This Month

- **Some Essential Management Actions and Reviews**
  - **People**
  - **Management Structure**
  - **Management information**
  - **Resourcing**
  - **Clients**
  - **IT & Security**
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More aid and actions for challenging times

Whether we like it or not the management and staff at law firms have to step up to meet challenges plus seek and win opportunities to successfully operate their business – image, client satisfaction, personal satisfaction and financial survival and returns. There are lots of personal and personnel development actions to take place along with managing the right sources of aid.

For now, let us assume that we have undertaken our performance and key resource stock-take and we have a strategy in place. We have a three-year strategy but it is important to make it work for so many reasons. June2024.pdf (professionalchoiceconsultancy.com) drew attention to this aspect and we certainly addressed some essential IT focus here August2024.pdf (professionalchoiceconsultancy.com) – all firms need to get clear strategy sessions in place with their IT PMS/CMS supplier to enable a choice of staying with them as they develop and start delivering their strategy for the benefits of law firms plus the collaborative availability of essential added value solutions to assist in making things work.

Our People

It is essential that firms retain and develop key personnel and that needs a programme from the time of recruitment through – with not just job profiles but the kind of personal profile sought from an applicant – communication skills, intellectual skills, management skills, motivation – the right ones needed for the job role and the expectations going forward. Early awareness of shortcomings can be handled through positive development, regular communication with team leaders and personnel development programmes. The internal appraisal system needs to be up to this – an HR requirement or the right sort of advisory.

It is also important that the firm can demonstrate a positive policy for diversity and equality – not just for recruitment but also client attraction and provide regular and effective communication with certainly the younger generation to cut the current desire of 65% of them to leave their current firms as soon as they can.

Management Structure

Again, clarity is essential. The right personnel in the Strategic Board that maybe meets every 2-3 months. The right personnel in the Operations Board that meets monthly with the boss, legal department heads, finance head, marketing head, HR head and IT head. Even smaller firms have the legal department leaders but may be short of advice in the staff functions. This is increasingly available with the changing environment. Just one or two days a month could be useful.

Every firm irrespective of size needs a report from legal department heads demonstrating understanding year to date performance by month and making clear where recovery or exploitation in the months ahead is going to happen and why.

This should cover Billing, Gross Profit (Billing less direct costs of fee earners and staff by department), chargeable time, lock up, headcount, matter starts, complaints, business development and needs from other departments.

This needs to be accompanied by confirmation of existing files and likely billing in time – this makes the forecast that much more acceptable and focuses minds on getting the job done

Management Information and Financial Management

This is increasingly being seen as very important and recent interface with a number of lead consultants in the sector has identified that more analytics needs to be available enabling safer management of business and finance performance around cashflow, working capital, and even financial risk with clients. There is more requirement from inhouse finance, accountants, the IT system and in many cases added value solutions. If not available internally then solutions like Law Firm Business Intelligence Software - Katchr

Firms need the information in the right format at the right time for positive decision making (daily, weekly, monthly). Some accountancy firms in the sector are now offering additional services and consultancy plus we have an increasing demand, not just for small firms for businesses like Outsourced Legal Cashiering & Compliance | The Cashroom with the skills and the resource to meet financial and banking regulations.

Too many firms are struggling at the moment over their financial security and availability of finance. Not always the best responses from banks even when clients who are under pressure themselves. It is hard to demand the right relationships without the right data available but it can be made to work.

Resourcing

Again, a relatively new (last 5 years) challenge for law firms

Legal expertise and resource is a need and many smaller firms need to be able to access additional skills to meet client needs. This is becoming more available with the large number of lawyers wanting to remain independent. There are half a dozen businesses offering this sort of access now. This can also be an activity peaks and troughs resolution as client demands fluctuate but generally get stronger.

I have heard that a number of law firms are not necessarily validating the skills and expertise of people handling files – for example private client stuff -could lead to some claims

There is a genuine case also for outsourcing some support activities on a regular basis to meet genuine fluctuations in activity and to apply the right skills. Transcription Services & Document Production - Document Direct for document production and transcription, Moneypenny: Answering Services from the World's Leading Provider and again the Cashroom.

Clients

A very important feature. Acquiring new ones through our brand, image, business development activity, conversion of in-bound enquiries handling (the 20% benchmark for many but 65% doing it right is worth a fortune).

One example is that many firms are underestimating the importance of their Will Bank (asset value) – failing in encouraging Will updates and offering LPAs, losing clients and referrals. Attention here could be very worthwhile. Safe Share and WBT from HOME - OPTSM | Make Life Smarter is an added value solution here.

Clients are desperate for regular communication and updates c 40% unhappy with their firms and telling others. There are now more added value solutions from third parties such as inCase now part of Access Legal and Propero from Home - Legal Workflow and Safe Share.

Business Development

The firm needs to establish a brand that is great for the client base and potential clients. Empathy, performance, community commitment, diversity etc.

Every firm needs a plan, either developed internally buy if without basic knowledge some third party advice.

It needs to fit with the strategy for growth and work types. It needs to develop simple product marketing plans for the overall firm and for the different work-types. Very simple – services offered, benefits for the clients, target market place, route to market – direct and indirect and a plan for activity by month, reviewed quarterly and actioned. A significant feature of the Ops Board sessions making sure all work types are aware of the activities. The cheapest route to market is referrals from existing clients or from different departments but it certainly needs a plan.

High on the list also needs to be the methodology for handling the inbound enquiries – a process, empathy, info up to order request, subsequent info and so on. 20% conversion of 500 (expected per month from a 100 person firm) enquiries is 100 files at say £500 is worth £600k for 12 months. 65% which performing firms are achieving is worth £1950k. Whole exercise is worth the effort. Need a bit of skill.

There are some great added value systems that can assist.

IT Performance and Data Security

As we have reviewed over the last six months, many firms are being let down by their PMS/CMS supplier – the last article on this August2024.pdf (professionalchoiceconsultancy.com). Hopefully more firms are demanding sessions with their PMS/CMS supplier to fully understand the strategy going forward and how they are going to get the added value essentials (on boarding, client communications, data exchange, MI/BI, enquiry conversions, protective workflows for SRA/AML requirements) It can well be by third party added value solutions now and for quite a while as long as the strategy and plans are in place.

Hopefully all firms are checking that they are making the most effective use of the latest release of software from their supplier. Discussions between IT and the supplier are often not enough. Needs a session with some proactive legal heads and the supplier.

It is highly likely in the next 5 years all firms may be on to a secure cloud environment. In the interim/short term, also all firms should be looking for a managed service, hosted, cloud environment in the very short term to aid systems security, systems availability and appropriate skill levels and that is without changing their software until the strategy and delivery are clear.

Security, Compliance and PII

Certainly not a topic to be underrated at the moment. The implications are potentially massive.

Many commercial clients of firms are undertaking checks on the firms – Cyber Essential **PLUS.** History of fines and SRA referrals. The private client will switch on quite quickly.

It is essential that as well as specific training of all staff that there are processes and procedures in place to force staff members to follow the rules – check the document and get the appropriate sign offs. Regular updates from Legal Compliance: Monthly Updates | The Access Group is seen by many firms.

There are too many firms being attacked at the moment and there is a real need to identify if it is systems or staff behavior.

PII insurance brokers can be quite useful too, also making sure there is a dialogue between the firm and the insurance company ahead of renewals. Last year September2023.pdf (professionalchoiceconsultancy.com) and still with a relevance.

In the Interim

If any firm would like me to have a word with their PMS/CMS supplier or link them to some added value – feel free

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