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CORPORATE CUSTOMERS' NEEDS AND EXPECTATIONS FOR LEGAL SERVICES

LAHTI UNIVERSITY OF APPLIED
SCIENCES
Degree programme in International
Business Management
Master's Thesis
Spring 2015
Lappi, Arttu

Lahti University of Applied Sciences
Degree Programme in International Business Management

LAPPI, ARTTU: Corporate customers' needs and expectations for legal services
Master's Thesis in International Business Management 98 pages, 29 pages of appendices

Spring 2015

ABSTRACT

There is a strong need for companies that provide legal services to corporate clients to better understand the future business models in order to customize their service offering, marketing and strategies. This study examines the needs and the expectations of potential corporate customers for legal services.

The research was conducted in order to collect legal services business specific information on consumer behavior and to confirm known and reveal prospective unknown patterns for purchasing external legal services. The results were expected to provide valuable information for legal services business development, and a foundation for marketing activities and strategy work in specific.

Main sources of the empirical data of the research were questionnaires addressed to corporate legal counsels and to non-lawyer managers of Finnish companies. The study used a mixed method approach combining quantitative and qualitative analysis.

The results of the research support most of the known patterns, but the results also uncover the expectations of the respondents for the legal services they and their companies purchase from external legal services providers. Responses of 52 legal counsels and 34 non-lawyer managers allowed an extensive comparison of different respondent groups and a construction of interpretations on how customers in different roles regard legal services sourcing and what factors they appreciate when they select service providers.

The study proves that there are possibilities for multiple service providers in the markets. It also underlines the importance of differentiation, positioning and targeted marketing. Regardless of the benefits of targeted marketing, the study also reminds of the importance of personal relationships in professional services business. The outcome of the study is a set of suggestions, recommended differentiation factors and an international strategy for a Finnish legal services provider. Further, the study introduces profiles of four different legal services purchasers (three different lawyer profiles and managers of SMEs).

The research was conducted in co-operation with Fondia Oy.

Key words: legal services, legal industry, professional services, professional services marketing, differentiation, segmentation, customer's needs and expectations

Lahden ammattikorkeakoulu
Koulutusohjelma

LAPPI, ARTTU:

Yritysassiakkaiden odotukset ja tarpeet
lakipalveluille

Opinnäytetyö, International
Business Management

98 sivua, 29 liitesivua

Kevät 2015

TIIVISTELMÄ

Lakipalveluja tarjoaville yrityksille on erittäin tärkeää ymmärtää paremmin tulevaisuuden liiketoimintamalleja, jotta ne pystyvät räätälöimään palvelutarjontaansa, markkinointiaan ja strategiaansa. Tässä tutkimuksessa tarkastellaan potentiaalisten yritysasiakkaiden tarpeita ja odotuksia liittyen oikeudellisiin palveluihin.

Tutkimus toteutettiin lakipalveluja koskevien tietojen keräämiseksi asiakkaiden ostokäyttäytymisestä, sekä ulkopuolisilta palveluntarjoajalta ostamiseen liittyvien tunnettujen ja tuntemattoman käyttäytymismallien selvittämiseksi. Tutkimuksen tulosten odotettiin antavan arvokasta tietoa lakipalveluiden tarjoajien liiketoiminnan kehittämiseksi ja luovan perustan erityisesti palveluntarjoajien markkinointitoimenpiteiden suunnittelulle ja strategiatyölle.

Tärkeimmät lähteet empiiriselle tutkimukselle olivat suomalaisten yritysten yritys lakimiehille sekä johtajille suunnatut kyselylomakkeet. Tutkimusmenetelmäksi valittiin yhdistelmämenetelmä, jossa hyödynnettiin sekä määrällisen että laadullisen analyysin keinoja.

Tutkimustulokset tukevat useimpia tunnettuja ostokäyttäytymismalleja, mutta tulokset paljastavat myös vastaajien ja heidän yritystensä odotuksia liittyen ulkopuolisten palveluntarjoajien tuottamiin lakipalveluihin. Kaikkiaan 52:en yritys lakimiehen ja 34:än juristittoman yrityksen johtajan vastaukset mahdollistivat laajan eri vastaajaryhmien vertailun ja tulkintojen muodostamisen siitä, kuinka asiakkaat eri rooleissa suhtautuvat oikeudellisten palvelujen hankintaan ja mitä tekijöitä he arvostavat palveluntarjoajia valitessaan.

Tutkimus osoittaa, että markkinoilla on mahdollisuuksia useille eri palveluntarjoajille. Se myös korostaa erilaistumisen, segmentoinnin ja kohdennetun markkinoinnin tärkeyttä. Kohdennetun markkinoinnin eduista huolimatta tutkimus myös muistuttaa henkilökohtaisten suhteiden tärkeydestä asiantuntijapalveluiden yhteydessä. Tutkimuksen lopputuloksena on kooste ehdotuksista lakipalveluyrityksille sekä suositukset suomalaiselle lakipalveluntarjoajalle erilaistumistekijöiksi ja kansainväliseksi strategiaksi. Lisäksi tutkimuksessa esitellään kerätyn materiaalin perusteella koostetut neljän eri lakipalveluiden ostajan profiilit (kolme erilaista lakimiesprofiilia ja pk-yritysten johtajien profiili).

Tutkimus toteutettiin yhteistyössä Fondia Oy:n kanssa.

Asiasanat: oikeudelliset palvelut, lakiala, asiantuntijapalvelut, asiantuntijapalvelujen markkinointi, erilaistuminen, segmentointi, asiakkaiden tarpeet ja odotukset

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ABBREVIATIONS

CEO	Chief Economical Officer / Managing Director
CFO	Chief Financial Officer
CRM	Customer Relationship Management
GC	General Counsel
LDaaS	Legal Department as a Service (Fondia's product)
LDS	Legal Department Service (Fondia's product)
LPO	Legal Process Outsourcing
LSO	Legal Services Outsourcing
ROI	Return on Investment

APPENDICES

Appendix 1 Questionnaire

Appendix 2 English translation of the questionnaire

Appendix 3 Summary table of results and comparison of the profiles of different individual customers within the customer segments

Appendix 4 Fondia specific matters and recommendations

1 INTRODUCTION

1.1 Background

Those advisors who know what their customers really need and expect, are not only in a better position to win more business, but they are also better aware how to treat their customers (Maister, Green & Galford 2004, 28-29).

If a company wants to achieve a competitive advantage, the primary target should be to gain a better understanding of the wants and needs of potential customers than competitors (Maister 2003, 61).

There are many signals that tell us the legal services market is in the middle of some sort of a shifting phase. Recent international debate predicts for the legal profession many noteworthy changes, such as the end for the so called “Big Law”, era of e-services, disruptive technologies, process standardization, and deregulation, just to mention a few examples (e.g. Susskind 2013; Schreiber 2013; Lacity, Willcocks & Burgess 2015, 16; McGinnis & Pearce 2014). One of the main discussion topics, especially in the United States, has been a rise of legal process outsourcing (Lacity & Willcocks 2012; Lacity, Willcocks & Burgess 2015; Krishnan 2007). The upcoming changes will surely alter the ways that law firms aim to meet their customers’ needs and expectations. Due to the above mentioned changes also some alternative legal services providers and new-look law firms with fresh market positioning and differentiation factors will certainly arise more in the coming years (Susskind 2013, 128-129).

Fondia, my current employer, is one of those above mentioned new-look law firms trying to do things a bit differently compared to more traditional players in the market. Fondia was nominated as the most innovative law firm in corporate strategy (Financial Times FT Innovative Lawyers Awards 2013) and every year they put lots of efforts to its business development and innovativeness. The firm encouraged me to investigate companies of in-house legal counsels, and especially what are the needs and expectations of in-house counsels when they are purchasing external legal services.

This study presents what was done. The study examines the needs and expectations of potential corporate customers in order to find out whether Finnish law firms are on a right track, or not, in their marketing activities and endeavors to sell their services.

Only those firms that can change quickly enough to meet their clients' increasing demands for greater value will survive (Wang & Dattu 2013).

The empirical part of the research was conducted during summer and autumn 2014 and this thesis was written in spring 2015.

1.2 Research objectives

As expressed in the previous section, the main objective of the research was to examine needs and expectations of potential customers in order to construct some legal services business specific interpretations on consumer behavior. The aim was also to confirm known (and hopefully reveal unknown) patterns for purchasing professional services, and to provide valuable information for legal services business development. The results of the research were expected to provide a good foundation for marketing activities and strategy work of a service provider.

The single most important talent in selling professional service is the ability to understand the purchasing process (not the sales process) from clients' perspective (Maister 2003, 111).

In practice, it has been learned that selling and provision of legal services is different depending on whether the buyer does or does not have a legal education. Therefore one of the goals of the research was also to increase the knowledge, about how to approach and serve in-house lawyers efficiently, without using the same marketing material, methods and habits when approaching non-lawyer prospects.

Regarding further objectives, it has to be mentioned that the conducted research work was naturally intended to increase the expertise of the researcher, which is

beneficial also later for the researcher's employer. Some company specific recommendations and suggestions have been prepared in connection with this research, but those are not disclosed in the public version of this thesis (confidential Appendix 4).

1.3 Scope and limitations

The original scope of the research was strictly limited to companies conducting business and having at least one in-house lawyer in Finland. The main source for the empirical data of the study was a questionnaire addressed to General Counsels and other corporate legal counsels in Finland, as they are usually the first points of contacts to external lawyers.

However, in order to deepen the understanding of the needs and expectations of different potential customers, the data gathered for the study from the in-house lawyers was supplemented with a comparative data, which was collected from CEOs and CFOs of small and medium sized enterprises (without in-house legal counsels). The focus of the study was not, however, extended to CEO and CFO expectation analysis. For a deeper analytical research the amount of responses from companies having no in-house lawyers should be higher and the variety of companies from different industries should be taken into account. At the same time, some special attention should be paid also to the size of the enterprises. Minor start-up companies with no in-house legal function were not included in the research, because it has been learned in practice, that they do not procure legal services often. From large companies with no in-house legal function, on the other hand, there were not enough received responses.

The research was not meant to catch all nuances of business development at once. During past years Fondia has already conducted various different development projects (i.e. segmenting and product development projects) and customer satisfaction is evaluated regularly. There are also several development projects ongoing at the moment (e.g. competitor and environment analysis). Internally this research ties closely to other development projects, but those projects have not been presented in this study. More information about Fondia is in section 3.1 and in Appendix 4.

1.4 Research approach, strategy and methods

The primary data of the research was collected via two separate email questionnaires. In both questionnaires, one addressed to lawyers and another to non-lawyer managers, which mostly used the same questions with minor changes in how the questions and requests were phrased. The questions and requests were formulated to give mainly quantitative, but also some qualitative data to be analyzed. The questions and the questionnaire in its entirety were prepared by the researcher, but commented by two persons who are responsible for development projects at Fondia. Some changes and additions were made based on these comments. The questionnaire is presented in Appendix 1 and a translation in Appendix 2.

The lawyer questionnaire was circulated to around 800 corporate legal counsels in Finland, and the other questionnaire to around same amount of CEOs and CFOs of small and medium sized enterprises. The strategy was not to limit the group of persons who could respond too much, because relatively low response rates were expected. Naturally the respondents had to fit into the selected scope. It was also checked with the background questions that the respondents truly are working in those roles whose needs and expectations were about to be examined.

From the beginning, another strategic decision was not to engage Fondia's marketing department to the research process in order to allow for more independent evaluation of the data collected and to prevent undue influence as well as to prevent the risk that the questionnaire is seen as marketing tool of the company. Researcher's position as some sort of an outsider (no previous marketing experience or a designated sales lawyer role) also allowed evaluating the data and analyzing the results systematically and statistically without bias.

Tools and methods that were used for the analysis and conclusions were traditional for this kind of a research. In the questionnaires was used SurveyPAL. The comparison of the responses of different lawyer profiles and the directors of SMEs required an extensive amount of manual work. Responses to open ended questions had to be categorized, in which was exploited various tools (e.g. affinity diagram and fish bone). Tools helped to group the answers of the open questions in to suitable categories. Some comparison between different respondent groups

and further analysis was done also with the help of Microsoft Excel. Excel was used especially to produce graphs and summaries.

1.5 Knowledge base of the research

The core of the theory part is in professional services. The topics concentrate on provision and procurement of professional services, outsourcing, and customers' expectations and on strategic marketing. The literature review covered traditional business literatures, books, articles and electronical sources from the fields of professional services, marketing and strategy.

Finnish and international business literature was used to build an overview of the theme in general, introducing applicable teachings for analyzing the data collected in the empirical research and determining the basics for the conclusions.

Some confidential previous researches were used as sources in the Fondia specific Appendix 4. The intention was to give to a limited amount of authorized readers a better view on the current situation in the legal markets here in Finland and to elaborate where Fondia's strengths and weaknesses are.

Books and articles concerning future of lawyers, and books written by ex-in-house counsels were used firstly to elaborate what might be the future of legal entrepreneurs and what is the position of in-house counsels, and secondly to find out what may be regarded challenging and frustrating in their mindset.

1.6 Structure of the thesis

After this introduction to the study and research, Chapter 2 focuses on the main teachings of a literature review, Chapter 3 presents the research approach and methods, Chapter 4 deals with the results of the research, and finally in Chapter 5 is reported the conclusions and recommendations.

2 PROFESSIONAL SERVICES

This Chapter 2 focuses on the teachings of the conducted literature review.

Regardless of some generality of the professional services literature, this theory part of the thesis was drawn up in a way that it seamlessly relates to the research topics and supports the findings on provision and procurement of legal services.

The first section of the Chapter presents a general overview of professional services and specialties of the legal professional and their markets. Thereafter can be found a summary of the key issues concerning procurement of professional services and selection of a service provider. Finally, in the latter part of the Chapter relevant issues related to marketing of professional services are presented and concluded in a brief summary.

2.1 Professional services

All organizations providing professional services are service organizations, but not all service organizations are in the professional services business (Sipilä 1999a, 13). Law firms are in the core of professional service providers as they are usually incorporated around well-known and skillful professionals. Sipilä groups law firms into a same category of service organizations with architectural firms, consultancy firms, and advertising agencies as founding such firms do not usually require much financial capital. The capital is primarily intellectual and in the heads of the personnel. (Sipilä 1999a, 14)

It is a common characteristic for the professional services that they cannot be tested in advance. Often risks related to professional services are very high, because customers have to make their purchasing decisions with uncertainty about the outcome. The work done and the quality of service often becomes clear only when the assignment is completed. (e.g. Forsyth, 1999, 4; Sipilä 1999a, 18.)

2.2 Legal services and the operational environment

Provision of legal services can be roughly divided into two different categories; firstly, to those provided by law firms and other external legal services providers, and secondly, to a work done by in-house legal departments. This study

concentrates only on the first and does not take a closer look to how in-house legal departments are organized or what they should do.

The markets and competition of external legal service providers is nowadays wider than some years ago. Due to reduced regulation and increasing liberalization in many jurisdictions, nowadays also service providers that are not members of the Bar Association often have a right to represent their customers under certain circumstances in public courts. This is an international trend and, for example, Richard Susskind has raised liberalization as one of the three main drivers of change in the legal industry (Susskind 2013, 5-10). The other main drivers according to Susskind are the “more-for-less” challenge (2013, 4) and the rise and development of information technology (2013, 10-14).

In Finland, the regulation has been liberal already for years. The global change has however opened doors, for example, to international accounting firms to expand their consultancy services into legal services and to many alternative legal service providers, such as, legal process outsourcers (LPO), online legal service providers and new-look law firms (see Susskind’s (2013, 122) list of future employers) have been founded around the world. The newcomers often try to present how efficiently they can produce legal services, and what value-added they can offer to their customers, in an attempt to differentiate themselves from the traditional and most pedigreed law firms in their markets. Naturally the change has had also a big impact on pricing structures and fees customers are ready to pay for the services.

For example, LPOs are companies that usually undertake routine and repetitive tasks, such as, document review and basic contract drafting on behalf of their clients; law firms and in-house legal departments. These third party outsourcers are often located in countries of low labor expenses (offshoring or near-shoring), but they quite often have also extensive resources in the same countries with their customers (onshoring). (Susskind 2013, 125-126; see Krishnan 2007 about offshoring) Lacity, Willcocks & Burgess (2015) prefer to use term Legal Services Outsourcing (LSO) to represent the situation when a company, organization or a law firm procures legal services from an external provider. According to them, LPO nomenclature is too often used narrowly to refer only to tactical offshoring

of low-level legal work, when LSO better represents also domestic services and other legal support, including also more complex end-to-end legal services. (Lacity, Willcocks & Burgess 2015, XIV) According to an extensive survey work of Lacity, Willcocks & Burgess (2015) the LSO market is growing rapidly as market forces drive legal departments to transform into leaner organizations.

In Finland, the large audience has not talked much about these fundamental changes the legal profession is facing, but Fondia as one of those new-look law firms with fixed pricing models, and legal department services, has been noticed. The company has gained extensive media attention and more market share year after year since its foundation in 2004 (Annual accounts of Fondia). However, the market leaders in Finland are still the traditional firms Roschier, Hannes Snellman and Castrén & Snellman (Rantanen 2014) who have dominated the market for years with the highest turnover and revenue figures.

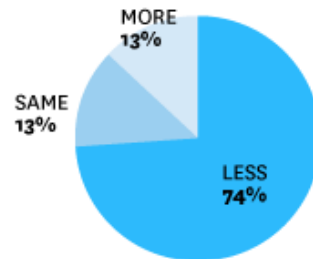
Even though it is still common for people to hire expensive and well-known brands in professional services market, and consulting businesses, the attitudes and customer behavior seem to be changing. The previously mentioned more-for-less problem Susskind (2013) has raised, seems to be true, and customers are taking the need for cost cutting seriously.

Wang and Dattu (2013) state that there is a growing body of legal work, which will not be sent to the most pedigreed law firms, most typically because general counsels are so focused on value, quality and efficiency of the work. An American survey conducted by Advance Law revealed that general counsels of big international companies are increasingly willing to move high-stakes work away from the most pedigreed law firms, if the value equation is just right (Wang & Dattu 2013).

BAD NEWS FOR PEDIGREED FIRMS

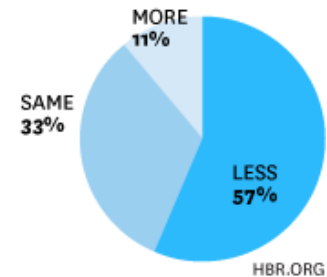
A new survey shows customers willing to defect.

1. Are you more or less likely to use a good lawyer at a pedigreed firm (e.g., AmLaw 20 or Magic Circle) or a good lawyer at a non-pedigreed firm for high stakes (though not necessarily bet-the-company) work, assuming a 30% difference in overall cost?



SOURCE AdvanceLaw

2. On average, and based on your own experiences, are lawyers at the most pedigreed, "white shoe" firms more or less responsive than at other firms?"



HBR.ORG

Figure 1: Results of a survey by Advance Law (Wang & Dattu 2013)

As seen in the above Figure 1, the research, responded by 88 general counsels, revealed that the pricing matters are important and the companies are becoming more comfortable with using wider range of law firms, if the value for the paid money is correct. Wang and Dattu (2013) claim in their article that responsiveness is a key element of client service. Interestingly only 11% of the general counsels who responded to Advance Law's survey felt that pedigreed firms, despite the price premium, are actually more responsive.

2.3 Sourcing and procurement of legal services

2.3.1 Sourcing of legal work

One of the main aims of this study is to illustrate why companies purchase professional legal services.

Due to globalization, liberation and new technologies the world is nowadays open for various ways to source legal work depending on from whom the services are purchased and in what circumstances. Susskind has actually identified altogether 15 different ways of sourcing legal work (Susskind 2013, 33-34; Susskind's presentation 2013). The sixteenth option in Susskind's framework is no-sourcing, which means an option of choosing not to take a legal task at all.

Table 1: Multi-sourcing of legal work (Susskind 2013)

Multi-sourcing			
1. in-sourcing	5. outsourcing	9. leasing	13. computerizing
2. de-lawyering	6. sub-contracting	10. home-sourcing	14. solo-sourcing
3. relocating	7. co-sourcing	11. open-sourcing	15. KM-sourcing
4. off-shoring	8. near-shoring	12. crowd-sourcing	16. no-sourcing

Often customers use a combination of alternative sources, i.e. multi-sourcing. In this study it is not necessary to go through all possible alternative sources because they are not as relevant and therefore it was deemed sufficient to go through meaning of in-sourcing, outsourcing and subcontracting.

First of all, in-sourcing means situations in which in-house lawyers decide to undertake legal work by themselves. Secondly, outsourcing, in contrast, entails the conduct of legal work by an external service provider. (Susskind 2013, 33-34; Proctor 2005)

Thirdly, in general, subcontracted services are services which a company acquires from another company, such as, financial services, that the company could do itself, but chooses to do it in another way (Järvinen, Kyytsönen & Olkkola 2011, 25). According to Susskind legal subcontracting is used to cut costs by passing legal work to other (usually smaller) law firms, which carry lower overheads (Susskind 2013, 35).

Already previously mentioned legal services outsourcing, LSO, differs from legal process outsourcing, LPO, and other ad-hoc legal services by tending to involve significant consolidation from various ad-hoc relationships with multiple law firms into a more strategic relationship with one or a few service providers covering all legal work for an organization or particular practice area (Lacity, Willcocks & Burgess 2015, 102).

In this study, outsourcing is understood to be LSO situations, in which a customer company has assigned, for example, an entire field of law (e.g. competition law) or certain types of assignments (e.g. dispute resolution) fully to one external

service provider. Similarly, when the resources are bought to replace or to substitute an in-house lawyer dealing with certain field of law or assignments, we can call the relationship a case of outsourcing.

2.3.2 Procurement of legal services

Which are the main reasons to purchase and outsource legal work then? Simply put, customer companies do not have their own specialist in-house lawyers, and whenever they are in need of serious legal help, they need to turn to external law firms. The same lack of competence applies naturally also to those companies that do not have internal lawyers at all. (Susskind 2015, 5)

According to Järvinen, Kyytsönen & Olkkola (2011, 61-62) the main reasons and objectives for outsourcing in general, not legal outsourcing in specific, are:

1. flexibility to adapt to changes in amount of work, and a need of quality in a core function – service provider is responsible for changes in personnel and contents of services depending on the need of services;
2. exploitation of scale benefits and synergies involved in provision of services – the volume of service provider’s business enables exploitation of synergies related to the provision of services, and pricing is adjusted to correlate the synergies;
3. focusing on one’s own core business/tasks increases the productivity of the work in outsourcer’s and service provider’s organizations;
4. service provider focuses on its core business and ensures an exploitation and development of the industry’s best practices;
5. direct and indirect costs of the outsourced function are, due to the previous items (1-4), being lower than when the function would be produced through a support function not being core business; and
6. peers and tendering processes allow an outsourcer in each case to exploit the most appropriate solution, which further increases the flexibility and cost-effectiveness.

The use of the above list is supported by Lacity, Willcocks & Burgess (2015), who also utilize previous learnings from other functions that have already undergone a shift from in-house to outsourcing. Based on their studies, Lacity,

Willcocks & Burgess (2015) state that the principles of such centralized functions as IT and finance can be well applied also in legal services outsourcing.

According to Proctor (2005), the most common reasons for outsourcing of legal work are i) convenience (e.g. meeting schedules based on customer's needs), ii) financial (e.g. ability to perform work at better rates), and iii) problem solving (e.g. ability to accommodate special needs that would otherwise require an infrastructure commitment if the company performed the service itself).

The legal department of a company is typically a support function. It is rarely a department that brings turnover to the company. This might be the most important reason why many companies have selected in their strategy not to hire in-house legal counsels. Järvinen, Kyytsönen & Olkkola have said:

The home of support functions is in organizations specialized in them (Järvinen, Kyytsönen & Olkkola 2011, 66).

For those companies that have not ever had an in-house legal counsel, but who have previously purchased services, the changes in how the legal work is being sourced, should not be a big deal, if the changes can be reasoned by proving the benefits of the concept, whatever it is. According to Lacity, Willcocks & Burgess (2015, 62) in-house lawyers are usually the most resistant stakeholders for legal outsourcing, because they think they have the most to lose. To get the in-house lawyers on board, the best practices are: early communication and involvement of in-house lawyers, proving of the concept, and a usage of key performance indicators, KPIs, to incentivize adoption of the concept (Lacity, Willcocks & Burgess 2015, 62 - 63).

Having multiple different service providers is sometimes compulsory due to the size of the customer company and the amount of jurisdictions it is doing business in. Anne-Liisa Palmu-Joronon, a former general counsel of Nokia Oyj has explained (2009) that their internal professional services organization at Nokia legal department consisted of various multitalented experts, who were capable of managing business oriented matters on the side of judicial problems and investigations. Palmu-Joronon revealed that at Nokia, they built a wide and comprehensive network of law firms and with the help of the network Nokia was

able to collect expert opinions from different jurisdictions. In addition, in Brussels, they had experts especially in the field of competition law. (Palmu-Joronen, 2009, 86-92)

2.4 Building relationship between customer and service provider

As it was presented earlier, professional services are often procured when people cannot manage something by themselves due to lack of competences.

Expectations towards professionals are sometimes higher than assumed. This can be seen especially when customers do not know what is best for them.

