

# Designing new services

Laurie Young looks at innovative ways firms can energise their offerings to clients

In the current legal services market, whether domestic or international, there is a constant nagging worry about the service offered to clients. On the one hand, service to the general public seems to be continually examined for responsiveness and value, while, at the other end of the scale, some of the biggest international clients talk of “commoditisation”. Corporate counsel seem to want both the (expensive) high-level expertise of leading partners and streamlined, cheap services. Is it no longer good enough simply to advise? Are the days of well-paid “mandates” drawing to a close?

In an increasingly difficult economy and the changing international legal services market, different law firms are now exploring ways to develop new services and expand existing offers. Leading British firm Allen & Overy, for example, has set up an innovation committee of leading partners to stimulate initiatives. Some practices are also looking at techniques by which companies in entirely different industries design and adjust the practice’s services.

These techniques make explicit and proactive the work legal practitioners normally do intuitively and haphazardly. They help stop the costly reinvention of wheels and make the creation of appealing, profitable services less risky. In fact, credible academic research suggests that they help reduce the risk of failure and optimise the cost of investment in ideas.

So, what concepts should legal specialists consider using if they want to take a more rational or explicit approach to the expansion of the services they offer clients?

## The client’s experience

A first step might be to think through the clients’ total experience of the practice, from the moment they first approach the firm for help to the time they pay their final invoice. Their experience of the service and their reaction to it is, for them, one continuous process. Some industries call this ‘the customer journey’, reflecting the way the process controls their buyers’ experience and affects their satisfaction. It is a major influence on repurchase intent and has a significant impact on practice reputation. In fact, a number of organisations are putting great emphasis on this at the moment under the banner of a fashionable new management concept called ‘customer experience management’.

Each phase in the client’s experience of the service process needs to be thought through and carefully adjusted or redesigned. A technique that can be used to map this end-to-end process is ‘service blueprinting’. This approach uses flow diagram techniques to chart the course of the client through the service. However, it clearly differentiates between aspects that are seen by them and those that are not. Called the ‘line of visibility’, this separation has been important to many services. The subsequent separation of front office and back office processes has been especially helpful in retail banking, for example. It has allowed firms to streamline and centralise back office processes, improving their productivity.

Many large international legal practices are taking a similar approach to some of their routine work, offshoring it to countries with cheaper labour in order to improve margins. Analysis similar to blueprinting is an essential ingredient in the success of this endeavour. There are, for instance, law firms in New Zealand that are now undertaking client work on behalf of leading practices in expensive capitals of the world. They would have been unable to enjoy this exciting opportunity had they not been able to use techniques similar to this which identify exactly where they receive and hand back work in the service process.

An important part of the blueprinting technique is the timing of each step that the client experiences. By isolating and timing them, tolerances can be measured and adjustments made. In some cultures, for instance, speed is the essence of good service and unnecessary delays can drive clients elsewhere; in others, it can be a negative. Blueprinting allows the practice to get the balance right for each client group.

## Planning the features of the service

Another technique that is increasingly used in the professions is detailed ‘features design’. The components of a professional service can be identified, planned, adjusted, and mixed to appeal to different groups of clients. They might be technical, process-based, human, physical, or emotional, and should be planned carefully.

They can be grouped into three types: ‘core’, ‘augmented’, and ‘emotional’.

- *The core feature* is the hub of the offer, and is the prime benefit to clients. For example, it may be to control risk, to protect assets, or to reduce damage.
- *Augmented features* are the components through which the designer chooses to express the core feature. In the case of a simple product, like a briefcase, it would include the choice of leather, latches, nature of stitching, internal construction etcetera. In legal services, it would not only include partners and associates but also computer systems by which suppliers communicate with clients and other tools used to deliver the service.
- *Emotional features* are designed to appeal to the buyers’ underlying (often unknown and unarticulated) emotional requirements, and they can be the most influential aspect of the proposition. They particularly affect perceptions of value, and without them many offers become commodities. Although they are actually offered through the physical (augmented) features, the emotional ring of the planning tool is there to remind designers to plan their presence proactively. They are particularly tied to the firm’s reputation or brand. Luxury goods manufacturers are especially good at making money from this. They make products that are sexy and aspirational. By appealing to human vanities, their offers become ‘must haves’ amongst the unlikeliest of people. As a result, leaders like Bernard Arnault of LVMH are amongst the richest people in the world.

There is undoubtedly an emotional component to legal services, which, with a little thought and deft planning, could create wealth in a similar way. Obvious in consumer services like divorce, it is also prevalent in corporate law. More than one M&A deal has hinged on the irrational aspirations of a business leader. More than one practice has been given work because of ambition, hubris, or arrogance. If consultants like McKinsey, merchant bankers like Goldman Sachs, and accountants like Deloitte can get sensible business leaders to want them enough to pay more than they should for their services, lawyers can too.

It is the proactive management of this mix of features that allows firms to design increasingly sophisticated versions of offers in the light of feedback from their clients. Figure 1 represents, for example, a ‘service hybrid’, in which clients are buying a mix of service and product components; this is common in industries that offer a high-volume, low-margin product. The brand, environmental design, product range, technology support, people behaviour, method of accessing the service, and the process through which the service is provided are all integrated into a holistic experience which people buy. This model has been used to design complex business services such as massive systems integration projects in the computer industry. It can also be used to get right newer legal offers, such as the outsourcing of a legal service in a major company, particularly if overseas.

