This Month

Some essential management action in this crazy environment

- **Revised strategy**
- **MI & BI**
- **Business Development**
- **Resourcing**

With Covid and the lockdown and the state of the Government and the Economy (£v$, Inflation at 10%+, Mortgage rates) the future for all businesses and individuals is very unpredictable at this time. Who can really predict the volume and sorts of businesses, including law firms, that are going to grow or suffer (Res Con, Commercial Property, Family, Private Client, M&A)

Not only as a consequence of the above, I am suggesting that, there is a serious exercise and checklist could/should be undertaken by law firms of all shapes and sizes - **right now** - rather than wait for the timing of the next financial year when for many the pain of updating a three-year strategy and doing the budget is required.

Larger firms may have the resource for much but not all - others may need some expertise from NEDs or consultants.

There are a series of critical things that must be faced and rather than just being a once off, will need to be perpetually reviewed and adjusted on a monthly basis.

Over the last six months or so in my articles www.professionalchoiceconsultancy.com you should be able to identify several solutions/contributions to the challenges below.

Firm current status summary/Audit

First, the directors and owners of the law firm need to get together and have an open and personal discussion about their personal ambitions and objectives. Do they want to carry on and if so in what role – management or revenue delivery, do they want to retire and if so when and/or would they like to sell the business. This at least allows the beginning of succession planning and a programme of the right resource generation.

Secondly, we need to do a firm **current** status exercise, so all are up to speed for the starting point. Where do we think we are at?

- What is the current nature and scope of the practice and its objectives – you would be surprised how often this view varies within the management team
- The dimensions and scope of the firm – three phases - the last fiscal, now so far this year and in 12-18 months – resources by work type, Office locations with staff numbers, and work-types by location, fee income, gross profit in total and by separate work-types, recognition of key and major clients – revenue and GP
- The current business strategy, growth, work-type, revenue, GP. The profitability sources expected – efficiency, more revenue, reduced costs, clients – new retained or additional penetration
- Risk management – compliance, continuity, client demands – price, lock up, service and performance
- Support requirements and priorities – BD, HR, IT, Finance

Going Forward

What are our expectations over the next six months and where do we want to be going forward?

Strategic Objectives

Do we want to grow the firm? If so how and where – more locations, some specific preferred offices, any particular work-types, acquisition of others and the potential profile. Do we want to downsize in some areas to reduce risk? Do we want to sell?

Have we specific challenges that have to be addressed? – revenue and profitability at a gross (efficiency) and net level (overheads too high), cash flow and working capital, risk and compliance, Pii renewal, complaints, overstated WIP, security and systems resilience.

Management Information and Business Intelligence

Again, whether we like it or not we have to set about managing our businesses tighter – not just looking at history.

It is fair to our staff that they have accountable job descriptions and that their performance targets are fair but also very clear to them and discussed on a regular basis to aid performance, communication and well-being.

It is important that we drop the traditional accountancy YTD figures across all areas of MI and BI. We need to be able to see trends and peaks and troughs so that we can have dialogue about why, will it happen again, can we recover or can we exploit. So, the right dialogue about performance issues and an added ability to forecast by month going forward – billing, GP, chargeable time, lock up, matter starts, complaints as a starting point. I also think that fee earners should on a monthly basis against their open files and WIP say what is to be billed and when – certainly a contribution to the revenue forecast and WIP performance.

It is also important that we differentiate about reports and KPIs. KPIs are designed to impact on performance on a daily basis

A visit to www.katchr.com would enable you to download 25 KPIs that could and should be used by firms. Many firms can start by getting this key information at the right time from their PMS/CMS systems. There are others available and some clever AI

Daily KPIs to fee earners provides them with communication plus will be an encouragement to quicker billing and time recording

Business Development

Have we a specific plan to achieve our objectives? – new clients, if so and where plus retained clients taking more of our services and repeat business, referral development from within and networking. We need a product marketing plan for most departments, defining the best route to the targeted audience for cost effective activity – clarity for low hanging fruit and better return on investment.

This has to include some critical reviews. October2022.pdf (professionalchoiceconsultancy.com)

Is our firm's brand right? Do our clients and prospects really understand that as well as being great lawyers that we are on their side and see them as important in how we communicate and bring them benefits. What is their view of the firm?

Again, in October a survey said that 43% of current live clients are not happy with their firms and I have even seen a report where 80% of business managers said their clients were happy when in reality only 8% were. Not only does this affect current clients but also potential new ones who get to hear or see a poor Google rating. There are specialists in mystery shopping but also in house audits and training/coaching.

Resourcing

With it difficult to predict work demand levels going forward how easy is it to define how many people we will need in six months' time. There is also a shortage of potential lawyers at certain levels and many firms are struggling to recruit with the associated loss of revenue, profit, cash and client retention through shortfalls in service and communication.

We need to review our resources by department and look at the skill levels available and then do some positive staff development over a managed period at the same time as looking fuller realistic use of case management systems and whether there are opportunities to enhance efficiency through reviews of the division of labour and changing the allocation of activities on a file. Too many experienced lawyers are handling everything on the file where delegation could be a great assistance bringing lower costs and quicker solutions.

We need to review the job and candidate profiles of potential recruits to assist in getting the more appropriate candidates on board – maybe lower skills and experience than currently seen but developable – communication skills, intellectual skills, management skills, motivation

We may need to potentially outsource some of the legal work either to independents or to larger firms – this will certainly enable firms short of resource to retain their commercial and high net worth clients.

There are also several added value solutions in the marketplace which can assist in the automation of on boarding and providing client information/communication where sufficient isn't available from the CMS system.

The above is just for legal process activity – already many firms are enhancing performance and saving money by outsourcing document production (24x7) having their phones effectively answered and even providing web chat for potential new clients. This enables even more the moves to mobile and flexible working. Services paid for when used – like NEDs and consultants in some cases.

It is important that the right due diligence is done on potential suppliers – worth a look.
www.lawfirmambition.co.uk/topics/law-firm-outsourced-operations-now-and-future

Information Technology

This is a fascinating area at the moment with the majority of operating PMS/CMS suppliers now within three main groups who are beginning to get their product development strategies in place. There are a few independent suppliers beginning to grow as a result mainly offering cloud-based solutions. It would be good for firms to identify the solution shortfalls that they see with their current implementations and to speak with their suppliers and find out what the timetables are. Some examples are on boarding, client communication, MI and BI, client experience – third party suppliers and AI solutions are delivering the added value needs, some in collaboration with the core PMS/CMS suppliers. Articles again www.professionalchoiceconsultancy.com

It is also probably a good idea for firms to look at research into a move into the cloud/hosted environment – again after strict due diligence – but security, resilience, flexible and mobile working, pupm costs

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