

## In This Issue

- [Successful Partnerships](#)
- [COFA and COLP – The Need for Compliance](#)
- [Maximising Your \(Firm's\) Potential](#)
- [Masterclass - Understanding Cost Structures and Effective Cost Management for Law Firms](#)

## Also This Month

### Upcoming Events

27/6/2012 - [Understanding Cost Structures and Effective Cost Management for Law Firms](#) - London Masterclass with Chris Bull, of Edge International

### In-House Training

Our CPD accredited training can be a cost-effective way to ensure you achieve results throughout your firm that will impact on bottom and top lines. [More information.](#)

### The Profitable Partnerships Programme

This law firm business development programme helps partners and key solicitors to measurably and sustainably improve business development performance and profitability. We deliver tracking of performance across a range of key indicators, from new clients and instructions to monthly billing rates. [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](#).

Monday April 30, 2012

## Successful Partnerships

Dear Associate,



This month our guest contributor, Richard Lane of Legal Finance Professionals, outlines the new COFA regulations imposed by the SRA. Given the extra regulatory burden and the technical subject, we would strongly recommend any partner unfamiliar with the new regulations read the full article [here](#).

Meanwhile, Barry Wilkinson discusses how firms can maximise their potential using comparative advantage.

We are always happy to receive guest contributions. If you have an article you would like to share with our readers, please contact [anthony.wilkinson@wilkinsonread.co.uk](mailto:anthony.wilkinson@wilkinsonread.co.uk).

As ever, any comments are gratefully received.

The WRP Team.



[back to top](#) ↑

## COFA and COLP – The Need for Compliance

Every firm of solicitors or Alternative Business Structure (ABS) must appoint a Compliance Officer for Finance and Administration (COFA) and Compliance Officer for Legal Practice (COLP). This feature will concentrate on the role of the COFA, although much of what follows is also relevant to the role of the COLP.

### Who Should Act?

The role of a COFA will be quite onerous and will involve exposing that individual to additional regulatory risks. Therefore, sufficient time and effort must be invested in deciding on the most appropriate person, drawing up a job description for the role, and specifying resources.

The nominee for COFA does not require any special qualifications. However, the COFA must have sufficient seniority to have full access to all of the firm's accounting records and financial management information and, most importantly, be able to report directly to the SRA without reference to anyone else within the firm.

For the majority of firms (particularly small or medium

## 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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sized) it is perhaps inevitable that the nominee will be a Partner, Member or Director. In medium or large firms the Accounts Manager or Finance Director may be in the best position to act as COFA.

Remember, the nominee will be subject to vetting, and the SRA may refuse the appointment for many reasons.

### The Role

In essence, the COFA is responsible for ensuring that the firm has appropriate accounting systems and procedures in operation and that the firm complies with the provisions of the SRA Accounts Rules 2011. The COFA will be responsible for ensuring that all breaches of the SRA Accounts Rules are recorded and reported to the SRA.

Clearly, it is imperative that the nominee should have a very good understanding of the SRA Accounts Rules, and the COFA will need to be satisfied that all staff in the firm have received adequate training on the SRA Accounts Rules in order to minimise the chances of reportable breaches arising.

### Timetable

Firms will be able to nominate COLP's and COFA's from 31 May 2012, with a closing date of 31 July 2012, via an online nomination form. A senior manager within the firm, together with the nominees for the roles of COLP and COFA, will give binding declarations to the SRA for which they will be held personally liable.

### To Conclude

The person nominated to fulfil the role of COFA requires careful consideration. Most firms will need to take a serious look at their approach towards compliance with the SRA Accounts Rules and their attitude towards risk. Without doubt, the consequences of non-compliance are more serious than ever before.

Richard Lane is Director of [Legal Finance Professionals.](#)

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[back to top](#) ↑

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## Maximising Your (Firm's) Potential

A law firm must have good lawyers, but this is no longer sufficient for success. Firms must also be able to attract business and manage the business at a profit.

Early in every assignment we ask Partners to confidentially score themselves out of 10 as Lawyer, Manager and Rainmaker, and then describe their role and practice.

There is often a hidden assumption that all Partners should be All-Rounders, but in fact a firm can succeed by identifying Partners' strengths and setting their responsibilities and expectations accordingly.

There is, however, a difference between the requirements of a good lawyer, and those for managers and rainmakers.

Legal skills are primarily technical. One definition of a great manager is the ability to get ordinary people to produce extraordinary results – whereas the hallmark of a true Rainmaker is the ability to attract and retain high value clients and sources of business, the real key being to maintain business relationships.

### **BLT - Belief, Liking and Trust**

Successful business relationships are built on BLT –Belief, Liking and Trust.

Belief is about competence – technical skill and organisation. In getting clients to 'like' us, listening skills come to the forefront.

Trust implies a confidence that you have their interests at heart and that you will actually do what you say you will do.

Above all else, trust has to be earned. Third-party confirmation is very important in speeding up the process, but your own track record and ability to communicate is what generates the trust.

### **Measure What Matters**

Unfortunately, the Performance Measurement systems in many firms work against the development of client relationships, focusing instead on short-term chargeable hours, billing and collection.

Relationship and value-building conversations with clients and contacts are rarely chargeable – and so are systematically discouraged.

### **Relationships First; Financials Follow**

If the relationship (and conversation) is right, many of the financials will follow:

- More and better clients, and clients will become advocates
- Less fee resistance, and fewer queries, complaints and write-downs
- Billing more often with confidence, and bills will be paid – resulting in lower lockup
- Performance will improve, and opportunities will present themselves more often

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[back to top](#) ↑

## **Masterclass - Understanding Cost Structures and Effective Cost Management for Law Firms**

This Masterclass, presented together with [Chris Bull](#) and [Tony Bash](#) of Edge International introduces a systematic and structural approach - rebalancing expenditure to simultaneously eliminate waste, whilst spending more on things which make money - an approach which many traditional firms have found difficult, but which is second nature to newer ABS type organisations.

It will guide you on the best methods to establish the necessary reductions and suggest alternative remedies to ensure your firm maintains profitability. You will have the opportunity to utilise the skills acquired by creating your cost management project.

For more details, please click [here](#) or email [barry.wilkinson@wilkinsonread.co.uk](mailto:barry.wilkinson@wilkinsonread.co.uk).

[back to top](#) ↑

