

DECEMBER 2022

LPM

LEGAL PRACTICE MANAGEMENT

Finding the spark

Where could the next innovative idea for your business come from?

ALTERNATIVE CURRENTS

A look at the new and innovative ways of delivering legal services

UNLOCKING THE LAWYER

How to put people at the heart of your firm's transformation

THE CONSULTANCY CONUNDRUM

Notes on successful collaboration with consultants

Welcome

It's always good to entertain new ideas – no matter how far out of the box they might be

It's been quite a year. Ups and downs aside, this has been a year when law firms have gotten to know themselves better – how they respond under all kinds of pressure, and what they're truly going to look like in a post-pandemic world.

Perhaps now is the time to revisit some of the disruptive forces that were at play before the pandemic – a range of alternative, tech-focused business models that threatened to reinvent the world of legal services (p4). Irrespective of the immediacy of these threats, alternatives to traditional law firm structures are growing in sophistication, and there is much to learn from their agile approach to legal services delivery.

A little creativity can go a long way – whether new ideas are coming from within the business (p3) or outside (p9), it's worth looking at how your firm can reinvent itself for the future. Learn to manage change (p3), cut repetition (p8), measure your performance (p13) and build healthy partnerships (p8).

In a special interview for this edition, I speak to Simon Farthing of **LexisNexis Enterprise Solutions** about how to keep lawyers at the heart of all evolution in the business (p11).

A big thank you to everyone who has been involved with LPM in various capacities this year, and to all who consume all our wonderful content. Have a lovely festive season, and I'll see you in 2023!

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Unlocking the lawyer

Aftab Bose speaks to Simon Farthing, commercial and marketing director at **LexisNexis Enterprise Solutions**, about how lawyers should control tech, and not the other way around

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Unleashing creativity



John Wallace, managing director at Ridgemont, discusses the need for greater creativity in legal services

My six-year-old son, who is not a lawyer, told me recently, as his head hit the pillow, “daddy, always think outside the box, because outside the box is bigger than inside the box”. In one instant, he acknowledged that there is a perception (in our house at least), that lawyers and the nature of their jobs presupposes against creativity. And like all six-year-olds who talk about the need for creativity in the modern legal profession – he was half-right.

Solicitors have a reputation for being reliable, considered and frankly, unfairly, boring. One of my peer’s attempts at app-based dating led to a response from a potential suitor – “no thanks, not another boring solicitor”. Barristers aren’t safe either – they similarly have a reputation for being overly analytical and pedantic.

Those attracted to a career in law are, generally, left-brain thinkers – preferring logic to creativity. Supplementing that natural instinct, the legal profession pushes lawyers down a narrow path from law school to retirement, where the emphasis is on developing a homogenous way of thinking that is methodical, linear and safe. Because most law-firm leaders are

lawyers themselves, a lack of creativity in law is endemic.

Law firms are reluctant to champion creativity because it creates risk. Law firms are set up to prolong the status quo in order to maintain profit per equity partner. Empowering lawyers with a licence to be creative is perceived as a risk to the norm and is therefore unacceptable.

The majority of law firms are deliberately set up and operated in a way that inhibits creativity. Lawyers are hamstrung by reluctant partnerships and excessive systems & processes stifling the realisation of creative ideas. And before you say – “that’s just an unintended consequence of growth” – it must be deliberate, otherwise such firms would do something about it. And they don’t, they sustain a firm architecture that ensures creativity is contained.

Law firms are obsessed with the notion that their marketing must not be seen as alternative, daring or fun. Events are boring, webinars are grey and dull. **LPM**

Read more about giving lawyers creative freedom on the LPM website

Change? It’s not practical



Clearly defined processes and an open attitude to tech are key for change management, says Jack Shepherd, legal practice lead at iManage

In a recent catch-up with Law.com Ed Estrada, consultant, adjunct professor at Cornell Tech expressed that “resistance to technology takes many forms”. It’s a very human behaviour to find any means possible to resist change. Whether that’s the resistance to invest, change behaviour, or even eliminate behavioural habits that get in the way of progress. As I’ve mentioned in a previous blog, Lawyers will never adopt something new unless they can see that the value it offers outweighs the burden of changing their ways of (not) working in the first place.

I recently attended the Briefing Knowledge Leaders event, where Dr Pippa Lally (a psychologist, with no legal experience) talked about habit forming and habit breaking. She identified some great practical tips on how to instigate change: one, people are persuaded more by loss aversion than gaining benefits; two, people are biased towards immediate, rather than future benefits; three, people are more likely to change if social norms are established; and, four, people are more likely to change if friction is introduced around existing habits and working practices.

