

A guide to creating a
cast-iron business case
for partnership





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How and when to use

In this guide, we look how you can create a Business Case that demonstrates how you will make your firm more profitable by being admitted to the partnership.

Be aware that you will need a Business Case AND a Personal Case. Your Personal Case is distinct to your Business Case, and is often not written down. This is the work you do to demonstrate you are:

- acting and thinking like a partner,
- building your influence within the partnership,
- seen as a member of their exclusive club, and
- gaining advocates for you from within the partnership.

Remember that you won't be present at most of the partner discussions about your suitability for partnership, so you need some influential partners fighting your corner and promoting your cause and business case.

As you think about preparing your Business Case, make sure you involve key stakeholders within the firm. They can give you essential feedback, but also it helps them feel as if they are involved. This in turn builds the buy-in from the stakeholders to your Business Case. The Business Case is one of the key documents included in the partnership nomination pack for your promotion to partner. Your ability to manage and grow existing clients, as well as winning new clients, is essential for a successful partner career.

A word of warning, your Business Case should not be a fairy tale! It should be believable, based on reality and you should avoid embellishing your plans and projections. Doing this will only aggravate the partner interviewing panel and potentially lead to a more difficult time at your interview with them. Keep it evidence based and provide examples of what you have done to date that demonstrates that you have the ability to not only make partner but to become a successful one with time.

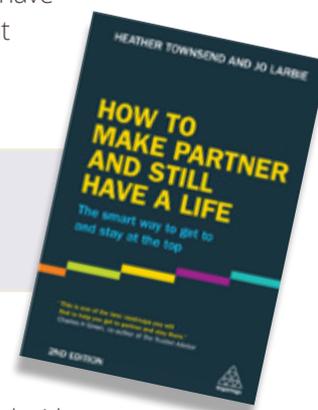
For your own sanity, if you haven't already started to do so by this stage, you must do everything that you can to build and develop your own client base and following. Creating a Business Case enables you to do the following:

- To make your "pitch" for partnership by setting out what you believe you can and will contribute to the partnership.
- To communicate and explain the services, clients and practice that you intend to build and develop as a partner in the next three years.
- Identify the key areas for development, the resources and investment required from the firm to help you promote and grow your practice.
- It should show how you propose to generate revenue and financial prospects for your practice.

Moreover, your Business Case provides the basis on which your partners will be able to assess the strengths, weaknesses and future potential of your practice to the partnership. Don't hesitate to ask for help from where ever you need it, but don't leave it until the last minute as people may have less time to find the information that you need to help you create a great Business Case.

You should also see Part 5 in the book "How to Make Partner and Still have a Life".

Your Business Case should be linked to your department's business plan, presented and agreed with your head of department and your partners.



Sample Business Case

(The following is an abbreviated version of a real Business Case and partnership admission process that a firm uses. Ask your partners to see what they use for your firm in this process.)

In this guide, we will be looking at Katie Smith's new partner Business Case (this is an example based on a real-life business case for partnership):

Name of Candidate	KATIE SMITH
Division / Business Unit	Commercial Projects
LocaBon	London
Specialisation	Projects
Proposed for Junior Equity Partner (JEP) or Equity	JEP
Sponsoring Partner	DAWN THOMAS

Your sponsoring partner:

Typically every candidate for partnership will have a sponsoring partner. This may be your Head of Department. Your business case for partnership will typically be written by your Head of Department with your sponsoring partner.

The Sponsoring Partner is normally the partner who has worked most closely with you. Their role is to support you through each step of the process and to provide feedback on progress at key stages.

The first part of any Business Case is normally financial information detailing the individual's personal financial performance. Depending on your firm's process this maybe many years of data, or just a couple of years of data.

Here is Katie's personal financial statistics:

KEY PERSONAL STATISTICS	FY 2012/13 Actual	31 December 2013 YTD	31 April 2014 Target
Client Billings	660,806	395,955	500,000
Matter Billings	660,806	600,173	800,000
Personal Billings	297,597	183,033	275,000
Lockup Days	76	181	100
Capture Rate %	56%	58%	70%

Before you go any further, find out what key financial metrics your firm uses to analyse performance. Your finance department can help you with this. You should make sure that you fully understand the impact of your financial performance on making partner. After all, no partnership wants to willingly dilute the share of the cake they all receive.

If your key financial metrics for your performance in your firm don't stack up against the criteria that your firm is using, then it is unlikely that your firm will read much more of your business case.

Strategic Context

A partnership is typically looking for a new partner to bring something extra to the partnership, and something which helps the firm grow strong - or weaker if they were to lose you to another firm. This is often called the strategic context part of the business case.

