



Iwan Thomas Associates
Business Coaching and Management Consultancy

Law Matters Newsletter

March 2009

Vol. 1 No. 4

Living in Interesting Times



It is bad enough dealing with the recession, with several law firms in intensive care. Yet necessary fire fighting can distract from adapting strategy to the fundamental changes facing the legal profession.

An economist recently described the recession as the most predicted in history, yet few avoided the crash. Are enough law firms going to take action to deal with the changes proposed in December 2004?

31st March 2009 sees the introduction of entity regulation by the Solicitors Regulation Authority, together with Legal Disciplinary Partnerships. LDP's will provide only legal services, but up to 25% of partners/members can be non-solicitors (barristers, patent attorneys, other lawyers, or even non-lawyers).

The revised Code of Conduct and Accounts Rules can now be found on the SRA website, with useful change tracker.

Alternative Business Structures are unlikely to arrive before 2011, but will pave the way for "Tesco Law". Firms will be able to provide non legal services, and for the first time external investment and ownership will be permitted. That opens the way for corporate ownership and fierce competition.



The prospect of ruthless competition is paralleled by the fact that increasingly work comes to solicitors via intermediaries rather than directly. This limits control, and will be paid for by referral fees or by reduced rates. Brand battles loom, and in most cases the lawyer's brand is weak.

"Doomed" or "Don't panic"?

The answer is neither, but the endearing amateurism of Dad's Army will get the profession nowhere. Hard strategic decisions must be made, indeed should already have been made, but with no guarantee of the outcome. Those decisions then have to be executed well and consistently.

Nobody knows whether “Tesco Law” will be a success, or an expensive failure similar to the entry of financial institutions into estate agency 20 years ago. Even if it fails, it will be cold comfort if your law firm dies in the meantime.

Horses and Courses

There is no single solution for all firms, even outside the City, but think strategically, and

- ❖ Understand your clients
- ❖ Understand your firm, its services, and how it works
- ❖ Where do you have an advantage?
- ❖ Why would clients use you?
- ❖ Provide clients with value – on their measure, not yours
- ❖ Invest
- ❖ Generate both cash and profit
- ❖ Above all, act like a professional



Remember also that while other firms facing similar problems can be competitors, they may also be allies.

- ❖ Kent Accident Link has 10 PI firms combining to promote their services.
- ❖ The Legal Alliance has been recently established to provide local services under a shared brand name.
- ❖ QualitySolicitors.com meanwhile promotes High Street firms through a referral website
- ❖ The long established LawNet has recently made a collaborative arrangement with a similar accountants alliance

There are other responses. Some firms are setting up estate agencies or becoming niche practices. Withy King (not a client) has a dual strategy of firstly growing by merger to attain critical mass, having so far 11 offices and 54 principals. They have combined this with developing their “Complete” law shop. Innovatively they have even tried to franchise the Complete concept, another route to potentially creating a High Street brand to address big brand competition.

There is little new in groupings or mergers, but the pressure to respond is increasing. The consequences of getting it wrong are also going up, which is not good news for lawyers used to a low commercial risk environment.

This note is written as a general guide only, and is not applicable to every firm or circumstance. It should not be relied upon as a substitute for specific business or legal advice.

© Iwan Thomas Associates 2009
All Rights Reserved