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Lack of firm vision dogging you?

Why strategic planning is the smart thing to do

Say the words "strategic planning," and many attorneys will head for the nearest door. But committed firms that can make it through the process will be laying the groundwork for a sound firm vision and plan for the future.

Making your plan strategic

Strategic planning is the process by which your management team evaluates the firm's purpose and values (Who we are?), assesses and documents the internal and external environment in which the firm exists (Where are we today?), creates a vision for the firm (What do we want to become?) and develops the goals and action plans to achieve that future (How do we get there?).

While planning doesn't guarantee success, firms that do plan have a greater probability of success than those that only respond to the crisis of the day. This concept was articulated by the late Dr. Albert Shapiro of the Ohio State University Graduate School of Business: "Companies that plan never follow their plans, but they always make more money than companies that don't plan."

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Here are five steps to developing your own strategic plan:

Step 1: Build partner consensus. Firm leaders need to reach a consensus on where the firm is and where it should be headed. Thus, all partners must buy into both the process and the resulting plan. It's equally important that partners with dissenting views ultimately agree that a consensus of opinion will drive all decisions.

Step 2: Determine your approach. Decide on a top down, driven by firm management approach or a decentralized one where the various practice areas work on their plans independently; then mesh them together with the overall firm plan. Both ways work — it just depends on finding the process that best fits your firm.

Step 3: Perform a SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities and Threats. This analysis will help you answer the "Where are we today?" question. You must gain a thorough understanding of your firm's internal strengths and weaknesses to set a course for future actions.

It's one thing to make the statement "We want to be the leading intellectual property firm in town," and quite another to realize what it'll take to make that statement a reality. In addition to having an understanding of the internal strengths and weaknesses, you need to know your market as well as your competitors' capabilities and limitations.

Step 4: Set your goals. For your goals to be more than a wish list, make sure they are SMART:

***S*pecific:** Setting a specific goal means establishing who is responsible, what needs to be accomplished and in what time frame.

Measurable: A goal needs to have concrete criteria for measuring progress.

Attainable: Does the person, team or organization have the skills and attitude necessary to obtain the goal?

Realistic: The goal must represent an objective, mutually agreed upon strategy that the parties are willing and able to achieve.

Tangible: Can achievement of the goal be observed by an independent third party?

Each goal needs an action plan to ensure accountability for the plan. The test of a strategic plan's worth is whether the firm can look at the plan in a year or two and determine whether it has accomplished anything. For example, objectives such as "improve the quality of our client service" are meaningless if your firm doesn't define what constitutes improved service and create benchmarks to measure the improvement of quality.

Step 5: Communicate and manage expectations. To keep momentum going, you'll need to communicate the status of plan development to your partners and associates at frequent intervals. The plan itself should be revisited at least annually and adjusted as needed to fit new realities of the firm and its marketplace.

Value the process

Those who truly understand the importance of planning recognize that the process is as important as the end result. With a little luck — and a lot of planning — you'll develop attorneys who think and act strategically.

Avoid the domino effect of a poor partner compensation system

As long as there are partners, there will be problems with partner compensation. Issues surrounding "fair" compensation can create a domino effect of problems leading to negative feelings and fractured partnerships.

A compensation system should be more than just a way of splitting up the money: A good system is a management tool that rewards, motivates, changes behavior and disciplines.

Aim for fairness

Compensation establishes rank and status and quantifies each partner's value to the firm. Partners consider their compensation system to be fair when they have a high degree of confidence that distributions closely match their expectations of what their own and their partners' compensation should be.

A fair system will produce happy, productive partners, who in turn lead a successful firm.

What *not* to do

Firms that have severe compensation issues typically have one or more of the following problems:

An undocumented compensation system. Like the shoemaker's barefoot children, some law firms operate without agreements. This can only lead to multiple disagreements over time.

An inconsistently applied system. This can happen in firms where an "old boy network" is still in effect.

ELEMENTS OF A GOOD SYSTEM

Firms that align their compensation system with their strategic vision share many of these traits:

- Teamwork and associate development is encouraged.
- The system rewards the performance of *everyone* who contributes to the firm's success.
- Partners have agreed-upon goals that act as benchmarks.
- The system is flexible enough to handle different types of partners, from rainmakers to technical specialists.
- The range of compensation is large enough to be meaningful.
- The system has a high degree of predictability — for example, "If I hit my goals I should earn something near $$."
- The system promotes behavior that causes partners to act in their clients' best interest.
- The compensation system is well documented and easy to understand.
- The process is consistent.
- How compensation is determined is clearly explained.

These are just a few of the many benefits derived from a compensation system that is squarely aligned with your firm's strategic vision.

