

Competitive Intelligence for Law Firms

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Executive summary

COMPETITIVE INTELLIGENCE (CI) is a rapidly growing but somewhat misunderstood discipline. Although the practice has been known to attract accusations of 'industrial espionage', the reality is that ethical, lawful CI is quickly becoming indispensable to the competitive and forward-thinking firm. The key is to anticipate and be prepared for market changes, rather than react to unforeseen external influences and risk losing advantage or opportunity.

This report is aimed at partners and senior managers of law firms, as well as business analysts and researchers who wish to formalise their approach to CI in the legal sector. Whether you already have informal in-house capabilities, wish to engage the services of an external consultant, or simply want to find out how you can utilise your existing resources to become more competitive, this report will help you to determine the best approach for your firm. With a detailed analysis of the basic principles of CI, along with practical examples to illustrate the benefits of intelligence, the report should act as a springboard to further research and an honest assessment of your firm's needs.

Part 1 provides a comprehensive overview of the intelligence process, including a detailed breakdown of methods for planning, gathering information, analysis and dissemination of intelligence. This section also considers the ways in which the CI practitioner can avoid both the legal and ethical pitfalls.

In Chapter 1, we consider the basics of CI: what is it, and why is it important to the legal sector? This section identifies

the various applications of CI, including being responsive to changes in the market, identifying opportunities, and understanding the perceptions of your clients.

Chapter 2 explores the principles that have influenced contemporary thinking in relation to CI, from analysis of the broad marketplace to understanding your competitors' strengths and weaknesses. Here we consider the external nature of intelligence, and the scope of issues that should be included in an effective intelligence program beyond the firm's immediate competitive environment. In addition, this chapter explores the impact of legal and ethical regulations on CI professionals, together with the steps that can be taken to ensure sound practices are followed.

Formulating a clear set of objectives is essential in order to shape the CI program and give focus to the data collection phase. Chapter 3 describes the cyclical nature of a CI program, highlighting the importance of clear communication channels between senior decision makers and CI practitioners to ensure the process is productive.

Chapter 4 focuses on the information-gathering phase. In this section, we assess the value of a variety of sources and look at the best applications for each. With increasing reliance on internet research and an ever-growing wealth of data available online, we consider the reliability of publicly available information and look at ways to identify, and avoid, relying on misleading information.

Analysis and communication are key features of CI: unless the information is ultimately used to inform strategic planning and decision making, it should not be considered 'intelligence'. Chapter

5 considers how knowledge can be turned into intelligence through careful, contextual analysis that satisfies the initial objectives of the CI project. This section covers analysis of the wider market, the legal sector, the direct competitive environment and the internal workings of the firm itself.

In Chapter 6, we look at how the resulting intelligence should be effectively disseminated to the decision makers and strategists who can utilise the recommendations of the analyst.

Chapter 7 gives practical advice concerning the integration of a CI function into your firm. This section considers both external and internal functions, as well as technological tools that can enhance the CI process.

Part 2 comprises case studies from leading law firms and CI professionals, illustrating some of the issues highlighted in Part 1. These case studies include analysis of: a law firm that has formalised its CI processes into a dedicated in-house intelligence team; market research tools available to the CI professional; the business case for CI; how to use intelligence to inform the 'request for proposals' process; combining knowledge management and CI; and a best practice example of effective CI from outside the legal sector.

Participating organisations include: Osborne Clarke, DLA Piper, Acritas, Lloyd's, Baker Donelson, Bennett Jones, Hedley Consulting and Wragge & Co.

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