

# Business focus vital for law firms

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**RUNNING A SUCCESSFUL LEGAL PRACTICE IS THE SAME NO MATTER WHICH SIDE OF THE DITCH YOU RESIDE. THE FOLLOWING ARTICLES WERE PUBLISHED BY OUR FRIENDS AT THE THE NEW ZEALAND LAW SOCIETY' IN THEIR MAGAZINE, "LAW TALK" ON 28 MARCH 2014.**

**E**dmonds Law Principal Tracey Edmonds believes focusing on the business side of a law firm is "absolutely essential".

Lawyers, she says, no longer have a monopoly on information as the landscape of legal services has transformed with the technological advances that have brought knowledge to the masses with a single click of a mouse.

Ms Edmonds obsessively reads every book she can from business leaders she respects with the "proviso that they're not lawyers".

She attributes the lack of focus on the business of law, at least in part; to law schools failing to teach students about the realities of legal practice at all.

"Looking back, it's as if the business of law was a dirty concept, detracting from the 'purity' of learning about the law. The traditional model was working just fine, for equity partners. Let's be honest, we're in this because it's a business. It might be a calling also, but it is at its essence a business and one where the margins are becoming tighter and tighter.

"We are often so busy practising law and chasing the 'billable hour' that we leave the work required to

run a legal business – whether you are a business owner or looking to develop your practice within a firm – until we have spare time," Ms Edmonds says.

It is widely acknowledged that lawyers don't have the luxury of spare time. However, Ms Edmonds says the profession is

strategy is particularly important. It forms the basis of a firm's overall direction, firm culture and pervades to the essence of a firm's service offering.

"It also forms a point of reference for your employees to make the best decisions they can in their work without you."

Law's traditional roots cannot be ignored, Ms Edmonds says. The pursuit of excellence, upholding standards and

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lagging on the uptake of innovative business practices, which inevitably frustrates clients.

## Strategy

She is under no illusion that



collegiality will always underpin the profession.

“These traits should be pursued and valued. In other areas, though, tradition can arrest the development of a legal business.”

Ms Edmonds says there are many downsides to being a sole practitioner but one benefit is that her business is agile and more equipped to adaptation.

“We can meet changing business requirements if we are determined to. My research shows that the business of law will be unrecognisable within a decade. So we may as well change now and think and act like entrepreneurs.”

## More for less

Nowadays, clients expect more for less, paying for the quality of service they receive.

Ms Edmonds feels many lawyers struggle with the realisation that the business of law requires different skills, character and approach than the practice of law, making it quite an uncomfortable transition.

“It shouldn’t be so surprising really. How can we provide advice on the law relating to business without understanding on a deep level what makes a business fly?”

## Client appropriate marketing

As in all businesses, before someone becomes a client, people require an incentive to take that all important step of engaging a new or their first firm. Therefore, client appropriate marketing and advertising is extremely important for making a profit.

“I think that with lawyers, the marketing process starts with reputation. You must ask yourself, ‘do I act consistently and in a way that demonstrates I have integrity? Am I fair and practical and sensitive



to the needs of the client and people in general? Am I prepared to adapt to what they need? Can people trust me?”

If the answers to all those questions are “yes”, Ms Edmonds says, that tends to get around organically and new work follows.

Her interpretation is that fundamental to the marketing process for firms is demonstrating to clients and potential clients that the firm understands what “service” actually is and how the client’s specific needs can be met, in a language that people

understand.

“So much of the terminology we use is nonsensical to lay people. We need to look at communication from the outside in and make the effort to translate it. How do prospects or clients know that our services – or services they haven’t used yet – would suit them if it’s marketed using legal terminology.”

Ms Edmonds says simple touches such as meeting a client at their house in the evening or office can make all the difference.

“Clients, like us, are time poor. Taking pressure off where you can makes a huge difference to the relationship.

“Our advertising and marketing strategies are tailored to the clients we work best for. My strategy is to expand my offering to clients we have, rather than generating large numbers of clients.”

This is key to Edmond Law’s client-centred model; investing time to understand how clients like to be communicated with, on what matters and their philosophy on issues.

## Perception of value

People are increasingly looking for value in legal information, Otago University marketing lecturer Dr Tony Garry says.

Dr Garry says the perceived value of legal information hinges on the speciality of the advice and sophistication of the client.

Law is a credence service, he says, where laypeople use proxies to gauge value – the quality of interaction or even how someone is dressed – to gauge how valuable the service was that they paid for.

“By the same token, it’s very difficult to make any price comparisons. And so for that reason we often tend to have an ongoing relationship with our solicitor because we trust them or they’re friendly to us – and that’s what the economists would call a difficult barrier to break down, if you were a competitor,” Dr Garry says.

“But then you have the more sophisticated client like the blue chip companies or the more

educated managing directors and so on. They’re able to make a much better judgement of like-for-like.”

Mr Garry says the commodification of the market means larger companies are demanding more from their law firms for a fixed fee.

Small to medium business, however, would require less sophisticated advice, placing more emphasis on trust and assurance.

“Small to medium – or the sole trader who’s playing with his life work – he tends to be a bit more cautious, and there is room for a long-term relationship to continue.”

Dr Garry says one could view the service in terms of the number of components it has.

He says if legal advice is the technical component, then the ability to gauge the quality of that is often related to the sophistication of the client; such as educational level and life experience.

*it’s ‘horses for courses’, deciding where value is added for particular clients ... and adjusting your service accordingly*

“Then surrounding, you have the way the service is delivered. For example, how reliable the solicitor or law firm is in delivering that advice, how timely and how responsive they’re and so on.

“I guess it’s ‘horses for courses’, deciding where value is added for particular clients (the core or the way it is delivered) and adjusting your service accordingly,” he says. ●