

As we do our Strategy.....

The benefits of partnership realism

Partners in law firms and indeed other professional services businesses are owner managers and are key to the success of the business.

If we take as read a strong capability in the chosen legal work-type, any business these days requires a business strategy, a business plan, business development strategy and plan and the same applies to financial modelling (profitability and working capital) and of course IT strategy. We then need to add to that staff management, training and development plus performance management.

Actions continuously need to be measured against milestones and decisions made on viability, recovery or further exploitation.

To do all of this we need the best and most willing partners as Heads of Department and handling business development - operating with the blessing and co-operation of all others. Too often this doesn't happen.

Over the last few years I have seen some positive examples but unfortunately not wide enough. Admittedly, only a small case but is very relevant - I have seen two partners step away from management and business development roles to effectively do what they are best at - fee earning and legal advice – non owners assuming their management roles. As a result the four owners quadrupled their profit per equity partner in a few years.

The legal market has never been more dynamic and future success requires long term planning. Strategic Planning has to have specific business objectives. If the firm wants high quality clients, high quality work and high quality employees, it has to work at it.

Before the business sits down to define business strategy, we need to conduct not only a stocktake of where we are as a business. Headcount, locations, fee income by work-type, gross profit, overheads, net profit, IT, business development, growth ambitions and overall business objectives – but also an honest personal assessment by every partner in the firm, including departure, work:life balance or retirement plans. Succession is critical particularly in the commercial world – phased introductions to new contacts are critical

Partners must work constantly to keep the organisation dynamic and avoid complacency. The decision making process must stimulate innovation and change in order to refresh the firm on a systematic and regular basis. This requires attention to innovation in service delivery and the development of new business markets. What is needed is a fundamental appraisal of how the firm does business and what can be done to meet the recognised challenges of the future.

Partners should constantly review management information and KPIs so as to ensure that these are linked to short, medium and long term aims and objectives.

All of the above require management and accountability. HODs are key to drive through the business. All staff need delegated accountabilities relating to the business objectives. To facilitate this all partners must have an open discussion about personal drive and ambitions and must be honest with each other. If someone is not prepared to put in the time and commitment to for example business development or management that is required then a firm needs to look at whether some roles can be given to other partners or aspiring lawyers.

There is no shame in being honest about liking management or business development. The key is to get the right combinations for the overall success of the business and enhanced rewards.

In the last few years many firms have made some very big management and business development changes - much of this is on top of personal workload. In the modern world it is inevitable and it wouldn't matter which law firm it is.

Some partners may like or completely dislike business development, some are natural, some are eager to learn and with others it may be a lost cause. Management is exactly the same. Job descriptions and accountabilities are very real – some may love it, some may hate it but the business and staff deserve a real focus.

Personal lifestyle and balance are also important to many and some of the mature by age may be considering retirement but if a partner is off to a desert island in 3 years the firm needs to know so that succession plans are well considered.

All equity partners have a vested interest in the success of the business and the right people in the right roles will help secure futures. There is absolutely nothing wrong with being a major fee earner with very happy clients and young lawyers in the firm being developed at a rate of knots through development.

Some managing partners are now, ahead of strategy meetings asking partners and some key staff for declarations of motivation (achievement, winning, challenges, security, job well done pride, money) and things that are important to them (work:life balance, work environment, organisation and profitability, security, risk aversion, quality of work time, constant challenges, capital release for a holiday home, solid future personal development)

It is unusual for all Partners to be shut out from the strategy but operationally a different matter and it needs to be recognised that there are a number of role varieties.

As a result of this kind of exercise a firm is more likely to be able to deliver

- Pride in doing a good job for clients, looking after clients and their interests.
- Achievement of sufficient financial rewards to make the pressure worthwhile.
- Security for family and staff
- A happy and caring working environment for Partners and staff
- Personal development/ challenge, generating the best lawyers/ managers
- Suitable candidates for succession to partnership who can take over and build on current work and help them to develop as future leaders
- Avoid partners being spread too thinly - fewer jobs well both in terms of client work and management
- Less risk to health through stress of the job

- work life balance
- Individual positive contribution to the firm
- Business and business strategies to enable the business to grow
- Financial rewards
- For the departing a scaling down of commitment rather than an abrupt end to Partnership/ involvement in the firm

Diary Date

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