

NEW PARTNER PRACTICE MANAGEMENT COURSE

PRE-READING MATERIALS FOR TRAINING DAY

THE LAW SOCIETY OF SCOTLAND

Introduction

The Learning Outcomes covered by the Becoming a Partner Training Day are included in these materials in Appendix A. The day is divided into a number of sessions which will individually cover each of these.

All of the sessions are based on group work with delegates undertaking completion of a Business Plan for a Case Study law firm (see Appendix B).

You are asked to read and be familiar with the Case Study before attending the Training Day. In addition, you have been provided with a copy of *Accelerated Best Practice – implementing success in professional firms* (Fiona Westwood 2015) and should read Chapters 2 to 8 inclusive so as to enable you to fully engage in the group work and discussions.

Completion of the prescribed pre-reading is therefore essential.

Appendix A

LEARNING OUTCOMES SET B – PRACTICE SPECIFIC AREAS / PROPORTIONATE UNDERSTANDING DELIVERED ON TRAINING DAY
Leadership and people management
<i>Demonstrate effective leadership and management of people and in particular to be able to:</i>
<ul style="list-style-type: none"> • Support the work of designated supervisory partners • Ensure that where aspects of client service and business operations and compliance are delegated, the standards required are clearly established and reporting systems are in place to maintain regulatory responsibilities • Contribute to and maintain a positive ethos within the partnership that supports equality and diversity and a good working environment for all staff • Demonstrate the ability to anticipate and resolve human resource issues and conflicts
Client Care
<i>Demonstrate an understanding of good client care and in particular to be able to:</i>
<ul style="list-style-type: none"> • Ensure that all clients receive a service that adheres to the LSS's standards of service and put systems in place to ensure that everyone that he or she has responsibility for understands and adheres to them • Assess the risks and costs associated with types of clients and client work
Business development
<i>Demonstrate the use of business development techniques and an understanding of the partner's role in attracting new and repeat business and in particular to be able to:</i>
<ul style="list-style-type: none"> • Meet the expectations of a partner's responsibility to bring in business so as to increase turnover in the areas of practice for which he or she is responsible • Encourage internal communications and collaboration in order to create a positive business development environment • Apply modern business development and marketing methods, including the use of technology and social media
Business models and partnership
<i>Demonstrate an understanding of different business models and their associated risks, including partnership agreements and degrees of liability for partners and in particular to be able to:</i>
<ul style="list-style-type: none"> • Demonstrate knowledge and understanding of different legal business models • Understand the degrees of joint and several liability that apply to partnership models • Interpret partnership agreements and understand their implications personally and for the business
Strategic and operational planning
<i>Demonstrate an understanding of business and strategic plans for legal businesses and in</i>

particular to be able to:

- Understand the processes involved in creating, implementing, monitoring and reviewing business and strategic plans,
- Meet the expectations of a partner's role in contributing to the business and strategic planning process and in implementing and reviewing business plans

Running a business

Demonstrate the knowledge, understanding and ability of the main requirements involved in running a business and in particular to be able to:

- Apply the statutory framework and requirements for running a business on his or her own account or in partnership with others, including corporate governance
- Apply risk management techniques applicable to running a business
- Ensure the awareness of sources of help, guidance and support for those involved in running a business

Appendix B

**Case study:
Abercrombie, Stuart and Stephens LLP**

Abercrombie, Stuart and Stephens LLP was formed three years ago when the partnerships of Abercrombie, WS, Edinburgh and Stuart and Stephens, solicitors, Glasgow merged. It currently has 15 directors (nine equity and six salaried), seven associates as well as fee earners and support staff totalling around 40. More details about the firm are contained in Appendix 1.

The recession put a lot of pressure on the financial aspects of the both firms. With the downturn in property work in particular, both found themselves struggling to maintain their profit margins. Before the merger:

- 55% of Abercrombie WS's fee income came from its private client services (wills, investment advice, executries, residential and rural conveyancing) with a high percentage of its work coming from long established clients as well as referrals from agents who handled the sale of farms and estates. The remaining 45% came from company work (20%) mostly related to its private client base, commercial property (10%) and court work (15%) almost exclusively Court of Session and employment advice,
- Stuart and Stephens, solicitors described itself as a 'full service' firm, with fee income split between private client (10%), residential and commercial conveyancing (35%), company (20%) and litigation work (35%).

