Plan ahead to get ahead

Andrew Hedley considers how firms can best develop their longer term planning skills in order to ensure that strategic intentions are delivered in practice. In the first of two articles, Andrew concentrates on the strategic management cycle.

The means by which a strategy may be developed – the range of models or approaches adopted and the process by which strategy-making can be effected within the culture of a professional partnership – is a huge subject area and one which has been covered extensively. Less focus, however, has been given to the role of planning in the delivery of the strategic vision. Yet, it is self-evident that, without a clear and robust approach to implementation, even well-crafted strategic plans will founder. A continuous longer-term planning cycle is required and this article considers how such an approach may be developed.

When thinking about strategy there are a relatively small number of 'big issue' questions that need to be considered (see box right). These are all forward looking and implicit in each is the notion of change, adaptation and dynamism.

These 'big issues' are not fixed in time; they are moving continuously, dynamically and unpredictably.

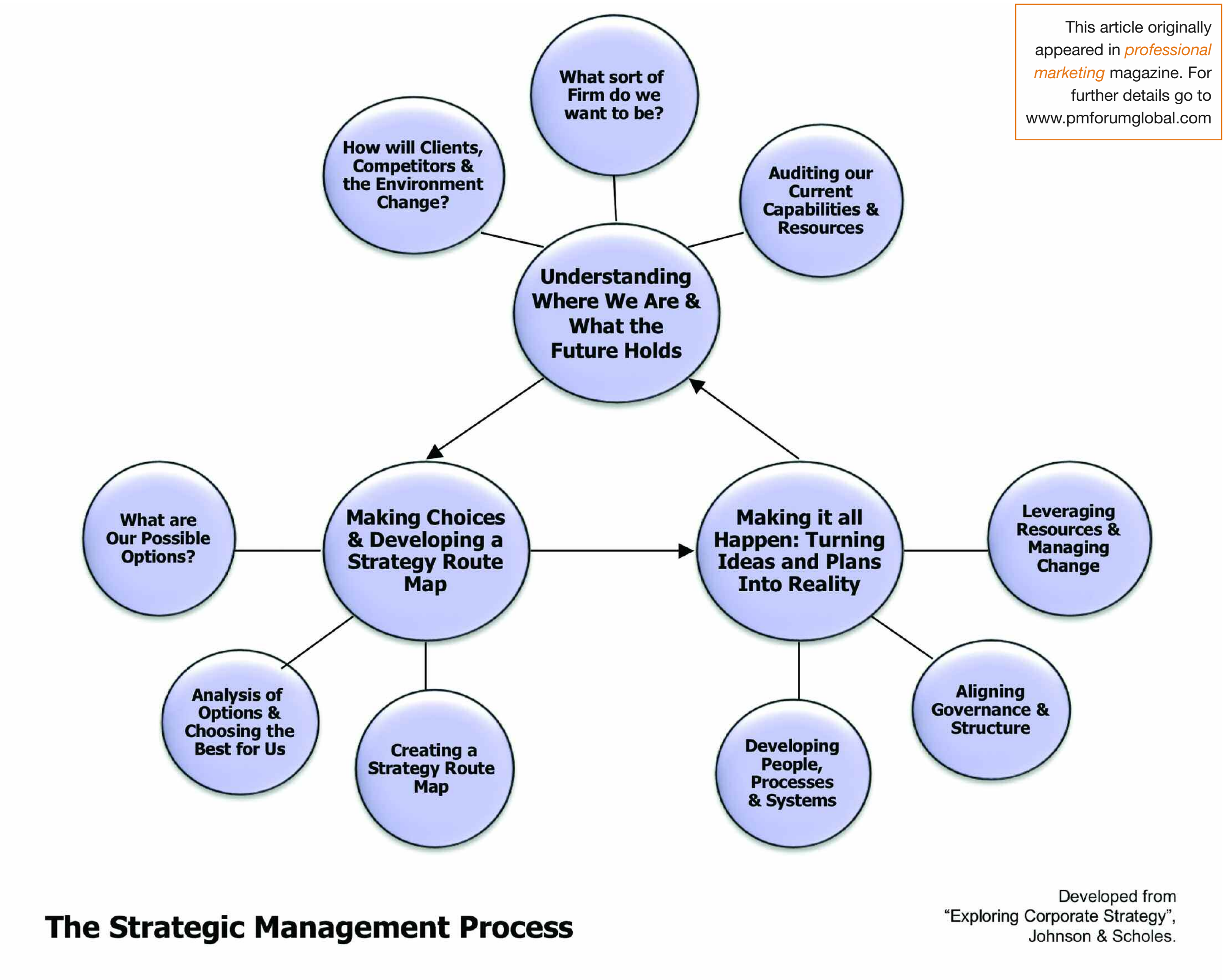
However, in many firms, strategic planning either takes place on a fixed cycle (every three or five years) or, worse, on an ad hoc basis driven by emerging challenges rather than opportunities. Neither of these approaches is appropriate; a planning cycle more suited to modern times is needed.

