

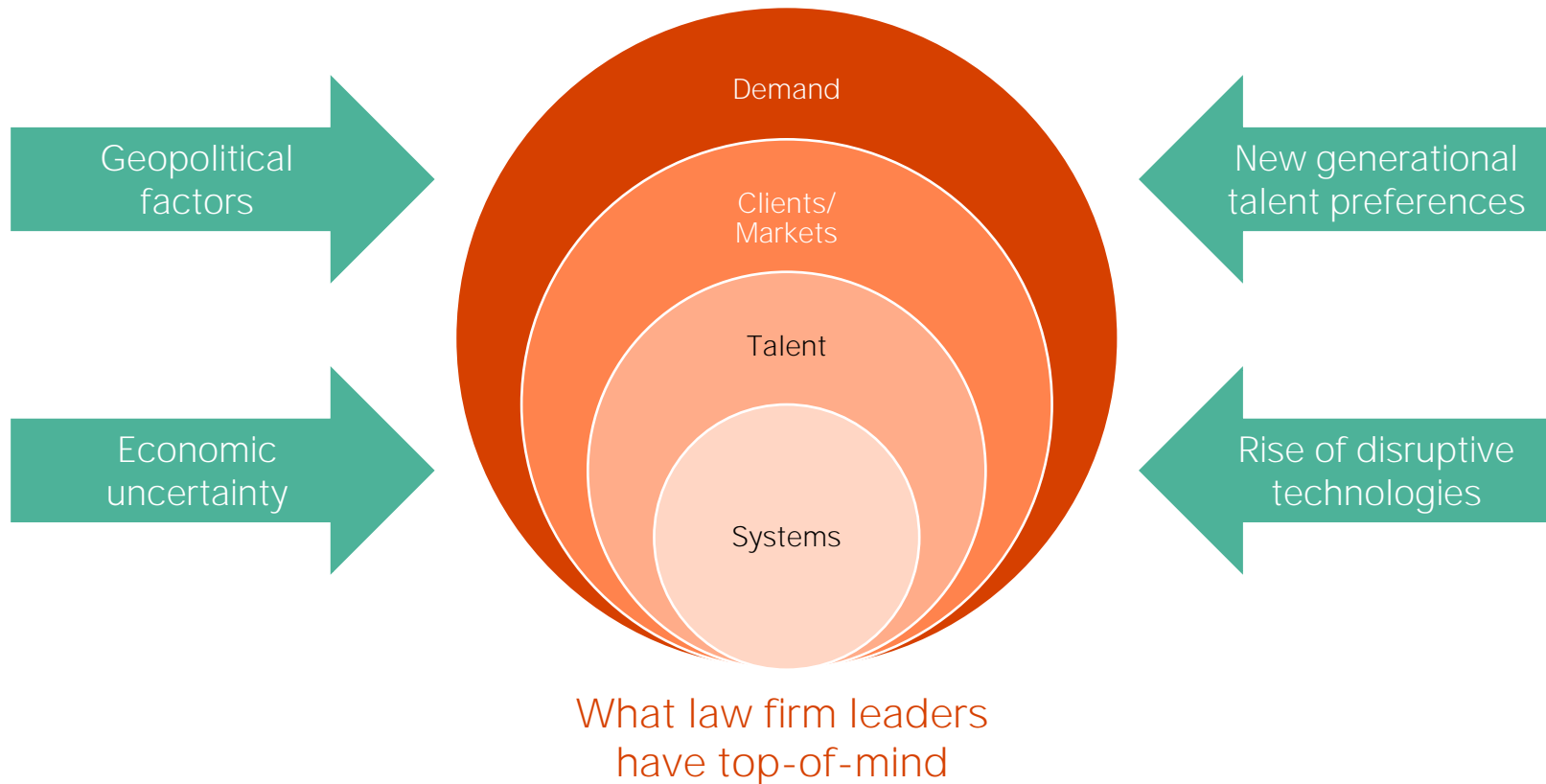


# Sightlines on skylines: moving from strategy to planning

Jen Dezso, Director of Client Relations, Thomson Reuters Institute

October 22, 2024

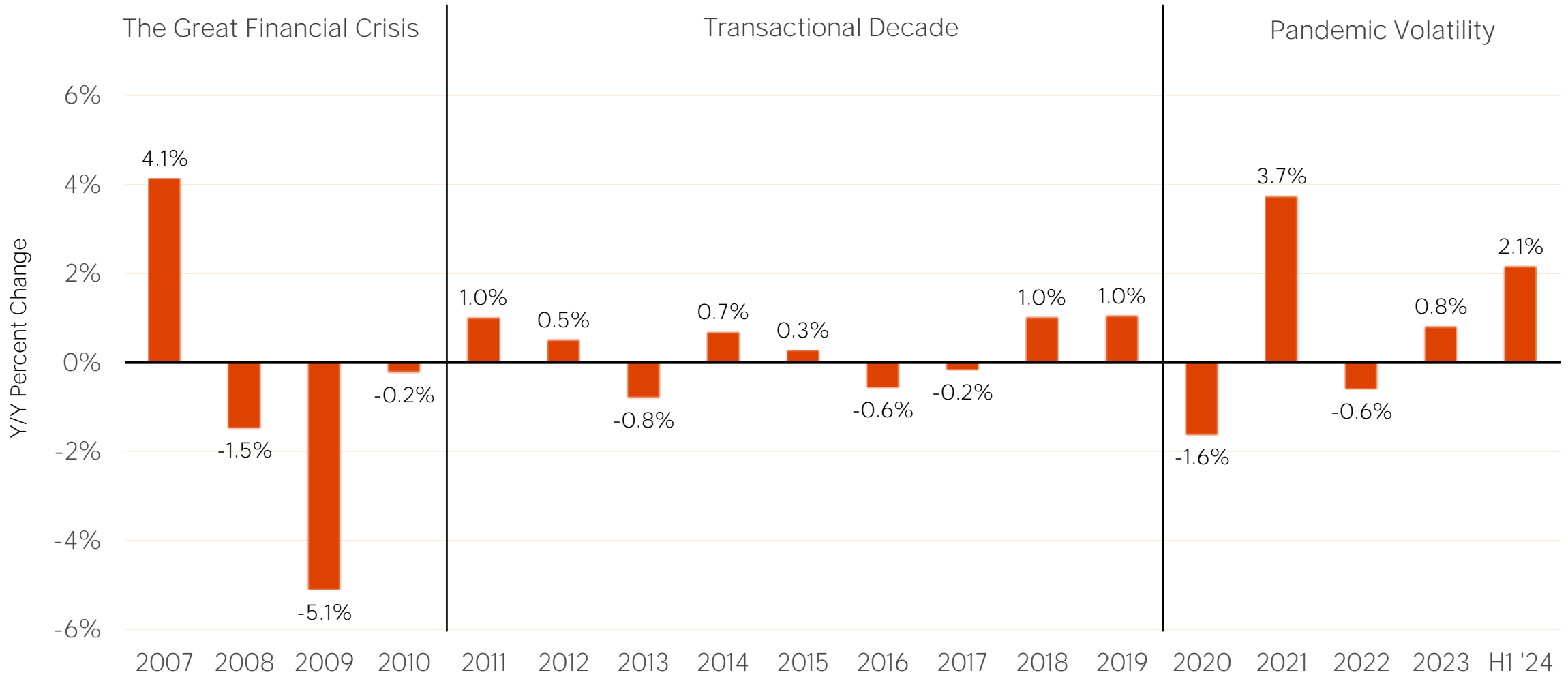
# New influences impacting business strategy



