

Definitely Mabey

A Different Perspective on Strategy

Writer' Note: This article is a simplistic interpretation of Vijay Govindarajan's teachings and research. He is the Coxe Distinguished Professor at the Tuck School at Dartmouth. Vijay, a New York Times and Wall Street Journal Best Selling author is an expert on strategy and innovation. He was the first Professor in Residence and Chief Innovation Consultant at General Electric. In the latest Thinkers 50 Rankings, Vijay is rated #1 Indian Management Thinker.



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As Abraham Lincoln is attributed as having said:

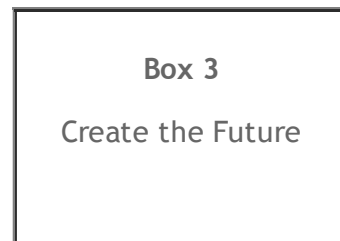
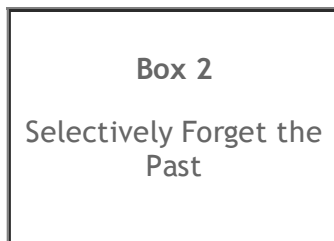
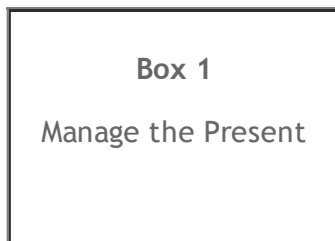
"The best way to predict your future is to create it".

Never has this been truer for law firms. While this seems perfectly logical, rarely is common sense common practice in the legal profession.

So what is this different perspective? Simply put:

"Strategy should be about unfolding the future back versus pushing the current forward".

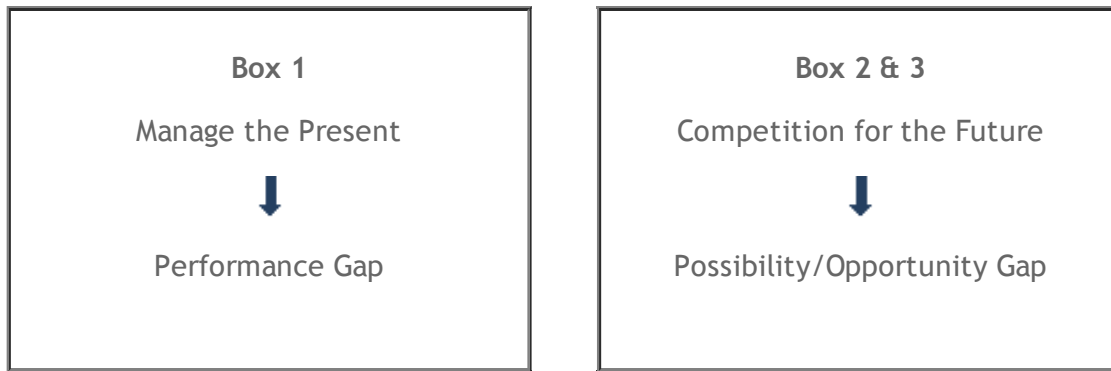
For visualization purposes you need to think about three boxes:



Some would say that creating the future while you manage the present is like trying to change a tire on a moving car. Rather we have to start differentiating the type of thinking that is required. Efficiency thinking is about managing the present and creative thinking is about creating the future.

Boxes 2 & 3 are about strategy, as strategy is about competing for the future.

Therefore we can now combine boxes 2 & 3.



There has been some confusion within the legal profession about various “new processes / procedures” that are embraced to varying degrees.

Any actions taken to improve any gap in performance is about managing the present, and anything that is focused on what may be possible, or new opportunities, is about competition for the future.

Some “students” of strategy and innovation break it down like this:

Measures taken in response to clear signals or those that are linear in nature, are performance oriented and any non-linear or those that are in response to big but unclear signals are opportunity focused.

A non-linear change is a change that is not based on a simple proportional relationship between cause and effect. Therefore, such changes are often abrupt, unexpected, and difficult to predict.

