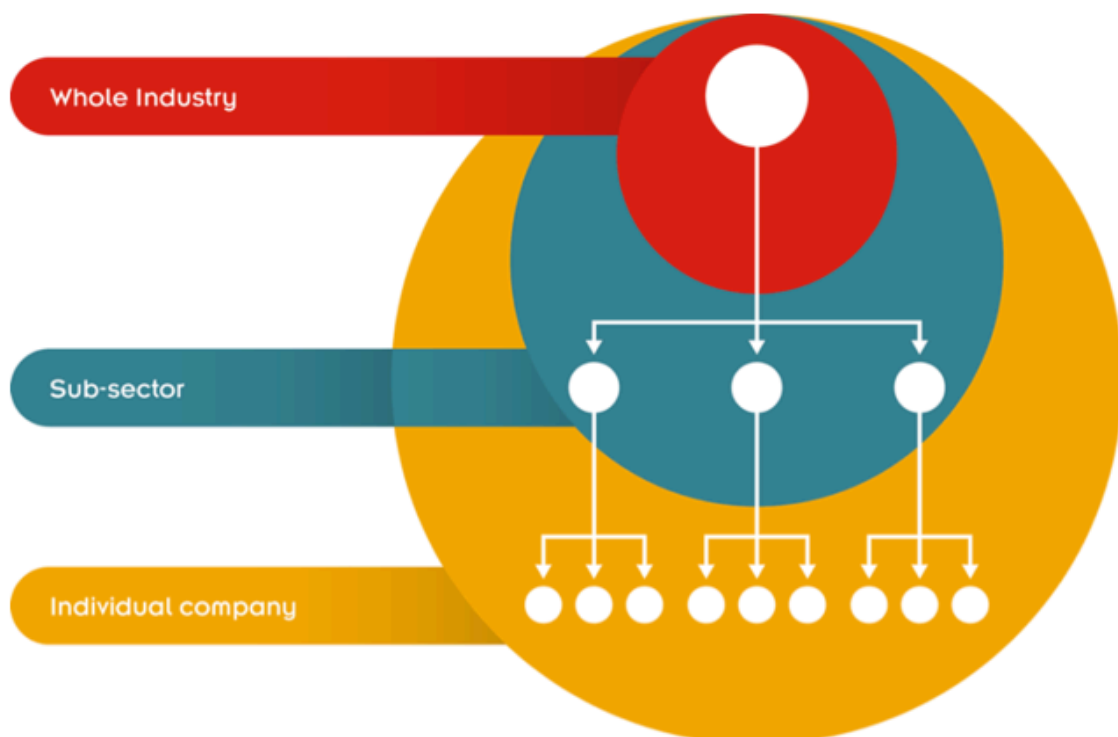
### **III. Your Second Meeting**

Your second meeting will proceed in much the same manner except for a series of different questions to build on your initial discussions:

1. Who, specifically, is your ideal, targeted client niche within this industry if you were to focus some efforts on attempting to build more of a presence?
2. What new threat, problem or challenge are these niche clients facing and what could you do to or have you done to help them overcome that difficulty?
3. How do these industry clients actually make money and what could you do to help them make even more money?



4. What is it that you are uniquely able to offer this industry that is of value, and that these prospects / clients may not be able to get from most other firms?
5. What is the one thing each of you are doing that you believe is bringing in the most business?
6. Would there be any benefit to us in exploring further conversations together in a smaller litigation team environment where we could focus our discussions on setting out action plans to have a real market presence in this particular industry?



## **IV. Research To Understand Your Chosen Industry**

You have now experienced the two suggested formation meetings and now a small group of 6 partners are all interested in exploring more in-depth in one particular industry where you have all had some degree of client experience. That said, you have come to realize that as a team you still have a number of questions with no quick answers, that suggests the need to conduct some exploratory research. Your next collaborative step then is to break out the various research activities so that with a minimal investment of non-billable time you can gather some pertinent details to help you better understand your prospects and clients.

At this point you face having to figure out how to obtain the critical information necessary to evaluate those who are players in this industry and where to gather and make sense of the information you need to understand about your chosen industry.

Now what often occurs with those who have had some experience serving clients in this area is that they can still be blind to the depth of the challenges and changes that these companies may require. Often we can become victims to believing that the company's management and/or internal legal staff possess greater capability for change than they actually do. As one internal GC phrased the depth of this quandary, "I thought I saw the entire chess board as we explored some of our growth aspirations, but then realized that I was actually

viewing only a small portion of a three-dimensional challenge with much of the chess board hidden from our view?

### **What You Need To Comprehend About the Businesses that Populate this Industry:**

- Be Conversant with the Various Key Performance Indicators (KPIs)

Every company in every industry is optimizing for some sort of KPIs. But changes in technology and consumer behavior have made some executives question if they're focusing on the right industry performance metrics to grow their company in 2022 and beyond. In theory, choosing the right industry performance metrics can help the members of any industry answer questions like:

- Do we have the right product mix?
- How effective are our promotional efforts?
- Is the right product getting to the right place at the right time?

But in practice, there are dozens (if not hundreds) of metrics that companies can track — some of which are less important than others. Optimizing the wrong KPI might generate an impressive looking report but may have no effect (or a negative effect) on a company's bottom-line. The reality is that no two companies are likely to focus on the same exact things (nor should they). Some KPIs will be more important for your client than they are for other competitors. For your purposes the critical aspect to KPIs is when your client talks about

them, do you have any idea as to what is at the heart of their concern? You do not want to be the lawyer who says, *"Duhhh, what's a KPI?"*

- Financial Strength.

Reviewing and understanding the industry financials is obviously necessary. And often a good portion of these financials are in the public domain. But just because these financials may be made available should not lead you to conclude that they provide a full and complete picture. As one CEO stated, *"I know that the real picture is not in the front of any annual report, so any investigation needs to start with all of the foot notes and goes deeper."*

As you would expect of someone coming to provide counsel to your law firm that they would understand the various terminology like billable hours, realization and profit per partner, there are times when you may need to go deeper than your client's published reports on revenue growth, profitability, cash flow, debt capacity dividend policies and so forth. There are times when being prepared and coming across as a real industry expert with require someone on your team examining the more granular issue like quality of earnings, supply chain economics, the match of performance trend lines with industry shifts, and the type of debt and accompanying covenant limitations that may exist.

The original selection process of when a prospective client is in

serious discussions with your team members is a critical time for understanding their expectations and learning their sense of where the various challenges and strengths lie throughout their business operations. You need to use this time to actively listen not only to their legal challenges, but also their leadership issues and attempt to ascertain, the culture of the senior management team, how members interact with one another, whether they are internally focused or externally and strategic focused; and the kind of change and results they are desirous of producing with your involvement.

To arrive prepared to work with these kinds of industry clients and talk their lingo are starting points to being perceived as having industry expertise.

- Major Legal Risk Factors

All industries have areas of legal exposure, yet the frequency and nature of these legal challenges can be telling signs of deeper operational problems and possibly risk tolerance of the various industry players. The nature of those challenges and the sources of any common legal issues can be an important indicator of the aggressiveness displayed by suppliers, channels, customers or employees within the various companies. You should likely be especially vigilant about the history of any SEC investigations and/or FTC filings. Look for filings that signal actions that are not in the norm and seek to understand what they might signal about the deeper challenges facing this industry.

## **What Sources Can Be Used**

- Search the Public Domain

You can do quite a bit of your own research thanks to the huge amount of data and information readily available through online sources. Be sure to search regulatory filings, analyst reports, social media sites, third party reviews and the abundance of published white papers. Don't forget that industry tracking services like Hoovers, supply useful industry information and statistical comparatives, while sites like Glassdoor and other social employee reviews can help assess the mood and general satisfaction of those working in the industry, as well as the pros and cons of various company working environments.

- Leverage Investment and Banking Contacts

Investment bankers whether in larger national firms or boutique operations, should be a highly valuable source for all manner of financial, shareholder and analysts' perspectives on the industry and companies that you are most interested in. Investment bankers have a personal stake in establishing ties with the C-Suite; they know restricting and new capital structures and often have long-serving relationships with those industry players who are beholden to them for the services they provided during important transitional times.

- Tap into Your Professional Network

The members of your industry team have likely each built a diverse

and extensive personal network. What you want to do is develop a list of those contacts looking for industry insiders, and those most likely to share unvarnished and useful insights about the industry, how it is viewed and where some of the best opportunities might be for a group like yours to be of service.

If you have any contacts at the Business School or in the Economic Development Department of all levels of government you are likely to be able to access enormous information on how the industry is performing, how it is viewed, and some of the more common problems that companies are having to deal with. You may even be able to access relevant business school cases and background readings.

- Contact Other Professional Firms Serving this Same Industry

As I mentioned earlier, from accounting to consulting there may be numerous firms who have already targeted this same industry grouping and would be prepared to share information, collaborate with you and perhaps even engage in some joint marketing initiatives. It can be a win-win situation.

- Confer with Former Executives.

Reaching out to former or even recently retired executives can be immensely valuable as they have inside experience and an internal perspective that could be priceless. You may even want to retain the odd retired executive as a consultant to your industry team to guide

your approach to prospective clients and perhaps even make introductions where appropriate.

## **V. Homework To Move Forward**

As a good faith investment in moving forward, each group member if agreeable, would undertake before the next meeting to:

- compile and present a list of those clients currently being served that would be categorized as being in this industry and/or related industries;
- compile a list of contacts that each member personally has in prospective client companies; and
- identify satisfied clients that could be approached to provide the team with written endorsements of the results that have been achieved within this particular industry.

There is much written about change and how to influence and manipulate people into doing something that others may think is important and even beneficial. But I've found that most change happens when you help someone try something new and it opens the mind to want to experiment and continue the exploration.



I first facilitated this process, many years ago, in a Global law firm with a group of their European offices and can proudly say that they commenced their Regional Industry focused efforts as a direct result of those meetings. It ended up being their idea and not the idea of some brain-dead consultant! So, try this process with your people and please let me know how well it works.



## Appendix G: One Firm Leader's Experience

We have an industry focus at Carlton Fields, but the devil is in the details.

How have we approached this? We have to be who we are. Whenever I have thought about "vision" or strategy, I have always started by assessing our proven strengths and natural advantages, not trying to be something we are not, while still never accepting where we are, always working to "stretch" – but not too far!

So, as we have approached "industry groups" I have found that this had to be built on areas where we have (1) years, often decades, of deep experience, (2) a deep bench, and, maybe most importantly, (3) key client relationships in the respective industry. There's an old saying "to get a client, you have to have a client." All the effective industry groups or industry-focused boutiques we have started, acquired, or seen elsewhere started with 1-2 key client relationships. They built on that little by little over many years to create a so-called "industry group."

In our own firm, we had one true industry group when I started here in 1987 – Construction. It was led by someone who had the vision to build a group around this one sector. They practiced and achieved everything you describe in your book, and they still do.

Over time, during my tenure as CEO (starting in 2006), we acquired another intact industry group, Healthcare, which again had started decades earlier built around a few key client relationships. We have built others from the ground up, again starting with 1-2 key institutional client relationships. But this is hard. Very, very hard. It takes time, dedication, and patience.

Though we are committed to the industry-group concept and have about 8 of them, maybe half of our firm doesn't fit into that mold. Should we jettison those partners and practices? Not likely. Should we force them into this mold? We promote use of all of our resources across these industry groups, but we can't pretend that all of our partners fit squarely into one in any true sense.

Finally, I would suggest that all of this is tied to the issue of "innovation." I'm a huge fan of Peter Drucker who teaches that innovation simply can't be pie in the sky. You have to be able to monetize it in 6 months. I have a good friend who was CEO of Media General in Tampa Bay. He required that all of his divisions engage in systemic, regular, innovation efforts and exercises. But they had to have a plan for taking to market in six months any idea they might produce.

*Gary L. Sasso, President & CEO – CARLTON FIELDS*



# CHAPTER 7

## High Performing Industry Teams Meet . . . Weekly!

Amongst the first things that I usually do when hired to train a group of industry group leaders is to interview a handful of those serving in the position. What I say to my contact at the particular firm is, give me a half-dozen names; three who are fairly experience group leaders, three who need some remedial attention, but please don't tell me which is which. That said, it doesn't seem to matter because as I begin to interview these leaders, one in the series of questions I usually ask is "And how often do you meet as a group?" One of the common responses that I have come to hear is, "Occasionally" which I eventually came to recognize as code for . . . NEVER!

And why does that happen? I believe it happens largely because no one has ever given these group leaders any substantive guidance on how to conduct an effective meeting and what subject matter good meetings should actually cover. And if you have ever had someone training your group leaders who did not instruct them on the importance and process of effective meetings, label that professional negligence.

Now, like it or not, meetings are a large part of what you do as an effective industry team leader. You arrange one-on-one coaching sessions with individual partners in your group; you make yourself available whenever some group member has an issue or situation that they need help with; you organize an annual strategic planning retreat with all the group members to determine future directions; and you attend at least quarterly meetings with other industry group leaders to discuss common issues and successes.

In the research and preparation of *First Among Equals* (an earlier book co-authored with my good friend and business partner, David Maister) and for some time after its publication, I had the opportunity to interview leaders from dozens of large firms comprising law, accounting, consulting and other professions. My mission was to identify what the highest performing (practice or industry) group leaders were actually doing to inspire winning performance within their teams.

I would approach a firm leader and ask whether there might be one specific group leader within the firm that “stood head-and-shoulders above the others.” Invariably I would hear, that would be our George or Jennifer. I would then go and interview the particular individual who was identified. Now while this was only touched upon in our book, one of the findings that my research revealed was that in most cases these individuals did not meet with the members of their groups once per month (for an hour) – but they met ONCE PER WEEK! And these group leaders engaged their teams in four very different

types of meetings, which collectively helped explain their exemplary performance. Today, I dare industry team leaders to tell me that their team members would not embrace and benefit from any of these four meetings.

The meeting formats that I will outline for you can involve core group members as well as other partners, associates and even para-professionals; and can be easily facilitated with a group that is all assembled in one room or with group members participating virtually. This chapter will provide you with a basic outline for how to conduct each of these different types of meetings and to the best of my knowledge I have yet to hear of anyone, especially a consultant who claims to work with practice or industry groups, share this kind of information.

For our purposes here, imagine that you as the industry group leader, are meeting with the members of your team every week (Tuesday at Noon); either physically and/or virtually. Your meeting will be scheduled to take at least one-hour and sometimes an hour and a half, depending on the content and the size of your group. This approach assumes (1) that groups are empowered to make decisions about low-risk activities under their control and that (2) your group size is manageable. I will always remember Amazon's Jeff Bezos instituting his famous "two pizza rule" meaning that no team should be so large that it could not be adequately fed by two pizzas. In my view, a core group of ten to twelve partners has empirically been proven to be the maximum size for achieving exemplary results – but that said, I have

seen some really high performing teams that are fairly small, like three to five professionals.

## **MEETING ONE: Building Skills and Transferring Knowledge**

In some of my initial research into high-performing teams I inquired as to what partners wanted in being a member of and contributing non-billable time to any group. Amongst the various responses was *"Able to learn and grow my skills."* If one then explores with them how that might best be accomplished, one of the easy ways would be to *"learn from each other."* It then follows, how do we best accomplish that?

In examining how to do this, your Meeting Agenda can be divided into two complimentary but separate segments (1) Matter post-mortems; and (2) practice briefings which are largely comprised of internal CLE-style updates – as there are a number of firms who subscribe to the principle of attend one (training event) – teach one.

While it is important to find the means to effectively share substantive and technical information: *"what different members of our team are currently working on,"* I would offer a small caution. Some professionals behave as though they believe that the true purpose of every group meeting is to provide a forum for their long-winded discussions on what they've been up to lately. We do need to keep in mind that information can be shared with group members in countless ways, such

as: memos, electronic bulletin boards, intranets, e-mail, written progress reports, and even informal word-of-mouth communications. Valuable meeting time should be spent in a deliberate and disciplined manner, tapping into the collective genius of all the minds present, but only as it contributes to moving your industry group forward.

What I learned and what I believe is that your highest priority and very best use of your group's time is to review specific learnings and new information, or skills acquired while serving clients, dealing with client problems, or gleaned by successfully handling an emerging issue that some client was struggling with. In other words, there is a vast difference in the value of hearing one of your partners talk (in general terms) about a matter that they have been working on, versus hearing about what that partner specifically learned, that might be of use to others in the group, from the way in which a particularly challenging matter or transaction was handled.

The accumulation of most new knowledge and skills usually occurs while you are working on some client matter. Therefore, rather than the question: ***"tell us what you are working on?"*** the question should be phrased: ***"what have you learned, especially while working with your clients, during these past weeks that may be of value to the other members of our group?"***

In other words, each group member should come to this meeting,



fully prepared to identify and explain to the group, any particular client matter that:

*1.) exposed you to an entirely new type of client / industry segment / geography / transaction?*

(e.g. involved work undertaken on behalf of an “unusual” client as defined by the nature of this client’s business, geography or matter size.)

*2.) allowed you to successfully deal with a relatively unique or challenging client problem?*

(the particular client matter that you were handling was completely novel and involved you having to take an unprecedented approach to resolving the client’s issue)

*3.) allowed you to develop new knowledge or refine a skill that you can now market to other clients?*

(e.g. amid an unprecedented run with sky-high valuations and competition, M&A deal teams are being asked to close transactions in a compressed period of time, and with your latest deal you developed a methodology to dramatically speed up the due diligence process.)

*4.) allowed you to either work at a more senior C-level in the client organization; expose you to a technology being used that we might emulate; or enabled you to collaborate with some other multi-discipline specialist?*

Productive time is then spent hearing how the member handled the

matter; what new approach they may have attempted; and what was specifically learned that would be of value to other in the group. With a virtual industry group you might ask each member to submit a one-page brief summary to everyone in advance of the meeting.

Members of groups can also find it highly valuable to devote some time on the agenda to hearing from any colleague who has attended a Conference, Webinar, CLE or industry event, to directly share their notes and learnings so that the essence of that educational experience can be multiplied for the entire team. Many groups even make it a habit to have specific members of the group, especially some of the more senior and experienced partners, take turns preparing a brief presentation designed to enhance the skills of everyone involved. I have witnessed partners demonstrating to their group the effective use of a new technology (that everyone could benefit from being more familiar with), and a partner briefing colleagues on a new regulatory development about to be introduced that will have impact on the problems facing her industry clients.

In principle, one of the attributes of our groups is that the value that we can bring to market is not just the talents of individual practitioners but should also encompass having each of our professionals empowered by the accumulated knowledge, wisdom, systems, methodologies, and experiences of the entire group. What better use of an hour's time during a given week than helping share knowledge and build skills.

## **MEETING TWO: Assimilating New Developments**

One of the paramount challenges that most firm and industry group leaders identify in any given survey, is how difficult it can sometimes be to instigate change within any professional firm. From my decades of experience, I truly believe that that difficulty is attributable to busy professionals living in a bubble; head down and consumed in solving client issues such that they are not involved in looking outward or knowing anything about what trends and developments are transpiring that may affect their practices, their professions and their future prosperity. So, one of the important subjects that any group needs to devote some time to focusing on, is in identifying emergent market-place changes.

