

SMOCK ♦ STERLING

Strategic Management Consultants

OUR SERVICES TO LAW FIRM CLIENTS

Since the founding of Smock♦Sterling Strategic Management Consultants in 1991 (Smock♦Sterling), our firm has maintained, developed, and expanded an effective and highly regarded strategy focused law firm management consulting practice. Due to the changes impacting law firms engaged in the private practice of law, our law firm management consulting practice has grown dramatically – from about 25% of our practice year in and year out through 1998 to 55% percent in 2000 and greater than 65% percent in 2001. The following paragraphs discuss the need for consulting assistance, who we are – our firm, our key people, what we do for law firms, our position in the law firm consulting marketplace, and what sets us apart.

THE NEED FOR LAW FIRM MANAGEMENT CONSULTING ASSISTANCE

While management consulting services to law firms are not new (e.g. – John Smock and John Sterling were directly involved in Arthur Young’s very vibrant law firm practice in the middle 1980’s), the need and intensity for management consulting services has increased dramatically and there is now a more sophisticated and discriminating law firm clientele, who understand and demand added value for the fees invested in a consultant. Instead of continuing to ask the standard 1980’s question (i.e. – “*what are the other firms doing?*”), law firm leaders and managers are asking more critical and more thoughtful questions, such as:

- What should our firm be in the future – to our clients, our partners, and our employees?
- What are our core values? What is important to us as we go forward?
- How should we manage ourselves to best meet our clients’ needs and to optimize our strengths?
- Should we consider a strategic combination with another firm or firms or are we best served by remaining independent and building on our strengths?
- How should we organize and manage our practices? What are our expectations for our practice groups and our practice group leaders?
- How do we ensure that we maintain profitability – at the firm and practice levels – in an era of pressure on our historical margins?
- How can we know what our clients want and need, what is important to potential clients, and what approaches to practice development will ultimately win in the marketplace?
- Should we consider adding non-lawyers and non-legal skills to our firm and/or our practices to better serve our clients and diversify our service mix?
- What performance levels should we expect from our practices, our partners, our associates, and our employees? How hard should they work?
- How do we balance increasing client requirements and our people’s expressed needs for a “*life outside of the office*” and the time to meet family responsibilities?
- What new markets or practices should we pursue? What markets or practices should we abandon? Should we grow from our core strengths, geographically, or in new market niches?

These questions must be answered and resolved in a unique way by each and every firm.

WHO WE ARE – OUR FIRM

Smock•Sterling Strategic Management Consultants was founded in 1989 and assumed its present name, structure, and practice focus in the fall of 1991. We were founded by John Smock and John Sterling.

- **John Smock** had been a long time partner with Arthur Young and, at the time of his decision to found his own firm, was Arthur Young's National Director of General Management Consulting and the Managing Partner of that Firm's highly successful Arthur Young/Chicago Consulting Group. He was also the Firm's senior strategy consultant and one of the two developers of the FOCUS strategic planning methodology (an updated version of which remains the underpinning for our current strategic planning practice).
- **John Sterling** was a key consultant in the Arthur Young/Chicago Consulting Group's strategy practice. He also was the product manager for the FOCUS strategic planning methodology – responsible for quality assurance, methodology improvements, and marketing.

Now, over ten years later, Smock•Sterling is probably best described as a strategic management specialty firm. We see our primary role as helping our clients "*successfully develop and implement strategy.*" Our focus is on the strategic planning process and that area of our practice constitutes – year in and year out – over 60% of our business (both for law firms and commercial clients). The other 40% relates to those things, like stand alone market research assignments, management and organizational assessments (e.g. – management audits), and tailored management analyses that support the strategy development and implementation processes.

Although now our minority practice, due to the surging growth of our law firm and professional services firm practice, Smock•Sterling commercial services and clientele are worthy of note. Our commercial clients range from the largest multi-national companies (e.g. – McDonald's) to fast growing middle market companies (e.g. – Bush Brothers & Company) to smaller companies with unique strategic needs (e.g. – The Comtech Group). Our services for these commercial clients are similar to those provided law firm clients – a focus on the development and implementation of strategy (with our differentiating expertise in strategic planning), organizational development, and qualitative market research.

Smock•Sterling is, by definition and design, a smaller firm. Strategic management consulting is a highly personalized service and we have found it to be better conducted by a small cohesive group who understand the strategy process and common strategic planning methodologies.

OUR KEY PEOPLE

Our law firm management consulting practice is focused around three key individuals, although others in the firm have also helped serve our law firm clients.

John S. Smock

John Smock leads our law and professional services firm management consulting practice. He has been a strategic management consultant for over 31 years. In addition to his recognized expertise in law and professional service firms, John has built practices and reputations in such wide ranging industries as investor owned utilities, food processing, agri-business, and criminal justice.

John is one of the most recognized law and professional service firm consultants in the country. He has served well over 100 law firms since taking up this specialty in 1984. Many of these firms remain solid clients and continue to call on Smock•Sterling Strategic Management Consultants as major strategic issues arise.

John W. Sterling

John Sterling has been a strategic management consultant for over 15 years. In addition to directing a wide range of our strategic planning assignments, John leads our market research practice, which has been particularly effective in helping commercial clients (and, now, law firms) determine what markets, products, and services to emphasize and how to better serve their customers and their clients.

