



Competing as a Minority-Owned Law Firm in the Global Marketplace

By Jorge Mestre and Ana Munoz

“War is a matter of vital importance to the State; the province of life or death; the road to survival or ruin. It is mandatory that it be thoroughly studied.”

—Sun Tzu, *The Art of War*

In today’s increasingly competitive global marketplace, the art of thriving as a minority-owned law firm in a world overpopulated by name-brand rivals relates more than ever to the art of war. Healthy competition is unquestionably a matter of vital importance to the minority-owned law firm; it is, with apologies to Sun Tzu, “the road to survival or ruin.” It is therefore necessary that the minority lawyer wishing to succeed at a time when firms are battling intensely for prime pieces of work study the marketplace thoroughly to determine how to use the firm’s strengths and the rival’s weaknesses to win.

In the first decade of the new millennium, there was much discussion in corporate America regarding the importance of increasing diversity, not only within a company’s ranks, but also among a company’s suppliers of goods and services. One phenomenon that grew in popularity as a result of this push for diversity was the increased desirability of becoming certified—on a local or national level or both—as a minority business enterprise (MBE). The MBE label was perceived as a tool that could be used to open doors for minority-owned businesses to obtain plum contracts from the government or from Fortune 500 companies seeking to diversify their supply base. While getting on the list of certified MBEs is certainly a tool to get more looks from entities that might have otherwise never heard of your minority-owned firm, obtaining MBE certification can only be viewed as a starting point—and not the culmination of—a minority-owned firm’s push to gain ground in the global marketplace.

Particularly following the onset of the recent recession, business commentators discussing the issue of diversity have noted the importance of refining what diversity means and reassessing the benefits that diversity can bring to companies. To note just one example, in his July 8, 2007, *USA Today* article, “Companies Ramp Up Diversity Like Never Before,” Edward Iwata noted that “U.S.-style diversity, historically focused on compliance with federal hiring mandates, is evolving into a broader global version of a multilingual, cross-cultural workforce linked to strategic business goals.” What this means is that companies will increasingly be looking beyond a “color-by-numbers” diversity theory and to a calculus of what value their diverse suppliers can add. While identifying and marketing the special value that your minority-owned firm can add to a company’s supplier base requires effort, it is effort that will



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reap big rewards in an increasingly tight economy where companies in all industries are seeking any competitive advantage they can get.

So what should your minority-owned firm do to improve its position in the battlefield of the markets? Successfully implementing your business strategy is more of an art than a science, but it is an art that can be mastered through careful study. The first logical step in the process, however, is to design a viable business strategy.

Offensive Strategy

“He who knows when he can fight and when he cannot will be victorious.”

Minority-owned businesses are frequently the brain children of highly motivated, entrepreneurial types. Who else, after all, could successfully strike out on their own, competing against long-established name-brand players? Because of the culture of assertiveness among minority business owners, however, the idea of strategically choosing which opportunities to pursue at what time may seem like an overly cautious approach. But exercising prudence in ramping up your minority-owned firm can be a key to success.

Professor Leonard Greenhalgh of the Tuck School of Business at Dartmouth University, in collaboration with the Minority Business Development Agency of the U.S. Department of Commerce, presented a paper at the National Minority Enterprise Development Week 2008 Conference titled “Increasing MBE Competitiveness Through Strategic Alliances.” Professor Greenhalgh discusses a number of concepts essential to the formation of an effective growth strategy for a minority-owned enterprise. The paper operates on the premise that while most MBE owners “spend more time focusing on customer attractiveness than on their capacity to serve their clientele . . . strategic choices about where the MBE should be positioned in the value chain [should] involve two considerations—how attractive is the customer and how well can the MBE serve the customer’s needs.”

The importance of being able to serve the client effectively is clear. Taking on business beyond the current capacity of your enterprise (or, in the case of legal services, in an area beyond the expertise of your firm) could lead to client dissatisfaction and decreased opportunities in the future. For a small firm, however, all is not lost. As Professor Greenhalgh proposes, and as we know from our own experiences as minority-firm owners, one key to expanding a small firm’s capacity, and thus to expanding the range of services the firm can provide, is forging strategic alliances.

