

# the Law

Spring 2018

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The Law Society

*Armstrong Watson's specialist publication for the legal profession*

## The Company Car of the Future

Car manufacturers are always trying to convince us of the merits of their newest innovations and the most up to date versions of their cars.

## Manufacturing

Legal and professional services to a sector experiencing rapid change.

## Armstrong Watson Financial Planning

Are you prepared for the new SRA rules for IFA referrals?

## An interview with...

Rory McGwire, Chief Executive of Atom Content Marketing.



## When the worst happens

The business of law is exactly that – a business. Like any other entity the ebbs and flows of capitalism can catch up with any law firm – its not just the Carillion's of this world who find themselves caught out.

**Armstrong Watson**<sup>®</sup>

Accountants, Business & Financial Advisers

A track record of providing solutions to the legal profession

# Welcome

Welcome to the Spring 2018 edition of The LAW, the specialist publication for the legal profession from the legal sector team at Armstrong Watson.

Specialists are available from all of our 16 offices, to provide pro-active support and advice to lawyers in compliance and business improvement matters. This publication is designed to allow us to share our collective experience in acting for lawyers throughout the UK.

As ever, we focus on ways to improve your business and your advice to your clients, including:

- Our market leading speedy response and advice on VAT on disbursements following the Brabners case
- The benefits or otherwise of company cars
- What to do if your law firm is not operating as well as you would like
- How new regulations will require a change to the way in which law firms interact with IFAs
- What lawyers should be aware of in acting for manufacturers

To find out more on any of the above, including how we can work with you to help you and your clients, please do get in touch with me.



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## In this edition...

- 3-4 VAT on disbursements**  
Where are we now following the Brabners case in September 2017?
- 5-6 When the worst happens**  
Rescuing a failing firm
- 6-8 The Company Car of the Future**  
What will the future company car be like?
- 9 Manufacturing**  
Legal and professional services to a sector experiencing rapid change
- 10 Are you prepared for the new SRA rules for IFA referrals?**
- 11 An interview with...**  
Rory MccGwire, Chief Executive of Atom Content Marketing

The Law Society has exclusively endorsed Armstrong Watson for the provision of the following services to law firms throughout the North of England:



- Strategy Planning Workshops
- Business Plans
- Benchmarking
- Mergers & Acquisitions of Law Firms
- Law Firm Valuations
- Forecasts
- Raising Finance
- Lock-up Reviews
- Pro-active Tax Planning
- Tax Compliance
- Audits
- Accounts Rules Reporting
- Accounts Preparation
- LLP conversions
- Incorporations
- ABS Applications

## VAT on disbursements

### Where are we now following the Brabners case in September 2017?



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Following the release of the decision in the Brabners VAT case in September 2017, we provided a quick, hot off the press response to the decision with a blog detailing our thoughts released on 28 September. The comments from this blog were then referenced in The Law Gazette on 29 September.

As various further queries arose following this initial blog, we followed this up with a Frequently Asked Questions blog on 11 October.

The contents of those two blogs are featured below:

#### Disbursements VAT case ruling goes against Law Firm – 28 September

A recent ruling in the first tier tribunal has gone against law firm Brabners, resulting in an HMRC VAT assessment of £68,000 being upheld. This case should be of significant interest to all law firms providing conveyancing services and recharging fees incurred for property searches.

The case revolves around the treatment of electronic property searches procured from well known provider Searchflow.

Searchflow had provided these services to Brabners free of any VAT, in line with the treatment applied by local authorities, with Brabners passing these costs on to their clients as a disbursement, i.e. with no additional VAT applied.

HMRC assessed Brabners on the basis that the searches formed only an incidental part of their overall service to their clients, and since the primary supply was taxable, the recharge of the search fees should follow the same treatment as their primary supply. Brabners, who had applied their treatment based on the guidance provided in The Law Society's Practice Note on the subject, appealed the decision with the backing of The Law Society.

A key argument put forward by Brabners and The Law Society was that a 1991 concession from HMRC confirmed that postal searches could be treated as disbursements as 'the fee is charged for the supply of access to the official record and it is the solicitor rather than the client who receives that service', therefore electronic searches should be treated in the same manner.

