

APRIL 2019

SUPPLEMENT INSIDE:  
AUTOMATION DELAY

# LPM

LEGAL PRACTICE MANAGEMENT

EXPERT  
COLUMNISTS  
AND ADVICE  
FROM PRACTICE  
MANAGEMENT

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LPM ASKS

*Sally Mallinson-Ayres  
at SHU Law on being  
backed by a university*

## Legal resurfaces

BRAIN  
TRAINING

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laundering  
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*It's time for law firms to hammer out new  
models of working and innovate - lessons  
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# WELCOME

## About us



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April showers LPM with lots of love and excitement. It's my birth month, Easter break is around the corner and the Earth is warming up for spring. We've also got LPM West in Bristol towards the end of the month, on Wednesday 24, and LPM Practice Excellence Awards submission deadline on Friday 26 at noon. Enter now: [www.lpmmag.co.uk/awards](http://www.lpmmag.co.uk/awards). Everything is kicking off. You may notice some little transformations to LPM itself in this issue.

Give a warm welcome to LPM's new columnist Karen Edwards, practice manager at Hedges Law (p10), as she talks about activities from her firm's recent awayday.

Find out what the LPM conference 2019 roadshow is all about, read some learnings from LPM South in London on p18. And if you like what you hear, come and meet the awesome speakers yourself by joining us at LPM West this month, or LPM North on Wednesday 15 May in Leeds (also where the award winners will be announced!). All you need to know is at: [www.lpmmag.co.uk/conferences](http://www.lpmmag.co.uk/conferences).

Need an anti-money laundering update? Read Aziz Rahman's suggestions for how law firms should approach the directive (p22).

And don't miss out on what SME law firms are missing out on in automation with our inside supplement on page 25. LPM's Jem Sandhu investigates what the blockages and opportunities are.

Kayli Olson, editor  
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# REGULATION RADAR

**T**he Solicitors Regulation Authority (SRA) has confirmed that the new regulatory model will come into effect on 25 November 2019.

It's new handbook published in February 2019 (and updated in March) is shorter and more targeted, and aims to provide solicitors and firms with greater flexibility and make it easier for people to obtain legal support.

The regulator intends to publish guidance on the new rules in the coming months, which will cover areas such as accounts rules, practical application of the SRA principles and which type of firms and individuals need authorising.

Alongside this, from November this year it will be mandatory for all SRA-regulated firms with a website to use the SRA Digital Badge on their sites.

Conveyancing could become the road to infamy from April onwards, as **the Land Registry will begin to publish data requests for information it makes to customers who omit information or fill out erroneous applications.**

Intending to both support government transparency initiatives and further the Land Registry's ambition to, in its words, "become the world's leading land registry for speed, simplicity and an open approach to data," it's intended to discourage errors which create costly delays.

The data will include customer names arranged alphabetically, the number of applications received from each customer, broken down by application types and the number of requests for information raised by the Land Registry.

Hot on the heels of the SRA's regulatory changes, **the Legal Services Board itself published an enforcement report in March, in which it suggested the SRA should extend and review its fining powers.** The report stated that



it would seek 'ongoing assurances' over the inconsistencies between its powers to fine alternative business structures (abs) and traditionally structured firms.

Currently, the SRA can fine a non-ABS up to £2,000 by itself but must seek approval from the Solicitors Disciplinary Tribunal for any greater sums of money. Whereas, for an ABS, the regulator can fine anything up to £250m – as demonstrated recently when the SRA fined FindMyClaims.com an all-time high of £124,436 for misconduct. The ABS was penalised for misconduct in the wake of a postal marketing campaign which sent out over six million letters to the public which made misleading claims. **LPM**

✓ Have you got a story or report for us? Write to [lpm@lpmmag.co.uk](mailto:lpm@lpmmag.co.uk)

## IN NUMBERS

### Unmotivated staff

Over half of the population in the UK state that employers are failing to keep them motivated according to new findings by recruiter Robert Walters and CV-library

Almost

**1/3**

of UK professionals say that their expectations are not being met at all by their current employer

**76%**

of legal professionals placed salary as the most important factor in a job offering

**61%**

of respondents say that work-life balance is crucial to keeping them happy at work

Source: Robert Walters and CV-library research 2019

## WHO DO YOU THINK YOU ARE?

The overwhelming feeling of crippling self-doubt and dread known as imposter syndrome has impacted a whopping 62% of people at work, according to a report by Access Commercial Finance. The survey of over 3000 adults in the UK shows over two-thirds of women (66%) have suffered from imposter syndrome compared to over half of men (56%) within the last 12 months.

The UK industries with the highest percentage of self-doubters are creative arts and design (87%), environment and agriculture (79%), information research and analysis (79%), law (74%), and media and internet (73%).



70% of people experience imposter syndrome at some point in their life



66% of women versus 56% of men



1 in 5 small business owners admit struggling with it



74% of legal professionals report having self-doubt

Source: 2019 analysis by flexible workspace specialists the Instant Group



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## See our Q&A on 'Leveraging your data'

# YOUR VIEW

*With Brexit right around the corner (maybe), LPM asks:*



## “Is your firm prepared/ preparing for work post-Brexit?”



**PETER BYRNE**  
FOUNDER, ESP LAW

I believe we are prepared and in a good place. As a specialist UK employment law advisory firm, we have no cross-border trading issues or changes to plan for. Our focus has been on reviewing any impact on our staff (for example: do we employ any from the EU27?); reviewing our commercial contracts and policies to see if any changes may be needed here; assessing any potential changes to our regulatory position concerning the SRA and FCA; reviewing any financial arrangements and fixing rates/terms rather than relying on variability and any uncertainty linked to variable rates; and reviewing any IP considerations relating to our software propositions. I am currently looking at our key strategic suppliers and assessing whether there is any potential risk to us here and, if there is, planning a move away to alternatives!



**VEMBER MORTLOCK**  
MANAGING DIRECTOR,  
ROYTHORNES SOLICITORS

As a firm with agriculture as one of our core specialist areas, we are preparing for a significant shift in the policy framework within which our land-based clients operate. We're running focused training sessions for advisers on the implications of the policy changes that we expect to result from Brexit, and looking to recruit into this part of the practice to ensure we can deal with likely workloads in the medium term.



## MYTHS OF ONLINE DIVORCE WORK

**1** The online divorce petition is not the one and only application people need to complete in order to dissolve their marriage; an application for Decree Nisi and an application for Decree Absolute must still be completed.

**2** The online system will not resolve the financial claims between spouses that result from the divorce and will not deal with any issues concerning the children, such as who they live and spend time with.

**3** The online system does not bypass the need for the court to be satisfied that the spouse has received the divorce petition, which in some instances may still involve personally serving the respondent with a paper version of the online application.

**4** The respondent is not bound by the online system and can therefore choose to respond to the petition by post, which will cause some delay.

**5** The sealed application sent out by the court is a summary version, about two pages long – significantly shorter than its paper counterpart, which can be at least 14 pages long. As a result, it's not immediately obvious that this two-page summary is indeed the formal petition.

**6** The online application is not a 'no-fault divorce' process and does not guarantee a fast divorce.

**7** As the online system encourages people to complete their own application, it will become more common for clients to approach lawyers with their completed application in hand. In some instances this may save time, but in other instances it might become more common for lawyers to go back and correct any mistakes before progressing matters.

Sahil Aggarwal, specialist in family law, Moore Blatch

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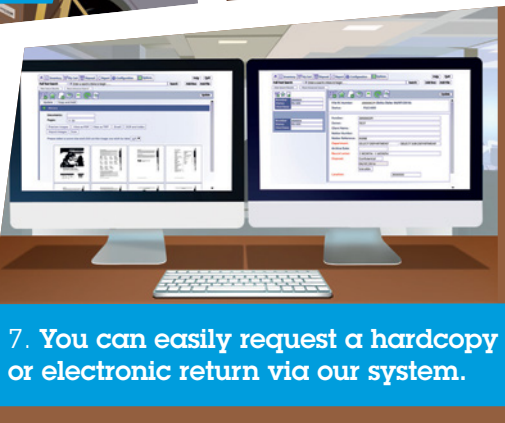


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# UNIVERSITY CHALLENGE

Sally Mallinson-Ayres, solicitor at SHU Law, on the potential promises and challenges faced by the UK's first university-backed law firm that offers legal work experience to students in every year of their degree

**Q** What did it take to set up a law firm within a university?

**A** It's the brainchild of Professor Elizabeth Smart, who is head of law at Sheffield Hallam University. It existed as a law clinic, as part of the Helena Kennedy Centre for International Justice for about 23 years, which I benefitted from when I studied here, but it could only provide advice to clients – it couldn't litigate or undertake reserved legal activities. SHU Law will be able to widen the variety of work that we can give the students. It's taken a few years to set up, as we had to navigate through both the university and Solicitors Regulation Authority (SRA) requirements. We have our own premises that stand separate from the university campus – that was an SRA requirement. The firm is a

limited company, and a wholly owned subsidiary of Sheffield Hallam University. We have a board of directors – to whom Rebecca Draper (head of the commercial department and compliance officer for finance and administration) and I directly report. We also have to map onto the charitable objective of the university, which is to provide education. The university is on hand to provide a service for us, including facilities, human resources and IT, but it has to be governed by an agreement, which was a specific requirement of the SRA.

**Q** What's the vision and benefit for students?

**A** Getting a training contract remains highly competitive, and the more people can demonstrate they've had real-world experience, the more it

sets them apart. Whether the training contract route will still exist in a few years' time remains to be seen. Having a combination of academic and practising staff means that the students have the best of both worlds. Also, lawyers perhaps don't spend enough time thinking about the profession they may be entering – and we can further develop their skills and prepare them mentally. I did the law clinic module myself at SHU – I never felt particularly academically gifted, but being able to work on live client matters, face-to-face, led to me becoming a solicitor. I became a partner at a local law firm at 26, and when recruiting I found that there was a high academic standard, but a lack of practical experience. I felt I could do something to help narrow the gap.

**Q** How does SHU Law go to market?

**A** We work in the field of small claims, personal injury, commercial dispute resolution and recently had an employment lawyer join us. We're a not-for-profit law firm, so we don't charge for our time, but we may have to charge court fees and third-party expenses. We go to market just as anybody else does in terms of our marketing because we front-face as a high-street business. We assist people in small claims court, for instance, where fees are not recoverable, or people whose only option is to act as a litigant-in-person. That's where the students can pick up key legal issues. Local legal professionals and others in education have been extremely welcoming and supportive. **LPM**

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*Actively praising each other and showing deep care and respect helps to cultivate an inspiring environment in which our staff can thrive*

# Take me away

KAREN EDWARDS, PRACTICE MANAGER

The 2019 awards season recently culminated in the Oscars – the biggest night of the year for the film industry. Whether it be the Oscars, the Golden Globes, the BAFTAs or, in fact, any awards ceremony, they all have one thing in common: celebrating being the best. Being brilliant at what you do. This was the theme of our recent annual awayday.

