

## **Law Firm Strategic Planning and Deployment: A Report on the State of the Art**

by David J. Parnell

World-class motivational expert and author of *Natural Born Winners*, Robin Sieger, once said, “planning is as natural to the process of success as its absence is to the process of failure.” That said he forgot to add that planning doesn’t mean a heck of a lot if nobody bothers to oversee or implement those meticulously formulated aspirations. Such is the world of law firms and their strategic planning efforts as exposed in a survey legal consultant Patrick McKenna and I conducted for presentation at the recent Ark Group/Bloomberg Chief Strategy Officer’s Summit in New York City.

We canvassed and received detailed feedback from 68 firm leaders, mostly from AmLaw ranked firms, on their approach to strategic planning and their specific responses to 18 questions covering everything from who was involved in developing their current strategic plan and how long it took, to how satisfied they were and the one thing they would change with respect to their efforts in the future.

We found that overall, there is no lack of formal strategic planning going on within today’s law firms. Only 2.9% of our responding firms reported that rather than have a written plan they “preferred to remain flexible and opportunistic.”

Among firms of every size we concluded based on our findings that 70.4% of all firms invest on average at least three months in the development of a formal written strategic plan. That investment usually involves the members of firm leadership, involvement of the executive committee or board, and often times those participating on a specially constituted planning committee – in other words, some of the most senior and expensive talent in the firm in a series of lengthy meetings over a number of months, with hours of preparation and homework in between each meeting.

When we examined this time investment we noticed that the larger firms invested the most time. Specifically, for those spending more than 6 months at developing their plans, 44% were in the 301-500 attorney category, followed by 33% in the over 500 attorney grouping. By our estimates we believe that law firms, especially these larger ones, easily invest about a quarter of a million dollars in partner time.

We asked firms how they might describe their final strategic planning document as to whether it was “brief and targeted to a few priorities” or “lengthy and comprehensive.” The majority, 57.6% of all respondents told us that it was brief and targeted to a few priorities, but interestingly that percentage decreased as the size of firms increased. In the category of over 500 attorneys the few priorities response dropped to 43%. One might conclude that as firms get bigger so too does the volume contained in their final planning documents.

We then inquired as to what techniques were used in the creation of the firm's plan and amongst the options we put forth were things like surveying your partners, engaging in formal market research, having a consultant facilitate the process, gathering input from the firm's practice groups, interviewing/surveying clients and so forth. Across the board the most popular techniques were 62.5% of firms gathering input from their practice groups and 53% surveying their partners, followed by 50% employing the resources of a facilitating consultant. Here again there was a noticeable difference in the responses based on firm size. From the largest firms, we saw a noticeable drop in efforts to involve the partnership – 27% among the 301 to 500 attorney grouping which dropped to 20% among the over 500 attorney firms.

Another interesting result came from those firms who involved clients in their strategic planning process. On average 45.3% reported that they interviewed and/or surveyed some clients in the development of their final plan (although we did not discover how many clients these firms might have involved). What was striking was that only 18% in the 301 to 500 attorney category did that, but 53% of the over 500 attorney grouping reported involving their clients. We did hear from one firm who told us that they had "conducted interviews with business leaders (who may or may not be clients) in the various markets we serve."

One of the more intriguing questions we posed was how these firms might categorize their plans between being "heavily internal" versus "heavily externally focused." And to help respondents differentiate between these two variations we explained that "Internal would include website, human resources, pricing, billing and collection policies, and similar activities, while External would involve differentiation efforts, emerging areas of practice, new client service practices, merger possibilities, etc." It is a strongly held view that a heavily internally focused plan is really operational in nature while being externally focused defines true strategic intent. That all said, the responses we received evidenced only 19.7% of these law firms having a heavily external focus to their final plans. That result was 18% for the 301 to 500 attorney firms, and 27% for the over 500 attorney grouping.

Developing a formal strategic plan that was over 3 months in the making, with the majority (57.6%) "brief and targeted to a few priorities," and heavily weighted toward internal issues, the obvious next question might be, "how much of your last strategic plan has been implemented?"

Now in asking this kind of question we know that it is best to provide a broad range of responses such that a firm leader is not unduly embarrassed to have to provide an honest answer, as being the firm's Chief Cheerleader, there might be a natural tendency to exaggerate. In this question the best response was not identified as "ALL of the plan" but rather "ALMOST all of the plan," which still allowed for some puffery in that the term "almost" might represent 80% of the plan or even 60% of the plan, depending upon how the individual respondent cares to view it. Nevertheless, the "almost all" was identified as the most accurate response by a whopping . . . 3.2% of our firms – ranging from 0% in the 301 to 500 attorney category to 7% among the over 500 attorney firms.

## **MPF FEATURED ARTICLE**

### **Law Firm Strategic Planning And Deployment: A Report On The State Of The Art**

Page Three

---

We regrettably had to inform the room full of attendees at the New York CSO Summit that it would appear from our research that far too many law firm leaders suffer an infliction that goes by the sophisticated technical term: seeing SPOTS. SPOTS being an acronym for Strategic Plan On The Shelf!

###

#### **About the Author**



**David J. Parnell**

Founder, True North Partner Management

David describes himself as the legal market's equivalent of a sports agent in that he helps BigLaw partners switch to the right law firm. In addition, he is an author (ABA Publishing), speaker, and Forbes and American Lawyer Media contributor. He can be reached at [dparnell@truenorth.legal](mailto:dparnell@truenorth.legal).