

# Melbourne Legal Practice Survey

Pitcher Partners held its Melbourne annual Legal Survey launch event in early 2019, hosting delegates from legal and related professions.

At the event, delegates provided their views regarding the major issues and challenges facing legal firms. Below is a summary of key discussion points.

Attendee comments	Pitcher Partners' response
<b>People</b>	
Finding and keeping 2 <sup>nd</sup> to 8-year lawyers is the challenge.	Think about whether your workplace is a good place to work. Find out why good people come, why they stay. Make these the employee promise and deliver it.
Need to have an "edge" to attract talent.	Know and promote what makes your firm different from others. Use this in ads and social presence, make sure they look, sound and feel like the firm.
Concentrate on gender balance at recruitment – both graduate and experienced hires	Diversity of culture and gender are important but also diversity of thought. People need to come from different points of view, so advertise and interview for that.
Need to have targets and plans for people and culture	This is about walking the walk and not just talking the talk, make sure you help people really develop and grow in their time with you.
Younger lawyers want flexibility but also need to see it demonstrated by senior lawyers of all ages and genders	Provide flexibility but also encourage all levels of the firm to embrace, support and demonstrate flexible working.
Location of the firm can have issues with both attracting and keeping staff	Make sure your technology supports people wherever or however they work so location is less of an issue.
Value pricing can attract the right people	Make client-centricity a differentiator so staff feel they can make a difference. Make sure you are as client-centric as you say you are.
<b>Profit &amp; Finance</b>	
Interested to examine the relationship between profitability and measuring time	Profitability should be about effectiveness not time. Make sure the right processes are in place to measure utilisation. Alternatives might be revenue per FTE lawyer, regular gross margin/contribution reviews etc.
Fixed fees can be used to improve cash flow	This may be the case in the short-term as clients pay up-front but once the cycle normalizes, cash flow still needs regular management and review. Fixed-fee is not a silver bullet.

Getting cash out of the business is a challenge	Have a plan for when and how money will be distributed. Look at whether the firm is appropriately financed. Is too much partner capital left on the table? How are IT spend, costs etc financed?
Fixed fee billing resolves debtor days	Are fixed fees or the upfront client discussions and expectation setting that comes with fixing fees that makes the difference? Plan to regularly review your debtor days, but also look at lock up as well.
Accountability should be resolved by culture not by timesheets	Good staff should not need time sheets to keep them accountable. Look at ways of costing projects without time sheets and see how well it works.
Structure does not necessarily drive profitability but appears to have an impact	More than the 25% of firms who reported they were, should be considering their structure. It is important to look at this as you grow and uncouple legal structure from governance and operational structure - one should not dictate the others.
Need good partner hours, measurement and billing to ensure good cash flow	Ensure you have governance and remuneration policies in place. Equity partners need to be held to account and appropriately incentivised. Strive for a balance between culture/harmony and performance/profit.
<b>Working with clients</b>	
Portal access is not the magic weapon and is not for every client	You need to understand your clients' needs and appetites for change. Technology needs to improve the client experience not replace human interaction.
Need to consider the cost of people and administration in client facing technology	Start with the client and not the technology – choose what's best for the client, not just your own efficiency.
The use of technology is dependent on the type of work you are doing for a client	Results indicate firms are using technology to improve efficiency, but not to manage people or improve the client experience. These should always be a priority.
Technology can speed up response	Important to get the process as good as possible and then use technology, otherwise speed may not improve.
<b>Technology</b>	
Both portal and emails need encryption.	All forms of technology need to be regarded as a risk and regularly reviewed by experts for potential gaps.
Need to consider off the shelf vs custom.	Know your goals before deciding to buy or build. Look at costs to build and maintain and how to recoup those.
Need to have a map of future technology plans.	Like any cost, you can only plan IT if you have a budget – which 30% of firms don't have. Consider how to set aside money for tech spend and how to review ROI on projects.
Always need to consider both cyber security and governance.	Security is more about people than technology. Focus on culture, people, policies and procedures. Training must apply across the organisation including partners.
Get experts to do your cybersecurity.	When you get help, vet suppliers thoroughly and have long term, performance-based contracts in place.

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