Strategic Planning for Law Firms: Defining, Setting and Achieving Your Firm’s Goals

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I. Why a Strategic Plan?

“In preparing for battle I have always found that plans are useless, but planning is indispensable.” Dwight D. Eisenhower

Formal strategic planning provides a focus and a structure to use to discuss the future of your business with your partners, create a plan for growth or continued success and provide management direction for employees. In my view, a strategic plan is a useful to help guide decisions, but it should not be a static document. It is important that any business be adaptable to change to survive. Adherence to plans without regularly updating them to recognize changing realities will not work.

II. Strategic Planning Models

1. SWOT Analysis – This model looks at the Firm’s strengths, weaknesses, opportunities, and threats in an organized and deliberate way. The results of a SWOT analysis can vary. Some firms might decide the best course is to build on their strengths and follow opportunities that play to those strengths. Others might find that answer insufficient for their purposes and devise strategies designed to overcome identified weaknesses to enlarge their opportunities. A list of SWOT questions is attached to this outline. An example of a SWOT analysis applied to a hypothetical law firm might look like this:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>● lawyers with deep technical expertise</td>
<td>● big client expanding operations in region</td>
</tr>
<tr>
<td>● good reputation in state</td>
<td>● regulatory changes expected in key areas</td>
</tr>
<tr>
<td>● Strong support systems</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>● no clear business development leaders</td>
<td>● national law firm expanding to region</td>
</tr>
<tr>
<td>● increasing lawyer dissatisfaction with work hours</td>
<td>● clients are looking to lower costs</td>
</tr>
<tr>
<td>● poor record on diversity of workforce</td>
<td>● clients are pressuring for diversity</td>
</tr>
</tbody>
</table>
2. Gap Analysis Approach – This approach asks the Firm to articulate the difference between where it is as an organization at the initiation of the planning process and where it wants to be in the future. Using this method, the Firm would identify a set of Firm objectives, spot the gap between the objectives and current reality, articulate various options for closing the gap, and set a course of action that the organization determines will most effectively align objectives and reality.

3. Porter’s Five Forces Model – The five forces model looks at the connection between a Firm’s environment and the industry in which it competes. The five forces are (1) the risk of new competitors entering the industry, (2) the threat of potential substitutes, (3) the bargaining power of buyers, (4) the bargaining power of suppliers, and (5) the amount of rivalry between the existing competitors. Applied graphically to a law firm, the model might look like this:
4. Appreciative Inquiry Model – The appreciative inquiry model was developed in reaction to perceptions that previous planning models started with a negative “problem solving” approach, rather than a positive approach that “appreciates” the Firm. Appreciative Inquiry uses a “5-D” model whereby the Firm breaks the planning process into five distinct phases. In the first phase, the organization defines the topics to learn more about, such as marketing or recruitment, and refines the issues to be examined. The second stage is the discovery stage, which identifies what the Firm is doing when it performs at its best. The third stage is the dream phase when the group envisions what the future would look like based on the Firm’s strengths and core values identified in the previous phase, which segues into the design phase in which the Firm articulates the building blocks for implementing the Firm’s vision. The last segment is the delivery phase during which the vision articulated by the group is put into action. Graphically, the “AI” approach applied to a law firm might look like this:

**Definition**

Identify Areas of Inquiry:

What can we do to equalize the quality of work and the work experience at Law Firm X?

**Discovery**

Identify the key elements at play when the firm is at its best

Example: Our Intellectual Property (“IP”) practice is really strong. They do high quality work within deadline and have a wonderful esprit-de-corps.

**Design**

Outline the future together

Example: Let’s ask practice leaders to define areas of standardization and clearer processes in their areas.

**Dream**

Envisioning Results & Impact

Example: The IP practice has really clear processes and standards, let’s apply that concept to the rest of the firm.

