

A novel approach solves the “Rabbit in the headlights” syndrome

Despite the fact that together ABS and The Legal Services Act have received media coverage which any pop star would be envious of, there are still solicitors unsure of which way to turn as the ABS juggernaut bears down on them; seemingly unwilling to consider what to do to counter the inevitable effects such a massive change will (not might) have on their own business and livelihood. Mike Porter of [face2facesolicitors](#) has one possible solution – the UK’s first legal franchise opportunity.

It has often been said you can’t treat the supply of legal services like the supply of baked beans.

That may be so, but just like a tin of baked beans tastes better if shaken up to mix the sauce (best done before opening!) there can be no denying the changes in the delivery of legal services brought about by the introduction of the Legal Services Act is about to cause an almighty shake-up of its own with many a raft of new players about to enter the market.

Indeed hardly a day goes by without some new law service provider announcement. Last month alone there were proven US offerings like Legal Zoom and Rocket Lawyer (from Google). There will be more to follow - all properly capitalised, all well-funded and all promoted heavily.

The old marketplace

As Canadian legal commentator Jordan Furlong puts it, “we’ve begun crossing over from the old legal marketplace to the new one”.

In reading Jordan’s thought-provoking ‘Goodbye to all that’ blog post, three statements struck me:

- *The new providers and new technologies are not going to replace lawyers but they are going to marginalise us and “render law firms mostly irrelevant”*
- *Lawyers still have outstanding value to offer in certain quarters but we need to concentrate our market offerings around that value, and we need better platforms for our services than traditional law firms provide*
- *Lawyers are smart, knowledgeable, creative and trustworthy professionals who, unfortunately, suffer from poor business acumen, terrible management skills, wildly disproportionate aversion to risk, outsized revenue expectations, and a business model that’s about 25 years out of date. The market won’t abandon them – they have unique and sometimes extraordinarily valuable skills and characteristics – but it will find the best use for them: expert specialists with limited influence over the larger process*

Having worked with solicitors and law firms for the past few years it is hard to disagree and I know many solicitors concur. Many law firms are well run and managed but many - too many - simply are not. Whilst many are ready to embrace change, too many more are quite simply terrified or, perhaps worse, in denial. A good number of firms are not too well placed after a difficult three years of:

- Reduced fee income
- Higher PI premiums

- Toughening bank lending criteria (understandable given the changes afoot)
- Reducing margins with costs remaining too high
- Being too slow to adopt new technology, methods and processes
- Under-performing staff and, perhaps even more importantly, under-performing partners still operating within the 'broken' partnership model...

... I could go on!

The new marketplace

The new providers - who will often be already trusted household names - tend to be focused on delivering their offerings via the internet and/or call centre, sometimes with a lawyer review. Co-op Legal Services already employs more than 400 staff including more than 30 qualifieds in Bristol and turned over some £24.2m in the twelve months to 31st March 2010 with declared profits of £3.9m.

That is selling only to their members.

They are also trialing a more personal offering in some of their banking outlets. With Will writing starting at £125 the Co-op may not be the lowest priced offering in the market, but as I write, they are flexing marketing muscle offering a '15% discount off all Wills' and 'one membership point for every £2 spent'.

They have openly stated they want to be the first ABS to be licensed (likely to now be early 2012) when they will promote - no doubt with heavy national advertising - their legal services to a wider market. The Co-op is, of course, just one of a number looking to 'steal' clients and prospective clients from the traditional law firm and deprive such firms of much needed client spend.

These new entrants will for the main part provide 'faceless' law but their offering will be easily accessible, 24/7 and skillfully promoted. That is likely - but not exclusively - to appeal to the younger generation wanting to buy their solution out of hours at a low price. There will still be those, maybe of the older generations, who need more bespoke solutions (admittedly at fair value) and who want a solicitor they can meet and talk with personally, on occasion after 5pm or perhaps even, dare I say it, even on a Saturday!

The market is likely to polarise into two distinct offerings - 'interface' vs. 'face-to-face' as Chrissie Lightfoot termed it recently.

Little wonder that Managing Partners of a number of law firms including many mid-tier, national and regional firms have expressed concern about their current strategy and ability to survive into the future without some radical change to their structure and *modus operandi*.

The experience in Australia since the introduction of Alternative Business Structures a few years back has seen the growth of sole practitioners and small firms. Despite contrary predictions here in the UK, the number of firms has actually increased over the past twelve months to something in excess of 11,000; 86% of those 11,000 are small firms, 44% sole practitioners and 42% 2-4 partners. Meanwhile sole practitioners are increasing despite the difficulty in gaining PII cover.

Often lacking management skills and business training (as solicitors themselves admit), it is little wonder this fragmented offering has been described as a "cottage industry" even if it's in need of a radical overhaul.

