

WHAT CAN GO WRONG?

Every firm needs to develop risk management strategies.

TIPS

- Consider your firm's risks and what is needed to manage them.
- Develop policies, procedures, precedents and checklists to support your strategies.
- Explain the strategies and importance of risk management to staff.
- Foster a culture of risk awareness.
- Be proactive about supervision and monitoring compliance.

As part of managing a practice, you need to invest time in identifying what can go wrong in your matters and devise appropriate risk management strategies. You should not assume knowing the law in your areas of practice and being diligent in your work is enough to manage risk properly. Targeted risk management strategies not only help prevent claims, they also help firms deliver high quality legal services more efficiently and profitably. Like any strategies, they require careful thought and specific plans of action.

Get the basics right

Sometimes practitioners put risk management in the too hard basket because they do not know where to start. There is no one size fits all but your strategies must be both relevant and realistic in order to get buy-in from your people.

To address the main root causes of claims, you should start by at least considering what is needed to ensure your people:

- get the law right on every matter
- delegate and supervise effectively
- apply a clear and consistent approach to client selection, onboarding and retainer management
- proactively manage client expectations throughout each matter
- keep proper records and create a trail to show what occurred in a matter
- habitually step back to think about how the client's interests are best protected
- are aware of cyber and fraud risks.

These are essentials, and you cannot ignore any of them when considering the standards your firm needs to have.

Tools to implement your strategies

Do you have documented policies, procedures, precedents and checklists? These are key tools that underpin risk management strategies.

Policies articulate how your firm will conduct its services and business. They help establish a consistent approach to day-to-day operations and service delivery, and set boundaries for people within the firm regarding what they should and should not do. LPLC's website

has a list of policies to consider together with some relevant risk management issues.

Procedures describe how policies are to be implemented. Because procedures are focused on actions, they can be documented in different ways such as using a flowchart to document your firm's matter opening procedures.

It is important to invest in buying or developing good precedents that are appropriate for your areas of practice. However, use of precedents can increase risk if they are not kept up to date and people do not receive appropriate training on their use.

Checklists can be highly effective tools for managing workflows, avoiding mistakes and assuring quality. You can find more information in the LPLC column "Ticking the box" (*LJ* March 2017, p34) and on LPLC's website.

When developing these tools, ensure they are user-friendly and expressed simply and concisely. Overly long or complex documents are likely to be ignored.

Sustaining your strategies

Leadership and a culture that values the benefits and importance of risk management greatly assists in embedding it into people's business-as-usual activities. It also reinforces the notion that risk management is everyone's responsibility. Include risk management as a specific element in both your firm's induction and ongoing training programs.

Foster a culture where people are proactive about identifying risks and reporting potential problems without fear of reprisal. Also consider how you will monitor compliance with policies and procedures. Systems that have risk management controls built into workflows can be helpful. An example is the practice management system not issuing a new matter number until the person opening the file confirms the conflict check is clear and an engagement letter has been sent. Regular file audits can be a good way of checking whether people are complying with policies and procedures, and coping with their workloads. ■

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