

EFFECTIVE LAW FIRM STRATEGY AND STRATEGIC PLANNING

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Since strategic planning became important as a management practice, many law firms have created a plan. Most large firms have a formal written plan. On the other hand, the smaller the firm, the more likely that it has implemented some of its aspects.

While law firm strategic planning has come a long way, there is still much room for improvement in the external focus of the process, and implementation, particularly where management has to make difficult decisions.

Strategic thinking has also evolved. Lawyers are trained to think differently than business executives. Research, based on “stare decisis”, assumes the conclusion and proceeds to document that conclusion with past decisions. Precedents that do not support the conclusion are distinguished. This is the legal method.

Business management requires a different kind of thought. Instead of looking to the past for guidance, the manager or practicing attorney with management responsibilities needs to look to the future. Strategic business planning and thinking is all about assessing where the organization is now, determining where it wants to go, and figuring out how to get there. Change needs to be acknowledged as a fact of life that the firm needs to address.

Think about how attorneys make management decisions. Often they ask what other firms do. Sometimes, the question is more specific, “What does Hogan do?” This is because of legal training---they are looking for a precedent.

Of course precedent is helpful in some management decisions. If your firm is on the American Lawyer 100 firm list, and 95 out of the 100 largest firms in the United States has a particular document management system, the firm generally is well advised to go with the “best practices” approach of similar firms for operational decisions. But that’s not the case with strategic decisions.

The essence of strategy is to do things differently and more effectively than your competition. The business decision maker doesn’t ask what the competition is doing to follow that decision, that information is just part of the assessment process for decision-making. She asks, “How can we be the best that we can be and prevail over our competitors?”

A key part of effective management is strategic planning which can be defined as *a systematic, ongoing process that positions a firm to recognize*

change, adapt to it, avoid problems, and take advantage of opportunities which are presented. It is a process by which a law firm can determine its overall direction, what needs to be done to achieve that direction, and how strategies will be implemented.

The strategic planning process focuses firm management on critical issues that the firm needs to address to be successful. A primary challenge for law firms is to adapt or adjust to market changes and trends. Let's consider some trends in the legal profession:

- Client pressure on fees
- Mobility of partners and associates
- Increasing client desire for counseling skills, technical expertise, and specialization
- Need to spend more on technology and marketing
- Increased training needs
- Cultural shift in the work ethic among associates

These sound like current trends don't they? However, this list was prepared about 25 years ago, yet any current list of law firm trends would include these items. Although the trends are not new, few firms have successfully addressed them. In general, law firms resist change.

Law firms have similar problems dealing with market conditions. In economic slowdowns, firms often ignore their long-term goals and make imprudent decisions.

It is critical to focus on trends and market changes which impact on the firm. Determining how change should be addressed is essential. The strategic planning process will help focus the firm's partners and management on these issues and how to successfully implement them.

There are three key questions in the strategic planning process:

- Where is the firm now?
- Where do we want to go?
- How do we get there?

The strategic planning process can be thought of as a focusing effort. We start out with a huge amount of information – weaknesses and strengths, external factors affecting the firm or its clients, perceptions about the firm, and condense this information into a few factors that can strategically affect the firm's success. The process involves continually addressing more specific concepts.

For a firm to get the most out of strategic planning, it should focus on:

- Identifying major trends and issues influencing key clients served by strong practice areas of the firm.
- Making and implementing difficult decisions such as investing in strong practices as opposed to all practices, and dealing with unproductive partners.
- Applying strategic thinking to marketing. Marketing is critical for implementation of a law firm strategic plan. Marketing resources should focus on the strategic direction which the firm identifies in its plan.
- Developing a different strategy than other firms, rather than following trends. Many firms just do what other firms are doing, without a strategic reason for doing so.

Think of strategy as a series of decisions over time that reflect the goals of the firm, and the means by which the firm achieves its goals. The challenge is not in planning, it's getting people to agree to what you want to do, and then doing it. Therefore you need a consensus for any strategy.

Firms often are concerned about the cost of planning – but they worry about the wrong costs. The major cost is time- the amount of people resources it will take to accomplish your strategies. Furthermore, it's not enough to decide that you want to do something. The difficult part is deciding how you are going to do it.

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