



STRATEGY

LAW FIRM

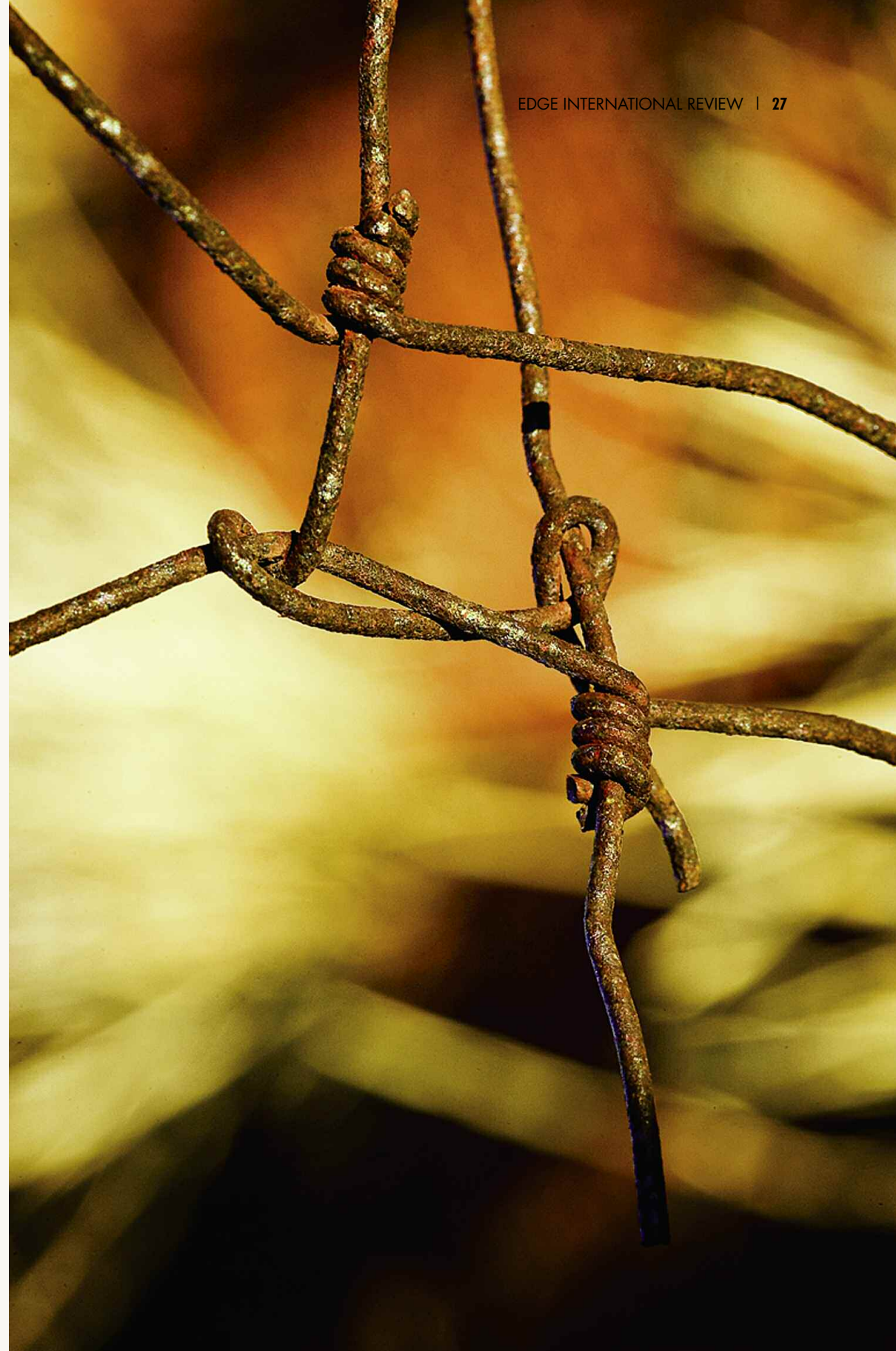
Stress-testing your strategy: A road map to strategic implementation

Many law firms seem content to let sleeping strategies lie: once drawn up, the strategies are rarely reviewed, re-considered or properly implemented. To ensure your firm gets full value from its strategy, follow these steps to create a stress-testing system that will put your strategy through its paces and bring rigor and impact to its recommendations.

By Sean Larkan

Why would you ever want to challenge your firm's vision and strategy? After all the time, thought and effort that went into putting it together, getting everyone to agree to it, and finally, achieving sign-off — to run the risk of re-opening that can of worms seems counter-intuitive, to say the least.

