

Improving a Practice's Approach to Income Generation

A more robust approach to marketing and business development leadership is needed in these turbulent times.



People enter the legal profession for different reasons; some as a result of family guidance, others to fulfil personal dreams and many to achieve wealth or security. Their early years are

taken up with learning their chosen skill, spending long hours in study followed by professional apprenticeships which can take up many years. Later, though, they begin to realise that the work they are engaged in has to be won somehow. It may be the result of natural demand for rare skills, or come via favoured connections or be earned through the energy of an outstanding individual. But it has to be done; so, as a young professional they have to learn how to generate income and grow a practice.

Those that succeed learn a range of skills and techniques by which they are able to win work. Either through intuition, tips from experienced people or by gleaning insights from ad hoc courses or books, they become 'unconsciously competent' at winning work. As a result, the legal profession contains people with a wide range of abilities in income generation. Some deal with major national and international businesses; and would rank alongside partners in Paris, London or New York. Others scabble around with small contracts, unable to generate really substantial work.

Yet managing partners who want to improve their practice's ability to generate income should not leave revenue plans to such vague happenstance; particularly in the changing international market for legal services. Leaders need to find proven, practical processes that

can be built into the day-to-day life of their practice; reliable techniques which will make future partners 'consciously competent' at revenue generation. They need to provide leadership in business development which turns intuitive successes into replicable processes, techniques and approaches.

Many are surprised to find that there are a number of concepts in this field which can be used to structure thinking and organise their firm's approach. For instance, one of the most frequently seen in the professions is 'pipeline management', as illustrated in the diagram. This concept builds the generation of business into the day-to-day life of either an individual practitioner or a group of professionals working in a shared practice. It stimulates professionals to think about the stages which potential clients move through in coming to a decision about which supplier to use.

To use the funnel effectively, professionals need to build its processes into their work

life. For example, with their secretary/ personal assistant, they can make sure they maintain regular contact with their closest professional relationships. To attract the wider constituency, they can work with marketing people to create an individual plan. This will avoid the 'feast and famine' effect of erratic attention to business development.

Leading accountancy and consulting firms have been particularly effective at setting up this method in their practices. The concept appeals to their numeric bias and can be easily incorporated into IT and practice management processes. However, it can also be used informally by a group of partners in a practice of any size, to remind each other to concentrate on important development issues. It is very easy to become so absorbed in client work that marketing or the administration of client relationships gets neglected. As a result, some partners only attend to business growth when there is a gap in chargeable work. So one practice, specialising in forensic

Pipeline management: a tool to manage business flow



Source: Laurie Young, *Marketing the Professional Services Firm*, Wiley 2005



work, used pipeline management as a prompt. First they all agreed to devote a few hours to business growth on a Friday morning. Next they worked through the pipeline, understanding the actions necessary for each partner's practice. They then had a weekly conference call to use peer pressure as a prompt to follow up business development issues. This increased revenues for them.

'Closing techniques' are another example of concepts which make intuitive behaviour explicit. In all purchases, there comes a moment when buyers need to make up their minds. So sales specialists through the centuries have created tools which some have brought into the professions to help focus on this moment. They include, *inter alia*, 'asking for the business', 'overcoming objections', the 'assumed close' and 'open-ended questions'. Admittedly, these approaches need to be handled with real care in a professional service context because the work is intangible and, frequently, intensely personal; if closing techniques are used too forcefully the agreement is likely to unravel once the client has a moment to think. It is without question, though, that professionals throughout the world are increasing their effectiveness at income generation by adopting them.

Yet another area in which modern thinking has set out to make explicit the implicit actions of business generation is in the attention given to important

or repeat clients. It is beyond doubt that the progressively increasing trust between partners and repeat clients stimulates profitable income. As a result, it is now common for partners in leading Western firms to want to become a 'trusted adviser' to their clients; a concept introduced to the legal profession a decade ago by industry specialist David Maister. It has put structure and language around the way professional relationships develop and, particularly, the need to earn trust over time. Maister argues that successful relationships change from the simple supply of a service through various states ('needs based' and 'relationship based') until the supplier reaches the position of trusted adviser.

However, even where there is a profound professional relationship of this kind, the income stream can still be vulnerable. For instance, a director of Australia's biggest, international engineering company said last year that a 20-year relationship with one of the world's leading practices was likely to end because he was due to retire. Similarly, a European patent firm discovered that an individual was using them against company policy because their service was so good. Although this was a huge compliment to the partner involved, they had to initiate plans to obviate any loss of revenue if this individual moved. In fact, a test of the trusted adviser status is the ability

of the principle representatives of both organisations to plan the continuance of supply.

These are just three examples of areas where the intuitive approaches of generations of lawyers and other professionals are being made explicit and harnessed for the benefit of partners in private practice. The role of managing partners and other lead partners in this success is critical though. First they need to be open minded and ensure that all potential approaches, from both the West and the East, have been identified.

There is then a need to select the most appropriate. This is not as straightforward as it seems. Some of the techniques offered by consultants and trainers in this field are based on very little substance and some are inappropriate to the profession. Leaders need to create a consensus on which are the most appropriate and then introduce just one or two across their practice.

There are signs that, in the changing market for legal services, the informal, familiar interaction of key people envisioned by most partners is no longer enough. Mutually profitable relationships between organisations, which stand the test of time, have greater depth than mere friendly discussions, helpful informal advice and convivial hospitality at a cricket match. They are also more than just excellent work executed well. There is, therefore, a need for leadership teams to facilitate thinking which builds these approaches into their practice to ensure that techniques which have been intuitive and unarticulated are crystallised into day-to-day working life.

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Notes

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