In an industry that’s conventionally tied to the billable hour, time spent adopting

new technology is never going to be practical, but it’s something that law firms must do to remain competitive. Estrada goes on to say that “many firms are still operating as if competition is limited to other law firms.” Technology is readily enabling in-house departments to perform functions normally shipped to outside counsel. Imagine being left behind – by your competition and your clients alike.

LOST IN TRANSLATION

To facilitate any meaningful change, there is a real need to document and follow defined processes, because technology and change does not exist in a vacuum – it manifests in the things people do day-in day-out. **LPM**

Read more successful change management strategies on the LPM website

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Alternative currents

LPM's editor, Aftab Bose, investigates how innovative models of legal service delivery are tackling the challenges faced by SME law firms today

Disruptive forces are always at play in an economy, though their severity can vary significantly – even from one week to the next based on the turbulence of recent months. Before the pandemic in 2019, LPM's flagship annual Frontiers research – then called Legal IT Landscapes – revealed that new legal-tech-based businesses and online-only models placed among the three biggest commercial threats to SME law firms. Only larger firms were more of a worry.

The concern was that these new models would deliver a better quality of client service than traditional firms are used to offering – with the digital focus enabling higher levels of speed, accuracy and transparency.

Firms already modernising weren't phased, taking solace in the fact that their long-standing relationships and expertise would counter the threat from alternative models, which tend to focus on “high-volume churn work” – as one finance

and operations director explained at the time. This has held true to an extent, and concern over the rise of these models has waned over the years – in LPM Frontiers 2022, online-only businesses placed fourth on the list of competitive threats and virtual or freelance lawyer models came fifth. Other law firms – larger or of similar size, in any geography – appear far more prominent as a challenge to SME firms' market share.

Still, there are intensifying undercurrents in the SME legal market – rising fixed and insurance costs, recruitment problems, ballooning client demands and a taste for flexibility among the workforce, among several others – all of which could fuel disruptive momentum.

According to Adrian Jaggard, CEO

of Taylor Rose MW, traditional law firm structures are inherently limited in their ability to adapt to these changes. “There can be a tension in traditional models between what's best for the business and what is best for the partners – they might resist investments in innovation that could benefit clients and employees alike to protect their net assets and capital accounts, particularly if towards the twilight of their careers. Younger partners, or people who want to transform the business with new technologies and innovative ways of working, end up feeling stifled as a result,” he says.

PLUG AND PLAY

Taylor Rose MW introduced a consulting programme in 2014 – and though the firm hasn't moved over to a completely virtual or consultancy-based model it now has more than 500 consultant lawyers on its roster. According to Jaggard, the switch has brought a range of benefits.

“We have a clear distinction in responsibilities with consultants. Our centrally managed framework takes care of brand, innovation, finance, IT, audit, compliance, premises, PII and support services, among other functions. Removing the management and execution of these tasks frees up a lot of lawyers' time otherwise absorbed in traditional law firms. Leveraging our evolving infrastructure distributes value

and fantastic capabilities across our consultants, now focused purely on legal work and scaling their fee-earning capacity through repurposing lost time or employing other fee-earners.”

“Consultants often bring their clients and relationships with them, creating a simpler route to expansion than mergers that are hampered by integration costs. It’s a virtuous growth circle – directing increasing investment into shared resources. The aim is now to close the gap with other industries in terms of how we use technology and interact with clients.”

Besides paving the way for growth and innovation, Jaggard suggests the model also builds greater resilience in the face of current challenges such as economic uncertainty and talent shortages.

“We’ve benefitted from a collective flow of experienced lawyers from conventional models to consultancy in recent years – the latter is perceived as more lucrative and flexible. Barring roles in support and supervision, our structure has mitigated the talent attraction and retention challenge. The model is also commercially resilient – costs closely track revenue fluctuations, protecting predictable margins.

Taylor Rose MW’s consultancy programme is a sizeable operation – one that has been in the making for years. Still, there are firms in the SME space that are catching on to these benefits, experimenting with consultancy-based models to varying degrees. Using

consultant lawyers may also represent a way to enter new practice areas with less cost and risk attached.

Richard Nelson is an SME firm that has started early here – managing partner, Marie Dancer, says it first started bringing consultant lawyers on board seven years ago, and they now make up 60% of the workforce. “Our main aim was to diversify our practice – we needed to buy in the right expertise and build new teams and departments. However, it was a tall order for employed solicitors to build a department from scratch, while consultants, on the other hand, had their own client following and could satisfy their own financial ambitions while getting supplemental income from client

introductions from our firm.”

