

VALUE OF RESEARCH AND HOW TO GET STARTED:

MARKET SCANNING TO UNDERSTAND MARKET TRENDS, CLIENT NEEDS AND COMPETITOR OFFERINGS



BACKGROUND

A key recommendation of the Market Study of Sole Practitioners and Smaller Legal Practices in Ireland, the Law Society commissioned report by Crowe, is to develop a growth strategy which reflects the long-term vision, purpose and growth ambition for the practice. Developing a growth strategy provides a focus on the future of the business in terms of the type of business and clients it wants to target, the rationale for doing so and what it needs to do to achieve its ambition.

The first step, for any small practice, in creating a growth strategy is to scan the market in which you are operating to understand market trends, client needs and competitor offering. A planned approach to market research is the starting point. This guide aims to give you an understanding of market research and its importance and benefits relative to your growth plan, as well as give you a walk through the types of research methods, sources and approaches that you might consider for your small practice when completing your own market research. This will equip you in planning and implementing the market research element of your growth strategy.

WHAT IS MARKET RESEARCH?

Market research is an organised effort to gather information that will provide insights and support decision-making in strategy and planning. It is the process of continually and actively monitoring available information both internal and external to the practice in order to establish a better understanding of clients and competitors and to identify changes and trends in the sector and market.

WHY SHOULD I DO IT?

Gathering and understanding this information will support a more robust, informed and effective

growth strategy and growth strategy execution that is truly customised, fit-for-purpose and tailored to the changing environment. This will ultimately result in more efficient, impactful and successful outcomes from your growth strategy and a more sustainable small practice in the long term.

WHERE DO I START?

The first step is to be clear on the goal of your research and to define the questions you need your research to answer. This will determine what information you need to gather and how it will be used.

a) Research goal

In the context of your growth strategy, the goal of your research is to gather data and information that will inform the decision-making to identify growth options to pursue.

b) Research questions

The key research questions you will seek to answer to develop your growth strategy will be:

1. What is my starting point in terms of existing service lines and client base?
2. How does the marketplace in which I operate function currently and what trends can inform my identification of growth opportunities?
3. What do I know/do I need to know about clients and competitors that will help me identify and evaluate growth opportunities?

The following tables outline the type of information you should be gathering in relation to clients, competitors and the market and the sources of that information with suggestions as to where these can be sourced. It is suggested that you use a broad mix of research methods to ensure your practice captures a rounded view of the market.



CLIENTS

TYPES OF INFORMATION REQUIRED

It is recommended that any information relative to your clients that could be useful in your decision-making be gathered. This could include any information about the client themselves, such as:

- Customer type: is it an individual or business? If a business, categorise into business type e.g. SME, Not-for-profit, public, start-up, other. Also categorise into industry/sector,
- Location: where they reside and/or location of business,
- Income/revenue/profit of the individual or business or other indicators of client business potential,
- Age profiling and family details of individual customers or lifecycle stage of business customers and their network partnerships, affiliations or memberships,
- Personal interest areas that could influence marketing choices,
- Methods and types of communications used,
- Key characteristics, pain points, decision-making styles, motivations and/or needs, and
- Other key differentiators or information.

Information relative to the client's experience with your practice, such as:

- How did they hear about your practice?
- How long have they been a client?
- Which service lines they utilise and the frequency of same?
- Monthly/annual revenue contribution to the practice and structure and trends of same,
- Marketing and communications they consume from your practice (current and preferences for future of same),
- Satisfaction levels with service,
- Likelihood to recommend/refer practice, and
- Other key differentiators or information.

SOURCES OF EXISTING AND POTENTIAL INFORMATION AND METHODS AND TOOLS TO BE USED TO CAPTURE THAT INFORMATION

1. **Utilise your current available information such as database/CRM or case management systems.** Interrogate and analyse these for percentage breakdowns and understanding of key client information on file, for example, invoicing amounts, location, services used, etc.

It is an idea to review the system you currently have in place, the information it captures and whether there are gaps. If so, consider if that information can be captured in the future, so that a deeper client understanding can be obtained in order to help decision-making.

2. **Gather client feedback.** This can be achieved via a number of methods such as:
 - Surveys/questionnaires (phone, web-form via website or email, written paper form),
 - Interviews (for the purpose of feedback whether randomly selected or for reasons such as client exiting),
 - New client forms,
 - Reviews, testimonials and other feedback from social media, website and other sources,
 - Informal questioning from staff or information gathered from peers and others within your network, and
 - Market testing (sample group used to gauge the viability of a product service addition or change in the market prior to a wide scale roll-out).

If you currently seek client feedback from any of these channels, then utilise these outputs first. Consider whether you need to build in any additional sources or feedback requests for future use.

