

MARCH 2017

LPM

LEGAL PRACTICE MANAGEMENT

THE ONLY
MAGAZINE
FOR LAW FIRM
MANAGERS

LAW FIRM PROFILE

*Harper James on
the advantages of
subscription models*

BOOK REVIEW

*Stephens Scown's
marketing director
reads Build Your
Reputation*

Show me the money

*Can SME firms learn to
improve their financial
hygiene by streamlining
cash collection?*

BUSINESS INFORMATION FOR EVERYONE IN PRACTICE MANAGEMENT

Practice law your way.

We're the leading legal practice management solution, trusted by thousands of lawyers around the world to help them get more done, wherever they are.

See how Clio can help your firm. Sign up for a free trial today at clio.co.uk



WELCOME

How hard can it be to get cash into your business? Pretty hard, it turns out. But with a little bit of education, cleverness and tech, firms can crush their cash collection and become financially funkier

Turnover is vanity, profit is sanity and cash is reality – the old maxim is as true today as when it was first coined. Yet firms still haven't quite got to grips with working capital management. Many still borrow excessively to buttress their daily operations, and partners continue to draw too much from their businesses in relation to cashflow.



The answer to both of these problems, of course, might be to get cash into the business a bit faster. Sounds very simple – but there are plenty of pitfalls for legal managers trying to implement change if the business's people don't understand the importance of recovery. Fee earners may be particularly resistant to change, since they tend to think a job is done and dusted once they've raised the bill (and it often takes them a while to do even that). And they're generally reluctant to chase debts in case they upset clients along the way.

It's a manager's job to make sure people understand the need for greater diligence around recovery – particularly decision makers, who can help drive change – and then start to introduce new processes.

Of course, you could attack the problem at its source by taking payment on account of costs. It's a radical move (at least for law firms) but the benefits may well outweigh the energy you spend trying to convince everyone that it's the right move.

There are a few firms that already benefit from working after receipt of money, including Harper James Solicitors (this month's Law Firm Profile, p20), which has taken a lesson from the likes of Netflix and Microsoft and charges for legal services on a subscription basis.

This issue we also continue coverage of our Legal IT landscapes report (p22) – uncovering which technologies firms think will make them more competitive and efficient. If you didn't see the report last month, visit: www.lsn.co.uk/LPMLITL2017.

Have a great month, LPM readers, and we'll see you again in April. **LPM**

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

IN PRACTICE

- 05 Snapshot: LPM gathers the month's headlines for SME law firms in one place
- 06 Your view: Will LPM firms always need offices, or is their future a nomadic one?
- 07 Ask the expert: Michelle Garlick at Weightmans on future regulatory challenges
- 09 HR Agony Aunt: Polly answers questions on upskilling and video games
- 11 Book review: Stephens Scown's marketing director reads Build Your Reputation

COLUMNS

- 13 Edward O'Rourke at Ashtons Legal on how to avoid merger madness
- 15 Peter Carr at Fisher Jones Greenwood delves into the evolution of technology
- 17 Janine Parker at Paragon on whether law firms are ready for the EU's new data rules
- 18 Natasha Rawley at ADDS on how to comply with the new individual data rights
- 19 Graham Moore at Katchr on how firms can establish the right performance indicators

FEATURES

- 21 Law Firm Profile: Harper James's CEO on his firm's subscription model
- 24 Legal IT Landscapes: More insights from LPM Legal IT landscapes
- 27 Feature: How SME firms can improve financial hygiene with better cash collection

REAR VIEW

- 32 Day in the life: Talbots Law's BD director on days of client research, and swimming

About us

LPM magazine is published by **Burlington Media**

Burlington is a company focused solely on people in legal business services and management – whatever size or type of legal services provider they work for.

We run LinkedIn groups with thousands of members, across several areas, from legal IT to legal process outsourcing. Find our LPM group at bit.ly/lpmgroup.

Our sister brand LSN's website is where you can find news, views and resources from the established legal news providers and hundreds of suppliers to the legal industry, all rolled into one useful information feed:

www.lsn.co.uk.

We also run the popular **Legal Practice Management** conferences, tailored specifically for anyone working in management in SME law firms and ABSs.

Join us on Thursday 18 May 2017 at America Square, and Tuesday 4 July in central Birmingham:

www.lsn.co.uk/lpm2017 and www.lsn.co.uk/lpmbham2017

Sign up for our weekly practice management e-newsletters, which bring you the best of our practice management content and our social feeds, every week: www.lsn.co.uk/subscribe/ezine

ISSN 2398-9734



ONE GREAT CONFERENCE

TWO GREAT CITIES

THURSDAY 18 MAY 2017
AMERICA SQUARE, LONDON

TUESDAY 4 JULY 2017
CENTRAL BIRMINGHAM

THE ONLY EVENTS FOR PRACTICE MANAGERS IN SME LAW FIRMS

Last year's event saw over 100 practice managers, directors, operational directors and heads of finance attend from SME firms

"THANKS TO ALL INVOLVED IN PUTTING THIS TOGETHER. IT IS THE 'MUST ATTEND' EVENT FOR PRACTICE MANAGERS."

Simon Longhurst
Practice director, Teacher Stern

Sponsored by:

BOOK NOW

VISIT LSN.CO.UK/LPMLONDON2017
LSN.CO.UK/LPMBHAMCONF2017
CALL 0870 112 5058
EMAIL EVENTS@LPM.MAG.CO.UK

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



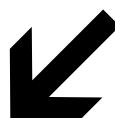
Patrick Wingrove is LPM's assistant editor. A Kingston graduate and avid scuba diver, he snuck into publishing in 2014 by hiding in the offices of the Illustrated London News.
patrickw@lpmmag.co.uk



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
Burlington Media Group
20 Mortlake High Street
London SW14 8JN



www.lsn.co.uk/practice-management
Find practice management blogs, news, resources, white papers, case studies, video and audio and much more online



@LPMmag
We're listening, and we also have plenty to say. We love Twitter – and if you love Twitter too, share your thoughts with us



bit.ly/lpmgroup
We run LinkedIn groups for thousands of people in legal business services, and we run a dedicated LPM group, too

Dictation services for this issue of LPM magazine provided by



IN PRACTICE

Edited by Patrick Wingrove

SNAPSHOT FROM HERE TO TRANSPARENCY

The events of the past month brought the word 'perestroika' to mind – and not just because of the investigations into Donald Trump's alleged collusion with Russia. The SRA's move to make legal providers more transparent may have a revolutionary effect.

After the Competition and Market Authority's call for better information from legal providers last year, **the SRA is planning to make firms publish fees for services such as divorce, conveyancing or wills.** But Crispin Passmore, executive director for policy at the SRA, said the regulator would not require all firms to publish everything at once, instead introducing change in phases.

The CMA isn't the only organisation putting pressure on the regulator. **The Legal Services Consumer Panel has argued that small firms – with up to four partners and with turnovers of less than £400,000 – shouldn't be exempt from proposed requirements to publish complaints data.** The SRA suggested, in a discussion paper last autumn, that small firms could be excused, but LSCP chair Jane Martin said that even small firms serve a considerable number of individuals, including vulnerable consumers, and should be included.

Transparency can, perhaps, be good for law firm workers as well as consumers. **Two law firms have been listed in the government's latest report of businesses that failed to pay minimum wage or national living wage for eligible workers.** Adamsons Law and Amanda Cuncliffe Solicitors both appeared on the list – though the latter's shortfall (£248.39 between five workers) only amounted to about 50p per affected employee per week.

Meanwhile, as the debate over Brexit rumbles ever on, **the Ministry of Justice's minister of state, Oliver Heald, has rejected the suggestion that the appeal of the UK's legal system will fall once the country leaves the EU.** This claim came despite German and Dutch



plans to create English-language commercial courts to compete with the UK after Brexit.

Perhaps the UK's courts will become more competitive as they become more digital. **The MoJ has confirmed plans to move divorce work online, a Nottingham divorce centre set to host a pilot scheme.**

The MoJ has also announced that **online convictions will soon become a reality** – at least for train fare dodgers and unlicensed fishermen, for now – where defendants will be able to plead guilty, be convicted and immediately pay a penalty.

It almost sounds like a USSR show trial with iPads. But we're not in the Soviet Union and that's just as well, because perestroika didn't work out so well for them in the end. **LPM**

✓ Have you got a story or report for us? Write to lpm@lpmmag.co.uk

Though George's X-ray specs made him look neat, they couldn't help him see how much his divorce would cost.

IN NUMBERS

Scanning the market

Recent research from Deloitte highlights millennials' views of the working world.

Only



36%

predict they'll be financially better off than their parents



66%

approve of business leaders speaking in plain, honest language

And



70%

prefer working full time rather than as freelancers or consultants

Source: Deloitte Millennial Survey 2017



NEIL STARTUP
PRACTICE MANAGER,
DAVID W HARRIS & CO

Though robust technology allows lawyers to be more flexible, the idea of all SME firms becoming virtual seems a long way away. Lawyers working for an SME firm will require a physical base of operations for the foreseeable future – particularly those who have not managed to achieve the utopia of remote working coupled with paperless processing. However, I do foresee a huge swing in the balance of on-site and remote working over the next two to four years in favour of remote platforms.



MELISSA BUTLER
PRACTICE MANAGER,
GRM LAW

Maybe – many SME firms in their current guise might find it a challenge to have fee earners permanently working away from the office. Although remote working is considered to be low cost and staff friendly, firms need to have strict working practices in place with a well developed technology platform which is supported daily to deal with remote worker queries and technical issues. However, SME firms should be working towards this type of environment now – in order to make themselves 'virtually' future proof.



SHAUN JARDINE
CEO, BRETHERTONS

In a word: no. More and more people regard work as an activity and not a place. How often do senior members of organisations work from home to get things done? Why shouldn't this work for all law firm workers in the business? The legal profession is behind the curve regarding flexible working – working from home is OK.

