

**THOMPSON
SMITH AND
PUXON** EST 1879

Change Management and Culture

Business Case Study

Sean Stuttaford
Chief Operating Officer

The Case Study

- Discuss TSP and its motivations for change
- What we analysed and highlight a few tools we used along the way
- Integrating change into everyday behaviour and preserving uniqueness
- Importance of the firm's leaders
- Our transformation experience



It's 2009 – The Motivation

- A traditional high street practice
- Experiencing competitive pressures
- Struggled with strategic vision and implementation
- Found recruitment difficult, enjoyed good retention
- Loyal client following and highly regarded locally and by the staff
- Not able to adapt quickly enough

Motivation

(mō'tə-vā'shən) *n.*

1. The ability to influence behavior through praise or reward.

Changing Legal Marketplace

- Legal sector change was accelerating
- Buyer power was increasing
- Technological developments seemed to be growing exponentially
- Threats from new entrants into the market continued to escalate and the political landscape was increasingly uncertain



This was 2009... but it could be 2018!

The Brief

“To transform the practice into what it needs to be to not only survive, but to thrive”



Why Culture Is Important

- Culture is an area that firms can often overlook
- Particularly in relation to its impact on strategic implementation
- Many will have experienced having a great strategic plan, only to face internal resistance and subsequent failed execution
- To succeed, a firm's strategy will need to be aligned to its culture; but how can one analyse a firm's culture?



How Can Culture be Adapted?

- Begin by defining the current culture
- Consider the external environment
- Assess how current culture and values will need to change
- Overtly link your change programme to real world behaviours and challenges
- It sounds simple!



Culture? Ask the Staff

- Undertake an anonymous survey – examples:
 - Do you like working here?
 - Is there tension in your team?
 - Do feelings of “Them” and “Us” exist?
 - How well do we share information?
 - How much do you interact with other teams?
 - What is morale like in your office?
 - What do you think about the firm’s management?
 - Do the business owners act as individuals or as a team?



We Wanted to Know...

- Feelings about how supportive the firm was of its staff
- Whether or not tribalism and fiefdoms existed
- If there were variations in culture between branch offices (*there were!*)
- How sociable the firm was as an indicator of solidarity
- Whether or not there was belief in the merits of team work (*team work over individual excellence*)



Culture Impact

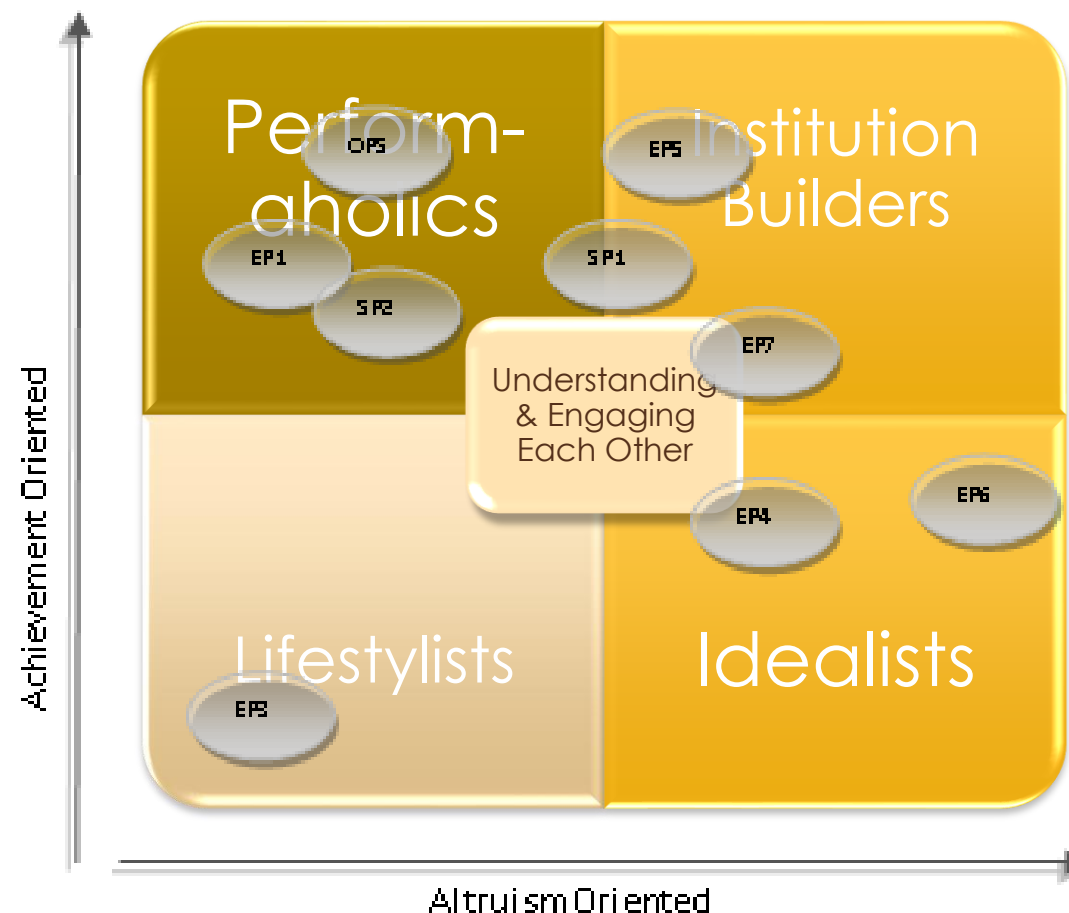
- Partners tend to drive culture in traditional Professional Service Firms
- Culture will:
 - Set the behavioural norms of an organisation
 - Determine what is considered acceptable
 - Define what drives a firm
 - Bring a shared purpose to everyone
 - Determine how well a given strategy will be implemented (*or resisted*)



