

This month:

- **No Owner/Manager i.e. Partner/Director can afford to put his firm at risk. There is a massive need to step up to a critical issue**
- **Failure to do so can cost**
 - **Money**
 - **Clients**
 - **Credibility**
- **It is not new but escalating like crazy**

Traditionally we think about working capital management i.e. running out of money whilst we consider ourselves being profitable and good at what we do. No longer (certainly not since 2008) can we assume the bank manager will help us out. The article from 2015 can help quite a lot here <http://professionalchoiceconsultancy.com/articles/workingCapital.pdf>

Secondly profitability from trading performance. Owner managers get their tangible rewards this way. Accountability, delegation, measurement (KPIs and Reports)– above all driving the key business challenge of enhanced gross profit by individual and very key by department. Over heads are with us in the medium term with really just marketing and headcount related costs being discretionary – so focus, focus, focus – Article July 2016 <http://professionalchoiceconsultancy.com/articles/criticalDelusional.pdf>

The Big Issue

The main concern now is unfortunately being robbed and blackmailed by hackers, losing client data and losing the confidence of clients. Not only is it embarrassing and a PR disaster but in reality it is going to cost a fortune in fines (look at GDPR breaches and lost revenue and clients) that most firms cannot afford.

As long ago as my November 2014 Management checklist *“I have said many times that managing partners should check IT business continuity and disaster recovery for themselves. If the servers fail what is the guaranteed up time SLA. Apart from failing compliance and hurting client experience, loss of income you are most likely going to lose any commercial clients within a short time period”*

It is much worse than that now as we have seen and even the big forms with all their IT muscle – like DLA – have been seriously embarrassed.

In December 2016 I wrote this -

<http://professionalchoiceconsultancy.com/articles/buckStopsHere.pdf> - December 2016

It is just not IT but also a staffing issue and that means management

Three members of the Manchester Law Society Advantage Group, in collaboration with MLS are going to collaborate on a major survey of MLS members and the wider net of the North West over the next few months but to be quite honest as individual firms I do not think that you can afford to wait.

The survey/checklist will include matters relating to end users and business owners – managing partners

- End Users – will cover topics such as – Passwords. Training, Social Media
- Managing Partner & business owners – will cover topics such as - GDPR awareness, system down and guaranteed recovery period, SLAs with your IT suppliers, last disaster recovery check, Cyber Essentials status

You may like to think **or more likely hope** that you have the best management in the business and the best IT resource and staff that are totally on the ball or even the best third party managed service or hosting supplier. No one can afford to delude themselves any longer.

I have probably worked with 40 – 50 law firms in reviewing their IT infrastructure. As part of the decision making exercise the most useful part has been an audit by potential bidders of the existing infrastructure and the use of that in presentations about going forward. Yes they have a point to prove and it does ask the right questions but irrespective of making the bold decision to change you still need an independent audit that goes much further than a penetration test. If your commercial clients haven't asked for them yet they are not far away from doing so. I have even been asked by banks to have conversations with managing partners where even the bank is worried about the situation.

I do fully recommend a third party check on your IT. Security, reliability of servers and networks, time for recovery, service level guarantees. Forgetting Cyber Security - if you can - just work out the lost revenue of 50 fee earners, doing their 5 billable hours a day if your IT is not available for 5 days. (£200 per hour). **That is £250,000 lost Revenue.** Without the impact on clients.

Feel free to contact me – no fees involved, if you want to ask any questions – and I can give some guidance on the topic. Otherwise here are three contacts who can give best advice or cross refer

- charlie.edwards@xyone.co.uk – Cyber Security Experts
- Andy.lewis@nasstar.com – Hosting and managed service suppliers
- victorl@matrix247.com – Hosted Telecom and network suppliers

Please make some critical decisions very soon but with the strength of knowledge about how things really are

The forthcoming MLS Survey

- The Manchester Law Society Advantage group are going to be launching one of the largest reviews of security and risk in the legal profession across the North West over the coming months.
- The focus is on understanding how firms and individuals are tackling the biggest challenge to face the profession, the threat of cyber fraud, hacking, data breaches and online crime.

- The Manchester Law Society will be inviting all of its members (mainly corporate but also individual) to take part in a short survey which will be sent out in the coming weeks
- It will look at what individuals are doing within their firms to mitigate their risk from cyber threats, as well as what managing partners and senior leaders are doing to take ownership of these issues, not only as the threats grow but as the impending regulatory clouds of GDPR begin to gather.
- The plan is for a September issue date and an initial report during October 2017. A great thing to participate in. Who will handle it for you? Hopefully it will be targeted at the managing partner.

Last Month's Issues and Response

In the August issue we covered some great topics and the response has been equally rewarding. If you were on holiday you can check it and other articles out at <http://professionalchoiceconsultancy.com/articles.php>

- Smaller firms have realised they can get the same returns as the giants like Shoosmiths – mobility, agility, profitability (enhanced revenue and reduced costs) almost instantly with the right approach.
- Financing just doesn't have to be for the obvious and it protects working capital
- A strategy, a product marketing plan and a marketing plan monitored and reviewed can make monumental changes – more on this specific topic over the next few months.

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