High-performing group leaders who do this with their industry groups tell me that the benefit of investing the group's time in this kind of meeting activity is that:

- some of our fellow teammates may be exposed to insightful information or be in direct contact with phenomenon that would be of significant benefit to the group as a whole, if only it were shared;
- weak signals of some impending trends, if recognized early enough can give the group a head start to prepare for taking advantage of identifying new industry client needs to exploit or competitive challenges to address;

- for any group, having a grasp for what might be around the corner and being able to communicate and share that with your industry clients will be of immense value and differentiate your group's services in a meaningful way – as it allows us to be perceived by both our clients and prospects as a group “that is in the know;” and
- the degree to which the identification of some specific trend serves as the catalyst for members of your group to want to initiate particular change, is far more determinative of the group progressing, than if the idea comes only from the group leader.

Consider this: *“If we knew today what we will know five years into the future, how would we change our attitudes, actions and the way in which we practice law — the services we offer, the clients we target, and the ways in which we chose to deliver our services? **That is what this meeting is really all about** – observing the present trends to determine how we might intercept the future.”*

The industry groups that effectively engage in these kinds of meeting discussions start by identifying a number of relevant external components.

For example:

- How Technology is Evolving

What do the changes suggest for how we should embrace or utilize technology going into the future?

- Emerging Areas of Required Expertise

Where are the micro-niche opportunities likely to be GROWING in the coming years and which opportunities should be proactively investing in?

- Competitive Threats

How will our marketplace evolve and what do we need to do to capture a great share of the “**better**” business?

- Changes in the National and Global Economy

How do we expect to operate in an economic environment that may be very different from the economy that we are currently use to?

- Advancing Government and Regulatory Developments

What new government programs and initiatives are likely to emerge and how will they have an effect – positive or negative?

Your first step is simply to scan the external environment in each of these distinct areas for early warning signs and for areas of new opportunity. You want to then engage all your industry group members (partners, associates and para-professionals – where appropriate) to voluntarily select one external component that they would be willing to invest time into monitoring between meetings. You can engage your administrative and marketing professionals to assist in monitoring legal and industry publications and direct relevant information and news clippings to those who volunteered to examine certain subjects.

By studying the goings-on in these areas and connecting the trends in all of them, you can begin to build a reasonable basis of information, facts and speculation about what will happen over the foreseeable future.

The challenge for each group member is: *"In your opinion, what would be the most important trends capable of impacting, both positively and negatively, our group's success (or for Industry Groups: client's success) over the next few years?"*

Each of the trends that have been identified can be evaluated within the context of the PROBABILITY of occurrence and the IMPACT (negative and positive) on your group, of such occurrence. Obviously, only those trends judged to have a very high probability of occurrence and a very harmful impact or portend huge opportunities should they occur, become your top "Mission Critical" priority.

Finally, it is necessary to transform the discoveries that come from your discussions into actions. There is little point in knowing that you are heading for an iceberg if you don't determine how to course-correct and steer around it. In order to be effective, some portion of your group's strategy must concern itself with what we must be doing right now in order to be well positioned to capitalize on our future. Among other considerations, you should therefore attempt to identify:

- what skills should we be developing (or hiring) right now;

- what must we do to anticipate and better serve unmet client needs right now;
- what new practice niches should be pursuing right now; and
- what new experiments and field tests should we be engaging in right now in order to intercept the future.

For every industry group there remains a need to look to the horizon to see how the future will unfold. Behind every new trend and its ensuing ramifications is either a potential marketplace threat or a window of opportunity. Those keen enough to perceive the trends early are in a prime position to pilot their groups into a more promising future. The obvious challenge is to be the first to see the future and then devise appropriate action plans to take full advantage.

As I mentioned previously, imagine that you as an industry group leader are meeting with the members of your team every week (Tuesday at Noon); either physically and/or virtually. Your meeting will be scheduled to take at least one-hour and sometimes an hour and a half, depending on the content and the size of your group. You have now completed the first two weekly meetings.

Now before we proceed to the third meeting, here is a question for you:

*"How many of your valued clients have you invited to attend one of your industry group meetings over the last six months – either in person or virtually?"*

## **MEETING THREE: Bringing Outside Voices In**

I have had the privilege of conducting well over a dozen virtual training workshops over the past year with the leaders of both practice and with industry groups. At each of those workshops I asked of the group leaders in attendance, *"Given that it is so much easier now with Zoom and video-technology, how many of you have invited one of your group's clients to attend your group meeting – during the past six months?"* It is no exaggeration but only with sad bewilderment that I report, I have yet to elicit a single positive response!

Imagine the benefits of inviting one of your team's best clients to address your industry group – in person or by video and when you have them in attendance you can ask:

- how they're dealing with their various internal and external challenges;
- what new developments and competitive disruptions they're seeing evolve in their marketplace;
- what decisions they've had to make, which ones they are still pondering, and which they have had to postpone;
- what their greatest concerns are and what they are focusing on next; and of course,
- is there anything at all you can help them with right now?
- And if you ask the right questions you can even elicit some insightful competitive and market intelligence on what other law firms are currently up to.



And there are so many other voices to be considered. For my part, I laughed my ass off when Alternative Fee Arrangements (AFAs) re-emerged following the 2008 melt down and witnessed consultants coming out-of-the-woodwork claiming expertise in the subject. A knowledgeable observer would have seen a 2000 published book, written by Ron Baker entitled "*Value Billing*" and realized that the Accountants have been down this road for some time and are far more experienced than any other profession. So, when was the last time you invited someone from one of the accounting firms you know, perhaps serving similar clients to your group, to come present at one of your meetings?

Today there are so many firms that claim active membership in global law firm alliances, networks and groups – from Lex Mundi to TerraLex. Wouldn't it be fascinating to invite your counterpart in some member firm located in Australia or the UK to tell your group about what new opportunities they might be exploring in the same industry that you are serving. Whether it be serving clients in Cybersecurity, Health Care, Energy or Crisis Management, some of these "foreign" firms are doing some interesting things, where their knowledge gained may very well be transferable.

And let's not forget the potential benefits from having some notable academic, research expert, government representative or industry

thought leader come and share what they are working on with the member of your team. From my experience, these people are very likely to be highly flattered that some notable law firm would ask them to come to their meeting. And if you doubt for one moment the kind of inside information you may be able to access from these kinds of sources, well then perhaps you should just go back to your *occasional* group meetings.

## **MEETING FOUR: The Action Planning Meeting**

Amongst all of the four different kinds of meeting, this is the one that I believe is the MOST important.

I say that because the other three could be categorized as “talking” meetings – but this is really a doing meeting. To that end, this is a bit different from the usual experience that most attorneys have when getting together, largely because it involves only ONE agenda item, requires everyone to actively participate in brainstorming (not something that attorneys regularly engage in doing), and concludes with the group members determining what specific actions need to be taken.

Here are the eight sequential steps you (or someone you bring in to help you) need to facilitate in order to have an effective Action Planning meeting:

## **1. Set A Singular Focus**

As I stated, this meeting needs to be devoted to only "ONE" action-planning issue of importance to your group. The ideal topic could be drawn from your group's strategic goals, but assuming that you might not have set such goals, I have included here as an Appendix, twelve different topics that I should expect every industry group leader would find valuable to have their group members engage in exploring.

I would recommend that you distribute this list to your teammates and ask them to each prioritize their three top choices for the group's next few meetings. That will allow them to have some input into the agendas for your forthcoming meetings as well as give you an indication as to what each of your colleagues thinks the team's highest priority issues might be.

Now as you get into working on any one of these issues you will soon see how one particular issue can drive your team's discussions, action planning and implementation efforts over a number of months.

## **2. "Brainstorm" ideas**

Whoever in your group has the responsibility for facilitating discussions at your meeting (most often the group leader), should engage the group in a "brainstorming" exercise. The purpose of your brainstorming is to elicit tangible action ideas, that if implemented, could serve

to advance your group toward achieving progress on their singular objective.

If all agree to be highly disciplined about getting to potential action ideas and refraining from engaging in lengthy discussions and debates, you can devote about forty minutes to this process. Of course, our natural propensity is to enjoy engaging in lengthy discussions, so it is helpful to have your group agree upon some basic rules before they begin. The accepted rules for this brainstorming activity are usually some variation on the following, should be set out in writing and then posted for all of your group members to see:

- Say everything that comes to mind;
- No discussion;
- Make no value judgment comments - positive or negative;
- Record all comments so that they can be seen and get down lots of ideas;
- Encourage participation and build on each other's ideas.

Once having agreed to these rules, you can begin the exercise. One technique that helps is to methodically, go around the table asking each member in turn to contribute one idea. Another method is to have everyone write down one idea (anonymously) and hand it up to the facilitator who then records it on a flip chart for all to see. The advantage to using a flipchart or electronic whiteboard is that you can mount the ideas for everyone to see and retain them for transcribing

a permanent record of the group's contributions.

The role of the facilitator is to get everyone's ideas out and recorded. It helps to number each idea as you write it down. Sometimes in the verbal flurry of ideas, it is easy to either miss hearing someone's idea or record it in terms that do not adequately capture the intent. Ensure that an assistant is there to take notes, keep time and help guide your actions.

### **3. Ensure ideas are actionable**

The facilitator must be vigilant in ensuring that the ideas expressed are specific, doable, and can be implemented. Sounds easy, but it is NOT. In my experience, this is the most difficult part of the brainstorming process. We are all prone to expressing concepts or goals, and often find it difficult to transform those concepts into actions.

In one meeting I remember vividly working with a team wherein our objective was to brainstorm ideas to address the topic of:

*What do we need to do to better understand our existing clients, understand what is keeping them awake at nights, and actually be perceived to be more valuable to them?*

One of the power partners in the group called out, "We need to show our clients that we care." And it was a great idea . . . conceptually. All

that was missing was the HOW? My acid test is to always ask myself, "do we have enough detail to be able to delegate this idea to one of our administrative professionals and they would know exactly what to do."

If you don't have enough actionable detail, then you need to politely (you are not disagreeing with the idea presented) and patiently, probe the idea with the originator, to elicit more specifics and more detail.

#### **4. Secure voluntary commitments**

Now this is where our typical group leader once having helped generate a long list of good ideas will be tempted to look at the list, look to their group members and simply assign tasks. And good luck with that tactic as I rarely have seen it work effectively!

What does work is to go around the room (physically or virtually) asking each of your team in turn, whether there is one idea on the list that they would be prepared to invest a modest amount of non-billable (let's say two hours over the next month) working on. You might say to the group:

*We are going to take a moment to review all of the ideas we generated. I then want to hear from each of you in turn. Is there one idea on our list that you feel sufficiently motivated by, that you would be prepared to invest a few hours of your time over the next month to get started on. Please understand, this is to be*

*totally voluntary: no obligations, no recrimination. If you do not see an idea that you would be prepared to work on, then you may simply 'pass' when I get to you. (No explanations are necessary.) However, if you do see an idea that you find motivating, then I want to hear which one it is.*

The essence of success here is not picking the best, most strategically important ideas. That can wait until your group has had some experience and successes with productive meetings. Rather, your goal is to stimulate members of the group to take some modest amount of constructive action, thereby building momentum.

## **5. Keep commitments small**

Each specific task must be small and doable. When people get caught-up in the process of generating good ideas or are stimulated by an idea that they like (often the very one that they themselves offered), they immediately want to volunteer to "change the world". Following the meeting, that same person returns to their client work with the very best of intentions only to encounter the numerous urgent fires that burn.

It is important to temper people's enthusiasm by reminding them that their regular revenue-producing work must also be done. You must determine with them what they think they can actually, realistically accomplish in the designated time period.

## **6. Establish your "Contracts For Action"**

You must ensure that each task is carefully defined (*"What can we all expect to get from you by the next meeting?"*) and completely capable of being accomplished. It helps to think in terms of the tangible outcome (or *"deliverable"*) that will be presented at the next meeting to evidence the execution of this idea. Will this involve doing some research (a report); developing a policy, procedure, checklist or template; or taking some specific action that can be shown to have happened? Have them describe precisely what they will bring back to the next meeting as evidence that something has been accomplished.

The facilitator's job is to ensure that he or she has helped the group generate a good list of very specific, tangible, quantitative and implementable ideas for moving toward their objectives. This list of tasks and the responsible team member forms the Agenda for your next Action Planning meeting

## **7. Follow-up between meetings**

Since expectations are naturally high following a good group meeting, any lack of progressive action by the next meeting is extremely detrimental to group morale. This is the most frustrating problem for busy group leaders. It is rather disconcerting to see how much time is invested in making good plans and how little effort is spent in follow-up to ensure that actions are being taken consistent with those plans.



The single highest value-added use of the time of any industry group leader is following up, one-on-one with members of the team, to help them succeed. By pitching in and lending a hand to complete projects, you will be able to demonstrate an interest in the individual and make a meaningful contribution to the morale and results that a group can achieve.

The underlying philosophy becomes one of not letting the team down. In one high-performing group I know, the rule is *"There's nothing you must do, but what you say you will do, you must!"*

## **8. Celebrate successes**

The best groups always take time to acknowledge a specific accomplishment and improvement in reaching a personal or group goal. The outcome of present actions plays a major role in determining future actions. At the personal level, if people work especially hard and devote long hours to a project that eventually goes unnoticed, they will soon minimize or abandon their efforts. At the group level, if expectations are exceeded but there is no means of expressing pride in those achievements, it becomes a hollow victory.

People like to be part of winning teams. Early wins and clear evidence of early momentum translates into early enthusiasm.

## **IN CONCLUSION**

Meeting culture is essential to not only the happiness of your teams, but their productivity as well. When you are working remote, meeting culture is nothing less than the social operating system that defines how people interact, collaborate and get things done. Establishing the right meeting culture and meeting frequency is paramount. There is no set playbook for meetings that will work for every group, but to be a high-performance team, these are four kinds of meetings to seriously consider.

## Appendix H: TWELVE Action Planning Meeting Topics

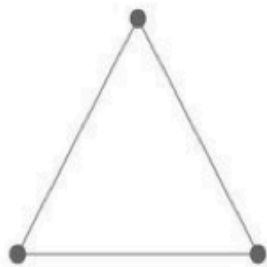
1. What is our group's strategy for getting 'Better' business from prospective clients over the coming year? And what would we all consider to be 'Better' business?
2. In what ways can we improve our overall efficiency in handling our kinds of matters and get our client assignments accomplished at a lower cost to us?
3. How might we adopt and implement new technology to improve service delivery, enhance team members engagement, and share knowledge among our team members?
4. What kind and amount of training may be necessary to have each of us performing at a higher level of competence?
5. In what innovative ways could we mentor our junior professionals who do not have the facetime or live shadowing with their mentors that they did in the past?
6. What actions can we take to improve the fees clients will willingly pay for our services?

7. Which of our most recent client engagements would we consider to have been our most profitable and what do we need to do to get more of those same client matters?
8. What could we be doing to ensure a higher degree of morale, motivation and enthusiasm, so that we might better retain our talented people?
9. What do we need to do to better understand our existing clients, understand what is keeping them awake at nights, and actually be perceived to be more valuable to them?
10. What kinds of services might existing or prospective clients want, that no one else has yet to offer them?
11. What would we need to do to get our existing clients to actively refer others to use our industry group's services?
12. How can we stand out from the crowd and ensure that we meaningfully differentiate ourselves from other competitors?

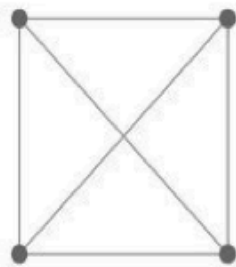


# CHAPTER 8

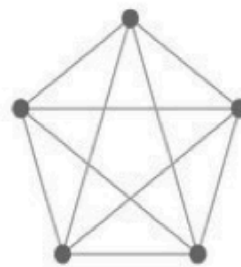
## Big Industry Groups Suck!



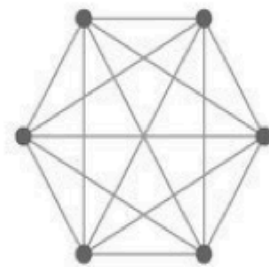
3 people, 3 lines



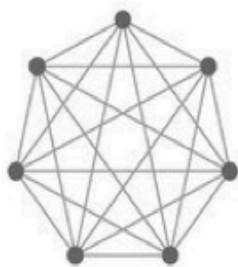
4 people, 6 lines



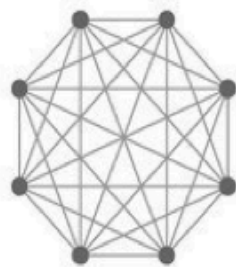
5 people, 10 lines



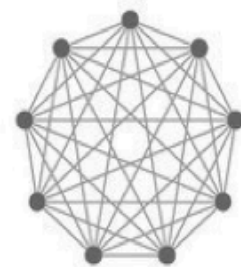
6 people, 15 lines



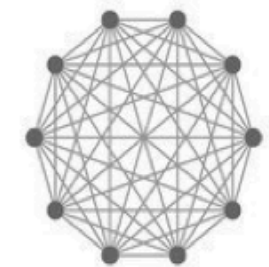
7 people, 21 lines



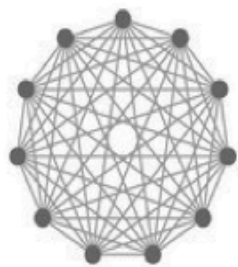
8 people, 28 lines



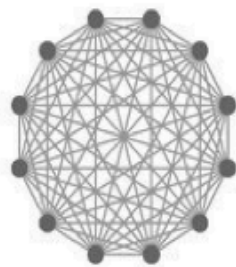
9 people, 36 lines



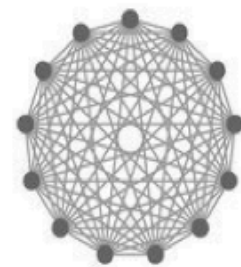
10 people, 45 lines



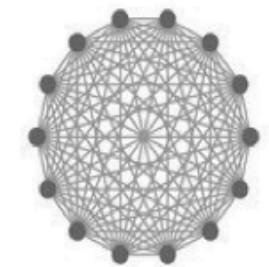
11 people, 55 lines



12 people, 66 lines



13 people, 78 lines



14 people, 91 lines

In a recent webinar on industry group best practices, the panelists were asked whether there was an ideal size for their groups. *"How big do you allow an industry group to become?"* asked the moderator. According to the first panelist: ***"I would say, our membership is unlimited . . . the more the merrier."***

Unfortunately, bigger does not always mean better, and nowhere is that more evident than when it comes to measuring practice or industry group effectiveness. In the process of David Maister and my writing [First Among Equals](#), we devoted an entire chapter to our observations from working with and interviewing the leaders of high performing practice and industry groups – across professions. In it we reported emphatically that one of the clearest ways to ensure failure is to allow membership to grow beyond a small, solid working group.

When it comes to this particular structural issue, many firms seem to want to demonstrate their seriousness by attaching every single partner to not just one, but to a number of different industry units. They seek to make as a member of each group every possible individual who has some remote interest in the particular area. Often, I think this is done to placate partners who fear somehow being disqualified should they ever originate a client in some particular industry that they are not shown to be a member of.