Every partner within your firm will be given individual, team and departmental targets to achieve. These as well as other potential candidates for partner, inside and outside of your department, will be taken into consideration by the partners at this stage of the process. Most candidates for partner don't yet have a large client portfolio. Part of the Business Case is justifying where your client portfolio will come from, without cannibalising revenue or profit from any other areas of the firm:

For example, in Katie's firm they are aiming to achieve the following benchmarks:

Profit per equity partner (PEP): £525k

Net income per equity partner (EP): £1.5 million

Profitability: 33%

Here is the figures, numbers and commentary on Katie and her department, required by her partners for her Business Case.

	2010/11 Actual	Current Year Forecast	2012/13 Budget	2013/14 Projected
Profit per Equity Partner - London Projects	439	744	357	500
- Division	371	461	289	470
Net income per Equity Partner - London Projects	1,497	2,043	1,200	1,300
- Division	1,375	1,653	1,366	1,625
Profitability: - London Projects	29%	40%	30%	38%
- Division	27%	28%	21%	28%

COMMENT on the Strategic Context for this proposal (this is an abbreviated version) Projects has been identified as a key growth area for the firm and as one of the practice areas which will play an important role in delivering our strategy through to 2012-2014.

It is essential that a Projects Group which competes with the leading firms in this sector has a strong Private Sector practice which includes both sponsors and banks. The Projects Group strategy includes the objective of generating income on a 50/50 basis as

between the Public and Private sectors. This objective is a Group objective and the ratios in the three sites will vary.

Katie (on promotion), and Dawn Thomas, will be the only Projects partners in London who are currently working primarily for Private Sector clients. Although Nigel Jones has a background in Private Sector work he currently is fully committed to the Treatment Centre project and this is unlikely to change during the course of the next two years.

Your Business Plan: How you will achieve your Business Case

Your firm may have its own template for business plans. Your business plan is where you set out exactly how you plan to achieve your Business Case. You may find it useful to use this business plan, which is based on some real firm business plans, to think about your own business plan.

The Market for Services in your area of practice: what does this mean?

This is your opportunity to demonstrate your knowledge and understanding of the market in which you practice and to identify the areas of opportunity. It should outline the context for building and developing your practice. It should include the following:

- Evidence that you know your market i.e. the key players, trends (strengths, weaknesses, opportunities, threats); how will you respond to them?
- Trading conditions and economic outlook, supported by research, either your own or other sources
- What changes or additions would you like to see in the portfolio of clients that you work with?
- Within this context, a clear explanation of the opportunities that you have identified – this might be directly relevant to your specific skill sets, or could be an opportunity for your practice which you would lead, build and develop
- A clear explanation as to why you believe this is a good opportunity for you, your practice and the firm and worthy of investment

Tips

- This is not an extended essay – it is a business plan. Don't pad or waffle!
- You must be able to provide evidence and examples to support what you say/claim.

Potential Sources of Work

- This should include both existing and potential clients who you intend to target and the strength of the relationship i.e. 1= strong, 2=good, 3= recent
- Your track record of attracting and retaining (where applicable) a following.
- Companies and sector – explain why you believe you will be able to attract clients in specific sectors both existing and potential.

Information Required

- Your market profile (do you have one?) including areas of recognised expertise, reputation and following.
- Existing clients you have/are developing.
- Potential clients that you intend to attract and what action/steps you will take to win their business.
- Billing history in the last 3 years split where relevant between you and the team.
- Projected timescales for delivery and achievement of the above.

Practice Area Financials

This part of your business plan shows how you and your team plan to contribute to the profitability and revenue of the practice. Including:

- Your current hourly rates (do you charge

Your Business Plan: How you will achieve your Business Case

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variable rates depending on the client or sector?)

- Proposed financial targets for year one
- Proposed financial targets for year two
- Proposed financial targets for year three
- Longer term financial goals

Financial targets

Including:

- Your budgeted hourly charge out rate
- Your annual chargeable hours

Team

As a partner you will need a team to deliver the work that you bring into the firm. This is not an easy exercise, however, doing it will help you to understand the step change involved in becoming a partner. You need to explain how you plan to grow that team by providing the following information:

- Size of existing team (number of partners, senior associates directors/associates/managers/assistants and secretarial support)
- Budgeted hourly charge out rates for partners, senior associates directors/managers/assistants
- Budgeted annual chargeable for partners, senior associates directors/managers/assistants
- Realisation rates for you and the team for the last 3 years
- Utilisation rates for you and the team for the last 3 years
- Lock-up days history for the last 3 years
- Debtor days history for the last 3 years

- WIP days history for the last 3 years

Proposed Team Structure from year one to three including:

- Number of partners, senior associates directors/managers/assistants
- Other staff and secretarial

Commercial Viability

This part of your business plan is where you set down the arguments (in your favour) for the commercial viability of your business plan. It will contain a significant amount of your marketing plan, but also the thinking behind your marketing plan. This should include the following:

- What business development activities do you see yourself involved in over the next three years?
- What areas of sector specialisation do you want to develop or maintain?
- What evidence do you have that there is a market for the opportunity that you have identified?
- Who will be the buyer i.e. existing clients, a mix of existing and new clients?
- Will this bring wider cross selling opportunities for others within the firm?
- What changes or additions would you like to see in the portfolio of clients that you work with?
- What is your unique selling point (USP) in relation to marketing this opportunity?
- How will the firm price this opportunity? Is there an accepted market norm or will an innovative pricing strategy create the USP? If so what is it?

