

## **LAW 9000 provides primary risk management tools**

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THE NEW LAW 9000 MANAGEMENT SYSTEM for Australian law firms offers a valuable additional tool in the management of risk of claims. Certification to these benchmarks will bring a range of tangible advantages, including enhanced confidence and accountability among your staff, and premium discounts on compulsory professional indemnity insurance through LawCover.

### **Managing the risk of claims**

Managing the risk of a professional negligence claim involves the careful and systematic review of all systems in a law firm for accepting and processing work. There are two aspects to this. Firstly, as the work is processed by people, there is an individual aspect which includes risk-aware attitudes and practices, personal organisation and accountability on the part of solicitors and support staff. Secondly, and of arguably greater importance, there is the aspect of firm-wide systems for managing risk. These systems are designed to overcome the adverse effects upon the performance of people of such things as stress, anxiety, forgetfulness, overwork and disorganisation, and to ensure that, despite these adverse effects, high-quality service is delivered in each and every matter.

Over the past 17 years LawCover's claims statistics have consistently shown that more than 80 per cent of claims and potential claims against law firms arise from just two causes:

- a lack of common understanding between solicitor and client (where, for example, the solicitor does not appreciate the expectations of the client, or the client does not listen to or comprehend the solicitor's advice); and/or
- a lack of, or failure in, office systems designed to assist solicitors and support staff always to deliver high-quality service and avoid oversights (where common examples of such lack or failure are that a document containing an error leaves a law firm or that a limitation period is missed).

Both these causes point to problems in systems for processing work. The LAW 9000 benchmarks require firms to establish, document, implement, maintain and review work processing systems and to measure outcomes. These activities can operate as primary risk management tools.

## **Two tiers**

The new system has two tiers. Tier 1 is called the Law 9000 – Legal Best Practice benchmark and Tier 2, the Law 9000 – Excellence in Law benchmark.

The Tier 1 benchmark has now been published, and training and support to assist firms to achieve certification to this benchmark will be offered through the College of Law. Copies of the benchmark and a guidance handbook are available at [www.standards.com.au](http://www.standards.com.au). The Tier 2 benchmark will be published later this year.

## **General requirements of Tier 1**

The LAW 9000 – Legal Best Practice benchmark incorporates the requirements of:

- the AS/NZS ISO 9001:2000 quality management system;
- the QL Level II – Best Practice Gateway standard; and
- the description of ‘appropriate management systems’ required of incorporated legal practices under s.47E of the *Legal Profession Act 1987* (NSW) published by the Office of the Legal Services Commissioner.

The benchmark describes management and work processing systems that might exist in a law firm which effectively achieves planned results. It obliges the firm to:

- identify the processes needed for the quality management system and their application throughout the firm;
- determine the sequence and interaction of these processes;
- determine the criteria and methods needed to ensure that both the operation and control of these processes are effective;
- ensure the availability of resources and information necessary to support the operation and monitoring of these processes;
- monitor, measure and analyse these processes; and
- implement actions necessary to achieve planned results and continual improvement of these processes.

Certification to the benchmark is determined by an independent evaluator who assesses the firm’s management system to ensure it helps to deliver the firm’s planned results and meets the criteria outlined in the benchmark. Certification is for three years with a surveillance audit at the end of the first year and six-monthly maintenance audits thereafter.

## **Advantages of certification**

All too often the only response of solicitors to some crisis or difficulty in their practice is to work harder and longer. This may be effective in the short term but it is not sustainable in the longer term. The LAW 9000 benchmarks, and the training which support them, show you how to achieve planned results and to take control of the type of practice you have rather than being controlled by it. They are designed to be suitable for small- to medium-sized firms.

Other advantages include:

- independent verification that your firm has met the benchmarks;
- independent measure of how well your firm delivers its service promises;
- enhanced confidence and accountability among your staff;
- reductions in waste and duplication;
- a competitive edge in tendering for work, particularly from governmental and commercial organisations;
- the right to display the nationally and internationally recognised five-tick Quality Endorsed Legal Practice mark; and
- premium discounts on compulsory professional indemnity insurance through LawCover.