

FEBRUARY 2017

3RD BIRTHDAY ISSUE

LPM

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director on the working
benefits of taekwondo*

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*Can firms innovate
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*Can SME firms learn lessons
from the founder of the
UK's first virtual firm?*

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WELCOME

Happy new year to you, and happy birthday to us – LPM is three years old. We’ve survived the ‘terrible twos’ and are pressing ahead with the second SME Legal IT Landscapes. I’ll get more party poppers.

Dear LPM reader, I’ve been able to depose our editor-in-chief from his iron throne and taken command of the editor’s letter. Just kidding, it was a peaceful transition – the real war is probably being waged in Rupert’s home where his youngest daughter is almost three ... and can now answer him back.



LPM also turns three this issue and I’m enormously pleased to be introducing this landmark 30th edition to you. Legal has changed a huge amount since the magazine’s inception and we’ve thoroughly enjoyed covering a diverse range of subjects that are important to SME legal businesses.

This month, technology is very much under the LPM magnifying glass, as we publish our second instalment of Legal IT Landscapes – find out what’s going on and coming through in terms of legal IT among SME legal businesses in the supplement. There’s still some way to go, but firms are steadily embracing the opportunities technology can offer them.

But some firms, it seems, reached the bleeding edge years ago. This month I’m particularly pleased to feature an interview with former Law Society president Lucy Scott-Moncrieff, who founded the UK’s first virtual firm long before broadband or even dial-up internet (can such a time ever have existed?).

The new year has also brought a new section and feature into the book. Turn to p30 to read about a day in the life of John F Kennedy (no, not that JFK), karate instructor and head of client services at Wildbore & Gibbons. We have another martial artist on p18 – this month’s Practice Makes Perfect is managing director and taekwondo blackbelt Francis George.

Regular columnist Barry Davies is also back with his thoughts on financial hygiene, and I’d like to extend a warm welcome to our new columnist Steven Treharne, managing partner at Mogers Drewett. We don’t pay our columnists anything, they give us their time out of the goodness of their hearts, for which we’re hugely grateful.

Finally, to end my first editor’s letter I’d like to wish you a happy, and hopefully less surprising, new year. [LPM](#)

Patrick Wingrove, assistant editor
@LPMmag | patrickw@lpmmag.co.uk

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About us

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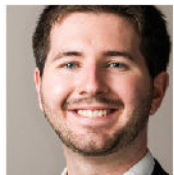
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Contact us



Rupert Collins-White is editor-in-chief of LPM magazine. He has written about the legal sector since 2005, before which he endured years as an IT hack until he tunneled out with a plastic fork.
rupertw@lpmmag.co.uk



Patrick Wingrove is LPM's assistant editor. A history graduate and avid scuba diver, he snuck into publishing in 2014 by hiding in the offices of the Illustrated London News.
patrickw@lpmmag.co.uk



Kayli Olson is our junior assistant editor. A Kingston graduate, she has spent most of her time in the UK picking up British slang, playing board games, drinking bitter and showing us 'how it's done'.
kaylio@lpmmag.co.uk



Emily Nash is LPM's client services contact – and resident musician. Want to advertise in LPM magazine or feature in our awesome advertorial section? Then get in touch with her.
emilyn@lpmmag.co.uk



0870 112 5058 or LPM@LPMMAG.CO.UK
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IN PRACTICE

Edited by Patrick Wingrove

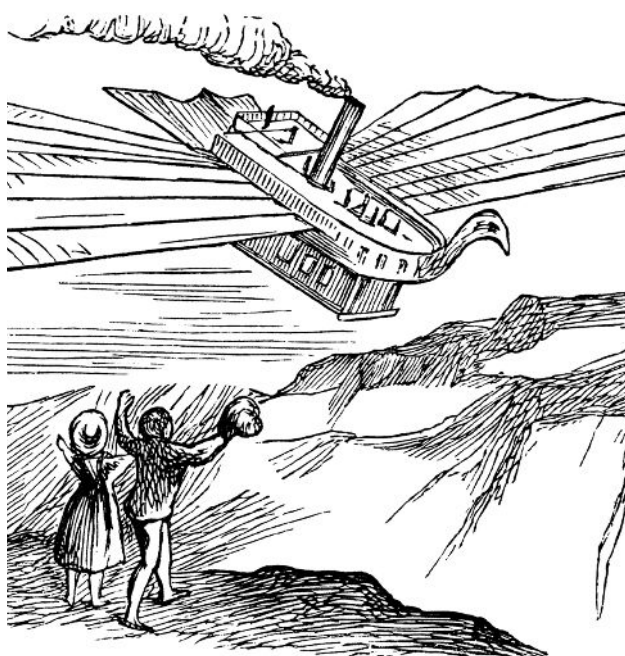
SNAPSHOT KEEP THE WAY CLEAR

It's true what they say, LPM readers, the new year often brings change – and this year we'll likely see plenty of it in legal, as well as in politics. To kick off 2017, the **Competition and Markets Authority** has concluded that **people need better information about legal services to help them shop effectively**, particularly around price, quality and service. The authority has since set out a "package of measures" that will challenge providers to help clients better navigate the market.

But it isn't just the CMA calling for change – **Law Society** chief executive **Catherine Dixon** has **resigned** after two years in the role, citing the society's failure to embrace governance reform. In a letter to the members of the ruling council, she said: "It is my firm belief that the Law Society will not be perceived by its members and other key stakeholders to have changed and to be representative of solicitors and the diverse solicitor profession, without changing the way it is governed." Dixon has since become chief executive of Askham Bryan College, one of the UK's largest agricultural schools.

In other news from the Law Society, its 2017 report **Brexit** and the law has warned that **solicitors may be damaged by Brexit** because US law firms will have less incentive to hire UK-qualified lawyers to access European markets. Chancery Lane has also told the government that a key priority for legal services as part of Brexit negotiations is continuing access for UK lawyers to practise law and base themselves in EU member states.

Meanwhile, IT adviser to the lord chief justice, Richard Susskind, suggested during a House of Lords constitution committee that **parliament should adopt advanced IT for law-making**. He said that advanced IT would give parliament the ability to speculatively test the knock-on effects of legislation, and that he'd advised the Lords to adopt a "legislative informative system."



Neat, but not quite sure what that is.

Technology may also be high on firms' agendas at the moment after accountancy firm Hazlewoods reported **800 lawyers now work for virtual firms**, which are thought to be driving the profession towards the 'gig economy'. The firm said lawyers are attracted to avoiding compliance and administrative burdens, which virtuals handle from tech-driven hubs.

