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Approach**

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**ANALYSIS OF THE PROCESS OF CUSTOMER VALUE CREATION IN
THE LEGAL SERVICES MARKET: A PRACTICAL APPROACH**

Abstract

This paper aims to critically evaluate the process of creating customer value in the legal services market. In the 21st century this market is highly competitive. Therefore the providers of these services face the challenge of creating solutions that often exceed the requirements put to them. As a result, attention is increasingly being focused not only on decreasing prices, but primarily on building strong relationships and customer loyalty. To achieve this it is necessary first and foremost to identify the components of the proposition, refine them and embed them in the adopted business model. The above points justify taking up this subject matter as well as presenting the process of creating value for customers in practical terms.

Keywords: value, marketing of legal services, business model, loyalty

JEL codes: D46, L21, L84, M31,

Introduction

The legal services market is a demanding one. Hence the companies operating in it need to consider how to build a competitive advantage. Achieving this goal through a low price positioning strategy does not strengthen relationships with customers and is therefore a very fragile basis for success. As a result, law firms are increasingly turning away from this strategy and starting to focus their efforts on providing customers with other values. This places an extremely difficult task in front of them. Delivering a valuable offering requires taking into account a range of different elements, one of the most important being the complex needs of the clients. The issue is complicated by the fact that clients are often largely unaware of their needs. All of the aforementioned factors are prompting legal firms to continually explore their customers' needs as well as seeking and improving the benefits which they can offer. The above comments justify the desirability of investigating the issue of customer value creation.

Value creation is a multi-stage process. The first step is an analysis of the business model, which is the starting point for considering the capabilities and limitations of a law firm. Then attention should focus on the customers, especially their problems and needs. Combining these two elements is the basis for developing an effective strategy for creating an appropriate and beneficial offering.

This paper is divided into three parts. The first part focuses on the role of the adopted business model in creating customer value. It discusses the main elements determining the functioning of a law firm. The discussion aims to examine the internal context, including the possibilities and limitations associated with the process of creating and delivering value.

The second section considers the complexity of customer value. The concept and possible ways of understanding it are discussed, as well as its different perceptions depending on the stage of the purchasing process and the customer segment. The purpose of this discussion is to indicate

the factors that may prove to be the biggest barriers in the process of value creation, i.e. its subjective and dynamic nature.

The last, and at the same time main, part of the paper describes the ways of building value. To begin with, the elements that make up a value proposition are identified. Particular emphasis is placed on customer needs; including their functional, emotional and social dimensions. Finally, examples of techniques for creating value for customers are presented. The purpose of this section is to propose practical ways in which legal firms can implement a strategy of building strong relationships with customers and thus gaining their loyalty.

The present work refers to the activities of attorneys and advocates on the Polish market conducted in the years 2016-2017.

The main aim of this paper is to provide tools for critically analysing the factors that make up the offering of a law firm. By indicating methods for improving selected elements, the work could inspire law firms to maximize their positive impact on the customers they serve.

1. An outline of a law firm's business model

The first step to understanding the way in which value is created in a law firm is realising the opportunities and limitations of the business. A business model is a useful tool for identifying the internal context in which lawyers operate. It focuses on the key principles of business operations, which directly affect customer value. This dependency is illustrated by the following examples:

- a large consulting firm has decided to divide itself into smaller units according to specific sectors. Projects are therefore handled by working groups composed of specialists from different areas of law (e.g. tax consultancy, corporate law or energy law). Such a sector-based approach provides customers with tailor-made solutions. However, as it requires comprehensive knowledge from the employees it generates significant costs for the company in terms of spending on professional development [Langworth 2017];

- a law firm has decided to launch an online pharmaceutical portal, which provides a range of benefits to customers from the pharmaceutical sector; such as access to specialist legal advice, direct contact with experts, information on upcoming legislative changes, support for National Health Fund inspections, as well as the use of selected document templates. In addition, the offer includes specialist training. Access to the site can be gained after paying a flat-rate subscription, based on a certain number of questions, document downloads and inspections. The law firm provides pharmacists with legal security at a predetermined price, at the same time accepting the risk that the amount of working time could exceed the fixed fees [Domański, Zakrzewski and Palinka 2012];
- a company which has been operating in the legal services market for some time has decided to expand its brand through franchising. Prospective franchisees must fulfil certain conditions, primarily the location of their law firm near the courts in a city with a population of at least 40 thousand people. The benefits for the franchisees include working with a well-known law firm, gaining intellectual property rights, assistance with recruitment and training, access to databases, and professional supervision. The offering presented by the franchisor equips its recipients with a package of ready-to-use solutions that enable them to gain a competitive advantage faster; in return for an agreed fee, naturally [Profit system sp. z o.o. 2000-2017]. In addition, the franchisees may face the risk of having the chosen business model challenged on the basis of the rules of professional ethics related to their business operations [Wójcik 2015].

A useful tool for creating a firm's own business model is the canvas proposed by Osterwalder and Pigneur [2010] in their bestselling book *Business Model Generation: A Handbook for Visionaries, Game Changers and Challengers*. It concentrates on presenting the determinants which

make up the whole of a company's operations. These are customer segments, channels, customer relationships, revenue streams, key resources, key activities, key partners, and the cost structure. The value proposition is the resultant of the above elements [Osterwalder and Pigneur 2010, p. 48].

The heart of every organization is its customers. Developing a consumer profile strengthens existing relationships and improves the effectiveness of legal marketing activities. Hence, defining customer segments helps to present them with a well-designed and customized proposition [Osterwalder and Pigneur 2010, p. 25]. Segmentation in the legal market can be done according to different criteria. The basic ones are the following:

- the segments of institutional and individual customers,
- the segments of sector-specific and mass customers.

Relations with clients are further influenced by socio-demographic characteristics such as age, gender, the ability to use new technologies, and income; and personality traits such as the desire to acquire new knowledge, impatience, and a reluctance to take risks. A law firm may decide to direct its activities to many customer segments, but in that case it must take into consideration the need for a comprehensive approach to value creation.

Other important elements in the activities of law firms are communication channels and relationships with customers. Communication channels determine the way in which a company communicates with its customers. In the consulting industry the dominance of direct relationships can be observed, which tend to be personal rather than automated. Since the paths used affect the type of interaction, it is necessary to consciously adapt the communication channels to the target consumer profile from the very beginning [Osterwalder and Pigneur 2010, pp. 30-32]. For example, a typical form of interaction when conducting a divorce case is communicating with the

customer through face-to-face meetings, which tends not to be the case when providing services for corporate clients.

As regards communicating with clients in order to acquire or retain them, law firms must also bear in mind the applicable rules of professional conduct laid down in the Code of Ethics of Attorneys passed on 22.11.2014, and the Code of Ethics of Advocates passed on 14.12.2011. The rules of professional ethics permit communicating a certain amount of information on the professional activities of lawyers. The marketing of legal services, however, is regulated differently for different legal professions and is more restrictive in the case of advocates. The Code of Ethics of Advocates explicitly prohibits advertising and precisely specifies acceptable forms of contact as well as the extent of information that can be conveyed.¹ This very casuistic approach to the issue of providing information with regard to the professional activities of lawyers requires a great deal of caution in communicating with customers. The Code of Ethics of Attorneys, though also granting the right to provide information about professional activities, contains specific lists of lawful and unlawful actions. However, contrary to the rules for advocates, these lists are not definitive. It is therefore possible to undertake other actions, not listed in the Code of Ethics of Attorneys, provided that they do not conflict with the general principles that prohibit the conveying of information which is contrary to the law and accepted principles of morality, or which undermines the dignity of the profession.² What the rules of professional conduct for both groups of legal practitioners have in common is the prohibition of comparing the quality of the services provided with the services of other identifiable persons.

