

# Business Planning for Practice Groups

To prosper and grow, law firms of all sizes must create strategic business plans for their individual practice groups. A good strategic plan may be as simple as three to five goals with action plans designed to implement them.

The keys to developing and implementing a successful plan are to keep the plan relatively short and to the point, verify that all members understand the plan and their role in achieving it, and update the plan semi-annually to annually.

To focus members of a practice group on strategic needs and plans, firms should conduct a Practice Group Assessment and evaluate the practice group's **current position**.

A Practice Group Assessment consists of a practice group analysis, a market/client profile, a performance profile, a competitive analysis, [an internal analysis and identification of key trends](#). The assessment is best done in a group meeting to discuss these issues. The practice group can then establish its goals and develop a corresponding business and marketing action plan.

## Practice Group Analysis

[The practice group analysis is the identification of practice areas and specialties the group offers including the range and depth of capacity in each area.](#) To develop this analysis, the members need to look at such matters as:

- the practice's strengths and weaknesses
- those areas which are highly developed
- what areas are missing
- which areas are provided by other firms and therefore cause price competition
- the type of expertise missing among associates
- any age or experience gaps that may hurt the group's ability to service clients in the future
- how the group will gain required expertise in the future
- retirement of key members
- the changes or additions required in the professional staffing

## Market/Client Profits

A market/client profile looks at issues such as geographic markets served, types of clients, market segments and industries served, the reputation with the group's current clients, trade, professional, civic affiliations in which group members are active, forums in which members should try to speak or publish, emerging industries to be covered and specific clients to target.

## Performance Profile

In the performance profile, the group needs to assess revenues, number of lawyers, anticipated hours and revenues for the next two to three years, changes needed to improve profitability and possible alternative billing arrangements or pricing strategies.

## Competitive Profile

The competitive analysis looks at the group's major competitors, where the group has lost work to these

competitors (and why), what the competitors are doing that should be emulated, and the image the practice group wants to project to its clients, the firm and the greater business community.

## Internal Analysis

Careful internal scrutiny also includes an assessment of issues that need to be addressed to improve the group's long-term viability and success such as leadership and organizational structure and policies. A serious review should be made of work assignment and staffing, work management and supervision, training, use of technology and quality control.

## Key Trends

The last aspect of group's assessment is the evaluation of key trends. This requires looking at the group's key clients and their industries, and other factors influencing these clients or industries (e.g. legislative, economic). The group should also determine whether it is dependent on a single client or industry, review the types of projects or cases it is handling and whether these types of matters will be increasing or decreasing. The group must develop a keen understanding of what services its clients value and which ones they will continue to purchase.

## Establish Goals

After preparing the Practice Group Assessment, the group can establish two to five goals to guide its efforts over the next two to three years. For each goal there should be several strategies and action steps to achieve the goal. It is critical that every goal have action steps, (with a person responsible and deadlines for completion) any goal without action steps will likely not be achieved.

Once completed, all group members should review the plan and offer input and approval. To ensure success the implementation of the plan should be discussed at every monthly practice group meeting.

Firms following these steps will typically see group involvement and morale improve as a result of the teamwork and momentum developed. This is on top of all of the goals that the firm will likely achieve.

## How to Select the Best Partners to Lead Practice Groups

Today's law firms face a slowing economy, continued high associate salaries, increasing cost pressure from clients, tremendous competition for business from law firms as well as MDPs, and the commoditization of some areas of legal work. A key to dealing with these trends and maintaining your firm's profitability and long-term viability is strong practice group management.

As law firms have grown significantly and face increasing competitive pressures, those in firm management roles have realized that their firm's future success may depend upon a broader and deeper management structure, typically composed of practice groups led by effective practice group leaders. Thus, the role of a Practice Group Leader (PGL) is one of the most critical for law firm success today. Yet, those in firm management have little to guide them in selecting their practice group leaders.