## Data sourced in today's conversation

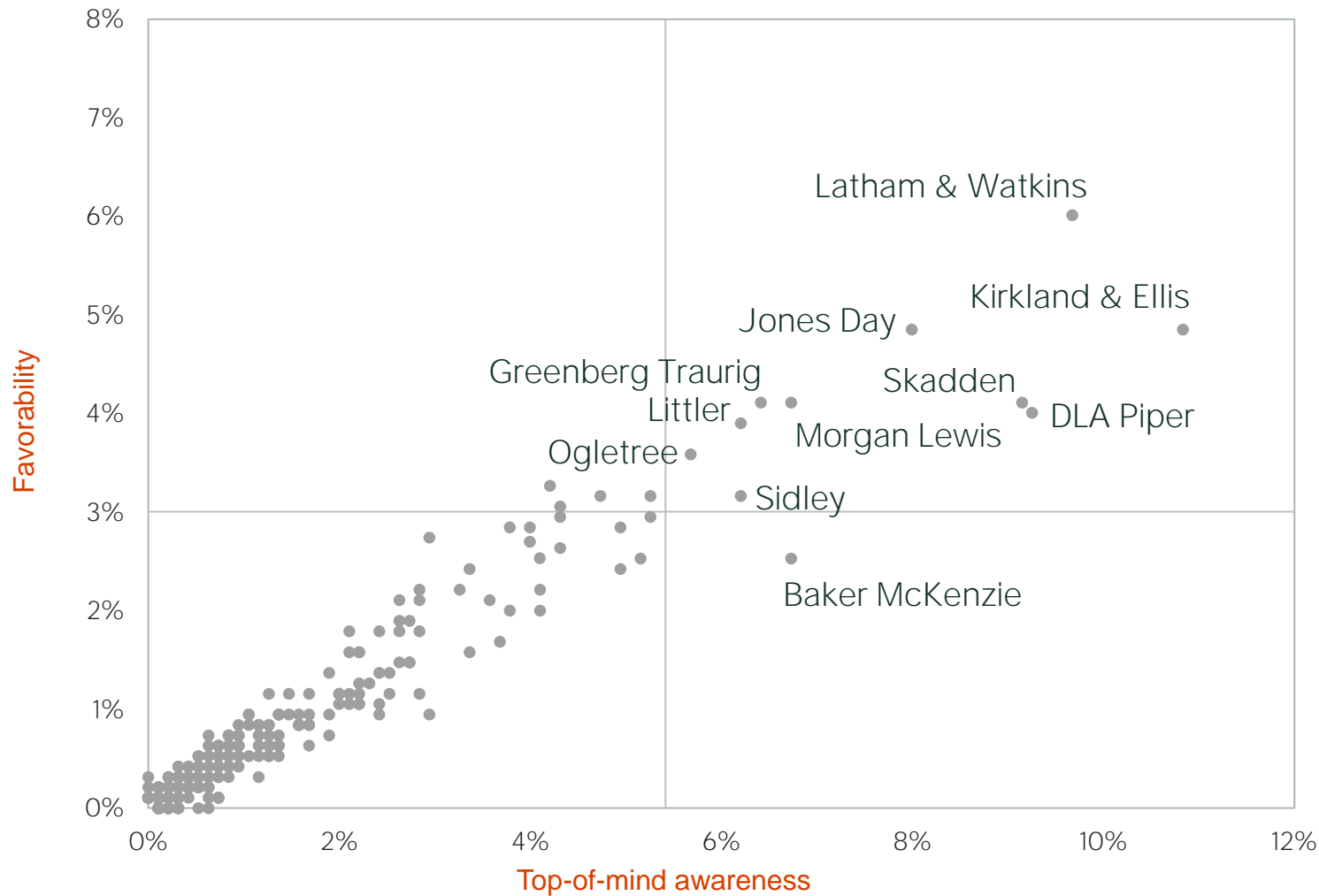
- 80 in-depth interviews with law firm Managing Partners
- 2100+ interviews with General Counsel and senior decision makers—Market Insights
- 230+ law firm financial management system data—Financial Insights
- 2200+ interviews with client-identified standout lawyers—Talent Insights

# Challenge 1: firms struggle to maintain demand growth



● 3 All timekeepers  
Billable time type; non-contingent matters

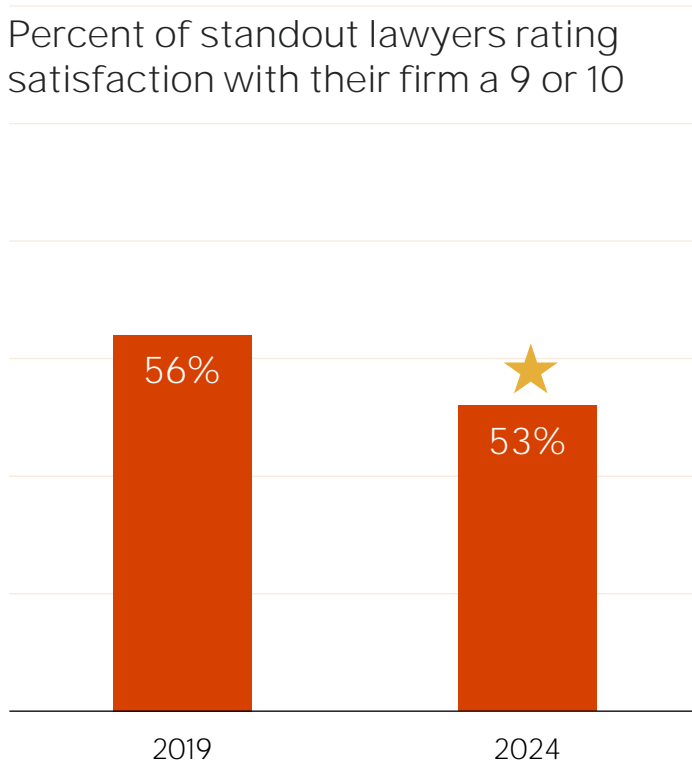
# Challenge 2: market positioning fragmented and stagnant



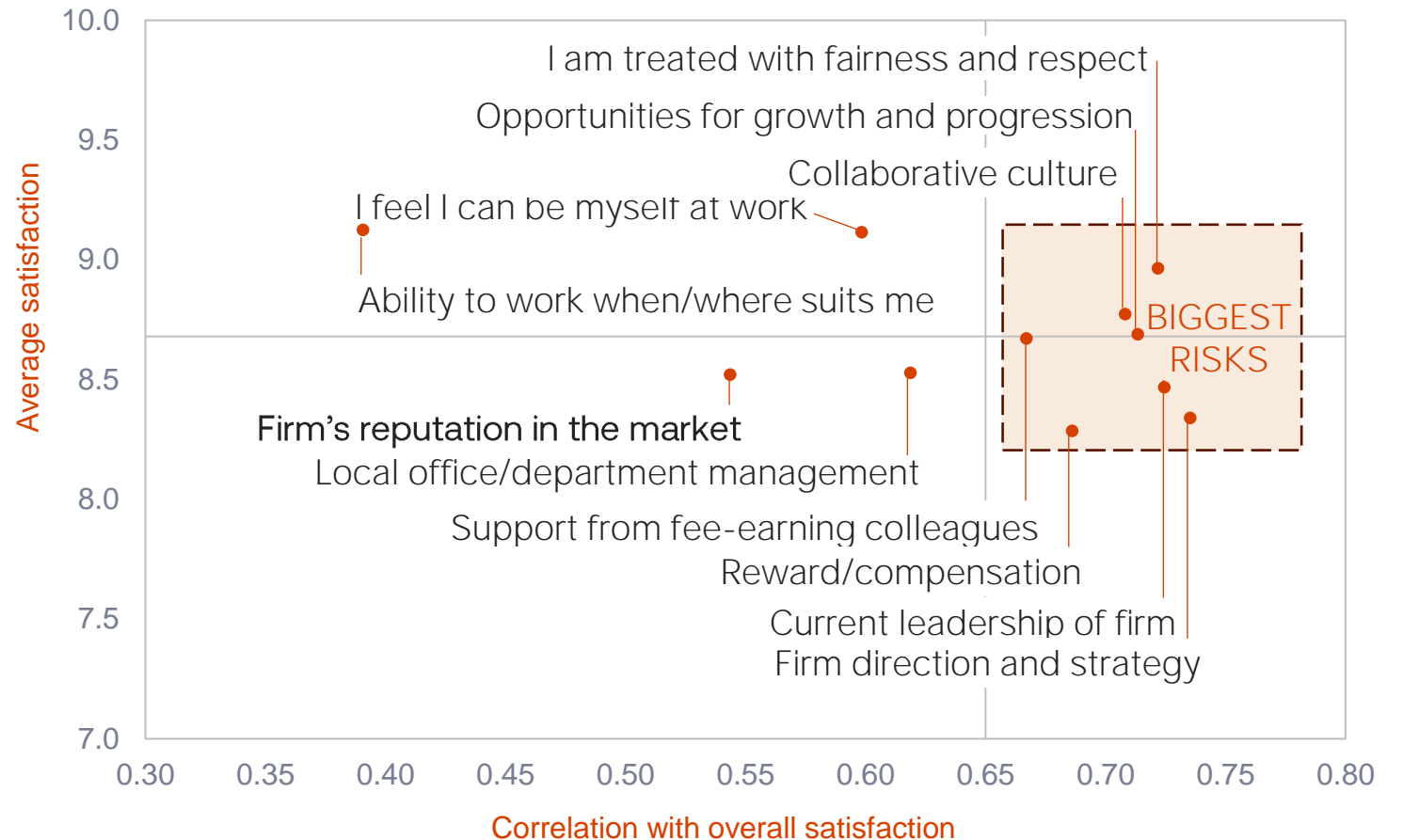
Only 5% of firms named by General Counsel in 2024 have seen significant growth in top-of-mind awareness since 2019.

