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Making Partnerships More Profitable

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## Also This Month

### Upcoming Events

13/03/2012 - [Improved Cash Collection for Law Firms](#) - London

### 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](#).

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

Thursday March 1, 2012

## Successful Partnerships

Dear Associate,

This month Barry Wilkinson addresses cash flow management in the New Year, an issue causing real concern in many firms, and Simon White considers the many routes a potential client will take on their "Journey" to discovering your law firm.



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.



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## Cash Is Tight Because.....

At a Managing Partners' conference earlier in February there was almost unanimity about the fact that, however well firms are doing, cash is very tight at the moment – a real cause for concern.

### But what should be done?

Managing partners should talk to the Head of Finance to establish the reasons.

These could be specific to the firm or due to more general economic factors. It is unclear whether firms are struggling because of recession or the need to fund recovery.

A key issue is to have robust cash flow plans broken down into monthly segments.

### The Bottom Line...

Unfortunately, too much attention goes on profit and loss account budgets, and many firms struggle with cash, which

## 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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could be caused by:

- Seasonal factors, including the Christmas payroll, January tax bill, and even school fees (!)
- A dip in income due to the short December
- The LSC budget cycle
- Self-inflicted wounds related to failure to comply with the terms of the LSC contract

These are all eminently predictable and should be no surprise to a well-managed firm.

### Cash, Profit and Lockup

The cash position will be of greater concern if it is accompanied by significant variance in the P&L account or in the Lockup days.

Lockup management (primarily debtors and WIP) is crucial in any professional performance management programme. Clear targets (days and £) based on departmental standards are essential, and exceptions cannot be tolerated.

If poor cash flow results from poor billing performance, then assessment of the value of the 'order book' (or of recent matters) is necessary.

Finally, if cash flow variance is due to rebounding work levels and growing working capital requirements, the lockup cycle should be changed or additional funding must be found.

Conventional sources of funding have become harder, but the advent of ABS creates a wide range of possibilities...

For advice on cash collection, please see our [Ark Masterclass](#) in March 2012.

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

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## The Client Journey

Most firms are just beginning to review their business development plans for the coming financial year.

A key part of this process should be analysing and defining the client journey.

### The Changing Market

In recent years the nature of the client journey has changed significantly as a result of changes in the market and in the economy. Client expectations have been transformed by their own financial pressures.

Clients now expect more for their money, and often on a fixed-fee basis. Many also seek to do as much of the work as possible themselves in order to keep costs down.

#### [Who is the Firm's Client?](#)

Understanding who the firm's clients are prior to designing the client journey is critical. The days of accepting any potential client are gone.

Profiling the ideal client should be carried out across departments, and there must be synchronicity and compatibility across the firm.

This is the foundation of any successful cross-selling program, and facilitates the correct allocation of scarce resources.

#### [Reflecting Changing Times](#)

Business development has changed from the days of 'scattergun' brochures, networking meetings and poorly coordinated seminar programmes.

In the new environment firms must consider methods that are much more targeted, which may include pay per click advertising, targeted seminars, articles and attending relevant conferences.

#### [Beyond the First Contact](#)

The whole client journey process should be mapped. In particular, firms should focus on:

- How the client first hears about the firm
- How the firm will keep in touch with prospects
- Who is responsible for closing the sale, and how performance will be measured
- How clients are looked after beyond the initial point of sale.

The Client Journey forms a key part of our Business Development strategy advice and coaching programmes.

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