

WELCOME TO THE FIRST ISSUE OF NAVIGATOR

For all solicitors' practices the prospect of a 2008 downturn is real and concerning. If there is a downturn, the impact on firms would vary very much according to individual firm's profiles and areas of specialisation.

An important and unique contribution we at LawGroup can make is to provide advice and support, helping firms to identify what practical steps can be taken to reduce the impact of any downturn. We do not profess to have all the answers, but we are actively researching the issues so that we can highlight areas that you could benefit from looking at.

Some topics will be short-term and relatively minor in impact, whilst others will be longer-lead issues with a potentially major impact on your business. Equally, some of the items that we raise will seem obvious to you but we hope that at least one or two topics from each issue of this newsletter will strike a cord for you or one of your colleagues.

To formalise the way we provide this advice we are launching a new newsletter, called Navigator (of which this is the first issue), the sole purpose of which is to broadcast "downturn advice". Navigator will have no fixed publication schedule or fixed format. As and when we have something pertinent to say we will publish an issue.

If there is a downturn it is vitally important that your firm faces up to it and plans how to respond. It may be that your firm would only be peripherally affected. If so, you are fortunate indeed. If not, read on.

One of the major benefits to being in a network is the ability to learn from each other. No-one can claim to have all the answers but between us we may get pretty close.

We urge you to share your downturn-beating ideas with the rest of the network. A small effort on your part could be repaid many-fold as you benefit from the strategies developed by other member firms. Simply call or email me and we will disseminate your feedback (anonymously or accredited as you wish) to the rest of the network.

Future issues of Navigator will focus on what firms should be doing to adjust their operations in the event of a downturn as well as exploring the business opportunities that a downturn presents.

Areas looked at will include:

- Marketing;
- Services Offered;
- Customer Care;
- Money Management;
- Risk Management;
- Staff Communications;
- Costs Control;

and any other topics you would like us to focus upon. If there are areas you would like us to feature, let us know.

As a starter, here are some things you can do now if a downturn comes, in the areas of Marketing and Client Care; both to protect what you have and to attract more work.

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SERVICES REVIEW

A downturn is a threat, but also it can be an opportunity. Many of your competitors may simply "hunker-down" and hope to ride out the storm whilst others may cut back on all activity and some others will fail to do anything at all.

However a downturn, simply viewed as a change in market circumstances, brings many new opportunities. This is a time not only to cut out dead wood but also to

proactively develop new strategies for growth (albeit in some cases to counteract those areas of the practice which may temporarily contract!).

Now, for example, is the time to review the services that you offer in the context of "what issues come to the fore in a downturn and what can we do to re-focus our service offering to support our existing clients and also to attract new clients to the practice?".

The main point of this section was made in the previous paragraph and, of course, a service review will bring up different issues for each firm, not least in relation to services currently offered, the current skill set of your fee-earners, the potential and appetite for re-training and so on. However, what follows here are some ideas that have come up in discussion.

COMMERCIAL CLIENTS

Debt Collection

Quite clearly, commercial clients will find their collections under more pressure. Could you pro-actively offer your clients a dunning letter service? You can very easily generate the standard letters required. The process is low tech, requiring no investment.

Repossessions.

Both locally and nationally, lenders and landlords are going to need more help with re-possession and evictions.

The Council of Mortgage Lenders is already forecasting upwards of a 50% increase in the number of re-possession in 2008, up from 30,000, to 50,000. Those lenders will need representation and there will be pressure on existing panels.

This work may not be very lucrative but it certainly contributes to the bottom line, as well as providing valuable court-based training for junior solicitors.

Are you on all the panels you can think of? If not, get on them now, before they fill up.

On a local basis, do you know who the major local landlords/buy-to-let players are who you could approach? More importantly, do they know you?

Bankruptcy

As with insolvencies, do you have the expertise to benefit from an increase in this type of work? Are your clients aware it is a type of work you can do? Possibly the most damning phrase uttered by a client has to be "Sorry, I didn't know you did that type of work".

