



/Law Firm Management Workshop 2

IBA European Forum / Spring 2014



/ Agenda continued

- Regulatory compliance
- Practice scope and strategy / reputation and brand value (if a law firm)
- What is a partnership?
- Protection against risk
- Law firm profitability
- Manage growth



/Regulatory compliance

- Address and office
 - Physical office space from day 1?
 - Plan well ahead before signing the lease
- Bar registration
 - Register with the local Bar / several Bars
 - Proof of liability insurance required



/Regulatory compliance (cont'd)

- Bank accounts
 - Strict separation between own account of law firm and fiduciary account for client funds if permitted
 - Choose bank with experience in handling transactions in foreign currencies if you have a foreign client base
- Accounting / payroll
 - Have a system in place allowing the recording of incoming and outgoing payments and the corresponding bank transfers (cash-flow controlling)
 - Continuous monitoring of cash flow
- Administration / organization
 - Control deadlines
 - Control and distribute incoming mail
 - Marketing / business development



/Regulatory compliance (cont'd)

- Client files
 - System for physical and/or electronic storage of files per client and matter
 - Keep and update client and matter list also mentioning other part(ies) and third persons involved (including their role, e.g. buyer's financial advisor)
- Research and electronic information tools
- Other IT-support



/What is a partnership ?

- Right to vote
 - What is subject to vote vs. day-to-day management
 - Which majority?
- Right to profit – partner remuneration
 - Lock step
 - Merit based
- Entering and leaving a partnership
 - Do you have to pay to become a partner?
 - Departing from the partnership: Financial conditions are mirror image from entering
 - Issue: Client protection clauses



/Ensure quality

- Academic qualification
- Continued legal education
- Specialization – depends on size and scope
- Use of precedents
- Efficient research tools
- Review of client work: Review of junior lawyer's work



/Protection against risk

Various kinds of risk

- Liability (1)
- Losing key partners (2)
- Losing key clients (3)
 - (1) Insurance, quality initiatives
 - (2) Compensations, leadership
 - (3) Monitor client satisfaction and react speedily



/Law firm profitability

Position	2013	2014	2015
Revenues			
Personnel			
Rent			
Insurance			
Marketing			
IT costs			
Accounting			

- Revenues: Fee arrangements; level of clients and projects; reputation of firm
- Personnel: Associate salaries depend on qualification, local market and reputation of firm
- ‘Squeeze on’ profits: Client’s fee awareness coupled with higher up-front costs



/ Manage growth

Why grow?

- Manage projects credibly – minimum size
- Growth of existing field of service
- Geographical expansion (domestic/international)
- New practice areas

Success factors for growth

- Young lawyers: mentoring and role model of experienced lawyers; continued legal education
- Lateral hires: business plan based on potential, not unfounded expectations; need for due diligence



/Become international

- Why international?
 - Attract inbound investment
 - Assist clients going abroad
 - Be more competitive in the domestic market
- How to expand internationally?
 - Own foreign office
 - Join/establish an international network of law firms
 - Cross-border merger or establishing a coordination entity which all cooperating firms joins (Swiss Verein)



/Thank you