

# A Business strategy development for a law firm in a period of economical recession

by Oleksiy Bezhevets - Legal Alliance Company • Kyiv • Simferopol - [www.l-a.com.ua](http://www.l-a.com.ua)

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The global economic recession has had a significant impact on the Ukrainian legal services industry, calling for a strategic change for the law companies working in Ukraine. The idea of this article is to describe the process of development of a law company's business strategy, specifically for the period of recession.

Theory prescribes that strategy formulation is the development of long-range plans for the effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses. It includes defining the corporate mission, specifying achievable objectives, developing strategies, and setting policy guidelines. The following 5 steps of the strategic decision making process were proposed:

Ø Evaluate current performance results.

Ø Scan External Environment: select strategic factors.

Ø Scan Internal Environment: determine strategic factors.

Ø Analyze strategic factors (SWOT): pinpoint problem areas and review mission and objectives.

Ø Generate and evaluate Strategic Alternatives: select the best one.

Let us take as an example a strategic research undertaken in a law company that provided answers to the main questions to be answered for a strategy development, precisely:

## Ø How can the company's current performance be evaluated?

The company's general underperformance and a gap between the strategy and the business environment was detected and described in numbers. It was proved that financial trends in the company were troublesome. It was argued that the company's current business strategy does not map to the business environment and does not provide for a sustainable competitive advantage in the period of economic recession. It was proved by the SWOT analysis that the company's response to the external and internal environmental factors is very poor (36% and 56.5% of the possible performance level respectively).

## Ø What environmental factors should be taken into account by the company in addressing the issue?

The environmental factors that should be taken into account by the company while defining the business strategy for the specified period were elaborated upon as the following: the market demands a fixed fee agreed in advance and hourly rates with a cap; competence in pharmaceutical law (one of the company's core practice); competitors, especially in pharmaceutical law and litigation; general reduction in expenses among clients; clients' financial problems; growing demand for services in litigation, taxation, bad assets collection, and intellectual property rights; and some others.

## Ø What strategic alternatives does the company have for the period of economic recession?

The analysis of the survey data has updated the list of the internal and external strategic factors that have an influence on the company before recession. The updated strategic environmental factors were organized into the categories of strengths and weaknesses, and opportunities and threats, to analyze how well the company responds to these specific factors in light of the perceived importance of these factors. The TOWS Matrix was generated to illustrate how the external opportunities and threats facing the

company can be matched with the company's internal strengths and weaknesses to result in four sets of possible strategic alternatives, precisely:

<b>Strengths and opportunities strategies</b>  Ø Intensification of marketing activities. Focus on the legal services most in demand and the company's core competences  Ø Aggressive development strategy: launch of new practices, recruiting new lawyers, and new 'legal products' proposition	<b>Weaknesses and opportunities strategies</b>  Ø Re-position the company on the market. Focus on the legal services most in demand and the company's core competences  Ø Improve ability to serve foreign markets/customers  Ø Improve quality of the legal team
<b>Strengths and threats strategies</b>  Ø Adapt the company's fee policy to the market trend  Ø Very focused marketing activities. Focus on the legal services most in demand and the company's core competences  Ø Restrained development strategy: develop existing practices, save and further develop current staff  Ø Improve operational effectiveness, cut expenses	<b>Weaknesses and threats strategies</b>  Ø Adapt the company's fee policy to the market trend  Ø Re-position the company on the market. Focus only on the legal services most in demand. Stop unprofitable activities (practices)  Ø Improve operational effectiveness, considerably cut expenses and overheads  Ø Merge with a competitor

**Ø What strategic alternative can be recommended to the company for the specified period?**

The elaborated strategic alternatives, along with the market trends and the authoritative opinions explored by the undertaken research, have culminated in the following business strategy objectives recommended to the company for the period of economic recession:

Ø Re-position the company on the market with a clear message: a competent law firm specialized in pharmaceutical law, litigation, and tax advice.

Ø Develop legal practice in pharmaceutical law, litigation, and tax advice. Focus upon the legal services that are most in demand and that map to the company's competences. On this basis, develop a new 'legal product' proposition that does not require the development of new practices or services.

Ø Adapt the company's fee policy to the market trend: implement a fixed fee agreed in advance and hourly rates with a cap as a basic fee proposal.

Ø Improve quality of the legal team: develop the existing staff, and hire professionals in pharmaceutical law, litigation, and tax advice. Improve the staff's ability to serve foreign clients.

Ø Improve operational effectiveness: review and cut operational expenses and overheads, improve use of IT, improve knowledge management, improve staff's and partners' productivity.

Ø Search for a law firm to merge or establish a strategic alliance with.

**Ø What objectives in the financial, marketing, internal business process, and human resources and information technology fields can be set for the company?**

According to the new strategic objectives elaborated for the company, the new objectives in the financial, marketing, internal business process, and human resources and information technology fields were set for the company.