



Simplified Practice Group Planning and Management

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SIMPLIFIED PRACTICE GROUP PLANNING AND MANAGEMENT AGENDA

- ✦ Evolution of Practice Group Management
 - What Practice Groups Are
 - Sub-Optimal Results to Date – WHY?
 - Rules of Thumb – Do's and Don'ts
- ✦ Practice Group Planning
 - Practice Group Portfolio Management
 - Planning Overview
 - Planning Template
 - ✦ Strategic Planning
 - ✦ Implementation (marketing and operations)
 - ✦ Financial Planning
 - Examples and Cases



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THE EVOLUTION OF PRACTICE GROUP MANAGEMENT



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What Practice Groups Are

- ✦ Effective practice groups must be responsible for four primary management responsibilities:
 - Effective and efficient delivery of client service resulting in satisfied clients – client service remains the first and primary purpose
 - Marketing additional services to present clients and new services to new clients (building the business)
 - Developing the people in the group (not just the attorneys)
 - Managing the practice as a business unit with a clear role and purpose within the firm (substantially and financially)



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What Practice Groups Are (Cont'd)

- ✦ In the fall of 2009, most, if not all, law firms have a practice group orientation of some sort
 - Widespread recognition that practice group effectiveness is an potential driver of firm success
 - Yet, little understanding of how to effectively organize and manage practice groups
 - Considerable sub-optimization is still the norm relative to using practice groups to capture opportunities – for growth and for improved profitability
 - Does not matter how large or small the firm is, any firm over 20 attorneys needs to deal with this concept



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Sub-Optimal Results To Date

- ✦ Nearly every firm has organized into some variation on the practice group concept – yet, performance remains sub-optimal – WHY?
- ✦ Lack of Leadership Depth – 15 practices, six good leaders...
 - Other critical, firm management roles grab strong leaders
 - Gorillas and their egos
 - Some generational biases
 - Time management and discipline issues (200-250 hours per year...)



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Sub-Optimal Results To Date (Cont'd)

- ✦ Lack of open, strategic dialog about roles and direction of practice groups – what the firm needs and expects
 - Role of the practice group (all are important)
 - Plans and commitments to action – aligning action with direction
 - Continuing dialog about “how are we doing”
 - Advice and input from firm leadership
 - Meetings within the group – partners and all professionals



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Sub-Optimal Results To Date (Cont'd)

- ✦ Lack of substantive support from the firm
 - 200-250 hours doesn't go very far
 - Support needs vary, but may include:
 - ✕ Financial analysis and financial dashboards/reports
 - ✕ Support on business hygiene
 - ✕ Business development
 - ✕ Marketing and market research
 - ✕ Time management coaching
 - ✕ A strong executive assistant



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Sub-Optimal Results To Date (Cont'd)

- ✦ Insufficient client and/or market focus (internally focused)
 - Still largely organized around legal specialties
 - Short term considerations force out medium and longer term considerations (today's deadline, not tomorrow's opportunities)
 - To drive a more external focus ask:
 - ✕ How much more of this kind of work will our clients need?
 - ✕ How can we do it better for them?
 - ✕ What else do our clients need? Do we do those things well here?
 - ✕ What other companies have the same needs (not conflict with our clients)? Do we know them? How can we get to know them?
 - ✕ How else can this market use our knowledge?



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Sub-Optimal Results To Date (Cont'd)

- ✦ Inter-Practice synergies and opportunities are largely untapped
 - Client service teams (focused on larger "*institutional*" clients) are the exception – Firms with institutional clients do have an advantage (they've learned to work across disciplines)
 - Multi-disciplinary needs are plentiful, but the opportunities are unique to the strengths of the firm (e.g., IP Litigation, SEC investigations, Construction Law)
 - Basic cross-marketing discussions (the matrix) can uncover the obvious

Major Clients and Their Needs					
Practice Group Capabilities					



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Sub-Optimal Results To Date (Cont'd)

- ✦ Lack of good planning – in many cases, just not done and, if done, not done well
 - Weaknesses from strategic planning to specific action step development
 - Usually too much detail, rather than too little
 - Too many plans, too little prioritization
 - Insufficient focus on business development and cross-practice opportunities
 - Continuing reluctance to manage to agreed upon financial targets at practice group level



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Sub-Optimal Results To Date (Cont'd)

- ✦ Some groups (litigation springs immediately to mind) are simply too large to be managed effectively
 - Not truly, uniquely cohesive – the shared knowledge base is too broadly defined to be meaningful
 - Big groups need to be broken down into more manageable pieces
 - ✕ Ideally, reflecting shared sub-specialties
 - ✕ But, even if it is Commercial Litigation “A, B and C” that is better than 70 litigators all in one practice group



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Sub-Optimal Results To Date (Cont'd)

- ✦ Ultimately, the problem stems from failing to manage the practices like they are business units
 - Firms should be managing a collection of highly collaborative boutiques – each of which is run well and is fulfilling its role with the firm
 - Firms have done a great job at building diverse portfolios of practices, but many of the business units in that portfolio are not living up to their potential



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PRACTICE GROUP PLANNING



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Practice Group Portfolio Management

- ✦ In many firms, the role of firm management needs to shift from firm administration to “portfolio management”
- ✦ In that regard, not all practice groups are equal (not all practice groups play the same role) and not all groups can/should have the same level of investment – or return
- ✦ Key questions
 - Which practices should a firm invest in for future growth and development?
 - How can a firm identify high potential practices?
 - Are there practices that simply do not fit a firm? The answer is yes – more often than not
 - Ultimately, what role is each practice expected to play in the success and development of the firm?



