



Proposed Business Strategy for Law firm (Case Study of RP)

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ABSTRACT: This paper addresses the business issues faced by RP, a mid size law firm tiered 4 in Indonesia, including unnecessary fixed costs associated with renting a large office space, stagnation in rankings by legal 500 and IFLR, and challenges in maintaining client relationships and service quality amid growth. The author aims to conduct research on the law firm industry to analyze and understand the specific conditions of RP. The research seeks to propose effective business strategies to help RP generate more revenue, regain its original market position, and overcome the aforementioned challenges. By thoroughly analyzing RP's current situation, this study aims to identify the necessary business solutions that will enable RP to meet client needs, enhance profitability, and gain a competitive advantage in the legal market. The findings and recommendations from this research are expected to provide valuable insights for RP and contribute to the advancement of strategic decision-making within the law firm industry.

KEYWORDS: business solutions, business strategies, competitive advantages, law firm.

I.1 BACKGROUND

In Indonesia law firms can only be established in the form of a civil partnership (maatschap) or a firm (firma). Both civil partnerships and firms must be established by at least two persons by signing an authentic (notarial) deed and registering it with the Ministry of Law and Human Rights. A civil partnership is regulated under the Indonesian Civil Code, while a firm is regulated under the Indonesian Commercial Code.

The most common form of law firm is firma or firm. A law firm is usually set up by at least two or more lawyers who decide to start their own business because they already have enough skill, reputation, and experience in a certain area of law. Once set up and grow, the firm usually reach a point where the firm would have to decide whether to continue being niche or expand the area of law than you the firm originally intended. The firm must choose whether to stay specialist or become a more general practice offering an array of services. Specialist law firms are ones which offer legal services in a singular practice area. They cater towards getting results from a specific type of case or specialising in a specific industry.

As hiring and getting a competent in-house counsel increasing nowadays many clients is reducing their budget to hire external law firm. Hence, more clients are looking less for a general practice firm and more for a law firm which has real expertise, often finding experience, better service and great results at a fraction of the price.

As a firm that has been established for more than 24 years, RP had experienced accelerated growth. However, the growth causes the companies to have problems of unnecessary fixed cost and complications in maintaining the level of service provided to their clients, who are tempted to change providers, particularly if the lawyers that served as interlocutors have left the firm. The firm currently lose focus on their original strategy and positioning in the market.

I.2 Company Profile

RP is a full-service corporate law firm in Indonesia that was founded in 1999. As how most law firm run its business, in RP, the firm is divided into few practice groups. Practice group is group within the firm that dedicated to practice a specific kind of law or provide service to specific area of law. The practice group consists of few associates from trainee level to senior associate level and led by one or more partners. Partner is usually a senior lawyer with years working experience in the same area of law and has sufficient credentials in the relevant area of law.

I.2.1 Scope of Business

Since 2022, RP has 11 partners that lead 5 (five) various practice groups. The practice groups are covering the following area of law:



(i) project and infrastructure

Project and infrastructure practice group provides legal assistance related to the infrastructure projects in Indonesia, for example, dealing with local and foreign investor for the toll road projects, assisting lead investor in relation to coal, mining or metal business in Indonesia, and advise client regarding its concession agreement with the Government of Indonesia, with respect to its business interest in Indonesia.

(ii) dispute and settlement

Dispute and settlement practice group provides representation to the clients at all levels of trial and appellate litigation. It covers wide range of disputes, including arbitration proceedings at BANI Arbitration Center in Indonesia, banking and finance litigation, corporate insolvency and restructuring, defamation, private client disputes, construction and property disputes and international trade disputes.

(iii) banking and finance

Banking and finance project group provides legal assistance to domestic and international banking and financial institutions in various financing transaction. For example, vanilla-plain financing, bond issuance, cross-border investment, structured finance, project finance and other transactions.

(iv) Intellectual property

Intellectual property project group provides legal assistance on all aspects of intellectual property such as trademark, copyrights and patent. The group also handle trademark application in Indonesia and represent clients in handling trademark dispute.

(v) Corporate commercial

Corporate commercial project group provides legal assistance on any corporate matters or issues. For example, assisting client, whether individual or entities, in merger and acquisition transactions, joint venture transactions, acquiring assets, as well as investing in Indonesia.

Law firm is categorised often by its tiers. There are few legal directory organizations that featured a comprehensive analysis on the law firms across Asia or international wide, namely Asialaw, legal 500, IFLR 1000. Classification of the tiers is made according to the performance of each practice group in a law firm. Hence, each practice group within a law firm may be classified into different tiers. In 2023, the banking and finance project group of RP is categories as tier 4 by legal 500 and marked as notable by ILFR 1000 and Asialaw profiles.

I.3 Business Issue

Law firm business activities are considered a straightforward business in which a legal service is given by the designated lawyers and the firm will receive a legal fee upon rendering the legal service to the clients. Same goes for RP, under the understanding of the author, there is no significant business strategy adopted by

RP from year to year. The burden of marketing, retaining existing and new clients are fall into the responsibility of each partner in RP that led the relevant practice group.

In Indonesia, law firm business is prohibited to market its business through ads or mass media pursuant to the attorneys' code of ethics. However, it does not mean that no other business strategy should be implemented by RP and that retaining and finding new clients in RP are responsibility of each partner.

Given the changing legal needs from the clients and the need to get the best value in every aspect, some clients may be more likely to switch to another provider that can offer the best outcome for the most reasonable fee. To accommodate this and to avoid the firm fall into price war to get into the market, RP should also implement business strategy to increase its competitive advantage.

