APPLICATION OF THE SODA METHOD IN THE PURSUIT FOR INCREASING THE MATURITY OF THE BUSINESS MODEL IN A LAW FIRM

Kaline Rebeca Lima de Oliveira (UFPE)  
kaline.rebeca@gmail.com

Fagner José Coutinho de Melo (UPE)  
fagnercoutinhomelo@gmail.com

Denise Dumke de Medeiros (UFPE)  
medeirosdd@gmail.com

The maturity increasing of the management model in family businesses is an issue more complex than other companies, once is influenced primarily by personal relationships. In this context, the case study objective structuring a problematic situation faced by a family managed law office, in the identification of solutions to improve business processes and corporate governance. The SODA method was designed to support decision makers in solving complex, subjective and unstructured problems, emphasizing the importance of the process of joint strategy for the planning and implementation of agreements and the existence of the consultant as a facilitator for the construction process. The approach consisted in planning the application strategy, followed by the construction of the participants cognitive maps and the problem strategic map, concluding with the workshop to obtain the group consensus about the results. This study allowed the structuring of the problematic situation faced, as well as the identification of twelve major improvement recommendations for the organization, obtaining the group's consensus on the applicability and feasibility of the actions. The method is very useful in organizations with a plurality of decision makers, as in societies and in family companies, softening the individual influence in decisions and involving other collaborators besides the business’ managers. The study identified managerial applications of the method and lessons learned as suggestions for future research, with the verification of influencing factors, such as personal relationships and the existence of the supra-decision maker in the process.

Keywords: Strategic Options and Development Analysis, Family business, Lawyer Society, Cognitive Mapping.
1. Introduction

The pursuit of increasing the maturity of the management model is a common and continuous objective in most organizations of all types and market segments. However, the issues faced on this path to management improvement may differ for each of them and it will be directly affected by the characteristics of the corporate governance structure and by how the decision-making process takes place, turning the problems analyzed even more complex and subjective.

The Brazilian Institute of Corporate Governance understands corporate governance as the system by which companies and other organizations are directed, monitored and encouraged, involving relationships between partners, the board of directors, the board of executive officers, supervisory and control bodies and other stakeholders (IBGC, 2015). These key roles of governance agents are bombarded daily by the need to make decisions on complex and strategic issues, and once they involve many stakeholders, placing top management often in conflict zones with no apparent solutions, requiring the help of external facilitators to the problem, which assist decision makers in assessing the paths to follow.

In the case of family-owned companies, a good corporate governance practice application that focuses on increasing business management maturity, however, it is affected by other issues that go beyond corporate governance and concern only the family, its evolution, interpersonal relationships, natural extension and business interaction (IBGC, 2016). These other factors that influence the governance structure and decision-making process of family businesses have also been the subject of previous studies (TAGIURI; DAVIS, 1992), in which some theoretical arguments that define the objectives of organizations derived in part from coalition or group interaction within the companies, but in family businesses, in addition to these internal coalitions, the owner-manager, who is simultaneously a member of the administration, property and family owner, has to deal with the wishes of each part.

Given the complexity of the problems, and hence the strategic decision-making process in family-owned enterprises, the context becomes conducive to the application of Problem Structuring Methods (PSM). These methods are considered a soft approach to Operational Research (OP) and arose as a result of the difficulty of hard approach models and mathematical techniques in the interpretation and characterization of many problems, in which the qualitative and markedly subjective aspects directly influence the solution to be adopted.
In this context, the study aimed to apply the Strategic Options and Development Analysis (SODA) method, one of the soft approach methodologies, to help identify solutions that provide the increase maturity in business processes and corporate governance practices of a family-controlled law firm which provides professional services. For this, the study was structured in five sections. The first, covering introductory concepts. The second section of theoretical review, in order to align the concepts defined in the work developed. The third refers to the methodological procedures that detail the case study. The fourth section presents the results and finally the conclusion is presented.

