This Month

- **Essential for the firm's future. Management cannot assume**
  - **Regulation and Compliance**
  - **Asset Value of the firm**
  - **Accounting**
  - **Resourcing**
  - **New Clients**
  - **IT**

Introduction to opportunities

A short while ago I read a piece on LinkedIn by accountant Andrew Hague I LinkedIn of Accountants in Chester, Liverpool, Manchester, and Widnes with Post I LinkedIn where he makes the point that billing alone is not profitability, working capital availability, extended client relationships.

Andrew does deal with law firms but the whole concept reminded me about the legal environment where with many firms of many sizes there is an **assumption** that we have COLP and a COFA then compliance and regulation is ok and we are on top of analysis of business risks. So many firms are now being sued by the SRA for breaches Head of IT means we are secure and are using the best application and all the added value is here or on it's way from our PMS/CMS supplier or added value applications. Head of Marketing – our image is good and we are doing a great job generating and converting enquiries. Head of Accounting – cash flow is good as is the relationship with the banks and we have monthly reports that are driving the right action – plus our monthly statistics are making things happen, Department Heads or HR are on top of recruitment and people development (right people at the right time and a great appraisal and development system – not forgetting staff retention)

Unfortunately most firms are not on top of ensuring that the right management, supervision and drive happen. It needs to. This adds to the lists of management responsibility.

Performance of the business is one very important thing and it needs a great deal of added proactivity.

Compared to a couple of years ago we also have at least 10% law firms less than we did. Firms closing because of performance and compliance/regulation, mergers and acquisitions by/with other firms, staff becoming the owners plus an increase in Private Equity Investors. This also has to be recognised in a big way and preparations/image generated plus of course we have to deliver our annually produced three-year strategy. Everything requires hands on management not assumptions that all is fine.

The recognised asset value of the firm is critical – more details later but that should be one no brainer is the asset value of the firms Will Bank. So many firms are in a right mess with this – maybe 10,000 Wills of which maybe 70% is on the marketing database – so very hard to advise those people – assuming they are still alive – with changes in the world where an update is needed – revenue for the firm and more satisfied clients and potential referrers. An acquisitor will look at that database and give it a value – what it is worth now and what could it be worth along with enhancing the image. Action in this area will enable an Equity investor to see a potential return, along with an acquirer seeing the same plus the maintained core business performing better.

Some areas to attack

- **Regulation and Compliance**

  Just because an AML assessment is received not every firm is following the rules – reading, authorised sign offs and so on

  Getting a qualified and experienced third party to help compliment the activity of COLPs and COFAs is a useful idea

  (4) A shift from reactive to proactive compliance | LinkedIn Forsyte - Smart Risk Framework for Law Firms | Forsyte AI solution is already integrated with a few of the PMS/CMS systems ahead of an SRA audit

  In the SRA report over 2024/25 only 14% of firms fully compliant and 32.4% non compliant

  As Brian Rogers FCMI | LinkedIn has pointed out the challenge has become so great it cannot be ignored – one article (4) From thousands to millions | LinkedIn it has to be on the agenda. Don't assume that your teams are AML compliant and there are big issues over the management of client funds

- **Upping the Asset Value of the Firm**

  As mentioned previously there is a great opportunity with Will Bank management to up the value of the firm. One area would be making the firm more attractive to the 50% of adults that currently do not have a Will – apart from marketing one method is to get your existing clients referring you. If you ask your Will Bank say once a year unless there is an IHT panic you can be looking at a 20% hit rate.

  It also seems to be amazing with some opportunities expertise within a firm doesn't necessarily cover family businesses, equity release and so on.

  Will Bank Transition has a couple of interesting views – the overall business to get the initial job done and future carry on options WBT | Bring your Will Bank to life without all the hassle plus a specific on Valuation Your Will Bank Is An Asset | WBT Firms have started signing up

- **Accounting**

  The firm really needs to be on top of its financials. A good understanding is essential as Andrew Hague pointed out in his piece – so many firms think all is ok but there is so much trouble at the moment with working capital in reality and forecasted, performance comparisons and what is real. Making sure that the management of the business is confident about actual figures, forecasted revenue, GP, net profit and working capital is key. Performance variations by individuals and departments. The firm needs to make sure it is getting the best from its accounts team, that the OT is being used correctly, that extra data is coining from their accountants or they need the installation and management of a product like Katchr - Katchr

- **Resourcing**

A key challenge for most firms. A fairly high proportion of skilled younger individuals are seeking to leave their firms because of management and communication. Sensible specifications not just for performance but also the profile of the individual – skills, communication, management/project delivery and ambition are also often forgotten at the recruitment stage. This has to be followed by well structured appraisals and personal development of people to contribute more in the changing strategic environment.

I have been liaising with the very experienced Peter Manners I LinkedIn over the last few months – known him for years. As well as consulting to the sector he has a recruitment business that is interestingly receiving not only request for new people but also people seeking advice about the sector in order to depart. The experience is of great use.

In addition to the hiring and development of the right people an increasing number of firms are seeking alternative source for the right skills and volume of resource. Adds flexibility for skilled delivery but also fluctuating volumes. Some specifications of needs are somewhat academic.

My March Article https://professionalchoiceconsultancy.com/articles/March2026.pdf demonstrated a number of potential resources for the skills that the firm needs

- **New Clients**

Every firm – to a greater or lesser degree wants new clients as well as developing and cross selling to the existing. They are also a cheaper route to market with referrals. A product Marketing Plan is essential – products, services, benefits, route to market – efficient and saves a fortune.

How to sell more to the Will Bank – Will updates and other functions (family and conveyancing etc)? How to find new clients – target and route and best messages – web sites, care homes, networking, direct – all flexible but needs planning.

Once the effort has happened the firm needs to be looking at a 65% conversion rate of enquiries rather than a national average of 20%. As well as briefing, coaching and training of own resource solutions such as Lexidesk I 24/7 AI Intake for UK Law Firms

Even if using Lexidesk it is so important that all staff are briefed on the process, their actions, attitude and SLAs for follow up

- **IT**

So as not to bore I have left this to the end of this months session. It is essential that the firm gets on top of its IT providers/provision

If it is based on site then and audit should be carried out in terms of reliability and security

If it is hosted – then a similar audit needs conducting because of the number of failures over the last few years with some venture capitalists involved. Need contract guarantees

If the PMS/CMS is cloud based then similar checks need to be actioned with contract guarantees

With regards to PMS/CMS -again much further clarity is needed. Multiple acquisitions of the providers and some new suppliers. Everyone needs to have a review – not just for reliability and security but also the added value applications that the firm needs now – data, compliance, efficiency, MI, accounting, resourcing and interfaces with third parties. Dates of when the added value will be there should be available plus the alternatives of third party interfaces now.

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