A fresh look at strategy

WE READ A STORY A WHILE AGO about a couple who decided to retire in seven years and then sail the world. They weighed every decision against that goal. They asked, does this decision get us closer to that goal or push it further away? It was that simple. Indeed, regarding a lot of decisions before them, decision-making just got a whole lot simpler.

Stephen Mabey, CA
Principal & Managing Director

Karen MacKay, MBA, CHRP
President, Phoenix-Legal Inc.*

So what about your firm? How do you decide between the various options for investing your time and money? What is important to you as an individual, a group and a firm? We speculate that some law firms claiming success in achieving their strategic targets have done so by shooting first and calling whatever they hit their target. Still others tell us that they are successful in spite of themselves—they've encountered more good luck than good management.

Lessons from the Past

Many partners have reached the end of a planning process only to feel frustrated and without any sense of accomplishment. They tell us that perhaps the plan was the work of few who sought partnership approval or the result of a partnership effort that focused on the voices of a few of the usual suspects who spoke up and participated. Still others have given up in defeat for a myriad of reasons. These reasons generally fall into four main categories:

1. **Starting in the middle.** Many firms take the development of a mission statement as a starting point, which normally heightens many lawyers' inherent skepticism and is the equivalent of building a house starting at the first floor rather than the foundation.

2. **Destination versus journey.** Many consultants, and in turn firms, have approached strategic planning as though the document drafted at the end of the exercise was the critical product, rather than understanding that the process and interactions among the partners is where the real value lies.

3. **Complexity versus simplicity.** Many people believe that the planning process must look five years out, it must address *all* the perceived sins of the firm and it must leave nothing to interpretation. This often results in a grossly overwritten document. In their eyes, the value of the process is measured by the length or weight of the document and the number of so-called action items.

4. **Approval versus buy-in.** Because some partners believe that a large group can't develop a cohesive plan, a committee often takes charge of the planning in many firms and presents its written plan for "approval" by the partners. They often mistake *consent* by the other partners as an actual *buy-in* by them.

It doesn't have to be this way.

Imagine a planning cycle that gives partners an opportunity to seriously consider what they aspire to as individuals and as groups, to realize and value what makes their firm unique. Imagine a process where partners have a hand in creating that future. Now imagine the momentum when every partner knows how every client matter he or she opens, every talk he or she agrees to give and every hiring decision fits. *Does this decision get us closer to our goal or push it further away?*

"Imagine a process where partners have a hand in creating that future."

Starting at the Foundation: Values

Agreeing on what the partners value is the only foundation upon which a successful strategizing process can be based. If our individual values guide our behavior, and our collective behavior creates the culture—what are the values that we share, and what are the values that we are prepared to enforce?

What are these values we speak of that form the foundation of a strategic planning process? Simply, they fall into three categories: contribution, behavior and character.

1. **Contribution.** What do partners do to make the firm stronger? These might include financial productivity, participation in firm management, involvement in the community and the profession, development of future partners, recruiting and mentoring.

2. **Behavior.** These traits include valuing teamwork, a strong work ethic, professional drive, adherence to firm policies, fiscal responsibility and treating others with respect.

3. **Character.** Character is measured by firm-mindedness, ethical standards, loyalty to the firm and partners, and protecting and enhancing the firm's reputation.

The purpose of the foundation phase of the strategizing stage is to develop a set of values which the partners can define and about which they are able to articulate examples of positive and negative behavior. Further, the partners must define how these values will be fostered and enforced. Finally, if it is true that you get what you pay for, the partners must decide how these values will be reflected in the allocation of profit.

"There seems to be a clear difference in the energy and engagement levels between firms that have a clear sense of their values and those that do not."

FIRMS WITH CLEARLY ARTICULATED VALUES	FIRMS WITHOUT CLEARLY ARTICULATED VALUES
Interdependent	Silos
Collaborative	Autonomous
Coordinated	Disjointed
Broad, inclusive communication	Limited, exclusive communication
Trusting	Protective
Firm first, shared agenda	Me first, personal agendas

A Journey vs. a Destination

A planning process is an opportunity for partners to step out of their practice and work on their business—even if only for a few hours. Embracing the exercise as a process creates a unique opportunity for dialog among the partners and for them to work collaboratively irrespective of firm size. This is its true value, and it dramatically increases the odds of making progress toward a few common goals.

