

A COMMERCIAL BREAK FROM TRADITION

DOUG HARGROVE, THE TECHNOLOGIST

I've found that when talking with clients, the term 'commercial' is something I hear used more and more. There was a time when it was used to describe the latest Nike or BT advert but now I hear it regularly when talking with legal clients in phrases such as: "Be more commercial," and "develop a commercial offering." So what does the phrase really mean? Well, the purists will argue that being commercial is the pursuit of profit above all else, but I think it's taking on a much grander meaning - it's starting to encompass everything that a business stands for.

Are we commercially minded in the legal market? Maybe. Commercial awareness is certainly a prerequisite for the modern lawyer - understanding macro and micro impacts on the economy is something we all have to deal with, and commercial negotiations are becoming more commonplace when tendering for work. But I feel the whole market has some way to go before it can claim to operate commercially.

And the reason why is simple - the business plan. Not just the balance sheet but the full view of how the firm is going to move forward. Take it as a holistic view of the firm, its challenges and opportunities. As a firm, how will we attract new business? What's the expected return on our marketing investment? How do we go about generating demand?

Beyond new business there is the new trend in the legal market of cross sell - how do we intend to not only retain our clients but grow the share of their wallet? And in preparation for all this predicted success, how do we scale to support our plans (in both personnel and infrastructure) to ensure we don't drop our commitment to quality of service?

To achieve all this requires a break from tradition, the desire and confidence to embrace a new approach and and to think differently - but it requires one thing above all else: data.

We can't afford to bet the future of the firm on a hunch or gut feel. Any strategically important decision has to be backed by quantitative intelligence. The good news is that firms have access to that intelligence in spades - it's captured every day and stored in the practice management system at the heart of the business and will tell you the financial performance of the business right down to individual departments and fee earners. It can also highlight bad debtors and advise against taking risky cases. It will provide an opportunity to consider growth through prospect analysis and white space work.

But there is a catch (actually, two). First, you have to make sure the data is going into the system correctly (and that can be solved through the use of workflows, mandated fields and the correct training of staff), and second you have to analyse the data in a meaningful way to draw actionable intelligence from it.

When I encounter firms that are already on the road to commercialism, they all have the same thing in common - management intelligence (or BI, dashboards, KPIs, it goes by different names). They have found a way to distil the vast quantities of data they have into manageable chunks, giving them a way to gain real-time insight into performance and make critical decisions based on it.

Management intelligence is the one thing above all else that firms adopt when they're looking to become more commercially minded. It allows them to become more reactive to those micro- and macro-economic changes, predict performance, outmanoeuvre the competition - and, circling back to the original definition of being commercial, become more profitable. **LPM**



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Contact Doug on:
01476 573 718
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