Briefing
SMARTER LEGAL BUSINESS MANAGEMENT

HSBC UK

Law firm strategy and investment survey

OCTOBER 2021

CHOICE OF CHANGE

From growth strategy to ESG, which factors are most influencing law firms' directions and transformations in 2021?


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Growing through the challenges of change

Welcome to the results of HSBC's annual law firm strategy and investment survey, produced with the team at **Briefing** magazine once again in 2021. We have asked law firm leaders in the UK – predominantly managing partners, CEOs, chief operating and financial officers – big questions about their overarching strategies and top operational considerations on emerging from a year of multiple lockdowns. Although carried out against the backdrop of progress with the vaccination programme in early summer, the future still appears uncertain, to say the least. This year we are pleased that the sample of UK-based firms sharing their perspectives has increased to 85, with annual revenues ranging from £18m to over £1.5bn. The findings, and their comments, provide a very clear window into the challenges law firms are prioritising.

It's encouraging that the leaders of these firms signal that the strategy for the vast majority is to continue growing their businesses, both at home and overseas. In spite of the daunting business challenges introduced by the pandemic – remote team and client relationship management, for example, not to mention leadership, and all while embedding many changes to internal process and delivery – 2021 results have exceeded expectations. Firms are therefore in a position to invest more in continuous core process improvement and engagement.

The sudden switch to homeworking saw rapid investment in new communication and collaboration systems, but most law firms now appear to favour a hybrid working model – blending the flexibility and collaboration benefits of different locations for the talent they really need to attract and retain. As we hear, if it hasn't happened already, this next phase of change is likely to require new investment to streamline the experience for all involved. Legal remains a relationship business at its core, and reliable connections between people – infrastructural or emotional – can't be taken for granted.

Finally, this year is the first time we have asked leaders how they are responding as environmental, social and governance (ESG) issues continue their rise up the boardroom agenda. Increased understanding of climate change, and the impact of Covid-19, have accelerated changing expectations around how firms should commit to progress such as reducing their own carbon footprints and influencing others. They are also experiencing pressure from clients to change – just as on the matter of managing to build a more sustainably diverse workforce.

We would like to hear from you however your priorities and strategies – immediate or longer-term – are changing to meet today's business challenges. I hope you find the outcomes of this research useful as you explore your own options for growth and change, and if you have any questions please don't hesitate to contact us.

DANNY BROWN
INTERIM HEAD OF PROFESSIONAL SERVICES, HSBC UK

HSBC UK

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Firms stay focused on growth in turbulent 2021 – but competition is key

Just over a tenth of firms with no international presence are eyeing international growth in 2022 – regardless of their size

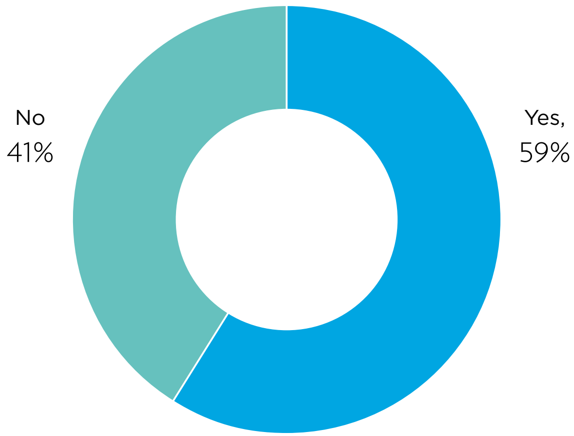
As in 2020, this year's survey of law firm leaders finds that the challenges of working through Covid-19 has not shifted their firms' focus away from finding opportunities for growth. A very similar proportion to last year report that their current geographic growth strategy is to continue growing internationally (38%), while only 8% say they are reviewing their options over the next two years, or that "no change is likely" (p6). At this time in 2020, 12% of leaders reported the latter, and this year we have polled a larger sample size – perhaps suggesting law firms are even more bullish about their prospects for expansion as lockdowns have eased.

Perhaps unsurprisingly, leaders at firms with annual revenues of £100m or above are more likely to foresee a near- to mid-term 'freeze' – they have larger international office networks to watch. But this group of leaders are also almost twice as likely as those at firms with revenues under £100m to have international growth firmly in their sights (50%, compared with 27%). Meanwhile, no leaders of firms in the lower-revenue band report a strategy of pausing growth, and instead see plenty of opportunity to expand in the domestic UK market (73%).

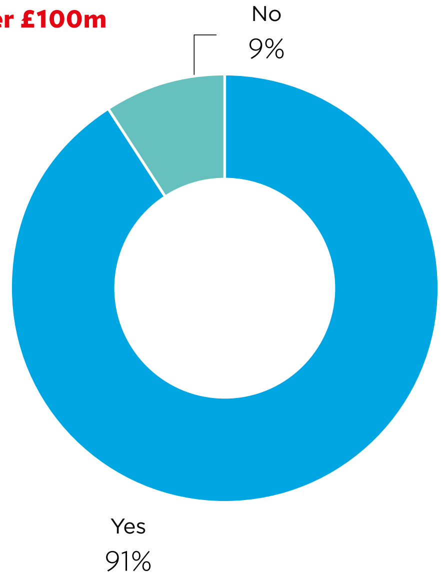
Rod Harrington, chief operating officer at Norton Rose Fulbright, says: "Despite the pandemic, it is clear the sector has been experiencing increased demand, while also benefiting from lower overheads through remote working.

"The resulting increased profitability means firms are more likely to be in a position to invest for the long

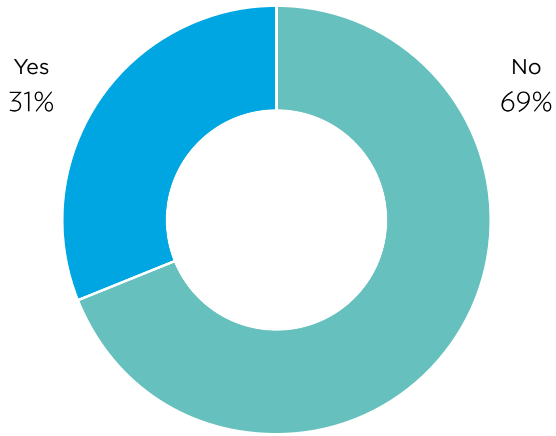
Does your firm have an international presence?



Firms: revenue over £100m



Firms: revenue under £100m



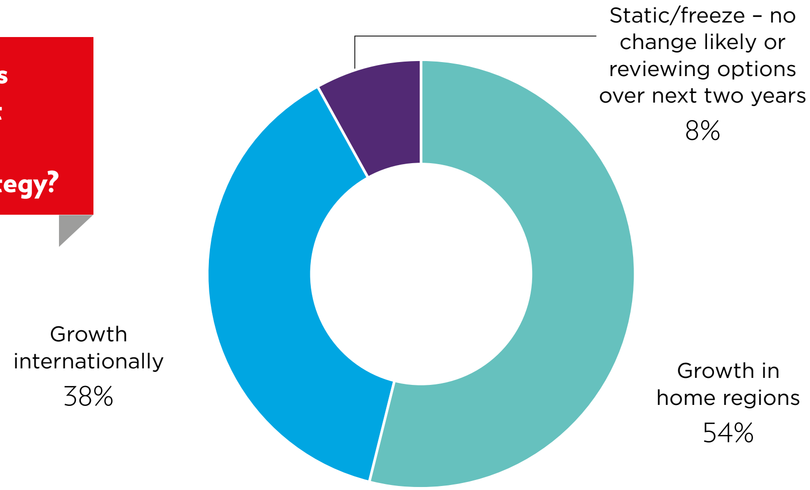
term – in the traditional talent acquisition sense through lateral hiring, but also by building new capabilities and innovation. Uppermost in our minds is how to prioritise the competing requests for investment, to ensure we are building in a way that plays to our strengths, helps us better serve our clients, and gains competitive advantage."

But Laurence Milsted, the former chief financial officer of Freshfields Bruckhaus Deringer and a consultant, is surprised that half of leaders at those smaller firms already with an international presence are looking to expand it further (p7). "There may be an issue of justifying investment-stage businesses," he says. "Naturally, it is tempting to see opportunities to grow from a small market share – but I wonder if all

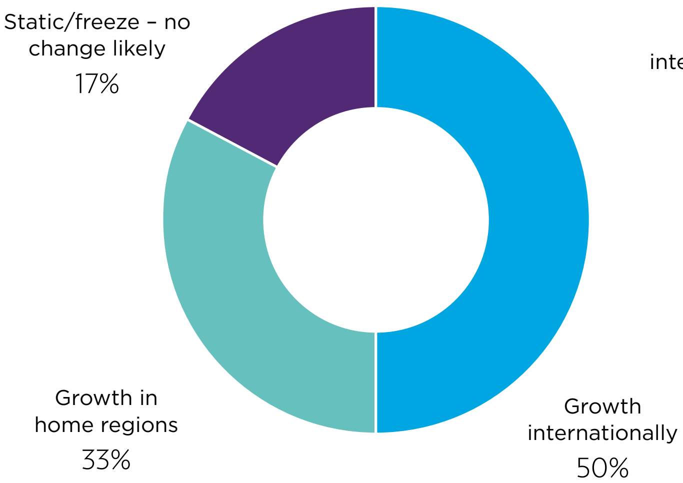
> "Uppermost in our minds is how to prioritise the competing requests for investment, to ensure we are building in a way that plays to our strengths, helps us better serve our clients, and gains competitive advantage."

