

Strategic Practice Management: How Strategic is Your Plan?

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SUMMARY

The market for surveying services has been undergoing significant change and the extent, pace, unpredictability and impact of change in many countries is projected to increase. Faced with these circumstances it is becoming even more important to agree on a clear sense of direction, to ensure you are offering a service which is sufficiently distinctive from competitors and that there is a high level of energy and commitment being applied to implementing actions which will deliver real value to clients. In summary, the importance of having a good strategic plan. This paper makes the case for strategic planning and provides a methodology for judging the extent to which a draft plan is meeting the key factors which indicate that a plan is strategic in nature.

RESUME

Le marche de l'évaluation de service a subit d'important changement. Le degrés, la vitesse, l'imprévisibilité et l'impact de ces changements dans plusieurs pays sont prévus a la hausse. Considérant ces circonstances il est devenu essentiel d'adopter une direction claire afin de s'assurer que le niveau de service que vous délivrez est suffisamment distinct des offres concurrentes et qu'une énergie et une implication réelle sont fournies pour de générer de la valeur à vos clients. Il est en fait important d'adopter un plan stratégique solide. Ce document est un guide qui fourni une méthodologie permettant d'identifier les facteurs clefs qui font de vos projets, des plans stratégique par nature.

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1. INTRODUCTION

This paper considers the process of developing a strategic plan for a professional practice offering surveying services. The conceptual framework which is developed is applicable to situations where the services being offered are located within the solely 'private sector' and also where the services are part of a broader 'public sector' organization (e.g. a national mapping agency).

The paper starts by making the case for developing an explicit and shared strategic plan (Section 2). This is followed by an outline of a framework against which to self-assess a draft plan (section 3). The outcomes of this offers an estimate of the degree to which the plan is being truly strategic. The paper concludes (section 4) by summarizing the key elements which could usefully form an outline strategic plan for a medium sized surveying practice.

2. WHY DEVELOP A STRATEGIC PLAN?

Before considering how you might make your current approach to planning even more effective it is worth considering the highly relevant question posed by those sceptical of its benefits, why should we have a strategic plan? – *'the fees are flowing, the clients are happy (I think) and in any case, we're far too busy for yet another meeting' 'frankly I'm busy enough without yet another demand on my time'*

Indeed if you ask a cross section of fee earners in some firms of surveyors about strategic planning you are quite likely to get a somewhat negative set of reactions

- *'It's all a load of fine words',*
- *'It all exists to satisfy the needs of the Chief Executive/Managing Partner/Board',*
- *'No one really believes what's written anyway, putting it bluntly'*
- *'It's all a big time wasting distraction for staff!'*

Despite these perceptions, many others would argue that given the pace of change, the uncertainties in the business environment, the increasing expectations of clients among other factors, the need to 'be strategic' has never been greater.

So why does this strategy stuff really matter?

(a) The marketplace for professional services is changing. The most obvious and possibly most important reason for conducting some planning is market and client pressure. Today's market for professional services is changing - traditional markets are under pressure and new market opportunities are developing. Although difficult, it is important to try and identify opportunities for new services. The challenge, of

course, is to recognise these new strategic windows before others do, so ensuring you gain a competitive advantage.

(b) Professional/technical competence is no longer an adequate basis of competition. Market research in many professions suggests that the decision to select one firm over another has much less to do with professional/technical competence (which is becoming accepted as ‘a given’) and much more to do with the quality of service and level of innovation demonstrated. Thinking and acting strategically might help you differentiate your service offering from those on offer by your competitors.

(c) Technology is changing the nature of professional services. A further obvious but critical reason for strategic planning relates to the impact of technology on professional services. The impact of ‘old technology’ such as word processors and spreadsheets has been significant but much more significant is the impact of the communications revolution; not just email, but new technologies such as podcasts, VOIP, on-line auctioning and procurement of services, etc. All have the potential not only to modify existing services, but also to lead to the establishment of completely new service offerings.

(d) Margins are under pressure. The financial pressure on all professional service firms has never been greater. In a (relatively) low margin environment the funds available for investment are reduced - yet at the same time the need for investment (in new technology, marketing, training, etc. has never been greater). Taking stock of the financial trends affecting your activities and deciding on what basis choices will be made between conflicting investment demands requires careful thought.