One firm, however, has recently been condemned for its use of technology. **A senior police officer reportedly described Ayrshire firm Matthew Brown as "idiotic"** after it used its Facebook page to identify unmarked police cars.

That probably isn't what the CMA had in mind when it said firms should give more to clients ... [LPM](#)

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"These mobile working hubs are amazing, aren't they?"

IN NUMBERS

Scanning the market

The Competition and Markets Authority reveals startling statistics about transparency in the legal sector

Just


17%

of providers
publish pricing
info online

Only


22%


of consumers
compare legal
services on offer

And a whopping


65%

of providers price
on a case by case
basis

Source: CMA Legal services market study, Dec 2016



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MUNIR MAJID
HEAD OF INDUSTRIAL
DISEASE, ASONS

Each company has its own individual needs when it comes to training and professional management training may not be necessary. At Ason, for example, the culture is for everyone to bring something new to the table, every day, and in every meeting. From the CEO downwards, the firm looks at new ideas, picking our peers' brains and looking at new ways of doing things and developing the business. I have had professional training in the past and external training is a good means of networking, but the value of getting an idea, moulding it and shaping it to the needs of your organisation is much more productive.



NICK DAVIS
RISK AND COMPLIANCE
MANAGER, GEDYE & SONS

Forward-thinking and progressive law firms should and often do appreciate the value of professional management. But I would suggest that the majority do not yet realise its importance, need and role. Those firms may take considerable time to adapt and utilise these courses, and those who don't may not survive the increasingly competitive and crowded marketplace. The increasing trend and willingness of firms to employ non-qualified staff in practice management and compliance roles may well play a part in this.



CHRIS HARTE
CEO, MORTON FRASER

Not enough - albeit there is now a willingness to recognise the value of good management. It may simply take a bit longer for firms to follow the bouncing ball and see the value in providing proper training and support to management. Any remaining sceptics should have a look at the recent CBI report Unlocking regional growth, which found that the more productive regions within the UK have a greater proportion of firms offering management training.

YOUR VIEW



With a recent Federation of Small Businesses report suggesting that only a fifth of small firms offer external management training, we ask LPM readers:

“Do SME law firms appreciate the value of professional management training?”



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SCOTT GARSON
PRACTICE MANAGER,
CARTMELL SHEPHERD

My firm certainly does and I suspect many firms appreciate the value of professional management training. Solicitors must maintain their competence to practise law, so why should that be any different when it comes to leading and managing your law firm? Professional management training, in addition to relevant experience, can really enhance the capabilities of the firm's leadership team, offering focus and perspective while developing confidence and self-awareness. Formal management training provides the tools to sharpen the manager's skillset, improving their effectiveness and often the credibility of the whole leadership team. The theory learned can also trigger innovation and become the driver for improvement.



SANDY POWER
PRACTICE MANAGER,
SPRINGHOUSE SOLICITORS

Possibly not. I think there is an impression among law firms that lawyers will somehow just be able to instinctively manage people, budgets and businesses when they get promoted. Unfortunately, this is not the case. For most lawyers, law is their first love, and they are not natural managers - training should be a priority. Having said that, as a small firm ourselves, we strive to run as flat a management structure as possible.



NATALIE ORMEROD
HEAD OF HR AND CLIENT
RELATIONS,
BAND HATTON BUTTON

No, firms often don't appreciate the value of management training, but they should. They need to be aware of the importance of the continuous development of both managers and senior teams, ensuring they're fulfilling their roles and enabling them to meet strategic business objectives. At Band Hatton Button we're currently delivering a training programme in conjunction with an external training provider to all of our staff, with a focus on bespoke training for our management team.

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LISA DIXON

One of the **Institute of Legal Finance Management's executive council members** talks to LPM about cash collection challenges and how to overcome them

Q Do legal businesses often have trouble with cash collection? If so, then why?

A Yes, in my experience legal firms generally find cash collection a challenge. There are several reasons why this is the case – the first is that firms often don't have systems in place that ensure bills are delivered in a timely fashion. For example, many firms have procedures where fee earners bill at the end of each month (rather than throughout the month as matters complete or specific billing stages are reached). That delay is often exacerbated by approved bills being returned to fee earners

to deliver – it is not uncommon for this delivery stage to take at least a couple of weeks to accomplish.

The second reason is that many fee earners actively prevent or delay bill chasing, usually because they're concerned it will damage the client relationship. In practice, this means they may not allow any follow-up on a bill for 30 to 40 days after it's been delivered – and of course if they didn't raise it and deliver it promptly in the first place, it's easy to see how 60 days can pass before any kind of cash collection procedures begin to take place.

Q How can firms improve their cash collection?

A In my experience, the best way to improve cash collection is by empowering the credit control or accounts function to be able to contact the client independently of the fee earner. This brings a commercial approach to the cash collection process of the firm. This in itself can be very beneficial to the business, not just by improving cashflow but by allowing fee earners to put some distance between themselves and the often difficult task of having to ask for money. This approach will also allow them to fully

concentrate on servicing their client's legal needs rather than spend time on administrative tasks with no chargeable value, and puts the accountability for the firm's cash collection where it should be – the accounts function.

But improving cash collection generally requires a change in culture. You have to make sure that the key decision maker in your firm (for example, the managing partner) is on board, ascertain their appetite for change and then get them to actively promote the changes that you want to make. Change starts at the top – it really can't be done any other way. **LPM**



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HR AGONY AUNT

CHARTING A NEW COURSE



Polly Jeanneret, LPM's HR guru, answers questions on revamping HR and personal difficulties

Q Can you recommend something HR-related to revamp 2017?

A Press refresh on your firm's org chart. No, I am not recommending major restructuring (though that may well be necessary), I am talking about really looking at your org chart and asking yourself whether or not it is accurate, up-to-date and, dare I say it, useful.

Most org charts are feats of engineering and reflect perfect hierarchies when the reality is that the firm's structure is more fluid and more complex. Practice departments make way for sector groups, and strict management reporting lines get lost among other 'lines' which link senior staff members to junior ones. It is highly likely that your org chart is out of date, that it features some people in it who shouldn't be there, and others who aren't but should be. While updating the chart, you could even open a discussion about whether or not it is actually a good thing at all to have this hierarchy or structure, and

whether the traditional family tree depiction is really the best way to approach it. Do millennials take any notice of it? Is it to make the partners feel more in control than they are? News has spread of one organisation which takes more of a Venn diagram approach to its org chart – think Google's circles with 'spheres of influence' or introducing matrices for different projects. Revamp means 'do things differently', a perfect mantra for 2017.

