



President's column

The Board has been busy talking about the association's future and full integration. There are still many issues that surround amalgamation including the structure of an integrated organisation and the process of having a national vote. Due to the complexity of these issues, it has been agreed that the planned date for integration will now be moved back to 1 January 2003. This should also allow the National Association more time to develop services to members.

The Association ran its first roadshow with marketing workshops conducted by Jane Fenton in Victoria, New South Wales, Queensland and South Australia during March. 103 people attended and feedback from these workshops was very positive with the majority rating the content excellent or very good. It seems that the half day format and early start worked well for members. Further workshops are currently in the planning stages.

The National Conference, 'The Leadership Summit', will be held in Melbourne on 23 and 24 August, 2002. The theme of leadership was chosen as this is a key to an organisation's success. A recent study has now shown a direct statistical link with certain leadership qualities and financial success. David Maister, our key note speaker, will enlighten delegates on the behaviours and strategies this study has uncovered.

Amongst other speakers is Professor Roger Collins from the Australian Graduate School of Management. Professor Collins recently chaired the study into the 'Best Companies to Work For' and will present on what law firms can learn from this study.

The Victorian group is in the process of negotiating with sponsors of the event. This is a very important aspect of the whole conference as sponsor funds underwrite the conference ensuring registration fees are affordable and represent only a fraction of the real cost to the association. I hope all members will take advantage of this exciting event and encourage partners of their firms to also attend.

Around the states

Queensland

The Queensland LPMA has arranged a stimulating program for 2002 including a particularly relevant and interesting breakfast brainstorm series focusing on strategic issues affecting the legal industry. As the national conference this year is to be hosted by Victoria the executive has decided to convene a one day seminar and trade display in Brisbane in October. This seminar features a particularly high quality program.

To enable as many members as possible to benefit from the program, the LPMA executive has decided to video all breakfast presentations and selected monthly presentations. These videos will be available to all ALPMA members. In addition, all presentations will be placed on the ALPMA website.

South Australia

The Law Practice Management Committee has met on a monthly basis since February. A number of informal discussions have been arranged including a meeting held by the HR special interest group on salary levels and charge out rates. A presenter addressed issues relating to staff performance reviews at a June networking breakfast.

The committee is participating in the State's Conference (Lawfest 2002) to be held on 25 and 26 July. A networking lunch is planned for members of the Sole Practitioners group in October.

Further information about the group's activities is available from Josie Puccini on 8229 0242.

Victoria

It has been an excellent start to the year for the Victorian LPMA. We have presented sessions on networking, the Privacy Act and options for staff rewards. These have all been very well attended. The topic in May was strategy. We also had an excellent response to the half day marketing seminar which was facilitated by Jane Fenton. This was an initiative of ALPMA and presented around Australia.

The highlight of the year is the second national conference, 'The Leadership Summit' to be held in Melbourne at the Sofitel on 23 and 24 August. Our keynote speaker, David Maister, will be presenting for the entire day on Saturday 24 August. We expect David will attract an audience from many different disciplines across the profession and beyond. Friday's program features Professor Roger Collins and a number of other speakers.

The Victorian LPMA is structured with an Executive Committee and sub committees for learning and professional development, membership and publications. Anyone interested in joining the subcommittees are invited to contact any member of the Executive. Another project being worked on is the development of a regular practice management column in the Law Institute Journal. We welcome relevant and topical articles to enable the idea of this column to come to fruition.

Look out for your invitation to the national conference. It is an event not to be missed!

The National Board

President

Shirley Hamel
Cornwall Stodart
Email: s.hamel@cornwalls.com.au
Telephone: 03 9608 2123

Vice President/Secretary

Graeme McFadyen
Email: gmcfadyen@hn.ozemail.com.au
Telephone: 0417 633 268

Treasurer

Bronwyn Pott
Swaab Attorneys
Email: bjp@swaab.com.au
Telephone: 02 9225 7612

Board Members

Murray Goode
Email: mgoode@senet.com.au
Telephone: 08 8235 1544

Michelle McLean
Cornwall Stodart
Email: m.mclean@cornwalls.com.au
Telephone: 03 9608 2105

National Secretariat

Marilyn Penhall
Penhall Communications
PO Box 422
Brooklyn Park SA 5032
Email: alpma@senet.com.au
Telephone: 08 8235 9899
Facsimile: 08 8235 1733

Editorial details

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The Australian Legal Practice Management Association Limited

Website: www.alpma.com.au
PO Box 422

Brooklyn Park SA 5032

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So What's Your Unique Selling Proposition? Trust?

