

## Law Firm Services

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*Our lead partners co-author *Law Firm Accounting and Financial Management* (published by Law Journal Seminars Press) – widely recognized as an authoritative treatise on tax and accounting issues affecting law firms and their partners. We also conduct annual surveys, which provide law firms with benchmarking data to better understand their market position and to set strategies that shape their future financial and operational performance.*

### **For further information contact:**

#### **Law Firm Services**

**Joe Bailey – National Tax Leader**  
(646) 471-0860  
joseph.a.bailey@us.pwc.com

#### **Law Firm Services**

**David Gaulin – National Audit Leader**  
(646) 471-1810  
david.gaulin@us.pwc.com

#### **Risk Management Services**

**Brian Kinman – Partner**  
(973) 236-5537  
brian.j.kinman@us.pwc.com

*Or any of our other Law Firm Services professionals in our New York office:*

#### **PricewaterhouseCoopers LLP**

**Law Firm Services**  
300 Madison Avenue  
New York, NY 10017  
(646) 471-3000  
<http://www.pwc.com/lfs>

## **Effective Risk Management: An Enterprise-wide Approach**

### **Issue:**

Several recent trends have caused law firms to reevaluate their current approach to risk management:

- Rapidity of change impacting clients, counterparties and law practices
- Increasing complexity in the worldwide business and regulatory environment
- Spirited scrutiny by regulators, clients, licensing boards, litigators, etc.
- Greater impact from “negative risk events” on firm reputation, current operations and future opportunities
- Sluggishness in anticipating and responding to competitive challenges
- Disappointments in effectively executing plans for acquisitions or organic growth

Further, the passage of the Sarbanes-Oxley Act in 2002 has made it harder for law firms to diffuse ethical responsibility and to claim that they were unwitting participants in a fraud. Like their clients, they too will also be held accountable.

### **Action:**

Risk management in law firms, to the extent that it is accomplished, has generally been executed on an ad hoc basis. In reality it is generally managed as a reactive process, rather than the proactive, planned, enterprise-wide business program that is necessary in today’s increasingly complicated marketplace.

An enterprise-wide risk management program, which addresses operational, market, regulatory, employee/professional, client reputation/brand, IT and financial/accounting risks, involves:

- Embedding a process in the management and operating procedures of the organization
- Focusing on identifying sources of risk and effectively assessing their potential impact on the organization
- Deciding on the best course of action in managing detected risks
- Instituting a robust process/program of managing compliance with established policies and procedures
- Dealing effectively with change and creating a focus that yields efficiency in the way risks are identified and managed on an ongoing basis

### **Impact:**

An effective enterprise-wide risk management program is not just a “best practice,” it is a matter of survival, compliance and competitive advantage.

Many industries, such as banking, insurance, and accounting, have already learned that an enterprise-wide approach to risk management has proven more effective and efficient than other methods. Find out what it can do for you.



The decisions you make today can have a dramatic impact on your business tomorrow.

Find out how our Law Firm Services practice can help you make the right choices.