



MAGENTA PERFORMANCE
PARTNERS

PROFESSIONAL SERVICES HEALTHCHECK

Assessing your firm's performance 'fitness'.



MAGENTA INSIGHTS

INTRODUCTION

Many years ago, a client, who ran an advertising agency, posed a fabulous question: 'I can go to my local doctor and find out if I'm healthy, but how do I know if my firm is healthy?'

We talked about this and quickly identified some of the characteristics that would indicate good health in his agency.

These included having happy and productive staff (who didn't leave), low client turnover, profitable engagements, a competitive offer that really stood out in the market, a reputation that was evidenced by both good inbound enquiries and referrals from existing clients, a resilient and 'can do' attitude around the leadership table, an effective and enjoyable culture, strong internal succession, projects that got completed on time, well identified and insured risks, good cost control and so on.

That was the easy part. My client then turned his attention to what sat beneath and drove these outcomes. What were the most important 'builders' of the firm's health across these areas?

The checklist below initially emerged from this deeper dive into what 'lay beneath' to drive the good health of the agency. Whilst the list has expanded and been refined through experience and research over the years, it is not definitive.

You'll see that, apart from the last 'risk management' subject, each section contains a 'Top 3' items. These are the things that experience shows generally have the greatest impact on the outcomes achieved in the related area. However we recognise that whilst every firm shares much in common, there are also important differences in nuance, context and aspiration. These differences may mean that issues that should properly be considered in the 'Top 3' for your firm right now don't appear with that ranking in our list.

We hope this checklist helps you assess and improve the current health of your firm. Its purpose is simply to stimulate thinking and sharpen your performance focus.

You'll be able to identify areas of strength, as well as areas where some extra work on your 'fitness' might enhance your firm's current performance and endurance.

The items are grouped around the following professional service performance arenas:

- Direction
- Leadership (internal, market and technical)
- Culture
- Succession
- People performance and retention
- The offer
- Client experience
- Client management
- Engagement/project management
- Sales and business development
- Performance efficiency
- Financial management
- Asset protection and risk mitigation



Direction

1. Is the firm's vision and its strategy consistently understood at all levels?
 2. Are you clear about the forces in the local and international markets that are shaping how your competitors are setting their own strategies?
 3. How are your key customers' worlds and buying patterns changing?
4. Do your product and services value propositions get properly reviewed when you set your direction?
 5. Are the owners clear about what will enable your firm to successfully compete in its chosen markets in 5 months and 5 years' time?
 6. Are you clear on your chosen markets (and why they have been chosen)?
 7. Does your senior team have a consistent view of how your firm is valued, and the levers that drive that value?
 8. Does your direction include clarity of your purpose (why you exist), values (behavioural expectations that will support your goals) and milestones at appropriate intervals?
 9. Do you utilise a planning process that incorporates the client voice, capability assessment, the insights of your team, multi-horizon assessment and the firm's key value propositions?
 10. Do your planning outcomes and outputs receive sufficient challenge and hypothesis testing?
 11. Are your major planning sessions facilitated by or involve independent third parties, who offer objective insight and challenge?
 12. Are your plans developed with the support of relevant data?

Leadership


1. Can all your leaders identify the two things that are most critical for them to role-model in order to provide the best prospect of the firm achieving its goals?
 2. Do your leaders understand what enables them to be inspiring as leaders?
 3. Do your leaders understand empowerment, and delegate well?
4. Do your leaders role model a positive, resourceful and solution-orientated mindset?
 5. Does your senior leadership group possess the right mix of skill and experience to drive the future direction of the firm and exceptional day-to-day performance?
 6. Is the role of a leader defined in your firm (separate to people's functional roles)?
 7. Do leaders strike the right role balance between people and task?
 8. Does the senior leadership team actively work on its teamwork?
 9. Do your leaders talk about what energises them – and what they could do differently to recharge their energy levels more often and to higher levels?
 10. Do your leaders read and respond to the energy level in their teams?
 11. Do you have evidence which suggests your leaders are very open to performance improvement ideas in their areas of work?
 12. Is the quality of leadership regularly discussed at the leadership table?
 13. Would the team say the leaders are accessible?
 14. Have you articulated clear expectations about how leaders should leverage their technical expertise?
 15. Do your leaders listen well?
 16. Are decisions made effectively – on a timely basis, with the right information?