The respective senior partners, David Jones and Andrew Peters have known each other for many years having been at school together. About four years ago, they met privately to discuss a proposed merger and, having agreed that it seemed sensible to combine their client bases and resources, had effectively presented their partners with the decision already made. They had talked a lot about 'sharing costs, consolidating overheads and cross-selling to existing clients' but no proper projections had been formulated about how the combined firm would improve profit margins. This resulted in resentment from the partners in both firms which, combined with the conversion to LLP and contentious decisions around who became 'equity' members and 'salaried' members, left many feeling that they were no longer 'partners' but simply 'fee earners'.

Prior to the merger, the firms had different operational structures with:

- in Abercrombie, its Cashier effectively running the firm, making decisions about the recruitment and work-load of all of the support staff and David handling the responsibilities of Cashroom Manager and Client Relations Manager as well as the recruitment of trainees and fee earners. The partners tended to look after their own clients and each had either an associate or senior solicitor reporting to him or her,
- Stuart and Stephens operating in more collaborative way with its six partners dividing the regulatory side of the business between them with Andrew Peters handling complaints, Tracy McDonald dealing with the Cashroom, Denis Reilly managing the IT systems, Jonathan Webber dealing with marketing, Tony McLeod handling the finances and Shamini Aulakh, the staff. They met every month to review operations and had agreed a Five Year Business Plan that had not included merger as an option for the firm. As a result, the partners were very unhappy about what they saw as being 'hijacked' into the new firm.

After the merger, a Management Team was established comprising David and Andrew as joint Managing Directors and four Director heads for each of the Divisions (currently Litigation-Andrea Johnson, Private client-Susan Abercrombie, Property-Stephen Thomson and Company-Alan Williams). Given the lack of earlier projections, it has had to take a lot of decisions that have been seen by some people as 'hard' and 'short-sighted'. For example, when members of staff have left for any reason, they have not been replaced and trainee recruitment has been reduced to two per year across the whole firm with the result that certain areas of the business feel under-resourced. Some senior fee earners, seeing more limited prospects for promotion, have left to work with direct competitors with resultant anxiety in the firm about them poaching clients. One Director (previously a partner in Abercrombie's) who specialised in commercial property work retired a couple of years ago due to ill-health. Despite all of this, net profits continued to fall mostly due to a continued reduction in fee income and the costs of the combined overheads.

The whole situation came to a head a year ago when the accounts were presented to the directors at their annual Directors' meeting with a recommendation that drawings would have to be reduced by 30%. Discussion of this had become very heated with the result that some

Directors expressed what perhaps they should have said pre-merger, that they had no desire to be part of a combined Edinburgh/Glasgow firm and that, given recent the recent trading figures, they had no confidence in the current operating structure, a comment that David and Andrew took very personally. As a result, both offered to stand down as Managing Directors and a decision was made to bring in an external 'chief executive' to run the business. As a result, a new Chief Executive, Mark Brown was recruited. He had worked for many years as a senior manager in the financial services sector and, although not a solicitor, the Directors felt that he had the experience and ability to achieve with what needed to be done to improve the firm's short and long term performance.