Dynamic practice managers are constantly looking for ways to differentiate their practice from competitors. Even firms that have specialised find themselves searching for their own Unique Selling Proposition. Only an exceptional few individuals are blessed with the unique skills and capabilities that allow them to build a legal practice on their individual talents. The vast majority compete on the even playing field. Interestingly, this competition led to trends towards multi disciplinary practice and commercialisation which have culminated, some would argue, in the Enron/Andersen debacle. What impact will this have on the progress made over the last ten years in raising the stature of professional managers in law firms? Some backlash should be expected, but well run firms will guard against a reactionary response.

The media and corporate marketing departments talk about client relationship management as though it is a new invention or discovery. But has anything really changed? Not really. The most powerful Unique Selling Proposition that has always been available to law firms is still available. It is called 'Trust'. 'Trust' is a word intimately associated with lawyers and the law. It is what is special about being a professional – people should be able to trust you. It also cannot be bought – it must be built. Its value can often be overlooked in the hurly burly of modern competitive practice. Practice Managers can play a crucial and important role in ensuring that the focus is on building not just many or strategic relationships, but good relationships. If your current clients can trust your practice because of the way you treat them (i.e. manage your relationship with them) and behave, you will have as many clients as you need. Building relationships of trust requires conscious effort by every person in the firm, but the rewards can be very rich indeed!

Richard Hugo-Hamman B.A. LLB

Richard is a former practicing lawyer and Managing Partner of a 2nd Tier law firm. He is currently Chief Operating Officer of Midware, a leading provider of professional services and software solutions to the legal profession.

Cheque Fraud – Exposing and Eliminating

Despite the perceived reduction in the number of cheque transactions processed in the Australian market each year, cheques still remain the 2nd largest form of non-cash payment behind credit card transactions.

Cheques are still widely used in the business to business markets, the small medium enterprise to corporate markets, government markets and person to retail markets.

The acceptance and use of cheques as a payment platform presents a real risk exposure to your organisation and needs to be managed in line with all credit exposures.

The introduction of alternate payment methods such as Direct Credit and Direct Debit, BPAY, Credit and Debit Cards and Real Time Gross Settlement has driven a false perception in the market that cheques are on the decline, so they must no longer represent a significant risk exposure to an organisation.

The number of cheques presented in the Australian market in 2001 was a staggering average of 61.6 million cheque transactions a month with an average face value AU\$168.2 billion per month.

Unfortunately the number of fraudulently presented cheques has seen dramatic increases year on year, leaving organisations of all shapes and sizes susceptible to the risk exposure cheque acceptance can bring. Advances in technology have also equaled advances in cheque fraud, as cheque fraud is low risk, easy to commit and has low conviction rates. Cheque fraud covers a wide range of fraudulent activity from the simple delinquent cheque writer through to organised crime gangs targeting Australian businesses.

The need for organisations to be more pro active than ever before with risk assessment parameters when accepting cheques is critical, as is timely reconciliation of your organisation's bank accounts.

The value of dishonoured cheques in Australia is estimated at between AU\$1.7 billion and AU\$2.2 billion dollars annually, with fraudulent cheques accounting for between AU\$800 million and \$1 billion annually of all dishonoured cheques.

What is cheque fraud?

Cheque fraud equals deception:

- Obtaining property by deception
- Obtaining services by deception
- Obtaining cash by deception
- Evading liability by deception

What is the exposure to an organisation?

The exposure of fraudulent activity to an organisation using cheques as a form of payment is two fold.

The first where fraud is committed against your organisation for the provision of goods and services on an inward bound cheque payment (Receivables).

The second where fraud is committed against your organisation for the provision of goods and services on an outward bound cheque payment (Payables).

Common types of cheque fraud

Forgery by Chemical Washing:

The use of chemicals to "wash" cheques has seen a dramatic increase in the number of forged cheques in the Australian market.

Chemical washing can see the payee or amount of the cheque be completely removed from the cheque and then new payee and amount details are forged to something completely different than that of its original details.

Forgery by Pen Stroke:

Additionally, there are still large volumes of cheques fraudulently altered with pen stroke. Forged cheques are usually not identified by organisations until completing bank account reconciliation.

Endorsement Forgery

The false endorsement of the payee or dollar amount on the cheque being presented for the purchase of goods and services.

Signature Forgery

The falsifying of a cheque writers signature on stolen cheques.

Counterfeit Cheques

Advances in technology have seen the production of counterfeit cheques become very simple and inexpensive. The availability of Colour Laser Images and Colour Laser Printers at low costs has opened the fraudulent cheque market dramatically. So much so that counterfeit cheques are produced regularly by organised crime gangs.