## Fitting the Profile

Historically, most firms appointed or elected "department" or "section" heads who played a primarily administrative role. As law firms have grown larger in the past twenty years, and as the competition for the best client work and talent increased, firms began to set up smaller, more narrowly focused "practice groups." These groups were typically concentrated on substantive areas such as tax, real estate, product liability or

securities. In the past 10 years, practice groups were extended to include industry groups such as health care, technology, life sciences or entertainment, or client service teams.

Typically, the role of the PGL did not require a significant time commitment or managerial skill-set. The PGL was generally not given a lot of authority, and he or she was concerned primarily with marketing or associate management. The PGL did not have responsibility for the "tougher" tasks that are associated with running a practice group today, such as resolving partner conflicts, setting (and observing) intake policies, and dealing with underproductive partners or associates. Even if they were in the job description, partners in the firm typically had not bought into "being managed," so such functions, if done at all, were generally handled by firm management.

The responsibilities of PGL were far from his or her top priorities as a partner, to wit: billing hours, managing client relationships and/or bringing in business. Also, because the functions of the PGL tended to be more reactive, non-billable activities such as strategic planning, marketing, training, mentoring and associate development, suffered, particularly during busy times.

Until very recently, the partners selected to serve as PGLs typically fit one of these molds:

- a major business generator within the practice;
- an egotistical partner who needed a "title" to differentiate himself or herself;
- an under-productive partner who had time and interest in management (but not necessarily the skills or credibility to manage); or
- [a partner with a genuine interest in marketing and business development.](#)

Our research indicates that, in most cases, any of these four types made poor choices for PGLs. And just as firms began recognizing their mistake in selecting PGLs, they began needing substantially more of them. On average, firms need one PGL for every 25 to 40 lawyers or other professionals.

## Filling the Role Today

The [position description](#) of the PGL includes:

- Overall leadership and direction for the group, including strategic planning
- Work acceptance, workload management and lawyer utilization
- Quality control
- Training and professional development
- Forms, systems and procedures
- Financial management
- Knowledge management, and
- Business development.

While few, if any, PGLs excel in all these areas, all are critical to the success of the practice group short- and long-term. So, if the PGL is not effective or interested in an area, it must still get done through others in the practice group. This means engaging others in the practice, who have skills or interests in the areas the PGL lacks, to take leadership roles.

In addition, in order to excel in the position, the PGL must be a good leader or manager, be able to help the group set goals and coach people to achieve these goals, and be able to hold people accountable. The PGL should be a role model and set an example for the behaviors expected by the firm (i.e., he or she must live the firm values, not be a violator of them, and this means much more than bringing in large clients).

Ideally, today's Practice Group Leader should possess the following attributes and skills. While most firms do not have enough candidates for PGL positions that possess all, or even most, of these attributes or skills, thankfully, some can be learned and others can be enhanced over time, with sufficient support from firm

management and appropriate training programs.

**Credibility** - Credibility is an absolute necessity for any leadership position. It is especially needed in a firm where practice management is a relatively new concept. This is why taking an under-productive partner and making him or her a PGL fails so miserably. The PGL must command respect, at least in terms of practice expertise, experience and integrity. It is preferable that the PGL also have credible leadership abilities, though the truth is that in some firms, the culture has been so individualistic (and autonomous) that there have been few ways to develop or demonstrate these capabilities. He or she should have vision for the practice and a track record as someone who follows through on his or her commitments.

**Integrity** - The PGL should be perceived as fair and willing to put the practice's interest above his or her personal practice. There will be occasions where the PGL must take action to promote the good of the practice, which may not achieve equal benefits for all of the individuals within the practice. At times such as this, the success of the PGL will hinge on his or her ability to engender trust. Group members will be more willing to take risks if they trust the PGL. This includes feeling encouraged to try new things and supported in failure. A PGL with these qualities will also engender loyalty.

**Organizational skills** - This is essential since most PGLs also maintain a significant billable practice. The PGL job is a big one and could easily be full-time, but most firms are not ready to allow an attorney who is usually one of their busiest, most valuable producers to devote so much time. The PGL is both a coordinator in the establishment of an effective practice infrastructure and a director of resources. As a coordinator, the PGL must delegate practice management functions and legal work effectively. As a director of resources, the PGL must ensure that all lawyers and paralegals receive appropriate supervision and feedback in a timely manner, monitor workloads and allocate work appropriately based on expertise, experience and individual personal goals. The PGL should also oversee the development and maintenance of a know-how system for the group's practice. There are a few successful PGLs with weak organizational skills, but they typically have a vice chair or deputy leader of the group or a high-level administrative manager who assists in these essential functions.