# Challenge 3: lawyers less satisfied with their firms

Percent of standout lawyers rating satisfaction with their firm a 9 or 10

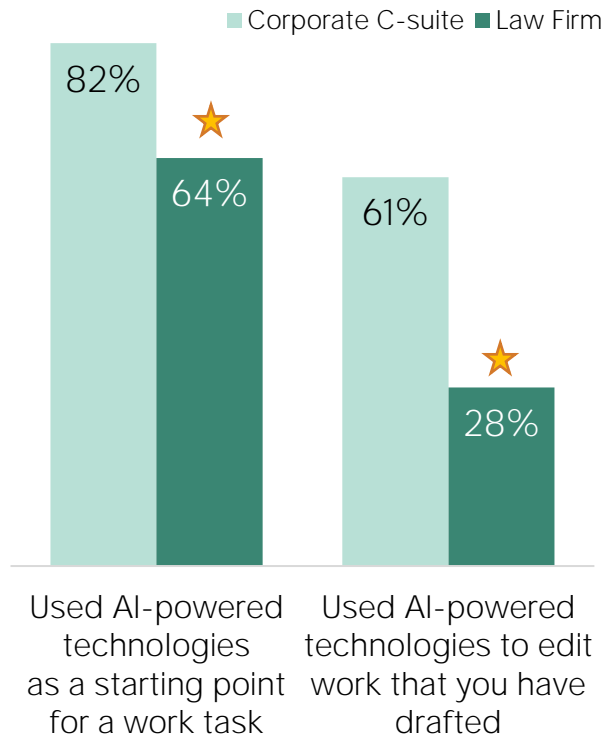


On a scale of 1-10 where 1 is extremely dissatisfied and 10 is extremely satisfied, how satisfied are you with each of the following areas at your current firm?

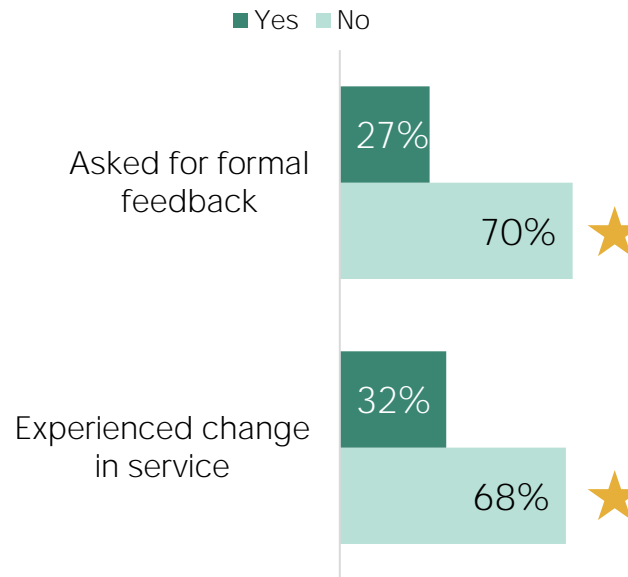


# Challenge 4: Law firms struggle to support differentiators

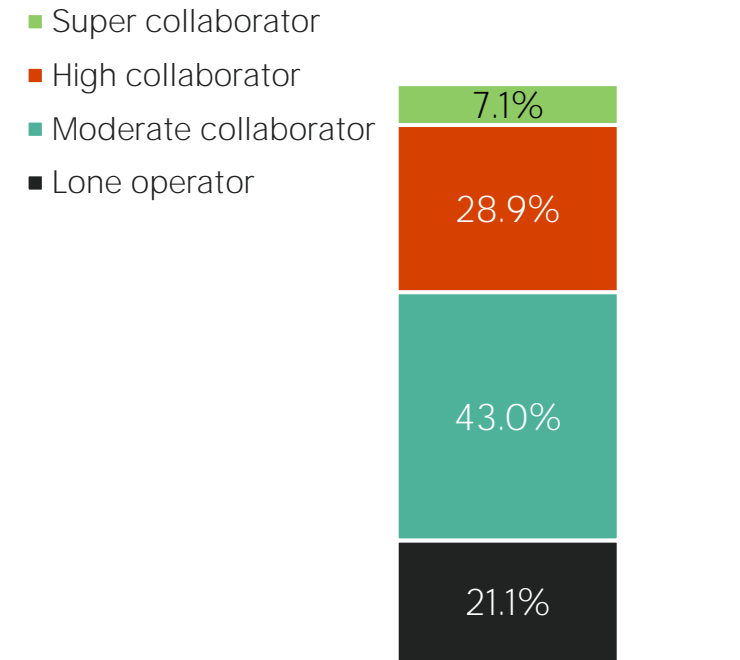
Innovation and disruptive technology  
(earn 32% of client external spend)



Strategic client feedback  
(earn 34% of client external spend)



Collaborative teams  
(earn 56% of client external spend)



How strategic is your  
strategic planning process?

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# The sameness of many law firm “strategies”

Our firm is seen as the go-to legal counsel for forward-looking companies. Our talent is comprised of top-quality lawyers who work together to provide out-of-the-box legal thinking to influence the business pursuits of our clients.

Our client-centric approach focuses on developing and maintaining strong relationships. Our innovative culture provides an enhanced client experience through digital tools and platforms. We are dedicated to fostering a culture of collaboration and diversity.

At our firm, we strive to be leaders in the legal industry by providing exceptional service to our clients, fostering a culture of innovation and collaboration, and upholding the highest ethical standards.

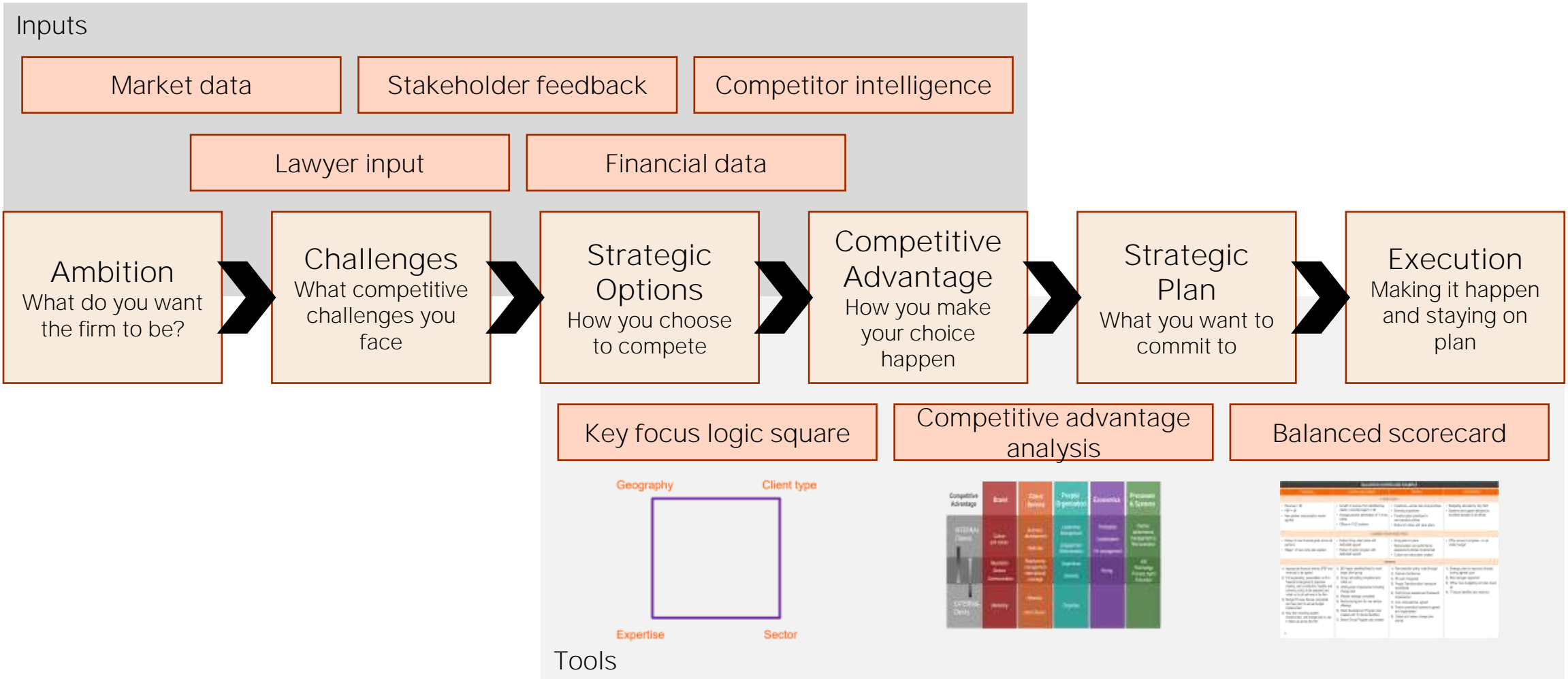
We will be the preeminent legal counsel for cutting-edge organizations. Clients are our central driving force, and we offer unparalleled legal expertise and creative solutions to meet the diverse needs of our clients.

