

New Business Strategy for Black, Black & Boldas, Solicitors

July 2011

Please note: Black, Black & Boldas is a fictitious firm, a composite of a number of Anya's real life clients and the genuine issues that affect them. This approach is to enable us to describe a full management process without accidentally breaching any client confidentiality. It is prepared with gratitude to all of the firms who have contributed their thoughts and reactions in discussions with us.

Current Position

Black, Black & Boldas have been in practice for 17 years. We specialise in the following areas of law:

Conveyancing

Probate

Civil PI

Civil Contract

Family

We have 5 fee earners and 3 support staff. Our annual turnover is £340,000 and we return a small profit annually.

Our aim is to provide a professional, personalised service for our clients to guide them through all of the situations when they need our services.

We have a busy, attractive office in the centre of town and many of our clients have been with the firm for a long time.

New clients tend to come to us by word of mouth recommendation. We used to get a significant amount of people who found us through our advert in Yellow Pages but this doesn't work so well now. We are registered online with Lawyers-Solicitors-UK.co.uk, and we have received instructions from a number of clients recently who found us through a search engine.

Choices

We have three choices, depending on the ambitions of Black, Black & Boldas.

1. stay as we are
2. improved stay as we are
3. a hint of national

1. Stay as we are

This has been the much-discussed strategy in the last couple of years based on the steady, if unspectacular, profits we have made year on year. Black, Black & Boldas is a generally productive firm and a good place to work. There has been much voicing of the adage 'if it isn't broken, don't fix it'.

However, there are a number of reasons that have been suggested during partnership discussions as to why this might not work:

- a. Competition from other solicitors in the area. The firms close to us in the city are unlikely to all choose to make no changes. There are obvious candidates who are already making moves to increase their availability by offering longer opening hours and making moves towards serious internet marketing. If we don't at least meet their strategy, we risk our current position. Even if our existing clients remain happy to stay with the firm, our chances of recruiting new clients will be damaged by not responding to initiatives from other local firms
- b. Competition on price from other UK firms on some of our core work. We all know about Tesco Law although no-one actually knows what Tesco's might do. But it is clear from the emergence of services like In-Deed.net that there will be renewed competition on a price and service level for services such as conveyancing, wills, probate and divorce. If these prove to be successful, we could see

a leeching of our current turnover for this work. As it accounts for 60% of our income, and the most predictable portion of it, this is where competition could hit us hardest if we cannot respond.

- c. Clients have increased expectations re the type of service solicitors can and should offer.

2. Improved stay as we are

This means paying much more attention to three things within the current remit of services:

- a. Marketing: recruitment of clients. We currently pay just over £9,000 pa for a large Yellow Pages entry but its effectiveness has greatly diminished in the last 3 years. We have tried the odd bit of local sponsorship and weekly adverts in the local paper but nothing has really successfully taken its place. We did launch our first website, having got a reasonable price from SmallSites R Us, but that too hasn't really resulted in a great response. This is a subject that will be returned to below.
- b. Client services: informal research amongst our clients tells us that they feel the following things would greatly improve our service offering to them:
 - i. More availability, especially over weekends when they aren't working
 - ii. More transparency of case papers
 - iii. Easier communication: often clients are trying to contact us during their working hours and they cannot spend ages on the phone talking to us. Likewise they cannot keep taking time off work to come into the office.
- c. Pricing: we know that legal services are always in a bind and this has increased greatly in the current recessionary period. There is a common perception that lawyers charges are very expensive and that some of those charges arise from a degree of incompetence and / or duplication. We know this isn't so but it is hard to shake that perception, especially when belts are being tightened generally. It is unlikely that we can resist full pricing transparency for too much longer and we will

need to consider a full menu of prices and fixed fee services. This does have a knock-on effect internally, requiring us to get a lot more efficient on time recording and costing.

3. A Hint of National

Offering services that can be sold on the internet to a wider audience of clients.

The number of legal firms a client could visit to get the best price or service for them used to be limited by the number they could get to near to their home or place of work. Now clients shop on the internet without ever having to meet their solicitor face to face. They use the internet to read about other firms and those firms can put far more information on there than they could in a Yellow Pages advert. However, it also means that we don't have to rely on clients who live nearby. We too can take advantage of the marketplace on the internet and offer our services across the whole of the country without having to set-up many offices.