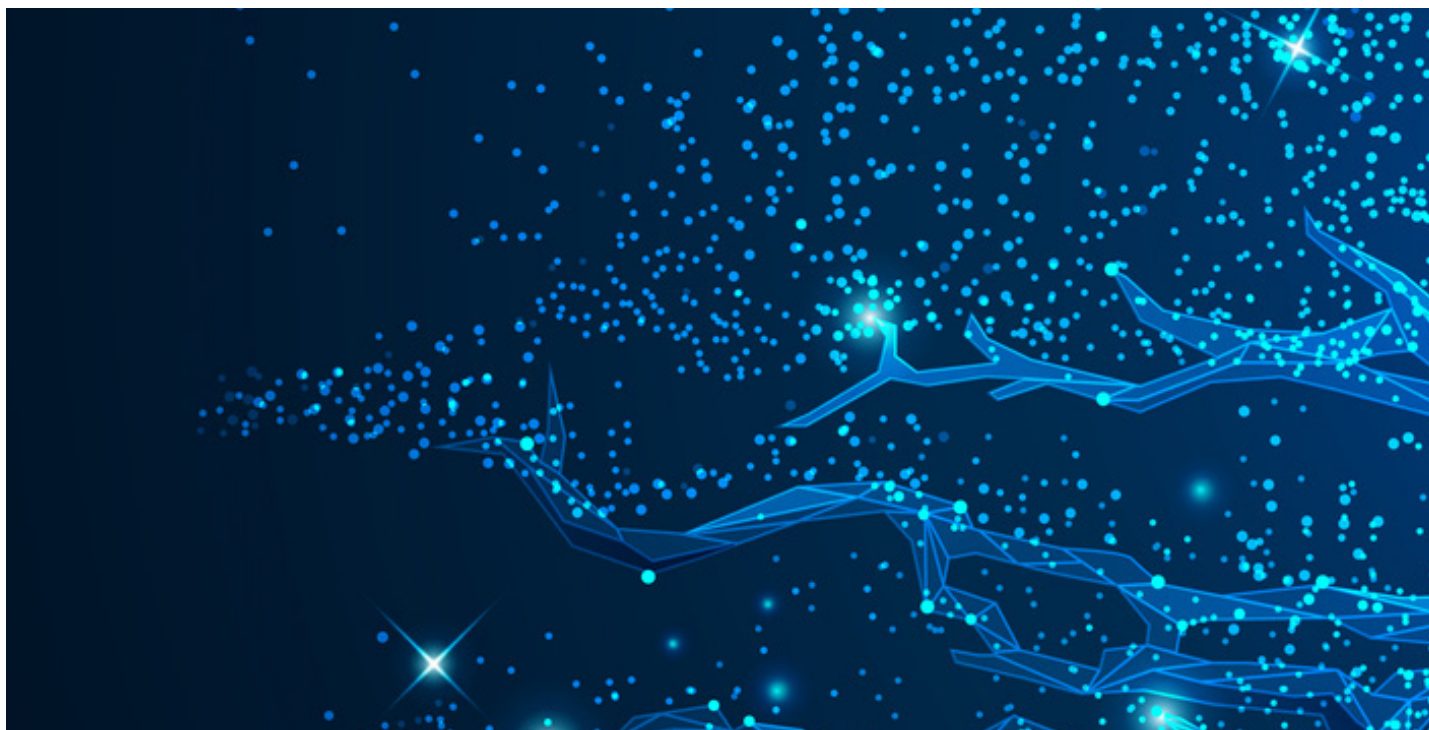
What started out as a means of diversifying then grew into a “win-win” scenario, according to Dancer. “Consultants are paid out of recovered fees, so we’re not tied to a high salary irrespective of output, which makes us more financially secure. We’ve been able to scale up the business substantially without having to outlay premises or salary costs. And as for consultants, they make more money than they would as an employee because they take on more of the risk of variable income.”

Much like Taylor Rose MW, Richard Nelson has grown into a hybrid of a full-time, in-house workforce and consultants – which in itself has benefits. Jaggard

“Consultants often bring their clients and relationships with them, creating a simpler route to expansion than mergers that are hampered by integration costs.”

**ADRIAN JAGGARD, CEO,
TAYLOR ROSE MW**

says: “There is a tendency to have more physical office locations with hybrid models than in purely virtual structures, which embed us into the communities that we serve and drive work to our lawyers. There are still many larger clients and





introducers – from regular consumers to banks – that would, perhaps mistakenly, be tentative about relying on a purely virtual model. Hybrid gives us flexibility to cater to each client's specific needs."