¹ For example, information on remuneration rates and the methods of calculating them can only be given at the client's request, or in a quotation intended for a prospective client [Proclamation of the Executive Committee of the Polish Bar Council of 14.12.2011, § 23a - 23b].

² Significantly, it is permitted to communicate information which is useful for creating, maintaining and strengthening trust and good customer relations as well as building a positive image of the attorney: including, in particular, information on the mission, strategy and profile of the law firm's operations; the terms of cooperation with clients; the rules and procedures for filing complaints; and client facilities [Resolution of the National Congress of Attorneys of 22.11.2014, Art. 31-35].

In legal firms, the dominant revenue stream is payment for legal services. Revenue streams are therefore related to the price that individual customers are willing to pay for the value they receive [Osterwalder and Pigneur 2010, pp. 34-35]. In law firms, revenue streams can involve various pricing mechanisms, principally the following ones:

- payment based on an hourly rate,
- payment based on a flat rate,
- mixed forms of payment (especially an hourly or flat rate with an upper limit),
- additional remuneration for a favourable outcome of a case,³
- reimbursement of expenses.

In the Polish market, most business models are based on hourly rates. This method makes it possible to calculate the actual amount of working time. However, invoices based on hourly rates can surprise the clients. More importantly, this model takes into account the time contribution of the lawyer and not the result for the client. There are suggestions to modify the remuneration system towards more flexible and customer-friendly forms, which would involve stimulating the processes and norms necessary to ensure optimum cost levels. It seems that such an effect could be produced by a remuneration system based not on the amount of working time, but on the value delivered to the client. Baxter [2015] predicts that the demand for services based on hourly rates will gradually diminish. A new pricing strategy of law firms could include the following:

- increasing the use of flat rates for the provision of services,

³ The Codes of Ethics for attorneys and advocates contain different regulations regarding remuneration for the favourable outcome of a case. According to the Code of Ethics of Attorneys, an attorney may not make an agreement with a client under which the client commits to paying the fee for conducting a case only if a favourable outcome is achieved, unless otherwise stated by the law. However, an agreement which provides for an additional fee for the favourable outcome of a case, made prior to the final resolution of the case, is admissible. Advocates are prohibited from entering into a contract with a client that has an obligation to pay the fee for conducting a case depending solely on the final outcome of the case. An advocate may, however, have an agreement with a client for an additional fee for the positive outcome of a case [Resolution of the National Congress of Attorneys of 22.11.2014, Art. 36 sec. 3; Proclamation of the Executive Committee of the Polish Bar Council of 14.12.2011, § 50 sec. 3].

- providing the option of monthly subscriptions (including, among other things, notifications of changes in the relevant areas of the law or support for certain corporate transformations),
- adjusting the price to the value produced by differentiating it depending on the nature of the service.⁴

The final elements of a business model are key resources, key activities, and key partners. Key resources make it possible to produce customer value [Osterwalder and Pigneur 2010, pp. 38-39]. In law firms, human resources are of the utmost importance. In the context of delivering value to customers another important resource is marketing knowledge, which involves the employees' awareness of how to deliver benefits to customers as well as the ability of managers to develop and implement marketing strategies [Doyle 2003, p. 110]. The availability of technical resources depends primarily on the size of the law firm and can often be fairly limited. In light of the above, it is fundamental to educate employees on how to create customer value. Employees are the most valuable asset of an organization because they create and deliver value to the customers.

Key activities include those elements that determine the proper functioning of the business. They are essential in the process of creating customer value. In the legal services market, key activities involve primarily solving the problems of customers [Osterwalder and Pigneur 2010, pp. 40-41]. Orzechowski's observations [2008] lead to the conclusion that the business model of a law firm is based on the so-called value workshop: the management of an enterprise involves assessing problems and delivering optimal and customized solutions; project

⁴ Filling out court forms or standard tax returns may be of less value to clients than support in drawing up a master contract with a major contractor, or constructing General Terms and Conditions of Contracts, which apply to almost every transaction. In spite of the above, all types of cases in the legal market are still remunerated on the basis of the same hourly rate. Differentiating the rates according to the value delivered could be a more attractive pricing model, which, on the one hand, would help to optimize costs for common and standard cases, and, on the other, would justify higher fees for a greater amount of work.

management; as well as the continuous improvement of employees' competences.

Key partners refer to a network of suppliers and collaborators. Local companies, which often specialize in specific areas and employ either few or no staff, will more often cooperate with key partners, including competitors. This to a lesser extent applies to global companies, which are usually capable of providing services relating to the majority of business processes by themselves.

Designing a value proposition is also connected with certain costs. Most of the costs of legal firms are fixed costs, including the cost of employing qualified personnel and the cost of the premises.⁵ Other important costs include buying licenses to use different types of legal software and investing in technical equipment for the office. The costs of running a business are significantly lower in the case of sole practitioners. Such lawyers often do not rent office premises and do not employ staff, enabling them to maintain competitive prices.

The adopted business model determines the value proposition, as illustrated below by the examples of a law firm serving institutional clients and a firm serving individual customers. The value proposition will be the reason why customers decide to choose a particular company. The benefits may be unique or universal, possibly with some minor features distinguishing the proposition from competitive offerings [Osterwalder and Pigneur 2010, p. 26]. Therefore, as the value can meet or exceed customer expectations, the creation and delivery of certain benefits to customers should always be relevant to the environment in which the company operates. This is illustrated by the following examples of business models.

⁵ At the beginning of the 21st century more attention started to be paid to the cost structure and, among other things, the need to change the remuneration system of managing partners in large law firms. It was pointed out that disconnecting the level of remuneration from the current financial condition of the company can be a recipe for disaster, as illustrated by the example of the legal giant Dewey & LeBoeuf. This company faced a sudden collapse following the massive departure of managing partners whom it was unable to pay off [Fischer 2012].

