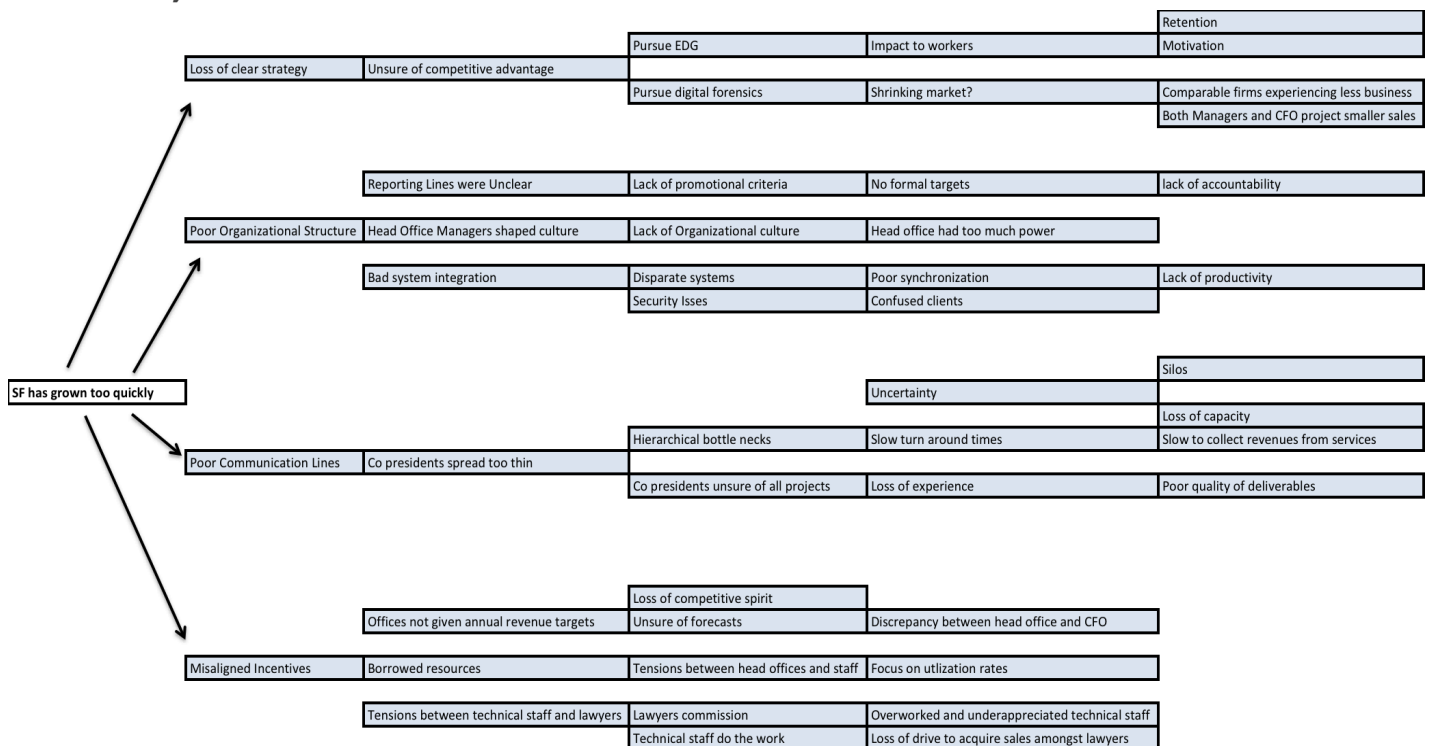Date: Fall 2009

RE: Agenda: Solving the Growing Pains at Stroz Friedberg

Dear Edward Stroz and Eric Friedberg:

I am writing this letter to address the key issues for your esteemed company Stroz Friedberg. By utilizing a McKinsey Issue Tree I will identify the root issues and will provide recommendations to remedy your most pertinent problems. This letter will then provide an implementation timeline, with initiatives measured against metrics. For plans not meeting proposed performance metrics, contingency plans will be outlined.

