

# MARKET ANALYSIS: REVENUE CONTROL 2019-2020

2<sup>ND</sup> EDITION

A photograph of three business professionals in a modern office setting. A man in a dark suit is shaking hands with a woman in a white blouse and yellow pants. A man in a dark suit and glasses stands to the right, looking on. They are in front of a large window with a view of a city. In the foreground, there are several laptops on a table and some green bottles.

**balance.**

## WHO WE ARE...



**In May 2020 we will be celebrating our 12 year anniversary in business.**



**Our dedicated team of consultants have an average tenure of 9 years within the business.**



We cover transactional finance, qualified accounting, finance systems and executive management positions, with successful appointments during the last year ranging from Director of Finance level through to Accounts Assistants and Revenue Assistants.



We have achieved regular recognition from our peers within the recruitment industry, with multiple awards and final shortlists achieved in both the Recruiter Awards for Excellence and the Global Recruiter Awards.



Our team have a combined 50+ years' experience of working within and recruiting for the finance teams of law firms in London.



We are also the leading specialist recruiter for legal finance systems appointments, having helped with the vast majority of manager-level appointments in recent years, alongside team-based hires from senior to assistant levels.



We have a successful track record in recruiting for our clients worldwide, with successful appointments secured in Asia, mainland Europe and the Caribbean.



We produce and publish regular industry commentary and analysis, and have been early-adopters on various social media channels, where we enjoy great levels of interaction with our community of contacts.



Our team has recently expanded with the appointment of a dedicated Resourcer, supporting and complimenting the extensive search activities of our Senior Consultants.



### **WE ARE MOVING!**

Our new London address is: 35 New Broad Street, London EC2M 1NH

## INTRODUCTION

Following continued high volume of hiring activity across all levels of the Revenue Control function throughout 2019, we recently undertook a follow-up survey to our 2018-2019 Revenue Control Market Analysis, to provide a current-state report, and to see how and where trends are changing year on year.

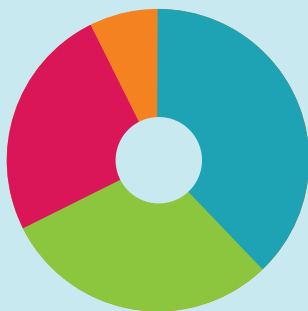
We again sought the input of over 100 Revenue Controllers and Revenue Managers from across our network of contacts to produce this report, providing valuable insight in to the shared and differing experiences of those working within this niche field.

Another huge thank you to all of those took the time out to participate in the survey and to encourage colleagues to contribute.

## THE RESULTS

### Team Structure:

We've seen many firms undergo restructures and reshaping of their finance teams in recent years, with improvements to working capital and lock-up often being a top priority or a key motivation for change. In addition, off-shoring and near-shoring of transactional, process-driven functions is also becoming more prevalent for firms of a suitable scale. It wasn't a surprise therefore to see some change in this category with firms who have three distinct teams (billing, revenue and collections) moving ahead to be the most common team structure participants are currently working within - rising from 33% last year to 38%.



- 38% - Three distinct teams:** Legal Billers, Revenue Controllers and Credit Controllers
- 30% Two teams:** a team of Billing/Revenue Specialists and a separate team of Credit Controllers
- 25% - One team:** multi-discipline controllers who each cover aspects of WIP management, billing & collections
- 7% - Two teams:** a team of Revenue/Credit Controllers and a separate team of Legal Billers

### Location, Location, Location:

Another area in which we anticipated some movement - the physical location of Revenue Controllers. Whilst many firms see the advantages of keeping their finance teams together in the same department, a growing number of firms are pushing client-facing finance staff out within the practice groups they support - providing increased visibility and a closer connection with fee earning departments. In this year's survey 34% of respondents are based with the practice groups they support - rising from 24% last year.



- 53%** Based within the finance department
- 34%** Based within the practice groups I support
- 13%** Equally split between the two

### To Bill or not to Bill:

The survey explored to what extent the production and processing of bills remains a regular responsibility for Revenue Controllers and whether this differs significantly between UK and US firms (removing manager responses).