At Richard Nelson, the hybrid model was arrived at less deliberately, but has its own advantages. "We were open-minded in our approach – we wanted to grow but we didn't want to do away with our traditional setup because it's challenging to forecast how many consultants will come on board and how much new business they'll bring. We're quite picky about who we take on," says Dancer.

"We now have in-house teams that can grow the firm organically and minimise our forecasting risks, while consultants



"We now have in-house teams that can grow the firm organically and minimise our forecasting risks, while consultants help us expand. It's a rare setup – most firms are either traditional, with maybe one or two consultants, or they form a purely virtual consultancy structure."

**MARIE DANCER, MANAGING PARTNER,
RICHARD NELSON**

help us expand. It's a rare setup – most firms are either traditional, with maybe one or two consultants, or they form a purely virtual consultancy structure," she adds.

TRICKLE-DOWN DISRUPTION

Her reasoning chimes with other perspectives in the SME market. Fisher Jones Greenwood (FJG) is an SME law firm that deals with one or two consultants to bring additional specialisms to its legal services repertoire. Chief operating officer, Paula Fowler, says: "We can't recruit for certain roles, which is an industry-wide challenge. This helps to fill the gaps and get new practice areas off the ground in a lower-cost manner."

"We're only paying them for billed time and they mostly work remotely and use their own premises and equipment. They're also self-employed, so we save on pension contributions, benefits and other people costs," she says.

"The disadvantage is that it could break up our security and cultural cohesion. We have no control over consultants from a management perspective – we have to trust that they conduct themselves in a friendly and personable way that befits our firm. There are firms out there that have been successful as consultancies, though some of the reviews of their service can be quite negative because consultants don't have to worry about the organisation's reputation," adds Fowler.

Plus, as alluded to by Dancer, there's

no guarantee firms will always be able to bring consultants on board. While firms such as Taylor Rose MW have built a reputation in the market and, according to Jaggard, receive a steady stream of interest from consultants, smaller firms are sometimes not as attractive for lawyers of a certain experience level and qualification.

Fowler explains: "Consultants tend to target larger, 'lawyer-on-demand' models, so there aren't many available for us to choose from. But as these alternatives grow, it's likely that talented and experienced lawyers will start to spread themselves to smaller firms as well. We'd certainly be interested if we were approached by the right people."

Despite these limitations, Fowler expects the model will continue to grow in popularity – mirroring talent's quest to be more in control of time and workload. She says offering flexibility and a positive working culture itself will help to prevent FJG's workforce from breaking off as consultants, though there is scope to grow the roster of freelancers working for the firm. "It's all down to training – if we can give them an induction and make them use our case management system, by default would make them align with our preferred way of working. Beyond that, we'd make sure to meet them and understand their personalities and ambitions before bringing them aboard," she says.

AUTOMATING SOPHISTICATION

Call them what you will – virtual law firms, ‘plug-and-play’ models or consultancies – these alternatives solve real-world challenges and are growing in scope and relevance. There are other offerings evolving too – including digitalised legal services structures that break from those at more traditional firms. In recent years, these alternatives have attempted to automate and commoditise certain standard, transactional legal services for greater ease, efficiency and a cost-benefit for the client. Still, they have often also been dismissed with the idea that technology can’t replace the expertise and tacit knowledge of a lawyer.

Some are looking to address this



“While traditional law firms can offer high-quality advice, they are structurally limited in their ability to deeply integrate with their clients’ businesses – in part because it would attract conflicts. They can’t go behind a client’s firewalls or inside their tech systems in the ways that we can.”

CHRIS DECONTI, CHIEF STRATEGY OFFICER, FACTOR

shortcoming – an example being Factor. Chief strategy officer Chris DeConti says the business is organised as a ‘law company’ rather than a law firm. “It’s true that a section of what many lawyers do on a daily basis is commoditised, transactional work, but even recurring work has bespoke elements – it could require specific handling through internal business processes, or interactions with various business stakeholders in operations, finance, risk and many other departments” he says.

“To date, alternative, tech-based solutions have turned their backs on this complexity, remaining at the fringe of the market as a result. We’re looking to unbundle this work from a

resourcing perspective– using automated workflows and other point-solutions to conduct elements of work that can be commoditised, while ensuring we have the right lawyers to handle more complex facets.

“We’re also adding the unique expertise that comes with in-house roles to the mix, such as in managing multiple stakeholders, corporate guidelines, business processes and tech infrastructure – all while aligning legal work with business objectives.”