This argument was rejected on the basis that the appeal did not concern whether or not the concession for postal searches was right or wrong, and was only looking at the facts of the case.

It is unclear as to whether this case will be appealed to the Upper Tier Tribunal, and The Law Society is currently reviewing the matter before making further comment.

It would be advisable for law firms now to review their current and historic position around disbursements. It is possible that HMRC may now look to target law firms for an under-declaration of VAT in relation to the recharge of search fees to their clients. The safest route in the mean time may therefore be for such searches to be treated as a vatable recharge rather than a disbursement.

#### VAT on disbursements for law firms – Frequently Asked Questions – 11 October

Following on from our briefing note released in September on the recent ruling issued by the First Tier Tribunal on the Brabners case, we have received various queries on the subject. To ensure that the answers to these queries are available to all, this second briefing note addresses those frequently asked questions.

#### 1. Does the ruling extend to all types of searches, including the exempt elements of Local Authority searches and searches made on the Land Registry site?

From a review of the commentary made by the First Tier Tribunal judge it would appear that his view is that this ruling extends to all searches. However the actual decision only references electronic searches. Until further comment is made by HMRC and/or The Law Society, it is unclear as to whether the decision does extend to non-electronic searches or not. As there is the threat of HMRC looking to assess for an under-declaration of VAT historically, it may therefore be prudent to apply VAT to all search fee recharges, until the position is clarified.

#### 2. If a third party, such as counsel, includes a charge for searches on their invoice without charging VAT, if this is then re-charged on, should VAT be added?

Our view here would be yes, VAT should be charged on the full cost incurred from the third party, including any non-vatable disbursement charged. Going forward, as a result of this ruling, it is likely that the third parties will also now be required to account for VAT on the recharge of the search fee.

Continued...



**3. Could we separate our costs and account for VAT only on the charge for reporting on the search results, with the actual search fee remaining as a non-vatable disbursement?**

Based on the decision of the case, it would appear that HMRC would argue that the supply from the search provider is then being used by the law firm in order to provide advisory services to their clients.

Therefore in the first instance, the law firm is the recipient of the supply rather than the ultimate customer. Due to this the onward supply cannot be treated as a disbursement and therefore must have VAT applicable to it.

**4. Where VAT has been charged on the search fees, can we still treat this as a disbursement rather than a vatable recharge?**

Our advice here would be to treat this as a vatable recharge rather than a disbursement. You can recover the input VAT incurred and then re-charge this on as output VAT. This would then allow any commercial VAT registered customers to potentially recover the VAT charged to them, whereas treating the search fees as a disbursement would take away this possibility.

**5. Are Land Registration fees which are paid on behalf of the client to HM Land Registry to get titles registered subject to the same VAT issue?**

At this point there is no indication that this ruling will extend to these costs and these should therefore continue to be treated in the same manner as they have been historically.

We will however consider this further once The Law Society has commented on the decision to see if there are any changes to this view.

**6. What are the conditions that need to be satisfied to allow a transaction to be treated as a disbursement?**

There are eight conditions that all need to be met to allow a payment to be treated as a disbursement, as follows:

- you paid the supplier on your customer's behalf and acted as the agent of your customer
- your customer received, used or had the benefit of the goods or services you paid for on their behalf
- it was your customer's responsibility to pay for the goods or services, not yours
- you had permission from your customer to make the payment
- your customer knew that the goods or services were from another supplier, not from you
- you show the costs separately on your invoice

- you pass on the exact amount of each cost to your customer when you invoice them
- the goods and services you paid for are in addition to the cost of your own services

**7. If HMRC were to look to assess for historic VAT, how far back can they go?**

For non-deliberate errors HMRC are entitled to go back four years.

**8. What can be done about the historic position?**

Until further guidance is received from The Law Society on the matter, we would not suggest that any disclosures for potential historic underpayments are made. It would however be wise to begin reviewing your position and identifying any potential exposure.