Every year, we close our offices and go offsite for a day of reflection: we celebrate the successes of the past year, share future plans and ideas, and concentrate on having some fun! This year's event opened with our managing director, Nicola Poole, taking us through the past 12 months, giving an overview of our best moments and appreciations. Hedges is a values-led business, guided by the 'why' which lies at the heart of all we do – making the difference. Our 'advice for life' ethos is adopted throughout the firm, shaping our approach of being a lifelong trusted adviser rather than a transactional service provider. Creating an inspiring working environment is one of the key values that also shapes the firm's day-to-day activity.

Another of our core values is 'consciously giving back'. The staff nominate an annual charity, and for the second year running, we're supporting Homeless Oxfordshire. We took the opportunity at the awayday to launch the year's big fundraising initiative, entering a team of 25 people into the 2019 Oxford half-marathon, with a team alongside to support the fundraising and cheering on the day. Our MD also managed to secure the free services of a personal trainer to get us all marathon-ready. If that isn't inspiring, I

don't know what is!

In line with the 'brilliant' theme, we invited along to the day one of the UK's top inspirational speakers, and the author of best-selling book *How To Be Brilliant*, Michael Heppell, to join us at our awayday. It seemed entirely fitting that Michael should take to the stage and inspire our team to be their most brilliant selves; with each staff member being given a copy of his book and their own 'my brilliant plan' notebook, he got everyone buzzing on how to be their best selves.

The finale of the day was Hedges 'goes to Hollywood', with an events company booked to coordinate a commercial filming activity. Five groups, each with a theme, £1000 each of monopoly money and a room full of props. Two hours and a huge amount of laughter later, we held our very own Hedges Oscars, complete with gold statues for the winning teams.

As well as seeking brilliance, we take inspiration from Maya Angelou: "People will forget what you said, people will forget what you did, but people will never forget how you made them feel."

Actively praising each other and showing deep care and respect helps to cultivate an inspiring environment in which our staff can thrive. A thriving team inspires our clients too; loving ourselves helps our clients to love us, they can feel the authenticity of a happy workforce and this leads to the client loyalty which sits at the root of our success.

Our awaydays are an annual event that we would not be without – they are the perfect time to revisit these core values and to thank our employees for being brilliant! **LPM**

## LPM FIRM FACTS

**Hedges Law**

**Revenue: £2.8m**

**Corporate status: Ltd**

**23 fee earners,  
40 total staff**

**Offices: Oxford,  
Wallingford**



Q&amp;A

# Data king

Victor van der Poel, director at Accesspoint Technologies, on how SME law firms can leverage their data in a useful and meaningful way



**Q We talk a lot about data and have plenty of it, but how can we create meaningful reports?**

**A** Before embarking on any business transformation using data, like any other project you must determine what your end-goal is and which business outcome you want to address. This then sets your target (report) or perhaps KPIs to keep your team focused while you plan your attack and ultimate outcome using existing or new proposed technology and internal resources. Those resources should include determining which datasets are most appropriate to work with for the desired outcome. Understanding which data sets you need will help you to uncover where most of the data exists, sometimes in disparate storage locations. Then you must determine how to address consolidating, cleansing, organising and defining it when needed – data consolidation being a key requirement. Interestingly many firms have data sat within their PMS/DMS which is completely underutilised or sometimes never even thought about yet alone ever accessed.

**Q In what ways can we then use this data?**

**A** Successful 'information management' is about defining, developing and introducing. The benefits of having data are obvious but transforming your data into meaningful analytical reports that can provide you with insights to achieve business goals faster and more efficiently can be a real differentiator. Your data can provide

hidden insights to identify trends, problems and help provide alternative ways of working. Moreover, it can make firms more efficient, productive, and even help predict the future market landscape.

**Q What is the best way to format reports?**

**A** Instead of simply pasting a chart from Excel into a PowerPoint deck, consider the formatting and then design an easy to understand graphical mechanic that is people-friendly. Generating this helps to create an important bridge between the business side and IT and will ensure success in the understanding process. Build teams that include members from across the organisation and have them vested in the success of the programme. When business and IT are aligned, together they will understand and address what the firm needs to become more competitive, improve CRM and engage with your clients better, and create new disruptive business models. If a firm wants to improve its effectiveness and efficiency, it is important to manage the performance of employees or processes. To do so, it is essential to measure the performance and report this in a clear, concise, understandable way. Perhaps consider simple traffic light monitoring or something similar that everyone will understand.

**Q How can data provide a competitive advantage?**

**A** Firms collect information from across their business and from

within the sector. This can provide a competitive advantage in terms of seeing where improvements are needed and where trends in fees have increased or decreased. It enables you to identify potential gaps in the market. Data has become a lot more accessible and it can be used by everyone within a firm to increase productivity and enhance decision-making. It's no surprise that data analytics has become an important tool across many firms. By bringing together data from across the business, firms can get real-time insights into finance, sales, marketing, product development, and other processes. If you feel that any of these fields cannot be effectively measured and reported on, then, with an ever-growing choice of options, investigating new technologies will undoubtedly help you achieve better results. Some firms think that they need to gather enormous volumes of data before commencing any data analytical reporting to help generate business insights and improve decision-making. This is merely a myth. **LPM**

**Send Victor your questions:**  
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*The benefits of mobile working are clear; employees can be as productive outside of the office as in it, having secure access to their applications and data at all times*

# Adopting agility

ANDY BEVAN, THE CLOUD EXPERT

Lawyers have often been characterised as rushing from client to court with folders and briefcases overstuffed with paperwork; of course, this is an enormously outdated image. Paperwork is out and mobile devices are in — or at least, not all files need to be carried around in paper form. Times have changed.

As far back as 2016, the American Bar Association reported that almost 100% of lawyers were using mobile computing tools for at least some aspect of law practice, and in its 2018 report, PwC highlighted that over half of the top law firms had adopted mobile applications and online client collaboration tools in some form. In particular, collaboration tools, which allow easy access to centralised information from any device and any location, make information far more accessible and easily shared than more traditional, analogue ways of working.

The benefits of mobile working are clear; employees can be as productive outside of the office as in it, having secure access to their applications and data at all times. Naturally, newer employees now expect the same capability when it comes to a 'connected' working environment: being able to access work information from home on their mobile devices as they do in their personal lives.

However, when adopting these services in a legal environment, data protection and client confidentiality, while maintaining full compliance, is of paramount importance. The caution we often see in law firms is not unwarranted, but there are steps you can take to embrace this agile way of working both securely and confidently.

Before we consider the controls to be implemented, it is essential that you understand your use case and assess the benefits of such working methods to your business, employees and clients against the risks that you'll need to mitigate.

Now you've identified your data, and how you plan to use it, how will you protect it?

Security must always be high on the agenda, and starting with the following measures goes some way to protecting and securing your confidential data from theft or loss as it is accessed from various devices and locations.

- Ensure all laptops are encrypted and require a password to boot up
- Ensure password, pin or fingerprint recognition is enabled for all mobile devices
- Use two-factor authentication to guarantee you know who is connecting
- Implement device management to allow tracking, remote wipe or lock in case of theft or loss
- Use encrypted connections to prevent data leakage over unsecured networks
- Restrict access to removable media such as SD cards or USB sticks
- Keep antivirus services, software and firmware up to date
- Finally, and very importantly, provide your users with the right security education.

While the above measures may seem complex, they are essential to protect your data and ultimately your reputation. Implemented correctly, with the right approach to their deployment, they can enable smarter, efficient, effective working in your practice, rather than preventing it. **LPM**

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*Firms should ensure that their software provider not only integrates with Making Tax Digital but has a roadmap that promises further digitisation too*



# Taxing concerns

ALEX WILLIAMS, THE TECHNOLOGIST

This month, the HMRC's new initiative, Making Tax Digital (MTD), came into play. It's designed to make sure the UK tax system is one of the most advanced in the world, making it effective, efficient and easier for taxpayers. Originally announced in the spring 2015 budget, VAT-registered businesses with a taxable turnover above the VAT threshold, are required to use the new service to store records digitally and use compatible and recognised software to submit their VAT returns.

Using the right software, MTD will make the process of recording and filing tax returns online smoother. The process will be faster and more automated for firms, accountants and the HMRC, saving everyone significant time. In a process that can sometimes be complicated, mistakes can prove costly. MTD will make tax submissions more accurate and provide less room for errors or miscalculations. Ultimately, the end of self-assessment is here and the UK tax system is set to be revolutionised.

With MTD becoming mandatory, it is essential for businesses to find a software that is compliant with the HMRC's regulations. A list of all approved VAT-compatible software products can be found on its website. Although firms must be confident that they're using software

that complies with MTD, the initiative isn't just about complying with government guidelines. It is also a way for firms to elevate how they currently work and gain better control of their processes.

Firms should ensure that their software provider not only integrates with MTD but has a roadmap that promises further digitisation too. Whether this is the direction a business is taking right now or not, it is essential for them to be future-proofing the technology they use because the (not so distant) future is evidentially digital. If, by 2020, all businesses are expected to manage their tax affairs online, should they not start moving towards a fully digitised model?

The HMRC will essentially be 'forcing' businesses to enter the digital age, bringing many benefits to firms and their employees. If a law firm is to survive and stay competitive, it needs a case management system that will continuously improve to keep up with trends, as well as new rules and regulations. Tikit always responds quickly to consumer and industry changes. The latest and greatest integrations and functionalities are continually available to all our clients, including HMRC's MTD, which is available in the latest version of the software at no extra charge. **LPM**

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*Many law firms are still struggling to take the next step on their digital transformation journey, unable to decide whether public, private or hybrid works best, what the costs are and where the true value is*



# Cloud conundrum

NICK HAYNE, THE DATA MASTER

In spite of the promises made and soaring adoption rates, many organisations find the cloud computing results fail to match the hype, with still more believing only some of the expected benefits are being delivered. But where does the fault lie? Over-promising, under-delivering, or a strange mix of the two, exacerbated by a poor choice of cloud partner at the outset?

Are we now in a situation where we have too many cloud choices? Decision fatigue may well be hindering the cloud strategy of law firms, which are faced with an ever-growing list of options.

Cloud adoption was driven by developers seeking greater flexibility and convenience – overloading firms' systems with different and often conflicting options creates the perception that public cloud providers such as AWS are too complicated to allow a simple decision. Procrastination sets in.

The Azure cloud allows customers to pick thousands of different combinations of cloud services, with AWS adding more every week as it scales up.

Buyers are now faced with huge numbers of public, private and hybrid cloud providers, all claiming theirs is the right choice for the modern law firm.

There's a compelling argument for moving to the cloud, with the fact that every client can achieve the exact cloud they need. But could this almost endless choice be our downfall?

Many law firms are still struggling to take the next step on their digital transformation journey, unable to decide whether public, private or hybrid works best, what the costs are and where

the true value is.

The biggest question to be answered is: 'Will my business applications work correctly?'

Do you risk one cloud route, when another provider might include more services in six months' time, or do you wait just a little longer? Maybe you can't decide between public, private or hybrid because different departments want different things.

This is choice overload, a cognitive process where people find it difficult to make a decision when faced with too many options. Deciding becomes overwhelming owing to the many risks and potential outcomes that could result from making the wrong choice.