Rod Harrington, chief operating officer, Norton Rose Fulbright

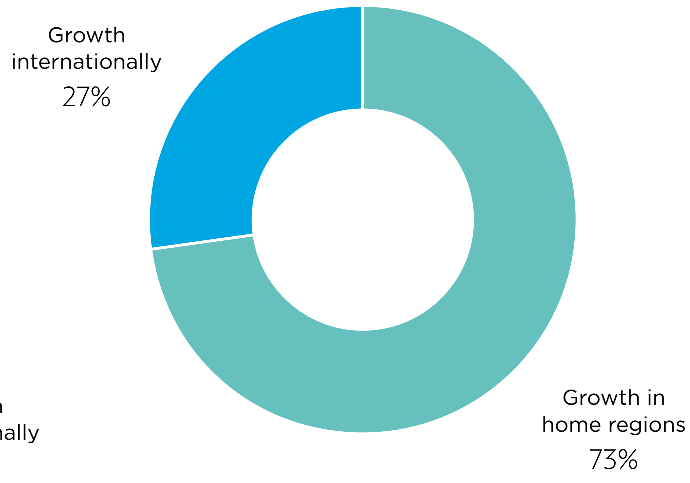
All – What is your current geographic growth strategy?



Firms: revenue over £100m



Firms: revenue under £100m



the risks and costs of further expansion will have been fully addressed."

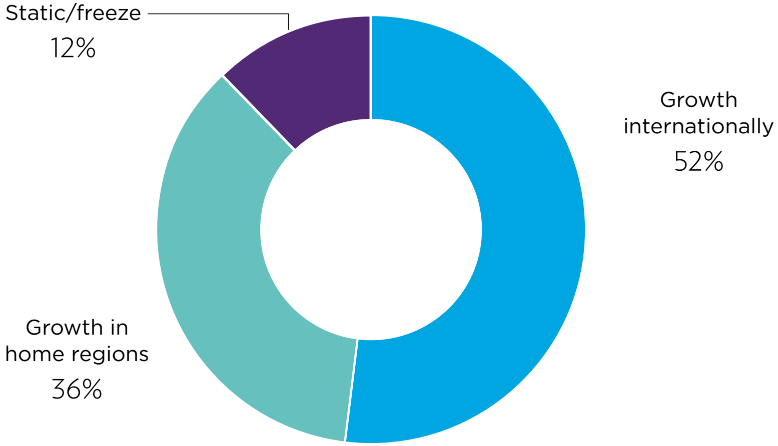
Moreover, a significant minority of leaders at firms without a current international presence (11%) appear to believe that now is the right time to begin building one, and this increases to 17% among firms with larger revenues (p8).

In terms of domestic growth, our 2020 research found 86% of leaders predicting that the economic effects of the global pandemic would either 'significantly' or 'somewhat' accelerate the pace of consolidation in the UK legal market over the next then three years – and there have of course already been acquisitions to observe in the last 12 months.

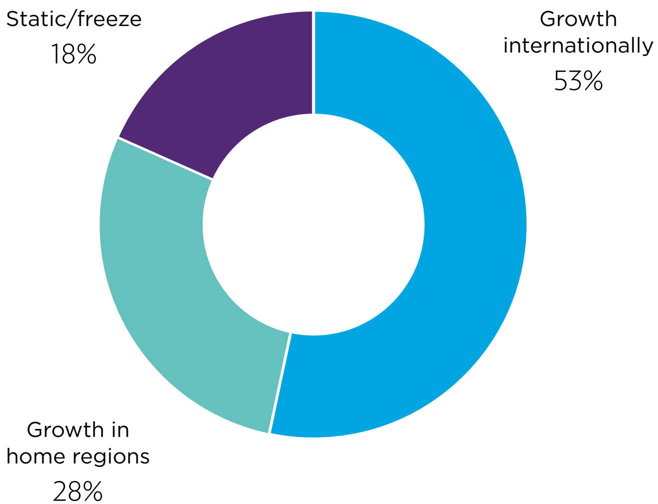
Almost a third (31%) of leaders now put 'mid-market' M&A activity as a top strategic change consideration

> "There may be an issue of justifying investment-stage businesses. Naturally, it is tempting to see opportunities to grow from a small market share – but I wonder if all the risks and costs of further expansion will have been fully addressed."
>
> **Laurence Milsted, director, Legal Success Consulting**

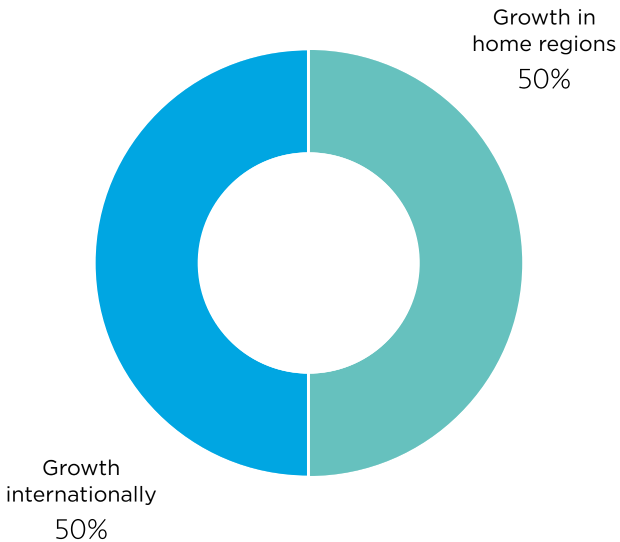
Already with an international presence – What is your current geographic growth strategy?



Revenue over £100m



Revenue under £100m



today (p9) – over three times as many as highlight consolidation among larger firms (8%).

Patrick Linighan, chief operating officer at Clyde & Co, finds it understandable that the climate thus far into the impact of Covid-19 may embolden firms. “There was an uncertain period where all firms could be forgiven for being risk-averse,” he says. “We have managed to navigate through and maintain a strong base, and with our geographic and practice area hedge now is the time to grasp potential bolt-on opportunities or acquisitions internationally with like-minded people.”

However, by far the biggest consideration in our list of possible pressures is ‘peers with more tech-driven business models’ (58%). Leaders appreciate how competing firms investing in areas such as data analytics, artificial intelligence and automation can, at the very least, offer those firms deeper and faster insight into

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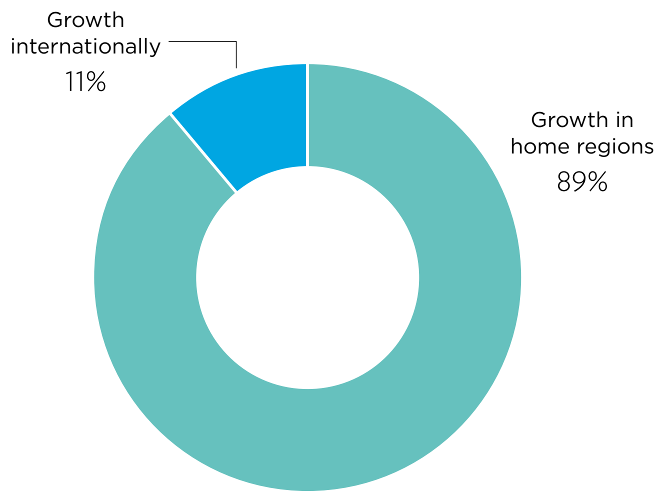
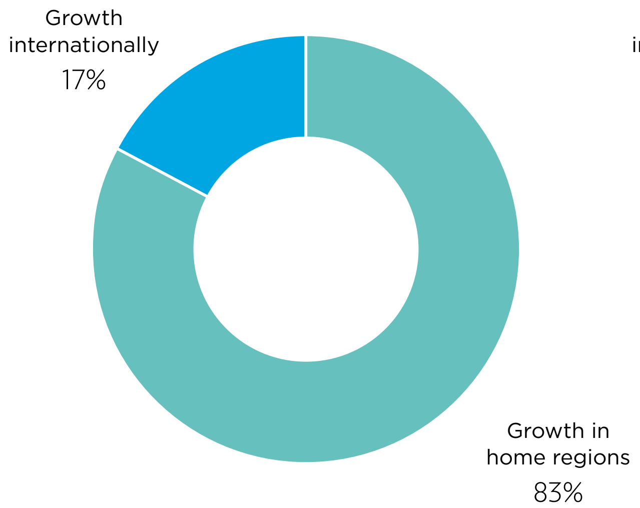
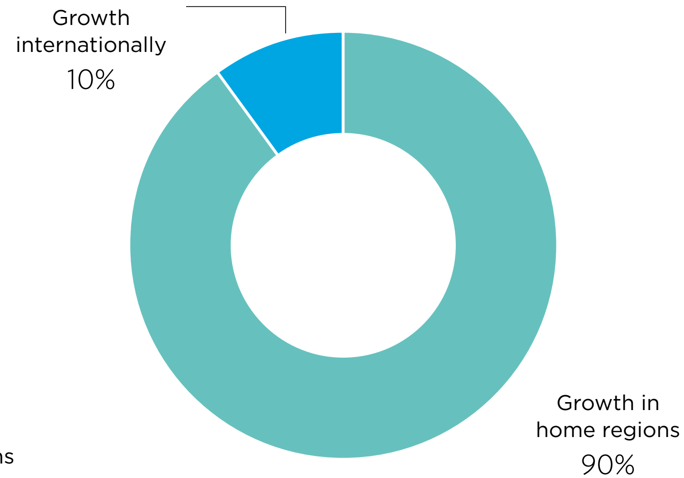
Not yet an international presence – What is your current geographic growth strategy?