Culture

1. Can your leaders describe the actual and desired culture of the firm in the same way?
 2. Have the leaders articulated what accountability actually means in the firm right now, compared this with what they would like it to mean, and identified how any gaps will be filled?
 3. Are the leaders clear on the three most important things that they need to do and/or say to give your desired culture the best chance of living and breathing?
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4. Does your culture exist by design, or by evolutionary accident?
 5. Do the leaders see your culture as a critical enabler of execution excellence?
 6. Are your values translated into identifiable behaviours that are discussed when individual performance (at all levels) is discussed?



Succession

1. Have you recently considered (and listed and responded to) the factors that could cause your best talent to join one of your competitors?
 2. Can you list the three most critical things to get right in order to ensure your succession options and outcomes are maximised?
 3. Is succession (in terms of both ownership and roles) being smartly planned and actioned?
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4. Are high potentials in the firm identified using a considered and structure process of assessment?
 5. Do your high potentials know they are seen as high potentials, and what this means in terms of opportunities for them?
 6. Do your support pathways facilitate effective speed through the ranks?
 7. Can your leaders all list the three things that could have the most significant de-railing impact on your succession goals?

People performance and retention

1. Is your leadership language about people 'performance' or people 'management'? The former talks much more to achievement, stretch, growth and accountability. The latter more to control and structure.
 2. Do you know the extent to which your people feel strongly empowered, and provided with opportunities to stretch and grow?
 3. What evidence can you table to support an assertion that each of your team members would feel someone in the firm has a genuine interest in their career and growth?
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4. Does your remuneration model work to drive the outcomes you seek (in financial, behavioural and client experience terms)?
 5. When people get promoted – do you have a discussion about the things that they should stop doing, and the things they will need to start doing, to have the best chance at success at their new level?
 6. Are people very clear about the pathway to promotion and other opportunities?
 7. Does your performance review process drive changes and motivate people?
 8. Do your review and career planning processes get executed well, on time, and with appropriate follow up?
 9. Can each team member identify the three key performance ingredients that are relevant for their role (ie the things that are **most** important that they do superbly)?
 10. Is there a high level of trust across the team – can people rely on their teammates to execute well, deliver on time, support each other, and communicate openly and constructively?
 11. Do leaders effectively and regularly leverage their own networks to support their team members' work, professional growth, and career development?

Your offer

1. Do the firm's leaders and team share a consistent view about what the firm is most expert in?
 2. Do you know what your best competitors are doing to develop and evolve their offer and the way it is delivered? When was the last time you learned something from a competitor that was applied to your offer and delivery method?
 3. Are your rates (fees) appropriately competitive in the market?
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4. Do the firm's leaders and team have a consistent approach to articulating the firm's core capabilities?
 5. Do you adopt a continuous improvement approach to service development and delivery? Is this clearly evidenced in the way your services have developed?
 6. In terms of changing your core 'products', do you get the balance right between sticking to what has always worked, and enhancing your offer to address competition, client, industry and market trends?
 7. Do the firm's leaders and team have a consistently expressed and applied view about what type of work the firm does not take on?
 8. Do you have a well-executed plan to build and retain strategic alliances and partnerships that enable you to service a wider client base and need?