Having too many options that appear equally good makes the decision process mentally draining for the chooser, because each option must be weighed against similar alternatives to select the best one.

Are we, as cloud providers, delivering too much choice and not offering advice that aids the decision?

Constantly offering bespoke solutions and an endless range of options might actually be impeding a client's ability to make the right decision about digital transformation and their cloud strategy.

I think we in the industry need to recognise that our clients are not cloud experts and will rely on us to deliver what is best for the business, not what is the latest industry trend.

Listening, understanding and delivering solutions that add real value, supplemented occasionally with some 'wow' moments, should be the components that underpin the right choice. **LPM**



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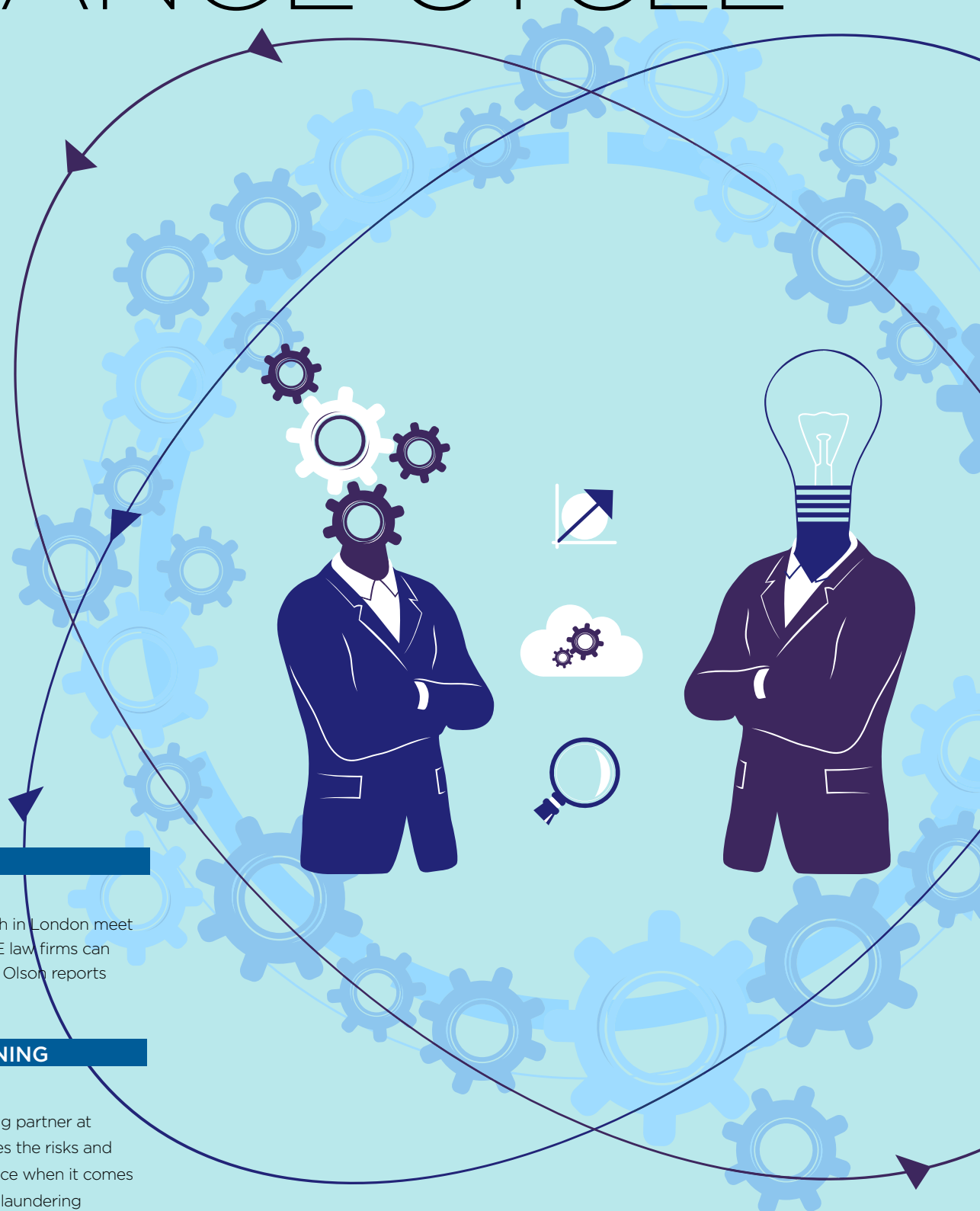
# CHANGE CYCLE

**18 FEATURE****Legal practises**

Delegates at LPM South in London meet up to find out how SME law firms can disrupt and grow. Kayli Olson reports

**22 BRAIN TRAINING****Try clean**

**Aziz Rahman**, managing partner at **Rahman Ravelli**, outlines the risks and obligations law firms face when it comes to tackling anti-money laundering compliance





# Legal practises

It can be difficult for SME law firms to put in place new working models, policies and technology. The LPM South conference 2019 in London explored key areas for SMEs to sink their teeth into. Kayli Olson reports

**H**ow can SME law firms disrupt and grow their own businesses? We discussed this and more at LPM South in London on Thursday 7 February 2019. It was the biggest event LPM has ever held – we quickly outgrew our new nesting ground at the Royal Society.

And, by the way, another LPM first, we were proud to officially announce the LPM Practice Excellence Awards 2019 with our friends at the Institute of Legal Finance and Management. The deadline of 26 April fast approaches! Enter now, for free: [www.lpmmag.co.uk/awards](http://www.lpmmag.co.uk/awards).

If it wasn't immediately apparent to the SME market that it's time to change course, modernise and revisit its practice and delivery, it certainly came across by the end of the day.

But we weren't just shouting from the rooftops 'my firm is better, more advanced, capable and cheaper than your firm' – it was a day of practicalities. How can your firm put into practice the technology, people, policies and model needed to succeed in the market today, and in the future?

It's time to move past empty conversations about robot lawyers and into game-changing initiatives for your firm. You know, the ones that will really

make a difference: how to manage your cashflow, review your customer service, change your business model and disrupt yourselves.

To start off the day, Vanessa Ugatti, author of *True Worth: How to Charge What You're Worth and Get It*, discussed her magic formula. At its core: understanding yourself and your clients. Firms must appreciate the value they provide, from a client perspective, and find the pain points – this will enable the firm to bring more buck for the bang.

"Your clients will only really value you when you value yourself," said Ugatti.

Legal professionals are historically terrible at charging the client for what the work is worth, she said. It may be a simple statement but until the firm investigates what it could truly be charging, you never know what you might be missing out on.

She said the path to generating more revenue ethically, without having to get more clients, do more work or compromise on value, starts by investigating three key aspects of the firm (or fee earners): your expertise, the client's needs/perception, and your general self-worth.

And, she stressed that charging more or charging more regularly won't necessarily put clients off your work. She said you'd be surprised, but the client will





From left to right: Happy LPM South delegates; Kayli Olson, editor of LPM; Simon Goldhill, founder and director of strategy at Metamorph Law; Andrew Roberts, managing director at Ampersand legal and chair at the Association of Law Firm Merger Advisers; Vanessa Ugatti, author of True Worth: How to Charge What You're Worth and Get It.



appreciate that they're paying for quality and expertise.

This definitely comes as a challenge in a world where clients are increasingly asking more for less, or so the legal market might assume. Ugatti argued that firms don't have to compromise on charging what they're worth, and shouldn't – clients will see the value and pay it. But of course, client might have something to say about that ...

Another part of the journey to better value is about gaining trust. Bernard Savage, director at consultancy Tenandahalf, added that you have to empower staff to make decisions that can gain the client's trust. "Appearances matter; your brand is not just stationery and logos. It's all about the client experience and 'service' in the fullest sense of the word."

### SER-VICE AND VIRTUE

It's been said time and again, but the legal sector can really learn from the behaviours of businesses outside of the sector. By comparison, retail is leading the way. They're right on trend and know how to direct and satisfy their clients. Of course this is a sweeping generalisation ... but when compared to the legal sector, where – in the SME market in particular – clients generally seek out advice or representation when something bad has

happened, it's hard to argue with the retailers.

But don't be in a stew; Savage brought forth some key lessons the retail sector has to offer. What SME law firms should really understand is that retailers take client research seriously.

Of course it may be hard for the legal market to get started on their own client research in the same way – as many lawyers would feel uneasy 'bothering' clients for their feedback and thoughts.

And a big step in understanding the client isn't just knowing who they are but following in their footsteps, in their experience – leaders in retail often visit stores to better understand their clients' experience. There are obviously some lessons to be learned from this.

If legal professionals take a step back and walk through their firm's delivery by looking at it through the lens of a client, a lot may be revealed. How would someone navigate your website? Can they find all of the information they need to make a decision? Who picks up the phone and how is it directed? What does the onboarding process look like, not just in terms of steps but waiting time and confirmation? How will they get updated on the matter – do they have to wait for you to call or can they log into a portal? How long does it take for them to get an answer to a question via email? How do they make a payment?

The real competitive edge will come from service delivery. The reference point for your firm is not other law firms but the wider retail market – for both private and corporate clients' expectations, as ultimately everyone is a consumer. And more and more consumer behaviours are finding their way to business-to-business relationships.

But also, retailers know how to invest in product development to innovate, Savage said. Parallels to the SME legal market may be a little thin as this is



*Appearances matter; your brand is not just stationery and logos. It's all about the client experience and 'service' in the fullest sense of the word*

Bernard Savage, director, Tenandahalf





more easily applied to big law innovation, however there is a lesson to be learned here as well. Those that fail to invest in technology to improve service efficiency and delivery will quickly be left in the dust.

So, Savage's top three takeaways: invest in independent client service reviews, make a good first impression (tidy up your reception), and train staff in brilliant client service.

He adds three questions to take back to your firm and build on: are your firm's values congruent with your clients' experience? Are your clients' experiences consistent? Does client service match legal expertise?

## MODELS, MILLENNIALS AND MAYHEM

Behaviours aren't just changing in the consumer market – in legal, the death of the traditional partnership continues to make strides. The Solicitors Regulation Authority (SRA) view of the market shows that, as of December 2018, 46% of regulated law firms are incorporated versus the 17% in July 2010.

The traditional partnership model is on the decline from 33% in 2010 to 16% in 2018. LLPs make a slight rise from 11% to 15%. Interestingly, sole practitioners fall from 37% to 23%. And another thing, there are still over 10,000 solicitors' firms, with no significant changes to population of law firms since 2007, according to SRA data.

Mergers, consolidation and new entrants – the cycle continues and only those adept and adaptable enough to change with it will continue to grow successfully in the future. This, along with alternative avenues for funding and growth, was discussed during one of our session streams on a panel with none other than yours truly, editor of LPM. I was joined by Simon Goldhill, founder and director of strategy at Metamorph Law, and Andrew Roberts, managing director at Ampersand legal and chair at

the Association of Law Firm Merger Advisers.

We talked models in the market, why they're changing, why they should or shouldn't and the ups and downs.

