

How well do you know your business?

I recently wrote a piece about how important it was to be well informed about ABS's in order to plan your business and look at your strategy. Change is afoot in our legal market, whether a big bang or perhaps a whimper, the balloon is going up soon with all the attendant hot air.

How do you plan? Crystal ball gazing is all very well. Many will make a stab at where they would like to be, some more diverse, others more specialised, some in larger business units, others in smaller. Before you start that journey, you must know where you are now. How can you avoid pitfalls, wasted expenditure, leaps in the dark and the compelling voice of a salesman who wants his commission?

I would suggest that knowing your business as it presently is, understanding its strengths and perhaps even more importantly, knowing its weaknesses, will give you a much better idea when you pass "Go" intending to end up on Park Lane and steering well clear of "jail".

Many times over the years I have been offered "benchmarking" surveys sometimes for quite ludicrous amounts of money. Having the inside information on what other firms of solicitors have told the salesman may be interesting but may not be reliable and is certainly not verifiable. Knowing how well Bloggs & Co. are doing doesn't necessarily tell you where you should be. Having a bumper year or two doesn't mean the future is necessarily rosy. Some may admire the entrepreneurial spirit of those firms that corner the market in coal mining claims, I would suggest that few now have the same levels of admiration. If not other firms of solicitors, who else?

My firm recently became sponsors of our Local Chamber of Commerce. I'm fortunate to practice in an affluent area of the country with a vibrant business community but that doesn't necessarily mean there is plenty of work to go round. Competition is fierce as there are more bees buzzing around the pot. Many businesses have strong relationships with their existing solicitors. A hard sell will certainly be counter productive so why still try? Well if you want to extract something in the next week or month, you are wasting your time. If however you expect to practice in a geographical area for many years – perhaps most or all of a career, then long term reputation is vital. The solicitor as "homme d'affaire" may be somewhat outmoded but being a solid part of a business community will do wonders for your reputation.

You may not pick up any business immediately but each of the individuals that you come across may move house, need a Will, require matrimonial advice. Sometimes that may be years later, when they have got to know and trust you. In the meantime they will all have friends and relatives.

Some businesses get the idea but fail in the execution of it. Simply sending a representative from XYZ Ltd./LLP/whatever, is not enough. People buy services from people. People trust people and ours, is of course, a people business. If you think that selling a Will kit or DIY documents is your way to untold riches, then your vision may be better than mine but you cannot expect loyalty or longevity from a client relationship unless you give something too.

If like me you are a devotee of “Dragons Den” (particularly the early series before the personalities of the judges were such a big part of the production) then you may have learnt some interesting business lessons. Questions such as whether your income is in excess of your expenditure? If it is not now, will it be soon? How big is your market? How are you accessing it? How good is your cashflow? If you were in the “Den” justifying your Practice, how well could you answer these questions, not because you are seeking outside investment – although you may be doing just that in the not too distant future - but simply because if you cannot, you need to find out.

Interesting lessons may also be learned from watching “the Apprentice” personally I prefer the American version. The antics of Donald Trump in testing his applicants are to my way of thinking a little more constructive than the eminent Lord Sugar. The programme, whether US or UK, concentrated on strengths and weaknesses of individuals. Some applicants or contestants were very strong in one area but weak in another, some were moderate overall which may have made them better contenders. The creative people may fall down on marketing, sales people may have poor logistical or time management skills. If you took a dozen of your staff, who do you think would rise to the top? You might be surprised by the result but the thought process might teach you more about the skill of the people on whom you are relying.

Before I receive a deluge of calls from employment specialists, I’m not actually suggesting that anybody gets “fired” rather that the employer who runs the better business will know their staff, their strengths and weaknesses.

The surveys to which I referred earlier can be purchased but if you want the real picture you only have to go and look for it. Talk to other businesses about how they are doing in their markets. Provision of professional services may be different in some ways to the selling of insurance or financial services, surveying or architecture, telecoms or recruitment but the business fundamentals are remarkably similar, profit and loss, income and expenditure, staffing, HR, office supplies. Simply talking to people will help you learn where you are which must be a pre-requisite to learning where you can get to.

Remember that Chamber of Commerce function. Have you sent the right person, the one that can talk about your business and more importantly listen to other people about theirs, or are there some who are willing to learn or just anxious to please or perhaps are there for the free drink. There is no right or wrong answer but if you haven't thought of asking the question then can you honestly can how well you really know your business?

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