

Measuring performance – the *new* approach



Mapping and establishing business
development competencies for
performance evaluation and remuneration

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It's been interesting reading the legal press recently and observing a transition away from the traditional lock step model and chargeable hours, towards a merit-based system for Associate remuneration. Whilst this is welcomed by many, the change brings with it many challenges for firms – particularly when new measures and benchmarks for remuneration and bonuses include activities such as business development (BD) success.

Navigating the new territory

So what should an Associate and Senior Associate be expected to do in relation to Business Development in order to progress within their firm and in their career? And how do you measure such performance in this field?

Looking further up the scale, the same issues arise at Fixed Share Partner level (what should success look like there?). Some enlightened firms are even taking a broader perspective and considering their expectations of Newly Qualifieds in relation to BD as well.

In the past some canny professionals were able to 'fudge' their BD progress in their annual appraisal. They were able to give little evidence to support their claims of success. To be fair, some were asked to deliver against 'soft' and difficult to measure objectives in the first place.

The need for clarity

Now, however, more explicit expectations of business development are emerging. These are beginning to be linked with reward and have driven the need for the 'mapping' of BD competencies onto specific job roles.

Defining these competencies and expectations enables firms to answer the inevitable questions, which are now being raised by professionals – questions like:

- *What are the firm's expectations of me at my level?*
- *What should I specifically be doing in relation to Business Development?*
- *What objectives should I have in relation to BD?*
- *What support will be available to enable me to do these things?*



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A vision of the future

The prize for getting this right and providing answers to these questions is a crucial one in this post-recession environment.

Imagine a situation in a firm where everyone, from equity Partner right down to NQ:

- knew what the firm's BD expectations of them were
- had specific and measurable objectives on which they were judged and
- had the support in place to help them to achieve those objectives

These firms are now becoming a practical reality and are developing into the commercial powerhouses that will significantly outperform those who have a more laissez faire and patchwork approach to BD expectations by grade. But how do you get there?

A fundamental first step

The first building block is mapping BD competencies onto every job level and getting those agreed across the firm. We've already done a lot of research in this area to provide a suite of realistic competencies for each role for a number of client firms.

This knowledge has come from our experience of different levels and roles across the professional services and within specific sectors.

It isn't easy gaining agreement across the firm to the specific BD expectations for each role. However, when agreement is reached and consensus gained, firms make a major step forward in delivering a consistent approach to client service behaviours and revenue generating activities. In fact they gain quite a competitive edge on other firms still stuck in deliberation and debate.

Those firms who are stealing the edge on their rivals have articulated, agreed and put measures in place to support 'what good looks and feels like' in terms of BD and at each level.

A vision of the future

If your firm is trying to articulate the BD competencies it expects for every role, try and define what 'good' looks like from its collective knowledge of:

- Current successes and success stories from different roles across the firm
- Lateral hires' experiences and accounts
- Competitor actions through peer group discussions and the media
- Client anecdotes
- Professional body guidance
- Observers and commentators of your profession

Making progress possible

However, just defining what the firm thinks an individual should be doing in terms of BD is only one step on the journey. The next involves guiding the appraiser (the line partner, practice area or sector head etc) on specific objectives the individual can be measured against.

Historically, firms have often struggled to get some robust and tangible objectives in place. Our work on the mapping of competencies has naturally spawned an array of example objectives that can be selected and applied in the vast majority of appraisal situations, no matter what that grade of professional. You could also foster a bank of your own, based on what's worked before.

Why is this valuable? Simply because many appraisers who are put on the spot in the Personal Development Review (PDR) with a colleague, find it difficult to set challenging and SMART (Specific, Measurable, Action focused, Realistic and Timed) objectives.

In this situations, some professionals come out of the review with BD objectives that are not particularly well tied into the firm's expectations of them or are 'soft' in as much as they can be easily achieved (or seen to be achieved at the next review).

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Robust and fair objectives

When a firm gets the BD objectives for each role right they drive progress; when they get them wrong people often waste precious time and money.

