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# The Legal Services Act And Alternative Business Structures

Tony Williams

14<sup>th</sup> June, 2010



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# What is happening?

- Non lawyer partners from 2009.
- Outside investment from 2011.
- MDPs from 2011.
- Corporate provision of legal services from 2011.
- Change is already happening.



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# What will outside investors look for?

- A stable firm.
- Good growth strategy.
- Quality management and systems.
- Ability to differentiate itself.



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# Why might firms be interested?

- Opportunity to rapidly reposition themselves in a changing market.
- New services, new products, generational change.
- A war chest for talent.
- Debt too heavy a burden if taken through P&L.
- Tax advantages.



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# What pressures will it cause?

- Generational tensions in the firm.
- Revision of remuneration system.
- Transparency of performance.
- Rigour of decision making and systems.



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# But we don't need or want it!

- New and invigorated competitors.
- Targeted recruitment of rainmakers.
- Long term incentives to staff.
- A modern business model.



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# Issues to consider

- How to recognise and reward the creation of long term value.
- Keeping the partner conveyor belt moving.
- Appraisal and remuneration systems.
- Recruitment and retention of the best.

# A Case Study - Murgitroyd



Source: [www.thisismoney.co.uk](http://www.thisismoney.co.uk)





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# Murgitroyd - A Case Study

- Expanded into France, Germany, Ireland and Italy.
- Sales office North Carolina USA.
- Acquisition of UK firm.
- Advanced computer systems and improved efficiency.



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# Final Thoughts

- Change is happening anyway – this will be an accelerant.
- Not needed or desirable for most firms.
- But must consider the implications of a changing market and changing career trends.
- Risks and opportunities of first or last mover!

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