Understand Partner Values

- Ask each partner to place themselves on the grid
- There is no right or wrong place to be
- Potential differences in applied values by decision makers can impact on change decisions

An example Engaging Matrix



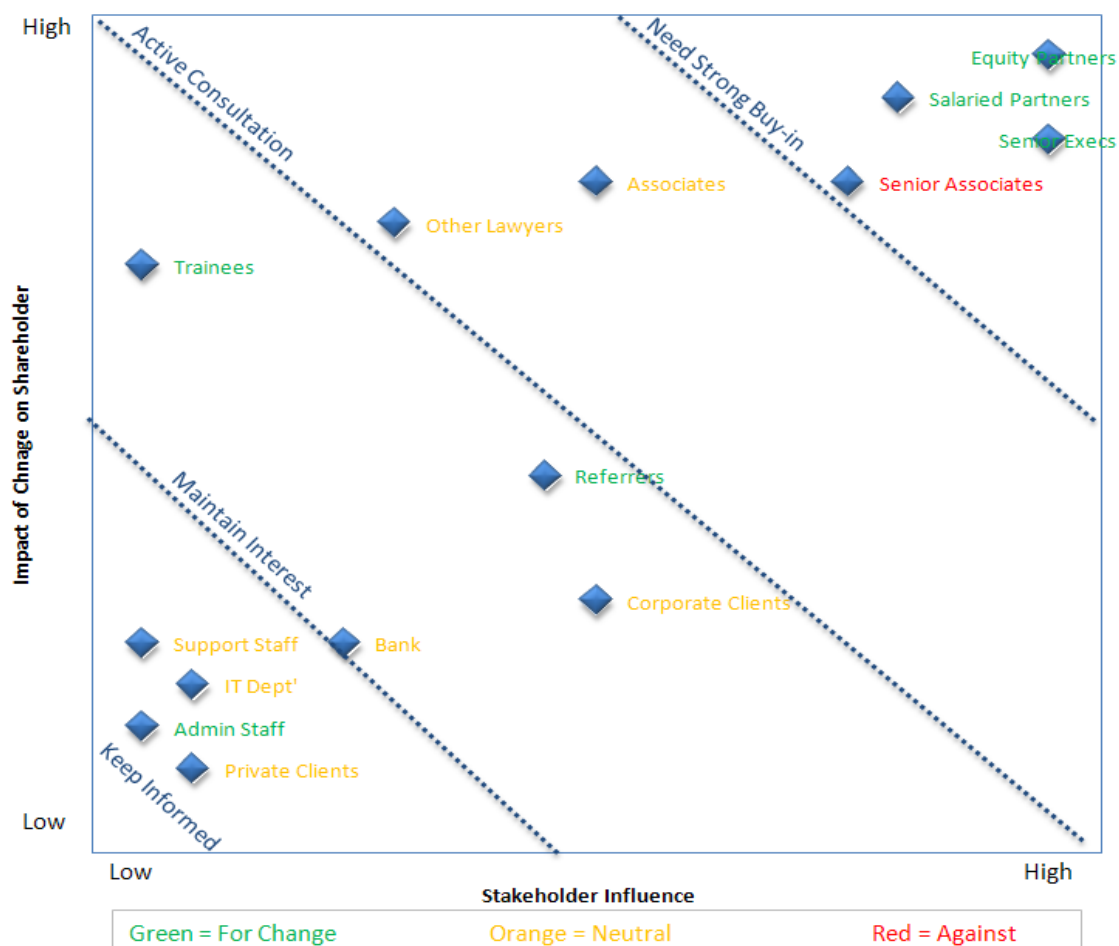
Enablers and Barriers

- Change happens at the level of the individual
- Change requires varying degrees of support from all stakeholders – internal and external
- Stakeholders with high influence need to buy-in
- The Firm should assess the impact of change on a stakeholder, and;
- Assess a given stakeholder's ability to influence
- There is a useful tool to visualise these impacts



Our Old Influence Map

Stakeholder Influence / Impact Map



- For us **Senior Associates** (High Billing) were assessed as potentially most resistant
- They also have high influence
- Strong buy-in was required:
 - Regular consultation
 - Overt Partner support for initiatives
 - Play to desire to be part of the “in-group”

Force Field Analysis

- An example analysis table with likely forces
- It can be quite quick and simple
- Snapshot of resisting and enabling factors for change
- Focuses the mind on conflicting forces

Enabling Forces For Change	Resistance Forces
Partners recognise need for direction	Partners dislike of loss of control
Very loyal and committed employees	The firm can be set in its ways
Stakeholders involved in creating the strategy	There is a culture of “no”
Productive partners feeling “hard done by”	No “buy in”
Staff feedback indicates they want clarity	Culture of “it will pass”
Associates building their own networks	Billing viewed as above all else
Desire to resist clients moving their business	Avoidance of difficult decisions
Referrers wanting change	Lack of clarity of purpose
	Reward system favours status quo
	Staff cynicism of initiatives

External Factors and Culture

- The Firm's culture will determine reactions to external issues
- Partners will view threats and opportunities differently
- To bring potential issues forward, analyse the external, share and discuss with decision makers
- Different attitudes to congeniality, risk, pay, status and achievement can all cause conflict when considering responses to external factors