Table 1.1: An example of a business model canvas for institutional clients

Key partners <ul style="list-style-type: none"> • other law firms 	Key activities solving customers' problems	Value propositions <ul style="list-style-type: none"> • comprehensive legal and tax services • placing multiple business processes within one organization 	Customer relationships <ul style="list-style-type: none"> • personal support • key account management 	Customer segments companies employing at least 100 people and generating annual net revenues of at least 20 million PLN
	Key resources <ul style="list-style-type: none"> • people • knowledge 		Channels <ul style="list-style-type: none"> • firm's premises • means of direct remote communication 	
Cost structure <ul style="list-style-type: none"> • salaries • office rent and maintenance • technical equipment • licences 			Revenue streams revenue predominantly from the sales of services	

Source: own compilation based on [Osterwalder and Pigneur 2010, p. 48]

Table 1.2: An example of a business model canvas for individual clients

Key partners <ul style="list-style-type: none"> • outsourcing of related services (e.g. accounting firms, tax advisory firms, chartered auditors) • other law firms 	Key activities solving customers' problems	Value propositions <ul style="list-style-type: none"> • competitive prices • relationships with customers based on trust and personal support 	Customer relationships dedicated account manager	Customer segments private individuals not conducting business activities
	Key resources <ul style="list-style-type: none"> • people • knowledge 		Channels firm's premises (typically face-to-face meetings)	
Cost structure <ul style="list-style-type: none"> • technical equipment • licences 			Revenue streams revenue predominantly from the sales of services	

Source: own compilation based on [Osterwalder and Pigneur 2010, p. 48]

The above canvasses reflect the role that the key mechanisms play in the process of value creation in an organization. Thus, a comprehensive analysis of a company's operations in this regard seems essential. In particular, it is advisable to include in this analysis the attributes of an effective business model, which focuses on solving the problems of selected consumer segments and thus helps build a competitive advantage. Depending on the type of activity, these attributes may include providing a personalized service, sharing assets with key partners, and a law firm's ability to adapt to customers' needs [Loch 2017].

Ultimately, the appropriate selection of these factors will determine the firm's success.

2. Value – its concept and essence

The issue of customer value is becoming increasingly important because of the dynamic processes that are occurring in the environment. Increasing competition means that supply often exceeds demand. As a result, consumers are able to compare the offerings on the market, primarily considering the proportionality of the benefits received and the costs incurred. The difficulties connected with competition are further compounded by changing consumer preferences. In order to satisfy them, companies must constantly analyse technological and social changes as well as customer needs [Mruk and Stępień 2013, pp. 13-14]. It seems that a company will be able to develop in a sustainable manner if it continues to provide an attractive offering for its customers. This can be achieved through developing appropriate abilities and building an appropriate infrastructure to create, communicate and deliver a customer value proposition [Selden and MacMillan 2006]. It is often rightly emphasized that treating customers as the focal point of a company's activities is becoming a necessary component of long-term development in the 21st century [Mruk and Stępień 2013, pp. 13-140]. Directing attention at people, however, first of all requires identifying what constitutes value for them.

It is difficult to find one definition of value. This concept should be considered in a specific context. It can have a number of meanings and interpretations. In economic terms, value is equated with the price of a product. However, price alone does not always lead to customer satisfaction. That is why a broader and more universal definition has been proposed [Mruk and Stępień 2013, pp. 14-15], according to which value is "the ability to create solutions, additional benefits, satisfaction and emotional experiences in the minds of consumers." At this point it is also worth mentioning the ideas presented by Thomke and von Hippel [2002].

They state that it is difficult to identify value since the information relating to needs comes from consumers, and the information on how to satisfy those needs comes from the providers of services. The issue is exacerbated by the fact that customers themselves frequently do not know which solution will be the most satisfactory for them and they discover it only when using a specific service. Thus, identifying unconscious consumer needs is another task that law firms must perform. As a result, the process of searching for customer value is often conducted by trial and error, and can be compared to a game of ping-pong between the supplier and the consumer. In the first round, the company provides a service to the customer based on incomplete or only partially accurate information about their needs. It is only at the consumption stage that the opinion of the customer on how the service should be performed is revealed. As regards the legal market, customers usually take into account such factors as the lawyer's diligence or the extent of the information provided. This game continues until a solution that is satisfactory for both parties has been found. Thus, the process of designing value propositions is a long-lasting and sometimes even continuous one.

According to Osterwalder et al. [2015, p. 8], a value proposition describes the benefits that customers can expect from specific products and services offered by a company.⁶ They point out that in order to correctly identify the benefits it is necessary to understand customers' needs in the emotional, social and functional spheres [Osterwalder et al. 2015]. Bakalarska [2016, p. 21] defines value from the perspective of an organization as "a system of beliefs and missions that can be put into practice through branding." Her interpretation points to the important issue of building an appropriate base, including primarily the personnel, which is capable of communicating and presenting value. An interesting contribution to the subject matter was made by Selden and MacMillan

⁶ Osterwalder et al. [2015] define benefits as all the gains, results and features that are desired or even required by customers.

[2006], who define value from the perspective of customer experience. In this approach, a value proposition should be viewed comprehensively and include products and services as well as all the interactions that customers have with the company.

These views illustrate the complexity of the issue under discussion. From the perspective of the recipient, the benefit/cost ratio will be of great importance, though both these elements can be interpreted very broadly, as illustrated by the examples in Table 2.1.

As indicated above, value can be perceived in terms of a comparison between personal benefits and sacrifices. Viewed in this way, value is a result of a mathematical calculation. A customer will look at this result strictly from a utility perspective, which means assessing the usefulness of a given service [Woodall 2003]. If, from the customer’s perspective, the balance is positive, i.e. the benefits outweigh the costs, they are likely to choose this offering.

Table 2.1: The benefit/cost ratio from a customer’s perspective

Benefits	Costs
service provided	price
satisfying emotional needs (e.g. providing a sense of security)	time spent on participating in the delivery of the service
acquiring new information	effort put into understanding the issues involved
additional remuneration	time spent on gathering or systematizing certain information necessary for providing the service

Source: own compilation

The issue is compounded by the fact that value is a highly subjective concept. It can be perceived differently depending not only on customers’ views, but also on the services offered by a given company. The strategies adopted by companies for creating and delivering value should be flexible, which does not mean abandoning the search for objective measures of measuring customer satisfaction [Mruk and Stępień 2013, p. 16]. Woodall [2003, p. 8] observes a similar problem in this regard. He emphasizes the variability of customer preferences. Customers are likely to choose an offering that will be more satisfactory to them at a given moment in time.

Hence, companies should strive to deliver more value in comparison to the next lowest-cost alternative, and at the same time take into account the specific time. To achieve this goal, however, it is crucial to constantly observe consumer behaviour, market conditions, and the activities of competitors. Thus, when striving to create value for customers a company must stay vigilant and keep a close watch on their characteristics, needs, and problems.

Customer value can be created at different stages of the purchasing process. In the literature [Mruk and Stępień 2013, p. 21] the general pattern of the purchasing process can be found.



Figure 2.1: General model of the purchasing process

Source: [Mruk and Stępień 2013, p. 21]

The authors of the above model [Mruk and Stępień 2013, p. 21] note that customers can perceive value in different ways depending on the stage of the purchasing process. In addition, they indicate that the perception may be different depending on whether purchases are made for the first time or they are repeated. These circumstances should be taken into account when creating value in the legal services market.

The individual stages of the purchasing process are described as follows [Mruk and Stępień 2013, p. 22]. Customer value before a transaction is primarily determined by the consumer's expectations and stereotypes. Delivering value at this stage involves providing relevant product information based on knowledge of the current market. For example, an international entrepreneur is more likely to trust a global law firm than a family law practice. A good first impression, which creates a positive attitude towards a company, may encourage a customer to use its services. One method of achieving this goal, although not without certain

risks, is offering a competitive price [Mruk and Stępień 2013, p. 22].⁷ Customer value during a transaction in the services market is created through contact with advisors. Maintaining satisfaction at this stage is mainly driven by the attitude of the employees involved in communicating and delivering value to customers. The next stage covers the after-sales period. Certainly in the legal services market this stage should not be treated as less significant than the previous one. Growing competition means that customers expect not only structured reports and clear recommendations; they also appreciate supervision over how the law firm's recommendations are implemented. Attention should also be paid to the appropriate standard of customer service when invoicing [Mruk and Stępień 2013, p. 22]. Finally, in the service sector it may be difficult to see customer value created after the consumption of the service. It is worth remembering, however, that some services can be performed on a one-off or continuous basis. For example, in the case of hiring an employee the law firm may simply prepare the relevant labour law documents, or it may continue informing the employer about important changes in this area after the employment contract has been signed. This means more effort for the firm, but also more value for customer.