Mark has been in post now for six months and is still trying to get to grips not only with operational costs but also with what he sees as the 'difficult and unhelpful' behaviours of the directors. In addition, a lot of his time is spent on dealing with staff problems as a number of the Associates and senior people have resigned, as a result of hearing about the fall-out tensions caused by last year's meeting and the proposed reduction in drawings. He would like to reduce the staff head-count by consolidating all of the cash-room and IT support in the Edinburgh office as well as closing the office in Haddington (where one Director is based, handling most of the clients who are farmers and landowners). If he can achieve this, he anticipates reducing the overheads by 20% and being able to invest £30,000 of those savings in improving the IT systems and developing a new website. He feels that there is considerable potential to increase cross-selling across the combined client base, and in particular from the Edinburgh office keeping more of its litigation work in-house rather than instructing members of the Faculty. Both David and Andrew have confidentially told him that they want to retire from the business as they are feeling 'wounded' by what was said. However, as David's Associate resigned recently, Mark would prefer to have a successor for him identified before he retires so plans to persuade him to stay on for another two years. He has however discovered when he analysed the fee income by fee earner that Andrew has not been pulling his weight for years and that, if his client work was delegated to a para-legal, one of the other Directors could absorb his work so he wants to encourage him to retire as soon as possible. He appreciates that such suggestions may not be well received and given the resentment over the lack of

discussion around the merger, he aims to be as inclusive as possible so as to achieve a new Business Plan.

In the past two months, he has met with all of the Directors on a one-to-one basis asking how they feel about the firm, what direction it should take and what part they would like to play in it. To allow them time to reflect and consider all of this, in addition to this, he asked each of them to complete a questionnaire. He has summarised their responses and circulated to them (Appendix 2) and to help them focus on specific areas, he collated these under composite headings.

They also completed an exercise to identify the values of the firm with the result that they agreed that their five core values were:

- Experienced , reputable, professional, approachable and dependable

Mark has asked them to attend a Strategy Day to discuss and agree the new Business Plan that includes the firm's long term strategy and medium and short-term action points

In addition, to ensure that the 'voice of the staff' is heard, he asked all of the staff to complete a survey about how they feel about the firm. He has summarised and circulated this to all of the Directors (Appendix 3).

Finally, he has collated the responses to a recent Residential Client Satisfaction Survey and intends to give it to the Directors on the day.

Note: where there were multiple replies the annotation 'x' and the respective number of replies is indicated.

Appendix 1

Abercrombie, Stuart and Stephens LLP operates from three offices: its main office situated in a traditional ‘town house’ in Edinburgh (which was where the firm of Abercrombie WS was founded in 1911), a small office in Haddington opened in 1994 and a city centre office in Glasgow. It currently has 15 directors (nine equity and six salaried), seven associates as well as fee earners and support staff totalling around 40. It describes itself as a ‘full service firm’ and is split into four divisions: litigation, private client, commercial and residential property and company. It is a member of both ESPC and GSPC.

The most senior Directors divide the compliance responsibilities between them with David Jones being the Cashroom Manager and Andrew Peters, the Client Relations Manager. Despite the merger having taken place three years ago, the Edinburgh and Glasgow offices still tend to adopt their own procedures, fee and cost structure with limited overlap of clients with the result that the Divisional Directors feel they have to ‘manage’ two firms rather than one.

The Litigation Division’s Director is Andrea Johnson who is content to concentrate on complex civil litigation. However, Denis Reilly is keen to grow volume work if at all possible although he recognises that competition for this type of work is fierce with profit margins small, requiring ‘slick’ IT systems that provides processes to routinise work at a lower cost base of work being done with para-legals with minimum input from qualified fee earners.

The property work of both offices suffered badly in the recession with a number of senior fee earners leaving and staff being made redundant. With the recent upturn in activity in this sector, it is now ‘over-trading’ with insufficient people to handle both the domestic and commercial clients with the result that complaints are common, especially in relation to response times. It includes two equity directors – one based in Edinburgh and the other in Glasgow. They are both well regarded by their clients, however they do not like each other. A couple of years ago, the Divisional Director appointed at the time of the merger retired due to ill-health and was replaced by Stephen Thomson. This has not been well received by the Glasgow office with the result that, when a recent major property acquisition needed a ‘team’ response to have enough people to handle the client work, Tony McLeod refused to release

his people to help, sparking a major row between the two of them at the last Directors' meeting.

The Private Client Division is headed up by Susan Abercrombie who does not enjoy this role. She lacks confidence in general and when tensions run high at Management and Director meetings tends to say as little as possible. She does not like dealing with budgets and staff appraisals so tends to avoid having anything to do with them.

