JULIOUS P. SMITH JR, CHAIR EMERITUS, WILLIAMS MULLEN

Always have a Plan B for your strategic plan

Mike Tyson once said: 'Everyone has a plan until they get punched in the mouth.' Although that can perhaps be more artfully stated, the premise applies to law firms as they engage in strategic planning. Firms spend months creating a strategic plan. They interview partners and hire consultants. Finally, they draft a plan. Unfortunately, lawyers do a better job of planning than of executing. That is true even when things go well, but what happens when they get punched in the mouth? What happens when an unforeseen event derails the plan? Then either the plan disappears, or the nimble, well-led firms regroup and stay the course.

Strategic plans require a great deal of time and thought, and that time and thought rarely focuses on rainy day scenarios. Firms usually assume a never-changing world. The plan envisions a beautiful trip through the countryside with a great reward at the end. Rarely does it contemplate the challenges firms regularly face. What happens when something goes wrong?

Good firms lessen the need for a Plan B by making strategic planning a continuous process

No firm leaders want to spend their days worrying about what can go wrong. No plan can predict the future or address all the curves in the road a firm will face over three to five years. The exponential number of scenarios overwhelms even the most forward-thinking leaders. Nevertheless, the good leaders focus on events that can derail their plan. They understand that basing a plan on a static environment or one practice group, one office, or one client exposes the firm to failure. The old adage, 'don't put all your eggs in one basket', applies to strategic planning. The most successful leaders always make sure that the star has a worthy understudy and that the firm prepares for Murphy's Law – whatever can go wrong, will go wrong.

Things happen: partners leave, offices close, and clients hit hard patches and go in new directions. Good leaders test their plans against worst case scenarios. They think – 'Suppose this happens?' or 'What would I do in that event?' They cannot imagine all the pitfalls, but they can plot some worst-case scenarios on their strategic graph. Those scenarios can prepare them for any eventuality. The optimist never likes to think about bad things or bad times. It is not much fun, but it has to be done. Otherwise the slightest change in circumstances can doom an otherwise well thought out plan.

Often the strategic plan faces its toughest challenge when an unforeseen opportunity arises. Imagine a process that lasts six months and develops a plan to make the firm the 'best business, commercial firm in its market'. Three months later a profitable domestic relations firm wants to merge. How the managing partner reacts can be their punch in the mouth. The pot of gold tempts even the most gifted leaders. In the face of this opportunity, the managing partner can quickly forget the time and effort spent developing the plan and the firm's mission. Good leaders resist the temptation to embrace the merger. They look at the plan, see how it is being implemented, and decide whether the opportunity can be a part of it. They realise that ventures outside the firm's strategic plan often become fool's gold. One-off ventures can quickly go sour with an adverse effect on the firm's finances and the managing partner's credibility. The astute managing partner tries to fit the practice group in the plan. If the merger does not fit, they pass on the opportunity.

Things happen: partners leave, offices close, and clients hit hard patches and go in new directions. Good leaders test their plans against worst case scenarios

Good firms lessen the need for a Plan B by making strategic planning a continuous process. At least annually they review and, if necessary, revise their plan. The review process needs not be as all-encompassing as that used for the original plan. Simple questions need to be asked and answered: What has changed? Is the strategy working? Do the partners still support the plan's goals and objectives? Asking these questions on a regular basis can eliminate the need for a Plan B. The firms can see changes, be prepared for them, and modify their plans accordingly. Most importantly, good leaders never fear starting over. Recognising that the plan will not attain its objectives takes a lot of intestinal fortitude, but it is worth it.

In summary, at some point a managing partner will be punched in the mouth. The firm's strategic plan usually bears the brunt of that punch. A good leader anticipates the punch and prepares for changes that could jeopardise the plan. That leader embraces a continuous planning process. They understand that plans revised on a regular basis fare much better than those expected to self-execute over three to five years. mp