**Delivery**

Sustaining the change

Example: Let’s check in with practice managers and do attorney surveys by practice area to see how things are going.
5. David Maister’s Fast Track Strategy – This action-oriented approach dispenses with the time it can take to articulate the goals of a law firm because it is based on the theory that all professional service organizations have the same goals: (1) raising the satisfaction of clients, (2) increasing the skills within the organization, (3) improving the productivity of the firm, and (4) getting better business. The aim of the process is for the participants to prepare an action plan for each goal that articulates specific proposed actions, identifies who will be accountable for each of the identified actions, determines how much time will be spent on each activity, deadlines, and how to determine the action is complete. This is how Maister’s approach looks, taking just one example and applying it to a hypothetical law firm:

<table>
<thead>
<tr>
<th>ACTION</th>
<th>PERSON RESPONSIBLE</th>
<th>TIME REQUIRED</th>
<th>DUE DATE</th>
<th>INDICATOR OF COMPLETION</th>
</tr>
</thead>
</table>
| 1. Create internal attorney training program | Mary | 25 Hours | 3/1/06 | A. A detailed training schedule for the year  
 | | | | B. Survey attorneys on usefulness of trainings at 6 months |
| 2. Train paralegals in areas that support lawyers | John | 25 Hours | 3/1/06 | A. A detailed training program for year  
 | | | | B. Survey paralegals on usefulness of training |
| 3. Increase coaching abilities of partners and senior attorneys | Eloise | 50 Hours | 4/15/06 | A. Design and hold training on “coaching” others with outside expert  
 | | | | B. Have partners and senior lawyers hand in a quarterly “coaching” report detailing what feedback and coaching activities they’re engaged in |
6. Continuous, Decision-Oriented Planning – This approach, discussed in the January 2006 edition of the Harvard Business Review, attempts to respond to criticism that traditional strategic planning does not produce high-quality organizations because plans can get stale quickly, stifle creativity and entrepreneurialism, and sometimes ignore the elemental fact that the business environment is constantly changing. Instead of tackling the Firm’s challenges and opportunities all in one big plan, the Firm would look at issues in small “bites” and make decisions in smaller increments rather than one, unified strategy. Under this model, issues are identified in the beginning of the year, and identified teams research and prepare analyses of options, which are then acted upon by the leadership on a regular basis. Taking a hypothetical law firm, this model might look like this:

III. Who Should Participate?

1. Partners – The owners of the business should obviously participate to the greatest extent possible so that something meaningful and lasting comes out of the process. In our case, the partners each answered the attached work sheet, met with the consultant to talk about the answers, implications, and which aspects to seek further views from others at the Firm. We also looked at our organization arrangement and made revisions to our management structure to accommodate our goals.
2. Attorneys – We are a small Firm, so we included all attorneys in a day-long retreat looking at specific issues regarding internal management structure and external business opportunities. The consultant we worked with also met with the non-partner attorneys as a group to surface issues that might not be raised in the presence of the partners, but which should be addressed for long-term organizational health.

3. Paralegals – We see paralegals as an integral part of our business. For us to build a strong organization capable of handling the work we plan to generate over the next few years, our plan needed to address internal organization and create a workplace that people feel good about. Toward that end, the paralegals talked to the consultant as a group and provided us with issues to address in our strategic plan. The paralegals also participated in the internal management portion of the retreat.

4. Other Staff – We think a strong support staff is essential to a well run law firm. Like the paralegals, the support staff talked to the consultant as a group and provided us with issues to address in our strategic plan.

IV. Some Tools Our Firm Uses to Develop the Vision and Keep on Track

1. Even before initiating a formal “strategic planning process,” we found it important to articulate basic expectations about work habits, client service, and work product in a written manual, which we call the “Style Manual”. Since adopting the Style Manual, we have seen vastly improved performance from associates – everyone starts on the right track.

2. We used the SWOT approach and as time has progressed, we have layered the David Maister “fast track” method with it for bringing issues forward in subsequent years. When we started the process (about two years ago), we used a consultant who worked with the partners first on the questions, which are attached to this outline. The consultant then identified key questions for the rest of the firm after reviewing the partner SWOT responses and interviewing key staff. The questions, which focused on internal decision making, work-life balance, management priorities for the upcoming year, and external business development issues, were then put to the group during an off-site retreat. The consultant provided us with a report that described the decision making issues we tackled, input on management priorities for the coming year, and our first set of ideas on business development strategy to build from.