Professionals are expected to guide them through their problems and challenges. (Sipilä 1999a, 19-20)

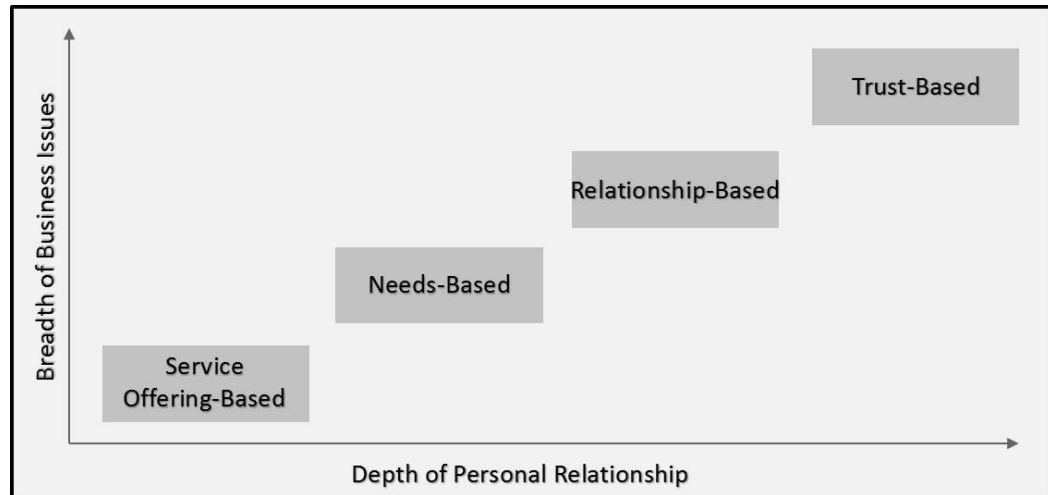
For most individuals, who are providing professional services, the aim is to be in a guiding position, or even more urgently, a trusted advisory role for customers (see Maister, Green & Galford 2004).

2.4.1 Customer relationship management and trust building

Traditionally, it has been thought that substantive expertise would differentiate a lawyer or a law firm from others; i.e. clients turn to those lawyers, who seem to know more or appear to have a deeper level of expertise. However, according to Susskind, customers have noticed that there are many good law firms and lawyers available that are equally competent and impressively familiar with the matters and market practices. Therefore, it is in fact, small issues that help form the customer's choice. Susskind states that when the work is genuinely bespoke, it is the personal relationship between the lawyer and customer that distinguishes law firms. When the work is more routine, the interpersonal dimension is of lesser importance. (Susskind 2013, 66)

Also Maister, Green and Galford teach that the stage of evolution and the depth of a client-advisor relationship correlate to breadth of business issues (Figure 2 below). Relationship-based approach is often argued to be superior compared to product/service-based and needs-based approaches, which marketing people are fond of pointing out. The fourth approach, trust-based approach, is often completely ignored by marketing. According to Maister, Green and Galford the

difference between trust-based relationship and other relationships is the human dimension, the recognition of the interpersonal, individual aspects of the relationship. (Maister, Green & Galford 2004, 8-9)



(Maister, Green & Galford: The Trusted Advisor)

Figure 2: Four Types of Relationship (Maister, Green & Galford 2004, 9)

According to Halinen & Salmi personal chemistry and relationships have a significant role in evaluating the business partner. The evaluation based on personal chemistry is even more pronounced when new business partners are being selected or the previous ones are leaving, as well as in situations involving complicated, risky, long term or otherwise major business transactions. (Halinen & Salmi 2001, 214)

While these above-mentioned authorities in legal services and professional services literature are underlining that the importance of so called softer skills and human dimension are becoming more important, it is still unclear, what are then the decisive and distinctive factors when selecting a service provider. There are no easy responses. Customers do not make only rational decisions and their goals may be different.

2.4.2 Customer expectations when selecting a service provider

Next paragraphs point out some factors and features that customers often appreciate when selecting a service provider.

Meister (2003) states that in any professional services there are three benefits that the clients seek: expertise, experience and efficiency. However, Meister admits that the elements may vary dramatically. For example a client with a large, complex, high-risk problem can appropriately seek out the most creative, talented, or innovative individual or firm he/she can find – at almost any cost, when at the same time another company is seeking the best overall solution. Meister states that prior industry knowledge and assignment specific experience may be useful, but they are secondary to those customers who need frontier expertise. However, only a small amount of the need for professional services falls upon the highest possible legal expertise category, sometimes referred to as “brain surgeon category”. (Maister 2003, 21)

According to Lehtinen and Niinimäki (2005, 16) decisive factors in attracting new customers are: i) how well known is the service provider, ii) what kind of recommendations are available, and iii) the use and access to different contact networks. The recognition of a service provider is created via earlier assignments, well-known employees, acting and being present in expert roles, through recommendation networks, and through other visibility. (Lehtinen & Niinimäki, 2005, 16)

Sipilä (1999a, 28) has presented that good professionals are conscientious, do their work well and tend to do a lot of work. As a result, they will learn a lot and their knowledge base is wide. Therefore, busy customers always tend to prefer merited experts they can rely on, rather than young and inexperienced professionals, in order to get the work done without the fear of getting poor quality work. (Sipilä 1999a, 28). This leads to a situation which is well known among law firms, especially those customers who are seeking for a specific high-end expertise, usually turn rather to individuals with good reputation, than to the general reputation of the firms. Stated shortly, they hire individual lawyers, not law firms (Maister 2003, 23).

It is very important that once service providers have managed to win business, the customers should be kept and the providers should ensure that the customers give also the next assignments to the same advisor. The trust and relationship cannot be created immediately; it must be earned through good work. Whole books have been written about the topic how to nurture your clients and superplease them, especially during the first assignments (e.g. Maister, Green & Galford 2004). In this context we cannot go deeply into how to earn the trust and create continuous relationships. However, the importance of listening skills was underlined in so many of the professional services specific books which were read for this literature review that it must be mentioned separately (Meister 2003, 61-77; Maister, Green & Galford 2004; Susskind 2013, 67-68; Sipilä 1999a; Sipilä 2000, 84).

2.4.3. Building commitment and trust

This study focuses on some of the most central factors in building commitment and trust, namely knowing what clients want and what they expect. Successful management of client's expectations (see Maister, Green & Galford 2004, 126, 180) would not be possible without thorough view on the needs and the expectations that vary every time depending on the target audience.

It is obvious that business-to-consumer and business-to-business situations are different, and not the least in terms of buyer profiles. However, it is important to understand that even if the business is conducted between companies, transactions are being done by the individual persons who are selling and purchasing services. Relationships between persons and commitment to common matters form an essential part of customer experience. (Löytänä & Korteso 2011, 124)

A customer experience is the sum of those encounters, emotions and images which a customer has faced by interacting with a company over the duration of their relationship (Löytänä & Korteso 2011, 11).

According to Löytänä and Korteso (2011, 124), commitment to customer experiences can be increased by

1. offering (provider's initiative) assistance with solving problems;

2. demonstrating a willingness to long-term cooperation and partnership;
3. flexibility and willingness to customize; and
4. creating processes ensuring customer companies benefitting from the product or service they purchased.

2.5 Why do customers leave?

Customer experience management is one of the keys to better performance in retention of customers (Löytänä & Korteso 2011, 160-161) and in the quality of work. Sometimes, keeping customers happy and satisfied may, however, be difficult.

There are multiple reasons why customers may leave their service provider and it is basically impossible to identify them all. However, it is useful to present some illustrative examples of previous researches that reveal most common reasons why customers tend to leave and/or what irritates them regarding service providers.

Reviewed literature references to an American survey of U.S. Small Business Administration and the U.S. Chamber of Commerce (*Why do customers leave? 2006*), according to which, more than two thirds (68%) of the customers leave because they are upset with the treatment they have received. Interestingly, only 14% of the respondents chose to leave because they are dissatisfied with the service/product. Out of the unsatisfied companies 9% starts doing business with a competitor and 5% begin to seek for another alternatives. (e.g. Löytänä & Korteso 2011, 160, 214)

As can be noticed, an attitude and willingness to serve customers in an appropriate manner plays a huge role in customer retention. It is remarkably important to serve the customers well on a personal human-to-human level and not just focus on the technical service delivery. Companies that are focusing only on high competence of their personnel, or on excellent services and unbeatable products, but forgetting customer experience management will evidently lose more customers than companies focusing on providing better overall customer service to its customers.

Also service failures, or more precisely, how providers manage them, are in many cases one of the most common reasons why customers at least think of changing their service provider. This particular reason for leaving service providers is mentioned, because the ways in which companies handle service recoveries relate closely to customer experience and customer experience management.

According to a study of Mark Colgate and Melissa Norris, i) satisfaction with recovery, when the customer complained, ii) loyalty towards the provider, and iii) perceptions of barriers to exit are the three major factors in the banking industry that influence customers' decision to remain or exit after a service failure. Even an excellent service recovery does not always guarantee a customer will remain loyal. For example, despite satisfactory recovery process, some customers may have already decided to exit the relationship before the recovery was provided. Most of the customers who felt a strong sense of loyalty to their bank, stayed after a service error, but in some occasions service failure may be strong enough to force these customers to leave, despite the strength of the relationship. Alternatively some may leave because they have a feeling of almost betrayal after long relationship with that bank. According to the study, all customers who remained either perceived that there were at least some barriers to exit, or felt at least a moderate sense of loyalty towards their bank. (Colgate & Norris 2000, 47-48)

Even though the above referenced study was not about legal services or even about other professional services, the lessons should be noticed. Because in the legal services business the barriers to exit are usually relatively low, even smaller mistakes can easily lead to the loss of a customer. Attempted recoveries do not always help, especially if the advisor-customer relationship is not strong enough yet. The recovery failure risk may however be regarded as lower, if the service provider has already managed to end up in a position of a trusted advisor. The more the clients trust their advisors, the easier they will forgive them, when the advisors make mistakes. (Maister, Green, Galford 2004, 3)

Sipilä has listed in his professional services specific book (1999a, 295-298) eight reasons why customer relationships end; ad-hoc assignments, chemistry between the customer and the service provider, dissatisfaction with the result of the work,

schedules are not kept, betrayal of customer's trust, changes in customer's organization, willingness to try other service providers and disagreement over costs.

It is relatively typical for legal services relationship to end when the ad-hoc assignment ends, i.e. when the result of the work has been delivered to the customer. However, there are other less transparent reasons a client may transition away from the firm. Sipilä gives an example of Finnish attorney who had responded that customer relationships often end if personal chemistry does not work, and in that case, the customer rather selects a lawyer from another law firm rather than turns to a colleague of the first one. In another example cited by Sipilä, a lawyer stated that there are three main reasons for a customer to be dissatisfied; i) because the work was done badly, ii) an invoice was not accepted, and iii) schedules were not kept. (Sipilä 1999a, 296, 298). As can be seen from these examples, the reasons vary from softer interpersonal skills to more concrete technical matters and monetary issues, but the end result is the same, the client changes lawyers.

A customer who urgently needs professional services cannot tolerate if his/her assignment would not be taken under work at professional's earliest convenience. Regular eight hour days are seldom possible in the professional services business. The work should be done whenever the customer needs it and the employee has best capabilities to reach one's best. (Sipilä 1999a, 20.)

Sipilä (1999a, 229-230) states that in customer service twelve plusses equal to one minus, but still the customer may be dissatisfied. He also illustrates the most common reasons for customers' irritation as presented in Table 2 below.

Table 2: Most common reasons for irritation in customer service (adapted from Sipilä 1999a, 229-230)

Non-professionalism and lack of knowledge	Promises are not kept
The customer will not be taken seriously, no-one listens his opinions	Flabbiness, laziness, inappropriate dress, chewing gum, tobacco, carelessness
Poor reachability	Excessive familiarity or formality
Routine behavior	Jolt sentences, sophistry
Arrogance, superficiality	Bureaucracy

Those who want to aim at providing a positive customer experience should try to avoid the matters listed in the above list. As learned above, small things can matter if there are various players who have equal capabilities in coping with the customers' matters in terms of expertise and prior experience from similar assignments. The exit barriers for the client are relatively small in providing legal services.

2.6 Marketing of professional services

The primary goal for most marketing efforts is to sell your services or products in order to make profit (e.g. Sheehan 2011, 39). Sheehan (2011, 96) has summarized that successful marketing infuses products/services with values, ideas and images that make them harder to substitute with other products because consumers become emotionally engaged with them. This is also known as a process of turning product/services into a brand. This naturally applies well also to marketing of professional services, but marketing is much more than just advertising and active promotion of sales.

The importance of marketing should not be underestimated. According to Kotler & Co, finance, operations, administration and other business functions will not really matter, if companies do not understand their customers' needs and identify a sufficient demand for its services to make profit (Kotler & Co 2009, 4). Once the mentioned active listening to the customers (including gathering of market intelligence etc. as explained by Maister (2003, 61-68)) has been carefully done, it makes the subsequent marketing efforts by the firm much easier.

For some people marketing is natural and easy, but others do not like it at all. According to Sipilä, it is common for professional services business that people are often interested solely in providing their services. Marketing of the services is regarded unfamiliar and uncomfortable, because they want to focus on providing their services. There might be many reasons for this, but not the least the fact that some professionals have not had any studies in marketing and sales during their university studies and professional career. According to Sipilä the definition and contents of marketing might be unknown to many professionals. (Sipilä 1999a, 22-23)

In the next section is illustrated what is the marketing of professional services and what kind of marketing tactics could work the best in professional services. It is however important to remember that this study is not trying to give specific answers as to which tactics a law firm should use. The aim of the section is more or less to cast light on the context in which these professional services firms could take advantage of the results of this research.

2.6.1 Marketing practices and tactics in professional services

Before marketing measures are directed to potential customers, each firm should start by marketing one's services to its own employees. Each professional services firm should understand that every single architect, lawyer or consultant of their firm is actually a marketer of the company's services regardless of one's title or role in active sales endeavors. According to Sipilä, the importance of internal marketing increases with the size of the organization. The most successful ways to carry out internal marketing are, promoting within a normal project work and through an internal system of education. (Sipilä 1999a, 294)

Marketing is much about presenting a unified approach and image of the brand to customers. If all the personnel is not engaged, or they do not understand marketing, the sales targets will most likely suffer. Thorough internal marketing therefore should emphasize the importance for a company to adopt a holistic attitude towards the concepts and goals of marketing. (Kotler & Co 2009, 770-771)

In business literature different marketing practices have been suggested for different kind of industries and customers. Table 3 below presents one general framework of marketing practices by Kotler & Co (2009, 18).

Table 3: Classifications of marketing practice by relational exchange dimensions (adapted from Kotler & Co 2009, 18)

Transactional perspective				Relationship perspective
Transaction marketing	Database marketing	E-marketing	Interaction marketing	Network marketing

Legal services, as well as other professional services, have been usually thought to be more relationship marketing oriented than many other businesses, and the importance of relations and networks is unquestionable in marketing (see e.g. Maister, Green & Galford 2004; Susskind 2013, 66; Gummerson 2001, 144-159).

Due to a wide range of different professional services, and customers' individual and company specific needs, marketing tactics should be selected every time based on the prevailing conditions and circumstances. Marketing to new prospects is always different than to existing customers. An often seen advice for professional services practitioners is that marketing measures should be unique, based on specific characteristics and needs of potential customers. Also Niinimäki and Lehtinen admit that it is characteristic for most of professional services that relationship marketing and networking aspects have a prominent role. (Lehtinen & Niinimäki 2005, 14)

In addition to the above, there can be found also other factors that should be taken into account, when suitable marketing tactics are being selected. Some of them relate to buyers' personal characteristics, professional background or education. The clue here is that based on the teachings of business literature, for example, an in-house counsel expects to be dealt with in a different manner than a general manager, and similarly also marketing of services to in-house counsels should be different compared to non-lawyer prospects (Maister 2003, 74).

Maister has acknowledged three matters that are important to bear in mind in marketing of professional services. Firstly, rather than directing a little attention to a lot of prospects, more attention should be paid to a smaller, well-selected audience. Secondly, marketing works better when it is demonstrating, not when it asserts. And thirdly, "in person" marketing tactics are more powerful than attempts to communicate with written word. From a broadcasting phase of generating leads and enquiries should be moved as soon as possible to in-person meetings between the prospect and the professional. (Maister 2003, 121-122)

Different people understand the word "marketing" in different ways. Maister (2003, 53-56) sees that marketing is a package that consists of the following elements and that each is important:

1. Broadcasting (generating leads and enquiries),
2. Courting (selling and proposing),
3. Superpleasing (ensuring client delight with current matter),
4. Nurturing (marketing to existing clients), and
5. Listening (gathering market intelligence).

Marketing is easiest to existing customers whose needs you are aware of (highest ROI is in superpleasing) and the most difficult to prospective customers whose needs are unknown (lowest ROI is in broadcasting (Maister 2003, 57)).

As stated above, marketing is not only about selling and attracting new customers, it is also pleasing and nurturing your existing customers, and even more importantly, it contains also gathering of business intelligence.

2.6.2 Prospecting & profiling of customers

Even though professional services are sold to corporations and other organizations, usually, a single person procures the services. In the business-to-business markets, the buyer is not a consumer; he/she is a business buyer.

However, business marketers face many of the same challenges as consumer marketers (Kotler & Co 2009, 268). Also Alstiel and Grow advise us to remember that business buyers are also human whose individual wants and needs are often important in addition to economic rationales (2013, 345).

It is possible to create a picture, a profile, of certain customer groups' buying decision processes based on the information gained from the markets and through listening to customers (Kotler & Co 2009, 260). Profiling may come close to market partitioning in which marketers are identifying the hierarchy of attributes that guide customers' decision making in order to understand different competitive forces, and how these various sets get formed. There might be e.g. brand-dominant hierarchies and nation- dominant hierarchies depending on what attributes buyers first decide on. The hierarchy of attributes can also reveal customer segments. For example, buyers who first decide on price are price dominant and may be thus distinct from buyers stressing first other attributes such as quality. (Kotler & Co 2009, 248)

These few words about profiling were restated here because it was known prior to sending out the questionnaires, in this study, that the main target population of the questionnaires, in-house legal counsels, is working in different positions and roles within their organizations. Therefore, the questionnaire was created so that it enabled identifying these different roles and profiling of i) general counsels, ii) regular in-house counsels who are not in a managerial position, and iii) so called lonely lawyers, who are the only educated lawyers in their organization. In this way, different lawyer respondent roles could be compared to non-lawyer respondents.

2.6.3 Operational environment in marketing of legal services

According to Lehtinen and Niinimäki professional services marketing has not always been regarded to be of very good quality. This is due to the fact that the expert organizations might have only limited marketing expertise compared to the company's own expertise in the field of certain professional services. Marketing has also been often mixed up with advertising and it has been considered more expensive than it actually is. Some experts have not even approved the concepts of productization and marketing thinking, as it is considered to demine the value of their work. For example, in lawyers' and doctors' services productization has been seen as such a self-evident matter that it does not warrant specific attention. (Lehtinen & Niinimäki 2005, 13-14)

The operational environment has however changed during the past years. One of the main reasons has been deregulation, both in Finland and in the European Union. The old marketing rules of the Finnish Bar Association and the Code of Conduct for European Lawyers were amended to allow more advertising and marketing activities than in the past, which means that law firms are using more money and new ways to promote their services. Even though current rules of the Finnish Bar Association (adapted 15 January 2009) for advertising and marketing are quite permissive, for example, television advertisements are still uncommon. (Asianajalan tietopankki Aada 2015; Jeskanen 2007) Alstiel & Grow state that professional services firms are usually quite conservative when it comes to advertising (Alstiel & Grow 2013, 347).

Nowadays, most of the bigger law firms, also in Finland, have a person or personnel who concentrate full-time on marketing and other CRM activities (Jeskanen 2007). In addition, a notable amount of each customer responsible lawyers' weekly working hours are theoretically used to different non-billable CRM and marketing activities. Some do it more and some less.

2.7 Strategic choices of a professional services firm

Each company should study its competitors, as well as actual and potential customers, in order to prepare an effective marketing strategy and to notice factors that can help them in building competitive advantage (e.g. Maister 2003, 223-224; Kotler & Co 2009, 328).

This section summarizes some of the key issues of the literature focusing on how competitive advantage could be gained through strategic decisions and what could be distinctive capabilities of a service provider to win better business compared to its competitors. This thesis does not however contain in depth teachings on competitor and environment analysis or theories on product development. Those are subjects linked more to another development projects at Fondia.

2.7.1 Competition strategies

Maister states that companies have reached their starting point in strategy creation when they know which clients in which designated industries they are about to serve with their identified key services. The actual strategy building is to develop a set of actions that will make the firm's services more valuable to customers than the services of competing firms (Maister 2003, 223-224).

According to Löytänä and Korteso competition strategies may be divided into three main categories; in product oriented competition strategy companies pay special attention to product development and strive for creating superb products, companies who have selected pricing oriented strategy aim to get competitive advantage from lower prices, and the third strategic option is to focus on customer experience, which means that companies aim to create more value and therefore gain competitive advantage through meaningful experiences. Customer

experience is affected by all the functions of the company. (Löytänä & Korteso 2011, 22-24)

Christensen, Wang and van Bever (2013) have listed in their Harvard Business Review article that in the consulting businesses there are three business models of which the traditional solution-shop model is at risk of being disrupted by other models.

Table 4: Main differences of three business models in consulting (adapted from Christensen, Wang & van Bever 2013)

Consulting: Three Business Models
<p>Solution Shop</p> <ul style="list-style-type: none"> • Structured to diagnose and solve problems whose scope is undefined • Delivers value primarily through consultants' judgment rather than through repeatable processes • Customers pay high prices in the form of fee-for-service
<p>Value-Added Process Business</p> <ul style="list-style-type: none"> • Structured to address problems of defined scope with standard processes • Processes are usually repeatable and controllable • Customers pay for output only
<p>Facilitated Network</p> <ul style="list-style-type: none"> • Structured to enable the exchange of products and services • Customers pay fees to the network, which in turn pays the service provider

As the provision of legal services is close to consultancy services in general, the findings from the business model selection above should be considered at least to some extent, suitable also for legal service providers. That has been indicated also in the article of Christensen, Wang and van Bever (2013).

Susskind, who is a visionary trying to predict what the legal services will be in future, indicates that there are two strategic initiatives for law firms that they should be aware of. For the efficiency strategy, it is typical to focus on the cutting of costs, the path towards commoditization and multi-sourcing. The collaboration strategy, on the other hand, believes in sharing of costs, the collaborative power of information technology and online community. (Susskind 2013, 19-22; Susskind's presentation 2013) Susskind explains his opinions well, but for a more traditional

view on professional services strategies, one must look to the writings of other authors.

Maister lists in his book that professional services firms have three main ways for strategic positioning. Depending on the client base and the needs and preferences of the customers, either an expertise-based practice, an experience-based practice or an efficiency-based practice can be the correct positioning. As Maister tells, it would be tempting to try to apply all the different practices and to try to respond to all of various needs of customers' preferences about different matters at the same time, but the task to meet different types of customers' needs within a single practice group, is almost an impossible task. Therefore professional services companies should decide how they handle the distinctions between practices that are based on expertise, experience and efficiency, so that they match the overall approach selected by the firm. It is possible, for example, that different teams or departments can be in different phases of development in their life cycle, and therefore they may run their practices with different competitive advantages. (Maister 2003, 22-27)

It is difficult, and sometimes even impossible, for one part of the firm to create a strong "frontier expertise" reputation, when the firm is already well known as a low-cost service provider (Maister 2003, 29). According to Maister, in most professions a consistent image in the marketplace is a valuable asset, which can rapidly be compromised, if the firm attempts to serve too diverse a set of customer needs. Maister states, that according to his experience, only few firms have a clear picture of their true positioning along the expertise, experience and efficiency spectrum (Maister 2003, 30).

Positioning means basically the measures done in order to design a company's offering and image to occupy a distinctive place in the minds of the target market (Kotler & Co 2009, 867). For positioning, it is important to identify what are company's substantive strengths, but also what is the (objective) image of the company in the eyes of customers and prospects. It is not always possible for the service firm to control the objective image of their firm because they cannot control where the potential client first becomes aware of this image.

Online environment and networking has changed how customers act nowadays. Löytänä & Korteso state that previously customers asked from a sales person about competitive advantages and capabilities of a service provider, but nowadays not anymore. Everything has changed during past ten-fifteen years. Nowadays customers, who are facing a buying decision, first search on the Internet. Search engines usually direct them to a companies' webpages, but thereafter the customer also often goes on to read recommendations and experiences from different forums. (Löytänä & Korteso 2011, 29)

Those companies that are able to differentiate positively and know their competitive advantages are stronger in the markets. Many classic strategy books like the Blue Ocean Strategy (Kim & Mauborgne 2005) teach that the companies should stay out of very competitive markets (red oceans) and be the ones finding and creating new room for business with no competition or limited competition (blue oceans). Also Trout & Hafren (2000) teach that differentiation is the only way to get out from the tyranny of too many options. There are multiple good ways to differentiate, but according to Trout & Hafren purely focusing on pricing and the variety of different products or services is often not good enough. Differentiation requires sacrifices and in order to maintain the differentiation the company needs to protect one's differentiation factors consistently. (Trout & Hafren 2000, chapters 6, 7, 20, 22)

Differentiation is possible also through a better provision of customer experience compared to what competitors can provide. Exceeding expectations is a vital part of customer experience management. Through basic services it is not possible to differentiate and gain competitive advantage. In the book of Löytänä & Korteso has presented elements of an experience that exceeds expectations. The first element is a core experience and the second element builds as an extended experience and the third, culminates as an experience exceeding expectations. A provision of the core experience should be always secured before aiming to exceed customers' expectations, in order to provide a complete customer experience. (Löytänä & Korteso 2011, 59-74)

One of the established ways to differentiate is to be the first. If you are the first in whatever you do and your competitors start copying your ideas, they actually

often do you a favor by confirming that the original idea worked. It is easier to differentiate by being the first and not only one of the first adapters. (Trout & Hafrén 2000, 108). There are the possibilities of increased learning costs, and risks, but the potential to create a market niche and benefit from the branding can be very attractive.

