

# LEGAL MANAGEMENT

THE MAGAZINE OF THE ASSOCIATION OF LEGAL ADMINISTRATORS

LI LEGAL INDUSTRY/BUSINESS MANAGEMENT

## Strategic Planning

It's not just for 'BigLaw' anymore

Law firms have been rocked in the past 20 years by extraordinary change. There has been an oversupply of lawyers and a flat demand for services since 2008. Clients are more demanding and sophisticated than ever before, and competition is more intense. Technology has changed the way lawyers practice, collaborate and interact. Further, massive generational change is coming as boomer-generation lawyers retire and Generation X and Millennials take their place.



**JOHN STERLING**  
Founding Partner of Sterling  
Strategies

In today's legal environment, a firm that is standing still is losing ground. Every law firm should create a plan that looks forward five years in terms of practice mix, client mix, firm size and geographic footprint.

Importantly, we believe that every firm needs a plan, regardless of firm size. In fact, we believe that a solid, realistic plan is every bit as important for solos and smaller law firms as it is for their larger brethren.



**JOHN REMSEN, JR.**  
President and Chief Executive  
Officer of The Managing  
Partner Forum

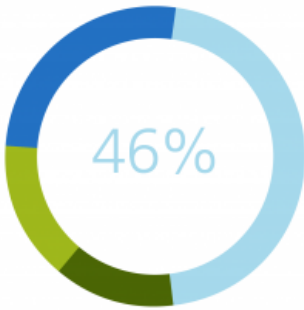
Most law firm leaders recognize that they must run their firms more like a business to remain viable and competitive in today's rapidly changing marketplace. And like any business, a plan is essential to take the organization (and the people in it) where it wants to go. A strategic plan is no longer optional. Without one, the firm might be best described as rudderless ship moving with the tide or, worse, as little more than a hotel for lawyers.

Start with identifying the destination. It's important for firm leaders to solicit input from partners, associates and key support staff. This input allows firm leadership to define a shared vision for the future and to identify common goals. And that involvement creates a sense of ownership in the strategic plan that ultimately emerges.

### **MORE FIRMS ARE GETTING THE MESSAGE**

During the past 15 years, we've surveyed law firm managing partners from time to time on the topic of strategic planning. Historically, about 40 percent would tell us that their firm had a plan. Those with plans would report positive results.

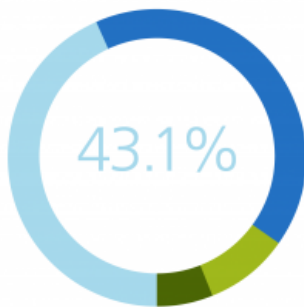
However, more firms seem to be getting into planning in recent years, according to our most recent data. In March 2014, The Managing Partner Forum (MPF), in affiliation with Sterling Strategies and The RemsenGroup, conducted an online survey about strategic planning in which 120 managing partners participated.



## Do you have a written strategic plan?

- **46%** Yes – it is of recent vintage (developed in the past few years)
- **26%** No – we do not have a strategic plan
- **15%** Sort of – our strategic plan is currently a work in progress
- **13%** Yes - but it is a bit long in the tooth (more than a few years old)

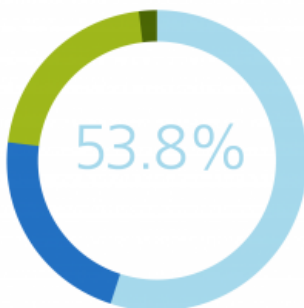
Fifty-nine percent of survey participants indicated that their firms have a written strategic plan. Among those with plans, 52 percent claimed to be doing a good job on implementation.



## Implementation Success

- **43.1%** Pretty well – we could do better, but we do most of the things we committed to doing
- **41.5%** Fair – we are doing a spotty job when it comes to implementing our plan
- **9.2%** Very well – we track and implement the plan diligently
- **6.2%** Poor – we just can't seem to implement much of what we committed to doing

Furthermore, 77 percent say that planning has had a clearly positive impact on firm performance. Now that's pretty compelling data in favor of strategic planning.