Successful rainmakers know that their businesses are only as strong as their relationships. Part of a business strategy is knowing that competition in the legal marketplace is not a zero-sum game. Developing friendships with other attorneys is one obvious business source. Whether these lawyers come from large or small, minority-owned or conventional firms, there are always instances when conflicts will arise or when cases come in that need to be referred out. By strategically sending business to professionals in your network, a minority-firm owner can almost certainly expect reciprocal benefits. The network should not be limited to other lawyers, but should include other professionals who provide services essential to our

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clients. For example, in the case of commercial litigators, maintaining close relationships with the accounting firms that so often provide services to our clients is important.

Weaknesses and Strengths

“Generally, he who occupies the field of battle first and awaits his enemy is at ease; he who comes later to the scene and rushes into the fight is weary.”

Knowing when to pursue a business opportunity and how to pursue it means having an acute awareness of the particular strengths of your firm, as well as the strengths and weaknesses of those competing against you for business. Some of the factors that could be perceived as strengths or weaknesses of a firm relate to firm size, racial or cultural composition of the firm, and the firm’s existing client base. As will be discussed in the next section, whether each of these factors is a strength or a weakness depends upon circumstances, and in many cases, can be a matter of opinion—an opinion that you can influence. But the importance of knowing how you are likely perceived in the marketplace and being first “on the field of battle” to frame that perception to your benefit cannot be overstated.

Maneuver

“Nothing is more difficult than the art of maneuver. What is difficult about maneuver is to make the devious route the most direct and to turn misfortune to advantage.”

Minority-owned law firms can be vulnerable to perception issues. Because many MBEs are recent start-ups, for example, they may operate with a smaller staff and fewer of the larger firms’ conventional resources, e.g., a large group of paraprofessionals. Also, the cultural divide between minority firms and their clients can lead to misconceptions regarding language ability or business acumen.

Anecdotally, I can add that in building our law firm, I have managed to turn these perceived weaknesses into marketable strengths. For example, having a leaner operation means that the monthly invoice comes without all of the “added fat” that is sometimes seen in large law firm practice. We try and sell the same level of service, which is performed by fewer professionals who give more personal, individualized service to the client.

With regard to cultural or language differences, as business across industries becomes more international, the ability to sell native foreign language skills is invaluable. The ability to confer and correspond with foreign clients or experts in their own language makes cross-border communications exponentially more efficient and effective. In a litigation context, particularly, the ability to work with and understand original documents in a foreign language is also a huge cost-saver for clients. This does not apply only to language skills. The often unspoken reality is that multi-cultural firms are conversant in foreign cultures as well as foreign languages. This proficiency is essential in dealing with business and litigation environments that can often be quite different from the U.S. system that we are familiar with. A clear view into the language and thought processes of other cultures affects the way legal problems are seen and solved. Or, to paraphrase the infinitely more articulate Ludwig



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Wittgenstein, “If we [speak] a different language, we . . . perceive a somewhat different world.”

Intelligence Gathering

“Now the reason the enlightened prince and the wise general conquer the enemy whenever they move and their achievements surpass those of ordinary men is foreknowledge.”

Of course, all the strategy and self-awareness described above will be ineffective if we do not have the benefit of up-to-date, in-depth information about our clients and potential clients and their legal services needs. Obviously in the twenty-first century, there is a wealth of information available online regarding corporations and events affecting those corporations. However, in this area as well, our business networks can provide a valuable offline source of detailed information about what companies could be looking for in relation to the types of services your firm provides.

Conclusion

With increased challenges in the legal services environment come increased opportunities for those firms that are willing to put in the extra effort to play their position. By studying themselves and their potential client base and thinking strategically, minority law firms can turn a time of relative drought for top-heavy brand name firms into a time of plenty for the more adaptive, entrepreneurial enterprise.

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