I have seen groups in some larger firms with thirty, forty, and even in

excess of fifty partners, even though everyone should have recognized instinctively that industry groups that large cannot be productive. I remember some years back being retained to help a Technology Industry Group develop their strategic plan. Following a briefing call, I arrived for a half-day workshop with eleven partners – not too large a group. Shortly after getting started I realized that three of these partners did most of their work with computer software developers, three with cable television, another three with consumer e-commerce companies with the remaining two partners choosing to be, in their words: *“tech generalists.”* What I quickly learned from that experience is that you cannot craft a team, or a strategy, with professionals who serve different kinds of clients. And then we wonder why, when we combine groups of unrelated interests, you see meetings with group members tuning out, or on their cellphones texting, because . . . well, *“you guys are not really talking about the kinds of clients that I work with.”*

In an effort to avoid offending anyone, group leaders continue to add people to their groups. Firms seem to allow leaders to build large groups, perhaps on the notion by these leaders that if they have a big group with a big budget, then their role as group leader MUST be important. One of the lessons I learned when working on a project with Tom Peters, after he finished writing *In Search of Excellence* and had left McKinsey, was his telling me how *“when we add just one more member to any group, we think the communication challenges increase arithmetically. They don't! They increase exponentially.”*

The overall result is groups that have grown in size but decreased in effectiveness, with group members feeling no real sense of commitment or personal investment beyond having their names attached to some particular industry group on the firm's website and finding that they are spending an increasing amount of non-billable time in meetings. In fact, I will never forget the comment of one Manhattan-based senior associate who confided in me that in his firm if he joined enough different groups and attended their various luncheon meetings, he *"should never have to buy groceries again!"* (I expect that now working from home has really added to some attorney food bills.) And I invite you to do the math on what the costs or lost productivity amount to in having dozens of professionals meeting (even virtually) in groups far too large to get anything substantive done, other than hear themselves talk.

At the end of the day it becomes a high price to pay for trying to make sure that no one is feeling left out.

## **WHY LARGE GROUPS SUCK**

Here's a half-dozen important reasons why we need to strive for smaller groups:

### **I. The larger group becomes dominated by a few personalities.**

I've repeatedly observed that the larger your group, the more likely it is that a few power partners or strong personalities may dominate



your group's agenda, meeting discussions, brainstorming, and the decision-making process. When teams are large, ego clashes between members become inevitable. There may be one individual who is constantly used to having his or her way, or another individual who keeps shifting their group projects to some junior member. Meetings become an utter waste of time – and any important decisions are made before and after meetings, by the four or five most influential members.

## **II. Personal support decreases as group size increases.**

Research conducted by UC San Diego professor Jennifer Mueller (who has specialized in studying group size) proffers a principle she introduced called "*relational loss*." This concept describes individuals feeling as though the amount of support they get from others decreases as the size of the team increases. This is a very common feeling inside many professional organizations.

## **III. Not knowing who your real worker-bees are.**

One of the primary roadblocks to having a high performing team is *lack of clarity regarding who is on the team*. The late Harvard researcher, J. Richard Hackman points out that firm leadership is often responsible for these fuzzy boundaries related to group membership. His solution: "*putting together a real team involves some ruthless decisions about membership; not everyone who wants to be on the team should be included, and some individuals should be forced off.*"

And, how can one single group leader possibly be responsible for personal coaching, providing support, and evaluating professionals within a large group? It's just not possible given the amount of time (average 300 to 500 non-billable hours) that most firms allow for leading groups.

#### **IV. Individual opportunity to effectively participate decreases.**

While a larger industry group may be viewed as the means to bring more minds to bear on the growth and development of a practice, it soon becomes evident that not all of those minds actually make any significant contribution. In short, we can tend to slack off in a group when (a) we think other colleagues will do the hard work, (b) we know we will not be held accountable for the outcome, (c) we suspect our effort is not truly necessary, and/or (d) we anticipate that our time and energy will not be rewarded.

#### **V. Effective communication becomes difficult.**

In large groups many may choose to remain passive, hesitant to voice their ideas and opinions for fear of criticism, unwilling to disagree or give each other honest feedback, and not fully confident that they can depend on each other. Think of the last time you were at a dinner with a group of 12 or more friends. It is almost impossible to have a satisfying conversation that engages each member all at once. Typically, the group breaks into a series of smaller conversations or a few people do all the talking while the others say little or nothing.

## **VI. Members get “lost in the crowd.”**

“Free floating” is a term Maister and I used to describe the reduction in individual effort we observed and heard about as any group grew. This phenomenon occurs because with the more people that become involved in any group, the less responsible any of them feels for the group's performance. We observed that the more people in a group, the less commitment any shows to following through on individual projects, and the less buy-in any individual has for the group's success or failure, since they sense that there are other professionals around to pick up the slack. However, when a professional believes that their individual performance is important to the group's cumulative efforts, and that their progress is **visible to their peers**, it becomes clear that they are more likely to be concerned for how their peers view them. As a result, professionals are more likely to produce when active in smaller groups, than they are on a larger team, where they can easily get “lost in the crowd.”

## **WHAT IS THE OPTIMAL GROUP SIZE?**

Groups of different sizes can behave in vastly different ways. Groups that are too small can risk having a skills gap in some important area, while those that are too large risk a loss of productivity and cohesiveness. If you don't manage to strike the balance properly with regard to the size of your group, you could well end up with a lot of preventable problems.

In early 2002, Jeff Bezos decided that to reduce communication overhead and improve productivity, ALL of Amazon would be re-organized into so-called “*two-pizza teams*” — squads small enough that just two pizzas would be enough to fully feed them when working late. This suggests that they should top out at about 8 members. The main advantage this conferred upon Amazon was the ability to spin up new teams faster, giving Amazon the power to scale more cheaply, explore new ideas easily, and ultimately ship more products to customers. For Bezos, it was his belief in building a structure that could generate the maximum amount of innovation with small, autonomous teams finding new ideas.

For the efficacy of small groups many refer to the now famous [Ringelmann Effect](#). Max Ringelmann was a French engineer who had a group of people engage in a game of tug of war. First they competed one-on-one, and then on teams. What he found: Twice as many people did not lead to twice as much effort. In fact, as the number of team members increased, individual contributions tended to decline. At first, Ringelmann speculated that more participants in a group effort made coordination more challenging. But he eventually concluded that people in large groups fail to exert exceptional effort because they are saving their energy for work that will lead to individual recognition.

Then there is a study conducted by three professors from UCLA which involves building stuff with LEGO. In their experiment they used LEGO bricks and two teams made of 2 and 4 people. The goal was to

see which side could put together a specific LEGO structure faster and better. The team consisting of 2 people accomplished the task in 36 minutes, whereas the group of 4 people finished the task in 56 minutes. **The reason now seems obvious — the more people you have on the team, the more time it takes to align them on the same page of your thinking process.**

But is there an optimal group size? Wharton management professor Jennifer Mueller who has conducted extensive studies concludes that it depends on the task. *"If you have a group of janitors cleaning a stadium, there is no limit to that team; 30 will clean faster than five."* But, says Mueller, if you are dealing with coordination tasks and motivational issues, and you ask, 'What is your group size and what is optimal?' that correlates to a team of six. *"Above and beyond five, and you begin to see diminishing motivation,"* says Mueller. *"After the fifth person, you look for cliques. And the number of people who speak at any one time? That's harder to manage in a group of five or more."*

Meanwhile, according to research published by Harvard authors, Marcia W. Blenko, Michael C. Mankins, and Paul Rogers, once you've got 7 people in a group, each additional member reduces decision effectiveness by 10%. And, unsurprisingly, a group of 17 or more rarely makes a decision . . . other than when to take a lunch break.

While I have yet to find any empirical evidence supporting larger groups, some may advance the argument with two words: *"It depends . . ."* And while the optimal size of groups may indeed depend upon the specific practice area or industry sector in question and the

culture of your firm, empirical research still strongly suggests that seven to twelve professionals is the maximum size for effectiveness. There is simply no getting around the fact that small groups work better.

**My advice has always been to ramp up your group's productivity rather than its size.**

## **WHAT TO DO**

Here are some options for you to consider:

1. Downsize any new groups being formed.

When new groups are formed, insist that they include less than a dozen professionals. When groups form around a common strategy, we naturally pay attention to the skillsets we'll need to achieve that purpose. Evaluating potential team members on the basis of how they will each contribute gets us closer to finding the right makeup and sizing.

2. Use a "Core / Resource member" approach.

Invite partners to self-select the ONE "Core" group that they are prepared to invest their non-billable time into doing substantive work in, to help the group achieve its market aspirations. Core members should consist of only those lawyers whose full-time practice efforts are involved in the specialized area. Core members meet regularly, makes decisions on the direction for the unit, help determine the

group's business development efforts, and commit personal time to chosen projects.

Invite partners to also select as many other groups as they wish, to be included as "Resource" members in. Resource members are invited to attend and participate in selective (not all) meetings, receive the minutes of all group meetings, may be asked to participate in doing some project on behalf of the groups as the need may arise – but like the darting seagull, the resource member drops their load and departs – and is NOT required to invest any time whatsoever.

### 3. Create market-focused splinter groups.

An excellent tactic may be to break up your larger groups into smaller sub-groups. Some of my client firms have come to label these their Pods; their SBUs (Strategic Business Units); or my favorite: **FOCUS** Teams (**F**inding **O**pportunities and **C**lients in **U**nique **S**ectors). To create splinters, grow an existing group to eight to ten members and then bud into two or three teams of three or four members.

Using this model, your Healthcare Industry Group could be divided into the physician practices sub-group; the hospital systems and management sub-group; the clinical labs and testing sub-group; the behavioral healthcare subgroup; and so forth. These smaller groups then provide a real opportunity for members to utilize their expertise and have an impact on the outcome.

The lesson here is that if you have big groups that are not blowing the

lights out, where members don't care much about each other and are not collaborating, maybe it's time to try some subtraction or division. Reorganize existing groups into smaller units. It may not be easy to remove some lawyers from some groups, but the long-term impacts on productivity makes this effort critical.

#### 4. Determine a price of membership

Can you think of any worthwhile group that you would lineup to join, that does NOT have some kind of formal membership fee required, in order to belong? So too is it with the highest performing industry groups.

And the specific membership fee is usually set by firm leadership in writing (set out as Expectations of Membership) and is consistent across the firm with both practice and industry group memberships. These formal expectations consist of you making a "personal commitment" to engage in activities like: agreeing to attend all industry group meetings; devoting a minimum number of non-billable (investment) hours into working on specific group projects; agreeing to provide uncompensated assistance to helping advance the career aspirations of fellow members; agreeing to be coached; and understanding that the group leader will have input into determining your compensation.

Now in firms with a matrix structure, commonly comprised of both practice groups (e.g. Litigation) and industry groups (e.g. Healthcare), a partner may choose to join one, and only one of each as a Core



member. But in order to do that the partner must commit to fulfilling a personal commitment to both. So, for example, if the minimum number of non-billable (investment) hours is 60 per year (not including meetings which is mandatory) and the partner chooses to be a member of one (maximum) practice group and one (maximum) industry group, that member is agreeing to devote a minimum of 120 hours per year to those efforts.

5. Codify how everyone will work together.

I believe one of the important activities that professionals forget to do when they create a working group — is to invest time, upfront, to structure how they will work together. You need to get to know each other, share what it is that you specifically want to get out of being a member of this industry group, and perhaps most importantly, determine some sensible guidelines by which you will all agree to behave, operate and collaborate together. Who will do what? What are the accountability measures? How will members be informed when they are, or are not meeting expectations?

I've observed that the best performing groups take the time to establish, in writing, ground rules or group agreements for how they will operate. Describe what is expected — rather than what is discouraged — while being clear that we are all working toward achieving a *shared goal*.

I was present at the meeting in London of a UK firm where the group

invested a few hours developing their "Code of Conduct" as they labelled it, and then had every member of the group sign it. There is something magical in having lawyers sign documents!

6. Seek regular progress reports.

Periodically ask industry group members to report on their contributions and to recognize the contributions of others. Recognize team members who honor their commitments and offer support to the ones who are falling short of performance deadlines or targets. Under performers may not be intentionally shirking their responsibilities; they may be simply ill-equipped to deliver what is expected.

Don't just praise the team. The promise of individual recognition creates greater incentives for members to be full contributors.



## CHAPTER 9

### Claiming To Be Full Service Is An Exercise In Futility

Too often your firm's strategy, assuming that you have one, is focused on the wrong issues.

Many keep asking, "*How can we effectively compete with (that particular firm) at what they are doing in (some particular area)?*" Firms are so intent on watching each other and imitating what each other do, that they fall victim to competitor inertia. The more your firm looks like everyone else and as any distinguishable differences between firms blur, competition leads to commoditization.

Many firms attempt to be different but are not truly *differentiated* because they pursue forms of uniqueness that clients simply do not value. Some of the most prominent examples of this are firms that propagandize their: number of lawyers; reputation and years in business; growth in revenues; promise to assign the best people; commitment to superior client service; various (pay-to-play) "Best Lawyers" awards; devotion to producing results; etc. Sorry: these are ALL table stakes, not points of meaningful, to clients, differentiation.

Look at the retail industry. Which retailers seem to have experienced the most trouble? The Departments Stores – one of the top three “*fastest declining industries*” in 2021 and comprising over 6500 businesses throughout the US. And what is a department store? A place that **sells everything**. That then becomes a recipe for disaster as it becomes very difficult to meaningfully differentiate an “*everything*” place.

Does anyone see the similarity here to firms claiming their strategy is being a “*full-service law firm*?”

I continue to be amazed by the number of lawyers who lay claim to their firms being full-service providers. And then, in those same firms, if you visit some individual attorney's Bio you find them listing far too many different areas of expertise to be believed. It would appear that in some effort not to prematurely close the door to any prospect's call, we error in exaggerating and consequently depreciating our professional profiles.

This perverted attraction to thinking that there is something special in being seen to be full-service causes us to inflate our supposed competence. It is as if it has become so seductive to claim **wide** expertise, rather than **deep** expertise, that these professionals attempt to be the answer to every client's potential problem, rather than being seen as a distinguished and believable authority in only one, or maybe two, specific areas.

Furthermore, if you explore any individual firm who claims to be full service or highly diversified you will find that 80% of its revenues usually emanates from just 20% of its various practices and service offerings; from 20% of its total client list; and from 20% of its partners.

In other words, at the heart of the 80/20 principle is a counter-intuitive yet prevailing fact – that it is often a mere 20% of your client relationships that generate the bulk of your profitability and that a large percentage of your clients and your work is either not profitable or only marginally so. Can someone then please help me understand, **what is the economic justification for not focusing on your strengths** and where the greatest value for your firm resides?

I've come to believe that it parallels most lawyers' sense of risk avoidance and how these individuals want to keep all of their options open. But unfortunately, if you examine the results, all too often by trying to be a competent "Generalist" you invariably attract many clients who may not be the best fit and who don't see any differentiating reason to pay you higher fees.

*"After all", I quiz lawyers,*

*"why should I choose you (your group / your firm)?"*

*"What added value do you bring to my particular business matters?"*

*And now wait for it . . .*

*"That I can NOT get anywhere else?"*

And for what it's worth, this is a great question to pose to the members of your practice or industry team. Let them work in small break-out groups to brainstorm an answer that might have some hope of resonating with a prospective or existing client. And this is definitely a question that is on the minds of your prospects and your clients – whether it gets articulated or not. For my part, I have posed this many times as a break-out exercise and you would not believe the difficulty we all have (myself included) in coming up with a sensible response.

If you ever study the choices and career paths of some of the most successful professionals in all fields – law, accounting, medicine, financial planning, management consulting, and so forth, you would find that they have followed a similar direction: these professionals had the courage to play high-risk for high-reward. They became successful by narrowing their focus to become the expert; the authority, the go-to resource in some chosen niche area of client need.

You can recognize these specialists by the fact that they:

- are obsessive in having a special area of industry focus or subject-matter expertise;
- don't just repeat what everyone else is saying or create generic content that someone less knowledgeable could just as easily have written;
- freely share and don't stray from their area of expertise;
- are significant—which is different from prolific—in terms of their content creation;

- have a passion for the subject matter and are perceived as an educator; and
- have a strong point of view, which is the foundation of all of their content.

I remember being struck by a benchmarking study done a few years back by the GC350 which identified in-house counsel's preferences for where they distribute their legal work. For "Specialist Advice" they reported that 45% was outsourced which amounted to three times as much as the 'low-level' or the 'day-to-day legal' work accounted for.

One of the basic, fundamental principles of economics is "what is scarce is valuable." If what you do as an attorney is rare and relatively hard to find, a premium fee is easily justified. On the other hand, if what you offer is widely available from many other firms, don't expect to have much leverage.

Just imagine that you have developed a chronic cough. It seems to be provoked without reason, is often painful and now has you waking up in the middle of the night. In spite of trying a few medications that your friendly neighborhood pharmacist suggested, and which provided some minor relief, nothing seems to really remedy your cough such that now you begin to comprehend that you had better seek real medical attention. Do you simply make an appointment with your General Practitioner, your trusted Family Doctor, even for the purpose of seeking out a referral; or do you take it upon yourself to begin to

look for a resource that appears to know this specific problem and potentially offer some highly specialized, corrective counsel?

One of the more common behaviors that we often ignore, unless of course, we are the potential buyer of professional services, like with my medical example, is the influence of . . . Google! In fact, I would assert that your biggest competitor is not the firm down the street or the largest firm in your market footprint; but your biggest competitor is often the need that we all have to do some online research to search out our available options.

News Flash: Websites have already edged out referrals as a driving influence for many buyers of professional services.

In this instance, with the chronic cough, I think we both know precisely what you would do. So, why do you think that any prospective or existing client (a typical user of your generalist advice) would do anything different? When the problem is acute, novel, difficult or high risk, they begin to seek out an expert – someone with the experience and credentials to treat and resolve the particular, specialized pain.

To build on this example, if you are pitching for a particular engagement, responding to a competitive RFP, or attempting to court some attractive prospect, if you don't possess **deep and narrow expertise** in the specific domain or niche that seems to be required, you are in a race to the bottom. If you cannot immediately outline your particular



problem-resolution approach with all its phases and idiosyncrasies, you will lose to your (one Google click away) competitor who owns the mind-share when it come to this particular niche and offers a clear problem solution.

As a full-service, all things to all people, generalist attorney trying to impress some prospect with your project management skills, your AFA experience or claims that you can do the work better, faster and cheaper, you should know, pretty much in advance, that you will need to keep your fees – very LOW – to get most of your legal work.

It has been said that the **ultimate strategy is to be a category of one!** For over thirty years my inspiration has been a guy by the name of Jerry Garcia, who many will instantly recognize as the individual who started the Grateful Dead rock band. Jerry was known to have observed, "It ain't good enough to be the best of the best; I want to be the only Cat who does what I do!"



## CHAPTER 10

### Learning Faster Than Your Competition Can Be Your Strategic Advantage

In most firms, my observation is that we seriously over-invest in the efficiency (“let’s provide a discount” or “do more for less”) arena and under-invest in having partners working to build their skills – in order to deliver greater recognized value.

As a general rule, firm leadership needs to help partners understand that they are in competition with millions of other professionals all over the world, capable of doing the same work that they can do, and the sad news is that: *“nobody owes you a career. To continue to be successful you must continually dedicate yourself to **retraining** your individual competitive advantage.”*

In his 1982 book, *Critical Path*, futurist and inventor R. Buckminster Fuller estimated that up until 1900 human knowledge doubled approximately every century, but by 1945 it was doubling every 25 years, and by 1982 it was doubling every 12-13 months. Today, IBM estimates that human knowledge is doubling . . . every 12 hours! How precise is IBM’s estimate? Hard to tell. But I suspect that you would

agree that this trend is incontrovertible. Data and knowledge are increasing at an exponential rate.