YOUR VIEW



With advancements in tech making remote working more appealing, and the news from accountancy firm Hazlewoods that 800 lawyers now work in virtual UK law firms, we ask LPM readers:

“Will there always be a need for fee earners to work from offices in SME legal?”



Follow LPM on Twitter
@LPMmag

Want to write us a letter? You know, that thing no one does anymore? You can email us a letter for publication to lpm@lsn.co.uk, or post us something to: LPM magazine, 20 Mortlake High Street, London, SW14 8JN. Or get in touch through our LinkedIn group at bit.ly/lpmgroup



GEORGE BISNOUGHT
MANAGING DIRECTOR,
EXCELLO LAW

There is certainly no need for fee earners to be based in offices to support SME firms. The client doesn't care where the work is carried out, only about the output. Reducing property costs can allow firms to drive more competitive pricing for clients, and the use of cloud technologies enables agile working practices, to better meet the demands from both lawyers and clients for flexibility and accessibility.



MARY MOCKLOW
CEO, TALBOTS LAW

Yes – while remote or 'virtual' working may benefit some SME firms, there will always be a need for at least some legal businesses to have physical premises. Talbots Law, for example, as a high street firm, needs a visible presence and for the majority of its employees to be there. And while there are some staff at the firm that might benefit from remote working, you risk unfairness by having a policy for one and not for all.



GUY SETFORD
CEO, SETFORDS
SOLICITORS

There is no need for fee earners to work in offices – the technology has long existed to allow lawyers to work remotely. But this way of working is only effective if a firm is structured in the correct way – ensuring management staff and the support team are based in one location to ensure an efficient back-office operation that frees up lawyers to concentrate their efforts on their clients. Our experience has shown that fully embracing agile working results in happier, more productive lawyers, which in turn results in happier clients.

Do you need a next day delivery that's guaranteed?

Your documents are sensitive, urgent and business critical. Our tracked services provide delivery reports, online tracking in real-time, and with next-day delivery by 9am as standard.

For more information email exchange@thedx.co.uk or visit dxdelivery.com/exchange



ASK THE EXPERT

COMPLY AND DIE?



Michelle Garlick, head of compliance consultancy Compli, on regulatory changes heading this way

Q What are the key regulatory changes set to hit the legal sector?

A Next year will be a critical year in terms of regulation and compliance for legal. The EU's General Data Protection Regulations will apply from May 2018 – Brexit or no – and will potentially impose fines of up to 4% of global annual turnover on organisations that suffer data breaches. There are also noises about combining legal regulators into a single regulator for the industry and an opportunity for solicitors to deliver unreserved legal services outside of a regulated firm. These changes and the introduction of revised principles and two codes of conduct, one for solicitors and the other for firms, will likely

come into effect in late 2018.

More pressing for personal injury firms, however, is the proposal to increase the small claims limit to £5,000 and to do away with damages for whiplash injuries. While legislative in nature, there is the potential for regulatory consequences for those firms that can't survive the financial impact of such changes. Business and contingency planning will be key.

Q What impact will deregulating unreserved work likely have on the SME legal market?

A It will make legal much more competitive, and according to the SRA it will provide more flexible ways of practising as a solicitor in

order to meet the unmet legal needs of consumers. In theory, an SME law firm that does not do any reserved legal work wouldn't need to be regulated and the fee earners in it could retain their solicitor title.

Significant regulatory costs could be saved by the business not being regulated, though of course the individual solicitors in the business would continue to be.

We could also see an increase in the hiving off of

unreserved activity into a separate (unregulated) business or the emergence of multi-disciplinary partnerships. Everyone will likely need to step up a gear and work out how they can stay competitive – those with an innovative flair may find ways to take advantage of this change, but those who find it difficult to adapt to the changing marketplace will face greater challenges. Next year will be a challenging year – so start planning now. [LPM](#)



How do you bill when 'billable' is a relative term?

Track and bill costs easily with Firm Central.

Track your time to matters, manage expenses, create and issue invoices, track payments and handle Trust Accounts for a more accurate and organised view of your legal billing.

Discover the cloud-based matter management tool designed for you and your clients. Firmcentral.co.uk

LPM

LEGAL PRACTICE MANAGEMENT

ONE GREAT CONFERENCE

TWO GREAT CITIES

THURSDAY 18 MAY 2017

AMERICA SQUARE, LONDON

TUESDAY 4 JULY 2017

CENTRAL BIRMINGHAM

THE ONLY EVENTS FOR PRACTICE MANAGERS IN SME LAW FIRMS

Last year's event saw over 100 practice managers,
directors, operational directors and heads of finance
attend from SME firms

"THANKS TO ALL INVOLVED IN PUTTING THIS TOGETHER.
IT IS THE 'MUST ATTEND' EVENT FOR PRACTICE MANAGERS."

Simon Longhurst
Practice director, Teacher Stern

Sponsored by:



encompass



katchr

Quiss
Excellence through experience

BOOK NOW

VISIT LSN.CO.UK/LPMLONDON2017

LSN.CO.UK/LPMBHAMCONF2017

CALL 0870 112 5058

EMAIL EVENTS@LPMMAG.CO.UK

HR ISN'T A GAME



Polly Jeanneret, LPM's HR guru, answers your questions on SJ Berwin, upskilling and video games



Q SJ Berwin: any lessons learnt?

A We all seem to have a view on where SJ Berwin went wrong as if it was a contestant on Strictly. Wrongfooted by the financial crisis, the firm was led a dance by partners who lacked strategic skills and under-capitalised the business. It sought external support from King, Wood & Mallesons, which it joined in 2013; but the merged firm's European arm is now in administration. SJ Berwin was a firm that was shaped by its founders and the era in which it was born (the 1980s) and didn't seem to realise the world changed completely and forever in 2007. In terms of HR, the

lesson is simple: a firm is ultimately only as good as the people who run it.

Q I have read about Taylor Wessing using video games to recruit trainees. Is this really a good idea?

A My first reaction is not a particularly enthusiastic one. Isn't doing well on video games an indicator of only one thing: the love of video games? What does working in a law firm have in common with playing a video game? Apparently, the game in question is similar to another popular strategy game, Diner Dash, where you have to pretend to run a restaurant (still not clear why that is fun but I'll park that for a minute). A Financial

Times reader wrote into the paper with this anecdote on the subject: "A friend who has built eight restaurants from the ground up didn't do well at this game, as she thinks video games are a waste of time." Which just about says it all.

Q We have a private client team which we want to go out and market more, but we would like to get the practitioners to upskill in preparation for that. Any tips?

A Hello fantastic firm which believes in upskilling staff and not simply replacing them. I applaud you. I salute you. Upskilling takes time (give them some) and finances – but note

that there are inexpensive ways to train. For instance, you can send one person on a course and tell them to take lots of notes and then they can teach others in the team.

There's a message to get across here too. Staff need to know what the upskilling is for: to realise potential for themselves, yes, but also for the firm. They should be grateful (but often aren't). **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



Are inefficient billing processes driving your profits down?

Accurate and efficient legal billing with Firm Central.

Simplify complex billing issues with Firm Central, the cloud-based platform that helps you record all of your time and expenses, issue invoices, track payments, and more.

Discover the cloud-based matter management tool designed for you and your clients. Firmcentral.co.uk

Linetime

THE PERFECT FIT FOR YOUR LEGAL PRACTICE

Made-to-measure software

At Linetime, we believe that by listening to our customers and by reacting as their requirements change we have helped to transform the operational efficiency of some of the UK's foremost law firms. Our Liberate suite of software has many "off the peg" components which can be further tailored to the individual needs of the user. As well as assisting with their daily tasks we also help and improve the overall efficiency and profitability of their practice. So if you're looking for a legal software supplier that provides a tailored fit then look no further. Call us now.

Practice Management

A comprehensive practice management system providing tight control of the financial systems and processes within the firm. Financial reporting, time recording, billing, purchase and nominal ledgers and fully automatic bank reconciliation all form part of the Liberate Practice Management Software. Compliance handling forms an integral part of the system with procedures such as conflict and money laundering checks built in as standard. User friendly and intuitive options also exist for fee-earners to access matter financials and to engage in system assisted billing.

Case Management

Business Intelligence

Online Case Tracking

Online Payments

Client Relationship Management

Matter Budgeting

Debt Recovery

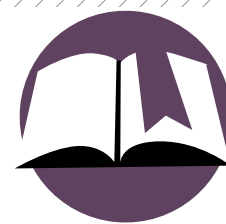
CALL 0113 250 0020

www.linetime.co.uk

info@linetime.co.uk



Linetime
Legal Software



BOOK REVIEW

TO THE PROMISED BRAND

Build Your Reputation made me question if there was a magic formula for career progression – and if I had read it at the start of my career, would I have made different decisions and been more successful?

This book is for anyone looking for promotion, as well as those looking to achieve more from their career or even thinking about going for a new job. But what I liked most about it was that it wasn't a self-improvement book. Instead it helps you to focus on your strengths and what makes you unique in order to climb the career ladder.

It can seem overwhelming. Working on your career in this way is like taking on another job. There is a lot of information here, along with loads of top tips and practical examples. I really liked that it didn't have a one-size-fits-all approach, so you can easily identify the areas applicable to you and tailor actions to focus on one or two key things that would make a difference in your career.

As a marketer, the content soon started to resonate with me. It takes the essence of how to build a corporate brand and shows how you can apply it to yourself. That sounds easy, but it's like that old adage to 'take a look at a mechanic's car or a builder's home' – we're too busy doing it for others.

The second chapter of the book really started to get me thinking. What type of career builder was I – a Hustler, a Fatalist, a Planner or a Pro? Initially I didn't like the fact that it referred to a career as a game, and if you couldn't see this, you've already lost. This sounded a little shallow – and suggested success was 'career by numbers'. However, this became more difficult to dispute further into the book. Looking at your career in this way would make you more logical, more effective – and the book does give you a framework to improve your chances.

