

Stretching Strategic Horizons

Is it possible for partners in a law firm to establish a shared identity, purpose and vision to drive their business forward?

Nick Jarrett-Kerr examines how firms can stretch their horizons to provide a stable long-term strategic base on which to build their shorter-term plans and objectives

There is a tendency for law firm partners to be conservative, risk averse and rooted in past history and traditions. It is not surprising therefore to discover that strategy formulation for many firms is slow, cautious and incremental. When considering their future plans, firms tend to start by asking where they are now and where they want to get to without necessarily asking three preliminary and rather deeper questions:

- Who are we (our identity as a firm)?
- Why are we in business together (our career purpose)?
- What is the strength and depth both of the partners' combined ambition and the shared long-term view of the firm's future (our vision)?

In some firms, there are as many answers as there are partners in the firm. Is it possible and indeed worthwhile, to establish the extent to which there can be an agreed level of shared identity, purpose and vision in a law firm which can be summed up as the firm's overall strategic intent?

Collective intent

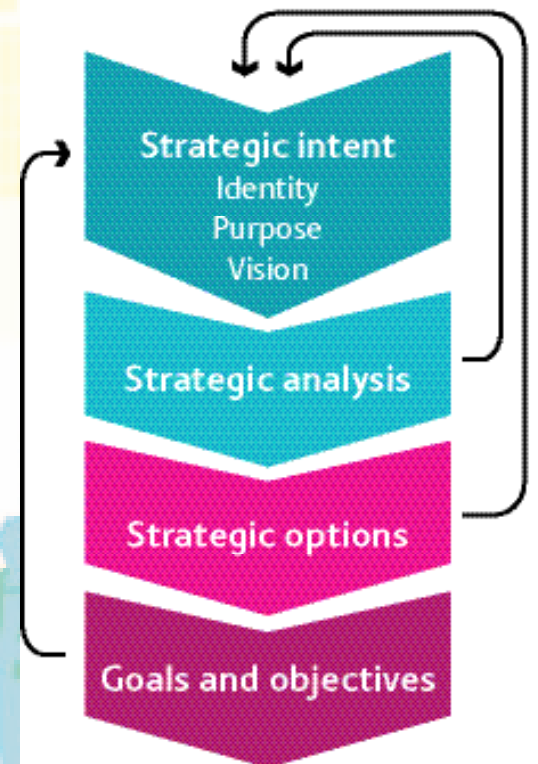
Some might argue that it is not possible for a group of partners to agree and share a collective sense of strategic intent – that is, a

firm's identity, purpose and vision. It is true that firms often seem to be a temporary alliance or coalition of convenience between partners. Firms can often look like a loose association of offices, factions or disparate groups of individuals whose only truly shared ambition seems to be a mutual goal to maximise short-term profits.

There is also a common perception that every law firm membership or partnership consists only of a collection of individual lawyers, each of whom have separate client bases, sets of technical expertise, and personal self-centred goals. However strong the group ties and friendships, it follows that any sense of group identity, purpose and vision will always remain somewhat disparate, transient and conservative, representing no more than a middle ground watery consensus.

Take, for example, a typical "full service" regional or local firm doing a mix of smaller scale commercial work and all levels of private client work. What you often find is that the commercially inclined partners want to develop a core commercial focus, while the private client partners may see the potential of developing the firm as a high-level niche private client practice. In the face of this typical division of opinion or preference, the firm will often opt to remain a full service firm for the sake of internal peace and harmony at the possible expense of a focused and coherent strategy.

Strategic intent as the start of the strategic planning process





In contrast, however, there are several firms where a strong sense of collegiality is evident and where the firm seems to be greater than any individual. Some of these firms have little in the way of written strategy but display a strong sense of direction, an agreed vision and a shared purpose. Although law firms remain people businesses where the importance of individual contribution and intellectual capital are always highly valued, it follows that efforts to establish a strong sense of strategic intent are not only vital but that both strategic planning and strategy implementation cannot optimally be undertaken without defining it and agreeing it.

Establishing strategic intent

“Strategic intent” is a handy expression – first coined 21 years ago by the authors Professor Gary Hamel and CK Prahalad in *Harvard Business Review* – to describe the destiny and fundamental purpose of an organisation. Applied to law firms, the three main ingredients are **identity** (what kind of law firm are we?), **purpose** (why are we

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partners together?) and **vision** (what is that we see as our firm’s long-range destiny and end-state?).