3. I interview people yearly based on David Maister’s “Rate Your Work Experience” and monitoring supervision questionnaire. Management uses those results to adapt management approaches. The questionnaires are available on his website, which is listed later in the materials.
4. We set yearly goals for individuals and for the firm’s management. The goals include management investment items (such as “implement new phone system”) and strategic items (such as “develop new business in particular areas.”) This year we added personal non-career goals (i.e. “go to the gym at lunch”) to goal setting to provide a platform for helping people achieve work-life balance. We send out quarterly updates on where we are and meet to discuss status as a group when appropriate.

5. We have been emphasizing accountability, constructive evaluative tools and improvement measures, and we have restructured to reinforce expectations.

6. We involve associates in the management committee and all levels of the firm in specific task oriented committees.

7. We use our technology to understand what is really happening at the Firm and how people are spending their time.

8. We look at where we are competitively on a yearly basis.

V. Implementing Your Firm’s Vision as Articulated in a Strategic Plan or Similar Process

1. No matter how you get there, the people who make up a “firm” need to know that the organization has a vision and a future. The role of a Firm leader is to be clear about the vision and the objectives.

2. Include as many people as possible in the vision so that you are truly creating a firm culture.

3. Be outcome oriented and resist the impulse to micro-manage. People perform better and come up with more creative, effective solutions when you trust them.

4. Publish results internally – let people know how things are going.

5. Check in internally and adjust periodically – quarterly or semi-annually.

6. Be willing to reconsider approaches when they are clearly not working.

7. Holding people accountable (no matter where they are on the Firm food chain) for their promises and to perform to expectations. It is not “nice” to let commitments slip unnoticed. (Read David Maister’s article *Strategy and the Fat Smoker*, which is on his website.)

8. Use objective tools to monitor results, but use your brain to evaluate them. For example, if someone has lower billable hours than they should, look at
what they are doing with the non-billable time. Is it serving the Firm’s goals?

IV. Strategic Planning Resources for Law Firms

**Books/Periodicals.** None of the books below focus solely on strategic planning, but most look at law firm or professional firm management as a whole, and include strategic planning.


**Websites**

1. [www.davidmaister.com](http://www.davidmaister.com)
2. [www.hildebrandt.com](http://www.hildebrandt.com)
3. [www.altmanweil.com](http://www.altmanweil.com)
4. [www.joelarose.com](http://www.joelarose.com)
5. [www.lawyerswithalife.com](http://www.lawyerswithalife.com)
6. [www.abanet.org/lpm/home.shtml](http://www.abanet.org/lpm/home.shtml)
7. [www.lawyerswithalife.com](http://www.lawyerswithalife.com)
8. [www.lawyerslifecoach.com](http://www.lawyerslifecoach.com)
Goals and Values Worksheet
(Strengths, Weaknesses, Opportunities, and Threats)

1) **Our firm name is recognizable in the _______ community – Why?**

2) **What do you feel is our mission?**

3) **What do you feel are the three core values of our firm?**

4) **What attracts and retains clients to our firm?**

5) **What attracts and retains our employees?**

6) **Outside of our current practice areas are there other practice areas that could complement our current practice?**

7) **What are the reasons we have eliminated or reduced practice areas in the past?**

8) **What is the image we want to project in the market? Are we doing it? If so, how are we doing it?**

9) **Does the firm spend enough, too little or too much on marketing, advertising, and business development? Why?**

10) **Who are our closest competitors and how has our position in comparison changed in terms of size, economics, and reputation in the last year?**

11) **What size should we be 1 year and 3 years from now and how do you think we will get there (natural growth, lateral, merger/acquisition)?**

12) **What should be our strategy for managing to our ideal size? How should it be structured?**

13) **What do you think our targets should be in terms of revenue and partner compensation?**

14) **What should be our strategy for acquisition and use of technology in our practice?**

15) **How are we positioned to endure changes in economic cycles? What do you see as our growth market strategy? What do you see as our down market/recession strategy?**

16) **As partners, what are the main weaknesses you think we should focus more attention on internally? Externally?**
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-- Minority Law Journal (Summer 2005)

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