Compensation doesn't match up with the strategic plan. For example, a firm says it wants to pass on as much work as possible to associates so that partners are freed up for rainmaking activities, but then it bases the majority of the compensation on billable time. In cases like this, the firm will end up with a lot of confused partners.

The compensation system is veiled in secrecy. Once a year, for example, the managing partner or compensation committee tells the partners what their share of the pie is. No concrete feedback is given as to how the number was derived or what steps can be taken to improve performance for the next year. This is sometimes called the "black box" approach — data goes in and answers come out but no one is sure how or why they were derived.

Most often, a poor compensation system results in a loss of confidence in firm management, turmoil and disagreements among the partners, partner and staff turnover, and, ultimately, the loss of clients and even firm dissolution.

Get it right

Because what worked in the past may not work now, a good compensation system is adaptable and meets the needs of your firm as it exists today. Firm management, first of all, needs to determine the type of behavior that will be nurtured and rewarded. So, aligning the compensation system with the firm's strategic vision is critical. To do that, develop clear and concise answers to the following questions:

- What is the firm's mission?
- What types of behavior do we wish to be identified with?
- How will those behaviors be rewarded?

Once you've considered and developed answers to these questions, communicate the results to your partners so that they know what is expected of them and how they can impact their own compensation.

For example, if the firm's mission is to be the leading provider of legal services to local physicians, the firm must define what will be necessary to achieve that status. It may involve assigning responsibility for marketing efforts to the top physician groups to one or several partners and outlining a clearly defined reward program for successfully recruiting any of these groups to the firm.

It's not a game

Firms that have a clear vision of who they are, where they are going and how they are going to get there tend to have compensation systems that are aligned with that vision. No system is perfect, and one that works today may not work tomorrow. But developing a good system will go a long way toward ensuring the firm's future success.

Branding your firm: Positive positioning for future growth

Branding isn't a new concept, but many firms pay little, if any, attention to promoting their brand. But if you care about your firm's image and profitability, you should definitely consider it. Branded firms can charge more for their services than their lesser-known competitors.

What is branding?

Too often even marketing professionals don't have a clear-cut answer. Simply put, brands are established product lines that, over time, develop a consumer franchise of quality, value and use expectations resulting in brand loyalty in a particular product category. Think of your brand as a visual, emotional and cultural image that surrounds your firm.

When a company tries to stretch their brand identity to introduce a new product line, it's called brand extension. A good example is Coca Cola and its various offshoots (Diet Coke, Vanilla Coke, Cherry Coke). In theory, the customers' loyalty to the original Coke will carry over to the new products.

Think of your brand as a visual, emotional and cultural image that surrounds your firm.

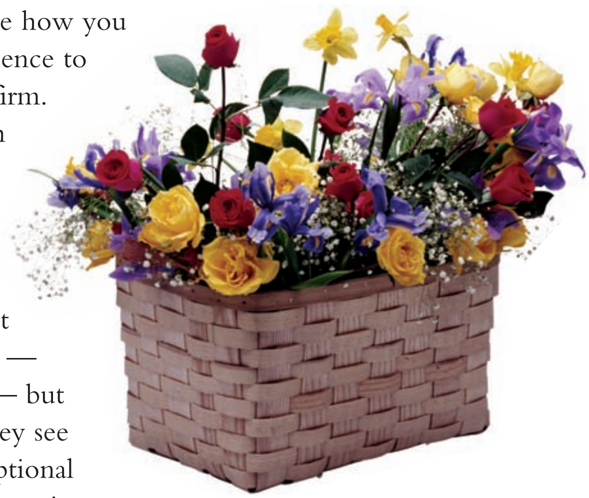
Why should this matter to law firms?

A law firm's brand is built on its reputation of quality and consistency of services with its clients and potential clients. In effect, all law firms are branded already with their existing clients. This can be good news or bad news because the brand reflects their experiences with everyone they've interacted with at the firm.

So, a firm's brand is what the client perceives it to be, not always what the firm wants it to be.

How do you establish a brand?

Your firm doesn't have to be huge to consider branding: It can work even within a small, targeted circle of influence. The first step is to determine how your clients, competitors and the business community currently perceive your firm. What do clients like? Dislike? What characteristics do they value when seeking legal services? What's your firm's reputation?



Then determine how you want your audience to perceive your firm. If your research indicates they view your firm as reliable and hard working, but nothing out of the ordinary — like a Toyota — but you'd rather they see you as an exceptional firm and worth paying more for — like a Lexus — you must work to change that perception.

Use your market research and distill it into a clearly written definition of your brand — an understanding of what added value your firm brings to the table. And then concentrate your efforts on developing and promoting the desirable characteristics.