Intrinsic to Build Your Reputation is the message to "be so good they can't ignore you." The book helps you identify your strengths and gives you the tools to be even better, thus increasing your chances of being noticed and making a name for yourself. Brown poses a number of good questions, such as: "What could you be the best at?" and "What stands out most in your skillset?" Then you need to work out what's in your 'red box' – the things that can only be done by you. Businesses often say it's their great service, values or staff, but this is no different to

their rivals.

Perhaps the best advice I've taken from the book is about identifying your unique value proposition (UVP), which is similar to a company's unique selling proposition. This is your competitive advantage: "What value, what results, what solutions and what relief can you bring to the company, your boss, your team, your department, that they cannot easily get elsewhere?"

It recognises that this is difficult to articulate so it suggests that you ask your team, peer group and even clients and contacts. Once you have it, you then need to promote it.

Unsurprisingly, a lot of emphasis is given to the role of that network, and Brown gives practical advice on how to build your network with the right people. I particularly liked the idea of building a dream team of trusted individuals around you, which I suspect many of us do unconsciously. It stresses that this circle can include 'critics' – people that make your life tougher, but for the better – as well as people with 'brains', 'drivers', 'promoters' and 'friends'.

So, there's not a magic bullet or any quick wins, but this book could hold a magic formula to building your reputation. It does provide a blueprint and some excellent examples of how you can enhance your career but it will take a lot of work and focus. Interestingly I thought that readers would benefit enormously working with a good marketer.

A big bonus is the additional practical advice provided in the 'reputational vault' Brown has created, which is an online resource with more checklists, hints and tips. [LPM](#)



Build Your Reputation:
Grow Your Personal Brand
for Career and Business
Success by Rob Brown



*Reviewer: Mandy Reynolds,
marketing director,
Stephens Scown*

Publisher: Wiley
Publication date: July 2016
Price: £16.99



Aurum
Solutions

Automate your firm's Reconciliation Process with a fully integrated solution.



Reduce
Workload



Improve
Accuracy



Lower
Costs

Arrange a software demonstration with one
of our experienced consultants today.

www.aurum-solutions.com | 0118 978 6585

"Up to £10m of client funds can go through our accounts on a busy completion day. Aurum Solutions has given us confidence that our accounting records are reliable which reduces our financial and business risk."

Kevin Cole, Financial Controller
bpl solicitors Ltd.



AVOIDING MERGER MELTDOWN

EDWARD O'ROURKE, CEO



“ *It's no secret that many mergers don't work. Even those that are viewed as successful often fail to turn the entire original dream into reality. So what goes wrong?* **”**

Economies of scale (or making two plus two equal five) are often given as justification for a merger. Other buzzwords such as rationalisation, market penetration or synergies are thrown into the mix. All of these are much easier to articulate than to deliver. What can make perfect sense on paper will undoubtedly require hard work and energy to bring to fruition.

It's no secret that many mergers don't work. Even those that are viewed as successful often fail to turn the entire original dream into reality. So what goes wrong?

A good understanding of the strategic rationale for a merger is important. Some mergers have more to do with glory-seeking than business strategy. Executive ego, boosted by buying the competition, shouldn't be a decision-making influence. The business rationale must stack up.

The phrase “culture eats strategy for breakfast,” often attributed to management guru Peter Drucker, can too easily be ignored. It's a mistake to assume that personnel issues are easily overcome. If two firms coming together have differing cultures, the impact of a merger on morale and productivity can be immense. Reality doesn't matter – perceptions do. So, where do the employees feel the differences are?

Communication is key. In order to convince the stakeholders on both sides of the deal that merger is a good thing, managers often put too much emphasis on the argument that two plus two will equal five. The challenges that need to be overcome to achieve this nirvana are often glossed over. In most instances during the post-merger early days and years the equation is two

plus two equals three. Lawyers often say that if they want happy clients they should avoid the danger of overpromising. The temptation to ignore this by overemphasising the equation message in order to get buy-in invites disillusion and frustration just when a joint and concerted effort is needed most – the early days and months post-merger.

Bringing two businesses together is a complex task and needs to be planned carefully. Leaving a full analysis of what will happen to clients, employees, premises and IT until after the deal is done will only prolong the period in which two plus two equals three. This will lead to internal frustrations that may also hamper progress. Planning ahead of the merger for quick post-merger wins is vital.

As the realisation dawns that the equation has amounted to less than the expected, many managers in post-merger businesses seek to cut costs. However, most mergers, in order to make the equation worth more, require a focus on market penetration, revenue streams and investment in order to generate increased profits. A focus on costs can cause these to suffer.

Keeping both businesses moving forward while integrating them into one entity requires strategic direction, cultural fit, planning, realistic communication and a determination to stay on course. As with all change, some people will thrive on it and others will struggle – you need to be properly prepared for this and accept that you may not be able to take everyone with you on your visionary journey. **LPM**

ABOUT

Edward O'Rourke
CEO
Ashtons Legal
www.ashtonslegal.co.uk

Ashtons
LEGAL

Revenue: £17m

Corporate status: Limited company

174 fee earners, 330 total staff

Offices: Cambridge, Norwich, Bury St Edmunds, Thetford, Ipswich, Felixstowe



E C L I P S E

Part of Capita Plc

24,000 people can't be wrong

Eclipse's Proclaim system is the solution of choice for 24,000 legal professionals in over 900 organisations. Proclaim encompasses Practice, Case and Matter Management, and is **the only system to be endorsed by the Law Society.**

From new start-ups to industry heavyweights, Proclaim is the system of choice for forward-thinking law firms.

- Fully integrated Practice Management Software solution
- End-to-end case and matter management workflow processes
- Ready-to-go workflows for specific practice areas
- SAR-compliant legal accounting
- Fast to implement, easy to use

Contact us for a demonstration

01274 704 100

Email: info@eclipselegal.co.uk

www.eclipselegal.co.uk

Endorsed by



The Law Society

RISE OF THE MACHINES

PETER CARR, IT HEAD

The new year is a time to look forward to the future and reflect on the past. I realised this year that 2017 marked 20 years for me as an IT professional.

Having left university, I was pretty sure I knew everything I needed to know – I even had a Nokia 5110 and a Palm Pilot to keep me connected and organised. But what I didn't know at the time was that SME businesses were at least five years behind the curve as far as computer technology was concerned – and perhaps in terms of cloud and outsourcing, many of them still are.

During the early 2000s, Windows XP came along, Blackberry smartphones started taking over and always-on broadband took over from analog and ISDN dial-up internet. Businesses started connecting with each other digitally – even business cards started having email and web addresses on them. Small businesses suddenly needed more and more computing power – the server came out from under the accounts teams' desk and moved in with the email server in a dedicated area. Windows 2000 server edition suddenly removed a lot of the mystique around servers, the user interface looked familiar and the day-to-day tools made administration simpler, and with always-on broadband remote support was then possible.

But by early 2010 I realised that having a comms room full of servers was not sustainable and was getting expensive – cooling, hardware refreshes and general maintenance took their toll on the IT budget. The solution: buy three big servers and virtualise the physical servers onto those, then repeat at the disaster recovery site.

And today, of course, we're used to having almost everything as a service – we don't pop to Blockbuster to pick up a DVD, we subscribe to Netflix and watch what we want, when we want. The same is true with music – Spotify covers that. If we want a new iPhone every year we subscribe to the iPhone upgrade programme and effectively rent it.

As with consumer items, the business world has benefited from X as a service too. No need to purchase email servers, CRM servers, accounts software, backup solution or phone systems because it's all available as a monthly subscription hosted in a data centre you could never afford and cheaper than you could do it for. It's a great leveler – small startups now have access to the same best-of-breed software that multimillion pound international companies use, providing them with the agility and ability to grow unhindered by infrastructure, licencing fees and crippling capex assets.

What will be big in the next five years? The traditional computer interface of mouse, keyboard and monitor has been around for nearly 50 years – look out for Microsoft's HoloLens and other augmented reality systems. They will change the way we work with computers and each other. Artificial intelligence software may well start taking your clients, initial instructions and start drafting contracts – it's already cross-referencing them. One of the most important things for everybody – graphene-based super batteries, instant charge and super long-life, will help us say goodbye to low battery anxiety. **LPM**



“What will be big in the next five years? Look out for augmented reality systems.”

ABOUT

Peter Carr
IT head
Fisher Jones Greenwood
www.fjg.co.uk



FISHER
JONES
GREENWOOD
SOLICITORS

Revenue: £7.29m

Corporate status: LLP

58 fee earners, 162 total staff

**Offices: Colchester,
Chelmsford, Clacton-on-Sea,
Billericay, London**

**Archive
Document
Data
Storage**



Special Offer

FREE records
management
consultation for
LPM readers

**“Let us find the right records
management and storage
solution for your legal practice”**

The File Queen, ADDS



File Storage



**Deed / Will
Vault Storage**



Scanning



**Paperlight Office
Transformation**



**Secure Destruction
of Files & Hardware**



**Records Management
Consultation**

GDPR YOU READY?

JANINE PARKER, THE BROKER



“The ‘fox’ is constantly patrolling the perimeter fence and the posts are nowhere near as secure as you might think.”

The EU referendum result and subsequent focus on the entire Brexit situation has distracted us all from one very clear reality – the General Data Protection Regulation (GDPR) will soon be upon us and affect us in numerous ways.

Ironically, the government has confirmed that whether the UK is in or out of the bloc, we will be following the EU’s GDPR from May 2018. There’s a great deal of resource online that addresses the details of the new regulation, but let’s focus on the potential impact for law firms.