(e) Changing Employment Patterns. Over the past 5-10 years there has been a growth in the number of sole practitioners and networked groups, often with highly specialised knowledge of a particular market ‘niche’. With significantly reduced overheads many of these new entrants have a significant capability to compete with the larger firms. Responding to the longer term impact of these trends in employment patterns is yet another challenge facing many professional practices.

(f) Clients and accountability. Clients are not only requiring more from their professionals (for less, in many cases), but they are also demanding that professionals become more accountable for their advice. No longer is ‘trust me - I’m a professional’ sufficient; explicit accountability is replacing implicit trust. In addition many practices are recognising the strategic importance of those relatively small number of clients who produce a disproportionately high level of fees (and often profit). A strategic plan needs to be clear who those key clients are and illustrate how those relationships are being actively managed for the benefit of the whole practice.

(g) People. Strategic planning in ‘knowledge based’ professional service firms must be closely aligned with the ‘people plans’ of the firm. It is a well worn cliché, but nevertheless worth repeating, that the only assets which your firm have walk out of

the door each evening. Taking stock of your people assets, your professional expertise and reward strategies is increasingly important for the professions.

(h) If you're not doing it the competition is!. An obvious but important issue is the increasing significance of management and leadership in professional practices. An increasing number of professionals are recognising the need for and value of additional qualifications, such as an MBA, and are implementing the lessons gained from such experiences to their firms. Gaining an MBA is not the only source of know-how about strategic and operational planning, much can be gained from the wealth of literature in this field as it is applied to professional service firms, particularly professional service firm management (Maister, 1993) but also to surveying firms (Kennie and Price, 2003).

3. WHAT DO WE MEAN BY *STRATEGIC* PLANNING?

On the assumption that the case for a more structured approach to planning has some merit, the second issue is to consider the notion of *strategic* planning. For some this implies a *longer term horizon* to planning, to others it relates to the *scale* of the decisions which might be required, whilst for some it has more to do with the *complexity* of the process which is paramount.

So faced with this challenge how do you as a busy professional ensure you are being suitably strategic in your planning activities? Based on reviewing many different strategy documents I would encourage you to review your strategy against the following six factors. In each case the evidence may, or may not, be included in the formal document called the Strategic Plan. What is important is that evidence can be found that all six components have been considered and are informing the formulation of the final document.

3.1 Anticipating '*there*' – Analysis and Horizon Scanning

The first factor which provides evidence that a plan is strategic is the extent to which the plan includes evidence of quality analysis of the changes taking place in the external environment. For example,

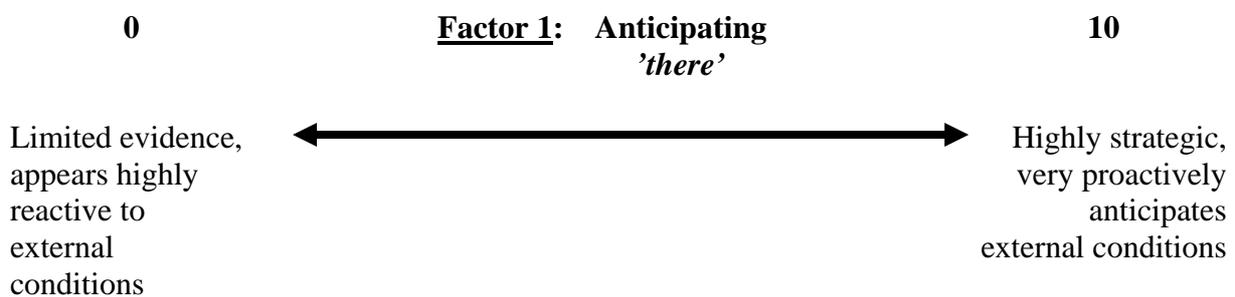
- ❖ Does the plan demonstrate clear evidence of the *changes* occurring in the external environment?
 - ❖ Political?
 - ❖ Economic?
 - ❖ Social?
 - ❖ Technological?
 - ❖ Legal?
 - ❖ Environmental?

A failure to take account of the forces which are driving change in your sector and which will shape the context within which the plan is formulated is an important first step.

A second dimension to this analysis stage is the extent to which thought and consideration has been given to the longer term trends which might be taking place – and developing some scenarios to describe such futures. The concept of scenario planning can be a valuable part of the strategic planning process, further examples of its application to property and surveying more generally can be found in Ratcliffe, 2000 and Kennie, 1996.