**9. What can I do to protect myself now?**

As there is now a heightened expectation that HMRC will look to target law firms for VAT inspections, it would be advisable to consider a VAT healthcheck review of your business to ensure that all areas of your VAT accounting are compliant.

We are now seeing the first signs of HMRC enquiries into other law firms directly as a result of the Brabners case. As a result, we are seeing an upturn in demand for our VAT health check review service. This review service is completed by an ex-HMRC officer, who after 39 years with HMRC, has the ability to give a unique insight into the risk areas where HMRC may look to focus on.



# When The Worst Happens

## Rescuing a failing firm



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The business of law is exactly that – a business. Like any other entity the ebbs and flows of capitalism can catch up with any law firm – its not just the Carillion's of this world who find themselves caught out.

As a member/director of a business you should be engaged with the financial statements of your firm. Get the most recent management information, the cashflow forecasts and the WIP/Debtor summaries - and review them properly. Ask the questions of your fellow management team and of your accountant – are these figures realistic? What risks could happen? Does the forecast stand up to different potential scenarios?

**In my recent experience there are three main areas where we have seen law firms fail:**

**1. Over trading** – This is the technical term given to when a firm gets too big too quickly. Whilst you might perceive that as a “nice problem to have” in fact chasing revenue and growth just for the sake of it can be problematic. In short, if costs increase faster than cash collected then you have a problem. The solution to this problem is in keeping marketing spend tightly under control, on reviewing the return on investment before you embark on any kind of acquisition and being very careful with staffing ratios (e.g. utilisation). Many is the law firm that has spent money on hiring a “few more” fee earners, only to find that the comparable increase in fees takes longer to materialise. With recruitment fees, pension and National Insurance costs to factor in, hiring more staff to deal with new work (that you do not have yet) is costly. I know you need the right number of staff, and I am certainly not advocating having your existing team work 24/7 but there is a happy medium somewhere between the two extremes.

**2. The right funding (and at the right time)** - Most law firms I speak to owe a frightening amount of money. Even the ones without overdrafts, term loans and disbursement funding will have considerable liabilities to their partners'/members' current and capital accounts (or directors' loan equivalents if a limited company). Debt is not necessarily bad, indeed correctly managed it forms the working capital that is the lifeblood of the firm. It might even help with the temporary effects of the over trading noted above. However, not every firm has the right funding in place and not every firm uses the right type. My rule of thumb is that the debt should match the activity – so disbursements should have disbursement funding, acquisitions with five year paybacks should have five year term loans etc. The solution to those firms is almost always to renegotiate their position – either in respect to the payment of retiring partners, or to the terms with the bank.

**3. The truly unexpected** – I accept that you can not plan for every single eventuality and you have my sympathy if the downturn in your firm's fortunes is truly unexpected. However, in my experience most of these risks can be foreseen. That high billing fee earner that suddenly falls ill; why did they not have “key man insurance”? That significant client that suddenly goes under; why were such large payment terms offered to them? The senior partner who suddenly announces her retirement; why was she not on a downward lock step from the age of 60? Of course even if it is truly unexpected you have been keeping a “rainy day” fund ready anyway haven't you...?

**Do I need a doctor or an undertaker?**

So actually I would suggest that there is no problem that cannot be fixed, provided it is caught in time. Which leads me to the inevitable question that we get asked a lot: Do I need a doctor or an undertaker?

If you really are in difficulty then the first step is to not panic. We've been engaged recently by several firms to review their options and ultimately to suggest ways of changing their business model (e.g. entering/exiting certain areas of the law or different geographies) in order to help them weather the storm. Most people come out the other side with a slightly different firm – but one that is now profitable, and one that doesn't keep them awake at night!

You can also approach your bank or other funding provider. Despite some of the bad press I always find them willing to listen and even to provide additional funding where they can see that their investment is not at risk – again really clear forecasting, professionally presented, is key to helping them make this decision.

No one ever wants to have to shut a business down with the inevitable resultant effect on staff, clients, suppliers etc. Certainly we have avoided that scenario in several cases recently.

Continued...