Regardless of size, your firm will likely hold a significant amount of sensitive personal data – which is defined by the EU as: “Data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade-union membership; data concerning health or sex life and sexual orientation; genetic data or biometric data.” Data relating to criminal offences and convictions are addressed separately (as criminal law lies outside the EU’s legislative competence).

The identity check you carry out on clients to protect your firm against fraud is suddenly an area of vulnerability when it comes to GDPR. Passport information, bank details, addresses, and for those firms carrying personal injury work, medical information – the list is endless, and it quickly amounts to records in the tens of thousands, even for a relatively modest practice.

Should you lose this data, whether through human error or cyberattack, there will be requirements under the new GDPR. Timescales to meet, monitoring of lost data, notification obligations and potential fines from the

Information Commissioner’s Office are all on their way.

Anecdotal evidence suggests that one in three firms has already suffered a breach, hack or loss of data that would require a response under the new regulation. Many firms are blissfully unaware of how vulnerable their IT systems and infrastructure actually are. Outsourcing these services does not really afford you any additional comfort. You’re still responsible for the data, so always read your contract with these providers with the upmost attention and diligence.

You’d be amazed how many different hackers are interested in your systems and all the information you have to offer. They can find a way in through imaginative means – don’t forget, human error and social engineering are large causes of breaches. The ‘fox’ is constantly patrolling the perimeter fence and the posts are nowhere near as secure as you might think. Often the fox may already be in the pen and is trying to find a way out. Always think carefully before connecting your phone directly to your computer at work.

What can be done? Cyber is the most rapidly expanding class of insurance at the moment, and it is becoming more and more complex. There are existing products that not only offer a limit of indemnity but, perhaps more importantly, give you access to third-party expertise that can help avoid data breaches as well as help support you should one occur. It is a consultancy package that, if purchased separately, would cost significantly more. The real question is: can you afford not to explore these offerings? **LPM**

ABOUT

Paragon LawSelect
Brokering and practice
improvement
Contact:
020 7280 8259
www.paragonbrokers.com/lawselect



TAKE YOUR DATA WITH YOU

NATASHA RAWLEY, THE FILE QUEEN

Hello there, LPM readers – can you believe we're nearly already through the first quarter of 2017? Businesses now have just over a year to get ready for the EU's General Data Protection Regulation – so let's press on with step four of the Information Commissioner's Office's 12 steps to the GDPR: individuals' rights.

You may remember that last month we covered subject access and the right to be forgotten (if you missed last month's column, download the February issue at www.lsn.co.uk/lpmmag).

Let's dive into: preventing direct marketing. Whether your marketing department is internal or external, it's your responsibility to make sure you have permission to contact people – your contacts must opt in to be contacted by mail, email or telephone. This includes existing contacts – even those who have previously agreed to let you contact them will need to re-agree in line with the GDPR changes.

At File Queen HQ we're currently emailing all individuals on our database (both current and potential clients) and asking them how they prefer to be contacted, and if they want newsletters and special promotions. It's a lot of hard work, so I suggest you start doing this now.

Next, you need to prevent automated decision-making and profiling. The ICO explains: "When processing is restricted, you are permitted to store the personal data, but not further process it. You can retain just enough information about the individual to ensure that restriction is respected in the future." If a client approaches your firm for legal services, they share information with you – but do you then share that data with insurance companies or mortgage brokers? On completion, do you then send client data to partner firms that might market the client? This is processing data and sharing data with a third party – and you need to know: do you have permission to do this? Furthermore, do you know that these third parties will also process data with strict GDPR procedures?

Another important issue with individuals' rights is data portability: individuals' rights to obtain and reuse personal data for their own purpose, and to easily move, copy or transfer it from one IT environment to another in a safe and secure way, without hindrance to usability.

Several firms we work with already have great procedures for dealing with file handovers. First, they validate the claim for information by ID checking (matching to previously scanned copies of their ID), and then send notification of an on-demand scan to us. The relevant files are then scanned with optical character recognition, put into pdf format, placed onto an encrypted portable hard drive and delivered to the business.

Once the practice has added any additional electronic documents, we then relock the hard drive and deliver it to the person who's asked for their data and help to provide a full audit trail.

The main focus on this step is all about process and accountability. It may seem like overkill, but it's there to protect us. If you need help, go to a GDPR and data protection office course – I've been on a few and they are so valuable. And we are here to help, so contact us. [LPM](#)



“Whether your marketing department is internal or external, it's your responsibility to make sure you have permission to contact people.”

ABOUT

ADDS
Saving firms from paper hell
Contact Natasha on:
0800 328 0272
www.archivestorage.net
@Thefilequeen

Archive
Document
Data
Storage

THE KPIS HAVE IT

GRAHAM MOORE, THE DATA GURU



“A good set of KPIs will measure at least four different aspects of business: clients, finance, process, people.”

You have KPIs, but are they the right ones? And how do you work out what ‘right’ is? In my experience the top two key performance indicators for most law firms are some measure of billing (typically fees billed) and some measure of time recording (usually chargeable time recorded). But are these the right KPIs? Maybe, but maybe not.

To answer that question, we first need to take a step back from the KPIs themselves and be clear about the overall objective we’re trying to achieve.

Performance is not an absolute concept – measurements of performance are only valid when compared to a target or objective. If a firm’s high-level objectives are clear, then the KPIs should flow from those. They should be chosen to monitor all aspects of progress towards those objectives. For a firm whose primary objective is simply revenue growth, then revenue (fees billed) should be the number-one KPI. However, if the objective is defined as profitable growth, maintaining a gross margin of 50%, then the two primary KPIs are likely to be revenue and gross margin.

It’s also important to recognise the interrelationship of different measures and to remember the old adage: “You get what you measure.” Too narrow a focus on one measure of performance (for example, fees) may well result in achievement of targets – but at what expense? Client satisfaction, gross margin, net profit, staff turnover? This is where KPIs need to be carefully selected as a set of measures, which reflect a very clear definition of the firm’s objectives.

One of the main questions I’ve been asked by law firm managers, more than once, is: “How many KPIs should we have?” The first answer I would always give is to focus on the word ‘key’. Not all performance indicators are key, but there needs to be a broad coverage of all aspects of a firm’s operation.

It’s also important to recognise that different KPIs may well apply to different areas of a firm, and also that all areas of a firm need KPIs. It’s easy in a law firm to focus on the traditional time and billing KPIs for lawyers, but neglect the fact that overall business performance is also highly dependent on successful delivery of marketing, IT, HR and other objectives.

To provide a complete, rounded view of the performance of an organisation, a good set of KPIs will measure at least four different aspects of business: clients, finance, process, people. Note in my list that client KPIs come before finance – not just a personal opinion, but an indication of relative importance in achieving overall business goals.

So, how to define the right KPIs for your firm? Firstly, start with clearly articulated objectives – if these use the Smart formula (specific, measurable, assignable, realistic and time-related) then you are halfway there with the measures and timescales already defined. A review of those objectives to determine the adverse outcomes you want to avoid (unhappy clients), as well as the positive outcomes you are striving for (more income) should complete the set of performance indicators you need. **LPM**

ABOUT

Katchr
Profit from your data
Contact on:
0845 680 6843
www.katchr.com
[@KatchrData](https://twitter.com/KatchrData)





Do you need a next day delivery that's guaranteed?

**Your documents are sensitive,
urgent and business critical.**
Our tracked services provide
delivery reports, online tracking
in real-time, and with next-day
delivery by 9am as standard.

For more information
email exchange@thedx.co.uk
or visit dxdelivery.com/exchange





Harper James Solicitors' CEO Toby Harper speaks to Patrick Wingrove about founding a law firm that offers legal services on a subscription basis

The business landscape is gradually shifting into a subscription economy. Consumers and businesses increasingly want the flexibility of subscribing to services rather than buying products – and many traditional pay-per-product businesses, such as Microsoft, have incorporated pay-monthly packages into their business models. Today, virtually anything can be bought on a subscription basis: movies, fashion, pet food – and, it turns out, even legal services.

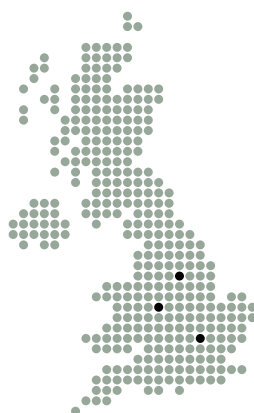
National firm Harper James Solicitors has offered legal services on a pay-monthly basis since its establishment by CEO Toby Harper (pictured second from left) in 2014.

"I wanted to adopt a pay-monthly pricing structure because I could see that it could offer so many benefits to a firm and its clients. The fact is that most people are already used to paying for other products and services on a pay-monthly basis – so while it's a reasonably new concept for a law firm, it really isn't for clients."

Harper says that he initially set up his firm, under the name In-house Solicitors, to operate as a legal consultancy business that contracted solicitor-consultants to work as in-house lawyers for our clients.

"But after three months, the firm had more work than it could manage, so I had to make a decision on how to develop the business." Harper expanded the business's offering – providing legal services on a project-by-project basis as well as in-house consultants – and further developed the business's pricing structures to accommodate that change.

From left to right: Feona Veys, recruitment manager; Toby Harper, CEO; Jonathan Garnett, marketing manager; Emma Mitchell, finance manager; Clinton McKenzie, client services and operations manager

**LPM FIRM FACTS****Harper James Solicitors****Corporate status: Limited company****30 fee earners, 40 total staff****Offices: London, Birmingham, Sheffield****Specialisms: Corporate and commercial, employment, dispute resolution, intellectual property, commercial property**

"The most popular element of the business was that it allowed clients to pay for legal services on a subscription basis, which had clear flexibility and cost-saving benefits compared to hiring a full-time in-house solicitor. So, we decided to take that element and apply it to individual project work." He adds that during this period the firm's name was changed to Harper James, reflecting the firm's expanded provision of services.