Our firm embraces forward-thinking strategies to enhance the services we provide to clients. We will exhibit our core values by cultivating a supportive and inclusive environment that encourages professional growth and collaboration.

Our firm is committed to delivering high-quality legal representation **to the world’s leading companies.** We prioritize the needs and interests of our clients, offering personalized and effective legal solutions.



# The strategic planning process



# The strategic planning process

Inputs

Lawyer input

Financial data

Strategic  
Options

How you choose  
to compete

Strategic  
Plan

What you want to  
commit to



Tools

# What it looks like at the end: the (unloved) balanced scorecard

<b>Ambition</b> What do you want the firm to be?			
	<b>Goals</b> Long-term direction	<b>Objectives</b> Steps to achieve goals	<b>Metrics/KPIs</b> Measurable targets
Financial			
Clients/Markets			
Talent			
Operations/Systems			
<b>Initiatives</b> Specific projects with start/end points to achieve goals and objectives			

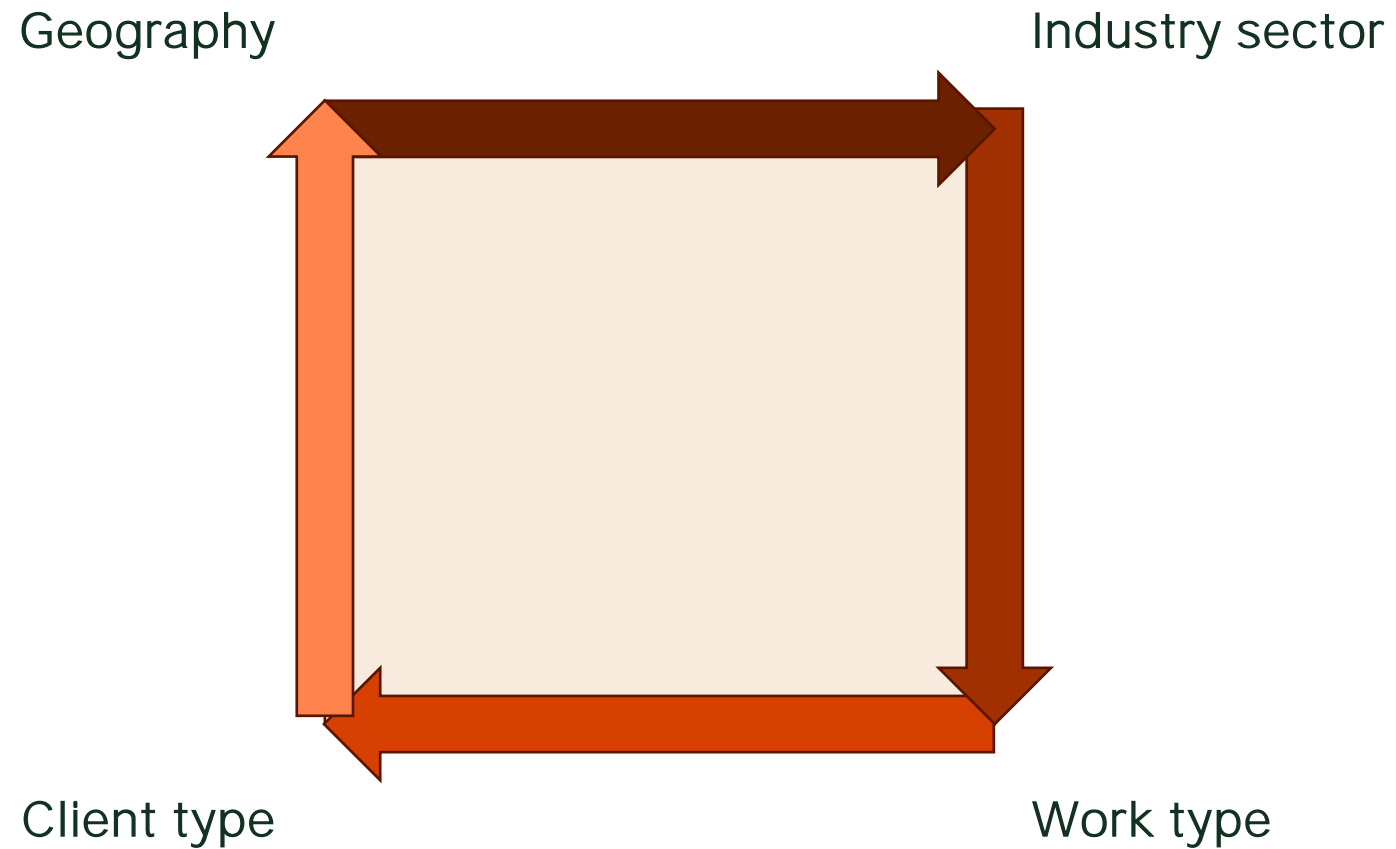
**Ambition** Become THE one-stop-shop law firm in the [XXX] sector

	<b>Goals</b> Long-term direction	<b>Objectives</b> Steps to achieve goals	<b>Metrics/KPIs</b> Measurable targets
Financial	<ul style="list-style-type: none"> <li>Increase firm profitability</li> </ul>	<ul style="list-style-type: none"> <li>Increase revenue in core sectors</li> <li>Increase ratio of complex to routine work in core sectors</li> <li>Reduce cost to perform routine work</li> </ul>	<ul style="list-style-type: none"> <li>Average revenue per sector <i>(+\$XX M by year 2)</i></li> <li>Complex and routine matters as a percent of total <i>(60/40 split by year 3)</i></li> <li>Average hours per matter <i>(Reduce time to completion by XX%)</i></li> </ul>
Clients/ Markets	<ul style="list-style-type: none"> <li>Increase reputation as a leading law firm in the [XXX] sector</li> </ul>	<ul style="list-style-type: none"> <li>Increase proportion of clients within core sectors</li> <li>Improve client loyalty and advocacy within core sectors</li> </ul>	<ul style="list-style-type: none"> <li>Clients per industry segment <i>(Core sectors are 70% of total portfolio)</i></li> <li>Net Promoter Score and satisfaction <i>(+10 above avg. NPS/ +0.5 above avg. sat.)</i></li> </ul>
Talent	<ul style="list-style-type: none"> <li>Improve skills and competence in core sectors across all lawyers</li> </ul>	<ul style="list-style-type: none"> <li>Improve talent attraction and retention in key work types for core sectors</li> <li>Increase business savviness of relationship partners</li> </ul>	<ul style="list-style-type: none"> <li>Employee engagement <i>(+0.5 above avg.)</i></li> <li>Employee retention <i>(XX% lower attrition)</i></li> <li>Business savvy ratings <i>(8.5 or higher)</i></li> </ul>
Operations/ Systems	<ul style="list-style-type: none"> <li>Improve efficiency and effectiveness through data and technology usage</li> </ul>	<ul style="list-style-type: none"> <li>Improve percentage of lawyers interacting with CRM and KM tools</li> <li>Increase # of data-driven scenario planning sessions with clients</li> </ul>	<ul style="list-style-type: none"> <li>Lawyer technology engagement <i>(+XX%)</i></li> <li># of data-led scenario planning sessions <i>(+XX% in core sectors)</i></li> </ul>
Initiatives			

Ambition:  
What do you want the firm to be?

