

## **Surviving and Thriving in the Next Five Years - Not without Information Technology**

The Legal Services Bill, competition and technology are combining to make life very difficult for law firms over the next five years. A recent survey claims that 97% of firms recognise this with the biggest threats coming from new providers such as retailers and banks (the biggest single threat), changes to the legal aid regime, the computer generation choosing suppliers via the internet and firms having insufficient spending power to match competitors' technology.

At greatest risk are conveyancing, personal injury, wills and probate, the cornerstones of many smaller firms, and pressure in these areas will force firms to compete in other areas such as commercial, employment and corporate law. In time, all types of work and all firms will be affected.

So what strategies can firms adopt to combat the threats? These could include mergers for scale of investment and breadth and depth of offerings to clients; dropping areas of business where margins cannot be achieved and refocusing on areas where margins are achievable now and in the future; better service levels; and recruitment, retraining and development of staff.

A surprising number of firms do not have the strategies in place to meet the challenges ahead. Those that do see their biggest challenges as:

- financial management – understanding profitability of clients and practice areas
- technology – getting the best from their investment
- performance and growth with new and fiercer competition
- recruiting and retaining the best staff
- decision-making, delegation and accountability
- the use of highly skilled professional managers.

Technology is critical to all areas and the IT manager has the potential to make a massive contribution. The provision of a high performance, resilient front and back office system with good networks, business continuity and disaster recovery are essential. Existing applications must be used to their best effect to support the practice and the internet used to attract potential clients. Management information must be provided to hone efficiency in all areas of the business whilst providing the tools to support the development of client relationships and new business campaigns. Finally systems are needed to support the management of personnel, focusing on appraisal, training needs, competency management and gap analysis.

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