Tips for Effective Law Firm Planning

BY ERIC SEEGER

If your firm still thinks of strategic planning as a "trend," think again. Strategic planning has evolved into a management imperative and can no longer be viewed as "something we ought to get around to someday." It is an ongoing requirement for firm management and it works best when there is serious effort, external focus, fact-based decision making and action. It can be a challenge to get started, but many benefits will accrue when you get everyone moving toward shared goals.

Effective strategic planning establishes a clear intent and desired market position for your firm, sets measurable goals that will move the firm in that direction and is a positive, unifying experience for your lawyers. Following are some guidelines that will lead to an effective planning process.

Planning Goals: What Is the Plan For?

■ **The plan clearly states the firm's desired market position.** What is the firm trying to become? How does it want to be perceived by clients, laterals and other law firms? The plan must answer these questions in plain language.

■ **The plan seeks to advance the firm.** A good strategic plan represents the entire firm's best interests, even if it emphasizes some practices, offices or client relationships over others. It is both top-down (stating top-level firm goals) and bottom-up (incorporating strategic practice area goals and individual capabilities). It balances immediate opportunities and practice strengths with the overall good of the firm and its clients.

■ **The plan has a payoff.** Whatever the firm's goals are, successfully implementing the plan should advance the firm competitively. Ultimately this

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is the payoff from the planning process—strategy that truly distinguishes the firm from other firms and will increase the firm's ability to compete, not one that is designed to satisfy all of the firm's constituencies and personalities.

■ **The plan moves the firm off the status quo.** A strategic plan does not have to be bold or transformational to be meaningful and effective—but a plan to "keep doing what we've been doing" isn't going to motivate your next generation of lawyers, who have their own career paths to consider. The plan should still describe the firm's philosophy, ambitions and desired behaviors. Remember, though, that the plan is not designed to benefit the firm's most successful partners—they will continue to do just fine—but to improve the firm's vitality and maintain its viability over the longer term.

What Are the Key Characteristics?

■ **The plan's focus is primarily external, not internal.** It may be true that your compensation system needs updating and your physical space is deteriorating, but the planning committee should focus its attention on how to improve the firm's capabilities and get more and better work from paying clients. So technology upgrades, for example, are not discussed in a strategic plan, unless they fall under the heading of building a branded litigation support operation or some other strategic objective. Operational issues should be addressed only to the extent that they impact the firm's ability to achieve its goals.

■ **The plan establishes clear priorities.** All of your lawyers should be able to articulate both the firm's desired market position and the key initiatives that will get you there. To keep the priorities transparent, the plan should be devoid of platitudes, clichés, jargon and empty rhetoric.

■ **The plan is measurable and pragmatic.** It should be clear and measurable when initiatives have been successful and whether real changes have been brought to fruition. You should plan to achieve some early victories to demonstrate commitment and success and to remind everyone where the firm is heading and what remains undone. Keep the firm's goals in front of people, and track and report on your progress on a regular basis.

■ **The plan represents a strong consensus.** The process should be inclusive and generate a real consensus. If certain partners can't get on board, at least they should agree not to be disruptive. If a gorilla-partner can't agree, either the plan needs to be modified or that partner does not belong on the bus, in which case, you probably already knew that.

■ **The plan addresses difficult issues.** The firm must deal with any unpleasant truths about itself. If, for example, your residential real estate practice is busy but chronically unprofitable, or if your standards for entry into partnership have significantly eroded over the years and threaten to harm the firm's reputation, then you have some tough decisions to make. If the hyper-controlling managing partner is 68 years old with no succession plan and no clear successor, not dealing with this issue is intellectually dishonest at best and possibly fatal for the firm. One way to address this situation cleanly and respectfully may be an anonymous partner survey, which will bring critical issues to the surface.

■ **The plan is not a marketing piece.** Do not get caught up in slogans and taglines! Your plan is for internal use only. Use language that will be easily understood inside the walls and that captures the unique character and circumstances of your firm.