The McKinsey Issue Tree

				Retention
		Pursue EDG	Impact to workers	Motivation
Loss of clear strategy	Unsure of competitive advantage			
		Pursue digital forensics	Shrinking market?	Comparable firms experiencing less business
				Both Managers and CFO project smaller sales
		Reporting Lines were Unclear	Lack of promotional criteria	No formal targets	lack of accountability
Poor Organizational Structure	Head Office Managers shaped culture	Lack of Organizational culture	Head office had too much power	
		Bad system integration	Disparate systems	Poor synchronization	Lack of productivity
		Security Isses	Confused clients	
				Silos
			Uncertainty	
				Loss of capacity
		Hierarchical bottle necks	Slow turn around times	Slow to collect revenues from services
Poor Communication Lines	Co presidents spread too thin			
		Co presidents unsure of all projects	Loss of experience	Poor quality of deliverables
		Loss of competitive spirit		
	Offices not given annual revenue targets	Unsure of forecasts	Discrepancy between head office and CFO
Misaligned Incentives	Borrowed resources	Tensions between head offices and staff	Focus on utlization rates
	Tensions between technical staff and lawyers	Lawyers commission	Overworked and underappreciated technical staff
		Technical staff do the work	Loss of drive to acquire sales amongst lawyers

(Issue tree originates from: SF has grown too quickly)

Key takeaways from the issue tree:
- Issues stem from SF's growing too quickly and inorganically
- This has led to a loss of SF's core strategy and the direction of how to compete in a changing market
- Inorganic growth has contributed to poor organizational structure and SF's silo culture
- Inefficient communication channels has led to slow turn around of project completion
- Misaligned incentives has led to dissension amongst the SF ranks

With these top issues in mind, I propose the following initiatives to SF:
- Importance of digital forensics is waning, refocus resources to exploit EDG
- Hire more technical staff to carry out EDG projects, cross-sell EDG amongst existing clients
- Create change management team to implement organizational changes
- Revise incentives schemes to share commission and bonus between technical staff and lawyers
- Run focus groups to gather feedback from SF staff from various regional offices

- To update the SF Credo to refocus organizational strategy, increase transparency amongst staff via town-halls and corporate wide communication

Initiatives to begin at start of year 2010:

Project	Jan 1	2	3	4	Feb 1	2	3	4	Mar 1	2	3	4	Apr 1	2	3	4	May 1	2	3	4	Jun 1	2	3	4	Jul 1	2	3	4	Aug 1	2	3	4	Sep 1	2	3	4	Oct 1	2	3	4	Nov 1	2	3	4	Dec 1	2	3	4
Organizational Structure																																																
Run Focus Groups	★ Project Start																																															
Analyze Findings																																																
Update SF Credo																																																
Communicate Changes to Organization																																																
Gather Feedback																																																
Implement Revised Incentive Plans																																																
Workshops and Training																																																
Townhall Sessions																																																
Run Focus Groups																													★ Checkpoint																			
Anayze Findings																																																
Focus On EDG																																																
Hire Technical Staff																																																
On-boarding and cultural diffusion																																																
Develop Cross-Sell Initiatives to push EDG								Perpetual																					★ Checkpoint																			
Reduce Workload on Co-Founders																																																
Corporate Mentorship Program																																																

The project will kick off with focus groups in the first week of January 2010. The team will analyze their findings and communicate new incentive schemes to the organization. Town-hall sessions will begin at the end of each quarter with workshops and training starting in Q2. A second round of focus groups will begin on the first week of August. This will act as the first checkpoint with employee satisfaction measured. Contingency plans will be implemented if necessary in September.

SF will begin to re-focus its efforts on exploiting the EDG opportunity in the market. Based on industry research I have noticed that there is a shift in the market to EDG, which has affected all of our specialist peers. SF will take a proactive stance on this by hiring technical staff to work on EDG projects, new staff will have a 4 week on boarding process to get them acquainted with SF's culture. Furthermore, we will use our existing client base to cross-sell our EDG capabilities to create sustainable income streams.

From my observations, the number of projects under each co-founder has expanded tremendously in a short space of time. Bottlenecks have formed and delayed co-founder insight has led to project completion being delayed. Mentorship programs amongst senior staff will begin at the start of Q2 with perpetual programs to occur every subsequent quarter with the aim of creating more leaders within SF.

Two contingency plans will be put in place if SF is unable to meet its targets. The first is to set up a team dedicated to acquiring EDG sales if cross-sell initiatives are not meeting expectations. Secondly, if silos and staff issues are not resolved I propose to break up SF into two entities; one to solely concentrate on EDG and one to focus on digital forensics.

Sincerely,

Gabriel Be-Vern, MBA Class 2015