The Director of the Company Division is Alan Williams who feels he is too busy to be asked to deal with any management. In addition, he sees Jonathan Webber as a threat to his client base so is not willing to listen to any proposals about building a combined presence.

The financial information is managed and prepared by the Edinburgh cashier and circulated to Mark and the Divisional Directors. In addition, Mark meets with David and Andrew to review Law Society compliance and complaints.

There is no-one in overall charge of the HR functions of the firm. An attempt was made a couple of years ago to introduce six-monthly appraisals which set 'performance targets' based on WIP and recoverable hours for fee earners, carried out by the relevant Divisional Director. However not all of the Directors are diligent about this with, in particular, Andrea usually only managing to complete hers once a year. This is a source of annoyance with others on the Management Team as well as amongst the fee earners who feel that the litigation people are not held to account the way the rest of the firm are. The support staff are reviewed annually by the Edinburgh cashier, which causes resentment with the Glasgow staff as they do not think she is aware of what they do.

The IT systems are needing to be updated and, at times, cannot cope with the demands being made on it. This means that some of the fee earners stay late to finish work when the system is 'quieter' and document retrieval and updating works more quickly. Fee earners speak of 'watching paint drying' when it comes to opening style document and saving to folders.

The full equity members

Edinburgh

David Jones (64) specialises in private client work, especially complex wills and tax advice. He has an extensive client base and is a careful, conscientious and competent solicitor. He was previously joint Managing Director and although being responsible for pushing through the merger, he now feels unhappy about the tensions that currently exist.

Peter Smith (63) specialises in rural property work and shares a number of his clients with David who provides them with personal advice. He is based in the Haddington office and enjoys being out and about visiting clients. He is married to the daughter of farmer, based in the Borders.

Andrea Johnson (57) specialises in Court of Session litigation and is the Divisional Director for Litigation. She is extremely well connected with the Faculty and the judiciary and receives a lot of referral work from firms outside Edinburgh. She is dedicated to her work and spends long hours in the office and expects her staff to show the same commitment.

Stephen Thomson (54) specialises in commercial conveyancing and earlier this year, became the Divisional Director for Property. He has found it difficult to 'manage' the residential side of the firm as he has discovered that the way ESPC works in Edinburgh is very different than GSPC (which faces stiff competition from a number of strongly branded estate agents in Glasgow). As a result, despite an improvement in market activity that has seen the Edinburgh figures return to almost pre-recession levels, the commission income from the Glasgow property sales has dropped to 20% of what it was pre-2008. He resents being in charge of that he sees as a 'lost cause' and feels that he has more than enough to do the 'run' his commercial team of people (one Associate and three 3-5 year qualified people). In the past year, the commercial work activity has increased significantly and he wants to be able to concentrate on that as this is what he enjoys. He would prefer to get rid of the Glasgow 'estate agency' staff and promote the current Edinburgh Property Manager to take over running the property sales for the firm.

Susan Abercrombie (50) is the great-niece of the original founder of the firm. She trained with the firm and specialises in private client and works closely with David Jones and his clients with the result that she is seen as his natural successor when he retires. Some of his clients however feel that she is 'slow and hesitant' and prefer to have him to do their work. She is the Divisional Director for Private Client. She is a poor delegator and her 'team' of two

fee earners (both with more than four years' experience) feel underused. She is unhappy about all of the tensions and arguments that seem to happen at every Directors' meeting and would prefer that the firm concentrate on what it is good at rather than argue about money all of the time.

Alan Williams (45) specialises in company work and is the Divisional Director for Company. He is relieved that his work seems to be picking up again after the recession. Prior to the recession, he was responsible for 20% of the fee income of the firm and headed up a team of five experienced fee earners (including two Associates). All of these were either made redundant pre-merger or left after it. Now that he is busy again he is keen to recruit experienced fee earners to do the work so that he can concentrate on developing new business.

Glasgow

Andrew Peters (62) specialises in residential conveyancing and was previously joint Managing Director. He pushed the merger through as he believed it was the best strategy for the firm and with residential property activity quiet, he was concerned about the cash-flow of the firm. He is disappointed about how it has all turned out and was hurt by the comments made by the Directors about how the combined firm has been run. It has proved to be much more difficult than he had imagined and that while he has stood down as joint Managing Director, he resents now having to 'report' to Stephen as Divisional Director.