There are three stages to a process-oriented approach:

- Strategic thinking
- Strategic action process
- Annual execution process

Working on the business: thinking. If you begin this process at a meeting, the results will likely be biased by the usual suspects who contribute in that setting. Rather, give every partner an opportunity to reflect on a range of issues *before* the meeting. Use surveys, interviews or both. It's imperative to find a way to meet the communication needs of your colleagues.

Achieving some common ground certainly requires dialog among the partners. When well facilitated, the thinking process gets partners working together to identify the key aspects to focus on that will be the pillars of the plan. Key areas might include industries, practice areas or client groups, talent management, finances, incomes and market position.

Working on the business: action planning. For each pillar, your process needs to allow the partners the opportunity to work together to (1) define achievement, (2) clarify what is required and (3) determine what is required to execute.

This is the stage where the proverbial rubber begins to hit the road, as you move from concepts to the broader goals to the initiatives that will support these goals to the objectives that in turn support accomplishing the initiatives. So that we don't lose anyone in an abstract discussion of what is a goal, what is an initiative and what is an objective—and they are not one and the same—the following illustrates examples of the three.

Goal: Growth of the firm

Initiatives: Business development in new industries

- Business process management
- Develop new service offerings

Objectives: Execute practice group plans

- Implement industry service teams
- Automate client intake processes
- Perform a review of all vendors
- Deploy key performance indicator dashboards for partners
- Survey key clients on their alternative fee arrangement needs

Working on the firm: annual execution process. The third stage is the annual execution process. This addresses the aligning of specific actions and steps with the objectives identified—and makes this part of the planning and budgeting process. As David H. Maister said many years ago, “What you do with your billable time determines your current income, but what you do with your nonbillable time determines your future.” Action often requires making choices about resources—your nonbillable time and some money. Either way, it is about making choices that get you closer to your goal or further from it. The following are some straightforward questions that need to be asked and answered in this implementation phase:

"What you do with your billable time determines your current income, but what you do with your nonbillable time determines your future."

- What is to be done?
- When will it be done, and how much will be done in the current fiscal year to achieve any objective?
- Who will own it (read: a partner) *and* who will do it (read: a manager or director who can do the heavy lifting)?
- What will be the budget, both in terms of nonbillable time and money?

A Note of Caution

While potential failure is a real risk during each step, that risk is highest in the annual execution process. The reasons for this vary from situation to situation, but some common ones include these:

- Things begin to “creep” into the annual business plan that don’t align with any of the objectives generated in the strategic action process—and end up diverting time and resources away from the objectives.

- There is no real accountability for the execution of the action step by the “owner” of the action; rather, the focus is fixated on the “doer,” who normally is in a position of less authority.

- The timelines are sufficiently vague that many action steps suffer from a last-minute, last-ditch effort, and the outcomes reflect this lack of timely planning and execution.

The list of reasons why firms need to focus on a framework for the future is a long one, and includes such challenges as an ever-changing economic environment, client orientation toward more for less, technology change, firm convergence and generational differences. The old adage "If you don't know where you are going, how will you know when you get there?" is very apt in the legal industry today. But it does not have to be that way. Whether you call it strategic planning, future planning or creating a road map, leaders are encouraged to create a framework for the firm's future.

There is always a range of appetite for investment—of effort, time and money—in the future of a firm. Clarity of purpose will go a long way toward reducing uncertainty and increasing the engagement of lawyers and staff in your firm. Without values as your rudder, a vision of your future as your sails, and a compass to guide and measure your actions, your firm may well be condemned to drifting around until everyone abandons ship or a mutiny occurs. Or worse yet, it's just another planning shipwreck washed up on some unintended destination.

*Co-Author - Karen MacKay is President of **the consultancy Phoenix Legal** Inc., focusing her work on leadership and strategy execution for law firms.

Comments or Questions?

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