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Strategic Planning Improves Firm Performance
by John Sterling and John Remsen, Jr.

In March 2014, The Managing Partner Forum, in partnership with Sterling Strategies, LLC and TheRemsenGroup, surveyed managing partners regarding their experience developing and implementing strategic plans. A total of 120 managing partners responded to the online survey.

The survey focused on a number of questions, including:

- First and simply, does your firm have a strategic plan – and if so, how recently was it developed?
- What steps did your firm take in developing that strategic plan?
- What elements are included in your firm’s strategic plan (e.g., vision, goals, objectives, etc.)?
- What practices have you adopted to ensure effective implementation of the plan?
- How successful has your firm been in implementing the plan?
- What kind of impact has the strategic plan had on your firm?
- Finally, among those firms that do not have strategic plans, why has your firm elected not to develop a strategic plan?

This MPF Leadership Matters article presents the primary findings of the survey. Additional analysis will be published in a June 2014 article in the ALA’s Legal Management magazine.

60% OF MANAGING PARTNERS SAY THEIR FIRMS HAVE A STRATEGIC PLAN

Roughly 60% said they had a written strategic plan at their firms. Among those firms, the vast majority have developed their current plan in the past few years. Note that 15% of firms consider their strategic plan to be “a work in progress.”
AMONG FIRMS WITH PLANS...

**MOST FIRMS ENGAGE THEIR PARTNERS, YET FEW ENGAGE THEIR CLIENTS**

Managing partners with a strategic plan were asked to share what they did in the process of developing their strategic plans. Who’s input did they solicit, what analyses did they conduct, who did they involve in the process?

Nearly everyone solicits input from partners across the firm. Yet interestingly, less than a third of all firms solicited client input as part of the planning process. About half of all firms engaged the services of an outside consultant to assist with the strategic planning process.
LONG ON ASPIRATION, SHORT ON REWARDS AND ACCOUNTABILITY.

Managing partners were asked what elements were included as part of their strategic plans. Nearly 85% of plans include a set of major goals; over three-quarters of strategic plans include strategies and near term action plans; and roughly 70% include a vision statement. Less than half of all firms include measurable objectives in their strategic plans – and almost no one is using a “balanced scorecard.”
Finally, managing partners were asked what steps they have taken to help ensure effective implementation of their firm’s strategic plan. Roughly two-thirds of firms assign specific responsibility for carrying-out action plans and a similar number actively track and report on progress. Only 20% of firms link their strategic plans to partner compensation.
HALF OF MANAGING PARTNERS SAY IMPLEMENTATION IS GOING WELL

Managing partners shared their perceptions of how well implementation is playing out at their firms. Over half of all firms report that implementation is going “very well” or “pretty well” (i.e., “we could do better, but we do most of the things we committed to doing”). Meanwhile, only six percent of firms report that implementation is going poorly.

THREE FOURTHS SAY THE IMPACT OF PLANNING IS CLEARLY POSITIVE

At more than three-quarters of all firms, those strategic plans and the ensuing implementation are having a clearly positive impact. Roughly a quarter of firms report that their strategic plan is having a “very positive” impact on their firm’s performance and more than half report that their strategic plan is having a “clearly positive impact, but there have been some real disappointments.” Less than two percent report that their strategic plan has been a “total bust.”
It should be noted that these results reflect the experience of firms of all sizes. Firms that reported they have a strategic plan span the full spectrum of firm size (i.e., it is not a tool restricted to larger firms).
AMONG FIRMS WITHOUT PLANS...

IT’S A MATTER OF TIME, MONEY AND CONVINCING THE PARTNERS

Managing partners who reported that their firms do not have a strategic plan were asked why they have elected to work without one. Many either believe that developing a plan is too time intensive (36%) or that it is too expensive (14%). Over one-third of managing partners at firms without a strategic plan (36%) believe their firms need one, but they have had trouble convincing their partners to make the investment in strategic planning.

It should be noted that firms without a strategic plan are generally smaller. Nearly 90% of the firms reporting they do not have a strategic plan have fewer than 50 attorneys.
CONCLUDING REMARKS

We are obviously strong believers in the value of strategic planning and the positive impact it has on the performance of organizations of all sizes, and we will explore the topic in greater depth in our Legal Management article. That article will delve further into these survey results and will highlight practices that distinguish firms experiencing the most positive impact from strategic planning from those experiencing disappointing results. A few points preview findings that distinguish the most successful from the least successful firms:

▪ The most successful firms are more than twice as likely to include **measurable objectives** in their strategic plans than are the least successful firms (80% in the most successful versus 33% in the least successful);

▪ The most successful firms were much more likely to:

  - **Benchmark** themselves against peer firms (73% versus 14% for the least successful firms);
  - Carry-out **competitive analyses** on direct competitors (40% versus 7%);
  - **Gather client input** to inform the strategy process (40% versus 7%).

▪ Firms reporting the most success in implementing their strategic plans are much more likely to:
  - Tie firm level strategic plans to **individual level plans** (64% versus zero among the least successful firms);
  - Tie firm level plans to **practice group plans** (64% versus 8%);
  - **Track and report on progress** against their strategic plan (79% versus 39%).

We look forward to sharing more detailed advice and findings in our Legal Management article in the next few weeks.

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ABOUT THE AUTHORS

**John Sterling** is the founding partner of Sterling Strategies, a firm focused on strategic planning, strategy development, and related implementation management. More information about John Sterling and Sterling Strategies is available at [www.sterlingstrat.com](http://www.sterlingstrat.com).

**John Remsen, Jr.** is President and CEO of The Managing Partner Forum, the country’s premiere resource for managing partners and law firm leaders. He is also President of TheRemsenGroup, one of the country’s leading consulting firms for mid-size law firms, and can be reached at 404.885.9100 or JRemsen@ManagingPartnerForum.org.