Delinquent Cheque Writers

The largest volume of dishonoured cheques seen in the Australian market today is still delinquent cheque writers. Credit professionals quite often find themselves spending countless hours chasing and recovering dishonoured cheques.

Business Identity Theft

Identity theft is a growing trend in the Australian cheque market and is particularly targeted by organised crime gangs.

Identity theft involves the theft of genuinely issued cheques usually from Corporate Locked mailboxes.

Once the cheques have been stolen false business registrations and bank accounts are established in similar business names with the cheques then banked into the falsely established bank account. Proceeds are then withdrawn from the false bank account and forwarded overseas.

Identification, Prevention and Elimination of your Organisations Risk Exposure

Identification and Prevention

Identification of fraudulent cheques can quite often be a simple process and there are small steps that can be taken at the front end of your organisation to prevent risk exposure to your organisation when accepting cheques as a form of payment, including:

The Cheque

- Do not accept cheques without MICR imprinted BSB's, Account Numbers and Drawer Details – No counter cheques
- Cheques are always printed on high quality paper and are firm in texture, do not accept cheques that are wrinkled and feel as though they have been printed on low quality paper
- The MICR encoding on cheques is always flat on the cheque, raised MICR imprinting can identify fraudulent cheques
- All cheques have watermarks and watermarks should be checked prior to acceptance

Suspicious Cheque Presenter

- Returns a number of times within a 3 day period
- Makes purchases with no regard for size, quality and price
- Arrives on closing time and looks to make a large purchase
- Carries no identification
- Wants to take custody of the goods or services immediately
- Wants goods delivered to a Post Office Box, Motel or Hotel
- Has no contact phone number

Your Organisation

- Set policy and procedure for accepting cheques as a form of payment
- Ensure staff are fully trained regularly on the established policy and procedure (Initially and On going)
- Reconcile bank accounts daily
- Report account discrepancies immediately
- Accounts payable and accounts receivable teams need to fully understand and monitor the risk exposure to your organisation

Elimination

The only real form of elimination for dishonoured cheque risk exposure is to outsource the risk, via the use of services of a cheque guarantee company (Receivables) and the services of a Financial Institutions Account Payable product.

A cheque guarantee company will guarantee the full face value of a cheque for your accounts receivables once it has been processed through their positive and negative databases. This process totally eliminates the risk exposure to your organisation. Should the cheque dishonour after being banked, the cheque is simply returned to the cheque guarantee company and your organisation is fully reimbursed. The cheque guarantee company will then commence collection activity against the cheque drawer to collect their outstanding debt.

Additionally most financial institutions in Australia offer accounts payable products. This product will enable a file to be sent to the financial institutions with details of your account payees, bank cheques are then drawn by the financial institution involved and forwarded to your clients. This will remove the risk exposure from your organisation across to the financial institution.

Finally, as with most forms of fraud it is your organisation's responsibility to protect itself.

Cheque fraud is a growing industry with low conviction rates for offenders. The government and the police are unable to protect you. Pro-active prevention and risk parameters along with firm organisational policy and procedures are the key to reducing the risk exposure of accepting cheques in the 21st century.

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John Tait is the National Account Executive of TeleCheck Payment Systems Limited (a division of First Data Corporation) telephone: 02 9959 7555 email: jtait@first-data.com.au

Privacy and Recruitment

On 21 December 2001, the much anticipated Privacy Amendment (Private Sector) Act 2000, finally came into effect with wide-ranging implications for businesses and firms. One of these implications is the impact of privacy legislation on recruitment. In short, for those involved in recruitment, the introduction of the Act means that all candidates now have a right to know:

- WHY we are collecting personal information about them,
- WHAT information is held,
- what USE will be made of the information and
- who else will have ACCESS to the information.

They also have a right to view the information and if necessary correct it.

The following recommendations are based on our own experiences, best practice and legal advice though it would be prudent to gain your own legal approval for any policies put into place.

The Act says that in all cases, when collecting personal information, you have the obligation to inform the candidate why and what information is being collected and the way you intend to use it before or "as soon as practicable" after the collection of information. In practice, personal information is collected from many different sources. For example, if in the future you intend to receive applications directly via your web-site then you need to ensure that the site indicates, among other things, WHO will be able to ACCESS the information and for WHAT purpose it will be used. If using an email to receive applications, it is best practice to initiate an automatic response referencing your privacy policy and outlining what will be done with the information.

Telephone Screening

When conducting telephone screening, again you will be collecting personal information on the applicant and as such need to inform candidates of the process. It would be best practice to precede any conversation with a precursor along the lines of: 'The information you are giving me is to identify if we are likely to be able to assist you with a position. If we do not continue any further, your information will be destroyed in accordance with the Privacy Act.'