This accelerating growth of knowledge is not all we have to contend with. Compounding the challenge is how long that knowledge remains useful – or, how long does it take for your knowledge to become outdated, inaccurate or irrelevant. One measure of this is known as the **“half-life”** of knowledge, the amount of time it takes for our knowledge to lose half its value. For those in almost any profession from medical and engineering to law and consulting, the half-life of our knowledge is shrinking such that what may have been valuable to know a few years ago, may have very limited value today.

What this obviously means is that the systematic development of legal knowledge and skills, over time, depreciates in value – especially as your competitors acquire and offer similar or equivalent expertise. And with each passing year, the fees that clients willingly pay for that expertise diminishes, such that even your most loyal clients will not value as highly, what you or I do for them the second or third time as they did the first.

Therefore, I strongly believe that firm and group leaders need to pose a few very serious questions to each of their colleagues in one-on-one (virtual) coaching discussions:

1. *“Do you believe you are adding real value or simply passing along legal information to our clients? In other words, my beloved partner,*

*what is it that you can specifically do for clients today, that you could NOT do for them at this same time last year?"*

2. *"What do you need to do, in the time that you have available right now, to build your skills and reinforce your opportunities so that you can have an even more successful practice?"*
3. *"Are you sufficiently plugged into what is happening around you and inside your client's industry, such that you can interpret whatever is transpiring and be the source of proactive counsel – before the client has to ask?"*
4. *"Are you trying out any new ideas, new techniques, new technologies and I mean personally trying them, not just reading about them? Or, are you waiting for others to figure out how to innovate and re-engineer your practice – (and re-engineer you . . . right out of that practice)?"*

I would suggest that a negative answer to any of these four questions is indicative of a condition some astute observers label as *"Human Capital Obsolescence"* – a poorly understood phenomenon which has crept into many firms trending toward the LOSER end of the spectrum.

Human capital obsolescence can be interpreted to mean that there may be some partners who are not performing in accordance with what clients would accept as high value. In other words, they are merely a commodity provider; and these individual's economic contribution to your firm is no longer in keeping with what one might

expect, especially when considering an equity partner. While being labelled an “underperformer” may be a symptom of the issue, I would submit that simply having more “junk” work to occupy their billable time does not solve this problem.

I believe that going forward, the most successful firms will be those who rethink the concept of where they encourage and perhaps incentivize partners to invest some portion of their non-billable time. To succeed in today's environment of rapid change requires continually building your knowledge base, your skills, and learning how to do entirely new things. If our lawyers don't dedicate the time to building their skills, we end up solving yesterday's (commoditized) client problems (usually at a hugely discounted fee) instead of tackling tomorrow's burning issues, before someone else does.

In the long run, superior competitiveness derives from having an ability to build skills faster than competitors, and with the kind of knowledge and skills that germinate entirely new and lucrative practice micro-niches. **Knowledge and skills are the engine of new business development.**

As an example, if one looks to those firms who landed the top spots for venture capital deals last year, one firm stood out as the clear market leader having executed 20% of all of the deals done by the top 10 law firms. And according to Gunderson Dettmer's Managing Partner, the firm's success came “from its laser focus on serving the legal

needs of venture-backed technology and life sciences companies.”

Perhaps an even more powerful example of a firm building their skills and specializing in high-value work is Silicon Legal Strategy, a **23-lawyer firm** which focuses on advising start-up clients and managed to successfully execute more venture capital deals in 2019 than either Dentons or Latham.

What these two examples should serve to illustrate is that law firm leaders are not managing one homogenous firm but rather a portfolio of very different businesses.

Let me be clear, we have got to STOP thinking that law firms compete with one another. Dentons and Latham do NOT compete . . . as firms, but rather they may have some selective practices (strategic business units) that do compete. Or, looked at slightly differently, your industry groups are in a race to build the kind of knowledge and skills that determines whether they are able to secure dominance in some targeted and lucrative micro-niche markets.

Unlike the battle for global brand recognition, which is visible in the print media and aims to identify global share of mind, the battle to build competitive dominance in targeted niches is invisible to those who may not be deliberately looking for it. Firm leadership may use Chambers and other ranking metrics to track who comes out as a first-tier player in the most recognized practice areas. BUT, tell me

please, who is the leading U.S. law firm in serving Digital Transformation or Augmented Manufacturing clients – both billion-dollar micro niche markets?

How many firm executive committees discuss the critical distinction between developing competitive strategy at the (micro) level of the practice or industry, rather than simply thinking that they are being effective by developing some (macro) strategy for their entire firm?

In early 2020, my old friend Dr. George Beaton shared some data from his firm's research of the Australia and New Zealand markets wherein some 82% of clients will select a **more expensive law firm** given certain conditions. And what conditions might those be?

Of ten possible selection influencers, the most important to clients was “demonstrated expertise in their area of need”; second, “understanding of their industry” and third, “known for their leading expertise” (thought leadership) – because all of these things are perceived by the client to convey significant value. And interestingly, what Beaton Research found is that these criteria hold true across the professions (management consulting, accounting, IP, engineering) and that his firm has ***“made the same findings every year for more than 10 years!”***

And my research confirms that the same holds true in our North American marketplace.

For me, that raises a couple of strategic questions:

1. What amount of non-billable time and resources are being invested within your firm to improve your efficiency and try to proffer highly competitive (usually highly discounted) rates to do routine, commoditized legal work? and
2. What amount of non-billable time and resources are being invested within your firm to build the knowledge and skills of your partners so that they can develop a level of acknowledged expertise, sufficient to win the higher value legal work where clients are willing to pay for leading expertise?

Taking this all one step further, most law firms, if one were to observe their behaviors, do not think about competitiveness in terms of building skills. Firms seem only to judge competitiveness, their own and their competitors, primarily in terms of fee discounts and being lower priced. And I would strongly argue that those same firms are courting the erosion of their partner's skills. The knowledge and skills necessary to exploit a lucrative micro-niche opportunity requires firm encouragement and support to ensure that partners invest the time to build them.

## **Are You Fostering a Skill Building Culture?**

It is trivial to observe that most new learning happens while professionals are engaged in their various client matters. What is not trivial



to point out is that far too many firms (and their industry groups) fail to capture and disseminate much of that knowledge, such that it never gets leveraged and used to the benefit of outperforming competitors. One advantage that **should** accrue to any well managed group, is the value that each professional can bring to clients as a result of the accumulated knowledge, wisdom, systems, methodologies, and experiences of the colleagues on their teams.

*You should be identifying how your combination of personal assets (skills, strengths, competencies) and aspirations (dreams, values, interests) can create a unique and valued offering.*

As a leader, you need to instill a passion and curiosity within each partner to identify a specific skill or special interest, identify what they do not know, and what is new out there that addresses some particular pain-point that more client may soon need to solve. Then, at least once every month, have each partner pull out the list of client work and assignments that they have been working on and examine each. Allow time for each member to make a brief presentation. Because everyone knows this is coming, each is subtly forced to reflect on his or her experiences and is more likely to convert the knowledge gained from those experiences into a shared resource. Invite discussion, ask questions, provide critical feedback and examine how and whether the activities described benefit others in the group.

Start by asking of each partner, in turn, to please identify and explain

to the group any particular client matter that:

- **exposed you to an entirely new type of client / industry / geography / transaction?** (e.g. involves work undertaken on behalf of an "unusual" client as defined by the nature of this client's business, geography or matter size.)
- **allowed you to successfully deal with a relatively unique client problem?** (the particular client matter that you were handling was completely novel and involved you having to take an unprecedented approach to resolving the client's issue)
- **allowed you to develop new knowledge or refine a skill that you can now market to other clients?** (e.g. your team was asked to close a transaction in a compressed period of time, and with that deal you developed a methodology to dramatically speed up the due diligence process.)
- **provoked you to document some new checklist, tool, template or process?** (e.g. where some client work was becoming somewhat repetitive, you developed a diagnostic checklist to streamline the process and make it more cost efficient.)
- **introduced you to an important new market niche?** (e.g. you did some work with one of your manufacturing clients that exposed you to the cutting-edge designs that they were doing in 3D printing and some challenges that they were facing.)

- **allowed you to work at a more senior C-level within the client's organization?** (e.g. your work with the client culminated in their asking you to do a formal presentation for their entire executive committee on what was learned from this particular litigation matter and how it could be avoided in the future.)
- **exposed you to previously unexplored areas within the client's organization?** (e.g. your work with your in-house legal contact introduced you to the executives within the company's Risk Assessment Department and some of the new issues that the entire industry was having to address.)
- **exposed you to technology being used that could be emulated within your firm?** (e.g. your legal department client had AI-driven internal knowledge-sharing programs and a virtual-reality system to promote collaborative internal experiences.)
- **allowed you to conduct some research or identify some new industry trends?** (e.g. your work with the client involved you in conducting some research with other industry players / regulatory authorities, etc. and identify findings that proffer new trends impacting the industry.)
- **provided some insight that can allow you to build your professional thought leadership?** (e.g. your work with a client exposed you to fresh knowledge that could be leveraged into an important

article and/or seminar presentation on a subject that was both valuable and innovative.)

- **enabled you to collaborate with some other multi-discipline specialist to provide a total business solution?** (e.g. your work with a client had you working hand-in-hand with a specialist in predictive analytics such that you learned how the combination of your two disciplines delivered enhanced value for the client.)

Simply sharing the knowledge and experiences acquired while working with clients can be a powerful influence on our learning. It often forces us to relive and re-examine the entire situation and better understand what actually transpired as we were engaged in helping our client deal with their issue. We build confidence in what we accomplished, how we did it, which furthers our perception of what we learned from the experience. And our colleagues may often raise insightful questions that can then shift how we might approach these same client situations in the future.

*"Before you are a leader, success is all about growing yourself.  
When you become a leader, success is all about growing others."*

– Jack Welch, former CEO of General Electric 1981-2001.

Skill development comes in little bits and we need to capture those little bits, especially where some experience might portend an entirely new area of possibility, lucrative micro-niche or emerging practice

opportunity. If it might help, encourage one member of your group who has the appropriate interest to serve as your team's curator of knowledge (I heard first-hand about how this worked well at Skadden). Consider assigning some duties to a support staff person who could help coordinate and assist your team in capturing and disseminating the experiences reported at the meetings.

Being a non-billable activity, skill building can become infinitely postponed, such that any time devoted to capturing and sharing knowledge becomes a "backburner" priority. Therefore, it is important to remember that, in these increasingly competitive times, the issue of continually building marketable skills requires a longer-term focus. Small bites are better than no bites at all.



## CHAPTER 11

### Embrace Thought Leadership As Your Industry Group's Strategy for Growth

Successful thought leadership does not arrive by virtue of having a published idea linked to a hope that someone will recognize brilliance and sweep your industry team from obscurity into prominence.

Thought leadership only matters if you address a specific audience and can present new ideas that improve their life or work. The best thought leadership, therefore, helps people in an industry do something better or gain insight that helps them better understand their market or their problems. **There is little generic thought leadership that is useful.** In a globalized online world, clients can quickly find an alternative to you. To establish your group as having an expert reputation – including those who don't just participate in the industry discussion but drive it, requires consistent, diligent effort.

Thought leadership should intrigue, challenge, and inspire even those already familiar with your firm. For your strategic purposes it should help start a new client relationship where none exists, and it should give existing clients comfort that they have made the best choice in selecting your team as their trusted industry advisors. And because

achieving recognized thought leadership is often the result of undertaking a number of different initiatives, every member of your group should be able to identify some element that they feel comfortable in working upon. Make sure that your group members all take part in the creation process and that they understand and support the goals you are trying to achieve by building thought leadership.

To that end, here are **12 recommended actions** for how you and your group might develop a position of being recognized industry thought leaders:

### **1. Determine precisely who your group's thought leadership is targeting**

First and foremost, burn this into your brains – if everything you and your group does in an effort to build real thought leadership, applies to “everyone” in a general industry (e.g. Manufacturing Industry) you will only serve to dilute your impact and your value. Instead, define your niche. Focus on your best prospects (e.g. the Augmented Manufacturing and 3D Printing micro-niche and those companies that occupy that space); learn everything you can about their needs, challenges and pain points; and then demonstrate your knowledge about those topics of greatest interest to them.

Part of offering insightful expertise is determining with your group, where an industry's greatest or newest pain points are and what you are most expert in addressing. Great thought leaders and especially

industry thought leaders, need to first understand their specific niche. Start with your high-level industry and then drill down until you're left with a specific niche in which you have the aptitude, skills, experience and above all, the passion, needed to become a subject matter expert.

## **2. Continue to invest time gaining an in-depth understanding of the industry dynamics**

Becoming genuine thought leaders requires that your group members understand recent industry challenges, marketplace demands, and can easily talk about industry idiosyncrasies without getting blindsided because someone didn't think through all of the issues. Make sure that you are all looking for where the new technologies are being introduced and the strategic investments are being made within the industry that might serve to impact clients.

Industry thought leaders are not afraid to challenge the status quo, champion ideas and fuel new thinking. You might even have a group member who has subject matter expertise in some area (e.g. advanced material sciences) that could reinvent your Manufacturing client's thinking

## **3. Position yourselves as highly insightful resources**

Now, understand this – clients resent being pitched. Genuine thought leaders use their presence, be it on the podium or in their written communications to establish themselves as experts by addressing



critical industry pain points, answering questions and providing meaningful guidance. Clients want helpful, prescriptive information and if your ideas are valuable and meaningful, clients will come to you and they will ask you how you managed to deal with the situation or problems you identified. When that happens your thought leadership begins to evolve into a relationship.

Demonstrate that you are a curator of trends, insights, hard data and that you have your finger on the pulse of the industry. This tells prospects that your group is the one-stop resource for everything they need to know.

#### **4. Be generous with sharing your expertise**

You and your group's thought leadership should be a resource that you share with an eye toward building brand value and meaningful differentiation, not immediate revenue. I have always believed and behaved in accordance with a principle I learned from my good friend, David Maister – *"reputation before revenue."* The ROI may seem slow to accrue but when industry representatives start seeking out your opinion and conference organizers are inviting you to present, you will know that you are beginning to achieve true thought leadership.

Industry clients want lawyers who have invested the time to know the mechanics involved in their business, recent challenges, competitive pressures and where the growth opportunities exist. Their legal

advisors are more proactive about informing them of what is on the horizon and can drive their thinking and help them prepare themselves for what's next. To be great at thought leadership requires a deep understanding of what a client company is proficient at doing and identifying those pitfalls and developmental areas that will allow it to flourish. They can hire lawyers to address their legal problems, but your clients value your insights and ability to apply new ways of thinking into understanding their aspirations, their opportunities and providing business solutions.

## **5. Offer a unique perspective**

Don't expect to be seen as the experts if all you do is rehash the same content that others have already covered. There is a lot of *wishful* thought leadership content being offered that does nothing more than regurgitate what some regulatory agency announced with a two-sentence analysis. Don't embarrass yourself! You need to stretch and provide something fresh, something prescriptive, and it never hurts to occasionally even be a touch controversial. There are a number of ways to get noticed:

- Take a position on something meaningful (like I'm doing here on the strategic importance of having an industry focus) and interpret it for others.
- Be seen as the source of information and guidance that clients are talking about amongst themselves. You have to be introducing new ideas on a near-constant basis.

- Show your group's "*brand personality*" – your passion about solving problems and eagerness to take on challenges with an enthusiastic approach.
- While your opinions are important, be sure to prove your expertise wherever possible and show the data that supports what you are saying.

## **6. Get actively involved throughout the industry**

Being a thought leader also involves networking with industry players, attending industry conferences and expositions, and getting active (not just taking out a membership and attending the odd event) within the industry organization (if there is one). In some instances, you may be serving an industry micro-niche (e.g. e-sports) that is still evolving such that there is no formal industry organization. So . . . do I need to tell you that maybe your group should work on starting one? And getting involved may also mean running workshops, hosting events, conducting pro-bono assignments, sponsoring an academic program, or perhaps starting a not-for-profit that redefines an idea or provides a forum from which others can actively invest to achieve a particular industry advancement result.

## **7. Become prolific writers**

Start by finding out what publications your industry audience is reading and what industry websites are most popular. Getting published in recognized industry publications, being recommended to guest author blogs or book chapters, or even authoring an e-book or

educational client guide serves to establish you and your group as having significant influence. Consider getting creative with some of your writing by doing something interactive like posting a quiz or offering your readers a survey to help them explore different options for handling a particular industry issue.

If you are writing a blog, you want people to find it. To ensure that Google “sees” your site, you have to have lots of searchable content available. Start with relevant blog posts – at least one a week – then add downloadable eBooks, white papers, videos, tip sheets – many forms of content that go deeper into a topic than just a blog post. These are the best ways to showcase your knowledge and expertise, and to establish industry credibility.

Write enough articles and podcasts and soon you have a book. One of my books, *“Serving At The Pleasure of My Partners”* is simply a compilation of 18 articles, authored with the insightful contributions of 10 esteemed law firm leaders, addressing challenging questions that were put forth by brand new managing partners. There is no more definitive proof of thought leadership than authoring a book on your chosen industry subject.

## **8. Instigate industry research**

Thought leadership is also about actively pursuing possibilities and sharing that enthusiasm for exploration with industry players. Identify an important topic worthy of researching industry participants about

and initiate a formal research study. One of the greatest thought leadership influencing ingredients is primary industry research – being the ones with the one-the-ground statistics to demonstrate your knowledge. Thought leadership should excite and nothing excites more than going on a journey into the unknown be it to figure out how the industry might evolve over the next decade or what technological innovations might seriously disrupt how things are unfolding today.

### **9. Posture yourselves as a great source for media commentary**

Having your group members being quoted as knowledgeable sources in reputable news articles is an excellent way to establish credibility. Industry participants need to see you as having an insider's view and knowledgeable with respect to their latest industry news. Spare no effort to make contact with and get to know the right industry reporters, journalists and commentators (in print, radio and television) – make yourselves available for being interviewed and make that a top priority when they do call.

### **10. Launch your own podcast**

Initiating a regularly scheduled audio or video podcast to discuss important industry-related topics, interview one of the industry leaders, or having a panel discussion with other industry participants can serve to have your group perceived as providing worthwhile industry content. 73% of marketing professionals say that webinars are the most effective tactic for generating high-quality leads. And don't be the least bit shy about calling upon your well-known connections, flaunt-

ing high-level affiliations and leveraging industry celebs. Remember that old adage: *"you will be known by the company you keep."*

### **11. Create a robust online presence**

Social media platforms are populated with people trying to learn more about, find answers to, and/or solve problems they are having to confront. Having your team members monitor social media sites for industry specific questions can help you identify opportunities to share your expertise. Get involved on as many industry-related social media platforms as possible and reach out to new people regularly. For example, search LinkedIn for every possible industry-type group and join those groups to identify issues that members are discussing and to provide informative, non-promotional assistance. Start reaching out to potential influencers in the industry and talk to them about what's on their minds.