Q A recently divorced solicitor is spending a lot of time on social media at work. Do we show some latitude while she gets over personal difficulties?

A If you and this person think that social media is going to help the solicitor get over her personal difficulties then I may have to pass you both on to a psychiatrist. But if you are asking whether or not you need to show a degree of flexibility as this person readjusts to her new life, then I would answer: yes.

Any employee going

through a divorce deserves a bit of time to work through it, so you could establish particular areas of difficulty and what might make life easier (are there problems with childcare, or are there doctor or court appointments?). Spending hours on social media at work is definitely not something you should allow.

If she needs time off, then give her the time off. Otherwise, you are distracting her and others from what being at work is about. Lastly, while no one would

recommend you engage in long conversations with staff about their personal problems (that only successfully happens in the movies), a genuine "Is everything okay?" every so often will be much appreciated – but not via Facebook. Obvs. **LPM**

Polly Jeanneret is an expert in HR and an employment lawyer at Halebury to boot – she's seen and heard it all.

Send her your HR questions: ASKPOLLY@LPMAG.CO.UK



THIS MONTH IN NUMBERS

UNEXPECTED CONFIDENCE

RESEARCH FROM ALDERMORE BANK SUGGESTS SME BUSINESSES ARE FEELING CONFIDENT GOING INTO 2017

80%

or more of SMEs expect revenues to increase or stay the same

40%

of firms are planning to launch a new product or service

63%

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CLEAN UP YOUR ACT

BARRY DAVIES, PRACTICE DIRECTOR



“ *It's an age-old saying that turnover is vanity, profits are sanity, and cash is a reality. But a far more grownup approach to financial hygiene is needed in modern times.* **”**

In a recent email discussion with a bank manager, I asked the question: “What level of overdraft are you comfortable with offering a law firm?” I received an instant response saying: “I’m happy to tell you that it’s usually two month’s fees.” It was useful to know this information, but it led to further thoughts on working capital requirements, considering no two firms’ financial needs are identical.

It’s an age-old saying that turnover is vanity, profits are sanity, and cash is a reality (a little like an apple a day keeps the doctor away). But a far more grownup approach to financial hygiene is needed in modern times, particularly when just a few years ago up to 10% of firms were reportedly in financial difficulty. To successfully run a law firm like any other commercial business, a ‘best practice’ approach should be adopted that runs further than just decent financial reporting and the use of KPIs (important though they are).

Twice monthly fees might be fine for some firms, but if you’re dealing with heavier litigation then such lucrative cases might run for years, not months. This will put a strain on your cashflow.

Ratio analysis should be used by each department to fully understand what level of financial lock-up is likely to occur by work type and how it can be improved. This should be calculated in financial planning to include cashflow forecasting. A narrow focus to offer just one area of legal work is a financial risk. It’s essential to completely understand each service area you intend to offer and the likely cash conversion timeline.

What else can you do to manage the working capital of your firm?

Some firms elect to come together and benefit from cost-saving synergies as part of a merger to drive down costs and general overheads. Others may consider funding from finance companies to smooth tax payments over a longer period. Rarely do we see the use of debt factors in law firms, but they’re not unheard of.

But there’s more to improving financial hygiene than increasing your overdraft level and asking your finance department to press really hard on chasing debts. Traditionally, chasing clients for money was a taboo subject and asking for money upfront was almost fearful. Getting to know your clients better will help you work out when their payment run happens and when to send your invoice. Technology is a critical part of the process-engineering cycle and can be factored into this essential element of business information.

Pricing and reviewing the overall process of how you manage financial lock-up is another. More and more firms are engaging process cost and pricing consultants in order to improve the standardisation of cases and to template certain work types to improve business intelligence.

With increased competition from traditional firms, and emerging entrants coming into the market with a far more commercial focus, improving your processes is dependent on your people and their level of engagement. To successfully improve your financial hygiene, each sector manager (or department head) needs to act as the hygienist by delivering an environment of better health disciplines to their teams – because no firm wants the smell of bad debts lingering around the office. **LPM**

ABOUT

Barry Davies
Practice director,
Douglas-Jones Mercer
www.djm.law.co.uk

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BUILDING STRATEGY

STEVEN TREHARNE, MANAGING PARTNER

“ You must devise your strategy, assess the strategic importance and strength of the firm’s resources – and give it everything you’ve got. ”



Without doubt, the biggest and first hurdle to overcome when strategically planning is to accept that lawyers (sometimes) find it difficult to deal with uncertainty, accept risk and support an intangible concept. But once you have them on board, how do you work out a solid business plan with specific objectives to develop competitive advantage?

There are many potential strategic paths to choose from, each can be argued passionately, and there is no way of ascertaining the right answer. But there are several steps firms can follow to create a strategic plan.

First, a detailed objective analysis of the environment is crucial – a Swot or Pestal analysis is always a good start. Harvard professor Michael Porter’s five forces analysis could be applied to legal thus: threats of substitute products, bargaining power of clients, threats of new entrants into the market, power of suppliers (such as cost of talent) and the internal rivalry squeeze within the profession itself. These can be used to produce a realistic assessment of the competition.

Another useful exercise is to undertake scenario planning, which requires creative contemplation of a number of futures for the legal profession. For example, what happens if the economy is dire for the next five years with no growth, or if new entrants flood the marketplace with cheap or well-branded legal services? An assessment should be made of how the business would cope under each circumstance and, more importantly, what it would have to do to survive and thrive.

Firms then need to position themselves by deciding which markets to compete in and how to compete. Which clients do we act for and

which clients do we want to act for? What is our value proposition? Why would clients use us? What geographical area do we want to practise in? What services do we want to provide?

Next, work out your strategic capabilities. This part of the planning process is the reality check and it falls into two parts – a comparison of the relative strength of existing resources compared to what is required to achieve positioning, and an analysis of the strategic importance of each capability against the required position. This process involves looking at tangible resources (finance, premises, IT) and intangible ones (human capital, client base, culture and values). A brutally honest assessment is imperative as it will help to produce a list of priorities and act as a reality check against what can be achieved. That said, the plan must remain ambitious.

The outcomes of the above process must be aligned with the culture of the firm. A change of strategy will require a change of behaviour by all in the firm. As Stephen Mayson warns: “There is a difference between strategic intent (what decision makers vote for) and strategic action (what they actually do).”