Harper James now has three key pricing plans: enterprise, on-demand, and city. The firm's most popular plan, according to Harper, is its subscription plan (enterprise) – clients sign up for a 12-month period and pay £189 a month for legal services, rather than paying on a project-by-project basis.

"Enterprise gives clients inclusive legal support from experienced solicitors, one hour of legal advice a month and a significantly discounted rate of £69 an hour for additional legal advice. This is a much lower rate than you would expect from traditional law firms, and there's no commitment to stay on the plan if you're reasonably dissatisfied with the service."

But, Harper says, the firm also provides dedicated outsourced support to businesses that need regular ad hoc legal services via its on-demand plan.

"On-demand is a continuation of the firm's original business model – firms essentially rent a senior lawyer from us for as many hours a week as they need. We manage these consultants – provide training and insure them – and consequently it's a much cheaper option for businesses than hiring a full-time in-house lawyer." He adds that the firm also offers a competitive hourly rate of £149 an hour (its city plan), so as not to dissuade clients who want to pay for legal services on a more traditional pricing structure.

According to Harper, the firm's innovative approach to pricing has been enormously beneficial to the business –

allowing it to grow quickly and acquire just under 400 clients in two years. One of the key elements in this success, he adds, is the unparalleled level of transparency the firm's pricing plans offer clients.

"There isn't a great deal of transparency in legal – traditional firms tend to leave clients confused about exactly what they offer and how much a given service might cost. But, with us, clients know they're covered for their legal needs and know exactly what that cover will cost them."

The firm's pricing structure also gives clients a great deal more flexibility when it comes to their legal services – they can leave the plan if it doesn't suit them, can easily budget for legal services, and if they require additional services it won't cost them "an arm and a leg," says Harper.

But Harper James's pricing structures aren't just beneficial to clients, they also help streamline the firm's cashflow forecasting and cash collection – since most clients pay via direct debit.

"The firm doesn't have to spend time chasing clients for fees – we know exactly when we can expect to receive funds and consequently the business has excellent financial hygiene. Furthermore, the fact that clients know exactly how much our legal solutions will cost them also means that they rarely dispute their bill."

Though the benefits of subscription pricing have been fundamental in attracting a solid client base, perhaps the key to the business's success, according to Harper, is its competitive fees.

"The fact is that most people are already used to paying for other products and services on a pay-monthly basis, so while it's a reasonably new concept for a law firm, it isn't for clients."

"As well as providing price certainty and flexibility, the firm is able to offer legal services at a much lower rate than traditional law firms. This is because the majority of our solicitors work remotely, so our overheads are lower and we can pass these cost savings on to the client." He adds that the firm employs a mix of 40 full-time, freelance and flexible staff – only 15 of which work in its offices in London, Birmingham and Sheffield.

"Of course, to facilitate our remote working set-up we've invested heavily in technology – including VoIP telephones and cloud-based practice and case management systems – and we plan to adopt more technology in the future to further streamline our processes and help us better serve clients."

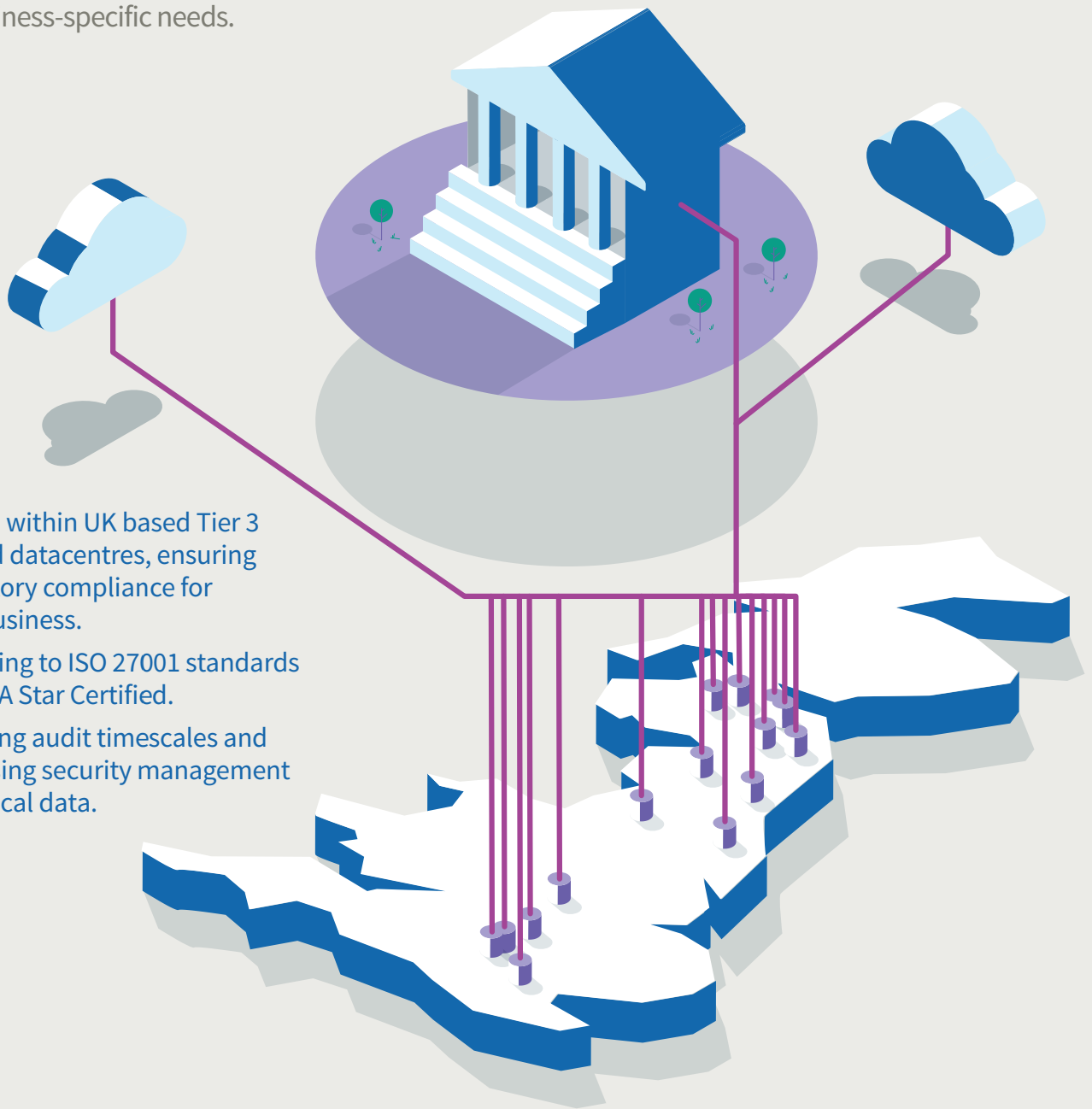
But, Harper says, the business couldn't have scaled as quickly as it has without an effective management team. "We've spent a great deal of time developing our recruitment, accounts and business development management teams. I don't ever want the firm to reach its capacity, because that would stunt its growth – so we constantly strive to acquire new business, attract new talent and, perhaps most importantly, make sure we're looking out for existing clients."

The firm is planning to continue scaling by investing more in its management as it grows – particularly its business development team.

"It's common in law firms to put lawyers in charge of business development, but that isn't necessarily what they should be doing or what they're best at. Any business that wants to stay competitive and scale needs a dedicated BD team behind them." The firm also has aspirations to duplicate its model in the Middle East. Harper says it's important that the firm achieves significant international as well as domestic growth, to fully take advantage of the firm's unique subscription-based business model. **LPM**

Enabling Cloud within the Legal sector

Pulsant answers your business IT needs through ultra-reliable, flexible, scalable, secure, stand-alone solutions or hybrid service combinations, designed to deliver your business-specific needs.



- Hosted within UK based Tier 3 aligned datacentres, ensuring regulatory compliance for your business.
- Operating to ISO 27001 standards and CSA Star Certified.
- Reducing audit timescales and increasing security management for critical data.

To find out how we can help your organisation,
call **0845 119 9911** or visit **www.pulsant.com**

BEST OF BOTH WORLDS

What technologies are firms using to become better, smarter and faster? Rupert Collins-White delves into our Legal IT Landscapes research to find out

Can technology make your firm more efficient and competitive? IT is usually implemented in business to drive down costs and drive up automation – and rightly so – but it can also be usefully applied to give businesses a competitive edge. And technologies that can do both should surely be at the top of your firm's wishlist.

Last month's LPM Legal IT landscapes 2017 report, sponsored by iManage, Thomson Reuters and Tikit, delved into a range of legal technology areas to find out which are most affecting the world of SME legal. But we had so much data we decided to keep some back until this month.

EASIEST WINS

We asked respondents two questions: "Which technologies do you think will have the biggest impact on how competitive your law firm could be over the next five years?" and "which technologies do you think will have the biggest impact on how efficient your law firm could be over the next five years?" These were open questions, so respondents could say whatever they liked – we then collated the answers and put them into groups or topics relating to the relevant technologies.

The top answers in each area were the same – just in very different orders and weights. Top scoring for competitiveness and efficiency were mobile/agility/flexible working, artificial intelligence and case management – but case management by far topped the efficiency scale, while mobility topped competitiveness.

If all votes across both questions were added together, case management would be the clear winner across all technologies – which makes a lot of sense as it's arguably the key technology in legal services delivery, and the area that's most modifiable and, what IT people call, 'extensible' (it can be added to and extended in functionality). Perhaps most important is that many respondents who referenced case management specifically mention 'integration' or 'automation' with it.

Like case management, practice management

figures high in both efficiency and competitiveness camps, but it's good that firms see the competitiveness benefits of the mundane world of PMS. Also, like case management, PMS was often mentioned using words like 'integration', which implies a forward-thinking approach in the SME legal world to what PMSs can do – rather than just using them as glorified accounting systems.