### **12. Be market-focused**

Offering opinion or predictions about the future direction of the industry based on your research, your experiences, your in-depth observations, your corroboration with third-party sources or industry leaders can serve to differentiate your group from any other competitor. Don't be afraid to make bold claims and big extrapolations about the impending development of your chosen industry. And your thought leadership also needs to be turned into a campaign – tweeted, Facebooked, webinarized, even advertised. If your team thinks that the unique content they are generating and the ideas themselves will go

viral and make everyone instantly famous, they are likely to be disappointed. Your thought leadership efforts needed to be treated like a product of your industry group and marketed both within your firm and externally. And don't be shy about seeking out any "awards that matter" to your chosen industry and make an effort to be considered.



Keep in mind that showcasing your group's expertise and knowledge helps with talent acquisition as people want to work with those who are outstanding in their chosen niche.

Being a thought leader also means being a patient leader. Thought leadership requires perseverance and dedication as you cannot ex-

pect that it will immediately produce a stream of clients. Over time, thought leadership builds a following, but how long that takes depends on your group's collective time investment, and most importantly, the value of the ideas. In the process your group needs to be willing to examine whether things are really working, reposition content that is not, or abandon it for a new, better position.





## CHAPTER 12

### Monitoring Industry Trends

A short time back, a Fortune 500 General Counsel directed my attention to the K&L Gates HUB, which was launched in 2015 as one of the first sites to provide relevant trends by industry. In fact, HUB claims to provide instant access to the latest business and industry developments and updates across 34 industry sectors. Content on HUB includes client alerts, articles, events, podcasts, presentations, and more. By way of just one example, you can access “The Energizer” a bi-weekly update that is available to the Energy Industry covering new developments.

As I have been attempting to convey, clients don't see the world along your conventional practice group lines. In presenting trends and thought leadership by industry rather than practice, K&L Gates is able to provide content that reflects how clients self-identify. Most importantly, according to one firm partner, the firm has benefited from an increase in client work from those companies who are active and frequent users of HUB. So, how might your group provide this kind of meaningful content?

For our purposes here, one activity that I have learned that only high-performance industry groups do, is they engage everyone – core partners, associates, and even paralegals and support professionals in a monthly meeting specifically to review the trends impacting their clients. Now, one of the challenges that every industry group leader faces is dealing with busy professionals living in a bubble; head down and consumed in solving client issues such that they are not involved in looking outward or knowing anything about what developments may be transpiring that could affect their practices and their future prosperity. So, one of the important subjects that your group needs to devote some time to focusing on, is in identifying emergent market-place changes.

Industry group leaders who do this with their groups will tell you that the benefit of investing the group's time in this kind of meeting activity is that:

- some of your fellow teammates may be exposed to relevant information or be in direct contact with phenomenon that would be of significant benefit to the group as a whole, if it were shared;
- weak signals of some impending trends, if recognized early enough can give your group a head start to prepare for taking advantage of identifying new client needs to exploit or competitive challenges to address;

- for any industry group, having a grasp for what might be around the corner and being able to communicate and share that with your clients (as K&L Gates is doing) would be of immense value and help differentiate the group's services in a very meaningful way; and
- the degree to which the identification of a specific identified trend serves as the catalyst for members of your group to want to initiate some particular change, is far more determinative of the group progressing, than if the idea comes only from the group leader.

Whether you're ready for them or not, emerging trends, new developments and knowing what's coming around the corner can keep your industry group poised to be responsive. The type of research you need to be constantly conducting can give your group not only the knowledge to make decisions and excel in your field, but also move you past the competition. Staying on top of industry-related market information can be achieved, in the following **10** ways:

### **1. Attend Industry Conferences**

Whether in-person or now by virtual attendance, conferences offer several opportunities to learn about clients. Keynotes can show you who they look up to while sessions can help you identify the thought leaders they're following, and the question-and-answer portion can help you learn about those important issues that are on your prospective client's minds. Is there a common pain? And whenever some

group member attends a conference consider having them brief the entire group and/or draft a write-up with their biggest takeaways which can then be posted electronically so everyone in your firm might gain valuable insights on the latest industry trends.

## **2. Read Industry Publications**

This may sound outdated, but trade publications are still one of the best ways to stay in the know about specific issues in any particular industry. Identify, subscribe to, and read (in print or online) the various relevant industry journals, articles, and newsletters – not just in your geographic locale, but internationally. To be in the know about emergent issue often requires looking to identify developments going on in some other part of the country or in some other country that may eventually make their way into your jurisdiction.



## **3. Monitor Industry Blog Posts**

Industry blogs are always a good place to keep an eye on what subjects your clients are currently reading about. To keep all of the industry blogs you're following in order, use a news hub that lets you pull con-

tent from specific blogs or containing specific keywords into one platform. Also, set up Google Alerts. One option is to subscribe to keywords within your industry and/or specialty area (e.g. "technology driven manufacturing" "manufacturing trends" "augmented manufacturing" "3D printing"). In addition, set up alerts on your largest client companies and you can also set up an alert on any chosen competitors.

#### **4. Explore Industry Leader Research**

Identify and monitor those companies within the industry who are known to engage in producing their own original research and obtain summaries and/or transcripts of the results, as this material is often prescient in identifying which directions the industry may be moving in, over the near future. You might also listen to / watch podcasts and video interviews with industry leaders as they will often, especially in response to specific questions, disclose all kinds of information on where and how they see their industry evolving.

#### **5. Analyze Others Serving the Same Industry**

There are experts out there who are paid to do market research and deliver it to you. For example, [Kaitongo](#) is an AI-based platform for law firms that provides industry focused, actionable client and market insights. You might also keep an eye on what large consulting (BCG), accounting (Deloitte) and executive search (Korn Ferry) firms serving the same industry are identifying as key trends and look for the free reports and data released by, or in association with, various industry analysts.

## **6. Network with People in The Know**

Build and maintain a close group of experienced industry advisors to meet with your group on a regular basis. By surrounding yourself with and/or hiring people who are experts, you'll always be the first to know what the latest hot item or trend is. Don't be afraid to ask questions. Industry experts usually relish sharing their knowledge.

## **7. Engage with Clients**

Do you notice clients and prospects asking specific questions that they never used to ask? Survey your client base to solicit first-hand experiences, concerns, perspectives, to ascertain how they perceive their industry and their markets to be changing, and what it is that is of most concern to the leadership of these companies. Don't ever underestimate the power of your client bases' insights and discussing the concerns of prospects can be particularly enlightening.

## **8. Be Active on Social Media**

Scour websites, LinkedIn discussion groups, and influencers within the industry. Make sure you customize your business's feeds on Twitter, Facebook, and Instagram so that you can easily scan the relevant and trending industry topics of the day. Scan and engage in forums and discussion boards and get the top industry news delivered straight to your inbox.

## **9. Keep Tabs on Competitors**

Think you spotted a trend but aren't sure if it's anything that will catch on? Looking to see what competitors are doing can sometimes help

you figure out if they're responding to what you see as an emerging trend. Sure, staying ahead of the competition is key, but knowing what other firms are up to, is one part of coming out on top. For example, Orrick released an [installment](#) in a series of publications dedicated to exploring macro trends in Life Sciences intended to focus on exploring the current drivers that define that sector.

## **10. Leverage Others Across Your Firm**

Let your fellow Industry and Practice Group Leaders know what you are doing and invite them to share information that they may come across that is pertinent to your desire to monitor these trends. Invite everyone in the firm to send a quick email to share interesting findings or articles. A [Slack](#) channel for sharing this sort of information can be helpful.

NOW, have each member of your industry group voluntarily select one or two of these as their personal investment and commitment to actively monitoring industry trends. Then initiate one formal monthly discussion amongst your entire team (reference Chapter 7) to organize, codify, share, analyze and determine action plans around those trends they collectively discern as being most important to your group's clients.

For every practice and industry group there remains a need to look to the horizon to see how the future will unfold. Behind every new trend and its ensuing ramifications is either a potential marketplace threat or

a window of opportunity. Those keen enough to perceive the trends early are in a prime position to pilot their practices and their industry groups into a more promising future. The obvious challenge is to be the first to see the future and then devise appropriate action plans to take full advantage.





## CHAPTER 13

### In Matters of Industry Group Strategy: Beware of Best Practices



I was taken back recently by an article wherein the author, a law firm consultant, was promoting the concept of best practices and how his firm had developed an “evaluation tool” to assess how close you are to achieving a true industry focus. The proposition was that they have

a “diagnostic tool which allows your firm to assess the current level of effectiveness of your existing industry strategy.” It all sounded so compelling. They then suggested that your firm could engage them to help you “progress to the next stage by way of a workshop to run through the issues identified and explore the gap and the solutions.”

Whenever I hear that term “best practices” being used it reminds me of this habit I have of asking firm leaders whether they see the strategies of other competitors becoming more alike or more dissimilar. Whether it is a focus on trying to get bigger (mergers) or trying to get better (process improvement) it would appear that firm strategies converge as supposed success recipes get slavishly imitated and nowhere is that more apparent than amongst those adopting “best practices.”

In a past life I served as a VP in a publicly owned telecommunication company wherein if someone were to pose a new strategic idea, what they would hear from the CEO was, “*that sounds interesting; tell me who else is doing that?*” When I came to lawland, I observed the very same behavior in that when someone posed a new idea, they would elicit a very similar response – who else is doing it? While that question was the same, the motivation for asking it was completely different. In the law firm, the risk-adverse lawyer wants to know that someone else has already taken this route so as to minimize any potential downside. For the corporate CEO, the reaction to hearing that someone else had already done it, would be to wonder aloud,

*"if it's already been done than why would we want to waste our time doing the same thing."*

What I quickly learned was that **if your strategy ain't different, it's dead!**

Those who are clearly winners in achieving a true industry focus or in any other means of creating new revenue streams, possess highly differentiated strategies. They constantly ask themselves questions like:

- Has our strategy changed in some important way over the last two years such that we have built new competencies, entered new market niches or developed new competitive advantages?
- Do we do anything that raises the bar for what clients can come to expect from law firms like ours?
- Do other firms see us as leaders in some definitive market or simply as followers?

What is it about this term, 'best practices' that makes it sound so persuasive, and yet why don't they always seem to work as well as some might be suggesting? I would caution that it is nothing more than the myth of a single standard of excellence; the one right way to compete.

In fact, I have a few concerns that come to mind that I believe are worth you considering:

### **1. How do you know that what is labeled a best practice even works?**

Sometimes an approach to achieving something is framed as a best practice. But when critically examining any approach our first question should be *"Did it work?"*

For any practice to become a good practice, it needs to be shown to be effective in the real world. For example, I'm told that when you undertake a website optimization initiative, it's vital that you test and retest the things you want to change to determine what will work best in your unique set of circumstances. To become a best practice, it needs to be seen as the most effective approach to accomplishing a goal, in a repeatable fashion over a large sample.

### **2. And how long does it take for a certain technique to be deemed better than others?**

Best practice has come to refer to the most preferred way of performing a certain task or tackling a particular challenge, as opposed to any other way. But who decides the best practices and how long does it take for a certain technique to be deemed better than any other? Does what constitutes a best practice shift over a period of time?

The business world once moved at a significantly slower pace, a pace that may have made emulating best practices prudent. However, things no longer move slowly. By the time firms identify a best practice today, the situation that warranted the development or implementation of the best practice might have changed or may no longer

be present. How long does it take for a best practice to be deposed from its throne of supremacy? The ambiguity of the answers to these questions should lead anyone to question the validity of what is deemed a best practice.

### **3. Don't best practices simply have you committed to the past?**

Should firm leaders focus on developing best practices, which are based upon the past, or should they be thinking ahead? When we limit ourselves to the best that others are doing, we blind ourselves to the reality that our world is constantly changing, that the best practices of today may become quickly obsolete.

As but one example, we only need look at how the music & publishing industries continued to cling to outmoded business models as digital transformation became commonplace. And yet how many in the legal profession still embrace outmoded business models with no attention to how digital transformation is disrupting the delivery of services. One need only observe Wilson Sonsini's legal technology arm, SixFifty unleashing its tech based legal assistance to provide automated legal guidance.

### **4. How do you know that you have identified the real best practice?**

One of my learnings from researching how organizations are using best practices is to discover that it 'isn't what you see, it's why you see it' that can make something a best practice driver. For example, Peters and Waterman, authors of *In Search of Excellence* later declared

that MBWA, “managing by walking around,” was not the real excellence issue. It's why the managers of excellent companies spent a lot of time in direct contact with their people that made them excellent. The fact that we give examples of communicative practices or processes can be a misleading paradox.

The point is, your organization's belief in the importance of communication is more important than any communicative act itself. The belief that drives the process is the real best practice.

### **5. How do you know that what masquerades as a best practice isn't an exaggeration?**

In a number of instances, the specific initiative that someone touted as a best practice, is discovered to be nothing more than a gross exaggeration. In one of my earlier articles I detail how journalist interviews with firm leaders and others often incite people to misstate the true facts of what has worked or not in their firms – often in an innocent effort to simply cheerlead their achievements.

### **6. If a best practice actually works, how do you know it will work in your firm?**

I think that many people believe that following what is labeled a best practice, acts as insurance against criticism if it doesn't work. There's nothing wrong with identifying and comparing different approaches to solving problems or satisfying business requirements. We don't need to reinvent the wheel or repeat mistakes that others have made.

BUT, what if - your client base is different and you operate on a different geographic platform. In today's world when everything is dynamic, even if some approach or practice did work, how do you know that it will work in your firm, with your culture, and with your people, facing your circumstances. What constitutes "best practices" is probably **unique** to each firm.

Nevertheless, I often come across documents, templates and checklists used within some firm that were simply photocopied by an eager administrative professional, a recent lateral hire from a competitor. Within short order someone's supposed best practice forms or process now serve to infect multiple firms.

## **7. Why is it that we're always looking for the simplest solution?**

Searching for best practice is often akin to wanting to find the secret sauce – some easy answer to our perplexing firm management issues. When we then latch onto some other firm's approach, we may have simply deluded ourselves into thinking that there is some simple solution available. Often, people wonder why they should invest time in reinvention when someone has already done the task for them. Thus, best practices can, perhaps inadvertently, become an excuse for reluctance to innovate where required.

This brings us to another interesting question:

*Is it even possible to adhere to a best practice without losing the spirit of innovation?*

## **8. Don't best practices set a bar on and frustrate future innovation?**

One of the observable shortcomings to accepting best practices is that it sets a standard that can then cause people to aim for that benchmark and NEVER strive to do something even better or innovative. They stop once they reach the best practice. When that happens best practice actually stifles creativity, insight and doing things differently. I believe it actually promotes mediocrity.

My old friend, Mike McLauglin author of [Winning The Professional Services Sale](#) penned a piece about Best Practices that is worth sharing an excerpt from:

*It's tough to pinpoint when copying some other law firm's tactics morphed into "adopting best practices," but somewhere along the line it did. The notion that an organization can transplant the ideas of another has become so widespread that it's no wonder so many professional firms look remarkably alike.*

*Of course, there is value in learning from others' experience and success. It's natural to look at how another firm (especially a competitor) created a new market opportunity. Many firms face the same kinds of challenges, so applying others' tested strategies and tactics often seems like the ultimate shortcut to salvation. But too often, following others' practices results in wasted investment and disappointment when the results fall short of their original application. Here are four reasons you should dump best practices:*



***They rarely work.***

*A firm's best practices—however widely admired—function in the context of its particular organization's processes, culture, systems, and people. Plucking a practice from the situation that brought it forth and trying to graft it onto another firm produces results that are by no means guaranteed.*

***It's a follower's strategy.***

*In an era when clients demand creativity and innovation, why follow someone else's lead? In the long run, relying on best practices will doom you to mediocrity. Instead of getting bogged down trying to reverse-engineer the strategies of others, find your own path. Be the leader, not the follower.*

***Change comes from within.***

*People rarely respond well to implementing some other firm's ideas. In fact, best practices that come from on high usually cause resentment. Let people create their own solutions using their in-depth knowledge of your firm's clients, suppliers, employees, and processes. That will result in ownership of the ideas and determination to get results.*

***They don't come with a manual.***

*Business books and benchmark reports are full of snippets about best practices, but they rarely explain what to do with them.*

The problem with best practices is this: Using them as a guide lulls people into thinking that a practice already exists, tested and ready,

and can be successfully transplanted. When you import a practice, thoughts immediately turn to how to implement that practice, when you should instead focus on what needs to be done and why. If you begin with a predetermined solution, you're more likely to overlook innovative ideas right under your nose.

As C.K. Prahalad, co-author of **Competing for The Future** once said:

*"Best practices lead to agreement on mediocrity. Because all of us benchmark each other, we gravitate towards mediocrity in a hurry. What we really need is to ask what is the next practice, so that we can become the benchmark for other competitors to follow."*

The only good use of the so-called best practices is as generator of **Next Practices** – new ideas and new possibilities that you might be able to take in, digest, and adopt to your situation. It's a lot like the typical business school case; it is not intended as a recipe to be followed, but rather as an example of what other people did.



## CHAPTER 14

### What to Do If Your Chosen Industry Falters

After writing about the need for law firms to establish industry teams for some time, I received the following question recently from an industry group leader:

*I have been following your counsel on the merits of having Industry specialization — which I agree with. But what happens if the industry that you happen to have selected, like retail, is now being decimated by a pandemic or some other unpredictable disaster?*

Retail is among a number of industries that have experienced severe stress, previously from the trade wars and then due to the shuttering of many brick-and-mortar stores due to an ongoing pandemic. Indeed, we witnessed something akin to a collapse in the clothing apparel retail segment, with J.Crew, Neiman Marcus, and Bergdorf Goodman at one point, all filing for bankruptcy. While these business failures appeared to result from a dramatic and immediate reduction in demand, other factors were largely observable and predictable to anyone monitoring trends in the retail industry.

One of the new trends in the brick-and-mortar world is utilizing creative strategies for reaching shoppers in new places, by opening temporary “pop-up” and “pop-in” temporary stores all over the world, which serves to boost sales and drive more traffic to the brand's website. And, instead of having you wait outside a supermarket or trying to secure a slot with one of the grocery delivery apps, we have begun to see “supermarkets on wheels,” like giant ice cream trucks, rolling into your neighborhood.

So, in response to this industry group leader's question, my follow-up would be:

*Have the members of your industry group monitored and discussed (especially during monthly industry group meetings) the evolving trends that are impacting your chosen industry?*

Along that same theme, here are a few strategic recommendations that I would offer to any industry group:

### **1. Always be monitoring emerging trends in your chosen industry**

If your group has been monitoring trends, you would no doubt have seen that for some time now we have been living in a world where *digital* dominates every aspect of business — and the retail industry is no exception. Advances in science and technology; the moves of major online competitors like Amazon; and the changing way that goods are produced, shipped, shopped for, and sold has been dramatically

transforming the retail customer experience. Indeed, these same factors have been impacting the retail industry for some time, in large part because retail has been slow to embrace this technological revolution.

Your team should be looking to other sources of industry trends — like *Deloitte's Annual Consumer Change Study* where your group members can learn about where retail consumers are going to shop, how they are spending their time, what matters most to which demographic and income groups, and how the industry's competitive market is changing.

## **2. Be vigilant in how the application of new technologies will transform your industry**

Retail has been ushering in a new frontier known as retail tech for some time now, and this should be an area with which any law firm focusing on the retail industry should be familiar. So, another follow-up question I have is: *Have you specifically identified 'retail tech' as one of your areas of niche specialized expertise?*

The ways that the more traditional retailers have been changing customers' experience has included such innovations as *cashier-less checkouts*, where you can take products off the shelf and walk directly out the door as computer vision combined with digital payments make sure the right customer is charged for the right purchase. Given

the transformation of the industry due to the pandemic, expect many more industry participants to increasingly explore different ways to enhance and improve the shopping experience – both in person and virtually by way of e-commerce. In fact, already such innovations as automation enabled by robotics, artificial intelligence, drones, chat-bots, are helping nimble startups scale-up quickly and compete with incumbents faster than ever before.