Structures and systems have to be put in place to encourage or force a change of behaviour. An underestimation of the time and energy required to achieve this will lead to failure.

There are many faces to the development of a business strategy, which require the acceptance of uncertainty and the consistent, fair and regular management of partners and staff. You must devise your strategy, assess the strategic importance and relative strength of the firm’s resources and capabilities, agree and police the rules – and give it everything you’ve got. **LPM**

ABOUT

Steven Treharne
Managing partner
Mogers Drewett
www.md-solicitors.co.uk



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Over the past 18 months, I've noticed a significant change in the internal structure of law firms. As firms experience a change cycle for technology (such as updating IT systems or installing a new practice/case management system) they take the opportunity to break the self-imposed barriers created between branches, offices and departments.

Working in silos has become a thing of the past for those firms wanting to lead and succeed. These modern and connected infrastructures, combined with the latest digital technologies, are creating truly connected practices – allowing forward-thinking firms to unlock their potential, attract the best staff, and deliver outstanding client service.

Data, automated processes, digital access and cloud agility can all combine to make your firm a powerful organisation. Primarily, it's important that a firm's data is shared across each department and branch. Separate systems doing various tasks can be costly to manage, prevent staff seeing the bigger picture and, as we've all experienced, result in a lot of repetition. Disjointed intelligence makes decision-making difficult and time-consuming. Data is the lifeblood of every business, and transforming your IT systems to unify those disparate data streams can maximise value, and highlight otherwise obscured opportunities, and give decision makers actionable insight. This provides a real-time view of performance and risk that can transform the way your firm operates, allowing leaders to spot opportunities and avoid pitfalls. A connected infrastructure will also allow your management team to identify areas for cross-selling and drive business growth.

Within the connected practice, manual processes are replaced with automatic tasks – removing the risk of misplaced, duplicated or lost data. Automated tasks also reduce inefficiency, and free your staff so they can focus on adding value to the organisation and, most importantly, your clients. Firms have access to a large pool of client data, and new technology can help analyse this information, improving engagement with clients and delivering a great service.

Increased digital access and exposure in everyday life means it's no longer acceptable for firms to lack a digital presence. If you want your firm to bring in the best talent, you need to offer attractive digital options. Employees and clients are increasingly expecting you to optimise mobile working, meaning staff can connect to work servers regardless of location and information can be stored in one central place. Clients have access to up-to-date details on their case and notes from meetings that are instantly uploaded to the server. By reimagining how things are done and thinking digitally, you can increase client loyalty.

Cloud services continue to gain momentum and will become increasingly critical within the government's scheme for digitisation. The flexibility of the cloud means your staff can gain a level of agility that has the potential to put you ahead of the competition. Cloud services promote collaboration throughout the organisation and provide security, even while offering the ability to work remotely.

A truly connected firm isn't just one that exploits new digital channels to get closer to potential clients – it's tightly integrated right through to its core, with a unified infrastructure, systems and data. The connected practice makes its day-to-day operation simple yet highly effective by ensuring the business is integrated and enabled by the right technologies. **LPM**

PARTNERS IN PLANNING

JANINE PARKER, THE BROKER



“What’s clear is that the role of traditional insurance broker is changing into that of a strategic partner.”

With the regulatory and legal landscape in a constant state of evolution, what services should you expect from your insurance broker, and how have these expanded over the past decade?

Traditionally, a broker will represent your risk in the marketplace and offer you a range of quotations from different insurers to cover it. Since the demise of the Solicitors Indemnity Fund, open market insurers have faced numerous challenges and systemic claims in the form of the Accident Group, miner’s claims, lender claims from conveyancing, and general losses.

Many insurers withdrew from the market due to the losses in their portfolios being unsustainable, and this saw a space open up for unrated insurers, which temporarily solved a problem for the SRA and some practices. But given the track record of many unrated insurers in the marketplace, this was never going to be a long-term solution for a stable marketplace. Unrated insurers have all but disappeared and A-rated insurers are now creating good competition for practices, leading to moderate rate reductions and the removal of market volatility that hampered firms in the past.

Over the past 15 years, brokers too have had to adapt and develop their offering to law firms. Brokers had the task of bringing new insurers into the solicitors PI market, often by using the strength of their relationships. In addition, insurers had to be convinced that there was a way of writing solicitors professional indemnity profitably, and brokers with direct relationships had to consider how they could assist this. The result was an enhancement of the risk management services

brokers offered – first for the benefit of their clients and second to demonstrate to insurers a differential that would improve the performance of their portfolios.

This started with Lexcel consultancy, but has moved on considerably since. Risk management encompasses a number of different components that have expanded again in recent years. Since 2001 we have been in contact with over 4,000 solicitor practices, whether as clients or prospects. This gives us a unique insight into the profession and gives us first-hand experience of the plethora of challenges faced by SME law firms. In turn, our solutions and offerings have evolved using this experience to pass on insight to clients.

Business management is now a key element of support offered to firms. No longer is it sufficient to just offer broking, training, claims advocacy or risk bulletins. Firms can now expect assistance with business continuity and planning, marketing support, assistance with complaints management, business efficiency reviews, dedicated helplines, merger and acquisition advice, regulatory support and access to best practice document libraries.

Often many of these services will be sourced by your broker and provided by third-party experts, but what’s clear is that the role of traditional insurance broker is changing into that of a strategic partner. There is much more emphasis on consultancy and providing firms with a comprehensive risk and business management service. All these advisory components are, of course, interlinked, and it’s no coincidence that well-managed firms are usually more profitable and have better claims records than their peers. A well-managed portfolio allows the broker to negotiate more competitive premiums and therefore a positive cycle is created.

We are all part of a service industry, so ensure that your firm is obtaining the best service from your broker. **LPM**

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HOW TO FORGET YOUR CLIENTS

NATASHA RAWLEY, THE FILE QUEEN

“Test your procedures – be your own mystery shopper and find out what happens when you pose as a client who wants to be removed from all databases.”

Happy new year, LPM readers. Yes, it's a bit belated – but to those who haven't received our newsletter, we wanted to say may 2017 be a wonderful year.

Now let's move onto the EU's General Data Protection Regulation – the deadline for compliance is fast approaching (May 2018) – and this month I'd like to discuss step four of the Information Commissioner's Office's 12 steps to the GDPR: individuals' rights.

This is rather a complex step, so I'll be covering it over next month's column as well. The ICO defines the step very clearly: “You should check your procedures to ensure they cover all the rights individuals have, including how you would delete personal data or provide data electronically and in a commonly used format.”

