

Practice Management

Introduction

Traditionally, professions have been organised in practices. That is, small offices where several or more professionals conduct their work as a commercial entity. In some cases, professional partnerships are formed, in others the professional practice is run as a small business. Over time some of these professional practices have grown into large corporations delivering professional services internationally. Other professions have been absorbed into large entities such as government, health, or universities. Broderick estimates that there are over one million professional service firms internationally, generating over two trillion dollars in revenue.¹

Each profession will be applying a different set of skills to varying sets of objectives within different regulatory frameworks. Therefore, the operations of their professional practice will have and sometimes unique features. For example, an architectural professional practice will be focused on architectural design development within its own regulatory and customary practice management frameworks. However regardless of whether it is a small professional practice or part of a large organisation, the management function will include some common key skills and objectives.

In some respects, these will be the same essential management functions that apply to all businesses, yet there are some important distinctions about professional practices. Firstly, as a profession, higher standards will be demanded in all the principles outlined in earlier chapters including professional integrity, ethics and conduct, regulation and governance, risk management, and professional qualifications and certification. Secondly, the ultimate ideals and objectives of the profession must always be at the forefront of everything the professional practice does. Deviation from these core ideals and objectives cannot be tolerated even in the face of potentially lucrative outcomes. The core principles of the profession must be upheld by the practice at all costs.

It is sometimes said by those in the professions, that they are well trained and prepared to engage in their work but lack the business and management knowledge and skills to run the practice. For this reason, often professional managers will be employed to run the practice, though in turn, they need to understand the principles of the profession when exercising their specialised management skills and functions. Professional service firms such as law firms, accounting firms, consultancies and medical practices, are all facing increasing competition, and rapid technological change with increased demand for services and higher client expectations. The professional service business model is fully engaged in processes of improvement and transformation as traditional models of service delivery are found to be ill-equipped to meet client demands.²

¹ Maureen Broderick, *The Art of Managing Professional Services: Insights from the Leaders of the World's Top Firms* (Financial Times Prentice Hall, 2012).

² Nigel Clark et al, *Professional Services Leadership Handbook: How to Lead a Professional Service Firm in a New Age of Competitive Disruption*, (Kogan, 2017).

This analysis of Professional Practice Management discusses the following issues:

- The range of professional practice management skills;
- Professional practice main functions; and
- How the professional practice skills and functions can be integrated into effective management.

Professional Practice Management Skills

There is a vital set of skills essential for successfully managing any professional practice which must be exercised with great proficiency. The chief executive officer of the practice must understand each of these skills, but if greater proficiency is required in larger professional practices, then specialists will be employed.

A range of vital skills includes:

- A capacity for leadership and inspiring people towards important professional visions and business goals for the practice.
- The foresight and discipline to develop a coherent strategic direction for the enterprise and commit people to the planning and delivery of this strategic direction.
- The ability to manage the operations of the practice to ensure efficiency and effectiveness.
- To determine client needs, and to monitor practice performance by applying continuous improvement processes.
- To recruit, inspire, manage and assess the performance of staff to achieve the best results for the practice.
- To prepare financial budgets, analyse financial performance and manage the finances of the practice to achieve better outcomes.
- To exercise the key functions of risk management and compliance in a forward-looking practice.
- To manage knowledge systems and flows within the practice and develop a useful knowledge base.

Professional Practice Main Functions

The professional practice skills detailed above must be deployed to develop, maintain and renew a successful professional practice enterprise. There are great challenges involved in deploying each skill effectively in practice. The way in which the main professional practice functions are managed will now be examined.