Revenue over £100m



Revenue under £100m



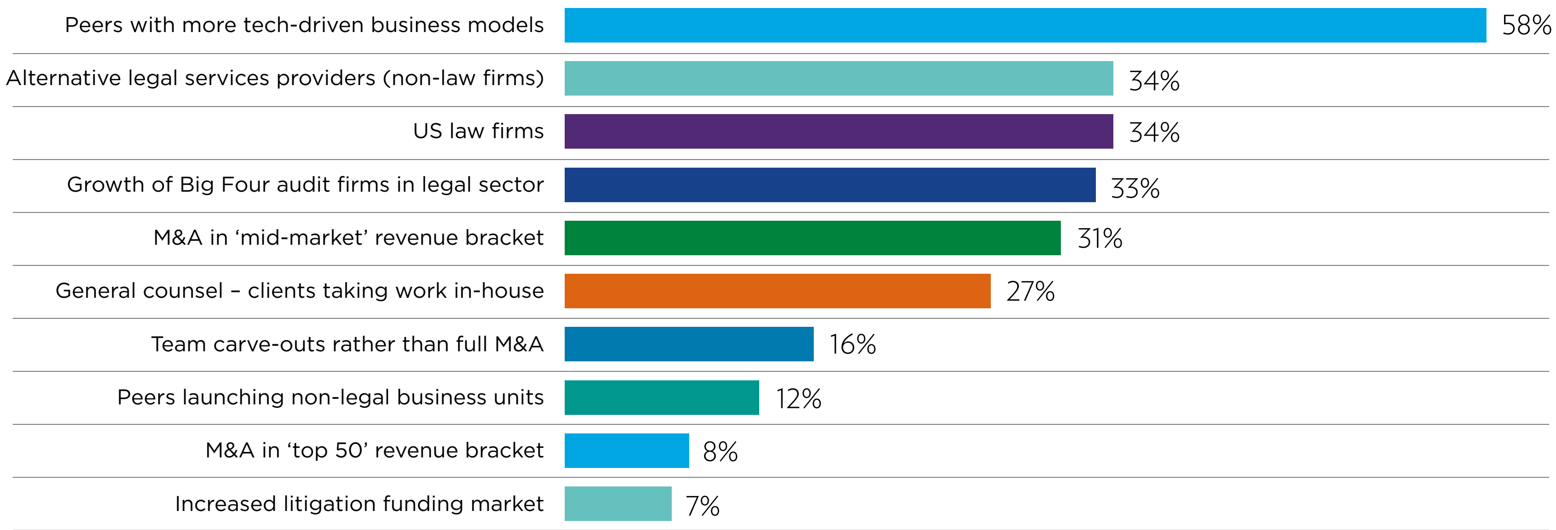
> "There may be concern in some quarters at the moment that disrupted industries do tend to get disrupted from outside rather than from within. Firms could be trying to work out how to disrupt themselves and beat the external competitors to the punch. Some smaller firms that have perhaps failed to invest in technology are also almost putting their hands up."

Ed O'Rourke, CEO, Ashtons Legal

emerging opportunity to serve clients – potential for timely cross-selling or alternative pricing, for example – and may even pave the way for additional revenue streams in future.

More broadly, strength of technology capability is a clear common factor among other top-ranking trends for 2021 – all focused on the gathering forces of competition for 'traditional' legal business. Alternative legal services providers (ALSPs) are gradually taking a larger share of the market over time (identified by 34% of respondents), and some firms are now looking at collaboration opportunities here to retain clients and serve them in

Which sectoral trends present the greatest strategic change considerations for the large law market?



more cost-effective ways. The resources and scalability of businesses such as the Big Four offering legal services also draw the eye as they continue to invest, acquire and diversify (33%). It's striking that these developments rank much higher as considerations than other law firms launching new business units of their own (12%).

On the other hand, Laurence Milsted highlights that technology may be even more important as an enabler for firms providing services directly to individual customers. "These firms really need aspects such as pricing, engagement and know-your-client to happen in a completely streamlined way, online," he says.

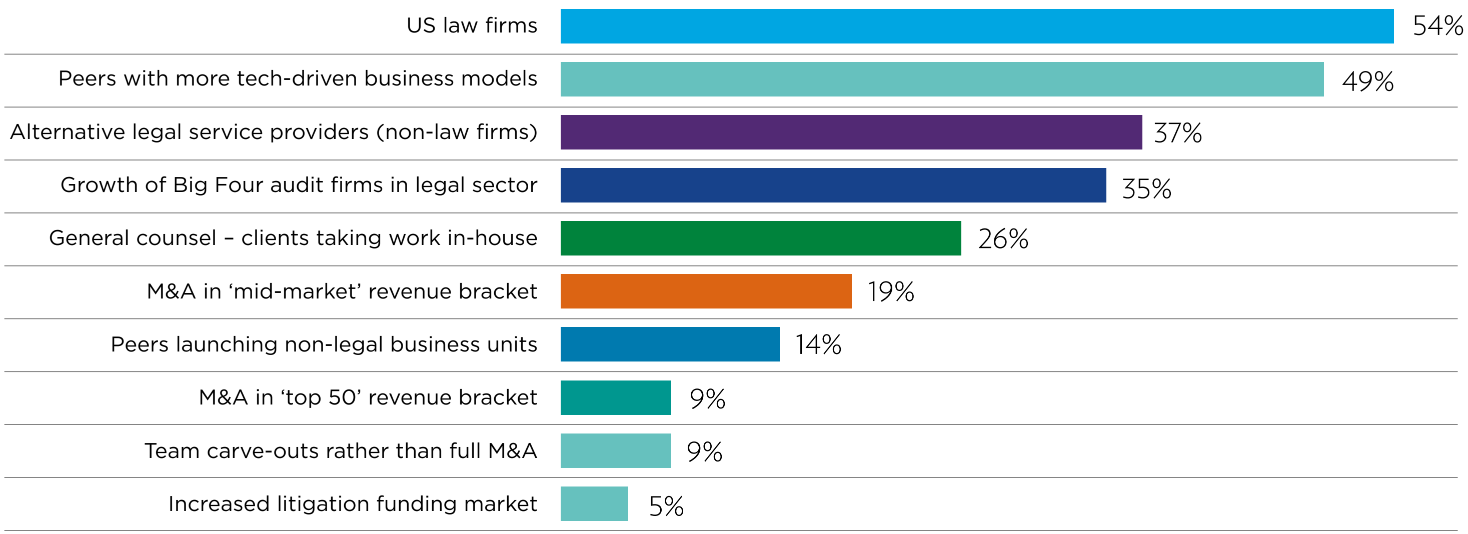
Ed O'Rourke, CEO at Ashtons Legal, is also unsurprised that technology considerations continue to loom large in 2021 – and he sees a link between this and the consolidating market. "I think there may be concern in some quarters at the moment that disrupted industries do tend to get disrupted from outside rather than from within. Firms could be trying to work out how to disrupt themselves and beat the external competitors to the punch.

"Some smaller firms that have perhaps failed to invest in technology are also almost putting their hands up and surrendering – whereas we've seen the shifts in client-buying behaviours filtering through for several years, and there is now a clamour for larger-scale investment." There's still a potential wave of transformation waiting in the wings akin to the Amazon effect on the retail market, he says.

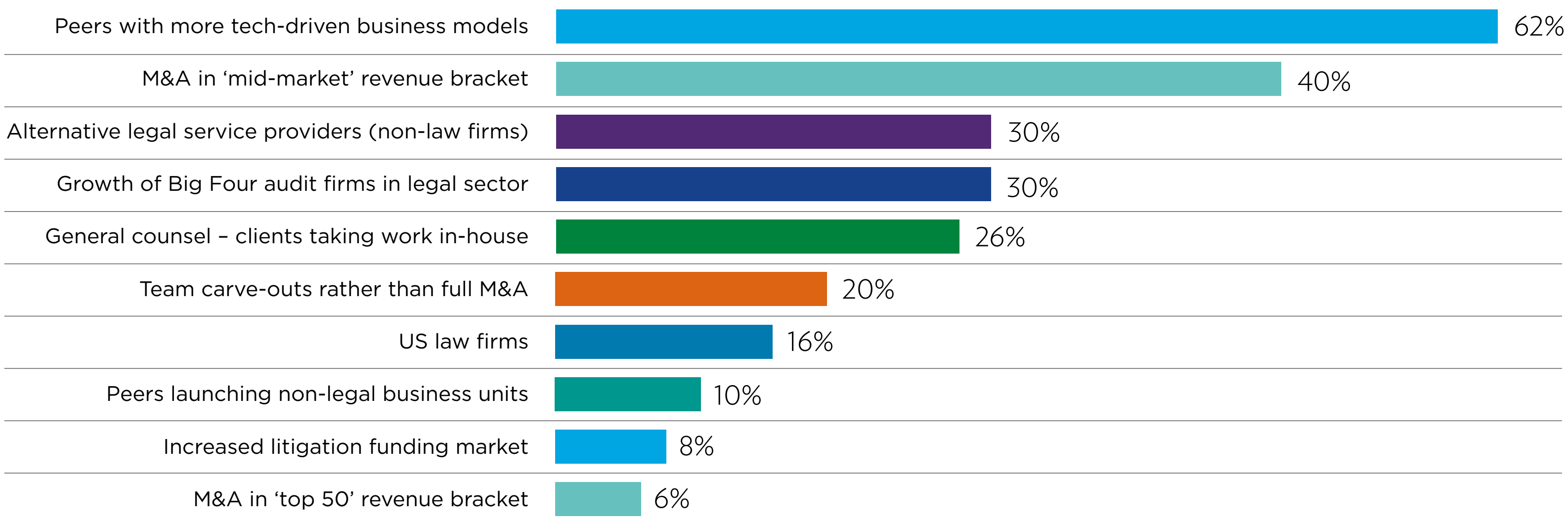
At the same time, he adds, many firms have managed to move through the pandemic with stable revenues and profit rises, and there are signs that private equity houses are taking another look at what's available: "By simply doing nothing in this climate firms risk slowly shrinking in relative terms."