There are certainly generational differences in the mix in law firms today – younger lawyers don't necessarily want the responsibility of owning the firm, perhaps owing to perceived limitations imposed by pursuing a traditional partnership route. The career ladder has changed, and so must the model it's running up.

This was echoed in the afternoon panel about the workforce, led by Sara Duxbury, business psychologist at Carter Corson, with panellists F-LEX CEO Mary Bonsor, bookings assistant Henry Coates, and Alexis Lane, partner and employment solicitor at The Head Partnership.

And sorry to burst your bubble, but millennials aren't the focus anymore – they already make up a large chunk of the workforce. Businesses now have to deal with vast generational differences and behaviours – integrating those successfully while at the same time moving the firm forward. But also, they must think about the new, younger recruits and trainees coming through.

Back in Savage's session, he mentioned that there's an important role for IT to play in creating a common culture across a dispersed workforce.

Up-to-date technology can certainly aid a law firm's journey to enable its workforce to work in a way that suits them. But the future of work is not just working from home but how people work, the panel discussed. People want the flexibility to move around in a practice, try different areas of law and so on, said Coates.

And career for life is dead. The panel examined how the younger generations have a strong entrepreneurial spirit and more people want diversity in their work life.

Lucy Palmer, chartered MCIPD and director of HR at Stephens Scown, talked 'Scownership' – the firm's

From left to right: Mary Bonsor, CEO at F-LEX; Henry Coates, bookings assistant at F-LEX; Alexis Lane, partner and employment solicitor at The Head Partnership; Gary Gallen, founder and CEO at rradar; Bernard Savage, director at Tenandahalf



phrase for the shared ownership model it implemented back in 2016.

Still think your business isn't right for a model shake up? This firm has ranked in the Sunday Times' 100 best companies to work for list for four consecutive years since 2015.

Palmer said the decision to creating a shared ownership model has been hugely beneficial for attraction and retention of talent and motivating staff. Stephens Scown has seen higher levels of staff engagement and wellbeing but also quality of work and improvement to client service. Happy staff equals happy clients, after all.

All of the teachings from the day can be wrapped up nicely into themes from an earlier session by Gary Gallen, founder and CEO at rradar.

He talked about his firm's beginnings, a new entrant in the market doing different things – pulling in lessons from retail, offering better working environments for staff and clients to feel welcome, using cutting-edge technology, and all that jazz.

But this isn't fluff – it's real change, it's really happening, and it's making a dent in the legal market. Obviously, it's easier to try something different when you work from a clean slate, and not many firms get that opportunity.

The older the firm, the harder it is to change. But Gallen said there are ways for traditional firms to make a difference to how they operate as well, and therefore the client.

Grasp opportunity in the market – whether that's a conversation with someone outside the firm, an idea from a junior lawyer or member of staff. No matter how small, he said, it's important that you try.

Don't hate it until you try it. And you never know what might come of it.

*Want more insight from the day? You can still join us at LPM West in Bristol on Wednesday 24 April, or LPM North in Leeds on Wednesday 15 May. Find out more and book now by visiting [www.lpmmag.co.uk/](http://www.lpmmag.co.uk/) conference. Hope to see you there! **LPM***

## CASHFLOW WIZARD

Three top tips for managing cashflow by Tim Nash, CEO at Edwin Coe

**1 Create a cashflow.** You will need one of these to provide the forward-looking framework against which you can measure whether you have done better, or worse, than expected.

The benefits of such a model are many. Each month, you will miss targets for some reason. It is by analysing the reason and adapting the model in response that the model improves and provides more certainty. There may be a cost that was not expected, or an assumption in the model that turned out to be incorrect – either way, adjusting for them makes the model more reliable and improves your knowledge of your firm.

**2 Bill early and ensure there is focus on collection.** The best time to bill is at the time the client is most willing to pay. Ask yourself when that might be. For a transaction involving a single bill, it is likely to be at the moment the work crystallises. Then push firmly for quick collection, 'while the tears of gratitude are still in their eyes', or at least an appreciation of the work you performed for them. For ongoing work, a monthly invoice must be the right approach; it also has the benefit of needing a lower level of authorisation at any corporate clients.

Making cash the centrepiece of reporting makes a clear statement that it is a primary measure. All billing does is convert WIP into a document shared with your client. The firm only finally benefits when the client chooses to act on that document and send the money over.

**3 Win more work!** Generating more work is a fantastic way of boosting cashflow.

Extra work is great for getting the firm buzzing. It does need to be managed carefully though, to ensure it is profitable work, and that it is work that fits the specialisms of the firm. An interesting reporting and management challenge.



# Try clean



Aziz Rahman, managing partner at business crime specialist Rahman Ravelli, outlines the risks and obligations law firms face regarding money laundering, and how they should be addressed

**A**uthorities are taking a closer look than ever before in the potential for money laundering. For reasons that I'll outline in this article, there's a clear need for law firms to have anti-money laundering procedures in place that are fit for purpose and not merely a box-ticking exercise. Poor, inadequate prevention procedures will never prevent a prosecution for money laundering.

Law firms are in a position of huge responsibility. But it may be that not everyone is fully up to speed with either the potential for money laundering in a law firm, the legal obligations such firms have to prevent it, or how they should go about preventing it.

So, let's start with the law part. Money laundering is the disguising of the origins of money that is the proceeds of crime. A person can launder their own criminal proceeds or have it done for them by another person. Both of these are offences in the UK under the Proceeds of Crime Act 2002 (POCA). Money laundering carries a maximum sentence of 14 years under POCA.

## LEGAL OBLIGATIONS

Law firms (and certain other organisations) have legal obligations under the fourth European Anti-Money Laundering Directive (4MLD), which came into force in 2017.

Without going into 4MLD in all its detail, the directive requires customer due diligence to be carried out on anyone – such as a client trading goods in cash with a value over €10,000. The directive also requires each law firm to have written anti-money laundering risk assessments, policies and procedures and the means of testing their effectiveness. The precise nature of these requirements may vary, depending on the size of the firm.

But each firm has to be able to:

- Demonstrate and produce documentation that risk assessments are being conducted and are up to date
- Produce its written money laundering policies and procedures

- Use internal audit teams to test its controls and procedures
- Train staff in how to conduct due diligence checks on clients and carry out ongoing monitoring.

4MLD removes law firms' automatic ability to apply simplified due-diligence checks on clients in certain circumstances, demands greater scrutiny of people and organisations from high-risk countries and requires increased transparency on beneficial ownership.

Complying with it means having, as I mentioned before, procedures that are fit for purpose. So, what needs to be done to ensure your procedures are fit for purpose?

## DEVISING PROCEDURES

Money laundering is not such a black-and-white matter that a definitive checklist can be drawn up of tell-tale signs. But indicators of it can include a vagueness or reluctance to talk about the people and amounts involved in a transaction, strange conditions being insisted upon (especially regarding the movement of money or cash-only deals) and a company or individual being asked to be involved in a deal without any clear explanation as to why.

Preventative procedures have to recognise all the potential ways that a law firm could be at risk of money laundering – and then design out that risk. Assistance in devising appropriate procedures is available from compliance experts if a firm feels it lacks the time or expertise to create them in-house. Recognising the risk is an inadequate response if it is not followed up with the introduction of proper procedures. And the introduction of procedures can be worthless if they are not fit for purpose or not subject to ongoing review.

Procedures must be the result of identifying every possibility of money laundering finding its way into your firm. They must be devised in a way that tackles that risk, and implemented in a way that ensures they respond to any increases or changes in the risk. Procedures should be tailored to the risk.

All procedures must include:





#### LPM FIRM FACTS

**Rahman Ravelli**

**Revenue: undisclosed**

**Corporate status: LLP**

**Offices: London, Birmingham, Halifax**

- **Scrutiny:** Any current or potential client should be subject to checks regarding identity, background and trading history. If someone expresses an interest in moving money, their reasons for doing so should be analysed carefully.
- **Research:** Know who is involved in any transaction that involves the firm and/or one of its clients. Find out who the real beneficiaries or investors are, determine the precise relationships between all funds and parties and the exact reason for the transaction.
- **Transparency:** Procedures need to ensure that all business is conducted openly, with no aspects of a deal being conducted without a number of people in the company knowing all the details.
- **Investigation:** There has to be a recognised way for anyone to report concerns – and for those concerns to be investigated properly.
- **Limits:** Rules can be introduced that can limit the scope for laundering. No-cash policies on certain transactions, restrictions on use of company bank accounts and deadlines for financial records being updated can all deter and prevent laundering.
- **Education:** Staff need to be made aware of the potential problems and trained, where necessary, so they know their legal obligations to report any suspicions.



*Money laundering is not such a black-and-white matter that a definitive checklist can be drawn up of tell-tale signs*

The issues outlined here are only for general guidance. It is important to note that if your firm is covered by the money laundering regulations (as many law firms are) you are under a legal obligation to try to identify any activity linked to money laundering and notify the National Crime Agency (NCA) by sending it a Suspicious Activity Report (SAR). You must also appoint a nominated officer who should be notified whenever someone within the company has a suspicion about money laundering.

The regulations are worth an article in their own right. But what has to be remembered is that money laundering can be a complex process. It often has to be, in order to go undetected. But law firms must take the right steps to ensure that the possibility of it going undetected is minimised. **LPM**



