



The new competitive landscape – your bank as a partner for change

Chris Marston, Head of Professional Practices at Lloyds TSB Commercial, compares the changes underway in the solicitors' profession with those seen in the banking industry during his career.

The competitive landscape for solicitors has changed beyond recognition. External capital is now permitted to invest and as a result we have seen landmark transactions such as Slater & Gordon's acquisition of Russell Jones & Walker, the creation of virtual, direct access legal services businesses exemplified by Riverview Law, and any number of referral and price comparison websites have emerged. On top of this we see trusted brands such as AA, Saga and the Co-operative increasing their activities in markets that solicitors previously had to themselves. The scale of change is unprecedented and it is gathering pace.

This got me thinking about my own industry, which, interestingly, described itself as a profession when I began my career in the 1970s. In those days banking was a simple business, and the activities of the high street banks in the UK were rather narrow. A relatively small percentage of the population had bank accounts, and the way banking services were delivered had not changed much for generations.

Changes since that time have transformed the face of UK banking. The widening of activities, products and services has been enormous with the major UK banks now providing personal loans, mortgages, commercial lending, deposits, insurance and wealth management services delivered through a number of leading brands within each bank's stable. At the same time, there has been an influx of competitors that weren't active in financial services twenty years ago, and examples include the Co-operative, M&S, Tesco and Sainsbury. Overseas banks have entered the UK market too.

Is any of this looking familiar?

There's been a big change in consumer expectations in the financial services industry over the years, too. When I began, everyone paid bank charges, but competitive pressures and advancing technology combined to allow banks to offer free banking. The bank branch is no longer the only channel for doing business; many customers, me included, hardly visit branches, preferring the internet or telephone. Banks have had to face the challenge of being available through multiple channels. The investment in technology to achieve this has been relentless over many years. Some customers want a relationship with someone they can meet face to face while others are content to 'self serve' and see banking as entirely transactional.

Could the same be said of law firm clients?

My experience of my own industry convinces me that the arrival of new competitors in the legal sector will without any doubt grow the size of the legal market, already estimated at between £21 and £30 billion depending upon whose definition you take. The high-profile TV advertising campaign

being undertaken by Quality Solicitors will surely raise a more generic awareness of the need for legal services at various points in people's lives, and well-managed and forward-thinking firms can benefit from that.

Many of our own solicitor customers are taking steps to ensure that they remain competitive and viable in the new environment, and these are the characteristics we see in firms which are performing most strongly at this time of change and challenge.

Building Relationships – solicitors have always been good at responding to client needs, and solving problems for them. However, the best performers are turning clients into customers by gathering information about them and using customer relationship management techniques / software to manage contact programmes designed to ensure that opportunities are captured at key points in the lives or business lifecycles of their clients.

Developing a sales mentality – there's nothing wrong with selling! Law firm owners are in business and need to generate income, profits and cash. Most people have been on the receiving end of poor sales techniques, but when we experience good salesmanship we don't recognise it as selling – we call it service. Does John Lewis have a sales culture? You bet it does! Our strongest performing solicitor customers understand the need to invest in sales training.

Cross selling – it is easier for solicitors to do more business with existing, satisfied clients than it is to persuade strangers to do business with them. In law firms up and down the country, opportunities are missed every day to refer clients to colleagues because the fee-earner tends to regard the client as 'belonging' to him / her, rather than to the firm. Firms where fee earners trust each other and where their behaviour in making internal referrals is rewarded achieve better results.

Embracing IT – technology is a fantastic enabler and can have a transformational effect upon performance management, document drafting, (digital) dictation and the production of high quality management information with which to manage the business. Robust financial information and forecasts will certainly help firms to get the finance they need to run the business.

Finding strength in numbers – there is a growing number of member groups, offering business referrals, economies in purchasing, shared facilities, lead generation, training and regulatory & compliance support. Some are loose groupings, others formal franchise operations. Each of these groups has its place and some firms belong to more than one.

This is a time of upheaval for solicitors, bringing uncertainty and some new threats. However, it is also a time of opportunity for firms whose owners and managers are prepared to adapt and invest in change. The market for legal services is about to grow – new entrants will see to that – and specialist bankers and accountants are well placed to help their solicitor customers and clients to survive and thrive in the new competitive environment.

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