

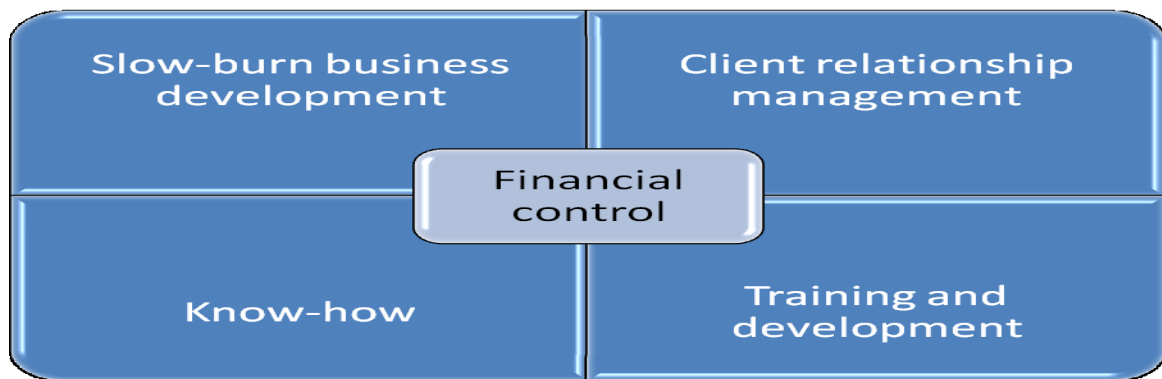
## Achieving positive appraisals in a downturn

The beginning of the financial year brings the usual round of appraisal and performance reviews. But how do you set targets and goals when the economic outlook is so unclear and the ambitious targets that seemed reasonable last year now seem impossible? In many firms appraisals are being avoided. However, a lack of both communication and clear expectations is a fast-track route to low motivation and morale. In contrast, firms need to be driving appraisals as a method of promoting positive action across the firm on the principle that the quickest way out of a downturn is to focus on the up-turn. Analysis of the past two economic recessions tell us that there were two distinct reactions in law firms:

1. Lie low and cut the budgets
2. Focus on the upturn and invest energy in strengthening in core areas.

There is no doubt that those firms which chose Option 2 were much faster getting out of the doldrums when the upturn arrived. So what did these firms focus on?

Up turn strategies had five key activity areas:



If appraisals this year focus on billable hours, fees and targets the likely reaction will be de-motivated lawyers and uncomfortable partners. Instead appraisals need to forward focus and set target activities that will strengthen the lawyers and the firm for the future.

**Financial control:** over the past few years fees have been easy to find. Administration has been bottom of the agenda and many lawyers have learned bad financial habits such as poor time-recording, lack of WIP monitoring, discounting etc. All too often, this is exacerbated by a lack of understanding of the mechanics of firm finances (and this is not only lawyers – too many partners do not understand the finances of their own business). With more time to learn and to think

this is a prime opportunity to get financially savvy. Positive appraisal goals in this area should cover:

- Learning about the firms finances through education by the finance department
- Improvements to time-recording accuracy – every hour should be recorded for information and then the billable hours decided
- Improvements to WIP management
- Taking control of collections

**Slow-burn business development:** a recession does not mean that business development is put on the back-burner. It may take longer and be less comfortable, but getting in front of both existing and target clients now is essential to being called when the money starts to flow. All lawyers need to be networking, meeting potential clients and driving a target list. Positive appraisal goals in this area should cover:

- Create a target client list and generate ideas for getting in front of them to start a relationship
- Define networking events and create a follow-up strategy
- Joining associations and using these slower times to create a network of contacts
- Defining and driving interesting and relevant seminars which would attract potential clients
- Getting involved in marketing projects with the BD department
- Writing articles
- Upgrading departmental marketing materials

**Client relationship management:** Lawyers often feel they are stalking if they call clients who do not have any instructions. The reality is that a neglected client who never gets a call in the bad times feels abandoned and will be wide open to approach by other firms. At this time firms need to stay close to their clients and stick with them as the up-turn approaches. All lawyers need to begin making their clients feel cared for. Positive appraisal goals in this area would be:

- Create a list of key clients and set up relationship meetings

- Create a client contact diary to ensure the firm does not fall off the clients' radar
- Create a set of cost-efficient client seminars (not necessarily work related) to make clients feel wanted and valued
- Identify who else in the firm the client should know and set up 'meet and greet' meetings
- Create a CRM process and strategy for the department

**Training and development:** in ten years of good times the focus has been on service delivery and not on training. All too many lawyers have put in the requisite number of CPD points and not really thought about the wider skill set they need to be fully effective business assets for their clients and their firms. If in doubt ask a random, number of your lawyers "How can you justify our fees?" The replies may throw up some interesting responses. In addition, skills have been learned but not handed down to more junior lawyers as there was not time to teach. Positive appraisal goals in this area would be:

- Create a development plan to identify all the business skills required
- Identify cost-effective means of learning those skills – training courses must have high delegate-trainer ratios
- Get involved in training junior lawyers through case study seminars
- Explore secondment opportunities

**Know-how:** Like training know-how systems have been updated on an as-required and 'when there is time' basis. With time to spare, this is a prime opportunity to upgrade departmental know-how. This will ensure that lawyers are using their skills and also making a positive contribution even if it is not billable. Positive appraisal goals in this area are:

- Review and upgrade of precedents
- Technical research notes
- Getting involved in know-how projects
- Working with PSLs on specialist know-how

In short, appraisals this year need to focus the lawyer on positive action. If appraisals are linked more to an upturn strategy and less to target hours and fees the outcome



will be positive lawyers, positive action and a firm which is actively strengthening itself for the upturn.

*deWinton-Williams Consulting Ltd delivers training across the legal and financial sectors. deWinton was the winner of two LETG 2008 national awards – Trainer of the Year and Training Organisation of the Year. If you want further information on our course 'Delivering Appraisal for Success' please contact Gwenllian Williams on (+44) 207 372 4997 or e-mail:*

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