

Leadership beyond the Pandemic

It's fair to say that most law firm leaders have dealt with the challenges that we have faced over the last year, very well. Furloughing staff in Lockdown one, and reducing costs wherever possible, the acceptance of Government support and a gradual re-opening of work flows, has left most firms in a stronger financial position than they were prior to March 2020.



However, the true value of leadership will be demonstrated during the “coming out of lockdown-phase-three and beyond”. There will be no further Government support in 2021 and those firms that have used their CIBLS loans to fund their PII renewal, will find it increasingly difficult to finance a hardening PII market in 2021.

What does leadership of a law firm mean in a post pandemic world?

Firstly, we have to accept that we are never going to go back to the way things were. The relationship with staff has changed in many practices, leaders have acknowledged that they can trust staff to be more flexible in their working relationships and still produce meaningful results whilst working from home. Therefore, deciding how much actual office space is required in city and town centres is a discussion happening in most firms. Strong leaders will demonstrate the necessity to break the cycle of large un-needed office space in expensive locations when the performance of staff working remotely has been proved during the last year.

This of course depends heavily on the leadership shown in investing in remote working; technology to both monitor and supervise performance has been paramount in those firms that have demonstrated strong leadership. Robust IT platforms and investing in laptops and mobile devices has demonstrated how leadership can evolve the firm into a modern profitable law firm.

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The need to meet both existing clients and new clients, can now be equally well managed remotely through the growth of new platforms such as Microsoft Teams and Zoom. Whilst I am not advocating having no face-to-face meetings, I do believe we will maybe have an initial face-to-face meeting, but the rest of the matters can be completed through one of the aforementioned channels.

Why would either clients or fee-earners wish to travel into offices when video calls will more than progress the matter in hand? Think of the lost time and cost to both parties in travel, when the convenience of a 30 minute video call would suffice.

Cost-cutting and future working practices

There have been numerous success stories in law firms managing their overheads and costs; many realising they did not need the numbers of secretaries and support staff whilst fee-earners are working remotely and capable of dealing with typing etc. themselves. Again, the use of electronic signatures has changed the working practices of many firms.

The management of the data held by law firms is crucial in the future development of practices. Many law firms are carrying substantial Will banks, but unless this data is electronically available for sector-specific marketing, then the data is worthless. Leadership will demonstrate the need for this data to be readily available and an investment in doing so will generate huge incomes for most law firms.

Many law firm leaders have recognised the world has become smaller during the pandemic, with many countries in the same, if not worse, position than the UK. Technology and work process have become a part of everyday conversation with the more progressive leaders in law firms. As the stamp duty holiday finally comes to an end and the demand to move house to more rural locations falls away, we will begin to see more pressure on conveyancing departments and firms to become more competitive. If we couple that with the hardest professional indemnity market for 20 years - many conveyancing firms will find the next few years very difficult.

Those showing strong leadership have taken the decision to off-shore some of the processes associated with conveyancing. I have a large number of firms that have actually grown their market share because the conveyancers are dealing with the more complex cases and the administrative part of the process is being off-shored to India. A simple calculation will give you a 40% cost saving on utilising off-shoring for the file opening and post-completion work let alone searches and Title checking. It's having a member of staff in the next office, but that office is 6000 miles away!

This subject is certainly not new, but the efficiencies and cloud-based solutions make this far more readily available. It's not just for conveyancing, I have firms utilising these services for a host of legal activity that is being processed such as probate, personal injury and surprisingly legal aid.

The leaders of law firms are thinking differently

Progressive leaders are showing innovative solutions to the inevitable consolidation of the legal profession. We still have too many smaller practices trying to serve their local community through the high street and this consolidation of such firms cannot be stopped. Legal services are being purchased differently from the traditional local models. Apps, sector specific marketing strategies and social media are all becoming part of everyday life – ignore them at your peril.

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We are just starting to see new consolidators entering the legal space realising that there is a huge opportunity to grow by acquiring specifically targeted firms. I have no doubt that this trend will continue.

What's more interesting, is whilst many of the consolidators have been sweeping up smaller distressed firms, progressive law firm leaders have been identifying true merger targets. These new leaders will take the legal profession on a new journey that will bring firms of similar size merging in the true sense of the word. The traditional partnership model is all but in the past for the vast majority of practices, and a true merger in an ABS structure that will attract the huge numbers of private equity investors into the profession will be the future.

Private Equity sees the legal profession as a profitable but sleepy old-fashioned opportunity both in the professional practice model and in the process modelling of conveyancing, probate and personal injury factories. The numbers of proposed floatations on the horizon are staggering.

Leadership for new growth models

We have seen the enormous growth in the consulting consolidator model, with many individuals choosing this lifestyle over the traditional structured LLP or Partnership model. They do not want either the responsibility or commitment of joining a partnership or even LLP or a limited company still run as a partnership.

Some firms are running the consulting consolidator model, as well as a traditional practice, but the numbers of new entrants into this space seems to rise weekly. It will become a lifestyle choice for many not choosing the traditional career path. The leaders within these new models are expecting a consultant to work for more than one organisation, therefore not falling foul of the IR 35 rules.

The press has picked up on this growing trend and is suggesting that the vast majority of fee earners – who do not want the uncertainty of law firm ownership – will follow this route in the years to come.

Are these new entrepreneurs showing a new form of leadership by guiding “fee-earners” into a new world of working – only time will tell!

What is certain is that the legal profession is about to change beyond recognition and only the strong leaders will survive in this exciting new world.



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