OUTSIDE OPPORTUNITIES

Collaboration with clients online is also a very big deal, which we've rolled into 'extranets' and 'portals' because that's often how that happens. This topic contains a lot of variation but the theme is clear – interacting with clients online, and sharing and delivering documents, will be client service drivers and deliver competitiveness in a close-fought market.

We've put a few different topics under the mobile moniker, including mobile apps, mobile devices, flexible working, agile working/agility, remote working, BYOD ... it's a long list. But the end result is undeniable: mobile is fundamentally important to the way firms will work and interact with clients from now on.

Cloud is another topic that contains a lot of different responses, but everything comes down to ditching the 'tin' in firms and moving systems and data to third party providers, whether that's managed service providers offering Azure or moving over to Office 365. It's now obvious that cloud is the future for many law firms – it's just a matter of time.

CLEVER AND BIG

The big surprise, at least to us, in this year's LPM Legal IT landscapes was how many SME law firm people pointed to AI as being significant. It's a technology that's barely off the ground in legal, and already everyone says it's likely to have dramatic effects. This is reassuring, we think – AI-deniers are yesterday's people, and if SME law firms can get ahead of the curve with AI, they have a place in a future that could be defined by what work, and jobs, this technology will disrupt. **LPM**

Competitiveness

Efficiency

Scoring much higher on the competitiveness scale than efficiency, collaboration with clients and sharing documents online is becoming a very big deal when it comes to service and differentiation.

Mobile is massive when it comes to driving competitiveness and efficiency in legal business – which is no surprise, as consumers pretty much live there.

The cloud is going to be everywhere in the next few years – so it's great to see LPM firms getting the opportunities of it across both competitiveness and efficiency.

Like case management, practice management figures highly – but it's good that firms see the competitiveness benefits of the mundane world of PMS.

DOWNLOAD THE FULL REPORT


If you haven't read our full **Legal IT landscapes** report, download it now at: www.lsn.co.uk/lpmlit2017

Video comms
IT infra
Process Workflow
Speech recognition and dictation
CRM
Extranets Portals
Mobility
CMS
Cloud
Web
AI
DM
Social media
Analytics
PMS
Digitisation
Matter management
Collaboration
Internet speed
Comms
Automation
Cyber sec

E-signing tech
IT infra
Process Workflow
Speech recognition and dictation
CRM
Extranets Portals
Mobility
CMS
Cloud
Web
AI
DM
Social media
Analytics
PMS
Digitisation
Internet speed
Document Automation
Comms
Automation
Online courts
Matter management

If all votes across both questions were added together, case management would be the clear winner – and it was the runaway leading answer on the efficiency question.

Not just the preserve of the big firms – machine learning and AI came up a lot when quizzing LPM readers about the big drivers for change in their firms' future.



Concerned about Cybercrime and the implications for your practice?

WE HAVE THE SOLUTION...

CYBERCRIME & DATA *PROTECT* HAS BEEN CREATED TO INDEMNIFY AND ASSIST LAW FIRMS FOLLOWING A CYBER INCIDENT.

In the event of a cyber incident or breach, a dedicated breach response team will provide assistance as well as ensure compliance with notification and regulatory requirements. Our incident/claim notification process is simple, available 24 hours a day to triage your notification and make contact with the relevant breach team.

It is essential that experts respond immediately following a cyber event.

DISGRUNTLED
EMPLOYEE COVER

LOSS TO
OFFICE
ACCOUNT

INTERNET
MEDIA COVER

PRIVACY BREACH
EXPENSES COVER

BUSINESS
INTERRUPTION
INCLUDING FEE
PROTECTIONS

DIGITAL
ASSET COVER

Cybercrime & Data*Protect*

REGULATORY
FINES AND
PROCEEDINGS
COVER

PRIVACY
LIABILITY COVER

NON
TARGETED
ATTACK
COVER

NETWORK AND
DATA CYBER
EXTORTION COVER

NETWORK
SECURITY
LIABILITY COVER

CRISIS
MANAGEMENT
AND INCIDENT
RESPONSE
TEAM

Our UK Professions team provides insurance broking and risk management solutions to law firms in England & Wales. We arrange cover for firms of all sizes, ranging from Top 100 to sole practitioners

For more information contact our team on:

(0) 20 7280 8259 | CyberProtect@paragonbrokers.com



Paragon International
Insurance Brokers Ltd

140 Leadenhall Street
London EC3V 4QT England

T +44 (0) 20 7280 8200
F +44 (0) 20 7280 8270

www.paragonbrokers.com

Authorised and regulated by the Financial Conduct Authority. Accredited Lloyd's Broker
Paragon Brokers (Bermuda) Ltd 27 Reid Street, Hamilton HM11, Bermuda. Registration No. 33838

CASH ME IF YOU CAN

Patrick Wingrove speaks to SME legal leaders to find out how firms can improve their financial health by making sure fees turn into profitability

Working capital is the lifeblood of any successful business – making it financially hygienic and ensuring a secure future for the firm. But maintaining working capital is, it seems, a significant challenge for law firms. According to the SRA's 2013 report, *Navigating stormy seas*, half of firms presented a medium to high risk of financial difficulty, in part attributed to an overreliance on borrowing and partner drawings being excessive in relation to profits and cash collection. More recently, the Law Society's 2016 Financial benchmarking survey showed that a quarter of firms' partners took out more money from their firms than they made in profits – up by a fifth from the previous year.

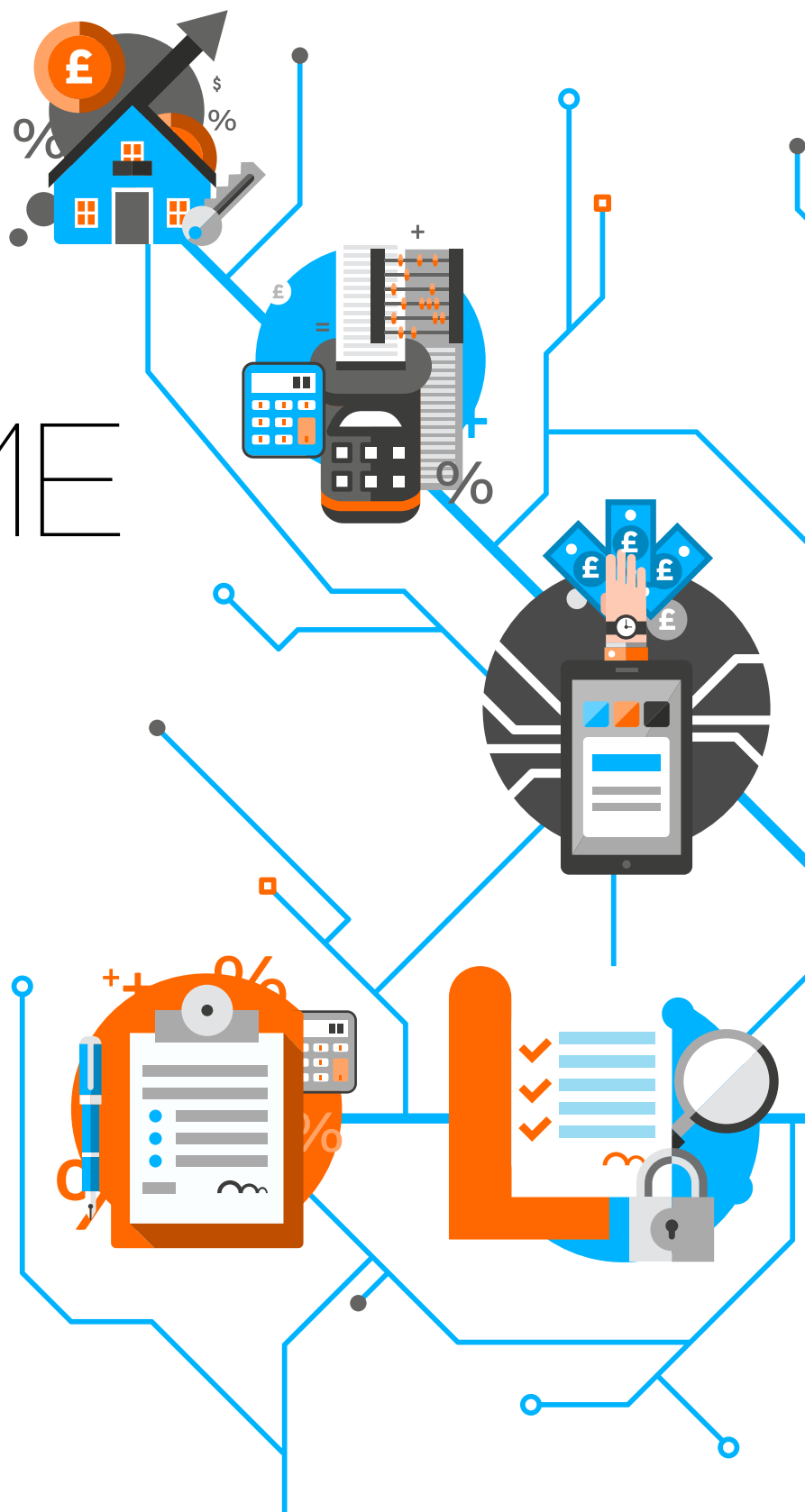
Fortunately there are many ways for firms to improve their approach to financial excellence – but perhaps often overlooked is ensuring that cash actually makes it into the business. According to Sarah Charlton, tutor, examiner and executive council member at the Institute of Legal Finance Management (ILFM), firms could significantly improve their financial hygiene by developing better cash collection practices.

