

## **This month:**

- **Making more money per sq ft of office space**
- **So much more potential return and the strategic way to do it**
- **Virtual:Hybrid route to growth**
- **Marketing – First things first – Don't tip money down the drain**

In July, most will have seen the exciting publicity around the completion of Shoosmiths, Manchester office refurbishment.

It apparently cost £3.8m for 32,000 sq ft to house 200 people with the potential for 100 more. There has been the development of special work and social spaces and an enhancement of the technology available for users (for example Multiple screens for document comparison with an 82% reduction in printing costs.

Vaqas Farooq head of the Manchester team said "it was a blank canvas which enabled us to create something that's quite unique, particularly for law firms". He saw further benefits in

Recruitment

Agility

Interaction

Client and staff experience

**Many of you will say "well it's alright for a firm like Shoosmith's we could never afford anything like that" WRONG**

**It is well within the means of any firm using the right strategy and vendor support and should be on the Board or Partnership agenda**

Over the last few years there have been a number of instances where modern working practices have been rejected by old fashioned firms and partners. I must say to a degree this has been a South East and London issue and not in the north-west as Manchester, Liverpool and surrounding firms have had to be competitive for so much longer.

As we all know working capital availability for many is a specific challenge but if we are to compete with similar competitors, offer our clients enhanced service and retain and get the maximum from great contributing staff we have to invest **AND IT CAN BE DONE – IT IS NECESSARY TO KNOW HOW**

People and premises costs are the two biggest challenges for law firms. We could do with a greater percentage of office space being occupied by productive fee earners rather than support staff and filing and computer rooms. Imagine the difference that just 2 fee earners generating a year's revenue at a standard £200 per 5 hour x 230 days will make to the bottom line (£460k @ 60% GP = £276K). Imagine scaling it.

Other stuff – all of it performance and money generating

- Cutting paper production
- Saving space and external storage costs for files

- Space utilisation enhancement having an office equipped for 50 with 60 comfortable working there (concurrency)
- Enhanced communications – saving in firm travel costs and fee earning time
- Quicker review of KPIs to effect performance
- Retaining a large % of some key people where work:life balance has had to change
- Enhanced communication with clients enhancing their satisfaction
- Ability to have fee earners work at anytime from anywhere securely
- Persistent availability of computer systems and disaster recovery
- Compliance and systems security

Further down you will see some of the products and services that can now be achieved on a monthly payment option allowing flexibility up and down of staff numbers and enhancing productivity and revenue but first.....

## **Straight forward financing**

Capitas Finance [www.capitasfinance.com](http://www.capitasfinance.com) which is an endorsed supplier to the Manchester Law Society Advantage Group has a number of specialist areas for law firms, barristers and other verticals which include:

- **Office/building fit outs**
- **Office/Building renovation**
- IT – infrastructure and Applications
- Energy
- Prestige car location and financing

Recently a significant barristers chambers with 164 members relocated and decided to enhance the work experience for all. The new space was to include a range of traditional offices but also open plan space, IT enabled conference rooms, and hot-desking areas.

Unfortunately this required the members to make a significant capital investment with the benefits coming back over time.

The need was to keep the entry cost of the refurbishment and fit out low by turning up-front costs into affordable periodic payments

This was achieved by the establishment by Capitas Finance of a 5 year fixed term hire purchase agreement meaning monthly payments and immediate return on investment.

I have always said that IT investment these days can always generate an ROI and the point is that it can be achieved with or without the immediate lump sum to hold people back.

This doesn't mean that we can relax our approach to working capital – WIP valuation, time recorded, billing and collection but with the right strategy there can be some very quick enhancements to performance and returns for the business owners.

## **Other Profitable Considerations that do not Attack Working Capital**

Probably none of these require an upgrade to practice and case management systems and are speedy to introduce. Financing of any capital outlay can also be handled by Capitas Finance

- Outsourced digital dictation (potentially saving £20k plus per year for each in house typist plus a year's fee earner fee income – [www.documentdirect.co.uk](http://www.documentdirect.co.uk) (MLS Advantage). Cost based on usage
- Technology enhancement – workstation enhancement, video conferencing [www.viewpoint-av.com](http://www.viewpoint-av.com) (MLS Advantage)
- Hosted telephony with automatic location id of individuals and CTI – integration with case management – pupm pricing – immediate ROI - [www.matrix247.com](http://www.matrix247.com) (MLS Advantage)
- Hosted IT – secure availability anywhere and anytime, data storage secure and available – pupm pricing – immediate ROI – [www.nasstar.com](http://www.nasstar.com) (MLS Advantage)

All should be part of that strategy review.

## **Virtual or Hybrid the new regime**

Writing about this I was reminded of the other major consideration for law firms with a growth strategy also supporting retention of key people, recruitment of great people and that is the ability to operate virtually. A small head office and then independent or employed solicitors geographically based with the ability to meet at client premises or rented rooms when appropriate. It removes the need for costly premises and desks and enables great people to operate and clients to benefit from good service and real people locally.

There are a number of virtual firms that have been operating for at least 10 years but for others it is a new business opportunity or a means to grow national coverage and work-types optimally.

Hosting and outsourcing Advantage suppliers can be a major contribution to this strategy - [www.nasstar.com](http://www.nasstar.com) [www.matrix247.com](http://www.matrix247.com) [www.documentdirect.co.uk](http://www.documentdirect.co.uk) [www.viewpoint-av.com](http://www.viewpoint-av.com) and potentially financed with [www.capitasfinance.com](http://www.capitasfinance.com)

I am also lucky enough to go to the west country on a regular basis and what is very apparent is that many south east/London based firms are also taking advantage of technology with London lawyers getting their work:life balance right and maybe only going to London two days per week to meet clients and associates and for the rest of the time using their technology and home office. Again recruitment and retention made much easier and a massive saving of very high priced office space. As well as great lawyers servicing their clients. Another strategy consideration.

## **First things first with Marketing activity and spend**

There are many firms that have realised that marketing is now a key essential for a law firm and we often debate the ability of firms to respond to client enquiries. Law firms like many other businesses also make a few fundamental mistakes by leaping into marketing activity – web development, graphic design, brochures, social media, e-mail campaigns, networking and so on – but without doing some fundamentals first. This usually means that the firm is paying out money and not necessarily getting the best return. It is also important that any vendor of graphics, design, PR and so on actually understands marketing – they all don't.

The firm must:

- First - have a **strategy** – growth of geography, work-types, client retention and development
- Second – develop a **product marketing plan**
  - These are our products and services
  - These are the features
  - Here are the benefits for our clients and prospects
  - This is our target market – clients and prospects
  - This is the route to this market – methods and prioritisation

It is only then that the phased and prioritised marketing plan can be put in place

- Third – **the Marketing Plan**
  - Activities – mailshots, social media, events – volume, times and phased
  - Budgeted
  - Expected returns
  - Monthly reports from the marketing team to the partnership – activities completed, response achieved, cost per lead and looking forward any changes to the budget

We have to invest in marketing and perhaps more than some firms want to BUT Marketing is a discretionary spend. Just because it is in the budget doesn't mean that it is sacrosanct performance and future commitments should be perpetually reviewed

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