



Success in Strategy Implementation

Research indicates that 90% of organizations fail to effectively execute their strategic plans¹. Law firms don't appear to be outperforming other businesses on this metric. All too often, law firms dedicate substantial internal and external resources to a strategy development process, but ultimately fail to move the firm far enough in the direction identified or realize the benefits of their investment.

So, why is it that so many firms fail in strategy implementation? And what can they do to improve the outcome?

Implementation efforts can fail for a number of reasons, but often times the root causes link back to insufficient partner buy-in to the strategy adopted. Firm leaders involved in strategy development benefit from a strong understanding of the rationale behind the chosen strategy and the need for change. However, partners removed from the process often struggle to identify with the direction outlined by firm leaders. When partners do not see a need for change, or lack an understanding of the rationale for the chosen strategy, they fail to buy-in and may passively or actively interfere with the implementation process. This outcome is often observed when strategies are developed by one person or by a small group with limited input from the broader partnership.

Another cause for failure in strategy implementation is the strategy itself. In some cases, firms craft unachievable strategies, typically the result of overly aspirational or unrealistic firm leaders who adopt an ill-fitting strategy with respect to the firm's current position or market competition. Alternatively, some firms fail to develop strategies which capture the interest of partners, and this lack of inspiration reduces partners' engagement in strategy execution. Without a viable or compelling strategy, firms struggle to take actions to effectively implement the plan identified.

More broadly, effective implementation requires effective leadership. Leading strategy implementation requires a balancing act between building support and making difficult decisions. Building support requires the ability to work closely with partners in order to create cohesion around the firm's strategy. In order to do this effectively, leaders need to demonstrate a certain amount of leadership empathy. At the same time, leaders need to maintain the objectivity required in order to make difficult decisions, which involves demonstrating leadership "toughness". Strategy implementation sometimes fails due to the inability of well-intentioned leaders to balance these somewhat opposing aspects of their role.

A final hurdle firms face in strategy implementation is perhaps the most obvious - resistance to change. The difficulty of driving significant change in an industry rooted in autonomy and precedence is not to be underestimated. Particularly in today's legal market where competition is becoming fiercer and clients are more demanding, executing on strategy often requires adopting a change in approach and new ways of doing things. In the context of law firms, this translates to convincing members of the firm, and in particular partners, that change is needed and that the chosen approach is the right one.

How can firms get better at implementing strategy?

Communication: As a first step in ensuring the successful implementation of the firm's strategy, firm leaders must communicate clearly with partners about the details, value, importance, and rationale behind the strategy, demonstrating visible ownership of the chosen direction. This entails gaining input and support from key opinion leaders and rainmakers early on in the strategy development process and requesting their help in championing the strategy to other partners within the firm. Over time, clear and frequent communications (both one-on-one and in groups) about the firm's strategic direction will assist in generating buy-in among partners, leading to greater overall support for the strategic plan and the changes required for its execution.

¹ Chris Zook, with James Allen, *Profit from the Core* (Boston, MA: Harvard Business School Press, 2001).
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Aligning Structures with Strategy: Firm leaders must ask the question: does the firm have the right leadership, governance and operational structure required to support effective implementation? Are the right people serving in the right places? Very often, leaders at the firmwide and even practice group level demonstrate the behavior of dynamic and influential visionaries. However, such leaders may lack the organizational skills required to effectively drive day-to-day action. By assessing whether the skills of lawyers and administrators in key management positions align with the needs of the firm, a firm can better ensure that visionary firm leaders are appropriately supported by individuals who can perform actions and make progress on a daily basis.

Implementation Planning: A fundamental and critical step in moving forward with strategy execution involves planning. Implementation planning entails developing a detailed outline of the specific actions and sub-actions, responsible individuals, deadlines, measurement tools, and follow-up required to achieve each of the firm's identified strategies. Implementation plans often take the form of detailed charts which map the course of action for firm leaders over a 24-36 month time period. Achieving a level of detail in these plans provides for a tangible and measurable guide by which both the firm and its leaders can assess progress in implementation over time.

In developing the plan, it is important to establish a realistic timetable for key steps and to take into account the bandwidth of the firm to accomplish those steps. Firms who try to take on too much too quickly often get overwhelmed and accomplish less than if a realistic schedule was laid out.

It is also useful to include updates on strategy implementation at each management meeting, and set aside a meeting once a quarter to focus primarily on strategy. Some aspects of the plan may not lend themselves to detailed steps and it is important to use those visionary elements as guideposts in the quarterly meetings.

Alignment of Management Processes: Successful implementation of a law firm's strategy requires alignment of the firm's partner compensation system, performance management approach, and other related practice group and client team management structures and processes with the firm's chosen strategy. The most common (and perhaps critical) example of a structure necessitating alignment is that of partner compensation. Very often firms adopt strategic plans which require partner collaboration and teamwork in order to achieve success, yet fail to modify the partner compensation system to encourage and recognize such activities.

Measurement and Accountability: Developing metrics to measure progress is a critical aspect of successful implementation. If the plan is sufficiently concrete the firm should be able to develop a set of quantitative and qualitative metrics for each goal or set of goals. These metrics can include investments, revenue targets, growth targets, performance goals, client satisfaction ratings, etc. By following up and assessing progress in implementation at regular intervals (at least quarterly), firms can more effectively determine whether current implementation activities and assignments are on track and are working, or whether a different approach is needed. Such assessments are crucial in ensuring that action is taken and progress is made on strategy execution.

Incorporating Organizational Learning and Market Changes: As an evolving and recurring process, effective strategy creation and implementation necessitates ongoing review of the firm's chosen direction. This translates into periodically re-evaluating the firm's strategy in light of internal and external changes. While the long term goals may continue to be appropriate, the underlying strategies may need to be revised as conditions change.

In order to realize the potential and value in a firm's strategy, law firm leaders must dedicate themselves to driving successful implementation. This requires planning, resources, time, attention, leadership and courage.

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