

1. UNDERSTANDING EFFECTIVE LEADERSHIP PRACTICE: ANSWER SECTION

List the items you read/viewed:

1.

2.

3.

4.

5.

Others

Reflections

1. When you think of leadership, what do you think of? How would good leadership skills help a lawyer?

2. What is the difference between leadership and management?

3. What are the benefits of leadership?

4. Jot down some key leadership behaviours you have read about, heard about or observed.

5. Why would it be important to have a flexible approach to leadership?

6. For partners/directors – How will you motivate different team members in your workplace?

7. For barristers and sole practitioners – How can/might/will you be a leader?

2. BUSINESS PLANNING: ANSWER SECTION

For barristers or solicitors intending to start a new firm/practice

Business plan template

Summarise the issues under the following (and any other) aspects of the firm/practice.

1. Strategic

2. Marketing

3. People

4. Finances

5. Administration

6. File management

7. Risk management

8. Trust account management

9. Succession

10. What are the four or five most critical issues for the firm?

11. What policies should be put in place to deal with those issues?

12. What specific, coherent actions will the firm take to deal with these issues?

13. What are the four or five most important things that the firm will **not** do?

For those intending to practise in an existing firm

1. What strengths/weaknesses do you see in your firm's business plan?

2. What changes would you suggest to your future partners?

3. Make a note of any additional comments you have on this plan.

For all candidates

Scenario – a partnership in a large provincial centre

Consider

1. What's going on? What are the four or five most important issues for the firm?

2. What policies should be put in place to deal with those issues?

3. What specific coherent actions do you think the firm should take to implement those policies?

4. What are the most important things that the partners should agree that it will not do?

4. What is cross-selling?

5. What is the key attribute required when engaging with clients?

6. Why are existing clients so important when planning your marketing strategy?

7. What is a common obstacle to cross-selling in-house and how you might overcome it?

8. Why is obtaining client testimonials so important?

C. DELEGATING AND SUPERVISING

What stops you from delegating?

What are the factors that limit your use of delegation to build the skills of your team?

Tick the box that best describes your point of view.

1. Factors related to the firm's culture/management systems

- There is low incentive to build skill in others – it isn't worth investing the training time for successful delegation.
- There is too much pressure on personal fee budgets (I'm rewarded for my individual billable hours, not for what I delegate or supervise).
- We don't measure profit on matters, so there is low incentive to reduce the cost of getting the work done.
- We haven't hired the right people to delegate to and I don't have confidence in them.
- We don't have enough junior or intermediate staff to delegate to.

2. Factors related to personal belief systems and self-management

- I believe that it takes longer to explain something than to do the job myself.
- The risk of handing over the work is too great – I think the quality of the result won't be acceptable and mistakes can be expensive.
- I believe that what I do can't be systematised and this makes it difficult to instruct someone else.
- I don't have time to delegate and supervise – I'm always too busy myself.
- I don't enjoy training and developing others.
- I worry about losing the client relationship, so I prefer to do it all myself.
- I don't like the other things I might have to do when I delegate client work.
- It is threatening to my ego, status and compensation if I prove legal staff can do my work.
- I have less fun supervising than doing.

D. MANAGING PERFORMANCE

What goes wrong with performance reviews?

The system

- A lack of clear job or performance expectations – ie benchmarks to measure against.
- Lack of objective data so that the review is based on subjective opinions.
- Inconsistency – “easy” reviewers and “hard” reviewers.

How can you minimise these problems or avoid them altogether?

The reviewer

- Manager’s lack of competence or confidence in the face-to-face review.
- Manager bias/favouritism – especially with staff who are also “friends” (halos/horns).
- Inability of managers to cope with denial (disagreement, anger, tears, resistance).
- Procrastination – reviews not being done on time.

How can you minimise these problems or avoid them altogether?

The staff member

- Team members who do not want to take any responsibility in the review process – they want to be recipients rather than participants.
- Inability of staff to deal with any negative feedback. Unhelpful reactions.
- Cynicism from staff because the system is paid lip service.

How can you minimise these problems or avoid them altogether?

E. MANAGING TIME AND STRESS

Planning puts you in control

Plan your day; plan your priorities

Rate yourself out of 5: 1 is low agreement and 5 is high agreement.

Do you do these things?

