

(L)excel or Die?

When Professor Stephen Mayson predicted in March 2007 that 3,000 law firms could disappear; he wasn't prophesying the fallout from the credit crunch. His prediction was based on the result of the reforms brought about by Lord Carter's Review of Legal Aid Procurement; Sir David Clementi's Review of the Regulatory Framework for Legal Services in England and Wales and the subsequent Legal Services Act 2007.

Clementi and the government have made it clear that they want increased competition to result in cost-effective services provided in a consumer-friendly way. Carter favoured a market-based approach. Shake it all up and out pops the Legal Services Act 2007 and its 'alternative business structures' i.e. businesses that can be comprised of a percentage of non-lawyer owners whose business experience will (or should) enhance the legal services offered.

So, if your firm hasn't already risen to meet the challenge laid down in the name of consumerism, what can it do? One option is to use the Law Society's practice management standard 'Lexcel' to measure the efficiency of the operational framework of your business. With a view to acknowledging the Clementi legacy, perhaps it shouldn't be a 'practice' management standard any more but a 'legal business' management standard. You can be sure that the ABSs of the future will be measuring their service quality against its principles. A practice may apply for formal assessment carried out by quality bodies appointed by The Law Society and then use its accreditation as a marketing tool in itself. Only some 6% of eligible organisations have obtained Lexcel accreditation.

The cynical among you (yes, surprisingly I have met the odd cynical lawyer) will be saying 'how is the equivalent of a 'Blue Peter' badge going to save us from a practitioner cull? The answer to that is that in itself, it won't. Some legal businesses have achieved Lexcel accreditation with a burst of enthusiasm and then fallen foul of the fact that they find it hard to maintain the standard. Paying scant regard to the standard and scurrying around trying to make a few changes before the annual maintenance visit by the assessor will not keep them out of the 3,000 casualty bracket.

One of the principles of Lexcel is continuous assessment; re-appraisal of methods of operation – policies, processes, procedures and plans – the sort of things that all businesses must work on and develop to remain competitive. The key to the adherence of operational standards is to re-visit them, check and revise them and move forward. Are your firm's business and marketing plans and client care policy, for example, regularly dusted down and re-examined in the light of market forces and need for business innovation?

Many large firms assume that Lexcel is for small firms only. There are, however, a surprising number of the largest ones who don't as a matter of course carry out regular, independent file reviews, of either the management of the file or its substantive legal content; a Lexcel requirement. File reviews have a direct effect on the preservation of service quality as well as minimising the risk of a deteriorating claims record – something professional indemnity insurers take a particular interest in.

Lexcel hasn't been devised to trip up your firm or slap you on the wrist for misdemeanors. It provides a catalyst for business development and business excellence. Don't dismiss Lexcel as part of increasing regulatory control; it could provide the framework for planning the future of your legal business.

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