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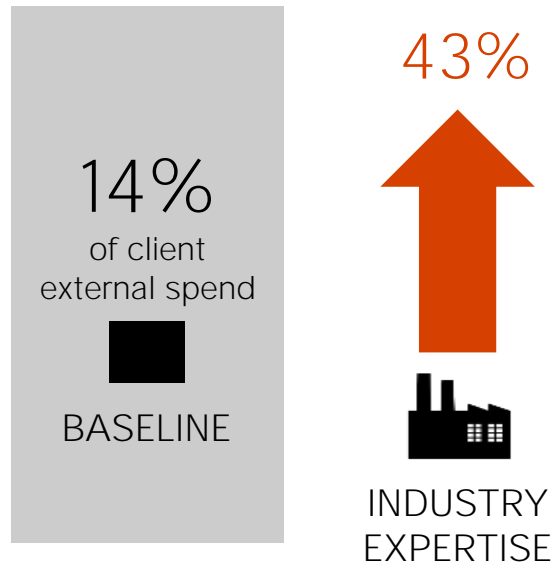
# Key focus logic square



# Using data to build an effective business case: real-world example

## Market research to illustrate ROI and current state of firm

*Thomson Reuters Institute blinded example*



Thomson Reuters Institute's research shows that firms seen by clients as having industry expertise will capture, on average, 43% of their clients' external spend—more than 2x the share of spend received by firms.

### What an industry sector-focused footprint looks like

- Technology
- Consumers
- Health/Life Science
- All other sectors



81% of the firm's top-of-mind awareness comes from buyers in the firm's chosen core sectors

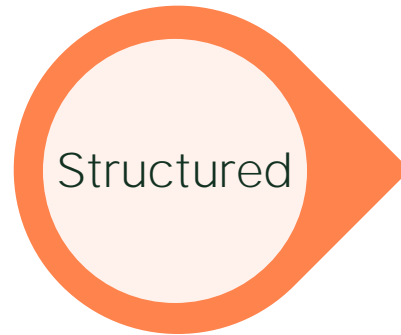
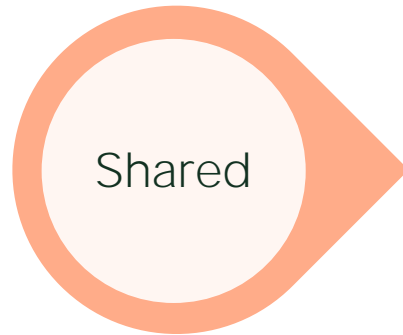
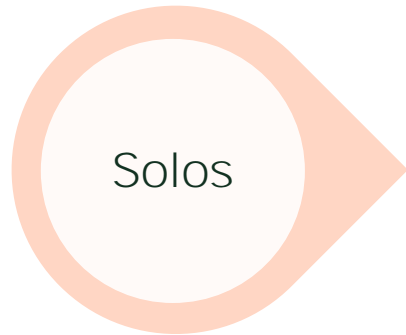
### What FIRM ABC's sector footprint looks like

- Technology
- Consumers
- Health/Life Science
- All other sectors



44% of the firm's top-of-mind awareness comes from buyers in the firm's chosen core sectors

# Where are you (really) in the 5S framework of firm culture?



- Collection of lawyers
- Entrepreneurial
- Partners practice together, but little else is shared

- Incidental sharing of clients and cross-selling
- Share a common cause
- More collegiate

- Clear governance
- Management responsibilities and authority
- Intentional collaboration

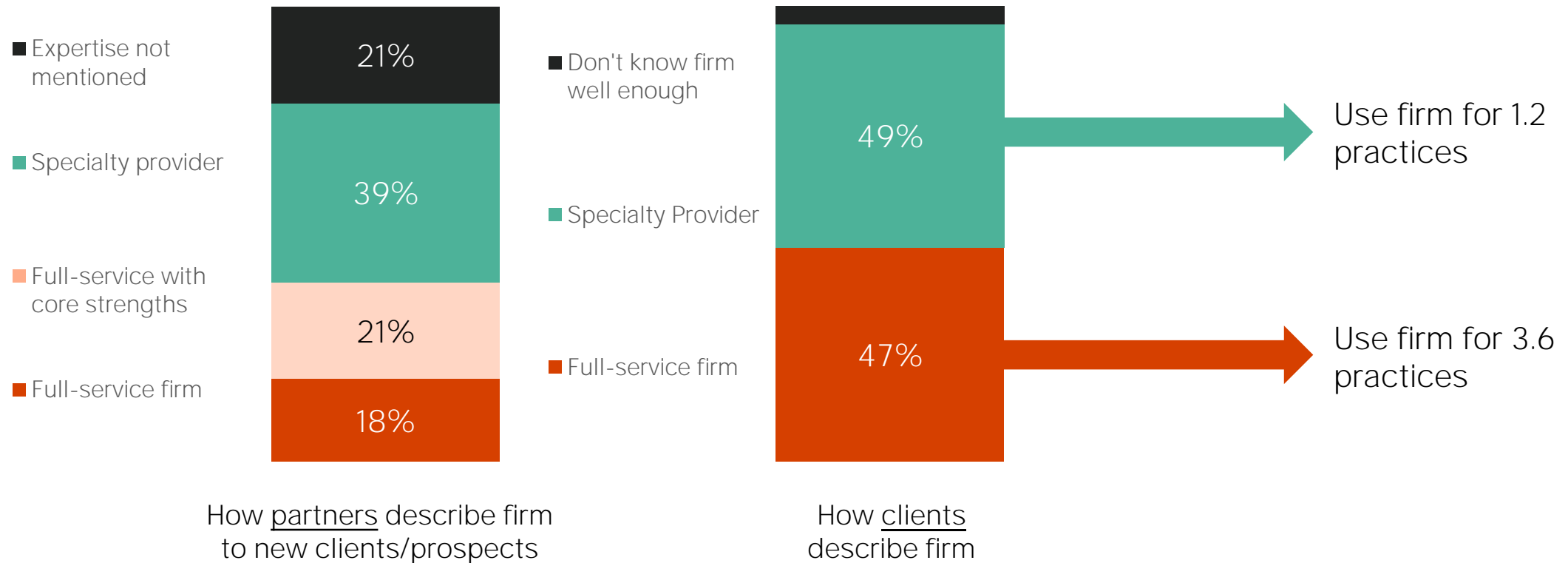
- Partners and practice areas aligned with a shared goal
- Strategy process in place

- Firm intent on being a name on the world stage
- Ambition to be the one that others follow



# The impact of multiple data sources

Brand research conducted with firm lawyers and clients combined with client utilization data  
*Thomson Reuters Institute blinded example*

