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Solos And Small Firms What Makes Us Unique?

Strategic plans serve as a road map, guiding business development.

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HE MYTH about strategic planning is that it is a gigantic waste of time, requiring too many meetings to produce a large book filled with passé data that sits on the shelf. The reality of strategic planning is that it is an essential tool for busy lawyers to use as a guide to successful business development. To grow a practice, lawyers need to research their clients and markets, understand their clients' needs, know what they sell and know what others will buy from them.

Using a strategic plan as a knowledge base, a lawyer can create goals, measure progress, define client service standards, refine practice areas, and develop a positive firm culture. This article explains the steps necessary to define a strategic plan and then suggests some ways to apply the knowledge to specific practice decisions.

Many of the attributes that make a good lawyer also apply to developing a strategic plan.

• Both law and planning require intellectual assessment skills. Planning is strategic. It requires the creation of

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specific goals, supported by programs and tactics to implement them.

- Both have an important fact-finding component. Both require research in order to move forward.
- Both require perseverance. Strategic planning becomes the basis for an ongoing process called business development, marketing, selling, or just plain resource allocation. It evolves to meet changing situations just as litigation motions reflect actions by the opposition.

Just as no lawyer would go to court unprepared, so too, no lawyer should go into the business of law, i.e., opening an office and seeking clients, without a strategic plan to guide the development of the practice. The key ingredient

in both legal practice and business development is an intelligent approach to issues based on information obtained from data acquired through relevant research.

Research identifies strengths and weaknesses, threats and opportunities. The objective is to develop a three-dimensional picture of the firm in its business development context. With this information in hand, a firm can create its "USP—unique selling proposition" which identifies the attributes that make the firm special. Just as no two fingerprints are alike, so no two lawyers or firms approach their practices in





exactly the same way. The sum of the small differences is the USP.

Sometimes this exercise is tied into the development of a vision statement, a mission statement, or a branding exercise. Whatever the document used, the intention is to create a set of three to five phrases that define the essence of a firm and its lawyers' approach to the practice of law. These precepts then become the foundation of all business development activities from individual networking to name recognition advertisements.

In strategic planning, whether by

Sample Matrix – Real Estate Practice					
RE Practice Sub-areas	Characteristics of Practice	Key Clients	Marketplace	Opportunities	Problem Areas
Leasing	Well-known practice.	Three major retail stores; high-end shopping centers.	Firm has high visibility and top-quality clients.	New buildings, developments in suburbs.	Key competitor just doubled size of RE practice.
Co-ops, Condos	Known but not a growth area.	Small apartment buildings.	Price squeezing in tight market.		Firm economics; Corporate work is loss leader.
Property Security	Need to create practice group, using knowledge from previous matters.	Shopping centers, large office buildings.	—Wide-open because it is a new area; —Requires aggressive marketing to raise awareness of need.	—Could be first in this niche; —Resources are scattered throughout the firm.	Requires initial outlay of money for marketing;

individual lawyers or law firms, this research involves four key areas:

- Client characteristics;
- Practice areas and product offerings;
- Marketplace characteristics;
- The competition.

Whether a lawyer works with corporate clients or individuals as clients, each client belongs to identifiable groups. Individuals can be grouped by age cohort, economic status, location, kind of problem, attitudes toward lawyers, etc. Corporate entities, even inventors in a garage, can be classified by SIC/NAIC industry code, major lines of business, end-users of their products, kind of entity, locations, position in their industry and geographic location, etc.

Client Characteristics

The practice of law involves the application of legal precedents, rules and approaches to specific problems. From the client's point of view the point is to solve their problem or exploit their opportunity. With this in mind as the basic principle of successful sales, understanding clients in terms of their world becomes the essential first step to building a successful strategic business plan, because meeting client expectations and solving client problems is the basis for securing and maintaining a solid client base.

Increasingly, successful firms are adapting business processes to the professional firm environment. In this way, the business side of law becomes more effective, and the lawyers involved in strategic planning and other business approaches begin to understand their clients' problems first-hand.

To keep the research manageable lawyers can look at several client subsets:

- Largest revenue generators;
- Clients within a specific practice group;
- Clients in terms of their use of available firm services.

Five years of data should be entered into spreadsheets that focus on client characteristics, client/firm relationship, client contribution to gross revenues and profit. These data can be analyzed to answer a variety of key questions such as most profitable kinds of clients, most profitable areas of practice, firm services used by clients, transactional versus relationship clients, etc.

A complete picture of clients' relationships to a solo practice or firm provides the information necessary to sketch the ideal prospect, defined as businesses or individuals that replicate the best parts of a firm or lawyer's current practice. The information also provides a means to categorize clients into A, B, C and D clusters, with A being those to be replicated, B those to encourage to become A's, C's the bread and butter client contingent, and D's the annoying, expensive to handle, clients to be turned over to others who are better configured to meet their needs.

Industry information about clients may reveal cross-practice area segments that, taken together, create sufficient mass to warrant an industry focus. Or, there may be a sufficient mass of older clients, or professional firms, or financial institutions with similar goals, that can become a service focus.