1 – 5

1) Before you leave work at the end of the day, make a list of the jobs that have priority for the following day. This means you can begin work immediately and complete things according to their importance. A and B priorities should not be put off.	
2) Let your secretary and delegates know when you don't want to be interrupted. It's OK to close your door for periods of the day, especially during your best concentration times.	
3) Schedule client meetings, phone calls or responding to emails in blocks of time so that your concentration is not continually interrupted.	
4) Allow yourself some thinking time. Sometimes getting away from the computer and re-organising your thoughts can get you back on track when you are stuck, spending too much time on a job, or feeling overwhelmed.	
5) Re-energise when you need to. (Know what works for you.)	
6) Give yourself a small reward when you have achieved a goal that you set for the day (eg a short break, a walk, a re-energiser, a coffee).	
7) Don't keep putting off the hard jobs but just make a start. Break the project up into achievable "bites". By doing something on the file, you find that you get involved in it.	
8) OR you talk with a colleague before you begin and get a plan of action.	
9) Utilise the help that is available and don't do things that someone else could do more efficiently.	
10) Aim to get things right first time because you know that re-work is time-consuming and de-motivating.	

Comment on what changes you believe you should make to your time management.

Identify strategies you can use for managing stress

	SHORT TERM / IMMEDIATE (Can do now)	LONG TERM (Need to learn, develop, make commitment to)
Physical health and symptoms strategies		
Cognitive strategies (thinking patterns, belief systems)		
Work relationships / team / interpersonal strategies		

5. MANAGING THE BUSINESS: ANSWER SECTION

Notes:

6. FINANCIAL MANAGEMENT: ANSWER SECTION

Taxation

1. Consider each of the following taxes and levies in relation to legal practice. In the spaces provided describe in broad terms the basis of calculation of the tax or levy and the timing of payment.

a. GST

b. ACC levies

c. Resident withholding tax

d. Non-resident withholding tax

e. PAYE

2. In relation to the payment of income tax by way of the provisional tax payment scheme:

a. What is the difference between the payment of income tax under this scheme and payment by PAYE?

b. How do you calculate the amount of each provisional tax payment?

c. What are the dates for provisional tax payments?

d. What is "Use of money interest" and when is it payable?

e. What are the relevant prescribed interest rates?

Cost of Production answer sheet

1. Open the cost of production spreadsheet and enter the raw data from the sample firm.
2. Once completed, print a copy of the completed spreadsheet and bring with you to the workshop.

Having entered the raw data, the results of the firm are displayed under the following headings:

Charge Rate	Cost of Production	Profit Budget	Breakeven Budget

- **Charge Rate** is the hourly rate each solicitor must charge for the chargeable hours they generate in order for the firm to reach its profit targets. This should be used as a guide only, so if you are able to charge more, then do so. There is a link between the hourly rate and the chargeable hours in that if your hours are high, the rates will calculate as being low and vice versa.
 - The green highlighted **Cost of Production** shows the hourly cost of each of the fee-earners in the firm. This is the rate at which they cannot charge below if they are to be contributing to the profit of the firm.
This cost of production figure applies even for fixed fee work as it applies to the time taken to complete a matter, not how you charge for the matter. For example, say Susan spent three hours on a matter with a fixed fee of \$1,300, her cost of production would be $3 \times \$278 = \834 . The total profit on the matter \$466. If she had underquoted the matter and spent 5 hours on the matter the cost of production would be $5 \times \$278 = \$1,390$ and she would be losing \$90.
 - The **Profit Budget** shows the fees each fee-earner has to generate in order for the firm to meet its budget
 - The **Breakeven Budget** shows the fees each fee-earner has to generate in order for the firm to break even.
3. Of all the fee-earners, who has the highest margin (the difference between their cost of production and their charge rate)?

 4. Of all the fee-earners, who has the lowest margin (the difference between their cost of production and their charge rate)?

 5. In the property team, the conveyancing fee for a standard sale of a residential property is \$1,200. The time taken to complete the conveyance for each fee-earner is:
 - Susan 1.5 hours
 - Andrew 1.0 hour
 - Ingrid: 3.0 hours

What is the total cost of providing the conveyance? _____

What is the profit from the conveyance? _____

7. PROFESSIONAL CONDUCT AND CLIENT CARE: ANSWER SECTION

Study problem 1

1. Were there any conflicts of interest?

Assuming there were:

2. Who is/are the conflict(s) between?

3. When did the conflict(s) arise?

4. What would the prudent course of action have been at the relevant time(s)?

5. Is/are the conflict(s) “curable”, and if so how?

6. Are there any other professional breaches?

Study problem 3

1. Ought Maddie have accepted / rejected the retainers?

2. Was this fee arrangement legal?

3. What did the fee arrangement lack in terms of form?

8. MANAGING CLIENTS' INSTRUCTIONS: ANSWER SECTION

Hi Tech Limited

What steps would you have taken on receiving Alfred Grigg's letter?