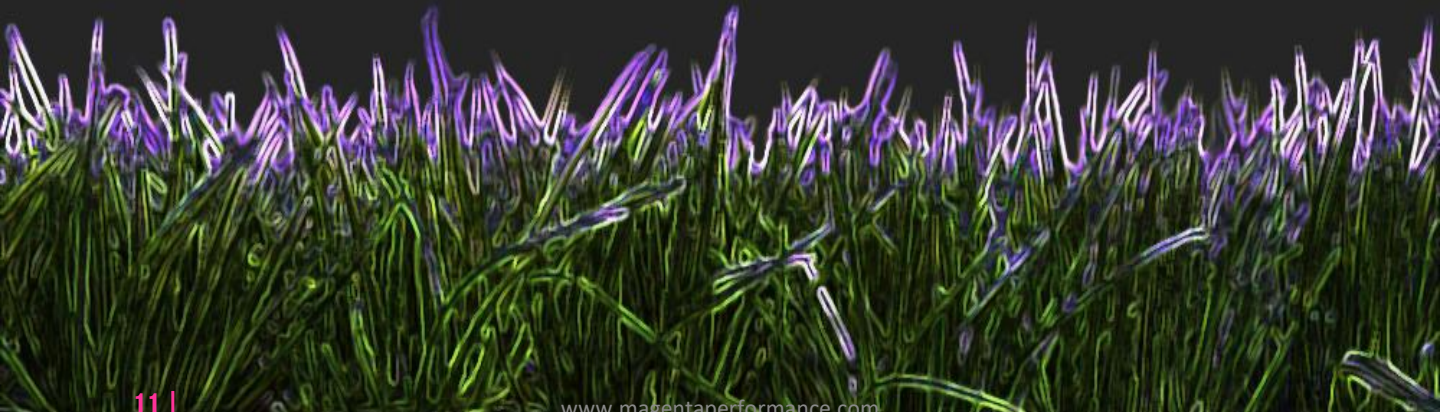
Client experience

1. How clearly have you defined the ideal client experience – and what is most likely to drive that? Is there a blueprint?
2. Can you identify the person who has ultimate ‘ownership’ of each client’s experience?
3. Do your team see the ‘client experience’ outcome as part of its role?
4. Are all team members clear on what their role is in shaping your client experience?
5. Do you ask clients for regular feedback on their experience – and what they most value? And do you follow up on that feedback to the point where you ask the client how they perceive you to be tracking at appropriate intervals?
6. Do your clients come along and talk to your team about their experiences – especially in your organisation, team or client planning sessions?
7. Do your leaders and team consistently demonstrate genuine interest in your clients? What evidence would the client see of this?



Client Management

1. Is knowledge relating to key clients effectively captured by and shared between the client team members?
2. Do you adopt a client planning process that engages the right people, stimulates the right thinking, and drives new initiatives?
3. Have you appropriately categorised your clients and target clients?
4. Have you documented minimum prescribed contact, servicing and value-add activities for your different client categories? And are these periodically reviewed and revised to optimise their impact?
5. Do you know how many of today's larger clients started out as small clients?
6. Do your 'tail management' approaches create efficiency and elegance?
7. If they are not clients, do you manage and treat your referring parties as if they were clients?
8. Do you always communicate proper thanks to referrers of work?
9. Do the team members involved in making sales stay close to the clients, especially during the period of service delivery and for at least six months after?



Client engagement/ project management approach

1. Is the role of engagement owners clearly defined and reviewed?
 2. Are potential time and cost over-runs discussed and resolved pro-actively with clients?
 3. Do you have and apply a structured engagement **debrief** process – including one that involves your clients on a regular basis?
4. Do you have and apply a defined engagement **briefing** process – before the work starts – so that everyone is aware of the context for the work, the client's expectations and each persons' role?
 5. Are your terms of engagement effective in providing clarity about scope, fees and timetables?
 6. Do you have and apply a defined engagement resourcing approach?

