

Virtual reality?

Chris Newton argues in favour of the 'virtual firm' model in a marketplace where keeping costs low is key to success



I read with interest the December article by Julian Pitts of Begbies Traynor and his comments about law firms surviving the recession. His comments struck an interesting chord at a course I attended recently.

The course in question was on risk management and was attended by senior members of Yorkshire firms. What shocked me was the level of despondency about the profession, what it had become in terms of regulation and how pessimistic these senior lawyers were about the future.

Having set up our own virtual practice last June I am still bouncing with excitement at what we have created, particularly with the success that we have seen in our first 10 months. I had little time for all of the negative feeling I experienced that afternoon and wasn't sure whether to try and inspire or simply suggest that it was time for them to retire!

A lot of people said to me that setting up our own practice in the middle of a recession was a brave move. I'm not sure whether this should be interpreted as these people thinking we were mad, but a smaller number commented that setting up in a recession was actually a good move, which takes time to understand.

Sleepless nights

I never thought I would set up a practice. The decision caused a lot of sleepless nights and I was unsure as to whether I was making the right move until the

decision was finally made. I was walking away from a full equity share in a six-partner firm, where I had committed heart and soul for the last 12 years.

When the decision to go was made, things moved very quickly and within two days I was on my own. Apart from a nervous week between having made the leap and starting to trade, when I just wasn't sure how much business we would get, it has been the best decision ever and there has been no looking back.

So why do it? Apart from not wanting to look back and wonder "what if," I was convinced that we had a winning formula. Lots of law firms have been struggling as a result of the recession, and in my mind by stripping out all unnecessary expenses, clients would be attracted by experienced lawyers at lower rates. Everybody would benefit.

The virtual firm that we established is very different to the traditional law firm model. We don't have any secretaries or support staff. Our lawyers do everything. Our clients will always speak to the lawyers dealing with their cases and not junior support staff. We rely on technology to be able to work anywhere, whether it is our home-based offices, clients' premises or anywhere we can get a broadband connection.

Without the expense of premises and the typical law firm infrastructure, we have been extremely profitable from the first month. We have no debt or finance, we have excellent fee income and money in the bank to invest in growing the business.

What has been fascinating is people's reactions to the virtual model. It has been nothing but positive. The fact that we don't

have expensive city centre premises hasn't been an issue. All businesses, including our profession, rely heavily on relationships. We have benefited immensely from the personal connections that I have built up since coming to Yorkshire 13 years ago. We have also had a lot of support from other businesses who genuinely want to help and see our new business succeed.

Flexibility

In addition to the flexibility that we offer to clients, we can offer that same leeway to our lawyers, whether to accommodate other business interests or family commitments. Having started as a specialist litigation firm last June we now have a great team of 12 lawyers, giving us full service capability.

It is sometimes tempting to decide to follow the traditional law firm model when developing our systems and working practices. We have to keep reminding ourselves how well our model is working, far better than many of the traditional models, so why should we start to emulate them? Do you know what – the virtual model works.

I'm not saying that our model is the way for everyone, just that it is working very well for us. If we are to deal with the challenges and competition that we face in our profession, we must explore and embrace new working models and not complain that things aren't what they used to be. Otherwise more lawyers will be seeking advice from Mr Pitts and his profession. ■

Chris Newton is a litigation solicitor and director at Newtons Solicitors Ltd.

150
YEARS OF CARING

"We make a living by what we get, but we make a life by what we give."

WINSTON CHURCHILL

Solicitors Benevolent Association
– Caring since 1858

SBA, 1 Jaggard Way, Wandsworth Common, London SW12 8SG
Tel: 020 8675 6440 • Fax: 020 8675 6441 • Email: sec@sba.org.uk • Website: www.sba.org.uk

Registered charity no: 208878

• DX 41608 BALHAM