So, main rights for individuals under the GDPR start with: subject access – the ICO states that, under the EU's information security regime, individuals will have the right to obtain access to their personal data. You need to ask yourself what information you hold on individuals in hard or electronic form – and remember that this includes present or past employees as well as clients.

You should create checklists for your different systems/databases to check when a past employee or client contacts you. The ICO also says that you must provide a copy of this information, free of charge, and that information should be provided without delay and, at the latest, within one month of receipt. It's all about the process here.

You also need to have inaccuracies corrected –

ask yourself, is the information you hold about a person correct? This could be tiny details, such as if their name spelled incorrectly through to a higher level of false or incorrect information you may hold on an individual, which may lead to defamation of character.

How do you currently deal with this? Is there a process in place? This process was brought into place due to large organisations mixing up individuals' IDs in the past, and it's here to make sure that the data you hold is not only correct but checkable and changeable.

And then, of course, there's our good old friend: the right to be forgotten. Hands up everyone that destroys both past employees and client information in line with their strict information destruction policy – both hard copy and electronic, from all internal databases and files in archive storage. It's all about defensible disposition – you must have personal permission for how long to keep information for and stick to your policy.

The best advice I can give you is: test your procedures. Be your own mystery shopper – find out what happens when you pose as a client who wants to be removed from all databases and request files back. How long does this take? Where's the evidence? Will your systems actually let you do this? Who signs off the confirmation for permission to delete and confirmation that everything has been deleted?

If you need help here, we'll be adding information to our GDPR toolkit in March. Over and out for now. **LPM**

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Francis George, managing director, Francis George Solicitors

PRACTICE MAKES PERFECT

A taekwondo black belt on beating stress, work ethics and a poor work-life balance

My love of taekwondo began five years ago, shortly after I started mentoring a young receptionist at the firm. This receptionist wasn't very good at completing tasks and I felt compelled to instil a better work ethic in him. I decided to enrol him, myself and one of his friends in a local taekwondo class – something extracurricular that would give him a sense of discipline and teamwork, and increased confidence to help him in his work life. I also thought that training to achieve higher belts would give all of us something to aspire to.

We became hooked very quickly and, though the young receptionist unfortunately dropped out some time ago, his friend and I got our first-dan black belts last year. We're currently training rigorously for our next grading in November 2017 when we'll hopefully get our second-dan black belts. Once you achieve your ninth-dan black belt you're considered to be a grandmaster – but we'll need a few more years to achieve that.

I've loved taekwondo so much I've also got my family into it. My three daughters, who are 12, 10 and seven years old, all train with me now – and the oldest has even started fighting me. We've got a couple of other martial artists in the firm now, and we often get together to spar in the backyard at

lunch time.

But perhaps the best thing about taekwondo is that it's an amazing stress reliever. It's difficult to think about a case or managing the firm when somebody's trying to hit you around the head. I used to relieve stress by playing rugby – which I've thoroughly enjoyed playing for 38 years – but for several reasons I can't play it as much anymore, and I'm glad I found taekwondo to replace it. I think it's very important for fee earners and managers to have an emotional outlet – and taekwondo has certainly been an important release for me while running my own firm.

I started Francis George Solicitor-Advocate nine years ago, having been a partner at a bigger firm. I wanted to create a firm with a better work-life balance for its employees. Family is incredibly important to me, and I was fed up working in firms where employees never got to see them. I also wanted to create a local, supportive and friendly firm where employees would be supported and encouraged to get to know one another.

At the moment we're solely based in Swindon, although we acquired another firm in the area five years ago to expand our residential property and commercial offering. But we're currently looking at expanding into Bristol – hopefully there's a good dojang there as well. **LPM**

LPM FACT FILE

Francis George Solicitor-Advocate

Revenue: £850,000

Corporate status: Limited company

12 fee earners, 22 total staff

Offices: Swindon

Specialisms: Family, construction, litigation, commercial, residential





NEW GROUND

From cybersecurity to new model legal businesses, Patrick Wingrove reports on the hot topics at LPM's first Birmingham conference

SME firms face a challenging future and wherever they operate, no matter their client base, those that constantly evolve and innovate will prosper. Innovation was the overriding theme of the first LPM Birmingham conference last November (fittingly held at the Institute of Engineering and Technology's Austin Court, an institution which has long been a platform for new ideas in its field).

A handful of key issues emerged during the conference as industry-leading speakers took the stage, including: how legal businesses can better engage people, defend themselves from digital trespassers and prepare for regulatory upheaval.

For keynote speaker Andrew Hedley, legal strategist and director of Hedley Consulting, firms that want to make themselves fit for the future must identify the good, the bad and the ugly in their organisations, stand in the shoes of clients, and: "Take the low-hanging fruit from the tree." Indeed, firms that strive to better themselves and revolutionise their processes will – much like former IET president and lightbulb inventor Sir Joseph Swan – secure a brighter future.

RULES OF ENGAGEMENT

One of the first questions that emerged during the conference was: how can firms better engage clients and prospects?

According to twitterati speakers Steve Kuncewicz, former head of IP and media at northwest firm Bermans, and Brian Inkster, managing partner at Glasgow-based firm Inksters, finding innovative ways to use social media can make your firm stand out to potential clients and talent.

Kuncewicz said: "If you think social media will pass us by, you're wrong – it's not necessarily a good thing or a bad thing, it's just a thing. But the opportunity for developing a business's brand, making contacts and engaging clients is huge." He warned, however, that social media can also be the downfall of businesses and firms should have a social media policy to ensure

platforms are used correctly across the business.

But perhaps if SME firms want to better engage with people, they first need to rethink their business structures. Michael Burne, founder and chief executive of new model law firm Carbon Law (pictured bottom right), said that new and innovative business models can help firms better serve clients and build teams.

"If we look at the story of David and Goliath, the interesting thing isn't their comparative sizes but the way David won. If David had fought on Goliath's terms he would have lost – and like David, if SME businesses do things differently they will succeed."

Finding innovative ways to engage employees is also crucial when defending a business from cyberattack. Jane Pritchard, speaker, LPM columnist and systems and business development director at London firm TV Edwards, told the audience that there are ways to help your workforce tackle dark digital forces.

"SME businesses should constantly test their defences – perhaps send the odd fake phishing attack. Follow up with a combination of fear and embarrassment if they fail to drive the point home."

WE DON'T NEED NO REGULATION?

