

# A Short Course on Practice Group Planning

By Eric Seeger

Most law firms of any size are organized into business units: practice groups, departments, industry teams or possibly offices. Each group (business unit) has its own market position, clients, organization, staffing needs, billing and pricing issues, marketing opportunities, profitability profile, etc.—and each should have a plan for growing the business.

There is no “right” plan that will work for any group that adopts it—rather, each group should develop a customized business plan that is consistent with that group’s circumstances and goals, taking into account its external trends and realities, client opportunities and internal capabilities and needs. A group’s plan should be a good fit for that group at that time. Normally the right plan for a given group will be fairly straightforward, once sufficient thought has been applied.

Following are some tools and principles that will be useful to practice group leaders in developing effective practice group plans. This is not meant to be the final word on the subject, but should give sufficient direction to prepare draft plans for review by firm management.

## **BUSINESS ORIENTATION**

Very often, lawyers are too inward-looking when they engage in planning. They may see themselves as administrators rather than leaders. Instead practice group leaders should adopt a business perspective with the

objective of acquiring, retaining and growing clients at a profit. Practice leaders must drive this effort. Goals and action items in their plans should fall under one of those headings—useful for acquiring new clients, retaining existing clients, growing client relationships or increasing the profitability and contribution of the group. And it’s important to remember that not all revenue is good revenue—practice leaders should be smart and selective regarding the work they plan to pursue.

## **ANALYTICAL TOOLS**

Planning is a process, and it works best when it follows a pre-determined path of fact finding, data analysis and decision making.

### Review of Client Information

Every group must know where its work is coming from, how much of each type there is, who is doing the work, how profitable it is, and so forth. It is important to have a fact-based, shared understanding of “where we are now” to be able to identify new targets and advance the practice. Law firms should be supplying their group leaders with management reports that provide them with this information.

However, many firms do not do a good job of making sure their lawyer-leaders understand and know how to use the various data they receive from management. And our experience shows that most practice group leaders do not

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dedicate significant time to digesting their monthly stack of accounting reports. Ideally, the administrator issuing those reports should highlight significant information and direct the practice leader to good news, bad news and important trends.

#### Business Purpose Statement

The first step in the planning process is the formulation of a brief statement that clearly articulates the services that are delivered by the group, the type of clients to whom the services are delivered, and the geographic region or service area covered by the group or in which its clients are situated. The group's Business Purpose Statement should be clear and specific. It is meant to be more descriptive than aspirational, a simple statement of "where we are now" before answering "where we want to be" and "how to get there."

Examples:

*The Healthcare group provides regulatory, general corporate, financing and litigation services to healthcare and healthcare-related entities doing business in the tri-state area.*

*The Group is dedicated to representation of insurance companies throughout the United States that write directors and officers liability insurance.*

The group's Business Purpose Statement is not meant to restrict the group from doing work that does not meet the description. It simply defines the main work of the group. This exercise can be a useful starting point for discussing the kinds of work the group would most like to pursue. It can also be helpful for discovering whether different partners in the group see the group in the same way and for communicating the group's profile to other groups in the firm.

Avoid "extra" or superlative language (e.g., "we will deliver unsurpassed value" or "we will be the preeminent provider") that requires measurements or comparisons that the group can't or won't actually make. Consider the implications.

Some practice leaders find it difficult to draft a suitable Business Purpose Statement. This may indicate a poorly devised practice group structure in the firm, a group in transition, a practice that wants to be everything to

everybody, or the need for well-functioning subgroups with their own leaders.

#### SWOT: Strengths, Weaknesses, Opportunities and Threats

The next step in the process is a SWOT Analysis to identify the group's core Strengths and critical Weaknesses, as well as significant Opportunities and Threats facing the group. Strengths and weaknesses deal with internal capabilities. Opportunities and threats deal with the external environment and may be harder to identify for some groups.

We recognize that practice group planning is not new and that some groups may have "SWOT fatigue." This disease is symptomatic of a group that is doing too much analysis and not enough execution. For most groups, after a couple of annual iterations, the SWOT will not change dramatically from year to year. However, in the current legal environment, a fresh look at the group's SWOT is timely and prudent.

