



Reinvigorating Underperforming Practice Groups

All firms have underperforming practice groups from time to time.

Sometimes there are wholly understandable reasons – the unexpected loss of a large client or of a key partner. In other circumstances the state of the economy may be having a particularly adverse impact on a practice. Understanding the reasons for the underperformance is the first step to rectifying it, although there can be circumstances where the most appropriate action is essentially to 'hunker down' - the direction of the practice is valid, its strategy is sound and it is largely a case of waiting for the economy to pick up.

Much more troubling are the circumstances where the underperformance of a practice has continued for some time and there is no immediately clear reason for this. And while such underperformance may be apparent in terms of disappointing financial performance, it may be the case that the financial performance is steady but competitor practices in other firms are surging ahead and the practice is losing market share and reputation.

Partners within an underperforming practice can quickly become defensive and easily slip into the trap of expending energy trying to persuade others that the underperformance is due to factors quite outside their control. Lethargy, risk aversion and inactivity can easily take hold. Meanwhile, partners outside the underperforming practice can become increasingly critical of the practice. And a situation with the partners within the practice feeling highly defensive and sensitive and those on the outside 'circling the wagons' is not likely the most conducive for change.

Rebuilding partner enthusiasm and drive to improve things is a priority in such circumstances and this tends to revolve around changes in partner behavior and improvements in performance and competitiveness.

Sometimes a radical change in strategy is required but in our experience this is not that common: it is often more a case of refreshing the existing strategy to address the current and future challenges and re-building partner momentum and motivation.

Over the years we have worked with many practice groups that have found themselves in challenging positions, and based on this experience have found the following five steps are key to success in reinvigorating practice groups:

1. Base the exercise on the data – not 'gut feel' and perceptions

It is critical that any review have a sound foundation based on robust data. This needs to start with financial and client base analyses and generally all the data required is readily available from a firm's practice management systems. Such analyses are usually quick to undertake and tend to identify key areas requiring attention. (Usefully, such analyses also often identify achievements and improvements made in the past that can be helpful in convincing doubting partners that change is worthwhile and can deliver tangible benefits.)

The analyses may highlight the need to seek client input through client interviews. This can be particularly the case if there are indications that some clients are no longer instructing the practice group so regularly or perhaps at all. Or they are now mainly instructing the practice group on lower value, more routine matters compared to previously. Or that while the work instructed is largely the same there is an expectation of markedly lower rates. Understanding the reasons for these changes is critical. While such conversations can bring up uncomfortable findings, at least with them in the open the process of starting to address them can begin. And, of course, such research also provides the opportunity to explore demand trends in terms of the types of services clients anticipate requiring in the future. Most importantly in undertaking such research it is key to include both clients with whom the practice group continues to perform strongly and those with whom it seems to be faltering.

2. Develop a clear but concise and actionable plan to address current and future challenges

Establishing and agreeing the steps the practice group needs to take to adapt and bring about a return to its previous success is fundamental. Successful plans tend to be based on a mix of 'hope' of progress and 'fear' of competitor and client developments. The practice will have to do some things differently in response to changed circumstances (the

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reactive/defensive); it also has opportunities to take the initiative, to develop its strengths and to become more competitive (the active/offensive).

At this point developing a sense of urgency is key and there are advantages to be gained through speed of response. Demonstrating a clear rationale for change is vital. It is equally as important to ensure that where proposed actions are similar to historic actions these are justified – why they failed in the past (often but not always down to ineffective implementation), why they are still relevant, and why and how they can succeed this time.

3. Build momentum and motivation as rapidly as possible

Focusing on smaller, attainable objectives – at least in the early stages of implementation – tends to be a highly effective way of building partner confidence and overall momentum early on. Evidence of change achieved is often more motivating than 'grand ambition' - the benefit of action over planning is significant as is getting partners doing something quickly.

Of course an overall framework will be necessary – not least to coordinate certain activities and to manage and monitor progress. But the production of a comprehensive plan should not be an excuse for delay nor its weight be a morale sapping impediment to action. What is critical is that there are clear priorities for the first quarter (100 days), 12 months and two years – concrete steps in the short and medium term that will take partners in the desired direction (even if not resulting in reaching the ultimate goal).

4. Define success using a range of measures

Inevitably there will be a natural and historic focus on the size, income and profitability of the practice. Including additional measures, however, tends to be helpful. Framing progress relative to competitors, and in other terms such as: achieving partners' aspirations for the practice; in technical and operational improvements; and in client wins can all be helpful.

It is important that partners should recognize that the practice is moving forward and has progressed on some dimensions even if not yet on others.

5. Build partner commitment

Partners and firm management need to work together to formulate a refreshed plan – possibly bringing in some external assistance: to provide objectivity, neutrality and a broader market perspective; to challenge the 'status quo'; and to take at least some of the burden of the work away from partners and firm management.

Partners working alone tend not to have the required objectivity when analyzing their own performance. Nor will they likely have a particularly broad overview of market and client trends. In contrast an 'imposed' plan by management has a high risk of failure because partners are unlikely to feel it reflects the reality of the situation or their aspirations. And neither are they likely to be particularly committed to it.

It is critical that partners have a clear feeling of purpose rebuilt and along with this both ownership of the plan and a strong sense of obligation – both to their partners within the practice and the wider partnership. Involving them in the review is critical and ensuring they feel that their views have been heard and understood and that the plan emerging reflects their aims and ambitions are all vital. Providing 'space' for bottom-up initiatives is important as is encouraging partner entrepreneurialism.

And underpinning this is reinforcing partners' confidence in the practice's (and firm's) capabilities. Providing a strong, clear message about 'getting it done' and how implementation, action and progress will be achieved are key messages to repeat.

Conclusion

Of course there are some practices that face profound challenges that require radical changes in direction and strategy. But in our experience most underperforming practices do not require this and with certain changes can successfully continue to follow their current course. What they do require is reinvigoration and motivation and a rebuilding of partners' confidence, energy and enthusiasm along with a clear set of actions which both address the shortcomings in the practice and take advantage of the opportunities in the market.

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