Interviews

On a candidate's arrival for interview, it is recommended that an information collection statement be given to all candidates, irrespective of whether the applicant has been

sourced directly or via an agency (as at interview you will be collecting your own information). This collection statement should outline your firm's policy on the points above as well as the candidates' rights and who they need to contact in the event of a complaint or request to see the information you have collected.

With regards to interviewing, one real concern of the amendment to the Privacy Act is the possibility of discrimination claims arising from the applicant reviewing your records. In order to minimise this possibility, it is advisable to base your assessment on an objective, bias-free method such as behavioural or competency based interviewing and testing and to ensure all staff are trained in recording only appropriate information at interviews.

Reference Checking

If you have successfully interviewed the candidate and are still interested in the application, the next hurdle is reference checks. In general, the recruiter should always obtain permission from a candidate before approaching referees. The referee should also be informed prior to the check being made that their comments can be accessed by the candidate if requested and may also be passed on to a third party with the candidate's permission. 'Off the record' reference checks should be approached with extreme caution as they could be seen as an attempt to defeat the purpose of the Privacy Act, which is to place an individual in a position of control over information about them.

Unsuccessful Candidates

At the completion of your recruitment procedure, if the applicant has ultimately been successful and starts with your firm, then under the current employee record exemptions, you are under no obligation to provide the person with details of their application on request. However, unsuccessful candidates may have the right to do so. What then is the best way to treat this information after its use?

On this matter, the guidelines state that an organisation should take reasonable steps to destroy or permanently de-identify personal information if it is no longer needed for the purpose for which it was disclosed. In practice, you may wish to keep details of unsuccessful candidates for any future vacancies with the firm. In either case, best practice would be to advise the candidate in writing that they have been unsuccessful and inform them that their details will be destroyed/retained (with an opt-out clause in the latter case)*.

In summary, the amendment to the Privacy Act does have some wide-ranging implications for all those involved in recruitment. The safest option is to ensure that you and your agents

have a privacy process including a privacy policy, information collection statement and policies for the collection, storage, access, correction and disclosure of personal information. In many cases, this may mean simply formalising procedures that you already have in place to minimise the risk of complaints or actions arising from the candidates review of your records.

Leanne Vicente is a Senior Consultant with QOROM Consulting, a sponsor of the Victorian LPMA.

For more information or examples of Information Collection Statements, please contact Leanne Vicente at QOROM Consulting.

* It is still untested whether, if all other procedures are put into place, the destruction of records will be any protection against discrimination claims. With this in mind, you may wish to retain the records for a certain period of time before destroying.

The Power of Connecting: Why Networks Are Important

There is nothing more valuable than family, friends and a professional network.

Professional networks, in fact, represent our extended business families and provide the support, knowledge base and contacts that assist us in our daily roles and working life.

The benefits of networking provide both sides with a win/win situation where your own contact base can be called upon to add value to your daily activities, just as you are a value-added resource to your contacts.

Working within the professional services arena is different from other commercial ventures. Professional services are a 'people' environment where the assets of the business, the income generating 'machinery', are people. We do not generate fees from mechanical devices, from factory floors or from retail centres - we generate fees from building relationships with other people.

How we market our business, how we raise fees, how we solve operational issues - all require contact with people. It does not matter whether your firm's clients are individuals or corporates, they are both made up of people in the end. As 'word-of-mouth' referrals are our most powerful marketing tools/techniques, so developing networks and relationships is important for lawyers and managers. It is easier, quicker and more cost-beneficial to "know" the right individual in the right position to assist in problem solving or marketing strategies.

A professional network is like having a complete "Yellow Pages" of potential service providers at your fingertips, but more powerful as you have a relationship with the contact. It allows professional development to occur at little cost, and provides potential for your own business growth. It can be done in a structured or unstructured manner, providing not only commercial benefit, but personal gains as well.

Recently, I had cause to consider approaching the market, as I wished to fill several professional positions in my team.

Rather than consult organisations with whom I had no contact, I elected to utilise the network developed over five years with the Australian Legal Practice Management Association (ALPMA).

This network provided immediate, and trustworthy, contacts that resulted in excellent referrals, productive meetings and outstanding results. The benefit was apparent, not only in achieving the desired result commercially, but by doing this in a manner that incurred no costs. There was no time wasted in meeting and defining our business, it was already known within the network group!

Networking is not easy. It requires a commitment of time and energy plus enthusiasm.

It needs to be a regular activity, similar to professional training and real effort and thought is required as to how, when and with whom to network.