Tony McLeod (60) specialises in commercial conveyancing and enjoys doing deals, rather than adjusting the details of leases which he delegates to his experienced Associate. His team consists of this Associate and two experienced fee earners. He resents having to 'report' to Stephen and spends a good deal of time complaining to Andrew about this, asking why he was chosen over him. He has an extensive network in the commercial property market and gets a lot of referral work from surveyors. He is well liked by his clients as he 'gets things done'. He has recently been approached by one of his main clients to come in-house to lead up their 'property team'. The offer of a good salary, pension and car seems attractive to him.

Shamini Aulakh (45) specialises in family work. She is well liked by her clients as she provides them with a lot of support. She is a trained mediator and would like to develop the non-contentious side of the business. She is not interested in attracting volume business,

preferring to concentrate on providing a quality service focussed on the needs of each client. She enjoys training the trainees and spends a lot of time encouraging them and would like to see the firm invest more in training overall.

The salaried members

Edinburgh

Ian Paterson (42) specialises in civil litigation and is keen to move away from what he sees as an over-dependence on Court of Session work. He has built up a reputation for employment advice through cross-referrals from the firm's rural and company clients. As a result, he works more closely with Peter and Alan rather than Andrea. He feels sure that the merger offers potential for him to build this source of fee income from the Glasgow client base.

Elizabeth Peters (38) specialises in private client. She would like to move to working part-time (4 days a week) yet maintain her current salary. She feels that she manages her time and her team well and would like to assume more management responsibility.

Margaret Bell (34) specialises in residential property and manages a team that currently comprises four para-legals and a Property Manager (who trained as an estate agent). She spends a lot more time with her clients than can be recovered on the fixed fees that the firm charges with the result that she regularly has to write off a lot of her time. However, her clients are always delighted with her service.

Glasgow

Jonathan Webber (38) specialises in company work and sees that the merger offers him the potential to be part of a much bigger 'expert presence'. He is keen that the tensions around the merger disappear as soon as possible and a proper strategy be developed to make the most of the client base of the combined firm.

Tracy McDonald (32) specialises in private client and is not at all interested in the management of the firm. She simply wants to be left alone to deal with her client work. She

has recently started tutoring part time at the University which she enjoys very much and is considering applying for a full-time job there.

Denis Reilly (32) specialises in civil litigation and gets a lot of work from two main insurance clients. In recent years, they have significantly reduced their fee structure with the result that it is proving difficult to carry out their work profitably. Most worryingly one of them has mentioned that they will be putting all of their work out to tender in the next six months. As a result, he is keen to invest in a case management system that would allow him to re-structure his team by making two experienced fee earners redundant and recruit one para-legal to replace them. He has talked to Ian about this who assures him that it would be possible as well as saying that he would be interested in helping Denis grow this side of the business.

Appendix 2 Questionnaire

Summary of responses from the Directors

1. Briefly describe what differentiates us from other law firms.

- We have nothing to distinguish us x 4.
- We are a long-established firm with a good reputation aiming to grow successfully in a very competitive market x 3.
- I don't know what makes us different – I think that clients see all firms as being the same.
- We are fiercely proud of our name and we wish to grow and move forward together now and in the long term.
- The stresses of the merger have distracted us from our client work. In addition, we should have been concentrating on reining in costs yet this has not happened. Worse still, any salary savings have been achieved by staff leaving rather than any active management on our part. There is no leadership and no strategy.
- I am not sure that we are any different than most other firms of our size. A lot of the Scottish medium sized firms have been taken over and lost their name and identity and I worry that this will happen to us as there is no willingness to accept and adopt change and in particular to look at better use of technology.
- We have completed the merger with Stuart and Stephens which my clients appear to think is a positive move.
- In many ways we are like most other legal firms. We aim to provide a high level of service to a hopefully increasing and diverse client base and make a business success of that. We are staffed with lawyers with a range of specialisms. They are supported by staff with varying skills and experience, which we currently fail to appreciate or use fully.
- We say that we are user friendly and approachable and like to think every client has access to a partner with good response times and an understanding of their actual needs rather than what they think they need.
- We are people-focused providing a friendly environment for clients while maintaining a high degree of professionalism.