It is vital to try to gain some understanding of these issues right at the start of the strategic planning process and then iteratively to revisit, revise and develop them throughout the planning cycle. This exercise is not just an interesting philosophical and conceptual process but also gets to the heart of the partnership’s aspirations, motivations and broad objectives.

This part of the overall strategic planning project has three main advantages

1. If this piece of the strategic puzzle can be solved, then all the other pieces – which will include strategic analysis and assessment of the firm’s markets, services and capabilities, its competitive positioning, and its resulting strategic choices and goals – will all fall into place much easier.
2. It helps to focus the partners on evolving trends in the legal services arena and their best inspired guesses of what the future could look like.
3. The exercise should help foster and inspire a greater sense of ambition.

As Hugh MacMillan and Mahen Tampoe put it in their book, *Strategic Management – Process, Content and Implementation* ((2000) Oxford University Press, p 71):

“Success will gradually slip away, unless the strategic intent stretches the enterprise beyond its present aspirations and practices.”

The problem is that there is no easy formula for establishing strategic intent in a law firm. This is not just the “herding cats” issue of every partner having his or her own agenda, but because the work mainly involves continuing discussion, negotiation and communication throughout the planning process and indeed throughout the general life of the firm. Each of the three legs to the strategic intent stool can however be investigated separately, remembering that each leg only becomes meaningful when linked and aligned to the other legs.

Determining identity

The first step for the firm is to consider its identity. This is usually firmly fixed in the firm’s history and culture and can be somewhat taken for granted. If asked the question “what sort of law firm are you?”, many partners will start by using phrases such as “traditional”, “friendly”, “modern”, and “client-focused”. Some partners may also give answers that say something about the firm’s current state and strategy by using words like “full-service”, “niche”, “regional”, and “commercial”, as well as descriptions of size, geography and maturity. The question, however, goes much deeper than such preliminary descriptions.

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A strong sense of identity helps a firm in three ways:

1. It can help the partners to appreciate the synergies, values and cultures – or at least acceptable behaviours – which help define the way the firm works and gets things done. In this context, it can point to the firm’s expected style of management, internal disciplines and accountabilities.
2. It helps the firm to consider and understand the broad type of business model that is currently being utilised – from the high-volume, low-margin model used by bulk provider firms, through to the expertise-specialist models that focus on high-value work at premium prices.
3. It can become a good first step in describing and defining what sort of capabilities and core services the firm has, what sort of clients it acts for and with what sort of firms it is striving to compete. It is then only a short step to understanding how a firm is positioned in its market place to compete with its rivals.

In short, clarity over a firm’s identity can help the firm to create a strong sense of its distinctive attributes, as well the degree of fit and comfort which individuals feel within the “skin” of the organisation.

A number of projects can help with this. One is to try to harmonise the way partners and staff talk about the firm externally. This should involve a focused discussion within the partnership to help partners to clarify and communicate a strong sense of identity. Partners can, for instance, be asked to illustrate how they typically describe the firm to clients and referrers. The differences, similarities and patterns can then be discussed and synthesised into an agreed “song-sheet” which hopefully communicates a clear and bold image and identity.

More importantly, a strategic planning exercise always assists partners in a better understanding of the firm’s real and perceived position in the marketplace, and the attributes which make the firm stand out from the crowd. Understanding both the needs of the firm’s core clients and their perception of what sort of firm they believe the firm to be can lead to reinforcement of the firm’s strategic identity.

Even such matters as office layout and standards of dress give identity clues and signs to the outside world.

Finally, a branding project, if led by the top leaders of the firm with the assistance of the marketing department (rather than under the control of the marketers), can also focus partners on aligning the strategic identity of the firm to its image and brand.

Agreeing purpose

The second step is to agree the firm’s purpose – identifying why the partners are in business together and what the bonds which hold them together beyond the pursuit of profit are.

A strong sense of purpose is necessary to give partners and staff good reasons for working late, going the extra mile and investing their careers, money and resources in the firm. Strong values are therefore a large element in a firm’s sense of purpose. These include the issues and factors that are important to partners and that form the soul

of the firm. They help people to understand why the firm exists and what really matters to its stakeholders.

The problem is that many partners may think that there are better uses of their time than considering the firm's overall purpose, instead categorising it as something "soft". This is far from the case. To be truly successful and to achieve both corporate and individual fulfilment, a firm needs a sense of meaning that is not just philosophical or conceptual, but borders upon a shared obsession and a mutual passion. As Morgan, Levitt and Malek put it in *Executing Your Strategy* ((2007) Harvard Business School Press):

"The smallest building blocks of strategic execution are the individual, moment-by-moment choices of what to work on, what not to work on, and what level of excellence to bring to the task. Without some collective sense of purpose, those individual investment decisions devolve to personal preference."

