

Strategic Planning - Looking Ahead

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One certainty about the future is shared by everyone – it will come upon us, ready or not. The variable is how we plan, or even whether we plan, for it. As Sri Chinmoy said, "When it comes to the future, there are three kinds of people: those who let it happen, those who make it happen, and those who wonder what happened." If given a choice, most people would choose to be among those who make the future happen to their advantage, rather than waiting to see what happens, and risk not liking what the future brings. And yet, though some may not realize it, we all are given the choice of having some direct influence upon the shape of the future as it pertains to our situation. One avenue for exercising this choice is to actively develop a plan to accommodate and take advantage of the future. In the context of organizations and businesses, this planning for the future is called strategic planning.

Strategic planning is a topic that is already rich in literature, seminars and other sources of information. The scope of this article is not to create a new strategic planning methodology, nor to condense the large body of work existing on the topic. Rather, this article will look at some of the reasons this is an important consideration for law firms today, and some of the basic information that can form a primary raw material for effective strategic planning by law firms.

Why Strategic Planning?

There may have been a time when a law firm could easily establish a reputation of expertise and integrity, and have a realistic expectation to successfully develop and maintain a loyal client base with predictable growth and profitability going forward. This idyllic scenario, to the extent that it ever existed, is certainly at this point nothing more than an interesting, perhaps nostalgic, historic memory. Although some law firms may hold the notion that the legal profession is removed from, or above the fray, of the competitive forces of other businesses, most firms today are realizing that the legal services marketplace is just as intense and just as demanding in terms of competition as any other business.

Many factors accentuate the competitive challenges for today's law firms. Businesses in almost all fields face more and tougher competitors than ever before. This increases the pressure to contain costs; a pressure that exerts its influence on the law firms they seek for legal services. Law firm clients today are demanding more for their dollars, and are quicker to switch to a different firm they believe will provide them with lower cost, or with more value at the same cost. As an example of the cost pressure being felt by law firms today, consider the increased use of software programs that scrutinize line-item details on invoices generated by law firms. At the same time, competition for legal talent is driving up the costs to firms for recruiting and retaining attorneys and staff.

Technology has leveled the playing field in numerous ways between larger firms and smaller firms, making more firms viable competitors for the same business. Office productivity software, e-Discovery tools, virtual meetings, the Internet, and other technology marvels have made it possible for firms with smaller staff to produce high-quality work product that, in the past, would have been feasible only for larger firms.

On the flip side of the technology coin, prospective clients also have at their disposal more information access than ever before through the Internet and other electronic mediums. Prospective clients can research law firms, share information about tactics and results with other organizations of common interests, and greatly extend their options for obtaining legal services. And, increasingly tech-savvy clients who are accustomed to the instant gratification technology delivers to them in so many areas, have ever increasing expectations for the quality and types of service their law firms should provide them.

In order to survive and thrive in the legal marketplace today, firms must implement a feasible and diligently utilized methodology and process to develop and follow strategic plans for the future. The legal marketplace is too dynamic, too competitive, and too unforgiving of mistakes for a firm to ignore strategic planning and hope for the best. As has been said by others, the failure to plan is a plan for failure. Law firms today must, through whatever assessment tools and planning methodologies they choose as best, determine what their strengths are, where their opportunities lie, what threats they face, and what actions must be taken to enable them to achieve their objectives. And, this must be a continuous process that is taken seriously, put into practice, and revisited often.

Information – A Basic Raw Material for Strategic Planning

A strategic plan based on intuition or hunches is probably not much better than one developed through tossing darts or flipping coins. Strategic plans need to be formulated according to the surrounding environment and the capabilities we possess or can acquire. Information is a chief raw material that is used in conjunction with any strategic planning methodology a firm chooses as most appropriate to its needs. Much of this information will be external to the firm, such as new legislation, actions by competitors, new technology, and myriad other factors which can impact a firm's prospects for the future as a threat, as an opportunity, or have no tangible effect. Information of this nature can be gathered through a multitude of channels, for example, trade publications, news media, conferences, and conventions. A firm should monitor information sources to glean data that is relevant to the firm's business and objectives, and constantly be scanning for new sources that may be valuable, but not utilized. Assigning responsibility to specific individuals can help ensure that critical external information is acquired, analyzed, and included in strategic planning exercises.

Virtually every firm has a vast amount of data, internally, that has potential to be a gold mine of valuable information for strategic planning. This is the data accumulated by the firm in its software systems as it acquires clients, provides services, bills for services, and collects payments. Unfortunately, many firms do not have the technology tools that enable them to take this data and extract the value of the information locked inside it.

This data holds the answers to many questions firms need to answer in order to chart a course through strategic planning that will take them to increased profitability, enhanced competitiveness, and growth. These questions include ones such as these: Who are our most profitable clients? What types of matters yield the most value to the firm? What are our realization rates? What are the effective billing rates by timekeeper? How well are we leveraging less valuable resources? Which marketing outreach efforts have yielded the most profitable results?

Tools delivering the capability to sift through operational data and extract the information to answer these questions, and more, exist today, and the firms that will be successful tomorrow are using or implementing these tools today. These firms are sifting actionable information about their strengths and weaknesses from their oceans of data to formulate strategic plans that will optimize efforts by driving towards more profitable business, improving or eliminating poorly performing areas, and leveraging their resources more efficiently.

These tools include ones such as Business Intelligence reporting, which allow firms to ask complex questions from their data and analyze the data from a variety of dimensions. New capabilities, such as those delivered through Microsoft's SharePoint Server and native Excel integration, provide a platform where Key Performance Indicators can be "pushed" out to attorneys and staff, based on their responsibilities, to give them constant access to the "pulse" of the firm, and alert them to trends or any sudden changes that may need attention, or perhaps, should be replicated. These tools span a wide range of sophistication and cost, but very powerful and very cost-effective tools that provide an impressive return on investment are available to most law firms today.

When is the Best Time to Begin Strategic Planning?

If you cannot go back and start yesterday, then today is the next best time available. The future will not wait, your competitors will not be still, and opportunities will not seek you out. In fact, every indication is that success will be increasingly difficult to achieve, and will be achieved by firms with an effective strategic plan, at the expense of the firms lacking one.

Choose a strategic planning methodology, gather your information, and map out a route to success that your firm can realistically navigate. Then, live long and prosper!

About the Author

George Rogol, Regional Sales Manager for RainMaker Software, Inc., has more than 20 years of experience helping organizations leverage technology to meet their challenges. RainMaker provides mid-to-large sized law firms with proven and practical Financial Management and Practice Management systems, along with Business Intelligence and SharePoint Portal Integration. Mr. Rogol can be reached at grogol@rainmakerlegal.com or 610.621.2953.