Leadership

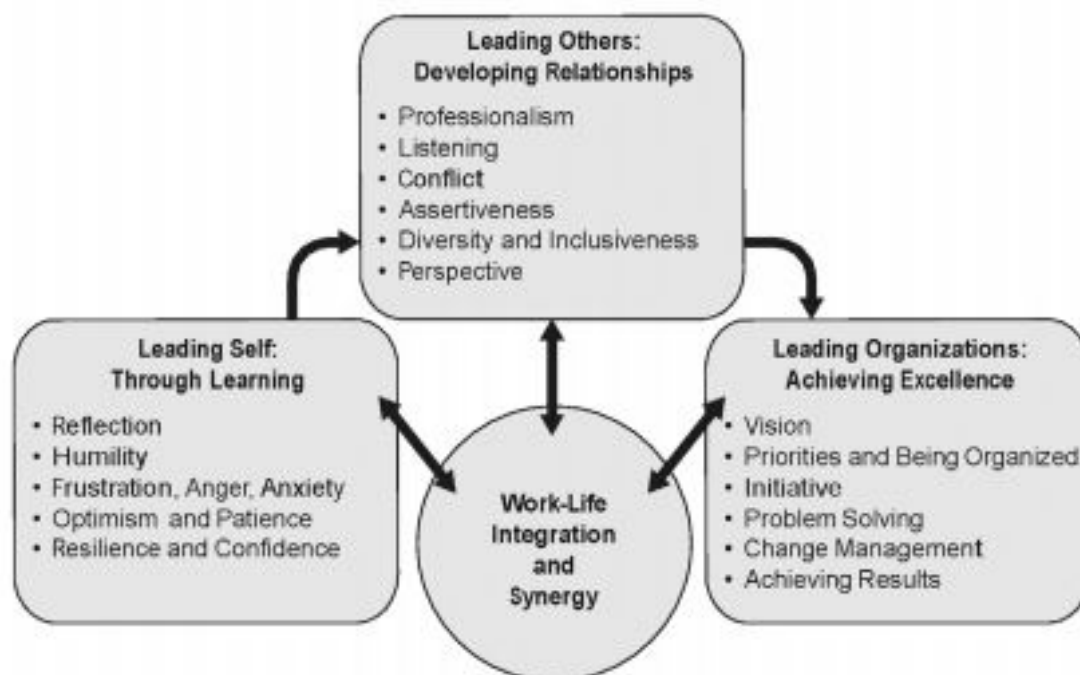
It is the job of the manager of the professional practice to provide leadership across the organisation. All high-performing workplaces require effective leadership. Leadership may be a character trait of a person, but it is more likely that it is developed and refined over time. There are different leadership styles that may be adopted as a best approach depending on different circumstances. There are different theories and models of leadership and finding the right one can be challenging. However, it is important to develop an effective leadership style, and this involves considerable personal development.

A high-performing workplace requires leadership. Leadership is not an innate skill but one that can be learned. This module explores your current leadership style and, by presenting the main models and theories, offers opportunities for you to consider your own role and development as a leader. Menaker offers useful guidance on the central components of leadership:³

- Leading yourself through learning
- Leading others through developing relationships
- Leading organisations towards excellence

Menaker details how it is only through knowing ourselves through reflection can we understand our weaknesses and strengths and work towards the humility, optimism, resilience and confidence that may inspire others. Well balanced individuals can build productive professional relationships with others through listening, inclusiveness and working towards shared perspectives. Finally, these relationships may be leveraged to lead the organization towards excellence with the capacity to exercise initiative, solve problems, secure change and achieve results (Figure 1). However, all, the maintenance of a healthy work/life balance is critical.

Figure 1: Integrated Leadership Model



Source: Adapted from Menaker (2016)

³ Ronald Menaker 'Leadership Strategies: Achieving Personal and Professional Success' (2016) 31(6) *Medical Practical Management* 336, 336.

While the hard skills of leadership such as good planning, operational excellence, financial acumen, risk management and strong information management are important, the reality is that in professional organizations it is critical to possess excellent people skills. It is through inspiring the professionals and administrators of the practice that real and enduring success can be achieved. Different leadership skills are required in different contexts, and there will be significant variations in what the best leadership traits are across different professional practices. For instance, the optimal leadership style for a medical practice will be different from the optimal style in an accounting practice. Also, leadership relates to demographic change and changes in the wider social context. For instance, more traditional styles of leadership will not work well in contemporary workplace practices which are manifestly diverse culturally and where talented young people are increasingly in evidence. Young millennials are expected to make up a third of the global workforce by 2020, and as a result, businesses need to adapt their corporate culture and management style to accommodate the capabilities and aspirations of the generation aged 18 to 35. The World Economic Forum's annual Global Shapers Community surveyed more than 26,000 millennials around the world to gauge their views on topics ranging from the global economy to technology and innovation, and business and jobs. More than one third of respondents said they valued integrity and honesty most in a manager (Table 1).⁴

Table 1: Valued Character Traits of Managers (18 to 35-Year-Old Employees)

What Characteristics Do You Value Most in Your Manager?

1. Integrity/honesty	35%
2. Effective at executing decisions/implementation	33%
3. Effective communicator	32%
4. Effective at making decisions	26%

What Characteristics Do You Value Most in the People That You Work With?

1. Integrity/honesty	39%
2. Creative/effective at exploring possibilities	34%
3. Willingness to learn from others	32%
4. Self-motivated and positive attitude	32%

Source: Adapted from: World Economic Forum, *Global Shapers Annual Survey 2016*, August 2016

⁴ Menaker, above n 3.

Strategic Direction

Leadership must be informed in every organisation by a sense of strategic direction. Without the guidance of strategic direction any enterprise cannot become totally focused on dealing with operational matters, concentrating on resolving the problems that occur daily, losing sight of the big picture and what the future holds. The big picture is how the organisation is performing relative to its objectives, and the performance of its peers. An assessment of the future includes anticipating important shifts in the market, technology or regulation in the sector. Strategic thinking enables the organisation to remain alert and responsive to significant changes in the external environment as they occur, anticipating rather than merely reacting and being overwhelmed by developments.