Your Business Plan: How you will achieve your Business Case

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- How will your pricing strategy change over the next three years?
- Which pricing models deliver best value to your clients?
- How do they demonstrate that value?
- What are your forecasts regarding revenue, income and market share over the next three years?
- What targeting and proposal making skills do you think you need to develop?
- How well do you think you identify client opportunities and needs, propose solutions and close agreement?

Tips

- Ask for help from your Business Development team and then make sure you follow their advice.
- You must be able to provide evidence and examples to support what you say/claim.

Barriers to Success (likelihood of success)

Nothing in life is guaranteed, and your partners will be exposing themselves to a certain level of risk by admitting you to the partnership. For these reasons, your partners will want to know what could stop you from achieving your business plan, and what contingencies you have thought of to minimise the risk or impact of them happening. Including:

- What might prevent you from realising the opportunities that you have identified i.e. risks etc.
- How will these be overcome? Who needs to be involved in addition to you?

Competitors (if not covered in detail above)

In this part of your business plan, you need to detail

your competitors and how much of a risk they pose to you achieving your business plan.

Including:

- Who they are and their geographical spread.
- What are their strengths and weaknesses?
- Do they have recognised experts below partner level?
- Who are their key clients?
- Do you know the size of their market share or fee income from this market?
- How do you intend to win more of their market share?

Tip

Be realistic – if the competition are market leaders, and your market share is minimal, don't say that you will increase your market share by 50% over the next three years if you have yet to establish yourself as a "go-to" expert in this market. You must be able to provide evidence and examples to support what you say/claim.

Resources and Investment (including personal development) that you will require to implement your business plan

So that your firm can assess the level of investment required to realise the opportunities that you have identified, you need to work out the resources that you will require in terms of:

- People i.e. more team members/new recruits? How soon i.e. year 1/2/3?
- Technology: IT support/new processes and software?
- Business development budget? What are the priorities and on what will it be spent?

Your Business Plan: How you will achieve your Business Case

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Your personal development, including:

- What business development skills do you need to develop to help you achieve your business plan?
- How well do you lead and manage a team?
- Are you good at coaching staff?
- What additional selling skills do you need to development

Tip

Be realistic about the resources that you need to build your practice, including your own development needs.

Why should your firm make you a partner rather than hiring a new partner from outside the firm?

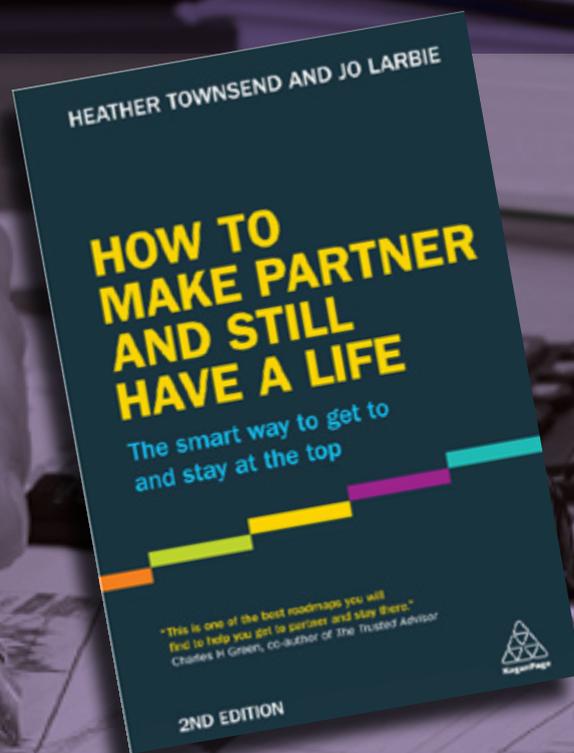
Your firm does not have to make you a partner. They could choose to make you wait for longer, promote someone else within the firm, or hire a new partner from the firm. This is your chance to summarise why you deserve the opportunity to be made up to partner. e.g.

- What will you do differently as a partner to deliver the opportunities that you have identified?
- Why should the firm invest in you, not a lateral hire with a following?

If you are struggling to write or articulate any part of your Business Case, how about giving us a call (01234 48 0123) to see how we can help you articulate your potential for partnership

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