

## Law Matters Newsletter

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### **Been Away**

This Newsletter has taken an ill deserved break. Pressure of [blogging](#) (as well as client work) has limited creativity. However, it is now back, and will be fairly regular from now on. It will depend on having something useful to say.

### **New Service: Business Coaching**



We have recently added Business Coaching to our list of services. This differs from Executive Coaching in its emphasis. The simple difference is that one looks at the business as a whole, the other at the role of a particular executive or partner. Clearly, there is an overlap between the two, and one season of coaching may contain both elements. We can help with individual issues, or take a more structured approach, including a 100 point checklist for your practice.

### **Cash is King**



The recent demise of Blakemores (and previously Cobbetts) reminds us of the importance of cash management. After all, insolvency means not being able to pay your debts as they fall due. This is entirely different to making a loss. If you can cover this, for instance from further investment, the business can continue. After all, Amazon continued on this basis for years.

Be prepared to ask for advice from your accountant, but remember that it is a business owner's job to ensure that cash flow is properly managed.

Five points to consider, among others, are:

#### **1. Beware Overstretch**

One of the difficulties faced by the firms that have crashed is that they took on new premises at the top of the market. Investment is needed, but carries a risk. Beware vanity – the cliché is that if you visit a company with a fountain in the atrium, the people behind you with the briefcases are the receivers.

## 2. Credit Control

Doing pro bono work is a good thing, provided that the underlying business survives. Doing work for nothing when you expect to be paid is a waste of time. Try to guard against clients who will not pay (credit references help), limit exposure by interim billing, and think about taking money on account. Also have a robust credit control system, so that payment is collected. This can be polite but firm. Business clients will not respect you if are not businesslike in this area.

## 3. Expansion Soaks Up Cash

Many lawyers want to build up their business, but expansion takes cash out of the firm. Fee earners take time to become productive, but need to be paid in the meantime. Work in Progress builds up, and there is a gap between it and payment. Expansion therefore requires planning and cash management.

## 4. Variety Funding

Overdrafts are attractive in terms of flexibility, but rates are expensive, and limits can be reduced. Loans are cheaper, but require arrangement. Factoring and invoice finance are available. The advent of new business structures, together with new technology, give rise to other possibilities. These can include crowd funding for specific projects, or outside equity investment. Be prepared to think of non-traditional possibilities, but be aware of the risks.

## 5. Hidden Liabilities

Not all liabilities appear on the Balance Sheet, indeed in some companies there is some effort spent in making sure that they do not. For example, photocopier leases will not appear, however they still have to be paid. Similarly, redundancy payments are not shown. Do remember as well that winding up a law firm on retirement will require run off insurance, and (if property is leasehold) dilapidations as well

## Business Planning

This is the time when many firms review their business plans, and this year the developments above make this even more vital. This should include a marketing plan. We are always happy to help you by coaching through the process or by facilitating strategy meetings or retreats. Please call us on 0121 698 2318 to arrange a discussion.

## Testing, Testing

Are you interested enough to take one of our personality tests?

Prevue – personality  
ILM72 – leadership style  
MTQ48 – mental toughness

If you are interested, ask us for further information.

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