Figure 1: The service hybrid

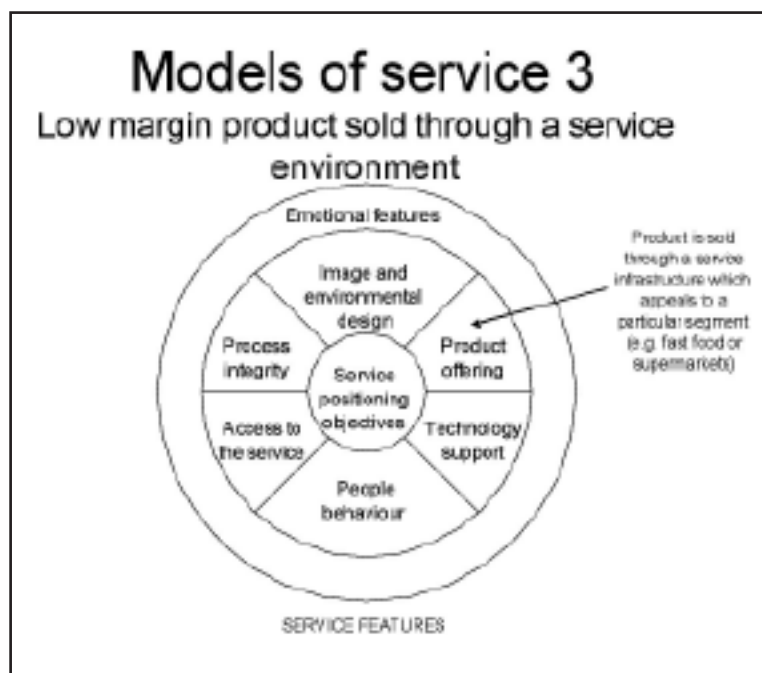


Figure 2: The intangible service

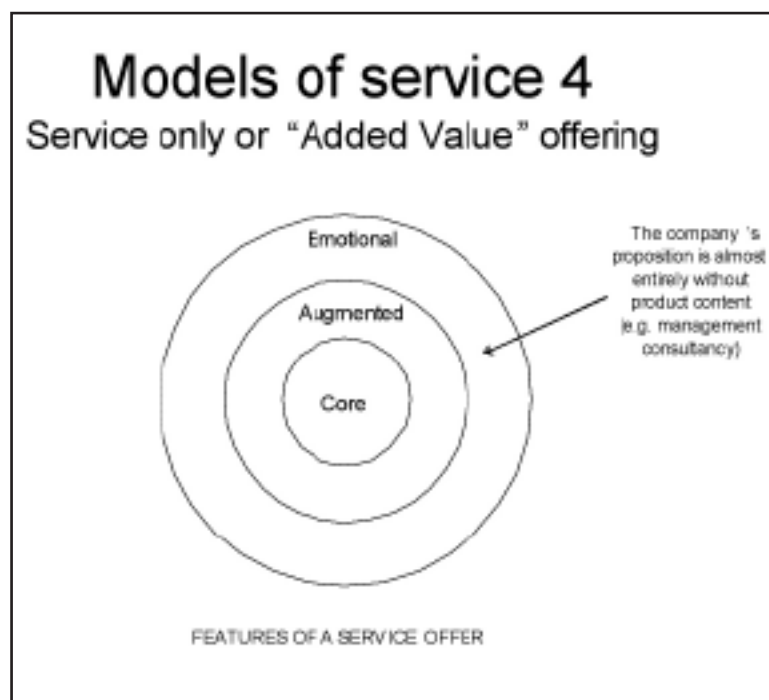


Figure 2, by contrast, represents an almost pure service offer at the far right of the goods/services spectrum which has very little physical content, typical of most legal services. Any physical components (such as documents or bound reports) are merely a reassurance to the buyer that quality and value exist in the offer. Practices need to make the intangible offer more tangible to buyers by the deft integration of physical elements into their work. Lawyers need to understand the emotional dynamic to their services, and not underestimate the power of little physical clues to help clients in buying a practice's intangible services.

As markets change, products and services evolve and change in nature. Some move from products to services; for instance, some computer companies now offer advice and consultancy. Others move in the opposite direction by, for example, replacing some service tasks by self-service technology. This substitution effect is dependent on two things: the difference in the perceived cost of changing to new technology and the education of the user to adopt the new technology. Lawyers in some parts of the world are replacing some of their client service with technologies that enable clients to undertake the work themselves. These projects, being so unfamiliar to legal practitioners, are helped by proactive, logical component design using some of the techniques described above.

Despite their public perception, legal practitioners can be creative and businesslike in their practice management. Many are finding that to adjust the services which are at the heart of their work, proven logical techniques can be rewarding. These are allowing them to preserve margins in tight markets and open up international opportunities.

Laurie Young is an international specialist in the marketing of services and author of the best-selling book *Marketing the Professional Services Firm* (Wiley). See: [www.lauriedyoung.com](http://www.lauriedyoung.com).

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