In summary we can then assess,

- ❖ Does the plan consider some of the possible *future scenarios* which might face the practice or does it appear to neglect consideration of critical uncertainties which could occur?
- ❖ Are the *implications of these future scenarios* for the more immediate planning horizon (say the next 1-2 years) considered?



3.2 Being *'there'* – Making Choices and Identifying Advantage

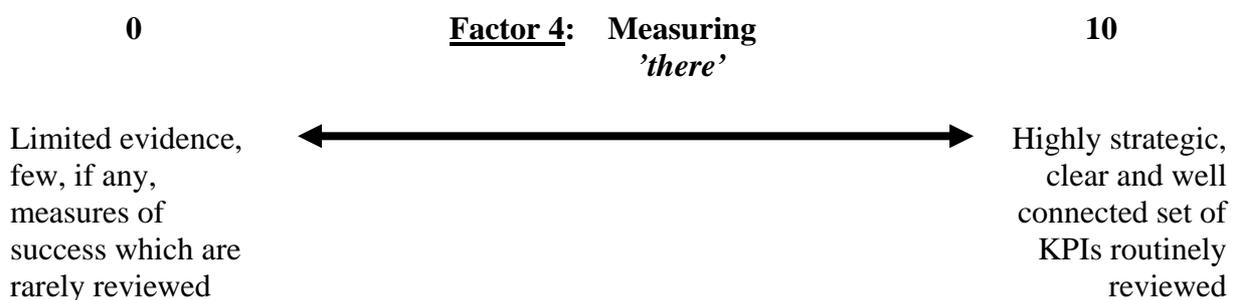
A second factor which can provide useful evidence of the extent to which the plan is strategic is the evidence of clear choices being made about the markets and services being offered together with evidence of a clear articulation of what makes the firm or practice group sufficiently different from its competitors. Maister (2006) very clearly summarises this factor in his paper 'Strategy Means Saying No'.

- Do you see evidence of a real understanding of the *market sectors and clients* within which the firm 'wants to be famous'?
- Does the plan clearly articulate an *overall vision* for the firm? Is it sufficiently demanding and is it likely to inspire others?
- Do you have a sense from the plan that the document highlights the *key strategic dilemmas* facing the firm?
- Does the plan provide adequate evidence of *clear choices* being made to position the firm?

an appropriate portfolio of measures have been selected and ensure that adequate attention is being given to both financial and non-financial measure of success. Above all the measures need to emphasise the 'on-strategy' behaviours you want to encourage and act as a deterrent to the 'off-strategy' actions which will take you off track .

So issues you might explore in reviewing a plan would include

- ❑ Do a clear set of *measurable criteria* exist which define success for the plan?
- ❑ Does the plan have clear *metrics* which guide the implementation of the strategy?
- ❑ Do you sense that consideration has been given to how to *link performance measurement* at a macro firm level to those at other levels?



3.5 Focused Collective Energy towards getting 'there'

A fifth source of evidence of a strategic approach to planning is the extent to which the process has been inclusive and that there is evidence of real commitment to the outcomes. Too often the process of developing the plan is restricted to a small number of individuals (or in extreme cases one person) who then 'consults' others in a somewhat ad hoc manner. Not surprisingly the level of commitment to delivering such a plan is usually extremely low. The evidence which will demonstrate this is not the case includes;

- ❑ Do you get the impression that the plan is genuinely the work of, and *has involved a range of staff*, in its development?
- ❑ Can you see adequate evidence of the extent to which *the Directors and Partners are fully committed* to making the plan happen?
- ❑ Can you judge to what extent others are *also committed* to the delivery of the plan?
- ❑ Do you sense that a significant number of staff (at all levels) are *actively engaged* in delivering specific actions which will ensure the plan is delivered within the time horizon which has been set?

Scored *around 35-45*? This looks encouraging, again it is useful to cross check your analysis with that of your colleagues. Assuming you are in agreement begin to focus on getting section 3.2 right ensuring you involve the right people in the process.

Scored *over 50*? Are you *really* that sure? It might be just worth checking your assumptions, particularly if you are the person who is responsible for the strategic planning process. If the score is this high the real test of the plan is to involve and gain feedback from your clients - how would others rate your perceptions, particularly on the matter of how well you have differentiated your service from your competitors?