Sales and business development

1. Can all the client-facing team members describe the value propositions for your core services in a compelling and consistent manner?
 2. Do your clients provide input into how you express your value propositions?
 3. Do you have and execute an effective sales plan?
4. Do the questions your team ask reflect rich insight and an openness to genuinely understand the client's situation?
 5. Do you utilise a codified pitch methodology for all competitive pursuits?
 6. Do you utilise a client qualifying methodology to ensure only business you'd like to win is pursued?
 7. Do the senior team (and all sales team members) network effectively?
 8. Is everyone in a client-facing role clear on their role in the firm's business development effort?
 9. Do your senior people coach others in the team in the skills of influence and persuasion?
 10. Do your senior people coach others in the team in the skills of questioning (and listening)?
 11. Is business development time effectively recorded on your timesheets and its impact fairly assessed?
 12. Does your culture respect and embrace sales success?
 13. Do you measure the level of trust in your key client relationships?

Performance efficiency

1. Are continuous improvement initiatives embraced and actioned?
2. Does your knowledge management get used effectively, so that new learning is leveraged and critical information is easily accessed?
3. Do you consistently utilise a project and change management methodology that is simple, agile, and effective?
4. Do you involve specialists outside your own IT team to audit the cost effectiveness of your existing systems, advise on technology trends, and assess your future technology needs?
5. Has the structure of your organisation occurred by design – or by organic and/or inorganic iteration – or some combination? What one aspect of your organisational design could you change to drive greater efficiency and/or client impact?
6. Do your internal projects start and finish on time and budget?
7. What are the one or two systems, processes or policies that add the least value to your performance and goals? When did you last check and change them?
8. Does your team receive adequate training so it can utilise your existing technology in an effective manner?

Financial management

1. Can your senior team describe the firm's economic model?
2. Do you receive simple and clear reports covering the key lead and lag indicators – especially how much you are really recovering on client engagements?
3. Is the ageing of your receivables and WIP actively managed (by the related engagement owner or client lead)?
4. Do you manage your working capital by ensuring retention of funds sufficient to cover a targeted level of monthly overhead costs (eg 3 times)?
5. Are business cases prepared and reviewed for major investment decisions?
6. Do you present your plans and results to your bankers on an annual basis (even if they do not seek it)?

Asset protection & other risk mitigation

1. Do you have a comprehensive cyber-security framework in place?
2. Do your key people have employment agreements with appropriate restraints?
3. Are your key people insured so the firm can sustain itself in the event of their loss?
4. Are you aware of the terms of your substantive contracts (eg property leases, IT services, insurances), and are renewal dates and critical obligations captured in someone's calendar?
5. Are you fully aware of your OH&S obligations and risk profile? Does your culture support risk minimisation or elimination in this area?
6. Have you received legal guidance (based on contemporary case experience) in relation to the level of cover and terms of your professional indemnity insurance?
7. Apart from data retention and access, do you understand the impact on your business of service outages (short or prolonged) - including power and access to technology support?

Summary

The intention of this document is to stimulate discussion and provide prompts and challenges to help planning.

It will enable your leaders to quickly assess the overall health of your practice, and identify two or three areas where some additional focus will enhance your overall wellbeing and ongoing performance.

It's a real pain being de-railed by something that might well have been avoided – prevention is usually so much better than the cure. **In that spirit, we recommend you quickly 'score' your responses to each of the above questions on a 1 to 10 scale (where 10 is the most positive result possible).**

Any areas that score less than 5 indicate the potential for serious derailment, and therefore a need for urgent action. Scores of 5 to 7 suggest opportunities for progressive prioritised enhancement, and scores of 8 or more should be celebrated and reinforced.

We find it a useful alignment exercise to have the senior leadership team separately and individually score their responses. Significant variation in the scored responses can, in and of itself, speak about the overall health of the firm.

Once you have your performance improvement bearings, focus on the two or three areas that will have the greatest impact.





ADDRESS

Level 32, 101 Miller Street, North
Sydney NSW 2060

TELEPHONE

+61 2 9959 2354

EMAIL

info@magentaperformance.com

WEB

www.magentaperformance.com

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