

IMPROVING PRODUCTIVITY

THE BEST WAY OF
INCREASING PROFITS?

Nobody wants to work harder, but everyone would like to produce more in the same or a shorter working day.

This is an issue which the economy generally needs to tackle and it is definitely an issue for all professional firms too. Gone are the days where you could just do a task and charge a client for the time it took; clients now see that everything has a value and there is therefore a premium to be earned for efficiency.

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We have devised a short 30 question checklist to help you to identify where productivity is weak and what needs to be done if you are going to improve upon current performance levels. If you can answer “yes” to every point, then you probably do not need our help!!

CAPTURING EFFORT

Everyone needs to capture all of their effort so that the firm understands what everything costs. Understanding the cost of everything is vital if efficiency is to be understood and improved.

1. Does the firm have a **detailed time recording policy** which clearly outlines when and how fee earners are expected to record their time?
2. Is the policy supported by a **detailed FAQs document** which gives detailed explanations of how common grey areas of time recording are to be captured?
3. Does the firm have a **comprehensive list of codes** so that all time can be captured?
4. Have fee earners been trained how to write **narratives that properly explain the value delivered to clients** rather than just focusing on the processes undertaken?
5. Is there **no pressure to under record time** when estimates are being reached?
6. Are fee earners encouraged to **attach billing notes to their time entries** so that there can be a way of billing clients fairly?
7. Can **everyone always see how they are doing** compared with the expectations that have been set for time capture?

IMPROVING EFFICIENCY

Once we know where the time is going, it is possible to think about what needs improving and the best ways of improving efficiency.

1. Have we got the **correct staff structure** in place so that all work is delegated to the right level?
2. When files are opened do we always **ensure that more than one fee earner is allocated to the file** so that we are always thinking about who should do each task?
3. Is all of our **knowledge properly documented** in a way that all fee earners can recycle the knowledge of other fee earners?
4. Could we get **clients to do all the information gathering and administration** that is necessary for us to do our work?
5. Do we always **use third parties to do our work** when this is possible without there being any dilution in quality?
6. What do you do to **ensure that matters stick to sensible timescales** and what happens when matters delay or overrun?
7. Do we **plan to manage other people well so that they cannot waste time** on files as they progress?
8. Do you **regularly benchmark how long it takes your fee earners to perform tasks compared** to their colleagues and fee earners in other firms?
9. Do you **use a matter planning tool** that helps you to understand and manage the cost of running files?

ATTRACTING WORK WITH BETTER PRICING

Clients will not instruct you if they are unhappy with the fee arrangement. This does not mean that you need to be cheap but it does mean that you need to think again about how you are going to charge and what the client values.

1. Do you **feel comfortable when clients ask you to be more creative** with your fee arrangements?
2. Are you good at **giving clients genuine choice** over fee arrangements so that they can make a choice from your options, rather than needing to get quotes from other firms?
3. Are **fee earners good at understanding what clients value** and linking fee arrangements to these measures of value?
4. Have you **tested whether you are really charging as much as you could** or have you been listening too much to your clients?
5. Is the **differential** between your highest and lowest charge out rates **always encouraging work to be done at the right level**?
6. Does your website give **clear examples of how you can offer alternative fee arrangements** to clients?
7. Do you **proactively talk to clients** about alternative ways of charging for their work?

FEE NEGOTIATION

Most professional people feel uncomfortable discussing fees. Sophisticated clients can see this and use this to their advantage. They like to reduce your fees to much lower levels with minimal effort.

1. Does everyone **understand the impact on profit of a 10% discount off** a fee or a billing rate?
2. Is there **guidance** that has been provided to show fee earners what can be done when fees come under pressure?
3. Is everyone **comfortable with a “walkaway point”** and is this used when negotiating fees?
4. Do all fee earners appreciate **how trading can be better than discounting**?
5. Are there **sound systems in place** so that any scope creep would be immediately identified so that it can be shared with the client?
6. Would all fee earners **link fee negotiation into cash flow** and seek to get earlier or up-front payment, in return for lower or more certain fees?
7. Are fee earners **good at getting feedback from clients** as matters progress so that clients can never really say that they are not entirely happy at the end of a matter?

We hope you have found the questions thought provoking?
Please do let us know if you would like to discuss any of these issues with us.