Are you responsible for billing on a monthly basis?

#### Overall



#### UK Firms

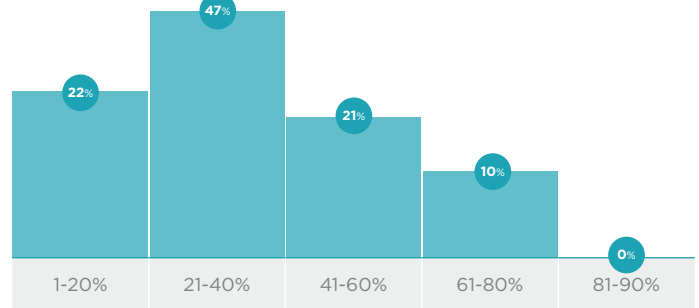


#### US Firms



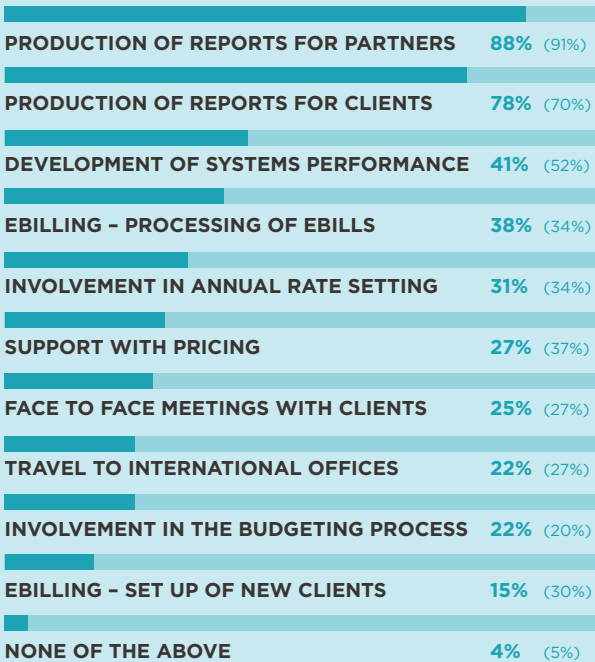
On average, how much of your time do you spend on production /processing of bills on a monthly basis?

#### Overall



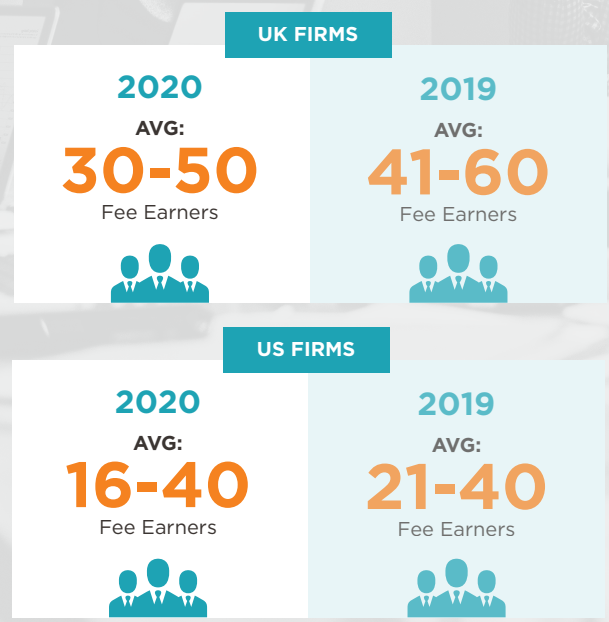
### Wider Responsibilities

The role of most Revenue Controllers and what they'll get involved in has been fluid and increasingly diverse over recent years. As a key connection between finance and fee earning teams, they can often be pulled in to support with associated tasks and ad-hoc queries, particularly where resources in other areas such as client reporting and pricing are short, or yet to be established. (2019 results in brackets)