So to borrow from the NHS's winter campaign – "stay well". As the NHS have reminded us all recently, you may not need an undertaker but you also may not need a doctor when a pharmacist will do. To step away from the tortured metaphor; you may not need an insolvency practitioner, but you also may not need a full "turnaround" project, perhaps a few hours spent revising your forecasts will suffice? Then you can get to the root cause of the "illness" (I seem to have found my way back to the metaphor) and take the more appropriate action – reducing a particular type of spend, removing an underperformer, renegotiating an onerous supply contract.



### The final conclusion

However much we try to avoid it, we are also engaged to assist in the winding up of firms that cannot be turned around. Clearly it is much better to avoid this, but sometimes members/directors leave it too late or do not have a "Plan B". We tend to find that when things go wrong, they go wrong quickly. Should this happen there are a myriad of rules (Companies Act, Insolvency Act, Solicitors Act and several others) that come into play and I couldn't begin to summarise them here. Of paramount importance in this worse case is that clients should not be disadvantaged – so keeping the SRA onside and a speedy transfer of client matters to an alternative legal services provider must be arranged quickly and, preferably, without the need for an SRA intervention.

Ultimately my advice is simple - a "head in the sand" approach will cause you problems, whereas honest and upfront conversations (built on robust, stress tested forecasts) with fellow partners and with funders will help you avoid the worst case scenario.

## The Company Car of the Future



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Car manufacturers are always trying to convince us of the merits of their newest innovations and the most up to date versions of their cars. There is a lot of news about the impact of technology on the cars we drive with in-car entertainment systems, sat-navs, automation and electronic power all having a greater impact in the next 5 – 10 years.

HM Revenue & Customs' figures suggest that there are almost 1 million company cars in the UK. The taxation of company cars raises significant revenue for the Government. What will the future company car be like? The technological advances mentioned above will have an effect on the cars available on the market to be purchased as company cars. In addition, there are changes to the tax rules around company cars which may result in changes to the vehicles made available by employers.

Company cars are taxed based on a set percentage of the 'list price' of the vehicle when new. The percentage is based on the CO2 emissions of the car. The Government is in the process of increasing the percentages, as noted below, to encourage employers to provide greener cars and increase the revenue generated for the Exchequer.



The percentages have been announced up until 2021 and the rate of increase is set to rise. The current and future percentages are set out in the table below:

Table 1

CO <sup>2</sup> emissions (g/km)	2017/18		2018/19		2019/20		2020/21	
	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel	Petrol	Diesel
Up to 50	9%	12%	13%	16%	16%	19%		
51-75	13%	16%	16%	19%	19%	22%	21%	24%
76-94	17%	20%	19%	22%	22%	25%		
Each additional 5*	+1%	+1%	+1%	+1%	+1%	+1%	+1%	+1%
Maximum	37%	37%	37%	37%	37%	37%	37%	37%
Maximum applies	190+	175+	180+	160+	165+	150+	155+	140+

\* the additional 1% increase for each additional 5g/km of CO<sub>2</sub> starts from 94g/km in 2017/18, 2018/19 and 2019/20 but will start from 54g/km in 2020/21.

The effects of these changes means that the cost of most company cars is set to increase over the coming years, with many average vehicles suffering a 7% increase in the percentage used to calculate the taxable benefit in kind.

### Example 1

As an example, let's take one of the most popular family cars in the UK, a Ford Focus, given as a benefit in kind to a basic rate taxpayer earning £30,000 per annum. The Ford Focus Titanium Hatchback with a 1.6 litre petrol engine has a list price of £21,395. The car emits 146 g/km of Carbon Dioxide, for the current 2017/18 tax year that means a benefit in kind charge arises at 28% of the list price. The benefit in kind is therefore £5,990.60 creating an annual tax charge of £1,198.12 to the employee. If the same car is kept until the 2020/21 tax year, the annual benefit will have increased to 35% or £7,488.25 which will increase the annual tax bill to £1,497.65. This represents an increase in the annual charge of almost £300.00 for the company car driver. These costs will be doubled for higher rate taxpayers.