Practice Areas

Client research provides some data related to the practice of law. To the data already in hand should be added a profitability analysis of each practice area and each lawyer, a review of the sources of business by practice area, and an assessment of the competition.

These data provide information that enables a firm or lawyer to pinpoint areas where they can make money, serve a specific market, and/or establish a competitive niche in their marketplace. This information can be used to decide:

- How a practice area can be configured to meet clients' needs more effectively;
- What resources would be needed to open a new office or offer a new service;
- Where the major sources of competition are, and how each should be addressed.

The data may also suggest new ways of reorganizing practice specifics to create packages that meet needs the way clients express them—for example, elder law attorneys who combine health care issues with personal financial planning; bankruptcy attorneys who pair bankruptcy process knowledge with post-bankruptcy corporate re-growth strategies.

Marketplace Characteristics

Every location has its own set of characteristics. The lawyer looking for more work

needs to understand the environment in which potential clients live and work in order to identify the best ways to meet them, assess their expectations of the attorney-client relationship, and understand the issues that drive them to seek legal remedies.

Geographic locations, from cities to suburbs, include venues for meeting people ranging from senior citizen centers to the Thursday night singles scene bar of choice. Understanding the potential client makes it easier to identify activities and locations suitable for individual networking or firm marketing.

Businesses have similar economic and cultural attributes that, once understood, enable a lawyer to pinpoint the best locale for meeting potential clients or for understanding the issues that will impact current clients. For example, it is likely that 30-something hedge fund managers gather in different venues than 50-something investment bankers. Businesses and industries also gather information in different ways. Some look to their trade associations for information, while others become active in community business groups such as Chambers of Commerce.

Understanding the marketplace from the clients' viewpoint facilitates strategic decision-making regarding the best way to become a meaningful part of the clients' worlds. Once such relationships develop, it is easier to move toward a role as a solution-facilitator for their problems.

The Competition

Competition is everywhere. Investment banks, retail banks, certified financial planners, accountants, title companies, mortgage brokers all want pieces of what used to be considered comprehensive legal services. At the same time, the Internet and people's increasing sophistication with computing have made it more difficult to charge for some kinds of basic legal fact-finding. For example, the U.S. Patent and Trademark Office patent registry is available online; Web surfers can find a wide array of legal materials for every kind of situation.

When thinking about competition for a

specific firm's services, data should be collected that is geographically relevant, product-relevant, and often individual-specific, i.e. the people to whom you most often lose business. Again, a searchable database or Excel spreadsheet can capture the data and sort it in order to determine which firms are "enemies" and which are allies who share referrals.

Once firms and individuals have been identified, an analysis of their practice and marketing activities can highlight areas of opportunity. This is especially true in the marketing arena where a firm can use different techniques, craft different messages and join different forums in order to stand apart in the marketplace.

Using the Data

Once the data have been collected, create a matrix that lists the firm's attributes, services and competitive advantages down the left hand side [rows] of the table, and information on clients, marketplace and competitors across the top [columns]. As illustrated in the table accompanying this article, in each of the table cells note areas of concern, targets of opportunity and situations to avoid. For example, the strategic plan may show that the firm's real estate practice is ahead in the area of leasing, overwhelmed in the co-op/condo contract arena, and has an opportunity in the application of security concerns to real estate venues. Used for strategic decision-making, these observations suggest a shift out of co-op/condo contracts, and into the establishment of a property security practice.

Creating a Useful Strategic Plan

Strategic plans are not cast in stone. In fact, unless the data are updated on a regular basis, they go stale faster than a loaf of bread. At the same time, the focus of a strategic plan is not immediate gratification. A good plan should provide at least a 12- to 24-month road map toward specified targets.

When moving from data collection to a discussion of the inherent implications for people and practices, the process should be as inclusive as possible. The discussions in

which specific goals are selected and responsibilities assigned often create a consensus on firm attributes that becomes imbued in the culture of the firm.

Tackling what to do first may become an issue. Typically, it is better to begin with the "big items" such as goals. Typically plans include up to three goals. Try to make each goal as precise and measurable as possible. For example, instead of saying "the firm should double in size," be precise about which parts should grow, how growth will be measured, etc.

Then, for each goal create a set of strategies that move the firm toward the goal. For example, a strategy to increase firm name recognition in a specific locale or industry may be a prerequisite for firm growth.

Finally, for each strategy develop a series of tactics for each professional in the firm, specific practice areas and the firm as a whole. Using the strategy above as an example, the firm might create a series of tactics including targeted advertisements, sponsorship of appropriate programs, or development of knowledge-programs all designed to work together to raise the profile of the firm.

In a solid plan, the goals and implementation ideas coalesce to create an integrated approach to agreed-upon goals. Each piece of the plan should contain a means of measurement. Every three months the plan can be reviewed against activity to date, and modifications can be made to the underlying data. Every year all professionals should meet, preferably off-site for a retreat, to discuss the plan, its implementation to date and, thinking ahead, any changes in emphasis or focus that need to be made.

Strategic planning thus becomes a road map guiding the business of a successful firm.

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