

Plan ahead to get ahead – part 2

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► **Andrew Hedley** concludes his series on how firms can develop their planning skills by looking at planning at the next level.

Alongside the setting of the firmwide strategy, planning should be conducted at the next level of detail whilst still considering issues in broad terms. These second tier plans will nest within the overarching strategy framework, both aligned with and subservient to it.

Planning at this level allows the broader leadership team to consider inter-relationships, identify resource pinch points and assess the critical paths which may affect both the sequencing and timing of any project implementation.

Take for example the relationship between the firm level strategy and a practice group seeking to support it (see table right). In this hierarchy, the firm level plan sets the overall direction for the business and takes the lead in ensuring that the cross-group infrastructure needed to deliver it is put in place.

It then falls to each practice group plan to consider how the relevant aspects of the firm's overall vision and strategy apply within its domain of activity.

The resources which the practice group seeks to direct and over which it has management control are more tightly defined. Complete clarity as to where these boundaries lie is needed.

It should also be clear that the most critical point at which any plan is given life is the client interface; managed and controlled in large part at practice group level.

It follows that the practice group strategy must be fully aligned with the firm's overall direction – there should be a clear line of sight between it and the overarching vision. Subsequent adjustments to the top-line need to be managed cross-functionally in order to ensure that this alignment is maintained.

A firm whose headline strategy targets one set of objectives but in which practice groups simultaneously are forging different or dissonant paths will quickly become tangled in internecine fighting and external confusion.

There are techniques available, such as strategy mapping, which can assist with this process. However, for many firms, a simple table analysing the implications of each objectives across the firm's practice

and business support functional areas may be enough. This should highlight immediate areas of concern and give direction to operational strategy planning.

Planning in a fast changing world

To plan in a fast changing world, a methodology is needed which caters for current circumstances and conditions, looks to the future in terms of the firm's vision and bridges the gap between the two with an incremental planning approach. Such an approach is set out in the table overleaf. In this model there are four tiers of plan, moving from the current year to a horizon four or five years hence.

It is important to note that this model does not talk about Year One, Two, Three etc. of the planning cycle – only the current year and those ahead of it. This is more than a semantic point – it underpins the philosophy of continuity.

Of course, that is not to say that time-bound objectives do not exist (or that they are not worked towards and delivered within the context of the detailed plans) but rather that the stop-start planning cycle to which we have become accustomed is consigned to history.

The current year plan must provide the

detail required to manage and make decisions on a daily basis. It must be sufficiently detailed to allow the management team to monitor progress, judge performance and ensure that financial objectives are met.

It must also be clearly communicated so that those charged with its delivery are able to

Firm Level Strategy

- Values & Culture
- Overall position & proposition
 - Overall brand position
 - Core value proposition
 - Top level marketing & communications
- Talent
 - Acquisition
 - Development
 - Retention
- Core functions
 - Client development
 - Client winning
 - Project management
 - KM
 - Finance
 - Operations
 - IT

Group Strategy

- Objectives & Targets
- Where are we now
 - Volumes & Profitability
 - Service lines
- Current & Target Markets
 - Current issues
 - Emerging factors
- Skills Audit & Competency Gaps
- Key Clients
 - Key Client Planning
- The Competition
 - Five Force Analysis
- SWOT
- Options, Evaluation & Choice
- Agree Positioning
- Action Plan

Current Year	Current Year plus One	Current Year plus Two	Current Year plus Three & Four
Detailed Objectives	Short Term Objectives	Medium Term Objectives	Rolling Objectives Under Review
Detail +++	Detail ++	Detail +	Top Line
<ol style="list-style-type: none"> Detailed Business Plan for each Service & Support Line Marketing & Sales targets Firm Budgets Responsibilities Profit Achievement Formal quarterly Reviews Continuous Performance Management 	<ol style="list-style-type: none"> Building the next Detailed Plan based on Current Year analysis Acquiring or building the new resources & competencies required Implications of competitive dynamics 	<ol style="list-style-type: none"> Resource, capacity and demand modelling Investment and divestment appraisal Medium term financial & profit planning Tuning the Longer Term Plan 	<ol style="list-style-type: none"> Milestone Monitoring Environment Scanning Scenario management Significant long-term investment decisions – premises, IT etc. Maintaining the vision

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understand what is required of them in terms of their annual performance targets and have the mandate to move forward autonomously to achieve them.

