

## Don't Just Plan, Implement---Steps to Successful Practice Group Plans

By Susan Raridon Lambreth, Hildebrandt International

November 5, 2004

One of the most critical elements for effective practice groups is having a business plan. It creates group cohesion, establishes metrics and goals by which the group's performance can be measured and informs firm management as they make decisions about the firm's strategy and resource allocations. There are ten steps for practice group plans that actually achieve results.

### **One – Your practice group business plans should be viewed as a critical management tool for your firm and practice leaders.**

First, in firms where practice group planning is thriving, the plans are viewed by firm management as critical for continued evolution of the firm's strategy. They help inform firm management about the trends and opportunities that the firm needs to deal with or can capitalize upon. Second, the plans help firm management make resource allocation decisions. Firm management views the plans almost like "pitches" for firm resources – marketing dollars or staff time, professional development expenses, lateral hire compensation, recruiters' fees, etc. Last, but certainly not least, they form the basis upon which the performance of practice groups, their leaders and their members are measured. The performance of the group and each member's contribution to the performance is a factor in the firm's compensation system in firms that have effective practice group management.

### **Two – Your firm management must give feedback to the practice groups on their plans if you expect them to be worthwhile.**

In many firms we see management requesting practice group plans from their practice group leaders. Once submitted, these plans are not reviewed or discussed until, sometimes, years later when the plans are again requested. In fact, in some firms, practice leaders tell us that they have even submitted the same plan year after year with a different cover page. Management was obviously not reading the practice plans.

The quid pro quo for the practice groups doing plans is that firm management must give feedback to each practice group leader. "Is on the right or wrong track?", "How does it fit with the firm's strategy?", "What resources will be allocated based on the justification in their plan?" If this feedback process is used, the plans are extremely valuable tools for firm management to guide the practice groups and to maximize use of the firm's resources. Also, as an important side benefit, reviewing the plans can help firm management identify potential areas of future strategic or positional conflicts that may cause the firm problems.

### **Three – Your plan should be developed with participation by most, if not all, members of your practice group.**

Depending upon the size of the group, at least all of the partners should actively participate in developing the plan. Practice group plans typically fail when the practice group leader drafts the plan and circulates it for input. Even if the leader gets significant input from everyone in the group when he or she circulates it, the group has not really bought into the plan. To achieve their real commitment to the plan, and "ownership" of it, requires their involvement in actually creating it. For many large firms, they often have an annual practice group retreat, during which the planning process is either initiated or is finished. There is at least one meeting of most, if not all, of the members of the practice group to develop the plan. Wherever possible, associates should be included in creating the plan too. They have valuable insights, can offer highly innovative ideas (as they are typically less stymied by tradition) and can be extremely helpful in implementation.

### **Four – Your business plan should be simple yet based on a thorough assessment of your market position.**

The business planning process should begin with an assessment of the practice group from both an external and internal perspective. The assessment is designed to help your practice group develop a realistic, inspirational and innovative plan that will set priorities and identify specific and detailed actions to achieve its goals. This assessment used to be called a "SWOT analysis – which addressed strengths, weaknesses, opportunities and threats that were, or would soon be, affecting a practice group. However, with

today's competitive and rapidly changing market, "SWOT" analyses are considered out of date and antiquated. They are not very effective because they do not sufficiently consider the market dynamics and can cause a firm to be complacent or ill-prepared.

Instead, it is important for a group first to evaluate the market and its current position – in as candid a fashion as possible. With extreme competition and difficult trends affecting many practices, it can mean failure if there is not a candid, realistic evaluation of the group – this is not the time to be superficial or pat yourself on the back. It is the time for an earnest and candid evaluation of the following:

- what services your group offers,
- what are the trends affecting these services (positively and negatively),
- who is your competition and finally, and most importantly,
- what are your group's "selling points" vis-à-vis the competition – what is it that truly differentiates your practice group.