The initial proposal is that we offer a fixed menu of services based on our current expertise, including:

- a. Fixed price conveyancing
- b. Fixed price will creation
- c. 3 levels of Probate services
- d. Fixed price quickie divorce
- e. Fixed price advice on children act matters
- f. Fixed price advice on Financial / matrimonial matters
- g. Fixed price injunctions
- h. No Win No fee claims

The plus side of this option is that we wouldn't need to incur the additional overheads of increased opening hours mooted within Option 2 as the website could be designed to take the strain and effectively allow Black, Black & Boldas to be open 24/7.

Our Website

Another source of extensive discussion amongst the partners has been the firm's website. We had a simple information website built 18 months ago by SmallSites R Us and we have been a bit disappointed by the effect. In short it does not appear to have yielded much response from potential clients. SmallSites R Us did advise us that we would need to spend some time working on our site to improve our visibility on Google (known as seo). They thought that blogging would be the best way for us to help improve our seo and that some interactive features on the site itself would help clients get in touch. We, perhaps naively, thought that having a website would be enough and people would eventually find us.

Fast forward to last month's partnership meeting when we decided that we can no longer take this approach to our online presence and that we probably need to think and start again.

The partners have had sight of a useful strategy document prepared by Anya Designs Ltd regarding proper implementation of a website, the key points of which are:

1. The primary concern is to increase our website traffic, that is the number of people actually looking at our website as this is currently negligible.

2. The content and build of the site needs to talk properly to potential clients first. The standard approach of lawyers has been to include information that appeals to other lawyers. This means nothing to clients. Keep it simple and talk directly to the type of clients we actually want to attract
3. Give a client something to buy, something to say yes to. This is a selling medium and should therefore include something very obvious and easy for the client to do.
4. Keep the site fresh and updated, track its performance through Google Analytics and tell people about it wherever possible.

We don't do these things currently and that is why our site doesn't work for us. In particular, we do not promote our website when we do other, more traditional forms of marketing.

How far we need to go with changing our website depends heavily on which path we take. Option 2 will require slightly less work than option 3 as the site won't need an ecommerce element to it. However the costs of pursuing option 2 far outweigh the costs of pursuing option 3, as we shall now see.

Time Recording and Billing

Another matter up for discussion is our time recording and billing processes. It is important because we have seen a couple of incidents recently that would indicate that our belief in the infallibility of our current system may be a little misplaced. We need not be detained by either incident but the net effect of the mis-recording for the firm was a loss of over £3,000 in costs.

Our current time recording system is based on manual attendance notes being picked-up by the cost draftsman and an excel spreadsheet that tracks the costs for each fee earner through the year. The costs draftsman is a cost-effective way of billing manually as it means the

firm doesn't need a member of staff who is dedicated to billing. However it is a significant overhead (£6,000 + pa) and one we could actually remove by the introduction of a simple, computerised time recording and billing system.

Traditionally we have decided against such a system on the basis that our team weren't uniformly comfortable with computers and computerised time recording. There is also the continued reluctance of two of our fee earners on the subject of time recording per se. However the current climate dictates that we really cannot indulge these peccadillo's any longer. We do need to ensure we are getting paid for the work we do.

Costs and Implications

Change invokes the spectre of costs. We have prided ourselves in the last 3 years on the steps we have taken to reduce our overheads and make ourselves a little more resilient in the current climate. Investing money to create change is a big step for the firm and should therefore be considered as part of the decision making process.

Current Overheads

Overheads for office opening 5 days a week, 9-5

Rent / Rates: £31,000 pa, £2,583 per month

Average overheads per month: £25,000

Of which salaries and NICS currently account for approximately £17,000 per month

Current Marketing Commitment

Yellow Pages full page advert: £9,000

Weekly local newspaper advertising: £4,807

Sponsorship: various: £8,000

Total pa = £21,807

Costs of Option 2: Improved Staying as we are

Ie

1. extended opening to include Saturdays and late Thursday evenings
2. new website plus seo work
3. time recording software to maximise profit costs

1. Direct costs of extended opening: £61,870.92 pa.

Effect of an additional day of opening plus late Thursdays is (broadly) a 23% increase in costs excluding rent and rates. Here, that means an additional £5,155.91 per month, £61,870.92 pa.