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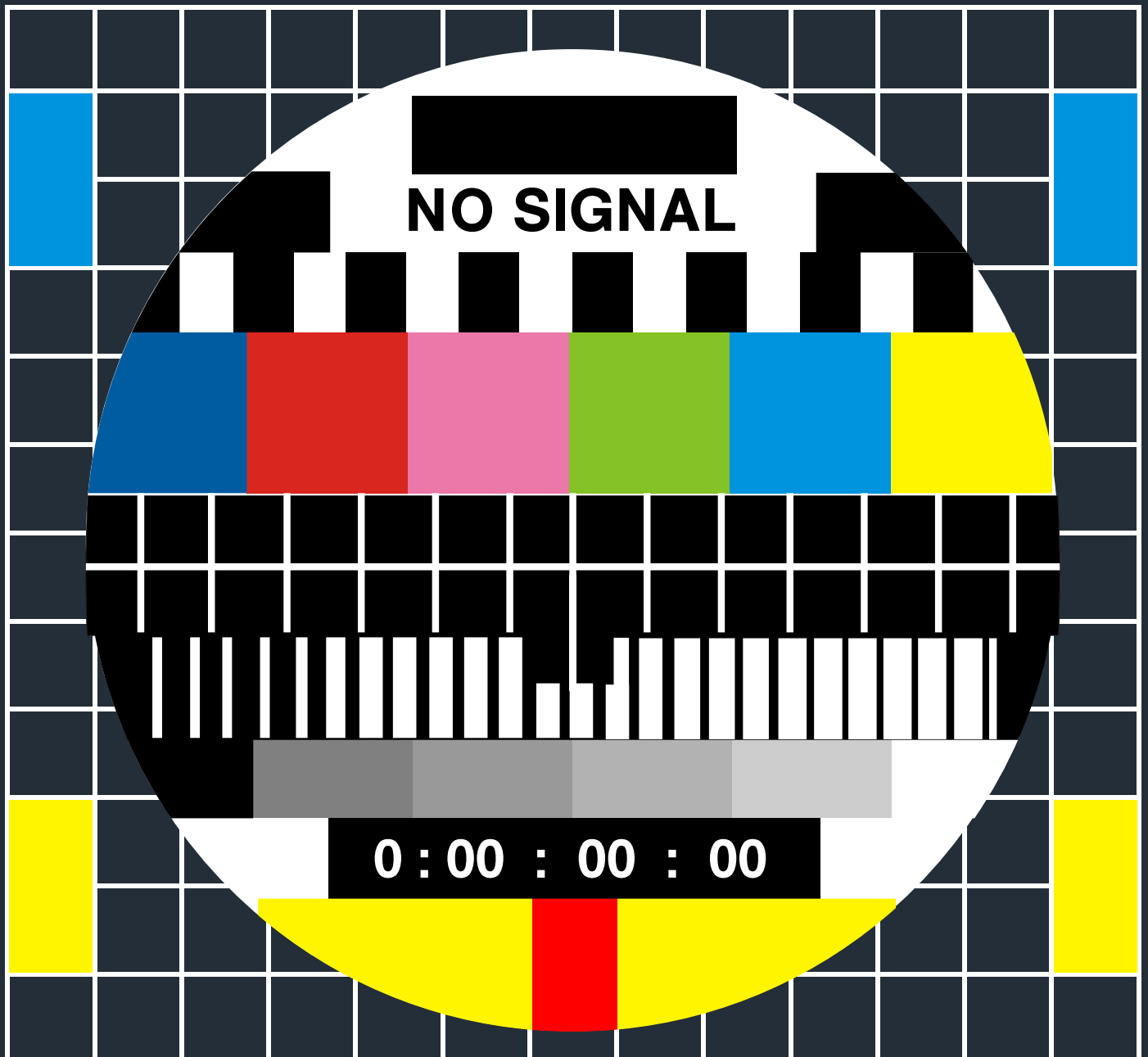
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# AUTOMATION DELAY

*When will it be time for SME law firms to turn on  
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# Automate it or break it

The chatter around automation has shifted from process efficiencies to how automation can help law firms innovate legal services for their clients. Yet many SME firms are not even able to implement basic process automation. Jem Sandhu reports

This started out as a story on process improvement: how law firms are using automation not just for efficiency, but to streamline and enhance their interactions with clients – perhaps even provide them with entirely new services. After all, aren't client portals supposed to be the next big thing?

But it became increasingly clear that many SME firms have not even made it out of the starting gate when it comes to automation. This isn't really a surprise; the LPM Legal IT landscapes 2019 report found that SME firms said about 36% of their work is currently automated, however 68% could be automated with technologies currently on the market.

"I don't think that smaller firms are less interested in technology or process improvement," says Lee Kirby, practice director at Grosvenor Law.

So, why the gap? Although expense is a key consideration, when it comes to deciding whether to proceed with automation, cost is balanced against a number of factors.

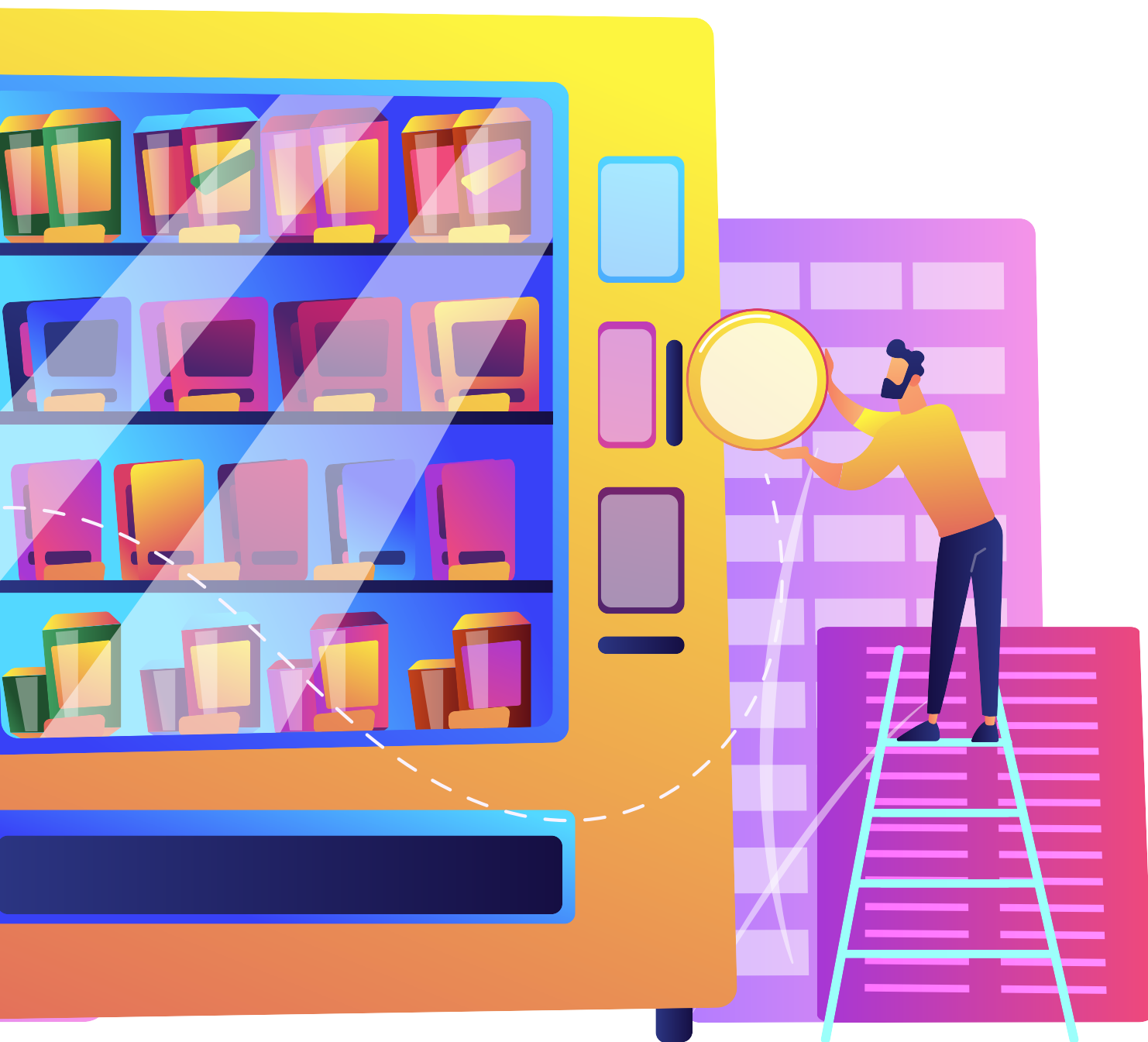
## NOTHING TO AUTOMATE?

It's possible for a small firm to operate successfully without automating work in their practice areas, particularly if it does niche work. Grosvenor Law is a boutique corporate law firm.

"We don't do work like conveyancing, which lends itself more easily to automation since each transaction follows a similar path. We focus purely on litigation and the majority of our workload is unique to each client," says Kirby.

But there may be more scope for automation than an SME thinks. Jamie Abrahams, IT and operations director at Harold Benjamin Solicitors, says: "Many people think that there are no similarities from case to case. However, they're not producing bespoke works of art every time." When he sits down with lawyers to model out the data, eventually they will say, 'yes, I do have to write that down four or five times.'

Outside of practice areas, there's a broad agreement that risk and compliance, administration and operations, and finance are particularly



amenable to automation – with the £1m–7.5m turnover band seeing the most benefit in finance. Even so, Abrahams has heard of IT people coming cap-in-hand when it comes to requesting money to invest in finance automation.

“Firms in this band might benefit the most, but whether the firm has the foresight to invest in it is another matter,” he says.

Another reason for non-automation in business and support services, though it is unclear what percentage of SMEs this applies too, is that an SME might be outsourcing some of these functions. This is the case for Grosvenor Law.

Kirby says: “We don’t have secretaries. We have very limited administrative staff, made up of a finance manager, an office manager, and me. So we outsource functions such as IT and telephone service.”

Even if a law firm chooses to automate work, there must be enough of it. Kirby adds that if you don’t have that many payments, there’s no point in automating to a high degree.



*Larger organisations have IT departments and critical analysis departments who can tell them what will work and what won’t*

Paul Leggett, practice director, Curry Popeck

Trevor Dyer is practice director at Moorcrofts. The firm is not heavily automated, but Dyer has in the past worked for a larger firm.

"The software and programmers were expensive, but the firm did large volumes of transactions that easily lent themselves to automation. An SME would find it difficult to afford such an outlay before getting a return."

## LACK OF RESOURCES

Paul Leggett, practice director at Curry Popeck, sees lack of resources as the main reason that automation stalls for SME firms. The story of how his firm attempted to implement automation, only to find that the systems just didn't work, is not so much a cautionary tale for small firms as it is a potentially demoralising one – because it's precisely smaller firms who lack the resources to predict such failure.

"Larger organisations have IT departments and critical analysis departments who can tell them what will work and what won't."

Leggett highlights another development issue – once the firm put the system in place, its supplier changed the way it interrogated the databases to create its own reports. It was then told that it needed to know how to code in order to retrieve the data it wanted. On another occasion the supplier just withdrew a product that the firm needed.

Steven Lilly, IT director at Your Conveyancer, offers some sound advice: "A technical solution requires the right technical resource."

His firm's IT department, composed of Lilly, four developers, and a systems administrator, is big compared with that of other similar-sized firms. His advice for firms who don't have this resource? Partner with a datacentre. "All of our critical data is outsourced to a datacentre. Most firms would outsource all of their IT to the datacentre, however, all of our calls are dealt with by the in-house IT team before they get logged with the datacentre."

It's not just the costs around resources and the initial implementation that play a part. Leggett at Curry Popeck says that, even if the automation is successfully implemented, it needs to be maintained and looked after.

"There's a constant need to refresh and train. We don't have training departments. I read through the release notes and draw people's attention to important points. Vendors promise that their systems will integrate with all Microsoft products, for example, but Microsoft evolves quicker than they anticipate and they can't keep up."

Abrahams at Harold Benjamin says that firms are overwhelmed with all the automation systems that are available but aren't prepared to pay the asking rate for an IT consultant. He recalls a remark he overheard recently: "If you think you are worth £250



*Our corporate clients want our partner-led, personal approach. They don't want online forms to complete. They want commercial advice delivered by us, and they will pay for that*

Trevor Dyer, practice director, Moorcrofts

per hour, then why is an IT person not worth that?"

Still, the risk of an automation project not working out is riskier for small firms. Curry Popeck ended up having to litigate to recover some of its money. Leggett says: "Moving from one system to another and transferring data takes a very long time. And if it doesn't work, you will need to do it again with another supplier, who might be more expensive and have similar problems."