2. Literature Review
Unlike the classic Operational Research models, also known as the PO hard approach, which support decision making through the development of mathematical methods and techniques, oriented towards finding the optimal problem solution, soft methodologies take into account the uncertainties, the risks and complexity of the problems analyzed, directly influenced directly by factors external to the problem and often not controlled by decision makers. It is in this study environment that fits SODA, a methodology developed by Colin Eden and Fran Ackermann (2001) focusing on the strategy formulation process, using cognitive mapping to express the thoughts and opinions of a decision-making group, in order to support strategic thinking.

It is an approach designed to support decision-makers in solving unstructured problems, immersed in subjectivity and complexity, by facilitating, emphasizing the importance of the process of jointly creating the negotiating strategy for the implementation of agreements, the energy and collective commitment to the obtainment and maintenance of these agreements and the occurrence of the consultant figure as a facilitator that helps to think about a problem, contributing to the analysis and development of new perspectives (ALMEIDA et al., 2012).

To achieve these goals, the model is based on the cognitive mapping of decision makers. According to Eden and Ackermann (2001), a cognitive map consists of a model based on a system of related concepts, through which the client communicates the nature of a particular problem. The model represents the meaning of a concept by its relationship with the other concepts, through a orientation to the construction. According to their beliefs and values, each person has their own structure of postulates, forming a finite set of interconnected concepts, which they would use to explain the situation or problem and the consequences of actions.
This system would be unique to each individual and the interpretation of the situation is reality for them, because people perceive different aspects of each situation and also because they articulate these concepts differently to explain what they understand as reality (EDEN, 1988; BRITO 2011). The method consists of four perspectives that guide SODA in structuring complex problems, which are: the individual, the nature of the organizations, the consulting practice and the technology and technique (Figure 1).

In this sense, the individual is seen as the problem solver, who must be stimulated and listened for the elaboration of cognitive maps; organizations are a set of coalitions in successive negotiations, where politics and power are significant; the consultant represents an instrument that facilitates consensus and commitment; and finally, technology and technique are the resources for handling content and process (software and cognitive maps, respectively) (EDEN; ACKERMANN, 2001). It stands out in this whole system, the role of the consultant, not acting as an expert on the subject matter or negotiation, but as a facilitator of the process that helps clients (or decision makers) to think through the problem, contributing to the analysis and development of new perspectives. The consultant should reflect on the interactions of concepts and also act on modeling the problem, avoiding linear or
deterministic processes, choosing to act in an experimental and flexible manner, with a cyclical approach of the concepts addressed.

To achieve the objectives, the method comprises activities that can be organized into three major stages: i. construction of individual cognitive maps, in which interviews are made with decision-making members, in an unstructured format, focusing on problem at hand, and from the interviewee's understanding of the aspects involved, as well as the relationship between these aspects in the vision of the individual, the creation of the cognitive map is made; ii. construction of the strategic map of the problem, based on the aggregation of concepts existing in the individual cognitive maps, without the intention of producing a “facilitative device” to promote the psychological negotiation among the time members, besides defining a change for the problem; iii. conduct a group workshop, standardize the concepts brought on the strategic map produced from discussions and brainstorming, obtain ways to get together with the group, the action plans implemented for problem solving, as well as create a sense of ownership in each member of the group as to the results obtained in the process (EDEN; ACKERMANN, 2001).

The method also suggests that the concepts brought in the strategic map of the problem can be grouped (clusters), representing areas of the problem to which goals and actions will be assigned, alternatives to the solution. In order to enable the treatment of the expressive set of concepts and nodes of cognitive maps, it is recommended to use Decision Explorer software for problem modeling, which allows the creation of maps and manipulation of the relationship of concepts, assuring varied possibilities for the management of ideas.

SODA is a very useful method in the decision-making process in organizations. It can be applied both in situations where consensus is reached in a group of decision makers about complex and subjective problems, as well as in subsidizing decision making for the supreme decision maker of a group. The decision maker may be a single person or a small group of stakeholders who, despite concentrating decision-making responsibility, and having the authority to set consensus rules and priority information in the decision-making process, assess and incorporate perceptions and the group members' preferences in the final decision made (KEENEY; RAIFFA, 1976; LEYVA-LÓPEZ; FERNÁNDEZ-GONZALEZ, 2003).
3. Methodology

In order to achieve the objective of this research, as far as nature was classified as an applied research, applying SODA to assist in increasing maturity in an office providing professional legal services for family control. As for the purpose of the data, this research was classified as qualitative. As for the method, the research was classified as a single case study, considering the perspective of individuals and decision makers in the legal services office, as well as the emphasis on the subjective interpretation of the process actors and the context of the research environment. Regarding the objective, an exploratory research was developed, immersing in the problem and evaluating all aspects related to the studied problem in order to broaden the knowledge about the application of the chosen method in the environment where the company is immersed the object of study (MIGUEL, 2012).

