



## Business development

# Hitting the ground running

As marketing budgets have been severely squeezed, so business-development strategies at a number of law firms have required some radical rethinking in 2009.

By Andrew Hedley

**M**any firms are coming to terms with a very uncomfortable truth: that growth is the only way out of the perilous position in which they find themselves.

In many cases, costs have been pared to a point at which any further marginal reductions will have limited impact. Furthermore, the extended timescale over which such measures will take effect will not meet current demands to balance the finances. Indeed, further cost cutting may well ultimately damage the business in the longer term.

With a fixed cost base that is still high, the only way in which further profit misery can be avoided is to hold the cost base as low as possible and grow the top line. Speed of action is also critical, as in some cases cash will run out before any more pedestrian plan has taken effect.

Faced with this scenario, business development and the generation of sales (no matter how challenging) must be the

number one priority. It is also self evident that any activity must focus on minimising discretionary spend.

This is the challenge that this article seeks to address.

### **Business development on a budget**

My daughter has just made the move from home to university equipped with a host of 'on a budget' publications covering the full range of topics necessary for student 'survival', from clothing to sustenance to socialising. These all set out the various tricks of the trade that will deliver an existence approaching the norm on a budget that is anything but.

It seems that a similar guide may be needed for firms struggling with the intellectual imperative to engage in more business development but without the physical resources to do so in the historic manner. The days of the grand set-piece event are over and activity must be much more 'up close and personal'. In this approach coffee takes the place of

champagne, and the focused follow-up e-mail has precedence over the elaborate glossy presentation.

In conversation with managing partners, it is clear to me that there is a huge appetite for a series of simple practical steps that could be taken. The seven guidelines below have been drafted to highlight key areas in which firms can focus their efforts in order to maximise return. They do not pretend to be comprehensive, but they do cover the key areas that can be addressed quickly and without significant financial investment. In this sense they represent the sort of short-term measures firms need today, while also charting a more strategic course for the next three years.

## **Efforts should be made to understand the competition better and to elicit what the client regards as relative competitive strengths and weaknesses. This will allow decisions to be made as to where priorities should be focused...**

### *Do the simple things well*

It's easy to say but challenging to achieve! It is true, however, that a step change in performance can be achieved by many firms by focusing on getting the basics right and doing the simple things well.

From a business-development perspective, attention needs to be directed towards the 'nitty gritty' in areas such as:

- Methodically working at sales pipelines to ensure any potential work prospects are fully investigated;
- Keeping abreast of developments in client markets in order to be able to proactively suggest further services that may be relevant;
- Following up on previous contacts, showing interest and maintaining a strong presence in the mind of the decision maker;
- Ensuring all partners have a good awareness of the firm's capabilities and are tuned into spotting broad opportunities for the firm, rather than a more myopic approach based solely on their own practice area;
- Taking every chance possible to introduce colleagues into client relationships;
- Sharing information across the partner base in order to maximise any opportunities and relationships.

There is a danger that activity such as this becomes introspective, with a focus on internal discussion. This must be avoided. What is required is a clear and simple activity plan, coupled with an action orientation to go out and deliver on it.

### *Focus on the bird in the hand*

I continue to be amazed by those who ignore that which is already in their grasp to chase the elusive prospects beyond

their reach. In good times such activity could be justified as 'investment time', but in the current climate it should not be entertained until the first-order opportunities have been fully exploited.

What this means in practice is having a clear and determined focus on current clients and putting in place cross-group teams to fully explore all opportunities, either to sell more of the current service range or to introduce new work areas into the relationship.

With the larger client, it will generally be the case that more than one firm is being engaged on a regular basis. Efforts should be made to understand the competition better

and to elicit what the client regards as relative competitive strengths and weaknesses. This will allow decisions to be made as to where priorities should be focused and how the firm can squeeze the lemon further in terms of extracting additional revenues from the client base.

### *Leave nothing on the table*

The economics of the firm, with very high fixed overheads and low marginal costs of production, mean that any unnecessary fee discount or missed opportunity to legitimately levy fees, no matter how small, will have a highly leveraged effect on profit. Given the margins to which many firms are now working, a five per cent attrition of the fee level will erode 25 to 30 per cent (or more) of the profit margin.