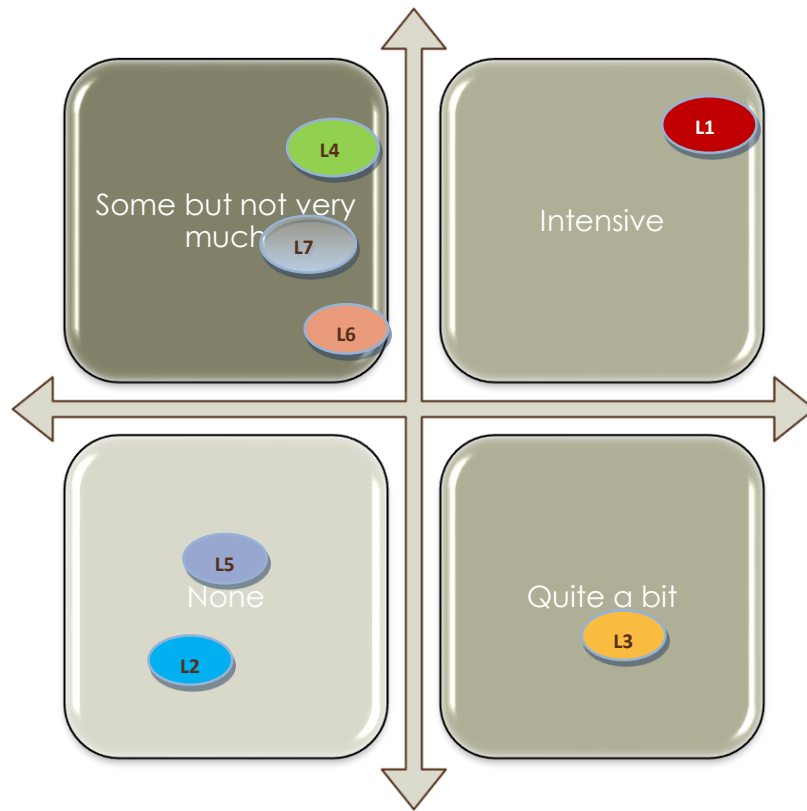
Beginning the External Analysis

- Partners gave their views on external pressures beyond the Firm's control which also provided insights into their motivations
- We began with:
 - **P**olitical, **E**conomic, **S**ocial, **T**echnological, **E**nvironmental and **L**egal
 - Analysed the external macro (big picture) environment