William Robins, director of operations and compliance

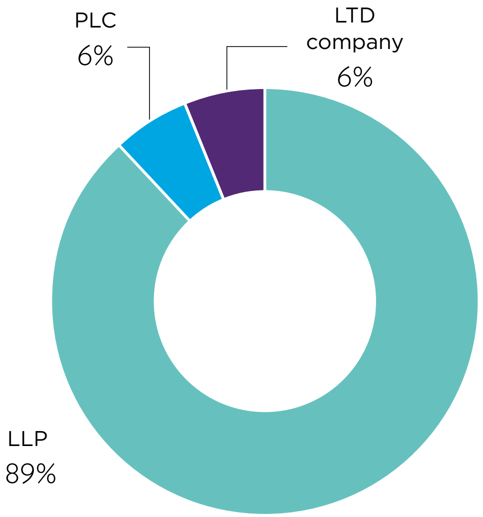
Firms: revenues over £100m



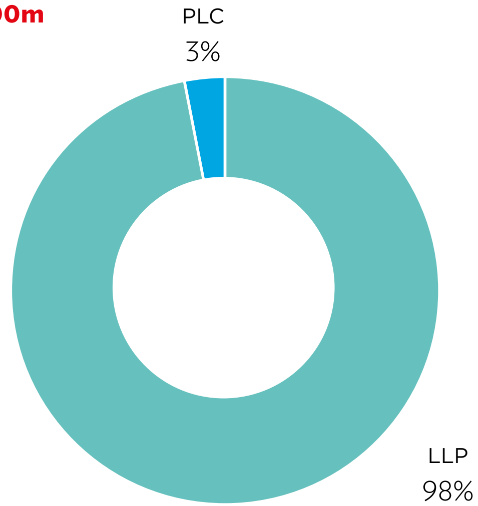
Firms: revenues under £100m



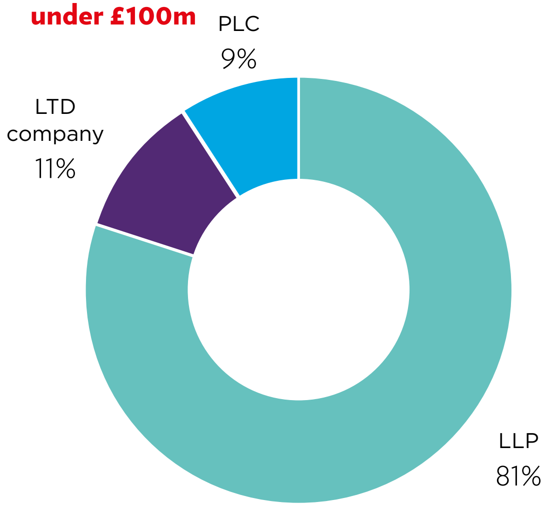
In five years' time, what business structure is your firm most likely to have?



Revenues over £100m



Revenues under £100m



at Keystone Law, adds: "Before the pandemic, there was a steady decline in the fortunes of high-street firms. Many were closing or merging. Many more were barely getting by. The huge increase in conveyancing over the past year has reversed this trend, but only temporarily. I predict rapid and widespread consolidation of the high street by larger – and in some cases new – players, who are likely to be PLCs and ABSs that benefit from economies of scale and better technology, and who are looking to grow through acquisition."

When we split responses by the size of firm revenue however (p10), those at the larger end appear to be concerned by something even more than technology – the lure of US-headquartered law firms in London (54%). This year has seen young lawyers at several of

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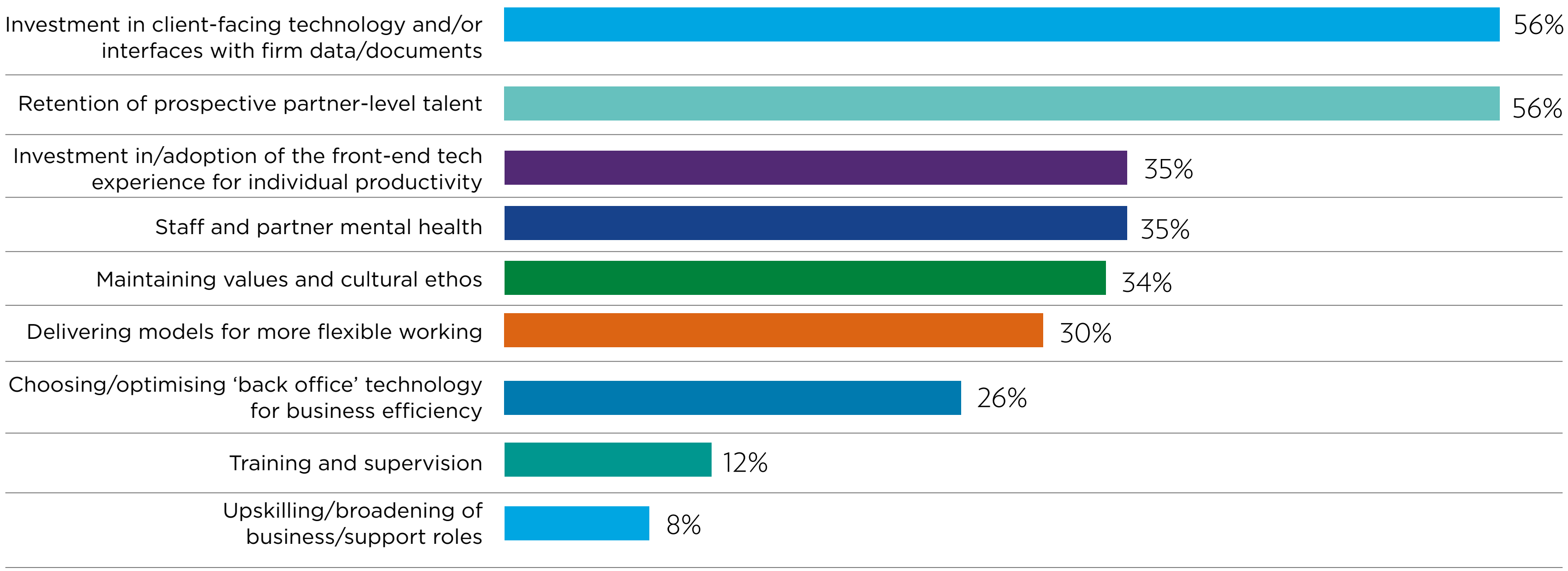
Which organisational challenges are your biggest concerns?



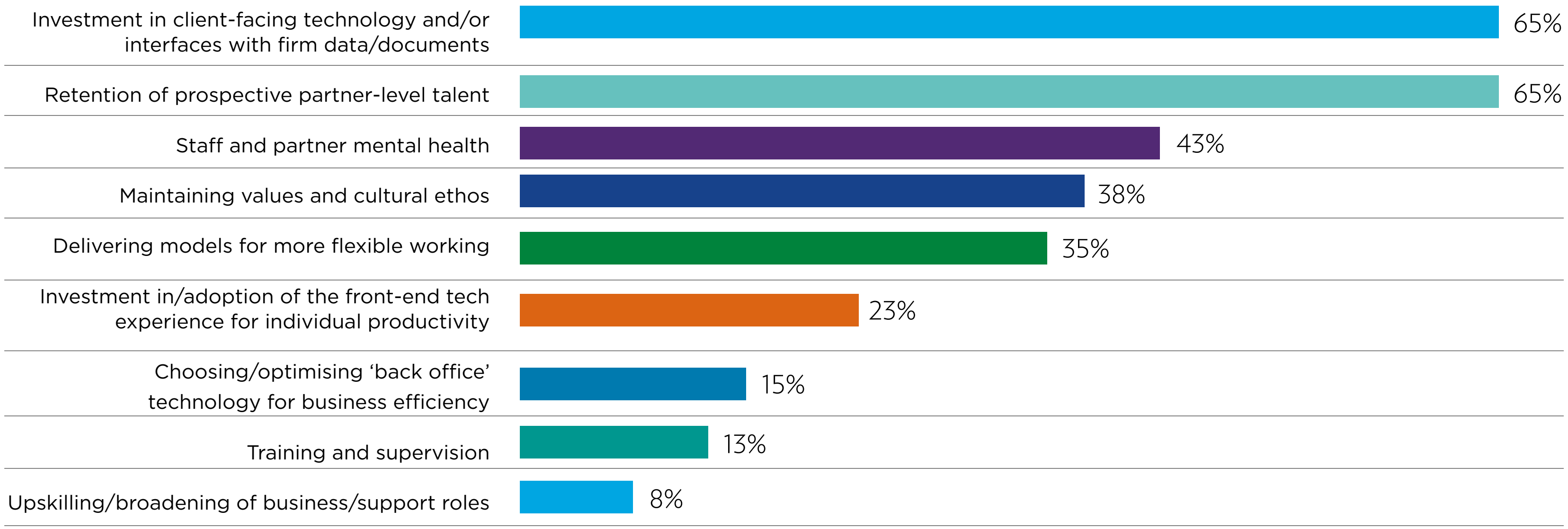
these businesses offered larger starting salaries, adding another dimension to the ongoing effort to attract, and subsequently retain, highly valued talent. Meanwhile, leaders at firms with revenues under £100m are understandably much more likely to have an eye on mid-market M&A activity (40%) than the movement of US firms in the market (16%).