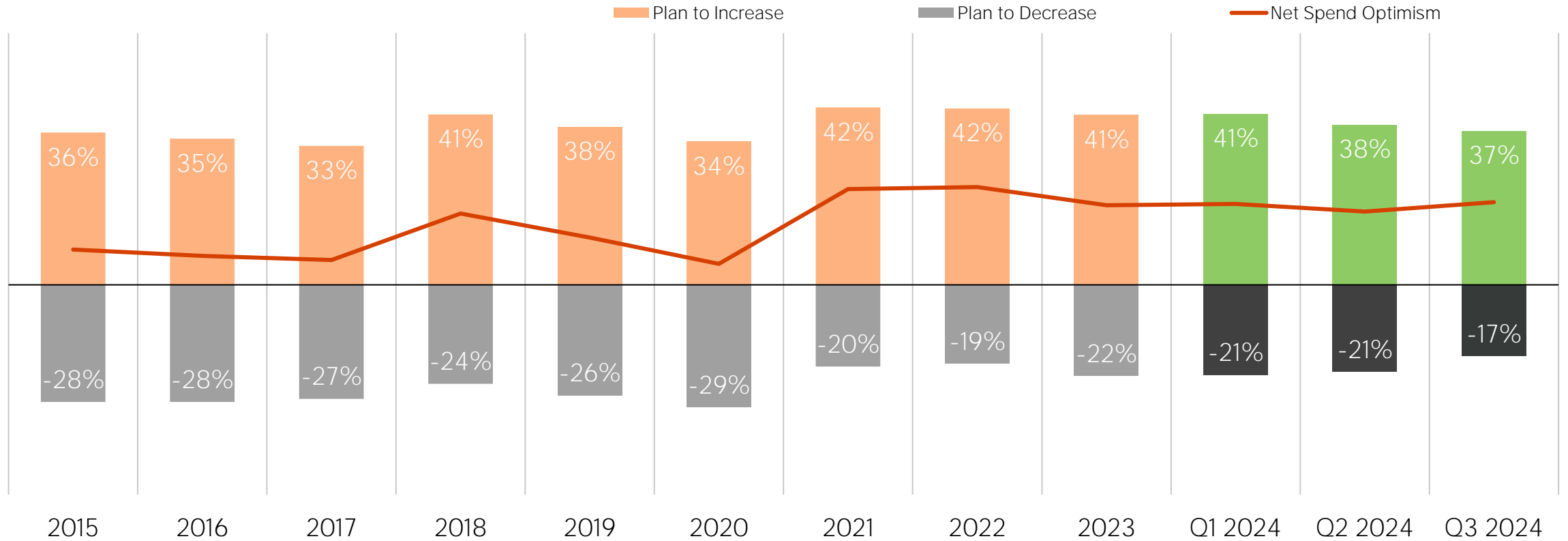


Using data to get an accurate view of  
**the firm's current state**  
(and addressing those challenges from the beginning)

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# Legal spend optimism strong, but growth opportunities tighten

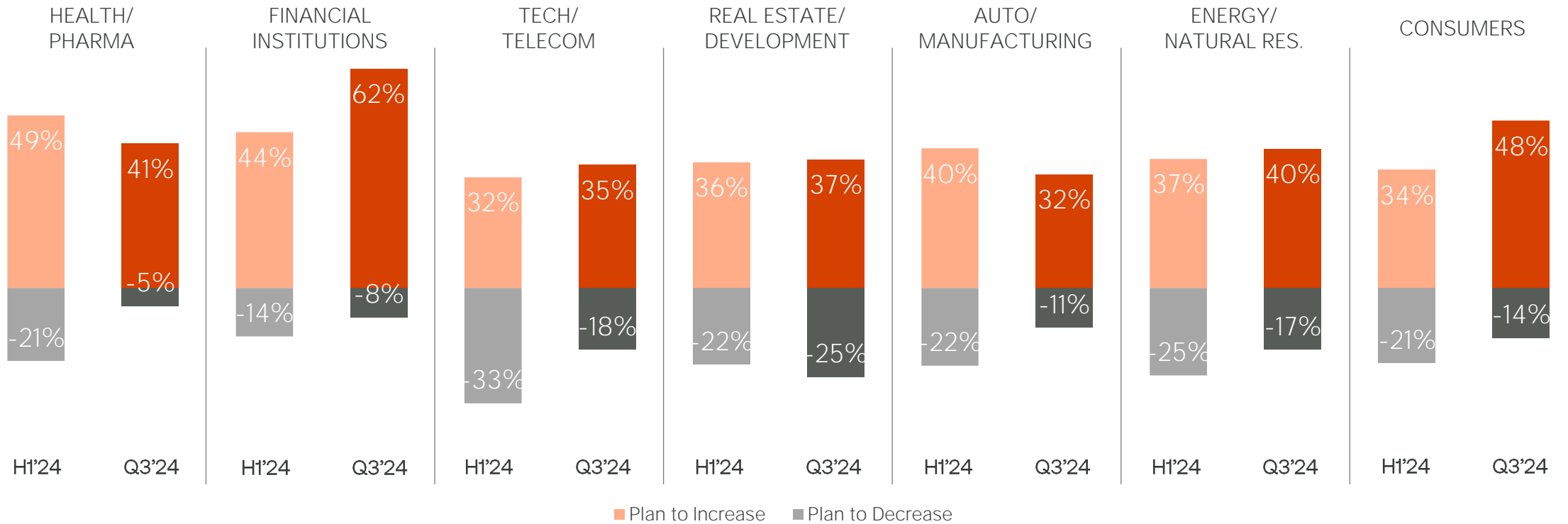
Total legal spend optimism: Global cos with \$1B+ in annual revenue  
 (percentage of buyers planning to increase versus planning to decrease)



Number of responses: Q1 2024 (426); Q2 2024 (459)

# Most industries are net positive spend optimism

Total legal spend optimism: Global cos with \$1B+ in annual revenue  
 (percentage of buyers planning to increase versus planning to decrease)



Largest to smallest average total legal spend

Number of responses (H1 '24): Health/Pharma (61); Fin. Inst. (109); Tech/Telecom (113); Real Estate (57); Manuf. (189); Energy (97); Consumers (122)

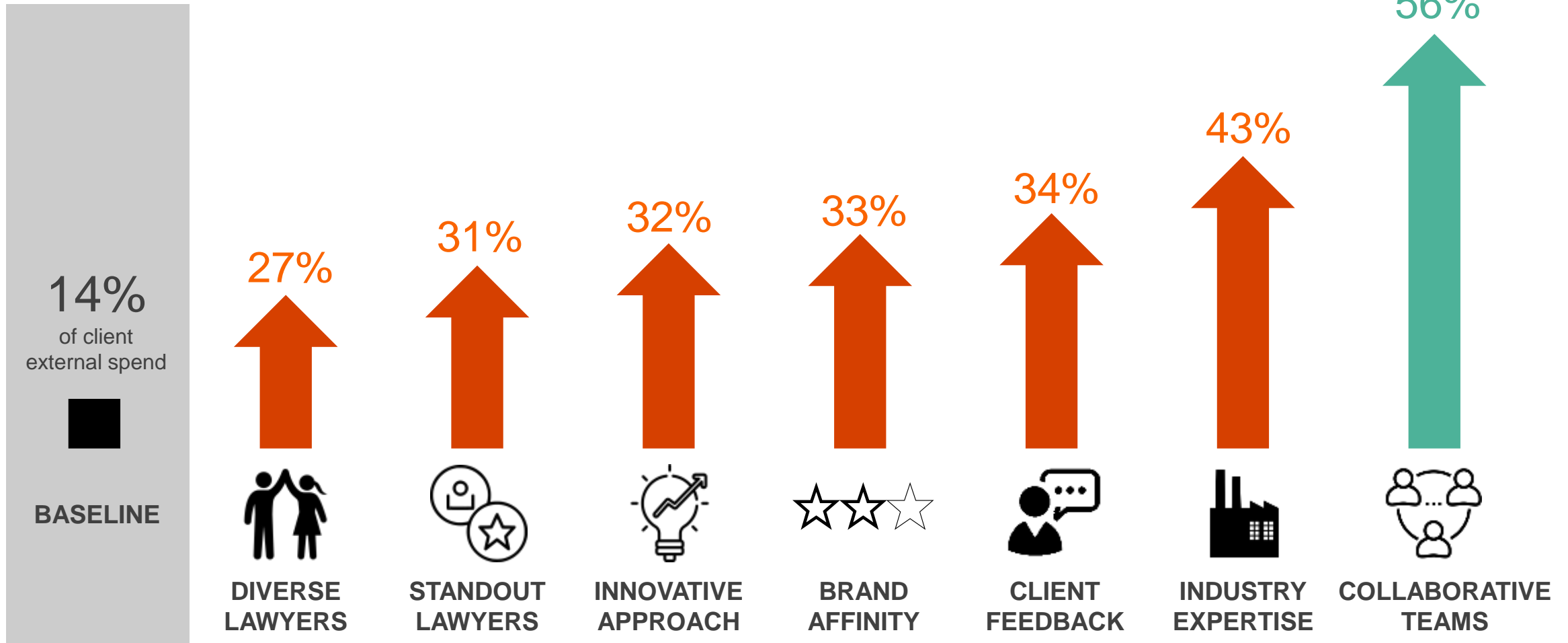
# Spend by work type: understand where opportunity is headed

Total spend optimism by work type Q3 2024: Global cos with \$1B+ in annual revenue  
 (percentage of buyers planning to increase versus planning to decrease)