Linear changes are obviously the opposite and include such methodologies as lean six sigma; continuous improvement; best practice benchmarking. While some of the foregoing are new to the legal profession and therefore seen to be “futuristic” they are simply focused on narrowing a performance gap (more often than not client service in its broadest sense from the client’s perspective) and not creating new opportunities.

This different perspective on strategy is premised on a real change in what a strategy does. In keeping with the opening thought by Abraham Lincoln, strategy should imagine not predict. It is a series of hypothesis not linear facts.

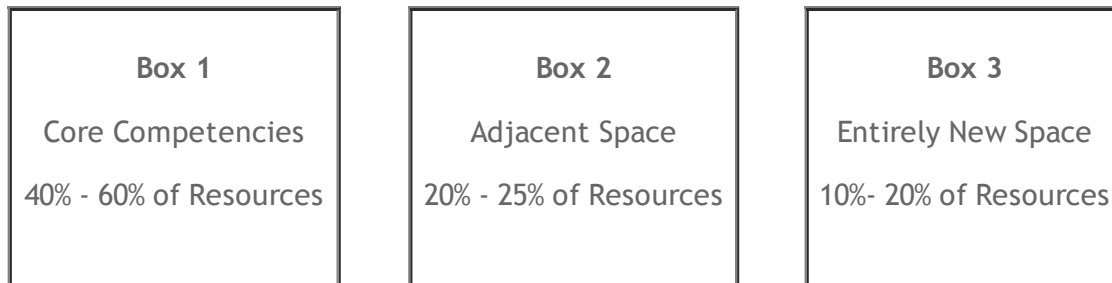
***“...strategy should
imagine not predict...”***

The strategic intent of law firm strategies will play a significant role in the determination of their success or failure in the future. By strategic intent we mean three elements:

1. **Direction** - does it deal with the “big picture” and not the steps to move the firm there - these steps are best dealt with at the annual business plan level;
2. **Motivation** - there has to be a deep personal meaning to the strategy or it will not engage lawyers or staff; and
3. **Challenge** - inherently people want something bold / something they will talk to others about - an unrealistic goal (rarely do you hear people bragging on having achieved a mediocre goal).

The last bullet is deceptively critical as more and more societal surveys are indicating that rarely does society exceed expectations, so setting them high or at an unrealistic level does not mean failure but rather an opportunity to achieve extraordinary results (but even if the partners do fall short it exceeds what they have accomplished in the past).

This different perspective applies not only to the strategy but also the annual business plan which is designed to create a bridge between the present and the future. The “box analogy” works for a revamped annual business plan.



Core competencies - what is your firm best at as an organization? Core competencies are the combination of pooled knowledge (intellectual capital) and technical capacities that allow a firm to be competitive in the marketplace. Theoretically, a core competency should allow a firm to expand into new markets as well as provide a significant benefit to clients.

While the future is important, without today there is no tomorrow! So it is reasonable to spend almost half your annual resources strengthening these core competencies.

Adjacent space is as simple as leveraging your core competencies into new approaches to an area of law, an industry market or a client that you may already be working in or with. Some 20 to 25 percent of resources should be focused on taking the things you are already good at and leveraging them in directly related areas of practice.

“Adjacent space is as simple as leveraging your core competencies into new approaches...”

Part of the competition for the future is developing new core capabilities. It's the most challenging proposition for most law firms given the risk adverseness of lawyers in general combined with a corporate structure not conducive to investment. Roughly 10 to 20 percent of resources should be devoted to this kind of experimentation.

An interesting exercise would be for law firms to take the current projects / actions they are working on, allocate them to the three boxes and see if the percentages match up to the suggested ones. The percentages raised are meant to be guidelines and not hard and fast rules. We would simply suggest a rethink of your firm's current allocation of resources if they are totally at odds with the suggested percentages. The simple question you and your partners need to address whether the firm's allocation ensuring it has the best chance to be able to compete for a future.

Conclusion

You can't get to the future by leveraging your current competencies. Real effective strategy requires you to think in terms of opportunities that arise from the active use of your imagination and not predictions predicated on precedent and the past.

Comments or Questions?

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