The above discussion shows how complicated it can be to determine what constitutes true value for a given customer segment. Value will be determined by a number of factors, including the characteristics of the target group, their individual preferences, as well as the time of delivery. When striving to create value, customer needs will always be pivotal, and they can be considered in different contexts. Doyle [2003, p. 88] proposes a classification which comprises the following categories:

- existing needs, which can be satisfied (drawing up contracts, completing tax returns, risk identification etc.),

⁷ Offering customers a low price may mean that if they find an even lower one, they will promptly move their business to a competitor. Building a competitive advantage solely on the basis of price does not create customer loyalty and makes a company prone to sudden customer defection.

- latent needs, which cannot be satisfied yet and the proposed methods of satisfying them are innovative and thus at least temporarily unrivalled (a change in legislation that opens the way to new and more favourable legal solutions),
- incipient needs, which arise when customers become aware of the existence of tools for satisfying them (ensuring a sense of security, gaining control over certain processes).

The most difficult task that law firms will have to face may be meeting the broadly understood latent needs of customers. This will require an in-depth understanding of the clients' activities and problems.

In conclusion, it can be stated that unlike price positioning, delivering an appropriately designed value proposition represents a true challenge for law firms in the 21st century [Senior et al. 2017].

3. Designing value propositions in the legal services market

3.1. Methods of creating customer value

In order to understand what components constitute value for customers it is important to look at their goals; both at the individual and organizational level. As concerns organizations, the inner workings of a company will be analysed; i.e. its mission, vision, strategic direction, existing problems, strengths and weaknesses. For example, if a company seeks to provide its employees with a work environment that enables personal and professional development, the law firm will meet these needs by offering a wide range of in-house employee training, enabling them to acquire new skills and knowledge as well as boosting their confidence. In the case of a company operating in the construction sector which experiences frequent fluctuations in liquidity, the law firm may offer a range of legal instruments to safeguard the transactions made.

Identifying customer needs at an individual level is a much more challenging task. This is due to the considerable variation in the needs of individual employees in an organization. Some universal value-building elements proposed by Senior et al. [2017] can serve as guidelines in this

regard. The authors identified 30 fundamental elements which express core and universal values. On this basis they constructed a pyramid consisting of four categories of elements: functional, emotional, life changing, and social impact.

Table 3.1: The elements of the value pyramid

Social impact	Self-transcendence						
Life changing	Provides hope			Self-actualization			
	Motivation		Heirloom		Affiliation/belonging		
Emotional	Reduces anxiety	Rewards me	Nostalgia	Design/aesthetics	Badge value		
	Wellness	Therapeutic value	Fun/entertainment	Attractiveness	Provides access		
Functional	Saves time	Simplifies	Makes money	Reduces risk	Organizes	Integrates	Connects
	Reduces effort	Avoids hassles	Reduces cost	Quality	Variety	Sensory appeal	Informs

Source: [Senior et al. 2017]

Senior *et al.* [2017] conclude that the right combination of the above elements contributes to the success of a company. The more elements the company’s offering contains, the greater the chance of winning customer loyalty and thereby increasing the company's profits. Research indicates [Senior *et al.* 2017] that offerings which contain many of the highly valued elements result in faster revenue growth.

Studies also confirm [Senior *et al.* 2017] that depending on the sector, some elements of value are more meaningful to customers than others. The main purpose and mission of law firms is to solve customers’ problems. But an analysis of what it means to solve problems leads to the conclusion that this concept includes such elements as reducing effort, avoiding hassles, reducing cost, quality, providing information, saving

time, simplifying life, making money, reducing risk, organizing, reducing anxiety, motivation, and heirloom. It is also possible to include other elements of value in the activities of a law firm, such as rewarding loyal customers with lower rates. In turn, the sphere of social impact in the legal services market will primarily be realized through the concept of corporate social responsibility. Needless to say, the quality of legal services is an element of paramount importance: it is one of the most crucial needs irrespective of the sector. In the professional service sector, quality is the foundation of business. As a result, providing only adequate quality is unlikely to satisfy customers' needs. Selecting the elements of value also depends on the characteristics of the service providers. Smaller law firms will be better at delivering elements such as affiliation or badge value, whereas the advantages of larger firms will include saving time and reducing effort.

The conclusions presented by Senior *et al.* indicate that success is dependent on providing the customer with the greatest possible number, or an appropriate combination, of the elements of value.⁸ The above statement can be applied to the activity of law firms. The focus in this case should be primarily on satisfying the needs of those elements that are at the base of the value pyramid as this will help to achieve sustainable business growth.⁹ Then the company can progress to the next

⁸ Obviously, it is not possible to include all the elements of value in one offering. Senior *et al.* [2017] emphasize that this applies to even the most prosperous companies. For example, they report that in a study Apple received high scores for 11 out of the 30 elements of value [Senior *et al.* 2017]. Generally it is said [Senior *et al.* 2017] that companies that achieve 4 high scores for the elements of value grow four times faster than companies with one high rating.

⁹ The elements of the value pyramid were based on Abraham Maslow's hierarchy of needs. He argued that the driving force of human actions is the desire to satisfy needs. Thus, in 1943 he constructed a hierarchy of needs, beginning with those which must be met first (e.g. food, safety, physiological needs) and ending with those whose fulfilment is not absolutely necessary (e.g. self-esteem, self-fulfilment) [Senior *et al.* 2017]. Senior *et al.* [2017] show that the elements of the value pyramid exhibit many similarities to Maslow's pyramid. Just like in the latter, the needs that have to be met first are at its base, although success depends largely on the appropriate combination of the various elements in an offering [Senior *et al.* 2017]. Another interesting fact is that a more sustained growth can be achieved when companies first focus on the needs at the base of the pyramid, and only then expand their offering to include other components [Senior *et al.* 2017].

level and aim to satisfy the emotional needs of customers, which ought to translate into a higher rate of customer referrals as compared to companies which satisfy only the functional needs of consumers.

The theory outlined above has proved very useful in practice. It helps to understand what elements a value proposition consists of, which elements ought to be improved on, and which elements a company can add to differentiate itself from competitors. It is also useful when comparing a company to other players in its competitive environment. Ultimately, it can serve as a basis for analysing the strengths and weaknesses of an enterprise.