The model is aimed at a delivering a faster, more efficient version of contracting and other transactional work, without compromising on quality and nuance, he says. And he argues that

being organised as a company rather than a law firm enables a higher level of client service: “While traditional law firms can offer high-quality advice, they are structurally limited in their ability to deeply integrate with their clients’ businesses – in part because it would attract conflicts. They can’t go behind a client’s firewalls or inside their tech systems in the ways that we can. Plus, a significant portion of our fee earners work on a client-dedicated basis with appropriate restrictions on the sharing of confidential information within our business in order to avoid conflict.”

The company arguably represents the next step in disruption to traditional legal services, and is gaining momentum. There are currently 600 fee earners at Factor, which has nearly doubled in the last three years, and the company has a blue-chip client base that resembles that of a law firm with revenues far larger than Factor’s.

Much like virtual, consultant-based firms, digital-based solutions have been commonly dismissed as a threat well into the future, though their ability to mitigate challenges such as intensifying client expectations, rising costs and talent shortages, among several others, merits attention from the SME legal sector.

Fending off threats aside, firms could draw lessons from these innovative structures – from the way in which they interface with clients to the flexibility on offer for their people – to make their own businesses more future-ready. **LPM**



Automating expertise



Legal document automation is making it easier than ever to streamline workflows, says Kaden Smith of NetDocuments

By automating tasks such as generating contracts, agreements, applications, opinions, pleadings, or entire sets of documents, you can increase both the volume and value of the service you deliver to clients, customers, and business stakeholders.

However, not all automation solutions are well-suited for the rigours of legal work, and it can be a challenge to get started as well as ensure you're receiving the maximum benefits from document and workflow automation technology.

A recently published guide by NetDocuments offers insight into how automation is solving common challenges impacting law firms of all sizes, corporate legal departments, and legal professionals in the public sector. It also examines what to look for in a technology solution that will grow with your firm and how to develop a plan for getting started.

WHAT IS LEGAL DOCUMENT AUTOMATION?

Automation refers to using technology to execute tasks, processes, and workflows — either in part or in their entirety — minimising the need for

human time and effort. Legal document automation streamlines the tedious, labour-intensive processes and manual tasks necessary for legal document work, such as data entry, information or service intake requests, bulk document creation, and more.

SOLVE YOUR FIRM'S TOP DOCUMENT AND WORKFLOW CHALLENGES

Regardless of your practice or area of focus, the amount of time involved in doing even simple manual tasks can put an immense amount of pressure on your workforce, especially for growing law firms. **LPM**

Read more about how document automation can streamline your business on the LPM website

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Part two: partner problems



Quiss's head of professional services, Nick Hayne, continues his two-part series on the barriers to being a good managed services provider

In part one of this series looking at the problems we face as a cloud managed services provider, we considered how size and sector expertise matter, the fact that we have to be agnostic in choice of cloud we recommend and changing behaviours are impacting the way we do business.

In this second part, we look at more ways in which our service delivery is changing — what is driving change and how will these changes will affect your business in the future? These are our challenges and our solutions as we strive to deliver the service for which Quiss is renowned. We are always keen to discuss technology and the benefits on offer, so please get in touch if the following raises any questions.

CONSISTENT QUALITY

One of the major problems encountered by a managed services provider is maintaining the quality of the service we provide, while also retaining a strong professional relationship with each client and understanding their unique needs.

We have to ensure we provide all that is needed to a satisfactory standard and at a cost that our clients find acceptable — whether our services are delivered on-demand or in a proactive manner. All

of this requires us to manage a host of disparate internal systems which risks the introduction of inaccuracy, wasted time and increased costs. While we deal with applications, pricing, provisioning, billing, invoicing, remote monitoring, backup and recovery, support and helpdesk and a range of management functions — we must never lose sight of the quality of our service, which could easily fall over time if we do not remain focussed.

PRICING MATTERS

To win and retain clients there is a temptation to undervalue our services or develop unsustainable pricing models. **LPM**

Read more about hallmarks of a good managed service provider on the LPM website

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The consultancy conundrum

Collaborating with consultants can be tremendously rewarding if approached in the right way, says Sara Blackwell, sales and marketing director of Greenwoods

"I'm really pleased that you're happy with where we've collectively got to."

This sentence in an email from a consultant I'm working with really got me thinking this week.

Earlier in my career, I was wary of working with consultants. Didn't the consultants get the 'good bits', the projects I'd actually like to be working on if only I could get the more operational stuff off my desk? Would their brilliance suggest my skills were lacking? Would it be bad for my career if I suggested we might need external input? Would I be considered 'not up to the job'? (I get all this says a great deal about my insecurities, but I'd at least like to think I wasn't unique in my thinking).