As can be seen in the figure I.1. below which set out headcount of RP from 2019 to 2022, the number of turnover rate in RP for trainee associate, associate and senior associate position has significantly increased for the few past years. This shows that the firm have difficulties in retaining talented young lawyers.



	Headcount R&P			
Position	2019	2020	2021	2022
Trainee	13	10	7	4
Associate				
Associate	3	5	4	4
Senior Associate	15	8	8	7
Partner	8	11	12	11

Figure I.1 Headcount lawyers in RP from 2019 to 2022 (source: RP)

At the same time, RP also have problems of having unnecessary fixed costs by renting a big office space. RP also remain in the same tier ranked by legal 500 and IFLR from year to year. Further, growth causes RP to have complications in maintaining the level of service provided to their clients, who are always tempted to change providers, particularly if the lawyers that served as interlocutors have left the firm. Hence, RP has lost on their original strategy and positioning in the market.

In light of above, the author is interested in conducting research on the law firm industry particularly to analyze and understanding conditions of RP and to propose business strategy to RP so it can gain more revenue. Further analysis and understanding of the conditions of RP plays important part to determine the necessary business strategies so the firm can implement the right strategies and gain its competitive advantage. This research is also expected to provide proposed business solutions for RP so it can meet the client’s needs and gain more profit.

I.4 Research Questions and Research Objectives

1.4.1 Research Questions

Based on the business issue above, below is the research questions:

1. How is the business condition of RP, both from internal and external perspective?
2. What factors determine the clients in choosing a law firm?
3. What is the suitable business strategy to improve law firm profitability?

1.4.2 Research Objectives

Referring to the research questions above, the objectives of this research are as follows:

1. to evaluate and analyse the internal and external business conditions of RP.
2. to understand factors that affects clients in choosing a law firm.
3. to propose business strategy to improve lawfirm profitability.

I.5 Research Scope and Limitation

This research is limited to the following scope:



- This research is not applicable to other departments, divisions or directorates outside RP.
- The name of people, project and operational data are not disclosed due to RP's confidentiality.
- The problem and strategy in this research are limited to the source that cited by the author.

CHAPTER II. LITERATURE REVIEW

II.1 Theoretical Foundation

Theoretical foundation related to this research is needed to propose the rights strategies for RP in offering its service to increase its revenue.

II.1.1 Competitive Advantage

Business strategy development is concerned with matching customers requirements (needs, wants, desires, preferences, buying patterns) with the capabilities of the organization, based on the skills and resources available to the business organization, leading to the issue of core competence (Holmes and Hooper, 2000). This concept has been defined as 'something that the organization does at least as well as other organizations, or preferably better than, any other organization in the market'. When products are based on such core competencies, they define the organization's value proposition in each target market and the organization's business strategy; thus, the business strategy adopted by an organization must be able to give it a competitive edge over other competitors in the industry (Webster, 1994).

Further, it is understood that according to Barney (1991), when a firm is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors, such a firm has competitive advantage. In addition, competitive advantage is described as an advantage that one firm has relative to competing firms.

In other words, a competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). The source of the advantage can be something the business does that is distinctive and difficult to replicate, also known as a core competency (Prahalad and Hamel, 1990).

The concept of competitive advantage has been a central focus of business strategy research for decades. In the context of law firms, competitive advantage can be seen as the ability to offer unique and valuable services that are not easily replicated by competitors. According to Porter (1985), competitive advantage results from a firm's ability to create value for its customers that exceeds the cost of producing those services.

In order to achieve competitive advantage, law firms may need to look beyond traditional strategies such as cost reduction and differentiation. Rather, they may need to focus on building relationships with clients, developing expertise in niche practice areas instead of being general, and leveraging technology to streamline operations and improve client service.

One way that law firms can develop a competitive advantage is by focusing on their clients' needs and preferences. By understanding what clients value most, law firms can tailor their services and client interactions to meet those needs. For example, a law firm that specializes in intellectual property law may invest in the latest technology to help clients protect their patents and trademarks. Similarly, a law firm that specializes in environmental law may develop expertise in regulatory compliance to help clients avoid costly fines and penalties.

II.1.2 Legal Services Value

In order for the law firms to go beyond and win more business or clients the firm must first understand the what the clients value of legal services. Semple (2018) has identified 4 key categories that legal clients value. It consists of four basic categories: effectiveness, affordability, client experience, and third-party effects.

II.1.2.1 Effectiveness

Semple defines effectiveness as "[e]ffectiveness in accomplishing clients' legal goals and protecting clients' legal interests" Examples of effectiveness metrics include greater recoveries for injured plaintiffs, fewer criminal convictions, lighter sentences, successful mergers, and the effective distribution of assets upon one's death.



Simple says that prior research has found large differences in practitioner performance (e.g. rates of successful refugee applications), while some legal services may be routine and exhibit little variation in effectiveness. It is also important to recognize that goals differ between practice areas and between clients.

II.1.2.2 Affordability

Simple defines affordability as not only the absolute price, but also prices structured in an affordable way. For example, a fixed fee guaranteed at the beginning of a matter is more valuable than the same amount charged at the end of a matter when the client bore the risk that the accumulation of hourly fees could have been more. Depending on a client’s specific needs, legal-services providers can structure an engagement in innumerable ways to be more affordable.