But perhaps a scarier issue still came from the morning's panel discussion on regulation with Michelle Garlick, partner at Weightmans, Jeff Wright, head of transformation at TLT and Kate Jackson, director of Honne Consulting. According to the panel, firms need to embed risk and compliance management across the business to make it resilient enough to thrive during regulatory upheaval. And it seems upheaval may be right around the corner, if plans to deregulate unreserved work and combine regulators into one regulatory body are approved.

Whether legal businesses seek to engage people, defend their gates or become more resilient, it seems that a good dose of innovation is in order. At LPM we're looking forward to finding out what new ideas SME firms have going into 2017. [LPM](#)



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FROM HERE TO VIRTUALITY

Scott-Moncrieff & Associates' managing director, Lucy Scott-Moncrieff speaks to Patrick Wingrove about establishing the UK's first virtual firm and managing employees from afar

SOME law firms have started to embrace remote working because of advancements in legal tech and the realised benefits of a flexible workforce. But at the other end of the spectrum, virtual firms fully embraced remote working years ago – and some even before dial-up internet was invented.

The UK's first virtual firm, Scott-Moncrieff & Associates, was founded as a solo practice by former Law Society president and human rights advocate Lucy Scott-Moncrieff in 1987.

"I established Scomo, as we call it, in London, shortly after my first child was born – to give myself the flexibility of self-employment to combine work with motherhood and the chance to focus on practising human rights and mental health law. I didn't need an office and it was cheap and easy to work from home – so that's what I did." Over the next 30 years Scomo developed into a 'dispersed' firm of over 40 fee earners offering commercial

and social welfare services, and working remotely across the UK.

"Advancements in technology allowed Scomo to become much more sophisticated in its support offering, and fee earners now have access to an array of legal tech systems. The business also became popular with solicitors who wanted the freedom and benefits of working remotely." She adds that she fully believes in remote working as it gives employees a better work-life balance, and it has allowed her to run Scomo as managing director while working to promote, support and improve the legal sector.

"Remote working has allowed me to juggle motherhood with work and hold key appointments that have enabled me to help change legal for the better. Most recently I was appointed as commissioner of standards for the House of Lords." She also acts as commissioner of the Judicial Appointments Commission, mental health





“ I simply didn’t need an office – most of my clients were in hospital and because they couldn’t leave or even make phone calls at that time I had to go and visit them. ”

tribunal judge on the Courts and Tribunals Judiciary, and chair of the Law Society’s Equality and Diversity Committee.

VIRTUAL MANAGEMENT

Scott-Moncrieff says that Scom evolved into the UK’s first virtual firm quite by chance.

“The concept of a virtual business didn’t really exist in 1987. I started working from home because I began to focus on mental health and human rights law and simply didn’t need an office – most of my clients were in hospital, and because they couldn’t leave or even make phone calls at that time I had to go and visit them.” The firm began to form into the first virtual firm when she later partnered with solicitor Anthony Harbour, who specialised in cases of children detained in psychiatric hospital, and who similarly didn’t need an office.

“Anthony and I worked independently and together, though at that point we were only connected by telephone and fax. But gradually, as word of mouth spread, more people wanted to work with us. I wanted to expand the firm by bringing on talent but wanted to keep our structure – so I devised a model where Scom fee earners would essentially work as consultants.”

The firm’s fee earners are self-employed, work from home or satellite offices, manage their own hours, and keep 70% of the fees they bill – under Scom’s umbrella. The firm takes 30% of billings to support its business support function, which is managed by an administrative hub in London that provides an array of business support services.

“Scom’s practice director is my right-hand man

and runs the day-to-day operations of the firm from our business services hub – but we also employ an office manager, accountant and several office administrators.” She adds that it’s important for the firm to maintain this hub – which, among other things, manages the accounts and compliance functions, updates records, scans and sends mail, and maintains the firm’s legal tech – because it serves as the beating heart of the business.

“The key to Scom’s business model, or any other virtual firm’s, is enabling fee earners to focus on remunerated work. Though we provide an array of tech solutions to drive efficiencies, we also need our team of administrators and managers to do much of our consultants’ unremunerated work from afar.”

But there are significant challenges to managing virtual workers across the country. Scott-Moncrieff says that if an issue arises in a traditional firm it’s easy to walk into someone’s office and have a chat with them – but that’s difficult when several Scom lawyers work more than 50 miles away.

“Our model also requires practitioners to be extra diligent about uploading documents rather than just relying on hard copies – because we rely on updated online records to effectively run the business.” She adds that the firm keeps in regular contact with fee earners by phone, video or regular department meetings to ensure consultants’ needs are met and that they know what the business expects from them.

Managing fee earners from afar has, according to Scott-Moncrieff, become easier over the years as communication and legal technology improved.

“As tech advanced, the firm became more

VIRTUAL ADVANTAGE

Lucy Scott-Moncrieff, founder and managing director of Scom, shares her top tips on how to successfully establish a remote, mobile or flexible working set-up in your business.

sophisticated in its ability to support and manage consultants. In the early 90s we only had telephone and fax, but now we use an array of solutions, including cloud-based case management, video comms, and accounting software."

Using technology, the firm can effectively manage over 40 fee earners with only eight business support personnel – and has expanded its service offering by hiring lawyers specialising in company, commercial and private client work. But perhaps more importantly, says Scott-Moncrieff, being virtual has enabled the business to stay in legal aid and social welfare law, despite severe government cuts.

"When legal aid came under pressure a few years ago many firms thought they could only offer it by having newly qualified solicitors working cases under the supervision of senior lawyers. But my argument was, and remains, that if firms cut overheads they can provide legal aid using experienced senior lawyers." She adds that because Scom's virtual model eliminates the need for offices and its hub allows fee earners to focus on remunerated work, its overheads are lower and productivity is higher – which means consultants can offer a high-quality legal aid service while earning more than they might in a traditional firm.

Scom's virtual expansion, it seems, has paid off – between 2015 and 2016 the firm's turnover increased by 22%. But Scott-Moncrieff and her management team aren't stopping there.

"Scom's practice director has been mandated with the firm's expansion – he, myself and the hub team are working together to improve our business support services to attract new consultants and increase their productivity."

NOT WORKING NINE TO FIVE

Perhaps the key advantage of operating a virtual firm is the lure of remote working for talented workers.

"It's particularly attractive for legal aid lawyers because of the model's cost saving benefits and the firm's legal aid contracts. But many lawyers are looking to work with the benefits of remote working – some aren't happy with their career progression, while others want greater flexibility and autonomy in their working lives," says Scott-Moncrieff. She adds that the firm has recently had a huge influx of lawyers from big firms who wanted to escape the burdens of large firm life.