As a result, I was very reluctant to work with consultants. If it were suggested, I'd talk about how expensive they were and how, with no real understanding of our particular challenges, they couldn't possibly help. Wrong, wrong, wrong. Fortunately, this rather ridiculous and potentially damaging position didn't last long, maybe because I had the

opportunity to work with some brilliant consultants – who appreciated how it could feel for the in-house lead whose specialism matches theirs and then managed these feelings brilliantly.

So how did they do it? How did they help me move from being hugely defensive to thriving on the joy – and



"I had the opportunity to work with some brilliant consultants – who appreciated how it could feel for the in-house lead whose specialism matches theirs."

SARA BLACKWELL, SALES AND MARKETING DIRECTOR, GREENWOODS

I think it really can be a joy – that collaboration with consultants can bring?

It's a pretty easy answer, but not one, from anecdotal evidence at least, that all consultants can or do deliver. They realise it's not about them. I get that consultants



need to show they are brilliant and are adding fantastic value, but those who do this at the expense of the in-house teams they are working with are unlikely to build long-lasting profitable relationships.

Here's my take on how in-house teams can generate relationships with consultants that add masses of value and give everyone involved the chance to shine. Hopefully, it's a list that will be helpful for consultants too.

Choose wisely. You need to be sure the technical skills and expertise are there, but if you're struggling to build rapport, it's likely to be tricky.

Ask the consultants how they deliver messages about things they feel need improving. Of course, we need honesty here, but there are ways of delivering these messages. How a consultant answers this question tells you a great deal about their approach.

Get the scope right. Being absolutely clear on the objectives, the brief, the work involved, the required outputs, or the 'deliverables' as I know consultants like to call them and which for some reason always makes me smile – who is doing what and by when? The input needed from you and your colleagues and the price are crucial. And you need to drive it. Talk with your consultancy team about how the project can be structured, but own it and actively direct the brief.

Track progress rigorously. Ask anyone – I love a list, and one with lots of detail about where we all are with those 'deliverables' and lots of ticks is a thing of beauty in my eyes. **LPM**

Continue reading about the right way to collaborate with consultants on the LPM website

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Unlocking the lawyer

LPM's editor, Aftab Bose, speaks to Simon Farthing, commercial and marketing director at LexisNexis Enterprise Solutions, about change, innovation, and putting people at the heart of transformation



Among the complex blend of factors that has contributed to an exodus of talent from the legal sector in recent times is a growing workload – particularly a rising pile of administrative tasks – for lawyers, as they look to satisfy ever-intensifying client demands. SME law firms looking to balance a good employee experience with a better client journey have tended to throw technology at the problem, though not always with the best results.

“We’ve ended up in a world of point solutions in SME legal. When firms need efficiencies such as legal project management, automated time recording, better budgeting and reporting, or smoother onboarding – they find individual tech solutions for each without necessarily tying them up into a coherent digital infrastructure,” says Simon Farthing, commercial and marketing director at LexisNexis Enterprise Solutions.

“The end goal tends to be profitability, efficiency or making life easier for clients, and lawyers don’t necessarily feel like

they’re being helped by new technology. If anything, their life is becoming more complicated – they have several applications to log into and manage across many devices and a growing number of security protocols associated with each. This is against the backdrop of growing regulatory pressure and eroding respect from clients – who expect lawyers to deliver more for less.”

Far from feeling supported or empowered, lawyers feel stressed and alienated to various degrees, which, according to Farthing, is not only causing people to exit the sector but is also having a significant impact on the mental health of those who remain. What they need is to feel in control, rather than being controlled by technology and clients.

“Lawyers should have a clear idea of what is expected of them and should be provided with everything they need at their fingertips when they need it – instead of having to scroll through menus and sub-menus to find the right tools. They’re incredibly good at what they do,

but they seem to have lost control of how they do it. We need to put them back in the driver’s seat,” he says.

BREAKING DOWN WALLS

A lawyer by background, Farthing spent the first decade and more of his career doing a mixture of litigation and private client work. He recalls being tech-oriented and determined to improve and innovate processes right from the start, which is what led him to manage improvement projects within his business and eventually take up a technology leadership role at a law firm. His responsibility was to mediate and facilitate conversations between tech developers and the firm’s people – benefitting from the balance of having been in both positions.

“Communication between clients, lawyers and the internal services team is crucial to ensure that any innovation is beneficial for everyone,” he says,

outlining the principles that still guide his work at LexisNexis Enterprise Solutions – where he takes the time to listen to people’s challenges rather than being presumptuous or prescriptive in his approach. According to him, technology should bring holistic value for firms.