II.1.2.3. Client Experience

In defining client experience, Simple looks to the manner in which the service is delivered and how interacting with the service provider affects the client’s time and psychological resources. Simple asserts that timeliness matters to most clients, including the demands on clients’ time. Simple also mentions the value of time to resolution, but this seems more like a measure of effectiveness. Simple also discusses the many ways in which communication is essential to client-experience value, and highlights differences for individual versus corporate clients.

II.1.2.4 Third-Party Effect

Simple’s model accounts for the effects that legal services can have on various people other than the client and service provider. For example, clients may value diversity as a social goal, in addition to valuing workforce diversity as contributing to effectiveness, affordability, or client experience. Clients may also value a service provider sharing its knowledge in publications, making charitable contributions, or engaging in pro bono work.

II.2 Conceptual Framework

The objective of this research is to propose a business strategy to increase profitability of RP. As explained in the Theoretical Foundation above, factors such as Effectiveness, Affordability, Client Experience and Third-Party Effect can affect clients in choosing or appointing a law firm.

In light of the above, the conceptual framework referred herein will examine the relationship between the independent variables (i.e. Effectiveness, Affordability, Client Experience and Third-Party Effect) to the dependent variable (i.e. choosing a law firm) to ascertain whether these factors will affect clients in choosing a law firm which will also be used to determine the relevant business strategies for RP.

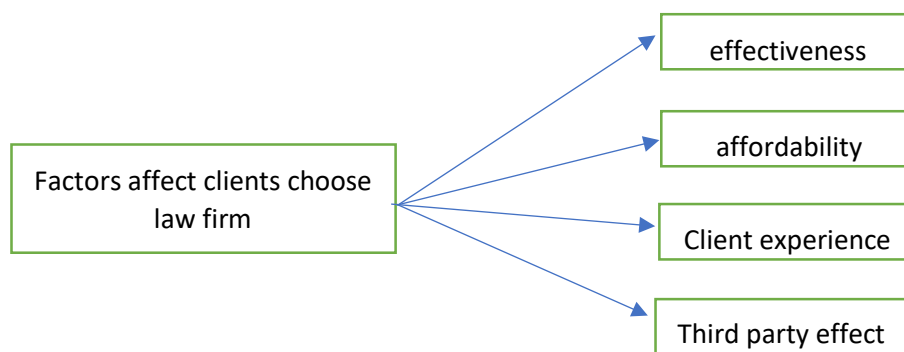


Figure II.1 Conceptual Framework (Source: Researcher’s Analysis, 2023)

CHAPTER III. RESEARCH METHODOLOGY

III. I Research Design

Design of analysis can be categorised into two category namely qualitative research and quantitative research. Qualitative research determine relationships between collected data and observations based on mathematical calculations. Meanwhile, quantitative research if for cases where statistical conclusions to collect actionable insights are essentials. Complex numerical data and analysis are used to making an effective decision about the future of the business.



In this research, the author uses qualitative research methodology through interview. Interview is conducted in-depth level against the high-level management to obtain the necessary information and perspectives. The qualitative research data will be used to learn and further understand the stakeholder’s view on the business issue.

