

Law Office & Trust Account Management

Minding Your Own Business

A Guide for Small Firms and Solos

By Bill Taylor

How many times have you heard someone say, “mind your own business”? For attorneys, especially in these economic times, that just may be sage advice. Many legal practitioners get so wrapped up working *in* their practice that they forget to work *on* their practice, often leading to missed opportunities, errors and subpar results.

While it is easy to get caught up in the daily ins and outs of practicing law, especially in smaller firms, finding a good balance is key. That is not to say you should not focus most of your energies on client matters, preparing case documents and providing excellent support to your clients. But a single-minded approach toward always working in the practice could be holding you back and keeping your law business from becoming all that it can be. To be truly successful, attorneys

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must allocate time each and every month to work on their practice and focus energies on developing their book.

So what do we mean by working on the practice? Working on the business aspect of the practice requires changing your perspective and taking a bird’s eye view to look objectively at all key areas of your law firm’s business — from business development to marketing to customer support — and must always include periodic financial reviews.

Getting Started

A great way to get started working on the practice is by developing a basic marketing and business development plan. Begin by preparing your initial plan in a draft form. It does not need to be deeply thought-through or encyclopedic in nature. In fact, if you are just starting out, less is more when it comes to developing your business and marketing plan. Several pages, perhaps a maximum of 10, should do it.

Your plan needs to be specific about your targets. For example, which clients, potential clients and types of matters you plan to focus on along with the markets or segments you intend to reach. When you have identified your primary targets, consider the ways to best reach these clients and prospects, and outline the methods

you intend to undertake to secure their business.

We also recommend developing and integrating Key Performance Indicators (KPIs) into this plan to allow you to measure your actual success against your plan. Using KPIs is an excellent way to establish criteria for measuring success prior to an engagement and then assessing achievement against these KPIs to benchmark the progress and eventual outcome of the engagement.

The next absolute requirement is to make time available every month. We recommend that you spend a minimum of eight hours every month working on your practice, especially in business development. Another good tactic is to preschedule your calendar with time blocked out every month for this work. Colleagues, employees and clients — yes, even clients — requesting time to meet with you should be told that you have a prior commitment and schedule meetings and activities with them at another time. If finding time in a large block to dedicate to your practice development activities is difficult, try scheduling several smaller blocks of maybe two hours a week instead. In any event, always allow at least an hour of uninterrupted time for business development, read as “marketing.” The importance lies in allocating the time investment each month, not whether it is scheduled in a few short periods or one longer one. Avoid Monday mornings and Friday afternoons for phone calls. Just as you are winding up at the beginning of the

week and winding down at the end, so too are many of your clients.

Mind Your Numbers

Discussing the financial elements is critical. Not every lawyer has a practical understanding of the financial aspects of running a practice, but every smart businessperson needs to learn and understand the financial aspects and measurements that define a successful practice. Ask your financial people, trusted business advisors or CPA to explain the numbers and the information they provide. Learn how to read your profit-and-loss data, and be able to tell what is going on in your practice month-to-month and quarter-to-quarter. Ask questions and learn about profits, margins and expenses. It is also important to create an annual expense budget for your practice at the beginning of the year ... and stick to it!

For Solos Only

If you are a solo practitioner, or just getting ready to strike out on your own, building a team of professionals to help you is the best course of action. The challenges for solos are somewhat different, especially if they are coming from the relative comforts of practicing within a larger organization.

Since you are on your own, it is understood that you are confident in your

ability to handle legal matters for your clients. However, the nuance is that while you are working with clients, you will still need to assure the correct handling of the day-to-day responsibilities required to run the business, often without the directly-available hands of others. Therefore, having a solid team that works with you will significantly improve your level of success.

Many attorneys starting out in private practice make the mistake of trying to do too much. While you may be inclined to try to do it all yourself, unless you are experienced in this area, don't do it! Set your mind toward building a team. Start by identifying and securing a financial advisor, preferably a CPA. Ask for referrals from colleagues, friends and even clients. Make the time to interview several CPAs before you select the one that is right for you. It is important to find the person that has the right combination of experience, clients and personal chemistry that matches with you. Having all the necessary accounts properly set up right from the outset will assure compliance and provide peace of mind.

Next, secure a bookkeeper to help with the administrative tasks such as tracking expenses and assuring proper client billings. Use the same methodology to select a bookkeeper as that used to secure your financial professional. While a part-time person may be sufficient when starting out, continuity is key. Determine

at the outset if this person is flexible to provide additional time as your practice grows, perhaps even becoming a full time employee. If not, you may want to select another candidate.

Keys to Minding Your Business

- Schedule time on your calendar every month to work *on* your practice.
- Don't let day-to-day activities interfere with managing your legal business overall.
- Create a business plan to help you focus your thinking and measure your success.
- Identify the most important criteria to look at every month (KPIs) that reveal how your business is doing.
- Have an annual expense budget, and stick to it.
- Learn to read financial reports, and use the information provided to make good business decisions.
- Hire a great team to work with you and support your practice.

Do not let the issues or problems du jour become your single focus. While you must be involved in the practice day to day, it should not be the only thing you do. Make the time to build your practice, and rely on your team. Minding your own business is not only a great idea, it is essential. After all, if you don't mind your own business, who will? ■