An active following of megatrends and industry specific trends might also show new ways to differentiate as the first adopter in the market in question. For example, automation in legal services provision is expected to increase in future. Many authors have predicted in their publications that information technology will gain pace in the legal industry (e.g. Susskind 2013; Susskind 2010; McGinnis & Pearce 2014; O'Toole 2014; Lacity & Wilcocks 2012)

Templates and model documents have already proved to help law firms, but the customers might not gain all the benefit what they might be expecting.

The good news for lawyers is that no one thinks the profession can be automated entirely. But lots of legal work is already being computerized by some firms, including the drafting of simple contracts and the search for evidence in reams of documents (O'Toole 2014).

According to O'Toole's article (2014) industry experts have said that computers will soon be able to perform even more advanced legal functions than document reviews.

2.8 Certain other important concepts

As stated in this study, in professional services businesses the importance of personal sales and marketing efforts have a pronounced role. In business providing professional services, mass marketing efforts to a large audience do not work and therefore companies should turn to micromarketing practices, such as segment marketing, which are offer strong benefits over mass marketing. A *market segment* consist of a group of customers who share a similar set of needs and wants. (Kotler & Co 2009, 334)

Sheehan (2011, 18) has defined *segmentation* to be breaking the target audience into distinct groups that have common needs and/or price points (see also Tolvanen 2012, 121). Segmentation is one method for marketers to use when they try to accomplish one of the main goals of marketing; recapturing as much of the consumer surplus as possible (Sheehan 2011, 18).

A *productized service* means a conceptualized package of services that is intended to be sold to more than one customer. *Productization* means to logically measure the results of how these services are provided, including the pricing points, in order to improve the efficiency. Once the business processes are systematized, the work can be divided and organized effectively. From a customer and marketing point of view, a productized service is easier to market than individualized vague customer project. (Lehtinen & Niinimäki 2005, 30-31)

Productization of professional services means, according to Sipilä, a more concrete definition, characterization, development, design, production and continuous improvement of a service that is provided to a customer in a way that customer benefits are maximized and the business performance objectives of the professional services firm are met (Sipilä 1999b, 12).

Very little has been written in Finland about the segmentation and productization of legal services and therefore it is difficult to summarize what are the legal services specific teachings on segmentation criteria or for a creation of product portfolio. Usually companies keep this kind of information internally and do not openly share their strategic decisions to the public. However, there is at least one study regarding productization of professional services in which the case company was KPMG Oy Ab Legal Services (Parviainen, 2012). For a more general view on bases for segmenting business markets see Kotler & Co 2009, 341-360.

2.9 Summary

Legal services are professional services. Attracting legal services clients requires an individual approach in marketing and/or an existing personal relationship. The more trust there is between a customer and an adviser, the better the relationship works and barriers to exit are higher.

Targeted marketing, that is done based on a thorough segmentation and which functions well with the selected market positioning of the service provider, is much more efficient than mass marketing, which is directed to larger audience. Differentiation provides a better basis for success than operating where the competition is fierce.

The key for any endeavors to gain better business is to find out what targeted customers need and expect by listening to them actively.

3 RESEARCH APPROACH AND METHODS

This Chapter 3 starts with a short introduction of the case company. The objectives and scope of the research have already been stated in sections 1.2 and 1.3, but the research questions are defined more precisely in this Chapter. This Chapter also explains the research approach, the structure and execution of the research, and the analysis of the results.

3.1 Fondia

Fondia Oy is a Finnish legal service provider founded in 2004. The company has altogether around 100 employees, more than 60 being lawyers. Fondia has eight offices in Finland and other two offices outside Finland are located in Tallinn and Stockholm.

Fondia is known as the biggest non-bar member law firm in Finland. Being outside the bar means that also others than attorneys can be shareholders in the company, and the company can have a non-attorney managing director without exceptional permits requested from the bar association. In addition, Fondia is for example free to offer also other services than legal services.

Company's turnover from the previous fiscal year was around 11.5 million euros, which means eleventh place among law firms in Finland (Annual accounts of Fondia; Ala-Sippola, Lehtonen & Koljonen 2015). According to a brand survey conducted by Taloustutkimus Oy (2014), Fondia was the 8th best known legal service provider in Finland (21 biggest were surveyed).

As mentioned already in the beginning of the thesis, Fondia was nominated as the most innovative law firm in corporate strategy in Financial Times FT Innovative Lawyers Awards 2013. The company is also very well-known from its excellent working environment and culture. Success in the evaluation of the Great Place to Work Institute (2013 and 2014) proves that people enjoy working at Fondia.

Fondia promises on its website that its passion involves renewing the legal industry to truly meet the customers' needs (Fondia website 2015). Keeping that

kind of a promise also requires surveys and active measures to find out constantly what the actual customers' needs are.

A longer introduction to the case company is in the beginning of Appendix 4.

3.2 Research questions

The initial idea of the research was to send a questionnaire only to Finnish in-house lawyers in order to find answers into the four main research questions, which have been presented in Table 5 below.

Table 5: Research questions

1.	What are the main reasons to purchase and outsource legal work?
2.	What are the expectations concerning legal services?
3.	What are the important factors in selection of a legal services provider?
4.	How the process differentiates when purchasing services outside Finland?

The questionnaire (Appendix 1) was in Finnish and contained various questions from each main topic.

Soon after preparing the questionnaire for in-house lawyers the questionnaire was slightly modified for the purpose of gaining comparative data from a different customer group and persons not being professionals of law. A modified questionnaire was thereafter addressed to CEOs and CFOs of small and medium sized enterprises that are not having an in-house legal function of their own.

In order to get more honest responses and not to limit the answers, the decision was to formulate the questionnaire in a way that it contained mostly open questions without giving predetermined answer alternatives for the respondents.

The addressed questions are presented and discussed in Chapter 4 of this study, and an overall view on what was being asked from the respondents can also be obtained by viewing Appendix 3.

In addition to the questions and results referenced in this study, the questionnaires contained also some more commercial questions on pricing. Due to lower

response rates and worse quality of the answers, those questions were however left out from this study.

3.3 Research approach

A qualitative research method is often used to collect data and to verify for example consumer behavior, to develop products and services, to measure effectiveness of advertising and so on. In addition, when the intention of the research is to generate ideas and provide good quality opinions rather than aiming to generalization of the results a qualitative research is a superior tool. (Solatie 1997, 16-32)

Researches related to segmenting are often quantitative because the size of segments and the persons belonging to them require more quantitative data (Solatie 1997, 28). Questionnaires, qualitative measures and technological devices are the most typical instruments for market studies. Questionnaires consist of a set of questions presented to respondents and they are according to Kotler & Co by far the most common instruments in collecting primary research data due to their flexibility. (Kotler & Co 2009, 198)

According to Kotler & Co a qualitative research may be useful first step, for example, in exploring product perceptions, but it has some drawbacks. Samples of a larger group of potential respondents used in qualitative research might be often too small and may not therefore generalize well enough to broader populations. Another drawback of the qualitative data is also that different researchers examining the same data may draw different conclusions. (Kotler & Co 2009, 201) The most common mistake of qualitative research is according to Tolvanen excessive superficiality (2012, 32).

As the problem space and the main research questions are common for a traditional qualitative research, the most typical way to conduct a research would have been to use individual interviews or group discussions. However, in order to increase the usability of the research, to avoid usual drawbacks of qualitative research and to provide some statistical information it was clear from the beginning that questionnaires containing both, questions typical for a quantitative research, and open questions hoping to give answers for a qualitative analysis,

would be used as the primary source of the data in this research. Open-ended questions were used to allow respondents to answer better in their own words (Kotler & Co 2009, 198) and therefore bring in elements of a qualitative research. This mixed method approach was expected to grant better quality responses and to increase the reliability and validity of the research even though the processing of the collected data took much more time.

Due to the reasons mentioned above, the starting point for the research was that the number of respondents for a quantitative analysis must be high enough to allow proper and valid analysis. In addition to the amount of respondents also the backgrounds and organizations of the respondents were reviewed before the analysis, in order to prevent false interpretations, if there were multiple persons from one organization giving similar responses to the queries.

The first questionnaire was sent by email to a large amount of potential in-house lawyer respondents. Potential respondents were not limited in the beginning by sending only one request per a company to respond the questionnaire. This (simple) random sample selection of the respondents, in which every member of the target population had an equal chance of attending (see about probability and non-probability samples, Kotler & Co 2009, 204), proved to be a right choice as 50 of altogether 52 respondents who answered the questionnaire were from different companies. Selection of persons from different companies is an important starting point for a qualitative research together with the fact that no-one of the respondents is a friend or relative of the person conducting the research (e.g. Solatie 1997, 34).

No participation rewards were used in order to ensure that all who responded would be truly interested in the matter and would therefore provide answers of better quality. If participation rewards are used, they should in any case be reasonable not to affect the actual willingness to participate regardless of the level of interest of the respondents on the matter researched (Solatie 1997, 35).

In the collection of comparative data from managers of small and medium sized companies was used similar approach.

3.4 Structure and execution of the research

Needed resources and expected challenges were identified already prior to entering into the actual research process. The most important resources and challenges were listed in order to assess their meaning during the work.

Table 6: Resources and challenges

Needed resources	Expected challenges
Time and commitment from all parties involved	Lack of time (author's and respondents')
Internal partner(s) at Fondia to review the questionnaire and to share the some thoughts on conclusions to be made from the data gathered	The survey is seen as an advertisement of Fondia
IT systems: Surveypal and MS office tools being the most essential	Too low amount of responses

The questionnaires were prepared during March and April 2014 and circulated to the respondents prior and after the summer holiday season in early June and late August. The questionnaire and reminder messages were sent altogether four times, but regardless of that, the amount of responses stayed on a relatively low level (52 respondents) comparing to the fact that the aggregate amount of the persons who received the questionnaire was approximately 800. The response rate was as low as 6% being a bit of a disappointment. However, according to Janne Ala-Sippola (2015), who is a person responsible for Fondia's Knowledge Management and who has arranged dozens of different surveys, the response rate was expected and even better than normally in this kind of questionnaires. Also Kotler & Co (2009, 204) state that response rates in mail questionnaires are usually low (or slow), and Tolvanen claims that a loss in respondents is becoming more common and the response rates are going down (Tolvanen 2012, 56).

Contact details were gathered from Fondia's marketing and customer register. The source of the contact details was disclosed in the accompanying letter.

An average time the lawyers used to answer to the questionnaire was 23 minutes. Some facts about the lawyer respondents and their companies are presented in section 4.1.1.

The questionnaire for comparative data was also sent out in June and August 2014. Altogether 34 directors from companies without in-house legal function responded to the questionnaire. The company size in the comparative group was smaller than in the actual research group. Based on the information available in the public sources, the average turnover of the non-lawyer companies is 13.1 million euros and median 5.4 million euros. All companies had a turnover exceeding 2 million euros, but only 4 of them exceeded an annual turnover of 30 million.

The above mentioned facts confirm that the reference group non-lawyer companies corresponds well to the lower end of Fondia's *no in-house legal* customer segment (Fondia's segments, Hyvärinen 2014). However, the data was not wide enough to give also reliable basis for an analysis of bigger companies.

3.5 Analysis of the collected data

An initial analysis of the collected data was done already during autumn 2014. The work continued in winter and spring 2015.

Due to an extensive amount of data (86 respondents, mostly open answers) the analysis, categorizing and comparison took much more time than was expected. Also the changed plan to include also elements of customer profiling into the study, increased the amount of work remarkably.

Because the questions in the questionnaires were partly typical for qualitative and partly for quantitative research, in the analysis of the results was acknowledged the fact that not all responses can be generalized. However, categorizing of the open answers allowed in many questions also a statistical presentation of the results. Additionally, open answers brought valuable qualitative information that can be used to provide thoughts and ideas for further research and business development.

The responses of lawyers (52) were compared to the responses of non-lawyers (34). Additionally, the division of the lawyer respondents into three different smaller respondent groups (23+14+13) based on lawyers' roles in their organizations, enabled even more analytical view on how the needs and

expectations of different respondent groups differ from each other and compared to the non-lawyers. This customer profiling element was included in the study during the last two months of the analysis phase.

The respondent group of non-lawyers was analyzed to find out whether it would give a solid basis for comparison of the opinions of CEOs and CFOs separately. After an initial analysis, which showed that the responses of CEOs and CFOs did not contain essential differences, it was decided to leave profiling of these two managerial roles for future/further surveys.

3.6 Validity and reliability of the research

As stated earlier in this study, the number of respondents was hoped to be bigger. However, the amount of responses was relatively good for this type of a research. When reviewing the data, the fact that there are no major differences between the results when cumulatively comparing the smaller respondent groups of different lawyer roles (23, 14 and 13 persons) compared to the overall results of the research indicates that the sample of respondents was big enough. Therefore it is possible to estimate that if the same amount of different respondents in similar roles would answer the questionnaire, the results would be quite close to the results of this research. The sample is therefore representative of the target population.

As previously stated, the backgrounds of the respondents were carefully reviewed and only suitable respondents were approved to the research. The sample represents extensively Finnish companies from different lines of business, and there were no friends, relatives or customers of the researcher within the respondents.

The responses were in general of very good quality. The respondents had concentrated on the questions and spent enough time to fill in the questionnaires. The formulation of questions was mostly good and the respondents had understood the questions well.

The used mixed method that contains elements of a quantitative statistical analysis and qualitative research can also be seen as a factor improving the reliability and

validity of the research. However, it is important to notice that because average responses were used in the results and conclusions, this may generalize results a bit too much.

Cross analysis of different questions and open answers was done carefully, and it successfully confirmed in many occasions the identified differences between the respondent groups.

Even though the questionnaires were extensive, they were not meant to investigate matters related to personal relationships between the service providers and customers. In order to study also the personal relationships would be needed another research. However, it must be remembered that in professional services business the importance of relationships shall not be underestimated. This was also highlighted in the conclusions part of the thesis.

The selected approach in general, and the decisions made during the research process (see section 3.3) gave the researcher a confident feeling that if the research would be done again with the same respondents the results would be the same.

4 RESEARCH RESULTS

Chapter 4 presents the most important results of the research and findings of the comparison between different respondent groups. The four different respondent groups were i) General Counsels with 23 respondents, ii) regular in-house team members with 14 respondents, iii) so called lonely lawyers, i.e. in-house legal counsels of companies that employ only one internal lawyer, with 13 respondents, and iv) the comparative reference group of 34 non-lawyer managers of small and medium sized enterprises.

In addition to the written presentation of the results in this Chapter 4, Appendix 3 supplements and clarifies the overall results and comparison in a table form. Also some additional figures of the results and comparisons are presented in the said Appendix 3.

4.1 Background

4.1.1 Respondents and their companies

The lawyer questionnaire was sent out to around 800 respondents whose contact details were available in Fondia's marketing and customer register. Assuming that most of the contact details were valid and that the original respondents did not forward the questionnaire to others, the answer rate with 52 respondents was somewhere between 6 and 7%.

The lawyers who responded the questionnaire are employed by very different types of organizations. The smallest of the companies employ less than ten persons and the biggest have personnel of thousands. As usual, for such a wide range of different organizations, from different business sectors, their turnovers vary from less than 10 million euros to hundreds of millions, two exceeding even a limit of a billion.

As presented in Figure 3 below, around one fourth (26%) of the companies are so called *lonely lawyer companies* having only one in-house legal counsel. The responses of the lawyers revealed that most of their companies have an in-house

legal team/department of two to three persons (34%). Over a tenth (12%) of the companies had a legal department of more than ten lawyers.

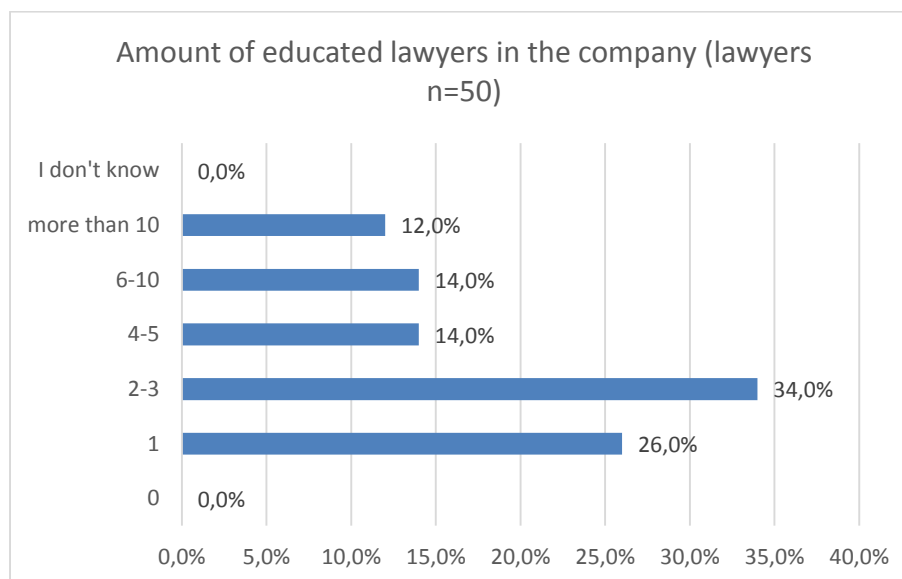


Figure 3: Amount of educated lawyers

Internal legal resources of the companies are however more extensive than the above figure tells. When it was asked, how many lawyers there are in the group of the company, the responses revealed that already more than one third (37%) of the companies had more than ten lawyers within their group.

As stated above the respondents of the questionnaire were divided into three smaller (lawyer) respondent groups based on their roles in the organizations for profiling reasons. The responses of different groups were analyzed separately by comparing them to each other and to the reference group of 34 non-lawyer managers of small and medium sized enterprises.

4.1.2 Common tasks of in-house lawyers

Responses to open questions regarding the most common tasks of the in-house counsels confirmed that a considerable part (12) of the companies regard basically all tasks that have a legal concern as common ones. The rest also answered that a large variety of different tasks are handled within the in-house function. The in-house lawyers are especially concentrating on company law, contracts and

employment law. The most common tasks that are not performed by the in-house teams are disputes and major corporate and real estate transactions.

4.1.3 Most important tasks and/or skills of an in-house lawyer

In the background part of the questionnaire there was a question to check whether the pre-estimations of the researcher match the view of corporate counsels themselves. The lawyers were asked to list the tasks and skills they regard as the most important in their position as an in-house lawyer. As most important tasks and/or skills of an in-house lawyer were seen

1. supporting of the business and sales functions of the company;
2. risk avoidance; and
3. all-round skills.

The role as a supporter was pronounced within the responses, but the collected information supports well the pre-estimations of the in-house lawyers work. The following answer of one in-house counsel effectively describes the situation: “*You must cope with the imperfection.*”

4.1.4 Budgeting and costs of legal services

According to the data collected from the in-house counsels, their companies spend considerable amounts on their legal affairs. Amounts vary annually from 60,000 Euros to millions of Euros, when also the costs of in-house legal functions are included in the calculations.

Over two thirds (72%) of the lawyer respondents answered that their companies budget money for legal affairs every financial year. In the reference group of non-lawyer managers, the rate of companies who annually budget something for a management of legal affairs, was however substantially lower (35%) as can be seen from Figure 4 below.

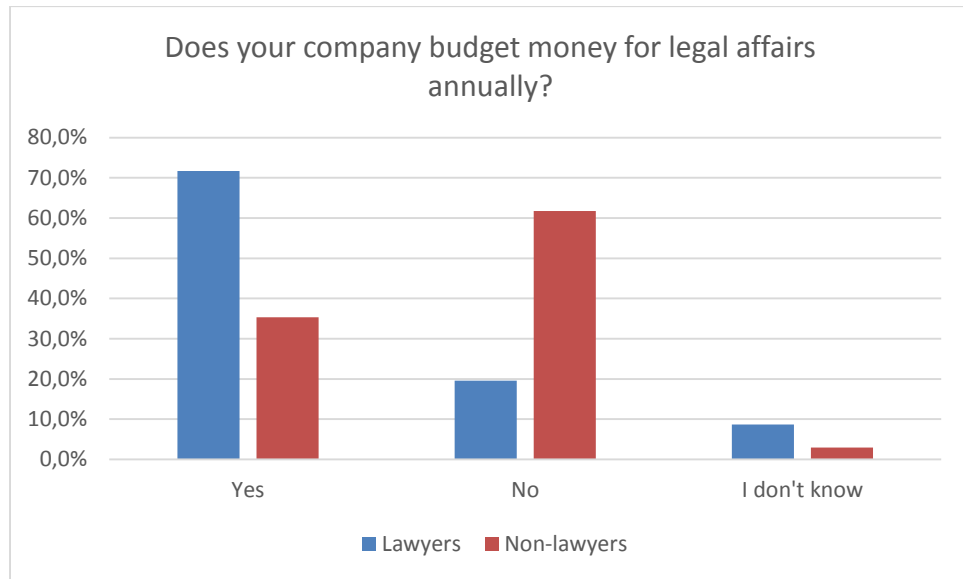


Figure 4: Budgeting of legal expenses

Some of the respondents' companies are really big consumers of external legal services as they reported to spend annually up to 1,000,000 EUR for external legal services.

4.1.5 Attitude towards fixed pricing

A majority of the lawyer respondents answered that they have a positive attitude towards fixed monthly pricing, or see it possibly as a good solution in some circumstances, but not in every case. A little bit more than one fourth of the respondents did not however believe in fixed pricing, or answered that fixed pricing does not suit their companies.

From the quality of responses to this specific question, a conclusion can be drawn that perhaps the questions should have been more concrete (giving examples etc.). Now, it is very difficult to create generalizations from the data as the cases and companies are so different, and not all the companies evaluated the fixed-price matter from the same perspective.

However, at least the increasing use and importance of fixed price modules and services mentioned in the literature concerning the current and future state of legal services (for example Susskind 2013 and Lacity, Willcocks & Burgess 2015) has been noted among the lawyers. Conservative responses were predictable, but in

the end, the overall attitude towards fixed pricing was a positive signal. Naturally the circumstances need to be favorable, and the amount of work somehow fairly predictable when fixed price monthly services are being evaluated regardless of from whose perspective the matter is being reviewed.

The reference group of non-lawyers also saw the fixed pricing either as an intriguing solution, if the amount of work is predictable, or renounced the idea directly, because an amount of legal work at their organizations is too low.

4.2 Reasons for purchasing external legal services (“the needs”)

4.2.1 Procurement of legal services

According to the results of the research, General Counsels and CEOs are the most important people having authority to decide individually on the purchasing of legal services in the companies having educated lawyers. However, others also have the rights to do independent decisions as presented in Figure 5 below. Even though regular legal counsels and CFOs are within the customary target group for purchasing legal services, service providers must bear in mind that they do not often have the power to decide on legal services purchases exclusively. Also others such as directors and for example chairmen of the board sometimes have the necessary powers.



Figure 5: Persons deciding on legal services purchases (lawyers)

As presented in Figure 6 below on the comparative data, CEOs are basically always (97%) able to decide alone on the legal services purchases, but also nearly third of the companies responded that also CFOs have similar individual powers.

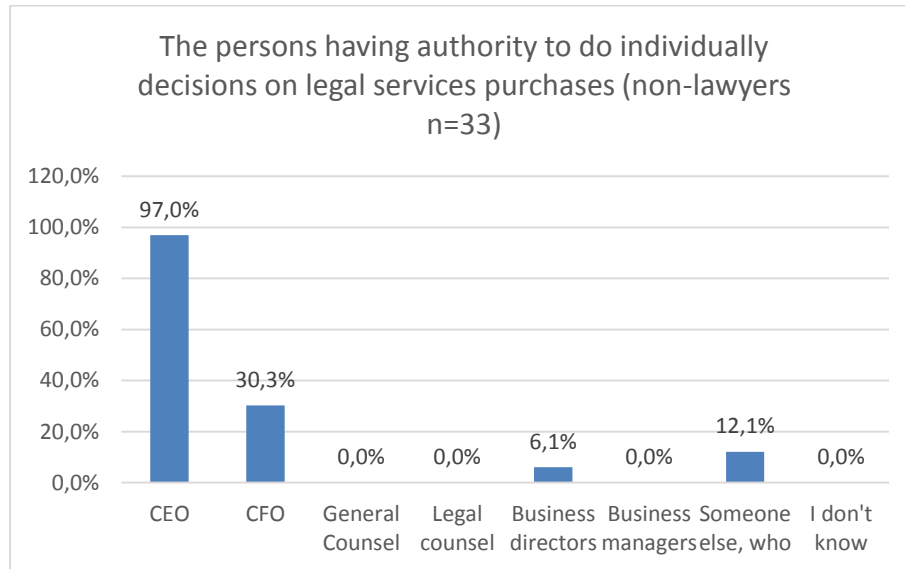


Figure 6: Persons deciding on legal services purchases (non-lawyers)

Usually, the companies are not purchasing their legal services from only one service provider. Within the past two years 41% of the companies having at least one in-house legal counsel had purchased from 2-3 different providers, 29% from 4-5 providers and 18% from more than 6 different law firms. As presented in Figure 7 only two respondents had answered that they have not purchased legal services during the past two years.

