

A brave new world

for business development

PSMG conference chair Tony Williams and workshop leader Richard Tromans capture the theme of the PSMG's 18th annual conference.



RICHARD TROMANS
Jomati Consultants LLP
richard.tromans@jomati.com



TONY WILLIAMS
Jomati Consultants LLP
tony.williams@jomati.com

The economy is stirring back to life after five tough years. Surely this is excellent news for marketing and business development (BD) teams? Yes and no, is the answer. This is not a return to 'business as usual' for lawyers, accountants and other professional service providers, and it is certainly not the case for their BD teams. Instead it is the beginning of a new era that will push BD teams to their limits.

The truth is that competition between law firms, and between other professional service firms, to win work and cement client relationships has never been tougher. While some firms are seeing an increase in revenues, others are facing financial difficulty. We already have seen several well-known law firms collapse in the last 18 months because of financial pressures and more may follow.

Despite the optimistic headlines about a return to 10% revenue jumps for some, much of this growth is due to taking major clients and teams of lawyers away from rival firms, or to takeovers of smaller, less well positioned firms. Growth now is not because the legal market has returned to the Golden Age, pre-2008 days of near automatic expansion. Growth today is hard won and new clients, or new areas of work from old clients, are the result of highly focussed campaigns utilising every ounce of talent a firm has.

But why does this change to a harder, more competitive market, with its impact on sustaining revenues have any relevance to BD teams? Why worry about the stressful debates going on in the C-suite? Frankly, if you think that, then either you or your firm, or both, are not long for this market.

In this brave new world, BD is moving from its traditional role of 'support' at the periphery of the firm to the centre stage, both in terms of its decision-making powers and its responsibility for managing the execution of strategy. In effect, BD becomes the extension of the firm's business strategy, it reaches out to clients and sends carefully aligned messages just as much as any partner at the firm does, and perhaps now even more so.

In the past the BD function had in many cases been left to idle on its own and as long as it carried out key tasks such as maintaining directory listings, providing the standard 'stuff' that went into RFPs, churned out press releases and managed a nice looking website then all was well. Clearly, we are well past those days now.

What this change means is that any BD content or output, no matter how good, is irrelevant, if not detrimental, to the firm if it is not executing the business strategy. And a defined strategy matters because without it the firm is just going in circles, and those types of firm will no longer prosper in this market.

It also means the senior BD professionals must sit not just in the room where decisions are made about the firm's strategy, but have a permanent seat at the table and an equal voice. This in turn requires BD heads to show leadership, creativity and be able to take the risks and responsibility for pioneering new campaigns and initiatives.

But, if BD professionals are to prosper in this new environment then what will they need to do? They will have to:

- Ensure that all BD output is aligned with the firm's overall strategy.
- Prove, where possible, a Return on Investment (ROI) on the BD team's activities.
- Develop a one firm vision and not be trapped in silos, such as a practice group, or a particular office.
- Be creative and proactive, offering new ideas to boost the business.
- Be prepared to lead and take risks; and be able to deal with the inevitable knock-backs from fee earners.

In short, the senior BD professional needs to evolve to a position as valuable as the Chief Financial Officer (CFO), whose decisions can make or break a firm. But, it is not all pressure and challenges. CFOs are being made partners in law firms and nearly always sit on the management committee precisely because they add so much value to the business. The same, in time, may come to BD chiefs. Why should a truly excellent head of BD not become a partner in a law firm or other professional services firm? We can see no automatic reason why they should not. And given that they may contribute significantly to the partners' profits every year, then why not reward talent and also retain them with high remuneration?

In short, the senior BD professional needs to evolve to a position as valuable as the Chief Financial Officer (CFO), whose decisions can make or break a firm.

Of course, all of the above is dependent upon certain factors, the most important of which is working within a firm that actually has a business strategy and leadership that will embrace the BD function as a revenue developer, and not see it as just 'support' or as a cost. It also requires BD teams to recognise that certain parts of what they do are in fact 'process' work and don't deliver a huge amount of value to their employers. Some BD work may well have to be outsourced.

This in turn puts a greater focus on those people who can develop high value, actionable BD plans that will make a difference to partner profits. In this respect, what will happen to BD over the coming years is what has happened to lawyers and other professions: clients (in this case internal clients) will realise how much BD 'product' is in fact commoditisable, while also better identifying those BD services that are truly special and vital to the improvement of the business.

In conclusion, the future will not be an easy one for BD teams. But, for those that rise to the challenges of this new era they will have an extremely rewarding time as they move from the side lines of their firms to centre stage.

Tony Williams is the principal and Richard Tromans is a consultant and head of research at Jomati Consultants LLP. Visit www.jomati.com for further information.