Scott-Moncrieff says she fully believes in remote working as a means of giving fee earners a better working life and making a business more competitive.

"First, many lawyers just want to practise law and don't want the administrative and managerial responsibility of the partnership – but also they don't want to be employees any more." She adds that virtual firms like Scom have become attractive alternatives for fee earners who just want to be

1 Make sure you employ excellent administrators and support workers – they're a lifeline for fee earners working remotely.

2 Foster an ethos that will attract good people to your business. Few will take the risk of working remotely for a business that can't support them.

3 Have robust case management and file review systems, and treat infractions as warnings of possible trouble.

4 See the business's task as supporting remote-working fee earners so that they can focus on what they're good at.

5 Have parties – make sure remote workers and business support staff socialise with their colleagues and feel like they're part of your business, rather than just 'hired hands'.

"great lawyers" and who want the flexibility of self-employment, but don't want to invest the capital in establishing their own practice.

"They're happy because they can focus on practising the law and their salaries are often higher than they would find in traditional firms as a result."

Another attractive aspect of Scom's dispersed model, according to Scott-Moncrieff, is that its workforce can work from virtually anywhere.

"When I was president of the Law Society, I spoke to a lot of lawyers who would say: 'I come from this place but I've had to move to this place for work and I can't serve my local community any more.' I also met able lawyers who wanted to move away from the hustle and bustle of the city but again couldn't." In a virtual firm, however, people can work from wherever suits them, whether that be from home or just outside the city – as long as they have a good internet connection.

But most importantly, she says, Scom consultants are in control of their lives and manage their own work.

"Working with us means that what you do is entirely within your control. Some consultants choose to work full-time for us and take on fairly substantial pieces of work, others work more part-time, and some work for other firms as well as us."

But the dispersed model can be as beneficial to the business as it is to fee earners, because it maximises fee earner productivity, allows them to price competitively, and enables them to work to clients' schedules.

"Reduced overheads enable solicitors to offer a

“

The key to Scom's business model is enabling fee earners to focus on remunerated work. We need our team of administrators and managers to do much of our consultants' unremunerated work from afar.

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LPM FACT FILE**Scott-Moncrieff & Associates****Revenue: £4m****Corporate status: Limited company****47 fee earners, 55 total staff****Offices: London****Specialisms: Company commercial, personal injury, clinical negligence, mental health, prison law**

high-quality service at a lower rate than competitors. But, more importantly, they can arrange their work day appropriately to meet clients outside of work hours if they request to – which gives them a real competitive edge.”

Though Scott-Moncrieff is proud of creating a firm with a structure that allows its workforce to be more flexible and competitive, keeping virtual lawyers happy and productive has its challenges.

“One of Scom’s key challenges over the years has been making sure that consultants don’t feel lonely. We’ve long encouraged our employees to engage with each other, and we organise face-to-face unit meetings and pair people together where we can to facilitate that. It’s incredibly important for people to have a peer to talk to at work, someone who knows what they’re talking about and who can share ideas.” She adds that Scom strives to make its workforce feel like part of the business and not just ‘hired hands’.

But despite its challenges, Scott-Moncrieff is committed to the concept of remote working and believes that all firms should incorporate some form of flexible working into their businesses to allow

employees to meet their full potential – inside and outside of work.

“It’s important for people to have the flexibility to lead their life outside work, whether that’s spending time with family or pursuing worthwhile causes.”

Scom’s rising success over the past decade is indicative of the rise of virtual firms – and representative, perhaps, of legal’s move into a more nomadic future. Office-less virtual firms have fewer overheads and use an array of legal tech, buttressed by business support hubs, to maximise fee earner productivity. They’re also attractive businesses for fee earners looking for more flexibility and autonomy in their working lives – making these firms a competitive force to be reckoned with.

But there are valuable lessons to be gained from the rise of virtual firms. For one, firms that want to offer legal aid may only be able to do so by adopting some form of remote working set-up to drive down overheads. More generally, however, legal businesses should embrace the opportunities technology can bring them – including implementing a more agile way of working that will make the business more attractive and competitive. **LPM**

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INDUSTRY VIEWS INDEX



NEW OPPORTUNITIES

SME firms can make the most of 2017 by identifying potential pitfalls and areas where they can make significant gains

30 INDUSTRY ANALYSIS

New ball game

Thomson Reuters Legal Solutions UK & Ireland's Chris Jeffery breaks down the key challenges and opportunities for SME law firms in 2017



NEW BALL GAME



Chris Jeffery at Thomson Reuters Legal Solutions UK & Ireland pins down the key challenges and opportunities for SME firms in 2017

Attracting new clients was the top concern of small and medium-sized law firm respondents when the results came in from our Lawyer-Entrepreneur 2017 report (October 2016). The respondents also agreed that while growth forecasts are good, their operating environment is getting tougher. There's an increasing recognition that improving the quality of legal advice is unlikely to make a difference – after all, your advice is already perfect, right? Accurate and risk-mitigating legal advice is the very least that a client expects from their firm, and indeed the majority are happy with the advice their firms give them.

But firms recognise that there are key

gains to be made around speed and efficiency. Working faster in a more connected way means processing matters more profitably and freeing up more time for client development. Well-designed systems will also reduce the admin burden on fee earners, maximising firms' billable hours. Smart firms are realising that these speed and efficiency gains represent a soft target, and are jump-starting their practices with matter management solutions.

Operating digitally doesn't just mean having all files centrally stored and shareable with colleagues – it means online foldering and key matters made prominent on your dashboard. With Thomson Reuters Legal Solutions UK & Ireland's matter

