This Month

- **Business challenges and opportunities reminder**
- **Compliance and Regulation Essentials – no managers can ignore this**
    - **AML supervision**
    - **Competency**
    - **Ethics of account management**
    - **COLP and COFA the real world**
    - **Single authority body rather than share**
- **Risk Assessment**
- **Business Development Essentials**
    - **Added value conversions**
- **Forward**

Feedback from the July article – here Welcome to Professional Choice Consultancy or here The Messenger July 2026 has been quite positive with more and more firms beginning to get on with their business challenges and the management of the firm stepping up to the challenges of success and the avoidance of failure

- Image
- Integration safely with added value AI
- Client price sensitivity
- Regulation burdens
- Cyber threats
- Resourcing
- Private equity
- Private client opportunity for revenue, profit growth and asset value hike – even happier and more clients WBT I Bring your Will Bank to life without all the hassle Your Will Bank Is An Asset I WBT

Over the last few years we have discussed the importance of a strategy agreed by the committed people to a law firm - developed every year for the next three years but reviewed annually. Or indeed monthly for exploitation or recovery. Or indeed regulation changes or predicted shortage of working capital.

So important to consider and work for direction, the brand and image of the firm with clients and potential clients as well as great staff (from all functions) that need retaining and developin**g.**

The Scary Regulation and Compliance Changes that cannot be ignored by anybody

One major challenge that just cannot be ignored is the failing to plan and fail with all the current rules but also the planned changes – AML, client accounts.

I had a great opportunity to have a detailed review of the changing market for compliance and regulation with Brian Rogers. Brian Rogers FCMI I LinkedIn in the early days a lawyer, then compliance and now the lead in Regulation and Compliance in the Access Group. Great monthly webinars.

Firms are already suffering from enhanced regulations and unless they get on to the activity across the board are going to suffer – credibility, fines, no insurance, upped prices and……………..

Regularity change already heavily underway will re shape how firms have to operate – management and skills on board - , be supervised, handle client money and so on

- AML Supervision – so many fines already and so many firms not following the basic rule – from a systems or supervision rule. Over the next few years also the regulation is shifting from the SRA to the FCA. Firms cannot wait until the final transfer with all the demands beginning to happen. Firms need to be auditing their operations against the potential tighter rules now.
- Changes to the competency regime with mandatory record keeping and signed declarations. All solicitors will be required to study annually at least 3 hours about professional ethics – new learning. The SRA is also seeking specific training where competence is questioned. Ethics discussions should be built into the firms culture
- The SRA is reviewing the methodology and ethics of client account management of funds – could involve third party account management or even the removal of those accounts. Firms need to audit and control change right now the methodologies – many short of the rules and appropriate book keeping skills.
- New restrictions expected quite soon on who can fulfil a COLP or COFA role. Who in the firm is going to do the role and how do they need training and development.
- There could be the introduction of a single body (instead of 8 regulators). There is a great need for firms to participate in the debate but more importantly be ready.

Strategy

Law firm business strategy is becoming so very important and too many firms are a bit light on the breadth and depth of the topic plus the tasks and delivery plans are not in place with staff objectives, personal development and training. Regulation and compliance along with many other activities needs to be a strategic priority.

The management of firms needs to be on board and totally committed – the business and clients is not just about legal work – we cannot assume this is good enough.

Business Risk Management Assessment

In some ways complementary to the management challenges is the new use and skills potential available through the Compliance Forsyte – Regulatory News & Insights for Law Firms I Forsyte the relatively new organisation offering to firms a risk assessment. Because of the results it is growing very quickly – one of the co-founders Tracey Longbottom I LinkedIn with years of experience in the sector. Since their formulation the number of business partners that they have that provide added value essential services to law firms has grown significantly.

They utilise AI and very modern technology to review potential business and compliance risks within firms – generate a report to enable the management to get sorted.

The relevance to firms that can reduce the risks and consequently save money and image.

On file reviews Tracey has identified that 70% of SRA fines involved firm wide risk assessments that were outdated or too generic. A proper file review keeps checking.

Tracey also says that up to 39% of files reviewed by the SRA last year had a client or matter risk assessment that did not effectively review the AML risk. The risk doesn't just disappear as the file moves forward.

Business Development Essentials

As stated many times previously proper strategies are not in place here. So it costs time, money and not the necessary returns.

As part of their strategies firms need to choose the best areas for development – work-types, geography, existing client development – more of the same or additional work-types or new business. (Private Client recent/historic example). Of course the source also – combinations of direct marketing, networking, referrals.

Unfortunately, this again is a consideration short in many firms and is beginning to have a negative impact on image and performance. Often without the plans some firms spend a great deal of money for poor returns nit having considered the market and the best route to it.

Already reported on that the average for firms in converting in bound enquiries is often at 20% whereas I know firms that are achieving 60-65%. With say 500 enquiries generated a month it makes a difference of 100 new bits of work compared to 300 plus. Think of the return but also the challenges to brand and image if there is so little interest amongst staff and the process if they are not positive about new enquiries and attracting the potential client. Big culture shift for many. worth a bit of effort should your teams want it. At say just £200 per file is £20k for the month compared to £60k – the 12 month equivalent of £720k. Plus lots of referrals.

- **Added Value – Lexidesk**

There is much further to go though and that is the conversion of any enquiries that are generated and the effective management/enthusiasm of handling. Culture is one thing.

I have recently reviewed a product (and there are others) [24/7 AI Intake for UK Law Firms | Lexidesk] This AI product works with the firm. It's people and existing PMS/CMS systems. Takes away much of the systems challenges and aids people with the right frame of mind. My contact there is [Martin Langan | LinkedIn] previously a lawyer and then many years as an advising consultant to firms. Practical use of AI which makes it more acceptable to firms.

These days AI can start to compensate for the shortfall in skills, attitude and data – automatically lawyer like questions and then routing to the right person for response.

The right responses achieve

• Better conversion rates – look at the difference between 20% conversion and 60% conversion with say 500 enquiries per month. Lexi Desk is finding that 70% plus conversions of a prospect call when returned within 10 minutes by the system.

The recording of communications and data also provides provision for follow up activities to the right source and interest.

• More client satisfaction from initial contact

• More useful detail passed to fee earners for conclusion and file opening – the relevant stuff initially

Going Forward

The management of firms needs to be on board and totally committed – the business and clients is not just about legal work. Let is assume that is great

Yes - revenue is important as is gross profit, net profit, working capital, compliance and regulation, plus brand and image and the acquisition of new clients and repeat and additional workflows from existing clients – referrals are also good.

All staff need to fully understand their targets and objectives, be committed to achieving them – not just in numbers but also personality and encouragement to others – this requires the right recruitment, the right training and development – management commitment and details.

It must be so frustrating to many lawyers/solicitors/barristers to have to consider business challenges as well as their performance in legal matters with clients

There is a real need to face the realities of business challenges and needs

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