In developing such an approach, it is important to be clear that strategy making is regarded as continuous not episodic. The days when a five year plan could be produced and then followed slavishly for the next four and a half years before the next five year plan was considered are now long gone (even if they ever existed at all). Strategising only in response to a crisis has never been appropriate, and never less so than today.

Strategic planning is much more akin to a journey in which the ultimate destination is clear (ie. the firm's long term vision) but the means by which one might achieve it are flexible. It is difficult to plan much further ahead than the current time horizon (of say 18 months) with any

Big issue questions

- Where are we trying to get to in the long-term?
- Which markets should we compete in and what kind of activities are involved in such markets?
- How can we perform better than the competition in those markets?
- What resources (skills, assets, finance, relationships, technical competence, facilities) are required in order to be able to compete?
- What external, environmental factors affect the our ability to compete?
- What are the values and expectations of those who have power in and around our firm?



The Strategic Management Process

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degree of confidence. Yet it is imperative that we do so if we are to position our firms attractively in the market (for both clients and employees), make long-term investment decisions, manage risk and operate a business model that delivers levels of profits for its owners that are both acceptable and sustainable.

In this 'journey-based' approach to achieving a strategic vision, the 'terrain' (or competitive environment) may change – from a smooth highway to a treacherous swamp and back again – whilst the mode of 'transport' (for example, flexible resources, IT and KM) will develop in ways which create both huge challenges and significant opportunities.

What is needed is the ability to adapt to these dynamics whilst keeping the overall destination clearly in mind.

The strategic management cycle

To put this into context consider the diagram above, which maps the strategy development process from the viewpoint of the professional service firm and has been used extensively and with great success for law firm clients over the last decade by Hedley Consulting, both as a diagnostic tool and a framework for strategy development.

When using this model as a diagnostic tool, it becomes clear that the 'strategy process' is often perceived by the leadership team to end with the creation of a strategy route map (at best) or even simply the agreement of a series of strategic objectives and headline strategy statements.

The translation of broad strategy statements into a series of planned activities, behaviours, processes and cultural changes is simply not considered in anything like the detail that it should be. Yet any strategy will only have life if this translation takes place effectively; misalignment between the long term strategy and the short term business plan leads to underperformance and a divergence, over time, between where the firm is aiming to get to and where it is headed.

A further commonly overlooked feature is that strategic management is a continuous process. The three stages of analysis-planning-implementation are cyclical. The learning from the implementation phase provides the starting point for the analysis phase of the next iteration.

Many managing partners pursue a strategy review as a one-off 'event-in-time' rather than as an opportunity to orientate their firm for the future, to reaffirm and clarify their overall objectives, to assess their progress and to plan for the next phase of the journey.

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The next level down – Where strategy meets operations

The misapprehension that the strategy process starts with analysis and ends with the choice of a strategy and the production of a series of headline statements of intent is common. It is inevitable that the underpinning plans and resources needed to provide the basis for delivering the strategy are neglected or given insufficient priority.

Without these detailed plans any success will be a matter of serendipity. Even at an early stage it is vital that a layer of operational granularity is added to ensure that the implications for the firm in achieving its overall strategy are fully understood and expressed through a series of sub-strategies. In the initial phase, such thinking will inform decision making as to which option to pursue or to stress-test assumptions. It is important that this is done at the planning stage if the strategy is to avoid the risk of becoming undone because the building blocks on which it is based are unsafe with the firm not having the resources or skills needed to deliver them.

By way of an example and to illustrate how this could apply in practice, a firm's strategy may include a commitment to "improvements in efficiency through an increased deployment and more effective use of advanced IT systems". What might the implications be?

Even in this simple case, co-ordinated plans will be needed across a number of inter-dependent operational areas. For example, IT (to scope, purchase, implement and support any new systems), HR (to recruit and train the people needed to effectively deliver the new approach), Accounts (to finance the acquisition and on-going system support in the most effective way possible), KM (to scope with IT and work with operations on the implementation) and the Practice Groups (to change working practices, up-skill people in the use of more advanced IT and manage the client delivery process).

Without planning, commitment and co-ordination at this level, the headline strategy will not be achieved.

Any statement of strategic intent has a potential impact across the business, which needs to be considered across three dimensions:

- The immediate implications for the team or department in delivering against the objective;
- The inter-relationship and impact across departments or functional teams and how this is managed;
- The opportunity cost of the activity – the things that we will not do, or the trade-offs that we will have to make, in order to achieve this objective.

These interactions can be better understood by creating sub-plans in which each functional area – business support department and practice group – considers its own sub-strategy that will be needed to achieve each of the firm's overall objectives.

In the next issue: Planning at the next level

This article is adapted from a version which first appeared in Managing Partner magazine.

Andrew Hedley, of Hedley Consulting, advises law firm leaders on issues of vision, strategy and change. Alongside project engagements, he is a strategy group guide, partner retreat speaker, workshop facilitator and coach. He is the author of *Developing Strategic Client Relationships* (2008) and *Client Strategy in a Changing Legal Market* (2011).