Further, more cutting-edge innovations are being used — such as virtual and augmented reality that allows for virtual dressing rooms both in the stores and in your home; and body scanning to produce exact measurements, and 3D printing to produce garments in real time based on your exact measurements and specifications. In fact, shoe manufacturers such as Adidas have already been testing this with running shoes for some time now.

Given this level of innovation, my question now becomes:

*Will you be familiar enough with these new technologies and the potential legal issues that may be involved for your clients as they utilize these advances?*

### **3. Be cognizant of how all industries eventually “fracture” into multiple micro-niches as they mature**

The retail industry may have had its origins in brick-and-mortar stores where consumers went to purchase their food, clothing, personal

items, and furniture. And as impactful as e-commerce had been, it still represented less than 15% of U.S. retail sales. (That, however, was *before* the coronavirus showed up.)

Today, the retail industry is comprised of dozens of different micro-niches which today, include a diverse selection of companies trying to improve online shopping. A number of these micro-niches within e-commerce are gaining increased traction as a huge number of consumers shift online. Not surprisingly, digital platforms for wholesale groceries, autonomous delivery robots, and tools for real-time data collection and analysis are growing apace.

Other retail micro-niches include platforms focused on helping wholesalers or small businesses sell their products online; “resale and rentals,” which includes companies dedicated to the resale of refurbished electronics as well as resale of fashion, books, and miscellaneous items; and the rental enterprises to handle transactions as diverse as art and camper vans.

With this explosion of retail-related micro-niche activity, my question then becomes:

*Have you compiled a list of these various retail micro-niches and specifically identified those where your group members may have already had some experience in working with their clients and those that are likely to experience growth post-pandemic?*

#### **4. Identify those specific issues most in need of your specialized expertise**

In this hyper-competitive online environment, retailers and shopping centers are drastically trying to cope with a demand that overwhelms their website capacity and therefore are desperate to upgrade their e-commerce sites.

Meanwhile, privacy and governance are critical concerns when it comes to collecting and using consumer data as the financial and reputational consequences of any data breach can be enormous. These clients will need your group's guidance on everything from managing consumer data safely to avoiding litigation risks. Further, clients will need advice on handling negotiations with creditors, with landlords and dealing with new regulations. And this doesn't even touch on the number of your clients that will need legal help with restructuring, recapitalization, and even bankruptcy. These are the areas in which your group has the specialized industry expertise to be seen as a trusted advisor.

#### **5. Finally, ensure that your group “pivots” to position itself as serving selective micro-niche growth areas**

Industry groups have an inherent advantage: they can build brand loyalty and authority by focusing on selective micro-niches in which they can build a dominant presence. Clients are likely to favor those firms where they can find the expertise that they need. Then, once authority is established over a niche domain, it can serve as a strong and wide competitive moat to keep other law firms at a competitive disadvantage.



## Appendix I: What Industries Will Become Obsolete in the Future?

It's tough to change, but your career could depend on it. Be flexible in your career – and talk with your kids about their own aspirations, because if you want to prosper over the long haul, you need to think about how industries are changing. I want to put a disclaimer on this list. No one knows for sure which industries and professions will or will not exist or how they will morph into new incarnations of themselves. Here are some that I have been thinking about:

- **Real Estate Agent:** The old days of having a person pick out a home for you to tour are swiftly slipping away. There are so many sites to help you choose the location, school system, amenities, etc. of a new home, that real estate agents are starting to disappear. As the final stages of where you want to live come closer, you may want the help of a real person, but the fees they charge are coming under pressure as their value diminishes.

- **Truck / Taxi Driver:** Driverless technology is advancing quickly. It's estimated that roughly 33 million autonomous vehicles will be on the road by 2040.

- **Doctor:** This is controversial, because so many people want to be taken care of by a live person. The pandemic ushered in the transition

to telehealth. I believe that we are about to witness another revolution. No one doctor has all of the knowledge to diagnose a patient, and they do not have all of the historical data and possible treatments at their fingertips. As soon as global medical data becomes available, the computer can diagnose, research DNA, and set about a cure for the vast majority of people. Today, not all medical data is shared.

- **Librarian:** It pains me but gone will be the days of researching or reading in a library. The digital library is at everyone's fingertips.

= **Cashier:** In the old days, there had to be a person to check you out, take your money and give you change or charge your credit card. We are rapidly moving into becoming a cashless society. Gone will be the need to even learn the life skill of making change; our computers will perform all of the banking needs we have. Amazon, through its Amazon Go brick-and-mortar stores, is experimenting with a new checkout system. You scan an [Amazon Go](#) app at a turnstile when you enter and just exit without checking out when you leave.

- **Delivery Driver / Mail Carrier:** As drones get more sophisticated, there will not be a need for humans to deliver packages and mail. Much of your junk mail has already been converted into junk email. Even Social Security has abandoned physical checks, and many utility companies are moving in that direction with their billing, too.

- **Bank Worker:** Banks are going to physically downsize, as much of our monetary transactions are done digitally. Bank branches will begin to close as online banking increases. Millennials are also using digital solutions for their investing needs. The Fintech world is exploding with new mobile investing devices, as well. As people become more comfortable with investing digitally, it will mean there will be fewer and fewer live financial advisers and bank personal.
  
- **Sports Referee / Umpire:** Even soccer's governing body, FIFA is relenting to pressure to introduce more technology into the game with video assistant referees. Many other sports, such as tennis, also have been using technology to make real-time decisions.
  
- **Fishers:** We have overfished our waters in many places, and global warming is negatively impacting remaining species of fish. If we are to eat fish in the future, it will most likely be farm raised. The typical fisher will no longer be able to go out and fish.
  
- **Lawyer / Legal Secretary:** Deloitte has indicated that over the next 20 years, 114,000 legal jobs could be automated. It is similar to the medical profession. Our digital world can instantaneously provide case history and feed your data into a system to find your legal solutions. The documentation could also be filed electronically.

- **Factory Workers:** Automation is already interrupting these professions. It is estimated that there will be shrinkage of over 204,000 jobs by 2029.

- **Travel Agent:** Before the internet, it was really great to talk to a live person who could help you cobble together your whole vacation. That professional could get you the best hotel and accommodations at the best rates. Today, there are many easy-to-use websites and apps that can help you research and book every part of your vacation. Employment for travel agents is expected to fall 26% from 2019 to 2029.

What I want to highlight is that new ways of doing things greatly impact the jobs and people who work in these soon-to-be obsolete industries. Think of all of the farriers (horseshoers) who lost their jobs as the car took over the world of local transportation. Think of how the world of the internet exploded the world of personal and business communication. If you are not knowledgeable about computer technology, you may not have a seat at the new worktable.

***Don't Be Bummed, Be Inspired.*** My goal was not to depress you if you or your loved ones are in any of these industries. It is just to get you thinking about the future so that you can be on the forefront of the new world with new job opportunities.

*I am grateful for the contribution here of Neale Godfrey. Neale is the New York Times #1 bestselling author of 27 books about money and value issues. She has been seen on such shows as Oprah, GMA, Today, CNN, CNBC and is a weekly contributor to Huffington Post. E-mail: [neale@nealegodfrey.com](mailto:neale@nealegodfrey.com).*



## CHAPTER 15

### Where Your Industry Group Initiatives Really Fail

One of the results of this pandemic has been in my observing many firms realize that some of their best clients have been decimated while others managed to enjoy unexpected revenue increases. As I watched these firms looked closer, I was struck by how they began to realize that this impact was the direct result of how *certain industries* had been impacted. Many of these same firms began to redesign their websites, adding an industry component and touting their industry knowledge in an effort to attract new business. Their vulnerable shortcoming was that they did not really understand the industry model, nor did they come across looking credible to prospective clients.

And in stating that, I am not ruminating on what I think, but rather reporting on what a growing number of your prospective clients are observing and discussing amongst themselves.

To get specific, here are some of the more common failings that your clients are observing and discussing amongst themselves – *“It would appear that your firm is . . .”*

## **1. Using the wrong terminology.**

I read an interesting article the other day that attempted to make a case for “understanding your clients.” The author begins by explaining that *“as law firm leaders are deciding how best to develop closer relationships with their clients, it is key they consider adopting a sector-based strategy and reevaluate which sectors to concentrate on for future growth. Focusing on a sector where firms have particular strength allows them to develop deep, profitable relationships, attract talent, and differentiate themselves from the competition.”*

Although they may seem the same, the terms industry and sector have rather different meanings. The term “Industry” refers to a much more specific group of companies or businesses, while the term “Sector” describes a large segment of the economy. There are four different sectors in our economy: Primary (the extraction and harvesting of natural resources); Secondary (comprises construction, manufacturing and processing); Tertiary (retailers, entertainment and financial); and Quaternary (deals with knowledge pursuits – R&D, consulting services, education, etc). Now one might be tempted to dismiss this as just a minor matter of terminology but then again, by claiming some expertise in an area that you have incorrectly labelled, the client could very well conclude that you do NOT know what you are talking about.

As but one simple example, the “Financial Sector” is comprised of a number of very different industries such as banks, asset management

companies, life insurance companies, brokerages, and so forth. By holding yourself out as a provider of services to the Financial Sector tells me nothing. Consider if I held myself out as an expert in the "Professional Services Sector" on my website and in my various communications, most prospects would likely move on, thinking correctly that I know nothing of their particular industry.

## **2. Trying to convince me that you are a specialist in . . . everything!**

Perhaps it flows from lawyers believing that if they tell some client that theirs is a "*full service law firm*" that the client might view them as differentiated or think them special in some way. These same firm then decides to launch industries groups; but rather than determining the three or four industries where the largest portion of their client revenues emanate, they decide to list every possible industry that they may have touched at some point over the past few years. This proliferation of supposed expertise only serves to damage your reputation with prospective and existing clients.

Meanwhile, in an effort to make themselves more attractive and be all things to all prospects and clients, individual lawyers have, on their individual website bios, inflated their experience in so many different and unrelated industries and disciplines, as to damage any possible credibility that they might hope to exhibit.

The clients observing this behavior tell me that they know full well



that these are attorneys either incapable of saying no to doing work that is not in their wheelhouse because they are so busy chasing origination credits; or these are attorneys who are afraid to invest the required time and energy to build their skills and make themselves the 'go-to choice' in some highly specialized niche.

### **3. Not really conversant or understanding how my industry is structured.**

I am always struck by some firm who decides that one of the common industries in their market footprint and one that they have had some experience with serving is the "Manufacturing" Industry – so this becomes one of the Industries they list on their website. And then they proceed to tell anyone who visits their website, all of the various legal services that they are capable of providing for Manufacturers; and the list of legal services is quite extensive.

The clients observing this behavior are now convinced that your firm has no understanding whatsoever of "industry configurations" and how "granularity is key!"

Let's continue with the Manufacturing Industry as an example. By listing only that your firm has expertise in "Manufacturing" completely IGNORES that if one were to carefully study the composition of the Manufacturing Industry you would find some 21 different sub-industries from Apparel and Chemical to Plastics and Transportation Equipment; and obviously because of all these different sub-indus-

tries, companies that operate within the same Manufacturing industry can behave very differently. Therefore, it stands to reason that companies in the Chemical Manufacturing sub-industry are going to be looking for a law firm that specifically represents itself to know and understand their kinds of business issues.

It is highly important to focus on the relevant industry and sub-parts. If we venture deeper, comprising those 21 different sub-industries you would then find 194 market niches including everything from Golf Cart and Snowmobile makers to Space Vehicle and Missile builders; and then there is the Solar Panel developers and Wineries.

You should also have some understanding of the industry dynamics. For example, of those 194 market niches that operate within the manufacturing industry, in 2020 just 45 were performing above the national average. One was performing at the national average, while a whopping 148 were performing below the national average.

But that's not all! Encompassing these market niches are all kinds of, what I've come to call micro-niches – many of which are in an emerging state will huge growth potential for some law firm to gain a “first-mover advantage” (see Chapter 4) and eventually build a dominant position. Among those many micro-niches are areas like Additive or 3D Printing (with organizations like MIT building a one-stop-shop for 3D- printing Robots), and Synthetic Biology (where we have California-based Wineries making wine without grapes).

#### **4. Clueless about my business and industries operating dynamics.**

Experience in doing transactions for or handling intellectual property issues involving a specific industry is valuable. But clients are usually looking for so much more. They want an advisor that has at least a basic knowledge of the economics and competitive structure of their businesses. The industry is a company's "all-encompassing environment" and it is imperative that you understand the structural nuances of the clients you serve.

For example, you must be knowledgeable on:

- your client's financial health, positioning and market share, and level of consolidation within their industry;
- your client's operating environment including changes in government regulations, labor and service costs; and the performance of their various product and service offerings;
- your client's competitors, their principal suppliers, their key customers and how they actually make money;
- any barriers to entry, their industry life cycle and where they are positioned currently on that cycle; and
- any trends and developments, positive and negative, that may impact their operations in the coming years and the probability of any of those trends actually unfolding.

The takeaway should be that no company, nor industry, operates in

isolation and you need to be monitoring and conversant with credible data and analysis to help your client connect the dots.

## **5. Not displaying or sharing any industry focused thought leadership.**

How do you compete when you don't even know you're under consideration? For example, in today's age of digital marketing your prospect gets 57% of the way through the buying process before making contact. According to Gartner's research, buyers of sophisticated professional services are more than halfway through a buying decision before inviting a service provider into the conversation. This demonstrates that clients — who have access to more information than ever — are firmly in control of the buying process from start to finish.

As a lawyer, you are often unaware they you may be under consideration for a new engagement because more of the vetting of your services, relevant experience and specialized expertise is happening online. Assessments are being made well before you ever get the opportunity to “win it in person – virtually or physically.” So, to get up to bat in the first place, you must make a really strong impression in the digital domain, where clients are doing their due diligence. The most effective way to make that strong impression is by sharing more ideas in the public domain to attract ideal clients. Obviously, what I've been saying here is that any firm can put a paragraph about some particular industry on its website and pretend to be an expert. However, you ac-

tively conducting primary industry research, surveys and writing articles or engaging in speaking at industry seminars on cutting-edge topics builds credibility and name recognition.

Your thought leadership will remain omnipresent in the realm of ideas, even if you can't always be there in the room with an unknown prospect to demonstrate your expertise yourself.

## **6. Not being visible or active in any of my industry organizations.**

One of the common concerns and criticisms I hear from your clients is how “my lawyer/law firm is not active in any way within my industry and trade association.”

For the typical mid-sized and smaller companies, various kinds of industry groups, trade associations or informal industry gatherings represent an important lifeline. Active participation can provide you with an effective conduit through which to keep up with emerging developments and build your expertise, as well as network and meet prospective clients and learn about what their specific market challenges and issues might be.

## **7. Slow to react to industry developments.**

Clients choose to work with a specific industry group fully expecting that their advisors will behave as though they are an industry insiders

– always showing how they are on top of and sometimes in advance of the latest unfolding developments. The best way to do that is to be the first to advise clients on breaking industry news. A proactive client call or email, within 24 hours of an important technology trend or regulatory change affecting an industry, screams industry knowledge much more than a well-crafted formal newsletter a month later.

Unfortunately, all too often firms tend to view industry groups as a marketing platform rather than as a means of understanding the client's business problems and providing them with the kind of knowledgeable services they need. Don't let any of these seven factors be how your clients describe your industry initiatives.



## CHAPTER 16

### Using Sales Professionals Within Industry Teams

Law firms can be stressful places to work. When you think about the various firm billing pressures, client deadline demands, management and leadership commitments, and business development responsibilities, I wonder whether it could be possible to take some pressure off the partners.

One of the great advantages to working in an industry focused setting is that you can identify who your targeted prospective clients might be. Through the use of contacts within your local Economic Development Department, industry and trade association membership lists, and relevant chamber of commerce and business media sources, your team can begin to develop a dossier on the various prospects that you would ideally like to serve as active clients.

The other tremendous advantage of working in an industry setting is the ability to tap the silver tsunami that currently exists wherein there is a host of retired and semi-retired, highly experienced industry

executives out there, many of whom are looking for something interesting and purposeful to give their weekday hours some meaning. These executives can offer your team insight into what is transpiring in their industry that is not being talked about by the media; who some of the up-and-coming players are that may still yet be on the horizon; and who they specifically know that are decision-makers within the C-Suites of your targeted prospects. Many of these executives may be in the perfect position to serve your team either as designated industry advisors, emissaries to provide introductions, and even serve as spokespeople for your team, under the right circumstances.

With obvious exceptions, many lawyers intensely dislike and are generally not gifted in anything that resembles sales activities. Ironically, law firms are woefully behind many other professional services businesses when it comes to even considering the hiring of real salespeople. A trained sales professional, or at least some executive with a successful industry background who is prepared to take on that kind of responsibility, can help your team drive more revenue and relieve the pressure your colleagues face when it comes to developing business. And be careful not to get anxious about an individual's law firm experience, because in this instance, **industry knowledge is the primary competency.**

While reading this may cause you to shudder at the thought of some "nonlawyer" selling your team's legal services, the practice has already been proven to be a great success in firms that have adopted it



and should be even easier to achieve results within an Industry Group setting.

The concept of a “sales” force within a law firm is NOT new. Following the lead of accounting firms, at least one major regional law firm appointed a PBD (professional business developer is the label they conferred on the individual) at least 10 years back. That initiative helped the firm become nationally known.

You might consider meeting with your counterpart at some large accounting firm and inquiring as to their experience, as many of the larger firms have had **sales teams** now (not just one isolated individual) for at least 15+ years. It should prove to be instructive to discuss how they implemented and overcame any challenges associated to working with sales professionals.

When you announce that you are hiring salespeople, with the intent of eventually building an industry sales team, there may be some initial skepticism and pushback from selective partners for heading in this direction. But bringing the right industry executives on board should quickly ease your partner's concerns. You need to clearly explain the benefits associated with allowing your partners to talk substantive law while the industry insider will help make the introductions, know exactly when to move the conversation along and help close the business.

According to what I've seen and been told, your ideal industry sales

professional must possess the following characteristics:

- able to understand the client's mindset when dealing with a law firm;
- work with multiple decision makers and display a dedication to being a team player;
- work with the same determination as the lawyers to deliver results;
- possess the skills of a coach and facilitator;
- have attention to detail, a bias for action; and
- have both deep industry knowledge and emotional intelligence.