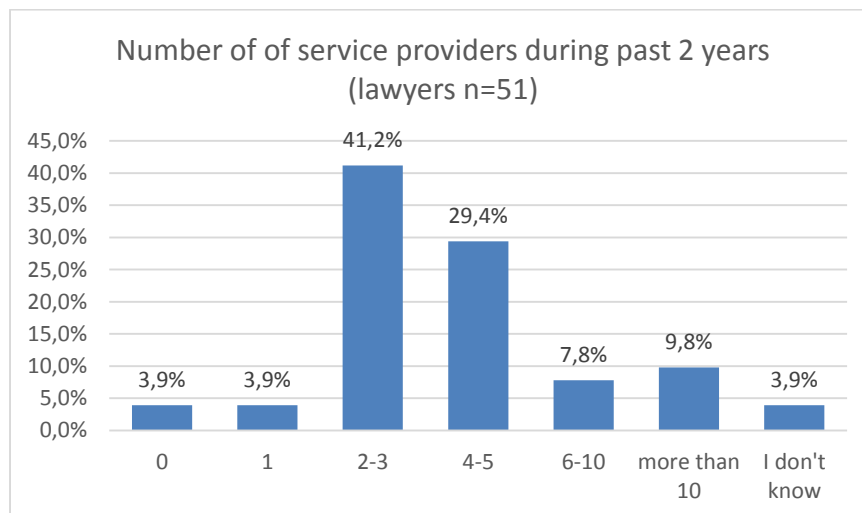


Figure 7: Number of service providers (lawyers)

An analysis of the different lawyer profiles revealed that companies with a General Counsel used more extensively external legal service providers to support them than the lonely lawyers (more details in Appendix 3).

The data presented below in Figure 8 reveals an interesting difference compared to the above, as the companies of the non-lawyer respondents had purchased services only from three or less service providers. Exact average numbers of service providers used during the past two years is not possible to determine fully based on the research data because the responses were given in categories (e.g. 2-3 or 4-5 service providers).

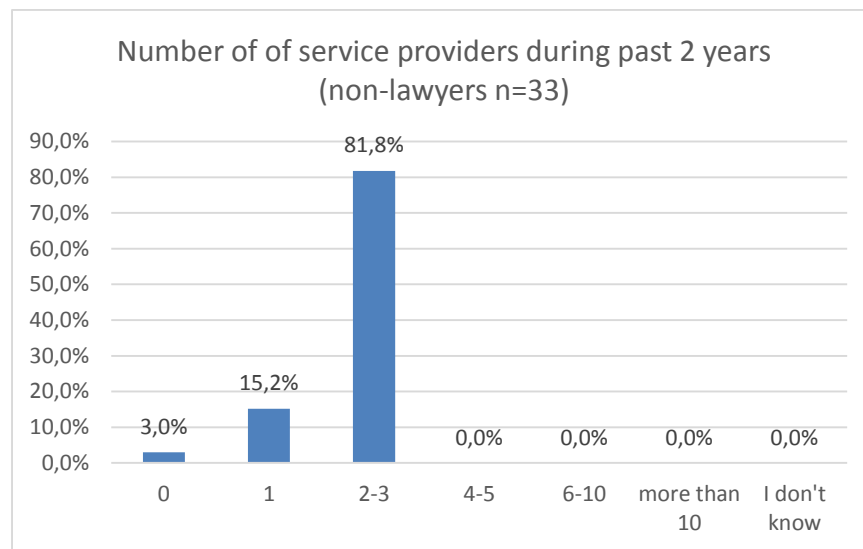


Figure 8: Number of service providers (non-lawyers)

4.2.2 Most common reasons to purchase external services

According to the in-house lawyers' answers to the open question for the most common, and clearly as the main reasons, for purchasing legal services from external service providers were seen a *need of a special competence* (mentioned in 37 answers) and a *lack of time and resources* (22).

Even though the specific type of assignments were not asked, 21 of the respondents mentioned *disputes* and 13 *transactions* as their most common reasons to purchase legal services.

Other main reasons were *international matters*, *need for second opinions* or *legal opinions*, *hygiene reasons*, *training*, *supplementing* and *surety*.

Differences between the responses of the three lawyer respondent groups were minimal, but in the comparison group the most common reasons were *agreements, employment/personnel issues* and *transactions* ahead of a *need of special competence*. *Lack of time* was missing from the list of non-lawyers as they do not naturally give lawyers such tasks they could have managed by themselves.

Even though the most common reasons for purchasing services are more or less the same within all the respondent groups, there seems to be a slight difference how professionals evaluate the matter from difference in perspective. When the professionals answer what is the main reason to procure legal services, they respond *a need of special competence* or *a lack of resources*, but the non-lawyer respondents answer more often by giving more concrete assignment types as their responses.

4.2.3 Most important reasons to purchase external services

Marketing research and consumer behavior literature often refer to situations, in which customers, especially consumers, make decisions irrationally. What they actually purchase, and what they think they should purchase, is different depending on the situation. (e.g. Tolvanen 2012, 28; Gilbert 2007; Rogers, Milkman & Bazerman 2007) This was not expected to be the case in legal services procurement, but it was however tested to some extent by asking the respondents to list in addition to the most common reasons they hire legal services, also the most important reasons they purchase legal services.

When the most important reasons for purchasing the services were evaluated the answers were more or less similar to the most common reasons. *A need for special competence* in all respondent groups, and also *dispute resolution* in the lawyers' companies were the most important reasons.

Interestingly *lack of time* was however seen of lesser importance among the lawyers compared to the actual reasons why legal services are purchased. An explanation might be related to a fact that as professionals they feel that much is expected from them and because they work so independently, lack of time is not regarded as a good reason to purchase services.

4.2.4 Outsourcing currently and in future

Two out of five (41%) lawyer respondents in aggregate answered that their companies have currently outsourced some assignment types, legal support of certain business or entire fields of law to an external service provider. The criteria for a service to be outsourced in the questionnaire was understood to mean the sourcing of legal work, in which all or nearly all of certain type of work has been directed to a third party service provider.

The companies of the lonely lawyer respondents have interestingly, and clearly, fewer outsourcing cases (23.1%) currently compared to other respondent groups. The reference group of companies with no in-house counsels has the highest rate in outsourcing (65%), but also more than a half of the companies of the General Counsels (52.2%) had currently outsourced something.

The reasons for the low amount of outsourced work in companies of the lonely lawyers might be versatile, but perhaps this has something to do with the size of the companies and legal budgets of the in-house lawyers at their discretion. Lonely lawyers might be often hired to reduce legal expenses when a company is not in a legally intensive business area, but still has enough legal work to keep one person busy and employed.

The most common outsourced assignment types and fields of law were in the importance order; disputes, IPR, employment law, tax, ICT/IT and competition law. An absence of transaction projects from the list is understandable here because the companies do not always use external counsels in such projects, and do not always select the same external service provider. Therefore, transactions are seen more as *ad hoc* assignments and not as purely outsourced work.

Nearly half (46%) of the lawyer respondents answered that their companies could imagine outsourcing something to external service providers. According to the answers (in frequency order) the future issues that might be outsourced were specifically involving IPR matters, disputes, company law matters, administration and procurements.

The lonely lawyers were the ones giving lowest estimation for outsourcing in future (33.3%). This was expected after their previous (negative) response to the

current state of outsourcing. Perhaps unexpectedly, the regular in-house team members (58.3%) were, however in this respect, the ones who believed the most that their company could outsource something in future. They, and also General Counsels (47.8%), were the most likely see outsourcing as an option for hiring more people to the legal department. From the reference group of non-lawyers 55% of the respondents thought their company could outsource something in the future.

As far as it comes to the potential future assignments or fields of law that could be outsourced, in all in-house lawyer respondent groups, IPR assignments were listed on the top of the list of most potential ones. Disputes came second. The other responses were so rare that there is no sense to draw too many conclusions based on the answers. However, there is a big difference between the companies having and not having an in-house lawyer. The reference group of non-lawyer companies may more often outsource all their legal work to one or a few service providers, while the companies with at least one lawyer, named specific topics.

A comparison of the current state and the future expectations reveals that currently none of the companies has outsourced, for example, their agreement management or company law matters in general, and only one mentioned that they had outsourced the administration of subsidiaries. However, it is interesting to note that some of the lawyers' latter answers in the questionnaire indicate that also administration and company law matters might be outsourced in the future.

4.2.5 Usefulness of a one-stop-shop

In order to verify the required portfolio of services, and a usefulness of a one-stop-shop strategy for different customer segments, the lawyers were requested to list the most important fields of law they would prefer, if all or nearly all legal services would be purchased from one and only one service provider. The respondents were asked to create their lists in order of importance.

Table 7 below presents a summary of the replies. Summary table was applied with a calculation method in which rank 1 equals to four points, rank 2 gives three points, rank 3 two points and rank 4 one point. The summary is not exhaustive as

some of the respondents listed more than four different fields of law and many of the respondents did not answer to the question at all.

Table 7: Most important fields of law if services would be purchased from one provider

Field of law or assignment types	Rank 1	Rank 2	Rank 3	Rank 4	Points
Competition law	6	1	1		29
Agreements	5	3	1	2	33
Disputes	4	3	2	2	31
Applicable special legislation	3	2	2		22
Public procurements	2			1	9
IT	2	1	1		13
Financing & capital markets	2	1			11
Corporate & stock markets	1	5	6	2	33
Tax	1	1	1		9
Real estates & construction	1	1	1		9
IPR	1		1	2	8
Employment law		5	3	3	24
Insurances		2			6
Privacy & data protection		1	1		5
Insolvency		1			3
Environment			1	1	3
Marketing				1	1

As mentioned, it must be noted that eight of the respondents did not even want to answer the question. The reasons were that they do not believe in a one shop strategy. One of the responses illustrates the matter better than the others: *“I do not believe in one service provider strategy, we are seeking the best player in each area.”*

Now afterwards, it is easy to judge that an open question was not perhaps the best option to assess this kind of a problem space, if the intention was to compare the importance of each field of law compared to others, but luckily it was not the intention either. The Table 7 presented above should verify at least the fact that in order to serve customers, with a wide range of services, the service provider needs to have experts in various different areas of law.

If a service provider has the expertise in those different fields of law and assignment types that are listed above in Table 7 it may truly call itself as a one-

stop-shop. The list may also be used together with profiles of the professionals in marketing (website at least), when the service provider wants to entice its potential customers and show they have the special expertise the potential customer needs. See section 4.2.2 and the results to the importance scale queries in section 4.6.

4.3 Expectations concerning legal services

In addition to examining the needs of potential customers, the other object of the research was to sort out expectations that the potential prospects are having concerning legal services. As an approach, two opposite open questions were used to develop some insight to the potential areas of concern of potential customers. The aim was to create, based on the responses, lists of the most positive and negative expectations when purchasing legal services.

The most important positive expectations listed by the corporate lawyers were collected from open answers and gathered into ten (10) most important categories as presented in Table 8 below.

Table 8: Lawyers' most important positive expectations when purchasing external services

Rank	Expectation	Frequency	Share (%)*
1	Competence	37	75,51
2	Fast delivery/schedules	25	51,02
3	Price-quality ratio	23	46,94
4	Solution driven/clear practical proposals	19	38,78
5	Good interpersonal, cooperation and communication skills	13	26,53
6	Knowledge of client's business environment/business driven	11	22,45
7	Surety and reliability	10	20,41
8	Energy and attitude	9	18,37
9	Efficiency	8	16,33
10	Easiness and flexibility	6	12,24

* Responses: 49

Not surprisingly, *Competence* was the most often mentioned positive expectation in all respondent groups including also the reference group of non-lawyers. The ten (10) different expectation categories were observable also from the responses of non-lawyers (Table 9 below) except an expectation of *energy and attitude*. On

the other hand, there were interesting responses by the CEOs and CFOs pointing out that a service provider should be *able to bring value* (better image or position) to the company, but also to be able to *increase the knowledge of the respondent* (an individual aspect).

Table 9: Non-lawyers' most important positive expectations when purchasing external services

Rank	Expectation	Frequency	Share (%)*
1	Competence	13	26,53
2	Fast delivery/schedules	12	24,49
3	Price-quality ratio	6	12,24
4	Solution driven/clear practical proposals	4	8,16
5	Surety and reliability	4	8,16
6	Efficiency	4	8,16
7	Knowledge of client's business environment	3	6,12
8	Able to bring value to the company (better image or position)	3	6,12
9	Easiness and flexibility	3	6,12
10	Good interpersonal skills	2	4,08

* Responses:
32

Also expectations like *international* as well as *language skills, innovativeness, openness, clear invoicing* and *IT systems* were mentioned by the lawyers, but they were not regarded as the top expectations.

The comparison of the responses of different profiles revealed some differences between the segments and professional profiles as presented in Figure 9 below. In the figure the numbers illustrate the rank of a certain expectation by category and the lines represent the ranking based on the response rate of each respondent group.

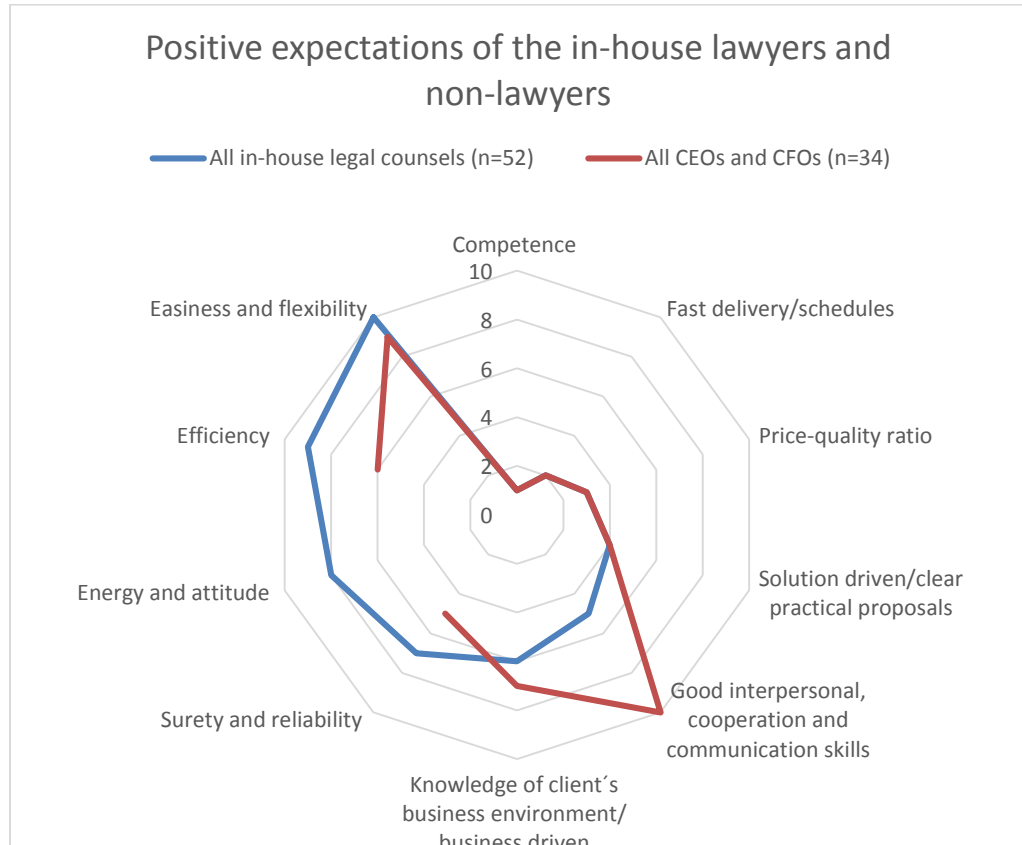
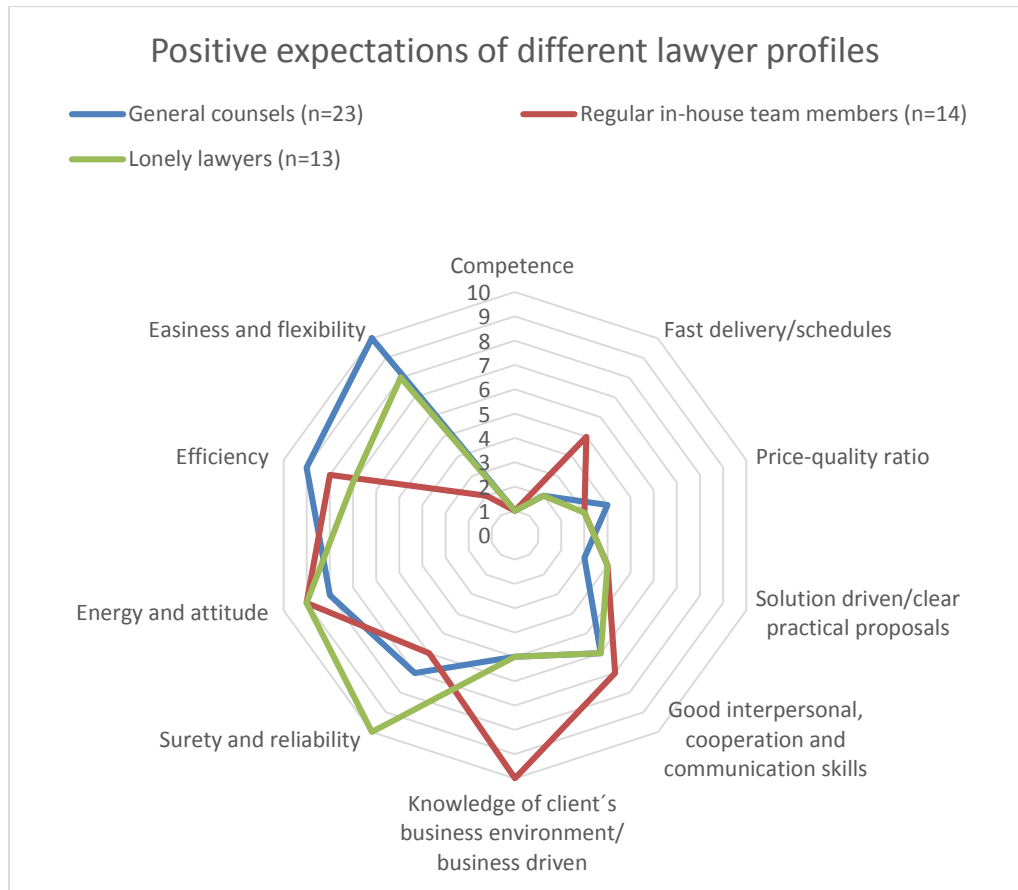


Figure 9: Positive expectations of the respondent groups

If the ranks given by the respondent groups are analyzed so that a difference bigger than two ranks is being evaluated as a notable difference, the findings of the analysis were the following:

- i) **Regular legal counsels** regard *easiness and flexibility* clearly more often as a positive expectation than the others. On the other hand, they do not mention *knowledge of client's business environment and being business oriented* even nearly as often as the others. Also *fast delivery/schedules* was mentioned less frequently.
- ii) **Lonely lawyers** mentioned, perhaps surprisingly, less frequently *surety and reliability* as their positive expectation, and its rank was only tenth among the respondent group.
- iii) The views of **General Counsels** do not differentiate essentially from the responses of other groups or average results of all lawyer respondents.
- iv) The analysis of the responses of **CEOs and CFOs** reveal that the non-lawyers would not that often expect *good interpersonal and communication skills* from the external service provider, which is some sort of a surprise. On the other hand *efficiency* as well as *surety and reliability* were analyzed to be more often positive expectations for them than to other respondent groups.

When asked the other way around the results support the data collected in the previous question. I.e. the matters that are regarded as the most important positive expectations may be the worst and really destroy the relationship, if they do not work. When the lawyers listed their negative expectations it was even more clearly visible that the competence and expertise as well as the knowledge of the client and its business are of the utmost importance. This criterion is needed in order to create long relationships with the clients.

Over-performing and *lack of efficiency* and *conciseness* were seen really negative and, for example, *long memorandums* seem to be poison pills for customer relationships. *Arrogance* is listed as one of the most negative expectations, which

is not a surprise. *Pricing* and *timetables* are naturally also pointed out. For example, *learning at the expense of the client* is seen as a bad thing, which basically means in practice that the in-house lawyer would not like to pay for a work of a junior associate with low experience. It is clear that many of them rather select a merited professional using less time for the same assignment. The more experienced professional is naturally more expensive, and the lessons learned previously are included in the fees of the experienced professional. Among non-lawyers, the pricing and timetable issues were even more pronounced.

Table 8 above clearly presents the pattern and indicates that there are those 10 identifiable main expectations. Open responses also confirm that the list of Sipilä (1999a, 229-230) as presented in Table 2 fits quite well also to the legal professional services. Uniformity of the lists is actually remarkable, which is one factor proving that the professional services literature and its recommendations are applicable in legal professional services.

4.4 What would an in-house lawyer do with unlimited resources?

The respondents were asked to tell possible changes they would make compared to the current state if they had unlimited resources to organize the management of their companies' legal affairs however they wanted.

As the question was an open question and some sort of an invitation to dream, reliable quantitative results were not possible. The limited amount of responses and different company backgrounds were also the main challenges to make comprehensive generalizations from the qualitative data.

The following three categories were however pointed out from the responses: a) hiring more resources, b) engaging one or rare service providers into a closer and more extensive cooperation, and c) continuing as currently, and basically buying legal work on *ad hoc* basis when needed.

As presented in Table 10 below, for lawyers, extensive cooperation with external service providers did not seem to be the solution they are dreaming of. Whereas many of the non-lawyers responded that they would like to have one point of contact, who would take care of all their legal matters, the lawyers would be more

often hiring colleagues for themselves. Interestingly the portion of lawyer respondents, who preferred to continue, “as is” was the lowest in the respondent group of regular in-house counsels, who are not in a managerial position. They are not the ones usually struggling with the financial side of the “more-for-less challenge” (Susskind 2013, 4), at least not to the same extent that the ones in managerial position. Only a few of the regular counsels were happy to go on with the current state, while in the other respondent groups, more people would continue "as is".

Table 10: Wished ways to manage/develop legal affairs in respondents' companies in future

	All in-house legal counsels	General counsels	Regular in-house team members	Lonely lawyers	All CEOs and CFOs
Hiring more resources in-house	Quite an amount	Around third	Many	Some	Only few
Engaging one or rare service providers into a closer and more extensive cooperation	Some	Only very few	Only very few	Only very few	Many
Continuing as currently (basically buying legal work on <i>ad hoc</i> basis when needed)	Many	Many	A few	Many	Many

4.5 Differentiation factors

One of the questions was what a service provider should do to stand out compared to its competitors. Based on the responses of all lawyers, the most important factors based on the frequency of the responses were the following:

1. Knowledge of the customer and its business (mentioned 11 times)
2. Reasonable pricing and cost efficiency (10)
3. Flexible pricing with alternatives (10)
4. High-end legal competence (7)
5. Cooperation and easy to access (4)

The above list of the most important factors was created from open responses, and therefore the influence of pre-given options was eliminated from the responses.

The above confirms that the lawyers really underline the importance of the knowledge base, but are also price conscious. Actually, when the different lawyer profiles are compared against each other, the General Counsels was the only group rating *customers' business knowledge* above both pricing related matters. Regular legal counsels regarded most often *reasonable pricing and cost efficiency* as a differentiation factor number 1, whereas the group of lonely lawyers gave their votes to *flexible pricing with alternatives*.

Interestingly *high-end legal competence* was only fourth factor in overall assessment among lawyers (third by GCs and LLs, fifth by regular counsels).

Among lawyers the expectations for the level of legal advice is certainly much higher than for non-lawyers, who are expecting good service with customary matters, and thus they are searching for high-end legal services that was not on the list of non-lawyers.

When the non-lawyer respondents were asked the same question, the responses gave the following results how to differentiate from competitors:

1. Lower pricing and cost efficiency (8)
2. Good performance of professional tasks i.e. competence (4)
3. Customer orientation showing also the value to the company (3)
4. Fast services (3)
5. Proactivity, reachability and courageous advice (each 2)

Flexible pricing with alternatives was not in the top list of non-lawyers, but on the other hand they stressed *speed of the services delivery, proactivity* and *reachability* more than the lawyers in general.

From the open answers of the lawyer respondents can also be noted some strategically interesting proposals concerning product offerings and provision of services, two of which are presented. Three respondents would like to see possibilities to also purchase other consulting services in addition to legal advice from the same source. Two others were more concerned about costs of the services, and mentioned that the service provider should get to know the customer in the very beginning of the relationship - for free. This kind of expectations have been noted also in business literature and, for example, Löytänä & Korteso

(2011, 71) state that customers value should be produced prior to actual business transaction and the transaction is then just a payment of the created value.

In addition to the above, also *practical solution driven responses, electronical tools and services, automated drafting equipment and abandonment of the conservativeness* were mentioned once or twice each. It was nice to note that also the computers, e-services and IT were acknowledged in the responses a couple of times, even if in a much smaller scale than the main differentiation factors.

Meaning of the *information technology* for lawyers has been noticed also in the literature (e.g. Susskind 2013, 10-14) and evaluated to be one of the main drivers of a change of the legal profession together with *more-for-less challenge* and *liberalization* as Susskind names them.

4.6 Importance of certain factors in a selection of a service provider

To support interpretations how the customers select their service provider, the questionnaire contained a set of 21 importance scale queries, in which the respondents had to evaluate different factors, attributes or circumstances (later jointly the “factors”) by giving a grade for each factor, how important to his/her opinion those factors are when purchasing legal services. The scale of the grades was from 1 to 5, 5 being the most important and 1 the least important. The evaluated 21 factors have been presented in Table 11 below.

