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Practice Management Pointers

Don't Take Business Planning Off the Table

Mark Bassingthwaighte, Esq.
mbass@alpsnet.com

Businesses of all shapes and sizes often spend time at the end of each fiscal year developing, reviewing and/or updating their mission statement, strategic plan, and operational plan. While a few solo and small law firms do something similar each year, many attorneys continue to insist on viewing their firm as a professional practice and not a business. As a result they see no value in using these particular business-planning tools. While admittedly I go back and forth on the value of these tools myself, I do not believe that they should be taken completely off the table.

Businesses that have a mission statement, a well-developed strategic plan, and an operational plan that everyone can buy into and take ownership of usually have a clearer direction about where they are heading. I refer to this direction as the vision of the business. These businesses have a vision of who they are, where they are going, and what success looks like. Most importantly, for those businesses that do this well, all employees from the CEO to the front line know, understand, and believe in the vision.

Regardless of your firm's size and whether you develop a formal mission statement, strategic plan and/or operational plan year to year, there is value in knowing who you are as a business and where you are going over the long haul. Simply put, if there is no clear direction as to where your firm is going or how you're going to get there, isn't your long-term success being left to the whims of fate? Sure it is.

Over the years, I have visited a number of firms where workloads were well beyond expectations, the office space was disheveled, the retirement plan was never fully implemented, staff came and went, and/or the clientele were not ideal. In these settings it isn't uncommon to also hear lawyers tell sad stories about how their professional careers took them to a place far different than where they thought they'd be. Truly, sometimes you can even see it on their faces.

Usually it is rather apparent that the attorneys in such situations were not actively managing their law practice. Instead they were reacting to whatever occurred day after day thereby passively allowing their firm to morph into the unfulfilling situation at hand. In my experience, few individuals reach their desired goal (or goals) by chance. In order to reach a goal you must first set a goal, and then figure out how to get there even if it is only an informal plan, and finally you must implement the plan, adjusting it over time as called for. In a law firm setting, if there is no agreed upon direction, no shared vision, the business side of your practice is simply in a fog adrift at sea.

My point is not to tell you that you need to drop everything and develop a formal mission statement or establish a management committee charged with strategic planning for the firm. Rather, I want to encourage you to work to create a business vision that will allow everyone in your firm to see and understand where the goal line is and how the firm intends to get there. Each lawyer should define what and where they want their practice to be in five, ten and perhaps even twenty years out. Focus on what type of clients do they each want? How many hours a month do they see themselves working? What practice areas do they wish to focus on? Where do they hope to be financially? Are they interesting in firm leadership, and if so, in what role? When do they want to retire? There are no set items that must be considered in this process. This is more about having everyone coming up with their own personal vision. The next step would be to review everyone's personal vision in order to see if a unified firm-wide vision can be crafted from the individual parts. One way or another, everyone will have information that will enable them to make decisions about their future. Assuming a common vision can be created you will now have a place to start. Knowing what the goal is makes it much easier to map out the journey that will make the vision a reality.

Let's say that your firm's vision includes a recognized need to reduce workloads in order to regain a balance between professional and personal lives. One idea might be to stop taking on new matters until the number of matters per responsible attorney drop to the desired number; or perhaps you drop or at least stop taking on any new problem clients. After all, problem clients tend to occupy excessive staff time and are often fee collection problems. I have heard some attorneys observe that problem clients create 80% of their stress, take 80% of their time, and generate less than 20% of their income. Viewed in this light, problem clients are not worth the effort that they require which makes this a no-brainer to me. But it gets better because one benefit of this strategy is that any newfound time can be used for personal time or for seeking better clients who can pay and are not a problem. Couple this with training all who need to be trained in how to identify potential problem clients so no more are picked up and now you're starting to move in the right direction.

Here are a few more examples of the kinds of topics that might be addressed as you define your firm's vision. Be intentional with planned growth with a purpose verses growing for growth's sake alone. You might develop a well thought-out move into the social media

advertising space verses tossing up a Facebook page and calling it good. Establish a budget that accounts for an ongoing investment in a retirement plan verses letting all attorneys fend for themselves. Consider educating every attorney about the need to have tech spending (hardware and software) be an ongoing operational expense verses a once every ten year capital expense in order to maximize productivity and remain competitive. Of course such spending should be done in accordance with a purposeful implementation of new tech tools and systems.

Believe it or not, creating and implementing a firm vision can also help reduce your firm's risk of a malpractice claim. Heck, if you are successful in avoiding problem clients on a going forward basis, that alone would reduce your exposure. But you can go much further with this. For example, are new associates being trained in how to conduct an intake interview with an eye toward client selection to include accurately determining if the prospective client can actually afford your services? Have you implemented firm wide practices and procedures such as a firm wide computer calendaring system as opposed to allowing each attorney to calendar according to personal preference? A vision that incorporates standardized practices and procedures into the process allows a firm to begin to truly operate as a firm as opposed to being a firm in name only.

In the end, the choice is yours. I get not seeing the value in spending hour after hour in developing a mission statement, strategic plan, and operating plan particularly in the small firm setting. Trust me, I've done my fair share of that and never found it to be all that useful. I've also been in a situation where there was no plan, no vision, no nothing and that didn't end well. All I can say is that at this point in my life I have come to appreciate the value of planning for the future and that all starts with knowing what you want the future to be.



Risk Management Questions?

Mark Bassingthwaite, Esq. is the Risk Manager for ALPS Property & Casualty Insurance Company. He is available to answer risk management questions and can be reached at 1-800-367-2577 or mbass@alpsnet.com.

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