“It’s true that demonstrating a better, more engaged service for clients at competitive price points helps firms to grow, and we have to help them achieve that. But this can’t happen in isolation – if you only focus on improving the client-facing side of your operations but you have lawyers that are unhappy, that will have an impact on service in the long run. There can’t be a wall between the two ends of the business.”

“The role of technology should be to develop an end-to-end journey that is a good experience for both parties. Eliminating unnecessary communication is a good example. Clients will often

complain that they don't know what's happening at any given point in their case while lawyers will argue that keeping the client updated requires significant time and energy – particularly when, as in many cases, clients are stressed or emotionally stirred."

"What if we used a system to remove the wall between them? Everyone would have access to information such as court dates, detailed status updates on each file and work-in-progress statements. This would minimise the need for unnecessary communication – clients would know what their lawyer is working on and receive a notification when it's done so they don't have to disturb the lawyer by phoning up."

There are also advantages to be gleaned from a cost and budgeting perspective. "In complex cases, teams of eight or nine people could be stepping in at different times to deliver bits and pieces according to their allocated tasks, but this can pose serious project management and tracking challenges. If you controlled this process through a system, you could track if a lawyer or a paralegal was approaching the budgeted time for a particular piece of work and determine whether to reallocate that work to a junior member or have a conversation with clients about potential further costs," says Farthing.

FOGGY SKIES AHEAD

As such, data is the anchor of sorts that can connect all the point solutions currently being employed by law firms. Most use time recording tools, workflow automations and other core business

systems – a layer of analytics over the top can give firms a holistic view of their position at any given point and enable better decision-making. "That's the way to make sure technology fits into and improves lawyers' processes, instead of the other way around. People don't need to know what products they're using for what – they need everything to be in a single view and joined up so that their processes are seamless," says Farthing.

Historical data has value too. Years of using case management or practice management systems have endowed firms with rich repositories of reserve information such as claim types, accident types, defendants, parties and experts,

"Most firms have all the answers on how they can improve and innovate, our job is simply to help piece it all together"

SIMON FARTHING, COMMERCIAL AND MARKETING DIRECTOR, LEXISNEXIS ENTERPRISE SOLUTIONS

among others. Farthing equates this to a "mountain of gold," which firms can leverage for better decision-making if they invest in the right mining equipment such as artificial intelligence, analytics and visualisation tools that are in abundant supply in the market.

The challenge is to convince firms



and leadership of the return on these investments, particularly at a time when cost-efficiencies are of the essence. Farthing employs another analogy to explain why challenging economic circumstances present all the more reason to invest in business intelligence. "It's like flying a plane through fog and turbulence – even the best of pilots aren't expected to make decisions based only on their gut feel, they need information on speed, altitude, direction, air traffic and potential hazards. Law firms are used to making decisions based on gut feel and experience, which is very valuable, but they could achieve their goals faster if they turned on autopilot and looked at some guides around them. Trusting data is the key," he says.

And while the legal sector tends to innovate at a slower pace compared to other sectors – something that Farthing attributes to its identity as a traditional profession with strict standards – he posits that economic pressure has always

pushed law firms to step up and change. As profitability becomes critical, firms will start to examine exactly where they can build in more efficiencies. The important thing is that lawyers' needs are positioned at the core of any transformation efforts.

For Farthing and his team at LexisNexis Enterprise Solutions, the task ahead is to support these transformation journeys. "The most brilliant solutions emerge when we bring people together and facilitate a conversation – most times firms have all the answers on how they can improve and innovate, our job is simply to help piece it all together." **LPM**

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Measurement drives behaviour

Performance tracking and measurement take on new importance at times of uncertainty – Zoey Bailey, head of strategic operations at Withers & Rogers, offers tips on building effective key performance indicators



Against a backdrop of uncertainty, arising inflation, a cost-of-living crisis, a war in Europe, fallout from Brexit and further political change domestically, monitoring business progress and effectiveness has become critical to decision-making and longer-term success.

This is something we are acutely aware of at Withers & Rogers and is a key area of focus. Having a range of well-balanced key performance indicators (KPIs) which hold the business to account is not an easy task, but getting it right is a critical tool in helping a firm achieve strategic success.

It is fair to say that a professional services firm's most valuable asset is its people. Measuring culture, people engagement and the more emotive metrics, if done well, can be incredibly impactful as a firm navigates change and explores new ways of doing things.

BUT HOW CAN KPIS HELP?

KPIs can help provide information about how a business is performing against strategic ambitions, milestones and provide an additional lens to help make decisions. Among all the uncertainty, they can provide a checkpoint of certainty – an anchor in somewhat uncharted waters. They can highlight red flags that signify the importance of action and remedial intervention, providing short-, medium- and longer-term checks on business performance.

