

BUSINESS PLANNING

The indispensable tool for locking-in success
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There is always a danger that an article on business planning will get a 'Ho-Hum' response and the reader will move on, muttering mistakenly "What do we need a plan for? This is a partnership and we know where we are going." A plan is a tool designed to focus attention on goals and objectives and establish a means for measuring achievement against them. It may sound obvious but until you know where you want to go it is impossible to know whether you have got there.

Business plans fall into two categories:
Those that are destined to remain in the bottom drawer and
Those which shape and model success.

Business planning is an area of management which most managers claim to know something about, yet curiously, few seem to put into practice what they have learned. This is self evident when speaking to partners and senior staff singly, many of whom willingly tell of events that are in stark contradiction with orthodox management theory and practice. In addition, it is unusual for key personnel in the same practice to articulate the principle components of their own firm's plan or be able to indicate its key measurable milestones.

The planning process should create a unified environment where objectives and defined mathematical functions are measured in a way enabling management to gather decision-making information about resource allocations and strategic direction. This all sounds rather turgid and off putting but it needn't be. A plan need not be a 'doorstep' sized document containing 'management speak'. It can be a well articulated series of steps setting out measurable objectives and the basis against which designated persons are to be held accountable for their IMPLEMENTATION.

The following is an abridged guide of the typical planning process:

1. Make an objective assessment of the firm's strengths and weaknesses relative to its principal competitors. This would include services offered, trends impacting on these services and key factors differentiating the firm and its services from others.
2. Budget for all reasonably foreseeable expectations and regularly recurring events: marketing, professional development, IT, recruitment fees, client loss etc.
3. Set up a feed-back system where each contribution to the plan is subjected to peer review. This will eliminate fanciful objectives.
4. Set targets for growth of specific service lines, fee income, personnel, new products, margins and other factors making up the firm's critical mass. The targets should be harmonised with the marketing strategy required to carry them out.
5. Establish a short list of measurable goals, e.g. fee income, client retention, new clients, service line growth, margin improvement, debtor/WIP targets etc.
6. Determine whether membership of named organisations, trade associations or similar would benefit the firm and which are to be joined and when.
7. Set up an action plan where prospective actions/outcomes are allocated to a named individual to carry out. Set against a time line and modify routine management reports to allow for progress statements.
8. Involve the management team in the planning process. Their role can include input on: technical support (provision of fiscal data) market research, competitor analysis, interpreting management data for partners, facilitating meetings and more.
9. Disseminate the plan to all, not just the partners. Staff buy-in is the key to success. They need to know where you are going and how you expect to get there.

10. Be prepared to modify and adjust to suit changes in circumstances, not as a reaction to failure to deliver.

If the resulting plan is longer than 10 pages and/or your partners remain cynical during the preparation and early implementation – go back to the drawing board, something is wrong! Assisting law firms with business planning is part of our core business. Call (09) 520 5360 or email us at co-jones.pmf@clear.net.nz to find out how we can help.

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