

STRICTLY EMBARGOED UNTIL:

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Legal firms don't respond to SME legal needs which is both a problem and an opportunity

The **Legal Services Board** publishes today a report on the legal needs of small businesses. The report – *In need of Advice?* – is the first time that this issue has been investigated in England and Wales.

This investigation follows earlier research which indicated that there is a significant amount of small business' legal needs currently being unmet by the existing services offered by legal firms (see *points 4 and 5, notes to editor*).

In partnership with YouGov 9,703 small businesses were surveyed and the results are compelling:

- **Small businesses face lots of legal problems that impact on day to day operations and growth**
 - 38% of all small businesses experienced a significant legal problem.
- **Existing legal services fail to meet these needs**
 - Only 12% of legal problems resulted in demand for advice from solicitors firms. 52% of respondents opted to handle their legal problems on their own
 - 54% agreed that legal processes are essential for businesses to enforce their rights but only 13% agreed that lawyers provide a cost effective means to resolve legal issues.
- **There are opportunities for legal service providers to address these consumers needs**
 - Only 5% of small businesses had an in-house legal expert. 8% had legal retainer contracts. Only 2% of small businesses have both.
- **A range of parties contribute to the incidence of these legal problems**
 - Small businesses' legal problems were mainly with other businesses (48%), with individuals (18%), with Government (17%) and with employees (10%).

Chief Executive of the Legal Services Board, **Chris Kenny** said:

"Reliable, accessible, good value legal services are as important to growing small businesses as bank finance. But this research shows that law firms are missing this opportunity to contribute to growth - and to grow themselves.

"So the findings of this research serve as a wakeup call. It isn't meant to criticise. That would be too easy. Instead it is intended to highlight the gaps that exist and the opportunity they present.

There is a huge section of the business community out there whose legal needs are not being met. Meeting those legal requirements represents serious opportunities for the legal firm that can respond flexibly and innovatively to the needs of small businesses.

This research clearly points to what the legal needs of small businesses are. It provides an open window to what small businesses want and the forms they need it in. Legal advices shouldn't just be seen as the last port of call and one which is only turned to if absolutely necessary and unavoidable.

Firms need to reflect on both the nature of the services they offer and how they explain and communicate it in order to change this perception. The findings of this report help point the way. If legal firms act on it then the benefits to all could be huge."

ENDS

For more information please contact the LSB's Communications Manager [Vincent McGovern](#) on 020 7271 0068 / 0795 622 6562.

Notes for editors:

1. The report can be found on the Legal Services Board [website](#). The data (raw and analysed) from which this report is derived is also available on the website.
2. The report was compiled for the Legal Services Board by [Prof. Pascoe Pleasence](#) and [Dr. Nigel J. Balmer](#).
3. The survey was conducted via the Internet by [YouGov](#) in December 2012, with respondents drawn from its online panel members and focusing on the previous 12 months business activity. All respondents indicated that they had day-to-day knowledge of the running of the businesses they answered on behalf of. For businesses with ten or more employees, only respondents in senior management positions were included in the final sample. The findings have been weighted by size and sector to reflect the population of small businesses in the UK.
4. Research conducted in 2010 (*Legal Advice for Small Businesses – Qualitative Research, AIA Research*) identified the needs of small business consumer as a gap in knowledge for the regulatory and representative community. This report can be found [here](#).
5. Research conducted in 2011 (*Regulatory Information Review, LSB*) identified indicated significant unmet legal needs for small businesses. This review can be found [here](#).
6. The Legal Services Act 2007 created the Legal Services Board as a new regulator with responsibility for overseeing the regulation of legal services in England and Wales. The new regulatory regime became active on 1 January 2010.
7. The LSB oversees eight approved regulators, which in turn regulate individual lawyers and organisations. The eight approved regulators, designated under Part 1 of Schedule 4 of the 2007 Act, are the Law Society, the Bar Council, the Master of the Faculties, the Chartered Institute of Legal Executives, the Council for Licensed Conveyancers, the Chartered Institute of Patent Attorneys, the Institute of Trade Mark Attorneys and the Association of Law Costs Draftsmen.

In addition, the Institute of Chartered Accountants in Scotland and the Association of Chartered Certified Accountants are listed as approved regulators in relation only to reserved probate activities.

8. The legal profession currently consists of 15,309 barristers, 119,641 solicitors and 12,145 individuals operating in other aspects of the legal profession such as conveyancing. The sector is currently valued at £25.49 billion per annum (total turnover in 2010).