Photography: Sean Larkan



If things have been going well for your firm, particularly in relation to earnings, it may seem even odder to test your strategy. It's easy and tempting to use the immediate past as a basis for future expectations and complacently assume that your past success will carry on. Some partners will certainly question why a new strategy might be necessary, seeing as how "the

current one is obviously working — that job is done. Let's get on with our real work."

However, formulating a strategy and signing off on it is just the start. The real work falls outside these categories, mainly in relation to making sure the strategy is the "right" one, achieving buy-in and commitment from key peo-

How to get there

Here are some sample steps in the strategy process, along with a series of questions you can ask, stress-testers you can employ, and other things you can do to bring your strategy process alive and get results.

1. START WITH THE POSITIONING STAGE

- a. Review any existing or recent past strategy. Is it still relevant? Was it implemented? Were results achieved, and if so, did it make a massive difference? Should it be updated, revised or replaced?
- b. Review external market forces. This requires research that is not often done, such as reviewing client surveys and feedback.
- c. Carry out sufficient research. Most firms fall down here, notwithstanding that a wealth of useful information is searchable and available online.
- d. Review internal data. Examples include staff engagement surveys, industry benchmark results, financial performance trends, culture audits or diagnostics.

2. CONFIRM VISION, VALUES, AND GUIDING PRINCIPLES

- a. Be clear about where you want to go and what you want to be.
- b. Make sure your values are valid, existing values — not simply a list of aspirational wished-for behaviors.
- c. How do your core values prioritize or rank your people, clients and partners? This will provide some interesting insights into your culture.
- d. Consider simplifying matters at this stage by converting values, cultural attributes and mission into one set of guiding principles, stipulating that they will guide both internal and external matters.
- e. What are the few critical key performance indicators that you are tracking and to which you are holding everyone accountable?

3. IDENTIFY A LIMITED NUMBER OF TRULY STRATEGIC KEY OBJECTIVES

- a. Only a very few objectives are truly strategic and therefore require commitment to long-term, hard-to-reverse investment.
- b. Ask of each objective: "Will achieving this key objective make a huge

difference to our organization?"

- c. Review these objectives among senior managers, relevant partner groups and your board or management committee.
- d. Have you now decided what you will *not* do or will stop doing?
- e. In determining these strategic key objectives, are you being realistic?

4. DEVELOP STRATEGIES FOR EACH KEY OBJECTIVE

- a. Get senior partner and relevant partner input: involve the people who will be implementing.
- b. Test the strategy against the questions listed in the Checklist on the next page.
- c. Will the desired outcome truly differentiate the firm, or is it really just more of the same and what everyone else is doing anyway?
- d. Do the numbers (the data) make sense? Do you have the commitment and resources to undertake the strategies, or are they simply wishful thinking?

5. DO A RISK REVIEW

- a. Before final sign-off, identify the key risks that may prevent your strategy from being implemented.
- b. Identify the likelihood of their occurrence

and how they might be mitigated or countered.

- c. Sum this up in a short one- or two-page report.
- d. Ask yourself: Are there things keeping you awake at night that aren't in this report?

6. IMPLEMENT

- a. Complete an implementation action plan allocating responsibility and accountability, with due dates for reporting and/or completion for all key items.
- b. Provide progress reports on implementation, without overdoing it: keep it short and punchy, hitting the high notes.
- c. Monitor commitment levels and make necessary changes around personnel.
- d. Don't make major decisions without measuring them against the vision and strategy.
- e. Carry out a regular six-month review: reasonably formal, requiring reporting to the board, senior management and partners.
- f. Carry out a regular 12-month review, the real test of implementation: most clients get more out of these reviews than they did out of the original strategy formulation.

ple, ensuring implementation, and getting real results.

Partners intuitively don't like strategy formulation; nor do they trust it will be implemented or achieve results. They feel it reflects educated guesses, is based on questionable data relating to an uncertain future, and is up against the whole history of past failed attempts to implement strategy or get desired results. You need to work hard to break this chain of thought and turn strategy into a rewarding exercise that involves everyone and gets results.

“Agreeing on a strategy” means nothing on its own. It's all about how good your strategy is and whether you get results when you implement it. Strategy is about achieving a competitive position, ideally a dominant one. To ensure

your strategy is up to scratch and will get these results, you need to challenge it — to stress-test it.

CHALLENGE YOUR STRATEGY

Test and challenge your strategy at various stages of its creation and implementation, *e.g.*, during a positioning review, during formulation, prior to finalization, regularly during the implementation phase, and finally during semi-formal and formal reviews. When you do this, strategy quickly changes from an annual “necessary evil” to an essential, dynamic process that proves to be key to your business success. And when you come to re-view it in six and 12 months' time, you will already know what, if anything, needs tweaking.