4. AN OUTLINE PLAN

Creating a standard template approach to strategic planning is neither helpful nor appropriate. The very nature of the process is to create something unique which captures what makes a firm or practice group sufficiently different from its nearest competitors. On the other hand it is often helpful to ensure that the plan is comprehensive in its analysis and action. Based on reviews of many business plans the following is a synthesis of the elements which you might expect to see in a typical business plan for a medium sized surveying practice. It is not intended to be a checklist against which to compare your plan – some of the sections might well be integrated into other headings in your plan, it may, however, act as a prompt to look again with fresh eyes at your current plan.

4.1 The Context

The introduction to the plan might usefully set out the strategic context within which the plan is being formulated. It might include a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for the core areas of the business together with a synthesis of the external trends (PESTEL analysis) within which the plan is being formulated. It can also be useful to synthesise the historical performance of the firm over (say) the past 3 years.

4.2 The Market – Services and Positioning

A key element of any plan involves matching what you believe the market needs to the services and skills which you can offer. So often planning documents assume that the firm will continue to offer what it has done in the past without a real critical review of the markets/services;

- ❖ You want to grow and be famous for?
- ❖ From which you intend to reduce your activity? and
- ❖ From which you intend to exit?

In relation to the first issue (grow and be famous for) it will be vital to also identify on what basis we will compete to capture market share from our nearest competitors. Above all you

will need a clear articulation of what makes your service more attractive than those on offer from others.

4.3 Clients and Client Relationship Management (CRM)

Linked to the market review the plan might also usefully review the nature of the client base for the firm and identify where time and energy might be usefully focused for the future. For example you might wish to consider;

- ❖ Which relationships are critical to your success?
- ❖ Which relationships need more active leadership?
- ❖ Which clients should you consider reducing your activities?

Developing a more strategic approach to CRM has become one of the most significant changes in the strategic planning processes for many professional firms in the recent past.

4.4 Innovation & Investment

A recognition of the need to invest resources in the implementation of a new strategic plan is a vital requirement. By far the biggest investment is often the time of individual partners/directors to develop some new service, to research a new market, to market themselves and others to prospective clients. To make time for innovation requires a commitment that some time will be focused on these activities. If an explicit commitment, does not take place the likelihood that good ideas remain simply 'good ideas' is extremely high. Of course for some areas of innovation there may also be a need for significant levels of investment in new technology or people with new skills. Again the plan needs to address these implications and identify how the investment will be funded and how progress will be monitored.

4.5 Actions and Accountability

Above all any plan needs to define what needs to be done, by whom and by when. Clear actions and accountability for their delivery is essential.

In summary, for the operational aspects of a strategic plan to have a real chance of being implemented it needs to be inclusive, interactive, requires adequate time, needs planning, is conducted with creativity, the component parts are 'joined up' and if at all possible involves fun.

5. CONCLUSIONS

The need for real strategic thinking and its translation into an effective operational plan has never been greater. The alternative approach of continuing to offer what you have done in the

past, in the hope that this will continue to be what your clients require for the future is both short sighted and increasingly risky. You may be lucky and survive, on the other hand....

This paper offers a simple and practical means of auditing your current practice – and the outcomes of the exercise could help you to really enhance your performance. It is, however, important to remember that planning by itself will not deliver your new level of performance. Remember that no strategy, however well designed, will work unless you have

- the right people, with
- the right skills and behaviours,
- in the right roles,
- motivated in the right way, and supported by
- the right leaders.

Ultimately there is no such thing as ‘good strategy’ only ‘good implementation’.

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BIOGRAPHICAL NOTES

Tom Kennie is a founding director of Ranmore Consulting. For the past 9 years he has been a full-time consultant specializing in helping directors/partners of professional service firms, higher education institutions, research institutes and public sector bodies enhance the performance of their organizations. Projects range from in-house management and leadership development programmes to facilitating strategy meetings to executive coaching for those with significant management responsibilities.

Prior to establishing Ranmore he was HR Director for DTZ, an academic at the University of Surrey and University of Technology in Jamaica and a practicing chartered surveyor.

From 1996-2002 he was a Vice President of FIG and was elected an Honorary Member in 2002.

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