



With an Eye toward the Future...

Isn't It Time that Your Law Firm Develops a Strategic Plan?

By John Remsen, Jr.

Today's law firm can either take charge of its future or sit on the sidelines watching the marketplace change around it.

In corporate America, virtually every successful company has a strategic plan guiding its future. Banks won't lend money without one. Shareholders and venture capitalists demand them. It gives an organization a competitive advantage.

Ask just about any managing partner or firm administrator whether his or her law firm should have a strategic plan and almost all of them would say "yes." After all, without institutional direction, the law firm is little more than a collection of sole practitioners sharing office space...or a "hotel for lawyers," as our friend Bill Flannery likes to say. Yet, according to a recent survey, fewer than 5 percent of the law firms in the United States have such a plan in place.

Why then, do so few law firms have a strategic plan? And what does it take for a law firm to develop and implement one?

What Is a Strategic Plan?

In short, strategic planning is a *process*, the result of which is a written document that sets forth where an organization wants to go and how it will get there. Many experienced law firm marketers suggest that a law firm's strategic plan should consider a five-year horizon. It should, among other things, state how big the firm will be, where it will have office locations, what its major practice areas will be, and what its client base will look like.

Once the firm's partners reach consensus on these big-picture issues, the firm can develop its three-year goals and objectives and then determine the strategies and tactics to achieve them. Strategies and tactics are more short-term in nature. They should be specific, measurable and achievable within a year.

If strategic planning is so important, why do so few law firms have a plan? The reasons vary, but the following obstacles are most common.

Denial that it's no longer business as usual

Despite everything one reads in *The National Law Journal*, *The American Lawyer* and just about every other publication on the legal industry, there is a continuing denial among many attorneys that the *business* of lawyering has fundamentally changed. Times are good right now and, generally, firms are doing quite well. However, it is the firms that long ago recognized the value of planning that are emerging as the new leaders in the global marketplace for legal services.

Focus on the short term

Strategic planning looks at the future, while most law firms have a very short-term view of the world. Compensation systems often reward today's billable hour, with little reward for non-billable time invested in the firm's future. That's very dangerous—shortsighted, to say the least.

Law firms need to measure and reward those activities—firm governance, associate mentoring and training, and business development—that are necessary to insure the firm's long-term prosperity.

Difficulty Establishing Consensus among Partners

No doubt, lawyers like their autonomy and tend to resist institutionalization. Many firms like to refer to themselves (with pride) as very democratic institutions. They operate very much like a collection of sole practitioners sharing office space. They want to be left alone. On top of that, there are often very different philosophies among the firm's owners about the future of the firm. So it's easier not to talk about it.

Certainly, getting everyone to buy-in to a specific plan is challenging. There is a tendency among lawyers and law firms to want to be "all things to all people." In this type of culture, lawyers often resist any plan to move in a particular strategic direction and toward a more institutional way of thinking.

Lack of leadership

Inevitably, the strategic planning process leads to change. And change requires leadership. Often, firm leadership is simply not willing to make the tough (and not always popular) decisions necessary to make the firm a stronger,



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more profitable institution in the long run. Managing partners and executive committees must realize that they can't please everybody.

Failure to implement

There are many firms that have made a half-hearted attempt at strategy planning and, for one reason or another, it has failed. The reasons are many and varied. Nobody seems to have the time to get things done. The plan exists, but it collects dust on a corner shelf. Inadequate resources were allocated to achieve the goals set forth in the plan. Or there was a lack of leadership. Or the plan was too ambitious. Or there was no accountability. And so on and so on.

The common refrain is, "We tried that, but it didn't work here." Chances are, the firm went through the motions, but there was never a genuine commitment to make implementation a priority. Without implementation, the planning process can be a frustrating waste of time, effort and money.

Keys to Successful Strategic Planning

Now that we've discussed why so many firms have not gotten around to developing a real strategic plan, let's examine the keys to making it happen.

Establish a sense of urgency

A sufficient number of lawyers in the firm must believe that it is no longer business as usual and that strategic direction is necessary if the firm is to survive and prosper in the years ahead. They must instill and constantly reinforce a sense of urgency that change is necessary.

Commitment from firm leadership

Firm leadership (or at least a critical majority) must have a genuine commitment to develop and implement a strategic plan. Without strong leadership and passionate commitment, it is still "business as usual," despite the rhetoric. Under these circumstances, the firm's efforts are doomed to failure.

Involve all partners in the process

At the end of the day, the owners of the firm must buy into and support the plan.

By involving each of them in the process through a series of one-on-one meetings and/or in a group brainstorming session, each partner will feel a part of the planning process. The likelihood of success jumps dramatically.

Associates and staff must also buy into the future of the firm. Special programs that enlist their support will add to the plan's successful implementation.

Keep the plan simple and focused

If the firm is developing its first strategic plan, it should keep the plan simple and focused. Most firms try to take on too much, too fast and wind up accomplishing little. With a realistic plan and by starting slowly, the firm is able to maintain its focus on the most important projects. The firm can always add to the plan later. A law firm is wise to start slow, publicize success and grow from there.

Create a plan that lives and breathes

Once a strategic plan is adopted, it does no good to set it aside, never to be looked at until the following year, if at all. The plan should be a flexible and dynamic instrument. Its principles should be incorporated into the firm's day-to-day operations. Firm leadership should communicate the goals and objectives of the plan often and in a variety of ways throughout the firm. Make sure everybody has a copy. Review it at internal meetings. Update it often. All important decisions should be considered in the context of the plan. If the firm makes decisions contrary to what is contained in the plan, it needs a new plan.

Establish accountability

Nothing happens without accountability. For most firms, this is best accomplished at monthly meetings of small groups (5-6 individuals) of attorneys, often organized by practice group. There must be a strong group leader and meetings should have an agenda and meeting notes. Assignments must be made and progress must be monitored.

Measure and reward desired behavior

Simply stated, the firm needs to measure

and reward desired behavior. If the firm wants its partners to spend time training younger associates, the investment of non-billable time in the firm's future must be measured and rewarded. If the firm determines that business development is important, it should reward it through recognition, origination credit, and/or by measuring and rewarding effort. Otherwise, behavior changes will not occur. Without incentives (or disincentives), it's business as usual and there is little change.

Does everybody have a role to play?

There is no right or wrong answer here, but the firm must determine up front if all of its attorneys have a role to play when it comes to investing in the firm's future. If so, what is the role of each attorney? What about associates? Is it the same for everybody or do we ask different attorneys to take on different responsibilities?

Making it happen

The strategic plan is not an end, in and of itself. It is a *process* through which a law firm contemplates its future and determines how it will allocate resources to take it where it wants to go.

Without implementation, a strategic plan is worthless. Planning should never replace and distract from the *doing* part of the equation. Implementation must be given the highest priority.

Conclusion

Many sole practitioners and attorneys at smaller firms seem to think that strategic planning is for larger firms. However, any firm with an eye toward the future can benefit from the process. Planning can help a firm develop consensus on key big-picture issues, promote internal communication within the firm, inspire attorneys to get out and do things they wouldn't otherwise do, and help the firm allocate its resources more effectively.

With leadership, commitment and a good strategic plan, any firm can develop a profitable practice working with clients it enjoys and in the areas of law it finds most appealing.

