

This Month

- **How does your firm compare to the Benchmark and are the actions in place**
- **More steps to get and retain the right people**
 - Profiles
 - Questions to ask at interviews

The Benchmarks

Historically I have shared views about PWC annual surveys – particularly 2017 that made it clear that even the bigger firms were having to become more competitive, reduce costs through efficiencies and take much more care around working capital management and many were suffering because of inertia. I refer to two previous articles

<http://www.professionalchoiceconsultancy.com/articles/November2018.pdf> &
<http://www.professionalchoiceconsultancy.com/articles/July2019.pdf>

In May I was invited along with a number of law firms to a presentation from the **Professional Services team from NatWest Bank** following their benchmarking exercise of 2019 well worth a look and an honest self-assessment of your own business

<https://www.natwestbusinesshub.com/content/legal-benchmarking-report-2019> . Well worth scrolling through.

Different sized firms and different geographies are considered but there are some significant overall messages. The management summary and me have identified a few key issues

- On the surface revenue looks ok but profit margins and working capital are being stretched
- Overall fees and Profit Per Equity partner look to be improving for most but failure in the implementation of efficiencies is reducing the percentage when it should be going the other way
- There is the need for firms to prioritise being lean, upping efficiency and productivity
- There are profit variances from 11% to 35% as a % of fees
- Activity needs to be targeted and enforced to up profitability and cash flow because of the potential demands of
 - The global economy
 - Cyber issues
 - ABS structure changes
 - The challenges of attracting and retaining talent
 - http://www.professionalchoiceconsultancy.com/articles/June_2019.pdf and have another read of July
- If income/cash stopped arriving about 50% of firms would be just one month away from insolvency
- Equity partners could benefit from encouraging team performance rather than their own alone. There is a marginal increase in EP billing but fees per fee earner are relatively static. That HOD accountability is increasing in importance.
- Very few firms are achieving the benchmark of 5 billable hours per day (1200 per year) by fee earners

- Competition is increasing which again means pricing pressures, client management needs and enhanced business development

The Right People

At the NatWest workshop a major challenge seized upon by the law firm audience was the recruitment and retention of talent. Referred to at a high level in the June article above. So a little more about that now. Remember no one is going to be 100% so future development has to be a factor. We also have to be clear on what is essential and what is desirable experience.

The other key thing is the conducting of the interview and it is essential that it is open questions that you ask rather than those requiring yes/no answers.

The other thing is that I would want to see evidence from a candidate that he was prepared – he has researched your business, he has prepared questions – what is turnover, where will I fit in, what are my targets and accountabilities, how does training and development take place, what is my potential going forward? - he has thought about the benefits that he can bring to you and demonstrates positivity about new potential demands.

It is also good if he asks at the end of the interview about his success in getting the job he is being interviewed for – this demonstrates that he knows the need to handle objections just as you would want him to do if meeting with a potential client.

One thing that will become obvious is that every role within the firm will have a different profile need so the initial focus is on a lawyer. Imagine looking at the Head of Finance or IT as an exercise.

I also recommend as part of the appraisal, review and development processes consideration of existing employees against this sort of profile will aid the identification of the training and development process. Also bear in mind that over time often peoples priorities may well change.

- **The Background Experience Required** – This is going to be a combination of on the job practical experience and academic qualifications – so for a commercial lawyer say – the qualification required and the number of years PQE and the types of work, types of clients, business development methodologies undertaken including networking and success in those roles and maybe even the size of firm previously worked in.

Some open questions

- What are your particular strengths and weaknesses?
- What aspects of your current role do you enjoy the most/least?
- How do you fit into your current organisation?
- What are your particular responsibilities and accountabilities? How have you performed?
- When was your last appraisal and assessment and what did they say about you?
- What was the most stimulating during your study time and what is it now?
- **Communication Skills Required** – Again these need to be sorted between Basic (courtesy and effectiveness dealing with others, the right sort of presence for the role), Important (understanding, influencing and/or serving people, handling situations with reason), Essential (understanding, developing, motivating, handling emotional arguments to change

behaviour or win. Able to write, present, listen and probe for relevant information. Able to present benefits as well as features. Able to handle objections. Be a team player.

Some open questions

- Who are your main contacts and what is the nature of their role?
 - Where do you think your communication skills have had the greatest effect? Your greatest business win?
 - How do you motivate staff that work for you and what techniques do you use to get support from non-directly managed people? In office and at clients?
- **Intellectual Skills** – This is about the analytical skills required to do the job, The ability to listen, ask questions, assimilate and present the solution to the requirements. Needing to be IT literate to most effectively use available systems. Able to stimulate quotes and estimates based upon sound knowledge of the required work. Input is experience and/or know how to Output being results or accountabilities.

Some open questions

- What type of problems do you come across at work and with your clients and what sort of solutions have you applied?
 - In your area of work what are the principle problems that your clients face, how do you get this information and have you a unique and effective solution?
 - Do you create time for innovative thinking and what do you rank highly amongst your solutions?
 - Have you any examples of initiatives that you have taken at work?
 - What grades did you get with your exams and qualifications – Does anything stand out?
- **Management Skills** – This is multi-faceted and not just about managing your own staff as it includes getting the best out of non-managed staff, client relationships, and delivering files effectively on time and to budget, plus achievement of targets – in particular billing, business development and working capital. Sorting and managing the claims and demands of divergent objectives and interests

Some open questions

- How much time do you devote to planning and organising activities and how far in advance do you plan?
 - What controls have you in place to ensure that things are completed to time and budget?
 - What examples have you got of having to balance conflicts?
 - What management information, reports, KPIs do you find the most effective?
- **Ambitions and Motivation** – This very much relates to someone's willingness to do the role. Identifying whether there is self-motivation driven by achievement of targets and objectives. Pride in the delivery of the right experience and results to clients. Whether we want someone who aspires to development and management or to be a key lawyer.

Some open questions

- In your working career what do you think have been your greatest achievements either in the office or with clients

- Outside of work with family and hobbies/sports what are important and what have been major achievements
- What drives you to work outside of office hours
- Inside of work what do you consider as major achievements
- Have you got some future life and career plans? What drives them?

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