Creating and delivering customer value in the 21st century should place particular emphasis on the emotional context, including building strong interpersonal relationships. In the literature [Zorfas and Leemon 2016], one can find a number of emotional motivators that companies can use to create relationships with clients. It is argued that customers are inspired by the following desires:

- to stand out from the crowd, i.e. be seen as someone special;
- to have confidence in the future, i.e. perceive the future as better than the past; have a positive mental picture of what is to come;
- to enjoy a sense of well-being, i.e. feel that life measures up to expectations and that balance has been achieved; as well as seeking a stress-free state without conflicts or threats;
- to feel a sense of freedom, i.e. act independently without obligations or restrictions;
- to feel a sense of thrill, i.e. experience visceral, overwhelming pleasure and excitement; participate in exciting, fun events;
- to feel a sense of belonging, i.e. feel part of a group;
- to protect the environment, i.e. take action to improve their surroundings;
- to be the person they want to be, i.e. fulfil a desire for on-going self-improvement;
- to feel secure, i.e. pursue goals and dreams without worry;

- to succeed in life, i.e. feel that they lead meaningful lives and find worth that goes beyond financial measures.

Satisfying the emotional needs of customers will help companies get closer to them and ultimately gain their loyalty. Such people will be more likely to follow the firm's recommendations, use its services again, and refer other people to them. First of all, however, companies must identify the needs that are the most important to specific customers [Zorfas and Leemon 2016].

The value proposition canvas proposed by Osterwalder et al. [2015] is a practical tool for creating customer value. It consists of two elements. The first is a customer profile, which helps companies understand their clients. The customer profile consists of customer jobs, customer gains and customer pains.¹⁰ The second element is a value map, which describes in a structured way how customer value is created. It consists of a list of products and services on which a value proposition is based; gain creators (ways in which products and services benefit customers); as well as pain relievers (ways in which products and services relieve customers' pains). When the features of the value proposition map perfectly match the characteristics of a given customer profile a fit is achieved, and as a result the company is able to appropriately satisfy their customers' needs [Osterwalder et al. 2015, p. 8-9].

Customer jobs relate to customers' aspirations in personal and professional life expressed in their own words. They represent what the customer wants to accomplish both in their professional and personal life [Osterwalder et al. 2015, pp. 12-13]. Applying the classification of jobs to the legal market, the following can be distinguished:

- functional (aimed at solving a specific problem or completing a task), e.g. enforcing a payment from the client, completing a tax return related to a specific transaction, preparing labour law documentation for a new employee;

¹⁰ The customer profile analysis should always be based on a selected customer segment. Otherwise, it will not be possible to accurately identify customer characteristics [Osterwalder et al. 2015, p. 22].

- social (related to how customers want to be perceived by others), e.g. striving to be perceived as an expert in a particular field, or a desire for professional advancement;
- personal/emotional (related to the pursuit of a specific emotional state). For the clients of a law firm this state can equate with a sense of security and professional stability, or satisfaction with the decisions.¹¹

Becoming aware of what customers are trying to achieve in their lives will be beneficial in the process of looking for customer value. Defining customer jobs is useful because helping them to perform their jobs or taking over those which they do not want to do will help a company win their clients' loyalty. Christensen et al. [2016] propose the following guidelines for analysing customer jobs:

- look at customer jobs comprehensively. They often do not consist of several simple elements. It is necessary to analyse what kind of ultimate experience a person wants to achieve;
- always consider the circumstances that accompany the performance of a specific job;
- when helping to perform customer jobs we should focus on solving their problems rather than providing an inadequate solution, or none at all;
- completed customer jobs have a social and emotional dimension (for example, reducing the customers' stress levels).

It has been pointed out that an in-depth understanding of the jobs to be performed allows companies to discover what services are desired

¹¹ Osterwalder et al. [2015, pp. 12–13] also distinguish supporting jobs that are related to the consumption and acquisition of value. In the legal market, this will include an analysis of offerings and selection of advisors (buying value), giving feedback on the services provided (co-creating value), or deciding to abandon the services of a given company (transferring value).

by their clients, and what compromises they will be prepared to accept in the course of their provision [Osterwalder et al. 2015].¹²

Customer pains represent the problems they face when performing a specific job. Osterwalder et al. [2015, p. 14] distinguish three types of pains:

- undesired outcomes, problems and characteristics. These can be functional, social, emotional or ancillary. They also include characteristics unappealing to the customer. In the legal services market this will in particular refer to dissatisfaction with the legal services provided, for example as a result of not receiving clear recommendations. A negative emotional state may also occur if a customer does not understand the results of legal analysis. Undesired characteristics will primarily include delays in the provision of services;
- obstacles. These are pains which either prevent a customer from starting a job or hamper the customer in completing an assigned task. As regards legal services, the most common obstacles include lack of time or sufficient funds to purchase the service;
- risks (potential negative consequences of an action). Risks relate to potential failures that a customer may experience. They are very important for customers in the legal market. For example, an incorrect classification regarding the sale of an enterprise (i.e. as an enterprise or an organized part of an enterprise, or as specific assets) in terms of tax regulations may have adverse financial implications; and even in the case of a very thorough legal or tax analysis, the customer faces the risk that using a particular solution will ultimately not produce the desired result.

¹² The authors suggest that the following questions should be asked when identifying customer jobs: What experiences will help the clients to make the progress they are hoping to achieve in the circumstances? What obstacles must be removed? What are the social, emotional and functional dimensions of their jobs? [Christensen et al. 2016].

In order to accurately identify customer pains companies need to ask very specific questions, such as what elements should be added to the current value proposition to make a specific customer segment willing to take advantage of the offering. Another question is what kind of knowledge customers must have in order to fully benefit from the legal and tax recommendations. Some questions do not have clear answers. They will depend on the characteristics of the customer segment. For example, what does it mean that a given service is expensive and how much should it cost to make more people use it? For large companies, where running a business often involves greater risks, the price may be appropriate. However, the main problem for them may be the timing of providing the service, as the decision-making process in global corporations can often be quite long [Osterwalder et al. 2015, p. 15].

The last elements in the customer profile as proposed by Alexander Osterwalder et al. [2015, pp. 16-17] are the positive effects that companies deliver to customers, which are described as gains. The authors distinguish the following gains:

- required; these are benefits without which the solution provided to the customer will not function. For example, when hired to represent a client in court, a lawyer is expected to correctly file a lawsuit;
- expected; customers expect certain services even if they are not absolutely necessary to ensure the desired outcome. An example of such a gain is the lawyer's attendance at every hearing during the trial;
- desired; these relate to results that exceed customer expectations. However, customers are not always aware of them. An example can be a proposal to optimize part of the company's business, which can bring measurable financial benefits to the client;
- unexpected; these are most difficult to deliver because customers never ask for them. The effects of such activities go beyond customer expectations. For example, a law firm could create a business consultancy department or establish cooperation in this

area with an external partner and advise their customers about the economic aspects resulting from the implementation of certain legal recommendations.¹³

The second element of the canvas proposed by Alexander Osterwalder et al. [2015] is a value map, which comprises three dimensions; i.e. a list of products/services, pain relievers, and gain creators. The first element describes the broadly understood benefits (products or services) that are on offer [Osterwalder et al. 2015, p. 29]. Pain relievers, in turn, are remedies for clients' pains. They are intended to reduce customers' anxiety connected with a planned task. Obviously, companies cannot help customers with everything. Therefore, it is crucial to identify and address those issues that are of the utmost importance to clients.¹⁴ The last component are gain creators, which refer to the ways in which a product or service creates value for customers [Osterwalder et al. 2015, pp. 31 – 33].¹⁵

The canvas should be created for a specific customer segment, and all of its elements should be graded according to their level of importance. An example of a customer profile for an institutional segment employee (e.g. an employee of a large company such as a chief financial officer or chief accountant) is shown in Table 3.2.

