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# THE SHARPER LAWYER

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## *Strategic Plan Essentials for the Successful Law Firm*

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# **STRATEGIC PLAN ESSENTIALS FOR THE SUCCESSFUL LAW FIRM**

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“If you don't know where you are going, any road will get you there.”

- Lewis Carroll

## ***Introduction***

While many law firms or legal organizations have some form of business plan identifying anticipated expenses and income over the succeeding twelve months, most have neither developed nor implemented a strategic plan. Strategic planning is the process of defining long term direction and allocating resources accordingly toward the stated end. Forming the basis for creation of a proactive as opposed to a reactive business plan, a strategic plan is essential to every lawyer wishing to attain full financial potential. Certainly, many make a decent living without one; however, they are most likely economically shortchanging themselves, their partners and their families.

The authors are painfully aware that law firm cash flow is sometimes downright unpredictable, having run law firms and related business enterprises for over 50 years between the two of us. Our experience, however, demonstrates that having a strategic plan in place that is properly monitored and modified helps keep any law firm (no matter the size) on a course that yields greater financial predictability.

Our goal in sharing the following information is to inspire all lawyers to take charge of their professional and financial futures and engage in strategic planning - at some level. Having recognized long ago that a law firm must be run like a business, most large law firms engage experienced professionals to become intricately involved at each stage of the process. However, the leader of a firm with a lean budget is well advised, at the very least, to expend the resource of time to create a strategic plan.

In designing the step by step approach outlined below, we relied on the deepest wisdom and practical advice of our mentors, including those authors who generously make their teachings readily available to all of us. UK based firm, Managing Partner provides detailed guidance to law firms in its excellent book: **Strategic Planning for Law Firms: A Practical Road Map** (2012). Numerous articles and commentary are available on the internet as well.

### ***Potential Benefits for Law Firms and Lawyers Who Develop Strategic Plans***

The process itself leads to critical insight into the law firm as well as individual lawyers. Those who invest the resources (whether time or money or both) into the business aspect of the organization can benefit as follows:

- Gain a clear understanding of themselves and their goals during the internal assessment phase.
- Increase competitive edge through analysis of their external changing environment during the external assessment phase.
- Develop the ability to project future costs and revenues with greater accuracy
- Develop long terms plans that will help guide key investment and budget allocation decisions, including future hiring decisions
- Improvement of the human resource aspects of the firm which could include providing career planning services to lawyers as well as better informed business development services to their practice areas
- Enhancement of both the external and internal reputation of the firm due to its commitment and focus on the future
- Improvement of financial results and the competitive positioning of the firm
- Increase in the firm's contribution to and positive impact on the legal profession
- Streamline in the overall management of the firm which results in stronger client services

Leaders or leadership teams at the helm of law firms striving for the next economic level understand that these nine stated benefits represent the categories of knowledge, process and financial improvement that are daily imperatives for every successful law firm.

### ***Obstacles to Planning***

Citing a variety of reasons or excuses, many continue to avoid The Strategic Planning Conversation. After all, developing, executing and monitoring a comprehensive plan will involve expenditure of significant resources whether time or money. Also, some fear that differences in vision, fissures in the firm and past failures may be revealed. Indeed, it can be painful to face the true cost of past decisions made without the benefit of a robust plan to guide the way. Finally, strategic planning requires several forms of inquiry that most lawyers are ill equipped to undertake and the process itself can cause great stress and tumult in law firms. Nonetheless, the potential long term payoff is what inspires successful business leaders to move ahead with the process despite the required commitments.

### ***Preliminary Considerations***

First and foremost, a clear, well defined and specifically scheduled strategic plan (essential for success) will spell out each person's respective roles and responsibilities.

Further, prior to inception of the strategic planning process, parameters must be established regarding storage of information generated during the process, who will have access and/or rights to comment on gathered data.

Finally, the methodology for making key strategic decisions based upon the research and analysis must be clearly determined before the process begins.

### ***Areas of Inquiry***

Required areas of inquiry for a robust and comprehensive strategic plan include:

1. Conducting a rigorous, objective, competitive analysis of the legal marketplace and the law firm's current position in that marketplace.
2. Identifying future trends (scenarios) in the law, the future economics of the legal profession, the role and uses of technology for delivering legal services, future billing systems, and analyzing where the future demand for legal services will be in the next three to ten years.
3. Identifying the key strengths and weaknesses of the law firm and those drivers of success or lack of success the law firm is experiencing.
4. Identifying the new skills current lawyers in the firm will need to develop in order to meet the future demand for legal services
5. Identifying the areas in which the law firm will need to invest in order to build capacity to stimulate and meet future demand.
6. Evaluating the reputation, marketing and business development aspects of the firm, and developing budgets necessary to promote the firm successfully.
7. Identifying the synergies (and any existing silos) among the firm's practice areas.
8. Evaluating quality assurance and control by assessing the processes used by the law firm in handling cases in terms of efficiency, thoroughness, effectiveness
9. Identifying key areas of practice evolution (over the next three to ten years) as envisioned by individual and group practice leaders and plans to assisting the lawyer/group to develop "human capital" to support attainment of future goals

### ***Essential Elements and Action Steps***

While the basic elements are straight forward, each strategic plan must be custom tailored. The plan's scope will differ based upon the size and complexity of the firm as well as the market (both geographical and legal) that the law firm faces going forward.

Furthermore, in light of the high and growing cost of deploying the latest information and management technologies, careful strategic planning takes into account the future revenue side of the equation as well as the future expense and investment side of providing efficient legal services.

In a nutshell, a well designed strategic plan for any law firm will include the following:

1. Analysis and re-declaration of the mission, goals, financial objectives of the law firm over the next three to five (and possibly ten) years.
2. Internal assessment of the law firm's capabilities, future capabilities that need to be developed to remain competitive or even solvent, and analysis of key law firm strengths and weaknesses relative to its goals.
3. External assessment of the legal marketplace. For example, is there legislation pending that could affect the need for your type of legal service?
4. Generate and evaluate strategic alternatives, including budget estimates of the expected impact of these alternatives on revenues and costs of the firm over the next three to five (and possibly ten) years.
5. Develop and pre-test an accountability system to ensure that that management receives regular (daily, weekly or monthly depending on the data) reports regarding implementation initiatives and the results being produced as the result of execution of the plan.
6. Make decision on which of the considered strategic alternatives the law firm will implement – that is, decide on the “strategic plan.”
7. Communicate the strategic plan to all key law firm personnel and hold meetings to develop operational plans to execute the plan consistently and in an integrated manner.
8. Begin to execute the plan and implement the strategies.
9. Monitor the implementation process and the results of the implementation process.
10. If the process and results are not as anticipated or desired, modify the implementation or even strategies as necessary to drive the firm toward the desired results. Modifications of the management information system as necessary to track the revised implementation process and the new results obtained. Constantly monitor and evaluate the execution of the strategic plan.
11. Continue research on the internal and external assessment fronts and at the end of a pre-determined period (in the eighteen month range), restart the strategic planning process, gather new information and readjust the firm's course on the basis of new findings and developments.

## ***Conclusion***

Although the benefits of engaging in a rigorous strategic planning process are undeniable, the process continues to pose a challenge for most law firms. However, to ignore the process is to ignore the fact that law firms must become and remain nimble and agile in this age of economic uncertainty and uncertainty with the future of the legal profession.