



Don't Lose Sight of Your Firm's Strategy

In times of economic uncertainty, it is tempting to focus attention principally on business resilience measures. Disruptions in the world around us are causing a number of law firms to 'hunker down' and focus on short-term management. This creates the risk of strategic drift at a time when a clear strategy and direction has never been more essential. Not only do firms need to continue to make progress on strategic initiatives in order to avoid falling behind the market and competitors, but they also need to think about how their business and the business of clients will change as a result of the pandemic. Firms must begin planning how to appropriately respond to those changes. Further, by making progress on key strategic initiatives, leaders have the opportunity to instill confidence in lawyers and staff and demonstrate that the firm is moving forward despite economic challenges.

Review and Refresh

As a first step, law firms should start by dusting off their strategic plans and re-evaluating their relevancy in light of today's environment. The focus should be on a strategy refresh, not a wholesale change in direction and focus.

Questions to Consider: What has changed since the plan was first developed? What aspects of the plan still ring true, and what needs to be amended? Have certain aspects of the plan been elevated because of current or expected changes to the business of your key clients? Are any of your firm's practices likely to see fundamental change in demand or price in the near- or longer-term?

While most of the strategic plans we worked on with our clients over the past one to two years anticipated an economic downturn, the current situation is likely more challenging than what was anticipated. Spending time evaluating the strategy in light of this shift will help ensure that the strategy is still appropriate.

As part of this strategy refresh, it may be helpful to talk to key clients about their expectations of their business in the coming year or two, and what they are looking for from their outside legal service providers. Firms may also benefit from an outside perspective, to provide insight on broader market trends, challenge preconceived notions of the firm's strategy, or help articulate goals and define strategies to achieve those goals. It may also be helpful to hear from your partners about the key trends they are seeing from clients and from competitors, and their views on the key elements of the firm's current strategy. These data points will add important perspective as you reconsider the firm's direction.

Firms should also consider how the core values of the partnership and the broader firm may be evolving in the current environment. In particular, lawyers and clients may be focusing more closely on broader social initiatives like sustainability, diversity, and well-being. Over the coming months, it will be helpful to refine or reaffirm your core values, communicate those across the firm, and use them to guide your strategy and decision making.

Focused Implementation

Once a firm has updated its strategy and direction, the next critical step is to define implementation priorities. Given the need to continue to focus on the ongoing business of the firm in a more intense way than ever, the focus on implementation needs to be on the highest value implementation activities.

Questions to Consider: What are the client-facing initiatives where you can make an impact and get a quick return on investment? Are there investments in innovation that will create a competitive advantage in the near- to medium-term? Are there initiatives that will better position the firm in a post-Covid world? Are there growth opportunities now available due to distress in some sectors of the law firm market which might not otherwise be available?

It is important to think about investment not just in monetary terms, which may be a harder lift for many firms in a down year, but also in terms of time. What are the initiatives that require lawyer and staff time that is normally in short supply? During a period of short-term reduced demand, putting any excess capacity to good use will pay off in the long run.

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The keys to success in implementation planning are prioritization and focus. Firms typically find greater success in implementation by prioritizing high-value actions they can realistically achieve, rather than a laundry list of priorities that are likely to languish.

Making Progress

Simply identifying the short list of implementation priorities does not make them happen, particularly in a remote environment. Key steps leaders can take to ensure that the firm makes progress include:

Establish key goals around strategic initiatives. Clarify the key goals for each initiative. This gives the team a sense of purpose and the context necessary to guide their work. Refer to these goals frequently to ensure the initiative is staying on track.

Identify a leader and a team. Each initiative should have a strong leader, preferably one who is passionate about the specific initiative. Work with the leader to identify a team with a mix of skills that will contribute to the initiative. This can include business professionals and associates. Don't hesitate to think outside the box about the team to ensure you are getting a diversity of views and skills. Establish expectations with each team member about the expected time commitment to ensure they are prepared to make the required investment.

Establish a timetable and budget. Lay out your expectations for the overall timing of the initiative and desired results. This can be broken into phases to establish more manageable benchmarks. While the team may have views on the plan as well, setting the overall direction establishes a necessary sense of urgency.

It is also critical to lay out budget expectations for both time and expenses. Again, the team may want to refine those expectations over time, but setting the parameters now gives them the guidance they need to keep the initiative within the firm's resource constraints.

Provide guidance and accountability. Establish a regular reporting mechanism. This might be monthly check-ins with the whole team, more frequent check-ins with the team leader, or reports at agreed upon points on the timetable. For better or worse, having regular accountability to leadership helps prompt action and keeps the project top of mind for the team. It is also helpful to provide periodic updates to the partners or the full firm, not just for accountability but to keep the firm engaged in the initiative.

Operationalize the initiative. At an appropriate point, the initiative needs to move from a special project to become the firm's standard operating procedure. Members of the team may continue to be involved with the project, but the initiative team overall has finished its job.

Law firm leaders have full plates these days. Managing the firm's business resilience measures, the return to the office, client relationships, and the upcoming partner compensation process, are all top of mind. But leaders and their firms will be well served if they take the time to review and refresh the firm's strategy and pick focused areas for the firm to make progress on over the coming year.

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