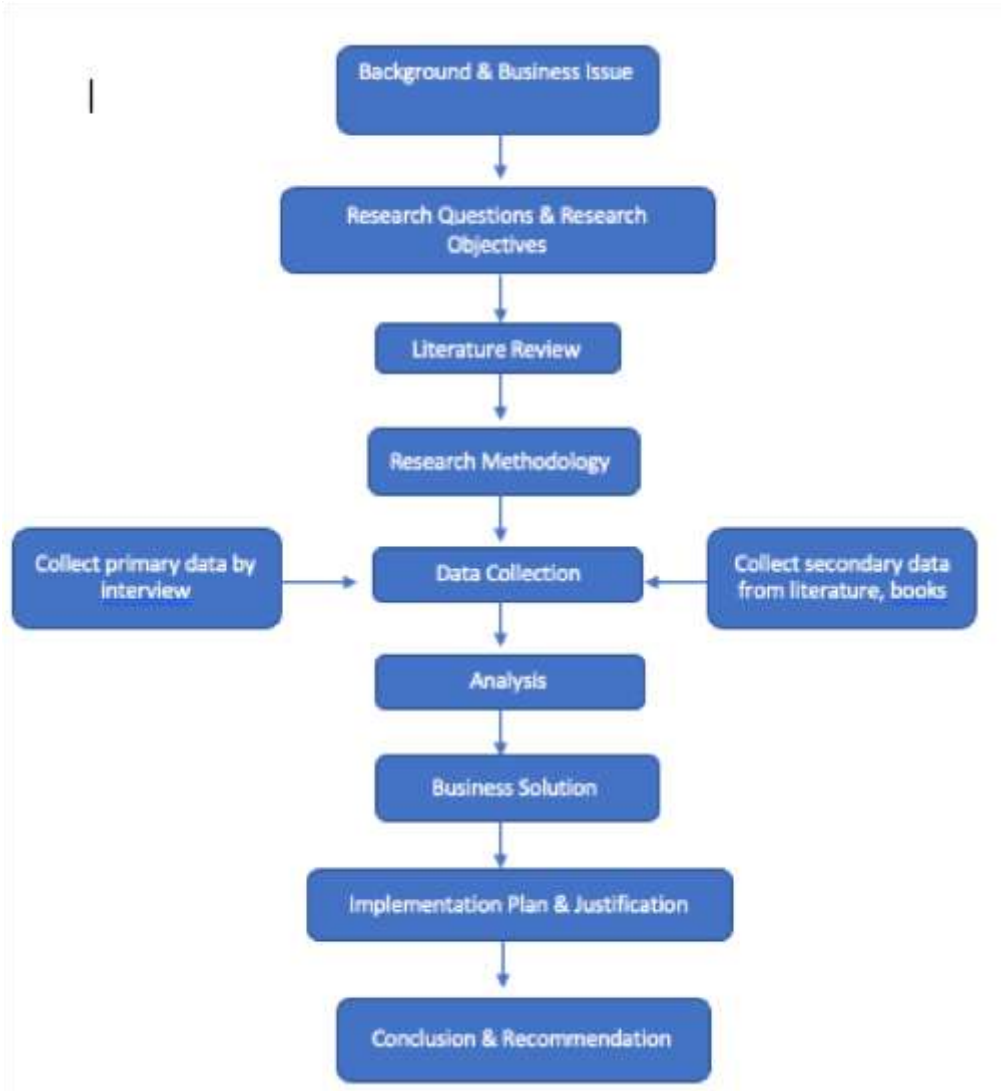


Figure III.1 Research Design
(Source: Researcher’s Analysis, 2023)

III.2 Data Collection Method

For this research study, a qualitative approach will be utilized to investigate the factors that influence clients in choosing a law firm. The data collection method chosen is a limited number of interviews with four individuals from in-house legal departments of various organizations. This purposive sampling approach aims to gather diverse perspectives and experiences related to the research question. The interviews will be semi-structured, allowing for open-ended questions to explore participants' decisionmaking processes and the key factors they consider when selecting a law firm. The interviews conducted via video conferencing. Prior to the interviews, informed consent will be obtained from each participant to ensure ethical considerations are met. The interviews is then transcribed, and analyzed using thematic analysis to identify recurring patterns, themes, and insights regarding the factors influencing clients' decision-making in selecting a law firm. The insights gained from these interviews will contribute to a deeper understanding of the key determinants that drive clients' choices in engaging legal services.



III.3 Data Analysis Method

The data collected from the interviews will be subjected to a rigorous data analysis process following a thematic analysis approach. The author has noted few key points from the interview process and the relevant transcripts will then be reviewed multiple times to familiarize the researcher with the data and identify initial codes. The codes will be generated inductively by closely examining the data, highlighting meaningful units of information related to the research question.

The process of thematic analysis will involve searching for patterns, connections, and overarching ideas that emerge from the data. This will enable the identification of key factors influencing clients in choosing a law firm. The analysis will be conducted systematically and in collaboration with an experienced qualitative researcher to enhance the credibility and rigor of the findings. Additionally, representative quotes from the interviews will be selected to support and illustrate the identified themes. The final analysis will provide a comprehensive understanding of the factors that determine clients' choices in selecting a law firm based on the insights derived from the interviews.

CHAPTER IV. RESULTS AND DISCUSSION

IV.1 Analysis

IV.1.1 External Environment Analysis

IV.1.1.1 PESTLE analysis

PESTLE framework is a tool used to gain a macro picture of an industry. It analyses a company from Political, Economic, Social, Technology, Legal and Environmental factors. It also allows a company to form an impression of the factors that might impact an industry.

Political analysis

Political factor is any factor related to government controls that has influence over economy and industry. This includes government policy, political stability or instability in overseas markets, tax policy, labor law, or any other governmental policy that have an impact on organizations and how they do the business. In this case, change in laws and regulations related to the legal profession may have impact in how lawfirm operates. Political stability and government initiatives can impact the demand for legal services, especially in areas such as public sector contracts, regulatory compliance, and legislative changes.

Economic analysis

Economic analysis is conducting analysis including but not limited to growth rates, level of employment, interest rates, currency exchange rates. Economic factors such as recessions and downturns can impact a law firm's revenue and profitability. The cost of legal services can be affected by changes in the economy. For example, amount of income of individuals and businesses affects their ability to afford legal services and engage law firms.

Social analysis

Social analysis focus on the opinions and attitudes of the clients. Social trends such as changes in consumer behavior and attitudes towards the legal profession can impact a law firm's marketing and branding strategies.

Demographic trends such as population size, age distribution and cultural diversity can also shape the demand for specific legal services. For example, aging population may create a need for elder law. Shifting in social attitudes and values, such as increased focus on environmental sustainability can also demand for legal expertise in those area.

Technology analysis

Post pandemic where every people has learned how to work remotely or experience working from home arrangement has really changed the way of employees working by using the technology. This including how lawyers work. For lawyers, all offline meetings before pandemic has changed to virtual meeting and even post pandemic people still prefer virtual meeting to safe time commuting and be more efficient.

The development of cloud software will also change the way lawfirm store the documents. Meanwhile the use of AI in the lawfirm will reduce the unbillable work of the lawyers.



There is this wide understanding that lawyers are indeed averse to change and many law firms do not seem to embrace new technology. However, given that we are now witnessing an exponential increase in the power of technology, lawyers need to accept that despite how smart and educated in the law they might be, they need to learn and adapt to various technology skills. If there is any firm that was not moving forward and try to implement technology in the firm business, the firm will leave behind and remain inefficient. Advancements in technology can improve the efficiency of a law firm's operations, but can also create new challenges related to cybersecurity and data privacy.

Legal analysis

From the perspective of legal factors, any interpretations of the law and the applicable regulations can impact legal strategies, precedents and the outcome cases. Meanwhile, developments in intellectual property laws and regulations property can affect legal practices specializing in patents, copyrights, and trademarks.

