



Overview

Krishna Vishnubhotla is Finance Director at CMS Cameron McKenna, the UK-headquartered member of CMS. With offices in the UK and Central and Eastern Europe, CMS is the leading European provider of legal and tax services. CMS Cameron McKenna has 94 Equity Partners and employs more than 1,100 fee earners providing advice across all types of commercial law.

Becoming a value integrator and trusted advisor to the business

*Krishna Vishnubhotla, Finance Director,
CMS Cameron McKenna*

Q. What are some of the key challenges you see today in your role as Finance Director?

A. In terms of the day-to-day challenges, coping with the ongoing recession is perhaps the biggest. As finance professionals and having seen the good years, we tend to instinctively budget for growth. A long recession calls for a different set of approaches, and I've certainly needed to adapt to that.

As a professional services firm, we are second in line and don't feel the pinch immediately. It's only when recession hits the 'real' economy that there is an impact on the demand for professional services. We have certainly faced pressures on fees, and one of my responsibilities has been to make sure that we avoid any knee-jerk reactions. There are also higher personal pressures today: decisions you make in a downturn tend to be more impactful and longer lasting than those made in times of market growth, and there's less margin for error.

For most firms, there's no longer any such thing as an investment pot, so it's more a question of the severity with which you manage your own cost base. As we see drops in activity levels in certain markets and locations, my role is to help the business understand how it's performing and where to focus its efforts to deliver the best results. I'm also looking at what other firms are doing, and why — not just legal firms, but a broader spectrum of professional services organisations.

Q. What personal skills do you think are needed to succeed in this role?

A. Well, you certainly need the ability to remain calm under pressure — though by that I mean pressure from the market, rather than from within the organisation. You need the maturity and patience not to react on a knee-jerk basis to bad news, and you need to exercise good judgement.

I think that a willingness to think on one's feet is a good asset, particularly in the current climate, and also an ability to network with peers.



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— Krishna Vishnubhotla, Finance Director, CMS
Cameron McKenna



There is plenty that you can learn from other businesses, and from other industries, and I think it’s important for FDs and CFOs not to be straight-jacketed into a narrow view that’s all about the technical aspects of finance. I’m certainly finding that the experience of my peers is valuable as I help guide the firm through the current market challenges. In particular, I’m keen to see what the really big professional services firms are doing — and that includes IBM — because I figure that they have significantly broader range of intellectual resources and a more global outlook.

Working in a partnership means dealing with the owners of the business on a day-to-day basis. As FD, it’s not uncommon for me to have to hold a tough line and drive through some unpopular decisions. So acting diplomatically and having a thick skin are also important.

Q. What additional challenges arise from working in a partnership?

A. The pressures are very different from those in a limited company. In a company, you explain your decisions to the markets and to the analysts, and then you present the results to the shareholders on a quarterly or annual basis. They are on the outside, and don’t have as much in-depth exposure to the rationale behind the decisions. Here, all the stakeholders want to have their say, and they all live and breathe your decisions on a day-to-day basis.

Another pressure is the need to get buy-in from so many different people. As FD or CEO, you have to know where to draw the line when you have a variety of views, but that’s partly down to having good governance structures. Most matters are delegated to Practice Group Managers, but there is still always some need for compromise.

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In the professional services industry, we’re experienced at advising other businesses on what action to take but we sometimes find it tough to take our own medicine. Instilling the right degree of financial discipline can be challenging at times.

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Q. In what ways has the finance function changed in recent years?

A. Up until, say, 10 years ago, the FD or CFO at a professional services firm was a glorified chief accountant heading up a team whose job it was to process transactions and provide information. That has all changed significantly, and it is now much more of a performance management role. With new technologies, and with the advent of outsourcing, we’re far less reliant on our own people to carry out transactional processing.

To use IBM’s terminology, the law firm FD or CFO is increasingly becoming an informed buyer of services, rather than the direct manager of the people and systems that deliver those services. But in the eyes of the Companies Act and of the Law Society/SRA, the FD’s responsibilities have not changed: you are still the one signing off the accounts and for ensuring that proper books and records are maintained.

So that means a greater focus on defining controls and processes to ensure discipline in how these third parties operate. It also frees up time from people management and ensures that I am more available to advise the business, which in turn means that my role is much broader than it might have been in the past.

Q. What were the key business drivers for outsourcing, and how did you tackle the whole process?

A. I had been aware for some time that many organisations had been looking at efficiencies within the finance function. This, along with the firm’s interest in improving efficiencies within the wider back office, prompted us to conduct a feasibility study, which later led us, with IBM’s help, to design an outsourcing solution and define how it would work. We looked through various scenarios and prepared the business case, which included the definition the SLAs and a service credit concept.

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As a result of outsourcing our business services — including roles in finance, facilities management, HR, IT support, and so on — we have gone from around 60 people in Finance to 10 in the UK. That has naturally created cost savings, but that wasn’t really one of the key drivers. For us, it was more about concentrating on our core competence — lawyers should be focusing on law, not on managing business services.

Allied to that was the realisation that others are better placed to provide career opportunities for people who work in business services; we can only really offer jobs with a limited scope for development, and that is not enough to allow us to retain the best people for the long term. By contrast, a major provider of outsourced services can offer genuine career progression to staff, and can give us better service resilience.

On the cost front, there were some rising pressure on fees from clients, and that prompted an analysis of our internal efficiency. It simply didn’t make sense to have support staff based in an expensive city like London.

It’s still early days for us with outsourcing, but the advantages are already clear. We have signed up to a long-term journey with Integreon, our outsourcing provider, and we are actively working with them to build the best back office platform we can.

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Q. Which finance roles remain in-house, and what kinds of people do you recruit for them?

A. It’s much less about technical accounting skills today, and more about communication and analytical skills. In the original finance department — and this is true probably for all legal firms — the people who mainly supported the partners were ‘revenue controllers’. Their primary role was to help the partners raise bills and bring in the cash, and they were not recruited to challenge the partners on business performance or to advise them on commercial matters.

By contrast, bill processing and credit control are increasingly back office tasks in a more or less automated fashion. Internally, we have Practice Group Finance Managers — experienced finance professionals who help the partners understand the financial impact of what is going on in the business. We recruit people with analytic experience in addition to financial management (including working capital management) and a broader base of skills than in the past — and typically not from the legal market, which provides only a small pool of people.

Out of five recent senior appointments, one person is from a law firm, three have professional services experience, and one person is completely unrelated to those sectors. This gives us a better mix of skills than in the past, and it also tends to bring in more experience of direct interaction with clients - which is helpful given the need to build strong relationships with the equity partners in the business.

Q. The most recent IBM CFO study defines as ‘Value Integrators’ those finance organisations that have achieved a high degree of efficiency in finance and are able to offer business insight to their internal clients. Is this something that you aspire to?

A. When IBM presented that idea, I found it satisfying to see that we are definitely on the right path. We’re certainly not a 10-out-of-10, but we have started moving in the right direction. As we continue to invest in our relationship with our outsourcing provider, efficiencies will ramp up and we are hoping to reduce the amount of time the internal team needs to spend on low-level administrative work.

We certainly aspire to be trusted advisors to the business, and we’re getting better at the business insight part. In fact, we are currently at the requirements analysis stage for the deployment of a new business analytics initiative in finance. We plan to deploy a system that will give us much more reliable insights into the business, with the ability to look at trends over time and to model potential future outcomes based on current figures. This should put us in a much stronger position to help the business identify and respond to future challenges and opportunities.



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