But Abrahams is optimistic that limited resources don't necessarily have to stop a firm from implementing automation. "Something like a pay-as-you-go solution doesn't require an investment. Also, you can get simple solutions for risk management, such as Lawyer Checker, and others which check for money laundering. You can scale down some of that stuff."

He also feels that too much automation might not be necessary as some small firms run well just on process management.

With the benefit of hindsight, Leggett at Curry Popeck feels his firm shouldn't have taken all the products the supplier offered – particularly in light of the fact that the firm was assured that the systems would work perfectly.

"We wanted a practice management system that integrated all aspects of our work – processes, workflows, document production, marketing, a client portal, accounts, time recording, integration with MS Office.

"By linking all these functions, including third party add-ons, we were promised considerable efficiency savings, which just didn't materialise because it turned out that their software was underdeveloped. When I talked to other firms, nobody took on everything they offered and consequently they had fewer problems."

## DEFINING SUCCESS

Much of the talk around automation innovation focuses on the potential benefits for clients. Yet, some firms avoid automation because their clients prefer it that way. This, according to Dyer, is the case for Moorcrofts.

"Our corporate clients want our partner-led, personal approach. They don't want online forms to complete. They want commercial advice delivered by us, and they will pay for that."

### LPM FIRM FACTS

**Curry Popeck**

**Revenue: £2m**

**Corporate status: Partnership**

**10 fee earners (incl consultants),  
19 total staff**

**Offices: Harrow, London**

### LPM FIRM FACTS

**Grosvenor Law**

**Revenue: undisclosed**

**Corporate status: Ltd**

**15 fee earners,  
23 total staff**

**Offices: Mayfair, London**

### LPM FIRM FACTS

**Moorcrofts**

**Revenue: £3.3m**

**Corporate status: LLP**

**22 fee earners,  
35 total staff**

**Offices: Marlow, London**



### LPM FIRM FACTS

**Harold Benjamin**

**Revenue: £8m**

**Corporate status: Ltd**

**50 fee earners,  
85 total staff**

**Offices: London, Harrow**

### LPM FIRM FACTS

**Your Conveyancer**

**Revenue: undisclosed**

**Corporate status: Ltd**

**32 fee earners,  
100 total staff**

**Office: Dunfermline**

It's not because the clients fear innovation – they are mostly 'serious' tech companies – relationships that Dyer doesn't want to put at risk. He says: "They see us as an extension of their in-house legal teams. While they are looking for some automation built into their sales and contract drafting procedures, that's about as far as they want us to go."

It's not all bad news for firms wanting to automate – at least not if you possess the magic combo of conveyancing plus high volumes. Your Conveyancer finds itself in this happy position. The extent of its automation is vast, and includes the receipt and processing of case-creation instructions. Automating documentation receipt, in particular, was a big change.

"It used to take up to two weeks to get information back from the borrower. With a web-based form, it takes a few hours," says Lilly.

The benefits went beyond efficiencies. Risk of error was also reduced. With scanning, for example, the firm automated the file transfer process in the case management system, but, he adds, the system will also schedule tasks for certain scanned items.

The firm is now looking ahead to automating property registration (again, anticipating a double benefit of efficiency and risk mitigation). "Fee earners currently take 15 minutes to key information into a register's website. With the integration with land registries, it will take seconds."

The notoriously clunky process of client onboarding also lends itself to automation, says Kirby at Grosvenor Law.

"You're trying to get your 'know your customer' from the client to send out a retainer letter. And you're unable to progress the matter in the finance and practice management systems. The lawyers can't open documents because the matter's not open yet because the client has not signed the retainer."

Abrahams at Harold Benjamin is currently looking at automated methods of client onboarding, and is also keen on the risk management aspect.

"We're finding the onboarding process difficult with the regulatory environment at the moment. How do we get clients past the regulatory gateways to get the transaction running as quickly as possible?"

Regulatory and compliance requirements in general can benefit from automation. Abrahams' firm uses a lot of automated reporting and alerting processes to keep on top of compliance requirements.

He says: "It's the biggest headache I've had to deal with. It's not fee-generating, but it is fee-limiting."

And with GDPR in full force, Lilly at Your Conveyancer says: "Automation can help us mitigate human error leading to security breaches. With a data feed, we can save data and documents

to the correct file using unique references."

### BEYOND EFFICIENCIES

Obviously, clients are largely unaware of how efficiently their documents are created, or how their firm's billing process work, but automating internal processes can improve quality of service and client relations. Lilly says lawyers will have more time to spend with clients, or on the legal aspects of the case. Also, customers and borrowers can get regular updates.

But firms that already use fully automated solutions can gain a competitive edge – building upon such solutions to offer client-focused services and products. Take client portals, for example, which placed high in terms of competitiveness and efficiency in the LPM legal IT landscapes 2019 report.

Client portals were another important item on Leggett's wishlist. The hope was that, when clients signed into the portal, the system would show them information relevant to their case – for example, a mortgage offer had come in, or searches had been received. He says this would have allowed efficiency, cheaper rates, and the ability to take on more work.

But views are mixed. Despite technology such as client portals and deal rooms being "all the rage at the moment," Abrahams at Harold Benjamin cautions against using them just for the sake of it.

"Someone sent me 16 documents recently on HighQ. They could easily have been sent by email."

He expresses similar reservations about client portals. "Whose systems do you use? It can be divisive. Most of my clients don't want to log on in the middle of the night and see what we're doing. They expect to be able to call and talk to someone."

However, firms can also use their automated systems in creative ways in order to generate income. An exciting possibility, Abrahams says, is that fully automated systems can alert you to what you need to deal with next. With key date management, his firm aims to provide a post-transaction service to clients.

"We can tell our client that their lease needs attention in the next year and, depending on the outcome of the negotiation with the landlord, we let them know which of our different skillsets they will need."

With options swimming around the market, from client portals, to better risk management, generation of more income and more, is there a growing 'innovation gap' between SMEs who are able to realise these benefits and those that can't even get a system implemented?

Abrahams says that there's definitely a gap. "I see too many people who can't get past the investment point."

Will small firms heed his advice to bring in outside help? Perhaps they will soon have no choice if they want to remain competitive. **LPM**

# AUTOMATION LAGGING?

Kirsten Maslen, head of small law and academic at Thomson Reuters Legal Professionals, Europe, offers some advice for firms that love the idea of that jazzy new automation tool, but simply don't know where or how to start, or whether they even should

Most SME firms are eager to automate – the commercial benefits are clear. Yet only 36% of firms have actually managed to do so, according to the LPM Legal IT landscapes 2019 report. Any informed decision around whether or not to automate requires dispelling the myths surrounding automation.

Kirsten Maslen, head of small law and academic at Thomson Reuters, works with SME firms to help them with Thomson Reuters' legal products, including Contract Express. She says: "There are a lot of misunderstandings that automation is about replacing lawyers or taking away their ability to exercise judgement."

The reality is that automation mostly threatens the humdrum work, she adds. "It's a tool to help speed up processes. To get through the administration-heavy side of the law. It's also a risk-management tool for lawyers to make sure that they haven't missed anything."

Some firms might not even realise that they already use automation. "I speak to people who say that automation is not for them, yet they are using Fast Draft from Practical Law to create documents quickly. The next step is to automate their own documents and embed their own knowledge in the drafting process more easily."

## THE LOOKING GLASS

The first thing to do before deciding on an automation solution is to be clear about the expected benefits. This means analysing which processes and documents would benefit from efficiency – an exercise which takes a significant investment of time and, for the firms Maslen speaks with, constitutes one of the biggest barriers to adoption.

She offers some guidance: "Typically, it's document-heavy repeatable work that can be automated first. Perhaps work that you're not able to charge a particularly high margin on.

"More specifically, the biggest ROI has been from customers automating property documents, such as agreements for sale. Share purchase agreements also tend to be quite an investment in time given all

the complexities, as are general commercial agreements, and franchise agreements. But to start with, it can be easier to automate shorter documents."

Smaller firms could do a pilot in just one practice area, Maslen says. "Large firms often have innovation teams driving the automation project. But smaller firms often have a lawyer evangelist who has seen the benefits and wants to try it in their practice area. You can even start with one document and see how that goes."

Still, it can be tricky. Small firms lack the ongoing support structures of Thomson Reuters' larger customers, whose tech and innovation teams might, for example, hone the precedents and learn how to construct the questionnaires – or at least have the time and resources to do so.

But, she says, support and training can be simple matters. "Ideally, the firm should have the lawyer evangelist, plus someone who understands how the automation works. The firms that make the best use of their automation are those that invest the time and effort to really train their staff to be able to use it."

As part of this, Thomson Reuters builds self-reliance into its document automation products. "We want our customers to take this product and run with it, so they can easily make changes to the documents themselves – for example, if there is a change in the law. You don't need to learn how to code. That's a big difference between this product and others."

Another time drain that firms can run into involves ensuring the quality of the precedent to be automated. Maslen says Thomson Reuters supports customers with making sure that the questions used in document automation are able to draw out all the nuances that can apply to a transaction.

## AUTO-MATES

When it comes to getting buy-in for automation – from the board, partners or other stakeholders – Maslen says that it's about demonstrating ROI.

"Show that automation empowers people to be able to do more. A junior lawyer doing a lease

## ABOUT US

Thomson Reuters delivers best-of-class solutions to help legal professionals practise the law, manage their organisation and grow their business. Our solutions include Practical Law, Westlaw UK, Contract Express, Drafting Assistant and Firm Central.

[legal-solutions.co.uk](http://legal-solutions.co.uk)

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*The firms that make the best use of their automation are those that invest the time and effort to really train their staff to be able to use it*

containing loads of square brackets would normally go through it with a senior lawyer to work out the transaction-specific variables that apply. An automated system builds in much of that guidance and explains the variables. Users can produce an accurate and advanced draft quickly, saving supervision time for the really tricky points.”

She points to another benefit of automation – the ability to create a package of documents from a single questionnaire. The user answers the questions once, and the answers can be applied across multiple documents.

“The time-savings are not insignificant. One customer reduced the time it took her to create a loan agreement package from 1.5 hours to 15 minutes.”

In terms of measurement, it’s relatively easy to track the success of automation using time, says Maslen.

“Most lawyers determine prices based on their hourly rate. Even a fixed fee is often calculated based on how long it takes the fee earner to produce the work.”

Other metrics can be used, such as converting leads to work when using automation as a matter-intake or business development tool. “Client satisfaction is another one. If a client can self-serve, you’re meeting one of their requirements for responsiveness.”

## **VOLCANIC DISRUPTION**

At the moment, document automation involves answering a questionnaire and producing a document. Maslen sees that the future involves going one step back by guiding the user to identify the correct template and process by first asking them what they are

trying to achieve or what problem they are trying to solve.

Many firms also use document automation for business development. “It could provide basic documents or information through questionnaires and then highlight to the client when they then need to consult a lawyer,” says Maslen.

There are other ways in which automation is going beyond just faster business-as-usual, such as enabling clients to self-serve with service-into-product type offerings, she adds.

“Clients on retainer can log into a portal and fill in a questionnaire to create a document. For documents which require checking, such as wills, the lawyer can email a questionnaire link to the client and then review the resulting draft.”

