

## In This Issue

- [Successful Partnerships](#)
- [Slack in the Middle Market](#)
- [The Client Journey Revisited](#)
- [Your Views - Cash Management for Law Firms](#)

## Also This Month

### 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 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

Saturday November 23, 2013

## Successful Partnerships

Dear Associate,

This month Barry Wilkinson addresses the issue of lockup and the working capital cycle in medium-sized law firms, and revisits the concept of the client journey - and how firms can improve their follow up.



As ever, any comments or shares are gratefully received.

The WRP Team.



[back to top](#) ↑

## Slack in the Middle Market

Businesses in other sectors keep a very close eye on the working capital cycle to minimise their borrowing requirements and to boost their cash reserves. Evidence suggests that law firms can keep an equally tight rein on their lockup – but it requires very active management.

A recent survey of the UK's top firms by PWC showed lockup levels averaging around 110 days. Surveys conducted by the Law Management Section, Lawnet and Natwest all indicate that in smaller firms of up to 5 partners, similarly low levels can be achieved.

However, in the middle range of firms – typically with 5-25 partners – the median lockup level is consistently in excess of 150 days. This has a major impact on the funding requirement.

### Unlocking Potential

There is probably a range of factors underlying this, from billing culture, through ineffective systems and processes, to the payment profile of the client base.

It is clear, however, that reducing lockup will have a major impact on the firm's financial performance. As a simple example, if a firm can take 35 days out of its lockup, for every £1m of turnover it can reduce its borrowings by £100,000.

This means that, by reducing its lockup by 35 days, a 10 partner firm with turnover of £5m could reduce its

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.

---

## Forward

Know someone who might be interested in the email? [Forward this email to a friend.](#)

---

## Unsubscribe

If you no longer wish to receive this email [please unsubscribe.](#)

borrowings by £500,000. That equates to a lot less worry and far greater peace of mind for partners (and lenders).

### Focusing on the Financials

At year end, the evidence shows that many firms reduce their lockup by over 10 days in a short period of time, but this discipline seems to be lacking throughout the rest of the financial year.

Taking that year end focus and applying it to the lockup problem throughout the year would likely result in some very significant gains.

At Wilkinson Read we have considerable experience of helping firms to reduce their lockup levels using our Pipeline process and programmes that specifically target the working capital cycle, cash flow management and lockup reduction.

For a conversation about these issues, please email [barry.wilkinson@wilkinsonread.co.uk](mailto:barry.wilkinson@wilkinsonread.co.uk)

[View full article](#)

[back to top](#) ↑

---

## The Client Journey Revisited

When we undertook a comprehensive self-assessment of our business over 10 years ago, based on the principle of the 'client journey' introduced to us by John Niland of Success 121, the most burning issue that emerged was that of follow-up on client enquiries.

Our own experience at the time was not dissimilar to the answers we get from law firms when we pose similar questions today.

Snowed under by the work at hand and unwilling to impose ourselves on prospects who may not want to hear from us, it is all too easy to create opportunities but never follow up.

### The Cost of Missed Opportunities

This is, of course, doubly costly because – added to the business we are missing out on – there is the wasted resource and opportunity cost involved in generating those initial conversations.

At a recent conference, a firm of business analysts presented on a client research project in which they had interviewed and surveyed a large number of actual and prospective clients about their experience as they followed the "client journey" from first enquiry through to completed transaction – and probed the reasons for not proceeding if that had been their decision.

The firms in question generally scored highly for general levels of satisfaction and relationships with fee earners, especially compared with benchmark data for a far larger sample of law firms.

However, when it came to follow-up processes, the firms' scores can only be described as appalling. A significant number of unconverted enquiries resulted.

### Following Up on the Follow Up

As a consequence, a number of the departments

concerned instigated formal processes for ensuring that every single enquiry and quotation was followed up and tracked – to the point of having a conversation with the prospective client to find out why they had gone elsewhere if they had done so.

The result of this systematic attention to follow-up was an increase of up to 30% in the number of instructions taken on, as compared with the period prior to the implementation of this approach.

These lessons may not, of course, apply to every department in every firm. However, research in the US has shown that buyers expect to be involved in a dialogue with suppliers of professional services.

The clear conclusion is that firms must take the issue of follow-up seriously – otherwise opportunities will continue to be missed, and resources will continue to be wasted.

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

[View full article](#)

[back to top](#) ↑

## Your Views - Cash Management for Law Firms

---

Regular readers will remember that in 2009 we sought your views for the first edition of Barry Wilkinson's book, *Cash Management for Law Firms*, published by Ark.

We are now revisiting the issues for the second edition of [Cash Management for Law Firms](#), and would be very interested to hear your views on the subject - and how the situation may have changed for law firms in the past four years.

If you would like to contribute your views, please contact [barry.wilkinson@wilkinsonread.co.uk](mailto:barry.wilkinson@wilkinsonread.co.uk).

Many thanks in advance.

[back to top](#) ↑