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Entrepreneurial Strategies of Professional Service Firms

An Analysis of Commercial Law Firm
Spin-offs in Germany

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Andreas B. Günther

Editor's foreword

Professional services belong to the fastest growing industries in modern economies. However, our systematic understanding of the processes underlying the exploration and exploitation of new business opportunities in this sector is limited and sporadic. One reason why the two fields of professional services and entrepreneurship have operated in isolation rather than in mutual interaction are inherent contradictions between the very ideas of entrepreneurship and professionalism. The former stressing the autonomy of the free-willed entrepreneur, the latter emphasizing the internalization of and adherence to professional standards of conduct that limit creative deconstructions in professional service industries. Furthermore, the particular challenges in managing the foundation and early growth of start-up firms in the PSF sector have gained limited attention as well.

Andreas Günther's doctoral thesis on entrepreneurial strategies of professional service firms moves us into this rather novel field of research. The key question he raises is how do we understand entrepreneurial strategies of professional service firms. As a context of investigation he selected the case of commercial law firm spin-offs. The commercial law market changed rather radical since the German Supreme Court allowed the establishment of 'supra-local partnerships'. International law firms like Freshfields, Clifford Chance, Linklaters and others moved into the German market and became central actors with a significant and powerful market position. These new global players manage their operations across borders and offer an 'effortless experience' (Segal-Horn and Dean 2009) for their multinational clients. Interestingly, these international law firms are not only experts for complex legal issues, but also became entrepreneurial growth machines in exploring new business opportunities and expanding into new market niches. On the contrary, the typical German law firms are rather perceived 'as technical specialists and advisors within the constraints of a predominantly state-regulated profession, rarely engaging in legal entrepreneurialism' (Osiel 1990, pp. 2052-2053). Corporate lawyers trained under the governance regime of these global Anglo-Saxon law firms developed particular commercial skills useful for legal entrepreneurship. It is therefore not surprising that some former employees and partners of these global law firms started their own successful legal partnership practice. Still, little research has been conducted to explore particular challenges of managing start-up firms in the context of professional services.

Following a grounded theory methodology Andreas' work investigates two unique cases of German commercial law firm spin-offs and addresses the foundation and early expansion of these firms. By outlining the multidimensionality of entrepreneurial strategies of professional service firms, Andreas' thesis provides a more nuanced view on start-up management and offers new avenues to overcome long existing boundaries between different research streams and perspectives. The result sheds light on a number of hitherto underexplored issues. His work will be an important stepping stone and pound of ideas for scholars interested in challenges of start-up management of professional service firms and practitioners who deal with the wickedness of daily survival. As editor of this series I wish this thesis a very positive reception from academics and practitioners alike.

Markus Reihlen

Professor of Strategic Management, Leuphana University of Lüneburg

Editor of the Advanced Management Studies Series

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Contents

List of tables	xv
List of figures.....	xvi
List of abbreviations.....	xvii
A. INTRODUCTION.....	1
B. RESEARCH FIELD AND FOCUS.....	7
I. Definitions	7
1. Definition of ‘entrepreneurship’	7
2. Definition of ‘strategy’	10
3. Definition of ‘professional service firm’	12
II. Review of existing literature.....	17
1. Literature on entrepreneurial strategies.....	17
2. Literature on strategies of PSFs	23
3. Literature on entrepreneurial strategies of PSFs.....	31
III. Development of research framework	35
C. METHODOLOGICAL BACKGROUND AND RESEARCH DESIGN	45
I. Introduction to qualitative research.....	45
1. Quantitative research vs. qualitative research.....	45
2. Arguments for a qualitative approach.....	47
3. The nature of qualitative research.....	48
3.1 Characteristics of qualitative research.....	48
3.2 Data collection techniques of qualitative research	49
3.2.1 Verbal techniques.....	50
3.2.2 Non-verbal techniques	53
3.2.3 Triangulation.....	56
4. Key considerations for thorough qualitative research	57
4.1 Basic principles.....	57
4.2 Evaluating qualitative research.....	58
4.2.1 Classical criteria: Reliability and validity.....	58
4.2.2 Alternative criteria: Trustworthiness and authenticity	61

II. Qualitative research approaches	64
1. Overview	64
1.1 Action research	64
1.2 Ethnography.....	65
1.3 Case studies	65
1.4 Grounded theory	66
2. Detailed illustration of the case study approach	67
2.1 Definition of and perspectives on case study research.....	67
2.2 Characteristics of case study research	68
2.3 Applicability of case study research.....	69
2.4 Limitations and evaluation of case study research.....	69
2.5 Process of building theory from case study research	71
2.5.1 Getting started.....	71
2.5.2 Selecting cases	72
2.5.3 Crafting instruments and protocols.....	74
2.5.4 Entering the field.....	74
2.5.5 Analyzing data	75
2.5.6 Shaping hypotheses.....	77
2.5.7 Enfolding literature	77
2.5.8 Reaching closure.....	78
3. Detailed illustration of the grounded theory approach	78
3.1 Definition of and perspectives on grounded theory research.....	78
3.2 Characteristics of grounded theory research	82
3.3 Applicability of grounded theory research.....	87
3.4 Limitations and evaluation of grounded theory research.....	88
3.5 Process of data evaluation and theory development with grounded theory	90
3.5.1 Theoretical sampling and saturation	90
3.5.2 Microanalysis	91
3.5.3 Analytical tools, memos and diagrams.....	91
3.5.4 Definition of codes, concepts and categories	96
3.5.5 Coding and conceptualizing data.....	97
3.5.6 Developing and refining theory	102
3.6 Usage of computer software as supporting tool	104

