

# SMOCK•STERLING

## Strategic Management Consultants

### **BUDGETING FOR PLANNING: GUIDANCE FOR LAW FIRM LEADERSHIP**

---

As strategic management consultants, we are intimately familiar with the underlying cost drivers associated with strategic planning projects. As many law firm leaders have noted, however, the broader market has been disrupted both by acquisitions of major law firm consultancies and by the global recession. How then should law firm managers approach budgeting for strategic planning assistance?

At the most generic level, strategic planning involves three phases: a fact-based situation analysis; strategy development; and implementation planning. Budgeting considerations for each phase are summarized in the following points.

#### **Situation Analysis**

In most law firms, partners need to be given a forum to provide meaningful input to a strategic planning process (e.g., in-depth interviews or at minimum an online survey). In addition, clients' views need to be gathered and injected into the analysis. Ideally, one would also want to assess the competitive environment and the major trends influencing the firm's major areas of practice and/or the business climate in the geographic markets where its clients are located.

Smock Sterling can complete a tightly budgeted situation analysis – partner survey; targeted client input; high level market analysis – within a budget of \$15-20,000 (depending on the size of the firm). A robust situation analysis with several days of partner interviews, broader client input, competitor profiling, and trend/scenario analysis can more than double that tight budget.

#### **Strategy Development**

Smock Sterling's bias in the strategy development phase is to directly involve a cross-section of partners in carefully designed planning workshops. That process can be driven by the Executive Committee or a larger ad hoc planning committee. With a good situation analysis in hand, a compelling and logical strategic plan can be developed over the course of one or two workshops.

Workshops with fewer than 15 partners can generally be led by a single Smock Sterling partner, while workshops engaging large ad hoc committees of 20 or more partners benefit greatly from the involvement of a second facilitator. Given those parameters, the strategy development phase budget can range from \$15-35,000 – the low end representing an Executive Committee driven process and the high end involving a large partner group.

#### **Implementation Planning**

The final phase of strategic planning involves setting near term priorities and assigning accountability for implementation. If budgets are tight, implementation planning can be done by a small group (typically the Executive Committee) focused on defining high priority initiatives and assigning resources to complete those projects. Ideally, however, implementation planning should answer the question, "*what does this mean for me and my practice?*" for partners across the firm. At Smock Sterling, we are applying a [balanced scorecard](#) approach to engage the partners and practices in implementation planning on the more ambitious level.

A tightly focused action planning session with the Executive Committee can be done for less than \$10,000. A more extensive balanced scorecard approach, engaging the practices and partners in implementation planning can range from \$20-40,000 depending on the size of the firm.

Naturally, every strategic planning project we lead on behalf of clients is customized and is completed within an agreed upon fixed fee. Summing up, a tightly managed planning process can fit under a \$40,000 budget, with broader involvement at any or all phases adding to the fee level. We hope this helps as you budget for planning and dispels concerns you may have relative to overall costs. As always, we welcome your input and inquiries.