Table 11: Evaluated importance factors when purchasing services in Finland

Service provider...	11. ...is profiled as inexpensive
1. ...is Finnish	12. ...is profiled as innovative
2. ...is international	13. ...is profiled as traditional
3. ...is a big entity (> 100 lawyers)	14. ...is profiled as fair employer
4. ...is relatively big entity (> 50 lawyers)	15. ...is capable of providing me/my company value in the form of trainings
5. ... is a small entity (< 20 lawyers)	16. ...is capable of providing me/my company value in the form of electronic tools
6. has professionals from nearly all fields of law that we need	17. ...is capable of providing me/my company value in the form of networking

7. ...has special expertise in the fields of law that we need	18. ...is capable of providing me/my company value in the form of templates and model documents
8. ...has special expertise in our line of business or business area	19. ...is capable of providing me/my company value in the form of collegial support
9. ...is the same from whom we have purchased services also earlier	20. ...is predictable in terms of pricing
10. ...is profiled as an expert in certain field of law	21. ...is a bar member (Fi: asianajotoimisto)

The full results of the responses presenting exact average grades given by each respondent group, as well as a column chart, in which all respondent groups have their own column for each attribute, is presented in Appendix 3 of this thesis.

The first subsection of this section presents the overall assessment of the responses by the lawyers and non-lawyers without actual comparison of the responses of different lawyer profiles or the reference group of the non-lawyer managers. The second subsection concentrates on the differences between the responses of the respondent groups and pointed out the main deviations from the overall picture.

4.6.1 Overall assessment

According to the average grades given by the lawyer respondents, *the legal knowledge* (average 4.7) was extremely important, and also *business understanding* (4.1) of the external lawyers, together with *predictable pricing* (4.1) play a very important role when purchasing legal services from an external party. For CEOs and CFOs in the reference group of non-lawyers, the top factors that were regarded as extremely or very important, were *the legal knowledge* (4.7), *service provider's origin* (4.2), *business understanding* (4.1) and *predictable pricing* (4.0).

The size of the service provider or the traditionality of the service provider is not relevant at all or has only a little importance to the respondents. Throughout the survey answers, it is possible to read between the lines that the individuals

producing the service are a more important factor in a selection of a service provider than the profile of the firm.

Traditionality got the worst grades from the lawyers (1.9) and non-lawyers (2.1). When conservativeness and traditions clearly seem to be out-of-date, the companies see inversely *innovativeness* (lawyers 3.5, but non-lawyers only 3.1) as a relatively important factor when selecting law firms. Also somewhat important factors are an *ability to provide value to the customers in a form of lectures and trainings* among the lawyers (3.4) and the service provider's profile as *inexpensive* among the non-lawyers (3.3).

It is regarded as a benefit if the service provider has *professionals from nearly all the fields of law the company needs external legal services* (3.4), but only 13% of the lawyer respondents gave maximum grade (5) for this one-stop-shop criteria, which supplements nicely the results presented earlier. This result can be interpreted together with the questions regarding purchases from different services providers (section 4.2.1 above), and the importance of the matter whether service provider is the same from where respondents have purchased services already earlier.

As can be seen from Figure 10 below, more than one fourth (26%) of the lawyer respondents have answered that it is not at all important that they have purchased from the same service provider earlier. Nobody saw the matter extremely important and the average grade was only 2.37, which was a bit of a surprise. Obviously, at least in this population, the lawyers say that the previous relationships do not matter, but the feeling of the researcher based on practical experience, is that the commitment to previous service providers and loyalty is greater than what can be seen from the figures. One explaining fact can also be that the importance of other factors are more powerful than this particular factor. For example, if an in-house lawyer who is used to do offer requests knows that the previous service provider is not the best in certain competence area, they do not even send an offer request to that service provider.

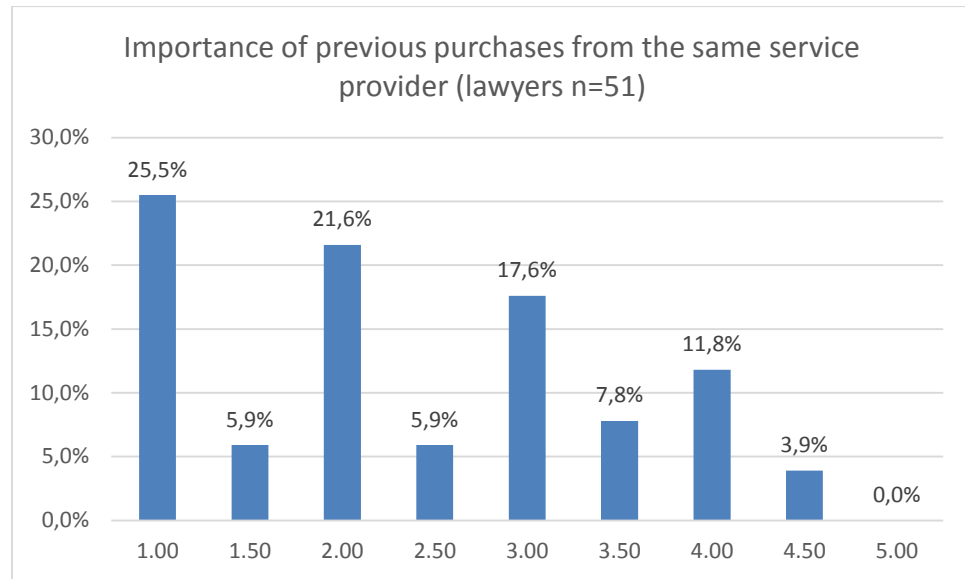


Figure 10: Importance of previous purchases from the same service provider (lawyers)

Also CEOs and CFOs appreciated the possibility to purchase all or nearly all services from the same provider (3.4), but they also gave better grades for the importance of using the same service provider than earlier (3.2).

As explained above, some sort of a *law firm shopping* seems to be typical, especially for the companies of in-house lawyers as legal services consumers. They search for the best professionals, and are not so interested in pricing, if it is in line with the market pricing.

Based on the choices made by the lawyers, only 18% of them saw it really important (grades 4-5) that the service provider has profiled oneself as *inexpensive*, and the average responses gave an importance grade of only 2.75. It is not only about the profile of the company; also expensive professionals can be better in the end when it is the whole package that matters. For non-lawyers it was more important that the service provider is profiled as inexpensive (3.26).

The grades of the other factors can be checked from the Appendix 3, but as a final sweeping statement can be mentioned that quite many of the respondents seem to appreciate value adding services the external service providers can offer, and it is somewhat important that the service provider's lawyers are members of the bar association. However, neither of these two factors mentioned are regarded as the most or least important factors.

4.6.2 Comparison and main deviations

This subsection presents the results and impressions of the comparison between the responses of different respondent groups based on the average importance grades they gave to the factors that were researched.

Only the major deviations and some assumed reasons for them are analyzed in this document. The table below visualizes the importance of all 21 factors among each respondent group with different colors. For an alternative presentation and column charts the reader is instructed to check Appendix 3.

Table 12: Average importance grades when purchasing legal services (domestic)

Average importance grades (scale 1-5) when purchasing legal services				
Service provider...	A	B	C	D
...is Finnish	2,57	2,71	2,88	4,16
...is international	3,20	2,46	3,54	2,66
...is big entity (> 100 lawyers)	1,80	1,75	2,23	1,66
...is relatively big entity (> 50 lawyers)	2,52	2,43	2,58	2,13
...is small entity (< 20 lawyers)	1,70	1,82	1,83	2,50
...has professionals from nearly all fields of law that we need	3,00	3,63	3,88	3,44
...has special expertise in the fields of law that we need	4,59	4,81	4,58	4,67
...has special expertise in our line of business or business area	4,15	3,42	4,15	4,11
...is the same from whom we have purchased services also earlier	2,17	2,57	2,42	3,18
...is profiled as an expert in certain field of law	3,02	2,64	2,96	2,95
...is profiled as inexpensive	2,78	2,69	2,77	3,26
...is profiled as innovative	3,43	3,29	3,29	3,09
...is profiled as traditional	1,83	1,75	1,71	2,05
...is profiled as fair employer	2,68	3,00	3,08	3,02
...is capable of providing me/my company value in the form of trainings	3,32	3,50	3,23	2,88
...is capable of providing me/my company value in the form of electronic tools	2,59	3,04	2,71	2,85
...is capable of providing me/my company value in the form of networking	2,57	3,07	3,50	2,80
...is capable of providing me/my company value in the form of templates and model documents	2,65	2,88	2,88	2,83
...is capable of providing me/my company value in the form of collegial support	3,09	3,46	3,33	2,92
...is predictable in terms of pricing	4,07	4,04	3,81	4,02
...is a bar member (<i>Fi: asianajotoimisto</i>)	3,26	3,00	2,73	3,23

Extremely important	4,51 - 5,00	x	A General Counsels
Very important	4,01 - 4,50	x	B Legal Counsels
Important	3,51 - 4,00	x	C Lonely lawyers
Somewhat important	3,01 - 3,50	x	D Non-lawyers
Not very important	2,51 - 3,00	x	
Only little important	2,01 - 2,50	x	
Not at all or very little important	1,00 - 2,00	x	

1) As it can be seen from the results, the *origin of the service provider* has a special importance for companies having no in-house lawyer. When the lawyers regarded the factor as “not very important”, the non-lawyers seemed to rank the origin as one of the most important matters researched (4.16).

2) Being *international* is important to the lonely lawyers, and also to the General Counsels to some extent, but surprisingly not so important to regular legal counsels. The lower importance for the legal counsels and to the non-lawyers may however be explained by the circumstances and the size of the sample of the questionnaire. The work of the respondents may just be less international, as is evident also below in connection with the responses to international questions (section 4.7 and in Table 14).

3) As previously mentioned, the size of the service provider does not seem to be important for the respondents. The lonely lawyers preferred a bit more often *big entities as service providers* than the others, but also for them the importance of this factor was as low as 2.23.

4) According to the results it is better to be a *relatively big* than a big or small entity, but generally all the given grades were low or quite low. The lonely lawyers gave highest grade (2.58) and the lowest (2.13) was given by the CEOs and CFOs.

5) Compared to the lawyers, the non-lawyers were answering clearly more often than the others that the *small size of a service provider* is important for them (2.50).

6) There is a relatively big difference how the different lawyer profiles see the importance of a service provider *having professionals from nearly all fields that the respondents' companies need*. While the General Counsels do not regard the matter very important (3.00) the lonely lawyers see the attribute as an important one (3.88).

7) The attribute of *service provider having special expertise in the field of law the company needs* was extremely important to all respondent groups as expected (grades above 4.50). This specific attribute works well as a reference question how important the other factors actually are to the respondents. A diligent customer usually always hands out his/her assignments only to a professional, who has special expertise or experience in that field of law.

8) In the previous section was already pointed out that the *business understanding and expertise* of a service provider is very important for both the in-house lawyers and non-lawyers. However, there was interestingly a big exception. The regular legal counsels were giving totally different responses for the importance of business expertise than other respondent groups. As for the others the factor was very important (grades above 4), the regular counsels regarded that the attribute is only a somewhat important (3.42).

9) The low grades in all lawyer respondent groups for the relative importance of the attribute of *whether the companies had purchased services also earlier from the service provider* was a surprise based on practical experience. More than a fourth (26%) of the lawyer respondents answered that it is not important at all that they have purchased earlier from the same service provider. For non-lawyers the matter is more important, but also for them, only to some extent.

10) The grades given for the importance of service providers' *profile as an expert in certain field of law* were generally lower than expected. Especially from the lawyer respondents it was expected a bit higher grade for this factor, as they usually are better aware of the competencies and other differentiation factors of

the service providers. However, when it comes to the legal expertise, it seems that you are as good as your best professionals, but paying attention to a profile of a firm, as an expert in certain field of law, does not seem to be the differentiation factor that the firms should point out.

11) For non-lawyers it was more important compared to the in-house lawyers that the service provider is *profiled as inexpensive*. However, the given grades were only between 2.69 and 3.26 and the importance of this factor was not even near to how important they think the *predictability of pricing is* (grades from 3.81 to 4.07).

12) *Innovativeness* (lawyers 3.5, but non-lawyers only 3.1) was regarded as a relatively important factor when selecting law firms. This was from the profile related queries the one factor getting highest grades in general.

13) *Traditionality* was the factor that got the worst grades from the legal professionals (1.9) but also from the non-lawyers (2.1).

14) *Being a fair employer* got generally grades that prove that there is some importance also among customers how service providers organize the HR matters. For General Counsels the factor had least importance. However, the responses among lawyers were spread to some extent also in other profiles. While 36% of the entire population of lawyer respondents gave a grade 4.00 or better, 14% gave 1.00, the lowest possible grade.

15) *An ability to provide value to the customers in a form of lectures and trainings* is being seen somewhat important among lawyers, but for non-lawyers, the matter is not so important. Regular in-house counsels gave the best grades, but the difference compared to other lawyer profiles was not meaningful.

16) Interestingly the regular legal counsels were the ones giving highest grades for the importance of *value adding electronic tools* even though they are not the ones who should be responsible of efficient handling of legal matters within their companies. The grades were not generally too high, but an explaining matter might be that previously at least some of the respondents have already purchased document management services and the legal service providers do not therefore have anything new to offer. Another reason might be that they do not simply

know about new opportunities and how they could boost the efficiency and even reduce costs of the management of legal matters.

17) The General Counsels and non-lawyer managers did not regard service providers' *ability to add value in form of networking* as important as the two other lawyer profiles. Especially lonely lawyers regard the factor as an important one (3.50). This is understandable since those lawyers do not have a network of lawyers within their own organizations. The age of the respondents was not asked, but to the willingness to exploit networking possibilities may also often be linked to the seniority of the persons. Younger colleagues are more willing to invest in their network extension by attending different events than seniors which may already have extensive professional networks.

18) *An ability to create value in the form of model documents and templates* was not very important to any of the respondent groups. The companies of the respondents already have their established practices and therefore this factor is expected to have some more importance if the company is a start-up or extending its business to a totally new line of business without prior set of model documents.

19) An importance of *collegial support* is understandably a factor that is more appreciated among lawyers than non-lawyers. The factor is somewhat important among all lawyer profiles, but from the lonely lawyers was expected higher grades than from the regular in-house counsels, as they do not have lawyer-educated sparring partners within their own organizations.

20) *Predictable pricing* was seen as one of the most important factors. Three out of four respondent groups gave a grade equaling to "very important" and also the lonely lawyers, who gave the lowest grade, saw it as an important factor.

21) Regardless of the rise of Fondia and other alternative service providers in Finnish legal markets, for General Counsels and non-lawyer respondents the *membership of a bar association* seem to be still somewhat important. The lonely lawyers and regular in-house counsels gave slightly lower grades.

4.7 International aspects

One of the main research questions dealt with the matter how the purchasing of legal services was different when purchasing services outside Finland compared to the domestic markets. The topic is relevant for most of the bigger law firms, at least to some extent, as many of them have subsidiaries, clients, partners and connections abroad. It would be beneficial for the service providers, if the Finnish customers would select them or their partners when having legal needs abroad.

A clear majority (71%) of the lawyer respondents answered that their companies had purchased legal services abroad during past two years. Two thirds (67%) of the respondents answered that they will most likely purchase legal services abroad also during the next two years.

Among the responses of different respondent groups, it was interesting to notice that nearly nine tenths (87%) of the companies of general counsels had purchased legal services outside Finland during past years, while on the other hand, only 15% of the companies that are not employing in-house lawyers had purchased legal services abroad. There was a relatively big difference also in the purchases of the companies of different lawyer profiles.

As it is presented in the Table 13 below, there were only minimal differences compared to the past when the respondents were asked to evaluate their expected legal needs for the next two years outside Finland.

Table 13: International purchases of legal services

International purchases of legal services

	A	B	C	D
The rate of companies having made legal services purchases abroad during past 2 years	87 %	57 %	69 %	15 %
The rate of companies expecting to purchase legal services abroad during next two years	91 %	50 %	69 %	18 %

A	General Counsels
B	Legal Counsels
C	Lonely lawyers
D	Non-lawyers

In connection with the international aspects of the research importance scale queries was also used mapping the importance of 16 different factors when purchasing legal services in foreign markets. The responses were expected to reveal whether the respondents underline different factors, and how the international situations differ from domestic legal services purchases.

The resulting presentation applies a similar approach as above when considering the importance of the factors of domestic legal services purchases. Appendix 3 contains all average figures for each respondent group and a column chart.

At this point needs to be highlighted that as only a minority of the companies of the non-lawyer respondents had practical experience in international legal services purchases, therefore it might not be wise to draw too many conclusions on the differences based on which attributes lawyers and non-lawyers purchase the service.

4.7.1 Overall assesment

The most important results that can be noticed from the lawyers' responses are the following; *Competence from the relevant field of law* was seen extremely important (average 4.63 among all lawyers) and the *knowledge from the client's line of business* as another very important matter (average 4.08). The lawyers' companies expect also *predictable pricing* (4.15) which is even a bit more important than in a domestic level.

In the reference group of non-lawyers the legal competence was the only factor receiving a very important stamp (4.14). Also business knowledge and predictable pricing were in the top three with grades 3.92 and 3.94.

Origin or size of their international law firms is not very important to the lawyers. Recommendations seem to play a bigger role than many other factors in purchase processes abroad as the people seeking international legal services do not know professionals in advance. Recommendations (2.7) are more important than requirements that the service provider would be the best according to international rankings (2.38) or that the service provider would be an affiliate (2.05) or a

partner (2.44) of the Finnish service provider. For the non-lawyers all these factors are more important than to the lawyers.

Interestingly the respondents gave higher grades for the importance of previous purchases from the same service provider than in their replies in connection with the similar question on domestic purchases. An average grade given by the lawyers was 2.99 compared to domestic 2.37. Obviously law firm shopping is not as common in international markets as it could be in a domestic level. Good experiences from certain service providers most likely affect the willingness to change. Even more interestingly, the non-lawyers gave worse grades when compared to purchases in Finland.

The questionnaire ended with an open ended request to describe how, in their companies, the procurement of legal services differs compared to domestic situations when the need of legal services is international. The most common answer was that the process does not differ at all from a domestic purchase process. However, recommendations for international service providers play a bigger role than in domestic situations, as the in-house lawyers do not know the service providers in advance. Based on the responses, there is briefer shortlist of potential international service providers, than in a domestic service situation, and those who are responsible for the final decision will make a selection.

4.7.2 Comparison and main deviations

The Table 14 below presents an overall picture of the 16 factors and the average rates given by each of the respondent groups.

Table 14: Average importance grades when purchasing legal services (international)

Average importance grades (scale 1-5) when purchasing legal services (purchases outside Finland)				
Service provider...	A	B	C	D
1)...is a Finnish entity having a subsidiary in that jurisdiction	1,82	1,91	2,21	3,29
2)...is a partner of the Finnish service provider in that jurisdiction	2,31	2,18	2,83	3,42
3)...is recommended by my Finnish service provider	2,57	2,59	2,86	3,34
4)...is "the best" according to international rankings	2,16	2,50	2,45	2,65
5)...is one of the biggest service providers in that jurisdiction	2,25	2,00	2,59	2,25
6)...has professionals from nearly all fields of law that we need	2,62	3,36	3,36	3,10
7)...has special expertise in the fields of law that we need	4,50	4,73	4,45	4,14
8)...has special expertise in our line of business or business area	3,95	3,95	4,00	3,92
9)...is the same from whom we have purchased services also earlier	3,18	2,80	3,00	2,60
10)...is profiled as an expert in certain field of law	3,24	2,77	3,32	2,94
11)...is profiled as inexpensive	2,77	2,41	2,73	3,07
12)...is profiled as innovative	2,91	2,95	3,09	2,76
13)...is profiled as traditional	1,93	1,65	1,73	2,17
14)...is profiled as fair employer	2,48	2,64	2,86	2,82
15)...is predictable in terms of pricing	4,10	4,14	3,94	3,94
16)...is a bar member (<i>Fi: asianajotoimisto</i>)	3,43	2,75	3,09	3,00

Extremely important	4,51 - 5,00	x	A General Counsels B Legal Counsels C Lonely lawyers D Non-lawyers
Very important	4,01 - 4,50	x	
Important	3,51 - 4,00	x	
Somewhat important	3,01 - 3,50	x	
Not very important	2,51 - 3,00	x	
Only little important	2,01 - 2,50	x	
Not at all or very little important	1,00 - 2,00	x	

1) The origin of the service provider has some more importance for the companies of non-lawyers compared to the lawyers' companies also when they are

purchasing legal services outside Finland. The importance of this factor is however lower in all respondent groups than in domestic situations.

2) In companies that have own legal departments the lawyers regard that the partnership status of a Finnish service provider is only a little important. The importance of a partnership between Finnish and foreign law firms seem to be for lonely lawyers a bit higher than to other lawyers. The non-lawyers deem the factor somewhat important.

3) Recommendations of the Finnish service providers are not so important to the lawyers than to CEOs and CFOs. In general it seems that the lawyers have more capabilities to use their existing networks when procuring services abroad.

4) Many law firms are proud of their international rankings given by different institutions and publications. However, based on this research, at least Finnish customers, both lawyers and non-lawyers, do not seem to keep the top position in such rankings high in their importance priorities when they select a service provider abroad. Based on the responses, the companies prefer other evidence of expertise, experience and efficiency (see Maister 2003, 21) when selecting a law firm.

5) The respondents do not favor automatically the biggest service provider in each jurisdiction. They see only little importance in that factor.

6) The possibility to shop for all the needed legal services from the same service provider does not seem to be as important in international circumstances as it is in Finland. All respondent groups gave lower importance grades compared to domestic situations. However, the importance of this factor compared to other factors still seems to be quite high in other groups, but not among the General Counsels. General Counsels regard, for example, previous purchases from the same service provider and expertise in certain areas of law more important.

7) An existence of professional special expertise is the most important factor as also in the domestic level. However, all respondent groups gave somewhat lower average grades than domestically. Especially within non-lawyers the difference was very clear. Perhaps the lower grades given by the non-lawyers are explained by the fact that many of them have not actually purchased services abroad.

However, in the reference group of non-lawyers this legal competence factor was the only factor receiving a very important stamp.

8) Service providers' business knowledge is an important factor to all respondent groups, but the importance was slightly lower in general than domestically. An interesting nuance however is that, in this international part of the survey, regular in-house counsels gave better grades compared to their grades to the similar question regarding domestic purchases. No clear reason for such behavior was found.

9) Interestingly the respondents gave higher grades for the importance of previous purchases from the same service provider than in their replies in connection with the similar question for domestic purchases. Obviously, law firm shopping is not as common in international markets as it is in domestic markets. Good experiences from certain service providers most likely affect the willingness to continue with known advisors. It is easier to give the next assignment to a known advisor rather than to decide between new candidates. The non-lawyers gave worse grades than related to purchases in Finland, but this might be explained with their low experience from international legal services.

10) There was no material difference how the respondents saw the importance of profiling as an expert in certain field of law in international situations. For General Counsels and lonely lawyers it was however more important than to others. They surely are seeking for legal expertise more often than the surveyed CEOs and CFOs of Finnish companies.

11) Compared to domestic purchases, there was not much difference in the importance of pricing. All the respondent groups, however, saw the importance of this factor slightly lower than in domestic situations.

12) Innovativeness is more important to the respondents domestically than in case of international procurement of services. As in their home country all the respondent groups regarded innovativeness somewhat important, in international situation the importance grades were below 3.00 (not very important) in all other groups except lonely lawyers who gave an average grade 3.09.

13) Traditionality got similar responses than in domestic situations. No-one should focus on underlining their traditionality in the eyes of customers.

14) Service providers' status as a fair employer is not an important factor either in the international situations. When the purchases outside Finland were concerned every group of respondents gave average grades under 3.00.

15) Predictability of pricing is an important factor to all respondent groups. There were no essential differences within the average responses of different respondent groups. Also, the average grades were close to each other when the domestic and international purchases were concerned. The lawyers, however, gave slightly higher importance grades in international situations, than domestically, and the non-lawyers, vice versa.

16) The importance of bar membership was highest among General Counsels (3.43), and lowest among regular in-house counsels (2.75). For General Counsels and lonely lawyers the factor got higher grades in international situations, while on the other hand, the regular in-house counsels and non-lawyers saw the factor more important when the purchases are made domestically.

5 CONCLUSIONS AND RECOMMENDATIONS

Chapter 5 presents the key findings and conclusions of the research. First section of the Chapter firstly recaps the main research questions and explains how the objectives of the research were met, and secondly provides some general conclusions on the surveyed themes.

Thereafter, the second section presents the most important outcome of the research: i) the recommended differentiation factors and ii) international strategy for a service provider in Finland, iii) a checklist of recommended actions how to attract & maintain customers, and iv) the profiles of three different lawyer roles and the non-lawyer managers.

The third section plays with the thoughts on future of legal services in Finland, and the Chapter ends with sections presenting proposals for further use of the collected data and ideas for further research.

The contents of the Chapter were intentionally kept limited in order to highlight the most important matters. In the analysis phase, it was discovered in addition to the outcome the research (section 5.2) also other meaningful initiatives, suggestions and thoughts for strategic and marketing discussion. Most of those initiatives, and the ideas behind them are listed in Appendix 3 together with the summarized and compared results.

By the above mentioned approach to leave more material available in Appendix 3 is intended to increase the usability of the data for different legal service providers and other stakeholders. The results of the research namely allow each service provider, and possibly also others, to utilize the data when they are compiling company specific suggestions and recommendations for themselves based on their own competitive advantages.