Conversely, a firm with a low sense of shared purpose will quickly deteriorate into an eat-what-you-kill motel for lawyers. Developing or agreeing a sense of purpose is not simply a matter for discussion at an away day or in workshops – there are projects that can help foster a sense of togetherness and common aim. Although many law firms are beginning to feel that cross-firm sector-based initiatives are becoming a bit overblown, they have successfully been used, for example, to help foster a sense of unity and purpose across the firm rather than isolated activities in practice group silos. Client-focused projects help to connect the dots between what partners do and what clients find valuable. Pro bono and corporate responsibility projects help not only to do good, but also foster a sense of shared responsibility and outreach. Even those projects aimed at the firm's survival in difficult times can help to shape a reason to carry on together, to compete and to invest extraordinary effort. Currently, many firms are discussing the possible impact of the Legal Services Act, and are agreeing a unified desire within firms to remain fearlessly independent, or to provide strong growth in order to compete in a more combative environment or even to work towards the ultimate sale of the firm. All these are pointers to the firm's sense of purpose.

Creating a vision

There are a few discussion points that can make the eyes of many partners glaze over, and one of them is any attempt to discuss the vision of their firm. On a daily basis, lawyers deal largely in "left-brain" activities that focus on facts, data, analysis, detail and outcomes. Partners sometimes find emotional and creative thought processes and activities instinctively difficult and additionally are often obsessed with today's clients and their short-term profits, rather than the firm's long term aspirations and intentions.

In short, the vision should express in high-level terms what it is that the partners are ambitious for the firm to attain and fulfil in its future state. One simple discussion point is to get partners to say how they would like the firm to be described in the legal directories in five years time. Another thing I did successfully as a managing partner was to ask each department head to answer the question in an open meeting, "If money were no object, what would you like your department to look like in terms of size, profile, capabilities and clients in five years time?"

A further activity might be to analyse future trends, scenarios and challenges in the legal sector so that the partners can be

Three strategic objectives

The many books, articles, theories and concepts around an organisation's vision boil down to three very practical and strategic issues or objectives.

1. It seems to be a burning imperative for any law firm (or more properly, a group of law firm partners) to have a long-term plan. It needs to gain some idea of how the firm is going to look in the mid- to long-term future – its services, how it will operate, who its clients might be, its values and what it will be like to work in. It needs to understand its long term investment and funding requirements. It needs also to be able to define how the firm would like to be perceived by the world.
2. Any law firm needs to aspire to something, to have a worthy ambition and to agree some broad but tough goals that will stretch the firm and drive it beyond its current resources and state. In this exercise, partners may well need to be moved out of their comfort zones to avoid complacency, to be flexible and inventive in making the most of limited resources, and in responding to fast-moving competitive pressures. Conventional wisdom and historical working practices need to be challenged in order to deal with the implications of new rivals and the increasing dominance of the larger firms.
3. One of the main roles of a law firm leader is to generate a sense of urgency and to formulate stretching targets that will help to make the firm unique. Because of this, the firm needs to be able to paint a picture that current and future partners and employees will find compelling and even inspirational. At times, this may require law firm leaders to plan worst-case scenarios which point out the need to change or improve.

persuaded to respond to those issues with a compelling statement of their long-term intentions.

Joining the dots

These three challenges – determining a strong sense of identity, agreeing a sense of purpose which bonds the partnership together, and creating a compelling picture or vision of the firm's long-term future – ought to combine to express the firm's strategic intent.

Occasionally, and sadly, this exercise can reveal irresolvable conflicts or divisions within the firm which will in some cases lead to a parting of the ways between the factions. More often, and if properly led by a responsible leadership group, it can be a great starting point for the development of the central part of a firm's strategy by providing and communicating an unmistakable sense of direction, identity and destiny for every person in the firm and by creating clear purposes and objectives which will drive the firm beyond its current limitations and constraints.

The subject of strategic intent and its ingredients will of course need to be revisited, revised and enhanced iteratively during the planning process so as to remain achievable and sensible. Framing and stretching the firm's horizons is the necessary first step to achieve in the strategic planning process and should then provide the firm's stable long-term strategic base upon which to build and formulate the firm's shorter-term plans and objectives.

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