

## **Strategic Planning**

### **The Changing Environment**

Until relatively recently only the largest and most pro-active of the commercial firms would have recognised the words "strategic planning" as being relevant to legal firms. Business survival is now the goal for most firms and there is a growing acceptance that being a hard working, honest and competent solicitor is no longer enough to ensure business success or even survival. All firms, no matter their size and location, now require to undertake some form of strategic planning. As the external environment in which we all practise law becomes increasingly hostile and competitive, so this need is becoming increasingly important. The comments of David H Maister in "Managing the Professional Service Firm " (Free Press 1993) remain valid:-

"Power, in all the professions, is moving from the professional to the client. The professional firm must increasingly demonstrate a willingness to be co-operative, responsive, and adaptable, in order to win the confidence of today's client."

### **The Planning Process**

On setting up a practice or setting up a new venture a firm will almost certainly require a Business Plan. This should be in writing. The Business Plan should set out what business the firm intends to carry out and to demonstrate to potential financial backers how the firm is going to finance the operation. The Business Plan should fall out of the planning process.

Many firms complete a "Mission Statement". This is a basic statement by each of the partners as to his or her goals and reasons for being in business. Space prohibits any detailed analysis of this important concept which theoretically should preface the numerical and financial business planning process.

The key to success in business is critical self-analysis. Goals must be set which are neither "soft" targets nor simply unobtainable. All partners certainly, and arguably all solicitors in the firm, should be involved in the planning process. There should be a continuous cycle of obtaining information, analysing, implementing and assessing.

### **SWOT Analysis**

One of the simplest tools at the disposal of the profession in business analysis is to analyse a firm's Strengths, corresponding Weaknesses, the Opportunities which lie before it and the Threats it faces. Just as in marketing analysis, involving some of your key clients in this process would not be untoward. Firms are understandably reluctant to share managerial and related information with their local competitors and it is suggested that networking with a like sized firm elsewhere in the country - where no direct competition is likely - could prove advantageous.

No Business Plan will succeed if it disregards the action and potential action of competitors. We are in an era where there will be amalgamations of legal firms and

mobility of lawyers as specialisms grow and structural elements in the legal market place change. The need for investment in technology will change legal practice and the rolls of those involved in it at all levels.

### **Planning Criteria**

Planning should be divided into different time frames -

1. 3/5 year plans for the attainment of medium term goals e.g. implementing technology;
  2. 1/2 year rolling programmes e.g. for Staff Development;
- and
3. Short term - 6 month or annual budget periods.

A firm's performance is meaningful only when set against past results based on valid data and the widespread availability of technology should make basic Managerial Software packages available to almost all solicitors. There is no point in assembling a vast amount of meaningless information. Certain key figures should be sufficient for all but the largest firms.

### **Law as a Strategic Choice**

Many solicitors now firmly believe that Partnership is a structure which does not facilitate the planning process. Not all solicitors have either the experience or the inclination required for those aspects of practice management which are becoming increasingly important, though inevitably, being solicitors, they will all want their say. The important thing is to remember that planning is an ongoing self analytical process and that several factors are common to all firms e.g. profits, turnover, image, staff, finance and opportunities. Remember that we all work for a variety of needs from the basic physiological through to esteem, self actualisation, freedom and understanding. Solicitors should not be shy of the profit-motive in work. Many in the past have seen this as undignified, but it is defended by Peter Drucker (The Practice of Management: Harper & Rowe, 1954) who says:-

"No apology is needed for profit as a necessity of economy and society. On the contrary, what a businessman should feel guilty about, what he should feel the need to apologise for, is a failure to produce profit appropriate to the economic and social functions which profit, and only profit can develop".