In this context it is vital that partners focus on ensuring the revenue opportunities emanating from the work currently on the firm's books is maximised. Historic analysis suggests that most firms allow a significant proportion of revenue to slip through their fingers, simply by not being rigorous in sticking to the letter of their terms of engagement.

Similar rigour must also apply to the management of lock-up, credit control and the collection process.

### *Take the action down to the detail*

Grand plans do not deliver results. In *Who Says Elephants Can't Dance? How I Turned Around IBM*, Lou Gerstner, the former CEO of IBM, makes the point that "great strategy is short on vision and long on detail".

Granularity is hugely important in directing sensible action and assessing progress. It shines a light into dark corners to allow tactical decisions to be made in a fast-changing world.

Personal action plans have an important role to play here. Partners need to focus on what they will do today, tomorrow and next week, rather than waxing lyrical about their 2011 ambitions. State the target, identify the milestones, break each one down into a series of tasks and put each task on a timeline. This is the level of detail that is needed in terms of sales planning.

#### *Measure outputs, not inputs*

A busy fool does not move the firm forwards! Objectives must be SMART - 'Specific, Measurable, Actionable, Realistic and Timebound'. Firms need to move to a system of measuring outputs, rather than relying on the question 'what have we attempted?' The evaluation frame needs to move to consider 'what have we achieved?'

It is only by measuring the results of our business-development investment that we will be able to assess the gross contribution of the activity to the revenue stream. Simply recording how much time or money we spend trying to elicit fees from our clients and contacts will not suffice. For those who say that the results of their activity are intangible, the current climate dictates that the financial and resource support they receive from the firm should be minimal.

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Choosing the right business-development horses to back and those to put out to pasture will be vital in ensuring that these limited resources available are deployed to best effect.

#### *Demand commitment and resilience*

Selling is tough. Developing clients and expanding services requires determination, commitment and resilience.

Indeed, research shows that great client developers have what might be regarded as a 'personality flaw' in other walks of life. They take defeat as a motivator to bounce back and try harder. They are not deflated by it, nor are they discouraged from pursuing the next opportunity.

For the vast majority of professionals, however, defeat is a far more challenging issue! Raised in a professional culture in which the concept of defeat in any guise is to be avoided at all possible costs, it is unsurprising that most find the process highly uncomfortable.

Great salespeople know that more sales opportunities will be lost than are won. Consequently, resilience is vital.

This also extends to personal planning. One of the best approaches that that I have ever discovered for business development and sales activity is also the most straightforward.

Commit to doing five business-development actions every day. Your 'five a day' for healthy sales! These need not be huge tasks; perhaps quick phone calls or e-mails, catch up coffees or short articles. The secret lies in the numbers – five per day, twenty five per week, over 100 per month and 1200 a year. They amount to a volume of business-development activity that cannot be matched by those who only engage in business development on an *ad hoc* basis.

#### *Play to strengths*

Of course, there is little point in sending those who are intellectually excellent but socially inept out into the business-development playground (with some misguided philosophy of equality among partners), while the firm's best client developers sit back at base, undertaking a cerebral task that neither motivates nor delivers the best results for the client.

The days of 'all partners are equal' are over in respect of what they are expected to do, how their performance is measured and the way in which reward is calculated.

There is now a clear market at different price-points for the varying skills that make up the perfect professional. Firms need to cast the niceties of the past to one side and differentiate between partners on the basis of their skills,

rewarding them objectively and transparently by using the value they add as their yardstick.

By putting a team on the field in which players focus their personal contribution on playing to individual strengths, firms will maximise their collective output. Just as, in a sporting metaphor, all players won't receive the same reward, but collectively they will all benefit from joint success in a way that is greater than they could do individually.

These are my seven recommendations for extracting as much revenue as possible from the current marketplace for services. Get these right, and the rest will follow. Give them insufficient attention, and the climb will be steeper, longer and more challenging that it needs to be.

They do not guarantee success, of course, but they should swing the percentages in your favour! ■



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