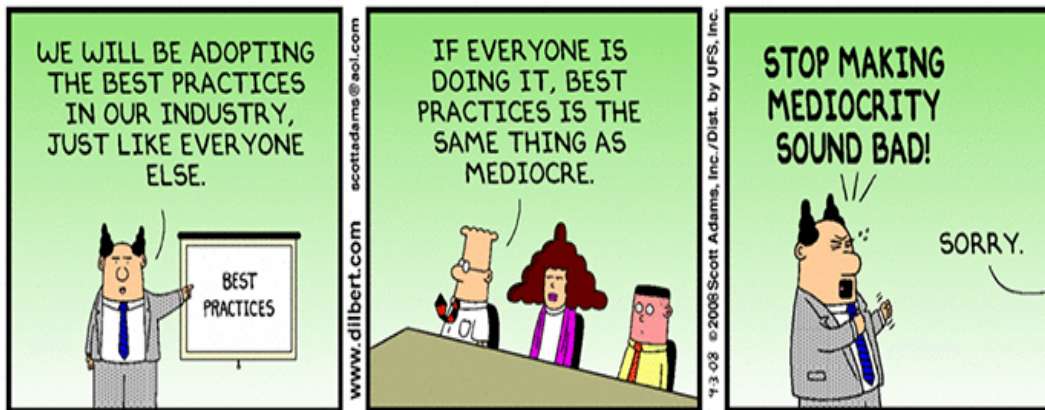


In Matters of Strategy: Beware of Best Practices



I was taken back the other day by an article wherein the author, a law firm consultant, was promoting the concept of best practices and how his firm had developed an “evaluation tool” to assess how close you are to achieving a true industry focus. The proposition was that they have a “*diagnostic tool which allows your firm to assess the current level of effectiveness of your existing industry strategy.*” It all sounded so compelling. They then suggested that your firm could engage them to help you “*progress to the next stage by way of a workshop to run through the issues identified and explore the gap and the solutions.*”

Whenever I hear that term “best practices” being used it reminds me of this habit I have of asking firm leaders whether they see the strategies of other competitors becoming more alike or more dissimilar. Whether it is a focus on trying to get bigger (mergers) or trying to get better (process improvement) it would appear that firm strategies converge as supposed success recipes get slavishly imitated and nowhere is that more apparent than amongst those adopting “best practices.”

In a past life I served as a VP in a publicly owned telecommunication company wherein if someone were to pose a new strategic idea, what they would hear from the CEO was, “*that sounds interesting; tell me who else is doing that?*” When I came to lawland, I observed the very same behavior in that when someone posed a new idea, they would elicit a very similar response – who else is doing it? While that question was the same, the motivation for asking it was completely different. In the law firm, the risk-adverse lawyer wants to know that someone else has already taken this route so as to minimize any potential downside. For the corporate CEO, the reaction to hearing that someone else had already done it, would be to wonder aloud, “if it’s already been done than why would we want to waste our time doing the same thing.”

What I quickly learned was that if your strategy ain’t different, it’s dead!

Those who are clearly winners in achieving a true industry focus or in any other means of creating new revenue streams, possess highly differentiated strategies. They constantly ask themselves questions like:

- Has our strategy changed in some important way over the last two years such that we have built new competencies, entered new market niches or developed new competitive advantages?
- Do we do anything that raises the bar for what clients can come to expect from law firms like ours?
- Do other firms see us as leaders in some definitive market or simply as followers?

What is it about this term, 'best practices' that makes it sound so persuasive, and yet why don't they always seem to work as well as some might be suggesting? I would caution that it is nothing more than the myth of a single standard of excellence; the one right way to compete.

In fact, I have a few concerns that come to mind that I believe are worth you considering:

1. How do you know that what is labeled a best practice even works?

Sometimes an approach to achieving something is framed as a best practice. But when critically examining any approach our first question should be "*Did it work?*" For any practice to become a good practice, it needs to be shown to be effective in the real world. For example, I'm told that when you undertake a website optimization initiative, it's vital that you test and retest the things you want to change to determine what will work best in your unique set of circumstances. To become a best practice, it needs to be seen as the most effective approach to accomplishing a goal, in a repeatable fashion over a large sample.

2. And how long does it take for a certain technique to be deemed better than others?

Best practice has come to refer to the most preferred way of performing a certain task or tackling a particular challenge, as opposed to any other way. But who decides the best practices and how long does it take for a certain technique to be deemed better than any other? Does what constitutes a best practice shift over a period of time?

The business world once moved at a significantly slower pace, a pace that may have made emulating best practices prudent. However, things no longer move slowly. By the time firms identify a best practice today, the situation that warranted the development or implementation of the best practice might have changed or may no longer be present. How long does it take for a best practice to be deposed from its throne of supremacy? The ambiguity of the answers to these questions should lead anyone to question the validity of what is deemed a best practice.

3. Don't best practices simply have you committed to the past?

Should firm leaders focus on developing best practices, which are based upon the past, or should they be thinking ahead? When we limit ourselves to the best that others are doing, we blind ourselves to the reality that our world is constantly changing, that the best practices of today may become quickly obsolete.

