

# Beware of falling into the strategy gap

Ensuring that firm, people, marketing and brand strategies are aligned, supported and do not conflict are among the biggest challenges of strategic planning. You must achieve 'strategy fusion' and make sure you do not end up with a 'strategy gap', writes Sean Larkan.



*Ensuring that firm, people, marketing and brand strategies aligns and do not conflict, and that firm people are behind them are some of the biggest challenges of strategic planning. You must achieve strategy fusion™ and make sure you don't end up with a strategy gap™  
(c) Sean Larkan image)*

Most law firms develop a strategy for the firm and leave it at that. Sometimes that suffices, but there is benefit also in crafting strategies for other important areas of the firm's operations such as discrete support service areas or practice groups, industry sector groups or special interest groups. If this is done, the next challenge is to align those various strategies and avoid gaps between them.

In particular, strategies or business plans developed for other areas must align with and support the firm's overall strategy. This harmony is important for both internal (partner and staff) and external (client and other stakeholder) consumption. There should not only be alignment with the firm strategy but alignment between these discrete strategies as well. Unfortunately, in practice we find that this all-important alignment or what I call *strategy fusion* is the exception rather than the rule.

Alignment or fusion does not apply only to written strategies - a firm may have a detailed, written firm strategy but merely a de facto people strategy, which will be equally well-known inside and outside the firm, whether or not it has been reduced to a more formal written document. These also need to align. If they do not, you will have what I call a *strategy gap*.

These principles and disciplines apply to firms of all sizes. Small firms might say this is only for the larger firms, who have separate marketing and HR departments and the like. I disagree. I think every firm should and can develop a strategy around each of these key areas of

practice and support service areas - in many cases it only needs to be a one- or two-pager. The trick then is to align them.

### **What do I mean by align?**

It is really just about ensuring that:

- other strategies and their key objectives support firm strategy and do not conflict with it - in fact, they should actively and specifically support it. They are really a further step in the process of ensuring firm strategy implementation. The other strategies should also, within reason, align with one another;
- reality must match the key objectives of both sets of strategies - are they realistic or pie-in-the-sky? (For instance, it is not uncommon for firm strategies, or vice versa, people strategies, to make promises in regard to people management which are clearly not supported by the other strategy);
- it should, for instance, be clear that both strategies are firmly based around the firm's core values and guiding principles;
- what you promise you will do or will deliver must be seen to happen in practice; (e.g. what you promise about people in your firm strategy must be supported by the people strategy);
- resources are committed to support each of the strategies;
- key people and, ideally, all staff are consulted and communicated with in such a way that they are aligned behind and in support of the various strategies and have an understanding of them;
- as far as possible all strategies are seen as part of the firm's overall strategic intent, not as separate unconnected items; and
- leadership is committed to all strategies and has played a role, if not in formulating/settling each, at least in signing off and checking on the implementation of each.

In this way strategy has a real chance of being implemented and getting desired results. Unfortunately, more often than not, formulating, agreeing and getting sign-off on a firm strategy is often seen, in of itself, as 'job done', and very little is done to actually ensure implementation and that results are achieved. This is particularly so as time elapses beyond the time when the strategy was signed off - partners and staff are easily distracted by their 'real work' which is generally focused around clients and billing fees.

Alignment is an ongoing exercise and can help to keep everyone focused on making sure strategy in its various forms gets ongoing attention and achieves what it was intended to achieve.

### **Inherent dangers**

Achieving this alignment is easier said than done:

- invariably a firm strategy is developed in a different timeframe to other strategies - and these may precede or supersede the firm strategy. This cannot be an excuse for misalignment;
- different personnel within the firm will be involved in developing the firm and other strategies - they need to liaise and communicate;
- strategy exhaustion can get in the way - due to sheer work volume and other challenges to meet, partners and senior management in professional service firms have only so much time and stomach for strategy formulation. Sometimes they simply do not feel they have enough time to think about this alignment;
- firm leadership sometimes focuses on the firm strategy and leaves the other strategies to be driven by senior support service management or practice or industry sector heads. This can sometimes translate to a lack of interest by leadership and, in turn, a lack of commitment and will to achieve alignment by others.

A report of a September 2011 survey conducted by executive search and consulting firm Heidrick & Struggles of managing partners of leading British and international law firms and clients (general counsel in this instance) provided a good example of the danger of not aligning strategies. The survey showed that the aspirations of the firms were high - while talent management was recognised as clearly central to the long-term success of the firms concerned, and was part of their overall firm strategies, they did not feel they met these expectations. There was not alignment between them.

