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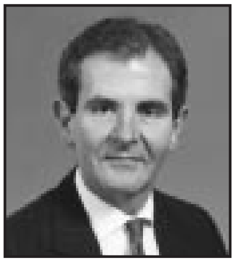
Strategic Planning for Marketers



Charles A. Maddock

By Charles A. Maddock

If you're a professional marketer in a law firm, chances are your firm has developed a strategic plan or will do so in the future. There was a time that strategic plans and marketing plans were developed separately. No longer. Planners and marketers clearly recognize the symbiotic relationship that exists between long term strategy and institutional marketing. It's hard to imagine a firm developing a strategic vision without establishing or managing its brand—or vice versa. It's also difficult to picture a marketing plan that doesn't include management and reward systems, practice management issues, growth prospects, new practices and more. Fact is, marketing and strategic planning are inextricably linked—and marketing directors are playing a key role in planning committees and plan development.

This article is intended to help lawyers and marketers understand the fundamentals of creating a strategic plan and the role marketers must play in the process.

What is strategic planning?

Law firms engaged in strategic planning need to address three fundamental questions:

- Who are we?
- Where should be going?
- How do we get there?

Question one is often surprisingly difficult for law firms. Lawyers tend to describe their firm or practice in superlatives: "the best," "the largest," "the oldest." Some of these terms might have relevance to clients and markets, others might not. While most clients are highly satisfied with their law firms, they frequently need to justify their purchase decision to others within their organization—or simply to themselves. Law firm marketing professionals need to probe whether the firm's description of its position is candid, important and differentiated from others. In other words, whether the firm has a brand that can serve as a platform for future development.

If—and only if—the firm can answer the first question meaningfully, it is ready to examine question two. Using primary (client, attorney, prospect, competitor) and secondary (industry, government, regulatory trend data) research, as well as the opinion of legal industry and business experts, firms can construct various futures and examine their place in each. For example: what future will our mid-sized, single city tax boutique have if multi-disciplinary practices become common in two years? Goals and objectives

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can be constructed based on these future scenarios, a more realistic approach than assuming the world won't change much in the next few years.

If the firm knows where it is and where it wants to go, developing strategies is relatively simple. Strategies are merely a means of describing the actions the firm intends to take to achieve its goals. Strategies should be achievable, few in number and fit with the firm's existing or planned culture. Planners and marketing directors would be wise to benchmark what has worked in other firms, but "breakthrough" strategies, such as realistic and sustainable branding, help build excitement and buy-in to the plan. The creativity and business perspective that marketers bring to the table is invaluable in the strategy development process.

What are the components of a strategic plan?

Strategic plans typically examine and refine all of the unique components of managing the law firm's business operations:

- Firm governance: how the firm will be managed; what issues will be dealt with by firm management versus the partnership; the size, composition and term of office of lawyer managers;

- Administration: senior and support staff composition and decision-making; day-to-day operations of the firm; personnel, technology and financial issues;

- Economics: analysis of profitability factors, including leverage, utilization, profit margin/overhead, realization and billing rates; partner and associate compensation systems;

- Practice management: work intake and matter handling; quality control; work-sharing; practice group profitability; associate recruiting, mentoring and progression;

- Growth: firm direction and size; acquisitions, laterals and/or upstream mergers; geographic expansion;

- Culture: maintaining or modifying the reason why lawyers come to the firm to work each day (other than money);

- …And, of course, marketing: brand equity or brand development; client service; new practices; new clients; industry segments and more.

It's critical to remember that each of these factors is interrelated: branding attracts not only clients but lawyers as well, firms must consider pricing when developing new markets, culture drives change (and vice versa) and so on.

How do marketing plans fit with strategic plans?

Over the years, some firms have developed marketing plans independently of strategic plans. Bad idea. Just as all the components of a strategic plan fit together (see above), so, too do strategic and marketing plans. In fact, it wouldn't be going too far to say that any strategic plan without marketing is incomplete and any marketing plan that operates independently of the firm's broader strategy is a waste of time and effort.

Both strategic and marketing plans involve three fundamental processes:

- Information gathering. This first step involves the harvesting, processing and synthesis of data from clients, attorneys, competition, referral sources, markets and statistical trends. Strategic plans generally include economic studies, such as those conducted by Altman Weil or Citicorp—and it's a good idea to include this information in marketing plans as well to put business development in terms that lawyers can appreciate. Sources of data include proprietary or secondary sources, such as surveys and the Internet—the latter is a godsend for free and up-to-date data. Many firms are also including psychological instruments, such as the GDQ, to evaluate working relationships among attorneys and how well the firm's culture lends itself to change. Don't try this at home, though: application of industrial psychology principles to a law firm absolutely requires the administration and supervision of a licensed and degreed professional.

