This Month

- **New Year Resolutions for all to consider**

The last few years have been very uncertain for many and looking forward for the next two is potentially similar or a lot worse because of Covid, the economy, politics and work life balance – as a result many law firms are in a very difficult position with client demands, working capital, Pii, empathy, staff retention and recruitment and potentially more pressure to come.

There has been consolidation of PMS/CMS suppliers, SRA and compliance demands, infrastructure security and mergers and acquisitions of law firms – not all friendly and some under additional pressure where operational considerations have not been fully considered.

Even if you are with a law firm that updates it's 3 year strategy every year, has a strong annual budget but also reviews trends and re forecasts every month to ensure up to date I recommend some actions.

This list is something well worth considering for January 2023. It may well be worth considering a new strategy review and new budget for the next 12 months

Resolutions

People's feelings and future ambitions

There should be an open session involving partners/owners/senior management where they can honestly share their likes, dislikes, motivation and ambitions and some dates for their potential next steps. This means that the organisation knows where it stands with the current resource and it provides the basis for resource and succession planning in line with a new strategy

Business Strategy Review with a three year horizon

Firstly - Where is the firm at with key MI and BI and its real status after the last two difficult years and review some obvious shortfalls. Recognised challenges below.

Secondly - Where does it want to be in 2 – 3 years time. Covering planned scale, locations, work-types, vertical markets, to be acquiring or acquired.

Then identify the key challenges to be fixed – Revenue, GP, cash flow, Pii insurance, business development, resourcing methodologies and get succession planning in place through existing team training and development or recruitment or outsourcing.

Firms of all sizes face the same challenges and even an existing IT head may nor be sufficient with regards to Security or the Finance Director may not be an expert on Acquisitions. Either own staff or part time or consultants or outsourcing could be the essential way forward

Next annual budget produced

Almost should override the current one because of actions needed.

Budget to last for just a month

All performance should be trended, year to date reports and accounting should be history as peaks and troughs cannot be evidenced - which does not enable discussions and decisions around recovery actions and exploitations of good news going forward with perpetual monthly forecasting as a result of trends or actions. We start month 2 with a 1+11 look, then 2+10, 3+9.

The monthly Operations Board should review firm and department performance against reports and key KPIs. Included as a minimum should be Revenue, GP, Working Capital, WIP, Aged debts, new enquiries and conversions, Complaints

Resource review

Again, a perpetual task – yes related to appraisals which should cover performance but also necessary characteristics like communication skills, intellectual skills, management skills (people and projects), motivational factors. Those development needs and plans for individuals are critical to people development, teamwork, client relationships. A DISC exercise maybe.

Decisions and plans can then be considered for in house activity or outsourcing or even part time to cover variation in expected workload, skill requirements and even cost reductions

The right MI/BI and staff communication to achieve results

We need to consider whether our current systems can create the reports and KPI/BI to enable our essential decision making or whether we need to generate new ones or look at some external added value solutions. They need to cover all traditional aspects of accounting but of course trended but also cover the newer aspects - like enquiry conversions and `on boarding, through to client communication and complaints.

I would also ask fee earners to look at their open files and WIP lists every month to identify what is likely to be billed and when – an aid to forecasting but also WIP write off.

We also have to consider the format and timing of management information to recognise the needs and demands of varying generations. Millenials for example would like more information/communication on performance issues on a daily basis whereas some others will hide

Staff development

There should be a manageable plan for teams and individuals. Covering Skills and personal development including personality profiling (DISC) to enable teams to enhance working together, supervision to work and customer interface – recognising the profile of the prospect or client is quite handy for the right communication.

New business and client development

There should be a Product Marketing Plan for the firm and Work-types before money gets spent on marketing and business development. Services offered, benefits to clients, target clients and the best route to them. This can cover potentially totally new clients and prospects but also the user base for repeat business and cross selling.

It is also important that the firm has a clear Brand which cannot be ego related but making clear the wonderful service, communications and maybe even social consciousness. Important to potential clients and also own staff, especially the younger generations.

The stimulation of new enquiries is the next challenge but there then has top be the right conversion rates – measured and reviewed. Without the necessary actions many firms are achieving only about 20% - with the right actions we should be looking at 60% by department.

It may need a process with SLAs, potentially scripting, certainly training in empathy, ascertaining the needs sufficient to offer a quote and then to handle any objections – more data can come along later.

Client communication and satisfaction

Surveys in 2022 have identified that as many as 40% of live matter clients are unhappy with case handling – actions and communication. The then pass this information to friends which has an impact on potential new business achievements. There is a need for measurement of this followed by management actions.

Another survey – general commercial rather than law firm specific says that 80% of senior management believes in good client reputation and satisfaction but when clients asked only 8% were.

Effective use of IT for efficiency

All firms need to utilise the capabilities of PMS/CMS solutions which have been purchased, annual support paid and so on. Rather than IT communicating with the suppliers account managers a programme for department heads and their knowledgeable staff to review the capabilities of the products and their latest releases and if need be, express their frustrations over use of the systems.

With the effective use of IT the right and effective division of labour can impact positively on client expected speed of delivery, earlier billing, not overstated WIP needing write off, lower costs and greater GP that goes to the bottom line – even some outsourcing can save money.

We need to make ourselves aware of added value solutions that can integrate with the PMS/CMS for things like conversion, on boarding, MI/BI and client communication. The use of AI can also cater for specific desires.

Right IT environment

We need to recognise and react to new multiple location and agility needs, scalability - both ways resilience, availability, back up and security. Selection of potential suppliers however needs to be very thorough at the moment – vet their credibility in the sector, ensure clear SLAs, clear termination clauses and recognition of the new environment and possible M & A impacts on contracts

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