Environmental analysis

As environmental, social and governance (ESG) issues take top priority for companies around the world, legal professionals are under pressure from many directions. From trade disputes, supply chain disruption, climate change adaptation to diversity and inclusion issues. Generally, legal industry is challenged to understand how ESG is changing the firm's priorities and manage all of the various legal implications.

As ESG has become central to social attitudes, younger generations are moving the ESG agenda forward. Younger generation is now being very aware with environmental issues, diversity, equity and inclusion. Most want to work for business with a strong sense of purpose. Companies that demonstrate their commitment to ESG principle is able to strengthen their appeal to a potential recruit.

Talents are a very important resource of a law firm. A good law firm consist of great lawyers and in order to retain a great lawyers especially young lawyers it is important for RP to demonstrate their commitment to ESG principles. Particularly committing in providing a working environment that honoring working life balance and diversity.

IV.1.1.2 Porter 5 Forces analysis

Porter's 5 Forces model is one of the most important tools for assessing the position of a company in a given market. Porter starts from five forces that influence one's own company. This model was first described in 2008 by Michael E. Porter in an essay. In the meantime, it has become the basis of professional competitive analysis (industry structure analysis) (Porter, 2008).

To diagnose the competition in a company's industry, the analytic tools such as the Porter 5 Forces framework introduced by Porter needed to craft a strategy that fits the company situation within the industry environment. Porter 5 Forces framework will help a company to understand the profit potential of their industries and use the information gained from that to position themselves and gaining a sustainable competitive advantage.

For the legal services market, as well as for all other industries, the model provides a clear process for assessing the competitive threat situation. According to Porter, the five relevant forces influencing one's own company are examined in detail (Porter, 2008).

Threat of new entrants: low

The threat of new entry will largely be influenced by how high the entry barriers are and how many companies or competitors are already involved in the industry. A strong barriers industry to entry will be considered as the ideal conditions.

Setting up a law firm or establish a law firm in Indonesia do not require a large capital. There are few typical ways of structuring a law firm in Indonesia. The first one is sole practitioner whereby the lawyer built it firm alone and the most common structure is partnership in which two or more lawyers built a law firm together. As the business activity of law firm is quite simple which is providing legal service to the clients. The largest cost in establishing the law firm is on hiring talents and rent an office space.

In light of the above, the threat of new entrants for law firm business is quite low as everyone as long as they have lawyer license then they can establish the law firm.

Threat of substitutes: moderate

Company that produces services where there are no close substitutes will have more power to dominate the market according to the Porter's framework. When close substitutes are available, costumers will easily change or go after other products as it gives the



same benefits. In this case RP does not well know for being a specialist I certain law field. Hence, the threat of substitutes is moderate. RP’s client can easily go to other law firm or competitor to get similar service at lower cost.

Bargaining power of buyer: high

Competitive pressures from buyers increase when they have strong bargaining power and are price sensitive. Buyers are price sensitive when buyers earn low profits or low income, the product represents a significant fraction of their purchases, the product is undifferentiated, or quality is not an important factor. Competitive pressures from buyers decrease under the opposite conditions (Thompson et al.,2022:70).

In relation to the legal industry, if clients have multiple law firms to choose from, they may have higher bargaining power. Further, if clients can easily switch between law firm without significant cost or consequences, their bargaining power increases. Another note, clients that are knowledgeable may exert some more influence in negotiating fees and terms.

Bargaining power of supplier: low

The bargaining power of the supplier is affected by the number of suppliers that holds as the key inputs of a good or service, the availability of the substitute, and the cost that would be burden by the company to switch to other suppliers (Slater &Olson, 2002). Suppliers to law firms are primarily in the areas of technology vendors and marketing. As such, suppliers to law firm generally have low bargaining power due to availability of alternative suppliers. The Law firm have various options in respect of legal research tools, software, and other services. This reducing supplier leverage especially if the relationship with the supplier is not binding contractually. The firm can switch supplier if needed.

Rivalry among existing competitor: high

The intensity of competitive rivalry within the law firm is high. This due to factors such as (i) large number of law firms, (ii) differentiation based on expertise, and (iii) price competition.

The legal industry in Indonesia is highly fragmented. Numerous law firms are competing for clients and market share. Law firms also often specialize in specific practice areas or industries to differentiate themselves from competitors. Further, some clients may prioritize cost and seek competitive fee structures, leading to pricing pressure among law firms.

IV.1.1.3 Results of Interview

For the purpose of this research, the author has interviewed a total of 4 people. The respondent were in-house legal counsel of a company and mostly involve in assisting the company to appoint or choose the law firm to work with the company. The interview questions were focused on the legal service value that they expect when deciding to choose or appoint law firm service.

Respondent 1 priority order	Respondent 2 priority order	Respondent 3 priority order	Respondent 4 priority order
2	2	4	5
4	3	3	1
1	4	1	3
3	1	2	2
5	5	5	4

Figure IV.1 Result of Interview (Researcher Analysis, 2023)

Figure notes:

No.	Factors
1.	Legal cost
2.	Lawfirm credentials and brands (i.e. lawfirm past experience in handling same matter and specific brands such as magic circle firm affiliates)
3.	Responsiveness



4.	Quality of legal advice
5.	Connection (i.e. the company or pic in the company has connection with the company)

Based on the result of interview above, we can see that factors determine the clients in choosing a law firm is very different from one client to the other client. There is no certain pattern identified and everyone has its subjective factor in choosing the law firm. Nevertheless, it is interesting that almost all respondents agree that ‘connection’ is the least factor they consider when choosing to appoint a law firm.

