

Background to the Legal Services Sector



Lawyers' Current Problems

“The first thing we do, let’s kill all the lawyers.” So pronounced Dick the butler, the revolutionary in Henry VI (part 2). His words may have been often quoted since to malign the legal profession but Shakespeare’s point was underlining that the rule of law is a bulwark for a stable and civilized society.

Our outcome at Lawdacity is to “skill” lawyers instead of killing them. Unlike Dick the butler, the revolution we are proposing is not to overthrow democracy. But it is my sincere desire to assist lawyers in finding and applying the skills that will make them even better lawyers. Together we can help them to deal with the business, health and emotional problems that they have.

All is not well in the legal profession. The Bar is doing alright – in so far as it continues to be a great life for the handful at the top end, as it has always been – but things are pretty uncertain for almost everybody else. The real angst is being felt among the ranks of the middle-sized firms of solicitors.

As of 6th October 2011, the legal market in the UK has been opened up to non lawyers. In the past, lawyers had to organise themselves as partnerships with only other lawyers. Now, for the first time, businesses other than solicitors are allowed to set up a limited company and offer a range of legal services. This is the long-heralded opening up of the legal market to outside competition.

This means that companies such as the Co-Op and Tesco are now muscling in on the legal market. They can provide services that used to be the exclusive preserve of lawyers now. In the US discussions about de-regulation of legal services are also taking place.

The profession is in a state of flux and lawyers are struggling. Some will survive. Some will need to leave the profession and possibly retrain to do something else. Big firms may be floating on the stock markets for the first time. Some may be merging. Medium-sized firms will have little option but to merge. They will require assistance to do this and manage the change and help their employees to manage the change.

Unfortunately for lawyers, one of the obvious areas Tesco have targeted is conveyancing. This is the legal work surrounding the buying and selling of houses and apartments. This is for the twin reasons that the work is frequently straightforward, usually does not require a sophisticated, legal knowledge, and is regularly high margin. The problem is that a large proportion of solicitors’ income comes from the areas of conveyancing and divorce.

The other problem – although it affects specialists rather than the mainstream – is the cuts to legal aid and the curbs on 'no win, no fee' litigation. Again, for some, these were major sources of income.

Life was already tough for these firms because of the economic slowdown which started around 2008. They are in no condition to withstand further loss of income. Consequently, the industry is bracing itself for a shake out. Some may be able to survive by merging if it allows them to retain the revenues of both firms but live as cheaply as one by cutting back office costs and overheads. But many others don't really have much to offer a merger partner. For them, the outlook is bleak. Many will just have to accept that they will be earning less.

Big firms, for example, have problems attracting and developing the best people, executive development; employee engagement; attracting and keeping clients; maintaining their energy.

One of the definitions of a professional is that they have to belong to a professional body which has rules (in the case of solicitors their rules are enshrined in law and also significant) and amongst other things is a person whose professional status requires them to behave in ways which are often against their own commercial (or industrial) interests. The word profession suggests privilege and the ability to charge highly for a service. They believe they are under threat and that the current government is doing its best to undermine their status. They believe that they are not as highly regarded (or paid) as doctors - presumably because the public do not value their services. They are asking what they can do to re-establish themselves as a valued profession – without either clinging to the past or becoming super efficient machines.

They find it difficult to understand the thinking from some sources that behaving as professionals is akin to being dinosaurs without value or merit, whilst behaving as though they are an industry is lauded as a sign of progress and merit.

Professional values and ethics do not become outmoded simply because they have existed for a long time. However much politicians and consumer groups do not like to admit it, there remains a fundamental difference in law between a "client" and a "customer", not least the requirement to always act in the best interests of the former.

Some lawyers find it difficult to cope with the prospect of supermarkets providing legal services. They don't believe that supermarkets always think of their customers first. They believe that they market themselves on the premise of convincing their customers they are giving them what they want - and that, however, is not necessarily what is in the best interests of those clients.

The belief is that the law and the legal system cannot always deliver what the "customer" wants. Sometimes what they want is legally impossible or extremely unlikely to occur. They wonder whether supermarkets will give advice as "professionals" even though it is not what they want to hear. Or should they behave as an industry and try to sell them something else in the hope they can convince them they need it?

The recent report from the UK Legal Services Board states that it is their duty to promote competition within the legal services market and that alternative business structures are going to happen whether lawyers like it or not. The "Market Consolidators" (Tesco) are seen as a threat to the traditional High Street practice because they are investing in technology to drive down acquisition and document production costs, they are employing lower cost paralegals (including law graduates who cannot find a training contract) rather than taking on trainees or Newly Qualified staff, and they are bundling services to cross sell more effectively.

The Bar has not escaped these problems. Most of their work comes from Solicitors, who may have less work and what they have they may want to keep "in house" instead of giving it to Barristers. Recently, for the first time Barristers are able to provide their services directly to the public. This means that they have to operate as a traditional business. As most of them are not trained to do this, they will need your help to grow their business.

The message is very clear. Lawyers must adapt or die. I believe that to succeed in the future, firms and individual lawyers will need to:

1. Become High Performing
2. Differentiate themselves, get a 'brand'
3. Become fantastic at customer service and probably innovative in this respect too.
4. Embrace social media to help to build and publicise
5. Use technology to become faster and more efficient

When it comes to the latter, they must learn to work smarter, not harder/longer to deliver a sensibly priced service. I am not suggesting competing on price, but essentially that they need to become more profitable by spending less time on repetitive/non-legal/non-specialist tasks that clients do not want to, nor should have to pay a premium for.

Many lawyers are not feeling happy about their business. Many wish they could escape but have nowhere to go. Many lawyers are not coping. They are not able to manage their workload. They are working far too long hours. They are not able to grow using existing resources but cannot afford to acquire more. However they could grow if they made some strategic changes.

We have designed a management process to help a business to become re-energised through having a quality management team. We help the firms and chambers to have happy focused fee earners bringing in more clients easily and effortlessly in a high performance environment where success is not only expected but is celebrated. If you think you can bring your skills to our team, I'd love to hear from you.

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