Many groups will come up with a list of strengths that are not really things that clients care about or that truly differentiate the group from competitors. So-called strengths such as "we're talented, smart, hard-working lawyers," "we have six lawyers recognized as Super Lawyers" or "we enjoy great collegiality and have never had a partner leave" may not be meaningful to clients. Do clients hire you because of the comparative strengths you have listed? If not, they are not meaningful strengths—not things that truly define the group and differentiate it as superior to competitors.

Having made your list of strengths, for each purported strength, ask:

1. Is it true? How do we know?
2. Is it unique or special to our firm? How do we know?
3. Does it matter? Do clients care about this? Do we get hired on this basis? Is this a strength that can be leveraged?

Applying these three filters will whittle your list to a few real, key, core strengths. Some groups may not have a strength that passes all three tests. This would not mean that the firm cannot compete and be successful, it is just part of the

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process of honestly assessing the group's market position and competitive advantages. Once the group has completed a thoughtful SWOT, you can think about how to apply valid strengths to client opportunities and how to fix critical weaknesses.

The next step will be to determine what capabilities the group has or must develop or acquire.

#### Core Capabilities Analysis

A sober analysis of the group's core capabilities will complement the SWOT analysis. Ask: Given our client base, desired market position, business development goals and SWOT, what capabilities do we have and what capabilities do we need to improve in each of the following areas?

Competitive Capabilities - Questions to ask:

#### **Service Range Breadth**

*Do we offer the full range of services that our current and desired clients require?*

#### **Service Range Depth**

*Do we have the bench strength needed to handle the workload?*

#### **Technical Expertise**

*Are we strong enough in our lawyering skills and knowledgeable in the relevant areas of law?*

#### **Service Delivery Capability**

*Do we have a physical presence everywhere we should? Do we know how our clients define service quality and are we consistently delivering it at a high level and improving our performance over time? Are we using technology effectively to meet clients' needs and expectations and to deliver high quality and high value at low cost?*

#### **Relationships**

*Do we have the relationships we need to advance our clients' business interests? To refer work into the practice?*

#### **Segment Expertise**

*Do we have credible, industry-specific expertise that can be leveraged? Have we suffered or lost work because we lacked expertise in particular segments? Are there particular segments that offer greatest opportunity for us?*

#### **Cost/Price (Value)**

*Are we delivering "value" as clients define it? How do we know? Are we pricing matters effectively? How do we know?*

Don't get caught up in trying to address every weakness. If you can only realistically move the needle from 'poor' to 'fair' in a particular area, then it may not be worth the time. You won't get ahead based on your mediocrities! But do remediate glaring weaknesses or gaps that hinder the group's ability to apply strengths to opportunities or to serve most-wanted clients at a high level.

#### **ACTION PLAN WITH REGULAR REVIEWS**

The practice group plan does not have to be long. In fact, shorter is better. The plan must make clear what will be done and who will do it. It is not necessary to include a lot of analysis, background and rationale in the plan itself, just be clear regarding the plan of action. Going forward, the practice leader should be managing action directed at acquiring, retaining and growing clients at a profit, not facilitating more analysis.

The mark of a good practice group plan is not its brilliant analysis or elegant presentation, but whether smart things that advance the practice actually get done. Thus the goals and strategies that are identified in the plan should be prioritized and converted into a detailed action plan that assigns responsibilities and deadlines to specific individuals. Action items should flow directly out of the client analysis, SWOT and review of Core Capabilities.

Having committed to the plan and received management's blessing, the practice leader must hold his or her lawyers accountable for implementing their responsibilities as firm management holds the practice group leaders accountable through regular check-ins. Practice groups should meet regularly; full attendance should be expected; and progress against plan should be a standing agenda item. Requiring regular reporting creates accountability among group members and across groups.

Plans are not static—they should be reviewed regularly and adjusted based on experience and in light of evolving goals and opportunities. All groups, however, should be able to demonstrate action and results at any given time.

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In our experience, with a little guidance and motivation, most any practice group can formulate and implement a compelling strategic plan that, when executed, will advance

the group, focus its efforts, establish positive momentum and increase its contribution to the firm.

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