

On The Subject of Strategic Focus

by Patrick J. McKenna

This article has its origins in a particular incident that compelled me to share some further thoughts with the firm's managing partner.

Dear Managing Partner:

In our strategic planning committee discussions of earlier this week, we heard from one senior partner about the importance of capitalizing on an opportunity to open a new office in another State. He informed us about this lawyer he knew who could bring us a \$2 million book of business. I asked how that would augment or support the firm's core area of industry strength. We learned that it had nothing to do with the firm's area of strength. At the time, rather than get into a protracted debate, I abstained from commenting any further on this issue. Upon reflection, while that was still the proper action to take at the time, I should offer my thinking to you on this subject – as I believe it is critical to your firm's strategy going forward . . .

As counterintuitive as it may sound, the very best growth strategy (in both good economic times and bad) is to decide what NOT to do. If some partners hold to a view that the firm should "keep our options open and not limit ourselves" than you, in essence, will not have a strategy. By definition, having a strategy means that you decide to do one thing and not another. If we attempt to draft a strategy that has us doing a lot of things, inevitably it will end up with the firm actually doing nothing really well. When you try to do everything (full service) for everybody, the only leverage you have is to do more of it faster, better and cheaper.

The best way to expand is by narrowing. Consider: clients don't hire you for what you do, they hire you for what you know. And what your firm knows better than any other firm is this particular industry. I am reminded that Bain & Company's Chris Zook (author of Profit From The Core) has long studied the principles of focus exclusively and concluded that "narrower focus and concentration of resources on a single core business provide the best road to sustained profitable growth.

Many lawyers fear focus for numerous reasons. A leading concern is their view that if they focus their efforts on solving a particular problem or serving a particular segment of the market, they won't get to address other problems or other segments, and therefore be less appealing to everyone. Nothing could be further from the truth. It is in being highly recognized for some specific 'world-class expertise' that opens the door to developing relationships that allow you to then be called upon for your counsel and subsequently develop skills and competencies in other areas that the client needs you to help them with.

These same lawyers also make the mistake of assuming that narrow is the same thing as small; that if you are focused in on any one area you somehow limit your growth potential. While seemingly logical, this is simply not true as evidenced by firms as diverse as Intel to Wachtel. A narrow target doesn't mean narrow profits. A focused market almost always provides higher returns than a mass market because you meet a very specific set of needs. The old adage of 'better to be a big fish in a small pond' is very true in a highly competitive

market.

The only growth that really matters is growth in profitability. It typically costs much more to serve the needs of a broad, mass market of clients than it does a narrow focused market. Too many lawyers have the attitude that every dollar they bring in is a good dollar. But some dollars actually have a negative value.

In today's market, you have to be lean, simplified and incredibly focused. Resources are limited and clients are discriminating. Be vigilant about how the marketplace is evolving and how you'll stay ahead of it. It's not about building for size. It's about building for dominating a selective practice area. Dominate or leave. There's no such thing as a "fast follower."

The simple fact is that the specialist earns more than any generalist. A highly focused firm, as you are in your one specific industry, allows you to draw clients from all over the globe (as one of your partners attests with clients from Beijing to Brussels), to offer a higher level of value, to differentiate your offerings, and is the easiest way to narrow your competition. Instead of being concerned about being focused, we need to be concerned about being mediocre – with opening some kiosk operation with a few lawyers serving a few clients that do nothing to enhance your position or reputation.

As Steve Jobs once said, "People think focus means saying yes to the thing you've got to focus on. But that's not what it means at all. It means saying no to the 100 other good ideas that there are. You have to pick carefully. I'm actually as proud of the many things we at Apple haven't done, as the things we have done."

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