An individual analysis on how the results and findings should be exploited in the strategy work and in marketing was drafted specifically for Fondia Oy. Those suggestions and recommendations are reported in the confidential Appendix 4 of this thesis. Confidentiality means in practice that even though Appendix 4 forms an integral part of this study, the contents will not be disclosed in the public sources.

5.1 Conclusions of the research

5.1.1 Research questions

The questionnaires and the literature review gave results that responded satisfactorily to all four main research questions. Following paragraphs list sections where the results can be found in this thesis. Additionally, in connection with each topic are mentioned suitable business development objectives where the collected information could be exploited.

The main reasons to purchase and outsource legal work among the respondent groups were easily qualified through questions on current needs and reasons to purchase and outsource legal work (section 4.2). The knowledge on the main reasons why companies purchase and outsource legal work can be utilized in various different development projects (e.g. rethinking of key services, creation of customized offerings, innovating of new productized services, mapping of required competencies and outsourcing tactics).

The expectations concerning legal services were also covered really extensively in the responses (section 4.3). The categorized ten main positive expectations that were defined based on the open responses can be used directly as a list of what features of excellence shall be underlined when the service provider is i) selling legal services, and ii) even more importantly, when they are providing the services. If the segment/profile specific lists that are available in Appendix 3 are used, the accuracy in customer experience management is even better.

Similarly also negative expectations should be introduced to the employees. Based on the results (section 4.3), it is possible to collect a list of "do nots", which can work as a reminder of what can be harmful for a customer relationship. It is relatively easy to change a legal services provider compared to, for example, an IT service provider (barriers to change due transaction costs etc.), and therefore all acts creating negative feelings to customers should be avoided by all means.

The factors having importance in a selection of a legal service provider and the reasons why clients leave service providers, were topics that were investigated extensively during the literature review. It was found out that the customers

usually seek expertise, experience or efficiency, and the relationships between the customer and the service provider have a major importance in selection of a lawyer section 2).

The importance scale questions (section 4.6) that were addressed to respond to this specific research question worked well, but the human factor was not studied more deeply in the research. This was also intentionally mentioned as a limitation outside of this study because with the selected research method, it would have been difficult to collect reliable data on the factors that are behind foundations of long-lasting and trust-based relationships. It is however clear that the importance of the human factor, networks and personal relationships should not be underestimated in professional services. For example, positioning and differentiation as an entire company is not that simple in professional services because customers quite often hire persons, not firms.

The importance of personalities in building business relationships has been underlined, for example, in the article of Halinen & Salmi (2001). According to Halinen & Salmi, buyers try to evaluate especially service provider's competence and reliability, while on the other hand, the service provider would like to get information on one's potential client whether the relationship could be profitable and long-lasting. Evaluation of the risk, competence and profitability is usually done based on both an objective knowledge and subjective judgements. (Halinen & Salmi 2001, 214)

The importance scale responses in section 4.6 together with the answers to other questions of the study can help to adjust service providers positioning in the markets and provide direction what to do in order to attract more and better customers, and to maintain existing customers. For example, the checklist created and presented later in section 5.2.3 was collected mostly based on the responses to the importance scale questions.

The international part of legal services purchasing was also surveyed successfully, but not very widely. In addition to open-ended questions, also importance scale questions were used (section 4.7) to elaborate how the process of purchasing services differs compared to domestic purchases. Based on the results,

service providers can evaluate their international strategies and to assess the potential in their customer base for an international presence.

5.1.2 Objectives of the research

The objectives of the research were fully covered. As was already listed in connection with the research questions above, the research succeeded well to produce a lot of valuable information for different legal services business development needs, and it also provides a foundation for developing the strategy and marketing work.

Construction of legal services specific interpretations on consumer behavior also succeeded. There were enough respondents in the researched population, which allowed for an extensive comparison of different respondent groups and construction of interpretations on how lawyers in different roles see the purchases from external service providers, and how the managers of SMEs responded in similar situations. Many already known matters were confirmed, but also some interesting and surprising elements were revealed in purchasing of professional services (see results in section 4).

Also researcher's expertise increased significantly in connection with the research. The increased expertise regarding these matters has been beneficial already during the thesis process.

5.1.3 General conclusions

The following three general conclusions are intended to be lines of discussion, which guide the reader deeper to the outcome of the conducted research. Also based on these findings, it is much easier to draw company specific conclusions. The general conclusions also form the basis for the outcome of the research, i.e., the more concrete recommendations and suggestions, checklist and profiles presented in section 5.2.

Success in highly competed segments requires differentiation

Companies that have an in-house legal counsel or a legal department of their own were the prioritized group to be studied. Into this particular group of companies, undoubtedly belong many of the most desirable prospects within the legal industry. Many lawyers try to sell their services to their former colleagues or friends from the university. The service providers are also well aware that regardless of the abilities of the in-house functions to cope with most of their employer's legal work by themselves, these companies also spend large amounts of money purchasing external legal services (which was supported in the findings of this research, section 4.1).

In-house legal counsels have plenty of options. Various competent lawyers are waiting in a row in order that they would get an assignment from these companies as a foot in the door to build the potential trusted relationships which could be exploited for continuous business development.

Companies having no in-house counsels, on the other hand, might not spend that much money on their legal affairs, but based on the research data, they are clearly good prospects for a LSO and they might even outsource all their legal work to the same service provider if the business logic can be developed and conceptually productized.

Based on the literature review (section 2) companies should select their competition strategies carefully and attempt to differentiate themselves effectively. How can service providers then differentiate from each other to win business from these wanted customers? The recommended differentiation factors for legal service providers have been presented in section 5.2.1.

There are possibilities and work for various service providers

The companies of in-house counsels are using various different service providers. As presented in Figure 7, only two respondents answered that they had not purchased external legal services during the past two years. Services are being purchased on an *ad hoc* basis from different specialists, but also continuously from trusted advisors.

It was evident by examining the research data that companies with in-house counsels are often conducting so called “law firm shopping” instead of relying on just a single service provider. Even though the segments of companies having in-house legal counsels are highly competed, the identified low barriers to change service providers seem to create opportunities for those companies that

- 1) fulfill the expertise requirement satisfactorily,
- 2) differentiate positively, and
- 3) provide excellent customer experience (meets and exceeds expectations).

As listed above, the first requirement is to be competent enough to meet the expected level of expertise. In-house lawyers seek more often high-end legal expertise than non-lawyers, but the service providers should remember that "brain surgeon level expertise" is seldom required (e.g. Maister 2003; Susskind 2013).

Differentiation was already mentioned above, and it is further analyzed in section 5.2.1, but the interesting lessons on customer experience management must also be recognized. Following the categorized positive legal services expectations of respondents, as listed in section 4.3, a service provider can start meeting and exceeding customers' expectations. Further the expectations shall be monitored and also the CRM measures need to be constantly developed.

Based on customer segments, Löytänä and Korteso recommend planning different kind of recommendations how expectations should be met in each function of the company. They also call for prioritizing the most profitable customers and customers that have most potential in order to save time and focus efforts. (Löytänä & Korteso 2011, 135)

There are identified differences between different customer groups

The research proved that there are differences between the customer groups. The differences between lawyers may not seem that big at the first sight, but as can be seen from the results in Chapter 4 and the profiles presented below in section 5.2.3, there were also concrete differences between the lawyer respondent groups.

Segmenting and identification of customer groups with similar needs and expectations can offer synergies and success stories in marketing and sales. What could be a better way to contact new prospects than hitting straight to the needs of a customer? Even better results can be achieved, if the gathered market insight is used efficiently also in the daily CRM. Minor details in how the customers are taken into account can make a big difference in the end. The research proved, for example, that regular in-house counsels appreciate if their service providers can provide them value in a form of trainings, and lonely lawyers appreciate networking possibilities more than others.

Therefore one of the main findings of this study are that the service providers should go for a targeted marketing, not everything to everyone. The marketing should not be pure selling, but built into providing value before the transactions. Marketing should be a package containing all the various elements from broadcasting to listening as presented in section 2.6. Whoever the marketer is, he/she must know when and how to approach the customers and prospects properly. Löytänä and Korteso (2011, 71) have expressed the matter clearly stating that nowadays customers want to buy, but they do not want that services or products are being actively sold to them.

5.2 Outcome of the research

5.2.1 Recommended differentiation factors

Perhaps the most interesting results of the research are the responses listing the best factors that can help service providers to differentiate from each other. The companies that do not have clear specific points to differentiate themselves may struggle to provide evidence to potential customers as to why they should be selected. This lack of differentiation may also be a sign that even the professionals in a service company themselves, do not know whom they want to serve.

Differentiation factors are definitely important, but there should not be too many of them. It makes no sense to try to deliver too many messages, and the service provider should therefore select only two or three factors they are pointing out as their competitive advantage.

Based on the research data, *business knowledge* and *pricing matters* (including both reasonable & flexible pricing) are the best ways to differentiate in the markets.

By underlining the above mentioned basis of differentiation factors, the service provider can cover most of its target audience. Non-lawyers are more pricing oriented than the lawyers. Lawyers underline clearly more the importance of knowledge of the customer and its business.

Interestingly legal competence was only fourth factor in the overall frequency assessment among lawyers (third by GCs and lonely lawyers, fifth by regular counsels) when they were asked to tell factors that would help a service provider to differentiate from its competitors. The difference between the frequencies of the responses was however not so large that the meaning of professional competence should be in all companies re-evaluated without thorough thinking of one's position in the markets. And it is subject to change with the changes in market and changes in the new forms of business models, which may not yet be clearly recognized.

On one hand, as the high-end legal competence was mentioned quite often, it is still the most important or one of the most important factors for quite many lawyer respondents. However, on the other hand, the responses may also mean that an overwhelming majority of the lawyers (45/52), who did not mention the competence as a differentiation factor, regard that there are so many legal players in the same markets with equal or almost equal competence levels and skills that it is difficult / unnecessary to differentiate.

Among lawyers the expectations for the level of legal advice are certainly much higher than among non-lawyers. Non-lawyers are expecting good service, but they do not require high-end expertise with customary matters, and thus the segment and profile of the individuals to whom the services are offered should be always taken into account. This relates also to the quality of work. Depending on the persons in the target group, also the word quality has definitely different meanings. A quality cannot be always easily measured, but in this context good quality services could be understood to be such services that are relatively good compared to their costs or even more importantly they are good compared to the

expectations of the customer. In-house counsels, for sure, have higher requirements for legal work than many non-lawyers. Usually quality is valuable for the customers only to the extent it helps them to achieve benefits and values that are important for them. (Laaksonen & Laaksonen 2001, 82-85)

Even though the pricing matters seem to be pronounced differentiation factors based on the research data, pricing is also a signal of the appreciation of the service provider. Very rarely does a self-respecting professional want to be cheap, but most of the professionals trust that they are inexpensive when being evaluated relative to value they provide and when quality matters are taken into account (Sipilä 1999a, 141). Being too cheap is also not wise from the economical point of view for the service provider. Therefore it might be better to use rather the word reasonable more than inexpensive (or cheap) when service provider is expressing how their pricing differentiates compared to its competitors. The need for a value proposition is very clear here.

Another pricing related matter that should be underlined based on the study, is the predictability of pricing and flexible pricing with alternatives. Fixed pricing is one good way to meet these expectations, but not the only. Being flexible can mean also, for example, other new alternative pricing methods, such as value based pricing, and predictability is often associated with transparency in pricing.

5.2.2 Recommended international strategy

Based on the data gathered in the research, internationalization is not an easy task for Finnish professional services firms if they plan to extend their services abroad by cross-selling their international services to Finnish customers. At least a successful penetration to foreign markets requires major investments and the right combination of persons on board in each local team.

Based on the conducted research it is quite evident that in order to satisfy the needs and to meet the expectations of Finnish customers, and particularly lawyers' as customers, it requires a lot. For example, the high competence requirements the clients are seeking might be really expensive to meet when it comes to owned foreign subsidiaries. From the responses of the in-house lawyers was also visible

that they would not necessarily hand their legal work in different jurisdictions to affiliates of a Finnish service provider.

Therefore I would say that unless the company is ready to invest a significant amount of money to foreign markets and has a possibility to engage a big enough legal team with wide contacts, a planned successful penetration to foreign markets might be just a dream. The mix of what constitutes the right combination of expertise on each international team is not self-evident and it may make more strategic sense to be able to draw on a series of trusted partners that are not directly part of the service firm's overhead structure.

The best way for companies who do not want to invest a lot in conquering foreign markets seems to be serving their Finnish customers through a network of international law firms and by setting up a register of recommended professionals for different jurisdictions and different fields of law.

When building such lists of recommendations the competence is naturally the most important factor, but the clients would also appreciate suggestions that direct them to service providers that have predictable pricing. An extensive list of international recommendations is not an easy task to maintain, as the validity of the level of recommendations should be evaluated time to time and is subject to change as the specific lawyers change from one firm to another taking with them their personally specific competencies. We need to remember the firms hire the specific lawyers, not the firms for whom they work.

5.2.3 Checklist of recommended actions

As stated in the introduction paragraph of this Chapter, during the analysis of the research data, an extensive amount of different ideas and thoughts that could be exploited in legal service providers' strategy processes and in business development efforts were identified. Those initiatives, suggestions and thoughts are presented in Appendix 3.

The following checklist, however, presents some of the most important concrete actions that each service provider should be aware of in the light of the research

data. The advice is not explained in this document, but the reasoning behind the recommended actions can be found as well from Appendix 3.

The advice in the below list is not in order of importance. The importance of the advice depends, for example, on what is the positioning of a service provider, what kind of customers, professionals and services they have, and what are the other relative competitive advantages of the company.

General advice for companies that want to get noticed and selected as a legal services provider

1. Emphasize your origin as a Finnish firm (especially to Finnish non-lawyer prospects).
2. Leave the information about your internationality and your various offices to those of your prospects that really need to know it.
3. Demonstrate that you have enough competent staff to serve the needs of the prospect/customer.
4. Prove that you have all the prospect/customer needs covered and tell them the downsides of engaging too many service providers.
5. Market your best talents and remember that being among the special experts is often enough, and “the best” is a subjective evaluation.
6. Emphasize your personnel’s business knowledge and practical experience they have from different lines of business as your differentiation factor, if possible.
7. Remember that you are constantly replaceable. Beware that most of your customers have only minor barriers to change their legal providers.
8. Notice that paying attention to the creation of a profiled practice in certain fields of law might be a waste of time. Emphasize the profile of the lawyers since that is what customers buy.
9. Apply cheaper pricing than your competitors only if it is within your main differentiation factors.

10. Get rid of your conservativeness, if you have not already.
11. Direct your message to a correct target group and understand they need different messages. Remember the target group message needs change with the personnel and the roles of their current employer, but those also change over time.
12. Concentrate on customized training sessions and seminars, if you provide trainings for your customers and prospects. Build credibility as experts.
13. Create e-services and tools, if you truly expect them to make the working more effective and bringing value to yourself. Your customers do not necessarily appreciate additional IT.
14. Your customers do not usually seek for a society or companionship, but they may appreciate if you offer them networking opportunities.
15. Focus on presenting the benefits you will bring to your customer, not the experience, tools or methods how you deliver the benefit.
16. Always regard your lawyer customers more as your colleagues and provide them with alternative products and services to receive collegial support. You want to help them be successful.
17. Apply always predictable, fair and transparent pricing and utilize fixed pricing modules, if possible. Understand your value proposition and your customers' concerns.
18. Provide evidence about the quality of your current work for your customer / prospect that is relevant to their work. Make the difference to them now, do not rely on memberships or merits from the past.

5.2.4 Profiles

As discussed earlier in this study, too excessive generalizations may be dangerous and lead companies into incorrect choices. However, if the risks of the generalization are discussed and they can be tolerated, generalization can also bring many benefits.

For example Tolvanen advises that it is better if segments, or in this case the lawyer profiles, can be explained through a story of one person (Tolvanen 2012, 123). The following paragraphs present stereotypic buyer profiles based on the research by highlighting the results of the research that were peculiar to that group compared to other profile groups.

Each service providers should decide by themselves, who belong to their prioritized target audience, and who might be their sweet spot customers.

The profiles may and should be further developed in each service provider's organization prior to utilizing them in company specific targeted marketing. However, after each of these example profile descriptions there are few example pieces of advice to indicate how to target future sales.

Lonely lawyers

1. A lonely lawyer prefers buying *ad hoc* services from rare service providers rather than engaging one's company into an outsourcing arrangement or other extensive cooperation with service provider(s).
2. The used 2-3 service providers should be big enough to enable one-shop-purchases from experts in different fields of law.
3. Lonely lawyers deem that an internationality of the service provider is important and they appreciate if the service provider can offer networking possibilities.
4. For lonely lawyers it is not very important that the service provider is a member of the bar.

Advice for targeted sales:

1. Notice that lonely lawyers are difficult prospects for partial and especially to full outsourcing.
2. Make sure the target knows, if the service provider has professionals from various fields of law (cross-selling opportunities). You are their point of contact or key account manager to gain the combined levels of expertise.
3. Highlight your international presence and partners abroad.

Regular in-house counsels

1. Regular counsels appreciate trainings the service provider can offer them.
2. They are more legal expertise oriented than the others, but they do not regard (compared to others) that special business knowledge of the service provider is so important.
3. Regular counsels believe the most in automation, e-services and e-tools.
4. Regular counsels regard easiness and flexibility more often as a positive expectation in legal purchases.
5. (Internationality is not so important to the surveyed regular counsels, but may be to lawyers in same roles in more international companies)

Advice for targeted sales:

1. Notice that most of the regular in-house counsels do not have powers to purchase services individually
2. Make sure the target knows your experts from different fields of law.
3. Use regular counsels as your “guinea pigs” when testing new IT and services.

General Counsels

1. General Counsels are the most important decision makers in companies having in-house legal.
2. General Counsels’ companies use more external service providers, and money, for managing of their legal affairs than other companies.
3. General Counsels do not often regard earlier purchases from the same service provider important. They shop for the correct expertise.
4. General Counsels think more often than others that innovativeness is an important asset for a service provider.
5. The importance of many value-adding items is somewhat lower to GCs than to other lawyers.

Advice for targeted sales:

1. Prove the expertise and business experience you have to these key decision makers
2. Notice that these “law-firm-shoppers” state that they have low barriers to change service providers, which provides opportunities, and risks
3. General Counsels are often searching for the best and are difficult targets for an extensive outsourcing. However, partial outsourcing may help them to respond to the “more-for-less” challenge. Emphasize the value proposition of the depth of the team behind the specialized lawyer.

Managers of SMEs (no-in-house)

1. Managers of the companies without lawyers prefer Finnish service providers that have a profile of being reasonably priced (notice difference to inexpensive).
2. Pricing matters are in general more important to non-lawyers than to lawyer customers.
3. While lawyers often expect high-end legal expertise, good command of legal tasks is usually enough for non-lawyers.
4. Non-lawyers are often searching for a trusted advisor to whom they could outsource all their legal affairs. Earlier purchases from the same provider are clearly more important to them than to lawyers.

Advice for targeted sales:

1. Underlining of expertise and business experience might not be enough, if the pricing matters are not in order.
2. Non-lawyers seldom seek “brain surgeons”. They need clear reasonable advice at a reasonable price.
3. Notice that these prospects might be ready to outsource all their legal work if they just find an efficient and reliable advisor.

5.3 Signs of predicted future of legal services in Finland

One of the qualitative questions asked the respondents to define possible changes they would make compared to the current state if they had no boundaries to organize management of legal affairs however they wanted. It was expected that the responses would have helped to prove or reject that some of the newer alternative ways of sourcing legal services mentioned, for example, in Susskind's bibliography (2013, 33-38; 2010, 42-57) would be recognized and desirable in Finland and whether the legal counsels are receptive to trying something new.

However, none of the respondents mentioned that they would, for example, use off-shoring, near-shoring, co-sourcing or computerizing of legal services. Perhaps the common knowledge of possible new alternatives to meet the "more-for-less challenge" that have popped up already in global, American and UK based companies, have not arrived in Finland yet. Honestly, not many would think that Indian lawyers could manage legal affairs of Finnish companies on an off-shoring basis, but for example near-shoring to Estonia, where there is lower labor costs and many Finnish speaking lawyers, would be a possibility in the future.

Also legal departments in Finland are much smaller compared to global corporations who have started exploiting LPO in its off-shoring purpose. For example, in the study of Lacity, Willcocks and Burgess the five LSO/LPO clients had all much bigger internal legal teams than companies in Finland. The authors, however, recommend every enterprise's legal function and law firm at least to consider LSO. (Lacity, Willcocks & Burgess 2015, 41-51)

Another interesting signal in addition to multi-sourcing is the rise of disruptive information technologies and computerizing (e.g. Susskind 2010; Susskind 2013; McGinnis & Pearce 2014). Computers and IT were not however among the researched topics and therefore the results in this regard are very thin.

Even though the research data gave only hints of the rise of these trends shown in bigger legal markets, I believe that the "more-for-less" challenge and increasing computerization will bring their effects also to Finland within few years, but the variety of different legal services sourcing types will most likely stay limited. The service providers need to carefully evaluate how they adapt their strategies and

move towards the new era of alternative sourcing. According to McGinnis and Pearce (2014, 3065), the market for electronic legal services and technologies is still at a relatively early stage in terms of the disruptive effect, but the exponentially developing machine intelligence will be soon undermining lawyers' monopoly significantly.

As far as it comes to LSO strategies, every service provider and client should familiarize themselves with the best practices and lessons learned by other companies before jumping into an unknown landscape. Cost savings is usually the main driver behind the change, but everyone must bear in mind that alternative sourcing brings the best value to the companies only, if all parties are ready to invest time, money and efforts in the beginning. Lacity, Wilcocks and Burgess present based on their studies altogether 23 recommended practices that should be noted when dealing with LSO (2015, 51-71).

5.4 Further use of the collected data

The collected data offers big possibilities for further development of marketing and sales. It can also be exploited in customer experience management.

The results of the survey and its main findings have already been presented prior to the publication of this study internally at Fondia in different occasions.

The findings from the study are about to be exploited in the strategy work, but also in the marketing measures for Fondia. The collected data gives service providers a good basis to understand how to adjust and modify the ways they attract, treat, and retain their customers.

It will also be considered how the data could be used to benefit the respondents themselves. A seminar about the results of this study is planned for the respondents.

The profiling work can be continued, by supplementing the collected data, with additional data (questionnaires and interviews). The questionnaires can be also used further (after some modification), if similar surveys are addressed to other identified respondent groups. As told earlier, in this study, the results do not

provide enough of a basis for the evaluation and profiling of CEOs and CFOs needs and expectations separately, and bigger non-in-house companies were missing from the researched population.

After few years the research should be repeated in order to stay aware of possible changes in the needs and expectations of in-house legal counsels.

5.5 Proposals for further research

It is evident that no research can be so thorough that all the interesting aspects could be taken into account. Even though there might be a huge amount of interesting sideline topics and possibilities for a more advanced analysis of certain themes, the scope had to be limited to some extent.

During the literature review and the analysis of the data was identified some interesting and valuable topics for further investigation. Further research topics with a suggested idea how the research could be conducted are as follows:

- 1) An extended research to analyze also needs and expectations of bigger non-in-house companies: The research would aim deepening the understanding how company representatives in bigger enterprises see the same matters studied. The questions used in the survey could be used with slight amendments. After collecting this additional data, the roles of CEOs and CFOs as legal services purchasers could be studied further.
- 2) A deeper consumer behavior study and analysis of roles and personalities among corporate in-house legal counsels in different type of organizations: Different cultures, social roles and individual characteristics have a great impact on what people want or need, but in the scope of this study (and based on the data) was not possible to study further independent, cultural or individual dimensions of consumer behavior. The possibilities of further studying of different consumer behavior are being mentioned because an additional research into these factors could provide us with clues how to reach and serve customers even more effectively (see Kotler & Co 2009, 224, 260).
- 3) A research about the rise of social media and professional services marketing through new marketing channels: The research would explain

the current operational environment in online marketing and provide an evaluation of the effectiveness of new marketing compared to traditional face-to-face marketing (seminars etc.) of professional services.

- 4) A research about internationalization of law firms: The research would tell the best advice what could be learned from success stories and failures of the others. The scope of the research could be limited to Finnish and/or Scandinavian law firms.

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Appendix 1

Original Finnish questionnaire to corporate in-house counsels

Roolini yrityksessä?

Konsernin päälakimies
Maa-/tytäryhtiön päälakimies
Lakimies
Olen lakimies koulutukseltani, mutta en toimi varsinaisesti lakimiestehtävässä, vaan...
En ole lakimies koulutukseltani. Roolini / työtehtäväni on...

Yhtiössämme on lakimiehiä?

0
1
2-3
4-5
6-10
yli 10
En osaa sanoa

Konsernissämme on lakimiehiä?

0
1
2-3
4-5
6-10
yli 10
En osaa sanoa

Millaisia lakiasioita ja/tai asiakokonaisuuksia hoidatte sisäisesti yrityksessänne oman "in-house funktion" piirissä?

Mitkä ovat mielestäsi organisaatiossasi työskentelevän juristin tai juristien tärkeimmät tehtävät?

Kenellä on yrityksessänne oikeus tehdä itsenäisesti päätös ulkopuolisilta palveluntarjoajilta ostettavista lakipalveluista?#valitse alla olevista vaihtoehdoista sopivimmat.

Toimitusjohtaja
Talousjohtaja
Päälakimies
Lakimies
Liiketoimintajohtajat
Liiketoimintapäälliköt
Joku muu, kuka
En osaa sanoa

Kuinka montaa eri palveluntarjoajaa olette arvosii mukaan käyttäneet viimeisen kahden vuoden aikana yhtiönne lakiasioiden hoitamiseen?

