



PEOPLE SCOPE

Management Consultancy
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Must-do Tips No 66 - The Good Housekeeping Guide

No - we have not suddenly transformed into Delia, Jamie, Nigella, or even the ladies from 'How Clean Is Your House?' to bring you advice on how to create blissful domesticity.

The 'house' we're referring to is, of course, your firm: in fact, more specifically (and a bit boring because they are hidden), its foundations. There are three key commercial factors that affect the quality of your foundations and therefore the stability and longevity of the firm: the ability to **raise prices, increase sales, or reduce costs**. In boom time, most firms have been successful in exploiting the first two, without the need to bother unduly with the impact of the third. But, with the prospect of continuing recession, the first two building blocks of our metaphorical foundations have succumbed to some big cracks, leaving cost management and reduction as the only effective means of support for many professional service businesses.

This represents a radical transformation for many of the professionals that we meet, because it challenges the fundamentals of their mind-set, focused as it is on 'doing the work', 'my technical ability', and 'being an expert'. Getting paid, debtor management and other "low rent" business activities related to MONEY were things that somebody else should be doing - shouldn't they? So they didn't get done or got done in a rush before the year-end. But not any more.

This month we offer three tips to help ensure that your professionals make a just contribution to the firm's good housekeeping and maintenance. You can also tap into more expertise on how to survive the downturn via **Business Development in Recession**. This article series is available to view and download at www.peoplescope.com/articles.php. And we have a wide selection of previous issues of Must-do Tips providing practical, real world advice for professionals, also to access for free. Just go to www.peoplescope.com/must-do-tips/php.

Tip 1 – it's terms time

How many clients know your terms and conditions of payment? And if they do, how many adhere to them? We're willing to bet that it's not as many as you would like. It's a vital aspect of any commercial relationship but a subject very rarely discussed. In the good times, the resulting late payment was tolerated by many firms' management teams. Now it has to be zero tolerance for such slackness, not least because in the extreme, it could become a survival issue.

Make sure that the partner responsible makes your terms crystal clear to his/her bill-paying contacts and that (s)he follows up promptly with reminders, if payment is not received promptly. Should there be a problem for the client, this will mean that it can be quickly established and resolved (**but** N.B. this does NOT mean "delegating" the task to the finance or accounts department).*

* This is a guaranteed way to slow down the process, because finance colleagues will not usually have the required knowledge of what has happened.

Tip 2 - head them off at the pass!

What was good advice for John Wayne in the classic Hollywood western is just as good for your average partner or fee earner. The smart operators that we have observed don't let it get to the stage of invoice queries, possible fee reductions and/or late settlement. They pick up the phone to discuss an invoice *before it is issued*. This allows them to clarify agreed hours (or fixed fee), remind the client of any changes they requested to the original specification (see Tip 3), and explain why the total is what it is.

Also, this is a great way to reinforce the value of what you have delivered and get agreement for prompt authorisation, as well as demonstrating to clients that you are as commercially-minded as most of them are. Moreover, it's a chance to talk through the project, discuss additional needs, and show that you understand their budgetary pressures. So (get them to) do it!

Tip 3 - be a 'visionary'

"At the beginning of a project, as well as providing a robust estimate of cost, the best professionals take the time to scope with us in detail what will happen, where delays or problems might occur, and where or when the budget will need to be reviewed"

This client (and most others we listen to) WANT their professional advisers to be better organised and more upfront about project/cost issues than many of them are currently. Project plans and specifications give these clients a vision and clarity of expectation and, if well managed, no nasty surprises when the bill is issued. For the firm, this leads to fewer write-offs and other costly revenue reduction 'events'.

*In short, there is a single truth here - a deal is not a deal until it is **paid for**.*

For more information on us, what we do, and who we work with, go to our website at www.peoplescope.com.



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We welcome feedback on what you think about "Must-Do Tips". If you like it hit 'Reply' and tell us specifically what you have enjoyed. If there is a topic or issue that you would like us to cover what is it? And if there is something that annoys, tell us too! We want to improve.

Finally, if you do NOT wish to receive "Must-Do Tips", [unsubscribe]click here to unsubscribe[/unsubscribe]. Or press 'Reply' and type 'Unsubscribe': we will do exactly that.

Best regards.

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