

## Beyond COVID 19: Hidden wins – There’s gold in those filing cabinets



The months of Covid19 restrictions are having a transformational effect on the delivery of services and prospects for law firms. We’ve witnessed an acceleration of trends to more modern methods of working. Our focus has been firmly on helping firms adapt – to recognise and to move towards attaining the functionality they need whilst unchaining themselves from contractual and practical legacies. All the firms we speak to are now fine-tuning their firms with cost-efficiency being a top priority. In today’s article we will focus on the less glamorous wins that are currently sitting, gathering dust in your law firm filing cabinets.

Procurement is the first area. Most law firms do not focus on the details of procurement and ongoing contracts. We recommend a systematic review of all your contracts and purchasing: -

- Are your contracts still fit for purpose?
- Can the terms and conditions be improved?
- Could you link up with other firms to get economies of scale in your purchasing?
- Can a tougher and more professional approach to purchasing win greater gains?
- What are the exit terms for a contract?

Your suppliers (including your landlord) will be expecting challenges and if you don’t ask, you don’t get. You are also likely to discover: -

- duplicate contracts
- subscriptions that are no longer needed or for people who have left the firm
- special offers that only a challenge will unlock

Many law firms will find in this detailed review that their suppliers’ commercial terms may be wholly different from a neighbouring firm of the same size using the same supplier. It’s very much a case of what suppliers have been able to get away with.....

In parallel, we recommend that you challenge internal processes to ensure that people do not simply return to the “bad old days”. For example, how have traditional printing / document storage and postal services operated under Lockdown? Why would they ever need to be the same again?

Such a fundamental paradigm shift demands that these, and many more questions are addressed in pre-acquisition due diligence. And your firms’ approach to any form of contract procurement will become as much about how to exit on cost effective terms as it is to enter.

In particular, it's worth watching out for contingent liabilities that may be hidden in the detail of document storage contracts or crystallized in contracts due to roll over in the next few months. It's not uncommon for a benign looking document storage contracts to hide liabilities running into six-figures, nor for contractual rollovers to extend to the initial term say 3 or 5 years. Firms should also be very wary of any "Trojan Horse" deals that a target firm may have entered into over the last four months to ease cash flow – in one instance we helped a firm avoid a £90,000 penalty by declining the kind offer of a three-month photocopier lease holiday.

And of course, supplier markets are not immune to the same forces that affect law firms. During Lockdown we've seen consolidation in many supplier markets continue apace. Some markets are dominated by a few leaders with commercial terms hardening and tariff rates increasing to make up for lost margin. In rapidly changing times procurement ought to be at the boardroom table leading a detailed review of all your existing contracts and being ready to challenge current terms. You may be amazed at how much you save.

We would be delighted to discuss bring our experience of delivering this to you- contact us for a no-commitment conversation?

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