

Law Firm Positioning

Competitive positioning involves selecting markets according to a law firm's capability, performance and client segmentation.

By Nick Jarrett-Kerr

Of all the issues about which I have spoken or written over the last two years or so, my “positioning diamond matrix” has attracted by far the most attention and comment.

The purpose of the diamond is to help law firms and their practice groups to identify where they might sit in their chosen markets in terms of competitive positioning, perceived level of capability and performance, and their ranking on the various tiers of client segmentation.

The diamond contains nine generic law firm (and practice group) types.

- At the top of the diamond are the Market Rulers. These are the firms that in any jurisdiction or locality stand out from the crowd as the leading firms. These firms have the best clients, do top tier legal work and are at the top of the league tables for capability and financial performance.

Competing just below are the Challengers and Designer Labels.

- Challengers are — as the name suggests — firms that are competing strongly to join the top tier of leading firms.
- Designer Labels including niche boutique firms and also firms with a tight portfolio of highly specialized services or sectors.

Both these types are competing at high level — the diamond shape of each segment illustrates that firms in any segment are competing to

some extent with firms in segments immediately above (and below) them on the matrix.

As you move down the diamond matrix, the competitive position of each segment becomes weaker and less differentiated. There are also far fewer firms in the top three segments than in the rest of the diamond.

- Bulk Providers include firms relying essentially on volume business in commercial work or, indeed, for private clients and consumers.
- Local Heroes are the leading firms in regions, cities and towns within the jurisdictions being assessed.
- Endowment Firms were once mighty but have become complacent and rely for their competitive position on their legacies of a rich client base, renowned (but declining) partners and historical positioning.
- Utility Players are safe pairs of hands, good at many things but not truly renowned or particularly specialized.
- Minor League firms are the many firms at the bottom of the legal heap.

The point of the matrix is to help firms honestly appraise their current competitive positioning, and then to work out a repositioning strategy.

I have, for example, been working for an employment and labor law group in a regional law firm who have frankly admitted that they are a Utility Player Group — good at most things but not yet the “go to” group for the employment issues which keeps Chief Executives awake at night. They are working on strategies to become a Designer Label Practice Group.

I have been also working for a Utility Player firm which has some elements of Local Hero status and would like to move up the diamond.

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