### Fee Earner Portfolio:

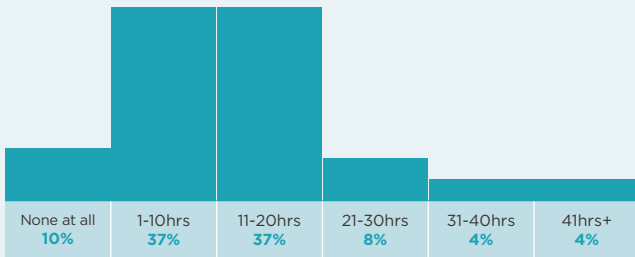
The heavy volume of hiring activity for Revenue Controllers over the last two years has been largely stimulated by growth in headcount as firms seek to improve lock-up figures. It stands to reason that the ratio of Controllers to fee earners will have a big impact on this and whilst some respondents were still tasked with supporting upwards of 80 fee earners, overall the results showed a slight reduction in the average numbers' supported in comparison to last year.



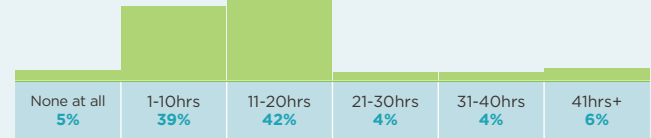
### Overtime

The average volumes of monthly overtime remained relatively consistent from the previous year's results overall, although there was a shift when comparing between UK and US firms, with Revenue Controllers at UK firms generally increasing the number of additional hours worked, whereas their US counterparts saw a reduction in monthly overtime.

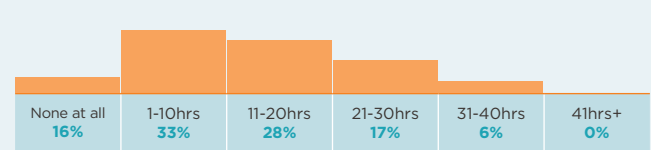
#### OVERALL



#### UK FIRMS

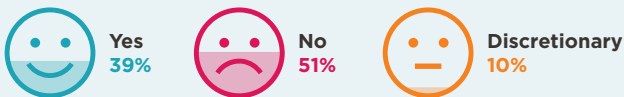


#### US FIRMS

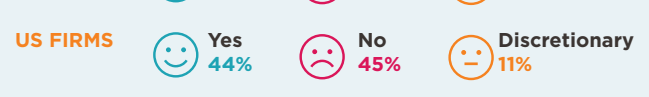


### Is this overtime paid?

#### OVERALL



#### UK FIRMS



#### US FIRMS

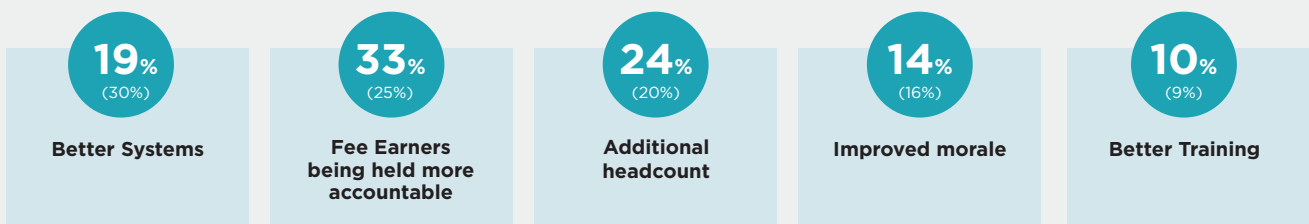


### Current performance

With so many revenue and working capital functions going through change in recent years, you'd hope to see positive progress in the performance and output of such teams. We again asked how Revenue Controllers and Managers are feeling about the current performance levels of the functions they're working within (2019 results in brackets).

