This Month

- **A list of essentials to support the law firm and make it commercially more viable**
    - **Revenue and client relationship generation**
    - **Basic management essentials**

Management Challenges for 2025

My article for January 2024 as a New Year set of objectives Had a good response but for many firms the commercial challenges during the year have left some very key items in need of proper attention.

Worth all reading at least the 2024 articles www.professionalchoiceconsultancy.com/articles.php

After the first few items below – Big current issues from the main list for many the first couple of items – fundamental basics have not been really handled plus many firms have not improved client relationships, profitability (Revenue v GP and overheads) and working capital management and have added to issues with issues around resourcing, compliance, regulation which are having impacts on the firm's image, repeat and cross sold work, Pii and fines.

A couple of Big Current Issues

- **Private Client activity – client enhancement and return**
  Recent research and activity www.professionalchoiceconsultancy.com/articles/December2024.pdf has demonstrated that most law firms who have private client services are not providing the best service to their clients in terms of giving broad enough advice with changes in government and personal wealth to current clients – loss of repeat revenue for the firm – nor are they offering a service to 50% of the population that are without a Will – this will mean clients who use the firms for other activity – cross selling and all round support and potential new clients that could be referred in.
  The existing Will Bank in many firms is not being seen as a valuable asset for repeat business (updates) LPAs and of course probate. Data is all not digitised and therefore easily found nor marketed too – when it should be part of the CRM process.
  Getting this right can add massive revenue to the firm, enhance the reputation with the client base, lead to more referrals, and enhance demonstration of social awareness to own staff.
  We also have to get the right staff skills in place and strong interface with multiple accountancy forms and IFAs. It is not just a document production exercise.

  The state of our PMS/CMS systems and way forward
  After the multiple acquisitions of UK PMS/CMS suppliers there has been a major stand off and lack if clarity on the way forward with these products.
  www.professionalchoiceconsultancy.com/articles/August2024.pdf There is also the opportunity for a review of new clients coming in from overseas – already mainly cloud based and integrated with our added value solutions. All firms need open conversations with their existing suppliers and make a decision to wait or move.

  Realistic IT infrastructure for now and going forward
  From a timing perspective it is also appropriate at the moment for law firms to get an audit undertaken of their IT infrastructure. Whether in house and/or managed services/hosted. Not all suppliers are being as open as they could be. There are many firms now being

contacted about getting an audit done of their hosted environment - Health check expectations – IT in line with business strategy, paying too much? Potential changes to infrastructure to save money and underwriting security, compliance, fraud protection and vulnerability. Needs to be on the management list.

General Essential Items

Director and Senior Manager Stocktake

It is very important that there is clarity about the potential and futures of the key personnel. An open disclosure is very important from everyone in terms of their drive, likes and dislikes in terms of the job role and performance plus their ambitions and future plans including retirement. Whether they want to maintain functional performance or enhance management commitment, client relationships, business development. It makes succession planning, the right resource planning so much easier.

A session for open disclosure works very effectively along with potential contribution to the business strategy and delivery

Strategy

Review the current status of performance. Current dimensions and scope – staffing levels by type, office locations, fee income, gross profit, major clients then a vision of where this is desired to be in three years' time – demonstrating growth objectives, locations, work types, GP, client expectations (new or current developed), risk and support needs – BD, HR, IT, Finance

Year one will likely become the budget but that needs regular assessment with monthly trends and performance and perpetual forecasting. The right personnel on the strategic board need to meet at least once per quarter

Process for Proactive Monthly Management

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 plus a live presentation 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.

Finance will present a summarised total firm performance with monthly history and the ability to forecast forward monthly. This covers by legal department revenue and gross profit and all overheads.

IT, HR and Business Development to present history, trends and plans in place plus performance and actions

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. Many of the systems in use at the moment fall short in this provision.

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. A more open relationship needs to be put in place with Banks or changes made

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.

More accountancy firms are offering additional services to just doing the audit – working capital management, outsourcing, M&A advice, board meeting attendance.

Many more firms – and just not small ones are outsourcing their accountancy and book keeping activity because of their resource and skill challenges – client account and banking standards and regulations..

More firms are getting their document production done through outsourcing – all types including case files but also, transcription – there is no excuse for delays in document production (backlogs) and a 24 x7 service is needed to meet client and file demands.

Telephone answering and web interface management also a challenges for the right level of service.

One big challenge is also the provision of legal resource – every firm needs the right skill levels to meet client needs on line with client interface and development strategy, and they are not always available. There is an increased number of lawyers opting to work independently and some really good support operations.

www.professionalchoiceconsultancy.com/articles/November2024

Staff retention and development is also key

Our People

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.

It is essential that firms retain and develop key personnel and that needs a programme from the time 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.

For recruitment there needs to be a very clear job specification but also a candidate profile covering required communication skills, intellectual skill, management skills (people and/or projects), motivation, and emotional factors. Applies to current staff in roles too. This can also be used for identifying coaching, training and development of existing staff

Compliance and Regulation

Again there is too much evidence of firms not taking this seriously and they are damaging there image, being fined and potentially losing Pii.

The role of management, COLPS, COFAs need to be much clearer and legal staff need to be aware that they cannot do things like tick a box when they get an AML report. They need to be read, authorised as part of the procedure. This sort of workflow is available from some suppliers of the reports and some of the newer PMS/CMS. Getting fined by the SRA does not help.

Happy to provide advice and intro for any of the potential challenges. Some good suppliers in the sector

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