WHERE DO YOU START?

A good place to start is by visualising what 'success' looks like or by scenario planning. Scenario planning was big in the 1980s and has had a resurgence in recent years thanks to Covid and other large-scale events which have impacted businesses globally.

Scenario planning is a way to assert

control over an uncertain world by identifying assumptions about the future and determining how your business will respond.

There are six helpful steps to scenario planning that can be summarised as:

1. Think about possible future scenarios
2. Identify trends and driving forces that might impact these
3. Create a planning template that captures each scenario
4. Take each scenario and develop

the narrative – what might happen? How might it happen?

5. Evaluate the scenario – what is good about the possible outcome?
6. What risks does it present?

Apply this thinking to your current strategic aims. Do you need to change, tweak or amend your current priorities based on your thinking?

Now that you have kicked the tyres of your strategy and have a clearly determined path, you need to put checkpoints in place to measure your

progress. Imagine you are going on a journey – you plan your route and have a degree of certainty that you have selected the quickest, safest and most expedient way of getting there. You set off but despite your extensive planning, events can take place that mean you have to change course. An accident happens which causes extensive delays, or a tree falls down and blocks the road – numerous scenarios could unfold, and you need to change course. KPIs, like satellite information, provide that check on your journey to make sure you are making the progress you need and help inform if a change in direction or strategy is required.

Ensuring that KPIs are aligned, relevant, measurable, achievable, timely and visible are also considerations when identifying your internal measurements.

It is also important to be disciplined and report on KPI progress on a regular basis. This reporting becomes the drum beat of your story – it keeps you focused, grounded and ensures you remain truthful. This isn't about crippling the business with number crunching and data gathering, it is about recognising that KPIs tell a story. Sometimes the measurements may not be as positive as you may like. The questions to ask are – why? And what can, and should we do about it?

Successful measurement in a business ensures that behaviours are in

keeping with the firm's values and they will drive the execution of its strategy.

BEWARE OF THE DARK SIDE

When determining which KPIs are right for your business, you need to ask yourself, what behaviour will this measurement drive? It is important that your measurement encourages appropriate action and that you take the time to test that the measurement is having a positive impact on performance. The reason for this is that every KPI has a dark side – the unintended consequence of putting a metric or measurement in the spotlight. When thought through poorly, KPIs can lead to dysfunctional behaviour. The best way to bring this to life is through some examples:

1. If you only measure sales, you will create a sales culture where selling is king, competition is rife and it is the key consideration of everyone working for the business. The stage play "Glengarry Glen Ross" (for the more mature reader) or the film "The Wolf of Wall Street" (for the younger generation) bring this to life perfectly. It can lead to a very cutthroat and aggressive environment.
2. On the other hand, if you only measure client satisfaction, you are likely to create a culture

where client service is the focus, where people go out of their way to help clients regardless of the cost. People may help each other with a common purpose around client care, but it could become extremely costly to a business especially if client care is time consuming.

Having good 'leading' indicators (KPIs) is important in driving the right behaviours to support growth. As a firm, Withers & Rogers has a large number of KRIs (key report indicators) – 'lagging' indicators which provide a historic understanding around progress. These are important to a business but should also be balanced by 'leading' indicators – KPIs. This is an area we have been focussing on more recently and are still working through. A good process to follow for KPIs is:

- **Identify** – a set of relevant KPIs to track
- **Create** – dashboards or scorecards
- **Evaluate** – how well business goals are met based on KPIs
- **Change** – strategies and processes as needed to improve performance
- **Assess** – whether the KPIs still align with goals and adjust if needed.

McKinsey states that "CEOs who insist on rigorously measuring and managing all cultural elements that drive performance more than double the odds that their strategies will be executed. And over the long term, they deliver triple the total return to shareholders that other companies deliver."

At Withers & Rogers, we have spent time articulating our purpose, 'Building Trusting Relationships'. Our purpose underpins everything we do, and it is important that we have leading indicators that help measure our purpose. If we find a way to measure our purpose in its purest sense, our numbers will take care of themselves because we will have people who are happy, who love what they do. This leads to happy clients and a 'happy' level of revenue, growth and profitability. Well, that is the aim.

PARTING ADVICE

In wrapping up, it is important to retain an element of consistency when measuring success, don't let your KRIs or KPIs gather dust. The results and output tell a story which can inform business decisions, not just today, but also in years to come. Make sure you take the time to get your metrics right, listen to what they are telling you and don't be afraid to change course if they point you in a new direction. **LPM**



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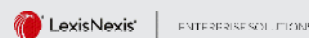
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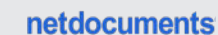
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