

Legal sector focus – recruitment & training

The UK legal services market, with an estimated value of in excess of £23bn is bracing itself for fundamental changes in 2012. Having already revised operating structures and reduced costs where possible, how can small and mid-sized law firms and barristers' chambers make further improvements?

According to a report produced by IRN Research, these practices will face the greatest threats. Many are already experiencing reduced margins and are struggling to grow revenues

'Unfortunately whilst they have taken cost out of their business what they haven't done is actually change the way they do business, so they haven't changed their processes.' David Snell author of PWC's Law Firm Survey said.

So will this be the year that smaller legal practices embrace the value of credit management as the need for cash-flow continues to be felt?

Currently many law firms insist on legal sector credit management experience. This can be misleading as training in this specialism is not common in the smaller firms, leading to poorly trained personnel being employed. Some believe that now is the time for legal practices to consider credit management techniques used in commerce in order to compete with the new ABS firms.

Mark Morgan MICM(grad) told CM about how he struggled initially even to get an interview with a law firm, despite his qualifications and a proven track record of excellent performance in blue chip companies.

Mark's story

'I'd already got some experience in accounts work and had been studying credit management at evening classes at Watford College to improve my confidence as much as my skills,' he said, 'when I saw an advert for a credit controller role at Sony. They were particularly looking for candidates studying with the ICM. I applied and that's when I believe my career really started to take off.'

Three years later, he obtained his MICM(grad) qualification, closely followed by a promotion to his first management position in credit as Senior Credit Analyst in the consumer product division.

A few years later, Mark's career plans were given a jolt when, out of the blue, he received a call from a head-hunter, acting on behalf of Gillette. His performance had been recognised and what followed was a very happy period of overhauling the risk policies and procedures and improving the debt position dramatically, of the £600m turnover company. At its largest, his team of reports numbered 20.

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Almost nine years later, the recession was starting to bite and in 2009 Mark was made redundant along with many colleagues. He used this opportunity to return to study and embarked on a foundation degree programme in Credit Management at Thames Valley University. The course included litigation and insolvency procedures and little did he know at the time, that it would be this, which delivered his next opportunity.

'I'd looked at Credit Management roles in Law Firms before, but I kept getting rejected as I'd no previous experience in that environment,' he said. 'Then I finally got an interview with a small, full service law firm in London, where they were looking for someone with ICM qualifications. I reached the final stage and it was the fact that I could demonstrate knowledge in the legal process and had the confidence to attend court that got me the job!'

For the last two years, Mark has built strong relationships with his internal clients; the fee earners and partners of the firm, as well as the firm's client base. 'At first,' he said, 'I had to spend at least 30% of my time convincing people that I wouldn't drive clients away whilst recovering overdue debts. Now that they have seen that the DSO has reduced from 60 to 43 days and the cost of credit has diminished, the fee earners are only too happy for me to do it! Profits have been improved, as a result of the firm enjoying access to 7.5% of their turnover in the form of cash-flow. Money previously out of reach and reported as overdue debts. It's been a challenge at times,' says Mark, 'but worth it!'

'I'm most proud of introducing the collection of bank details, as part of our Know Your Client process. This has enabled the firm to collect successfully through Garnishee or Third Party Order proceedings when enforcing judgments and so has helped us to recover some of more challenging old debts. It took quite a bit of persuasion to incorporate this into our file inception procedures'

CM asked Mark what advice he'd give to his young self. 'Try the credit management role in practice and see if it's for you. If it is, sign up for a course with the ICM so that you can offer verified skills as well as experience. Then expect to work hard and be driven to achieve your ambitions!'

The ICM in association with Credit Management (Law) Ltd, specialist credit management consultants to the legal sector, delivers a 5 module programme of workshops, especially designed for personnel working within credit management in law firms and barristers chambers.

For more information contact training@icm.org.uk

Author: Julie Cave, Managing Director, Credit Management (Law) Ltd
Tel 07501 769563 or 07501 769563 email:
julie.cave@cmlawltd.com www.cmlawltd.com