John Sterling also has extensive law firm experience. He originally worked, both at Arthur Young and Smock•Sterling Strategic Management Consultants, as a "*second chair*" for John Smock on a variety of firm/practice planning and management assignments. In the past several years, John has assumed direction and client relationship management for a wide range of law and professional service firm strategic management assignments and he leads our assignments in two other professional areas where we have conducted assignments similar to law firms – actuaries and medical group practices.

WHAT WE DO FOR LAW FIRMS

We have focused our services to law firms on those identified strategic management needs that have the potential to dramatically improve a firm's performance and/or strategic position. Our law firm consulting services are focused on four key areas – strategic planning and overall firm direction, mergers and combinations, practice group management, and key management issue resolution.

Strategic Planning and Overall Firm Direction

We believe Smock•Sterling to be the leading firm – in terms of the quality of the end product and the results achieved – in providing overall firm direction and strategic planning services. Our strategic planning services include:

- **Firmwide strategic planning** – for which we utilize our industry leading FOCUS strategic planning methodology – a unique process for achieving agreement among those participating in a planning process and on a clear strategic direction, and resulting in a one page strategic plan
- **Planning workshops** – either in support of our FOCUS methodology or assisting a process already underway in a firm, our workshop facilitation uses proven activities and exercises that result in solid agreement on firm direction and how to get there
- **Supporting activities to the strategic planning process** – including assessments of a firm's present state and identification of key planning issues; limited client surveys, that focus client input on a firm's future direction; and analyses tailored to the specific needs of each firm (e.g. – assessing the strengths and weaknesses of competing firms).

Of particular note is the very positive track record our strategic planning clients have in successfully implementing an agreed upon strategic plan.

Mergers and Combinations

While not as visible in this area as some other firms (by our own design), our credentials in law firm mergers and combinations are extensive. We have worked on a wide variety of combination assignments at all points in the merger process and have uniquely defined the "*four stages of a successful merger*" so that the merger process can be effectively managed and controlled (which, in most cases, it is not).

We have served individual merger partners (our clients) as well as have been overall management counsel to "*the deal*." In some cases, our work has been extensive – running the gamut from candidate identification to full integration – while in others it has been more limited and tailored to meet the specific needs of our clients. We have actively developed merger criteria, searched for candidates, and made initial contacts. And, we have served as a devil's advocate to a deal already structured but not yet completed. We have been primary management counsel to the overall process, identified synergies, and, very importantly, helped the two or more firms agree on a new firm vision and strategy.

Practice Group Management

Smock•Sterling has wide ranging expertise in achieving improved practice group management – something we believe is absolutely critical to major law firms, as they go forward in the current and anticipated management environment. We provide assistance in practice group planning (strategic and operating), organization and structure development, management systems, practice based budgeting systems, and the effective use of management information and reporting. Also, we have developed – first for the American Management Association and subsequently for specific client firms – an effective one-day practice group leader seminar that has had a direct impact on practice group management improvement.

Key Management Issues Resolution

As strategic management advisors to our law firm clients, we often find ourselves called upon to provide management counsel in addressing specific management issues. For example, we have opined on a wide range of partner compensation systems, helped firms restructure both service delivery and administrative organizations, conducted management audits of particular functions (such as marketing), and provided counsel on a variety of strategic issues to the management committees/executive committees of our clients.

OUR POSITION IN THE LAW FIRM MANAGEMENT CONSULTING MARKETPLACE

Smock•Sterling Strategic Management Consultants is based in Lake Forest, Illinois (our headquarters) with satellite offices in Chicago and Charleston. We are smaller than the largest consulting firms serving law firms – the two primary law firm specialty firms, the consulting arms of the Big 5 accounting firms and other national consulting firms (for whom law firms is only a small piece of their practice). But, we are of sufficient size, capability (personnel, support systems, etc.), and reputation to handle the largest of law firm assignments and clients. We have created and believe we can successfully defend a defined and articulated strategic position as **the high quality, first choice** management consulting firm in areas of key strategic significance to law firms across the country.

WHAT SETS US APART

We believe there are certain key factors that set us apart from our competitors.

- The first and most important differentiator is the level of very positive results we have helped our clients achieve. Our law firm references speak directly to our effectiveness as consultants and the results achieved. Since our founding, it has been our experience that we have not yet lost a law firm assignment to another consulting firm, if the potential client has contacted our references.
- Our consultants, while highly knowledgeable regarding law firm management, were management consultants first, who later developed expertise in the law firm environment. Thus, we are skilled at managing the consulting process and in producing a first-rate management consulting “*product*.”
- Our consultants do not focus exclusively on law firms. We offer a breadth of business experience that is proving increasingly valuable as law firms recognize that they must manage themselves more and more like commercial organizations.
- We scrupulously avoid law firm “*dogma*.” We know from our experience that there is not one best way to manage a law firm and that the specifics and uniqueness of each firm dictate the resolution to vexing management issues, not what is generally done by others. A good example of this is in the area of mergers – we have counseled some of our clients to seriously consider strategic mergers and/or combinations, while for others, we have recommended that they not merge and remain independent.

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We hope this description of our services to law firm clients has been helpful. We welcome inquiries to John Smock (jsmock@smocksterling.com) or John Sterling (jsterling@smocksterling.com) the individuals who direct and lead our law firm assignments. Our website is www.smocksterling.com.

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