A Comprehensive Guide to Law Firm Strategic Planning

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Law firm strategic planning is critical for the future prosperity of your law firm. You must develop your law firm strategic planning to inform your law firm business management. With the daily pressures lawyers face, it can be challenging to step back and think about what the future will look like for your law firm. However, whether you're a solo lawyer or have some partners at your small firm, law firm strategic planning is more critical than ever now. Lack of strategic planning for law firms hobbles their growth, and this can mean surviving or going under.

In this blog post, we will discuss why strategic planning is essential to every law firm, how to create a law firm strategic plan, and the steps you can take to help you successfully execute your plan.

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Why strategic planning for law firms is essential

Whether you're starting as a sole practitioner or your firm has been operating for a few years, think of law firm strategic planning as a form of resiliency and recession-proofing mission-critical blueprint for success. Stephen Covey's *The 7 Habits of Highly Effective People* talks about the importance of having a wide-lens camera—so you see things through the *right* lens.

Spend time getting a bird's eye view of what and how your law firm has been doing. What will the short term bring for your firm, and what does the future look like?By doing this, you'll be better equipped to guide your law firm in the right direction—for the rest of the year and beyond. As Don Markland writes in his Forbes article on responding vs. reacting, **the most successful businesses respond to crises according to a plan instead of reacting.**

How to create a law firm strategic plan

Strategic planning for law firms can sound daunting, especially if you've never created a plan. From getting key stakeholders committed to building a strategic plan and analysing your firm's strengths and weaknesses to implementing your strategic plan, there are many moving parts. Below, we'll delve deeper into the steps you must take to set yourself and your law firm up for success.

Commit to creating a strategic plan for your law firm

One of the first things you need to do is to get the leadership team in your law firm to commit to law firm strategic planning. This is much easier for a sole practitioner. However, if you have some partners in your firm, you must get everyone on board with creating a strategic plan. By ensuring all the key stakeholders at your firm feel a sense of urgency and accountability towards creating a law firm strategic plan, you are more likely to arrive at a well-thought-out plan within your desired timeframe.

Dedicate time for law firm strategic planning

You must schedule regular law firm strategic planning meetings for everyone involved and be clear about what you want to accomplish during each meeting. If you are a sole practitioner, blocking some time out in your calendar can help you prioritise strategic planning.

Be sure to outline key project milestones and deadlines for these meetings

Some law firms may also benefit from off-site planning sessions. Going off-site helps give you and any co-workers a different perspective and reduces the scope for interruptions. If you're working in a virtual office, an off-site virtual meeting can mean changing your work environment for these strategic planning meetings as much as possible.

Make sure you have the right tools and resources

Before you start working on law firm strategic planning, you must research what makes a great strategic plan and the tools you need to make that happen. In this Hubspot blog post, Meredith Hart highlights some useful strategic planning models and tools. We'll discuss performing a SWOT analysis below, but other models and tools include:

- Porter's Five Forces: This strategic planning tool is essential for evaluating your law firm's competitive position in the legal industry.
- OKRs (objectives and key results): This goal-setting model does an amazing job at helping your law firm set big, hairy, audacious goals and find ways to achieve them.
- Theory of Change: This model is great for setting goals and developing action plans. The idea is to work backwards and envision what needs to be done to achieve a desired goal or action.

Perform a SWOT analysis

Business and management consultant Albert Humphrey developed the SWOT analysis framework, which is now often used in universities and businesses worldwide.

SWOT analysis will help you identify your law firm's strengths, weaknesses, opportunities, and threats. This is essential to making informed business decisions. To start a SWOT analysis, create a chart with four squares. The top two squares will represent your law firm's strengths and weaknesses, while the bottom two squares will represent your law firm's opportunities and threats.

- **Strengths and weaknesses:** What does your law firm do really well? Do you have clients that love your client experience? Are your fee earners productive and capturing as many billable hours in a day as possible? Once you have identified your law firm's strengths, identify its weaknesses—be honest when doing so.
- **Opportunities and threats:** Identify and list any external opportunities you aren't already taking advantage of. For example, if you're a property lawyer and mortgage rates have recently dipped, you could be changing up your marketing efforts and reaching a new group of potential clients who previously would not consider getting a mortgage. Having established the opportunities available, determine what external factors are threatening your law firm's success. For example, whilst some law firms view AI as an opportunity, others view it as a threat. It might be both! AI, used by other law firms to gain efficiencies could give them a competitive advantage over your law firm.