- Planning. The actual development of the plan document. Strategic plans should include all of the components listed in the section above unless the information-gathering phase indicates that the firm is well along in its governance or compensation systems, for example. Marketing plans should at least touch upon how these components drive or are effected by the firm's client retention and business development efforts—it would be hard to imagine an effective marketing plan that does not include a reward (compensation) section, or management of the marketing process.

To be meaningful and truly accountable, each plan should include the GOST hierarchy:

Goals: A long-term statement of direction. "Our firm will be recognized as the leader in handling financial transactions in the California legal market."

Objectives: A means of measuring goals, through time, amount, size or other quantifiable statement.

"We will attain our brand leadership goal by year 2002."

Strategy: A theoretical means of achieving goals and objectives. "We will identify and measure opinions of financial-transaction decision-makers to benchmark our current status and future position."

Tactic: A practical means of achieving a strategy. "We will survey financial transaction decision makers in key California markets annually, using a telephone and e-mail technique, and report results to our planning and executive committees.

Goals and objectives should be designed to last for two to three years without change. Strategy and tactics can change more rapidly, depending upon results. One more point: strategic and marketing plans should follow the KISS principle: Keep it Simple and Short. Overly complex and lengthy plans often become dust catchers. Ten to fifteen pages should cover it.

- Implementation and evaluation. The best strategic and marketing plans include assignments for implementing tactics, with specific budgets and attorney and/or staff assignments. What's more, plans must include evaluation points. Did it work? What would we change if we were to do this again? This type of self-examination is critical and must be totally objective. Client panels, surveys, economic evaluations and consultants or other experts may be required to answer these questions.

Who should be involved in strategic planning?

A planning committee almost always develops strategic plans. The charge of the committee is to diligently seek input, draft the plan and present findings and recommendations to the partnership for approval. Here again, several principles apply:

- Choose committee members carefully. It's tempting to have management or practice group leaders create the plan. But firms have an opportunity to broaden the circle by having opinion leaders from the firm's various constituencies participate. Consider including not just senior but younger partners and even associates as part of the committee. Of course, the firm's executive director and senior marketer should always be included as well.

- Keep it small. Five to seven members are generally sufficient unless the first principle simply cannot be met. Larger committees tend to bog down in detail—and time is lost getting members who missed the last meeting up to speed.

- Include "outsiders". Most planning committees include an outside consultant to act in fact gathering, develop a SWOT (Strength, Weakness, Opportunity, and Threat) analysis, facilitate meetings and draft the plan. Consider adding a trusted client or two to act in an advisory capacity and keep the plan objective and realistic, especially clients who have experience in planning. At a minimum, develop an advisory board after the plan is written to act as an ongoing sounding board.

- Make it the firm's plan. Make sure there are milestones in the planning process for status presentations to the firm. Play back survey results, updates on plan progress and more as soon as they are available to build consensus and eliminate the mystery of the plan. Most important: have members of the planning committee present the final plan in a full-day retreat, seeking input at various points during the presentation. Use consultants only as a resource at this point ("What have you seen work in other firms?") not as presenters. This sends the wrong signal, that it's the consultant's plan, not the firm's.

Law firms that develop *and implement* strategic plans almost invariably develop a competitive advantage and higher profits per partner over the long term. With expected changes in the next several years—globalization, multi-disciplinary partnerships, e-commerce, continued client vigilance over billing, increased client sophistication and more aggressive and successful marketing by competitors—strategic and marketing plans aren't an option any more, they're essential.

Marketers are vital to the process: they bring an outside perspective, they're in touch with clients, they're creative and they know management and business systems. According to Stefanie Cohen, director of Planning for Philadelphia's Schnader Harrison Segal & Lewis, marketing directors now have "the opportunity to serve as effective members, and even leaders, of business management leaders in our firms." Strategic planning is more critical for law firms than ever and the marketing director is ideally positioned to be the lynchpin of the plan, from its design to implementation. What's more, by participating in the process, marketers can apply planning principles to marketing plans, can increase their visibility and act as inside consultants, add value to the plan and to the firm as a whole. ◆

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