Sarah Walker-Smith, CEO of Shakespeare Martineau, believes that firms' strategies surrounding talent have the potential to be transformational for the market more generally. "It feels like there is a giant game of musical chairs currently happening below the waterline and based very much on people's experience of how they were treated during the pandemic. This will fuel the external competition and squeeze margins further," she says. "Change management and great communications remain vital, as does aligning culture and values to the strategy."

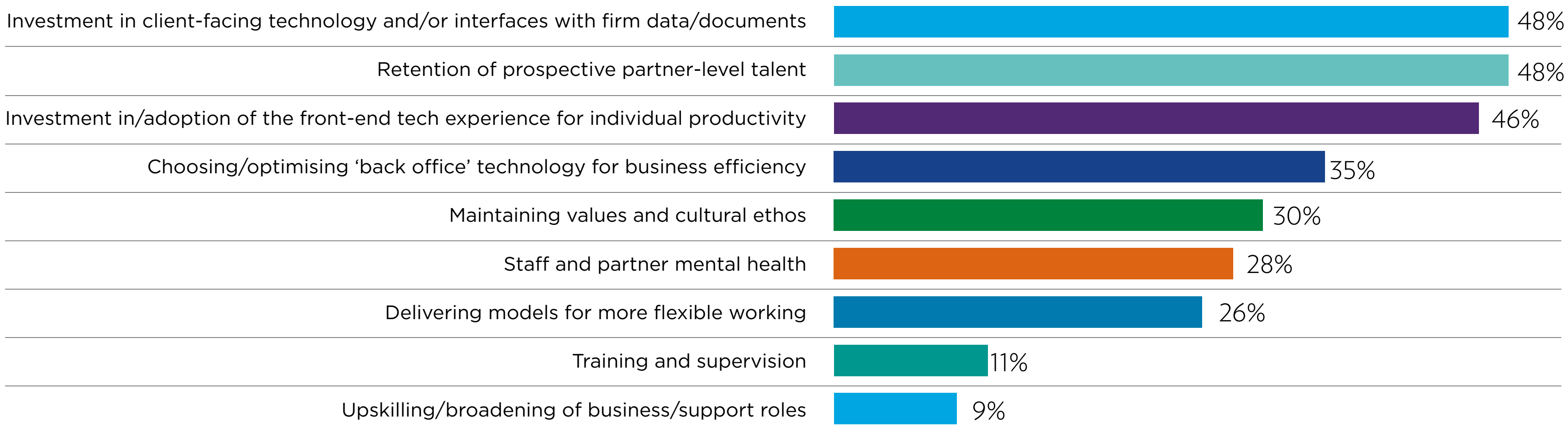
Robins at Keystone Law continues: "The pandemic has created a huge need for legal advice, and many firms across the spectrum are having their best years ever. However, firms need new blood to service this demand, and those who do receive offers are also receiving higher counteroffers to stay put. When the market cools off, there may be considerable fall-out as higher drawings and salaries are unlikely to be sustainable."

Leaders indicate that firms may also be more open to pursuing an alternative structure in 2021 – by going public, for example, with all the complexity and increased scrutiny involved (p11). In 2020, just 2% of leaders said their firm was more likely to switch to be a plc or a limited company as a consequence of the pandemic. Looking further ahead, 6% can now see their firms as a plc, and 6% envisage a limited company, respectively within a five-year window.

Firms: revenues over £100m



Firms: revenues under £100m



Talent retention and more client touchpoints lead challenges – offices prepare for hybrid-working futures

A third of leaders say their firms are set to reduce office space within three years, while over twice as many will repurpose buildings for new ways of working

Reinforcing the idea that policies surrounding talent management and progression is an area to watch, more than half (56%) of leaders report that retention of their prospective partner-level talent is a top organisational challenge in 2021 (p12). For all the advantages that technology solutions can offer in terms of smarter, more flexible and productive working – remote or otherwise – it's reassuring to find that over a third (35%) of leaders would also list employee/partner mental health as a prime management concern. The impact of lockdowns and long spells of homeworking, with potentially more hours while isolated, is a subject that has attracted much management attention over the last 12 months. Notably, respondents from firms in our larger revenue-band rank the mental health of their employees as an even more concerning management challenge (43%), appropriately coming immediately after the issue of talent retention (p13).

However, Laurence Milsted notes that people-focused investments – including investing time – in culture, values, and development, should be even higher priorities if retaining talent is so concerning. "Investing real thought in talent retention should start early in a lawyer's career, rather than being just for partners or candidates, as it builds goodwill and engagement with the firm. Those crucial opportunities to broaden experience and forge deep

In which of these areas is your firm prioritising its investment in technology – spend on systems as well as people?

relationships within the firm have been scarcer, as lawyers experienced the absence of in-person training and personal supervision through Covid."

Rod Harrington at Norton Rose Fulbright agrees: "While more flexible ways of working create a more dynamic culture, firms need to ensure that they support cohesion, engagement and inclusivity in their organisations. Firms need to ensure that greater home working does not, for example, disproportionately affect the career prospects of women, and that more junior staff are trained effectively in a more fluid environment. Physical workspaces need to transform too, to facilitate collaboration, networking and socialising, to ensure employees get the most out of their time in the office. This means that all organisations will need to continue to invest in new technologies and training to enable people to thrive – and remain connected – in a hybrid world."

"Firms need to ensure that greater homeworking does not, for example, disproportionately affect the career prospects of women, and that more junior staff are trained effectively in a more fluid environment."

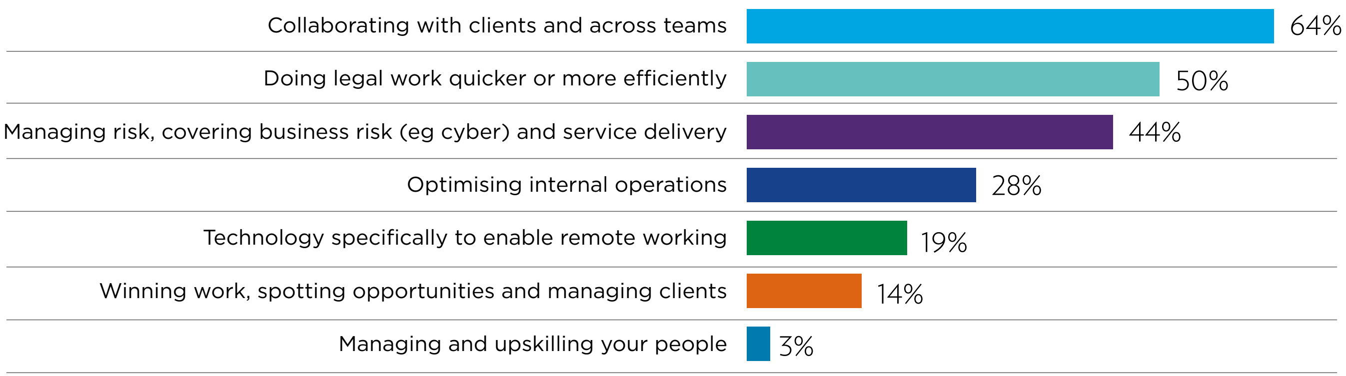
Rod Harrington, chief operating officer, Norton Rose Fulbright

Ed O'Rourke at Ashtons Legal also highlights how younger employees may well have had a harder time working from home for months on end than those further into their careers. "We'd probably always thought that the younger generation wanted agile working and more flexibility, and older people wanted to come into a more stable environment, as they always had done. However, the latter tend to have had the space available at home to create a reasonable work environment, while the younger have often been missing out on the more collegial aspects of working and socialising."

Tied in first place with talent retention as a challenge, leaders also show a high level of concern for optimising technology that can help them to connect more effectively with their clients (p12). Over half (56%) highlight the challenge of selecting and implementing solutions to support the efficiency and quality of the overall client journey and experience. This could include, for example, granting access to useful data, such as management/matter progress information, and enabling document work to pass between parties online in more convenient ways. Significantly more leaders identify this as a priority than further optimising the working experience of their fee earners, such as by helping them to collaborate with other team members more productively (35%).