 - Listed factors which are beyond our influence
 - Split them into Local and National



External Influences

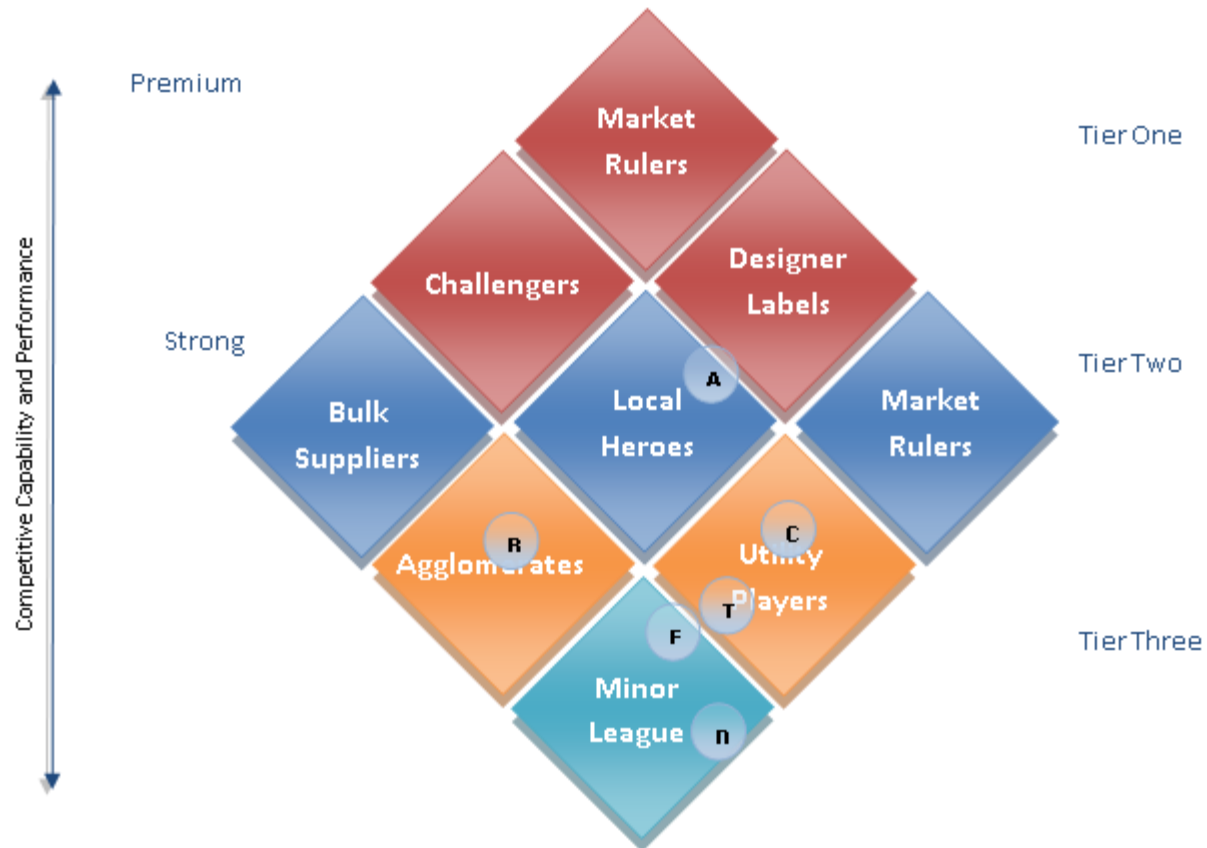
Local Competition Matrix



Label	Type	Distance
L1	Home Town	0 Miles
L2	City	50 Miles
L3	Large Town	20 Miles
L4	Large Town	30 Miles
L5	Town	40 Miles
L6	Town	15 Miles
L7	Elsewhere	Various