Meanwhile the most important attributes of your PBD, industry insider or sales coach (whatever you choose to call this professional) is that the individual:

comes with years of experience within a particular industry such that they exude credibility both with the industry players and with your own team members;

- can work the entire cycle, from helping identify the best prospects, to securing meetings, to participating in meetings with relevant partners, to helping write any necessary proposals, to nudging lawyers to initiate follow-up contact;
- can identify the most saleable services from within what are often highly complex legal practice areas;
- can carefully match and integrate closely – law firm services –

- with the commercial needs of prospective industry clients;
- can explain the inner dynamics of how a prospective company actually makes money and what their greatest concerns and highest business priorities are likely to be;
- can counsel your team members on the internal corporate political structure within the typical industry player;
- can help the attorney understand creatively and proactively where new revenue can come from – and then how we may help this client to secure it;
- can help identify where the industry team will secure new revenue from advancing the commercial objectives of clients;
- can interpret what is being said by the prospect into language that the attorney can easily understand and then offer alternative responses and terminology that resonates with the prospect;
- can be a veritable invisible presence in that they operate in the background like sophisticated political aides always ensuring that the firm lawyers are the prime focus in the client-facing efforts;
- can digest large amounts of actionable intelligence about the legal subject matter expertise the firm offers this industry and is then ca-

pable of translating that expertise into language clients understand and deem valuable;

- can serve as the decision-process expert, vetting opportunities and keeping things moving toward a decision, while the lawyer serves as the content expert for the eventual solution;
- can help conduct sophisticated market research sufficient to generate interest from among prospective clients with both domestic and international markets.
- can help write insightful content on topics of highly specific relevance to ideal potential clients, for strategic dissemination on and off digital media platforms.
- can bring discipline and support to the overall sales process by helping develop the relationships and ensuring timely follow up.

From what I have observed and learned, to help make this work the Industry Team Leader needs to be constantly communicating, talking up and spreading the word about the team's sales wins and success, so as to build support and help team members overcome any skepticism. Identifying key industry C-Suite decision makers and where possible then making introductions for the attorneys and helping develop relationships is a key part of what your insider does.

Your industry insider should be an integral part of the team's selling process — helping the team determine what specific preventative approach, client pain resolution, or business solution offering might best be used as a 'door-opener,' compile background and dossiers on targeted prospects, prepare attorneys for meetings with those prospects, challenge the involved attorneys on issues that are common to industry clients, and help to actually drive deals to closure. The best sales coach will obsess with continuously adding value and helping your partners add value.

And from a client's perspective, I've been told that with the constant disruptive market pressures and cost constraints they face as an organization, they find it helpful to confer with experienced industry experts, both business and legal who might think of more creative solutions. Together this twosome can differentiate your industry team by your ability to understand the client's business (not legal!) concerns and identify solutions to overcoming those concerns.

I see slow but steady growth in the number of sales professionals working in law firms in the years to come. With revenue growth being such a huge component to law firm success, professional sales teams within Industry Groups — may soon become an imperative.



## Appendix J: A Chief Operating Officer's Observations

You do focus on definitions which is good. Having worked on many projects over the years as part of being on the Boards of the SD Regional Economic Development Council (EDC) and the cross border CaliBaja Bi-National Mega-Region Group there are many times the industry leaders themselves interchange Sector, Industry and also Cluster. I've been involved in a lot of work on cross-border clusters, with cluster usually being defined as a regional concentration of economic activities in related industries connected through local linkages. Takes into account value chains and regional specialization patterns. I have been thinking how we can take advantage of our "*cluster experience*" here in Southern California. Michael Porter's Harvard Institute for Strategy and Competitiveness has done much work in the cluster area. Groups that are built around clusters should be sensible options to and/or co-exist with practice groups and industry teams.

Now, Sales is a word usually strongly avoided by lawyers and law firms, and scary to most because they really do not understand it, and partners perceive that the "sales" person will steal their thunder, originations, etc. And of course, as you point out, they often believe that such a person cannot bring in business. We have proved that eminently incorrect/wrong and we have had a successful sales team for

several years. Law firms tend to use the word “business development” (even us) in lieu of sales, but 90+% of the professionals I know who have that title are really just marketing types. Law firms often have trouble understanding the difference between marketing and sales/(bd). I also like the idea of a retired ex-professional services executive being used for sales/business development in a specific industry. We are actually in discussions concerning that at this time.

On Multidisciplinary offerings - Procopio has had a “consulting arm” – Procopio Business Advisors (“PBA”) LLC, for many years since the mid-2000s. We did it for the “*we are not just a law firm – we understand your business*” rationale, and when we were active it really worked at that level. We continue to use the PBA entity to show that we are not just a law firm as we have seen value in that approach.

With a MDP approach, one also has to clear all conflicts for the MDP business, even when it is not legal work, so if we do the MDP work for a non-Procopio client we need to make sure such conflicts are cleared. That has also been an argument that some law firms have made about not getting into MDP’s, but I think the benefits, if done well, outweigh the negatives.

*- James G. Perkins, Ph.D, Chief Operating Officer - PROCOPPIO*



# CHAPTER 17

## Going The Next Step: Multidisciplinary Industry Teams (MITs)

Many, if not most, of the complex situations for which clients employ professional firms are inherently multidisciplinary. For example, if I am going to build a new commercial real estate park, I am likely to need expert advice on law, finance, tax, economics, engineering, environmental considerations and a whole host of additional disciplines.

Meanwhile, according to a report by LexisNexis Legal & Professional, the Big Four accounting firms are cornering the market of solutions, rather than advice. *"Our strategy is very much rooted in the needs of the client to be offered solutions and not just advice,"* says Emily Foges, Lead Partner for Legal Managed Services at Deloitte. *"The vision for Deloitte Legal has always been that you bring together high-quality legal advice with legal management consulting, legal managed services and legal technology. This way you can provide a complete end-to-end service to the client and achieve the outcomes they are looking for, not just give them advice on those outcomes."*



Over the course of working with the leader and members of a number of Industry Groups wherein we are discussing and exploring the team's future growth strategies, amongst a deliberate sequence of questions that I've posed, includes this one:

*"Please identify those non-legal service providers that our current clients have often needed the hands-on assistance of, in order for them to obtain a total turnkey solution. In other words, while working with our clients, who are the usual complimentary professional service providers that we most often have to collaborate with?"*

Now together we will usually develop a catalogue of at least a dozen different professional service providers from economists and forensic investigators to data analysts and accountants; from reputational management and crisis counsellors to private investigators and lobbyists – the list goes on and on. These are often professionals who have a track record in understanding our industry client's needs, priorities and possess a complimentary relationship with the particular client that we too are currently serving. It is rare that your larger industry client's needs can be fully addressed by simply providing them with legal services; so, the question then becomes – would we rather be just one of their valued providers, or could we be their "General Contractor."

Now if you have ever experienced having some major home renovations done, you may remember a point at which you needed to either

find the best interior designers, carpenters, painters, plumbers and electricians or find someone sufficiently experienced to take responsibility for managing the entire renovation, providing you with a single point of direction and accountability. Now if you are the client, which would you rather do?

Being experts in a particular industry should allow you to take control over the ultimate outcome for your client – because most of these clients are far less interested in simply getting a legal problem addressed (finding a competent plumber) than they are in obtaining a total business solution (finding a trusted General Contractor).

And today, more law firms are beginning to look at developing multidisciplinary practices or at least *pretending* to do so. I say “pretending” because far too often this is what I witness being hyped on some firm’s website:

*Our practice areas include business services, litigation, trusts and estates, healthcare, construction, real estate, employment and labor, intellectual property, and employee benefits law, allowing us to serve a full range of legal needs with multidisciplinary industry teams.*

**Sorry, the client is not fooled!** Practice groups are NOT industry groups, and a collection of lawyers all practicing in different disciplines does NOT constitute a true multidisciplinary entity. Thankfully, a small group of pioneering firms have realized the market benefit and

differentiation appeal in initiating real *multidisciplinary industry teams* (what I will call MITs) comprised of lawyers and other aligned professionals, most often housed in a law firm subsidiary operation.

I am told that there is an historical precedent wherein this form of practice became common where lawyers, financial professionals, and therapist/coaches used the "Collaborative Divorce" model to create multi-professional teams. What I'm talking about here is where lawyer and nonlawyer professionals work on client matters together and are collaborating principals within the same firm.

## **SOME PIONEERING EXAMPLES**

### **• In Australia**

**BlueRock** is a multidisciplinary entrepreneurial advisory firm that helps people to operate and grow successful businesses and achieve their personal goals.

*For Your Business:  
Industry expertise and real-world experience  
to grow your business.*

The BlueRock community is a highly qualified team of entrepreneurial experts who push the boundaries of accounting, digital, law, private wealth, finance, general insurance, grants and incentives and SMSF. Our experienced and energetic people channel this passion to help entrepreneurs and business owners grow ideas into 'WOW' businesses by providing them with everything they need to succeed — from

accounting and legal advice to data insights and digital marketing.

Whether it's financing a new venture, insuring a property, creating a lease agreement, building an e-commerce website or all of the above, our whole team of specialists works together with you to get exceptional business outcomes. Formed over 10 years ago, BlueRock has grown to become an exciting and successful entrepreneurial community.

- **In America**

**Manatt Phelps & Phillips** has spent more than 10 years building their **Manatt Health** multidisciplinary practice, which Chambers and Partners calls "unique," with an eye toward upending the competition among health care legal services providers. Their team is comprised of about 70 consultants and 90 lawyers which often contract with C-suites and boardrooms to provide business advisory, financial, information technology, data analytics and clinical support.

Manatt Phelps' investment in this multidisciplinary team is a bet that health care providers, in a period of profound change, need more than strictly legal advice. They also need strategy help as they reconfigure their business from a fee-for-services model to a value-based payment system. About 70 percent of the unit's work is handled on a project-billed basis, rather than the billable hour.

As one might imagine, having lawyers and consultants work on a level

playing field can be challenging. The leader of Manatt Phelps' health care group reports that the two types of professionals work well together because the firm applies the same compensation system for both; management decisions for the group are also made by both lawyers and consultants; and when people actually work together on projects, see the skills that each have and the synergy that can be created, they get excited about working with each other.

One of the recent additions to Manatt Health was the former CEO of University of Pennsylvania Health System for 16 years, who told interviewers that while he received offers from several different organizations and while he is not a lawyer, it made sense for the type of work he does to be linked to a law firm, given the extensive regulatory considerations involved in health care governance, management and strategy. At Manatt, it all started in the health care area, but the firm is now expanding their multidisciplinary strategy into their privacy and security and governmental practice, as well as exploring opportunities to do so in financial services.

*[Manatt is very much my favored example of what can be accomplished with an industry focus]*

#### • In Europe

Comprised of seasoned consultants, technologists, lawyers and project managers, **A&O Consulting** focuses on advising business leaders on governance, corporate purpose and culture, conduct,

compliance and operational risk, regulatory advisory and business transformation.

The professionals at A&O Consulting have worked on a range of mandates in relation to Brexit implementation, focused primarily on designing proportionate and effective governance frameworks for new corporate entities, supporting senior management in understanding additional local responsibilities, as well as designing AML and culture and conduct capabilities including in respect of training tools and risk assessment frameworks.

The group has also developed proprietary products like their Culture Benchmarking Tool – designed to help clients understand their current cultural landscape and how their values might drive employee behavior. It also helps employees navigate challenging everyday scenarios in an ever-changing workplace.

## **FROM THE CLIENT'S PERSPECTIVE**

It is time for our legal profession to view things from the client's perspective. Legal delivery is entering an era wherein the ability to identify and manage problems before they metastasize is becoming paramount. This is emblematic of a market shift that favors firms that provide a total business solution, something which becomes far easier when you have an industry focus.

**Differentiated legal services are of growing significance and highly valued – but the clients not lawyers, determine what is meaningful differentiation.**

An old friend, Michael Roster, a former Office Managing Partner at Morrison & Foerster and then General Counsel at Stanford University, talks about a discussion he had with the CEO of a major food processor in Europe when he asked what the company was doing about its legal costs. He reported:

*"He told me about an MDP that provides a comprehensive service at a fixed price. This entity largely doesn't advise his managers but instead performs the functions directly. For example, they write his company's employment and health and safety manuals; they update the manuals as they see trends among their many other clients and their interactions with regulators; they train his senior people as well as the workforce; and they regularly audit for compliance. Oh yeah, and if we get sued, which almost never happens anymore, they have lawyers who handle it."*

*"My friend in the UK loved the fact that what once was a major uncertainty in his annual budget – the costs of compliance and disputes – was now a fixed line item. It also was a huge benefit that the few disputes that now arose internally or with his regulators were quickly resolved and that he and his management team could instead focus on running the company. If you think about it, the MDP is able to directly solve problems, something we lawyers aren't authorized to do. Put more*

*starkly, the MDP has the authority and expertise to be proactive, not simply reactive."*

### **What Your Client Wants Assurances Of:**

A true Multidisciplinary Industry Team is a group of diverse professionals who specialize in different, but highly complimentary disciplines. This must not be about cross-selling different services for different phases of the client's assignment. In a typical law firm organized around distinct practice areas, the ability to coordinate people in different silos becomes challenging. But when you have professionals all coalesced and dedicated to serving the same industry the effort becomes more unified. Each professional on the MIT is responsible for the provision of services in the specific area in which they specialize. Nevertheless, your client will still need comfort that:

### **'You understand me and my business problems at a deeper level'**

As the relationship partner coordinating a group of diverse professionals, you need to understand my needs better than anyone else and position my problem at the center of your team's efforts. Focus on "what it is that I am trying to achieve" rather than seeing this as a narrow piece of advice that is being required. To that end, I expect you to be sensitive to the way I want things to be done, how I want to be communicated with, what my idiosyncratic preferences might be, and what kind of project reporting I would like to have.



I see you as my representative with the rest of your MIT and I expect you to represent ONLY my interests in any of your dealings. Since your job is to represent the totality of the project, I require you to demonstrate both a big picture perspective (understanding my business goals and my priorities) and also have an obsessive attention to detail.

**'You provide evidence of service coordination'**

To be persuasive you need to provide concrete evidence that your team has a common language across the different disciplines, consistent work ethic, high standards and that you can get the best out of everyone on the team. Because the professional services required are coordinated together, there needs to be evidence of a framework of uniformity provided to each client that improves service delivery.

In other words, I will be particularly impressed if you can show me the technology you utilize for communications, project management and cost control.

**'You give me comfort that you truly are able to manage complex assignments'**

I need to have confidence that you have done this before, that you already have systems in place and that you are coordinating, integrating, supervising and managing the various disciplines involved – and

working with colleagues who have worked together before and that are not strangers to one another.

I expect you to know the capabilities of each professional on the team, matching their strengths to the work they do for me and encouraging collaboration. Even if some members of this MIT are halfway around the globe from us, the communication that happens in this structure must make service coordination easier.

### **'You have operational control'**

An MIT should allow me as the client to receive collaborative support from a wide range of experts. Each professional contributes from their own perspective, which can then enhance the results which are offered by others.

Nevertheless, as the client I want to know that you actually have operational and quality control over the work and contributions of the other experts. I want to know that you are actually able to assess the work of some professional who is a specialist in some area where you have limited experience. Your primary task is to manage the matter and all of the various professionals involved. And as the client, I am not so much concerned that you be 'task oriented' as I am that you be 'outcome oriented' in fixating over the accomplishment of my goals.

### **'You provide reassurance'**

I expect you to keep me informed at all times with up-to-date information regarding what is on track, and what is not. You should involve me in the decision making no matter what area of expertise and consult me before embarking on any significant action. I expect that everything will be properly documented so that I am kept up-to-date on everything that is going on.

And if there is a problem, unforeseen complication or setback you will advise of what has transpired, what my options might be and what you and your team recommend that we do. I need wise counsel, not only at the beginning of our matter, but all the way through.

## **MOVING FORWARD**

Clients want their lawyers to be more like active business partners – to understand how their industry is being disrupted, how their market is changing and the resulting pressures on their continued prosperity. All of the research that I have examined clearly provides evidence that:

- the primary challenges in today's global economy are rarely purely "legal" or business" problems, but rather a sticky amalgamation of both;
- clients want the ability to access specialized answers and solutions under one roof, and it makes sense to consider more than one

- professional viewpoint when trying to resolve a complex problem;
- the delivery of multiple professional services through a single entity can achieve costs savings, comprehensive and higher quality advice, with greater speed;
  - multidisciplinary arrangements and perspectives may proactively address problems that clients previously did not even know existed; and
  - diverse professionals working and collaborating together in unity, are far more capable of creating new and innovative solutions.

If your firm continues to view your client's various problems from only a lawyer centric lens and fails to view these problems from a more diverse and multi-disciplined lens, you run the risk of continuing to work in silos, bemoaning how difficult it is to cross-sell. Now is the time for you to rethink how law is practiced and to consider whether your clients could be served far better if their particular issues or problems were viewed under the lens of needing a business solution and not just legal advice.



## Appendix K: A Compilation of My Lists

### **Benefits of Having An Industry Specialization**

(Introduction)

1. makes it easier to identify prospective clients.
2. makes cross selling a natural occurrence
3. allows you to have clients easily spread the word about you
4. means your best clients take you with them to their next job
5. allows you to place a higher premium on deep expertise
6. allows you to develop micro-niche expertise that confers an even larger advantage.

### **12 Diagnostic Questions to Evaluate Whether You Have a Genuine Industry Focus:**

(Chapter 1)

- Does your firm understand how much importance your clients place on industry knowledge?
- Does your firm leadership really believe that industry knowledge has a direct and meaningful impact on your overall financial performance?
- Has your firm made definitive decisions about which selective industries to strategically target and focus on?
- Has your firm organized and actively recruited partners to join and commit a specific number of non-billable hours to working in ONE chosen industry team?

- Does each industry group have a leader (or co-leaders) trained to manage, coach, support and facilitate the group's initiatives?
- Does the firm have any formal programs and budgetary resources available to develop the industry competence and expertise of the partners?
- Does your firm have industry focused research programs that monitor and identify emerging industry trends?
- Has each industry group developed a formal, written strategic plan identifying specific niche opportunities where they are working to develop a position of dominance?
- Has your firm assigned specific marketing professionals to support each of the industry groups?
- Does your firm capture and leverage the industry specific intellectual knowledge gained from client engagements?
- Are industry competence and expertise assessed and tied directly to lateral recruitment efforts in order to build upon the industry group's market strength?
- Does your firm report and assess performance by industry (fees, profitability, growth, partner contribution, partner promotion, compensation decisions, etc.)?

### **11 Questions to Assess The Strength of Your Industry Practice:**

(Chapter 1)

- Are clients in our market footprint aware of our specific industry practice?
- Do clients consider us a viable option to service their needs?

- Do clients proactively inquire about our industry capabilities and ability to address specific opportunities?
- Does the firm have luminaries who are widely recognized as experts on key industry issues?
- Does the firm have bench strength that enables us to effectively serve multiple clients or bring full scale teams to bear on complex high stakes engagements?
- Do clients hire us in preference to our competitors?
- Do clients continue to hire us because of what we know about their industry?
- Would clients recommend us to others in their industry?
- Do the top companies and top executives in the industry trust us with addressing their most complex problems or do they just send us their commodity work?
- Is our firm able to attract, develop and retain the best industry talent or do talented industry experts seek out opportunities elsewhere?
- Is our firm one, that young professionals with an emerging focus on an industry, aspire to work with?

**Signals That You Might Not Be Up to Speed on The Deeper Industry Matters:**

- (Chapter 1)
- Do clients express frustration at "... having to teach your people our business"?
- Do you find yourself sheepishly asking questions about basic terminology in client meetings, or bluffing your way through the meeting

and frantically researching the topic later?

- Do clients and prospects explicitly ask to see industry credentials or meet with professionals in your firm that have industry expertise?
- Do you avoid following up on a particular discussion point (and therefore miss opportunities) because you're really not sure what the client is talking about or its significance?