III. Research design	105
1. Selection of cases and initial contact	105
2. Data collection.....	107
3. Data analysis and theory development.....	109
4. Evaluation of the research quality.....	114
D. RESEARCH FINDINGS.....	117
I. Industry context.....	118
1. The market for legal services in Germany	118
2. The commercial law market.....	122
3. Future trends and developments	134
II. Integrated case study report	138
1. Basic firm information	138
1.1 Firm A – Associate spin-off	138
1.2 Firm P – Partner spin-off	138
2. Guiding strategy – Firm orientation – Founding phase	139
2.1 Spin-off decision.....	139
2.2 Domain choice	142
2.3 Business planning	145
2.4 Preparation and launch	148
3. Core strategies	150
3.1 Selling and service to the client.....	150
3.1.1 Acquisition	150
3.1.2 Marketing	156
3.1.3 Service delivery.....	159
3.1.4 Pricing and billing.....	164
3.2 Winning and developing the individual	166
3.2.1 Recruiting and retention.....	166
3.2.2 Training and individual development	173
3.2.3 Remuneration, review process, and promotion	177
4. Supportive strategies	180
4.1 Knowledge management	180
4.2 Reputation management	184

4.3 Relationship management	188
4.3.1 Personal network.....	188
4.3.2 Cooperation partners.....	191
5. Structuring strategies.....	192
5.1 Firm leadership	192
5.1.1 Hierarchies, leverage and responsibilities	192
5.1.2 Communication.....	198
5.1.3 Team motivation	199
5.2 Firm culture	201
5.2.1 Norms and values.....	202
5.2.2 Full team alignment	205
5.2.3 Leadership team alignment.....	207
5.3 Firm organization	210
5.3.1 Processes and guidelines.....	210
5.3.2 Controlling	212
5.3.3 Corporate identity and design	213
5.3.4 Technical infrastructure	215
5.3.5 Back-office.....	215
5.3.6 Administration	216
6. Guiding strategy – Firm orientation – Growth phase	217
7. External factors	220
E. DISCUSSION	225
I. Conceptualization of entrepreneurial strategies and practical implications.....	225
1. Overview of theoretical framework	225
2. Detailed illustration of theoretical framework.....	228
2.1 Pivotal strategies of commercial law firm spin-offs	228
2.1.1 Indispensable – High involvement service delivery	228
2.1.2 Indispensable – Distinct people development	232
2.1.3 Differentiating – Indirect client acquisition.....	237
2.1.4 Differentiating – Strong cultural alignment.....	243
2.2 Stabilizing strategies of commercial law firm spin-offs	247
2.2.1 Lean firm management	247
2.2.2 Plain profit controlling.....	252
2.2.3 Professional support.....	255

3. Cross-links between entrepreneurial strategies.....	259
4. Summary of key findings.....	264
II. Comparison of findings with existing literature.....	268
III. Critical appraisal.....	280
1. Contribution	280
2. Limitations and suggestions for further research.....	281
3. Delineation of initial hypotheses for empirical theory-testing	284
F. SUMMARY AND OUTLOOK.....	287
References	291

List of tables

Table 1: Overview of collected primary and secondary data	110
Table 2: Selected specialized commercial law firm spin-offs since 2000	132
Table 3: Practical implications – High involvement service delivery	232
Table 4: Practical implications – Distinct people development	237
Table 5: Practical implications – Indirect client acquisition	242
Table 6: Practical implications – Strong cultural alignment	247
Table 7: Practical implications – Lean firm management	251
Table 8: Practical implications – Plain profit controlling	255
Table 9: Practical implications – Professional support	259
Table 10: Detailed overview of entrepreneurial strategies and sub-strategies	265

List of figures

Figure 1: Research framework.....	35
Figure 2: Total number of certified German lawyers split by specialization (2000 vs. 2011).....	119
Figure 3: Comparison of number of law firms, persons and related revenues (2005)	121
Figure 4: Total market split based on top 70 commercial law firms in Germany (2009)	129
Figure 5: Theoretical framework of entrepreneurial strategies	226

List of abbreviations

firm A	- Associate spin-off
firm P	- Partner spin-off
CEO	- chief executive officer
cf.	- confer
CI	- corporate identity
CV	- curriculum vitae
e.g.	- for example
et al.	- and others
HR	- human resources
IP	- intellectual property
IT	- information technology
i.e.	- that is
K	- thousand
LLP	- limited liability partnership
min.	- minutes
n/a	- not applicable
p. / pp.	- page / pages
PSF	- professional service firm
R&D	- research and development
UK	- United Kingdom
US	- United States