Employment Severance Advice

Quite obviously this area will grow in 2008 and 2009. If you don't currently offer an Employment law expertise, you may consider developing this area while you have time. If commercial firms are considering downsizing, do you have cost-

effective solutions available? For example, standard letters / advice templates / ready reckoners?

Is there merit in contacting your commercial clients and other local firms telling them you offer an employment service and explaining why you should be their solicitor of choice?

Contractual Disputes Advice (there will be more disputes).

In a downturn, the number of contractual disputes shoots up – simply put, money matters more and companies will look for any way to pay away as little as possible.

PRIVATE CLIENTS

Home Information Packs

Is there going to be spare capacity in your Conveyancing Department or, indeed, is there already? Now is an opportunity to "In-source" the production of HIPs.

During the initial launch period, many firms have been sourcing HIPs from an external provider. A sensible solution at the time whilst the market watched to see which way the wind blew. However, it is now clear that, not only are they here to stay, but that they are very simple for a solicitor to source and construct in-house, save for the EPC; for which you could instruct an EPC surveyor as well as anyone else.

In-sourcing has advantages in addition to the profitable occupation of staff.

- Producing the HIP helps to put you back in control of the conveyancing process by getting you involved with the client at an earlier stage.
- Solicitor-produced HIPs are better than Estate Agent HIPs, for example for clients that wish to change agents—a marketing message for you to exploit.

This is also an opportunity to demonstrate to clients that you recognise times are tough by offering the HIP at a no-frills price.

Insolvencies

This may not have been a priority in recent years, but are you geared up for a possible increase in insolvencies?

Employment Severance Advice

Some clients will be worried about their job security. Some may even lose their jobs.

Again, do your clients know you provide advice in this area?



REFERAL SOURCES**Local “Partners”**

Estate agents, IFAs, accountants, surveyors – all are in the same boat. Review your local “partnerships”. You can do several things. Get together and review what you can jointly do to mutual benefit. Look for money and effort.

Could you get them to share any of your marketing costs? This is particularly the case if they benefit from your referrals to them.

If you are running a seminar or other event, could one of them become a “co-presenter/cost-sharer”?

Emphasising that firms should stick together locally, is a powerful message. Localism is an attractive proposition when times are

hard. By emphasising you should stick together, you may do some business. If nothing else, you will certainly generate a fair slice of goodwill, which will come in handy when better times return.

Advice Centres

In a period of downturn, there is likely to be an increased flow of potential clients through the advice centres, CABs and so on. If you are looking to extend your “downturn related” private client services, don’t forget to keep your valuable sources of referral fully up to speed with what you can offer.

Call in your favours

Quite purposefully, list firms or individuals who you think “owe you one”. How can they help your firm this time round? Get all the partners/fee-earners to do the same. Review the resultant joint list.

MARKETING

We will be coming back to marketing on a regular basis in future issues of Navigator. Here are a few initial thoughts.

Temper your message

Review the look of your marketing materials and the words/proposition that you employ. The stance you adopt during an expansive phase may not be appropriate in a period of downturn. In a downturn people are more concerned with safety and “value” propositions, and in particular value for money (not to be confused with the lowest hourly rates).

You can recognise that times are tougher and that you have taken special steps to help clients during these tough times; for example the in-sourced HIP at a no-frills price referred to earlier.

You may wish to consider altering your message subtly to one of value for money, cost effectiveness, no frills. Alternately, you may wish to major on providing support in worrying times (or a variation thereon).

Review your advertising spend

In a downturn, you will be able to “muscle” your media on rates and position. Put crudely, you will be able to negotiate better discounts and better positions. There is less competition but the same amount of space. Do not pay the “rate-card” rate. Don’t pay last year’s rates - negotiate.

For instance, if you are doing recruitment advertising, use smaller ads. Your ad doesn’t have to “shout” as much, because there are fewer competing ads. There is less “noise”.

Cross Sell

Now, more than ever, is the time to cross-sell. Internal barriers will be lower. Colleagues are more prepared to let other colleagues access “their” clients.

Also, contacting your clients and highlighting the services you can offer in a downturn shows you are a pro-active, on-the-ball firm.



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