The last two parts of this are most frequently left out of practice group assessments or are very superficially answered with responses such as "it is the quality of our lawyers that distinguishes us," or similar comments about the quality of the work. These selling points must be important to existing and prospective clients and must be provable. Characteristics such as the "quality" of your lawyers or your work are rarely verifiable through market ratings or feedback from clients that use your firm and the competitor firms. The fact is that every firm makes these same statements – and believes that they are true. Selling points that can distinguish your group are characteristics like in-depth industry knowledge, technology applications that add value to the client, market rankings or ratings of top firms, significant critical mass in an area of expertise, etc.

#### **Five – Your plan should be a business plan, not just a marketing plan.**

Practice group plans should be "business" plans, not marketing plans, in order to be effective in today's market. This distinction is not just a matter of semantics. In addition to trends and competition, a business plan addresses your resources such as breadth, depth, technological expertise, service delivery capabilities and more. The bottom line is that it is not effective anymore to identify target clients and then, try to let them know how good your firm is or that you want their business. Instead, you must be able to differentiate your practice group (or the practice areas under your group) in terms of how you recruit and train, how you manage people and work, how you use technology in a way to add value to the client (in addition to the ways other firms use it), what new services or products you are offering and more. Without this, we find that most law firm marketing is perceived by clients as "fluff." In order for marketing to be effective, it is necessary for the practice group to have a differentiable market position that can be held out to the potential client in a verifiable, demonstrable way.

Marketing activities in a business plan must be based on a foundation of practice management activities to truly differentiate your practices if they are to be effective. Practice management activities in plans include steps like: increasing the group's critical mass or capabilities through recruiting of laterals, enhancing the group's training of associates by the use of training checklists or experience tracks, developing new products or services, developing in-depth industry knowledge (where you are known as one of the top firms that understands or deals with a particular industry's issues), using knowledge management to manage work or otherwise add value to clients in a way unlike your competitors, recruiting lateral partners to build greater critical mass, etc. A rule of thumb we look for is that most practice group plans should be at least a 60-40 mix of practice management activities vs. marketing activities, in order for the marketing piece to be effective.

Essentially, the plan needs to address:

- Where is the practice today (what are we offering, to what clients, industries or niches, what trends are driving it and who is the competition)?
- Where do we want it to be in 1 – 3 years (in terms of specific goals as described below)?
- What will it take to move the practice from its current position to its desired position – in particular to deal with the trends and the competitors?

The plan should be no more than five to ten pages. The assessment may also be as long or longer but once the assessment is completed, you no longer need to review it monthly like you do the plan. The assessment is part of periodic evaluations of the assumptions on which you based the plan – trends, competitor moves and more.

In many firms, they are also creating industry and client team plans. While practice group plans cannot be simply marketing or business development focused, industry or client team plans can be oriented around these functions. If your firm has strong practice groups in place as the primary management level of the firm's operations, the industry team plans should be primarily focused on business development in the specific industries and on training that is specific to serving that industry. Client team plans should focus on ensuring the client team thoroughly understands the client's needs, is managing and expanding the relationship as well as possible and is anticipating the future needs and plans of the client. These plans should be closely integrated with the practice group plans which are where you ensure the management of the work and the people, as well as development of high levels of specialization that enable you to serve niche industry and client needs.

#### **Six – You should establish specific goals and objectives or metrics that can be measured or against which progress can be tracked.**

There must be at least two to three specific, preferably measurable, goals. The practice group business plan should translate firm-wide strategy and goals to the practice group level. Practice group goals can be broad, but should link group goals with that of the firm. Based upon the firm's strategic plan, the goals should answer, "What does the firm expect of our practice group?" In addition, the goals should provide the group with sufficient direction to make decisions like laterals to consider, marketing strategies to pursue

and generally, how to spend the group's resources – time and money. Goals typically cover areas like the group obtaining a position on certain "short lists," achieving certain financial goals or building a particular critical mass of recognized experts.