It is also seen that some respondents put law firm credentials and brand as important things while the other choose quality of service regardless the brand. One respondent also emphasizes the importance of having a great network with regulator or government who issued the regulations.

In light of the above and regardless the number of respondents were so little, the author concludes that one of the factors affect the choose of the law firm is subject to the industry of the clients. If the client is a state own enterprise company, they will need a law firm that has closed relationship or network with the regulator. Meanwhile, a big public company would put important on law firm brand and responsiveness.

IV.1.2 Internal Analysis

IV.1.2.1. VRIO

VRIO analysis model is a framework that examines the relationship between a company’s internal characteristics and its overall performance by analyzing the resources of the company and its sustainable competitive advantage. Resources of the company includes, among other, machinery, equipment, land, building, cash, trademark, patens and licenses. In order for a company to transform its resources to a sustainable competitive advantage, it should satisfy the following VRIO attributes (Barney, 1991).

VRIO will evaluate four resources as base of the competitive advantage, which is Valuable, Rare, Imitate and Organized (Rothaermel, 2019). Below is VRIO matrix for RP.

No.	Resources	Valuable	Rare	Inimitable	Organized to exploit	Impact on Competitive Advantage
1.	Highly skilled and experien ced lawyers	yes	yes	yes	yes	sustainable Competitive advantage
2.	Extensiv e network and client base	yes	no	-	-	Competitive parity
3.	Robust legal research and analysis capabilit ies	yes	no	-	-	Competitive parity
4.	Access to legal knowled ge and resources	yes	yes	yes	yes	sustainable Competitive advantage
5.	Technol ogical infrastru cture and innovati on	yes	yes	no	-	temporary Competitive advantage

Based on the result of VRIO framework analysis above, it shows that all resources of RP are valuable. However, only two out of five resources are marked as sustainable competitive advantage. In other word, most of the resources of RP are still general comparing to its competitor. There is no significant difference that RP have that other firms do not have.

It is also noted from the framework that some of the RP’s resources cannot be imitated, but there area also resources that are easy to imitate.



IV.1.2.2 SWOT Analysis

SWOT analysis is a tool used for strategic planning and strategic management in organizations. It can be used effectively to build organizational strategy and competitive strategy. According to Thompson (2007), “SWOT Analysis is a simple but powerful tool for sizing up an organization’s resource capabilities and deficiencies, its market opportunities, and the external threats to its future”. The acronym SWOT stands for ‘strengths’, ‘weakness’, ‘opportunities’ and ‘threats’.

A SWOT analysis can help determine whether a strategy has been effective in fending off external threats and positioning the firm to take advantage of market opportunities

(Thompson, 2022:96). SWOT Analysis has two dimensions: Internal and external. Internal dimension includes organizational factors, also strengths and weaknesses, external dimension includes environmental factors, also opportunities and threats.

Strengths	Weakness
<ol style="list-style-type: none"> 1. reputation and brand recognition in the legal industry (mid size firm) 2. experience and knowledgeable lawyers with expertise in various legal issues 3. having well-established client and referral network 4. Offer a competitive legal fee with various payment terms 	<ol style="list-style-type: none"> 1. the firm is not focusing in specific area of law/ well known in certain area of law (not stand out) 2. difficulty in attracting and retaining top legal talent 3. dependence on a few clients for revenue 4. inefficient internal processes and outdated technology 5. the service provided by the firm does not have a competitive advantage compared to the competitors 6. miss management as the management run by lawyers who do not have capacity in management
Opportunity	Threat
<ol style="list-style-type: none"> 1. focus in specific area of law and built legal specialty 2. develop a strategic partnership with other overseas law firm 3. utilization of technology and automation to improve efficiency and reduce costs 4. hire management experts to manage the firm 5. creating a strong online presence 	<ol style="list-style-type: none"> 1. increasing competition from other law firms 2. price war with the competitor to win the client 3. economic downturns that impact demand for legal services 4. potential lawsuit or legal disputes involving the lawfirm

IV.3 Business Solution

In addition to the analysis set out above, further analysis using TOWS Matrix is also necessary to provide response to research question No. 3. TOWS is a conceptual framework for systematic study that helps match external threats and opportunities with the organization’s internal weakness and strengths.

As an essential completing tools, TOWS matrix enhances deploying strategies by considering the relations between Strengths, Weakness, Opportunities, and Threats as in SWOT analysis. The consequences of the internal and external factors can be replaced in a matrix called the TOWS matrix. The TOWS matrix helps to identify systematically relationships between threats, opportunities, weaknesses and strengths, and offers a structure for generating strategies on the basis of these relationships



(Weihrich 1982).