She emphasises that this isn’t about removing work from law firms, which often offer that crucial personal relationship. However, non-traditional law firms or alternative legal service providers are offering alternatives to small law firm clients, relying on tools such as automation to differentiate themselves. Lawyers should own that disruption. Be ahead of the curve.

Her view is that certain revenue sources will be targeted. “If a small firm wants to retain the breadth of services they offer, then embracing these technologies could ensure that they do so profitably and in a way that satisfies customers who are used to buying services online, but who also want access to the personal support of an expert adviser.” **LPM**





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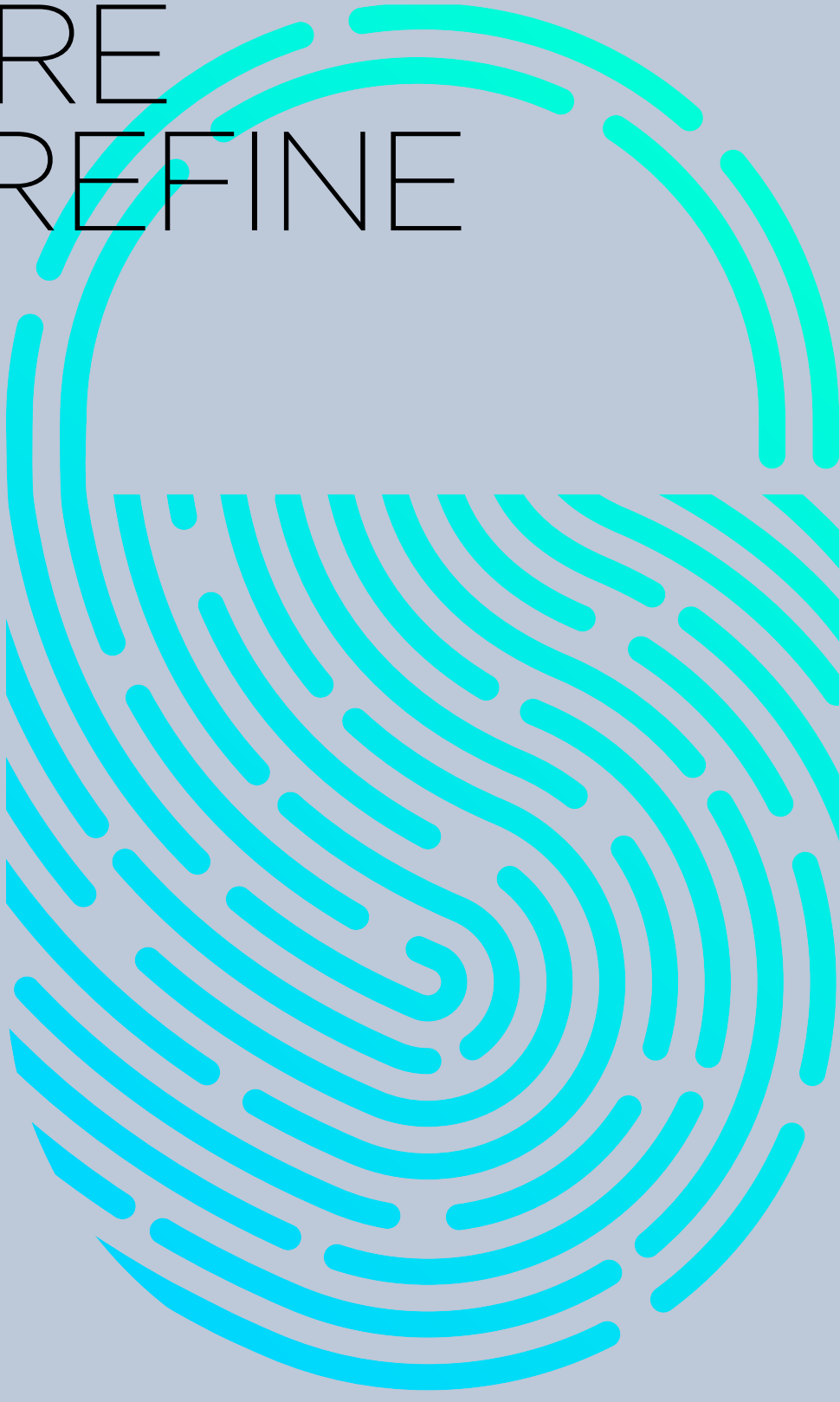
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# DON'T BE OVERDRAFT

Mike Stevenson, managing director at Iceberg, part of the Paragon banking group, says law firms could do a lot better on financing their professional indemnity insurance

There are many shifting regulations and legislative changes for law firms to keep up with; one perennial obligation is professional indemnity insurance (PII).

Although it may weigh heavily on the finances of an SME law firm, recent changes in the PII landscape have opened up firms' options – where it was once necessary to renew on 1 October, firms can now renew at any stage of the year.

With every firm now choosing a slightly different path, flexible financing is more important than ever, says Mike Stevenson, managing director at Iceberg.

But while this might be a boon to SME firms looking to rearrange their annual schedule, Stevenson says the finance has to match the firm's requirements and goals, and traditional methods of borrowing or securing capital may not be up to scratch.

## ENSURE THE BEST

It can be difficult to navigate the PII market, especially for an SME law firm with limited resources trying to get the best deal and get on with work.

He says that, as there's no requirement to comply with consumer credit regulation in the PII market when lending to larger law firms, there may be an information deficit. "The rates of interest being charged are not very transparent."

And the nature of how monthly payment terms work in practice can be counterintuitive. "Because you make the first payment when you commit to the policy, you're effectively paying before you're borrowing, and the financing company will often only fund for 10 months, so you make 10 repayments. You're only getting nine months' credit and paying over the odds for it," Stevenson says.

Firms still take this option, against their best interests. He says buyers can become fatigued if they've been negotiating insurance for weeks or

months – they just want to close it off. So, he adds, firms end up taking the monthly option, even though they'd likely be better off arranging finance independently of the insurer and paying the upfront, annual cost.

Stevenson says that Iceberg is keen to challenge its clients to review their choices. "We want firms to consider borrowing money independently and paying premiums in full. They'll almost certainly get more flexible repayment terms over a longer period and, from a cashflow perspective, have to pay less each month."

## SWEET SMELL OF CAPITAL

The benefits of looking at separate financing options extends into other areas, however. He says that, even putting aside PII, there's the cost of partners' tax liability in January and July, and further capital expenditures.

These "lumpier and spikier" costs are unlikely to be covered by partner capital resources or the traditional overdraft facility, as provided by a clearing bank. Although, Stevenson says, these are usually sufficient to cover the ebb and flow of business-as-usual expenditure, there are many other costs that are not captured by these financing options – it's these events that Iceberg's facilities can align to.

In some cases, firms may have inhibitions about borrowing for regular expenses, such as VAT.

Stevenson thinks law firms pressure themselves to manage these expenses solely through prudent foresight, negating the need to borrow, but points out that paying for VAT out of an overdraft facility is still a form of borrowing.

Most firms also need a financial boost above and beyond their bank or capital funds to enact change projects.

Stevenson says: "It's unlikely that an SME firm would be able to fund the installation of a new client management system through its working capital alone, for example."

## ABOUT US

Iceberg is part of the Paragon Banking Group and is one of the UK's leading providers of finance to the legal profession.

[www.iceberg-partners.co.uk](http://www.iceberg-partners.co.uk)

iceberg





*It's unlikely that an SME firm would be able to fund the installation of a new client management system through its working capital alone, for example*

He says that, as these systems have a shelf-life of about five years, they aren't a frequent cost, but they do happen often enough to warrant looking into other options. And, he adds, firms also make lateral hires and go through strategic recruitment.

"These are all fairly big capital expenditures. One of the main benefits of utilising a provider like Iceberg is predictability. Our facilities are always fixed-interest rate and fixed-term and provided for specific purposes."

"Borrowing to pay for these kinds of costs upfront, rather than trying to avoid dipping into an overdraft, only to do so anyway, doesn't have to be a reactionary measure. It's not an admission of failure or weakness, it's just sensible cashflow management."

## BREAKING BROKERS

In spite of many forward-thinking SMEs utilising specialist financial services, there are still many misunderstandings around alternative funding options, says Stevenson.

"We're arguably more competitive than the banks, yet a lot of SME law firms still seem to think our financial services would be more onerous."

The myths surrounding alternative financial services may be centred around cost, too. He says: "There's a perception that we'd be more expensive than the

clearing banks. But, unlike them, we don't take security, and so don't charge that additional fee.

"We're also cheaper at the point of sale, because we cut out the middle-man. We aren't a broker – we're a principal lender."

He says that there are other companies that look like Iceberg but can only provide an off-the-shelf service via a bank, whereas Iceberg has the flexibility to adapt its product to suit the needs of its clients.

"We can lend to match a 15-month policy, for instance. And, because we hold the risk pen, we're in a position to listen to the narrative, not just apply a formula."

"And firms can freely borrow from us without disturbing their existing banking relationships. We provide a complimentary line of credit – we're not a replacement for a clearing bank."

Perhaps most important of all, Stevenson says, is that Iceberg puts its clients' experience first – buying insurance can be viewed as just a commodity, therefore it's about providing relationships rather than transactions.

Law firms brave enough to consider the financial alternatives for inescapable costs, like PII, could benefit greatly. If firms do decide to take the leap of faith, Iceberg is waiting, Stevenson says. **LPM**

# PUCKS, PROBLEMS AND PARTNERSHIPS



Sarah Trude, business development director at Symphony APS, on the 'puck mindset' and key takeaways from LPM South conference

We were introduced to the phrase "skating to where the puck is going to be" by Gary Boomer, of Boomer Consulting in the USA. Its source is Wayne Gretzky, Canadian former ice-hockey player, who said: "I skate to where the puck is going to be, not where it has been." It's a mindset that has served us well, and it sure beats staying with the status quo.

Twenty years ago, a journey began in Sydney, Australia. It was the day that a small office opened in Walker Street, North Sydney. All it had was a filing cabinet. Telstra, Australia's main telecoms provider, was due any day to connect the phone. And our office in London was a mailbox in St Johns Gate. We had no clients.

In 1998 we imagined where that puck was going to be – our mission was to focus on the top end of town professional services firms and provide solutions that moved them to a standard SQL Server practice management system, running 32-bit Windows software that was easier to use. We were the first to go there and had a compelling offering in both countries. Importantly, and above all, we focused on what the relationship had to be, being mindful from the start that it wasn't just about the technology.

So the vision and mission were set and off we went. Fast-forward twenty years and if you attended LPM South you'd have found us there, with other Network Partners, supporting the event and engaging with the firms in attendance.

