

Business Development for Lawyers: Principles and Practice

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PUBLISHED BY **ark**
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Business Development for Lawyers: Principles and Practice

is published by Ark Group



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ISBN: 978-1-906355-90-6

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ARK1384

Chapter 1: Successful business development in the professions

LAW FIRMS (and, in fact, the professions in general) are some of the most successful, enduring and influential organisations in the business world. Many private partnerships outearn leading public companies and have done so for many decades. The net margin of, say, leading supermarkets and retail banks is normally in single figures, whereas partnerships routinely return to their owners – the partners – net earnings in excess of 25 per cent. Moreover, many of these partnerships are enduring. Several have been performing well for nearly two centuries whereas public corporations can rise and fall in a few decades.

The reason for this remarkable success is the partnership structure itself. While managing partners who spend most of their time ‘herding cats’ might cast a jealous eye at the easy decision-making processes of corporate structures, there is a dynamic to partnerships which has delivered remarkable success over the past two centuries.

As partners are owners of the practice, they rightly feel that they should have input to its policies. Although some may be so absorbed in their technical work or client demands that they rarely contribute to partner meetings or votes, all feel they have a right to be consulted. They also think they have a right to ignore daft or inappropriate management decisions. As a result, larger practices resemble living organisms with small cells, led by partners, that adapt and change quite naturally as the legal service market evolves and changes around them.

Whereas the leaders of public companies create elaborate plans and implement the latest, fashionable techniques, the leaders of partnerships often change what can be equally large businesses through consensus, intuition and gradual adaptation.

Partners themselves have access to the heights of leading organisations, be they family businesses, new start-ups, large corporations or even nation states. They respond to requests, deliver excellent work and stimulate new enquiries. Many are responsible for breathtaking salesmanship, routinely walking away with large, high-value deals that dwarf the contracts given to even the world’s leading sales people in other industries. Many are, to use the jargon, ‘unconsciously competent’ at revenue generation and practice development.

This is true of other professions too. The massive accountancy firm Deloitte, for example, is very nearly 200 years old, is in every major business centre of the world and has contributed to the creation of a number of new concepts (like ‘shareholder value’ or ‘intangible asset valuation’), while the consultancy firm McKinsey still adheres to its founder’s philosophy of applying science and intelligence to business problems and frowns on the word ‘sales’ as much as any partner in a magic-circle law firm. Each earns healthy margins for its owners, year in and year out. So, the professions represent a fabulously successful sector of the world’s economies.

Yet, in the past three decades, as business development support people have

moved more extensively into professional practices, and as academics have begun to study them, a strange distortion in thinking has occurred. Some have borrowed techniques from other industries and packaged them up in more palatable language for fee earners, despite the fact that they were developed for low-level, more routine purchases. Others have focused on the communication techniques involved in getting onto client panels or dealing with 'pitches'. Although these might be appropriate for engaging in work which is 'commoditised', they blithely ignore more sophisticated methods, practised intuitively by numerous partners for many decades, of winning high-quality work by avoiding being asked to do a proposal in the first place. There is a danger that the growing influence of these borrowed techniques will damage a successful professional track record.

This report sets out to discuss the business development approaches taken by law firm partners and fee earners. It first examines some of the underlying principles of revenue generation at partner level. Its source is the experience of fee earners in legal services, mostly at partner level, and, as a comparison, in other professions. This is supplemented by academic studies (admittedly very few) which have attempted to scratch the opaque depths of partner behaviour.

The report then tests the viability of partners' and fee earners' business development approaches in the changing dynamics of the international legal services market and speculates on their effectiveness by making them more explicit or codifying them into clear practice policy. The report uses relevant and clear case studies to illustrate the complexity and importance of focusing on this area of practice management. Above all, it respects the remarkable success of leading partners who

have, whilst delivering outstanding technical assistance to clients, drawn in remarkable revenues and built enduring, influential and profitable businesses. It asserts that both aspiring partners and the business world in general have lessons to learn by understanding and adopting these approaches.