

## Another Year, (at Least) Halfway Through...

By [Joseph B. Altonji](#) on July 24, 2015

It's the end of the third week in July, and at least for us in the Chicago area it seems as though we just finally got to the nice weather time of year about 2 weeks ago, but for those on the ever-dominant annual reporting cycle of the legal industry, the year is more than half over already. Realistically, as it relates to this year's final outcome, we're about three-quarters over. Where do you stand?

It's tempting to answer this question by responding with the same annual-cycle thinking we usually do – and to some degree, that is needed:

- Are you ahead or behind budget on fees worked? Collected?
- Where do you stand on inventory build-up?
- How are expenses tracking?

Most early indicators so far this year suggest it will be a decent year. Overall demand appears to be up a bit, particularly around real estate and corporate transactional work. Firms concentrated in these areas should be performing well. If you are not, you should be asking some hard questions. Litigation continues to be softer and eroding in some areas. Many firms are over-weighted here, and the over-capacity will continue to be an economic drag as long as this condition exists. Unfortunately, there are no indications of a turnaround in demand for litigation.

Irrespective of variations based on practice mix, with long-term demand growing at a very modest level if at all, we continue to see some firms growing strongly at the expense of others. If you are on the wrong side of this trend, maybe its time to take it seriously?

There are only so many short-term tactics you can implement to affect this year. Keep people engaged and focused. Keep client projects moving forward in spite of vacations. Begin the year-end collections ramp-up early (tomorrow would be good, if done subtly). Manage expenses throughout the fall, which is a big time for charitable contributions, retreat spending, etc. Get the newly hired first years engaged as rapidly as possible, even if you can't collect all their time.

More importantly, though, reflect on what have you accomplished strategically this year and what you can accomplish over the remaining months. The strategic advancement calendar at most firms starts in February and ends, at the latest, by early November when year-end activity kicks in. We are coming to the end of the year on most lateral hiring because once we get to Fall, most candidates will wait for year-end distributions before moving. Where do you stand on your strategic change agenda? Another year will be over soon – will your firm be in a materially different place entering 2016 than you were going into 2015? Are there things you planned to do that are off track and schedule?

Now is the time to review the firm's key strategic objectives for 2015 and assess where each stands. We suggest categorizing major objectives and projects in one of several buckets:

- Complete and accomplished? On the list for 2015 successes!
- Not yet complete but clearly on track for completion between now and year end? Manage these, and keep the

responsible team focused to assure completion.

- Drifting? Making progress but in-danger of missing targets? These projects might be worth more management attention and perhaps active involvement to assure they are back on track and completed.
- Not-started, or far off track? Reevaluate. Assess whether you have the right leadership in place and consider deferring to 2016 with new leadership.

Some objectives, including key strategic priorities, such as mergers or acquisitions for the firm, may be too critical to sideline. The market for firm combinations is very hot right now, and while there are a variety of market conditions that are feeding that trend, it is clear that the opportunity for strong firms to get stronger by combining forces is compelling. You can't rush a good deal, but you can take steps to make sure your strategic activities are not sidetracked by the necessary but mundane function of finishing the year. Depending on where you stand in the process, there are ways to assure things keep moving:

- Market research and target identification can continue with a non-management internal team, working with your advisors as appropriate.
- Due-diligence on active deals can continue. Partners not in management can do much of this work – they should be asked to make the time.
- Active deal conversations must continue. Delegate more, and trust your team to handle the year-end. If you have the opportunity for something major – or even transformative – don't let three months go by without major progress!

Yes, the year is more than halfway done. Whatever your priorities for 2015, now is the time to step back and assess progress and decide what can and can't still be accomplished. Focus on the most important objectives, and on the ones where a win is possible, while reprioritizing and perhaps rethinking the rest. Taking time now to think it through will contribute greatly to your year-end strategic report card.