## Strategic Plan – Impact on Firm Performance

- **53.8%** Somewhat successful – clearly positive impact, but there have also been some real disappointments
- **23.1%** Very successful – a clear and positive impact on our law firm and its overall performance
- **21.5%** Somewhat disappointing – the plan has largely sat on the shelf gathering dust, with a few positive exceptions
- **1.5%** Total bust – has not helped our firm, it was a wasted effort all around

The data is clear: More firms are embracing strategic planning than ever before – and they're seeing positive results from their efforts. The 2008 economic downturn and the subsequent rocky recovery seem to have forced firms to change their thinking on this matter.

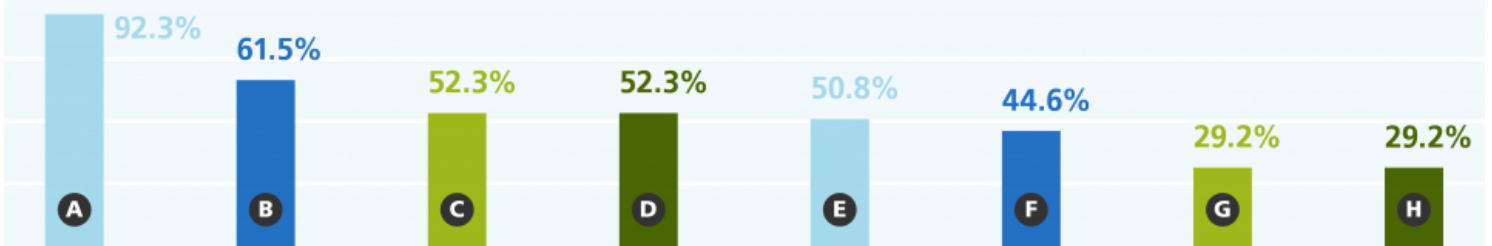
### LOOK TO THE FUTURE – NOT TO THE PAST

In approaching a strategic plan, we urge firm owners to look out five years into the future. Where will the firm be in terms of its client mix, its practice mix, the demographic makeup of its partners and other professionals, its size, its financial performance and its geographic footprint?

Developing a strategic plan can be a challenge for firm leaders, as lawyers don't like change or anything they perceive to be risky. Partners tend to look to the past — gathering facts and seeking precedence. Additionally, they are skeptical by nature, value their autonomy and have a short-term

outlook. Our recent survey uncovered the most common approaches firms take when developing a strategic plan.

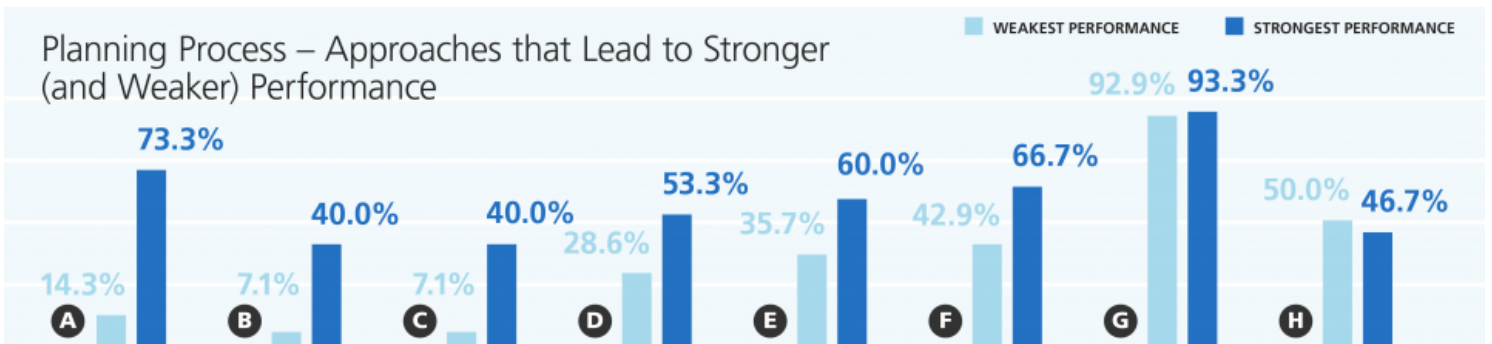
## Strategic Planning Process – Common Practices