2. Indicate three primary long-term goals of the firm.

(a) Brand and market position

- To increase our profile in legal market place so as to be seen as a bigger 'player' x 6.
- To be recognised as the provider of first class legal expertise but still maintaining a personal touch, building up a good relationship with clients so that they would be reluctant to go elsewhere.
- To increase and strengthen the firm's presence in both Glasgow and Edinburgh to create a truly national firm.

(b) Financial

- To increase turnover and profitability x 11.

- To significantly improve the gearing within the firm.
- To increase our efficacy and profitability.
- To know which work is profitable and which is not and make decisions based on these.
- Financial security.
- To have accurate up-to-date figures that allows us to review and adjust to work-loads and priorities.

(c) Internal operations

- To develop out IT systems so as to provide best service to our clients in an effective and efficient way x 6.
- To enhance our use of technology (although this has to be countered with a more strategic approach to this including looking at who is doing what and why and how all of what we do can be done more effectively – work smarter not harder).
- To develop consistent systems that everyone adheres to.

(d) People

- To have a reputation for being a good place to work and for being a good employer x 7.
- To be a firm which can attract bright, young lawyers with particular expertise who want a future with the firm.
- To be able to identify our core areas/strengths through regular performance reviews based on tangible data.
- To increase transparency by providing greater access to fee earners and staff to business information and a greater say in the direction and running of the firm.
- To develop specialisms.
- To double the number of fee earners in next 3 years.
- To strengthen our commercial property work and expertise.
- To provide an environment in which both Directors and staff can develop and enjoy greater personal fulfilment whether by increasing their skills, providing shorter working hours and longer holidays by working smarter rather than harder and in particular to do so by fully utilizing and developing the IT resource available to the firm.

(e) Clients

- To attract quality clients x 6.
- To increase our client base by delivery of a first rate IT driven product.
- To increase client base and expand range of legal services we are able to offer.
- To retain and expand our client base.
- To provide greater accessibility to clients to their own information through investment and case management systems.
- To provide quality advice in a commercial setting.

3. What factors are essential to the success of the firm (list not more than 6 in total)?

(a) Strategy

- To develop and push forward the business plan.
- Avoidance of too much internal agonising.
- To have a coherent and targeted marketing strategy and a five year plan agreed by all the directors.
- Commercial awareness.
- Ability to adapt.
- Better understanding of risk management.
- Appoint a Finance manager so that someone has direct responsibility for this.

(b) Financial

- Have adequate levels of funding and appropriate budgetary controls x 7.
- All Directors required to generate at least £400,000 of fee income each.
- Each fee-earner to deliver 3 times their salary cost in fees recovered.
- Look at where our offices are sited and decide where we want to be and what size we need.

(c) People

- Have able, happy, well-trainee loyal staff.
- An efficient and motivated work force.
- Employ the correct staff to achieve gearing for expansion.
- Plan properly and openly for succession.
- Attract good quality solicitors to join firm.
- Have the 'right' culture.
- Be able to pay everyone well to retain them and encourage them.
- Motivation and retention of 'good' staff through the introduction of performance bonuses.
- Have a clear definition of roles and responsibilities at all levels, including for Directors.
- Ensure that the work is done at the correct level.
- Actively headhunt new Associates who have both a client base and specialist expertise.
- Having specialist people in all Departments.
- Build up good 'in-house' teams.
- Achieve a gearing of fee earners to Directors of at least 3:1.
- Ensure retention of key personnel at both solicitor and staff level.

(d) Internal operations

- An effective management structure x 6.
- Good communication internal/external x 4.
- Invest in IT and training of staff x 4.