Working with firms we've seen many objectives set at the time of the appraisal that have the seeds of failure in them. It's not that they won't have been completed; it's just that they are not destined to achieve anything of real value, to 'stretch' the individual or to make real progress.

Examples of 'soft' objectives we've seen include:

- Build a presence in x market
- Win more business from y sector
- Develop personal and the firm's profile in z group
- Build relationships with more intermediaries

It's quite difficult for an appraiser to assess or quantify success in relation to these. Setting more tangible objectives means a better outcome for the individual (they're not being set up to fail and have a chance of developing) and the firm (tangible progress can be tracked and evaluated fairly across a number of individuals).

In contrast then, examples of SMART objectives include:

- Send out 10 targeted approaches and convert one of these into a new piece of business
- Have six face to face meetings with prospective clients and turn convert at least one into a piece of work

With these examples, it's hard for the Associate not to aim to achieve them, and difficult to waffle through. Take the final example – either they have or haven't had six face to face meetings and the appraiser should explore:

- Who the meetings were with?
- What happened?
- What's the latest situation with each prospective client?
- ... And what work has been won?

This makes for a very interesting appraisal conversation. It also provides a good measure as to whether the Associate has actually qualified for the salary increase and bonus potentially on offer.

Should, for example, an Associate who hasn't succeeded in their business development objectives be given the same credibility (and raise) than another who has?

Now that a more holistic view of an Associate's contribution to the firm and their role is coming into play, this question becomes important if their firm is to avoid feelings or resentment and, indeed, apathy if those who have succeeded in their BD goals are treated the same as others.

A supportive environment

It is essential that, as well as defining their BD expectations for each role, firms foster a supportive environment to make personal BD success 'happen'.

This is a complex area though, because even though you may have set some SMART objectives for an individual, the firm's responsibility shouldn't end there.

Those commercial firms that have got to grips with this challenge have realised that they have to provide an appropriate measure of support to help colleagues succeed. They realise that you can't just walk away and hope that in six months or a year's time when you sit down again, that an individual will have figured out how to achieve the goal and done it.

The reasons for this are many, but the comment on the next page which comes from a senior partner sums it up nicely.



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The carrot vs stick approach

“People know what to do, but often don’t do what they know. There are many reasons, of course, a lack of time, a lack of confidence, other priorities and politics, but the end result is that what you both hoped would be achieved, hasn’t. Part of the problem is that we assume that fee-earners naturally have the confidence and skills to do those BD activities, but that’s not always the case.”

In our own one to one coaching sessions, fee-earners regularly admit to being unsure of the best approaches to take, or lack the confidence to take the necessary action, whether it’s:

- proactively negotiating fees
- ‘selling in’ a relevant colleague
- picking up the phone to get a meeting with a prospective client or
- asking for the business when it is appropriate to do so etc.

There is a palpable reticence on many occasions. Why? Often individuals cite the fact that they came into their profession to be great at their skill area, and that business development was tagged on later in their career. They confess that it’s something they tolerate rather than fully embrace – and this mindset does affect their BD performance and success.

The trick though is not to pursue a ‘stick’ approach to BD, as that rarely works. Rather the carrot approach with the ‘spectre’ of a stick is likely to be more effective for professionals. What does that carrot and stick (and spectre of stick) look like?

First of all it comes from the firm choosing what it will openly reward and praise amongst its people. It comes from the firm setting out its stall and defining what good looks like, who the role models are to emulate, what behaviour is viewed as best practice and equally what is not tolerated and condoned.

Supporting the cultural messages, should be built-in incentives so people do deliver on objectives. In some cases the objectives do not have to be just financial. Team esteem and recognition for making progress may suffice. Other rewards which fit with the personal motivations of an individual (eg paying for them to attend a specific ‘kudos’ event/training course they aspire to, giving them a sabbatical etc) may give sufficient motivation but need to be manageable when factored across multiple ‘successful’ individuals in the firm.

