

Feature

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Leadership through change

Trials, tribulations and opportunities in leading a firm through merger and internal reorganisation. By Anthony Hughes, managing partner, Ricksons

In the early part of 2001, Peter Rickson, the senior and founding partner of the firm, was approaching retirement and he was considering the question of his successor. With the help of a management consultant, it was decided that an internal appointment would be the best choice. Some may say it was surprising, but I was put forward as the preferred choice. I was an insurance litigator and the youngest partner in the firm, but following what felt like a one-man election, I took up the post of managing partner on 1 May 2001.

At that time, the firm was made up of approximately 80 employees and 90 per cent of the business was based on personal-injury litigation for blue-chip insurers. Following my appointment in 2001, the partnership agreed we needed to set stronger objectives, which resulted in setting a target turnover of £5.6m. Although the firm was successful, it was over reliant on our main income stream from the insurance-litigation department. Developments in the industry, however, would act as a catalyst for change and a turning point for Ricksons.

The challenges

When I took over the reins, I discovered the partnership operated in a traditional style but was open to ideas and acknowledged that the firm had to change to survive. Turbulence in the insurance market had resulted in a series of redundancies and many of the casualties were long-serving employees. This prompted the change a lot sooner than anticipated. With this change came a degree of nervousness about investing in the practice, as there had been a long-standing mentality of being prudent when times were hard.

All our competitors were experiencing the same problems, but rather than batten down the hatches and ride out the storm, we took a decision to turn the situation to our advantage and use it as an opportunity to drive the firm forwards.

The biggest challenge was to introduce strict financial-management procedures that would encourage growth and motivate people to perform at a high level. We introduced a bonus scheme open to all employees, no matter what their status. Although initially greeted with a degree of scepticism, when targets were achieved and our bonuses paid, it helped motivate people.

This went hand in hand with a greater degree of transparency. We decided to publish the monthly results for all departments and produced a 'Top Ten' of performers in terms of time recording and billing, with a view to engendering and celebrating success. Sometimes this is needed and a certain degree of healthy competition in business can always stimulate productivity and efficiency – everybody sharpens up.

The second and more important part of the objective was quite simply to make people feel part of the business, because they had a real contribution to make. It worked. In year two, we again hit our target and a culture of success began to flow top down. People were energised and keen to do better year on year. A culture of achievement and success had been created.

Beginnings of change

After a slow and cautious start in 2001/02, the partnership began to develop a vision for the firm and appreciated that we had a fantastic opportunity to create a 'new' business.

At the end of the first year, I felt that the partnership had been successful although it operated in the 'traditional' manner. Enthused by the firm's results and using this as evidence of what we achieved and what more we could do, I went to our annual AGM and challenged the partnership, saying that we could do much better and grow to become

one of the top regional law firms.

With the arrogance of youth on my side, I threw caution to the wind and suggested to my fellow partners that Ricksons could be a far bigger and better law firm if it was 'unfrozen'. It was agreed that it was time to put the firm on the map and set a key objective to develop Ricksons into a top 100 law firm.

By the end of the first year, I had developed with the partnership what may have been a bold vision because, to achieve top-100 status, turnover needed to grow to £15m. This was a tall order for a firm that had just posted an annual turnover of £5.6m.

To kick-start our journey, we revised the firm's structure, service offering and geographical locations. The first point was to evaluate each of the office's potential and room for expansion. Could we increase our share of a geographical market? What services should we offer? Do we need to merge or acquire firms? More importantly, do we need to dispose of any parts of the firm? We needed to start taking more 'risk' decisions; otherwise, we could not grow.

Most of our ideas were met with an emphatic 'yes'. People felt that objectives could be achieved but should not be rushed into. Our office in Birmingham dealt with claimant personal-injury work and, while profitable, was not compatible with our insurance-litigation offering. After much agonising, we sold off this part of the firm to Colemans-ctts, which helped fuel further expansion.

Our first great opportunity and success came with the recruitment of a new insurance team into the Leeds office when Glyn Jones from Whittles joined us. Looking back, this move definitely fell into the category of a 'no brainer'. It was also, however, a pivotal moment in terms of risk taking at Ricksons. We agreed to bring Glyn in immediately as an equity partner and also agreed progression based on performance. This was something of a new approach for the firm.

With the new insurance team duly integrated and boosting the firm's turnover and client list, we were keen to find other opportunities for similar growth but ones that would focus on developing the corporate and commercial side of the practice.

I had numerous discussions with potential merger partners, but none seemed absolutely right. You can do all the planning and make concrete business decisions, but sometimes you need that gut feeling. When it looked like we were not going to find the perfect fit, I met Katharine Mellor, the senior partner at Elliotts in August 2003. The firm was looking for a merger partner and I could see from our initial discussions that they would be a perfect fit for our Manchester office. Within three weeks, the deal was rubber stamped. Integrating a team of over 30 people seemed like a hard task but with the excellent and professional management team at Ricksons, we achieved a seamless transition within a matter of weeks.

Aside from developing expansion plans, we also invested heavily in developing our brand and raising our profile in geographical locations and industry sectors. A marketing and PR campaign is a must in any modern law firm – without these, you are fighting a losing battle.

