This Month

- **Key Challenges and some essential New Years Resolutions and Activities**

When someone during their education and personal development decides to become a lawyer/solicitor - it is done for many reasons but mainly because of interest in the law via the multi work-types but also to represent people and communities (plus businesses) and help them recover from issues or challenge other items. Becoming a leading light in the sector and contributor to social wellbeing is often what it is about.

In most cases at that during that period there is little consideration about becoming a managing partner/director, department head or team leader. Plus - owner/shareholder. It is surprising how quickly that can change.

Maintaining the personal desires and challenges is one thing but no longer can we deny that law firms have to be commercial businesses.

Generating profitability and working capital, meeting the compliance and regulation demands, being skilled, efficient and productive in work achieved against standards and budget costs. This means of course that funding and banking relationships are key, a clear business plan is essential with a strategy and the right people in place at the right time, the right marketing plans are in place, effective IT is being used with availability and security, the right compliance and regulation processes are in place and being effectively used (this includes fundamental gaps in compliant workflows and authorisations) – the last thing needed is action by the FCA or SRA. Failure here is very damaging for the image of the firm as well as unavailability of the necessary insurance and even if so at a cost. Too many firms are just failing to analyse their risks (which is increasingly including shortage of fundamental skills within the staff team – hence even more book keeping outsourcing) let alone look at market opportunities in the right way

There are essentials – like being able to recruit and develop and retain key staff – ensuring that the image of the firm is right for existing clients, potential clients and staff.

There are also essentials in terms of resourcing the firm with necessary skills. Third parties can be considered for additional legal skills expected by clients, production of documents that can no longer be seen as justified delays for action, effective book keeping – volume but also necessary skills, financial advice from profitability to cash flow management

If someone becomes an owner or potential owner of a firm and would like to see a return based upon the equity value in a M&A agreement this has to be clearly developed – yes profitability is key but so is the asset value – client retention base but also the Will Bank valuation where applicable. 10,000 Wills could be worth a lot for the current firm or also an acquisitor.

Coming back in the New Year some essentials to consider early on - Resolutions

My December 2025 article following the Managing Partners Forum December 2025 summarised many of the amazing challenges at last being recognised – maximising return on business development, brand and image of the firm, alertness to the benefit of outsourcing, regulation and risk management analysis and recognition

Some Jobs to be done

- **Director and Senior Management Stocktake** – open disclosure by all is key to the business strategy and delivery. We need to know plans and ambitions for careers but also departure/retirement. Resourcing plans – not only by volume but also essential skills and that needs to cover legal work but also Finance, IT, HR and BD. Irrespective of scale of firm there is a major demand across the spectrum – hence the increase in outsourcing and part time guidance

- Every year the firm needs to do a **3 year strategy** with the ambitions, action plans and timing very clear. Year one becomes the budget – work type, revenue, GP – a key measure that needs to be at expectation level by work-type, working capital, profitability however each month the operations meeting will review performance against expectations with further exploitation or recovery plans becoming the perpetual forecast. This would also include a valuation of the business in terms of asset value (includes the Will Bank, property, client base) and working capital.

- Reports expected from every department – not just legal – in terms of activity – looking at results and forecasts – by month – (YTD and BOY does not say enough – **perpetual forecasting is key**) because of actions agreed. Each work-type should include a review by fee earner of all open files with WIP, expected billing and dates plus of course what is expected from business development activities – essential to be able to see expected profitability by month going forward but also

- A study of **enquiry conversion** by the firm and by department is another essential to get return on marketing. Achieving 60%+ is much better than 20% - worth a lot of money but also credibility with the market.

    - Client/prospect and personal interface is key but also the process and data management of the handling of inbound enquiries – systems available

- **The right image of the firm** is key - -obviously performance and communications with clients is key but we need to add to that how the market sees us. The right skills with the right topics, the dedication to clients and potential clients, great communication. We need to down size our egos and make it clear we are up to date with the world, efficient, communicate well, have a social conscience, support the community. Not only does this help with clients but is also key to younger staff – we can do without 60%.

- People – Many firms are finding it very hard to **recruit** at the moment. Potential legal staff wanting to change their lifestyles is obviously a factor. So, brand and image is a contributor.

    - Also, essential when people come on board the management process is very important. Firms need to recognise the needs of individual groups – younger folks need to know daily how they are performing whereas some older members of the team are not so keen. Firms need to make sure the appropriate communication is available through KPI, MI & BI methods as well as spoken with supervision

    - Many firms need to review their performance management and make sure in place there is an appropriate appraisal and people development system – a big frustration for many staff and a real negative impact on achievement of necessary performance. This covers not only personal development but also the right interaction with clients and potential clients and staff members from multiple teams within the firm

- Too many firms are still not aware enough of the essentials of **Compliance and Regulation management.** The result is fines, PII problems and image. Education of all staff is essential plus the enhancements of work methodology through workflows on systems (such as client account management) including authorisation by key members/managers (such as AML). All firms should be undertaking a risk survey either internally or though recognised experts with the appropriate technology. Not only is this a methodology for minimising risk but also a big efficiency opportunity
- Perhaps a little **less exciting for many now is that of IT**. There has been many changes over the last few years in terms of where the IT sits, the use of cloud technology, the reliability of the systems internally and if hosted. Firms just cannot afford to be without their IT and even printing capabilities. Third party suppliers have had mixed performance over the last few years. It is highly recommended that firms get not only a meet with their suppliers to assist in guaranteeing the necessary performance but also the ramifications of failure. There are a few reliable suppliers who have helped bail people out of failures.
- **Practice and Case Management Systems.** Another area of crazy change over the last few years. There has been multiple acquisitions by groups often VC led of the long-standing suppliers plus over the last few years some new suppliers from overseas who are beginning to make a mark. There are many added value essentials that firms really need – some are available through the PMS/CMS suppliers but others are very dependent upon third party suppliers because of the need now – such as on boarding methodologies including AI, data collection, managed follow ups – client communications – advising of status of the case if nothing else – secure access to files through portals for example with Wills without the risk of security/e-mails – essential KPIs, MI, BI – the appropriate workflows not just for document production but for compliance/regulation and security.
- All firms need to consider their ways forward. There are multiple queues at the moment of firms **looking to leave** their current suppliers – some of whom are responding much better than others in terms of client added value and relationships. Each firm should have a meeting with its current PMS/CMS supplier and demand a timetable for enhancement of the products for added value or a methodology with third party added value suppliers.
- There are **third party added value solutions** available – that can be added independently - for example for enquiry handling, on boarding, client communication, MI/BI, consultant support, secure portals, generation of added value assets like Will Banks, compliance workflows, risk assessments, working capital management, forecasting and impact of operational changes

Recommended Reads

www.professionalchoiceconsultancy.com/articles/November2025.pdf

www.professionalchoiceconsultancy.com/articles/October2025.pdf

www.professionalchoiceconsultancy.com/articles/September2025.pdf

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