

Four Must-Haves for Practice Group Planning

By Marci M. Krufka

More than ever, law firms consider practice groups the core operating units of the firm's business. Law firm management has focused on improving leadership and management at the practice group level, practice group marketing, and most importantly, practice group business planning. Based on Altman Weil's experience in working with law firms to develop and implement practice group business plans, we believe there are at least four "must-haves" for effective practice group planning.

1. Make sure your plan is fact-based.

Many times, practice groups develop their plans by getting together for a day in a conference room or off-site location, sit around a meeting table and, with some good intentions, develop their group's strategies, having looked at nothing other than some standard reports generated by the firm's time and billing system. To be truly effective, however, a practice group's plan must be based on solid market research (external facts) and a candid analysis of the group's performance (internal facts).

A practice group plan will likely include the group's plan for growth. It may include:

- the types of clients the group will try to retain and attract, based on industry, type of client (size of company by revenues, etc.) or other criteria;
- industries the group will target and the internal industry experience the group will build; and
- areas of expertise the group will try to develop, both in terms of work and internal depth and breadth.

To ensure that your group's growth strategies are successful, it is critical that the practice group have the appropriate market research to make effective decisions.

Planning Scenario 1

Your corporate group has handled several successful mergers and acquisitions in the telecommunications industry and would like to do more M & A work in that industry. Intuitively, this seems to be a good idea. Your market research, however, indicates that revenue growth in the telecommunications industry has remained flat over the past two years, that the trend is expected to continue, and that further consolidation in the industry is expected to slow in the next 18 to 24 months. If your group has this information, it will likely make an informed decision about the wisdom of an aggressive growth strategy in this area. If it does not, poor choices are likely to be made and group resources, in terms of both time and money, are likely to be used ineffectively.

Planning Scenario 2

Your litigation group has done some sophisticated coverage work in the environmental area, but it is only doing a percentage of all of the environmental coverage work its existing clients have. The group thus develops a strategy to increase its market share in this area by increasing its capabilities in environmental coverage and doing four seminars for existing clients on environmental coverage issues. Had the group done a survey of existing clients, it might have learned that four of the six major carriers it represents plan to stop writing these types of policies in the next two years, and the group likely would have decided not to pursue this strategy.

Internal facts are important to planning as well. Prior to developing your plan, the firm's financial managers should develop an analysis of the practice group's financial performance, including at a minimum, historical growth data (for at least three years) for teams or specialties, as well as information on profitability, productivity and pricing.

continued on page 4



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"Effective practice group planning is one of today's most important tools for law firm management."

Practice Group... *continued from page 3*

Planning Scenario 3

Your intellectual property group has seen a 20 percent increase in revenues in patent prosecution work in the petrochemical industry. Naturally, this appears to be a growing area with a lot of promise, so the group decides to grow and aggressively promote this specialty. Clients, however, expect that this work to be done on a fixed-fee basis, and the market will only bear fixed-fees within a certain range. Analysis of your financial data might have indicated that given the pricing restrictions set forth by clients, this work has much lower margins than the other patent prosecution work being done by the group, and the group might not have decided to pursue the strategy.

2. Solicit the input of your practice group members.

Practice group leaders almost always ask how to increase the likelihood that their group's plan will actually be implemented. One way that we suggest to do that is to be sure to get the input of the practice group's members as part of the planning process. Gaining buy-in from the group means that the plan will be *their* plan, not the plan of the practice group leader or planning committee.

Your group may be too large for all of the members to participate in the planning meeting(s). You still can and should solicit their input, however, prior to developing your strategies and tactics. You can do this by conducting a brief, written or web-based survey of group members regarding important planning issues. The practice group leader may also interview key group members (who may not be a part of the planning group) and may interview all group members in a focus group format to understand the members' thoughts and goals for the group.

Specifically, group members should be asked about:

- specific opportunities they have with existing and potential clients to acquire new work;
- potential threats to the group based upon changes in the law, the market or competitor moves;
- the group's internal strengths and weaknesses;
- the existence of strong internal systems to support the practice — management, work allocation, matter staffing, service delivery, sharing of internal resources, professional development and lawyer recruitment and training, to name a few;
- the group's growth;
- the effectiveness of the group's marketing strategies; and
- ideas for new marketing strategies the group can utilize.

3. Develop a straightforward, concise written plan.

Practice group plans need not be filled with lengthy vision or mission statements, lofty goals or feel-good platitudes. They should also not be 20-plus page documents that are long on words but short on substance. Better to have a brief plan with strategies that will be implemented, than a white paper that will sit in a drawer, not referred to again until next year's plan is due.

A practice group plan should be five to seven pages at the most. It should contain a concise statement of the group's strategic intent, and specific action steps (about ten to 20 items) that the group and its members will take to capitalize on existing opportunities, counter any threats, build on key strengths and correct any weaknesses.

4. Include deadlines and utilize tactics to hold group members accountable.

In addition to gaining buy-in through soliciting feedback from

group members, practice group leaders can improve the likelihood of implementation by setting deadlines for the execution of each specific strategy and tactic in the plan. Instead of a tactic that reads, "The Pharmaceutical/Medical Device Team will write articles for publication this year," your tactic should say, "Partners A and B, with the assistance of associates C and D, will write two articles for publication in *Corporate Counsel* magazine, one by March 31, 2007 and one by September 30, 2007."

Finally, practice group leaders often complain about the available means for holding lawyers accountable, other than their input into the setting of lawyer compensation (which, unfortunately, not all practice group leaders have). One method we have found to be effective is to make regular practice group meetings essentially "practice group plan implementation" meetings. In other words, your plan should serve as the basis for the agenda for most, if not all, of your regular practice group meetings.

These meetings are a perfect opportunity to remind group members of the practice group's overall strategic intent. They should also be used to review the plan tactics as to the status of their implementation. Using the example above, during the April 2007 meeting, the practice group leader would inquire: "Pharmaceutical/Medical Device Team: you were to have an article published in *Corporate Counsel* by March 31, 2007. Was that accomplished? If no, why not, and when can we expect that it will?" Simple as it sounds, in many practice groups, this is not a regular practice. In addition to increasing accountability, it also serves to make regular practice group meetings more meaningful — addressing a complaint we hear from many practice group members. Of course, other actions will be required to hold people accountable. They

continued on page 12

Practice Group... continued from page 4

may include coaching or counseling by the practice group leader and involvement by firm management, if necessary.

Conclusion

Effective practice group planning is one of today's most important tools for law firm management. Including these four must-haves in your group's planning process will ensure that your plan and its implementation are a success.

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