ALPMA is the perfect example of an organisation where real benefit can be gained by managers or lawyers with management responsibilities via regular scheduled contact as well as informal and social contacts. Having never worked in the legal profession before I joined Cornwall Stodart, the information I have gained and assistance I have received from those involved in ALPMA has been invaluable. I hope that I have also provided useful assistance to my fellow members as networking is a give and take (or win/win) proposition.

Networking can develop relationships that become more than purely professional. It is of great benefit, not to mention relaxing, to catch up with fellow professionals, organisations and firms, and discuss business in general and compare notes on how issues have been resolved.

There is no defined skill required to network successfully. All that is required are common interests, the desire to work with others, the ability to admit you need assistance and the ability to communicate and share experiences.

Everyone is different, everyone faces different problems, issues and operational concerns ... all are more easily managed when we have access to, and support of, a professional network. It is often heartening, and also surprising to learn how often others have faced similar issues.

I encourage everyone to take the step of planning to develop relationships!

We plan our day's tasks and activities, we plan our conferences, we plan our holidays, we also need to plan to network!

It is easy to cancel a function when we are too busy, or not go out for a drink after work if we are too tired ... but these types of events are just as important to your business, your personal professional life and your value added contribution as any other commercial activity. To my mind, a network is a major asset to any individual who has commercial responsibility and is required to make decisions. As managers, we coach our lawyers on how to network with clients so we should demonstrate that we can too.

Do not be afraid to build a network. The power of connecting can never be overstated.

*Micelle McLean
Chief Executive Officer
Cornwall Stodart*

Legal Practice Management News

... adding value to the business of law

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The Leadership Summit

How can leadership make a difference to your firm? Find out more at The Leadership Summit, the second national conference organised by the Australian Legal Practice Management Association. This year's conference will be held at the Sofitel Melbourne Hotel on 23 and 24 August. Conference registration includes a full day of sessions with David Maister.



David Maister

Maister is internationally renowned as the leading authority on the management of professional service firms. He travels throughout the world consulting to a broad range of prominent law firms and is the author of a number of books, including 'Managing the Professional Services Firm' which has become the bible of law firm management.

Also included in the line-up of presenters at the conference is Professor Roger R Collins from the Australian Graduate School of Management. Professor Collins boasts considerable experience within the private sector, including professional service firms. Newly appointed St George Bank Chief Executive Officer, Gail Kelly, Bill Nettlefold from Health Promotion Resources and Frank Cahill, Integro Learning Company will also focus on how leadership can make a difference in a professional service firm.

Apart from the outstanding learning opportunities offered at the conference, delegates will have the chance to network with legal practice management professionals from Australia, New Zealand and South East Asia. Delegates will also have the opportunity to visit one of the most comprehensive industry trade displays of its kind and meet representatives from national suppliers to the legal industry.

"Sponsors are an important part of any conference," said Shirley Hamel, ALPMA President and Chair of the conference organising committee. "We acknowledge the support of all our sponsors particularly the Platinum Sponsors, the Commonwealth Bank, InfinityLaw and Konica.

The Leadership Summit

23 & 24 August
Sofitel Melbourne
Conference registration rates:
Member: \$950 Non-Member: \$1200
All prices include GST.

For further information contact the ALPMA National Office, telephone 08 8235 9899 or email alpma@snet.com.au

Marketing Workshop sets the scene for future professional development

The formation of the Australian Legal Practice Management Association, which works closely with local bodies in each state, provides the opportunity to provide enhanced learning opportunities for legal practice management professionals. "One of our major initiatives this year is to establish a series of national roadshows and workshops," said Shirley Hamel, ALPMA President. The roadshows will provide the opportunity for members in each state to access the knowledge and expertise of speakers of national and international calibre.

The first half day workshop in the newly established National Professional Development Program was a marketing workshop, 'Practical Ways to Develop Your Practice' with Jane Fenton. The Principal of Fenton Communications, Jane provided law firm managers, partners and lawyers with tools to use in developing a marketing culture and marketing strategies. Highly interactive, the workshop provided information on international trends on law firm marketing, engaging lawyers in marketing activities and the development of marketing plans.

A second in the series of workshops will be held in late November. Additional information on this workshop will be available in the next newsletter.

Conference Scholarships

At its inaugural conference last year, the ALPMA Board established a conference scholarship scheme. The scholarships, each valued at \$1000, were awarded to one member from each state association to attend the conference. "The Board sees this as yet another opportunity to provide members with new and improved professional development opportunities," said ALPMA President, Shirley Hamel. Further information on the scholarships is available from State Presidents and Secretariats.