By contrast, just over a quarter of leaders say they

Firms with revenues over £100m



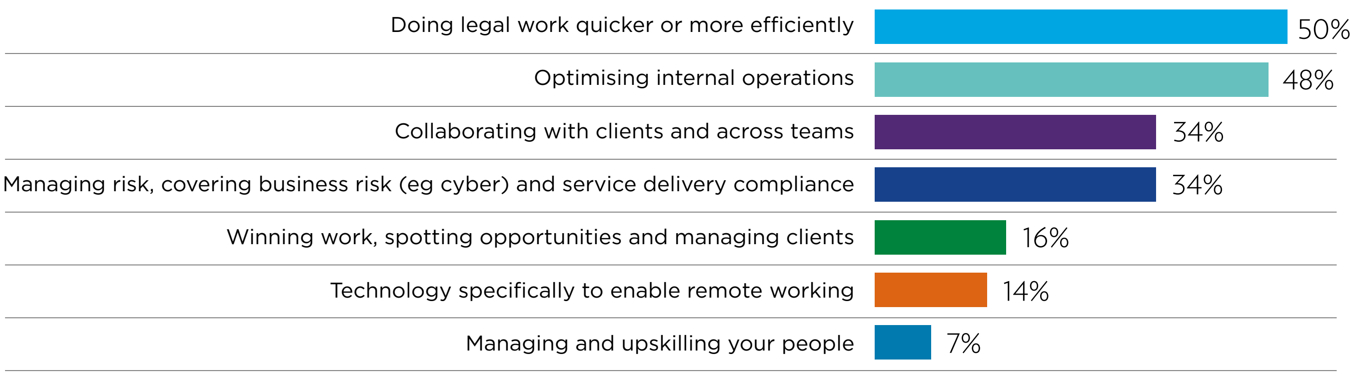
consider optimising 'back-office' technology – infrastructure and core management systems – to be a top concern (26%), while almost a third highlight managing models for flexible working (30%). It's plausible that firms are now in the midst of something of a second wave of thinking about the challenges of remote working. The fundamentals of connectivity, system access, communication, and even process digitisation, could already be implemented and operating with high levels of satisfaction. However, managing teams that are 'hybrid working' – with different people in and out of the office on different days of the week – may in future require something more of the technological experience for effective internal management and continuously high-quality client service alike.

William Robins at Keystone Law says: "Adapting a firm's IT for remote working is only half the battle. It will be interesting to see how many adapt their cultures. Regardless of working location, lawyers need to feel part of the firm. Lawyers who are left feeling isolated will vote with their feet and move."

Almost half (48%) of all the leaders surveyed for this research report that their firms are indeed prioritising investment in systems for collaborating with clients and within wider teams (p15) – although it has to be said that a full 50% still see a strong case for technology enabling legal work to be done quicker

> "Investment in technology is the obvious priority, but fast behind that comes investment in operational and project management talent, which will be just as impactful to firm results once the basic tech is in place."
>
> **Sarah Walker-Smith, CEO, Shakespeare Martineau**

Firms with revenues under £100m



5.2%

A leader's average estimate of their firm's investment in technology as a percentage of overall revenue (including systems and people)

or more efficiently. Firms with larger revenues (over £100m) clearly see collaboration as the more pressing need, however (64%).

Sarah Walker-Smith at Shakespeare Martineau adds: "Investment in technology is the obvious priority, but fast behind that comes investment in operational and project management talent, which will be just as impactful to firm results once the basic tech is in place."

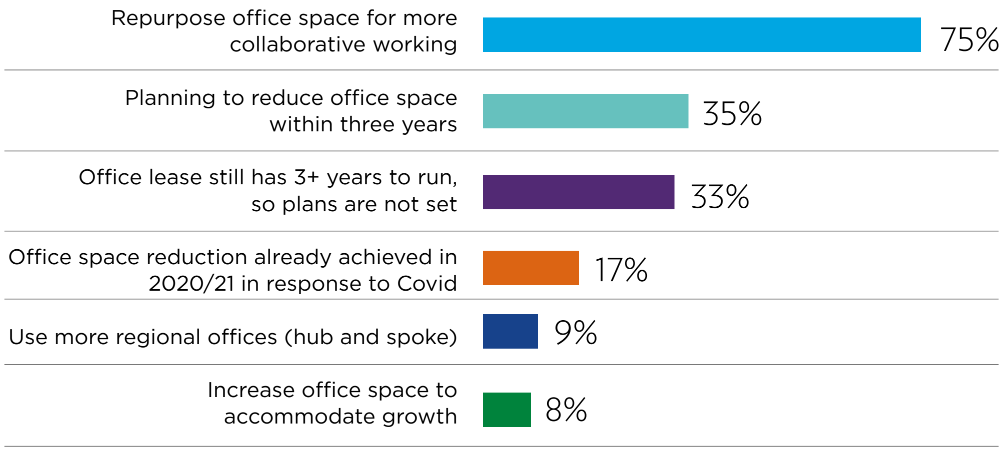
In our 2020 strategy survey, just over half (51%) of leaders reported that their firms planned to increase technology spend in response to the pandemic. In mid-2021, however, their estimate of IT spend (on systems and people) as a percentage of revenue remains stubbornly at an average/mean of 5.2% (a marginally higher 5.6% for smaller firms). Previous HSBC research found this metric peaking somewhat in 2017 (75% of leaders then saying their firms spent 5% or above), before dropping back – while **Briefing**'s own annual Frontiers Legal IT Landscapes report has tracked the number since 2014, and the average hasn't moved significantly from around 5% in all that time.

Steven Rowan, chief financial officer at RPC, points out that revenues have grown – so this does in fact represent an increase. "Our firm will certainly continue to invest to improve and modernise our IT infrastructure – we're rolling out a new document management system among other things – and information security is a priority that you can never switch off from," he says.

He also agrees with Walker-Smith, however: "Law firms would not have had as good a year if they hadn't had the IT fundamentals in place – but this isn't all about the cost of software. Now they need to spend a bit more on the people to deliver change."

The years ahead could yet see further investment in several operational areas of course – particularly as the question of the likely future of law firm office space is far from settled. Under a fifth (17%) of leaders report firms have already achieved their office-space reduction goals in response to Covid (downsizing by an average 12%). However, a third still have leases

Which of these actions currently reflect your firm's future office strategy for the next three years?



with three years or more left to run, and more (35%) say they intend to reduce their footprints over the next three years – by an average 20% (p18). Whether such a cut is on the cards or not, three-quarters also report a strategy of investing in repurposing office space for more collaborative working – which is of course likely to mean new or modified facilities. There appears to be very little appetite for taking on more space (8%), and none at all for entering into co-working spaces, but this is very much an area of business change to watch (p19).

Ed O'Rourke at Ashtons Legal says he is surprised if firms are truly reducing their space by as much as 20% – he has reduced it per capita at one office, he says, but can now in fact accommodate more people than before if pushed, thanks to some substantial repurposing.

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>
> **Steven Rowan, chief financial officer, RPC**

"We've used our Norwich office as something of an experiment," he explains. The size of desks has been slimmed down, none are assigned, and there is less accompanying storage. "Some areas are much more café-style, for collaboration, and – oddly, some may feel – there are more meeting rooms, so people are able to use the office as a place specifically to meet colleagues and plan." The reception, meanwhile, has been turned into a glass-fronted 'admin room' where you can easily see people entering the building and come out to greet them.

By contrast, Patrick Linighan says Clyde & Co was

21%

Average reduction envisaged by law firm leaders who expect to reduce office space within the next three years

0

Law firm leaders say they expect to make more use of external co-working spaces as part of their future office strategies

already well on the path to a 20% space reduction prior to the pandemic. “We’re unlikely to surrender leases early, but where there is a lease break or opportunity we will now undertake a root and branch review. We’ll look to reduce space significantly if we can and reconfigure for hybrid working if we can’t.” These intentions are already supported by a major IT refresh in 2020 and the launch of centralised scanning and print rooms, he adds.

Walker-Smith at Shakespeare Martineau adds that future office arrangements are likely to place more emphasis on client-facing and meeting space: “If something can be done better outside the office, don’t do it in one – and whether space could be shared with other organisations is also a valid consideration.”

> “Clearly there are genuine confidentiality, security and branding questions – but co-working spaces should be useful for activities where you need to bring different or large teams together.”
>
> **Laurence Milsted, director, Legal Success Consulting**

Laurence Milsted agrees. “Clearly there are genuine confidentiality, security and branding questions – but co-working spaces should be useful for activities where you need to bring different or large teams together, and adds flexibility for a smaller core office estate,” he says.

But Robins at Keystone Law says: “The ‘return to work’ will be slow. Reality may well differ from published policy. By early 2022, there will be a lot less talk from leaders about remote working, and a quiet, but growing pressure to return to the office. For firms that do continue with widespread homeworking, I expect career trajectories of those working from home to flatten out.”

Are firms under pressure to grow more sustainably?

A third of leaders say clients now always or regularly assess the firm's environmental policies, and a fifth already have a formal carbon-reduction target in place

Law firms that are either modifying – or moving into new – premises may have an opportunity to change the impact of their building on the environment. There is the nature of building and furnishing materials and how they are sourced, potential improvements to energy efficiency, and the ways that different forms of waste are managed, for example.