	Non-managers	Managers
A well oiled machine, performing very effectively	11% (7%)	19% (17%)
Room for improvement, but generally performing well	60% (52%)	57% (45%)
Currently in a transition period following recent changes	18% (26%)	19% (31%)
Underperforming and in need of some big changes	11% (15%)	5% (7%)

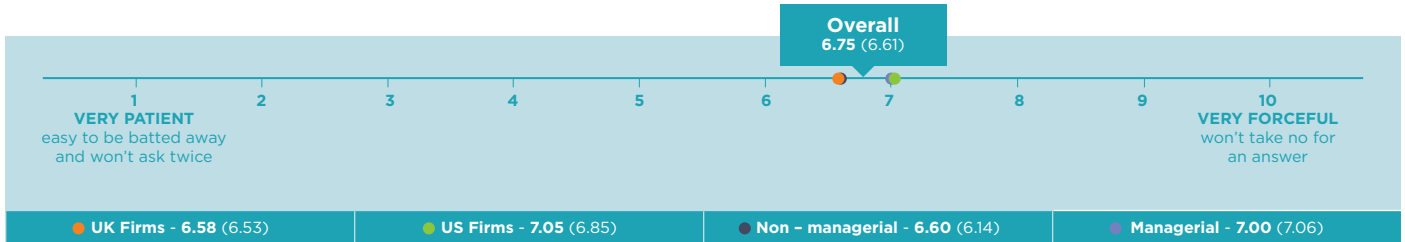
Which of the following do you feel would improve the effectiveness of yours and your teams performance at your current firm? (2019 results in brackets).





### Tact and Diplomacy vs Results:

One of the biggest challenges for Revenue Controllers is maintaining good relationships with Fee Earners, whilst still able to challenge them when and where necessary. We asked where respondents felt the ideal balance is found on the following scale:



### Key Attributes

So what do managers look for when hiring for their Revenue Control teams? We asked respondents with managerial responsibility to rank the following attributes in order of importance when hiring for an experienced Revenue Controller, resulting in the following order (1 being the most important). Interestingly, comparing this to last years survey the order remained **exactly the same**.

- #1 **Resilient** – strong character and can handle themselves with challenging partners
- #2 **Likeable** – easy going manner and able to build rapport
- #3 **Commercial acumen** – stronger than average appreciation for wider business issues and impacts
- #4 **Very well spoken** – with a professional manner
- #5 **Technically gifted** – strong systems/reporting ability
- #6 **Ambition** – eager to be challenged and to progress themselves

### Motivation

We were interested to see how different firms/managers approach motivation of staff in order to achieve results, asking “Which of the following are adopted in your current firm?” (2019 results in brackets).








	<b>Annual discretionary financial bonus</b> Based on performance	<b>65%</b> (43%)
	<b>Monthly team targets</b> Regularly discussing progress towards them	<b>35%</b> (34%)
	<b>Periodic financial incentives</b> Based on monthly/quarterly performance	<b>10%</b> (9%)
	<b>Monthly individual targets</b> With competition amongst the team	<b>8%</b> (7%)
	<b>Annual measurable financial bonus</b> Based on specific targets	<b>4%</b> (9%)
	<b>Non-financial incentives</b> Awarded periodically	<b>2%</b> (4%)
	<b>None of the above</b> We just get on with what's in front of us	<b>25%</b> (33%)

We also asked respondents which of the above would be the single most effective for them. (2019 results in brackets).

<b>#1 Annual discretionary financial bonus</b> Based on performance	<b>31%</b> (23%)
<b>#2 Periodic financial incentives</b> Based on monthly/quarterly performance	<b>21%</b> (25%)
<b>#3 Monthly team targets</b> Regularly discussing progress towards them	<b>18%</b> (25%)
<b>#4 Annual measurable financial bonus</b> Based on specific targets	<b>18%</b> (17%)
<b>#5 Monthly individual targets</b> With competition amongst the team	<b>12%</b> (5%)
<b>#6 Non-financial incentives</b> Awarded periodically	<b>0%</b> (5%)

### Career Path

It's rare for a Revenue Controller position to be secured by a "first jobber", and the path in to Revenue Control has become more varied over recent years, so we were keen to review the common career history before moving in to the field, asking "Which role did you hold before moving in to Revenue Control in the legal sector?"