Implementing such a plan has helped us in two ways – attracting and recruiting talented individuals and helping us to win new clients. When meeting people for the first time, it's pleasing to know that many people have heard or read about us and that makes it easier to form new business relationships. It is also good for the current staff, creating a feel-good factor when the firm is constantly in the news – for the right reasons.

Growth and integration

In May 2001, staff numbers stood at approximately 80 across the four offices: Manchester, Birmingham, Leeds and Preston. Staff numbers now are in excess of 220 and, as opposed to 12 partners, we now have 37. Growth at this rate put an immense strain on our infrastructure but we had planned for this and put measures in place to change at the same rate.

One of the key things that we have all learnt as a partnership is that no matter how small or large the change to the firm, we have always evaluated the process, giving us much needed information or means to make sure processes are improved.

The human element is without doubt the most important aspect in all mergers/acquisitions or lateral hires. Whenever we have been in discussions with potential partners, we make sure all processes and discussions are transparent and, when necessary, involve all members of the practice. Internal communication is key to the process and I would say that without this function, the transition would have had a bumpier ride. Withholding information leads to wild speculation and resentment and it would be far easier to let people know what is happening from the outset. It creates a paternalistic feeling and means everyone is pulling together.

When discussing the Whittles deal, we invited the team to our offices, making them feel welcome and at home in our environment. We were open in our discussions and shared our ambitions and visions for the future – rather than them being just a means to generate fees for bigger law firms. The team chose us over some stiff opposition from national practices.

As soon as we knew that a deal would be done with Elliotts, the Ricksons management team spent time every day in their offices making themselves available to answer questions, no matter how big or small. I prepared a presentation about Ricksons and delivered a roadshow to all staff explaining what we were about, our vision and where we wanted to be. We took the time to get to know everybody and allay any fears or doubts they might have had. After all, these people would be key members of the Ricksons team in the future.

The culture of the two firms at first was very different and the merger was not without some teething troubles, but with everybody pulling in the same direction and wanting to achieve a common goal, it seems difficult to think that they were from an altogether different firm.

The next part of our expansion plan is to develop our Leeds and Manchester bases. We have already doubled the number of people in Manchester since 2004 and we aim to repeat the success in Leeds. Again, key people have been brought into the office there with the sole objective of growing our share of the corporate and commercial market.

Key issues that have been addressed over the past four years

Lawyers do not always make the best managers, but at Ricksons we believe highly developed management skills are an integral aspect of taking the firm forwards. Core skills have been introduced at all levels and non-legal training was given a priority.

If we, as law firms, are going to compete in the business world then we need to ensure that we nurture and develop the talent we have in our firms. At Ricksons, we developed a competency framework for all staff so that career progression would be transparent and expectations managed.

A partnership application scheme has been introduced in conjunction with our own internal Academy, which requires certain levels of achievement to be attained before promotions can be applied for. Again, this has introduced transparency to an otherwise old-school murky system.

Strong financial management has been a cornerstone of our success. A finance director was recruited in May 2004 and has helped mould and transform the management accounts and the key-performance indicators of the business.

An executive board has been put in place to deal with the strategic and operational issues of the firm on a day-to-day basis. Made up of only three lawyers, the other three members are IT, finance and HR professionals. The board was bolstered earlier this year too with the appointment of Peter White as non-executive director. Formerly board director of Coats Viyella plc, Peter has been brought in to advise on future expansion plans.

Strategic recruitment has been vital; getting the best people is a pre-requisite for success. Retaining them is even more important. The key to this is our four-day induction programme for all new starters and with staff turnover at only nine per cent compared to an industry average of 16 per cent, I would like to think we are definitely doing something right.

Obstacles for the future

Our budget for 2005/06 is £12.4m. This puts us well on our way to achieve our goal of top-100 status, but there is still a lot to be done in that we want to become recognised as a true commercial firm with a strong insurance client base, not an insurance firm that does commercial as well. To that end, we need to continue to build our client base and raise our profile.

One of the biggest challenges is maintaining the momentum for change in a profession that is inherently conservative. To stand still is not an option for us – we must ensure the firm stays on course. The firm's strategic direction is to take account of the risks that lie ahead but only take risks worth taking.

Despite all the changes, not one of the equity partners who were part of the team when I took over has left other than through retirement. I think this is a positive sign that at least in part I have helped the firm to change and provided a sense of success and achievement for everybody.

It has not always been easy but it has been immensely enjoyable.

Curriculum Vitae

Name: Anthony Hughes

Born: 1967

Place of residence: South Manchester, UK

Education: LLB (Hons) Sheffield University, before training with Pannone & Partners in Manchester. Joined Ricksons in 1993, was made a partner in 1995 and became managing partner in May 2001.

Specialities and experience: During his time as a fee earner, he specialised in high-value insurance matters arising out of road traffic accidents, accidents at work and health and safety issues. He also has expertise in fatal accidents, including a criminal element in terms of dangerous driving and death by dangerous driving.

Outside work: Is a life-long football fan. Supports Manchester City, although he was recently invited to join the board of Preston North End Football Club, which has split his allegiances.

Hobbies: The outdoor life, including cycling, walking, football and ski-ing.

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