■ **The plan is short.** The thicker the printed document is, the less likely anyone will read it. The longer the list of goals and initiatives is, the less likely anything important will actually get done. You need to provide adequate context and rationale, but in general, less is more. Don't try to replicate the full thinking of the planning committee in the document. The plan should establish a clear overall direction and a limited number of high-priority initiatives.

■ **The plan is strategic, not tactical.** Your plan should set forth broad themes, a few main goals and a few strategies for achieving each goal. You can set some "stretch goals" but be realistic about what can be accomplished.

■ **The plan says what you will not do, or what you will stop doing.** The plan should make clear which practices or offices you intend to add, grow or promote, and which you do not. Some firms make explicit which practices or offices they will de-emphasize or divest in. Anticipate objections and address them as appropriate.

Who Constructs the Plan?

■ **The planning committee.** The committee should consists of six to nine members—large enough to be representative but not so large that discussion goes on forever.

■ **The committee chair.** The committee chair should be a good facilitator with broad understanding of the firm, have the respect of his or her partners and enjoy the strong support of firm leadership. It works best when only one person chairs the committee and serves as contact person for all constituents.

■ **Partners' involvement.** Partners are owners. All owners should have a voice in the process, either directly through a seat on the planning committee or indirectly through interviews or a questionnaire. You'll get broader buy-in if you involve them early in the process and legitimately consider their input. (Aside: If you have too many partners who are not true owners, you might want to address that in your implementation plan!)

■ **Key partners' support.** Typically the planning committee will not include all of a firm's key rainmakers and opinion leaders, because you'll include on the committee some younger partners who have more of a stake in the achievement of long-term goals. But to get the plan approved and implemented, and not experience collateral damage, you'll need to get the important personalities on board. Talk with them before and between committee meetings and before presenting the plan to the full partnership.

The Planning Process

■ **The firm takes a businesslike approach.** The firm must recognize that it is a business that needs to plan for the future. That means client service and profit motive are central themes, and planning is valued as an important investment of time and money.

■ **The planning committee deals with factual information.** Too many law firms have a distorted view of themselves and their marketplace based on anecdotes, limited perspective and old information. Objective research on the firm's clients, industries served, competitors and geographic markets will provide credible information that leads to a more accurate self-assessment, more productive discussion and more informed decisions.

■ **Direct client input is obtained.** The clients must speak! This requires soliciting their candid input regarding their satisfaction and future plans via confidential questionnaires or interviews. Data gathering from clients is essential to position your firm and its practices accurately and to assess real opportunities and threats.

■ **The process takes time.** Credible planning cannot be accomplished in a one-day meeting or at a partners retreat. You must allow time for data gathering, analysis, discussion, buy-in, evaluation of options and full debate. The written plan may need to go through several iterations as constituents review it and provide their feedback.

■ **The process involves new thinking.** Simply updating the previous plan document is *not* planning. Real planning discusses current realities and new opportunities, not just whether the prior plan is still "good enough."

■ **The process is positive.** The planning process is an opportunity to identify areas of significant business potential, not a forum for airing grievances and fighting over internal issues. Heavy-handed, obstinate, petty types do not belong on the planning committee. Also, the plan should not scold partners into performing better.

Life After Planning: Taking Action

■ **The plan guides decision making.** Having a clearly stated direction and goals should clarify decision making at all levels, from handling merger inquiries to recruiting laterals to allocating the marketing budget.

■ **Goals are converted into action.** A detailed implementation plan that assigns responsibilities, budgets and deadlines needs to be prepared separately. A senior management committee should be given oversight responsibility for implementing all action steps. Rigorous implementation is imperative—executing the plan must be a regular activity in the firm and a regular agenda item for firm management.

The plan is a living document. Once-and-done planning has limited value. The firm must monitor performance against the plan on an ongoing basis and reevaluate the plan every year or two. Viewing the plan as a fluid management tool should also make the firm more willing to take chances and risk making some mistakes. Learning from mistakes is an important element of getting better and improving the firm's competitiveness.

Good planning is simple but not easy. However if your firm follows the recommendations provided here, you'll be well on the road to a successful strategic plan and real advancement of the firm. LP

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