

Calling Messrs. Jekyll and Hyde – Profitability Stretches for 2021

By [Mark Medice](#) on November 25, 2020

As we enter December looking to conclude what surely is going down as the most bizarre year in our lives, we look to 2021 for normalcy (whatever normalcy means nowadays).

Few things have come easy this year. But this wasn't just a year of uphill climbs. It offered contradictions, jolts, and violent thrashings.

Consider the following contrasts:

- Covid infection spike anxiety countered by the euphoria of promising vaccines
- March stock market collapse countered by an illogical bull market
- Law firm economic performance anxiety countered by resilient law firm demand
- Remote working anxiety countered by the remarkable success in pulling it off, further contrasted by the isolation it has introduced among our colleagues
- Election anxiety generally...no matter what side of the political spectrum you fall

We must plan for 2021 with volatility in mind. Right now, industry sentiment appears sanguine, but there is a sense of risk lurking in the waters below. Perhaps every firm needs a Jekyll/Hyde mindset to be ready for new opportunities, countered by the devils we will face on the journey ahead.

As I discuss routinely in my blogs, to be profitable, at a minimum, you must connect with your clients, price well, and manage matters. To help you measure progress in these areas, we have developed [maturity curves](#) to aid your thinking towards moving to higher performance levels. And we will write more about this next year.

But this blog is about stretching, thinking bigger. It dares you to lead rather than just running with the pack. It challenges you to declare a major, striving not only for improved profitability but also being different. Many of these ideas will take you out of your comfort zone while carrying risks (political, financial, technological) in exchange for the promise of greater success and profitability. Read on and agree/disagree or otherwise propose some BHAGs (see below) of your own.

5 Stretches for Magnified Profitability

1. **Exploit VUCA and be Agile.** VUCA = Volatile, Uncertain, Complex, Ambiguous. 2020 has taught us to expect change. VUCA is a commonsense management mindset that expects the unexpected. It guides leaders to focus on things that matter and are within one's control. Using this decision framework eliminates noise from your thinking. Agile methodology invites flexibility within your management processes without compromising accountability or removing structure. It recognizes that initial assumptions may be off, but the way to achieve ultimate success is by starting the journey, then pivoting to uncovered opportunities. This doesn't eliminate the need to plan. You must plan for 2021, setting financial targets, executing talent strategies, making technology investments, and pursuing growth initiatives. But while your core principles should be fixed, your pathways should flex. Consider establishing a creative common to explore and push new ideas making this process organic and routine.

2. **Throw Out Old Metrics.** Can you throw out metrics that motivate the wrong behavior and create inefficiencies? What about the billable hour – are there better ways to measure performance and productivity? Are you creating new metrics that blend client growth measures, client feedback, profitable fee production, contributions to innovative change, diversity, talent development? New metrics will provide a foundation for profitability and client success. Do you have the courage to move there now? Should 2021 be the year for taking material steps towards a new metric framework?
3. **Merge the Practice with the Business.** Notwithstanding the progress firms have made over past decades towards business management, there remains an undercurrent in many law firms whispering that the practice of law is all that counts – other things are secondary. How well you practice law is naturally a central ingredient to your success. But consider other essential factors to your strategy: (1) relationships, (2) teams, (3) pricing, (4) financial acumen, (5) service distribution/delivery, (6) automation, (7) data centricity, (8) overall firm efficiency, (9) matter management, (10) partnerships, (11) scale, (12) industry and practice specialization, among others. Do this exercise: Take a sheet of paper and draw a vertical line down the middle. On the left side, list your core competencies. This list can include practices/services but may also include business model elements. Examples could consist of a superior pricing strategy, your technology platform, differentiated client service principles, diversity, or an ancillary business. The litmus test is twofold: (1) whether you are superior for that line item, and (2) whether it provides you sustaining market advantage. On the right side, list all other things. Then double down on the left and consider outsourcing and leveraging those items on the right.
4. **Create BHAGs.** BHAG stands for big, hairy, audacious goals for your organization. They help support/create an innovative mindset to push past incremental gains. You already have people and processes focusing on the incremental steps. What is your firm's moon shot? How can you kick-start this motion to encourage your people to think big and out of the box? Establishing this vision can inspire your teams to take bigger risks knowing it is part of the organizational flow.
5. **Stand Out.** In 2021, commit to projects that separate you from the pack. Think about diversity, client connection, collaboration, strategic projects, or other new ideas that make you different. Use these projects to enable a creative mindset that will flourish throughout the firm. Provide a light that unifies and communicates clearly what your firm believes and reinforces its identity. The resulting clarity will energize your efforts and create a contagion for action.

2020 wasn't just crazy – it was an awakening. Looking ahead, be greedy for change. Of course, there will be times when you will run with the pack. But seek out where you can be different. It is in these places where you will grow your profitability. Just watch out for Mr. Hyde.

Also, [click HERE](#) to see a summary results from our recent survey: 17 Data Points that You Need to Complete Your 2021 Budget.