The analysis showed that the organization's offering inadequately meets some of the customer's needs, especially those relating to professional development (acquisition of new skills, greater confidence),

¹³ Osterwalder et al. [2015, p. 17] give examples of some specific questions which can help companies find out what is important to customers, for example: Which savings would make your customer happy? (e.g. in terms of time, money and effort); What level of quality do they expect? (e.g. more of something, less of something); What would make your customer's job or life easier? (e.g. flatter learning curve, more services, lower cost of ownership); What positive social consequences does your customer desire? (e.g. something that makes them look good, increase their power or status).

¹⁴ Osterwalder et al. [2015, p. 31] examine customers' pains by asking questions relating to, among other things, ways to eliminate customer frustration, make savings, reduce risks, reduce the number of mistakes they make, help them achieve specific objectives.

¹⁵ As regards gain creators, Osterwalder et al. [2015, p. 33] suggest asking the following questions: How will the services save customers' time or money?; How will the services help them achieve goals, gain a specific status, or simplify certain processes?

lack of time, and relevance of the advice given to their business activity. Of course, a value proposition is unlikely to address all the customer's pains and will not solve all their problems. It is believed that the best value offerings address those problems which from the customer's point of view are the most important. Thus, all the elements of a canvas should be classified according to such criteria. The final result should be a fit. According to Osterwalder et al. [2015, p. 42] a fit can be achieved when the proposition fulfils the following conditions:

- undertakes important jobs,
- alleviates extreme pains,
- creates desired gains.

Achieving and maintaining a fit is a difficult task that involves a number of stages. Adjusting the solution to the problem is only the first step. This stage is characterized by a high degree of uncertainty as companies can only estimate what jobs, gains and pains are the most important to customers, or they may not even be able to identify them at all. Thus, at this initial stage value should be treated as a projection [Osterwalder et al. 2015, pp. 48-49]. The next step is achieving a product-market fit. This can be done when there is evidence that a given proposition creates real value for the customer.

Table 3.2: The value proposition canvas for an institutional client

Customer profile			Fit	Value map			
Jobs	Pains	Gains		Products and services	Pain relievers ¹⁶	Gain creators	
Risk assessment and reduction	Constant lack of time	Useful for promotion	Developing a specialist legal online course	Legal advice	Eliminates or limits the risk of operations (insurance)	Helps to clearly present solutions	
Fulfilling daily duties	Legislation difficult to understand	Lowers the risk of operations		Tax advice	Provides clear recommendations that help in decision-making	Promotes choice of the best solutions	
Convincing others of the correctness of decisions made	Legislation frequently changed	Brings savings		Training sessions in the law firm	Saves time in terms of following changes in legislation	Helps to understand what is important for clients	
Appearing as an expert in the eyes of the board of directors	Recommending a wrong course of action	Helps to understand the subject matter		Training sessions in the customer's company	Reports	Uses understandable language	Guarantees that the actions taken comply with the law
Building authority among employees	Services too expensive	Education for the future			Support during controls and inspections	Provides comprehensive explanations	Draws attention to additional aspects
Being up-to-date with legislation	Impractical or useless recommendations	Helps to gain recognition of the team		Collaboration with a financial/business consultancy firm	Legal due diligence	Offers competitive prices	Enables instant contact
Developing professional career	Difficult language of legal advice	Clearly presents many possibilities			Tax due diligence	Offers flexible forms of payment	Helps to consider many options
Implementing the decisions of the board of directors	Delayed delivery of service	Contains clear recommendations			Transfer pricing documentation	Offers a wide range of services	Limits financial losses
Creating value for the organization	Helplessness with regard to a problem	Helps to feel in control			Legal overview	Offers discounts for loyal customers	Helps to make a profit
Managing personnel	Dismissal	Boosts self-confidence			Tax overview	Informs	Helps to implement processes

Source: own compilation based on Osterwalder et al. [2015, p. 61]

White background indicates that the elements alleviate pains, create gains and relate to customer jobs
Grey background indicates jobs, pains and gains not included in the value delivered

¹⁶ Pain relievers and gain creators differ from each other in that the former focus on the pains identified in the customer profile, while the latter on the gains. In addition, pain relievers and gain creators differ from pains and gains because only in the case of the former two does a company have control [Osterwalder et al. 2015, p. 38].

Creating a specific solution is a long-term process, at the end of which it is essential to analyse whether the developed solution conforms to the adopted business model [Osterwalder et al. 2015, p. 49]. Ultimately, creating value is like walking a tightrope between value for the customer and value for the organization. Failure to balance the benefits to the client and the costs to the organization can end in disaster.

These efforts should result in creating a "Great Value Proposition." Osterwalder et al. [2015, pp. 72-73] identify the following characteristics of Great Value Propositions:

- are embedded in great business models,
- focus on the most significant jobs, most severe pains and most relevant gains,
- focus on unsatisfied jobs, pains and gains,
- focus on a few pain relievers and gain creators but do these extremely well,
- address functional, emotional and social jobs all together,
- align with how customers measure success,
- focus on jobs, pains and gains that a large number of customers have, or for which a small number are willing to pay a lot of money,
- differentiate from competition in a meaningful way while not losing focus on the jobs, pains and gains which are important to customers,
- outperform the competition substantially in at least one dimension,
- are difficult to copy.

Achieving long-term results as regard a "Great Value Proposition" is certainly very difficult in practice. However, this does not mean that law firms should not seek to achieve all or at least some of its features. Enhancing the value proposition has a direct impact on the level of customer satisfaction.

3.2. **Techniques for customer value creation**

The first step in the process of value creation should be its identification. This involves analysing the needs of a particular customer segment and determining those characteristics of a product or service that are the most important to such customers [Selden and MacMillan 2006]. There are many ways in which customer value can be created. A fundamental means and technique for designing customer value propositions is observation. In the literature [Mruk and Stępień 2013, p. 28], different kinds of observation are specified, of which several are particularly relevant in the legal services market:

- observing the behaviour of customers and becoming aware of their needs, both overt (articulated) and hidden,
- observing the values offered by consumers,
- analysing the factors determining effective value delivery,
- observing other markets on an international scale,
- participant observation, i.e. using the services of a lawyer.

