



## Ancient Strategy

Xenophon, writing in *The Education of Cyrus* in the 4th Century BC, identified some important truths about the nature of work and business.

*In small cities the same person makes beds, doors, ploughs, tables – and he often does building jobs as well. Even so he is happy if he can find sufficient work to support him. And of course it is impossible for a man who pursues many trades to be good at them all. In large cities, however, there is a great demand for every form of trade, and one craft, or often even just a part of one, is enough to provide work: one person, for instance, makes shoes for men, and another for women; in some places a person may even make a living by just stitching shoes, another by cutting them out, one by simply sewing the uppers together, while yet another engages in none of these activities but instead assembles the various parts. So anyone who spends time at a very specialist task is bound to achieve excellence at it.*

This short paragraph is incredibly insightful and it has the strength of sound argument built upon the solid foundations of direct observation. While the key themes may seem obvious to us with the benefit of two millennia of hindsight (and two centuries after the Industrial Revolution introduced specialization, industrialization and the birth of the modern company) it is still thought provoking. The passage provides an interesting perspective from which to consider the strategic management of professional firms.

The power of personal specialization in building expertise and the realization that teams can produce a superior result to generalist artisans is one that many lawyers struggle to come to terms with. Rather than embrace the obvious advantages of such an approach many prefer to take what might be called the ‘William Morris approach’, looking back, as the Arts & Crafts movement did, to an idealized pre-industrial past. I am a craftsman not a worker – let me escape the dark, satanic mill to the lush countryside where I will weave beautiful cloth with my own hands. It is a beguiling fantasy.

The breadth that appeals to individual professionals is largely contrary to the depth of expertise that is sought by clients. As Xenophon identifies, specialization is a prerequisite to the development of competitiveness. This does not mean that law firms need to mimic a developmental trajectory from village blacksmith to Ford to Foxconn. But it does require firms and their lawyers to develop the skills and systems, individually and collectively, necessary to do work of the quality and value clients expect. Partners must not be distracted by an artisanal fantasy from building an efficient and effective firm providing high quality legal advice on complex, technical matters.

This is unlikely to be news to the Managing Partners of major law firms but Xenophon’s writing also contains a second, highly valuable, insight. He captures nicely the point that the degree of specialization achievable depends to some extent upon the market in which one operates.

In the major legal centers such as New York or London a very high degree of specialization is both attainable and required to be competitive. The pool is deep and great expertise is necessary. In other, smaller, national or international markets this may not be the case. In small markets, in which the volumes of available work are lower,

## Fairfax INSIGHTS

partners and other lawyers need to maintain broader practices in order to generate the volume of work required to 'support themselves'.

Furthermore, breadth becomes self-fulfilling: When clients within these smaller markets find themselves facing a complex or crucial legal issue they often bypass the local generalists and turn to specialists in the major centers for advice. The more generalist local lawyers do not even benefit, therefore, from the experience of undertaking the relatively low volume of more complex work generated in their small market. Xenophon, one suspects, would have had his shoes made in Athens even when in exile in the small village of Scillus – much to the disappointment of the local craftsmen.

This has important implications for law firm strategy and Managing Partners should be alert to the perspective that they bring to the management of the firm. For example, a national firm which consists primarily of lawyers working in smaller regional centers will not be able to apply the same broad approach to practice when developing its office in a major hub. Generalists are rarely competitive in a market of specialists.

Conversely, a firm which has developed within a major legal center and then chooses to open offices in smaller markets should not expect to duplicate its approach in these more limited locations. Specialists will starve in a small market.

What is expected of partners, how they work and develop business, the way in which they interact with and contribute to firm-wide practices will vary. This is true for global firms seeking to develop offices in both major financial centers and secondary cities and for firms with national networks of offices in smaller cities seeking to establish a presence in major centers.

A partner in London likely has more in common with a partner in New York than a partner in a small city elsewhere in either country. And partners in small cities around the world have more in common with each other than with partners in a major financial center in their own country.

Partnership is a simple and highly effective method of organizing a firm when all partners operate in the same area of practice in the same market. What makes partnership complicated is when there is significant variation and seeking to enforce consistent, rigid expectations on partners may be an error.

Partners in different markets will need to contribute in different ways in order to be effective. The expectations placed on partners, the role description and potentially the criteria used for assessing performance may need to vary. Consistency is enormously important within partnerships but there are instances in which wise Managing Partners will recognize the value in allowing for a degree of variation.

Xenophon simply states the benefits of expertise and how the realities of the market may influence the degree of specialization required to be successful. It is worth reflecting upon his words and considering the implications for your firm.

---

### London

Principal: Giles Rubens  
[giles.rubens@fairfaxassociates.com](mailto:giles.rubens@fairfaxassociates.com)  
44 (0)20 3633 3943

### Washington

Principal: Lisa Smith  
[lisa.smith@fairfaxassociates.com](mailto:lisa.smith@fairfaxassociates.com)  
202.365.4180

### California

Principal: Kristin Stark  
[kristin.stark@fairfaxassociates.com](mailto:kristin.stark@fairfaxassociates.com)  
415.215.9294