The 'interface' providers have deep pockets (in the case of Google's 'Rocket Lawyer' very deep indeed) so there's probably not a realistic opportunity to set up another 'interface' provider. However, there *is* an opportunity on the 'face-to-face' side – especially (and excuse such a blunt assessment) with so many fragmented providers stuck in the past and employing poor processes, out-dated IT and shying away from improving marketing and business development.

Add into the mix poor levels of service delivered from behind a closed front door – I have even seen net curtains at the windows! – no wonder the public regard lawyers as less than approachable. And when you do get past the brass plate on the front door you are too often greeted by a receptionist surrounded by shelves of leather-bound law books from Dickens' time and piles of client files and papers.

Telephoning is often equally dispiriting – “Will he know what it is about?” “Not if he doesn't talk with me” I feel like saying! Or “He's in meeting/not available” only then to be confronted by silence, no offer to take my number or make an arrangement to call back. I assure this does happen; I've experienced it personally and not just once. It won't be the case when you call M&S, The Co-op or Virgin though ...

Sometimes even today a few firms announce proudly in gold lettering that they are closed for lunch 1 to 2pm every weekday, like it's their marketing 'badge of honour'. As for evening or Saturday opening (you know, when the client actually might or be able to see a solicitor) ... well I won't go on, you can see how the internet will 'steal' many a prospective client with 24/7 availability.

The public deserves and is now increasingly demanding a more modern approach, better standards of service, regular communication, clear pricing and more obvious value. Accessibility is a big issue and whilst law firms cannot be open 24 hours a day, opening just 9 to 5 weekdays simply won't cut it any longer.

A new concept

At **face2face solicitors** we realised there was a real opportunity for small firms to offer something better; better for themselves and much better for their clients.

The business model had to change and the law firm managed more for what it really is – a business that just happens to sell legal services. Whilst many firms have converted to LLP status I still regard this as just the first step towards becoming a limited liability company. In an LLP the same management issues *remain*, they have not simply been magically waved away. Some 2,400 law businesses have already taken the step to incorporate often with tax advantages and in the years ahead I believe most firms will be incorporated, although specialist Accountants' advice should always be sought first.

Many an able solicitor remains frustrated by procrastinating and under-performing partners and are no longer prepared to carry them financially so are seeking a better approach that rewards their own efforts.

The market is likely to see consolidation, amalgamations and closures. Whether it's small firms, mid-tier firms, regional firms – beware! No market sector is immune.

But there will also be a number of start-ups - be they individuals, teams or whole departments wanting to deliver something better, be their own boss and be rewarded on their own merits without the baggage.

Starting up - with or without a client base - is stressful, costly and time-consuming. There is talk of less regulation (what the SRA might describe as "light touch regulation"), there is Outcome Focused Regulation, Compliance and the fact insurers not so keen on the small firm market. Add the need to have not only good law skills but also increasingly business, management and soft skills then starting up can seem quite daunting.

Then there's the small matter of money. Perhaps £60,000 or more is the average to get started. Then factor in the several months of planning and organizing behind the scenes before a bill is even issued.

Now look at the importance of creating and establishing visibility, awareness and your own 'brand' and a small local firm might struggle to establish themselves in the new landscape unless they're prepared to focus on a very niche service offering.

face2face solicitors have carefully identified their target market client base - the over 50s, their family and their businesses. We would certainly never exclude younger clients who want a more individual and bespoke service than the 'faceless' law offerings but recognise that many in the younger set are likely to be tempted by price alone over the internet.

The new business opportunity for the new legal landscape

We're now left with an opportunity to bring all of this together - great client service with clear pricing as clients are increasingly demanding, great support, operating and IT infrastructure, Compliance incorporating OFR, business training and mentoring and with a lower cost base. The idea was born - the first national law firm franchise.

Why a franchise? Well franchised businesses tend to have a better success rate than individual business start-ups. The infrastructure costs are shared for the benefit of franchisees as individual firms aren't likely to be able to afford the essential compliance arrangements or the operating platform. The support, controls and checks appeal to the PI market and one of the 'Big Four' Banks has indicated a willingness to set-up a specific franchisee funding facility to spread repayment of start-up costs over 3-4 years on special terms.

So partnered with Solicitors Own Software, franchisees can be assured of 'best of breed' operating infrastructure and the opportunity to build their own business with total and continual support as part of a national brand.

There will be specialist franchises, 'centres of excellence' for other franchisees to refer the work in areas they don't do to. With all franchisees using common processes and working to the same high standards, clients of **face2face solicitors** can be assured of great law delivered with exceptional service face-to-face. With operating systems, processes and standards replicated, a franchise will sell for value and profitably, something many firms can only dream about at present.

Whether you are looking to start your own practice or an established firm looking to develop new income streams, separate out existing income streams, break out a department, offer a different service, open in a different location or just to take the opportunity to completely re-brand then maybe a wholly-owned franchise could just be the right opportunity for you.

To find out more about face2face solicitors and discuss how a franchise could offer you the framework to realise your ambitions you can email Mike or visit www.face2facesolicitors.net