

Strategic Planning: A Report On The State Of The Art

by **Jim Middlemiss** for **Law Times**

British business executive and motivational expert Robin Sieger once said, “planning is as natural to the process of success as its absence is to the process of failure.” He forgot to add that planning doesn’t mean a damn thing if nobody bothers to oversee or implement those best laid plans.

There’s the rub when it comes to law firms and strategic plans, a flaw exposed in a recent survey by Edge International. Many are finding that despite the best intentions, their strategic plans are flailing in the water like a wounded duck.

Edge International is a management-consulting firm that works with law practices. It surveyed 156 law firms around the world, canvassing them on their approach to strategic planning.

Patrick McKenna, a principle at Edge, says that based on the findings, law firms waste about one-quarter of a million dollars in partner’s time producing strategic plans that lead to disappointment.

Only three out of 10 firms surveyed say they have implemented all or much of their plan while four out of 10 say they implement virtually nothing.

The smaller you are, the greater likelihood that you’ve implemented aspects of the plan. About 43 per cent of small firms, described as 50 to 150 lawyers, say they have implemented much of their plans. That was followed by 32 per cent of midsized firms, those with 151 to 300 lawyers. Only 25 per cent of firms with 300 lawyers or more say they have implemented much of their strategic plan.

McKenna says that’s pretty pathetic, given that the strategic plan sets the direction for where a firm is headed. “I see a lot of managing partner suffering from spots – strategic plan on the shelf.”

There’s no lack of strategic planning going on at law firms. Almost nine out of 10 large firms say they have a written formal plan, followed by 66% of mid-sized firms, but only 44 per cent of small firms. It typically takes three to six months to pull one together.

When it comes to pulling the plan together, most firms rely on the management committee or a special planning committee, but it varies according to the size of the firm.

For example, small firms rely more on the management committee (51%) or a special committee (31%) and less on the partnership (12%) or managing partner (6%) to craft the plan.

Mid-sized firms are split between the management committee (45%) and a special planning committee (41%), while only 14 per cent looked to the partnership for direction. None reported making it the sole job of the managing partner.

Large firms also look to their management committee (44%) or a special committee (38%), but were also more likely to turn to the managing partner (13%) than the partnership as a whole (12%).

McKenna says it's not just implementation of strategic plans that give cause for concern. It's the whole strategic planning process. It often misses the mark from the get-go, focusing on internal matters when the efforts should be concentrated on external issues.

Only 25 per cent of large firms describe their plan as externally focused, followed by 27 per cent of mid-sized firms. A mere 12 per cent of small firms indicate their plan has an external focus.

McKenna says internal plans centre on improvements. Things like how does the firm improve morale and efficiencies. "They do not focus on how do we win in the marketplace." External-focused strategic plans look at the market, where the firm fits, how it differentiates itself, pricing and what the opportunities are, he says.

One of the telling failures, he says, is the lack of client consultation when it comes to such plans. Less than half of the large and mid-sized firms surveyed their clients, while none of the small firms did. "Nobody went out of the corral," he says. "You need to talk to the horses to find out what's really going on."

He says the strategic plan is all about determining in a firm's direction, where it going to spend its resources and "what are you going to become in the future. Your clients might have insights to emerging trends."

So what's it take to build a successful strategic plan that gets implemented and won't languish on the shelf?

First, he says, "involve as many of the partners as early in the process as possible. If you can build buy in you can eliminate the implementation dilemma."

Next, make sure the strategy is "focused on the external versus the internal." Think of it, he says, as tackling opportunities versus problem solving – "the future versus the present."

Third, "strategic planning is not a top-down process," he says. "Understand that a law firm is really a portfolio of different businesses." As such, each line of business needs to develop a customized strategy.

Fourth, focus on continuity. If the planning committee has the task of developing the strategic plan, make sure it has the task of following up and ensuring it is implemented. Don't shift that responsibility to another committee.

Fifth, once the plan is settled on it falls in the lap of senior management to raise the battle cry and clearly communicate the vision to the entire firm. The plan must be visible and understood by all and endorsed by the powers that be so it's clear to everyone in the firm that the plan is sacrosanct and carries top priority.

These tips, he says, will help firms avoid "benign neglect" and help staff and partners "understand "where the firm is going."