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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.

18/11/2010 - [Managing Cost Structures for Sustainable Profit](#) - London Masterclass

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](#).

Blog

Get involved in the debate - read our posts on the issues and challenges confronting your industry,

Thursday October 28, 2010

Successful Partnerships

Associate

This month Michelle Walsh considers the ideal client, and Barry Wilkinson and Simon White address a coherent management approach to support a lending proposition.



Any comments are gratefully received.

The WRP Team.

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Identifying the Ideal Client

In a recent Business Development workshop we posed the question 'who is your ideal client?' The immediate response: 'anything with – or without – a pulse!'

For many solicitors, this has been the case for many years.

However, the days of casting the marketing net so wide are gone. Reaching clients takes investment, and firms must focus that investment on their best prospects to achieve a sufficient return.

Successful Departments

An important starting point is for all departments and teams to identify their ideal client. This means more than 'businesses in our area' or 'private clients'.

In a B2B market it is important to know what market the client is in; the size of the company and turnover; location(s); and even corporate structure (who is the buyer, and with whom should contacts be nurtured?).

Private clients can be profiled by age; wealth/income; occupation (at least in broad terms); location; and likely requirements.

[Cross-Selling Legal Services](#)

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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Different teams and departments will naturally have different ideal clients. However, in identifying the ideal client we not only get everyone pulling together in the same direction, but also maximise opportunities for cross-selling and referral within the firm.

There are clearly no right or wrong answers – and different people within teams will also have different ideal clients. As long as this is recognised and is part of the Business Development strategy, this can serve to strengthen the portfolio.

What is important is for the firm to be deploying its resources effectively – and client profiling forms a key part of this.

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Forecasting the Future

We have been suggesting for some time that the banks will only become more stringent in their lending criteria.

This has been consistently supported by bankers – who have made the point that law firms must have viable lending propositions, and that well-managed firms will continue to be supported by their lenders.

Managing the Bank

The days of firms keeping their cards close to their chest are long gone. Full disclosure means not just of the current state of financial affairs but of the firm's prospects – including, crucially, future sources of work.

A Coherent Approach to Law Firm Management

Management – and management information – must be coherent and forward-looking.

Debtors relate to the past, and as they get older they become harder to collect. Work in Progress refers to the current workload and, unless it is turned into cash, simply represents a series of numbers on a page. The number of files opened each month gives an indication of incoming workload and the type of work.

Forecasting the Future

The important thing is to bring this all together – and to use past billing figures to accurately predict the value of work coming in. This, in combination with realistic estimates of the cash to be brought in from existing WIP and debtors and when this will be realised, should provide the basis for sound cash-flow forecasts.

Of course, forecasts will never prove to be 100% accurate, but forecasts of this nature will be far more valuable to the firm and the bank alike than a series of figures relating

solely to the past.

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