

This Month

- **Avoid potential pit falls of SRA Regulation changes**
- **The right data is becoming essential – more than just accounts**
- **The Client life cycle has to be worked and constantly reviewed**

SRA Regulation Changes – Not far away and potential pit falls

The new SRA Standards and Regulations come into effect on 25 November 2019. Perhaps the biggest issue will be because the two new Codes (one for solicitors and the other for firms) are less prescriptive than currently. This will provide firms with more freedom to do things in a way which suits them/allows them to innovate (provided of course they abide by the Principles), with the difficulty that obligations may be more open to interpretation. With a greater emphasis on Ethics, it is likely to be more difficult for firms to ensure that staff are acting ethically and ethics training will need to be introduced. Never before has the culture of a firm been more important.

I have seen these problems multiply in firms where there is too much flexibility in processes and documents for case management systems – leads to lengthy implementations and too much variation in working practices.

MLS Advantage supplier <https://compli.weightmans.com> is running a series of seminars in Manchester, Liverpool, Leeds and London on this very topic. There is also an individual firm audit available in advance of the changes plus firms a fee earner survey/questionnaire with an analysis of the results to test a firm's ethical compass

Measurement of the Right and Important Things

My May article seeing the benefits of outsourcing of accounting functions has had a great reaction from Outsourcers and Third Party accountants. There is still however quite a variance on the added values being offered. <http://www.professionalchoiceconsultancy.com/articles/May2019.pdf> .

Coincidental with that there is a recent blog from Peter Noyce – partner and author at Menzies accountants <https://www.menzies.co.uk/how-can-you-use-kpis-in-the-legal-sector> that identifies how firms can really benefit from KPIs other than time recording and billing.

This has been further emphasised by Graham Moore principle of <http://www.katchr.com/> that produce MI and KPIs from multiple databases. He states *“Marketing is probably the area where there is most activity at present. At least there is usually some data there to work with, although the quality is often dubious and it is nearly always off the main system in either spreadsheets or some ancillary software”* *“For firms with transactional work we can measure turnaround times, instruction to settlement, between milestones even where data is available we are also starting to look at bringing in for example telephone call response times or numbers of calls taken / received”*

We really do have to start looking at everything that is important not what is just easy to measure and what is available on our PMS/CMS system

An Essential Cultural Awareness

On the negative side – we all really need to be very aware of the impact of client dissatisfaction. If a client is pleased with your work he may voluntarily tell 1 – 5 others about it. However research says that when dissatisfied he may directly tell 28 people who in turn pass the message on so that maybe 600+ people will get the damaging news. Because of this research, I deliberately told 28 people when let down by a Building Society.

This sort of news is not necessarily passed on in private on a one to one basis but also in restaurants, golf clubs, trains and more.

On the positive side – by being aware of a key process that is fundamental to the whole of our business we can secure and grow successfully. There is a picture to always have in mind when thinking and working with our client assets.

It is a relationship timeline that covers client acquisition, retention and development.

The process.

A number of firms are now recognising that they have two target markets when developing their product marketing plan – Existing Clients and New Business Prospects.

We are gradually developing a clearer understanding of our products and services, the benefits that they bring to our potential audience, our target market clearly segmented and the planned route to that market

Target market. Route to market options

Step 1 – a new business **Suspect** – do they fit the target market profile

Step 2 – a **Prospect** – we think he fits the target profile and is being approached through key chosen routes – direct, web site, PR etc for the first time or from previous marketing, brand awareness or referral he is making an enquiry of us

Step 3 - **First time client** – makes his first purchase from us because we have responded well to the enquiry with previously developed methodologies and getting a 60% + hit rate rather than 20%

Step 4 - **Repeat Client** – comes back for repeat business – such as updating a Will, a second conveyance, more employment issues

Step 5 - **Majority Client** – you are selected as a client of choice for all matters and this generally requires a lot of work making clients aware of all of the services available from your firm. Cross selling by partners and department heads, introductions, gap analysis – reviewing all of the services available for the nature of the client – commercial or private and making him aware through multiple methodologies – campaigns, web sites, newsletters, direct marketing. It also helps if all of the firm's staff are deliberately made aware of the range of services within the firm and the benefits individuals have got from success so these messages can be passed on at work and in personal environments. That client base needs segmenting and targeting.

Step 6 - **Loyal Client** – He stays, is resistant to switching suppliers and has a strong positive attitude towards you. He believes that if he raises issues with you he will get a positive response. It is well worth segmenting clients and identifying those that are large and valuable or have strategic importance (mainly commercial and a few high net worth individuals) and nominating key individuals within the firm (client partner or...) but then ensure that there are SLAs in place and enforced for communication and business development. Activity needs monitoring to see trends or sudden breaks – easy example a major estate agent that stops referring

Step 7 - **Reference Client** – He is prepared to give references to others in a formal way, and testimonials when requested about your services. Testimonials are becoming increasingly important as a confidence generator.

Step 8 - **An Advocate** – prepared to recommend your business when he is doing his own networking – work, golf club, football, chamber of commerce, family - and hears of needs that he is aware that the expertise sits within your firm. The volume of advocates is obviously a lot less than referrers but they need identifying, developing and thanking for their contribution. They need to be kept up to date with the market place by someone with an empathetic nature.

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