Useful for grouping competition sources and having clear visual indicators

External Influences Competitive Capability



Nick Jarrett-Kerr (2008)

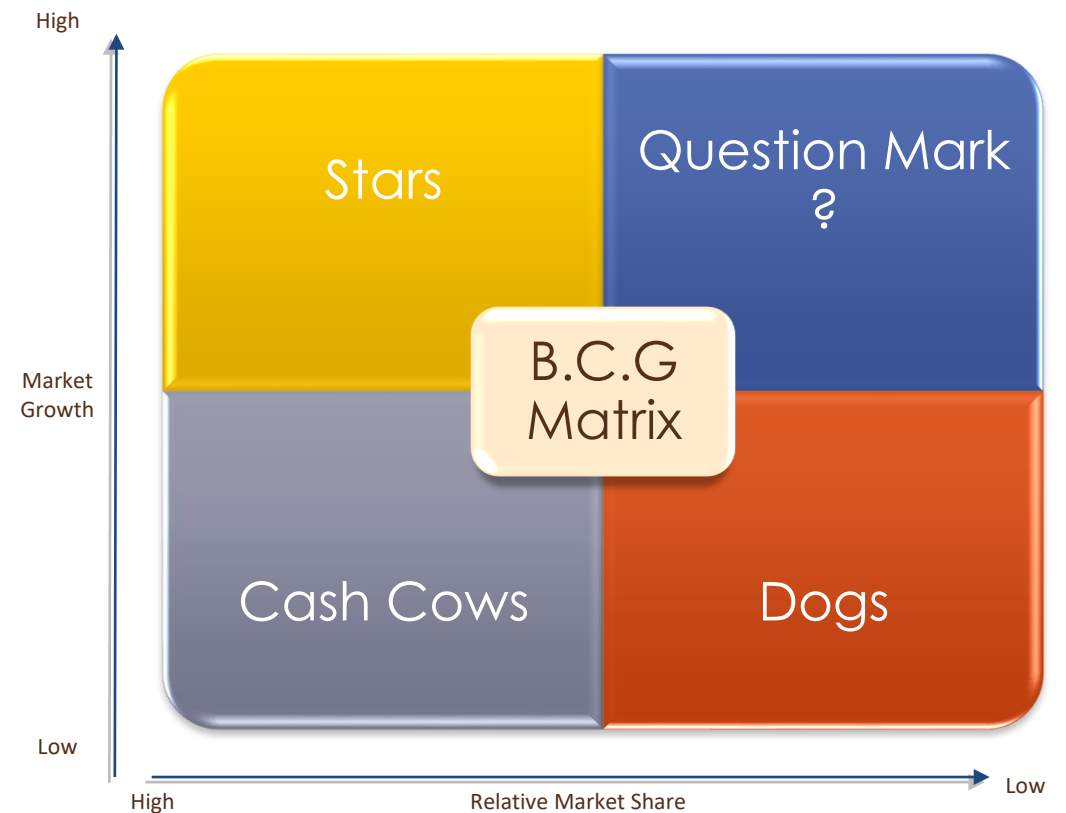
Segment Characteristics	Profit and Performance Drivers
Market Rulers	Rates, leverage
Challengers	Rates, leverage, productivity
Designer Labels	Rates, leverage
Bulk Suppliers	Volume, systems, margin and leverage
Local Heroes	Rates, leverage, Productivity, Margin
Endowment Firms	Rates
Utility	Financial Hygiene
Agglomerations	Economies of scale and Financial Hygiene
Minor League	Financial Hygiene

Nick Jarrett-Kerr (2008)

Segment Characteristics	Competitive Capability and Uniqueness	Areas of Dominance
Market Rulers	Expertise in highly complex work across all heavy-lifting areas Large resources	National/Global
Challengers	Innovation and drive Leading Edge Pioneering	Secondary Dominance
Designer Labels	Specialised expertise/experience in 1. Services 2. Markets 3. Geographies	Dominance in niche areas
Bulk Suppliers	Efficiency Branding and marketing	Dominance in commoditised areas
Local Heroes	Regional/Local Excellence	Regional/Local Dominance
Endowment Firms	Historical Client Base and Brand	No longer
Utility	Client/Partner relationships	None
Agglomerations	Brand Building Critical Mass	None
Minor League	Local Convenience	None

The Work

- One method.....
- Honestly rate the potential of your current expertise areas
- The Boston Consultancy Group (B.C.G) Matrix uses four categories to rate work types on their “Potential for Growth” and “Current Market Share”



The Competition - Workforce Opinion

- Included the staff from the outset – this was key for us to obtain buy in to future plans
- Asked them in an anonymous survey about:
 - competition and pressures their team faced
 - threats from non-law firms
 - where our competition came from
 - where we ranked against that competition
 - competitor strength in comparable departments



What Next?

