

Strategic priorities for SME law firms

How to stay competitive and improve long-term success



Episode 7
of the
**Build Better
Habits Series**

Eaton-Evans & Morris

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Build effective legal business habits

For episode seven of the [Build Better Habits webinar series](#), we were joined by Sarah Charlton, CEO of Eaton-Evans & Morris Solicitors, Sophie Holdsworth, operations director for Farnworth Rose Solicitors, and Rupert Collins-White, co-CEO of LPM. Our expert panel deep dived into the stats of the 2023 LPM Frontiers report to discuss the strategic priorities of SME law firms to help them stay competitive, increase profitability, and improve the ROI of software investments.

The insights from LPM's Frontiers report highlighted the top three strategic priorities SME law firms planned to focus on in the next 12 months, which can provide a clear roadmap on how to stay competitive. You only have to be one percent better than your competition to stand out from the crowd.

This episode highlighted how all three strategies can help to improve profitability, but it's important firms have a clear business goal in mind, hire the right people who align with that goal, and utilise digital tools to help create efficient internal operations.

In this guide we consider advice for enhancing the client experience, habits to adopt to improve profitability and how to maximise ROI on software investments.

In this guide we cover:

Advice for improving the client experience

How being data-driven and digital-first impacts long-term success

Top habits to adopt to improve profitability

How to maximise ROI on software investments

Fixed fees vs the billable hour

Meet our panel of legal experts



Eaton-Evans & Morris



Sarah Charlton – CEO

A client-focused law firm that has a modern approach with traditional values. Eaton-Evans Morris are committed and passionate about acting for the individual and pride themselves in maintaining their reputation for approachability and effective communication.



SOLICITORS
FarnworthRose



Sophie Holdsworth – Operations Director

Farnworth Rose Solicitors provide legal support to people across Lancashire and the Northwest, specialising in conveyancing (both commercial and residential), family, employment, wills and probate, litigation, and personal injury.



LPM
LEGAL PRACTICE MANAGEMENT



Rupert Collins-White – Co-CEO

Legal Practice Management (LPM) provide legal leaders and practice managers with key business information, tech insights and legal sector trends. Via partner-led content, events, webinars, and special reports, LPM are helping modern law firms successfully manage operations.

1

How can modern law firms **enhance their client experience?**

The top priority for the majority of law firms – according to the Frontiers report – was improving the client experience. With this in mind, we asked the panel to share their advice on enhancing a firm's client service.

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How can modern law firms enhance their client experience?



"In law firms, there are often a number of obstacles around capturing, evaluating, and actioning client feedback. Small firms [particularly], can have an emotional attachment to the service that they provide. So, even if you're successful in getting a lot of feedback, it's then about how you action that.

"Solicitors traditionally like to deliver law how they like to deliver it, which may not be how the client would like to receive it, and there's your mismatch.

"I think it's important that whoever's reviewing the client experience is somebody who doesn't actually deliver the legal service to try and take away that emotional attachment."



"One of our priorities [this year] was to look at our client journey. We wanted to dig a little bit deeper to check that we were providing the best level of service, each time, every time.

"We've set up internal focus groups, which has everybody from different levels and different departments, to try and carry some of these objectives forward. We started by identifying our clients' pain points and understanding what value we can provide at each touchpoint.

"If the changes that we might make internally make everybody happier and more comfortable, that can only reflect in a positive way in our client service too."



"Firms typically benchmark their service against other law services, but their clients often never experience another legal service so, that's not how the client would benchmark quality customer service.

"You need to benchmark your service against what else your client is experiencing. You could ask your clients to name a really good customer experience they've had and use that to shape the experience you deliver."

2

What impact does becoming **data-driven** and **digital-first** have on long-term success?

Our panellists agreed that the strategy of the firm needs to be driven by the needs of the client, so data and digital tools need to help you exceed expectations.

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What impact does becoming data-driven and digital-first have on long-term success?



“Our business model is one where we want to be able to invest time and money on the client experience. So, we use technology behind the scenes to create efficiencies - that the client wouldn't necessarily see. Technology helps us to offer a face-to-face service and ensure our prices don't need to increase because we're so efficient behind the scenes.

“One of the things I am acutely aware of, within the customer journey, is that law is a very personal service and it's generally a distressed purchase. It's really important to not lose sight of that. So a success story for me is when they walk away remembering the people, not how much they paid.”



“We've adopted different technologies over the years - some client facing, some for internal use - to help us ensure we're always available for our clients.

“We believe that capturing the relevant data is key for long-term success. With the help of Osprey, we've set up loads of different daily and weekly reports that are shared with staff at all levels. This enable us to be proactive in finding a solution for any potential issues instead of being reactive when they happen, which is quite often too late.

“[Real-time] data has allowed us to be more scientific with our strategy and budget planning.”

What impact does becoming data-driven and digital-first have on long-term success?



"There's a lot of connection here between the digitalisation of the business and the client experience.

"For me, being data-driven is about understanding the data you have and to do this you need to have collected enough historical data to provide the right insights and to enable continuous improvement.

"If you're not feeding the tech with the right data, it's just nonsense. A starting point for firms is to focus on what data you have and how you're storing it.

"You need to have good management information analysis process. This involves looking at data from repeated activities then carrying out continuous improvement and innovation based on the data."

"Solicitors traditionally like to deliver law how they like to deliver it, which may not be how the client would like to receive it."