- Having a sophisticated case management system.
- Recruit an IT manager so that someone has direct responsibility for this.
- Achieve more focus on staff training and needs – at the end of the day we are as much about people as we are about technical knowledge.
- Good training for all partners and staff in IT to ensure we get the full benefit from this and the money spent on it.
- Properly utilise all of our systems (including IT).
- Creation of good systems to facilitate knowledge management and shared experiences (not solely IT dependent).
- Have recognisable 'house style'.

(e) Marketing

- Promote of 'our' name x 4.
- Recruit a Marketing manager so that someone has direct responsibility for this.
- Cross-selling has to be a priority.
- Get out and meet with all of our clients.
- Show the outside world we are good at what we do, have special expertise in certain areas and can deal with work efficiently and in a cost-effective way using the IT tools at our disposal.
- Identify and win new Clients and Business
- Focus on our client's rather than firm's needs.
- Make sure that we **consistently** deliver the highest possible quality of legal services to our clients.
- Development of new business and retain existing quality clients.
- Continuing client care before, during and after any business is transacted on behalf of the client.

4. What would help you do your job better?

- We need a clearer system of information regarding the cash position for each client.
- We do not follow up well on client feedback, we do not pick up quickly enough on referrals and website leads, we do not respond adequately to requests and suggestions from staff for things like more training.
- We have a system to ask for client feedback via client questionnaires. These are being used sporadically within certain areas of the business but not by all. This results in the departments who are open enough to do this being perceived as having 'complaints' where those who don't 'open that box' tell everyone else that they are perfect.
- All of the systems need to be agreed, formalised and applied equally.
- I am really busy as I am short-staffed with a number of my key people leaving in the past year – I simply need more staff!
- We have not ever agreed comprehensive performance measures (which should be more than simply the financial figures). This is because there are a variety of differing views about where the firm should be going and indeed what success means. We need to agree between ourselves what our goals are and how we may achieve those goals.
- We expect each department to hold monthly meetings to talk to everyone about their targets, fees outstanding/recovered and new business. However, there is no enforcement of this and some departments/units have proved better at providing feedback than others. I feel that as one of the 'good guys' what I spend time doing is undermined by the people who don't adhere to the systems. This demotivates me as well as gives staff something to moan about when I ask them to comply (as they point out to me where others don't.)
- The systems need further development and refining. Time and effort will be required and as a busy department head, I feel that other people should be tasked to do this (for the benefit of the whole firm).
- In areas where we have failed it is largely due to ineffective time management, lack of a clear policy and structure which ultimately arises from the defects in the whole management process. This **must** get better.
- The planned staff appraisal system is not yet in place, IT needs upgrading with time for training not prioritised due to pressure of work with the result that we are all working very inefficiently and spending too many hours in the office.
- There is too much time written-off and not charged to the client – we need to find a better way of making sure that we get paid for what we do!
- Some people are more resistant to change than others (and no system can cope with that).
- Invest in IT!

5. What are the three most important actions that we should take or issues we need to address and their timescales?

Strategic

- recognise our weaknesses and deal with them - ASAP
- agree values to enable us to identify 'our identity' - ASAP
- decide on our objectives as they are the basis for development - ASAP
- agree our critical success factors - ASAP
- agree our 5 year plan - ASAP

Operational

- more open communication amongst the partners x 3 - ASAP
- sort out cash flow problems x 2 - ASAP
- improve and upgrade our IT systems x 2 - ASAP
- create an effective management structure to allow management to manage and increase the accountability of Partners for the management of their business including cash management - ASAP
- clarification of clear roles and responsibilities - 3 months
- review areas of the business to establish the most profitable areas and which clients require the most investment to improve cash flow - 3 – 6 months
- good information and management systems and uniformity of practices - 3 months

External

- avoid inward focus and concentrate on speaking to people outside the firm - ASAP
- raise the profile positively to attract new and good clients and staff - ASAP
- focus on meeting clients, contacts and potential clients as it is best way to secure existing business - ASAP
- seek out and capitalise on new business opportunities in the marketplace - ASAP
- identify and win new clients and business to spread risk, increase profile and profitability - ASAP
- audit service to existing clients as too much emphasis seems to be on selling with partner dedicated to this task - ASAP
- Identify client needs to grow fee income from existing client base - 6 months

