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When did you last give your firm a '*strategic healthcheck*'?

Understanding what 'strategy' means will help to ensure the exercise will be more successful.

The working definition I use for '**strategy**' is

- 'A realistic plan or course of action **to gain competitive advantage**;
- Which has clear and achievable objectives; and
- Uses available (but usually scarce) resources (existing or to be generated)

The purpose of strategic planning is to become more competitive by gaining an advantage over rivals. Competitive advantage matters because it is the part or parts of a firm which place it ahead of the competition, but it means a firm will need to do things differently and keep innovating if it is to stay ahead of its rivals.

And **becoming more competitive** has been defined* as a process by which:

- services that people are not prepared to pay for,
- high cost methods of production and
- inefficient organisations

are weeded out and opportunity is given for new...services methods and organisations to be tried" (**Everyman's Dictionary of Economics*)

That could certainly be said to be a process which is happening in the legal profession today and it will continue. It is however a process which needs to be **managed**.

Where to start?

Think about some of the **major challenges** now facing your firm.

There is constant, fundamental and often unpredictable **change** happening around you and so understanding and acknowledging your current situation and how change is likely to impact on your firm is a necessary first step to developing a strategic plan which will enable you to successfully manage those changes and to gain you a competitive advantage.

It can be beneficial to first focus on the **big issues** likely to impact on your firm and to face up to the reality of those issues. This will call for a **challenging** attitude on the part of those who are leading their firms. For example, some of the most frequent issues confronting law firms today relate to the following:

- How can we provide for succession?
- What do we need to do to secure the longer-term future of our firm?
- Are there 'gaps' in our service offering to clients?
- Should we continue doing this kind of work?
- Do we really need all our offices?
- What do we need to do to recruit and retain the best people?
- How can we win and retain more work from profitable clients?

As such questions illustrate, the fundamental issues requiring consideration by a law firm when developing a strategic plan are most likely to relate to:

- Its clients; and
- Its people

and so strategic thinking should be focused around finding out:

- What your clients (current and prospective) will want from you in the future. A client perception survey (either carried out by your firm or by a third party skilled in such matters) will indicate this; and
- Whether your people (and particularly your partners) will be willing and able to provide your clients with what they will want from you in the future. A confidential internal questionnaire will indicate to you whether your people have the right ambitions and attitudes to meet your clients' future requirements.

Doing this will enable you to identify the key skills and behaviours required to enable you to consistently deliver what your clients are going to require from you, and whether your people will be prepared to behave and operate in a way that will enable you to do so.

Developing **clarity** around these two fundamentals and adopting a clear and distinct strategic **focus** based around them will mean you will then be able to see things more clearly

Where are we now?

- What are the **THREATS** and **OPPORTUNITIES** facing our firm right now and into the foreseeable future?
- What **WEAKNESSES** does our firm have that make us vulnerable?

- What **STRENGTHS** does our firm have to ward off threats / capitalise on opportunities? **A word of caution when looking at your perceived strengths – do not believe your own hype! Complacency is the greatest danger and so it is vital to take a realistic view of your firm – warts and all.**

Set out below are some questions which may help you to identify important strategic issues which may impact on your firm’s future and which will then help you to develop a clear and focused strategic plan.

Where are you now?	YES	NO
Are you now in the right place in relation to your strategic focus and are your existing strategic plans realistic and achievable within given timescales?		
Are you clear as to the strategic risks to your firm?		
Will succession be an issue for your firm in the next 5 / 10 years?		
Do you in a planned and methodical way listen to clients, prospective clients and referrers of work about: <ul style="list-style-type: none"> - How you are perceived in your marketplace? - Any capability gaps and improvements needed to your service? - Their legal needs in the future? - Your strengths and weaknesses compared to competitors? 		
Are there client perceived gaps in your service offering?		
Has a client ever used a competitor firm in preference to you because you were not considered to have the necessary knowledge or expertise?		
Have you lost valued clients and good people to firms which are larger and more developed than your firm?		
Do you have a clear, resourced and achievable plan to plug any gaps in your ability to provide clients with what they want from you to ensure continuing client satisfaction and loyalty?		
Alternatively, is a lack of financial or people resource preventing you from filling those gaps in your client service offering?		
Are there opportunities / potentially profitable markets / areas of work or sectors which you have concluded you will not be able to take advantage of or access through lack of resource?		

Do you have clients who individually each represents more than 5% of your turnover?		
Are you on a client's panel of law firms which is regularly reviewed and where that client represents more than 5% of your turnover?		
Are you finding it difficult to 'stand out from the crowd' and to create meaningful differentiation from your competitors?		
Have you concluded that you will not be able to achieve your realistic strategic goals on your own?		
Are you unable to improve profitability because your firm lacks economies of scale and efficient use of people or other resources?		
Have you been unable to retain or to recruit people you really wanted?		
Are you able to afford to fully resource your support infrastructure needs, including <ul style="list-style-type: none"> - Finance - Business development - Risk and compliance - HR - Technology - Knowledge management 		
Are there any changes necessary in your firm which currently cannot be implemented because of your inability to have access to sufficient resources or for any other reasons?		

Focusing on such questions should enable you to develop a clarity about what your firm will need to do in the future if it is to futureproof itself and to achieve the competitive edge over rivals which is desired.

Next time we will look at how to develop a strategic vision for your firm from where you are now.