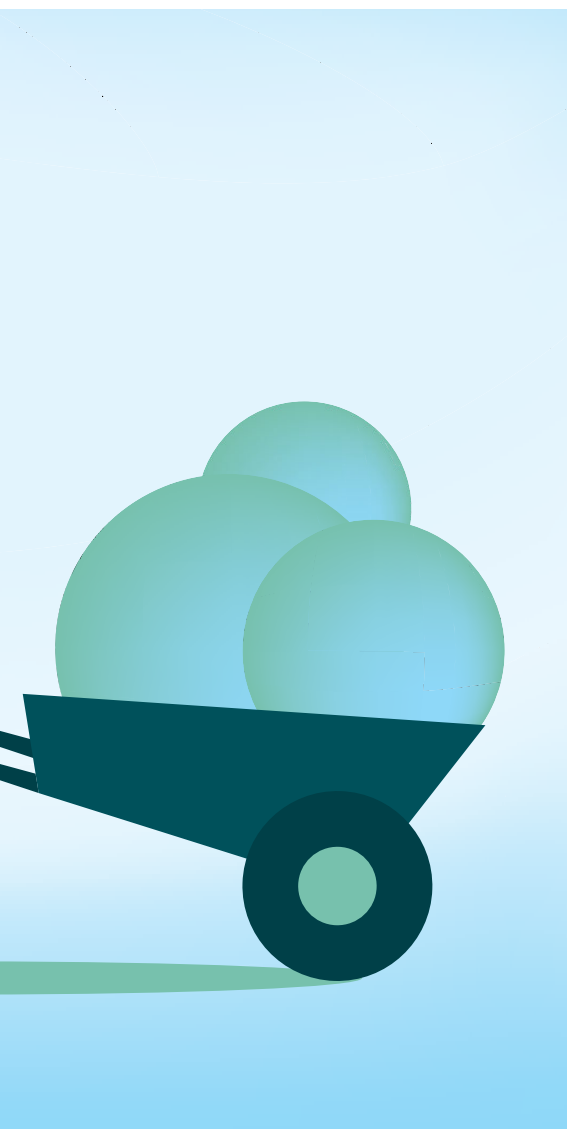
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TOP FIVE

FIRM SOLUTIONS

Thomson Reuters' 2016 Pedal harder, pedal smarter report reveals the top five benefits of adopting a practice or matter management solution, according to SME law firms

- 1** Improved internal efficiency
- 2** Better contact management
- 3** Improved reporting and project management
- 4** Improved profitability
- 5** Improved client comms

management solution Firm Central, for example, reminders can be set for key tasks, and the powerful and secure client portal means that you'll know immediately when clients have reviewed or approved a matter. According to our Lawyer-Entrepreneur report, 35% of law firms said that improving communication and collaboration will be crucial for success, but 50% said their firm isn't achieving that aim.

But we also found that, understandably, some law firms were hesitant to put all their eggs in one basket and lash themselves to an end-to-end solution, preferring to stitch together a range of components that fit their needs. Many see the long-term imperative of making technology central to their practices, but are still working on education and testing. With this approach, it's even more crucial that your matter management solution can integrate with, and talk to, other solutions. Firm Central syncs with your Outlook calendar and integrates knowhow resources from TRUKI's Practical Law solution.

A transparent and flexible approach to pricing has been a requirement, rather than a nice-to-have, in firms for some time now – and matters must be managed in a way that facilitates that. More than half of firms we surveyed in our 2015 report, What clients want, see client satisfaction as the key metric against which they should judge success, but cost and cost transparency still sit alongside speed and communication as the perennial bugbears for law firm clients.

Excitingly, 2017 sees the addition of

an integrated time and billing module into Firm Central, allowing fee earners to automatically track every billable minute against a matter and generate invoices that clients can view in the secure portal.

Cybersecurity is always a concern, particularly for lawyers working under SRA requirements, and cloud-based platforms to manage client matters must be robust in their compliance with data security standards. Cyberattacks on law firms increased more than 60% between 2014 and 2016, with 73 of the UK top 100 firms suffering attacks within the last financial year. Outside of the legal industry, UK cyberattacks have increased sharply in their frequency and profile, with Tesco bank recently freezing its online accounts after 20,000 customers had money stolen from accounts.

The legal industry will inevitably face the same challenges. Education will play a key role in making sure lawyers understand and address the risk of cyberattacks – this must be allied with robust, secure systems that take advantage of specialist expertise. Thomson Reuters' data centre uses state-of-the-art technology to keep information secure, confidential and accessible to those who need it.

Matter management can help to drive the differentiation that law firms and clients are looking for in 2017. Doing the same things slightly better will inevitably lead to diminishing returns, and it's no substitute for a genuine, innovative, long-term strategy which recognises the opportunities presented by technology. **LPM**

“Working faster in a more connected way means serving matters more profitably and freeing up more time for client development.”

”

DAY IN THE LIFE

JOHN KENNEDY

HEAD OF CLIENT SERVICES,
WILDBORE & GIBBONS

The head of client services at a brand protection boutique firm on his daily life – finding better ways to deliver legal services and instructing karate students



6.50am

I leave my house in Oxford, often before my wife and kids have started stirring, and promptly jump on the train to London. After the train's arrived I hop on my 20-year-old Massi and cycle to the Wildbore & Gibbons office in Barbican. As a bit of a fitness fanatic, cycling is a key part of my daily regime – plus it keeps me in good practice for my cycling team's charitable projects such as cycling from Paris to Oxford.



9am

I arrive at the office and get myself a coffee – a great perk of working in a trademark protection boutique is that a coffee company client of ours supplies us with premium beans. I then sit down to check our social media feeds on LinkedIn and Twitter, and our website. Social media is a religious part of my routine, having previously worked as head of marketing for several other SME law firms. Promoting the firm's brand online is vital for expanding and creating awareness of the business.



11am

Before midday I spend time researching and monitoring our clients' markets, including what their competitors are doing. The firm provides technical and commercial brand protection advice to clients across 215 jurisdictions, so it's vital that I know what's going on in their worlds. I then go into one of our regular board meetings to discuss how the firm can better share knowledge about clients' activities, how often we should be visiting them and how to better submerge ourselves in their industries.



2pm

Advising clients is a core element of the firm's business and it's important to find useful and interesting ways for us to impart our knowledge of trademark law to them. This is why at 2pm our excellent and diverse client support team sit down to plan one of our brand workshops. These workshops provide our clients with a solid grounding in brand development, and can guide clients' brand teams when starting projects with new brands or brand extensions.



4pm

Visiting clients is also an essential part of the business and all of the firm's systems are cloud-based to facilitate remote and mobile working across all departments. At this time I leave the office to visit clients and conduct client reviews. These reviews are usually informal chats to see how the client is doing, to understand what they're planning on doing in the future and to decide what we at the firm can do to assist them in their plans.



8pm

At the end of the day I try to get home as quickly as possible and take my teenage daughters to their ice hockey session in Oxford. I'm not a great hockey player myself, so while they're sliding around the rink I unwind with full contact engagement in Shotokan karate. I've been practising and instructing karate since I was a teenager and am now a seventh-degree black belt. **LPM**

FACT FILE

John Kennedy

Lives in Oxford

Works in London

Travels to work by train and bicycle

Personal interests: Karate and cycling



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