This detailed business plan will set out the budgets (revenue and expenditure) and the means by which each will be achieved, for example through sales and marketing plans, allowing progress to be tracked, variance assessed and actions taken to close any gaps.

Such yearly business plans should be ‘meat and drink’ to the competent management team. It is when one moves beyond the 12 month horizon that things become a little more uncertain. Looking to the second year in the cycle, what are the appropriate planning measures that should be contemplated now so that the more detailed layers of complexity can be added as they move into the orbit of the next-12 month plan? In particular, are the new skills and competencies that will be needed in the next cycle being acquired or their procurement commenced now? Are their changes afoot in the market generally, with key clients or client groups specifically, and amongst direct competi-

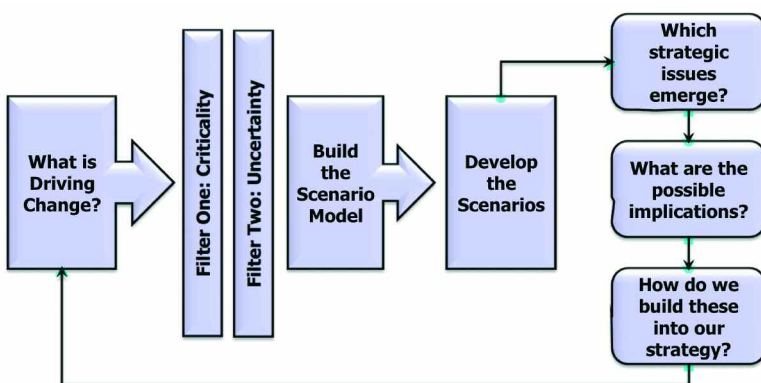
tors that will impact over the next period and which need to be factored into our thinking now? Do such considerations affect our overall strategy? What are the tactical challenges that we need to plan for now?

Looking further to the future, which are the key areas in which the firm needs to reshape itself? This may be in terms of practice areas, client types, geographic footprint or ownership structure for example. The strategy for any major investment, divestment or structural changes will generally require a longer time horizon and for activities to be undertaken, decisions made and the ground prepared well in advance.

Further afield the firm should be scanning for long-range developments and evaluating the impact of potential changes in the macro-environment on both itself and its clients.

Scenario planning techniques and a clear process (see below) can be helpful in guiding the strategy team and identifying those scenarios which are relevant to the firm.

Once the potential scenarios are identi-



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or, if their impact is significant, a broader change to the strategy. The important point here is that such thinking is being done significantly in advance of when any impact will be felt. This gives the firm ample time to incorporate the necessary actions into its plans which will become incrementally more detailed as they mature and their incorporation into the 12 month business plan approaches.

The implications of a continuous approach to strategic planning

The adoption of a continuous approach to strategic planning requires a change of mind set in many firms. There is no longer a ‘planning season’ with the leadership team squirreled away in an intense series of meetings and consultations but rather an approach which rests on continuous intelligence and adjustment.

Which sailor would strike anchor, set the sails and expect to arrive at their destination without any further intervention? In good conditions with a constant breeze, fewer adjustments may be necessary but the good navigator will always be seeking efficiency. In uncertain weather or under competitive race conditions, sail-trimming is continuous and progress monitored constantly.

The leaders of the modern firm need to be simultaneously horizon gazing and scrutinising the daily performance dashboard of their firms. They need to marry the short term tactics and adjustments that are needed to cope with transient conditions whilst maintaining the firms overall trajectory. A continuous approach to planning provides the mechanism by which this apparently ‘flip-flop’ behaviour can be achieved in a structured and clear way.

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

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