2. New website: £5,000

The quote for the website includes a redesign and the introduction of a contact form plus newsletter option. We did receive a number of quotes for seo work to boost the launch of the new site. These varied between £4,000 - £8,700. It is proposed however that the

partnership takes a much more committed involvement in the marketing of the business and that includes activities on the website. This may mean initial assistance from an external seo expert whilst we learn to carry-out this marketing work within the firm.

3. Time Recording software: from £4,000 year 1

We have had demonstrations and full costings from three firms that were recommended to us: DPS, Anya Designs and Proclaim.

DPS: well established, useful Outlook interface. Does document processing really well. 5 user licenses will cost us £950 per month / £11,400 pa. This includes 3 training days, support and maintenance for year 1. Cost Pros: spread cost means month 1 is £950. Cost Cons: its £11,400 each year. And we will definitely need training.

Anya Designs: iLaw software: another well established firm, very intuitive interface that even John Black could use! Again does document processing really well. 5 user licences will cost us £2,000 up front with an additional £2,000 for annual support and 6 hours remote training. We can spread these payments over 3 months interest free, which increases the month one payment to a still manageable £1,333. Cost Pros: there is nothing to pay after month three and nothing to pay in subsequent years unless we choose to take support. Also these are contended user licenses, which means anyone can use them. Cost Cons: the increase on month 1, 2 and 3.

Proclaim: Clearly a very good software package with terrific functionality. May be a bit too complicated for our needs. The Proclaim system would cost £9050 pa, which is cheaper than DPS.

Total costs of Option 2

£70,870 – if we take iLaw and no external seo work

£78,270 – if we take DPS and no external seo work

Costs of Option 3: A little bit National

Ie

1. new website with full ecommerce functionality plus seo work
2. time recording software to maximise profit costs

1. New website: from £7,500 - £11,000 + £4,000 + for external seo work

The quote for the website includes a redesign and the introduction of a contact form plus newsletter option. More importantly, it also provides us with an option for all clients to pay for our services directly online. This enables us to create 'self-service' options for clients with fixed prices as detailed above. This is in place of us opening all hours and enables us to broaden our client base significantly. It will be doubly important to invest in this new platform in terms of on-going marketing and site work, keeping things fresh and interesting for our clients to come back to. It is recommended again that all members of staff become involve idnt his exercise and that the partners do commit some budget to external seo services to get things started. It is clear that you cannot place an ecommerce website online and expect it to give us results straight away, we will need to work better and differently at our marketing to justify the initial costs for the website build.

2. Time Recording software: from £4,000 year 1 + £5,000 (approximately) for an iLaw Client Portal.

The information under Option 2 remains, with one additional, and very important, factor:

Anya Designs are able to plug iLaw into the online ecommerce site which would enable us to pass information to and from clients in a client login area. This would simply make our lives easier and prevent having to double-enter things all of the time.

Total costs of Option 3

£19,000 – if we take iLaw but no client portal

£234,000 – if we take iLaw + client portal

£26,400 - if we take DPS (no client portal possible atm)

Senior Partner's Guiding View

Much depends on the ambitions of Black, Black & Boldas. As Senior Partner, it is my wish to see this firm survive and grow in the next five years. We have been great believers in organic change through the last 17 years and this has served us well. I have no wish to jettison those basic principles. However I do not believe the profession has faced this scale of change before and extraordinary times do require extraordinary measures.

I believe that the better change for the firm is one that requires less of a cultural overhaul and one that sits alongside some of the core practices and beliefs that have made this firm successful so far. On that basis, I find myself voting far more for Option 3 than Option 2 as I feel that substantially increased opening hours will not only cause problems within the home lives of our staff but change the nicely balanced social dynamic within the office.

A well crafted website and service offering would relieve us of the need to consider increased opening hours if we fully commit to the work it involves and I believe that we can. The beauty of this decision is that it is a lot cheaper than Option 2, a fact which also recommends itself to me. In short, if the project were to fail, the losses incurred would be more reversible and easy to absorb. However,

I am well persuaded that Option 3 represents the reality of the future for legal services and the partnership would simply be remiss if it didn't embrace that change in one committed and well planned move.

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