- We better understood the firm's culture
- Analysed our normative environment and the forces influencing the firm's strategy
- Provided a good foundation to formulate strategic options
- Considered the consequences of those options
- Now we needed to communicate the plans



Influencing Decision Makers

- Constantly communicate the vision
- It will maintain momentum and ward off the culture of “it will pass” and help avoid fear
- Adapt methods for each of the stakeholder categories
- Use in conjunction with the stakeholder map
- A good communications plan will ensure that the right people are engaged at the right level ensuring change that has to happen at the individual level is consistent, clear and controlled.

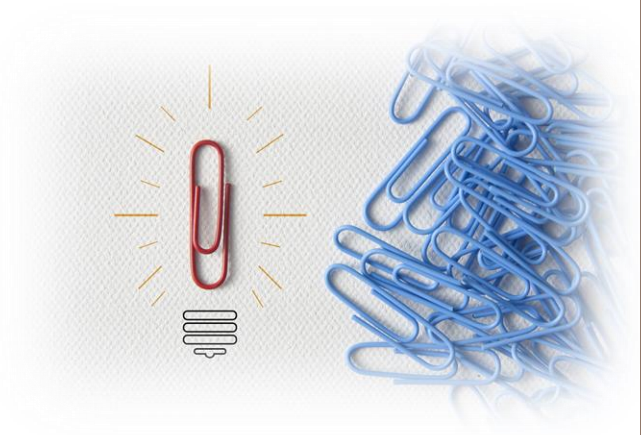


Example Communications Plan

Stakeholder	Current Status	Min' Desired Status	Interests	Key Message	Comm's Method
Equity Partners	For	For	Profitability, growth, client satisfaction, congeniality, avoiding loss of control, the future, personal security.	The firm is safe and has a clear but new direction	High Level Planning Meetings
Salaried Partners	For	For	Growth, equity prospects and attractiveness, fair personal reward, the future.	The firm has a clear purpose and a strong future	High Level Planning Meetings
Senior Executives / Managers	For	For	Partner's satisfaction, practices health, clarity, the future, professional achievement.	The partners trust you	High Level Planning Meetings
Senior Associate Solicitors	Against	For	Billing, client ownership, personal reward, the present.	Change will benefit your clients and bring more business	Impact Evaluation & planning Meetings

Preserving Uniqueness

- Be clear about the values you want to maintain
- Ensure that your strategy is clearly compatible with these values
- Continually engage with your stakeholders
- Don't be afraid to shift focus of the change
 - Your schedule can be dynamic
 - Focus attention where it is needed at the time
- If you make a mistake in direction, respond to that and change it quickly



Drive Change With The Workforce

- Generate and maintain momentum
- Achieve some visible “quick wins”
- Ensure decisions are made quickly and not revisited
- Openly empower and assist individuals supportive of the intended strategic direction. Let them develop their own initiatives!
- Give timely rewards to those that make exceptional efforts to progress the firm’s strategy
- Be seen to confront any breaches of the firms stated values

What is Achievable?

- The change journey never ends but since 2013 TSP has:
 - Relocated from disjointed office space to modern premises (*but with a historical twist to match our culture and values*)
 - Developed a more collaborative working culture
 - Become far more attractive when recruiting
 - Improved commercial awareness of our workforce
 - Repositioned ourselves in the marketplace firmly
 - Increased revenues by 50% and profitability by over 100%
 - Improved sociability of the whole firm – its happier!



Summary Roadmap to Change

1. Leaders acknowledged a need for genuine change
2. Critically analysed the internal and external challenges
3. Reviewed the work
4. Considered the options
5. Communicated the plan
6. Executed the plan
7. Reviewed, learnt and adjusted
8. Communicated some more!