- A. Gathered input from partners via interviews or survey
- B. Analyzed legal industry trends/considered future scenarios for the legal industry
- C. Carried out profitability and related financial analyses
- D. Gathered input from associates/staff via interviews or survey
- E. Engaged a consultant to help with some aspect(s) of the process
- F. Analyzed benchmarks/statistical comparisons with peer firms
- G. Gathered client input
- H. Carried out competitive analyses (on direct competitors/ other law firms)

However, firms whose strategic plans have the strongest positive impact on performance take a decidedly different approach to planning than their less successful counterparts. The more successful firms are much more outwardly focused — examining peer performance, carrying-out competitive analysis and gathering client input.

## Planning Process – Approaches that Lead to Stronger (and Weaker) Performance



- A. Analyzed benchmarks/statistical comparisons with peer firms
- B. Carried out competitive analyses (on direct competitors/other law firms)
- C. Gathered client input
- D. Carried out profitability and related financial analyses
- E. Engaged a consultant to help with some aspect(s) of the process
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Make sure you have an external perspective as you develop your own strategic plan.

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### WHAT GOES INTO YOUR FIRM'S PLAN?

What comprises a strategic plan? Specifically, we recommend including the following elements in most cases:

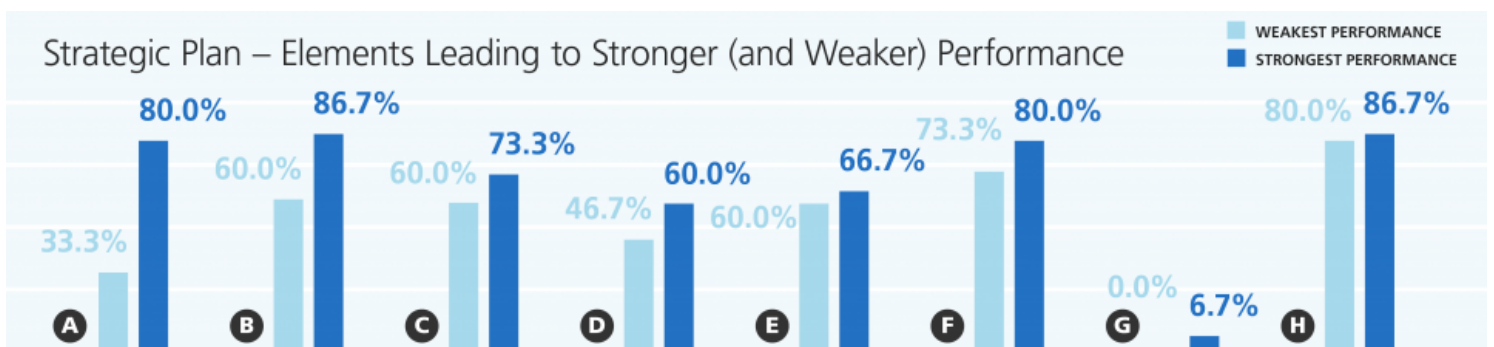
**Vision and Mission Statement:** Your vision and mission should describe what your firm aspires to do throughout the next five years. It represents the big picture direction your firm is taking, so it's important to have firm-wide buy-in.

**A Limited Number of Primary Goals:** Once you've identified your vision for the future, the next step is to identify a small number (three or four) goals that give meaning to your vision. Primary goals become the focal points for the rest of the strategy — identifying those few things that will enable the firm to maintain a solid competitive position and distinguish itself in the marketplace.