## **7 Steps to Making Your Industry Group Efforts Worthwhile:**

(Chapter 1)

1. Determine your firm's current industry experience
2. Decide which specific industries to target
3. Compare the strength of your firm's capabilities to your major competitors
4. Analyze the current size and projected growth rate of each targeted industry
5. Coordinate practice breadth with each targeted industry
6. Ensure geographic alignment between the targeted industry and your locations
7. Try to match culture between partners and each targeted industry

## **8 Distinctive Advantages of Being First to Market:**

(Chapter 4)

1. You can leverage your first mover position to attract other prospective clients.
2. You can begin to develop name recognition that becomes difficult for others to match.



3. Being first-to-market can command premium pricing.
4. It allows you to progress up the learning curve faster than those that follow.
5. Being a First Mover can help you attract and retain the top talent that yearns to be a part of something meaningful.
6. You can capture clients that will not then want to endure switching costs once competition arrives.
7. It all translates into increased client revenues and profitability.
8. It allows you to meaningfully differentiate what it is that you have to offer.

### **Some Questions to Ask Yourself As You Contemplate Becoming A First-Mover:**

(Chapter 4)

- Are there difficult technical hurdles?
- Does market takeoff depend on the development of significant expertise skills?
- Will it require complementary services?
- Will a new or different infrastructure or service delivery be required?
- Will clients need to adopt new or different behaviors?
- Are there high switching costs for clients in order to retain our services?
- Will competing standards confuse clients?
- Are there powerful competitors that will seek to delay or derail us?

## **To Accomplish Being First to Market:**

(Chapter 4)

- someone must perceive a potential need in the marketplace and determine whether an internal “champion” exists to spearhead the effort.
- your firm must determine whether there is long-term market growth potential and an existing experience base to build upon to support the investment.
- there needs to be a strong degree of support (“will”) amongst the firm’s leadership to invest in “test-marketing” a new niche practice.
- members of the pioneering group (which could be as small as two lawyers) must be protected as they spend, what might otherwise be billable time, researching and learning the field.
- further time must be spent in developing questionnaires, tools, templates and approaches for pricing, marketing, and delivering the team’s services.
- resources must be invested in initially providing education (articles and seminars) and counseling services to prospective clients on the issues
- you must decide what critical mass is required to become a “player”

## **6 Tips to Recognize Industry Dominance:**

(Chapter 5)

1. The more dominant player usually has a larger number of lawyers who regularly work with industry clients.

2. The dominant industry group is the one having strong name recognition throughout the industry.
3. It is difficult to be perceived as being a dominant player without representing one of the industry-dominant members as an active client.
4. There is evidence that this team has substantial resources devoted to the industry and proven expertise and experience with the most critical issues
5. The industry and social media will call upon those partners from dominant industry teams to offer commentary
6. The dominant player would be able to exert influence within an industry and on behalf of the industry

## **12 Roundtable Questions to Have Your People Explore An Industry's Potential:**

(Chapter 6)

1. Introduce yourself to each other with some background information on why this particular industry is of personal interest to you.
2. Identify the "depth" of your industry experience by providing examples of the sub-industry clients that you have had the opportunity of working with.
3. What have each of us learned about working with this industry that others around the table may not know, including any new developments or trends that you see emerging that may affect the players in this industry?

4. Identify and discuss what particular industry publications, newsletters and blogs we are each currently subscribing to or "regularly reading" – and which publications are not included that could be regularly reviewed.
5. Identify and discuss what particular industry associations and trade groups we are each currently "actively involved" in – and which we are not yet members of but could be, and what potential benefits might accrue from personal involvement.
6. What challenges do you or could you face attempting to develop new business in this industry?
7. Who, specifically, is your ideal, targeted client niche within this industry if you were to focus some efforts on attempting to build more of a presence?
8. What new threat, problem or challenge are these niche clients facing and what could you do to or have you done to help them overcome that difficulty?
9. How do these industry clients actually make money and what could you do to help them make even more money?
10. What is it that you are uniquely able to offer this industry that is of value, and that these prospects / clients may not be able to get from most other firms?
11. What is the one thing each of you are doing that you believe is bringing in the most business?
12. Would there be any benefit to us in exploring further conversations together in a smaller litigation team environment where we

could focus our discussions on setting out action plans to have a real market presence in this particular industry?

### **The Action Planning Meeting Process:**

(Chapter 7)

- Set a singular focus
- Brainstorm Ideas
- Ensure ideas are actionable
- Secure voluntary commitments
- Keep commitments small
- Establish 'contracts for action'
- Follow-up between meetings
- Celebrate successes

### **12 Action Planning Meeting Topics:**

(Chapter 7)

1. What is our group's strategy for getting 'Better' business from prospective clients over the coming year? And what would we all consider to be 'Better' business?
2. In what ways can we improve our overall efficiency in handling our kinds of matters and get our client assignments accomplished at a lower cost to us?
3. How might we adopt and implement new technology to improve service delivery, enhance team members engagement, and share knowledge among our team members?

4. What kind and amount of training may be necessary to have each of us performing at a higher level of competence?
5. In what innovative ways could we mentor our junior professionals who do not have the facetime or live shadowing with their mentors that they did in the past?
6. What actions can we take to improve the fees clients will willingly pay for our services?
7. Which of our most recent client engagements would we consider to have been our most profitable and what do we need to do to get more of those same client matters?
8. What could we be doing to ensure a higher degree of morale, motivation and enthusiasm, so that we might better retain our talented people?
9. What do we need to do to better understand our existing clients, understand what is keeping them awake at nights, and actually be perceived to be more valuable to them?
10. What kinds of services might existing or prospective clients want, that no one else has yet to offer them?
11. What would we need to do to get our existing clients to actively refer others to use our industry group's services?
12. How can we stand out from the crowd and ensure that we meaningful differentiate ourselves from other competitors?

## **6 Important Reasons We Need to Strive for Smaller Groups:**

(Chapter 8)

1. The larger group becomes dominated by a few personalities.

2. Personal support decreases as group size increases.
3. Not knowing who your real worker-bees are.
4. Individual opportunity to effectively participate decreases.
5. Effective communication becomes difficult.
6. Members get "lost in the crowd."

### **What to Do To Ensure Smaller and Effective Groups**

(Chapter 8)

- Downsize any new groups being formed.
- Use a "Core / Resource member" approach.
- Create market-focused splinter groups.
- Determine a price of membership
- Codify how everyone will work together.
- Seek regular progress reports.

### **4 Questions to Determine If We Are Really Building Our Skills:**

(Chapter 10)

1. Do you believe you are adding real value or simply passing along legal information to our clients? In other words, my beloved partner, what is it that you can specifically do for clients today, that you could NOT do for them at this same time last year?"
2. "What do you need to do, in the time that you have available right now, to build your skills and reinforce your opportunities so that you can have an even more successful practice?"
3. "Are you sufficiently plugged into what is happening around you and inside your client's industry, such that you can interpret what-

ever is transpiring and be the source of proactive counsel – before the client has to ask?"

4. "Are you trying out any new ideas, new techniques, new technologies and I mean personally trying them, not just reading about them? Or, are you waiting for others to figure out how to innovate and re-engineer your practice – (and re-engineer you . . . right out of that practice)?"

### **Partner Exercise - 11 Question Client Debrief:**

(Chapter 10)

Please identify and explain to the group any particular client matter that:

1. exposed you to an entirely new type of client / industry geography / transaction?
2. allowed you to successfully deal with a relatively unique client problem?
3. allowed you to develop new knowledge or refine a skill that you can now market to other clients?
4. provoked you to document some new checklist, tool, template or process?
5. introduced you to an important new market niche?
6. allowed you to work at a more senior C-level within the client's organization?
7. exposed you to previously unexplored areas within the client's organization?



8. exposed you to technology being used that could be emulated within your firm?
9. allowed you to conduct some research or identify some new industry trends?
10. provided some insight that can allow you to build your professional thought leadership?
11. enabled you to collaborate with some other multi-discipline specialist to provide a total business solution?

## **12 Actions to Position Yourself as Industry Thought Leaders:**

(Chapter 11)

1. Determine precisely who your group's thought leadership is targeting
2. Continue to invest time gaining an in-depth understanding of the industry dynamics
3. Position yourselves as highly insightful resources
4. Be generous with sharing your expertise
5. Offer a unique perspective
6. Get actively involved throughout the industry
7. Become prolific writers
8. Instigate industry research
9. Posture yourselves as a great source for media commentary
10. Launch your own podcast
11. Create a robust online presence
12. Be market-focused

## **10 Actions to Effectively Monitor Industry Trends:**

(Chapter 12)

1. Attend Industry Conferences
2. Read Industry Publications
3. Monitor Industry Blog Posts
4. Explore Industry Leader Research
5. Analyze Others Serving the Same Industry
6. Network with People in The Know
7. Engage with Clients
8. Be Active on Social Media
9. Keep Tabs on Competitors
10. Leverage Others Across Your Firm

## **8 Reasons Why Following “Best Practices” Can Be Potentially Dangerous:**

(Chapter 13)

1. How do you know that what is labeled a best practice even works?
2. And how long does it take for a certain technique to be deemed better than others?
3. Don't best practices simply have you committed to the past?
4. How do you know that you have identified the real best practice?
5. How do you know that what masquerades as a best practice isn't an exaggeration?
6. If a best practice actually works, how do you know it will work in your firm?

7. Why is it that we're always looking for the simplest solution?
8. Don't best practices set a bar on and frustrate future innovation?

### **Staying Vigilant About Your Chosen Industry:**

(Chapter 14)

- Always be monitoring emerging trends in your chosen industry
- Be vigilant in how the application of new technologies will transform your industry
- Be cognizant of how all industries eventually "fracture" into multiple micro-niches as they mature
- Identify those specific issues most in need of your specialized expertise
- Finally, ensure that your group "pivots" to position itself as serving selective micro-niche growth areas

### **Common Failings That Clients Observe and Discuss Amongst Themselves:**

(Chapter 15)

- Using the wrong terminology.
- Trying to convince me that you are a specialist in . . . everything!
- Not really conversant or understanding how my industry is structured.
- Clueless about my business and industries operating dynamics.
- Not displaying or sharing any industry focused thought leadership.
- Not being visible or active in any of my industry organizations.
- Slow to react to industry developments.

## **15 Important Attributes of a Sales Professional Representing Your Industry Team:**

(Chapter 16)

1. comes with years of experience within a particular industry such that they exude credibility both with the industry players and with your own team members;
2. can work the entire cycle, from helping identify the best prospects, to securing meetings, to participating in meetings with relevant partners, to helping write any necessary proposals, to nudging lawyers to initiate follow-up contact;
3. can identify the most saleable services from within what are often, highly complex legal practice areas;
4. can carefully match and integrate closely – law firm services – with the commercial needs of prospective industry clients;
5. can explain the inner dynamics of how a prospective company actually makes money and what their greatest concerns and highest business priorities are likely to be;
6. can counsel your team members on the internal corporate political structure within the typical industry player;
7. can help the attorney understand creatively and proactively where new revenue can come from – and then how we may help this client to secure it;
8. can help identify where the industry team will secure new revenue from advancing the commercial objectives of clients;
9. can interpret what is being said by the prospect into language

- that the attorney can easily understand and then offer alternative responses and terminology that resonates with the prospect;
10. can be a veritable invisible presence in that they operate in the background like sophisticated political aides always ensuring that the firm lawyers are the prime focus in the client-facing efforts;
  11. can digest large amounts of actionable intelligence about the legal subject matter expertise the firm offers this industry and is then capable of translating that expertise into language clients understand and deem valuable;
  12. can serve as the decision-process expert, vetting opportunities and keeping things moving toward a decision, while the lawyer serves as the content expert for the eventual solution;
  13. can help conduct sophisticated market research sufficient to generate interest from among prospective clients with both domestic and international markets.
  14. can help write insightful content on topics of highly specific relevance to ideal potential clients, for strategic dissemination on and off digital media platforms.
  15. can bring discipline and support to the overall sales process by helping develop the relationships and ensuring timely follow up.

### **What Clients Want from A Multidisciplinary Industry Team (MIT):**

(Chapter 17)

- You understand me and my business problems at a deeper level

- You provide evidence of service coordination
- You give me comfort that you truly are able to manage complex assignments
- You have operational control
- You provide reassurance



# About The Author

## Patrick J. McKenna

An internationally recognized author, lecturer, strategist and seasoned advisor to the leaders of premier law firms, Patrick has had the honor of working with at least one of the largest firms in over a dozen different countries.

The Financial Post labeled McKenna *"a professional firm management and marketing guru, with a client base stretching from Britain to the United States."* Jim Kouzes, Chairman Emeritus, Tompeters! company described him as *"a highly seasoned and extraordinarily credible professional."* And his consulting expertise was acknowledged when he was identified through independent research compiled and published by Lawdragon as *"one of the most trusted names in legal consulting"* and by American Lawyer magazine as *"a long time succession consultant and coach to new firm leaders."*

Patrick authored a pioneering text on law firm marketing, *Practice Development: Creating a Marketing Mindset* (Butterworths, 1989) recognized by an international journal as being “among the top ten books that any professional services marketer should have.” His subsequent works include *Herding Cats: A Handbook for Managing Partners and Practice Leaders* (IBMP, 1995); and *Beyond Knowing: 16 Cage-Rattling Questions To Jump-Start Your Practice Team* (IBMP, 2000).

A prolific writer on the challenges of firm leadership, his book (co-authored with David Maister), *First Among Equals: How to Manage a Group of Professionals*, (The Free Press, 2002) topped business best-seller lists in the United States, Canada and Australia; was translated into nine languages; is currently in its seventh printing; and received a best business books of 2002 award. Leaders across various professions like Kenneth LeStrange, Chairman of Aon Risk Services; Douglas McCracken, CEO of Deloitte Consulting; Claudio Fernandez Araoz, Executive with Egon Zehnder Partners; and Allan Koltin, President of the Practice Development Institute described the book as ‘*the essential guide to practice leadership.*’

Obsessed with innovation, Patrick was instrumental in introducing the first global (**InnovAction**) awards initiative in 2003, in conjunction with the College of Law Practice Management, to identify and celebrate global law firm innovation.



In 2006, McKenna's e-book *First 100 Days: Transitioning A New Managing Partner* (NXTBook) earned glowing reviews being read by leaders in 63 countries. This publication culminated in Patrick being asked to conduct a one- day masterclass for new firm leaders, usually held at the University of Chicago. Over 80 leaders from AmLaw 100, AmLaw 200, accounting and consulting firms, hailing from four countries have graduated from the program.

According to Hugh Verrier, Chairman of White & Case,  
*"I was struck by the synthesis of the issues you presented. It was amazingly clear and comprehensive, given the breadth of the topic and the short time available. I was delighted to attend the event and I learned a lot from it."*

The book *Management Skills* (John Wiley) named Patrick among the "leading thinkers in the field" together with Warren Bennis; and in 2008, *In The Company of Leaders* included his work amongst other notable luminaries like Dr. Marshall Goldsmith. His two newest e-books, *The Art of Leadership Succession* and *Strategy Innovation: Getting To The Future First* (Legal Business World Publishing), were released in 2019, and read/downloaded in over 40 countries.

McKenna's published articles have appeared in over 50 leading professional journals, newsletters, and online sources; and his work has

been featured in *Fast Company*, *Harvard Business Review*, *Forbes*, *Business Week*, *The Globe and Mail*, *The Economist*, *Investor's Business Daily* and *The Financial Times*. He currently serves as Contributing Editor to *Of Counsel: The Legal Practice and Management Report* (New York).

Patrick has lectured on professional service management and strategy for the Canadian, American and International Bar Associations; the Canadian Tax Foundation, the International Union of Lawyers, the Institute For Law Firm Management, The Institute For International Research, the Society for Marketing Professional Services, The Managing Partner's Forum, Centaur Conferences Europe and the Financial Times Of London. He is a frequently requested speaker, having appeared in London, Geneva, Vienna, Munich, Marrakech, Istanbul, Singapore, Hong Kong, New York, Boston, Chicago, San Francisco, and Toronto for professional conferences and seminars.

Patrick did his MBA graduate work at the Canadian School of Management and is among the first alumni from Harvard's Leadership in Professional Service Firms program.

McKenna's decades of experience led to his being the subject of a Harvard Law School Case Study entitled: *Innovations In Legal Consulting* (2011). He was the first "expert" in professional service firms admitted to the Association of Corporate Executive Coaches, the #1 US

group for senior-level CEO coaches; was the recipient of an Honorary Fellowship from Leaders Excellence of Harvard Square (2015); and voted by the readers of *Legal Business World* as one of only a handful of international Thought Leaders (2017-2021).







McKenna serves on a number of corporate advisory boards including Intrapexion Inc. (AI legal tech); LBW Broadcasting (international media); True Balance Longevity Institute (health care); Alterity ADR (dispute resolution); and is a BrainTrust Member of Quantumrun, a global research and futurists group. He was acknowledged in 2020 as one of the Top 20 Global Thought Leaders on Business Strategy (Thinkers360).

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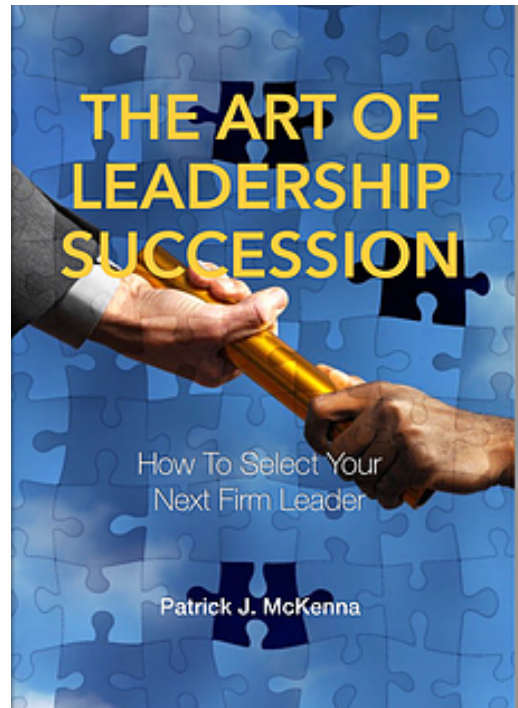
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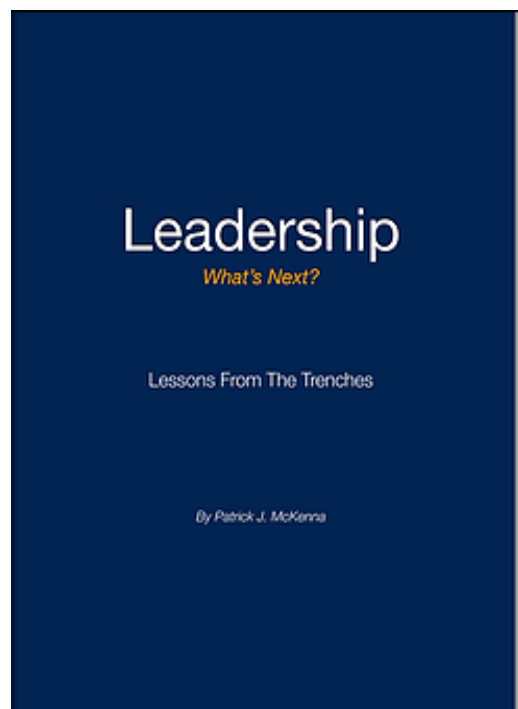
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