3

Eight habits law firms should adopt to **improve profitability**

94% of firms in the Frontiers report predicted their revenue will increase over the next 12 months but, 82% said overhead costs would also increase. It's important for long-term success that firms consider the impact this could have on profitability, so we asked our firm leaders what habits firms should adopt to boost profitability.

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Eight habits law firms should adopt to improve profitability

1 **Improve efficiencies**

Streamlining internal operations helps to increase the value charged for every hour worked. Sophie advised that firms should, “create robust, repeatable processes that are easy for staff to follow. Utilise Osprey – or your case management system – to create workflows and standardise processes.”

2 **Adopt a digital-first mindset**

Sophie recommended, “adopting more digital solutions and capture the right data.” Digital tools help firms to improve efficiency internally, that will positively impact the client, which in turn increases recommendations to new clients. Collecting the right data with the tech then provides firms with the stats needed to make improvements.

3 **Improve internal collaboration**

Rupert suggested firms improve the internal integration of processes. “Focus on the integrational changes you can make to improve productivity. Ask yourself ‘how can we internally be a more joined up business?’ and that’ll accelerate profitability.”

4 **Be all over the numbers**

Making decisions based on data rather than gut feelings ensures you’re not making assumptions but are led by fact. Sarah advised, “don’t let the numbers stop you from taking risks, but you need data to back you up, so you can make data-driven predictions.”

5 **Know your worth**

To ensure you’re maximising the value from your hours worked, Sophie suggests firms should, “know their worth. Charge clients based on your knowledge, length of experience, and the service you provide. It’s important fee earners know the value they provide clients.”

6 **Build the right culture**

The effectiveness of your team is what will impact your client service, profitability, and long-term success. Sarah explained how it’s important to have the right culture in your firm: “You have to have the right culture that aligns with your business goals. For example, we’ve built a continuous improvement culture so the team are used to change and can easily adapt. But to have an effective culture you need the right people.”

Eight habits law firms should adopt to improve profitability

7 Hire effectively

Not only do you need to hire the right people to fit your culture, but firms should consider whether hiring more people is going to improve productivity or harm profitability. Rupert explained that, “salaries have increased so much recently that firms should consider whether hiring more people is effective. Analyse whether you can be more productive with the resource you have first.”

8 Prioritise an operational role

If reviewing operational processes isn't someone's priority within the firm, then it won't happen. Rupert advised, “You need to hire someone whose job it is to process map and review if the operations are effective. Someone who is responsible for asking, ‘is this efficient?’. This doesn't have to be a full time person; it can be a consultant.”

4

How can firms **maximise ROI on software** and legal tech investments?

The average IT spend for SME law firms is currently 6.5%, but 53% of leaders said they predict an increase over the next 12 months. Our panellists share how to fully utilise and maximise ROI on your tech spend.

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How can firms maximise ROI on software and legal tech investments?



"My first tip is don't buy a toy just because you heard someone else has bought a toy. It's really important that the products you invest in suit your business and your direction.

"Then, when the tech is implemented, it's about continuous improvement. A lot of people buy a product, then pass it on to the team without engaging them. The result is, half the product not being used and staff adopting work arounds.

"So, it's really important that you engage with the team and can evaluate whether the software has been successfully implemented."



"For us it's all about training. When you've decided on the product you're investing in, ensure you and your team take all the training that's offered to you.

"Then, ensure the product you're investing in is something that can be constantly developed by working with your staff and provider. Also, give feedback. The providers value your feedback just as much as we value their products.

"If something is not quite working, or you think something can be tweaked to make it work a bit better in practice, make sure you let them know."



"Looking into the data, the median average of IT spend was actually 5%, and I think that's more representative for smaller firms. And that's not a lot, which could be holding the smaller firms back. 5% of revenue is not going to buy you a lot, especially when it includes people too.

"A key thing to maximise spend is looking at what will provide benefit year-on-year, not just fix a problem today. I'd recommend hiring non-legal staff or a consultant that can review processes and ask, 'are we using this properly?'

"I'd also suggest communicating with your provider to ask, 'what are the quick wins?' And 'are there any features of the software I'm not using that I should be?' "

5

How does a firm's **pricing model** impact client service?

The insights from the Frontiers report showed a 50 / 50 split of firms who operate by billable hour or fixed fee. The current debate is whether the billable hour is still relevant for modern law firms and whether it positively impacts employees and clients.

[Read more >](#)



How does a firm's pricing modern impact client service?



"Generally solicitors will want to charge by billable hours because they can pace themselves when delivering the work – a potential challenge for efficiency. But clients are more comfortable with fixed fees, so it goes back to the first question in delivering a service your clients want and expect."

"I have strong views on value-based pricing as I think it's going to be an interesting one from a regulatory perspective. Charging on value can be very subjective so I'd be interested to see what cost lawyers have to say."



"This is very much a developing area for us at the moment. We currently offer a hybrid of fixed fee and billable hour services across different departments."

"We're a strong believer of one size doesn't fit all, so whatever we decide on will be on a case-by-case basis because all cases can be quite unique so costs will be specific to a client's situation."



"Value-based pricing does feel ethically to me like it belongs in the realms of big law. Is this something that belongs in a distressed consumer-based purchase? That doesn't feel right."

"Firms currently do a mix of billable hour and fixed fee. But, I think for me, the best firms are taking the approach that best suits the type of work they want to win. Is your pricing model going to win you the work in the areas you want to strategically grow?"

"Customers just want consistency. They want to know how much something is going to cost. That doesn't necessarily mean it has to be a fixed fee."

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