



FENELLA McVEY is a partner at Galleon Blue, a management consultancy focused on customer brand and marketing strategies. Clients include UBS, Lloyds TSB, GE, Siemens, BP and Cargill

# Who will win the branding race?

Fenella McVey advises law firms to look at other business sectors for guidance on best practice brand and client strategies

**Brand identity, principles, values, beliefs – many** terms are used to describe what a business stands for. A strong identity explains the value of a business's service to clients and provides a purpose for the organisation. A brand is much more than a logo or slogan.

Car manufacturers have been particularly good at capturing the essence of their businesses, from BMW's 'ultimate driving machine' to Volvo's reputation for 'safety'. In financial services, Goldman Sachs's image of relentless determination and intense meritocracy contrasts with UBS's 'You and Us' brand, which emphasises how they 'work together' with clients, bringing the global resources of the bank to every relationship. Few law firms capture what is different about them as powerfully as this.

Instead, many firms make startlingly similar claims about themselves, that they are 'leading', provide 'excellent' legal advice and have 'high-quality' lawyers, with a 'commercial' mindset. Generic wording does little to assist clients choose between firms, nor does it help lawyers identify with their own firm. Without differentiation, clients focus on price, creating a race to the bottom.

Being distinctive doesn't mean becoming niche or abandoning the firm's heritage. Companies like Apple, IBM and Dell all claim innovation as part of their identity. They do this successfully and have distinct identities because they define what they mean by innovation in specific terms. For Apple innovation is about beautiful design and ease of use; for Dell it is about outsourced manufacturing

again? Chances are, very few in the partnership will have much of an idea themselves.

In the absence of a guiding identity it's difficult to provide consistency across practice areas and countries. Clients compare the service they receive not just to other law firms but also to the service they provide their clients and receive from their other advisers. If their accountants can bill by assignment rather than on hourly rates, provide a consistent service globally, and proactively give advice on, say, new tax legislation – why can't their lawyers?

But some management teams are waking up to the gap between law firms' brand and marketing practices and those used in other business-to-business (B2B) sectors. 'We are 20 years behind the accountancy firms, but the benchmark should be corporates not just professional services,' said a senior business development manager from a top UK law firm.

Law firms can learn best practice brand and marketing techniques from other sectors, such as financial services and IT. Opportunities await early adopters. Perhaps it's no surprise that several firms are hiring from outside the legal sector to head up their business development, HR and training teams. However, a recent study of the top 50 UK law firms showed that few, if any, were up to speed in client research techniques, account management or strategic planning.

So, what could law firms learn from other sectors? Let's consider cross-selling and pricing, two areas currently of particular concern.

**Generic wording does little to assist clients choose between firms, nor does it help lawyers identify with their own firm. Without differentiation, clients focus on price, creating a race to the bottom.**

processes; and for IBM it is about offering business solutions not just products.

If part of a firm's brand identity is being commercial, what does this actually mean? In which ways is the firm more commercial than its competitors? How do partners and employees need to change to deliver this? How is the way they answer the phone or conduct a pitch meeting different? Is it about communication? Is it about using commercial language and not legal jargon? Or something else

## CROSS-SELLING

Most law firms are trying to encourage greater cross-selling, asking partners from different practice areas to work together to address clients' wider needs. Organising around industry sectors, not just legal practice areas, is one way to do this. Teaming should benefit both parties, clients benefit from a more comprehensive service while firms gain financially. But many partners are still reluctant to team.

Business development managers in law firms often cite the partnership model as a barrier to teaming. It is hard to gain consensus for teaming strategies because there are no links to remuneration for partners, there is no carrot and no stick. Successful partners are often left to do their own thing.

The banking sector could well provide law firms with lessons about successful teaming.

In private and investment banking, client relationships used to be owned by relationship managers. When the relationship manager moved to another bank, often so did the clients. Many banks tried to introduce more teaming and collaboration, but relationship managers were resistant.

The assumption was that relationship managers did not want to team because they did not want to lose ownership of their clients. In practice, fear of losing their clients was a factor, but more important was concern that straying out of their area of expertise would expose their knowledge gaps to their client. They did not feel comfortable talking to clients about products and services that they knew little about. Understanding these fears was key to unlocking resistance to teaming. Banks developed systems and processes to provide relationship managers with easy access to the global knowledge of the banks, including Amazon-style 'clients who have a similar profile, were interested in...'. This was beneficial to clients, relationship managers and the banks. Clients received broader and more integrated advice, relationship managers formed stronger bonds with clients, and banks got more client business.

In any business, successfully implementing a strategy involves winning the complete support of all groups. In B2B, and in professional services in particular, carrots and sticks can only go so far. Other professional services and B2B organisations face similar issues to those raised by the partnership model. They are successful because they invest in understanding motivations and resistance points, identify early adopters, and tailor the internal communications strategy to different audiences, such as lawyers versus support functions.

#### PRICING

Law firms are facing tremendous pricing pressures, not just because of the global economic slowdown. There are growing trends around internationalisation and consolidation, creating economies of scale, commoditisation in less specialised areas of law, the increasing involvement of procurement in the appointment of legal advisers, and outsourcing. Many law firms have been surprised by the speed at which the legal market is changing. Rio Tinto has outsourced a substantial amount of legal work to CPA Global in India, a step that would not have been predicted a few months ago.

The response of many firms has been to slash hourly charge-out rates – back to that race to the bottom. But how have companies in other B2B sectors responded to similar price pressures?

One striking difference between law firms and other sectors is the amount of time invested in understanding client

attitudes and service requirements. These insights enable companies to tailor their pricing models, and to shift the conversation away from price and on to value.

Across B2B sectors, it is common to find at least three types of attitudes among clients: a focus on price, long-term partnering or innovation.

Within the price-conscious group, some will be focused on the hourly or unit rate, some on aggregate costs and others will seek price stability in the long term. By understanding these differences firms can be more creative about pricing options, such as using retainer models to achieve price stability over time. For clients interested in partnering or innovation, firms can add value by offering preferential terms or inviting them to co-develop new ideas. In this way firms can meet client requirements without slashing margins.

#### HOW TO WIN THE RACE

Large companies have pioneered client research techniques, account management, strategic planning, cross-selling and innovative pricing structures. And, as giants such as Rio Tinto have shown, traditional law firm clients are willing and able to take advantage of innovative steps to get the most from their legal spend.

Law is no longer just about the excellence of legal advice, this should be a given. Opportunities exist for those law firms that recognise the advantage they can gain by learning from other B2B sectors, and adopting best practice brand identity and marketing techniques.

*Fenella McVey*