Example 1 shows the impact of the increases in the percentages and the resulting costs that will accrue to the company car driver. In addition, the Class 1A National Insurance payable by the employer is based on the same percentages and will therefore also rise over the next four years.

The government hopes to encourage the use of cleaner cars that generate less pollution as a result of these measures.

Anyone with a company car may therefore want to look for an alternative with lower CO<sub>2</sub> emissions when a company car needs replacing in the next few years.

As part of the advancements in technology, and the Government's drive to lower pollution, there is a planned overhaul of the way in which low emissions vehicles are to be taxed. As part of the increase outlined above, low emission vehicles including hybrids will see a rise in the benefit in kind costs until April 2020. A new regime will then be introduced for low emission vehicles for the 2020/21 tax year.

Under the new regime, the cost of the benefit in kind for cars emitting between 51g/km and 75g/km of CO<sub>2</sub> will continue to rise as outlined in Table 1.

However, the new regime will lower the tax charge on fully electric vehicles with zero CO<sub>2</sub> emissions to just 2% of the list price.

Hybrid vehicles with CO<sub>2</sub> emissions between 1g/km and 50g/km will be taxed based on the electric range of the vehicle. The electric range is the distance (in miles) that can be travelled solely on electric power. The proposed tax levels are outlined in Table 2:

Table 2

Mileage range	
130 miles or more	2%
70-129 miles	5%
40-69 miles	8%
30-39 miles	12%
Less than 30 miles	14%

As recently as 2015/16 a vehicle with CO<sub>2</sub> emissions under 50g/km would have been taxed using a percentage of 5% - by 2019/20 it will have risen to 16%. This is a large increase in the tax charge on those vehicles and may have discouraged companies in providing hybrid and electric vehicles, which often have a higher list price to start with. This does not fit with the Government's aim of reducing emissions, so the new rates are intended to reverse the situation and provide significant savings to those who have a hybrid or electric vehicle as a company car. **The best time to acquire these greener vehicles will however be when the rates reduce in 2020/21.**

The Diesel surcharge of 3% was due to be scrapped but recent scandals involving the emissions testing of diesel cars and research suggesting that they produce more toxic Nitrous Oxide gases than petrol engines, has led to the government reversing the decision to abolish the surcharge. **The 3% increase paid by company car drivers looks like it is here to stay for the foreseeable future.**

Fuel benefits are also calculated using the percentage used in the car benefit figure against a set figure. The figure is £22,600 in the current tax year and will rise to £23,400 from April 2018.

Continued...



## Example 2

Using the same Ford Focus in the previous example, the driver of this vehicle with a fuel benefit will be taxed on £6,328 in 2017/18 resulting in basic rate tax of £1,265.60.

The benefit will increase to £7,020 for 2018/19 creating a tax charge of £1,404.00 for a basic rate taxpayer.

Based on example 2, our company car driver will need to drive approximately 14,000 private miles in 2017/18 for the fuel benefit to be cheaper than paying for the petrol personally. The distance has been calculated using fuel consumption of 60 miles per gallon and an average petrol price of £1.18 per litre. The distance will double for higher rate taxpayers. With the percentages and fuel multiplier figure both set to increase these distances will get longer and longer, making company provided fuel an expensive option for most drivers.

When a company purchases a car to provide to an employee it can claim Corporation Tax relief on some of the associated costs, including a claim for capital allowances on the purchase price. Capital allowances are claimed at either 8%, 18% or 100% of the vehicle cost depending on the CO2 emissions of the vehicle. Cars with CO2 emissions exceeding 130g/km attract relief at the 8% rate whilst those under 75g/km attract the full 100% relief, those in between the two limits obtain relief at 18%.

In summary, Government actions are increasing the tax costs of company car ownership for both employees and employers. These changes may result in less company cars overall. The Government is also seeking to incentivise those that drive vehicles with lower emissions. A key way to keep costs down is for company car drivers to move to vehicles that produce less carbon dioxide. In addition, it will be significantly cheaper in tax terms to have an electric or hybrid vehicle from April 2020 onwards. Additionally, the costs of electric and hybrid vehicles may well fall as a result of advances in technology and an increase in the number of manufacturers producing these vehicles. It is also worth noting that a company can provide the electricity for an electric or hybrid vehicle without incurring a fuel benefit in kind charge.