Internal

- recruit good additional staff in some departments to relieve workload - ASAP
- expand our Partner base by way of lateral hires with a business following to increase our market profile and become a bigger/better player and expand our range of services - 12-18 months

- proper and full training of all on all systems to improve communication and optimum use IT - ASAP
- Continue to evolve and develop the adaptation of the IT in place to provide new online services and innovative solutions to clients as well as to provide a more efficient delivery of service to differentiate us and improve internal efficiency - 6-12 months

6. How will we fund the long-term goals?

- Financial management, borrowings may be needed.
- Extensive funding not needed. We will grow organically.
- Through increased profitability and a little help from our bankers.
- Prudent application of Capital and Borrowings
- Find time to speak to each other – free time to do this and bring in fees by finishing work and feeing promptly.
- By reviewing our current funding arrangement and re-vamping these perhaps to include a term loan facility taking immediate pressure off the overdraft to allow the flexibility to invest further in training and also to make financial payments to Partners and to Staff alike.
- Investment in selection of staff/partners, training, seminar programme etc ., in a measured way
- Investment in steady development in measured way
- Reinvesting a proportion of our share of profits
- Achievable through lateral hires and retention of sufficient accommodation to allow growth.
- Get the profile up, get the right work in, get more of it in, do the work at the right level, do it well, fee it quickly and keep a tight hold on credit control.
- Through commitment to an increase in turnover through increasingly focused business development and the promotion of other innovative initiatives
- Generating additional revenue from cross-selling.
- Cutting costs.

7. Any other ideas that you would like the session to consider?

- We should consider the staffing needs both current and future for each department and start now recruiting, training and promoting our own staff if at all possible or headhunt to fill these needs. Plan proper succession for the future for the good of both the clients and firm.
- Expand the management structure of the firm so as to appoint an IT Manager, Marketing Manager and HR Manager and task them to identify how resources can best be utilised
- We need to deal in specifics ie. what level of profit do people want to earn in next 3 years; how exactly do they intend to grow their practice area; how much business (in £s) should each partner need to generate in 2,3,4 and 5 years and in what other ways will we measure the success of each partner.

Appendix 3 Summary of Staff Survey results

1. Describe how you see Abercrombie, Stuart and Stephens LLP.

- A long established firm with a good reputation x 10.
- A Scottish firm with a good reputation x 8.
- A hard working firm that provides good value for money x 7.
- An established, traditional legal practice with a wide base of experience x 6.
- A general practice developing some specialisms x 6.
- Long established quality practice.
- Well established firm with an excellent reputation.
- A firm with a reputation for professionalism and integrity.
- An expanded firm offering clients services in both of the two main cities of Scotland.

2. Describe what you feel the firm does well.

- It asks for and expects high standards x 16.
- Our focus is on our clients x 10.
- The quality and friendliness of the staff x 8.

3. Describe what you feel the firm does not do well.

- Communication between the partners and staff x 13.
- Communications and co-ordination between the offices is poor x 11.
- Differing opinions between the directors and the Management x 10.
- Tensions between directors and offices x 8.
- Staff morale very low at the moment x 8.
- The IT systems need updated and all of us need better training x 8.
- Absence of specialist skills (which is the way the market is going) x 7.
- Lack of proper delegation and support within departments x 7.
- Lack of training for staff x 7.
- Inconsistency in office systems between the offices x 6.
- No overall HR function or processes x 3.
- Absence of any sense of team-working across the firm.
- Cashroom unapproachable and unhelpful.
- Not good at rewarding good people – simply taken for granted.

4. Any other comments?

- Some of the fee earners are very good at making the best use of their time but others work very inefficiently putting pressure on other people and can be quite selfish about how they demand their work being done.
- The firm has never successfully sorted out the merger problems.
- Staff feel that they have no idea what the plans are for the firm – indeed even if there is a plan!
- The directors just do as they want – one department does things in a completely different way than any of the others.



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