When lawyers (indeed when professionals generally) think about risk management they often focus on how to avoid being sued. How do we keep up with changes in the law? What can we do to ensure our newer lawyers are giving our clients correct advice? What notes should we keep on our files to evidence all that we have done? But when we think about the law firms that have struggled, in some cases folded, in the last few decades poor advice is rarely the problem. Rather these firms have faced other, often internal, issues. Some have split apart because of internal disharmony. Some have suffered when they have lost an important client – perhaps having had too many eggs in one basket. Similarly some have struggled when a previously profitable area of law has faced reform or change. Others have learned the hard way that having a plan is important to success. Some firms have faced the challenge of a ‘rogue’ partner. And more firms than you might expect have suffered from employee problems – ranging from losing key staff to competitors to being defrauded by trusted managers.

So, if law firms want to assure their long term success, perhaps they need to look more broadly at risk issues and adopt a more enterprise wide approach. *Easier said than done* you might say. Well yes, it does involve a bit of work and a disciplined approach, but it is entirely do-able.

The steps are simple and clear: first identify your risks, then rate each risk, then consider what can be done to mitigate each risk and then do it! And the good news is that Law Claims have developed some resources that can help.
Firstly to the steps:

**Identifying risks:** Generally partners and managers already know where their firm’s main areas of vulnerability lie; these are the things they mull over in the quiet hours of the night. But involving other members of the firm can bring new things to light. Your accounts person might have noticed a gap in the accounts process, your secretary might have seen a WH&S issue that needs to be addressed and your newest staff member might bring a new perspective to the management of your precedents. There is no magic to this process. It is a matter of asking for input, and creating a list.

**Rating risks:** The next step is to rate each risk, bearing in mind the systems (or ‘controls’) you already have in place. So you ask: what is the likelihood of this risk happening and what is the consequence if it does? Through this process you identify which of your risks are not currently well controlled, and so need some attention.

**Considering mitigation:** Next you consider what else you might do to mitigate each risk, starting with those risks that that you have identified as priorities. Mitigation can come in many forms. For example, you might decide not to take on certain high risk work, you might identify that you need a credit management policy, you might agree that it would be wise to introduce regular training on occupational health issues, or you might recognise that you need to create a strategic plan.

**Managing risks:** Once the mitigating activities have agreed, you can get on with it – taking care (as with all action plans) to ensure that each activity is allocated to an individual and given a due date.

Law Claims can help firms with this process.

**Training session:** Lawyer turned practice manager and now consultant, Megan Hender, will be running a workshop on this enterprise risk management approach at the Risk Management Intensive on 17 October 2013 from 2.15pm to 3.45pm. The session, called *It’s not just about getting the law right,* is aimed at practice managers and managing partners. Contact the Law Society for more information or register online.

**Risk management resources:** Immediately after the workshop, Law Claims will launch the first of its risk management resources. These will be made available online and will be FREE for Law Society members. Initial resources include a list of common law firm risks, a template for registering and rating risks, a template risk action plan, and a draft risk management policy. More resources will be developed over time, again provided free for members and advertised through these pages. The launch will be at 3.45pm at Level 4, 132 Franklin St. Contact Jessica Guare on 8410 7677 or via email jguare@lawguard.com.au if you wish to attend.

**Practice reviews:** Law Claims now also provides a practice review service - through a small stable of independent consultants experienced in this area of practice management. The consultants work directly with firms – reviewing current systems and recommending improvements. For more details about this service contact Gianna Di Stefano at Law Claims.

The FREE Risk Management Resource Launch will be held on 17 October 2013 at 3:45pm in the Law Society’s Professional Development Centre, Level 4, 132 Franklin Street, Adelaide.

Contact Jessica Guare on 8410 7677 or via email jguare@lawguard.com.au if you would like to attend.