SO (Strengths & Opportunity)	WO (Weakness & Opportunity)
<ul style="list-style-type: none"> • with the firm’s skilled and experienced lawyers and reputation, RP • to focus or develop into a specific area of law and built legal specialty • Offer more competitive legal fees by utilize technology and automation <p>Strengthen marketing and branding efforts to raise awareness of the firm’s expertise and differentiate from competitors through social media</p>	<ul style="list-style-type: none"> • develop strategic partnership with other overseas law firm to attract and retaining top talents by offering secondment opportunity • develop or invest in technology that can create a whole new client service experience for the clients. This also expect to help the firm to find its competitive advantage and distinguish it from its competitors hiring a person who has management capability to help the management team run the firm
ST (Strengths & Threats)	WT (Weakness & Threats)
<ul style="list-style-type: none"> • focus building law firm’s brand and establish a unique selling point • offering a various fees structure to win competition with other law firm 	<ul style="list-style-type: none"> • Monitor and adapt to changes in the regulatory landscape to ensure compliance and mitigate risk Invest in talent retention strategies, such as professional development and competitive compensation, to minimize the risk of losing key lawyers

SO strategy

1. RP to focus or develop into a specific area of law and built legal specialty Currently, RP is a full service law firm. The initial idea of having a full service law firm is to cater various needs of the clients and provide a one stop legal service. For example, if one client wanted or needed assistance in M&A transaction, RP can assist. If the client needed assistance in financing matters, RP could assist. However, the current trends is shifting. As the competition heighten between the firm and clients decrease its budget to outsource law firm service. The clients would want to go to specialized law firm that has a notable reputation and credentials in handling similar matter. For example, if the client needs legal assistance for a project finance matter, it would seek assistance from a law firm that has outstanding reputation or notable in handling project finance matter instead go for a full service law firm like RP who has general law firm.
2. offer more competitive legal fees by utilize technology and automation Legal service fee component consists of how long a lawyers and its team can complete a matter or task assigned by the client. The more hours spend by the lawyers to complete a matter would result in higher legal fees. In that case, in the event RP can utilize and adopting any technology that would promote automation and reducing human intervention in providing the legal service, the time spend by the lawyer to accomplish a matter would be reduced. Reduction of the lawyer’s time will enable the firm to provide a fair competitive legal fee.
3. Strengthen marketing and branding efforts to raise awareness of the firm’s expertise and differentiate from competitors through social media



Law firm in Indonesia is prohibited to advertise itself on the mass media. However, with the current trends where social media affect and affect brand of a company, the author view that the social media can be used to raise awareness of the firm's expertise and strengthen the law firm's brands. For example, lawyers in RP can be guest speaker in related or famous podcast and give short lecture or sharing session related to the relevant issues on law.

ST strategy

1. Focus building law firm's brand and establish a unique selling point There area few mid size firm like RP in Indonesia and RP does not have any unique selling point that differentiate RP from the its competitor in the same level. As such, Clients often compare RP with its competitor from fee perspective only. So if RP wanted to should find ways to differentiate RP from other firm and build a strong selling point to avoid price war in winning the clients.
2. Offering a various payment term to win competition with other law firm RP already adopt capped fee and fix fee arrangement. Capped Fee allows the firm to charge an hourly rate but agrees no to let it exceed a pre-agreed maximum. Most law firm also adopting those fee arrangements. However, it can be beneficial for RP if it can offer and alter various payment term according to the needs of the clients.

WO strategy

1. Develop strategic partnership with other overseas law firm to attract and retaining top talents by offering secondment opportunity

RP to seek a strategic partnership overseas to broaden its network. By having a partnership with overseas law firm, RP to also include secondment opportunity of its lawyers to its strategic partner firm and vice versa. By doing so it will help both the firm to mutually understand each other and learn from each other. Secondment arrangement also can be used as an opportunity to retain top talents in RP.

2. to develop or invested in technology that can create a whole new client service experience for the clients. This also expect to help the firm to find its competitive advantage and distinguish it from its competitors

The impact of technology nowadays is undeniable change user experience in various industries. For example, the rising of online marketplace has create a new user experience in which any customer can just stay at home and shop from home. If the same new user experience can be created within the law firm, it can of course increase the competitive advantage of RP and stood out RP from its competitors.

3. hiring a person who has management capability to help the management team run the firm

In general Law firm is managed by founding partners or senior partners who only have experience and is an expert in handling legal related cases. They often manage the firm or hold a key managerial position without any background of business management. Such arrangement would work for small firm but once the firm grow bigger the lack of business management skills could jeopardize the firm and make the firm stuck or not growing anymore.

To minimize such risk and to avoid the firm goes down, nowadays it is understood that some big law firm place management experts instead of its senior partners to manage and oversee the firm. This can also be implemented in RP to avoid miss management of the firm as the firm grows bigger.

WT strategy

1. Monitor and adapt to changes in the regulatory landscape to ensure compliance and mitigate risk
To implement this strategy, RP needs establish a new task force consist of its lawyers to monitor the regulatory landscape periodically and ensure the compliance in respect of its business activity.
2. Invest in talent retention strategies, such as professional development and competitive compensation, to minimize the risk of losing key lawyers

Lawyers is like machine of the law firm. Having a key lawyers who can represent the firm and assist the clients in excellence manner is like a valuable assets of the firm. As the firm's asset, RP has to minimize its risk of losing few key lawyers by investing in talent retention strategies.



The retention strategies can consist of professional development training, competitive compensation, and career progression plan. By having a clear career progression plan and professional training it is hope that the lawyers would stay and grow with the firm.