**Resource-Allocating Strategies:** A good strategic plan allocates the necessary resources to achieve the firm's goals. It's important to recognize that implementing your plan will require a significant investment of non-billable time. Discuss this reality and establish a system that ensures that firms reward lawyers for the time that they invest into the firm's future.

**Objectives and Metrics to Track Progress:** Defining key metrics of success is critical to ensure that your efforts are on track. Financial metrics are obvious (e.g., revenue and profitability). It is important to also measure the depth, breadth and strength of client relationships; to track progress vis-à-vis people-oriented strategies; and to measure performance in operational and other non-financial areas. Note that the most successful firms are much more likely to adopt and track objective metrics than their less successful peers.

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A. Measurable objectives (i.e., financial and non-financial metrics the firm expects to reach if it is successful)

B. Strategies directed toward the achievement of vision, major goals/objectives

C. Vision statement (i.e., what the firm aspires to over the long range)

D. Values statement (i.e., shared values that define the culture of the firm)

E. Mission or statement of purpose (i.e., who/what the firm is/what makes it distinctive)

F. Action plans or implementation initiatives to be accomplished in the near term

G. A balanced scorecard

## H. Major goals for the next three-plus years

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**Action Plans:** Finally, action items are short-term tasks that support your primary goals and strategies. Action plans should include clear milestones or deadlines for tasks – and they should clearly identify who is responsible for getting it done.

While creating your plan, remember the KISS principle:

**Keep It Simple, Stupid:** An over-complicated plan won't get implemented. Try to express the core elements of your strategic plan (vision, goals, key metrics and strategies) on one page. Focus your efforts on the easiest-to-reach goals, where your chances of success are greatest. You can't change everything overnight, so find traction where you can, capture early successes and communicate relentlessly.

### GETTING STARTED FOR THE FIRST TIME

If your firm has never embarked on a strategic-planning exercise, here are several items to consider:

**Be inclusive and secure firm buy-in.** Without the buy-in of your firm, many initiatives are doomed to fail. Seek input from the entire firm early in the process. This includes partners, associates and employees. We recommend you speak to clients and other business leaders in the community. These outside perspectives can give you valuable insight into your firm's strengths and opportunities.

**Don't bite off more than you can chew.** This is especially important when you're creating a strategic plan for the first time. Many firm leaders come back from a retreat or a planning session with a long list of priorities and action items. Unfortunately, back in the real world, most firms just don't have the bandwidth for such a huge undertaking. You're far better off focusing on a few important, realistic priorities.

**Be sensitive to firm culture and history.** Planning often brings difficult issues to the forefront – issues such as partner succession and chronic underperformance. While difficult issues shouldn't be ignored, it helps to address those issues in the context of long-standing firm values and history.

**Consider hiring an outside expert.** At the risk of sounding self-serving, we recommend that firms engage an outside consultant while creating their plan – particularly if it's their first time through this process. A third-party perspective can often reveal strengths, weaknesses, opportunities and threats that those in the firm didn't see. And because they are looking in from the outside, a consultant can provide balanced, objective guidance.

### KEYS TO SUCCESSFUL IMPLEMENTATION

A law firm's strategic plan should be simple, realistic and achievable. It should focus attention on just three or four meaningful priorities at a time. MPF Faculty Member Brian Burke often says that "If you can't fit it on a 3X5 index card, it's too long."

