

The Business

A long-established local firm of solicitors employing fifteen staff and dealing in most branches of general law. Owned by one of the practising solicitors, who had bought it with a partner around twenty years ago but was now sole shareholder. The Board consisted of the owner and one other Director, also a practising solicitor in the firm. There were five other fee-earners.

The Problem

The owner was approaching seventy years old and was still the leading fee-earner in the business. The recession had had a significant impact on turnover and the business was thought to be breaking even. The company book-keeper had been sick for many months and there was no clear picture of cash flow, turnover or profit. A practice management system was part-implemented but the project had stalled. Staff morale was low and employees were worried about their jobs. There was no clear direction and a concern amongst management that the business was reliant upon the owner for its survival. The owner could not see how he could sell the business for a worthwhile sum. His preferred exit strategy was a management buyout but there was no appetite for that in his management team.

The Solution

Following initial review and discussions we helped the owner to:

1. Establish focus and control on cash collection, invoicing work in progress, replacing the book-keeper, establishing financial controls and completing the practice management system implementation;
2. Develop a five-year financial vision for the business;
3. Implement sound leadership practices: clear reporting lines, agree job descriptions setting out responsibilities, regular staff communication, written annual objectives, monthly management meetings and key performance indicators;
4. Implement proper business planning, starting with a budget to deliver the first year of the five-year vision;
5. Commence an explicit schedule to pass legal work formerly only undertaken by the principal to other fee-earners in the plan timescale;
6. Developed a marketing strategy to deliver the required growth in each product line over the five-year plan.

The Result

1. The business now has an agreed vision and a management framework to achieve it. This is beginning to establish a sense of direction;
2. The controls on cash and work in progress have delivered cash into the company;
3. The financial controls of the business have been re-established and management and employees can be more confident about the long-term future of the business;
4. The new practice management system is implemented;
5. The owner now has the tools to produce the necessary financial performance from his business and to develop his management team to take over from him.