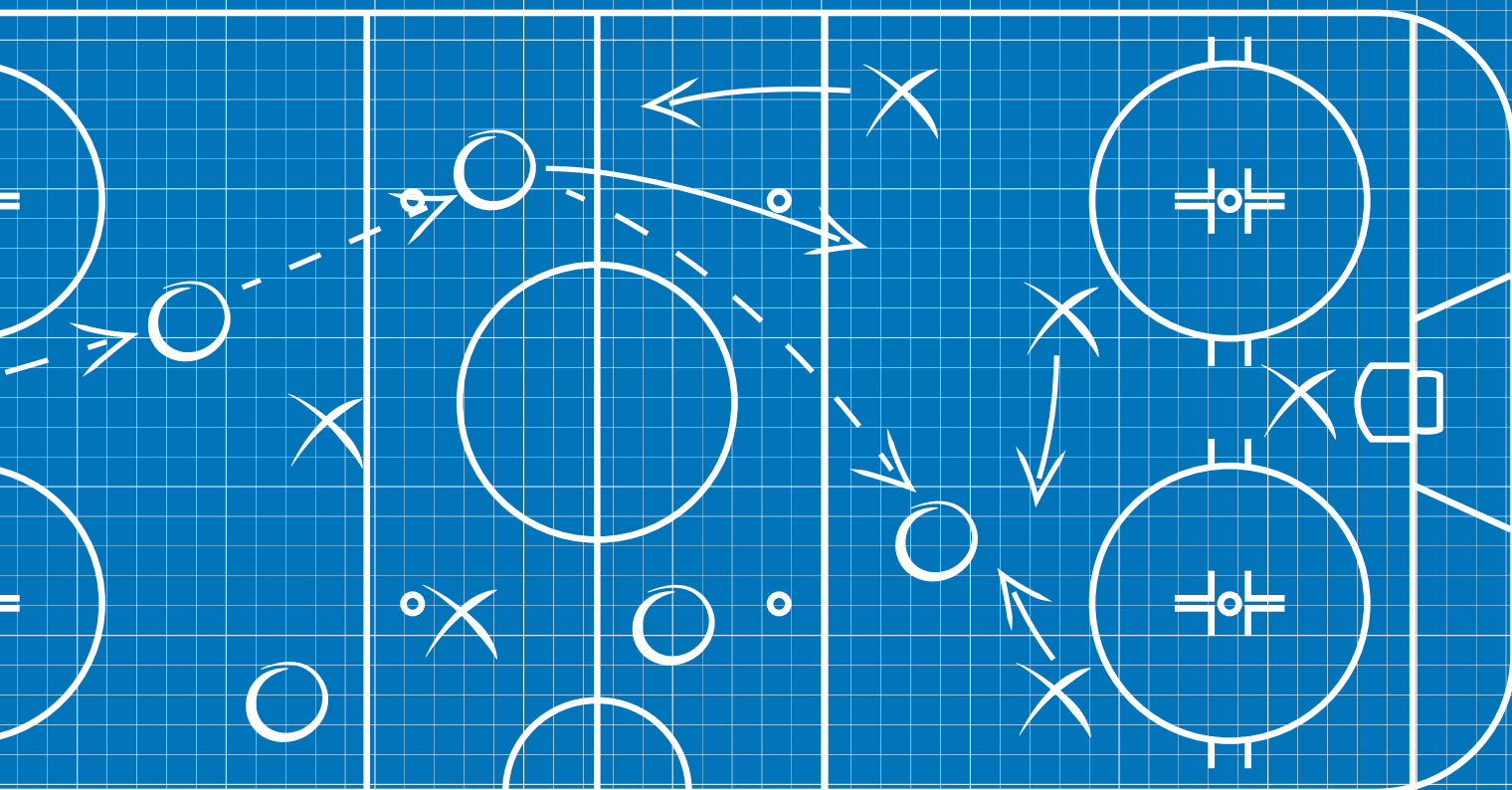
What was so interesting for us, given the 'puck mindset' above, was that the event had changed

its focus this year, from being technology-based to being future-based. It switched from discussing what the right technologies choices might be, to discussing how firms see themselves developing and what they need to do to ready themselves for their next stage of growth. This mindset is a fundamental shift and one we wholeheartedly encourage.

Looking at your business performance from the 'outside in' was a key theme. What does the modern client want from you, and how can you deliver this?

## GAME FOR CHANGE?

Smart working was a big topic, and LPM Legal IT landscapes 2019 report has some interesting numbers. It seems that smaller firms – those under £1m turnover – allow around 24% of their workforce to regularly work from home, a number which isn't repeated until you get up into the £10m plus bracket. So we start off small, controlling costs, working flexibly using mobile technologies and then lose that advantage until we get big and unwieldy enough to have to go back to it? If your firm is in the £5m to £7.5m bracket that percentage drops to 6.6%, meaning that profitability will be taking a hit too. Perhaps firms need to reassess why they make the decision to encumber themselves with the traditional plush office environment? Not that I'm against offices – done right they can actually generate revenue and national recognition too. Search 'Cooper Parry', and yes, it's a firm of accountants, but well worth a look.



While I'm talking about things you should look at, if you weren't with us on the day, you should definitely investigate Scownership. Stephens Scown talked passionately about Scownership (pronounced sc-ownership) and getting its staff onboard with the 'why' behind the things it is doing. It has been in the top 100 firms to work for in the UK for four consecutive years, and productivity, profitability and profit are all up, as is growth. This really resonates with us, as we believe you shouldn't be making any strategic platform decisions before you have a clear vision based on an understanding of your current restraining forces and your fundamental 'why'. Our Envision methodology focuses on exactly this and it would have been hard for us to do a better job of delivering a presentation that clearly depicted the success of this approach. Hats off to this visionary firm!

Another key theme which came out of LPM research delivered on the day was that, among

firms in the £7.5m-£20m turnover bracket, automating risk and compliance tasks was a huge growth opportunity for them; in fact, it was the number one item on the list with 32% citing it and 30% acknowledging that their people were the weak link in this area. On a scale of 1-10, firms only rated their automation levels at 3.6, so clearly those two numbers are far from aligned. Looking at client take-on procedures, platform integration and single point of data entry are surely a must-do for the modern firm.

Finally, it was abundantly clear that CRM, mobility and automation are now all areas that LPM member firms consider to be in their 'live area' as opposed to aspirational or early adopter biased. That said, 52% of respondents stated that they felt the amount their firms devote to new or non-business as usual technology was not enough, with an average spend of only 6% of revenue being invested in tech. From a supplier perspective this means your business will be hard fought, but it should mean much more than that to you. The market has never been more competitive and, no matter what your politics, I think we can all agree that the current political climate in general is going to have implications for all our businesses.

So, as I read this back to myself before I hit send, it occurs to me that you'll need three things to navigate the coming challenges: a close eye on the puck, an understanding of your fundamental why and a great relationship with your strategic technology partners. If I go out and buy some pucks then I think we'll have that covered! **LPM**

#### ABOUT US

Symphony – APS partners globally with 500+ law firms, accountants and consultants, specialising in business critical, strategic and functionally rich industry leading technologies.

[whysymphony.com](http://whysymphony.com)



*Looking at your business performance from the 'outside in' was a key theme. What does the modern client want from you, and how can you deliver this?*





# LEGAL NEEDS



*Jem Sandhu reports in from the Personal Support Unit event: Access to Justice and how the Legal Tech community can help*

Creating legal tech so that it improves access to justice comes down to one thing: truly understanding your user. This was just one of the points emphasised at Personal Support Unit's (PSU) event Access to Justice and how the Legal Tech community can help on 25 March, which brought together lawtech innovators and access to justice advocates in the Common Room of the Law Society.

Like many in the audience, I welcomed this opportunity to learn more about the PSU's day to day work. Its experience dealing with vulnerable litigants places it in a unique position to enact change in the justice system. Hayley Blundell, assistant manager at the PSU, reviewed the numerous obstacles facing a self-represented litigant filling out a basic court form. Many of these users might not be able to use email properly, she said. Something that's seen as ordinary by today's standards.

It takes empathy on the part of tech developers to understand the point of view of a demographic other than your own said Maeve Lavelle, director, education and community programmes – EMEA at Neota Logic.

Take note of the questions that your users ask, Kat Barry, former head of expert advice at Citizens Advice, added. For example, Citizens Advice bases its content on questions actually asked on the searches leading to the site.

Sophie Walker, barrister and director at Just Access, referenced philosopher Jeremy Bentham's idea of publicity being the soul of justice. What would justice look like if all

the participants in the hearing knew that a full transcript would be easily available?

She said that it's important to not only further accountability and transparency in the courts – by providing transcripts with rates calibrated to the litigant's ability to pay – but also apply technologies like natural language processing to provide insight into the transcripts.

If a developer is creating a solution specifically for access to justice, they need to start small. Lord Michael Briggs, deputy head of civil justice of England and Wales, advised starting with a minimum viable product and using it on simple, low-value cases first. He pointed to British Columbia as an example of a jurisdiction that successfully took this approach in developing their online court system.

Creating useful legal tech solutions for the public doesn't have to be difficult. And, as Lavelle noted, the actual architecture of legal and non-legal solutions can be the same – content can be swapped to fit the needs of the user.

It was exactly what the audience needed to hear. As I chatted with attendees during the event, I was amazed by the number of ideas and projects on the go. One large law firm is currently piloting an access to justice app. Research and design company Etic Lab was exploring the role that AI could play in legal advice. It's clear that the legal tech community is keen to make sure that their innovations enable access to justice. I hope that 2019 sees many more such meeting of minds. **LPM**

# IN THE RIGHT COURT



*Kayli Olson reports in from the Westminster Legal Policy Forum seminar: Technology and the legal market*

I always enjoy kicking it at a Westminster Policy Forum once in a while – perhaps because as an American I like to tell my friends I was working at Westminster for the day. This time it was the Westminster Legal Policy Forum seminar: Technology and the legal market. No surprise there – legal tech events seem to have made up the bulk of the editorial outings over the last year.

There were many interesting speakers and topics discussed on the day, but I'd like to highlight some sentiment by Lord Keen of Elie QC, HM advocate general for Scotland and Ministry of Justice spokesperson, House of Lords, from the top of the morning.

Lord Keen himself talked about how it's easy to exaggerate the short-term effects of legal technologies but not realise the future impact.

The pyramid-like shape of law firms needs to change, he urged. "And it's not just because of the impact of legal technology, it's because of the clients' perception of how legal technology should affect the delivery of their legal services to them."

He brought up the disjointed workings of the American system, which is State rather than Federal regulated, and

how you can end up with dozens of different definitions for a smart legal contract – not the best place to start, despite huge innovations in technology.

The French on the other hand, he said, have adopted what he would regard as the King Canute approach to regulation. The French Bar have already begun suing various legal tech companies for infringing on reserved areas of work.

Lord Keen argued that in order to see UK legal tech develop fully the legal sector has to ensure that relevant data is not only in the public domain, but is available and accessible to those developing legal tech.

And that we have to educate the next generation and those currently involved in the delivery of legal services for future use.

"Only a few of you may recollect Peter Cook and Dudley Moore as they used to deliver their dialogues from a bench in a rather rain-strewn park in London, but the one that always sticks in my mind is Pete saying to Dud, 'I could have been a high court judge but I didn't have the Latin'."

He said that the legal system has moved on since then, but is it moving fast enough in the right direction? **LPM**



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