

# How a fresh approach helped a top 30 UK law firm increase PEP by 30%

A case study from Terry Irwin

My client was a top 30 UK law firm with 100+ partners turning over more than £100 million. The client had a few international offices and was also a member of an international alliance. Following a change at the top, net profits were starting to become reasonable, but profit per equity partner (PEP), though improving, was still significantly lower than its pre-downturn peak.

## Addressing the vital issues

In common with many other law firms, the client had tried to deal with the economic downturn primarily by focusing on cost reduction through headcount cuts – which it achieved via several rounds of redundancies – and looking at merger opportunities.

Although there was also much talk about new revenue generation, most of the benefit had come from the cost reduction measures. The market had changed fundamentally, but there were very limited changes to the way business was conducted. The cost cutting had helped, but in reality had just given the firm breathing space. It was time to address the real issues that were vital for sustainable, profitable growth.

## Evaluating the strategy

My first action was to ensure the equity partners understood that a new market situation demanded a change in the way the business was run, and that progress depended on them accepting and supporting this.

Next, I looked at the firm's strategy. While the managing partners had singled out some priorities, implementation had been slow and did not have the full support of key staff.

One example was some early-stage discussions that had taken place regarding a potential merger with a firm whose key strengths all lay in highly competitive areas that had been shrinking.

When I examined the rationale for those discussions, it became clear that the only benefit of the merger would have been in the area of cost reduction. The deal would have left the basic issues in the business largely unaddressed, so it was no bad thing that the merger plans were shelved. However, if the merger had potentially been a good move, it would likely have failed due to a lack of support from key staff.

In parallel, I set up a project to isolate the critical success factors for future progression. This included the possibility of mergers. This time, however, I worked out a set of criteria against which all future candidates would be assessed on the basis of the value they could add to the business.

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A significant part of the client's business came from SMEs. To serve this market, I worked with the client to create a set of fixed-price packages, which I helped to launch via a series of promotional announcements, seminars and networking events.

## Improving client management

I introduced a client relationship management (CRM) software system with training for all client-facing staff, and helped create individual client management plans for the top 100 clients. To do this I had to gain a deep understanding of the client's own business development plans and associated needs. With my mentoring support, the client embarked on a programme of proactive cross-selling.

I identified a number of large companies with international operations as potential clients, along with a significant opportunity within several emerging markets. The client worked with me on an initiative to secure direct arrangements with relevant firms in these areas. This process took around nine months to complete.

With my advice and guidance, the client organised a series of targeted meetings and communications, initially with existing clients, to raise their awareness of these connections and the work that could now be run via my client's UK offices.

## Responding to competitors' offerings

I instituted my own watching brief on the new "Tesco law" competitors, and on my recommendation the client firm set up its own market intelligence operation. As a result, we were able to work together to evaluate the competitors' offerings and formulate appropriate responses. We then extended this process to a top 20 list of key traditional competitors.

## Communicating with staff

Finally, I helped the client organise a comprehensive programme of internal briefings and feedback loops to fully inform all staff members of the new strategy and approach, and their personal role in implementing them. This included helping them to understand that they all represented the firm and all had part responsibility for promoting it. This was an essential step, to combat an often-seen attitude of "I didn't join the firm to be a salesman".

## Seeing revenue, PEP and profits soar

After 18 months the client's revenue growth rate was double that of the previous period, PEP was up by more than 30%, and total profits had increased by 24%.

For more information about company mentoring, [email me](#) or call me on **020 7099 2621**.