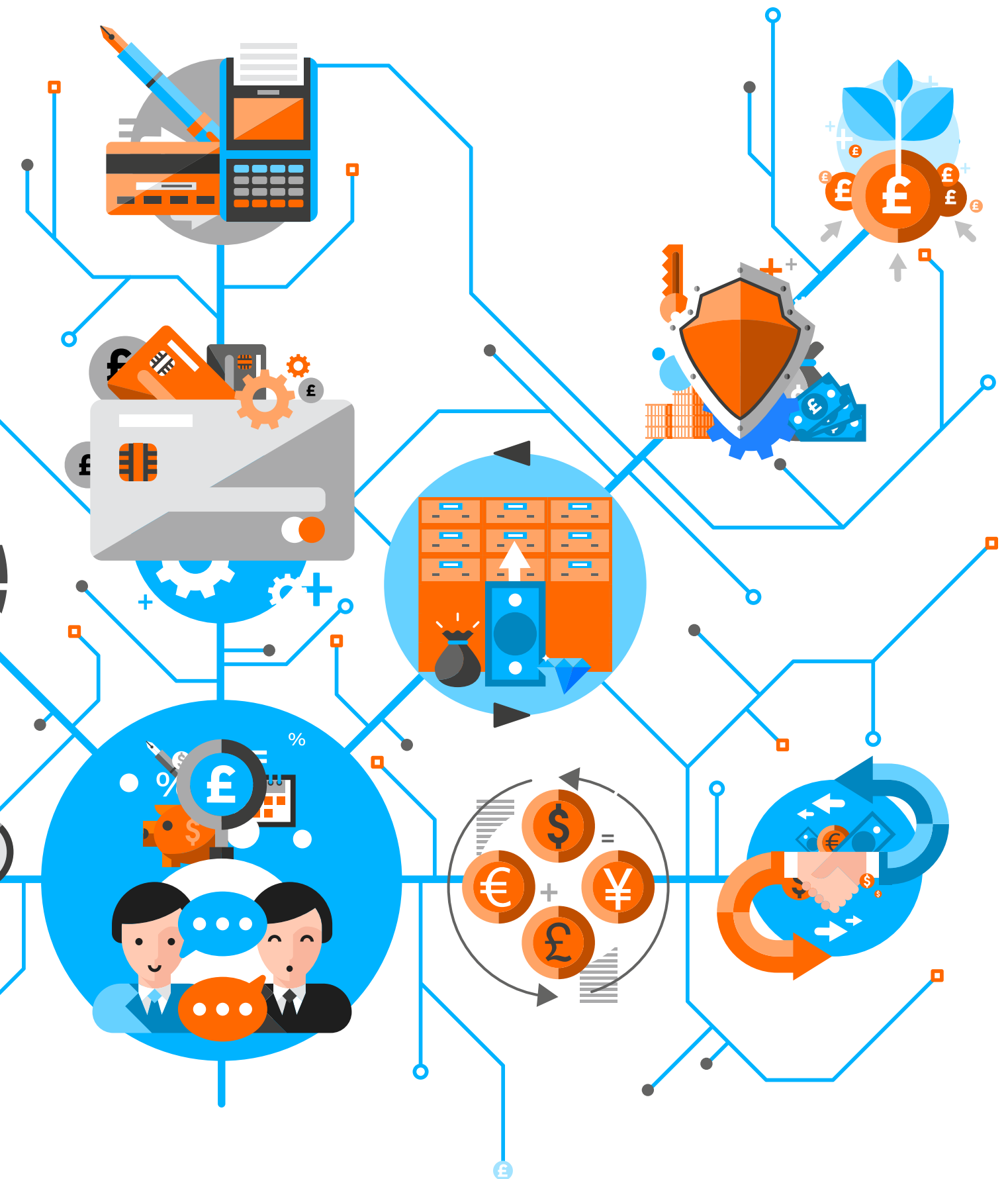
"Law firms have struggled financially in the past, not just because they didn't bill their fees or build profits but because they didn't collect their cash. That's where the key to better financial hygiene often lies." She adds that poor cash

collection ultimately costs firms money because they're forced to borrow to buttress their operating capital.

But how do firms start to improve cash collection practices? Richard Hill, former chair of the ILFM and practice director at London firm Stepien Lake, says firms first need to shift their culture and make collecting fees a top priority.

"SME firms as a whole have been compelled to



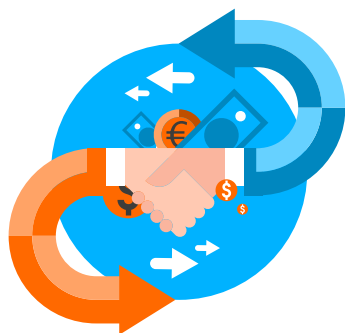


improve their working capital procedures since the financial crash, but they don't necessarily see it as a vital part of the business. Solicitors often think their job is done once they've raised the bill, but making sure cash is in the firm should be their ultimate goal."

He adds that once firms have laid a foundation and successfully conveyed the importance of collecting fees across the business, they can start

to implement change.

"Efficiency is the key – fee earners need to present bills in a timely fashion, the firm should regularly chase bills and engage clients, and they should use technology to help them in that pursuit. But firms might also want to ask themselves: 'Are fee earners the best people to be chasing cash, and should we continue to offer legal solutions on a bill-after-



“ *Change starts at the top – if you want to improve the firm’s financial hygiene you need to engage decision makers and get them to promote the changes you want to make.* **”**

Sarah Charlton, executive council member, Institute of Legal Finance Management

service basis?.”

THEY DON'T NEED NO EDUCATION

The first step for legal leaders who want to improve their firm’s cash collection practices is to educate employees about the importance of working capital.

Charlton at the ILFM says: “One of the biggest hurdles law firm managers come across when trying to improve working capital is getting everyone in the business on board. Poor financial hygiene often comes down to a firm’s culture and a poor attitude to collecting cash – but that can be changed by consistently demonstrating how working capital, or a lack of it, affects the firm.”

Julia Warrilow, finance and operations director at Worcestershire firm Thursfields, agrees – and says the best way to educate staff is by having a consistent message about what financial success looks like. “Thursfields’ KPIs are based on cash collection rather than billing targets, and we produce financial updates throughout the month that are circulated to staff weekly via email, and then daily in the last week of the month.” She adds that the firm also organises seminars and workshops to help reinforce the point that failing to efficiently and regularly collect fees affects working capital.

Though it’s important for the whole business to understand the importance of cash, there are perhaps certain people in the business who could benefit from the education more than others – primarily those that could help implement change or be a barrier to it. Charlton says that if a firm is going to improve cash collection practices, its decision makers need to be on board.

“Change starts at the top – if you want to improve the firm’s financial hygiene you need to engage decision makers (for example, the managing partner). Gauge their appetite for change and get them to actively promote the changes you want to make.”

But perhaps equally important to get onside are fee earners, who will usually be responsible for raising the bill but are often reluctant to chase clients for money for fear that the

relationship will be damaged.

Nick Lakhani, finance director of south-east firm ASB Law, says fee earners need to understand the importance of cash collection and be rest assured that chasing a bill – whether it’s they or accounts who contact the client – won’t impact client relationships.

“It’s important to reinforce the idea that a good client is one who pays, especially when that fee earner has produced a quality service,” says Lakhani.

Warrilow adds that solicitors need to be taught that chasing bills can be in the best interests of the client as well as the business: “Most clients are happy to pay their bills since they’re also trying to manage their cashflow – something which applies to companies and private clients – and won’t be upset if a solicitor reminds them that they have an unpaid bill. Normally clients have neglected to pay bills because their solicitor hasn’t managed their expectations.”

If legal leaders want to shift their firm’s culture they should perhaps also make cash collection training a priority for newcomers.

Lakhani says: “It’s important to educate new joiners in working capital management before they settle into the firm’s culture. I induct all new employees in finance and make it absolutely clear what’s expected of them in terms of working capital management. Shifting a firm’s culture is a challenge, but the more people you get on board from an early stage, the easier it will be.”

PROCESS AND PROSPER

Once the key people in a firm are behind the push, management leaders can start to improve cash collecting practices by ensuring bills are raised as soon as possible.

Jeanette Newton, finance director at Warwickshire firm Alsters Kelley, says many firms don’t have systems in place to ensure bills are delivered in a timely fashion, meaning it takes longer than it should to collect fees.

“Firms need to ensure that clients receive the bill as quickly as possible – because they can’t pay it before they have it. Some firms only bill at the end of a month, or raise interim bills over the period of the matter or at the end of a case, which puts a real strain on cash collection and working capital.” She adds that firms can improve cashflow by ensuring that fee earners bill throughout the month or at specific billing stages.

But what about chasing bills? Fee earners are often put in charge of chasing debt, but they’re not necessarily the best people for the job. Not only are they often reluctant to chase clients for cash in case they sully their relationship, fee

FIRM FACTS

Alsters Kelley

Revenue: £4m

Corporate status: LLP

48 fee earners, 92 total staff

Offices: Lemington Spa, Coventry, Nuneaton, Southam

Thursfields

Revenue: £7m

Corporate status: Limited company

70 fee earners, 137 total staff

Offices: Worcester, Stourport, Kidderminster, Halesowen, Sedgley, Birmingham, Solihull

Stepien Lake

Revenue: £4m

Corporate status: LLP

17 fee earners, 27 total staff

Offices: London

Specialisms: Commercial property

ASB Law

Revenue: £11m

Corporate status: LLP

80 fee earners, 124 total staff

Offices: Crawley, Maidstone

Specialisms: Large corporates, mid corporates, real estate, aviation

CASH IS KING

Sarah Charlton, an executive council member at the Institute of Legal Finance Management, gives her top tips on how firms can revolutionise their cash collection

chasing only takes time that could otherwise be spent on remunerated activities. Charlton at the ILFM says that putting responsibility for collecting fees in the hands of solicitors can make it a side issue for firms.

"When fee earners have to wear multiple hats – juggling working capital management, though they haven't necessarily been trained in it, with their normal workload – cash collection can get pushed to one side and ceases to be a top priority for the firm."

Hill at Stepien Lake adds that firms can potentially improve their cash-chasing processes by empowering the business's credit control or accounts function to contact the client independently of the fee earner.