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***The rationale: achieving strategy fusion***

*An example of achieving strategy fusion and avoiding a strategy gap.*

1. *It provides an indicator of whether your support services or practice groups are providing competitive advantage. If they are not, it is the sort of process which makes it possible for you to consider, in a structured way, whether you should be outsourcing some support services or closing down a practice area.*
2. *Firms usually struggle to monitor and evaluate how support groups provide benefits in excess of what they cost. The most that most firms achieve is to compare the cost in a benchmarking exercise with that of other firms - in which case it is only really useful if your aim is to spend the least amount possible on support and not use them as a source of competitive advantage.*
3. *The output of support service groups is often intangible and it is difficult to quantify these outputs when a firm tries to evaluate an area's effectiveness. They are also often viewed as 'discretionary expense centres' as the expense cannot be directly or causally linked to the production of actual services. An alignment exercise can help clarify this.*
4. *Support service units, particularly in multi-office environments, are sometimes accused of operating in a bubble without due consideration for what is happening in the practice or industry sector (read 'fee earning') groups. Correcting these perceptions*

*through alignment can provide opportunities to increase their actual and perceived value to the firm.*

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Firm leaders felt they needed to improve alignment between their firm strategies and the way they were managing people. There were serious gaps between corporate and recruitment strategies. They had not achieved strategy fusion and found themselves with a strategy gap, the two important characteristics of strategic alignment.

I posted a short piece on my blog recently ([www.legalleadersblog.com](http://www.legalleadersblog.com)) on the importance of not only aligning, but also stress-testing your strategy. This stress-testing goes a long way to ensure the robustness and viability of your strategy and also to ensure that it will be implemented.

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#### ***A case study: avoiding a strategy gap***

*Let us consider a typical example. A human resources group develops its strategy for the firm and reviews some of the alignment issues and challenges which can come up in practice and some of the steps that can be undertaken:*

1. *HR first needs to be clear on what services are needed by its firm, its employees and the practice and industry groups. These are HR's 'clients'. This requires internal consultation, communication, listening and understanding their strategies. In this way they can identify how they can provide best value and assistance to their internal clients. In this way they also build trust and respect. They should be looking at what will have the greatest strategic impact for their groups and their strategies.*
2. *HR needs then to make sure it is properly structured and organised to deliver these services - not in a vacuum, but with a view to meeting the strategic requirements of the other firm strategies. This then becomes the basis for the support service area's own strategy, key objectives and budgets.*
3. *In some larger firms the support service groups will even enter into a form of service-level agreement with other groups to ensure there is clarity as to what services will be offered and how. Again this need not be complicated - a one-pager can do it.*
4. *In turn, HR can assess the way it delivers its services through internal surveys, feedback, complaint reviews and interviews.*
5. *What this means is that there is active dialogue between HR and the practice groups. They start working as a team. They become more aligned. Ideally, there is strategy fusion.*
6. *One of the things HR would try to achieve is to provide its basic operational services (e.g. payroll, managing leaver and benefits etc.) at the most economical cost, but recognising that getting these done well is not necessarily going to provide differentiation.*
7. *But it is important not to focus solely on expense reduction, particularly for non-operational basic services. HR would seek also to build into its strategy innovative solutions for practice or industry groups which they, HR, can excel at and which contribute to the differentiation and strategies of the groups themselves. This would include activities such as:*
  - *developing leadership quality*
  - *promoting teamwork*

- *actively managing succession*
  - *communicating strategy*
  - *running successful performance management processes*
  - *enhancing engagement and supporting the firm's values.*
8. *So the dual challenge for HR is to stay within budget but also deliver a full range of services, both operational ('standard') and specially required to assist the firm and the practice or industry groups meet their strategies.*
  9. *If they can do this they are moving towards alignment, fusion and avoiding strategy gaps. It is in this way that support groups can build true partnerships with fee earner groups.*
  10. *It does create pressure for an HR group as they need to change from being process-focused to being people or client-focused and to building trust as a professional 'partner'. Part of this structured approach is to ensure that a support service group like HR is also enhancing its own skill levels through suitable recruitment and development. This closes the circle.*

Working to achieve fusion or alignment between different strategies, or to avoid a strategy gap, effectively again stress-tests each of your strategies and the process you are undertaking to finalise them. You are really ensuring that your various strategies, and the people who are accountable to enforce them, are working together to a common goal; ideally, the success of the overall firm strategy. Both directly and indirectly it creates more of a true partnership and teamwork, it builds trust and respect and, done well, can build differentiation.

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