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Practice Group Portfolio Management (Cont'd)

- ✦ Juxtapose two dimensions on a matrix (customized to your firm)
 - What is the primary financial contribution expected of the group?
 - What is the group's role in advancing the firm's client relationships?

		ROLE IN ACHIEVING FINANCIAL OBJECTIVE(S)		
		Premiums	Core	Volume
ROLE IN ACHIEVING CLIENT RELATIONSHIP OBJECTIVE(S)	Innovation			
	Specialty			
	Service			



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Planning Overview

- # Planning is the key management tool in effective practice group management and the one that, if done well, can have the most dramatically positive effect on practice group results
- # Effective planning provides for:
 - Direction to the group – for longer term strategies and shorter term activities
 - Communication within the group, and to/from other groups, to/from firm management and the partnership
 - Monitoring, evaluation, and, if necessary, revision and adjustment



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Planning Overview (Cont'd)

- # There are four types of practice group planning
 - **Strategic planning** – the direction (role) of each practice group, the primary goals/objectives, and the strategies (what) to get there
 - **Financial planning (budgeting)** – the long and short term financial objectives of the group
 - **Operation planning** – the specific steps the group will take to carry out the strategic plan and meet the group's financial objectives
 - **Marketing planning** – the specific activities deemed appropriate to *"expand work for present clients and secure new work for new clients"*



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Planning Overview (Cont'd)

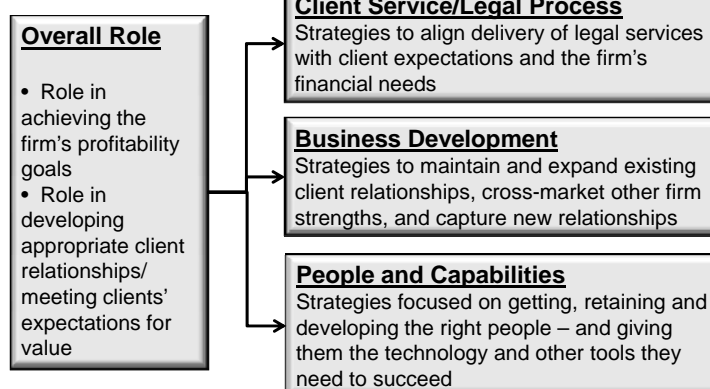
- # Practice group plan template – an annual planning tool containing the above planning elements – no more than three pages
- # If the practice group plan is limited to three pages
 - All of a firm's practice group plans can be easily documented and distributed
 - Communication between practice group leaders can be easily facilitated
 - Practice groups can be easily held accountable for performance



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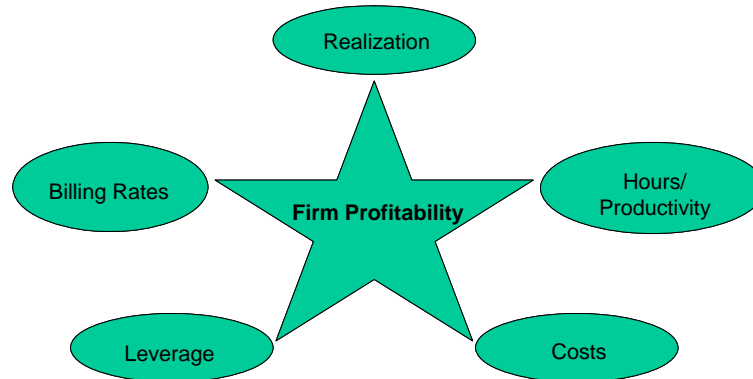
Practice Group Planning Template



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Implementation – Financial Impact of Practice Structure



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Implementation – Business Development

- Probability of marketing success falls the further marketing efforts stray from existing clients and existing services

Existing Clients	Market Penetration Strategy (Growth via More Status Quo)	Product Development Strategy (50% Probability of Success)
	Market Development Strategy (25% Probability of Success)	Diversification Strategy (5% Probability of Success)
New Clients	Existing Services	New Services

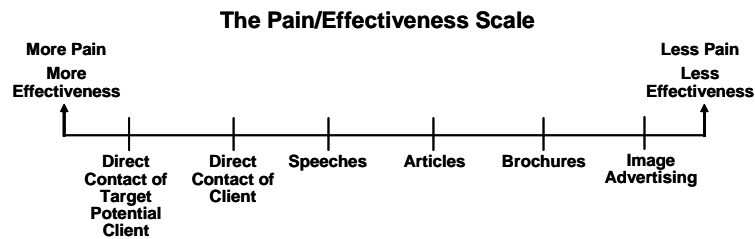
Source: Stanford Research Institute



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Implementation – Business Development (Cont'd)



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Implementation – Practical Lessons

- # Natural tendency is to want (and expect) to do more than is reasonable in a short period of time
- # Reality is that client service occupies well over 1,500 hours per year for most attorneys
- # Need to prioritize based on:
 - The logical, critical path – what must follow other activities?
 - Probability of success – best to tackle high probability activities before moving into lower probability activities
 - Market opportunity – attack windows of opportunity (i.e., unoccupied market niches) aggressively
 - Availability of resources – especially time of key people



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