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DEVELOPMENT COUNSEL

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Drucker's new practice

As Peter Drucker, the great management guru, once wrote:

When a new venture does succeed, more often than not it is in a market other than the one it was originally intended to serve, with products and services not quite those with which it had set out, brought in large part by customers it did not even think of when it started, and used for a host of purposes besides the ones for which the products were first designed.

The same goes for professional practices. While some have succeeded by doing exactly what they had in mind from the outset, a whole lot more have found themselves profitable niches which weren't exactly part of the original plan. Some of the most successful have even re-spun their past to make the present 'all part of the grand vision' — they retell their story as though it was all meant to be this way.

Many lessons can be drawn from these success stories, especially those that dominate new and attractive niches. They enjoy enviable brand value and have earned the advantages of market-making.

Our strategic work with new practices and new competencies (including new practice groups or ventures within established firms) demonstrates that those who develop a clear and well-conceived picture of the clients and industries they will serve, and then stick to it, have a higher propensity to succeed and thrive. This group is more likely to be more highly successful than those whose strategy is founded on defining one or a series of specific services which are then promoted into a series of market targets. That is, by building services around markets, the rewards are

greater than for services which are nicely packaged up ready to find buyers.

And our research confirms that the least likelihood of success attaches to generalist strategies.

Possibly the worst generalist strategy of the lot for a new practice is that of the general, full service commercial law firm. If you need evidence, Google 'full-service commercial law firm' and you'll come up with a half-a-million hits or so in Australia. Try almost any defined niche, and the links instantly decline by at least 80 per cent — sometimes to a mere few thousand. Not entirely scientific, but minutes will make the point.

Dealing with a rapidly changing business environment and faced with uncertainty, professionals who target specific clients and industries are best positioned to tune in to emerging needs, communicate with their markets and exploit opportunities.

How do they do it?

First and foremost, the most successful new professional service ventures *closely observe their industry or client targets*.

Savvy professionals see clients in their 'natural environment'. They watch and look and listen. Before long, these same savvy professionals look and feel as though they belong in that environment — they 'fit'. They have observed the targets sufficiently to offer an incisive analysis of industry and organisational dynamics.

Next, they *really understand their targets*.

The most successful new professional providers have a clear enough grasp of the needs and competitive pressures of their target clients and industry to draw

clarity from murkiness or apparent confusion.

They can *convincingly communicate their understanding* of needs, both recognised and unrecognised. And they use this understanding to earn a position of thought-leadership and to build profile.

Successful new professional ventures *respond opportunistically to the challenges before their industry and client targets*. Rather than just going with the flow, they seize the opportunities inherent in a predicament or obstacle, or shortcomings of conventional wisdom. The made-to-measure services they devise in response to a thorough understanding of client needs and of industry context aren't readily categorised in terms of narrow professional disciplines or dismissed on technical grounds alone.

These successful new ventures *strategise communication and marketing around target markets* and craft offers and messages which resonate.

Professional success stories are — and remain — *highly adaptive*. Rather than clinging to even a proven service offering, what they are and offer today will not be the same tomorrow.

Repeating the process which has founded their success — observation, understanding, response — these professional ventures will not constantly farewell clients who outgrow them. Instead, they'll react by formulating a stream of products and services to meet the evolving needs of their targets. They'll find new niches, and keep clients excited. ●



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