Here are some key areas of your law firm's business to examine when working on a law firm SWOT analysis:

- Overall law firm performance
- Current pricing structure and strategy
- Profitability
- Current legal technology stack
- How much your clients like working with you
- Your marketing and business development strategies

Determine your law firm's goals

The next step is to consider your law firm's financial and growth goals. When you master goal setting, you unlock clarity, drive alignment, and achieve sustainable growth.

To make your goals achievable, make sure they are SMART goals:

- **Simple:** Think about what you want to achieve. Why is achieving those goals important? Who will be involved in achieving them, and what resources you need to achieve them?
- **Measurable:** Your law firm's strategic goals need to be measurable so they can be trackable. For example, you may say you want your law firm to grow. But how do you define the growth you want to achieve, and by when?
- **Achievable:** Review your law firm's performance in the past months and years. Are there any noticeable patterns? By ensuring your goals are achievable, you will be more motivated to prioritise them.
- **Relevant:** Consider your current situation. Are your goals relevant to that? Also, question if your goals align with your law firm's overall vision and mission.
- **Time-bound:** In addition to being measurable, your goals need to have a timeline. When do you want to achieve your law firm's goals? What are the milestones involved, and when do you want to reach them?

Build a system to measure results

What gets measured gets managed. Having a system to measure results will ensure that you will know how your law firm is doing. Accurate measurements can keep staff and lawyers accountable and inform future business decisions. What KPIs should you be measuring? How often will you monitor these reports?

Tools like Clio's Law Firm Performance Dashboard can help you see how many billable hours your firm has captured, billed, and collected in one central dashboard. With this data, you can identify opportunities to improve productivity, efficiency, and revenue across your firm with Clio Manage's Firm Dashboard.

Stay focused on key areas of your business

When you're a sole practitioner or running a small law firm, there are many moving parts to your business to consider. From managing your cases and legal documents to billing and accounting (and the many things in between), it's tempting to want to focus equally on *everything* while you're working on your law firm's strategic plan. After all, every aspect of your business is important.

But the best plans are simple and focused. Consider the areas of your business that need the most attention right now and in the near future. For example, you may want to improve your law firm's collection rate forever but have not dedicated enough time to planning *how* to do it. Or perhaps you have been wanting to build a more effective virtual law firm to meet shifting client expectations and improve the client experience. You can always come back and focus on other areas of your plan later if need be.

Communicate changes to clients and staff

You must communicate changes to clients and staff early. Change is never easy, but giving everyone ample notice on what to expect can make the process much smoother. As Jack Newton writes in *The Client-Centred Law Firm*, *"Even if you don't have all the information right away, communicate that change is coming as soon as it's approved and an implementation plan is being put into motion."* By communicating changes early, you can get valuable input from key staff members as well.

Continually update your law firm strategic plan

The most important tip for executing a law firm strategic plan? **Make sure you schedule some time to review your strategic plan regularly.** Once you've finished your law firm strategic planning, you should feel a great sense of achievement. That was a lot of work! But a good plan should be a living, breathing document. With the rapidly shifting client expectations and economic climate, it is wise to leave room for changes and improvements to your plan.

Consider hiring law firm strategic planning consultants

Law firm strategic planning is a huge commitment. However, it is essential to make informed business decisions leading to law firm growth. As a sole practitioner or owner of a small firm, you may not have the time to dedicate yourself to creating a well-thought-out plan. Or you may feel more comfortable getting expert guidance with strategic planning. You can find a Clio Certified Consultant to help you navigate the wonderful world of strategic planning.

To sum up law firm strategic planning

We've established why law firm strategic planning is essential to any law firm. Not only does it help you make better, more informed business decisions, but it can also help you grow your business when it needs it most. To create a good strategic plan:

- Start with getting key stakeholders committed to the ongoing project.

- Dedicate time for strategic planning. You can then help key stakeholders prioritise strategic planning.
- Gather the tools and resources you need, then
- Perform a SWOT analysis based on your strengths, weaknesses, opportunities, and threats.
- Think about key areas in your business, like your pricing structure, profitability, and marketing and business development efforts.
- Define your law firm's goals.
- Make sure they are simple, measurable, achievable, relevant, and time-bound goals.
- Stay focused on key areas of your business, even when there are so many areas to consider.
- Building a system to measure results is critical to the success of your strategic plan—and your law firm.
- Review your plan regularly to make sure it stays relevant.

We hope this blog post has given you a good idea of how to create a law firm strategic plan that is goal-oriented and flexible yet pushes you to achieve your goals.

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