As tackling global climate change moves sharply up the political agenda in 2021, some leading firms have also been seen taking a range of environmental, social and governance (ESG) actions – in some cases disclosing greenhouse gas emissions and setting targets for their reduction, as well as convening new groups to coordinate efforts, appointing 'champions' of the cause, and investing in skillsets that may improve overall performance.

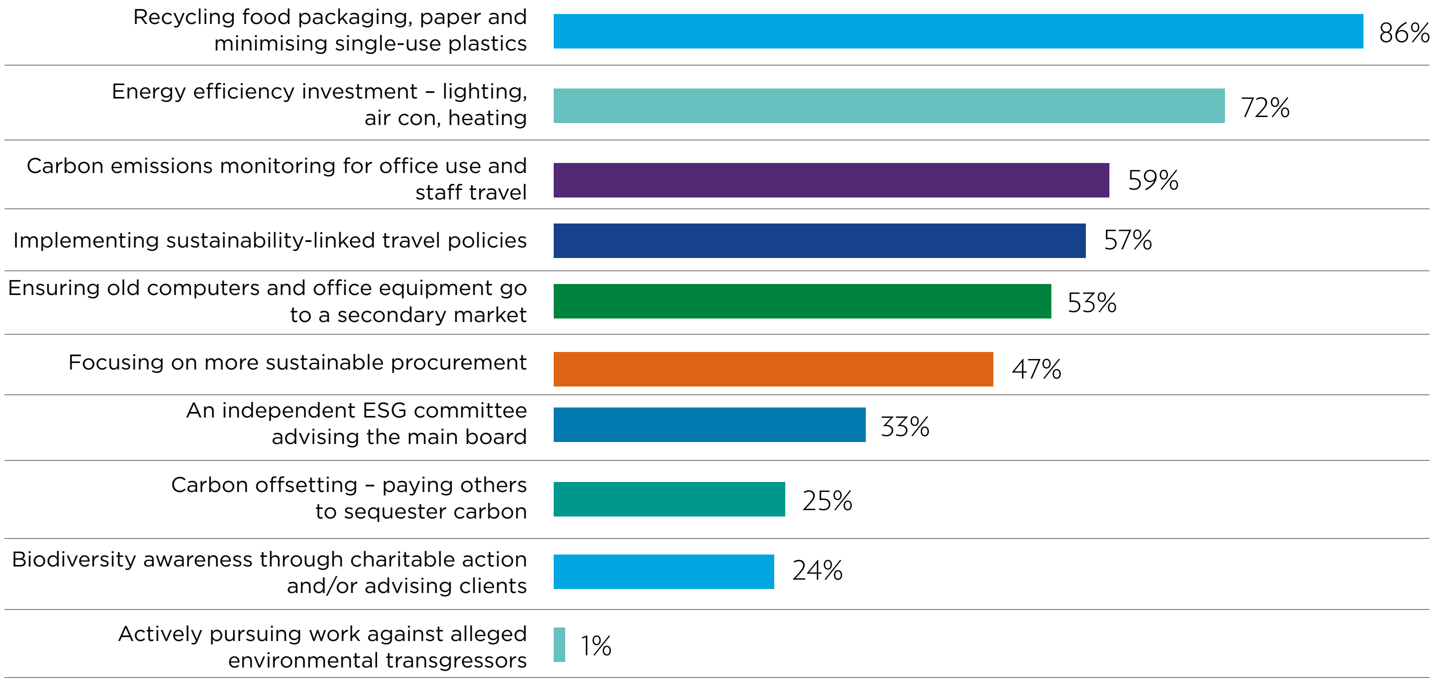
Leaders report that their firms are taking a wide range of actions (p21) – and investment in office energy-efficiency measures, such as to optimise heating and lighting in line with use, is indeed one of the most popular (72%). As might be expected, the most common of all is recycling packaging and paper and reducing single-use plastic (86%) – the latter change a subject of growing pressure across society. More than half of firms also have sustainability-linked travel policies (57%) and workplace carbon emissions monitoring (59%) – the outcomes of both of these, of course, hugely affected by enforced working patterns in 2020-2021.

Sarah Walker-Smith at Shakespeare Martineau says: "Travel and consumables are the obvious targets, and related HR and expenses policies need overhauling to drive the right behaviours."

But almost half of leaders (47%) say their firms are going further than this by assessing sustainability performance within their supply chains, a third have established a dedicated ESG committee to advise the board, and perhaps surprisingly a quarter have embarked on a carbon-offsetting programme.

And what of targets in this area of improvement? Almost a third (31%) of leaders say firms have at least one of two recognised targets – either falling in line with the Paris Agreement of December 2015 (to keep global temperature rises to below 1.5°C above pre-industrial levels) or building themselves a net-zero supply chain by setting clear standards for other businesses they engage with to follow (p22). Just over a third of leaders say their firms plan to commit to such a target in future (35%), but almost a fifth again say they simply don't have one.

Which of these actions is your firm taking to make itself more sustainable?



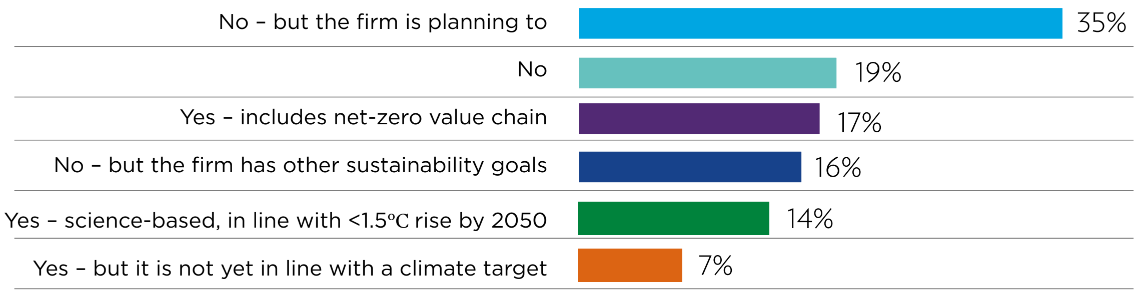
Laurence Milsted says: "Independent governance and ESG-focused reporting are both good steps, and they signal that large firms, in particular, are on the same page as their clients. Overcoming the obstacles to setting targets is another area that could build goodwill in the workforce and with clients."

Rod Harrington at Norton Rose Fulbright adds: "Our people, our clients and our communities expect that firms such as ours are taking concrete steps to support environmental sustainability. Target-setting across all areas of ESG, including emissions reporting, can help firms to embed more sustainable practices and drive change. One of the main challenges for firms is how best to collect, manage and monitor complex environmental data to produce accurate sustainability reports."

But as in many areas of potential change, from innovation to diversity, firms may experience client pressure to move their agendas on further and faster – and indeed, almost three-quarters of leaders (74%) say that clients always, regularly or sometimes assess ESG policies and targets as part of their processes for awarding the firm work (p23). Law firms with annual revenues of £100m or above are significantly more likely to experience such scrutiny of their actions and commitments – 89% do so at least sometimes, leaders say, and 43% regularly.

Patrick Linighan at Clyde & Co says: "Our clients are under exactly the same pressure that we are. There needs to be an absolute focus on action now, and for law firms – selling knowledge – the vast

Has your firm already committed to a carbon-reduction target?



31%

Of leaders say their firms have already formally committed to either a science-based or a net-zero value chain emissions-reduction target

5%

Of leaders say their firms have already commmitted to both of these carbon-reduction goals

majority of net-zero emissions are in the supply chain.” Clyde & Co has already committed to the science-based target and is now collaborating on a net-zero initiative within the wider profession he says, while professional procurement has rapidly risen up the agenda in two years.

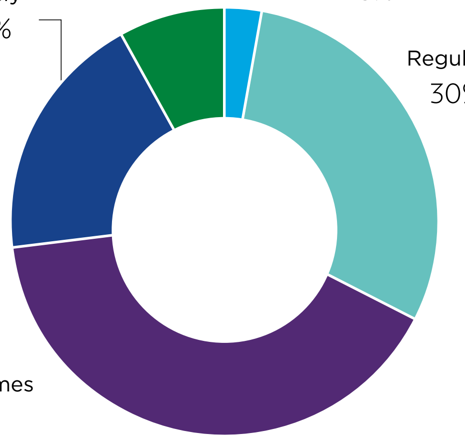
As many firms now move from largely remote to a hybrid-working mode, with some travel resuming, they will of course also feel pressure from within to continue proactive sustainability and ESG monitoring, to maintain policy or process improvements, and to match the competition.

“You need some office space for collaboration, supervision and development, but it’s hard to argue with internal demand for efficient homeworking from a sustainability perspective,” adds Linighan.

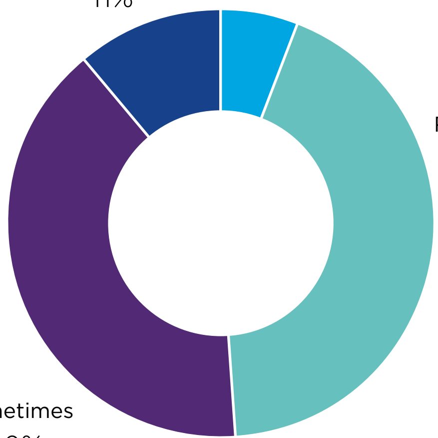
Steve Rowan at RPC says firms like his have recently embarked on a process of investigating how ESG is best structured as a business challenge, and the resources that need aligning to that – what are the overlaps with corporate social responsibility, for example, where can existing skills and knowledge be best used, and what new may be needed? RPC currently has an environmental subcommittee and has reported on carbon performance in financial statements for a couple of years. “However, it is certainly the clients, just as much as directors, requiring information about whether firms are doing the right things,” he adds.

Meanwhile, more than half of respondents say they see value in receiving guidance on reaching any sustainability targets from a banking provider (55%) – and almost a fifth (19%) would welcome the opportunity to benchmark their progress at reducing carbon emissions against other firms in the market (p25).

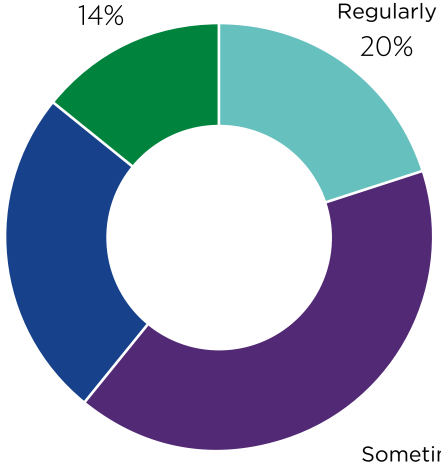
To what extent are clients assessing your firm's environmental policies and targets when deciding whether to work with you?



Firms: revenues over £100m



Firms: revenues under £100m



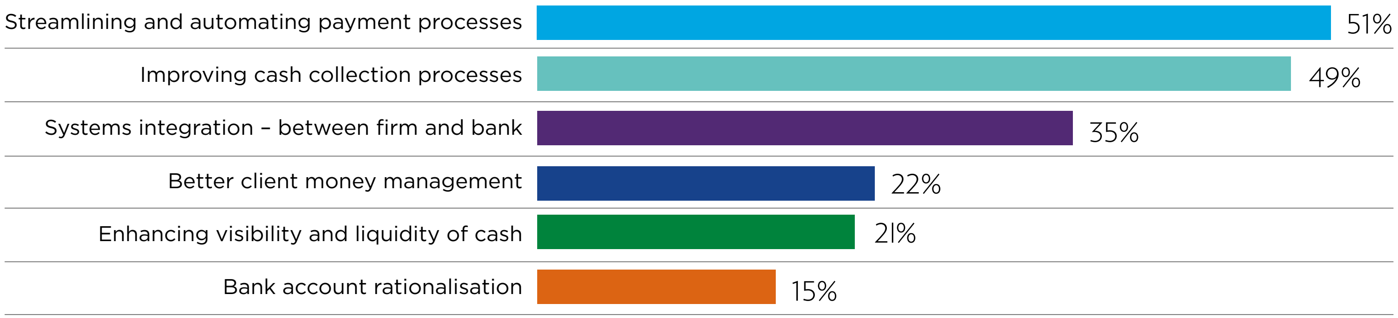
"Our clients are under exactly the same pressure that we are. There needs to be an absolute focus on action now, and for law firms – selling knowledge – the vast majority of net-zero emissions are in the supply chain."

Patrick Linighan, chief operating officer, Clyde & Co

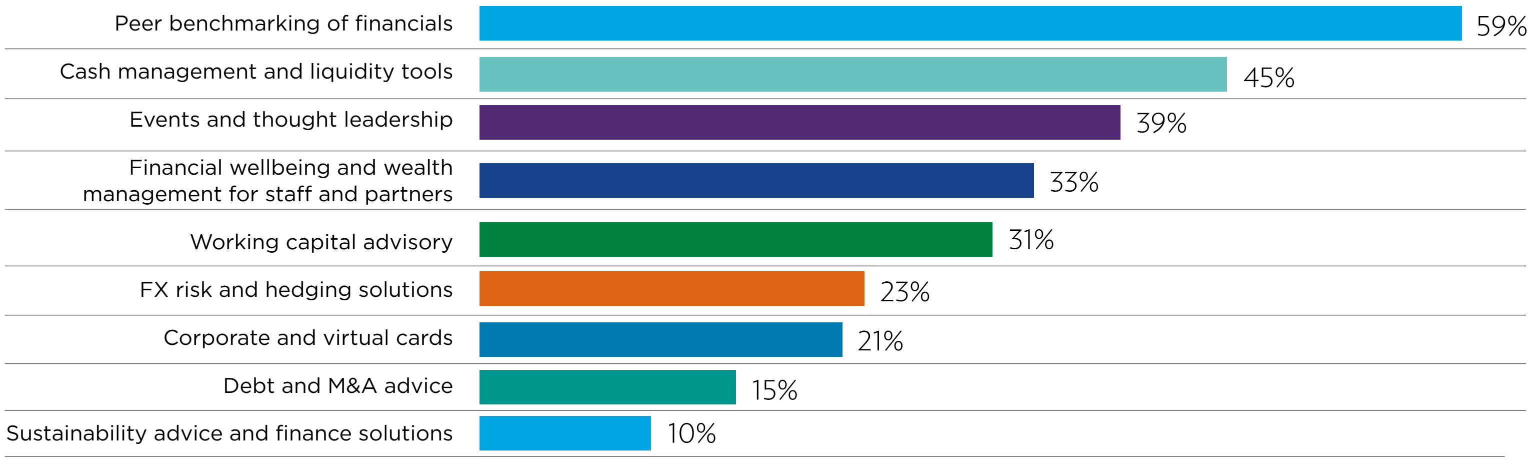
More broadly, sustainability advice and linked solutions, such as 'green' accounts, loans and investment funds, may not be the features that leaders would most expect from their banks in 2021 (10%). But the opportunity to benchmark financial performance against that of peers, cash management tools, and contextual thought leadership or knowledge-sharing events, are all seen as high-value in the current climate (p24).

As for specific transaction banking priorities, we see a slight reordering of 2020's wish list, with streamlining and automating payment processes (51%) just overtaking cash collection processes (49%) for the top spot (p24) – perhaps another indicator of appetite for business transformation through the introduction of technology. The relative importance of integration of systems at both firm and bank (35%)

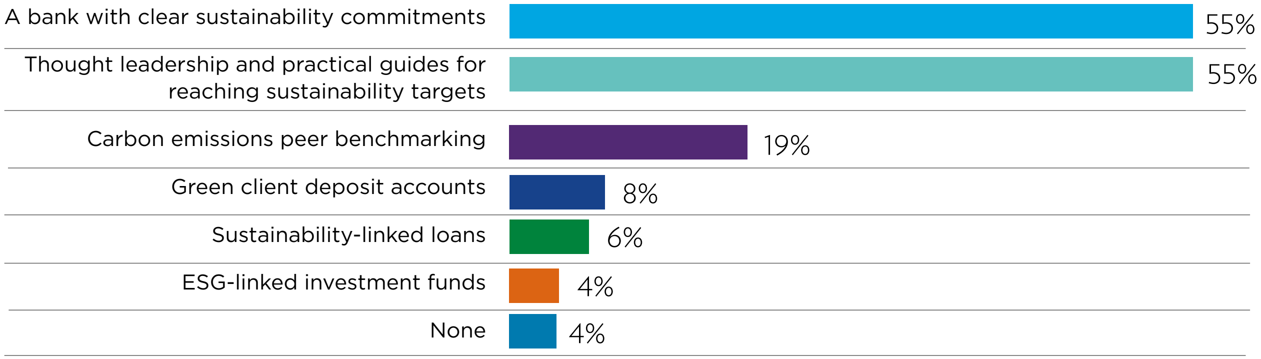
What are your transactional banking priorities?



What advice and tech solutions do legal finance teams most need from their bank?



What sustainability advice and solutions do you most need from your bank?



has also overtaken enhancing visibility and liquidity of cash as a concern (21%).

Steven Rowan at RPC says: “Improving cash collection is fundamental to all of us – that remains my top priority. However, the challenge mostly concerns optimising internal cash collections processes, which banking processes can support.”

Ed O’Rourke at Ashtons Legal adds: “I’d strongly suspect that the pandemic has masked some law firms’ underlying financial challenges to a certain extent. With turnover relatively stable for most, and costs markedly down, they may feel themselves to be cash-rich.” A fairer representation of positions may take some more time to emerge.

Tom Baldwin, head of professional services – cash management at HSBC UK, concludes: “These results highlight that creating efficiency through automation remains at the forefront of delivering effective transactional banking, which in turn supports the broader strategic goals of law firms – whether that involves international expansion, optimising system integration or a focus on growing their businesses more sustainably.

“We are committed to providing firms with innovative solutions, and sharing our sector experience, to help streamline cash management activities – in particular those relating to payables and receivables management – with the ultimate goal of facilitating the simplification of processes and helping firms to deliver a first-class client experience.”

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"Businesses are operating in a very different environment today than they were a year ago, and while this has certainly brought new risks, it has also provided an impetus for rethinking processes, reviewing relationships and prioritising the ESG agenda. The legal sector has been resilient throughout, highlighting the strength, ambition and resilience of companies across the UK. We are committed to supporting businesses as they look for growth."

Amanda Murphy
Head of Commercial Banking
HSBC UK

HSBC UK