

ANONYMOUS 2

Dear Sir/Madam

I refer to your interesting interim report into the Legal Services Market, and highlight my expertise and interest in this area [✂].

First a brief overview of my expertise: - I currently offer consultancy support to legal services business [✂].

In addition to the valid points raised in your report, I would like to highlight what I strongly believe are *the* three fundamental issues why legal services are not functioning as well as they otherwise might - the rigidity of the current ownership model, the mindset that only solicitors can provide high quality services, and the lack of competition in the market that might otherwise disrupt the traditional culture.

Ownership

The vast proportion of the solicitors' businesses are run by solicitors. This is unlike many other commercial environments, where different individuals with different skill-sets and backgrounds come together to provide a consumer service. There is a peculiar reluctance however within the solicitors' profession to relinquish control to non-solicitors. The very nature of the traditional pyramid ownership model (Managing Partner at the top, equity partners below, etc) acts as a barrier. However well-meaning solicitor-owners are they cannot be expected to know what they don't know when their own careers have been based on this traditional model.

Fee-earner is king

Similarly there is a fear, real or otherwise, within the solicitors' profession that non-solicitors would not operate to the same levels of integrity as qualified solicitors. Even within solicitor-owned entities there is a reluctance to relinquish control and client engagement to non-solicitors. The high-watermark of an individual's value within solicitors' firm tends to be 'the fee earner', usually a solicitor, and which relegates other individuals to supporting roles. This enduring mindset is an impediment to new ideas and innovation.

Absence of challenge

When the Co-operative Legal Services (CLS) and others received their first ABS licences, a ripple of apprehension ran through the solicitors' profession. At the time that ripple appeared to stimulate innovative thinking, being driven by a fear of losing market share. ABS domination has not occurred however, and that initial fizz of fear has since died down.

This is not to say that solicitor firms are entirely complacent, but fears of competition and technological change aren't playing out particularly quickly, if at all. As a consequence there is limited incentive to change at the grass roots level.

Whether yourselves, the LSB and others can stimulate change by altering regulatory structures etc, is clearly worth pursuing. But in my mind those changes will have limited impact if they don't significantly influence the three fundamental issues highlighted above.

Please do get in touch if you would welcome further discussion and/or assistance.

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