3. **Any client information gaps could be filled using:**
 - Web searches, and
 - Information from professional or representative bodies or networks.



COMPETITORS

TYPES OF INFORMATION REQUIRED

What practices are in your direct/indirect competitor set (narrow focus to the five to ten key competitors), along with details of their:

- Location,
- Service offering,
- Pricing,
- Staffing,
- Organisational structure,
- Brand/marketing and communications,
- Client set (size and profile),
- History and recent developments – expansions, mergers, etc.,
- Partnerships, affiliations or memberships,
- Technologies or processes used,
- Customer experience, and
- Other key differentiators or information.

It is important to note where practices have a particular strength or weakness in any of these areas and what the impact of that might be.

It can also be worth identifying two or three practices that you aspire to becoming or whose offering you admire (in whole or in part). These can even be from other locations or specialist offerings. It is worthwhile to identify and understand the key strengths that give them their edge and that you can potentially utilise or benchmark your practice against in the future.

SOURCES OF EXISTING AND POTENTIAL INFORMATION AND METHODS AND TOOLS TO BE USED TO CAPTURE THAT INFORMATION

Desk research, which might cover:

- Websites of competitors,
- Social media accounts of competitors, in particular LinkedIn,
- Job listings for competitors,
- Local news sites,
- Media coverage of competitors,
- Google searches for competitor names, and
- Websites that gather business reviews and feedback.

Informal feedback from or more formal primary research via questionnaires or interviews with:

- Clients: those that have views on why they would/wouldn't go to a competitor and that may have switched to your practice from a competitor practice,
- Individuals or businesses within the community that could be potential clients,
- Peers and other business owners in the community, and
- Employees, both your own and past employees of competitors.



MARKET

TYPES OF INFORMATION REQUIRED

The external environment changes and developments that may impact your practice's performance, growth opportunities, risk profile or investment requirements, such as:

- Government policy,
- Legislation changes, for example, discrimination, employment, consumer protection, copyright, patent laws or health and safety laws,
- Foreign trade policy or trade restrictions,
- Economic growth, inflation rates, tax policy,
- Population trends and demographics (age, income, education etc.), either national or in your target region,
- Attitude, lifestyle and behavioural changes within society of the target segments,
- Business profile within an area,
- New housing, infrastructure or other developments,
- Innovations in technology that may affect the operations of the industry and the market favourably or unfavourably, and
- The level of innovation, automation, technological change and the amount of technological awareness that a market possesses.

SOURCES OF EXISTING AND POTENTIAL INFORMATION AND METHODS AND TOOLS TO BE USED TO CAPTURE THAT INFORMATION

Information will come from secondary sources.

Secondary research involves the summary, collation and synthesis of existing research. It is extensively available and usually low cost. The challenge is in selecting the key sources most relevant to your practice type, location and client set, so as not to have information overload or create too much work.

Some of the most relevant examples might include:

- Law Society communications,
- Industry reports, studies, white papers and journals,
- Attendance at conferences and network events,
- Newspapers, magazines or other publications,
- Signing up to e-zines and updates from key websites,
- Updates, blogs and commentary from competitors or clients,
- Census data, and
- Business directories.

WHAT DO I DO WITH THE RESEARCH GATHERED?

The research listed above should be included in your growth strategy. The sample growth strategy will include sample research findings which you can customise for your business and it will also include templates that present findings, for example, a sample SWOT (Strengths, Weaknesses, Opportunities and Threats) and PESTEL (Political, Economic, Social, Technological, Environmental and Legal).

WHO SHOULD DO IT?

To successfully gather the information listed above, you need to allocate sufficient time to gather the baseline data for your first growth strategy. Subsequently, time should be allocated each month or quarter to your research efforts. To achieve greater efficiencies, you should look to your staff to contribute to the process and share the responsibilities amongst your team. Staff at all levels should be able to contribute, although where possible allocate tasks based on skill set, areas of interest and capacity.

This shared responsibility tends to generate greater buy-in, knowledge sharing, understanding of the factors that may influence performance, ownership for practice performance and also drives a culture of continuous improvement. This can be further facilitated by scheduling monthly or quarterly meetings to share key information and learnings for discussion and regularly circulating key information of importance.

NEXT STEPS

Compile and analyse your research data and analyse key findings to identify what lessons can be learned and direction can be provided in terms of growth opportunities that merit consideration and are likely to form part of your growth strategy.

CONTACT

Blackhall Place
Dublin 7

T +353 1 672 4800
F +353 1 672 4801

E smallerfirms@lawsociety.ie
W www.lawsociety.ie/marketstudy

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