In order to increase the maturity of business processes, the company, a case study, hired a specialized consultancy to carry out a diagnosis of the current management model with a focus on generating improvement recommendations and an action implementation plan. In companies in this segment, there is a lack of focus on business management and strategic vision, to a greater or lesser extent depending on the volume of the operation and the number of employees. The lack of focus is due to the fact that these organizations are mostly formed by a body of lawyers and by very lean administrative support structures. When analyzing family business management, these aspects are even more accentuated in view of the characteristics that bring greater subjectivity in the decisions taken to conduct the activities.

After hiring the consultancy, it was necessary to apply a method of structuring problems, given the complexity, subjectivity and scope of the problem under study. Once there was an understanding of the organizational context, the relationship between decision makers and the subjective aspects related to corporate governance and the culture of the law firm, it was decided to use the SODA method among the PSMs, taking into account some aspects the ease of the understanding of the methodology and the results obtained, the possibility of standardizing the influence of decision makers, the feasibility of including other business specialists in the decision-making process and the assurance of a greater involvement of decision makers in solving a complex and strategic problem and of the implementation of the suggested actions by involving and giving voice to all actors in the process.
4. Results and discussions

The application of SODA was developed in four stages, as shown in Figure 2, in view of the guidelines established by the authors of the method and the particularities observed in the organizational context of the office legal services.

Figure 2. Steps for applying the SODA method on the studied organization.

Source: This research (2020)

4.1. Step 1: Planning the strategy of method application

At this step, it was identified who would be the participants in the decision-making process and for this, the organizational structure of the company, the history and the segregation of duties were evaluated, as well as the profiles of the identified decision makers. In this way, six decision makers were considered: a lawyer belonging to the third generation of the family, a financial administrative manager of the company, knowledgeable about the functioning of the finalistic and business support processes; and the other more experienced attorneys at the firm. The supreme decision-maker was represented by the main conductor of the business, belonging to the second generation of the business family. In addition to the involvement of the six components of the decision-making group and the supra-decision maker, there were also the incorporation of two other actors in the process, as they are team leaders and that the
consultancy understood that these could add different views to the discussions of the problem faced by the organization.

In this way, the results of the SODA method would be used as input in the final decision-making of the supra-decision maker, not directly involving him in the construction of the strategic map of the problem. Respecting the assumption of the SODA method, that individual interviews should be conducted in unstructured models, guaranteeing the individual the freedom necessary for the formation of their concepts and the construction of the cognitive map by the facilitator, the consultant team believed that the definition of topics was relevant to be questioned during the interviews, in order to ensure the survey of the interviewees' perception regarding aspects considered as driving value for the business shareholders, such as revenue growth, including questions about obtaining new clients, retaining and increasing revenue in current clients and pricing; margin of services provided, addressing strategies for optimization and operational efficiency; and finally, assets, evaluating aspects related to the receiving cycles, increased use of available professionals, among others.

4.2. Step 2: Conducting interviews and building individual cognitive maps

Interviews with the eight decision-making actors were conducted individually with the presence of two consultants during approximately one hour each, so that the topics listed in the unstructured roadmap were explored until the interviewee suggested solutions for the problems faced in the organization, gradually rolling back to previous steps in the roadmap to detail options and objectives. After the interviews, the consultants discussed the position expressed by the decision maker about the issues in order to align directions for the construction of the maps. At this time, the interviewee's view of the problem experienced was evaluated taking into account the company's history, positioning in business management and professional profile, in order to infer the influence of these characteristics on the design of the problem.