0
1
2-3
4-5
6-10
yli 10
En osaa sanoa

Mitkä ovat yleisimmät syyt hankkia yrityksenne lukuun lakipalveluita ulkopuolisilta palveluntarjoajilta? Listaa yleisimmät syyt tärkeysjärjestyksessä.

Mitkä ovat mielestäsi tärkeimmät syyt hankkia yrityksenne lukuun lakipalveluita ulkopuolisilta palveluntarjoajilta? Listaa tärkeimmät syyt tärkeysjärjestyksessä.

Oletteko ulkoistaneet ("outsourc") joidenkin oikeudenalojen, liiketoimintojen tuen tai toimeksiantotyyppien hoitamisen kokonaan tai lähes kokonaan ulkopuolisille palveluntarjoajille?

Ei
Kyllä, mitkä

Voisitko käsityksesi mukaan kuvitella ulkoistavanne joidenkin oikeudenalojen, liiketoimintojen tuen tai toimeksiantotyyppien hoitamisen ulkopuolisille palveluntarjoajille?

Ei
Kyllä, mitkä

Olettaen että haluaisitte ostaa kaikki tai lähes kaikki ulkopuolelta hankkimanne lakipalvelut samalta palveluntarjoajalta, minkä oikeudenalojen erityisosaamista odottaisitte palveluntarjoajan tarjoavan? Listaa oikeudenalat tärkeysjärjestyksessä.

Mitkä ovat mielestäsi tärkeimpiä positiivisia odotuksia hankittaessa lakipalveluita ulkopuolisilta palveluntarjoajilta? Listaa satunnaisessa järjestyksessä.

Mitkä ovat mielestäsi tärkeimpiä negatiivisia odotuksia hankittaessa lakipalveluita ulkopuolisilta palveluntarjoajilta? Listaa satunnaisessa järjestyksessä.

Kerro suhtautumisestasi kiinteään kuukausihinnoitteluun.

...tuntihinta lakimiestyöstä?
...päivähinta lakimiestyöstä?
...kuukausihinta lakimiestyöstä?

Kuinka paljon arvioit yrityksenne käyttävän karkeasti rahaa kaiken kaikkiaan lakiasioidensa hoitamiseen vuosittain (sis. lakimiesten palkat, sivukulut, koulutukset, ostetut lakipalvelut yms.)?

Budjettoittekoyrityksessänne lakiasioiden hoitamiseen erikseen varoja kullekin tilikaudelle?

Kyllä
Ei
En osaa sanoa

Kuinka paljon arvioit yrityksenne käyttävän karkeasti rahaa ulkopuolisilta palveluntarjoajilta ostettuihin lakipalveluihin vuosittain?

Jos sinulla olisi vapaat resurssit järjestää lakiasianne haluamallasi tavalla, kuinka toimisit? Tässä kohdassa on lupa haaveilla.

Mitä palvelun tarjoajan pitäisi tehdä tai millaisia palveluita sen pitäisi tarjota saavuttaakseen merkittävää kilpailuetua muihin alan toimijoihin nähden?

Anna arviosi asteikolla 1-5, jossa 5 on maksimi arvosana, kuinka tärkeää on mielestäsi ulkopuolisilta palvelun tarjoajilta lakipalveluita hankittaessa, että palvelutarjoaja on..

suomalainen
kansainvälinen
suuri toimija (yli 100 juristia)
suurehko toimija (yli 50 juristia)
pieni toimija (alle 20 juristia)
asiantuntijoita lähes kaikilta tarvitsemiltamme oikeudenoiltoita
erityisosaamista tarvitsemiltamme oikeudenoiltoita
erityisosaamista meidän liiketoiminta-alueeltamme
sama jolta olemme ennenkin hankkineet palveluita
profiloitunut tietyn oikeudenalan erikoisosaajaksi
profiloitunut edulliseksi
profiloitunut innovatiiviseksi
profiloitunut perinteikkääksi
profiloitunut reiluksi työnantajaksi
kykenevä tuomaan minulle/yrityksellemme lisäarvoa koulutusten muodossa
kykenevä tuomaan minulle/yrityksellemme lisäarvoa sähköisten työkalujen muodossa
kykenevä tuomaan minulle/yrityksellemme lisäarvoa verkostoitumisen muodossa
kykenevä tuomaan minulle/yrityksellemme lisäarvoa asiakirjamallien muodossa
kykenevä tuomaan minulle/yrityksellemme lisäarvoa kollegiaalisen tuen muodossa
hinnoittelultaan ennakoitavaa
asianajotoimisto

Oletteko hankkineet lakipalveluita Suomen ulkopuolelta viimeisen kahden vuoden aikana?

Kyllä
Ei
En osaa sanoa

Uskotteko hankkivanne lakipalveluita Suomen ulkopuolelta seuraavan kahden vuoden aikana?

Kyllä
Ei
En osaa sanoa

Anna arviosi asteikolla 1-5, jossa 5 on maksimi arvosana, kuinka tärkeää on mielestäsi Suomen ulkopuolelta lakipalveluitahankittaessa, että

palveluntarjoaja on suomalainen, jolla on konserniyritys kohdemaassa
palveluntarjoaja on suomalaisen palveluntarjoajan kumppani kohdemaassa
palveluntarjoaja on suomalaisen palveluntarjoajani suosittalema
palveluntarjoaja on kansainvälisten rankingien mukaan "paras"
palveluntarjoaja on kohdemaassa yksi suurimmista palveluntarjoajista
palveluntarjoajalla on asiantuntijoita lähes kaikilta tarvitsemiltamme oikeudenoiltoita
palveluntarjoajalla on erityisosaamista tarvitsemiltamme oikeudenoiltoita
palveluntarjoajalla on erityisosaamista meidän liiketoiminta-alueeltamme
olemme ennenkin hankkineet palveluita samalta palveluntarjoajalta
palveluntarjoaja on profiloitunut tietyn oikeudenalan erikoisosaajaksi
palveluntarjoaja on profiloitunut edulliseksi
palveluntarjoaja on profiloitunut innovatiiviseksi
palveluntarjoaja on profiloitunut perinteikkääksi
palveluntarjoaja on profiloitunut reiluksi työnantajaksi
palveluntarjoajan hinnoittelu on ennakoitavaa
palveluntarjoaja on asianajotoimisto

Kuinka kuvailisit päätöksentekoprosessin poikkeavan hankittaessa lakipalveluita Suomen ulkopuolelta?

Appendix 2

English translation of the questionnaire to corporate in-house counsels

My role in the company?
General counsel of the group
General counsel of an affiliate / a subsidiary
Lawyer
I am a lawyer by education, but I do not work currently as a lawyer. My position is...
I'm not a lawyer by education. My role / my tasks is ...

How many lawyers in the company?
0
1
2-3
4-5
6-10
more than 10
Do not know

How many lawyers in the group?
0
1
2-3
4-5
6-10
more than 10
Do not know

What are the legal issues and / or ensemble you / your company take care of internally by your company's own "in-house legal function"?

What do you think are the most important tasks for the lawyer or lawyers working in your organisation?

Who in your company is entitled to make individually the decision regarding purchase of law services from external service providers? Select the most suitable options from below.

CEO
CFO
General counsel
Legal counsel
Business directors
Business managers
Someone else, who
Do not know

How many different service providers has your company used for management of legal affairs during the last two years ?

0
1
2-3
4-5
6-10
more than 10
Do not know

What are the most common reasons for procuring legal services from external service providers in your company? List the most common reasons in order of importance.

What do you think are the most important reasons for acquiring legal services from external service providers for your company? List the main reasons in order of importance.

Have you outsourced any areas of law, business activity or types of assignments entirely or almost entirely to external service providers?

No
Yes, what

Would you consider outsourcing any areas of law, business activities or assignment types to external service providers?

No
Yes, what

**Assuming that you would like to buy all or almost all legal services you outsource from a single service provider, what are the areas of law you expect to be provided?
List areas of law in order of importance.**

What do you think are the most important positive expectations for the procurement of legal services from external service providers? List in a random order.

What do you think are the most important negative expectations for the procurement of legal services from external service providers? List in a random order.

Tell attitudes towards fixed monthly pricing.

... the hourly rate for lawyer work?
... day price for lawyer work?
... monthly price for lawyer work?

How much do you evaluate your company uses money in total for managing legal affairs each year (incl. lawyers' salaries, social security expenses, training, purchased legal services etc.)?

Do you budget separate funds for managing legal affairs for each fiscal year?

Yes
No
Do not know

How much money do you estimate your company uses each year for purchasing legal services from external service providers?

If you could freely organize the management of your legal affairs the way you want, how would you do it? Now you are allowed to dream.

What should a legal services provider do or what services it should offer in order to achieve a significant competitive advantage over its competitors in the field?

Give your review on a scale of 1-5, with 5 being the maximum grade, how important do you think it is when purchasing legal services from external service providers that the service provider is...

Finnish
international
a large entity (over 100 lawyers)
a major entity (more than 50 lawyers)

a small entity (less than 20 lawyers)
having experts from almost all area of law you need
having special expertise from the areas of law you need
having special expertise from our line of business or business area
the same from whom we have purchased services also earlier
profiled as a specialist in a particular area of law
profiled as inexpensive
profiled as innovative
profiled as traditional
profiled as a fair employer
able to bring me / our company added value in the form of training
able to bring me / our company added value in the form of electronic tools
able to bring me / our company added value in the form of networking
able to bring me / our company added value in the form of model document and templates
able to bring me / our company added value in the form of a collegial support
predictable in terms of pricing
is a bar member (attorneys at law office)

Have you purchased legal services outside of Finland in the past two years?

Yes
No
Do not know

Do you think you will purchase legal services outside of Finland during the next two years?

Yes
Not
Do not know

Give your review on a scale of 1-5, with 5 being the maximum grade, how important do you think are the following factors when purchasing legal services outside of Finland, the service provider

is a Finnish entity having a subsidiary in that jurisdiction
is a partner of the Finnish service provider in that jurisdiction
is recommended by my Finnish service provider
is "the best" according to international rankings
is one of the biggest service providers in that jurisdiction
has professionals from nearly all fields of law that you need
has special expertise in the fields of law that you need
has special expertise in your line of business or business area
is the same from whom you have purchased services also earlier
is profiled as an expert in certain field of law
is profiled as inexpensive
is profiled as innovative
is profiled as traditional
is profiled as fair employer
is predictable in terms of pricing
is a bar member (attorneys at law office)

How would you describe your decision-making process differs when procuring legal services outside of Finland?

APPENDIX 3

Summary table of results and comparison of the profiles of different individual customers within the customer segments

Segment	Companies having at least one in-house lawyer	Companies having a legal department	Companies having one in-house lawyer	SMEs having no in-house legal
Segment definition and source for the data of the research	All General counsels and legal counsels in companies employing at least one internal lawyer	General counsels and legal counsels who are part of a bigger inhouse legal team but not in a leading position are all members of this segment but the responses of general counsels (managers) and in-house counsels (normal employees) are evaluated separately due to different roles of the respondents.	In-house counsels of the companies that employ only one internal lawyer	CEOs and CFOs of small and medium sized enterprises without in-house legal function (average turnover MEUR 13.1 annually, and median MEUR 5.4)

Respondent group / topic	All in-house legal counsels (n=52)	General counsels (n=23)	Regular in-house counsels / team members (n=14)	Lonely lawyers (n=13)	All CEOs and CFOs (n=34)	Findings of the comparison between respondent groups	Initiatives for strategic and marketing discussion (general suggestions and thoughts, no Fondia specific)
Procurement of services							
Most common reasons to purchase legal services from external service provider	<ol style="list-style-type: none"> Special competence (37) Lack of time and resources (22) Disputes (21) Transactions (13) <p>Other main reasons: need for second opinions or legal opinions, hygiene reasons, training, supplementing and surety, international matters</p>	<ol style="list-style-type: none"> Special competence (18) Lack of time and resources (13) Disputes (6) International matters (6) Transactions (4) Need for second opinions or legal opinions (3) 	<ol style="list-style-type: none"> Special competence (9) Lack of time and resources (6) Transactions (4) International matters (3) Disputes (3) Need for second opinions or legal opinions (1) 	<ol style="list-style-type: none"> Special competence (9) Disputes (7) Lack of time and resources (5) Transactions (3) International matters (2) Need for second opinions or legal opinions (1) 	<ol style="list-style-type: none"> Agreements (11) Employment issues/personnel (8) Transactions (6) Special competence (5) Disputes (4) Avoidance of risks; tax and financial matters and no own lawyer (each 3) 	Even though the most common reasons for purchasing services are more or less the same within all respondent groups there seems to be a slight difference how professionals evaluate the matter from different perspective. When the professionals answer as the main reasons need of special competence or lack of resources the non-lawyer respondents answer more often by giving more concrete assignment types as their responses.	Service providers should think to who are they selling and what the person is actually buying. Is the person seeking for a product such as an agreement or a service easing his/her pain? Rethinking of the key services and customized offerings for each customer segment/profile is recommended. There would be room for a creation of new optional and more tempting offerings especially for transactions and disputes.
Most important reasons to purchase legal services from external service provider	Need for special competence & disputes	Need for special competence & disputes	Need for special competence & lack of time and resource	Need for special competence, lack of time and resource and disputes	Lack of competence as there is no in-house lawyer in the company	Interestingly the lawyers did not point out lack of time and resources so important as may have been expected based on the responses to most common reasons. The need for special competence is unsurprisingly the most important reason to purchase external services in all respondent groups.	Competence and professional skills shall be for sure underlined in marketing material, but the service providers should also remember that "brain surgeon level expertise" is required very seldom (e.g. Maister, Susskind).
An amount of service providers used for the company's legal matters	41% responded 2-3 service providers 47% responded > 3 service providers	17,4% responded 2-3 service providers 47,8% responded 4-5 service providers 26,1% responded > 5 service providers	50,0% responded 2-3 service providers 7,1% responded 4-5 service providers 21,4% responded > 5 service providers	69,2% responded 2-3 service providers 23,1% responded 4-5 service providers 0% responded > 5 service providers	82% responded 2-3 service providers 0% responded > 3 service providers	In full legal departments external services are sourced from various different service providers, while on the other hand the companies having no in-house legal function are using less different lawyers. Companies of the General counsels used more external providers to support them than the lonely lawyers.	Service providers should remember a premise that they are replaceable in the eyes of a client! It is evident that the companies having own legal departments are conducting "law firm shopping" instead of relying on just a single service provider. Non-lawyers are more often seeking for a single "trusted advisor". This knowledge can be exploited in marketing, and it reveals the existing potential in the legal markets.
Outsourcing							
A rate of responses that company has currently outsourced something	41%	52,2%	42,9%	23,10%	65%	Companies of the lonely lawyer respondents have interestingly, and clearly, fewer outsourcing cases currently compared to other respondent groups. Companies with no in-house counsels have the highest rate in outsourcing. The reasons for the low outsourcing of lonely lawyer companies might be versatile but perhaps this has something to do with the size of the companies and legal budgets of the in-house lawyers.	Companies having no in-house counsels are clearly good prospects for LSO. The problem might be that as so many of the respondents informed that they have already outsourced their legal services, the market might be already full of relatively competitive trusted advisors. Companies with legal departments have more potential for legal services outsourcers than companies of lonely lawyers. This most likely relates to the matter that the employees in legal departments are more as specialists of certain area and lonely lawyers are usually generalists. GCs have a possibility to build their teams purely on competent employees or alternatively on employees and outsourced services while lonely lawyers try to handle basically all the matters by themselves.
Outsourced fields of law/assignment types	Disputes (11) IPR (7) Employment law (3) Tax, ICT/IT, competition law (each 2)	Disputes (5) IPR (4) Employment law (2) ICT/IT (2)	Disputes (3) IPR (2)	Disputes (1) Trademarks (1) Competition law (1)	Most of the respondents said that they have outsourced all legal matters	The most common outsourced assignment type is clearly disputes. Transactions were not mentioned in the in-house counsels' responses even though they are one of the most common assignments purchased from external service providers. The reason is most likely that the companies have not outsourced all or nearly all of the transaction work and especially not to one or few named service providers. Therefore the transactions are seen more as ad hoc assignments and not as pure outsourced work.	As can be reasoned, also based on the amount of service providers the companies are using (above), the non-in-house companies seem to search more often a trusted advisor. Perhaps they are not willing to pay so much time and attention to so called beauty contests of the law firms everytime when they are procuring legal services. Dispute resolution services and IPR matters are the most common outsourced work currently which should be taken into account in hiring processes of the service providers, especially if companies with in-house legal departments are in service provider's focal sales targets.

<p>A rate of responses that company could in future outsource something</p>	<p>46 %</p>	<p>47,8 %</p>	<p>58,3%</p>	<p>33,30 %</p>	<p>55 %</p>	<p>Lonely lawyers are the ones giving lowest estimation for outsourcing in future which was not a surprise after their responses regarding the current state. Perhaps unexpectedly the regular in-house team members were however in this respect the ones who believe the most that their company could outsource something in future. They, and also GCs, most likely see outsourcing as an option for hiring more people to the legal department.</p>	<p>Responses clearly support the above that most of the lonely lawyer companies are difficult prospects, if the target is to engage their companies into an extensive cooperation with a service provider. It was not asked in the survey but must be remembered from the lessons learned in practice that only some companies have outsourced directly their legal work to one service provider. Most of the companies try service providers first in a smaller scale and engage them only later in a bigger or full scale.</p>
<p>In future might be outsourced</p>	<p>IPR (6) Disputes (5) Company law/administration (3) Procurements (2)</p>	<p>IPR (3) Disputes (3) <i>(others mentioned only once)</i></p>	<p>IPR (1) Disputes (1) Company law/administration (1) Agreements (1) Employment (1) Other (2) <i>(note that they may not be the best persons to respond)</i></p>	<p>IPR (2) Disputes (1) Competition law (1)</p>	<p>All legal matters Agreements Supervision of IPR infringements Tax matters</p>	<p>In all in-house lawyer respondent groups IPR assignments were listed on the top of the list of most potential field of law/assignment type to be outsourced in future. Disputes came second. The other responses were so rare that there is no sense to draw too much conclusions based on the answers. However, there is a big difference between the companies having and not having an in-house lawyer. Non-lawyer companies may more often outsource all their legal work to one or few service providers. A comparison of the current state and the future expectations revealed that currently no companies have outsourced for example their agreement management or company law matters in general and only one notified that they had outsourced administration of subsidiaries. However, some lawyers' answers in the latter question prove that also administration and company law matters might be outsourced in the future.</p>	<p>If a service provider wants to be at least an option for a customer when they are planning outsourcing of their legal work the competence and resources at the service provider's end must be impressive. The service providers should think to whom are they selling and what companies might be interested in buying. Is the person seeking for an edge of a competence sector, management of high/low level legal work or a full package such like Fondia's LDS or LDaaS services solving both, the resource and competence problems.</p>
<p>Expectations</p>							
<p>Positive expectations</p>	<ol style="list-style-type: none"> 1. Competence (37) 2. Fast delivery/schedules (25) 3. Price-quality ratio (23) 4. Solution driven/clear practical proposals (19) 5. Good interpersonal, cooperation and communication skills (13) 6. Knowledge of client's business environment/business driven (11) 7. Surety and reliability (10) 8. Energy and attitude (9) 9. Efficiency (8) 10. Easiness and flexibility (6) 	<ol style="list-style-type: none"> 1. Competence (18) 2. Fast delivery/schedules (10) 3. Solution driven/clear practical proposals (10) 4. Price-quality ratio (8) 5. Knowledge of client's business environment/business driven (7) 6. Good interpersonal, cooperation and communication skills (6) 7. Surety and reliability (4) 8. Energy and attitude (3) 9. Efficiency (3) 10. Easiness and flexibility (3) 	<ol style="list-style-type: none"> 1. Competence (10) 2. Easiness and flexibility (7) 3. Price-quality ratio (5) 4. Solution driven/clear practical proposals (4) 5. Fast delivery/schedules (4) 6. Surety and reliability (4) 7. Good interpersonal, cooperation and communication skills (3) 8. Efficiency (2) 9. Energy and attitude (1) 10. Knowledge of client's business environment/business driven (1) 	<ol style="list-style-type: none"> 1. Competence (10) 2. Fast delivery/schedules (9) 3. Price-quality ratio (9) 4. Solution driven/clear practical proposals (6) 5. Knowledge of client's business environment/business driven (5) 6. Good interpersonal, cooperation and communication skills (3) 7. Efficiency (3) 8. Easiness and flexibility (2) 9. Energy and attitude (1) 10. Surety and reliability (1) 	<ol style="list-style-type: none"> 1. Competence (13) 2. Fast delivery/schedules (12) 3. Price-quality ratio (6) 4. Solution driven/clear practical proposals (4) 5. Surety and reliability (4) 6. Efficiency (4) 7. Knowledge of client's business environment (3) 8. Able to bring value to the company (better image or position) (3) 9. Easiness and flexibility (3) 10. Good interpersonal skills (2) 11. Able to increase respondents own knowledge (2) 	<p>The comparison of the responses of different profiles revealed some differences between the segments and professional profiles as presented in the figure [on other sheet/page].</p> <p>Competence was the most often mentioned positive expectation in all respondent groups including also the reference group of non-lawyers. The responses of the lawyers were pointing out similar matters and the responses were divided to 10 different expectation categories. The same categories were traceable also from the responses of non-lawyers except an expectation of energy and attitude. On the other hand, there were interestingly responses pointing that the service provider should be able to bring value (better image or position) to the company but also to increase the knowledge of the respondent (an individual aspect).</p>	<p>The service providers could create lists for each customer segment & profile on what features of excellence shall be underlined when the service provider is a) selling legal services, and b) even more importantly when they are providing the services.</p> <p>By meeting expectations and exceeding them there are certainly better possibilities to create better and longer lasting relationships with the clients.</p> <p>The added value that some of the non-lawyers expect is important to notice. The said expectations actually refer to similar values that in-house legal departments are usually expected to provide to their companies.</p>
<p>Negative expectations</p>	<p>Opposites of the positive expectations: specifically missing understanding of client's business, overperforming, lack of efficiency and conciseness, arrangement, pricing and timetables</p>	<p>Opposites of the positive expectations: specifically missing understanding of client's business, overperforming and pricing</p>	<p>Opposites of the positive expectations: specifically overperforming, pricing, lack of competence, missing understanding of client's business, lack of good communication skills (legal jargon), lack of efficiency, long memos</p>	<p>Opposites of the positive expectations: specifically pricing, lack of competence, missing understanding of client's business, lack of efficiency, difficulties in communication</p>	<p>Mainly opposites of the positive expectations: specifically pricing and timetables, lack of skills and knowledge of client's business, indefinite and too general advice</p>	<p>Results support the data collected in the previous question. I.e. the matters that are regarded as the most important positive expectations may be the worst and really destroy the relationship if they do not work. When the lawyers listed their negative expectations it was even more clearly visible that the competence and expertise, but also knowledge of the client and its business are of the utmost importance. Among non-lawyers pricing and timetables issues were pronounced.</p>	<p>The service providers should collect a list of "do nots" to their personnel to be a reminder what can be devastating for a customer relationship.</p> <p>Everyone must bear in mind that it is relatively easy to change a legal service provider compared to for example an IT service provider (barriers to change due transaction costs etc.) and therefore acts creating negative feelings to customers should be avoided by all means in all personnel groups of the service provider.</p>
<p>The wished way to manage legal affairs in respondents' companies in future</p>							

Possible changes to the current state the respondent would make if she/he had unlimited resources to organize management of legal affairs	a) Quite an amount of the respondents were seeking for additional resources within the company	a) Around third of the respondents would hire additional resources within the company	a) Many respondents would hire additional resources within the company	a) Some would hire additional resources within the company	a) Only few of the respondents were seeking for additional resources within the company	The responses can be divided roughly into three main categories: a) hiring more resources, b) engaging one or rare service providers into a closer and more extensive cooperation, and c) continuing as currently (and basically bying legal work on ad hoc basis when needed) For lawyers the extensive cooperation with external service providers did not seem to be often the solution they are dreaming of. Whereas many of the non-lawyers responded that they would like to have one point of contact that would take care of all their legal matters. The lawyers would be more often hiring colleagues for themselves than the CEOs and CFOs. Interestingly the portion of lawyer respondents who preferred to continue "as is" was the lowest in the respondent group of regular in-house counsels who are not in a managerial position. They are not the ones usually struggling with the financial side of the "more-for-less challenge" at least to the same extent than the others in managerial position. Only few of the regular counsels were happy with the current state while in the the other respondent groups more people would continue "as is".	The responses of the lonely lawyers support the above conclusions that selling extensive service packages or cooperation to them might be difficult. From this qualitative question was wished responses that would have helped to prove or reject that some of the newer alternative ways of sourcing legal services are notified also in Finland and whether the legal counsels are receptive to trying something new. However, none of the respondents mentioned that they would for example use off-shoring, near-shoring, co-sourcing or computerizing of legal services. Perhaps, the common knowledge of possible new alternatives to meet "more-for-less challenge" that have popped up already in global, American and UK based companies is not just too good yet. Honestly, not many would think that Indians would manage legal affairs of Finnish companies on off-shoring basis but for example near-shoring to Estonia where is lower labour cost and many Finnish speaking young lawyers would be a possibility in the future.
	b) Some of the respondents reported that they would like to have full service cooperation with an external player	b) Only very few of the respondents were seeking extensive service cooperation with an external player	b) Only very few of the respondents were seeking extensive service cooperation with an external player. However, some would hire an external service provider for bulk work	b) Only very few of the respondents were seeking extensive service cooperation with an external player.	b) Many of the respondents reported that they would like to have one point of contact (external service provider) that would take care of all legal matters		
c) Many of the in-house counsels were happy with the current state in which high end legal services that require specific competences would be purchased from external sources	c) Many of the in-house counsels were happy with the current state in which high end legal services that require specific competences would be purchased from external sources	c) Many of the in-house counsels were happy with the current state in which high end legal services that require specific competences would be purchased from external sources	c) A few were happy with the current state in which legal services that require specific competences would be purchased from external sources.	c) Many respondents were happy with the current state in which legal services that require specific competences would be purchased from external sources.	c) Many of the respondents were happy with the current state		

Differentiation factors							
Factors to be taken into account when a service provider wants to differentiate from its competitors	1. Knowledge of the customer and its business (11) 2. Reasonable pricing and cost efficiency (10) 3. Flexible pricing with alternatives (10) 4. High end legal competence (7) 5. Cooperation and easy to access (4)	1. Knowledge of the customer and its business (7) 2. Flexible pricing with alternatives (5) 3. High end legal competence (5) 4. Reasonable pricing and cost efficiency (4) 5. Cooperation and easy to access (2)	1. Reasonable pricing and cost efficiency (5) 2. Flexible pricing with alternatives (3) 3. Knowledge of the customer and its business (2) 4. Practical solutions (2) 5. Proactivity and high end legal competence (each 1)	1. Flexible pricing with alternatives (4) 2. Knowledge of the customer and its business (3) 3. High end legal competence (2) 4. Practical solutions (2) 5. Proactivity (1)	1. Lower pricing and cost efficiency (8) 2. Good performance of professional tasks i.e. competence (4) 3. Customer orientation showing also the value to the company (3) 4. Fast services (3) 5. Proactivity, reachability and courageous advice (each 2)	The data confirms that the respondents really underlines the knowledge of customer's business and competence but are also price consciousness. General Counsels was the only group rating customers' business knowledge above both pricing related matters. Regular legal counsels regarded most often reasonable pricing and cost efficiency as a differentiation factor number 1, whereas the group of lonely lawyers gave their votes to flexible pricing with alternatives. Flexible pricing with alternatives was not in the top list of non-lawyers but on the other hand they stressed speed of the services delivery, proactivity and reachability more than the lawyers in general. From the open answers of the respondents can be noted some strategically interesting proposals concerning product offerings and provision of services. Three would like to see possibilities to purchase also other consulting than just legal advices from the same source. Two others were more concerned about costs of the services and mentioned that the service provider should get to know the customer in the very beginning of the relationship (for free). In addition to the above, also practical solution driven responses, electronical tools and services, automated drafting equipment and abandonment of the conservativeness were mentioned once or twice each.	Business knowledge and pricing matters are the best ways to differentiate in the markets. There is no sense to try to deliver too many messages. Service providers should thus select only two or three factors they are pointing as their competitive advantage. Interestingly legal competence was only fourth factor in overall assessment among lawyers (third by GCs and LIs, fifth by regular counsels). The difference between the frequencies of the responses was not however so large that the meaning of professional competence should be in all companies re-evaluated without thorough thinking of one's position in the markets. On the one hand, as it was mentioned quite often, high-end legal competence is still the most important or one of the most important factors for quite many respondents (lawyers). On the other hand however, the responses may also mean that an overwhelming majority of the lawyers (45/52) who did not mention the competence as a differentiation factor regard that there are so many legal players in the market with equal or almost equal competence levels and skills that it is difficult to differentiate. Among lawyers the expectations for the level of legal advice is certainly much higher than for non-lawyers who are expecting good service with customary matters and thus the segment and profile of the individual to whom the services are offered must be taken into account.