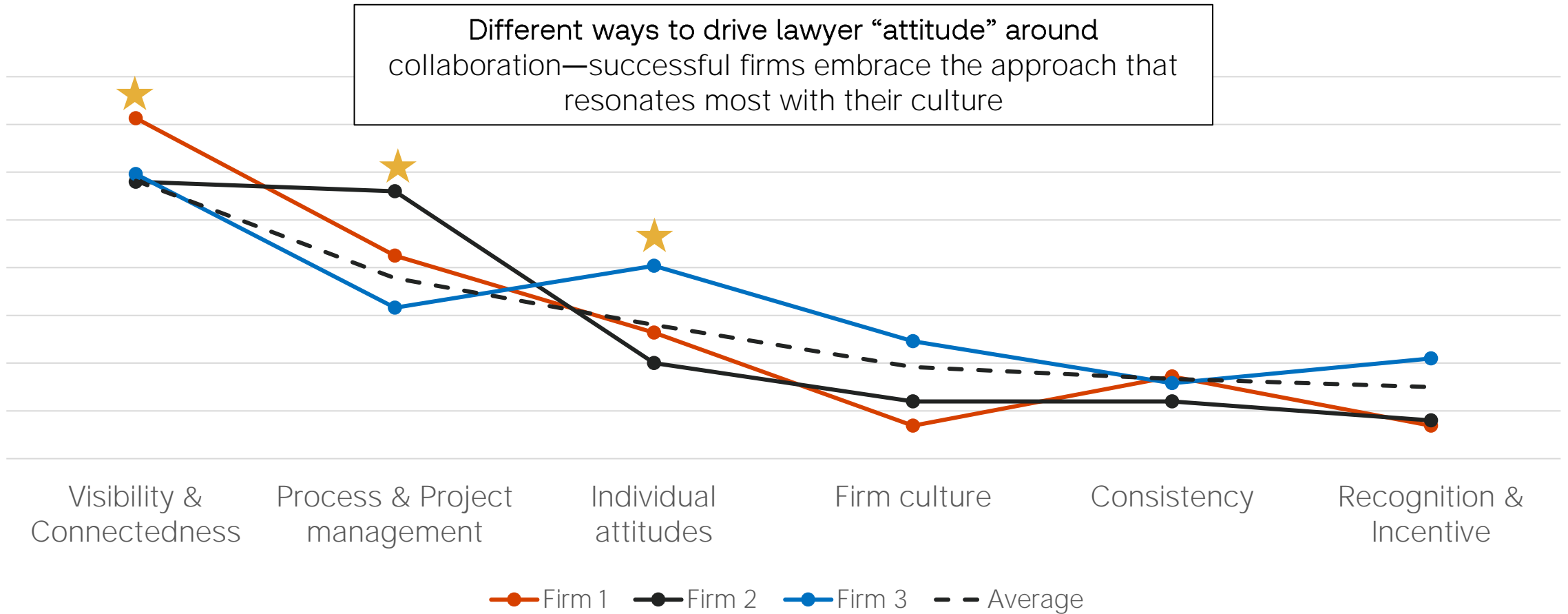
Net spend optimism (change from H1 ▲/▼)	Global	Health/ Pharma	Financial Institutions	Tech/ Telecom	Real Estate/ Dev.	Auto/ Mfg.	Energy/ Natural Res.	Consumers
Regulatory	+28% (▼)	+28%	+50%	+34%	+26%	+18%	+16%	+33%
Labor & Employment	+16% (=)	+46%	+10%	+29%	+10%	+13%	+2%	+18%
Corporate	+13% (=)	+24%	+30%	+12%	+13%	+12%	+12%	+7%
Disputes	+7% (▼)	+26%	+20%	+5%	0%	+5%	-1%	+32%
IP	+10% (▲)	+14%	+4%	+19%	+5%	+16%	+7%	+2%
Insurance	+2% (=)	-2%	+17%	-9%	+17%	-1%	-10%	+5%
M&A	+6% (▲)	+8%	+3%	+9%	-15%	+6%	+26%	+1%
Banking & Finance	+5% (▲)	-2%	+43%	-10%	-7%	+7%	+2%	+4%

Number of responses (H1 '24): Global (884); Health/Pharma (61); Fin. Inst. (109); Tech/Telecom (113); Real Estate (56); Manuf. (189); Energy (97); Consumers (122)

# 7 levers to grow share of wallet

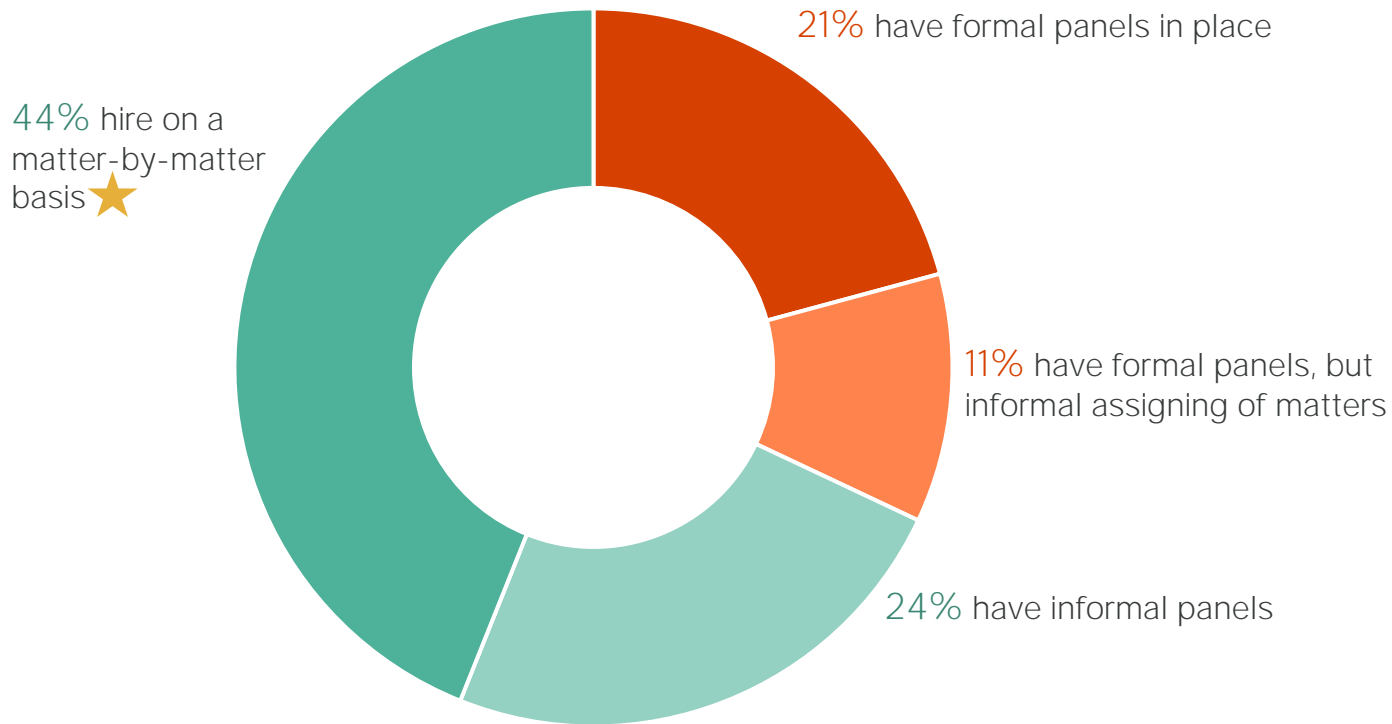


# What highly collaborative firms do differently



# Hiring remains a largely transactional undertaking—few formal panels in place; top-of-mind awareness in the hands of lawyers