After groups do plans for a number of years and have broad but clear goals, it is extremely helpful to a group to have measurable objectives that are interim or "smaller" steps that will show the group it is making progress toward each goal. These are particularly important to maintain group enthusiasm after the first year of planning and implementation.

In addition, the goals serve at least two other important roles. First, as mentioned above, the plan, and particularly its goals, provide management with a basis for making decisions about allocating resources to the group. In most firms, firm management makes these decisions based on whether the plans are concrete, realistic and likely to provide a good return on investment. Second, but related to the first point, the plan helps firm management see how a practice group supports the firm's strategy.

#### **Seven – Your plan should include a selection of the right organizations in which to be involved.**

To be effective in positioning your practice group, part of the plan should answer the question: "What trade and business organizations do we need to be involved with to be seen as a 'player' in this niche?" For the most part, community and civic organizations are not effective in positioning practice groups for obtaining high value work. Only some bar association activities are effective for these purposes as well. The practice group's organizational involvement is a critical element of any good plan and the individual members' activities should be coordinated and directed to obtain the greatest value and exposure for the practice group.

#### **Eight – No plan is complete without an "action plan" – and this should be a regular agenda item on each month's group meeting.**

Discussion of progress with the plan and any important developments and action items that may affect it should be a top agenda item for each monthly practice group meeting. The actions items are a list of activities, person(s) responsible and deadlines or target dates for completion. Keeping the business plan at the forefront of everyone's mind ensures that it will be taken more seriously and that you will see a higher level of implementation. Your group members will be more likely to follow through on their commitments to it if your group is measuring its performance and progress and if it is regularly communicated so everyone is on the same page. The monthly meetings should create "rolling to-do lists" that are updated at each monthly meeting. In a growing number of firms, their group business plan is posted to their practice group intranet page and is regularly viewed and updated.

#### **Nine – Your firm's professional managers can help you develop great plans.**

In many firms, the firm's CMO, CIO, CFO or practice management professionals like Department Operating Officers are active in the practice group business planning process. Their roles can range from helping provide information like client profitability data or market research on the competition to helping to guide the practice group planning meetings. They have experience in this area and can both help save the lawyers' time in developing the plan and add value through their knowledge and expertise in areas where the lawyers are novices.

#### **Ten – Individual partner or lawyer business or marketing plans should only be done as part of the practice group business planning process.**

In some firms, they did not feel they would be able to get the groups to develop effective plans so they decided to start with having individual partner plans – often in their quest to increase accountability in their firm. The problem with this is that having individual plans without group plans only sends the lawyers out in different and often conflicting directions and it actually reinforces individual lawyer autonomy, not accountability.

Individual plans are very important for accountability and to create individual buy-in to the group plan but should be done after the group plan is developed. Then, a lawyer's individual plan may include a mix of activities where they are helping to implement their primary practice group's plan, their secondary practice group's plan (if any) and the firm's activities (like serving on a recruiting committee or other firm role). Even if the individual plans are done as part of the practice group planning process, most firms found they obtained only about 60% or so participation unless the plans were tied into their annual compensation process. If they are, most firms achieve nearly 100% participation and it is generally a highly valuable part of the process.

#### **Conclusion**

Practice group plans can be an incredibly valuable tool and process if done correctly. If not done correctly, they can be an inordinate waste of time and can cause already cynical lawyers to become more so. If you develop a plan following the steps above, your plans should achieve great success.

*Susan Raridon Lambreth has 19 years of experience as a consultant to the legal profession. She consults on leadership, practice management and strategic issues affecting the future of law firms and the legal profession. She works with managing partners, practice group leaders and executive committees. Ms. Lambreth has helped many of the largest firms in the U.S. implement strong practice group management (including over 30% of the AmLaw 100) and train their Practice Group Leaders. She has trained over 1,600 lawyers, who hold firm or practice management roles, how to lead and manage more effectively.*

Strategy / Planning >>

Practice Management >>

For more information please contact:

**Susan Raridon Lambreth**  
srlambreth@hildebrandt.com  
+1 (800) 223.0937 Ext. 220