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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.

There are no WRP events scheduled this month.

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](#).

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](#).

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

Tuesday November 30, 2010

Successful Partnerships

Associate

This month Simon White reconsiders the legal business model, while Barry Wilkinson analyses the prospects for outsourcing across the sector.



Any comments are gratefully received.

The WRP Team.

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Rethinking the Legal Business Model

The situation for high street and SME law firms is becoming notoriously challenging, and the difficulties experienced by many firms in this year's PI market have exacerbated an understandably pessimistic mood.

A Perfect Storm

Insolvency practitioners are receiving record numbers of instructions, Law Society interventions are on the rise, and 409 firms have entered this year's Assigned Risks Pool.

This state of affairs is very likely to be compounded by the impact of the introduction of ABS on the high street from late next year and, if the government gets its way, by the proposed cuts to the Legal Aid system.

The Gastric Band

In time, the value in most open markets tends towards the extremes. Major firms will continue to serve the requirements of the large corporate bodies. Conversely, organisations focused solely on a 'commoditised' service, often in unregulated areas and differentiated by price alone, could fundamentally reshape the market and will focus the squeeze on mid-market firms - rather like the effects of a 'gastric band'.

This calls for nothing less than a fundamental reassessment of the law firm business model, and of the mindset of law firm managers. What is the purpose of the

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.

Blog

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law firm? And what is the market? Who are the firm's traditional clients? And who will be the clients in future?

This involves not only outsourcing and efficiency, but also requires new approaches to risk management, to people management, and to Business Development.

A New Approach

Firms and their people need to display new levels of confidence, to consider new methods of promotion and selling (such as Keep in Touch campaigns, strategic alliances, and leveraging online social media), and to develop the habits that underpin success in these areas.

These are all areas to which we will return, and which form the basis of our [Profitable Partnerships Programme](#).

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The Outsourced Alternative

The announcement this week that partners at city firm CMS Cameron McKenna have voted to outsource much of their support function to Integreon confirms that this is an issue the profession is starting to address.

The Historical Perspective

Lawyers have been (at times justifiably) concerned about the quality of the service they will receive – and thus pass on to their clients – from outsourced providers. In a profession where service is both the deliverable and the hallmark of quality and reputation, this is understandable.

However understandable, the concern about possible job losses must be balanced against opportunities for the staff concerned. Staff in Finance, IT, and Marketing have professional skills and qualifications, under-valued in a law firm. Indeed, as outsourcing grows, their prospects may be better “outside” than “inside” the firm they service.

The transition to outsourcing represents a significant investment to be funded, although initial sunk costs are expected to be more than recovered in the medium term.

The Outsourced Alternative

Outsourced providers specialise in their industry, and can offer technical skills and capabilities that would be difficult to bring in-house. Outsourcing the day-to-day management of the support functions frees up time for the firm's management to attend to strategic questions and allows partners to really concentrate on business development, more and more the focus of their role.

Ultimately, such make or buy decisions must be determined by the question of value. Will outsourcing legal processes allow firms to deliver an equivalent (or better) service, at a lower cost to both the client and the firm?

The benefits in terms of the opportunity cost of management time; efficiency savings; and, ultimately, profit improvements will make outsourcing a crucial alternative for firms across the sector in the coming years.

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