Observation is a fundamental method and a foundation for creating value. Thus, it is the starting point for further discussion on this subject. Other value creation techniques which can be useful in the legal services market include the following:

- analysing the information which comes from customers, including critical comments, complaints, social media posts, unusual requests [Mruk and Stępień 2013, p. 28];
- brainstorming and its variations (e.g. exchanging ideas on the Internet; writing ideas down, then reading and modifying them among a group of employees) [Mruk and Stępień 2013, p. 29];
- the "disruption" method. This method is based on rejecting conventional approaches and proposing a new solution [Mruk and Stępień 2013, p. 30]. In the legal services market this can be illustrated by the example of a lawyer who specialized in providing services for architects. Rather than directing his offering only to the existing clients of his firm, he decided to cooperate with a

professional association of architects, offering its members free legal advice with the Chamber of Architects providing information about his consultation times. Architects receive excellent value in the form of a free consultation which gives them an opportunity to discuss their legal problems and get some immediate solutions, or to consider officially hiring the lawyer if the issue proves complicated. The lawyer also benefits from this solution by building relationships and establishing long-term cooperation with clients;

- collecting feedback using de Bono's Six Thinking Hats, which represent specific ways of thinking (e.g. weak points, neutral points, and alternatives) [Mruk and Stępień 2013, p. 30]. By examining and discussing the individual elements involved in, for example, implementing a new remuneration system it is possible to thoroughly explore the matter;
- "tell me stranger" technique. People working in a particular law firm have their customs and habits. This applies also to their perception of customers. Asking a neutral person to suggest a solution to a problem can bring surprisingly interesting results [Mruk and Stępień 2013, p. 30];
- "for and against" method. For instance, a law firm intends to introduce a package of three legal consultations for a flat fee. The team leader divides the team members into those for and those against the introduction of such a solution. The groups present their arguments, which are then discussed and analysed [Mruk and Stępień 2013, p. 30];
- "table of elements" method. This involves writing in a table the different features and benefits of a given service, which makes it possible to combine different data and find new solutions [Mruk and Stępień 2013, pp. 30-31];
- random stimulus method. This involves selecting some encyclopaedia entries or finding another intellectual stimulus (e.g. a

visit to the theatre), which serves as the basis for creating value for the client [Mruk and Stępień 2013, p. 31];

- rejection method. This method is based on imagining why a customer is not able to use a given service. For example, the language of legal advice could be such a barrier [Mruk and Stępień 2013, p. 31];
- collecting books or magazines dealing with important topics, trends or ideas, giving them to the participants and asking them to select one idea to be discussed in the context of designing customer value propositions [Osterwalder et al. 2015, pp. 92-93];
- voting by means of "point-scoring." This technique involves evaluating ideas by awarding them points and then choosing the best one. The subject of the assessment can be selected customer characteristics [Osterwalder et al. 2015, pp. 138-139];
- asking customers to provide feedback on the services provided. It is important that the request for information should not suggest answers to the questions and should leave customers some freedom to express their opinions [Selden and MacMillan 2006];
- analysing the values pursued by the client's company (sense of security, hard logic, etc.) and deciding whether the specific value proposition is consistent with them [Wiewiórski et al. 2009];
- visualizing ideas in the form of drawings. The drawings are based on brief and general assumptions. Their task is to present and communicate an idea to be discussed. This is an inexpensive method which makes it possible to compare different alternatives and as a result reject those which are unprofitable or do not create customer value. The best drawings define only one idea (in general terms, without specifying the methods of its implementation). The drawings should be simple; no more than 10-30 seconds should be spent on them. The drawings can be a trigger for discussion and then can be evaluated by means of assigning point ratings (voting for a favourite idea) [Osterwalder et al. 2015, pp. 80-81];

- improvisation. This is a useful technique, which consists in completing the following sentence: "Our ... (products and services) help(s) ... (customer segment) who want ... (job to do) by ... (your choice of actions, e.g. reducing, avoiding) and ... (your choice of actions, e.g. increasing, enabling), unlike ... (competing value proposition)" [Osterwalder et al. 2015, p. 82].

Osterwalder et al. [2015, p. 76] complement the techniques for creating customer value with specific principles accompanying this process. These relate to constructing prototypes (working models) of value propositions which provide a basis for testing them [Osterwalder et al. 2015, pp. 78–79].¹⁷ The following prototyping principles are distinguished:

- make it visual and tangible,
- embrace a beginner's mind,
- don't fall in love with first ideas – create alternatives,
- feel comfortable in a "liquid state" (in the initial stages of the process),
- start with low fidelity, iterate and refine,
- expose your work early – seek criticism,
- learn faster by failing early, often and cheaply,
- use creativity techniques,
- do not be afraid to create "Shrek models" even if they seem extreme or outrageous,
- track learnings, insights and progress.

¹⁷ Osterwalder et al. [2015, pp. 88 – 89] propose a set of inspiring questions that companies can ask when designing customer value. In the legal services market the following questions seem the most relevant: Could you imitate or "import" a pioneering model from another sector or industry?; Could you dramatically change your cost structure to significantly reduce prices?; Could you create a new gain creator for a given customer profile?; Could you imagine a new product or service?; Could you create a new pain reliever for a given customer profile?; Could you adapt your value proposition to a new or underserved segment, such as the rising middle class in emerging markets?; Could you give away your core product for free or increase your prices by a multiple?; Could you focus on your customer's most essential unrealized gain?; Could you uncover a new unsatisfied job?; Could you solve your customers' most extreme unresolved pain?

Table 3.3: Techniques to gain customer insights

Role	Strength	Weakness	Application in the legal services market
The Data Detective	Great foundation for further research	Static data from a different context	Using existing analyses to examine issues connected with creating and delivering customer value to customers: <ul style="list-style-type: none"> – searching for reports of independent organizations (e.g. The Polish Agency of Enterprise Development in terms of the conditions for investment by foreign entrepreneurs in Poland), – searching for government data (e.g. data from the National Bank of Poland or the Central Statistical Office which is relevant for a client), – checking the Internet for the most popular search keywords among customers (e.g. looking for premises to lease for new business outlets), – analysing opinions and comments about the organization on social media, – identifying the three most frequent critical comments and complaints from customers, – identifying the channels that customers use to make contact with the company (web page, recommendations, accepting targeted offers).
The Journalist	Quick and cheap to get started with first learnings and insights	Customer might say one thing in interview but behave differently in the real world	Direct communication with customers: <ul style="list-style-type: none"> – determining the most important jobs, pains and gains for a given customer segment prior to the interview, – preparing questions and reviewing them after the interview to determine whether they are appropriate and help to obtain reliable data, – drawing conclusions from the interview in terms of customers' most important jobs, pains and gains, – identifying similarities and differences between the interviews (focusing on recurring factors), – looking for reasons ("why" questions), asking open questions which allow the interviewees to freely express themselves
The Anthropologist	Discover real world behaviour	Difficult to gain customer insights related to new ideas	Observing customers during their work: <ul style="list-style-type: none"> – organizing legal and tax consultations on customers' premises and observing how they work, – organizing meetings on customers' premises, inspecting the companies, e.g. factories, distribution centres etc., – observing with whom and how customers cooperate, – discussing issues relating to the sector in which customers operate, business constraints etc.
The Impersonator	First-hand experience of jobs, pains and gains	Not always representative of your real customer or possible to apply	<ul style="list-style-type: none"> – using the services of a lawyer – using the services of a tax advisor
The Co-creator	Proximity with customers can help you to gain deep insights	May not be generalized to all customers and segment	Involving customers in the value creation process: <ul style="list-style-type: none"> – creating an online platform dedicated to industry-specific topics where other customers from the same or similar industry could benefit from practical business and legal advice
The Scientist	Provides fact based insights on real world behaviour	Can be hard to apply in existing organization	Encouraging customers to join in an experiment connected with value creation: <ul style="list-style-type: none"> – a proposal for a new remuneration system (e.g. instead of being paid by the hour, employees will be paid on the basis of the value they have created in the assessment of the management).

Source: own compilation based on Osterwalder et al. [2015, p. 106–119]

In the literature one can also find techniques to gain customer insights, which involve assuming different roles [Osterwalder et al. 2015, p. 106]. Table 3.3 presents these roles in relation to the legal services market.