Sometimes the trick to keeping people motivated often comes from establishing a series of small rewards in return for the achievement short stage goals, rather than one big mountain of an objective that takes a very long time to complete. It does depend on the personality and interests of each individual and the firm’s overall business plans.



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A helping hand

It's all very well talking about setting rewards that motivate people to success, but often individuals need a helping hand. Remember that comment from the senior partner. Often we may know what good looks like, but haven't a clue how to get there.

So as well as mapping out BD competencies firms need to be prepared to explain how an individual can secure those skills and achievements. They need to foster an environment where people can practise, evaluate, learn well from what they've done and develop.

Often the fastest and best learning happens when an individual is guided and supported 'on the job' – getting help and advice as they face the challenges a new experience or unfamiliar territory throws up.

Sadly 'just in time' training hasn't always been a feature of BD personal development in firms. Historically, firms have either put swathes of people through generic BD courses in the hope that they'll remember and apply what they learned when the time comes. Other firms have tried to wait till a number of professionals with a common development need arise and then bring in training to tackle it. This is sometimes 'after the horse has bolted' for some individuals and they're encountering a different challenge.

The good news is that there has been a rise recently in the number of internal coaches and mentors within professional firms. Equipped with valuable experience, materials and tools, they have been endeavouring to give help and training to fee-earners just when it's needed.

The beauty of mapping BD competencies across the various roles in a firm is that it should help firms better identify and plan the training their people need. This will also make them able to quickly address the skills gaps in different individuals.

And with the Internet accessible 24/7 through smartphones and tablets, some firms are striving to deliver that 'just in time' support and training to fee-earners to make their BD endeavours even more successful.

Just in time support

In fact, we've helped a number of firms deliver valuable training and guidance to fee-earners through our Online Business Development Academy. The Academy is a resource centre that maps onto personal BD objectives that are likely to be set at various levels. It provides practical 'best practice' advice to guide individuals on the actions necessary to achieve the goals they have been set – even if they are outside their existing skill set or comfort zone.

Featuring best practice tools, advice, podcasts and even videos of professionals undertaking the activity in question, The Online Business Development Academy is proving valuable as both a 'just in time' source of advice and as a learning and development tool.

In particular it has helped many people at the Senior Associate, Associate and NQ levels where as, part of the objectives they are set is also the task of working through a number of the modules relevant to them. These can be done by the individual in their own time and at their own pace. The Academy doesn't offer 'BD in theory' exercises; instead it delivers practical modules which lead fee-earners to take appropriate and effective BD actions as a result of applying its tips and tools.



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Summary

There is no doubt that the trend towards a much wider range of performance criteria being used to appraise a professional's contribution to the firm is likely to gather pace. More and more firms are likely to see the leading lights in the profession adopting such an approach and reaping the benefits.

It is also clear that one of those key elements of performance receiving such attention will be business development.

The firm that has, or can create, an appropriate BD culture that:

- Leverages their resources
- Equips their people with the necessary client focus and commercialism

...is likely to continue to survive and thrive, in the rapidly changing economic landscape ahead.

But to do so effectively requires firms to recognise that the days of setting BD objectives without support are likely to be over. Yes, of course you can do that, but the results will be piecemeal and on the whole disappointing for all concerned.

Instead those who are already at the forefront of this relatively new approach are providing 'hard' and measurable objectives, based on a bedrock of agreed BD expectations at each stage of a professional's career.

Equally important is their support of these individuals on a daily basis with tools and prompts that bring BD to life, help fee-earners with the new challenges they face and make BD a comfortable part of their 'day job'. Or, as one partner put it to us *'the way we do things around here.'*

There's no doubt, there are interesting times ahead.

Food for thought

We hope we have given you plenty of food for thought in this practical guide. If you need further help assessing and determining:

- The BD competencies that need to be defined for different roles within your firm
- The skills gaps that need to be addressed for fee-earners to achieve individual and firm-wide objectives
- 'Just in time' training provision to help fee-earners learn 'on the job' and apply best practice habits in their BD approach

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