

PETER SCOTT CONSULTING

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What needs to be changed in your firm?

Disruptive change in the markets in which professional firms operate is happening at an ever quicker pace and is not going to stop. Firms nowadays need to be **agile** if they are to successfully identify and respond quickly to threats to their businesses and to take advantage of opportunities. To be agile, firms must focus strongly on change management, have quick response times to threats and strategic opportunities, have streamlined decision – making processes and have people who are open minded, flexible and prepared to learn new skills and ways of operating.

It may well be that you already know what needs to be changed in your firm if it is to progress and prosper. However in order to implement those changes you will need to take your people with you and to achieve this will require a well - planned process to be followed.

You should ideally begin that process by identifying what form the change should take, the objectives of the change and a vision built around that change that describes a better future. Understanding **why** a business needs to change and **what** needs to change will for some in a firm be self – evident because there will be external and internal forces exerting pressures which, if not effectively dealt with, may lead to a business either failing or being unable to take advantage of potential opportunities. We have already seen for example the failure of a number of law firms brought about by the impact of recent government legislation.

Others in a business on the other hand may not see (or wish to see) the dangers ahead and will need to be persuaded. Carrying out **research and analysis** should be critical first steps to understanding the changes which will need to be made, and to provide you with the evidential base you will need if you are to persuade others of the need to change.

External forces exerting pressure to change

Listed below are some of the **external** pressures which are increasingly forcing professional firms to change, and most likely everyone reading this is currently being challenged by one or more of these:

- Clients' changing needs and requirements
- Technology

- The economy
- Government legislation
- New ambitious competitors with deep pockets
- More stringent regulation and compliance
- Cyber fraud and other risks to your business
- Brexit

A strategic planning tool such as **PESTLE** – (*political, economic, social, technological, legal and environmental*) can be used to scan such external influences and help a business analyse the different forces in play to arrive at a series of different scenarios to help it decide its future - see <http://pestleanalysis.com/what-is-pestle-analysis/>

Businesses will need to ask themselves questions such as:

- What will be the **key risks** which may arise and what impact will they have on our business?
- How can we develop and implement contingency plans to protect our business?
- What **opportunities** may be available?
- Will our current plans still be valid?
- If not, how can we develop **strategic plans** ready to respond quickly to the changing landscape and which can be implemented rapidly and effectively.
- Will we have the **means / ability / resources** to protect our business and to take advantage of opportunities?
- If not, then how will we deal with these issues?

Internal forces exerting pressure to change

The imperative I mentioned at the beginning of this note for firms to become **agile** and to:

- focus strongly on change management;
- have quick response times to threats and strategic opportunities;
- have streamlined decision – making processes; and
- have people who are open minded, flexible and prepared to learn new skills and ways of operating

which will in the future underpin the development of successful firms, however also raise another set of issues – namely how to deal with the equally powerful **internal** forces which, if added to the impact of external forces, can be terminally damaging unless addressed and dealt with urgently. These may include:

- Lack of leadership
- Complacency
- Management structures not fit for purpose
- Lack of or inadequate succession planning
- Underperformance and bad behaviour

- Failure to recognise and fairly reward partner contribution
- Lack of critical mass
- Lack of resources

Each of the above internal issues, if present in a firm (some firms are likely to have a combination of several of these problems) will need to be addressed and resolved urgently.

Unfortunately, traditional organisational structures which have served their purpose in a slower moving and simpler world may now not be sufficient to manage the changes now being forced on firms. The needs and ambitions of the people in a firm will need to be supported and facilitated by organisational structures designed to help and not hinder the development of a firm. The two need to be aligned and operate in tandem if a firm is to successfully manage change and achieve its goals.

Leadership

First and foremost in today's challenging professional landscapes there is a need for **leadership**. Effective leadership comprising a **top team** made up of ambitious and capable people who are prepared to work as a team should be a pre-requisite if change is to be successfully managed.

The particular type of leadership to be provided by a **top team** should, I would suggest, be

- **challenging** leadership, which is prepared to question every aspect of a firm's business, its people's attitudes and performance and every assumption on which its current plans are based;
- **visionary** leadership which has the ability to develop and communicate a realistic and achievable vision for a firm which people can believe in and will follow;
- **Inspirational** leadership which is able to build consensus within a firm that change is necessary and to persuade people (or at least most people) to climb aboard for the journey; and
- **Determined** leadership which has the determination and drive to implement necessary changes; and

One of the reasons why some firms do not progress as well as they should is that their ability to make decisions on important matters when required is impaired. A **top team** will

need to be an intrinsic part of a governance structure designed to ensure that a strong focus on change management will be supported by speedy and effective decision – making and implementation.

In the next Briefing Note I will look at how a **top team** can gain a consensus that change is necessary and the steps that will need to be taken towards successful implementation.

Meanwhile, keep focussing on what now needs to be changed in your firm!

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