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Keep it real – benefit from making small incremental changes

Changing a law firm for the better is usually not a process involving quantum leaps, although sometimes they are necessary and achievable. It is more likely to be the result of a constant process of making small day to day ‘under the radar’ improvements which over time can change the shape of a firm.

It is a good sign that many firms are now seeing more work coming through the door. However, increasing business creates its own needs –

- How are they going to turn increased turnover into improved profits?
- How are they going to adapt their firms to meet the challenges of a growing business and to compete in an ever more demanding legal market?

To achieve these will require firms to reorganise how they are structured, to use technology more effectively and to change how people work. Otherwise the potential benefits of any increased business are likely to be squandered. Complacency and resistance to change can easily become blocks to putting in place measures that firms now may need to take if they are to build higher performance and profitable growth.

The challenge now facing many firms is that even though they can identify the changes that they know need to be made to transform their businesses, they may not be sure of where to start, they may view the task as too daunting or may be unclear about the follow up processes they will need to pursue if they are to achieve their desired outcomes.

Big issue changes

There will be some changes which will need a strong consensus to be built to support them and will involve understanding what a firm is changing from, the form that change should take, the objectives of the change and a vision that describes a better future. These changes usually relate to what I call the **big issues**. Unfortunately sometimes the hurdles to overcome before such changes can be made appear so daunting to those leading a firm that they shy away from tackling them – the big gorillas and dinosaurs will not be easily moved! The problems that need to be tackled however do not go away but usually fester and become worse. **Big issues** are likely to include:

- Leadership and management
- Performance
- Numbers of partners
- Succession
- Equity structures and reward
- Strategic positioning
- Consolidation - merger / demerger

- Anticipating and responding to clients' needs

Incremental changes

On the other hand there are many areas of a law firm's operations which can be improved by making very small day to day changes which will come in 'under the radar' for the dinosaurs but which together can add up to substantial transformation. If 'big issue changes' had been proposed to achieve similar outcomes they would most likely have been blocked by those opposed to change.

The starting point

If you want to change your firm for the better by making small incremental changes (perhaps in conjunction with big issue changes) then there are some useful processes to follow and techniques to use. For example

- **First identify what you want to achieve**

A step change improvement in financial performance may be your priority need (for many it is). This is an area in which it is particularly useful to make incremental changes to achieve big benefits, because improving financial results is dependent on doing so many small things better on a daily basis. Improved profitability and stronger cash flow are not often brought about by quantum leaps but are usually the result of constant small day to day changes in how people in a firm manage themselves, their work, their colleagues and their clients.

Focusing on making incremental changes can therefore be a catalyst for financial improvement and can include:

- Training your people to understand finance
- Training your people to use your IT systems more effectively
- Investing in quality financial expertise
- Measuring and analysing financial performance
- Reporting on what matters
- Pricing and managing work for profit
- Capturing more matter related time
- Managing the realisation (or recovery) rate

Making small changes in relation to such matters listed above needs to be a constant daily task but can work wonders for profitability and cash flow.

On the other hand there may be some **big issues** such as those listed below which will also need to be tackled at the same time if poor financial performance is to be fully addressed. However, if financial performance is **solely** approached by focusing on these big issues, then hurdles are likely to be put in the path of good outcomes by those resistant to change.

- Too many partners and / or staff (necessary to deal with but likely to be very problematic and difficult to achieve in the short term unless a crisis)
- Succession (this must be dealt with if a firm is to be future-proofed but the problems can often appear insurmountable and so are left)

- Too many offices (again necessary to deal with but likely to face serious hurdles)
- A reward structure which does not fairly match reward to contribution (necessary to deal with to ensure competitiveness in the people market and the future of the firm but can be extremely difficult to change except in a crisis)
- No managed performance (the big gorillas are not prepared to be managed)
- Lack of leadership and management

- **Put together a small team around you**

When it comes to making things happen it is important to harness the power of a loyal and able team with the required skills and this is as important for the implementation of small incremental changes as for managing big issue changes.

- **Just do it**

While just getting on with it and doing it can be risky in relation to dealing with big issues if done without reference to those who, if asked would only say 'no', small incremental changes can be usually made without drawing too much attention and so can be easier to implement.

- **Bank progress and move on**

Incremental change is about working steadily every day, making progress here and there, pursuant to a plan. If whatever progress is achieved can be 'banked', then you will be able to move on to the next issue and over a period of time it will be possible to look back at the sum of all the incremental changes made and say: "***Look how far we have come!***"

Being at the helm of a law firm during a period of change is always likely to be a difficult and demanding task. Progress will not happen on its own – change must be made to happen. However, understanding what can be realistically achieved over a given timescale if faced with complacency or by outright opposition is vital to deciding '*how far and how fast*'.

Incremental change is often about the art of the possible and is one of the key ways law firms can go about transforming themselves and making themselves fit for purpose in the brave new world in which law firms must now work hard if they are to prosper.