

# Lastword



## A land of opportunities

The Legal Services Bill will create a land of opportunities for firms brave enough to take advantage.

By Peter Scott, Peter Scott Consulting

At the time of writing this column, the Legal Services Bill has just been published and its passage through Parliament over the coming months is likely to hold the key to the future of the legal profession. If the Bill is anything like the earlier draft bill, then the legal landscape is likely to change forever.

Many lawyers see only threats in these developments instead of looking for the opportunities. However, if law firms are to take advantage of the opportunities that will open up, they will need to organise and manage their businesses differently and better than they do today.

Much has been written about large branded players acquiring firms to provide 'commodity' services such as conveyancing, debt recovery, remortgage and mortgage repossession, and insurance related services. However, investors

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are unlikely to be knocking at the doors of those smaller and medium-size firms that still have a 'high-street mentality' and provide these services in a 'cottage industry' manner. Worse, it is likely to be these firms that will be potentially most at risk from competition when outside investors apply their financial muscle, business acumen and management systems to those already well-run law firms that are chosen to be their target vehicles for expansion into legal services.

It is these latter firms that have already built large, efficient and well-structured businesses to provide value-for-money commodity services that are likely to reap the benefits of external investment.

So how can smaller firms, which are unable to afford the necessary management and financial resources, compete with the 'big boys' who are likely to come into the market?

Those firms likely to be threatened by current developments should pro-actively consider consolidation as a

way to build their competitive advantage and think about doing so along the following lines:

- Bring together, on a regional or national basis, several similar businesses to build a new, combined business that will have critical mass and is able to beat the best of the competition;
- Put the new business in a 'shed' or create a 'virtual shed' to gain operational efficiencies and drive down costs.

Employ the resources that critical mass can provide to:

- Buy in the best possible management to drive the performance of the business;
- Invest in IT to enable quality legal services to be provided in the most cost effective and profitable manner;
- Build market share by aggressive marketing techniques and acquisitions.

Structure the new business by sweeping away out of date partnership attitudes and replace them with a modern, corporate-style organisation, comprising a small number of owners and professional managers and large numbers of well-trained staff to provide the leverage needed.

### Is this just a dream or an achievable vision?

For some, particularly those that will struggle with the competitiveness of the new landscape, it may well be a dream – a bad dream. For others that have ambition and can develop and implement a vision along these lines, the opportunities are there for the taking.

Think back fifteen years or so to when the 'national' firms had barely started – and look at them now. They are among the best-managed and profitable law firms. How did they do it? They had a vision and they set about achieving that vision with a determination and a resolve to succeed.

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