

# Probate: How to do the work Profitably

(as Published in Modern Law Magazine)

## Do you know the Gross Profit Margin (GPM) of your Private Client Department?

How do you best ensure the profitability of your probate work? Surprisingly, most law firms do not appear to know the gross profit margin of their probate department. Let me put that differently. Of the 140 firms who use our probate software (Isokon), the majority declined to answer our questions about their profit margin for this area of work.

## Some firms are exceeding 70% GPM

We were not able to assess whether they did not actually know the answer to the question or whether they were simply being discreet. Or possibly they were too embarrassed to reveal their relatively low profit margin. The irony is that of the firms that were willing to discuss their profitability, all revealed that their gross profit margin is consistently in excess of 70%.

## How have they achieved these high profit margins?

The key question is: how have these high margin firms managed to achieve this level of profitability? What distinguishes them from the low margin firms? In the one instance in which the firm was willing to discuss their success openly, the formula appeared to be relatively straightforward. Profitability is a mixture of effective software combined with judicious organisation. Let us examine that in more detail, since both parts are equally important.

## Software Accounting Database

The software is an accounting database designed specifically for probate (and trust) work with the ability to easily record the variety of financial data of the deceased estate, including such items as business and agricultural relief, ISAS and PEPS, net or gross taxation of domestic and foreign equities, including double taxation agreements, separating capital and income, post probate adjustments, and abatement of assets, in instances where the estate is more than just a bank account and a house.



We still have time to re-organise! 😊

## Estate Accounts with a Single Click

The software enables estate accounts and IHT forms to be produced with a single click.

## Integrated Case Management

The software includes a case management component that consists of a workflow with task management, a log of events, and a mailmerge facility that enable a range of standard letters to extract data from the accounting database. The latter enables a range of letters and emails to be produced and sent to banks, building societies, funeral directors, utility companies, executors, beneficiaries, and other related parties. Letters to these parties can be produced at the proverbial click of a mouse, and often more than one letter at a time, each of which can be billed at the rate of one unit of time for each individual output.

## You need more than just software to succeed

It is axiomatic that having the software technology available does not inevitably result in the level of profitability achieved by the firm in question. To repeat the key question, how do those customers consistently achieve a gross profit margin in excess of 70%.

**Profitability is a mixture of effective software combined with judicious organisation.**

## Morning Briefings with the Head of the Probate Team

In one of those firms the team is led by the head of the probate department who holds morning meetings with the four team leaders. The tasks for the day are examined and discussed, as shown in the software case management component, the text on the screen in front of them, to ensure that the team leaders understand the nature of each task, even though most tasks are fairly straightforward. Where a complex task requires the professional skill of the partner in charge, she might allocate a complex task to herself by a simple switch in the software.

## Paralegals and Former Secretaries work in Teams

Once satisfied, the team leaders head off to their respective teams consisting of three, four or five paralegals or former secretaries, all of whom have received a thorough training in the use of the software. Towards the end of the working day, the head of the probate team looks at the log of tasks in the software to ensure that all tasks have been completed. This method of organisation is simple, straightforward and effective.

## Quote from the Head of the Probate Department

“Our probate department has achieved a 72% level of profitability. We are the most profitable department in the firm.”

## Advice from Charles Christian - the Doyen of Legal Technology

An important adjunct to ensure success is training. To quote Charles Christian the doyen of legal technology in his chapter on ‘Computer and Technology Issues’ in the Probate Practitioner’s Handbook: “... computer systems are just tools whose value derives from how they are used. It therefore follows that if people are not trained in how to use them properly, the firm will not see a satisfactory return on its IT investments.”

## Organisational Discipline

The second component of success is organisational discipline. To quote Charles Christian again: “... it helps to have a senior member of the firm in overall charge of the implementation, so that they can compel the fee earners to attend [the training]” and self-evidently to actually use the software. The extreme converse of our profitable firm is where practitioners are permitted to go their own way and revert back to a more manual method of doing the work. Working as a cohesive team appears to be fundamental to success and profitability in this area of work.

## Profitability Testimonial

“I am extremely happy with Isokon and don't know how I accomplished the work properly before using Isokon. I can now undertake double the quantity of Probate work than was possible before adopting Isokon.” Peter Cox, Partner, WBW Solicitors (Exeter, Torquay, Newton Abbot)

# Isokon

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Isokon was founded by Gregory van Dyk Watson in 1999. The company has invested 44,000 man hours in development of the product over the last 16 years. Isokon is currently the leading supplier of software for Probate and Private Client work. It is used by 36% of law firms who do private client work. And by more than 2,000 individual users. Isokon is used for the most complex estates, as well as basic estates. Isokon is based on an accounting database engine with an integrated Isokon case management component.