



# Strategy is more important than technology

Legal firms need a vision. Having a business strategy and an IT strategy are starting points for achieving that vision and will enable firms to determine their technology needs and priorities. **BY IAN BLOOMFIELD**

## SNAPSHOT

- Today's business environment is challenging for law firms. Adopting the right technologies is vital to competitiveness and survival.
- Law firms that embrace strategic planning with aligned business and IT strategies will be able to make informed decisions about technology adoption.
- A transformative IT strategy can mitigate risk, reduce costs, improve efficiencies and assist with achieving a competitive advantage.

The legal services marketplace is undergoing transformational change. Lawyers are constantly being told they need to change and innovate. This is sage advice. However, it is an over-simplification for law firm partners and practice managers to think that adopting technology alone will achieve the desired outcome. It assumes that technology itself is a solution, and that selecting the right technology can enable a law firm to keep up or even get ahead of the pack. This thinking is flawed. Technology is a means to an end, and you first have to understand what that end is. Jumping right into selecting some technology to implement without first understanding how it will fit within an overarching business and IT strategy typically leads to poor outcomes. Any law firm or practice considering how to move forward in today's challenging environment must start with strategy.

## Why have a business strategy

Most law firm leaders, practice managers and sole legal practitioners recognise the need to run their firm like a business

to remain viable in today's rapidly changing marketplace. As with any business, a plan is essential to take the organisation forward. In today's legal environment, a strategic plan is no longer optional. Every law firm and practice, regardless of size, should have a business strategy that looks forward at least three years.

The purpose of a business strategy is to position a firm to achieve better business outcomes within a competitive environment. Essentially a business strategy, or business plan, is about winning in a competitive market. Acceptance that law firms operate within a competitive market, and the need for a law firm to win in this market are crucial tenets. Any commitment to a business strategy process is compromised if these tenets are not embraced.

## How to develop a business strategy

Some of the more popular business strategy methodologies are:

- **SWOT analysis:** analyses the strengths, weaknesses, opportunities and threats that exist



- **vision:** where do you want your law firm to be in three to five years?
- **goals:** what are the goals that will have to be achieved to make the vision a reality?
- **strategies:** what are the short, medium and long term strategies to achieve the goals?
- **plans and metrics:** what needs to be implemented, how is it to be done, and how do you measure what has been achieved?

Your business strategy is about how you compete more effectively and ultimately improve the value of your law firm or practice. It all comes down to creating business value. An IT strategy is a way to make sure that resources allocated to technology are also focused on creating that business value.

### What is an IT strategy

An IT strategy is a comprehensive plan that outlines how all facets of technology will be utilised and managed within an organisation. It is used to guide organisations on how technology can help them achieve their goals, boost their competitiveness and increase their chances of success through technological innovation, cost savings and process automation. An IT strategy should not be driven by decisions to adopt particular technologies, in fact the decisions about which technologies to adopt should be outcomes of the IT strategy.

The IT strategy should consider all areas of technology management including cost control, skills, infrastructure, systems and risk management. Most importantly, it must incorporate an assessment of how investments in these areas will support the overall business strategy.

### Why is an IT strategy important

Historically, IT has been seen as playing an operational role, and technology decisions have been made on a tactical basis, leading to inefficiency and wasted time, money and effort. As a result, IT was generally inflexible and often an obstacle to business success rather than a strategic driver.

A meaningful, transformative IT strategy will help with understanding how to operate more effectively and efficiently, and will expose risks and issues that need to be addressed. It should detail how technology can be used to innovate and provide a competitive advantage, while reducing unnecessary expenditure, optimising processes and improving compliance and risk management.

An IT strategy should answer the following:

- does the strategy support the goals of the business plan?

- **PEST Analysis:** analyses the political, economic, socio-cultural and technological factors impacting on a business
- **PESTLE:** analyses the political, economic, socio-cultural, technological, legal and environment factors impacting on a business
- **Porter's five forces analysis:** analyses the level of competition within an industry.

The actual process of creating a business strategy can vary widely depending on the approach chosen. Engaging an external consultant to assist with the strategy development is a worthwhile option to consider, and although likely to be more costly than an in-house process, the involvement of someone with business strategy expertise should provide a more structured process and is likely to deliver better outcomes. Be careful not to compromise just to save money. Remember, it could be the future of your law firm at stake. If you do plan to rely only on internal skills, you need to be very confident that these skills are up to the task.

Regardless of the methodology adopted, or the approach you take to create a business strategy, the main elements are reasonably consistent:

- **analyse:** have a good internal understanding about the status and capability of your law firm or practice and attain a reasonable understanding of the competitive market you operate in

**IT IS . . . IMPORTANT THAT AN IT STRATEGY CLEARLY ARTICULATES WHAT WILL BE EXECUTED, WHO WILL BE RESPONSIBLE, WHAT TIME FRAMES ARE INVOLVED AND WHAT THE ASSOCIATED COSTS WILL BE.**

- is technology addressing the organisation's most important business priorities?
- what technology investments will provide the best return on investment?
- what value is the organisation deriving from the use of technology?
- is the existing technology agile enough to meet the future needs of the organisation?
- are the IT risks understood and being effectively managed?
- is IT being properly managed?