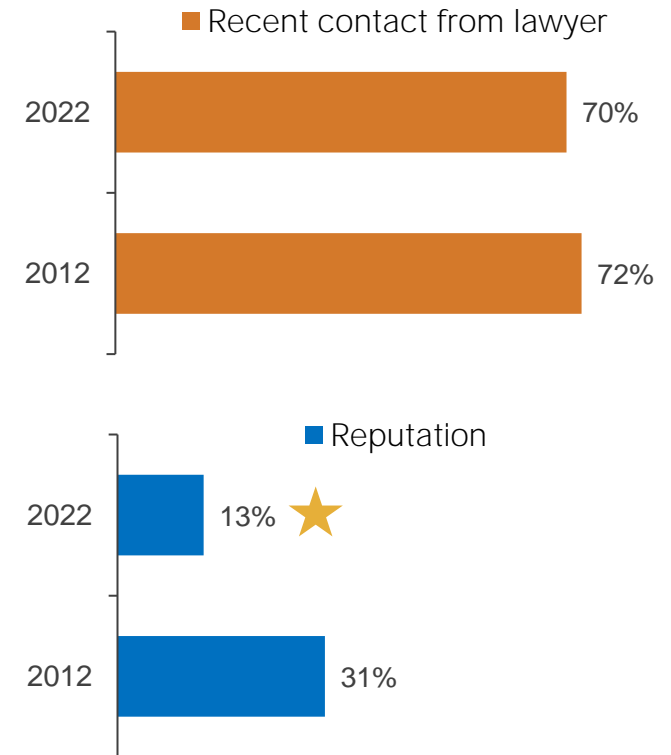
Approach to law firm selection | Global \$1B+ companies  
(percent of buyers)



Number of responses: 276

★ Significant difference

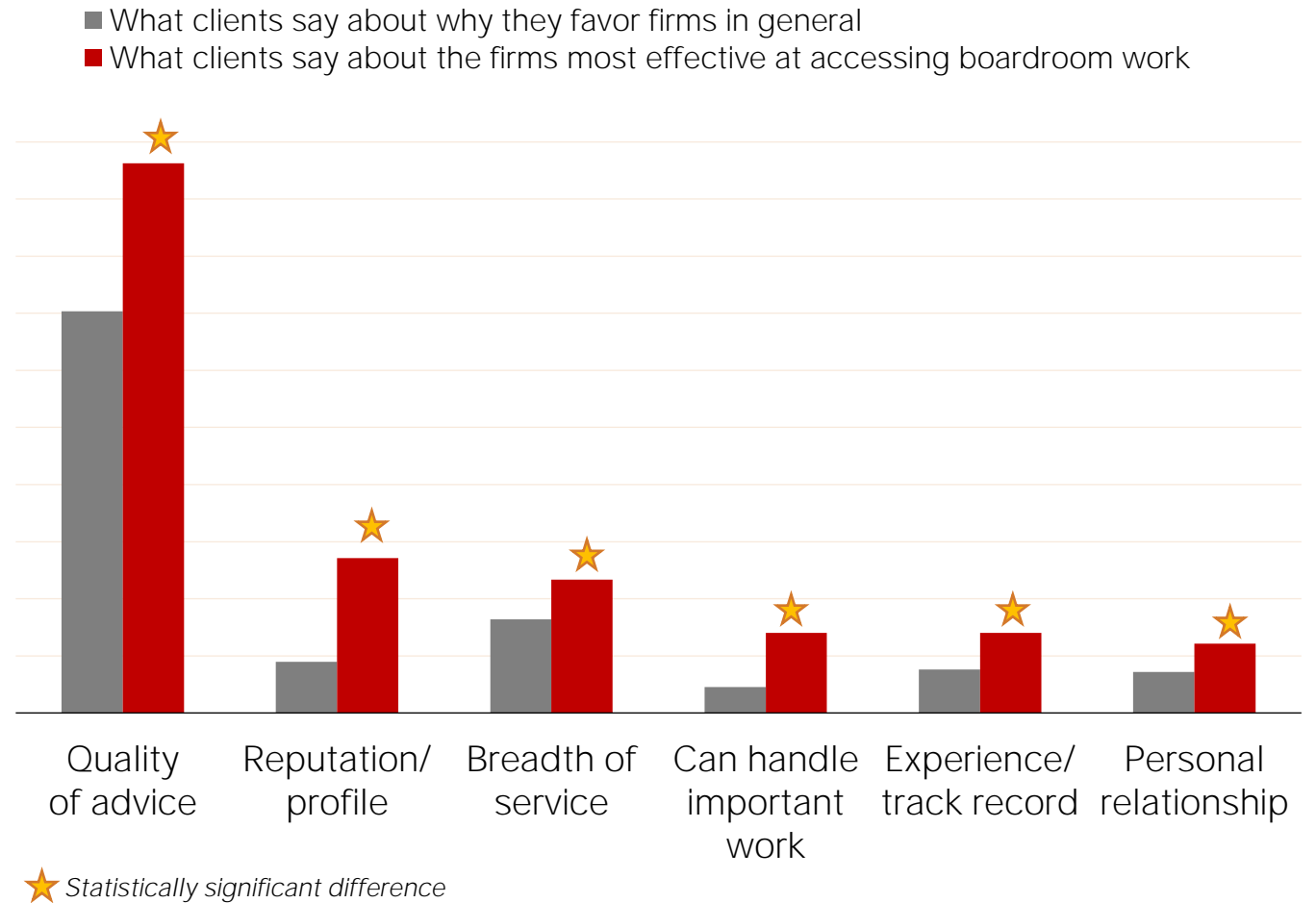
What drives top-of-mind awareness  
(percent of buyers)





# Firms advising on top issues leverage different strengths

Firms most effective at getting access to boardroom-level work
Global
Wachtell
Cravath
Sullivan & Cromwell
Simpson Thacher
Skadden
Weil Gotshal
Slaughter and May
Cleary Gottlieb
Kirkland & Ellis
Debevoise



# The wrap-up

**Don't sacrifice**  
strategy for  
planning

Bring in as  
many  
stakeholder  
voices as  
possible—gut  
instinct is full  
of bias

Look forward  
more than you  
look behind

Plan for  
overcoming  
barriers and  
challenges;  
**don't only**  
focus on  
opportunity

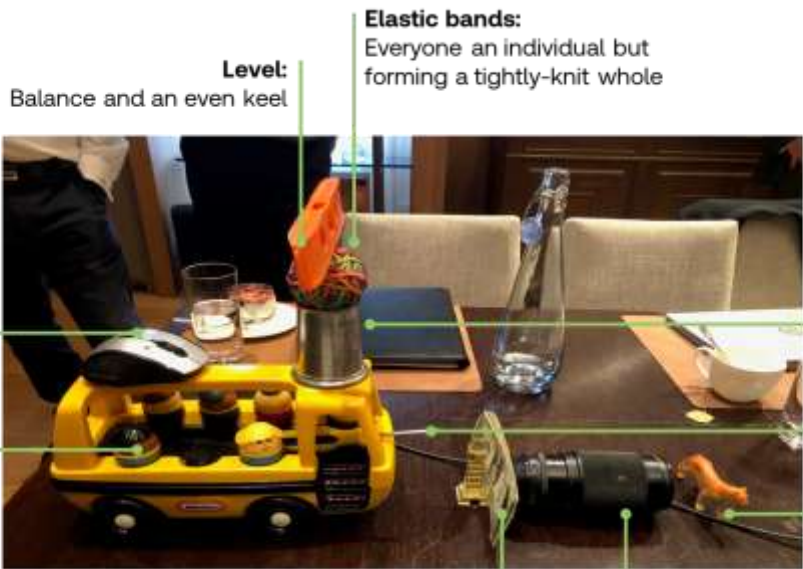
Think like a VC;  
**“Sure bets”**  
rarely drive  
outsized  
growth

The background features a complex, abstract pattern of thin, light green lines that intersect to form a grid-like structure. Three solid green circles are placed at various points within this grid: one in the upper left, one on the left side, and one on the right side.

Thank  
you!







**Level:**  
Balance and an even keel

**Mouse:**  
Technology providing a steer

**Bus:**  
Everyone moves in the same direction

**Elastic bands:**  
Everyone an individual but forming a tightly-knit whole

**Goblet:**  
Traditional values, but social

**Screwdriver:**  
Fine-tuning, remove underperformance

**Lion:**  
Top of the food chain

**Money:**  
Profitability

**Camera lens:**  
Forward-looking vision

**Obama book:**  
Inspiring and inspired

**Travel adapter:**  
International, technology-oriented, flexible



**Headphones:**  
Listen to our clients and each other

**Perfume:**  
Luxury brand, quality of client we aspire to work for

**Building blocks:**  
Firm is greater than the sum of its parts

**Glasses:**  
Vision for the future

**Remote:**  
We set direction, in charge