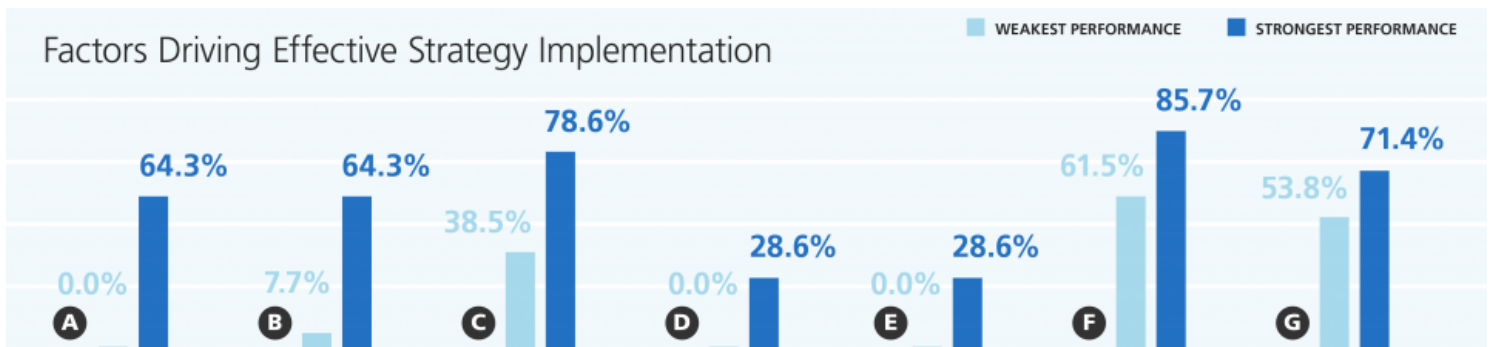
It's important to set deadlines and establish accountability. Many strategic plans go off track when a firm assigns implementation to a committee with no set deadline or clear milestones. Delegate tasks to individuals, and make sure they clearly understand what is required and when it is due. Then, support them however you can. It's also important that you make it a regular practice to step back

and update the plan from time to time, based on your progress and on the continued evolution of your marketplace.

Perhaps most importantly, have the courage to lead as leadership is required to initiate and sustain a strategic planning process in most firms. Lawyers are a challenging bunch to lead. They are typically very resistant to change, and they love autonomy. In fact, MPF Faculty Member Dr. Larry Richards often compares leading lawyers to “herding cats.” Wanting to be liked can actually be a liability, as strong leadership is required to get your firm working toward the same goals.

Align rewards and recognition with the plan. Firms reporting the greatest success in implementing their strategic plans are much more likely to have aligned those firm level plans with practice and individual level plans, rewards and recognition.

**Why Do Law Firms Need a Strategic Plan? Listen to John Remsen's Answer.**



- A. Tied firm or practice level plans to individual level plans
- B. Tied firm level plans to practice group level plans
- C. Tracked/reported on performance against goals, objectives or other milestones
- D. Linked implementation success/responsibility to partner compensation
- E. Engaged a consultant to assist with aspects of implementation
- F. Assigned clear responsibility for leading implementation of key initiatives to individuals/standing committees
- G. Named a strategic planning committee/chair person to monitor and coordinate implementation

### **MOVE FORWARD OR FALL BEHIND**

The legal marketplace is evolving rapidly, right before our eyes. As always in the marketplace, there will be winners and there will be losers. We believe – and the evidence backs this up – that law firms that embrace strategic planning will be better positioned for success, both today and in the future.

To help you and your firm, we've assembled a nice collection of resources on the topic at [www.managingpartnerforum.org/index.cfm/planning/](http://www.managingpartnerforum.org/index.cfm/planning/).

### **ABOUT THE AUTHORS**

**John Sterling** is the Founding Partner of Sterling Strategies, a firm focused on strategic planning, strategy development, and related implementation management. More information about Sterling and Sterling Strategies is available at [www.sterlingstrat.com](http://www.sterlingstrat.com).

John Remsen, Jr. is President and Chief Executive Officer of The Managing Partner Forum, one of the country's premiere resources for managing partners and law firm leaders. He is also President of TheRemsenGroup, a leading consultancy for smaller and mid-size law firms, and can be reached at 404.885.9100 or [JRemsen@ManagingPartnerForum.org](mailto:JRemsen@ManagingPartnerForum.org).



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