As but one example, we only need look at how the music & publishing industries continued to cling to outmoded business models as digital transformation became commonplace. And yet how many in the legal profession still embrace outmoded business models with no attention to how digital transformation is disrupting the delivery of services. One need only observe Wilson Sonsini's legal technology arm, SixFifty unleashing its tech based legal assistance to provide automated legal guidance.

4. How do you know that you have identified the real best practice?

One of my learnings from researching how organizations are using best practices is to discover that it 'isn't what you see, it's why you see it' that can make something a best practice driver. For example, Peters and Waterman, authors of *In Search of Excellence* later declared that MBWA, "managing by walking around," was not the real excellence issue. It's why the managers of excellent companies spent a lot of time in direct contact with their people that made them excellent. The fact that we give examples of communicative practices or processes can be a misleading paradox. The point is, your organization's belief in the importance of communication is more important than any communicative act itself. The belief that drives the process is the real best practice.

5. How do you know that what masquerades as a best practice isn't an exaggeration?

In a number of instances, the specific initiative that someone touted as a best practice, is discovered to be nothing more than a gross exaggeration. In one of my earlier articles entitled, *Competitive Plagiarism*, I detail how journalist interviews with firm leaders and others often incite people to misstate the true facts of what has worked or not in their firms – often in an innocent effort to simply cheerlead their achievements.

6. If a best practice actually works, how do you know it will work in your firm?

I think that many people believe that following what is labeled a best practice, acts as insurance against criticism if it doesn't work. There's nothing wrong with identifying and comparing different approaches to solving problems or satisfying business requirements. We don't need to reinvent the wheel or repeat mistakes that others have made. BUT, what if - your client base is different and you operate on a different geographic platform. In today's world when everything is dynamic, even if some approach or practice did work, how do you know that it will work in your firm, with your culture, and with your people, facing your circumstances. What constitutes "best practices" is probably **unique** to each firm.

Nevertheless, I often come across documents, templates and checklists used within some firm that were simply photocopied by an eager administrative professional, a recent lateral hire from a competitor. Within short order someone's supposed best practice forms or process now serve to infect multiple firms.

7. Why is it that we're always looking for the simplest solution?

Searching for best practice is often akin to wanting to find the secret sauce – some easy answer to our perplexing firm management issues. When we then latch onto some other firm’s approach, we may have simply deluded ourselves into thinking that there is some simple solution available. Often, people wonder why they should invest time in reinvention when someone has already done the task for them. Thus, best practices can, perhaps inadvertently, become an excuse for reluctance to innovate where required. This brings us to another interesting question - *Is it even possible to adhere to a best practice without losing the spirit of innovation?*

8. Don’t best practices set a bar on and frustrate future innovation?

One of the observable shortcomings to accepting best practices is that it sets a standard that can then cause people to aim for that benchmark and NEVER strive to do something even better or innovative. They stop once they reach the best practice. When that happens best practice actually stifles creativity, insight and doing things differently. I believe it actually promotes mediocrity.

My old friend, Mike McLaughlin author of *Winning The Professional Services Sale* penned a piece about Best Practices that is worth sharing an excerpt from:

It’s tough to pinpoint when copying some other law firm’s tactics morphed into “adopting best practices,” but somewhere along the line it did. The notion that an organization can transplant the ideas of another has become so widespread that it’s no wonder so many professional firms look remarkably alike.

Of course, there is value in learning from others’ experience and success. It’s natural to look at how another firm (especially a competitor) created a new market opportunity. Many firms face the same kinds of challenges, so applying others’ tested strategies and tactics often seems like the ultimate shortcut to salvation. But too often, following others’ practices results in wasted investment and disappointment when the results fall short of their original application. Here are four reasons you should dump best practices:

They rarely work.

A firm’s best practices—however widely admired—function in the context of its particular organization’s processes, culture, systems, and people. Plucking a practice from the situation that brought it forth and trying to graft it onto another firm produces results that are by no means guaranteed.

It’s a follower’s strategy.

In an era when clients demand creativity and innovation, why follow someone else’s lead? In the long run, relying on best practices will doom you to mediocrity. Instead of getting bogged down trying to reverse-engineer the strategies of others, find your own path. Be the leader, not the follower.

Change comes from within.

People rarely respond well to implementing some other firm’s ideas. In fact, best practices that come from on high usually cause resentment. Let people create their own

solutions using their in-depth knowledge of your firm's clients, suppliers, employees, and processes. That will result in ownership of the ideas and determination to get results.

They don't come with a manual.

Business books and benchmark reports are full of snippets about best practices, but they rarely explain what to do with them.

The problem with best practices is this: Using them as a guide lulls people into thinking that a practice already exists, tested and ready, and can be successfully transplanted. When you import a practice, thoughts immediately turn to how to implement that practice, when you should instead focus on what needs to be done and why. If you begin with a predetermined solution, you're more likely to overlook innovative ideas right under your nose.

As C.K. Prahalad, co-author of *Competing for The Future* once said: “*Best practices lead to agreement on mediocrity. Because all of us benchmark each other, we gravitate towards mediocrity in a hurry. What we really need is to ask what is the next practice, so that we can become the benchmark for other competitors to follow.*”

The only good use of the so-called best practices is as generator of ***Next Practices*** – new ideas and new possibilities that you might be able to take in, digest, and adopt to your situation. It's a lot like the typical business school case; it is not intended as a recipe to be followed, but rather as an example of what other people did.

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