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Why Strategic Planning Doesn't Work

by David H. Freeman, J.D.

Where did strategic planning go wrong? What's wrong is that strategic planning is subject to unrealistic expectations it can't deliver. Strategic planning is not the end game — it's merely a means to an end. It's a catalytic process that sets the wheels in motion, but it's not the entire vehicle. There are many different components that go into bringing a strategic planning process to fruition. In order to develop a clearer perspective on what must be done right, let's explore what typically goes wrong and what elements are poorly (or not at all) implemented.

What Goes Wrong

Poor Preparation for Planning. "The number one reason strategic planning doesn't work is that most firms want to go directly to the planning and implementation phase without first determining who they are, what their options are or what they want to be," said Laura Meherg, director of marketing at Burr & Forman. Without a good, solid foundation, strategic plans become no more than semieducated guesses that often fail to hit their intended mark.

The Cookie Cutter Plan. "Many years ago we went through a planning process with one of the large law firm consulting companies, and the result was a 'one size fits all' generic plan," said Maggie Watkins, director of marketing at Luce, Forward, Hamilton & Scripps. "It didn't incorporate anything that was special about us, and therefore it didn't work."

There is a "Star Trek" episode in which Scotty's at the helm exclaiming, "Fool me once, shame on you. Fool me twice, shame on me." Having gone through a bad experience with strategic planning, it's understandable that many won't be "fooled" again. In truth, however, many fail to distinguish between a poor concept and a good concept that is poorly executed; they wrongfully place strategic planning in the "poor concept" category.

Nonalignment Between Overall Firm Goals and Individual Practice Group Plans. "Strategic planning is the basis for developing a successful marketing program," explained Theresa Jaffe, chief marketing officer at Jenner & Block. "When people run departments in isolation, however, it doesn't work. To create a firm brand, everyone must march to the same tune." Plans that are created at the practice group level that are not aligned with overall firm strategies do nothing to create a brand. They fail to take advantage of the synergies that exist. The firm, in effect, is merely a collection of boutiques under one roof, sharing a name and overhead.

Belief That the Ordinary Course of Business Is Sufficient to Get a Strategic Plan Implemented. If a firm is satisfied with its current direction, then minimal planning and implementation may be all that's needed. Most firms, however, recognize the need to make some significant changes in how they operate, how they get clients or which markets they should serve.

It's been said that an object in motion tends to stay in motion unless sufficient force exists to change it. Likewise, law firms are objects in motion, and it takes extraordinary force to redirect it. That redirected force doesn't exist in the regular day-to-day operations. New external forces must vigilantly be applied to turn the ship and to keep it from slipping back to its old course.

Weak Leadership and No Accountability. "Law firms need leaders who are courageous, who get people to agree on goals and then hold their feet to the fire to accomplish those goals," said Linda O'Connell, marketing director at Robinson & Cole. Many law firm leaders, however, are caretakers of an existing order. They find it hard to justify making changes to a system that historically has been so profitable. Why rock the boat?

Incomplete Set of Measures. Most firms look at metrics such as billable hours, profitability, and realization rate to gauge their success. That's like driving a car while looking through the rear-view mirror. It shows you only what has happened in the past. It doesn't allow you to look forward and make adjustments along the road.

Supporting Strategic Planning for Successful Outcomes

The oncoming challenges of a softening economy and multidisciplinary practices make strategic planning more important than ever. As margins become tighter, competition becomes greater and good clients become harder to find, it's time for law firms to operate like other successful businesses. Well executed strategic planning is an essential element to achieving success. "You can manage the future, or let the future manage you," said Jaffe.

It is of paramount importance that you understand that strategic planning is not a stand-alone process. It is merely one piece (albeit a very high-profile one) in a series of interconnected processes that triggers the creation of a higher performance law firm.

When you speak of high performance, sports analogies always have a place. In baseball, when you get a run across the plate, it's called an RBI. To get that RBI, a number of factors must be in place to achieve it. Similarly, scoring a run in a law firm occurs when specific strategic initiatives are achieved.

To achieve law firm RBI's on a consistent basis, you must execute in three major categories:

Readiness
Business planning
Implementation

Readiness

- Market Research
- Competitive Research
- Client Surveys
- Internal Surveys

You need full information before you can make good decisions. Just as no good litigator would go into court unprepared, no firm should plan for its future without being fully cognizant of its current reality. Conducting the appropriate research and understanding the perceptions of your clients and your attorneys is the best starting point for beginning a successful planning process.

Business Planning

- Vision, Mission, Values
- Firmwide Strategic Directions
- Firmwide Planning
- Practice Group Plans Aligned to Firmwide Plans
- Budgeting to Support Strategic Initiatives
- Balanced Measures

Successful organizations are very clear about the vision they have for the future. They build their organizations based on shared values and can articulate their mission, which is based on their values and their vision. Strong, decisive leadership will utilize the research to determine overall strategic directions, which will be communicated to the rest of the firm. Firmwide planning must be conducted in a way that elicits the buy-in and commitment of the major players in the firm. A well-designed collaborative process, perhaps performed at a firm's retreat, can be the spark that sets everything else in motion.

Practice groups must create their plans in alignment with the firmwide strategic goals. Budgets must be prepared to support specific initiatives that drive overall strategies. Also, typical financial measures are not enough. Firms should use an approach, known as the Balanced Scorecard, which looks beyond the financial measures to include metrics in areas like client strategy, internal operations and learning and culture. "Using a Balanced Scorecard process would make good sense for law firms," said Annette Duwell, marketing director at Long, Aldridge & Norman. "When I worked at Ernst & Young, we used it a lot for our clients."

There also need to be more frequent measures. "Look at the phenomenal growth in some of the accounting firms," Duwell continued. "My former company measured things every six weeks but, then, accountants measure everything."

Implementation

- Aligned Individual Planning (partner, associate, staff)
- Aligned Rewards System
- Ongoing Internal Communication
- Performance Management

The planning process must be driven to the individual level, which includes all individuals in the firm. Partners, associates and staff should be given goals and tasks that are in alignment with achieving strategic goals. To drive the desired behaviors and to get the needed accountability, the compensation system must be in sync, rewarding accomplishment of tasks that will support achieving overall goals.

An area in which many firms are weak is internal communication. Say it until you're sick of it, then people might just start understanding and believing you. The goals, the vision, the mission, the strategies and the successes — the story must be told over and over to prove that it is not just the "flavor of the month."

You can also communicate based on how you manage people's performance. Are they measured against their stated goals? Will they be held accountable for failure to achieve their goals? Few corporations will allow underachievement, while many law firms regularly tolerate it. Failure to make people accountable pulls the plug on the entire process, so the discipline of managing performance is the glue that holds everything else together.

In summary, strategic planning has been given a bum rap. As part of a well-orchestrated series of events, it can help produce significant results. Left alone, it often becomes a scapegoat for the failure to do all the other things that add up to big success.

David H. Freeman, J.D., founder of Whetstone Consulting LLC, is a strategic planning and Balanced Scorecard specialist who has worked both sides — legal and corporate consulting — and applies the lessons learned from top, high performance corpor-ations to law firms. He can be reached at 303/448-0757.