When faced with the task of creating an IT strategy, its usefulness may be questioned. Completing one takes time, effort, and money, and it is unlikely to have any immediate benefit. As the name implies, the benefits from a well thought out IT strategy are strategic in nature and result in:

- reduced risks
- flexible technology infrastructure capable of meeting future business needs
- increased efficiencies and improved productivity
- reduced IT operational costs
- competitive advantage through the adoption of technology.

### Prerequisites for an IT strategy

Before developing an IT strategy, you should consider:

**Governance:** who will be responsible for managing the development of the IT strategy and the ongoing oversight of it? Without clear accountability, the delivery of successful outcomes is compromised.

**Resources:** analysing the requirements of your business and working out the best options will take time, and it is important to allocate appropriate time and seek input from relevant resources so that the necessary skills and experience are leveraged.

**Communication and involvement:** whatever the details of your IT strategy, the determining factor of its success will be the level of involvement by stakeholders and the management of organisational change. It is essential to keep people informed and involved throughout the process.

It is important that the IT strategy is documented and forms part of the organisation's overall business planning and budgeting process. It is also important that an IT strategy clearly articulates what will be executed, who will be responsible, what time frames are involved and what the associated costs will be. This in turn makes it possible to measure how well the IT strategy is being implemented.

Many small organisations think they do not have the knowledge or skills to develop an IT strategy. If you feel this way, you are not alone. The reality is that only big law firms are likely to have the in-house skills and expertise necessary to develop a meaningful IT strategy. The alternative is to have a partnership with an IT services company that understands the legal services market and can work collaboratively with you on the IT strategy process.

### Creating an IT strategy

There are many areas of consideration when developing an IT strategy, and although not exhaustive, the ten outlined below provide a good basis:

- **business strategy:** analyse the business strategy to determine the change agenda, and identify impacts and implications for IT
- **business processes:** identify the important business processes currently in place, and carry out an assessment of what new or changed business processes are required to meet future short, medium and long term needs
- **IT systems:** document details of the main IT systems currently in place to support the existing organisational processes. Identify any gaps associated with existing processes and gaps likely to occur as a result of planned changes
- **information security:** identify arrangements required to achieve and maintain appropriate levels of information security – confidentiality, integrity, ethical walls, retention, data protection, data transfers, cloud hosting of sensitive third-party or client data
- **IT policies and standards:** a set of policies and standards to ensure IT systems and equipment are used appropriately, and that acceptable business outcomes are delivered
- **IT management:** arrangements to ensure the IT systems are being effectively maintained and that policies and standards are being implemented
- **IT training:** arrangements to ensure that staff has sufficient knowledge and skills to efficiently and effectively use the computer equipment and systems necessary for their role
- **risk management:** identify risks that arise from the existence and use of IT infrastructure and systems and implement arrangements to mitigate or manage these risks. Also consider non-IT related risks and assess whether there is a role for IT in the mitigation of these risks, eg, departing staff and the potential compromise of confidential client and firm information
- **innovation/technology roadmap:** a process for identifying opportunities for technology innovation and planning how to implement technology changes so that business outcomes are optimised
- **IT Projects:** documentation detailing cost, scope, time frame and required business outcomes for all activities requiring budget allocation for upgrading, replacement or implementation of new IT systems or infrastructure.

It is important for an IT strategy to be reviewed regularly to take account of changing internal and external factors. An effective IT strategy should be flexible enough to adapt to these changes.

## Conclusion

The legal marketplace is evolving rapidly, and the ability to change and adopt the right technologies is vital to competitiveness and a crucial factor in the survival of law firms into the future. From innovations in communication and collaboration through to the latest practice management systems, lawyers are bombarded with opportunities for change. Where do you start – how far and how fast do you go? With a plethora of technology options, managing these choices needs to be strategic and law firms and practices that embrace strategic planning will be better positioned for success, both today and into the future.

A business strategy should be a clearly articulated vision of where and what you want your law firm or practice to be in the future. You must understand the competitive environment you are operating in and set a path for how the vision will be achieved. It's important that the business strategy incorporates realistic and achievable goals with defined deadlines, along with implementation plans and mechanisms for measuring progress. Be sure to establish accountability, as many strategic

plans go off track when there is a lack of clarity about who is responsible for implementation. Consider hiring an outside expert to assist with the development of the business strategy, as an external strategy specialist can provide a more objective and informed perspective, along with a proven process.

An IT strategy should be an integral part of the overall organisational strategy. Be sure to engage someone with appropriate IT expertise and business technology knowledge to assist in the process of developing the IT strategy. A meaningful, transformative IT strategy will help you to understand how your law firm or practice can operate more effectively and efficiently, and will expose issues and

bottlenecks that may be holding you back. Defining an effective IT strategy can be complex, but if it's well thought out and executed, it can greatly assist with achieving a competitive advantage for a law firm or practice.

Finally, it's important that you regularly take a step back to review and update both the business and IT strategies. All too often the business plan and IT strategy are seen as a one-off exercise and the annual review is limited to a cursory refresh of the existing words. ■

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