Strategic Planning for Law Firms: A Practical Roadmap

JOHN STERLING
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THE PURPOSE of strategy in any for-profit organisation is to position the firm to achieve better, more sustainable returns than the competition, hence capturing a sustainable competitive advantage. Doing so requires the firm to satisfy major stakeholders (primarily customers, but also knowledge workers, shareholders and others) over both the near and longer term. Ultimately, business strategy is about winning in competitive markets.

The origins of strategy are often attributed to Sun Tzu, a Chinese general who is believed to have lived around 500 B.C. Sun Tzu’s Art of War is a favourite source of quotes and insights on strategy. Likewise, many writers point to the ancient Greeks as the originators of strategy – the term strategy is derived from the Greek Strategos, meaning army leader. While strategy clearly has its roots in military history, there is a critically important element missing from those theories vis-à-vis modern business. Namely, military strategy does not concern itself with customers or clients – whereas a modern law firm exists to attract and serve clients.

Translated into a law firm environment, this report provides readers with a solid grounding in the key elements of a strategic plan (which apply both at the firm and practice group level). A well constructed strategic plan includes:

- A concise and compelling vision and mission;
- A well articulated and focused set of primary goals;
- Strategies that allocate resources toward achieving those goals; and
- Related implementation plans that prioritise near term action and highlight meaningful measures and milestones that track implementation.

This report provides a workable, real world strategic planning process, which readers can use in their firm as an easy-to-follow roadmap, to create:

- An approach to developing a strong analytical foundation and framework – Providing an objective, factual assessment of the internal and external environment facing the firm;
- A means of defining the firm’s strategic direction – Enabling the firm to articulate and agree on its direction including:
  - What the firm (or practice group) aspires to become over the long term; and
  - What position(s) the firm or practice intends to occupy (i.e. what it will be known for);
- A means of developing action-oriented strategies – Enabling the firm (or practice) to agree on the sometimes difficult trade-offs among its strategic alternatives, enabling it to focus resources on achieving its aspirations and desired market positions; and
- An approach for identifying near term action plans (and prioritising those action
plans) so that individuals are directly engaged in (and are accountable for) roles that put the strategy into operation on a day-to-day basis.

This report provides comprehensive and sequential detail and analyses in four major sections, as discussed under the following sub-headings.

**A strategic planning process roadmap**
Providing a detailed guide to best practices for strategy development and strategic planning in a law firm context.

**A review of strategic management tools and principles**
Providing a pragmatic overview of the most important and useful analytical tools and strategic management principles that drive winning strategies for law firms, including:

- Portfolio analysis tools and techniques;
- Product/service life cycle management;
- Competitive intensity analyses (the five forces);
- Scenario planning techniques;
- Disruptive innovation principles;
- Co-creation principles; and
- Balanced scorecard tools.

**A discussion of strategic issues facing law firms**
Providing a guide to the universal challenges and question law firms face in the context of strategic planning, including:

- People issues;
- Knowledge management;
- Value drivers (fees in the context of client relationships);
- Profitability and financial management;
- Succession management; and
- Outsourcing and smart-sourcing.

**Case studies**
Practical real world examples highlight how the strategic planning process has worked in large, mid-size and boutique law firms.
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John has worked extensively with law and other professional service firms, as well as with industrial and consumer product companies and not-for-profit organisations.

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