



Successfully Executing Law Firm Strategy

Most law firms today do a relatively good job developing and articulating competitive and thoughtful strategies. But successfully executing those strategies remains a challenge for many law firms. Challenges with strategy execution are certainly not unique to law firms. In fact, the business journals are littered with articles with titles like “Five Reasons Most Companies Fail at Strategy Execution” (*Forbes*), “Why Strategy Execution Unravels—and What to Do About It” (*Harvard Business Review*) and “Why Good Strategies Fail: Lessons for the C-suite” (*The Economist*). The statistics quoted in some of these articles are sobering:

- “an average of just 56% of strategic initiatives have been successful”
- “90 percent of organizations fail to execute their strategies successfully”
- “only 8% of company leaders were said to excel at both strategy and execution”
- “only 55% of middle managers can name even one of their company’s top five priorities”

Even more sobering is that these statistics and articles are about companies who have leaders focused full time on implementing strategic initiatives. So where does that leave law firms?

Where Does Strategy Execution Begin to Break Down?

In our work with law firms we find that strategy implementation can break down at many points, beginning with the strategy process itself. The five areas where challenges can occur include:

Strategy Process

In the relatively flat model of a law firm partnership, getting partner buy-in to the strategy can be as important as the strategy itself. A top down driven strategy, where the chair or executive committee pronounces the strategy with little visible engagement from the partners along the way, often results in a lack of support or attention from the partners required to make progress on the plan. Conversely, a planning process delegated to a partner team without the involvement of leadership may have a similar effect – the leaders, who are charged with driving execution, may not fully buy into the strategy and consequently, are unlikely to prioritize execution.

Another process flaw is developing a strategy without appropriate underlying data and analytics. While a shoot from the hip strategy may be easy to write, it can be harder to defend to a skeptical and analytical audience of partners. Input from clients, the market and the firm’s own data are critical elements in not just developing, but in selling a strategy.

Vision and Goals

Many firms focus countless hours on developing a pithy vision statement. But these statements tend to be bland and rarely provide a clear sense of the where the firm is actually trying to go. A vision that paints a detailed picture of the firm’s desired future state can be much more compelling than a single sentence.

Beyond the vision, we often see ill-defined or inappropriate goals. In some cases, they are not actually goals but are instead core values or something conceptual rather than something the firm can actually make progress on. In other instances, the goals don’t relate to or support the vision. Clear goals, in pursuit of the vision, will help guide implementation.

Implementation Plan

While having an implementation plan does not guarantee successful strategy execution, not surprisingly, not having an implementation plan definitely hampers execution. Implementation plans should provide specifics on implementation actions with timelines, action leaders and status updates. They should also be working documents and revisited regularly. This requires ongoing attention to and updating of the actions identified in the plan, monitoring timelines, and holding individuals accountable for taking actions assigned to them.

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Firms also run into challenges when they start to veer too far from the tenets of the strategic plan and implementation plan. If leadership's actions and decision-making do not align with the plan, partners often lose faith in the plan. This doesn't mean that firms can't be opportunistic when the situation calls for it, or that firms should blindly follow a plan when the market around them may have changed, but those actions should be explained in the context of the plan.

Culture

One of the biggest challenges to strategy execution in law firms is the frequent misalignment between partner compensation systems and the firm's chosen strategy. While it's not totally true that compensation triumphs over strategy, it certainly does not help when compensation fights strategy. Compensation can create a frustrating barrier to progress.

Another cultural challenge that many leaders underestimate is the natural resistance to change in law firms. A strategy that anticipates or requires meaningful change among the partners will need significant attention paid to the people issues and on change management principles. Building a case for change will be a critical element of the strategy process to smooth the way in implementation.

Leadership

Finally, focused and continuous leadership is a critical element to strategy execution. Strategy execution cannot be a once a year event - success requires that strategy implementation operate as part of the firm's ongoing activities. In addition, leadership on strategy execution needs to be distributed. Too many firms do not engage practice group leaders or the C-suite in the execution process. Unless everyone is making progress towards the **same** vision and goals, the firm is unlikely to get more than 20% of the way there.

Keys to Strategy Execution

In addition to avoiding the pitfalls described above, law firms can increase the success rate on strategy execution with the following actions:

- **Institutionalize the strategy.** The managing partner/chair and other key leaders of the firm need to serve as champions of the strategy and continuously generate buy in among key stakeholders in the firm. These stakeholders include practice group leaders, key client leads, the C-suite and other influencers in the firm. Collectively, the leadership and stakeholders can champion the strategy more broadly in the firm.
- **Align structures to the implementation plan.** The firm needs to ensure that the firm has the right governance and operational structures in place to support effective implementation. Are the right people serving in the right places? If, for example, the strategy anticipates significant growth in a core practice area, is the leader of that area the person to drive that growth? Do you have the right business professionals in place? If pricing and process efficiency are key to implementation, the firm needs appropriate talent supporting that initiative.
- **Align processes to the implementation plan.** As noted, partner compensation approaches that aren't aligned with the firm's strategy can create barriers to execution and aligning of compensation and strategy is fundamental to success. Beyond compensation, other operational processes should be aligned to support firm strategy as well. This likely includes aspects of lawyer and staff performance management processes, lawyer performance planning efforts, client acceptance and client targeting processes, among others.
- **Measure progress and create accountability.** Multiple acronyms exist to encourage alignment of goal setting with measurement (SMART goals, OKRs) but the common theme is that goals should have specific and measurable actions associated with them. Measuring progress against these metrics on a regular basis can keep firms on track and focused on moving towards the vision. In addition to measuring progress, responsibility needs to be assigned, and action leaders must be held accountable for results.

While it is of course important to have a differentiated strategy in today's competitive market, simply adopting the strategy is not enough. Firms successful at execution are the firms which will thrive.

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