

infocus

10 Easy strategies to build profits

Add fun, build performance and improve team culture with Neil Oakes' easy to implement, no nonsense strategies to:

- **Improve the culture of your firm**
- **Generate trust**
- **Add an element of fun**
- **Achieve the necessary level of performance that high profit firms require.**

Staff leverage remains one of the most significant drivers of profit in legal firms. Much has been said about the quantitative aspects of leverage but qualitative considerations are equally important. Having the right number of people is irrelevant if they are not productive.

Increasingly, leadership is emerging as the most important differentiator between high performance law firms and their average competition. Again and again commentators are emphasizing the importance of organizational culture to attract talented people, to maximize their potential and to retain them.

In smaller firms, partners are often the HR department, work getter, work doer, staff motivator, mentor, trainer and coach. Such firms find it difficult to implement a strategy of "culture improvement." Available time beats them. More often than not firm culture is left to chance. To assist partners in smaller firms, we would like to suggest the following easy to implement, no nonsense

strategies. These strategies will improve the culture of your firm, generate trust, add an element of fun and achieve the necessary level of performance that high profit firms require.



1. Do unto others.....

People are motivated by and strive for a fairly homogenous set of factors. Kindness, respect, recognition, inclusion, friendship and security are all important to most people. Exuding enthusiasm and initiative as a direct result of being lucky enough to have a job is uncommon to most people.

Chances are that the keys to loyalty and motivation are to be found in kindness, respect, recognition, inclusion, friendship and security.



Think about the business mentoring relationships that you enjoy the most. You can be sure that these mentors are people who exhibit the big three pillars of leadership. These are inspiration, enthusiasm and honesty. We all enjoy and value these traits.

If you are leading a team of people, rate your performance in each of these three factors on the way home every night. Perhaps you might ask a trusted employee to act as a coach to help you improve.

2. Clearly defined structure with constant, honest feedback

Think about the involvement that parents of the 1950's and 60's had in



their children's education. Contrast that level of involvement with the involvement of a 2002 parent. Parents these days would not dare miss a parent teacher night or sporting fixture. One even sees universities promoting parent/student information sessions. We would not have been seen dead at university with our parents.

Parents of old were not necessarily bad parents but times have changed. Education is far more competitive than it used to be. When studying undergraduate degrees in the 70's & 80's, any grades greater than a credit represented a gross abuse of opportunity and cost of time.

The candidates that most of us are employing now have been elite performers. Most will be assessed as being among the top 2% of their leaving year. These people have received constant feedback on performance for their entire life.

Taking them out of such an environment and placing them in a legal firm where they crash to the bottom of the ladder over night and, at best, receive annual feedback on performance must alienate them. At very least it places them in an unfamiliar environment. These people need constant, honest and tactful feedback on performance. The more capable they become the more they require a coach not a supervisor.

A good coach helps people to bring out the best in themselves. A supervisor makes sure that people are doing what they are asked, and colouring within the lines.

In our experience, happy, profitable teams usually have staff solicitors reporting to and taking instructions from one person. Rotation from team to team may be desirable early in one's career, but at any one time any lawyer should only report to one partner.

This enables the management of workflow, management of work and client priority team and relationship building, without forcing a lawyer to be an internal firm politician too early in their career.



3. Meet twice weekly to compose and review "To Do" lists with those you supervise

When we encounter staff solicitors who seem incapable of recording six hours of productive time every day, they usually point to insufficient, quality work, saying "I don't get enough of the correct type of work to enable me to record my budget."

To manage this problem and to enable you to provide the desirable level of feedback, we suggest that you meet with all staff that you supervise, individually twice weekly to compose and review "To Do" lists.

Review time sheets, activities completed, activities "To Do" and any assistance required. Remember your One Minute Manager - don't accept upward delegation without a struggle. Short-term goals, measurement and instant feedback will improve communication, throughput of work and practitioner skill levels. Don't forget that you are the coach. This process helps you and helps your staff. It should not be a discipline tool.



4. Constantly listen for opportunities to review and improve systems and processes

Formal staff meetings are difficult, suggestion boxes are worse and prizes for the best idea seem to lose their attraction after a while. Constant incremental improvement seems to work. To this end partners need to remain ever vigilant. Walk around and listen for ideas. They may often be accompanied by a sigh or expressed as a frustration but there might be a spark for improvement in any comment.

Be prepared to workshop complaints over morning tea or lunch with a few of the team and resolve them the same day that they arise. Show people that you are serious about finding opportunities to improve.

Follow up any new or altered approach to ensure that it is working as well as was envisaged. Celebrate all small victories with appropriate genuine praise for all involved.



5. Regularly lunch with the whole team

People will no longer work well for you because they have to, most do not. Fear, as a motivator, ceased to work when the demand for talent outweighed the supply.

People will only work to their full potential if they want to. They will only want to if they like you.

