

The Devil in the Detail

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When asked by managing partners to stress-test the revenue growth projections in the business plans of practice groups my approach is straightforward. I ask group heads to explain, in detail, where their revenue will come from based on four segmentations – by geography, by sector, by service line and by key client. When viewed through a structured lens, the gap between what is on the books (or planned for) and what is in the ether is apparent. Generally, the cause of the gap is a lack of realism together with a naive belief that if you want something hard enough it will come to pass.

‘You can’t plan for it, it just happens – it has done every other year and it will next year!’ has been the historic mantra. In a bull market such predictions are oft accurate even though the ‘cause and effect’ relationship between ad hoc behaviour and revenue growth remains unproven. While ‘some growth’ and ‘optimal growth’ fundamentally differ, in such market conditions it is difficult for the marketer to coerce the cynic into sales planning for the first time.

However, the worm has now turned and a queue is slowly forming of those prepared to accept (or at least attempt) a more structured approach in the arid conditions they face.

There is no doubt that a systematic methodology, the sort that is hated by many in the profession, can unearth new opportunities. It can also help firms to avoid expending huge resources in avenues that will not deliver the required result (or at least not in the timescale set by the revenue budget). The next year is about delivering a result in which the benchmark for success for many will be holding the revenue line at last year’s level. Those unable to achieve this will find profits plummeting and be facing the spectre of mounting partner defections.

Faced with these commercial imperatives it is crucial that firm’s leadership teams focus on the devil that lurks in the detail. The flowery business plans and sales initiatives founded in compelling rhetoric rather than common sense should be put to one side. What is needed is an honest approach - transparent questions being met with unambiguous answers. There is no longer any sense in pandering to fragile egos or archaic sensibilities with so many in the legal sector facing unprecedented business challenges and time in short supply.