One cautionary note: it's one thing to stress-test your strategy at different stages; it's entirely another to turn your strategy into an ongoing work in progress that nobody agrees has ever been approved and therefore is not

A stress-test checklist

Challenge the foundational elements of your strategy.

1. What categories of clients will we focus on? Who are our few true priority clients?
2. What industry sectors will we concentrate on? Which are our true priority industry sectors?
3. Which geographic areas will we concentrate on?
4. What professional services (practice areas) will we offer? Which are priorities? Have we reviewed them?
5. How will we deliver service to our clients (in a unique and differentiated way)?
6. What values, cultural attributes or guiding principles will underpin the achievement of this strategy?
7. What resources are we prepared to allocate to implement this strategy (*e.g.*, money, time, people)?
8. Do we have a strong people strategy to support this plan? Are people generally committed to helping one another succeed? Are we ensuring they take an interest in others' professional and personal well-being?
9. What is our brand strategy and level of understanding around brand to support this strategy?
10. Is there alignment among firm, people and brand strategy, or do we have a strategy gap?
11. As a firm, have we decided what we absolutely will not do or will stop doing? Few firms do this, but it is as important as deciding what you will do.

Stress-testing your strategy is not a complicated exercise, but it does require dedication, leadership, and an appreciation of its importance. In large measure, it involves asking and answering some simple but demanding questions.

binding on anyone. This weakens the resolve and discipline around the plan, and it's just as bad as not implementing your agreed-upon strategy or not stress-testing it.

Stress tests, of course, are there to do just that: test. If the strategy has received sign-off but a test shows a weakness or the need for a rethink, note it down for attention and possible adjustment at the requisite upcoming formal review. As with many things in the dynamic, fast-paced world in which we all operate, you must find a balance between maintaining dynamism and flexibility on the one hand, and creating certainty and achieving dedicated buy-in and commitment to implement on the other.

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measure, it involves asking and answering some simple but demanding questions. For instance, in the early stages of strategy formulation, when you are working through the draft strategy, be sure you have all the fundamentals covered; it's surprising how often one sees a strategic document missing some if not many of these.

OTHER RECOMMENDATIONS

GET ALL KEY PERSONNEL INVOLVED

Before your strategy is signed off, ensure every key person (including partners and support services managers) has had a proper chance to study it and provide input. When they do provide such input, make it clear that their concerns have been heard and considered. This is the only way to ensure proper buy-in and support during implementation.

CONDUCT ON-THE-GO TESTING

Approved strategies can nonetheless quickly find themselves gathering dust — an excellent time and reason for stress-testing. Every time an important decision (*e.g.*, a key hiring, a new office, a brand or total website revamp, a new practice area) is considered, test them against the vision, strategy and guiding principles you have determined. If something does not make sense, you can do something about it right away or make a careful note to critique the strategy during the next review.

ENSURE REGULAR REPORT-BACKS ON IMPLEMENTATION

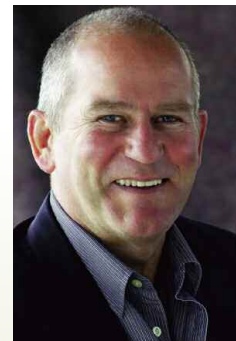
Effectively test your strategy during implementation with report-backs: failure to do so will cause a rapid loss of interest in the process. This can be a challenge: nothing switches partners off quicker than long, tedious “chapter and verse” reviews and updates. Touch only on the important points. Keep it fresh.

CONDUCT FORMAL REVIEWS

Chances are that if you undertake all these steps, you will know precisely where the issues lie, what needs re-considering, and what has become defunct, by the time you come to do the more formal strategy reviews. In my experience, firms that follow this path find they get more value out of the strategy reviews than they ever did out of the original strategy development.

How to make this happen? I recommend you start by taking out your own firm's vision and strategy and re-reading it. Draw up your own list of elements that are unclear or should be tested. Use some of the pointers in this article as a starting point to develop your own questions that are relevant for your firm.

If you are not already doing this, you could find this simple step to be an invaluable exercise. It will also ensure that you are richly contributing to strategy formulation and implementation, getting the results your firm is really seeking. •



Strategy never sleeps

Sean Larkan uses his 25 years of direct leadership and consulting experience and a number of unique methodologies to help law firms internationally to develop new or revitalize existing strategy. Sean has a track record of helping firms realize their potential and achieve actual implementation and growth. In whatever he does, his underlying philosophy is always to build a firm's confidence, strength and well-being.

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