"Allowing accounts to chase bills brings a commercial approach to the process which can be very beneficial to the business. Not only does it make the process more efficient, but it also separates fee earners from the difficult task of asking for money and gives them more time for remunerated work," says Hill. Newton, however, argues that firms need to balance a corporate approach to cash collection with providing a quality and polite client service. She suggests that fee earners should be in charge of chasing fees for at least a short period before accounts or credit control approaches the client.

"Ultimately it's better for fee earners to deal with clients directly, at least initially, because they're the ones with the client relationship. At Alsters Kelley, we give solicitors 14 days to collect cash from clients and after that it's down to our credit control department to do the chasing." But, she adds, whether a firm chases fees through accounts or fee earners, it's important to have input on the process from different departments. Fee earners, for example, should have a say on the wording of letters sent by accounts to remind clients that they have an outstanding debt – ensuring that the firm's relationship with the client is maintained.

Lakhani at ASB Law agrees with Newton and adds that it's important to maintain a dialogue around cash collection in a legal business.

"Sometimes it's a simple case of having a conversation between departments to work out who should be chasing the bill. It might have been a while since the bill was raised, but if a solicitor has an ongoing dialogue with the client and is confident that the client will pay soon, then you may want to follow their judgment," he says.

But good cash-collection practice doesn't rely purely on contacting clients when money is due, it's about engaging clients and informing them of the firm's policies from the outset. Warrilow at Thursfields says clients should be made aware of when the firm expects the bill to be paid when the transaction begins, so they know exactly what to expect and will be more likely to pay sooner.

Another option, according to Charlton, is simply to

1 Avoid creating a situation where you chase debt – have a strong credit control policy and make regular requests for money on account of costs where permissible. If you get this bit right you shouldn't need to worry about points two to five!

2 Agree on a process – it's vital that all areas of the business are happy with the way debt is collected.

3 Visibility – you need meaningful and up-to-date management information that focuses on collection as much as the value and age of your debt.

Remember – turnover is vanity, profit is sanity, but cash is reality.

4 Culture – support and commitment to drive down debt needs to be evident from the top. This is a situation where leaders genuinely need to take the lead.

5 Make it easy for clients to pay – SME firms are less likely to have long opening hours, or open on a Saturday for clients to come into the office and pay their bill. We're in a time where paying by debit/credit card or online is a normal way of doing business and firms need to adapt.

cut fee chasing out of the process and instead rely on collecting fees through account of costs.

"SME practices could significantly benefit by taking money on account of costs, where instead of chasing cash the money is already there in the client account. It's not a practical option for every legal activity, such as personal injury where costs generally have to be collected post-transaction, but that kind of work is mostly done by larger firms." She adds that firms are often resistant to account of costs because they haven't traditionally done it, but it could be the key to creating a more financially-sound firm.

TECH THE MONEY

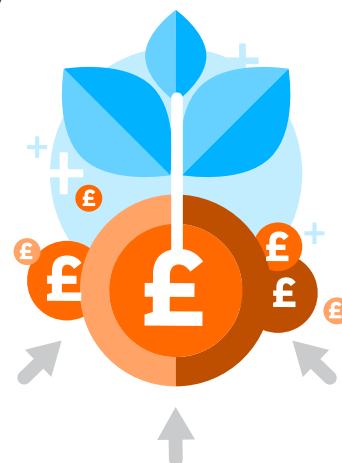
But Charlton at the ILFM says, if firms aren't ready or are unwilling to implement account of costs, they could certainly benefit from streamlining cash collection processes using technology.

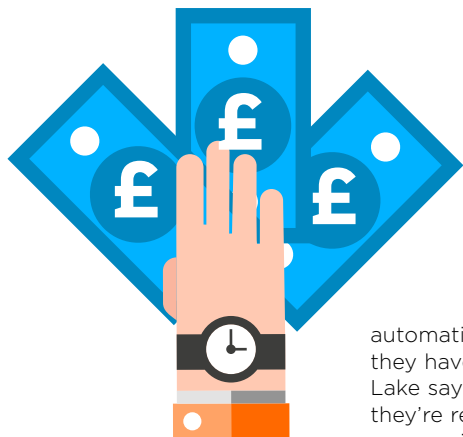
"Finance systems can help firms keep an eye on financial matters, including working capital. If a firm is low on operating capital they can go into the system, find out whether the problem is cash not making it into the business and respond appropriately."

These technologies can also help firms by

“ *Allowing accounts to chase bills brings a commercial approach to the process which can be very beneficial to the business.* **”**

Richard Hill, practice director,
Stepien Lake





automating the process of contacting clients if they have an outstanding debt. Hill at Stepien Lake says: "Clients are more likely to pay if they're reminded that payment is due, and that process is much easier if you have a solution that knows whether a client has paid and sends out automated reminders at regular intervals to those that haven't."

But perhaps the most important service legal tech can provide is making it easier for clients to pay bills. Newton at Alsters Kelley says: "Clients sometimes don't pay on time because they're not sure how or they don't have the time to visit the firm – but if you make it clear and easy for them, they'll be more likely to pay sooner rather than later." She adds that her firm has invested in a system which allows clients to pay securely by debit or credit card online – which has had a positive impact on the firm's cash collection and working capital.

Clearly, law firms that want to maintain a

“ *Clients sometimes don't pay on time because they're not sure how or they don't have the time to visit the firm – but if you make it clear and easy for them, they'll be more likely to pay sooner rather than later.* **”**

Jeanette Newton, finance director,
Alsters Kelley

healthy amount of working capital can do so by making their cash collection processes more efficient. Firms need to ensure that bills are raised in a timely manner and reminders are sent to clients on a regular basis – and both of these can be accomplished by using technology and working out how and when people should be chasing bills. Firms could kill the snake at the head by implementing an account of costs system. But either way, firms need the support of the business, particularly fee earners and decision makers, if they want to implement genuine change. **LPM**

Quiss
Excellence through experience

See us at the
Legal Practice Management
Conference London on 18th May

Providing IT support to law firms across the UK for over 28 years

With a proven track record of shaping technology to help law firms achieve more, we can deliver the service and flexibility practices of any size need to keep pace with the changing IT environment.

Organisations need to look at IT differently and find a range of services that can be fine-tuned to meet their unique needs. Contracts should reflect what the firm needs, not what the service provider wants to sell.

Think it's time to look at your IT differently? Then please get in touch and see how Quiss can help.

TELEPHONE 01827 265000

EMAIL enquiries@quiss.co.uk

www.quiss.co.uk



Day in the life

MATT WISTOW BUSINESS DEVELOPMENT DIRECTOR, TALBOTS LAW

The director of business development at a West Midlands firm on his daily life – procuring clients and country walks



5.30am

My morning routine is pretty standard – after my alarm clock goes off, I jump straight into the shower and then make my way to the kitchen for my usual bowl of Weetabix and cup of tea. I live on the edge of the Cotswolds but work in Talbots Law's Stourbridge branch – so once I'm ready to go I get into the car and drive 60 miles to the office. There isn't much traffic on the road at that time in the morning so the journey only takes an hour – and that goes pretty quickly when I'm listening to Radio 5 live.



8am

Once I've parked the car in my usual space, I walk into the office and have my second cup of tea before sitting down to work on the firm's business development strategy. This involves finding potential new clients and setting up and preparing for meetings with them. I get involved with this process right from the outset – researching the client and making sure the right people are involved (specialist directors or staff with particular fields of expertise). I and the business development team will research the client on the public domain – looking at their website, social media pages, and perhaps even Companies House – to find out as much about them as we can. Once we have the information

we need, we can consider what the client's needs will likely be, how we can help them, and who in our network of contacts could add value to the service.



11am

I don't stop for a lunch break. I'm normally ravenous before midday because I get up so early, so I'll devour the ham and cheese sandwich I made at home before I meet up with clients (usually at their premises) to have an informal chat about their needs and how we might help them in the future – perhaps with a business sales agreement or advice on purchasing a commercial property. A key part of my job is contact strategy, and making sure we keep in regular contact with potential and past clients is a vital part.



2pm

In the early afternoon I start working on the firm's marketing activities. I work closely with our marketing assistant to ensure that the business is delivering a positive and consistent message to the outside world by managing the output from the business's advertising, website, social media pages and marketing campaigns. I also spend time engaging with clients and the local professional community to work out what people think of

us. A key goal for me at the moment is also better connecting the sales and marketing departments, because it's really important for us to leverage the cost and impact of our marketing on potential and current clients.



4pm

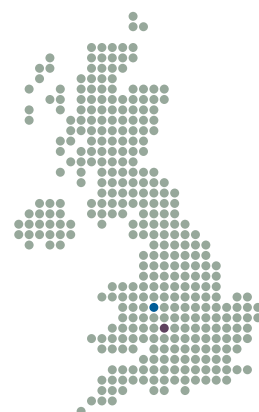
Towards the end of the day I'll travel to a different office, perhaps Kidderminster or Wolverhampton, to sit in on client meetings there. I really enjoy meeting clients and it's important that I attend, firstly to put a face to the business development/sales part of the business, and to make sure that our strategy for each new client has been effective. It's a learning process – so if something doesn't go as expected then we can learn from our mistakes.



6pm

I finish work and then jump in my car for the commute home. I stop at the gym on the way home to do a couple laps of the pool – I'm a very keen swimmer and back in 2012 I took part in a channel relay swim in aid of Diabetes UK. After that I'll drive home and, depending on the weather, eat dinner and watch TV with my wife, go for a walk or sit in the garden with a glass of beer. **LPM**

“ I stop at the gym on the way home to do a couple laps of the pool – in 2012 I took part in a channel relay swim for Diabetes UK. ”



ALL ABOUT

Matt Wistow

Lives in Banbury

Works in Stourbridge

Travels to work by car

Personal interests: Cycling and swimming