9. RISK MANAGEMENT: ANSWER SECTION

Workshop preparation 1

For the purposes of assessment you need to do the minimum as follows:

- Add at least three specific risks to the list that are, or could become, relevant to you in the context of your intention to practise on your own account or in a firm.
- From the list and your additions, identify three high risks and three low risks for your practice, whether due to the likelihood or consequence of the risk occurring.

Risk list (Illustrative not exhasutive of the risks in legal practice)	Priority High Medium Low
To what extent are you or will you be at risk that: ...:	
Success of practice strategy or business plan is too exposed to, or dependent on, one client, practice area or person	
Sustaining a general practice strategy is beyond the scope of practice capability and puts clients at risk	
Practice strategy or arrangements fail to take adequate account of the potential impacts of competition, trends, disruptions and innovations in the market for legal services	
Marketing and business development activities are misdirected or fail to produce a demonstrable return on investment or time spent	
Pricing or costs structure impacts adversely on competitiveness and/or profitability (ie services overpriced or underpriced, paying too much or too little for resources)	
Practice experiences cash flow problems whether due to misjudgment of need for working capital, burning through cash too quickly, unexpected expenses, lack of financial controls or billing and collection problems	
Profitability is eroded by inefficiency due to poorly designed systems, or time or rework that cannot be charged to the client	
Practice is not a desirable employer, has trouble recruiting and retaining staff or makes poor hiring decisions that cost the practice money or put clients at risk	
Quality of work and performance of the practice is undermined by workplace culture, conflict, lack of staff engagement, or poor wellbeing	
Technology is misaligned to practice strategy, needs and user capability	

Practice is not sufficiently resilient and lacks adequate capability or contingency plans to recover quickly from business interruptions or disasters	
Supply chain has weak links, suppliers of goods and services are unreliable or create practice risks	
Uninsured losses cause harm to the practice	
Practice suffers a compliance breach, standards complaint or negligence claim that could have been prevented easily with better controls or safeguards	
Practice suffers reputational damage arising from adverse publicity due to taint by association with a disreputable client, or conduct of a rogue principal or employee or client with an unsatisfactory experience with the practice	
Practice has unnecessary or unacceptable risk exposure due to lack of a sufficiently robust approach to risk management, that is not doing enough to identify and “MEAT” priority risks (MEAT meaning Mitigate, Eliminate, Assume, Transfer)	

Workshop preparation 2

In the space below write brief notes or jot bullet points about two of the following three questions:

- What might you might say to others such as a prospective client, underwriter or business partner, to demonstrate that you are a “good risk”? For example, describe your overall approach to managing risk and risk appetite, provide examples of controls and safeguards and how you monitor your risk performance.

- If you were to join a firm, what questions you might ask as part of your due diligence to satisfy yourself that the firm is a good risk and takes risk management seriously?

- What are the key “takeaways” for you from this topic? Is there anything in particular you have learned or that has made an impact on your thinking or made you resolve to take risk management seriously? Any topics you intend to learn more about or any questions you hope the workshop session will cover?

B. If your firm does not have a Partnership/Shareholder Agreement:

Consider what you would expect to see in an agreement, using the questions on previous pages. Use your answers as the basis for preparing an ***outline of your own agreement***.

2. Scenario – a partnership in a large provincial centre

Q: Identify issues arising out of the case study that you would like to discuss in the workshop session.

Questions about partnership to discuss with the invite local practitioners:

12. IN-HOUSE PRACTICE

Self-directed distance learning component

1. Optional reading for those who are interested in learning about the in-house practice types. Read chapter 12 of the booklet.

Workshop preparation

1. There is no workshop preparation for this module

- When fees are taken by deduction, approximately what proportion are taken by explicit client authority and what proportion are taken by authority conferred in client care/terms of engagement?

- If fees are taken by deduction pursuant to authority conferred in client care/terms of engagement, does the firm take any steps to bolster such authority, eg advise the client of the fee and their intention to deduct the fee before the fee is deducted?

- What procedures are in place to monitor and complete reporting to clients at least every 12 months for longstanding trust account balances as well as IBD ledger balances?

- Ask whether the firm is confident they are aware of and meeting their various obligations under the AML-CFT regime.

Question set 11

- What review procedures does the trust account supervisor have at the month end before signing of the monthly certificate?

- Is there a month-end checklist in use?

Question set 12

- Overall what do you consider the main strengths are for this particular trust account? State your reasons.

Question set 13

- Overall what do you consider the main weaknesses and risks are for this particular trust account? State your reasons.

14. TRUST ACCOUNTING – INTERNAL CONTROLS: ANSWER SECTION

Notes: