The Law Society

Business Planning Toolkit

Contents

1. Foreword

Purpose

The *Law Management Section's Business Planning Toolkit* is designed to help practitioners to understand how to draft and implement business plans, including plans for individuals, teams and the firm, and through all stages including securing buy-in and reviewing the plan following initial implementation. The toolkit is chapter-based, with updates issued periodically. Each chapter aims to provide an initial reference course – the toolkit is not intended to be a comprehensive overview of all business planning issues, but a place to start.

The toolkit is written by consultant Nick Jarrett-Kerr with additional case studies by managing partners at three Section member firms.

If you have any feedback on the current toolkit or suggestions for inclusions and / or amendments, please contact the Section at lawmanagementsection@lawsociety.org.uk.

Members can log in and download the latest version of the toolkit from the Resources section of the Section website at www.lawsociety.org.uk/lawmanagement. Non-member subscribers will be emailed updated versions. For further information, please email us at lawmanagementsection@lawsociety.org.uk or call 020 7316 5707.

About the Law Management Section (LMS)

The LMS is a representative membership association of the Law Society. Established in 1998, it provides best practice information and support on all practice management disciplines including HR, finance, marketing, IT, business development, client care, quality and risk.

The comprehensive range of products and services includes:

- quarterly magazine, *Managing for success*, offering up to eight hours' free CPD;
- regular e-newsletter covering news and updates in the Section, the Law Society and the law management field;
- national CPD-accredited events programme covering all management disciplines, including flagship annual conference;
- free series of webinars on practice management issues, offering up to four additional free CPD hours;
- opportunity to contribute to the annual financial benchmarking survey and receive a free copy of the report, plus a personalised summary;
- substantial discount off annual Financial Benchmarking Survey report for those choosing not to contribute;
- free access to online toolkits on HR, business development, internet policies, mergers, risk management and internet policies;
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Membership is open to lawyers and those concerned or involved in the management of a legal practice/department or the supply of services to legal practices relating to finance or management.

Contacts: www.lawsociety.org.uk/lawmanagement, lawmanagementsection@lawsociety.org.uk or 020 7316 5707

About the author

Nick Jarrett-Kerr LL.B is a specialist adviser to law firms worldwide on issues of strategy, governance and leadership development, as well as all important business issues facing law firms as they compete in difficult market conditions. In the last five years, he has consulted to firms in fifteen different countries on three different continents. He was a founder member of the Law Management Section and served as its chair for two years. He is also a member of the UK Association of Partnership Practitioners.

He is a regular writer and speaker on management and leadership topics, and leads or facilitates retreats, partner conferences, practice group retreats and away days. Prior to becoming a consultant, Nick (who is a solicitor by training) was for eight years the chief executive partner of Bevan Ashford, a leading regional firm in Great Britain, during a period of enormous growth starting in the depths of the 1989-1992 recession.

Nick is the author of Law Society Publishing's *Law Firm Strategy: After the Legal Services Act* (2009), and is writing a book on strategy execution in law firms. He is also joint author – with Friedrich Blase and Michael Roch – of the *Managing Partner Best Practice Report on Financial Management in Law Firms*. Nick is Visiting Professor to Nottingham Trent University in the Nottingham Law School, College of Business, Law and Social Sciences, where he is a module leader for the Nottingham Law School MBA strategy modules and a core MBA faculty member.

2. Introduction

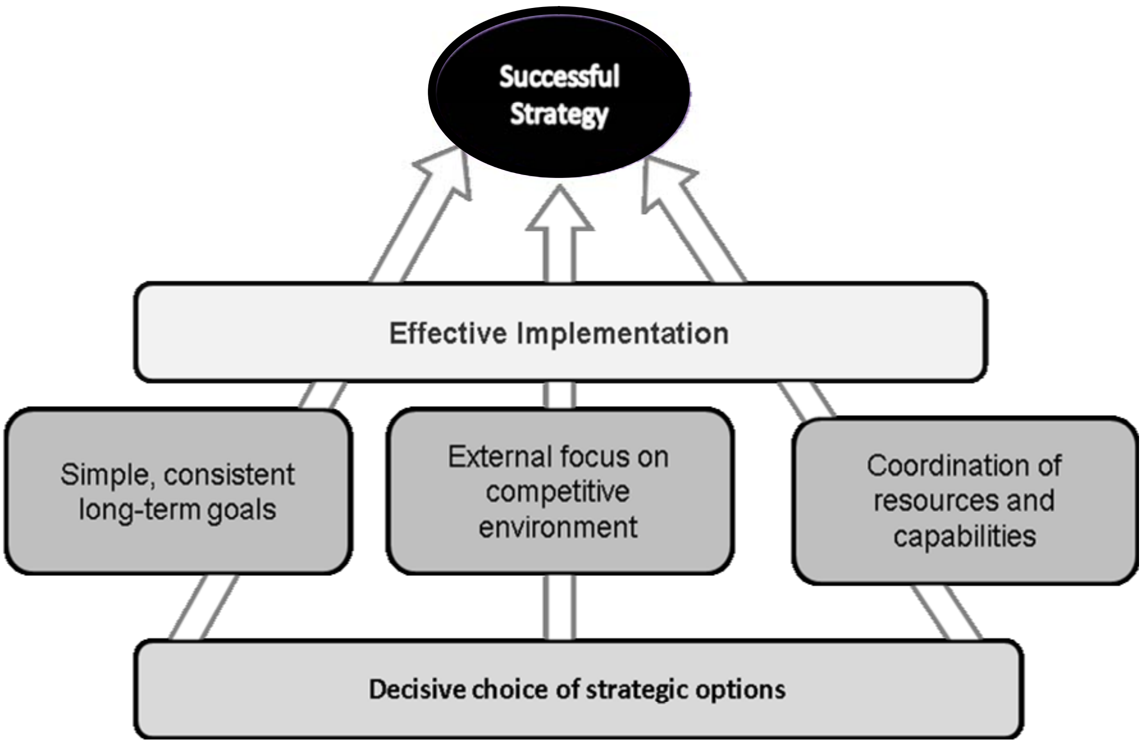
A good business plan can help the partners and their management team put in place an operational route map that reflects:

- the direction the firm has set itself;
- the future world it expects to find itself in;
- the resources and capabilities it has available; and
- the expectations of the firm in terms of results and non-financial performance.

Understanding these aspects will aid the partners and management team to make better decisions and keep the ongoing discussion of the firm's operation alive as events unfold. In this context, there is a distinction between the longer term strategic plan and the shorter term, action-orientated and highly measurable business plan. The success of any strategy is determined by the effectiveness of its implementation. If the firm has made the right choices from its strategic options, then successful implementation will involve a careful coordination and harnessing of the firm's resources and capabilities. It will require a determined focus on the competitive environment. What is more, the firm's aspirations and strategic direction need to be resolved into some consistent, straightforward and long-term goals. This, then, is where business planning comes to the fore.

Figure 1 outlines the common elements in successful business planning strategies.

Figure 1: Common elements in successful strategies



Business planning can also have other, added benefits, helping the firm and its partners to:

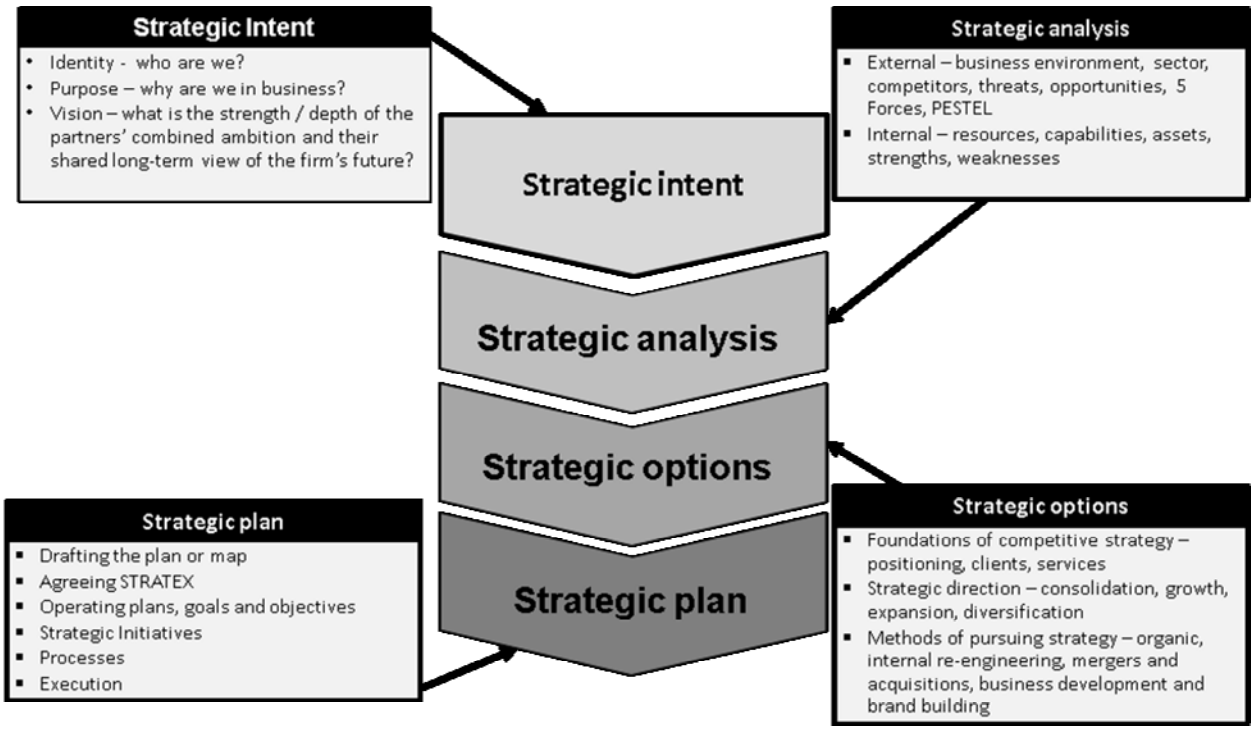
- develop a framework in which longer term or cross-departmental issues can be discussed and a tool for communication;
- identify the core strengths of the firm and the areas where the firm can remain or become competitive;
- identify the realistic choices which are open to the firm;
- draw up a prioritised list of actions, together with steps towards implementation;
- develop a shared view of what matters, which can motivate employees and give them a sense of belonging.

An effective business plan can also act as a dynamic tool of management, as greater knowledge is acquired of the performance of the firm in the market, feeding back to strategic choices. And it can be just as useful a tool for the outside world (banks, for example, are impressed by firms which can explain their strategy in simple words, and look more kindly upon firms which have mapped out a way forward).

3. The strategic planning process

Before describing the business planning process, it is helpful briefly to understand the preceding strategic planning process. There are four distinct phases to this process, as shown in Figure 2.

Figure 2: The strategic planning process



Step One – Establish strategic intent

When considering their future plans, firms tend to start by asking where they are now and where they want to get to, without necessarily asking three preliminary and rather deeper questions:

- Who are we? (defining our identity as a firm)
- Why are we in business together? (defining our career purpose)
- What is the strength and depth both of the partners' combined ambition and the shared long term view of the firm's future? (defining our vision)

In some firms, there are as many answers to such questions as there are partners in the firm. Before writing any business plan, it is important to establish the extent to which there can be an agreed level of shared identity, purpose and vision in a law firm, which can be summed up as the firm's overall "strategic intent".

"Strategic intent" is a handy expression to describe the destiny and fundamental purpose of an organisation. Applied to law firms, the three main ingredients are:

- identity (what kind of law firm are we?);
- purpose (why are we partners together?); and

- vision (what is that we see as our firm's long-range destiny and end-state?).

It is vital to try to gain some understanding of these issues right at the start of the strategic planning process, and then iteratively to revisit, revise and develop them throughout the planning cycle. This exercise is not just an interesting philosophical and conceptual process, but gets to the heart of the partnership's aspirations, motivations and broad objectives.

This part of the overall strategic planning project has three main advantages. First, if this piece of the strategic puzzle can be solved, then all the other pieces – which will include strategic analysis and assessment of the firm's markets, services and capabilities, its competitive positioning, and its resulting strategic choices and goals – will all fall into place much easier. Second, it helps to focus the partners on evolving trends in the legal services arena and their best inspired guesses of what the future could look like. Third, the exercise should help foster and inspire a greater sense of ambition.

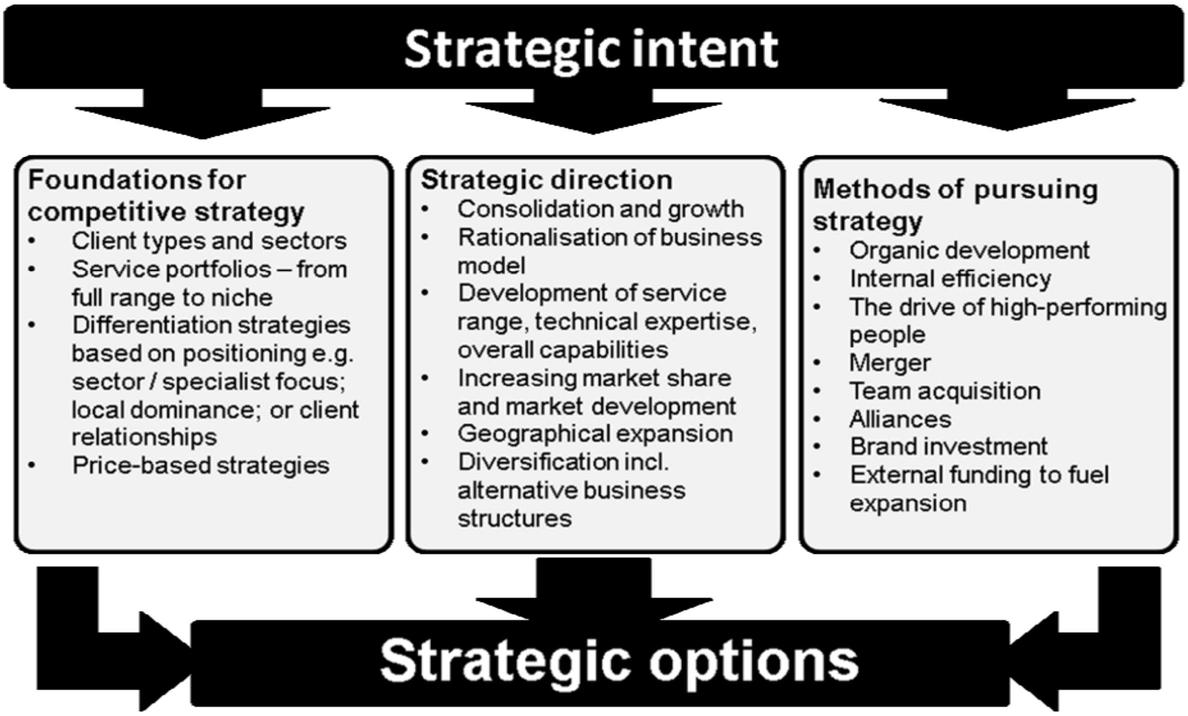
Step Two – Conduct strategic analysis

Firms should never get carried away by their own publicity. It is vital to understand the competitive position and context in which the firm is operating. This can be achieved by carrying out a strategic analysis of the firm's business environment, its competitors and markets, as well as a basic financial review and examination of the firm's resources and capabilities. It is also helpful to review the firm's internal structures, governance and rewards systems. Client interviews can also help firms to understand how they are perceived and how their services are assessed.

Step Three – Agree strategic options

Part of the strategic planning process always involves a thorough appraisal and assessment of the strategic options and choices which the firm can make to gain a decent competitive position. These options fall into three distinctive areas, as shown in Figure 3 and described overleaf.

Figure 3: Turning strategic intent into strategic options



1. The foundations for competitive strategy

First, the firm should consider exactly what it is that makes or is likely to make it competitive. The questions here include:

- Which of the firm's services help it compete?
- What specialist focus will win work?
- What pricing model helps define the firm?

Where the building and maintenance of strong relationships with clients and referrers is seen as a vital part of the firm's recipe for success, those relationships must be nurtured and renewed, not just by the people in the firm being nice to clients, but by the firm providing those clients with services that they will continue to find valuable. The basis for a firm's competitive strategy is largely client-oriented and externally-focused. If the clients can see no added benefit or advantage from the firm, then the firm is not likely to develop a winning competitive edge. What is clear is that the firm must decide how it wants to be seen in its marketplace, what position in this market it wishes to occupy, and what type of client will provide its core as it goes forward.

2. Strategic direction

The second area which the firm should consider is the overall strategic direction that it must take in order to build the competitive position which it has established – in 1 above – that it wants. The firm should consider, for instance, the extent to which it has to grow (if at all) in order to have the depth of specialism to provide a compelling client proposition. It should consider the development of its resources and capabilities in order to service the clients for whom it aspires to act, and the required depth in each practice area. It should decide if the firm needs to expand into other towns or regions, or whether it still has ample opportunities to build market share in existing areas.

Furthermore, the firm should consider if it needs to diversify into other logical service offerings or even via becoming an alternative business structure.

The questions here include:

- What if any are the synergies with what we do?
- What are the entry barriers?
- What is the likely cost of the investment and what is the likely return?
- How difficult will it be to acquire the people and build the systems, processes and infrastructure?
- How difficult will it be to build the brand and successfully to take our offerings to the market?

3. Methods of pursuing strategy

Once a firm has established its basis for competitive differentiation and has decided its overall strategic direction, it can then turn to the final of the three areas – the methods by which it can best pursue the firm’s strategy. This part of the strategic thinking will require a thorough appraisal of the firm’s existing resources and momentum, to provide the information on which to base decisions as to how to carry the firm forward. Will a combination of organic growth and operational improvements suffice, or might heavy investment capability be needed to enable the firm to hire people expansively, acquire teams or build the firm’s brand? In many areas of private client and consumer law, for instance, firms are seeing the benefits of persistent and well thought-out advertising campaigns, but the heavy cost of a long-term marketing budget needs both resolve and access to funds.

Step Four – Draft the plan

Strategic plans come in many shapes and forms. Some are very long and some are very short. Some are show in tabular form – such as a strategy map – and some are written documents. I prefer to see shorter plans, with much of the operational detail placed in the firm’s business plan and budgets.

The following chapters look at the business planning process, including sample plans.

4. Defining measures for success

One important feature which links all the elements of a business plan is the inclusion of "critical success factors". These are:

- those things which the firm must be good at in order to achieve its strategy and to delight clients;
- the milestones by which the firm can judge, in due course, whether it has been "successful" and
- the outcomes, or group of outcomes, the absence of which will jeopardise success.

It is best practice to have only five to eight critical success factors – otherwise, it is easy to lose focus.

The critical success factors lead into measurable objectives for the firm, which can be about any or all aspects of a firm's architecture, such as:

- what the expectations of growth / profit are (the financial perspective);
- how the firm relates to its clients and what share of the market it wants (the client perspective);
- how the firm does business (the process perspective); and / or
- how the firm relates to its staff (the people perspective).

The firm needs to identify the measures it will monitor to judge whether a firm or practice group is achieving its critical success factors.

These measures can focus on either **results** or **performance.**

A result indicator measures how the firm or group has done in one perspective – such as an increase in fees billed or utilisation. It is the result of many actions across the firm, and is a lagging indicator.

A performance indicator focuses on what has to be done, and is helpful in driving future activity – such as target number of appointments made to see prospective clients or target reduction in customer complaints. They are usually leading indicators because they indicate future results – to take one of the examples given, the fewer prospective client appointments there are, the lower future fee income will be. Performance indicators are more helpful if they are measured frequently, and tied to an individual or team.

Chapters 6 and 7 show how the business plans for different levels within the business can include critical success factors, and chapters 9 and 11 explains how these factors can be used later in the process to measure the success of implementation of business plans.

5. The business planning process

Depending on the size of the firm, it is useful to create business plans on three levels.

1. **The firm**
   The business plan for the firm should create the overall vision, "critical success factors" and framework for moving the firm forward.

2. **Each practice group or business unit**
   Except in the smallest of firms, each practice group should have its own business plan, which should follow the format of the firm's overall business plan.

3. **Individual partners**
   Many firms are finding that it is easier to build practice group business plans from the plans of the individual partners within it. In addition, requiring individual partners to write their own personal business plans helps to foster ambition and a culture of high expectation.

These three types of plan are covered in chapters 6 and 7.

6. Firm / practice group business plans

For the department, business unit or the firm, the first place to start in most business planning processes is to agree the firm's strategic intent and overall strategy (see chapter 3). The strategic plan covers many areas but must, in summary, cover at least the first three steps below. If the strategic plan sets out the firm's broad direction, the business plan fills in more of the details.

1. **Strategic intent**
   What is the firm's identity, purpose and vision?

2. **Current position**
   Where is the firm now? What has it achieved in the last few years? What is the current client base? What is the firm's current competitive alignment? What might happen if the firm just continues to do what it has always done?

3. **Key strategic issues**
   These would include a SWOT (strengths, weaknesses, opportunities and threats(analysis, analysis of competitors, the position in the marketplace, political and other trends, possible diversifications and growth, the introduction of new ways of doing things, and a view of where the firm wants to be in three to five years' time.

4. **Critical success factors (CSFs)**
   The factors which are key to achieving the vision. These factors will guide the decisions of what activities to pursue to achieve these factors.

5. **Marketing and business development**
   What are the firm's target sectors (in terms of both clients and industry)? Can the firm produce a specific list of desirable clients, together with an action plan for winning them?

6. **Resources**
   What resources does the firm need – for staff, for IT, for space? What skills gaps need to be addressed, and when?

7. **Areas for improvement**
   How, specifically, are the weaknesses and threats highlighted by the SWOT analysis to be addressed?

8. **Achieving our CSFs**
   What actions will we carry out to achieve our CSFs, and how will we measure their success? Measurable objectives can focus on results, such as increase in fees billed, or on performance, such as the number of business development meetings arranged.

A checklist for preparing a business plan for a firm, office, department or practice group, and two sample business plans, are provided overleaf.

Checklist for preparing a business plan for a firm, office, department or practice group

a) Services and capabilities	
• Services performed and not performed	
• Level of client demand and price sensitivity	
• Level of competence and capability	
• Depth and breadth of unit	
• Strength of client relationships	
b) Marketplace currently served	
• Geographical reach (the ‘natural’ area from which clients come)	
• Value proposition – no frills, mid-level, premium?	
• Market profile – reputation in the communities, name recognition, strength of position against competitors and so on.	
• Segmentation of work – 'bread-and-butter', important, ‘bet the company’	
c) Client base	
• Nature of existing clients	
• The importance of repeat work	
• Strength and types of referrers	
• Sectors and client types	
• Clients avoided	
d) What drives the economics?	
• High volume and low margin, or the other way round?	
• Level of leverage (team pyramids and so on)	
• Systems and case management	
• Efficiency	
• Brand and advertising	
e) What are the key things which are likely to drive success for the firm / office / department / practice group in the future?	
• Marketing and business development	
• Building up staff levels below partner level	
• Acquiring new partners or teams	
• Developing existing skills, expertise	
• Acquiring new skills	
• Branching out into new areas of work	
• Increasing efficiency via technology	
• Increasing efficiency through working harder and / or capturing time better	
• Opening / closing offices	

Sample business plan for a firm

1. **The firm**
   1.1. Facts and figures
   1.2. Areas of work
   1.3. Results and performance indicators

2. **Strategic intent**
   2.1. The firm's identity, purpose and vision

3. **Current position**
   3.1. Market position and offering
   3.2. Client analysis by sector and work type. History of client spend by key clients, client turnover
   3.3. Industry predictions

4. **Key strategic issues**
   4.1. SWOT analysis, analysis of competitors, the position in the marketplace, political and other trends, possible diversifications and growth, the introduction of new ways of doing things
   4.2. Statement of strategic intent and strategic options

5. **Critical success factors**
   5.1. Factors which are key to achieving the vision (five to eight factors)

6. **Marketing and business development**
   6.1. Target sectors re. client plus action plan
   6.2. Target sectors re. referrers plus action plan
   6.3. Target sectors re. industry plus action plan
   6.4. Target sectors re. the community plus action plan
   6.5. Budget

7. **Resources**
   7.1. Legal skills gap. Facts on staff turnover, absenteeism, satisfaction. Recruitment plan
   7.2. Support skills gap
   7.3. Space, location and IT gap
   7.4. Funding and budget

8. **Areas for improvement and risk factors**

9. **Achieving our CSFs**
   9.1. By department or practice groups or office – the measurable objectives. Measures can focus on **results**, such as increase in fees billed or **performance**, such as business development meetings arranged
      9.1.1. Financial perspective
      9.1.2. Client perspective
      9.1.3. People perspective
      9.1.4. Process perspective and developing the firm as an Institution

10. **Implementation of plan and progress reporting**

Sample business plan for a practice group or business unit

1. Introduction

The [*name*] practice group was formed in [*date*] and has grown strongly since then. Our vision is to [*vision e.g. develop and maintain a strong, sustainable, high profile and profitable*] practice in [*practice area*] in [*current planning period*].

2. Members

2.1. The plan is meant to be a roadmap for future activities and direction of the practice group and each of its partners. The members of the practice group are contained in appendix 1.

2.2. This version of the plan is a draft intended to start the planning process in the business unit. Each partner has a general understanding of each of the core objectives, and this plan invites input from each partner and senior associate. In those terms, the plan is incomplete, and it is envisaged that there will be future versions of it as the plan evolves.

2.3. Ultimately, the plan will represent a blueprint supported by and committed to by all members of the business unit. It is a team plan which provides a roadmap for each member, and should be evolving and informed by events as they happen.

Everyone has a role in the development of the unit.

3. Current position of the [*name of practice group / business unit*]

3.1. Where we are now
3.2. Achievements in the last [*number of*] years
3.3. Current client base
3.4. Current competitive alignment.
3.5. SWOT analysis

4. Key strategic issues

4.1. Analysis of competitors
4.2. Our position in the marketplace
4.3. Political, economic, social and technological (PEST) trends
4.4. Strategic options chosen by the firm, choices open to us, including possible diversifications and growth
4.5. Systems and the introduction of new ways of doing things
4.6. Alignment with the firm’s vision of where the firm wants to be in three to five years’ time (critical success factors for the firm)

5. Overall critical success factors

Overall, the [*name of*] practice group aims to achieve these critical success factors:

[*outline critical success factors below, for example:*]

5.1. Consistently meet key performance indicators to be recognised internally as one of the premier business units.
5.2. Grow the practice by [*x*]% in [*time period*].

5.3. Deliver what we promise to our clients and ensure that our work and service delivery is superior to our competitors'.
5.4. Build a higher calibre practice by attracting quality work and clients and not just revenue-building 'junk work'.
5.5. Be recognised by clients and the [name of] industry as a first-class team of [practice area] specialists, capable of doing high level work.

6. Business development and marketing

Our business development and marketing objectives and action plans are set out in a separate plan.

7. Resources

8. Areas for improvement

9. Achieving our critical success factors

9.1. This business plan operates under the key indicators agreed to by the firm as a whole. This plan aims to achieve or exceed those key indicators for the business unit as a whole and in each location.

[*outline critical success factors and measures below, for example:*]

Financial perspective

9.2. Key results indicator: fees per equity partner of:
- 9.2.1. 2011/12 – £[*x*]
- 9.2.2. 2012/13 – £[*x*]
- 9.2.3. 2013/14 – £[*x*]

9.3. supervised fees per fixed profit share partner of [*x*] times salary and at least £[*x*];
9.4. average chargeable hours per day per fee producer in the unit at [*x*];
9.5. increase fees by [*x*]% in accordance with budget below.

We will achieve these by the following action plan:

Activity	Date for completion	Who?

Process perspective and developing the firm as an institution

9.6. achieve ratio of solicitors per equity partner of at least [*x*] to one;
9.7. reduce matter turnaround time by [*x*]%.

We will achieve these by the following action plan:

Activity	Date for completion	Who?

Client perspective

9.8. meet all our key clients every X months
9.9. increase our entries in directories

9.10. increase average matter value to XX

We will achieve these by the following action plan:

Activity	Date for completion	Who?

People perspective
9.11. increase job satisfaction and performance improvement

We will achieve these by the following action plan:

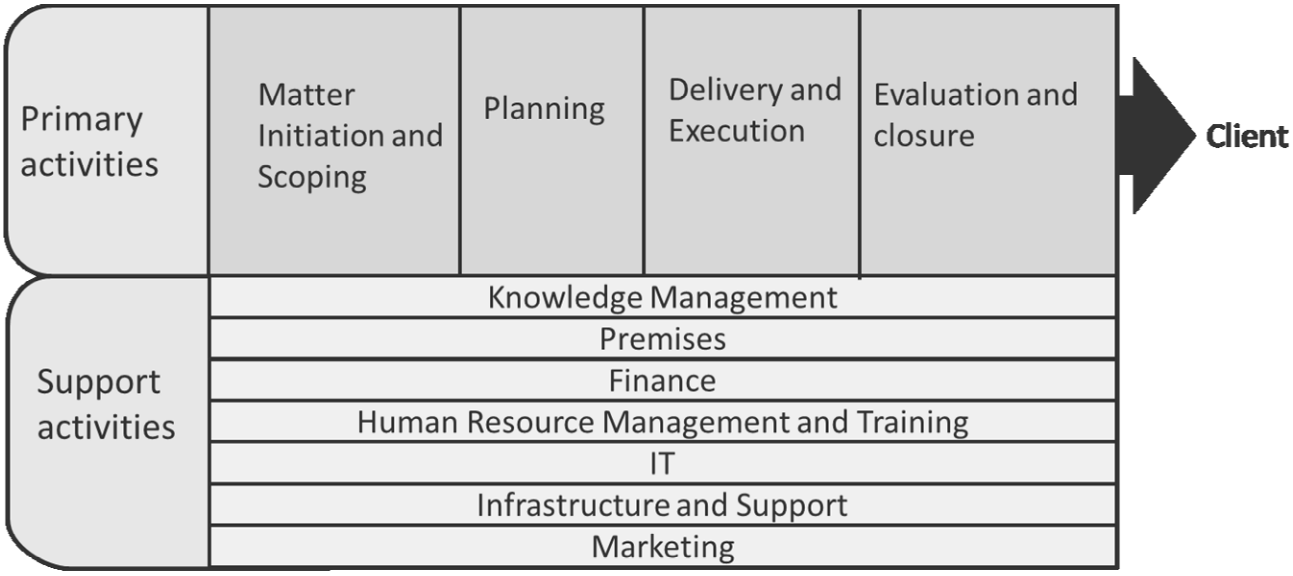
Activity	Date for completion	Who?

10. Budget

Support function plans

The firm / practice group business plans will have implications for support functions. Each function needs to draw up its plan for the firm, based on the firm's strategy document, and show its ability to meet practice group requirements, based on the practice group plans. Again, there will be a debate about trade-offs and prioritisation, but also discussion about overlaps and common issues.

Figure 4: The firm's business process and support functions



7. Partner business plans

Getting partners to write their own business plans has a number of advantages:

- The creation of aspirational goals crystallises ambition; important goals which are tracked and monitored yield greater results.
- A common purpose can often be identified or fostered so there is alignment to a firm's chosen strategy.
- Areas of overlap and / or skills gaps can be identified.
- Areas of weakness or underperformance can be constructively addressed.
- Agreement can be reached on a sharper focus to specialism development, and to the giving up of areas where dabbling has previously occurred.
- Performance against agreed objectives can be assessed for promotion and reward purposes.
- Partner accountability can be aided.

A sample partner business plan is provided overleaf.

Sample business plan for a partner

1. Overview

The purpose of this paper is to summarise how, as a partner, I will contribute to the continued growth and development of the firm's [*name*] practice group.

This paper also summarises the principal strengths which I believe I can bring to the group and the firm, with particular reference to my stated objectives below.

My principal objective is to enhance the firm's [*name*] practice group by [*set out how in broad terms and align to firm's strategy*].

2. Background

[*Background to career, specialism and the market place including (where applicable) SWOT analysis, competitor analysis and so on.*]

3. My specific abilities

In this section, I summarise my principal strengths and focus on the issues that need to be addressed in order for me to succeed in my stated objectives.

My strengths
My principal strengths are [*state strengths, for example my technical expertise, the ability to understand the commercial issues and my proven ability to win new business and develop new practice areas*].

[*Expand with examples, especially re client wins.*]

Issues to be addressed
- The main areas, which I need to develop in order to meet my overall aims, are [*state here*].
- The main constraints on my ability to achieve my stated objectives will be [*state here*].
- I will need the following help / support from the firm in achieving these aims will be [*state training needs, marketing support, coaching / mentoring requirements and so on here*].

4. Core performance areas

In this section, I will set out my experience, skills, targets and aims in relation to financial, people and client perspectives.

Financial perspective
[*Consider here, some or all of the following key financial indicators and targets for self and department:*
- *chargeable hours and utilisation;*
- *bills and realisation;*
- *credit control and cash;*
- *work-in-progress control;*
- *write-offs;*
- *expense and overheads control;*
- *team profitability;*
- *management of non-chargeable time and activities;*

- *improvement of fee rates; and*
- *management of profitable and unprofitable clients.*]

People perspective

[*Consider in particular:*

- *effective supervision and delegation;*
- *the provision of support and direction to people;*
- *the ability to motivate people to perform;*
- *personal integrity and relationships, both internal and external;*
- *collegiality; and*
- *teamwork and collaboration – work being done actively to cooperate with others in the team and across teams in order to serve clients better and to obtain better work from higher level clients.*]

Client perspective

[*List here:*

- *target sectors (general marketing and lead generation)*
- *clients, including:*
    - *existing – increases in work; profitability; cross-selling;*
    - *new targets;*
    - *prospects for tenders, beauty parades and panels;*
    - *building personal relationships with clients;*
    - *consistently meeting clients' needs;*
    - *responsive and responsible communication with clients and others;*
    - *improving the quality and substance of client work; and*
    - *repeat instructions, and client references.*
- *enhancing reputation and profile, including:*
    - *seminars and public speaking;*
    - *articles, books and media;*
    - *community affairs and networking; and*
    - *other.*
- *industry sector knowledge, including:*
    - *identification of industry(s); and*
    - *activities to improve knowledge and understanding (journals, seminars and so on).*
- *clients to be abandoned:*
    - *non-core to firm*
    - *unprofitable and of no other benefit (such as supporting profitable work in another department) and therefore to be delegated to a junior level or dumped; and*
    - *outside partner's agreed work-types and therefore to be transferred / delegated elsewhere within the firm.*]

4. Developing the firm as an institution, technical skills, knowledge management and its way of working

[*List here the technical skills and competencies already acquired or being developed and also new skills to be acquired or improved including, where relevant:*

- *industry-specific knowledge and expertise;*
- *technical / professional competencies and qualifications;*
- *technical / professional publications;*
- *membership of relevant external associations, committees, working parties and so on;*
- *external recognition of expertise;*

- *contribution to the building of the firm's intellectual property including precedents, templates, case management and workflows;*
- *development of leading edge knowledge management and high level technical know-how;*
- *relevant case / matter studies which enhance the partner's / firm's CV / contributions to internal knowledge management systems (precedents, papers and opinions);*
- *technological skills and the management and application of them; and*
- *knowledge of foreign languages.*

List here personal contributions to the way the firm runs itself:

- *building the firm's processes and systems which contribute to the firm's ability to grow its business, including quality control / improvement, governance and management structures;*
- *effective use of leverage (people and systems);*
- *the management of time;*
- *the application of best management practice to avoid / reduce risk;*
- *membership of and contribution to internal boards, committees and working groups;*
- *contribution as senior partner / chairman / managing partner / committee member / office / department head / group head / practice area head; and*
- *contribution to the development of a homogeneous culture and esprit de corps.*

5. Key priorities

[*In this section, summarise the following (note that some may overlap):*

- *your key priorities for the forthcoming year;*
- *your SMART (Specific, Measurable, Aggressive / Aspirational / Achievable, Reasonable / Relevant, Time-Bound) objectives for the next year and beyond;*
- *tasks required to achieve objectives;*
- *issues to be addressed and investment proposals, such as lateral hires, IT, marketing spend, non-billable hours, professional support and so on; and*
- *the factors (both financial and non-financial) by which you will evaluate the success of your efforts.*]

6. Conclusion and date

8. Case study 1: The process

Sarah Young, managing partner of Ridley & Hall Solicitors, explains how her firm undertook its business planning process following a merger

Ridley and Hall is a high street firm based in Huddersfield, employing 43 people and with seven partners. We are a local firm, but have a national reputation for the unusual area of kinship care work, often acting for grandparents who have to care for their grandchildren.

As managing partner of the firm for the last five years I have prepared a fair few business plans, in good times and bad. When our income from conveyancing drastically reduced at the end of 2009, we became more reliant on legal aid funding, moving from a 30/70 split in favour of private paying work, to a 50/50 split. We have always had a strong leaning towards acting for individuals, and we have a reputation for taking on local authorities where they fail in their responsibilities. Our strategy for some time has been to work in niche litigation work, and to raise our profile by effective marketing.

This year, following two recent mergers and the acquisition of two new partners, getting our planning right was more important than ever before. There is a degree of comfort in being larger but that is, of course, not a strategy in itself.

In October 2010, we merged with Michael George & Co, a Dewsbury-based practice. We were delighted to acquire a new partner in Michael George, and he and his team moved to our offices in Huddersfield. As a result of that acquisition, we strengthened our child care team, and in terms of positioning ourselves as family law specialists, this was a positive move. But, conscious of the forthcoming legal aid cuts, I have been keen to grow the non-contentious side of the business.

As part of that intention, I had, about a year ago, come up with the idea of providing specialist legal and financial advice to older clients. I wanted to provide a ‘one stop shop’ for clients that would cover issues ranging from retirement planning to lasting powers of attorney and wills, to tax planning and welfare benefits advice. We spoke to four firms to which we already refer work, including financial advisers, accountants and solicitors, and formed an alliance with them, under the name ‘Elderflower’. We have a website which acts as a referral hub, launched in June 2011.

So one crucial issue facing our senior management team this spring was how we would develop this project. We were, at that time, also in the throes of the second of our two mergers with another Huddersfield firm, Ludgate Morrell.

I wanted to explore whether the firm’s culture had changed as a result of our mergers, and whether we shared the same hopes and fears for the future. It seemed to me to be vital that the senior management team spent some time together talking and exploring ideas, at the very earliest stages of the business planning process.

In a firm with four partners who are family law solicitors, and who spend more time at court than at the office, it was predictably a challenge to find a good time to meet. I eventually decided that the most pragmatic solution would be for us to spend an afternoon together from 1pm to 6 pm in our board room.

In previous years, I have facilitated business planning meetings, but I felt that, for this particular session, it was important to have an external facilitator. At a very basic level, employing an external consultant sends a message to those at the meeting that it is a process that is to be taken seriously. Also, I wanted to be able to listen and participate fully, which I would not have been able to do had I chaired the session. Plus I think that most of us are more likely to be on ‘best behaviour’ if there is a stranger in our midst!

I found the external facilitators through the recommendation of another managing partner, and I was offered a 'buy one get one free' deal, as I had not used the firm before. I certainly found having two facilitators enormously helpful on the day, as it worked well to have two external perspectives rather than one. We spoke before the session about the outcomes that I wanted to achieve and the issues that we needed to address. We also agreed a timed agenda in advance.

The meeting began with some ‘non-threatening’ exercises to draw out thoughts about our different management styles and personalities. We moved on to talk about the firm’s culture, identifying key words and expressions. The shared sense of our values that the exercises created meant that we had a sound basis to move on to talk about the challenges we face, and how we should tackle them. As ideas were generated, they were put onto a flipchart. Although there was an agenda for the afternoon, with time allocated for each area for discussion, the conversation was free-flowing, which, with the addition of the odd comment or question from the facilitators, provided a flexibility which really helped to allow ideas to develop without our getting stuck on any one point for too long. We spent the last 30 minutes or so of the meeting actually pulling together ideas and setting objectives with deadlines; with hindsight I would have allowed more time for this.

I believe that the planning process itself is just as important as the plan that is produced. In gaining an understanding of what motivates each other, and what our values and our aspirations for the future are, we all (I hope) came away with a renewed sense of purpose. This is important, because for much of the time we, as lawyers, act autonomously, and are driven by short-term targets. There can be a tension between the individual's short-term goals, such as hitting targets, and the long-term interests of the firm, such as resolving culture clashes after a merger by managing fee-earners effectively; partners may end up asking why they should sacrifice their own fee-earning to manage other people. This can only be resolved by a shared understanding that we will, together, reap what we sow.

Our session ended at a tapas restaurant. I would recommend combining planning with a meal, because although at the end of the planning session we had agreed actions and deadlines, it was at that meal afterwards that some of the most interesting and insightful comments were made (as we argued over who got to eat the patatas bravas).

As soon as I could after the planning session, I put together a strategic plan for the next two years. I set out the objectives that we had agreed we would aim to achieve by 2013. There were some actions that were assigned to certain people to achieve by a certain date, but most of the objectives were broader, such as “to be recognised as specialist providers of statutory wills”.

My next task is to prepare a six-month business plan, which will set out the tasks necessary for us to achieve the objectives in more detail. Both plans will be reviewed monthly at management team meetings. The strategic plan has been circulated to all the staff, and will be discussed at one of our quarterly staff meetings. Appraisals will take place this month, and staff will be asked to base their personal objectives on the strategic plan (which actually forms part of their appraisal form). The theory is that everyone knows what our plan is and how they can help to achieve it. In reality, you will always find some people who look a little vacantly at you when you explain this idea (and that’s just the partners!), but so long as a good proportion of staff are on board, I have found that they are very willing to volunteer ideas and to adapt if circumstances change.

Perhaps the most important lesson that I have learnt from business planning this year is that we need to develop close working relationships with our colleagues, so that our business grows by working with their strengths. I think that I have probably spent too much of my time as managing partner trying to make round pegs fit into square holes. Planning that is imposed ‘top down’ without sufficient regard for what staff actually want to do and are able to achieve may work in the short term, but it is not sustainable. I think that there is a lot to be said for the principle set out in the Jim Collins’ book *Good to Great* (Random House Business, 2001); first get the right people on the bus, then decide which direction to drive it in.

We cannot control our external environment, but I firmly believe that there is a place for the high street firm in the future of legal services, so long as we are genuinely client-focused. Ridley & Hall now has a plan for 2011 to 2013. But we will need to keep that plan under constant review, because, as Peter Drucker aptly put it, “trying to predict the future is like trying to drive down a country road at night with no lights whilst looking out of the back window”. But I can still say with my hand on my heart, there is no where else I would rather be.

9. Securing buy-in for business planning

Winning buy-in is an essential part of ensuring that any business planning process is implemented effectively. In order to make the firm successful, there has to be a deal struck on the amount of time each partner is going to divert from chargeable work to non-chargeable activities – a trade-off between profits in the short term and longer-term performance. Some of the alignments and trade-offs are:

- partner independence vs. organisational interdependence;
- aligning entrepreneurialism with essential structures and systems;
- balancing aspirations with realism;
- short-term profit vs. long-term health;
- the expediency of partner comfort and happiness, balanced against the need to make changes; and
- balancing pursuit of personal clients against the firm’s client focus.

These trade-offs being understood and accepted by all those in the firm is essential to ensure that the business plan does not fall at the first hurdle, and it relies on having secured buy-in at the very basic level, which says "I have seen and agreed A’s business plan and know the amount of time / effort that A is going to be spending on business development. I understand that this will be reflected in his chargeable hours and billing achievements in the short term."

Securing buy-in should take place at all stages of the planning process, but, perhaps most importantly, when the plan has been drawn up, to make sure it is agreed by all those who have the joint responsibility to put it into action. This chapter provides an outline of how to win buy-in.

Step One: Communicate

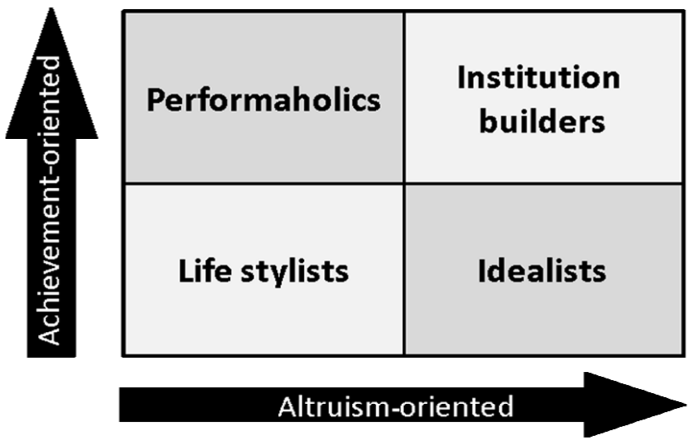
It is not effective simply to attach a draft business plan to an email or make it available on the firm's intranet. Partners get so many communications via email and the internal mail that they simply do not read much of the management information sent to them. A business plan needs active consultation and engagement if partners are to feel part of the process. Interpersonal communication is therefore vital, and this can be greatly improved if care is taken to assess the needs, mood and communications style of the person being addressed. Before delivering the message, it is advisable to plan which hot buttons can be hit and which cold buttons should be avoided. The anticipation of problems and issues is also invaluable, and good communication also depends upon the leader knowing what people are worried about when addressing their concerns.

Wherever possible, messages should be couched in positive terms, rather than negative ones, and should focus on solutions rather than problems. Particularly with junior staff, the objective should be to motivate not intimidate. For instance, saying “we need to address the poor profitability and efficiency of this department” is not a good way to start, but “I have some good ideas to improve profitability and increase the efficiency of the department” is positive and invites enthusiasm.

Step Two: Motivate

Many solicitors will be happiest when doing their fee-earning work, and may not make bold and innovative entrepreneurs, being naturally cautious. Partners will also have different individual motivations, depending on their personality type. In order to win buy-in for a business planning process, those motivations must be understood, and then used as the basis for motivating partners to engage in the process. Figure 5 shows how personality types can be mapped on a grid with two axes, comparing performance orientation against altruism orientation.

Figure 5: Partner personality types



Performaholics:

- view high achievement as paramount, and are extremely competitive, favouring a tight equity structure and criticising any partners who, in their view, are not 'pulling their weight';
- are motivated by financial considerations and rewards, such as performance-related compensation, and a profit-centric strategic focus; and
- may be extremely selfish, 'looking after number one', and can therefore easily become *prima donna* types or lone wolves.

These characteristics can make these partners comparatively easy to persuade to buy in to business planning in the short term, particularly where they can foresee an early financial benefit. They will also buy in readily to the need to make the firm's objectives measureable, particularly in terms of financial performance.

However, they will be harder to interest in the longer term. They will also be cynical about any partnership criteria which are not directly financially related, so training and efforts to manage people or to improve human capital will tend to take a low priority for them, unless they can be shown a direct line to profit from those activities. They will not really value management time or effort and may not perceive the importance of professionalising the management team, unless absolutely convinced that this will lead to better performance and greater profit.

In addition, they have no particular need for affiliation, and distrust anybody else’s abilities; they do not like rules and disciplines except their own. When busy (which they almost always are), they tend to get easily frustrated if they feel they are being held up by distractions and impediments. This may well mean they are not effective at actually implementing a business plan once agreed.

Institution builders:

- prioritise the task of building the firm and their role within that, including developing its reputation for technical excellence and as an organisation which cares for its people;

- at their most altruistic, see themselves as trustees of the firm, want to hand on something better than they inherited, are driven by a pronounced sense of responsibility and duty, and enjoy helping people to develop and learn;
- at their least altruistic, are empire builders, seeking glory from their own efforts and tending to prioritise their department or team over the firm, and being over-protective of those whom they regard as their protégés;
- favour a lockstep system of reward accompanied by true partnership, but are usually happy to see performance-related compensation as well, if convinced that efforts in such areas as team-building are likely to be adequately rewarded;
- will become acutely demotivated if they perceive other partners as being unfairly favoured and rewarded higher than themselves;
- are keen on financial reward, but favour longer-term investment over short-term profit;
- are often keen to be regarded for some technical area of work; and
- tend to be more unselfish than performaholics and more motivated to collaborate.

These characteristics make institution builders easy to persuade to buy in to business plans with a focus on building an enduring institution, rain-making, and development of people within the firm (including their technical knowledge and skills); such partners will be happy to put a lot of discretionary effort into those activities themselves.

However, it can be difficult to get an institution builder focused on day-to-day financial disciplines; there are often many more important things to do in their eyes than collecting their bills and invoices.

Idealists:

- prioritise, and gain pleasure and fulfilment through, helping society and people;
- tend to be social worriers – obsessive about their social corporate responsibilities;
- are only interested in money to a limited extent – money is necessary for them to be able to live, but it is not their highest need – so will not find a compensation system which is heavily driven by financial performance attractive;
- do not fit well into firms with an aggressive and hard-nosed culture; and
- may be very cerebral, and prioritise producing the best and most closely argued legal work – whatever the cost.

These characteristics make institution builders easy to persuade to buy in to business plans which are geared towards the building of skills, competences and capabilities, and towards activities such as corporate social responsibility, including *pro bono* work.

However, many idealists will not even see the need for the firm to agree a strategy, tending to regard the firm as a profession and not a business. They can be somewhat hard to motivate towards strategic goals. They can also be relatively uncommercial, losing sight of cost-effectiveness in their pursuit of perfection, and having problems with low time-recording, fee-discounting and low realisation. Because they are focused on detail, they may also be the firm's 'nit-pickers', insisting on lengthy partnership debates and slowing up decision-making. They can be reactionary rather than proactive, inert rather than driven.

Life stylists:

- believe that work is not necessarily the most important issue in their life – they work to live rather than live to work;

- are not particularly money-orientated, and will be attracted to tiered compensation or rewards systems, where they can settle for a moderate or middle ranking tier where their expected effort and contribution will match their own ambitions and levels of comfort;
- at their least altruistic, can be lazy, uncommitted, and selfishly focused on their own priorities, rather than those of the firm; and
- at their most altruistic, can promote bonding within teams as they value the social side of work, and can also be excellent networkers (although the networking may not produce much client work).

Life stylists may be the hardest partners to persuade to buy in to a business plan, as they are not noted for a huge performance drive, and can be sceptical about anything which threatens their comfort zones. The use of fear or peer group pressure is often necessary to galvanise the life stylist into action.

Using this information

It is much easier for a firm to be successful and for the leaders to manage where most of the partners are driven by common and shared objectives. It is also much easier to develop common and shared objectives if all partners are focused on the same drivers and have the same interests. However, given that there will always be different personality types within a firm (although very few partners will be an extreme example of any of these somewhat superficial types), those who are in a position of managing should take great care to understand what ‘hot buttons’ he / she should be hitting with each of his / her partners (and what ‘cold buttons’ to avoid). The successful manager must seek to find a variety of methods of appeal, which will cater to his entire audience. For example, a partner who is interested in money and keen on building a team could be motivated by understanding that a more profitable firm would allow him to recruit excellent people and pay them top money.

Step Three: Resource

Once a firm has agreed its overall plan, it must identify the projects which it is hoped will lead the firm towards implementation of its goals. This process of prioritisation is explored in chapter 11. However, there is also an implication in terms of maintaining buy-in from partners – for partners to remain on board, the projects have to be resourced effectively and the partners given the skills to manage those projects, and the appropriate rewards for doing so.

Many law firms, however much they state that they value non-chargeable activities which contribute to the firm’s financial and strategic success, have not sufficiently developed project management skills within their workforce to allow them to manage long-term projects as opposed to day-to-day legal work. Partners need to be training in project management skills like planning, budgeting, specifying scope and outcomes, allocating resources, monitoring, supervising and coordinating teams, and signing off the project. This will particularly help the firm to manage the more complex strategic project management (SPM) initiatives – such as partner remuneration changes, the acquisitions of firms or major re-structuring – which tend to cross functions and practice groups, and may therefore not easily fall within the existing responsibility of any one partner.

When partners are provided with the skills to manage projects and the management of those projects is prioritised and rewarded within the firm, this will help ensure continued support from those partners, even when the going gets tough on complex and long-term projects.

Step Four: Reward

In order to make sure partners stay motivated to prioritise business planning initiatives, their performance needs consistent and regular attention.

The best management structure for ensuring this involves regular face-to-face and one-to-one meetings, at each level of the management structure. This might involve:

- the managing partner meeting face-to-face weekly or monthly with the department heads to go through the overall performance of each department
- each department head having a similar meeting with partners in charge of teams or sections within their departments
- team leaders having similar meetings with each team member in turn.

The focus of the meetings should be on the relevant performance against the key critical success factors. The management accounts should be used to identify issues early. Perhaps, most important of all, action lists should be created and managed, including objectives, tasks, due dates and activities, set out in measurable form.

It is important, for this process to work, for the management of the firm to have defined what 'success' means, so partners are clear about what the firm expects of them, and so they and their teams can feel they are making a truly valuable contribution. This can be achieved both at the general level of the firm management, and through well-drafted personal plans for each staff member, setting practical and detailed goals. Plans identify where partners need assistance and support to enable them to achieve their goals, and help them to concentrate on areas where development is needed. Resources need to be considered when considering personal development.

10. Case study 2: Securing buy-in

Jeremy Harvey, managing partner of Coodes Solicitors, explains how his firm secured buy-in for a business planning exercise

Coodes Solicitors is a regional firm operating over seven locations in Cornwall and West Devon. There are 21 partners and 136 staff. Legal work is divided into nine departments, some of which operate in all offices, some only in a few of the offices. The evolution of the business over its long history meant that, by the 1990s, the offices acted quite independently, each with its own identity. That had to change to make sure we were all working in the same direction, so we knew that a great deal of work needed to be done to unify the offices. In addition to this, the business has recently had to consider its position in the light of the challenges that are posed to businesses such as ours.

We made plans to deal with these issues (in reality, a very long list of things that had to be done), but we knew we needed to secure the buy-in of our people to be able to make those things happen, so we organised a two-day conference to discuss those plans (with a further half day to deal with things not dealt with at that time). The managing partner chairing the conference had geared up for a lively debate on the issues at hand. However, there was an air of anti-climax, when the event actually happened – there was no debate, just an agreement from everyone that these were, indeed, the things we needed to do. Quite an achievement from a group of 21 lawyers and managers! So how did we make that happen?

1. We were honest. This is crucial to any change process. However poor things might be, until the situation is acknowledged, there will be no hope of change. This requires an honest appraisal of where the business sits in the marketplace and how well clients are serviced. As part of this, it is important to listen to staff as well as partners. Partners often see things only from their point of view, but staff can bring a totally different, and very valuable, perspective. On the occasions when staff have been asked about the business in my own firm, they have give us some excellent indicators of things that need to be done.

2. We created opportunities for people to talk across disparate departments and offices. This was invaluable, given the wide geographical spread of the partnership and the variety of issues they faced – for instance, the legal aid tendering debacle for the family department, downward pressure on fees in the residential property department and so on. It is easy for misunderstandings to creep in over other departments' performance when there is no forum for explanation or discussion. At the start of our business planning days, we asked all the departments to give a brief summary of the issues that had affected them and would be affecting them. That was a very useful starting point for all partners to gain a better understanding of what their business was about. (Remember that this has to be very carefully managed to keep within timetable – lawyers do like to talk!) Some helpful suggestions for each other came out of that discussion – things that department managers, in the thick of running their departments, might not be able to see for themselves.

3. We acknowledged the strengths of the business. It is important for everyone to be aware of and value a few very positive things about the business, in order to maintain morale when problems have to be addressed and things have to change. Those strengths are the ones that we can build on for the future, especially where they put us ahead of either current competitors of those we envisage will enter the legal marketplace with the advent of alternative business structures. It is easy to become overwhelmed by the size of the

threats, and to grow despondent. Keeping an eye on those things that we can exploit better than others can keep things in perspective.

4. We educated and informed people about the state of the profession. A lot has been written about the uncertainties faced by legal businesses, but most of it has either not been read or not been understood by a lot of the profession. To address this, we disseminated messages about the profession in a variety of forms and on numerous occasions over about two years, so that, when the 'to do' list arrived, it was not a shock, but really only summarised the thinking and discussion which had already taken place. Much of that education happened on an informal basis, in discussions with partners over an extended period of time, so that people got a flavour of what we believed the business had to address for the future.

5. We made the time to think about the issues. One August (when things tend to be quieter) was spent by the managing partner, assimilating information and constructing plans and projects to ensure that a coherent and comprehensive message could be given to partners, and a plan put together. Taking that time can slip down the priority list, particularly when the individual has a very functional role – be it earning income for the business, or everyday management tasks – but it is an essential part of effective business planning.

6. We worked to present the firm's partners as leaders. The concept of leadership is one that is alien to many law firms, where partners (however senior) are seen as one of many equals, but it is essential for the modern law firm, because every individual in that firm needs clear direction. The idea of leadership may need to be introduced in subtle ways to become effective; the direct approach of 'this is what we are going to do and I'm right' may not always work! The respect for a leader usually has to be nurtured, through that leader presenting clear ideas and plans, and following up on them by making things happen. If there is one thing that partnerships need to engender for the future, it is that leadership is essential and partners have to accept that – by their very nature, that is not easy for lawyers.

7. We broke things down into meaningful chunks, which could be easily understood, rather than just presenting vague ideas and leaving our people wondering what they might actually mean in practice.

8. We subtly changed our use of language. The word "business" was introduced into communications over an extended period of time, to engender the understanding that we are a business providing legal services, and no longer a profession or a traditional law firm. Some concepts may be hard to accept and may not be best addressed head on; subtle use of language can be used as part of a 'drip drip' approach to get the message across.

9. We prepared for dissent. Knowing the opposition and what is likely to be said is key to avoiding distraction, or at least keeping it to a minimum.

10. We worked out who out supporters were among the partners, so we could ask for their help to encourage others to get on board. Sometimes, getting the message across can be time-consuming, frustrating and tiring. Having others to assist is hugely helpful.

11. We embraced the ideas of others, particularly those outside the partnership, such as staff and contacts. Our perception of ourselves is often very different from that of those outside the business, but it is that outside perception that really counts, as it is the best reflection of

the opinions of clients, and therefore of whether clients will use the business or not for their legal services.

12. We were patient and determined. It can take a long time to break down old habits and patterns of behaviour. This is particularly the case with an organisation based in different locations, each with their own (sometimes valid) ideas that differ from the main plan. Patience as a character trait can help you deal with this, as well as determination not to be distracted by others' failures to do what you want them to.

13. We put planning in place before our conference. You will have the best chance of success if you know what you want to achieve, both in terms of the process and the results of the event.

14. We made sure we knew the facts and figures thoroughly before we presented them. This can help you deal with dissenters. Lawyers are very good at finding the loopholes and tripping others up. If you are not very well prepared, a good plan can very easily come unstuck through determined and informed opposition. Loss of credibility because of lack of knowledge or information can be fatal.

15. We made sure the planning day offered a opportunity for people to make a real change. The managing partner can and should make sure he or she is very clear as to the direction of the business in the future, but turning up to a planning day with a predetermined view of what needs to be done can stifle debate and disengage partners. Why have a planning day when you have already decided what you are going to do? It is therefore important to schedule some sessions of genuine debate on matters where there might be no clear answer and which need partner input. These are sessions that need careful planning, with clear information provided and clear expected outcomes from the discussion decided and agreed at the outset.

11. Implementing the business plan

Implementation does not stop with the production of plans at firm, practice group and individual levels. Plans sitting in a desk drawer are worth nothing. Implementation will simply not happen unless the right environment has been created. This will inevitably mean the trade-offs and alignment mentioned in chapter 9.

It will also mean that buy-in is an ongoing process. The plans need to be reviewed to make sure that they are aligned with both the way the firm does things – that is, its processes, and the resources it has at its disposal – and the firm's strategic choices. Misalignment might mean that it is not possible for the plan to be implemented effectively, and that partners cease to buy-in to the choices made. It is essential to keep strategic thinking and business planning alive, rather than allowing it to be a tick-box exercise.

Step One: Prioritise strategic options and initiatives

Prioritisation of initiatives is part of not only buy-in but also effective implementation. Many firms do not do this well. Prioritisation may be swayed by irrelevancies like who shouts loudest; internal politics; 'gut instinct'; or a desire to outshine competitors. Or HR resource may not be prioritised effectively; the managing partner and the top management team may end up with a long list of projects, while working partners avoid getting any; or overstretched partners may agree to take on projects for which realistically they will have little or no time, and which everybody therefore knows will never actually happen.

In some firms, there may be no attempt at prioritisation at all, leaving the firm with a proliferation of half-completed and abandoned projects, or projects are decided without proper assessment or analysis, either on a copy-cat basis or on a simple assertion that 'we must do this'.

Decisions about priorities need to be made as objectively and clinically as possible. I suggest therefore that strategic initiatives should be tested against four important criteria:

- **Alignment**
  What part of our strategy is this initiative intended to support? What goals or objectives is this project aimed at?

- **Benefit and outcomes**
  What are the expected outcomes and results?

- **Resources**
  What are the resources needed to bring the project to success, what are the costs and funding implications, and what are the time requirements?

- **Capabilities**
  What is our confidence in our ability to deliver this project, what degree of change is necessary to do so, and what is the risk if things go wrong?

The various strategic initiatives can then be scored or assessed to agree the most promising set of overall initiatives. This process also helps the firm to arrive at the performance indicators, financial metrics and strategic milestones which should lead to and define success.

Step Two: Create a 'clear line of sight'

For a business plan to be effective, each partner must have a 'clear line of sight' between his or her day-to-day operations and the firm's overall strategic goals. In short, partners must be able to identify how their work, career aspirations, specialisations and capabilities fit in with and contribute to the firm's overall strategy. It is difficult to achieve this line of sight when the firm's stated but vague objective is just to get bigger, to become generally famous, or to improve profitability.

There is a simple way of testing the effectiveness of a firm's strategy against this aim. I call it the GLOSS – Good Line of Sight Strategy – test. It has three stages:

1. Does each partner have a plan which clearly contributes to the firm's goals and its vision? Is there a clear link between the plans of the individuals and that of the firm?
2. Are the strengths, capabilities and experience of each and every individual partner strategically important to the achievements of the firm's strategic objectives and relevant to the firm's success? Does each partner help the firm stand out from the crowd in a manner which supports the firm's strategy and in ways which are meaningful to the generality of the firm's clients and referrers?
3. How likely (honestly!) is it that each partner will be able, in due course, fully to realise his or her plan and achieve his or her objectives? Even if achieved, to what extent would this move the firm towards its long-term goals?

Step Three: Keep it live

No business plan stands a chance unless there is a clear action plan to implement it. The failure to move from planning to action is where most business plans fail. It is, therefore, of critical importance to frame and review the activities which will be needed to achieve your objectives.

The way in which firms will implement and review their plans will vary from firm to firm.

- Small firm, if they have a strong sense of collegiality, may well find that a momentum can be achieved and that teamwork and a sense of responsibility between partners may get them through without much having to be written down.
- Larger firms – perhaps those with 30 partners or more – often find that the corporate disciplines which those firms, more often than not, have imposed mean that implementation and action is more prescriptive and disciplined.
- Mid-size firms, with, say, 15 to 30 partners, sometimes (though not always) struggle– they may be too big for real collegiality, but unwilling to sacrifice autonomies on the altar of corporate discipline.

But, at the end of the day, as it has often been said, the only strategy which works is one which can be enforced.

One problem with implementation is the fact that it is much easier for people to make promises than to keep them. One way of making sure this does not derail the process is through the structure of one-to-one meetings suggested in chapter 9. The managing partner can then remind those involved of their promises, achieve appropriate follow-up between meetings, and assist in setting the agenda for the next meeting. Each meeting must be followed with the circulation of adequate written notes of what has been agreed.

12. Case study 3: Implementing the plan

Jean Walker, managing partner of TWP Solicitors, explains how her firm went about implementing and reviewing its business plan

TWP Solicitors is a two-partner LLP in a South Manchester suburb, and our niche is in a holistic service – a personal rather than volume service.

When we did a five-year plan in 2009, and then another planning exercise in March 2010, we knew that, with the introduction of alternative business structures on the horizon, we needed to equal what other providers would do well, and provide what they could not. We knew that the new corporate entrants – the so-called 'TescoLaw' – would excel on customer service, provide uniformity of service and handle complaints well. The challenge would be in replicating or bettering that.

Our plan in March 2010, therefore, was to:

- concentrate on attracting more commercial clients, and servicing their own personal needs, too, rather than competing directly with those who would concentrate only on services to private individuals;
- provide a holistic approach to the issues faced by those clients – this meant having a good bank of partners that we could introduce to clients where additional advice was required, and indeed, call upon to come along to joint meetings (accountants in the case of businesses; independent financial advisers (IFAs) in the case of business wills; health and safety experts; or other solicitors who had technical skills that we lacked such as in intellectual property law);
- continue the holistic approach of servicing clients, and identify what services could be packaged and jointly marketed by ourselves and partners, both to our existing clients or theirs, and to new markets;
- heighten our reputation, by aligning ourselves with good partners – again, accountants and so on – with the same values and good reputations;
- increase our technical ability in the area of wills, trusts and probate, and introduce employment law into our offering;
- modernise our image by rebranding and developing a new and more relevant website;
- increase efficiency internally by use of IT and slicker processes, and thus improve quality; and
- maintain turnover, and provide for investment.

Getting started

The challenge in any business planning exercise is this – you've arrived at a plan, presented it to your staff, got their comments and buy-in, but how can you keep it on track and maintain that enthusiasm, buy-in and momentum?

The keys are:

- **rigorous planning combined with improvisation** – having a clear and timed, yet flexible, plan (especially in this economic climate, where it is essential to be ready to move times for investment backwards if that is needed, and to alter priorities to seize opportunities that present themselves);

- **focus** – doing one thing at a time, doing it well, then moving to the next, rather than adopting a 'scatter gun' approach, through which little will be achieved in the confusion;

- **continuous communication and consultation** with staff; and
- **continuous review** – always knowing exactly where things are up to.

In terms of the implementation of our 2010 plan, it was important for us to have some quick easy wins, so that we could see progress, enthuse our staff and encourage them to embrace further change, and keep the sense of urgency and enthusiasm. Everyone felt weary. Our receptionist, when looking back at the preceding year, had already laid down the gauntlet, telling me: “I’m older than all of you and have seen more recessions, but never one as long or hard as this. We cannot work harder, so we have to work smarter, and this is where we need you to guide us through.” Quite a challenge!

We therefore did three things immediately:

1. **Addressed quality**
   We held a training session on corporate layout of letters, then our receptionist unforgivingly monitoring all outgoing post for a month. The result was that all letters looking the same, demonstrating the firm's pride in detail. A gold star to support staff!

2. **Dealt with the admin**
   We issued two volunteer contracts to graduates to help do all those admin tasks that are essential, but people seem never to find time to do. The dead filing was one task in particular to bring up to date, and then it was easy to maintain our new routine of everything being done in two days if routine, or seven days if complex.

3. **Enhanced our offering**
   Recruited a solicitor qualified through the Society of Trust and Estate Practitioners.

Our next priority was IT. We investigated and installed a new case management system, starting off in our property department, then, once they had had time to iron out glitches, rolling out to other departments.

Next was marketing. All fee-earners are involved in networking and bringing contacts to the firm. As a group, we identified who our target partners were – accountants, HR companies, IFAs, banks – then identified specifically, within each category, which companies we wanted to target. We created a war room, with flip charts of the categories, and recorded what each of us were to do, and what each of us achieved each month. We have a schmooze list! The visuals not only concentrated the mind, but also provided good feedback to the rest of the staff of the activity that was taking place, and of the focused, increased momentum it represented. Our plan included using LinkedIn as part of our marketing drive, so we put in place training on the site and began using it in earnest.

Having spent 2010 in identifying a core of good partners, moving into the new year, we entered serious discussions with them about projects we could do together that would enhance their business and ours. That, of course, along with identifying and attracting new partners, remains a work in progress.

We commissioned our rebrand and website at the start of November 2010, for a launch on 4 January 2011. The excitement created in photograph sessions, with props, just before Christmas, and the new letterhead, cards and so on led to the return to work in the new year being one to positively look forward to.

Communication

Communication and keeping all staff involved was crucial. In our firm, I feel that, as long as we communicate, then we will maintain buy-in. Part of the reason for this is the fact that our people all have the same essential values, in terms of their work ethic and sense of pride in their work. Many years ago, we took a deliberate decision to recruit on values – replicating those of the excellent staff we already had.

We communicated the initial plan for the year at a meeting attended by all, allowing both staff and partners to feed back on the achievements of the previous year. You will see from the above quote that we have staff who are astute and committed – the meeting provided a forum for them to talk round the plan and ask good questions.

As for ongoing implementation, we have a formal six-monthly review in the same way, though usually shorter. Fee-earners also attend a weekly 'stand up' meeting to talk about costs in to date that month, marketing activity, good cases received, and cross-selling, and to update the marketing 'war room'. We encourage anecdotes and 'fast fire' communication between fee-earners and support staff, so everyone knows when we have secured a good client, a good case or a good result. That keeps excitement and momentum – we feel it’s all worthwhile, we’re achieving.

Consultation

In our firm, there is no monopoly on good ideas. One member of staff seeing the volume of post and the cost of it, and being keen on reducing our carbon footprint, led the campaign on the use of email letters being standard, and was prepared to take on the responsibility to question fee-earners on the use of 'snail mail' and whether it was really necessary for a particular letter. The result has been a reduction in our postage and stationery costs, as well as increased speed of transactions.

Being a small business does, of course, mean it is easy to consult, test out proposals and ideas – and receive new ideas – in snatched minutes every day, as well as in more formal settings, like supervisions and staff meetings. For any possible changes in process or organisation, we would certainly look to support staff for feedback on what would work most cost effectively.

There is a clear need when driving progress to listen to feedback, then make a crisp informed decision based upon that, then communicate the decision and reasons – to sell the decision if need be, but then to ensure implementation. Only when staff see managers are in control, can make decisions and implement, do they have confidence in the firm and its plan, and that ensures continued buy-in and momentum, and that everyone will be – and feel – part of the success.

Review

In the current economic climate, all aspects of the business and business plan are constantly under review – we must be ready to change course quickly if the situation demands. We have monthly 'finance meetings' at which dashboard data is available on finance and marketing. Progress goals are set for the following month along the path of the plan, and, of course, reviewed for achievement (or not, as the case may be).

Alongside that, we have to deal with the fast pace of events in the outside world, and we continuously track and readjust the plan and priorities and keep them, as well as internal performance, under review.

13. Notes