4.3. Step 3: Construction of the problem’s strategic map

Based on the results obtained from the cognitive mapping interviews, the unique strategic map of the problem was constructed and then taken to discussion with the large group, gathering the perceptions obtained regarding the organizations’ opportunities to improve the
maturity of its processes as well as possible solutions to be addressed. The consulting team chose not to use Decision Explorer software as a strategic map modeling tool, but instead used a presentation building tool to simplify method notation, since most decision makers have no understanding in-depth or daily contact with management tools.

With the construction of the strategic map of the problem, four clusters were defined for the grouping of concepts. At this stage, the “business” clusters were defined, including concepts related to the organization's relationship with the market and its clients; “organizational structure”, with issues associated with people management and corporate governance; “processes”, with highlighted points about the execution of the finalistic and supporting processes; and finally “information technology”, with discussions regarding the existing technological structure necessary for the operation of the business. The consultant team gave a visual highlight to the concepts that presented themselves as the cause or origin of several issues according to the decision makers' view, since from them came several other concepts from the map.

4.4. Step 4: Group workshop

Three workshop sessions were held for a total duration of approximately ten hours to discuss and obtain agreement of the problem organization was facing. In order to conduct the sessions by the responsible consultant, an initial alignment was made regarding the expectations, goals and agreements for the discussion, emphasizing the importance of the focus and objectivity of the comments, highlighting the irrelevance of the origin of the highlighted point regarding the coherence assessment of the reported aspect and potential improvements to the business; and finally the search for group consensus. For each cluster, the group highlighted the opportunities for improvement highlighted by the group, the suggestions already made by the group members and the discussion of the feasibility and applicability of these suggestions. At the end of the discussion of each cluster, those improvement opportunities considered most relevant were highlighted because they were linked to several other problems.

At the end of the workshop sessions, a final version of the strategic map of the problem faced was obtained, as well as the perceptions of the decision makers about the prioritization of the suggested actions and the information needed to detail the implementation plan.
4.5. Analysis of results

The use of the SODA method made it possible to promote the engagement of the actors in the process, in addition to obtaining the strategic map of the problem. The strategic map was composed of forty-five concepts and grouped into four large clusters.

- The first cluster "Business" is related to the positioning of the office in the market, contact with the client and the performance of the work.
- The second cluster "Organizational structure", dealt with issues such as organizational strategy and governance.
- The third cluster "Processes" is related to the execution of office activities.
- The fourth cluster “Information Technology” addressing the organization's information resources.

From the strategic map it was possible to identify twelve recommendations for improvement, through the consensus of all the actors. In this way, it was possible to highlight some aspects that impacted the results obtained with the work:

- As it is a family-controlled company, it was evident in the group workshops that there is an influence of management on personal relationships, business management and decision making.
- In the same way that, due to not actively participating in all stages of the application of the method, the supra-decision maker felt uncomfortable.
- There was a need to reinforce the premises and expectations regarding the application of the method at some points during the workshop.
- The actors in the process showed a certain degree of disbelief regarding the application of the recommendations.

After the consensus of the strategic map of the problem, the supra-decision maker was inserted in the context for a discussion of the concepts approached by the group and the solutions pointed to the structured problem. From the application of the SODA method, results and perceptions were used to address the dissatisfaction of business managers.

5. Conclusion

The application of the SODA method proved to be feasible since it allowed decision makers, specialists and other individuals of less expressiveness to participate in corporate governance, allowing the engagement and commitment of the leadership and putting into
practice the actions suggested together for the solution of the problem. In addition, the application of the SODA method contributes to the complex negotiation process in the organization and endowed with subjectivity between parts of conflicting interests. Thus, it is recommended as suggestions for future research:

- To seek the maximum participation of the actors in the group workshop;
- Seek to align the expectations of supra-decision makers with the problem in question in the decision-making process.
- Seek to reach the maximum understanding of the actors about the method.
- Align the results obtained through a meeting between the supra-decision maker and the participating actors.

6. Acknowledgements

This work was carried out with the support of the Coordenação de Aperfeiçoamento de Pessoal de Nível Superior - Brasil (CAPES) - Financing Code 001 and the Fundação de Amparo a Ciência e Tecnologia de Pernambuco (FACEPE).

REFERENCES