Gathering information from different perspectives is certainly a valuable basis for further analysis. However, in order to obtain the full picture of value it is crucial to continuously observe not only customers but also competitors. Observing competitors involves analysing the value they deliver, including their specific attractors which make other offerings seem less satisfactory. Kim and Mauborgne [2015] provide a useful tool for performing such an analysis in the form of a value curve, which visualises the strategies undertaken by close competitors. To make a value curve, certain factors of competition are first selected and listed along the horizontal axis. Then, the extent to which each company invests in a given factor is marked along the vertical axis. In the legal services market such a value curve can be illustrated by the following example.

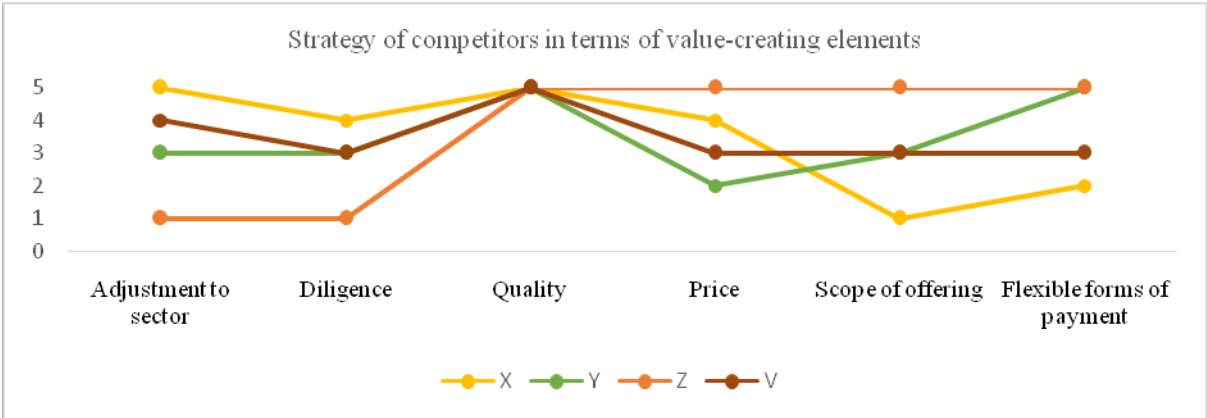


Figure 3.1: Value creation based on competitors’ offerings

Source: own compilation based on Kim and Mauborgne [2015, pp. 65–17]

The above value curve illustrating the competitive offerings of firms X, Y, Z and V can serve as a basis for analysing the weaknesses and strengths of our law firm’s value proposition. Once this is done, the firm will be able to review its strategy and either enhance certain elements which contribute to the value proposition, or eliminate those that do not.

Table 3.4: Techniques for customer value creation in law firms

Legal case management
1. Conducting organizational sessions before every important case to ensure that the lawyers and clients are in agreement with regard to the goals, results, forms of financial settlement, methods of communication, team members, etc.
2. Conducting organizational sessions with the client at the end (or in the course) of each case to discuss important developments or conclusions
3. Collaboration with financial advisors in order to provide up-to-date and reliable data for further analyses
4. Appointing project managers to handle complex cases
Customer service
1. Educating partners and employees on customer value creation
2. Employing managers responsible for customer service, maintaining customer relationships, creating innovative solutions, creating interdisciplinary teams to discuss customer service issues, developing customer service plans
3. Discussing with clients their strategic vision to determine what legal steps are necessary to implement it
4. Creating a knowledge base for customers (especially from specific sectors) to share information about matters related to business operations
5. Initiating networking between clients
6. Organising employee brainstorming sessions on customer service and delivering customer value
7. Visiting customers' companies, organising meetings to discuss the main issues relating to their business
8. Providing customers with relevant legal and tax alerts that contain the most important information relating to the business environment
Billing
1. Introducing alternative billing methods, such as flat fees, flat fees for the completion of specific stages (milestones), and fees based on risk assessment or value delivered
2. Preparing written billing guidelines, including specific examples and customary practice, and circulating it within the firm
3. Developing a clear billing system that shows the tasks involved at every stage of the service and the time spent on completing these tasks
Professional development
1. Implementing professional development programmes with regard to customer service and case management
2. Involving customers in the professional development process of the law firm's employees
Technology
1. Training employees in the area of new technological solutions
2. Using professional business process management software for law firms

Source: own compilation based on Association of Corporate Counsel [1998 – 2014]

Practical guidance as regards creating customer value can be found in the materials developed by The Association of Corporate Counsel [1998-2014], which in a structured way present a range of value-creating techniques. Some of the most significant ones served as a basis for the ideas listed in Table 3.4.

The above list of methods and techniques is by no means exhaustive, but it certainly contains a diverse range of ideas. They differ primarily in the degree of difficulty involved; which includes the amount of

time devoted to analysis, the financial resources, and the involvement of employees or clients in the process. It certainly seems worthwhile to apply a range of the dimensions of value as such an approach will permit a comprehensive view of the value proposition for customers. At the same time, companies should constantly observe their customers, especially their changing market preferences. This can help them outperform the competition and gain customer loyalty, thus achieving long-term profitability [Selden and MacMillan 2006]. It must be borne in mind that in the legal services market it is essential to provide the client with true and real value. In the service sector in general, the customers sharing their positive experiences can be a decisive factor for achieving success. This is because services are recommended more often than products as people use them continuously [Jacaszek et al. 2011].

The above reflections can be concluded with some comments by Mruk and Stępień concerning the determinants of creating customer value. These are based on the need for the involvement of people at all levels of an organization. First of all, it is necessary to develop an internal culture aimed at creating value. This can be achieved by educating the staff and enabling them to submit new ideas [Mruk and Stępień 2013, p. 27]. In addition, involving the employees in this process should trigger in them a sense of shared responsibility [Weglarz 2016]. It is also crucially important to clearly communicate to employees the identity of the organization, its values, as well as its potential for influencing the environment. The mission and vision require consistent implementation at every step and level of operations, including within the organization. Accordingly, the management should not only convert their employees' ideas into strategies, but also be aware that the employees are watching their actions and attitudes to customers, as well as their ways of dealing with problems, and will later replicate them [Power 2011].

Conclusions

Intense competition in the legal services market and aggressive price reductions have created additional barriers to new entrants as well as forcing existing players to adjust. Customers are increasingly looking for lawyers who will give them the same value for a lower price or a higher value for the same price. In an era of universal access to information and its dynamic exchange, it is expected that these changes will accelerate. Moreover, it is difficult to meet consumer needs. This requires not only correctly identifying existing needs, but also discovering those of which the consumers are not yet conscious. As a result, the managers of law firms face the difficult challenge of reducing costs while at the same time maximizing customer value.

In order to confront the above challenges, law firms may adopt different strategies. The first step in implementing those strategies should be an analysis of the adopted business model as it determines the nature of the particular offering by specifying the company's capabilities and limitations. Then, it is important to identify the elements of the value proposition and examine whether these elements lead to increased customer benefits. The next step that law firms should take involves deciding on how they want to build value. This requires taking into account many factors such as market trends, the type of business activities in which the company is involved, the customer jobs to be done, as well as the preferences of the company's employees.

Regardless of what strategy a law firm adopts, it should bear in mind that value creation is a continuous process. The value proposition should therefore be periodically reviewed to ensure that it always meets customer needs.

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