Operations

A clear and effective commitment to operational excellence is essential for any professional practice. This must be reinforced by regular operational assessments focusing on the quality of service delivery, efficiency, staff morale, and financial performance. Checking the practice's vital signs on a constant basis is essential to maintaining a healthy organisation. Assessments are especially required at times of technological change, organisational change or the employment of new staff. Accurate information that must be kept up to date includes:

- An organisational chart
- A description of the main services provided
- A summary of employees' roles, salaries, benefits and work schedules
- Documented policies and procedures for billing
- Accounts receivable data
- Fee Schedules
- Key management reports relating to strategy, operations, information technology and other key resource matters.

Service Delivery

A commitment to the quality of service delivery is at the centre of the definition of being professional. The professions were originally established to guarantee that people receive the highest quality attention possible in resolving the problems they face. Every professional practice must be fundamentally devoted to this, and it is the key attribute that distinguishes the professional practice from other business organisations. This goes beyond commitments to continuous improvement and involves a dedication to advancing and developing professional skills in response to client needs. Recognising that meeting client needs is paramount, requires the development of systems to manage client experience and ensure that the quality of the service is maintained and enhanced by all staff members.

Managing people performance

Talented and committed people are the essence of any professional practice. To ensure this, great care is required in the recruitment, organisation, management and reward of the staff of the professional practice. The objective is to build skills, knowledge and commitment to a high performing and harmonious workplace. Gifted individuals are important to any practice, but it is successful teamwork that often delivers the best results. Teams thrive in a context where talented people are appreciated, employees are motivated and incentivised to collaborating in optimum performance, and when personal growth and development is continuously encouraged. Both individual and team performance can be recognised, and monetary and non-monetary rewards provided for meeting targets. All the essential employment regulation and best practices should be fully observed, but in addition all staff should be encouraged to believe they are highly valued members of the practice, regardless of their status.

Financial Management

Robust financial management is a prerequisite for any professional practice to function well. Preparing financial budgets, analysing financial performance and managing the finances of the practice should be viewed as a route to ensuring continuity and stability in the practice, and a means to achieve better outcomes. Financial control is an important aspect of professional practice management, which requires the development of good budgeting tools and an understanding of the links between budgets and plans, and the necessity for comprehensive audit as a tool for enhancing business performance. It is also a support for honesty and integrity which are both ethical obligations of professional and a hallmark of professional practice.

Risk and compliance

In every professional practice it is important to identify risk and apply risk management processes. Risk management and effective compliance are vital functions in a forward looking professional practice, particularly in terms of protecting the interests of the clients. This is a particularly significant issue for practices dealing with both medical-legal risk, financial risk and business risk. Also, with a professional practice there will be both government and professional body regulation that is central to the performance of work, and comprehensive compliance systems need to be designed. Extensive analysis of the professions, risk management, and its counterpart profession of indemnity insurance, is contained in risk chapter of this Handbook.

Information and Knowledge Systems

Information and knowledge systems are an indispensable tool for a professional practice. Managing knowledge systems and flows within the practice and developing a useful knowledge base will pay dividends in terms of maintaining continuity, introducing performance improvements, enhancing client care, and ensuring effective transition through staff changes and reorganisation. The sophistication of information technology has profoundly increased in recent years enabling more substantial data analysis that was earlier

possible. Social media enable the professional practice to reach out to the client base with relevant and useful information and guidance.

Conclusion

All these skills and functions are integral to the success of the professional practice. The key attribute is how well they can all be integrated into an effective management style and system that facilitates performance and encourages the motivation of other professionals. This comes back to leadership, a capability which can be developed. The SHARP leadership framework suggests a model for positive psychology in developing leadership ability.⁵

- *Strengths*: Leaders should worry less about their weaknesses and learn to focus on their strengths.
- *Health*: Leaders need to manage stress and learn how to integrate periods of restoration.
- *Absorption*: They must learn how to achieve consistent engagement and presence, rather than waiting for inspiration to strike.
- *Relationships*: Leaders should not rely on attempting to exert power and control but learn how to cultivate healthy relationships through positivity and authenticity.
- *Purpose*: Leaders learn how

This balanced approach allows the manager to develop the ability to develop leadership ability through building better relationships with other organisation members. That is professional practice management is not a routine separate from the real professional work of the practice, it is the essential platform that enables the professional practitioners to achieve their best work.

⁵ Tal Ben-Shahar and Angus Ridgway, *The Joy of Leadership* (Wiley, 2017).

Summary

A balanced approach to professional practice management combining the elements outlined here, allows the manager to develop leadership ability through building better relationships with other organisation members.

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This subject overview has been written with the support of the following partners:

