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It has been a long time since the passing of the Legal Services Act in 2007 but the consequences of the Alternative Business Structure (ABS) provisions are at last starting to take effect.

ABS underpins the UK government's desire to reduce the cost of legal services and open up the market to more competition for the overall benefit of the consumer. Subject to passing stringent fitness tests carried out by an approved regulator in order to be granted a licence, it means among other things that non-legal entities such as insurance companies, accounting practices and retailers are entitled to own and operate businesses offering legal services, either by recruiting their own staff or through acquisition, partnership or some other relationship with an existing law firm. Law firms are themselves able to restructure in order to provide more diversity in the services they offer and their ownership mix.

This has caused significant interest among certain business sectors looking for alternative revenue streams and mechanisms to "lock-in" customers to a strong brand. For example, the recent ban on personal injury claims referrals by insurance companies and brokers has, in some cases, cut off a significant income stream that is difficult to replace from within the existing industry structure. This has led companies such as Admiral and Ageas to announce plans to operate a legal services arm and provide the services in-house. In the logistics sector, Stobart Group has recently established a law firm under the banner of One Legal Ltd, to sit alongside Stobart Barristers, Stobart Claims Management and an insurance broker to provide a "one stop shop" service for insurance broking and claims handling.

Direct Line has also applied to the regulator to licence DLG Legal Services Ltd, a wholly-owned law firm established as a result of a partnership with Parabis Law. Using its formidably strong brand and with around 20% of the UK motor and home insurance market, Direct Line expects to handle not only personal injury work but also debt recovery, employment and contract issues, all running on an "affordable justice" ticket.

Whether you are an existing law practice faced with adapting to an altered competitive market or a new entrant trying to gain traction in an unfamiliar environment, it is essential that your organization is properly equipped and sufficiently agile to respond to this fast-evolving landscape. This means having:

- Powerful and flexible systems to support a growing and changing business
- Efficient and adaptable business processes that eliminate waste and integrate back office support with revenue-generating activities
- A culture that encourages leadership, collaboration, innovation and creativity, and empowers the individual at every level through high engagement
- Strategies and mechanisms that allow the positive contribution of people to be translated into practical and profitable initiatives.

Traditionally a good deal of effort has been applied by organizations to improvement of business processes and information handling through use of new technology. This strategy has had the

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obvious advantage that changes are relatively straightforward to apply, predictable in their cost and outcome, have an immediate effect and are visible to all.

More difficult and in some ways more abstract is the idea of changing internal behaviours and company culture to improve an organization's effectiveness through its people. Under the general heading of Organization Development (OD), the aim is to apply a business-wide learning and development strategy to problem solving and management of change in a planned manner.

OD is not a new idea. Its origins reach back to the 1940s and the work of Kurt Lewin on group dynamics and collaborative change processes using the "plan-take action-measure results" model. However, through all its various evolutionary stages until recently, its importance in changing organizations has often been overlooked in favour of project interventions that can more easily be selected using conventional cost:benefit models.

Modern thinking has changed all this. The crucial importance of good leadership based on collaborative working, the value-creating potential of high levels of employee engagement and the need for agility that step changes in a new business environment introduce, is leading many organizations to have a radical rethink about how they operate. By taking a holistic view of the organization, including systems, processes and people, business leaders are looking afresh at how they should be structured, how knowledge and ideas are shared, what skills are needed and how resources are best deployed to achieve the optimum balance between revenue-earning and support functions.

The ABS competitive space provides just one catalyst for the use of OD as a tactical and strategic tool. For the traditional law firm, led by legal professionals whose careers may have been based on deep individual knowledge and close personal client relationships, OD represents an opportunity to improve bottom line profits by working more collaboratively with colleagues and increasing revenue-earning hours available by transferring support work to juniors, linked by effective processes and systems.

For new entrants, such as insurance and retail organizations looking to acquire or form a business alliance with a law firm, OD allows the new venture to be designed, set up and resourced with the optimum framework to function within a non-legal business sector but with its own identity and cultural values.

So, far from being a set of theoretical concepts languishing in academia, OD is a real attempt to put people at the heart of change using a few simple ideas and an open-mindedness to embrace change. For once the much abused phrase "people are our greatest asset" could really mean something of substance.