The company car of the future may well be more environmentally friendly than they are today. It will also become increasingly rare to receive a fuel benefit alongside a company car since in most cases the costs exceed the benefits. Older, higher polluting cars will become less common as company cars, in fact it is rarely beneficial to be running a company car that is more than 3 or 4 years old.

If you need advice or assistance in reviewing your current company car(s) or on any changes you are making to company vehicles, please contact me or your usual Armstrong Watson contact.



# Manufacturing

## Legal and professional services to a sector experiencing rapid change



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As professional advisors, the ability to speak our clients language and have a genuine understanding of the challenges and opportunities inherent in their sector can really differentiate the value we can provide.

The legal sector is only one of a number of sectors in which we at Armstrong Watson have a passion to provide bespoke, specialist services, to our clients. In this article we take a look at the manufacturing sector, and share our thoughts regarding how legal and professional advisors should be flexing and focusing in order to further improve their service to our manufacturing clients.

Many businesses in the manufacturing sector find themselves in a state of transition, and with that comes the opportunity for professionals to work with their clients to help them achieve their strategic objectives.

There are many factors affecting the manufacturing industry at the moment, no more so than the impact of the 4th Industrial Revolution (4IR). The rapid advances in technology can create fantastic opportunities for those manufacturing businesses who are innovative and agile. However, real care needs to be given as 4IR can be both an opportunity and a risk for businesses, depending on how quickly they adapt and where they are positioned within the supply chain.

Professional advisors with a genuine interest and knowledge of how 4IR is impacting the sector will be able to differentiate themselves from their competitors, and provide their clients with advice of real value. Access to finance; the changing structure and skills required of the workforce; security of intellectual property; and cybersecurity are but a few of the considerations that manufacturing businesses need to consider right now.

These will be uncharted grounds for many manufacturing businesses, and having a team of professionals working with them will be vital to successfully navigating these strategic changes.

In order to do so, professional advisors should focus their attentions on understanding their client's aims and objectives, and what the barriers are to achieving those objectives. Investing time with clients enables an advisor to truly understand what is important for their client; the wider issues facing the client; and the industry as a whole. That understanding enables the advisor to provide a more bespoke service, focusing on solutions the client needs and values.

Professional firms play an important role in ensuring that their manufacturing clients are able to embrace their opportunities, whilst safeguarding their businesses from the inherent pitfalls associated with rapid change.

At Armstrong Watson we have a wealth of knowledge of the manufacturing sector, with local manufacturing specialists keen to speak with manufacturing specialist solicitors, to share discussions and to collaborate in order to add real value to our clients. Contact us to discuss how we can work together to further improve the services we are collectively providing to our manufacturing clients.





# Are you prepared for the new SRA rules for IFA referrals?



The Law Society still appears to favour referrals to 'independent' or 'whole of market' financial advisers, but since 2012 solicitors have been allowed to make referrals to 'restricted' advisers. However, with effect from autumn this year, the SRA is driving changes in order to tighten up the referral process to IFAs.

This comes as no surprise, as there are a wide range of arrangements in place at present. Some are formal and include the passing of remuneration to the referrer and their practice, whereas others are much looser and based on a goodwill basis.

Arrangements can also vary within individual legal practices too, with each solicitor, department or office making referrals to different IFAs based upon their own choices and relationships.

The SRA, like the FCA, is keen to ensure that the focus and outcomes remain client focused.

## What is proposed?

The draft SRA rules indicate that referrals from a solicitor to a financial advisor must be based on a formal, written agreement, supported by a suite of due diligence, which is adopted firm-wide. This places more onus on the legal practice understanding the firm to which they refer their clients and being aware of the permissions and expertise that the advisory firm possesses.

This suggests a move away from individuals making a referral based upon their own choice to a more formal, measured approach, aiming to benefit the client concerned.