IV.3 Implementation Plan &Justification

Becoming Legal specialist	Planning	Establish task force to handle this project	Blue	Blue					
	Execution	The task force to socialize each plan and steps to the member of the firm			Orange				
		The designated project group to focus developing a specialize area of law				Orange	Orange	Orange	
	Evaluation	The task force to evaluate the strategy periodically							Green
Develop or utilize the right technology	Planning	Establish task force to handle this project	Blue	Blue					
		The group to discuss and research the suitable technology for the firm			Blue	Blue			
	Execution	The firm to purchase or develop the suitable technology					Orange	Orange	
	Evaluation	The group to evaluate impact of the technology to the firm							Green



Hiring management expert	Planning	HR and Partners to discuss on this strategy							
		Partners to socialize this strategy within the firm							
	Execution	HR to find suitable candidate							
		Hire a management expert to manage the firm							
	Evaluation	Partners to evaluate the newly hired manager performance periodically							

Legend: : planning stage
 : execution
 : evaluation

CHAPTER V CONCLUSION AND RECOMMENDATION

V.1 Conclusion

In conclusion, the factors that determine clients in choosing a law firm vary significantly from one client to another. Through our research, we have found that there is no certain pattern or universally prioritized factor identified among clients when making their selection. Each client has their own subjective considerations and unique set of criteria when evaluating law firms. This highlights the highly individualized nature of the decision-making process in selecting legal representation.

Moreover, clients' choices in choosing a law firm can be closely connected to their perception of the value derived from the legal services. Factors such as effectiveness in achieving desired legal outcomes, affordability of services, overall client experience, and potential third-party effects play important roles in shaping clients' decisionmaking. Understanding and addressing these factors become crucial for law firms aiming to attract and retain clients. Recognizing the subjective nature of these determinants and tailoring services accordingly can enable law firms to better meet the diverse needs and expectations of their clients, enhancing client satisfaction and building long-term relationships.

Overall, the complexity and subjectivity of the factors influencing clients' choices in selecting a law firm highlight the need for individualized approaches, personalized services, and effective communication strategies by law firms to address the diverse needs of their clients and provide value-driven legal solutions.



V.2 Recommendation

It is recommended for RP aiming to become more specialized in a specific area of law and adopt technology is to invest in targeted training and professional development programs. By focusing on honing expertise and knowledge in a specific legal field, law firms can position themselves as trusted authorities and go-to resources for clients seeking specialized legal services which is what most clients needed nowadays. Additionally, embracing technology can significantly enhance the efficiency and effectiveness of legal processes. Law firms should consider integrating legal tech tools and solutions that align with their specialization, such as case management systems,

AI-powered research platforms, and contract automation software.

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APPENDIX

Respondent 1

Interview questions for final project -MBA

The questions below will help the author in responding to the following research question:

‘What factors determine the clients in choosing a law firm?’

- Name: Grace Fan
- Gender: Female
- Name of the company: PT Elang Mahkota Teknologi Tbk
- Are you working in legal department of a company: yes
- Have you ever appoint or involve in appointment of a lawfirm : no
- If you have to appoint a lawfirm, could you put rank on the factors below that will affect you when you choose a lawfirm (from the most important to the least important): 2,4,1,3,5

1. Legal cost
2. Lawfirm credentials and brands (i.e. lawfirm past experience in handling same matter and specific brands such as magic circle firm affiliates)
3. Responsiveness
4. Quality of legal advice
5. Connection (i.e. the company or pic in the company has connection with the company)



- Could you further elaborate any other factor or reason that will affect you in choosing a lawfirm service: no further opinion

Respondent

Interview questions for final project -MBA

The questions below will help the author in responding to the following research question:

‘What factors determine the clients in choosing a law firm?’

- Name: Indah Pertiwi
- Gender: Female
- Name of the company: East Ventures
- Are you working in legal department of a company: yes
- Have you ever appoint or involve in appointment of a lawfirm : yes
- If you have to appoint a lawfirm, could you put rank on the factors below that will affect you when you choose a lawfirm (from the most important to the least important): 2,3,4,1,5

1. Legal cost
2. Lawfirm credentials and brands (i.e. lawfirm past experience in handling same matter and specific brands such as magic circle firm affiliates)
3. Responsiveness
4. Quality of legal advice
5. Connection (i.e. the company or pic in the company has connection with the company)

- Could you further elaborate any other factor or reason that will affect you in choosing a lawfirm service: no further opinion

- Name: Bram
- Gender: male
- Name of the company: state owned enterprise company
- Are you working in legal department of a company: yes
- Have you ever appoint or involve in appointment of a lawfirm : yes
- If you have to appoint a lawfirm, could you put rank on the factors below that will affect you when you choose a lawfirm (from the most important to the least important): 4, 3, 1, 2, 5

1. Legal cost
2. Lawfirm credentials and brands (i.e. lawfirm past experience in handling same matter and specific brands such as magic circle firm affiliates)
3. Responsiveness
4. Quality of legal advice
5. Connection (i.e. the company or pic in the company has connection with the company)

- Could you further elaborate any other factor or reason that will affect you in choosing a law firm service: He views that other than the factors mentioned above, a law firm should have network or connection with regulator or government to clarify uncertain



regulations. Further a good law firm should breadth and depth of legal knowledge e.g. transactional/corporate lawyer should understand other matters affecting the transaction e.g. anti-competition and potential litigation ensued

4

- Name: Evi
- Gender: female
- Name of the company: PT Adaro Energi Indonesia Tbk
- Are you working in legal department of a company: yes
- Have you ever appoint or involve in appointment of a lawfirm : yes
- If you have to appoint a lawfirm, could you put rank on the factors below that will affect you when you choose a lawfirm (from the most important to the least important): 5,1,3,2,4

1. Legal cost
 2. Lawfirm credentials and brands (i.e. lawfirm past experience in handling same matter and specific brands such as magic circle firm affiliates)
 3. Responsiveness
 4. Quality of legal advice
 5. Connection (i.e. the company or pic in the company has connection with the company)
- Could you further elaborate any other factor or reason that will affect you in choosing a lawfirm service: a law firm that has awards and achievements

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