What's the next step?

Some steps to consider in developing a brand include:

- Forming a management committee to oversee the effort,

- Seeking expert advice, and
- Determining a budget.

Don't lose faith if the hours and dollars of investment start to accumulate. A successful branding campaign will result in exponential paybacks over time.

How can you tell if it's working?

If your market research indicates that most people see your firm as a low-cost alternative for legal services, positioning the firm as a provider of quality services for high-net-worth individuals won't happen overnight. But don't give up.

Continually look for ways to remind your audience of the firm's perceived value, as seen through your clients' eyes. Gather testimonials from satisfied clients and regularly use them in marketing collateral pieces. The long-term results of this effort will pay off. Remember, a strong brand will help retain current clients, attract new ones and allow for higher rates.

A quiet respite or a two-day party?

Planning the firm retreat

Firm retreats can be milestone events or party time. They can be held in a local hotel conference room or in Las Vegas. How do you determine what's right for your firm? Here's your step-by-step guide to planning a successful firm retreat.

It starts with a plan

The first step is to determine the retreat's goals and objectives. If it's meant to be a party or simply a time to relax, call it that, and don't expect to accomplish a lot of work. If you wish to mix work and pleasure, schedule work sessions for the morning and plan some fun, team-building exercises later in the day.

To prioritize the key objectives for the meeting, with your management team start building a list several months ahead. When it's time to finalize the retreat agenda, select the top two or three objectives. If you try to cover much more, you'll rush through some topics without adequate time for discussion and formalized action plans.

Who's invited matters, too

This will depend on the agenda. If you plan to discuss compensation, merger opportunities and recruitment strategies, invite partners only. Or devote the first day to partner/owner issues and the next to a larger group retreat with key professional managers such as the firm administrator, controller and marketing director.

If the budget permits and your agenda includes broad topics, such as firm strategic vision, or there's a goal to build consensus for a new initiative, invite associates. Don't invite spouses if the objective is to have a real working retreat.

Keep the discussion on track

If your firm is fortunate enough to have a team motivator at the helm, have that person lead the discussion. In many cases, however, you may wish to use an experienced outside facilitator to guide discussions, probe for deeper perceptions and help keep the retreat focused and on track toward the objectives.

When it's all been said and done

After the retreat concludes, make sure important ideas, discussions and conclusions are captured in writing and then distributed firmwide along with a plan of action and due dates.

With proper planning and facilitation, your retreat can be the springboard that launches a successful new year or firm initiative. Take the time to plan, have clearly defined objectives and have fun.

Frustrated?

How to get more out of aging computers

If your high-tech office isn't operating as smoothly as it once did, don't toss out the baby with the bath-water! Your current technology probably has years of usable life left.

Here are some practical tips to help you get the most out of your most heavily used technology: your PCs and printers.

Curing a slow computer

When your computer was brand new it ran like a champ. Now, it's running as slow as molasses. Here are some ways to help restore that speed.

Defragment. Periodically running the Windows defragmenter found under *Start, Programs, Accessories, System Tools, Disk Defragmenter* can work wonders at improving your computer's performance.

Clean out. A lot of junk accumulates on hard drives. The worst offenders are temporary Internet and cache files that record data every time the Internet is accessed. To clean out these files, go to, within Internet Explorer, these menu items: *Tools, Internet Options, General, Temporary Internet files.* Delete all the old temporary files. Then drop down to the History section and set the number of days to only one or two.

Eliminate. Go through the *My Documents* folders and eliminate, or save to disk or a network file, everything that isn't current work.

Use file sharing. When using file sharing or a central data repository, you must have proper data security and data backup. Make sure that critical documents, such as QuickBooks databases and client lists, aren't in files that can be accessed by all employees. Also back up your data to tape or other media in the event of a server crash or a natural disaster. Then store the tape offsite to provide for effective business resumption in the event of a disaster.

Review and eliminate. A computer may start up slowly because of software that is loaded and running when it powers up. Look at the icons in the lower left-hand corner. If you have more than five, uninstall any unused applications or review their settings to change them from running at startup to running only when you need them.

Tackling an even slower printer

Printing large files — especially PDFs — can take forever. Go to *Start, Settings, Control Panel, Printers* (choose the printer you need to adjust), *Printer, Properties, Advanced priority*. Here you can give your printer a higher priority if documents are printing too slowly or a lower priority if printing has disabled your computer, not allowing you to work on other things simultaneously.

Know when it's time to pull the plug

These quick and easy maintenance procedures should go a long way toward boosting your productivity and saving the firm from unnecessary and expensive upgrades. If your issues persist, and your computers are hitting the five-year-old mark, however, it may be time to upgrade.

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