

This Month

- **Potentially the most revolutionary changes that UK law firms have had to face and now**
- **3,000 firms to disappear?**
- **New dimension to business priorities**
- **Plus**
 - **The Christmas Message**

We have been aware for a long while about taking action on global warming, tsunamis and floods make us more aware and those areas of the world not ready for it are beginning to shock.

The new dimensions spoken about today are real and need addressing. I attended a conference at the end of October organised by Cheshire and North Wales Law Society and amongst the speakers were Viv.Williams@SymphonyLegal.com and phil.jepson@jepsonholt.com.

Both probably known to you <https://www.symphonylegal.com> and <https://jepsonholt.com>

This month's article is a major complementary piece to last month's article. There are a couple of things that must be brought into consideration when doing a business strategy, building a budget, regular forecasting, setting targets and measuring performance.

The perhaps new, main considerations that need to be applied to our strategies and actions are:

Viv "Consolidation is inevitable, we will see around 3000 law firms disappear in the foreseeable future" and "As much as 70% of a law firm's activity does not need to be regulated"

And Phil "Law firm's succession problems are of their own making. The problem is they have made it too hard for lawyers to get partnership and for no good reason" and "Young lawyers of today are ambitious but law firms knock the ambition and aspiration out of them"

In many of my articles this year we have explored the needs of firms to recognise that they are businesses and to put the right management processes in place and quite a few firms are responding – large, medium and small - but there is still a lot of lip service and inertia affecting firms of all sizes but there are some real challenges facing us right now with perhaps a different perspective has to be added to our considerations

Do look at them <http://www.professionalchoiceconsultancy.com/articles.php> . Start by looking at November 2018 and November 2019.

Generation Differences

I am a baby boomer but I have been luckier than most at a manager/director level because I was well trained and have run companies and teams with remote working staff, flexible working, diversity, mobility and specialist outsourced support for more than 30 years. Not the case with most law firms despite a lot of encouragement and significant benefits

Like most Boomers when I started work we expected to join a business and progress through it and not too much looking elsewhere.

Since the war things have moved on significantly in our society and companies. We are now constructed of multiple people profiles – not always recognised and considered in management methods.

A business now enjoys a different grouping based basically on age profile often with different expectations. At least some of us at least consider different marketing to the X and Y generation and the use of their technology wanting to find a lawyer on line at 22.00.

Category	Age Group	Profile	
Builders	71+	No news is good news/self-taught	Often law firm founders
Baby Boomers	52-70	Annual appraisals, e-mail communications	Watergate, Thatcher, Cold War
X Generation	37-51	Weekly/monthly communication, training and development or I am off – text and phone	Austerity, Brexit
Y Generation	22-36	Daily communication – What’s App	Austerity, Brexit
Z Generation	7-21	?	?

There is quite a problem with many firms going forward because of their history and few changes in working practices. Much to do with the age profile of the founders and them getting to the point of wanting retirement. Much to do with success so far and that inertia thing.

Surveys have found the many staff in firms that are still managed by the founders and older baby boomers – with limited management and commercial training because of management practices. Many of the staff in these profile businesses may have been with the firm for 20 years but never really developed with commercial knowledge, client empathy, systems use and management.

Many of the founding members or very long term partners are seeking a way out now (retirement etc) and are confused as staff members are not queuing to do a management buy-out. Staff do not want equity in a business that is not patient, has obsessions with PEP and not that profitable. It is ok being salaried and successful but not worth the management issues.

Over the years many firms have not really considered the profile of those that they have been hiring. Certainly happy with high academic qualifications so without diverse management training there is a limit to commercial skills, natural people skills, empathy with others and clients, sales capabilities. http://www.professionalchoiceconsultancy.com/articles/September_2019.pdf

It is not just for efficiency, cost reduction, performance that things like mobility, diversity, agility, flexibility that working methodologies have needed to change. When we employ the X and Y generation we need to recognise the changes in work:life balance that are wanted and expected. Staff from those categories want a successful work life, a successful home life, exploring charity and social interests. Aided by a flexible work environment supported by outsourcing of many functions to meet the increasing demands of clients.

In terms of future proofing one of the speakers pointed out that 88% of millennials are likely to buy from people who support the community and 30% will leave a company that doesn’t do this so going forward our corporate ID needs ethics and better marketing of the fact. So we need the flexibility in house but also let the world know that we contribute to society

Plus staff and team building needs major emphasis.

To quote Phil some more ***“Law firm’s succession problems are of their own making. The problem is they have made it too hard for lawyers to get partnership and for no good reason” “Young lawyers of today are ambitious but law firms knock the ambition and aspiration out of them” “The appraisal system is broken. Young lawyers need daily or weekly feedback on how they are doing”***

The Changing Legal Market is here

It seems as though there is reduced regulation for some work-types. Viv’s view is that with good study ***“perhaps as much as 70% of a law firms activity dos not need to be regulated”***. ***Personal injury and Legal Aid firms are already under pressure” “there are 700 fewer firms offering conveyancing hence the move towards offshoring”***.

There is clear evidence of this with the growth of bulk suppliers of the service with up to 40% of the administration of a conveyancing file being outsourced and even off-shored. We cannot ignore the move into the sector of the big four accountants and insurance companies offering specialisms and bulk transactions

Many firms of variable sizes are looking to change or get out because of the uncertain future.

- Regulatory changes – look easier but interpretation is not easy for all
- Multiple work-types at risk to decline and enhanced competition
 - o Conveyancing, Private client (Honey Legal types), Legal Aid, PI, Clin Neg
- Management by 70 – 80 year olds with no in house MBO candidates
- Funders challenged and more personal guarantees being sought
- Firms can no longer operate without effective technology
- Efficiency, cost savings, client satisfaction as a result of outsourcing IT infrastructure, telephone answering, document production and even accountancy is a must for all

There is a future for many for the above work-types but they need segmentation and focus on the most appropriate segments where the law firm can bring added value.

Family and Commercial are clear opportunities for growth but we have to recognise the enhanced competitiveness and client demands. Where do we bring added value and it isn’t on price

The Way Forward

- Every firm needs to sit down and develop a clear strategy for the modern world. We need to define our skills and market opportunities.
- We need to understand clearly the services that we are going to offer and ensure that the Gross Profit by work-type is foreseeable and sustains the business.
- We need the right structure in terms of management and organisation, service delivery, resource for now and going forward and ensure we perpetually review

PLUS

The Christmas Message - Last year I advised you that at least my vet got it right in terms of cover and client relationships.

I understand closing for Christmas and New Year period - but not providing contact numbers for customers who may have a death in the family or a family dispute and even violence is not good. It is

bad enough at week-ends let alone a couple of weeks at Christmas and New Year. There is the need to demonstrate clear empathy with your client base.

Because of technology and businesses such as www.money Penny.com/uk (MLS Advantage members) this is something that is easy for a law firm to fix with calls being filtered and prioritised so in my view a no brainer for a firm that sees its customers as important. You can even get documents completed with outsourcing during these periods www.documentdirect.co.uk (MLS Advantage member)

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