Selection of a service provider						
Average grades (scale 1-5) defining the importance of the following factors when purchasing legal services from an external party						
	All in-house legal counsels (n=52)	General counsels (n=23)	Regular in-house team members (n=13)	Lonely lawyers (n=13)	All CEOs and CFOs (n=34)	
Service provider is Finnish						The origin of the service provider has a special importance for companies having no in-house lawyer. When the lawyers regarded the factor as "not very important" the non-lawyers seemed to rank the origin as one of the most important matters that were researched.
...	2,90	2,57	2,71	2,88	4,16	It is always worth being mentioned to Finnish prospects that the service provider is Finnish and sometimes, especially when the prospect is not a lawyer, the origin of the service provider can be even a decisive factor.
...is international						Being international is most important to lonely lawyers and GCs to some extent but surprisingly not so important to regular LCs. Lower importance for LCs and to non-lawyers may however be explained by the circumstances that the work of these respondents (who participated in this research) may be less international as evidenced also below in connection with the responses to international questions.
...	3,06	3,20	2,46	3,54	2,66	Being international is a merit but it is important only for those who purely need international services. Similarly it is often needless to tell your prospect in which countries and locations you have professionals. However, when the prospect gives you a hint that they would be interested in international services you should open your mouth.
...is big entity (> 100 lawyers)						Lonely lawyers preferred a bit more often big entities as service providers than the others but also for them the importance of this factor was really low (2.23).
...	2,01	1,80	1,75	2,23	1,66	In general, the size of the service provider was not important for the respondents. However, according to the results it is better to be a relatively big than a big or small entity. This is expected to tell that especially the lawyers understand that a company with some muscles and professionals in different roles is more often better capable of
...is relatively big entity (> 50 lawyers)						Among the queries related to size of the service providers a relatively big firm was regarded by the lawyers a bit more important than small or big entities. Non-lawyers gave a bit lower grades.
...	2,61	2,52	2,43	2,58	2,13	

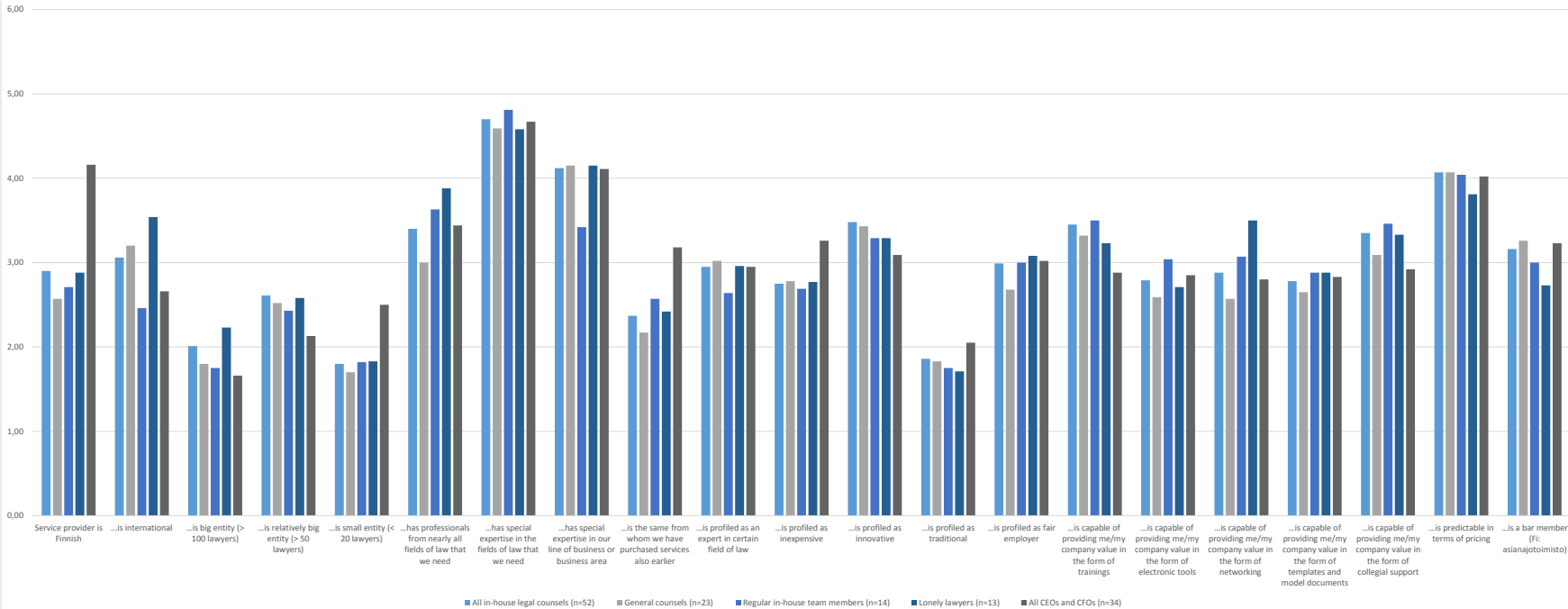
...is small entity (< 20 lawyers)										Compared to lawyers the non-lawyers were clearly answering more often that the small size of a service provider is important for them.	providing high quality services in tight schedules.
	1,80	1,70	1,82	1,83	2,50						
...has professionals from nearly all fields of law that we need										There is a relatively big difference how the different lawyer profiles see the importance of a service provider having professionals from nearly all fields that the respondents' companies need. While the GCs do not regard the matter very important (3.00) the lonely lawyers see the attribute as an important one (3.88).	The finding that lonely lawyers wants to have at least a possibility to search for resources and competence from a service provider that could be able to handle most of their legal work regardless of the field of law can probably be explained by the resources they are having in-house. Formal and informal cooperation with various external professionals is really time consuming. Also offer requests steal your time. Moreover there are less invoices to be checked and other administrative work to be done when there is not so many different sources of legal work. In law departments the situation may however be different.
	3,40	3,00	3,63	3,88	3,44						
...has special expertise in the fields of law that we need										The attribute was extremely important to all respondent groups as expected. This works well as a reference question how important the other factors actually are to the respondents as a diligent customer usually always hands out assignments only to a professional who has special experience in that field of law.	Focus in bringing the competencies and professional skills in to the "front row". This is still the far most important factor when deciding from whom to purchase the services but once you have managed to sell the competence the other factors will make the difference which separates you from your competitors. There are certainly numerous service providers in the markets that fulfill most of the special expertise requests.
	4,70	4,59	4,81	4,58	4,67						
...has special expertise in our line of business or business area										Interestingly the regular legal counsels were giving totally different responses for the importance of business expertise than the other respondent groups. As for the others the factor was very important the regular counsels regarded it only a somewhat important.	Business knowledge and practical experience from different lines of business should be every service providers' differentiation factor number 1, if possible. As there are plenty of people having enough legal expertise, but only few who knows also the business of the customers, the matter should be raised in nearly every discussion. During the analysis phase was not found a clear explaining factor or circumstances why there was so big difference in the appreciation of the business expertise between regular in-house counsels and other respondent groups. The best guess is that that the regular counsels more often mirror the external work to their own work which is not always so business intensive compared to lawyer roles in a managerial position. However, the limited sample of the questionnaire can also explain part of the difference.
	4,12	4,15	3,42	4,15	4,11						
...is the same from whom we have purchased services also earlier										The low grades were a surprise based on practical experience. More than a fourth (26%) of the lawyer respondents have answered that it is not important at all that they have purchased from the same service provider earlier. For non-lawyers the matter is more important but also for the only to some extent.	Obviously at least in this population the lawyers say that the previous relationships do not matter but the feeling of the researcher based on practical experience is that the commitment to previous service providers and loyalty is greater than could be seen from the figures. However, the responses cannot lie very much as the given grades were low in each group. Therefore the service providers must bear in mind that existing customers expect also your personal attention in case you want to get new assignments from them. Newsletters and such marketing efforts directed to a wider group may not be enough. The wider the business integration of the external lawyer(s) is, the harder it is for the customer to replace he/she/them.
	2,37	2,17	2,57	2,42	3,18						
...is profiled as an expert in certain field of law										The grades were generally lower than expected. Especially from the lawyer respondents was expected a bit higher grades for this factor as they usually are better aware of the differentiation factors of the service providers. However, when it comes to the legal expertise it seems that you are as good as your best professionals but paying attention to a profile of a firm as an expert in certain field of law does not seem to be the differentiation factor that the firms should point out.	No big legal teams or a large group of lawyers concentrating in a specific field of law is necessarily needed based on the research data. Specialization of service providers is of course possible and there might be some request for niche firms, but in a larger scale it seems that according to the responses in the survey the other factors make the difference, not company's profile as an expert in certain field of law. If the strategy of the company is to grow and provide services to a large amount of different customers in a one-stop-shop manner, the "niche trap" should be actually avoided.
	2,95	3,02	2,64	2,96	2,95						
...is profiled as inexpensive										For non-lawyers it was more important compared to the in-house lawyers that the service provider is profiled as inexpensive. The importance of this factor was not even close to how important the respondents think the predictability of pricing is.	Many of the respondents seem to search for the best or merited professionals and are not so interested in pricing if it is in line with the market pricing. Based on the literature a stamp of being cheap is actually good only for companies who have selected that as their main differentiation factor but as clarified below, the companies respect if the service providers present their pricing clearly and in a predictable manner.
	2,75	2,78	2,69	2,77	3,26						

...is profiled as innovative						Innovativeness (lawyers 3.5, but non-lawyers only 3.1) was regarded as a relatively important factor when selecting law firms. This was from the profile related queries the one getting highest grades in general.	If the service provider has proof and evidence of being innovative, it makes a difference based on the responses. Just a statement that we are innovative may not however be enough. The customers for whom the matter may be a decisive factor want to be convinced.
	3,48	3,43	3,29	3,29	3,09		
...is profiled as traditional						Traditionality got the worst grades from the lawyers (1.9) and non-lawyers (2.1).	When conservativeness and traditions seem to be really out-of-date the companies should rather, and therefore, inversely underline their innovativeness.
	1,86	1,83	1,75	1,71	2,05		
...is profiled as fair employer						Being a fair employer got generally grades that prove that there is some importance also among customers how the HR matters are organized by service providers. For GCs the factor had least importance. However, the responses among lawyers were diversified to some extent also in other profiles. While 36% of the all lawyer respondents gave a grade 4 or better, 14% gave the lowest possible grade.	All the messages of the company are not directed to the same target group and therefore a clear distinction should be applied when delivering the messages. Being a fair employer would, for example, have received inevitably higher grades if the respondents would have been persons applying for jobs in the service providers. As far as it comes to the differentiation and positioning in the eyes of potential customers I would state that the matter should not be ranked in the high priority when forming and planning ones marketing message.
	2,99	2,68	3,00	3,08	3,02		
...is capable of providing me/my company value in the form of trainings						An ability to provide value to the customers in a form of lectures and trainings is being seen somewhat important among lawyers but for non-lawyers the matter is not so important. Regular in-house counsels gave the best grades but the difference compared to other lawyer profiles was not essential.	The lawyers bear it quite important that the service provider is able to train them. For them at least some offering should be available, but for non-lawyers the training and seminar offerings should be carefully thought. Based on the teachings of Maister there is a big difference whether the seminars are meant for a small group or for a larger audience. People will come if they are truly interested in the subject matter.
	3,45	3,32	3,50	3,23	2,88		
...is capable of providing me/my company value in the form of electronic tools						Interestingly the regular legal counsels were the ones giving highest grades for the importance of value adding electronic tools even though they are not the ones who should be responsible of efficient handling of legal matters within their companies. The grades were not generally too high but an explaining matter might be that at least some of the respondents have already purchased document management services and such regular tools previously and the legal service providers have nothing new to offer, or they do not simply know about new opportunities and how they could boost the efficiency and even reduce costs of the management of legal matters.	From this question was expected a bit more due to the predictions of Susskind and others. However, it seems that either the era of legal e-tools has not yet arrived to legal departments in Finland or they expect to purchase IT software and services internally from other service providers, and the legal services from others. Therefore, it can be concluded that e-services is a nice value added but it is not the driver based on which legal service providers are selected. The prospects should be educated about the advantages of e-tools and services. That is the only way to get the customers to understand the superiority of information technology in delivering more-for-less also to them.
	2,79	2,59	3,04	2,71	2,85		
...is capable of providing me/my company value in the form of networking						General Counsels and non-lawyer managers who responded the questionnaire do not regard service providers ability to add value in form of networking as important as the two other lawyer profiles. Especially lonely lawyers regard the factor as an important one (3.50). This is understandable while those lawyers do not have a network of lawyers within their own organizations.	If a service provider thinks that providing value to its customers in a form of networking is important, it is correct only in terms of one focus group. Namely, only the group of lonely lawyers seem to seek for networking opportunities. Based on this result could be predicted that if you consider arranging after parties or cocktail events after your seminar, lonely lawyers are those who most likely appreciate your effort the most from these decision makers and will join the party. General counsels, CEOs and CFO will pass the opportunity more often but may still regard the invitation as a nice gesture.
	2,88	2,57	3,07	3,50	2,80		
...is capable of providing me/my company value in the form of templates and model documents						The factor was not very important to any of the respondent groups. The companies of the respondents have already their established practices and this factor is expected to have some more difference only if the company is a start-up or extending its business to a totally new line of business without prior set of model documents.	Template banks and model documents are not the things someone wants to raise in ones marketing material but the use of them especially if designed and customized for a specific customer is definitely a goal the both parties, the customer and the service provider wants in the name of efficiency. Therefore in the marketing message should be presented that the service provider knows the ways to increase efficiency and utilizes the best practices.
	2,78	2,65	2,88	2,88	2,83		
...is capable of providing me/my company value in the form of collegial support						This is understandably a factor that is more important among lawyers than non-lawyers. The factor is somewhat important among all lawyer profiles but from lonely lawyers was expected higher grades than from regular in-house counsels as they do not have sparring partner within their own organizations.	I would say that the service provider has succeeded if the lawyer prospects receive a feeling that they are supported like colleagues would be supported and not like customers. A creation of this kind of customer experience is natural in a trusted advisor situation, but as the law firms tend to bill hour-per-hour, the services of experienced supporters may not be fully utilized. Fixed price modules and concentration in one's product portfolio is in the essence.
	3,35	3,09	3,46	3,33	2,92		
...is predictable in terms of pricing						Predictable pricing was based on the responses one of the most important factors. Three out of four respondent groups gave a grade equalling to "very important" and the lonely lawyers saw it as an important factor.	The customers are fed up with the surprises in pricing of the legal services. Needless to say more.
	4,07	4,07	4,04	3,81	4,02		

...is a bar member (Fi: asianajotoimisto)						For GCs and non-lawyer respondents the membership of a bar association seems to be still somewhat important but lonely lawyers and regular in-house counsels gave slightly lower grades.	This is a matter all alternative legal services providers must consider. How do they evidence the customer that the service level and other stereotypical differences between bar members and other legal firms depends on the particular service provider and the guidelines it applies in its business. It is not the membership that proves the one service provider being better than others.	
	3,16	3,26	3,00	2,73	3,23			
International aspects								
A rate of companies having made legal services purchases abroad during past 2 years						Nearly nine tenths of the companies of general counsels had purchased legal services outside Finland during past years. On the other hand, only 15% of the companies that are not employing in-house lawyers had purchased legal services abroad. There was a relatively big difference also in the purchases of the companies of different lawyer profiles.	Due to the sample of the research it is impossible to make generalizations that can be proved to be right later in similar surveys but it seems that at least the companies of the general counsels are really international. The companies either are or are not international.	
	71,0 %	87,0 %	57 %	69 %	15 %			
A rate of companies expecting to purchase legal services abroad during next two years						Only minimal differences were noticed compared to the past when the respondents were asked to evaluate their legal needs for the next two years.	The responses support the above conclusions that some need legal services also abroad while the others are free of external services outside Finland.	
	67,0 %	91,3 %	50 %	69 %	18 %			
Average grades (scale 1-5) defining the importance of the following factors when purchasing legal services from an external party outside Finland								
	All in-house legal counsels (n=52)		General counsels (n=23)		Regular in-house team members (n=13)		All CEOs and CFOs (n=34)	
Service provider is Finnish entity having a subsidiary in that jurisdiction						The origin of the service provider has some more importance for companies having no in-house lawyer also when they are purchasing legal services outside Finland, but the importance for all respondent groups is lower than in domestic situations.		
	2,05	1,82	1,91	2,21	3,29			
...is a partner of the Finnish service provider in that jurisdiction						In companies that are having own legal departments the lawyers regard that the partnership status of a Finnish service provider is only a little important. The importance for lonely lawyers is a bit higher and the non-lawyers deem the factor somewhat important.	It is quite evident that in order to satisfy the needs and to meet the expectations of Finnish customers, and particularly lawyers' as customers, it requires a lot. For example high competence requirements the clients are seeking might be really expensive to meet when it comes to owned foreign subsidiaries. From the responses of the in-house lawyers was also visible that they would not necessarily hand their legal work in different jurisdictions to affiliates of a Finnish service provider.	
	2,44	2,31	2,18	2,83	3,42			
...is recommended by my Finnish service provider						Recommendations of the Finnish service providers are not so important to the lawyers than to CEOs and CFOs. In general it seems that the lawyers have more capabilities to use their existing networks when procuring services abroad.	Therefore I would say that unless the company is ready to invest a significant amount of money to foreign markets and has a possibility to engage a big enough legal team with wide contacts, a planned (successful) penetration to foreign markets might be just a dream. The best way for companies who do not want to invest a lot in conquering foreign markets seems to be serving their Finnish customers through a network of international law firms and by setting up a register of recommended professionals for different jurisdictions and different fields of law.	
	2,70	2,57	2,59	2,86	3,34			
...is "the best" according to international rankings						Many of the law firms are proud of their international rankings given by different institutions and publications. However, based on this research at least Finnish customers, both lawyers and non-lawyers, do not seem to keep the top position in such rankings high in their importance priorities when they select a service provider abroad. Decisions are being made based on other evidence of experience and efficiency.		
	2,38	2,16	2,50	2,45	2,65			
...is one of the biggest service providers in that jurisdiction						The respondents do not favour automatically the biggest service provider in that jurisdiction. They see only little importance in that factor.		
	2,29	2,25	2,00	2,59	2,25			
...has professionals from nearly all fields of law that we need						The possibility to shop all the needed legal services from the same service provider does not seem to be so important in international circumstances. All respondent groups gave lower importance grades compared to domestic situations. However, the importance of this factor compared to other factors still seems to be quite high in other groups but the General counsels who regard for example previous purchases from the service provider and expertise in certain areas of law more important.		
	3,05	2,62	3,36	3,36	3,10			
...has special expertise in the fields of law that we need						The most important factor as also in the domestic level. However, all respondent groups gave somewhat lower average grades than domestically. Especially within non-lawyers the difference was very clear. Perhaps the lower grades given by the non-lawyers are explained with the fact that many of them has not in a real life purchased services abroad. However in the reference group of non-lawyers the legal competence was the only factor receiving a very important stamp.		
	4,63	4,50	4,73	4,45	4,14			

...has special expertise in our line of business or business area						An important factor to all respondent groups but the importance was slightly lower in general than domestically. An interesting nuance is however that in this international part of the survey also regular in-house counsels gave better grades compared to their grades in the similar question regarding domestic purchases.
...is the same from whom we have purchased services also earlier	4,08	3,95	3,95	4,00	3,92	Interestingly the respondents gave higher grades for the importance of previous purchases from the same service provider than in their replies in connection with the similar question on domestic purchases. Obviously law firm shopping is not that common in international markets than domestically. Good experiences from certain service providers most likely affect the willingness to change. Even more interestingly the non-lawyers gave worse grades than related to purchases in Finland.
...is profiled as an expert in certain field of law	2,99	3,18	2,80	3,00	2,60	There was no material difference how the respondents saw the importance of profiling as an expert in certain field of law in international situations. For GCs and lonely lawyers it was however more important than to the others. They surely are seeking for legal expertise more often than the surveyed CEOs and CFOs of Finnish companies.
...is profiled as inexpensive	3,15	3,24	2,77	3,32	2,94	Compared to domestic purchases there is no major differences. None of the respondent groups saw the importance of this higher than in domestic situations.
...is profiled as innovative	2,73	2,77	2,41	2,73	3,07	Innovativeness is more important to the respondents domestically than in case of international purchases. As in Finland all the respondent groups regarded innovativeness somewhat important, in international situation the importance grades were below 3.00 (not very important) in other groups except lonely lawyers who gave an average grade 3.09.
...is profiled as traditional	3,07	2,91	2,95	3,09	2,76	Traditionality got similar responses than in domestic situations. No-one should focus on stressing their traditionality in the eyes of customers.
...is profiled as fair employer	1,89	1,93	1,65	1,73	2,17	Service providers' status as a fair employer is not an important factor either in the international situations. When the purchases outside Finland were concerned every group of respondents gave average grades under 3.00.
...is predictable in terms of pricing	2,64	2,48	2,64	2,86	2,82	Predictability of pricing is an important factor to all respondent groups. There were no essential differences within the average responses of different respondent groups. Also the average grades were close to each others when the domestic and international purchases were concerned. Lawyers however gave slightly higher importance grades in international situations than domestically and non-lawyers vice versa.
...is a bar member (Fi: asianajotoimisto)	4,15	4,10	4,14	3,94	3,94	The importance of bar membership was highest in the General counsels' group (3.43) and lowest among regular in-house counsels (2.75). For GCs and lonely lawyers the factor got higher grades in international situations while on the other hand the regular in-house counsels and non-lawyers saw the factor more important when the purchases are made domestically.
	3,29	3,43	2,75	3,09	3,00	

Average grades (scale 1-5) defining the importance of the following factors when purchasing legal services from an external party



Average grades (scale 1-5) defining the importance of the following factors when purchasing legal services from an external party outside Finland

