This Article

- **Avoiding Compliance and Regulation Disasters**
- **Being on top of financial management**
- **Resource skills**
- **Sorting the basics**

Last month I covered many action items needed by law firms as a matter of priority and essential performance www.professionalchoiceconsultancy.com/articles/April2025.pdf and available here also The Messenger April 2025 .

In all honesty those points have not gone away and meetings and gatherings over the last month with very successful and experienced law firm managers, some of whom are now advising others plus market activities has confirmed how important it is for firms to take these issues seriously and ensure that appropriate actions are in place.

- **Data Security**

A law firm fined for £60,000 for the failure to ensure the security of it's client data is one example

https://www.legalfutures.co.uk/latest-news/ico-fines-law-firm-60000-after-dark-web-publishes-client-data . Over the last couple of years there has been a number of failings of data security with firms with their own databases, plus cloud and hosted environments.

It is so important that all firms conduct the necessary due diligence in this arena and the right expertise needs to check the systems plus it is critical that staff utilising the systems are also fully aware of operational requirements. There may be an appeal for this but the problem does not go away.

Brian Rogers (1) Brian Rogers FCMI | LinkedIn the Regulatory Director of Access Group has also posed the question on whether the SRA may also take action.

MLS Advantage Group members Compli: Legal compliance and risk management | Weightmans Michelle Garlick | LinkedIn also available for essential advice. Both across the whole regulation and compliance sector.

IT hosting and security advisers to the sector etiCloud | Everything that is Cloud have recently shared advice, supported on LinkedIn by one of their clients in terms of the actions and attitudes that firms need to take. Firstly, the potential suppliers need to understand more about the basic infrastructure and objectives of their clients and to come up with a solution that takes the firm from A to B in line with the strategy. It really does mean management participation in the strategy development as well as getting the due diligence and proof of success in such installations.

Over the last few years there has been a major shift to hosted and cloud environments driven by the PMS/CMS suppliers and firms needing to ensure reliability of their infrastructure particularly with working methodology changes. The cloud/hosted environment if done correctly does seem to be a route. Even with the existing and new PMS/CMS suppliers the necessary due diligence of their IT infrastructure is essential.

During April Expert IT Support & Proactive Solutions | Netprotocol has also identified that a number of firms at the moment see the need to protect themselves rather than go to "the cloud".

Law firm management really needs to be clear on the way forward.

- **Compliance and Regulations**

Again, many issues here.

Failure to conduct the right AML supervision is beginning to cost many law firms a lot of fines and credibility issues. (Some of them with CQL and Lexcel). It is essential that on receipt of the searches that they are reviewed and the firm's authorisation process is actioned. Again this should be part of the management process bit also included in the CMS workflow. If not there get it built in including checking ID.

Access Regulatory and Compli again are skilled resources.

- **Management of Accounts**

There appear to be so many firms at the moment who are struggling to forecast their profitability but st least equally important their working capital requirements and as a result there is diminishing confidence in the relationships with the banks. This should be a monthly routine where the Ops Board reviews forecasted new business and gross profits but also reviews monthly update billing against WIP by fee earner and department.

A number of banks are aware that the right communication with them is not in place

In addition to this there is also a specific area in terms of Client Account Management. A number of the PMS/CMS suppliers do not have the added value date and workflows here so it needs to be reviewed very seriously. Again, a number of firms without the in house skills or disciplines are referring to their accountants and outsourced accounting Outsourced Legal Cashiering & Compliance | The Cashroom . There are one or two added value PMS suppliers that could also be involved.

- **Skilled Resource and Delivery**

More firms are beginning to realise that they are short of the right level and resource skill and there is a large growth in collaboration and outsourcing. The more obvious ones are book keeping, document production and legal skills. I referenced this back in November November2024.pdf . The businesses referred to Outsourced Legal Cashiering & Compliance | The Cashroom, Transcription Services & Document Production - Document Direct and Lawshare: the Legal Referral Scheme - JMW Solicitors are seeing a steady growth as firms understand more about the delivery if the right service levels to their client base and how important this is in client retention and development. That internal stock-take is so important along with the right development.

It is also just not in these areas because irrespective of size of firm, the nature of it's business it still needs the right skills particularly in the difficult commercial world but with the added challenges of compliance, regulation, client satisfaction and development, financial management, people development, image, diversity and equality – expertise needs to be available – part time from accountants or independent lawyers but there are now consultancies offering the right levels – again due diligence is essential along with clear specification of involvement

- **PMS/CMS**

Again, something that I have gone on about for the last 6 months. Some of the newcomers are doing very well and a couple of the old teams are communicating a little better about product delivery strategy and development with the provision of essential added value solutions – immediately or at some time in the future.

Existing law firm clients should be challenging their suppliers in terms of their product development plans, the delivery of essential added value – such as MI/BI, client communication – two-way, security in terms of accessibility (portals), forecasting, client account management. They also need to demonstrate a clear policy for client account management and development

- **Further Added Value**

I cannot finish without jus a mention again of the other lessons

  - Existing clients – are we really doing enough to ensure the right service level for our Will clients. Updates, challenges – finance, accountants, separation, equity release. Doing a full and proper jib first time around and then managing with Will Bank which is such an important asset
  - Developing our clients with internal communication, networking and referrals
  - What does the market really see us as
  - Do our staff understand the added value that the firm is looking for and how much they as individuals can be clear about their work opportunities and what they can achieve

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