**Ability to build teams** - While an understanding of organizational behavior (and a psychology degree) would be useful, it is unrealistic to expect this background or training to be part of the arsenal for most lawyers. Nonetheless, it is still critical that the PGL be able to develop a strong sense of teamwork within the group, though this can run counter to the individualistic and autonomous culture in some firms. Being effective in building teams will help the PGL create a sense of shared ownership and de-emphasizes dominant individual behaviors. To build teams and a sense of shared leadership, it is helpful if the PGL can assess the skills (legal, business, marketing, management and more) of people in the practice group. A good PGL will seek out opportunities to give responsibility and a credit to his or her team. An effective PGL challenges group members to reach new heights by creating environments for them to develop new skill sets and achieve goals. The PGL must be able to reach across offices to pull teams together.

**Flexibility** - While it is important that the PGL be a decisive leader (avoiding groupthink and decision-making paralysis), the PGL should also be receptive to new ideas and ways of doing things.

**Strong interpersonal and communication skills** - Without effective communication skills, it is difficult, if not impossible, to create an effective team environment in the practice group. If practice group members feel slighted about the exchange of information within the group, it can be de-motivating. The PGL should have strong interpersonal skills, be a good listener and have the ability to relate to group members. The PGL should express appreciation freely and acknowledge the successes of group members. The most effective PGLs are regularly in touch with their group members in a "walk the hall" kind of management approach, even if that means regular travel to visit other offices where the group has members.

The PGL should also regularly communicate practice group successes outside the group through interaction with firm management and other group and office leaders. It is the PGL's responsibility to lead the internal "sales" effort for the practice. The PGL must also have a backbone--and not shy away from confrontation when necessary. By protecting the group and its members where appropriate, the PGL will engender trust and loyalty.

**Ability to motivate** - The PGL should be able to inspire group members to take on new challenges, push the boundaries of individual comfort zones and achieve new pinnacles of success. He or she needs to create a

healthy camaraderie and friendly competition that makes undertaking these challenges exciting. The PGL must be able to coach and help group members create new opportunities for themselves.

**Commitment** - Assuming the compensation system rewards PGLs for doing their job, the PGL should have the inclination and willingness to spend time managing the practice (at least 400+ hours per year for small groups and sometimes as much as 1000 hours for large groups or those facing very complex issues). He or she must possess a selflessness and willingness to put the group above his or her personal practice.

**Business acumen** - The PGL must be able to understand the economics of the practice. He or she will work with firm management to establish economic goals for the practice group and supervises the practice P&L. The PGL is also responsible for making recommendations to firm management regarding billing rates, pricing strategies, profit margins and client intake issues.

To be successful, any PGL must create a leadership team within the practice in which he or she shares particular aspects of practice management with other talented people, particularly those with other strengths.

### **Impediments to Success**

Despite the growing movement among law firms to strengthen their practice management structures, most firms have not made enough of an effort to hire, train and reward lawyers who exhibit the skills necessary to perform this important function within the firm. This is now changing in most firms.

However, even if your firm selects PGLs with all the attributes and skills outlined above, the PGLs cannot be successful if they face partners unwilling to "be managed," a partner compensation system that rewards individualistic behavior rather than group effort and a culture that discourages teamwork and rewards individual originations (often even if those "800 pound gorillas" were awful to people around them).

Any of these impediments can prevent the PGL from succeeding and will make his or her job thankless and frustrating.

Before appointing strong PGLs, therefore, take a look at your firm culture and systems to see if they will support the role--or undermine it.

***Interested in Learning More About Legal Hiring? Read the Definitive Guide:***

[\*How to Hire a Legal Recruiter for Your Law Firm: How Law Firms Recruit Attorneys Using Legal Recruiters\*](#)