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Making Partnerships More Profitable

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## Also This Month

### Upcoming Events

For more information and to register for an upcoming event, simply click on one of the following links.

**04/06/2010** - [Getting the Most Out of the Finance Function and Finance Director](#) - London Masterclass

**16/06/2010** - [Strategic Leadership Forum: Grand Masters of Law](#) - London

**17/06/2010** - [Evaluating the Changing Relationship Between Law Firms and Banks](#) - Webinar

### The 90 Day Profit Improvement Programme

We now have a tried and tested 90 Day Profit Improvement Programme to help solicitors 'unlock' extra cash in the short term. We tailor the specifics to your firm, but never lose our focus on delivering results for your bottom line. [More information](#).

### In-House Training

Our CPD accredited training can be a cost-effective way to ensure you

Tuesday April 20, 2010

## Successful Partnerships

Associate

This month we address the dangers of reliance on overdraft funding, as well as transforming Business Development by focusing on referrals and strategic alliances.



Any comments are gratefully received.

The WRP Team.

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## "We Never Used to Have an Overdraft"

Reliance on overdraft funding has now become so widespread that many firms operate on near-permanent facilities. This is one problem that has emerged from the single-minded focus on Profit per Equity Partner.

### Profit is an Opinion...

As Work In Progress contributes to profits before the work is billed, the focus on PEP has meant there is no disincentive to prevent firms from increasing WIP (often only to write it down at a later date). By this time, however, the profits have been posted – and, in many cases, distributed to the partners.

Furthermore, the generation of WIP creates a tax liability to be paid. In this way, partners have been drawing on unrealised profits, and the only way to fund this and meet tax obligations has been through increased borrowings.

### But Cash is a Reality

The flip side is that equity partners expect a certain level of drawings – especially when the firm is achieving stellar levels of profits 'per equity partner'. The cycle is thus self-perpetuating, and this has an undermining effect on the firm's cash flow and balance sheet.

Our repeated mantra is that 'What Gets Measured Gets Better.' Until firms get off the treadmill of ever-increasing

achieve results throughout your firm that will impact on bottom and top lines. [More information](#).

## Blog

Get involved in the debate - read our posts on the issues and challenges confronting your industry, and provide your own opinions on our [Blog](#).

## Cash Management for Law Firms – Ark Group Sector Report

Recognising our expertise in the area, Wilkinson Read & Partners have written a definitive sector report on Cash Management for Law Firms. The report, available [here](#) from publishers the Ark Group, addresses in detail the cash flow challenges facing legal firms of all sizes, and details specific strategies for improving cash management and achieving rapid yet sustainable results.

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targets for PEP and focus on measuring cash generation, financial management in law firms will be an uphill struggle – and lenders will not become more sympathetic.

[barry.wilkinson@wilkinsonread.co.uk](mailto:barry.wilkinson@wilkinsonread.co.uk)

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## Transforming the Business Development Process

Most fee earners fail as Business Developers because the typical sales process involves constant networking, fishing for introductions, and some direct marketing. This can be exhausting and demoralising, and leaves an insecure pipeline – not to mention the high cost of sale and the time this takes away from other fee-earning work.

### Repositioning Professional Services

The key tactic to avoid failure is to position yourself so that clients seek you out. This does not happen overnight, but the rewards are worthwhile. Crucially, fellow professionals must be able to identify your ideal clients.

### Soliciting Referrals

Getting referrals from satisfied clients should form a key part of the business development pipeline. However, many find it difficult to hold the conversation. Timing is important, as perceived value diminishes after delivery of a service. During delivery or immediately after successful completion are favourable times to ask for referrals.

### Strategic Allies

Just as professionals can expect to achieve more by operating in a niche market, so the benefits of strategic allies can be considerable. When nurtured properly, strategic alliances bring financial rewards to both sides, as well as the 'kudos' of introducing a trusted service provider to a key client, and excellent service for the client.

Approaching Business Development in this way reduces cost of sale and helps feed a sustainable pipeline. Moreover, this approach will free up more time – for chargeable work; for business management; and for life.

[simon.white@wilkinsonread.co.uk](mailto:simon.white@wilkinsonread.co.uk)

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## Strategic Leadership Forum: The Grand Masters of Law - WRP Discount!

Taking place in London on 16th June 2010, the [Strategic Leadership Forum](#) is one of Europe's foremost law management conferences.

### **£100 Discount with this Bulletin!**

As proud co-sponsors of this landmark event, Wilkinson Read & Partners have negotiated a £100 discount for our clients & contacts – To receive a £100 discount state NLM-WR-512 upon registration and pay only £399...

In 2009 **Netlaw Media's** *Key Strategies for Law Firms* conferences sold out quickly and the Strategic Leadership Forum is expected to reach capacity soon.

**Contact us** soon or **click here** to book your pass.

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