

# Lawyers Associated Worldwide

## Managing law firms in difficult times An Australian Perspective

by

Paul Gavazzi

Consultant, Sydney

# Managing law firms in difficult times

Come gather 'round people  
Wherever you roam  
And admit that the waters  
Around you have grown  
And accept it that soon  
You'll be drenched to the bone  
If your time to you is worth savin'  
And you better start swimmin'  
Or you'll sink like a stone  
For the times they are a-changin'

[emphasis added]

*1978 – The Times They Are a-Changin'*

*Bob Dylan – 2016 Nobel Prize Winner in Literature*

# Managing law firms in difficult times

So what's changing? What are the challenges?

- **Inflation** – Aust @ 6.8% - reduced real income/buying power  
- for firms & clients
- **Skills Shortages** – insufficient skilled lawyers  
– war for talent driving up salaries
- **Rising Costs** – wages, salaries and inputs  
– interest rates by monetary policy
- **Hyper Competition** – restricting price increases and revenue  
– clients are more mobile

# Managing law firms in difficult times

BAU impacts in changing times:

- Do the same and you'll earn less
- Talent will follow the money and deals out your door
- Fail to train and you'll plan to fail
- Outcompeting firms will eat your lunch
- Poor quality clients will make you poorer

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BAU is not viable. So what's to do?

1. Retain & recruit talented people
2. Improve productivity
3. Enhance service delivery

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Conduct a strategic review of your business

Critically assess and value:

- Expenditures - procurement, subscriptions, training, technologies etc
- Premises - space needs, growth, technologies & branding
- People - skills (technical & soft) training & development
- Pricing - competitors, rates, pricing utilisation, realisation & recovery
- Rewards - what do partners and staff want/need/deserve
- Clients - are they sufficiently many, profitable and desirable
- Services - what's in demand & focus on industries/sectors

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## A Strategic Review of your business

Make change as necessary:

- Expenditures - keep what's valuable, cut what's not - now not later
- Premises - premises "make the firm" - like "clothes make the man"
- People - ensure everyone has a career progression plan – tea-person to managing partner
- Rewards - pay to market & package benefits that staff desire, i.e. L & D, flexi-time
- Pricing - promote delivery value, not the cost of it - perception is critical
- Clients - keep/chase the profitable, ditch the rest – always fly to quality
- Services - offer high demand & high margin services – life will be better

# Managing law firms in difficult times

## Staying relevant

- BAU is unlikely to be good enough
- Change is constant & for the better is necessary
- Document a plan for change & review it regularly
- Difficult times present opportunities for firms prepared to change
- Remember always, “The times they are a-changin”