Whilst this may sound onerous, it does not need to be. I have found that there are a number of similarities between legal, accountancy and IFA practices. There are differences of course.

One fundamental difference is that an accountancy practice is driven to maintain an ongoing relationship, be that through audit, annual accounts and tax returns, all of which are mandatory requirements.

IFAs are also required to provide a regular review with clients from whom they receive ongoing remuneration. Such reviews are usually performed at least annually, but could be more frequent depending upon the complexity of their clients' needs and requirements.

As a consequence, accountants and IFAs often have a strong ongoing relationship with their clients as a result of this continuous contact, whereas legal practices tend to operate on a more transactional basis – conveyancing, divorce, wills, etc. - but this need not be the case.

These upcoming changes in legislation will require time, thought and prior planning and more progressive legal, accountancy and IFA practices can learn a great deal from one another.

A cohesive, documented working relationship which is backed up with due diligence can bring about a rounded service to clients and a formal link with an IFA who is obliged to review their clients' circumstances at least annually can benefit the solicitor by maintaining an ongoing relationship with a mutual client.

We are currently working with law firms to help them to assess how to undertake their due diligence and we would be happy to help your firm to take control.



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# An interview with...

Rory MccGwire, Chief Executive of Atom Content Marketing, a company known in the legal sector for Law Donut and now for its leading role in LawFirmAmbition.

## 1. Travelers launched LawFirmAmbition last autumn — tell me more about that.

The team at Travelers, the insurance company, have asked themselves what a law firm's pain points are and how Travelers can help. LawFirmAmbition is the result. It is a website to help law firms run themselves more easily, more profitably, and more enjoyably.

The website is full of what we publishers call 'evergreen content'.

What do I mean by that? Well, rather than spitting out endless new content with attention-grabbing headlines but precious little actual value to the reader, LawFirmAmbition is a set of first-class content that will be updated and polished for years to come.

## 2. Which law firms and suppliers have you involved in LawFirmAmbition?

Atom has been doing legal publishing for 26 years, so we already knew some of the key people in the sector.

The law firms we approached have all won awards for things like marketing, innovation and use of technology. Or they are recognised as being successful in the particular area that we are writing about, such as developing a niche practice, or merging law firms.

Similarly, we approached those suppliers who specialise in the legal sector and are the recognised experts in their field. While Travelers are not endorsing any suppliers, having such a list of suppliers is obviously useful for law firms. And as Paul Hudson, the company's European Marketing Director, told me: "We want to help law firms to be successful. And we want to help all of these good suppliers to the sector to be successful too."

Atom started by involving the obvious major players such as Armstrong Watson and high profile individuals such as Heather Townsend. They in turn introduced us to other excellent people. It quickly became a virtuous circle.

Travelers itself has an in-house team of 20 solicitors who deal with risk and claims; they will work with us to write that section of content.



## 3. Why did Travelers decide to work specifically with you on this project?

Travelers was an existing client of Atom. They had seen what we were doing with companies like HSBC and Sage, and chose us as one of their partners when they launched their SME insurance product last year. Put simply, our Donut business advice websites are a good channel if you want access to the SME market in the UK.

When Travelers asked for our thoughts on marketing to the legal sector, we found that our ideas and approach to business aligned very well indeed — and the result is LawFirmAmbition.

## 4. What are your top marketing tips for law firms?

People over-complicate marketing. At Atom, we stick to the know>like>trust>buy>advocate marketing mantra. This is exactly what Travelers is achieving with LawFirmAmbition.