 <b>Legal Billing</b>	<b>43%</b> (40%)
 <b>Revenue Controller</b> (other professional services)	<b>19%</b> (14%)
 <b>Credit Control</b>	<b>17%</b> (21%)
 <b>Legal Cashier</b>	<b>5%</b> (9%)
 <b>Accounts Assistant</b>	<b>5%</b> (5%)
 <b>eBilling</b>	<b>2%</b> (3%)
 <b>Other</b>	<b>9%</b> (8%)

We were also keen to see in what direction Revenue Controllers would like their career to progress in future.

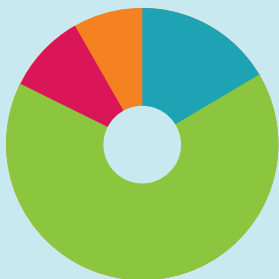
<b>Progressing in to management of a revenue function</b>	<b>25%</b> (35%)
<b>Happy with the challenge of my current role</b>	<b>21%</b> (16%)
<b>Moving to a dedicated Pricing role</b>	<b>17%</b> (15%)
<b>Moving to a broader Financial Management role</b>	<b>13%</b> (4%)
<b>Moving to a smaller firm</b>	<b>6%</b> (7%)
<b>Moving to a Financial Analysis role</b>	<b>6%</b> (4%)
<b>Moving to a different industry</b>	<b>6%</b> (3%)
<b>Moving to a larger firm</b>	<b>4%</b> (5%)
<b>Moving to a Finance System role</b>	<b>2%</b> (2%)




### Movement and Job Security

We again wanted to review the level of movement in the market, asking respondents if they had changed employer within the last 12 months.

 <p><b>YES</b> Through my own decision to make a move</p> <p><b>15%</b> (21%)</p>	 <p><b>YES</b> following redundancy from my previous employer</p> <p><b>2%</b> (4%)</p>	 <p><b>YES</b> following conclusion of an interim contract</p> <p><b>2%</b> (0%)</p>	 <p><b>NO</b></p> <p><b>81%</b> (75%)</p>
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How secure do respondents feel in their current employment in the face of merger activity and relocation of business services teams?



-  **17%** (31%) Very secure
-  **66%** (37%) Reasonably secure
-  **10%** (12%) Indifferent
-  **7%** (18%) Wary about future changes
-  **0%** (2%) Very uncertain

The results again showed that a comfortable majority were at least open to making a move within the next 12 months:

- 32%** (43%) I wouldn't rule out a good move
- 30%** (25%) Very open to interviews if a good role finds me
- 17%** (10%) Unlikely to move - only if something changes
- 12%** (14%) I'm already actively seeking a move
- 7%** (6%) No plans to move at all and hope to stay put
- 2%** (2%) Finishing a contract/being made redundant so will need to move

## EXECUTIVE SUMMARY

**Having seen so much change take place in the Revenue Control functions of law firms in recent years, whether through growth or restructuring, we'd expected to see some changes to the year-on-year results from our previous survey.**

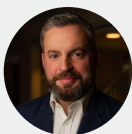
The most encouraging indicator of change was how the current performance of revenue functions were perceived, with 71% of Revenue Controllers and 75% of Managers considering their current teams to be performing either "well" or "very effectively" – an increase from 59% and 63% respectively a year ago. Systems also appear to have improved considerably since our last survey, with only 19% feeling that improvements to systems would be the key change to better performance, down from 30% last year.

The physical location of where Revenue Controllers are situated also saw a notable change, with the percentage of Controllers sat amongst the Practice Groups they support increasing from 26% to 34%, whilst those based in finance departments reduced from 60% to 53%, the rest being split between the two. This increased visibility and connection with fee earning teams is only likely to

accelerate the commercial exposure provided to Controllers, furthering the opportunity to get involved with a broader range of responsibilities.

Over the past 12 months we've seen a far higher degree of movement at Revenue Manager/Working Capital Manager level, both through the creation of new positions and the subsequent requirement for replacement hires, and we would expect to see this continue into 2020. The ceiling for career development has also risen higher with Head of Working Capital positions becoming more prevalent - providing strategic direction for working capital functions, with direct reporting lines to C-level stakeholders. For those climbing the ladder within Revenue Control, we hope the above information provides some invaluable information to help you progress.

### Our Consulting Team



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