Social engagement is essential if you want someone to like you. We like our friends to like us. We like them to show interest in our lives, we like them to stay in touch, to share a joke and to lend support.

Lunch is a great time to get together as equals out of the office. Alternatively, bring a sandwich and eat in the staff room with the whole team. It's amazing how many firms still have exclusive partners' lunches.



6. Encourage staff to improve the business by sharing success

The easiest way to get staff to focus on business improvement is to let them share in the benefits. Incorporation of legal practices or profit sharing through the firm's service entity may make this possible. Alternatively, a six monthly salary bonus can be paid to staff depending on business performance.

The best bonus schemes are linked to organizational performance, not individual performance. The simpler the scheme the better. Our accountant has a good system. He sets an appropriate level of total gross fees to provide both an adequate return to owners and funds for future capital investment. 30% of any gross fees in excess of this amount go into the profit share pot. All staff share pro-rated according to salaries, full time, part time, fee earners and support - all participate. This year his receptionist will earn an extra \$15,000.

In a small firm, performance bonuses like this one will help to remove that awful "bosses verses the workers" nonsense.



7. Encourage business performance culture by sharing information

If we want people to think and act as business improvers, we will have to share information with them about the success of the organization. One suggestion is sharing monthly profit and loss figures, gross fees billed and relative team performance.

Do not discuss individual performance publicly nor, of course, individual salaries.



8. Have quarterly partners' retreats to retain strategic focus and build a learning culture from the top of the organisation

Firms who wish to drive the improvement process at best practice pace need to dedicate time to planning, review and action. If they are well run, regular partner strategic retreats provide the necessary environment and focus to drive a practice forward, align the business values of all partners and stakeholders and motivate partners to embrace improvement strategies.



9. Have a party twice a year, one with significant others, one without

Most people love a party. It does not need to be too expensive. A backyard BBQ will probably achieve the same team building result as a posh restaurant.

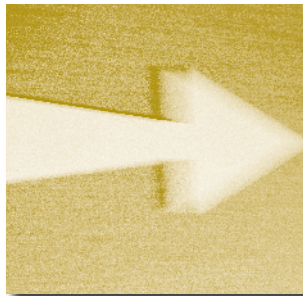


10. Involve the whole team in staff selection

An ability to fit into the team, to add to it and to share team values must be a critical part of the selection process. Involve some of your lawyers, senior and junior, and some of your support staff. If people are involved in making the selection then they have some ownership and incentive to make the appointment a success.

Contemporary research suggests that jobs that are challenging to obtain are more highly valued and experience lower rates of attrition. Several interviews with different people are therefore appropriate. Partners do not have to embrace all or any of these strategies to survive or to be average. If, however, you are interested in attracting talent, retaining talent and evolving your firm from adequate to great then give it a go.

"Demonstrate that you are capable of inspiration and action. Lead!"



Driving Profitable Practice Workshop

How to achieve world-class business results in a challenging environment presented by Neil Oakes

Melbourne Tue, 2 Sept 2008 – Medina Grand
Sydney Tue, 9 Sept 2008 – Hilton Sydney
Brisbane Tue, 23 Sept 2008 – Hilton Brisb.
Adelaide Thur, 25 Sept 2008 – Hilton Adel.
Auckland Thur, 2 Oct 2008 – Auckland Club
Session: 9am – 5pm

At this one day workshop you will know what legal industry leaders are doing, thinking and planning in addressing the current issues confronting Australasian law firm owners and managers.

We have been working with our clients to develop both contemporary and innovative solutions to perennial issues and innovative solutions to new issues. This workshop will make these strategies available to your firm.

Sustained success comes from constant up-skilling of all partners and staff. We would recommend that several of your team attend this program so that your firm can drive the improvement process at best practice pace.

Neil Oakes



Neil has been working almost exclusively as a management consultant with the legal profession for more than 20 years. Each year he is involved with some 110 law firms of various sizes and speciality areas of practice.

Program

SESSION 1 What is driving extreme profit firms in 2008?

- Learn how leading edge firms are staying ahead of the game
- Getting partners to shift from technicians to proprietors/entrepreneurs
- Building a management structure capable of driving and sustaining improvement
- Better approaches to strategic management
- Achieving high volume profit
- Merger, organic growth or stay the same?

SESSION 2 Systems to manage attrition

- Causes of attrition
- Who quits and why?
- Developing a retention strategy.

SESSION 3 Systems for client maintenance and development

- Effective engagement management
- Measuring satisfaction levels
- Building and gaining client loyalty
- Managing and selling delegation
- Managing/outsourcing business promotion and profile building

SESSION 4 Managing equity, debt and ownership

- Contemporary law firm funding
- Buying or selling equity – what is happening in your market place?
- Valuation methodologies
- Introducing new partners without eroding profits per partner
- Partner compensation

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