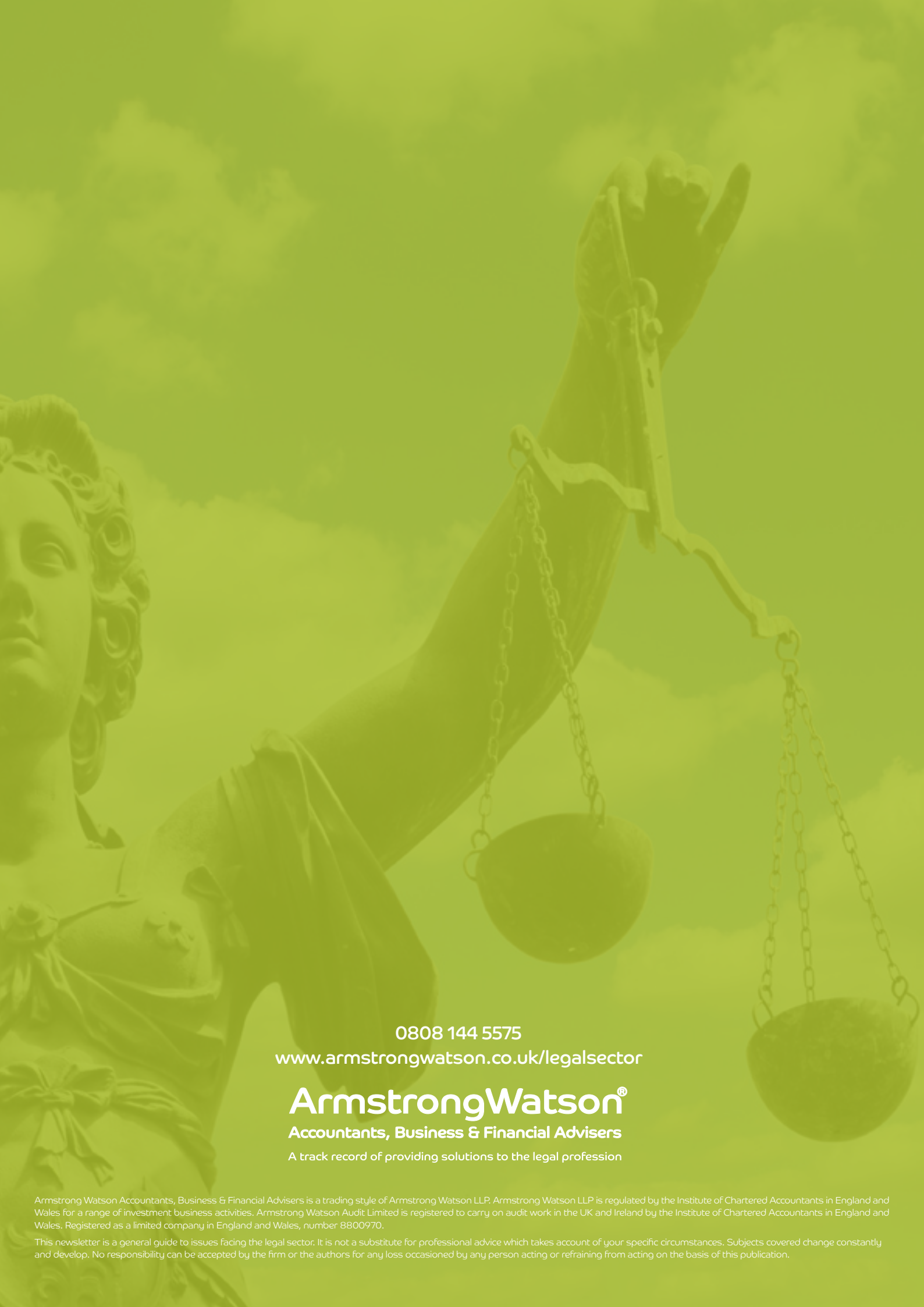
Ask yourself what success will sound like when you ask your clients for feedback. Usually it sounds like this: "Thank you. You were prompt and reassuring... You made my divorce less stressful ... You were at my side throughout the litigation" ... and so on. Success is about people. It is about words like anxiety, kindness, courtesy, and helpfulness. Whereas your legal competence is a given.

Do you ask your clients what you could do to make your service better? Do you ask for suggestions about how to make each stage of, say, a divorce process better? How could you improve the information you gave them at the outset? Was the communication during the process good, bad or average? Can they find one thing that they would suggest your firm might work on and make better? And so on.

These are the questions that some law firms seem to avoid asking, but they will give you immediate insights into how to beat the competition.



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