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Successful Practices Require More Information

Managers must track clients, nances and marketing e orts

By GREGORY A. ALLEN

Many lawyers believe the myth that if they are good at their eld of law they will have a successful practice. e truth is very di erent.

A law rm is just like any other business. Whether a law rm succeeds or fails depends just as much on its business practices as it does the quality of the legal services it o ers.

Running a successful practice means much more than simply hiring competent lawyers or being one. Lawyers are trained to know all the pertinent details on whatever le they are handling. is is the same level of determination and commitment that must be given to managing and developing a lawyer s practice. is applies if you are managing a rm or your own practice within a rm.

e trap a lot of lawyers and rms fall into is that managing and developing a practice is hard to do and easy to ignore. It is very easy to overlook or pass on rm development and management when times are good and there is plenty of work and money to go around. However, managing and developing a rm is just as important when times are prosperous as when times are leaner.

e practice administrator must have accurate and thorough information available on each of these areas of concern in order to make informed decisions a ecting the rm.

It is very easy to make an educated guess about what is best for the rm without going through the e ort of collecting the information on which to base a sound decision.

Lawyers who would never make an uninformed decision for a client o en do just that for their own rms. However, taking the time to gather the information necessary can help a practice administrator steer the rm through the leaner times and back onto the road to prosperity.

To be useful, information gathering has to become a part of the rm culture. e relevant information must be available to the decision maker when it is needed.

If the information that is needed takes longer to collect than the decision maker has to make a decision, then the information is worthless.

Instituting information gathering protocols can be di cult. Unfortunately, there is no simple solution that ts all rms and developing one that ts a particular rm will take time.

Basic Concerns

ere are four basic business concerns a rm must always stay well informed on; marketing, accounting, workload, and o ce resources.

Marketing is an integral part of how a rm grows and it is important that it spends its marketing budget wisely.

To make the most of the time and money invested in marketing e orts, a rm must track what e orts are working and which are not. In order to do this, a rm must track how and where it gets clients.


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Each new client should be asked how and why they chose the rm. e rm should also know what demographics it is pulling its clients from so it knows where to target its marketing. is information then has to be recorded in a format useful to the administrator so he or she can make informed decisions about what marketing e orts are working and how the rm should spend its limited marketing budget.

Having a sound gasp of a rms accounting does not mean the rm should get rid of its accountant. What it does mean is that the practice administrator should always have access to the data that shows what funds the rm has, how they are being spent and what cash is needed to meet the demands of payroll, taxes, insurance, advanced client costs and operating expenses.

Instead of simply recording all the rms transactions and sending them to the rms accountant for tax season, the rm must learn to convert this data into a usable form so that it can answer operational questions without having to wait for a call back from its accountant, which may or may not come in time.

When it comes to managing a rms

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Administration & Management

workload, the practice administrator needs to know more then simply that each employee has work to do. A practice administrator needs to know how much work each file is expected to entail and not just how many files the firm has open. Without knowing how many hours a file is expected to take, how long the file will be open or the types of activities a file will require, the administrator will not be able to make decisions regarding the firms resources.

A practice administrator needs an accurate understanding of the firms workload, financial resources and its marketing efforts to be able to make an informed decision on whether the firm has too few resources or is wasting money on too many.

If some employees seem disproportionately busy, the firm might have an imbalance of lawyers and support staff, or it might simply have some under-performing employees. The administrator will need accurate information on all four areas of concern to make an informed decision.

The wrong decision could lead to terminating a good employee or hiring unnecessary employees. Either way, the firm loses.

In the information technology age, there are many software and hardware options available to help automate the collection of this information. Additionally, many of these technological solutions organize the information into a usable format which is almost as important as making sure the information is available.

In choosing a system for collecting and utilizing the information, the firm must make sure the system will be able to grow and change with the firm. The firm must also be willing to listen to the information it collects, even when the information collected shows reason to be concerned.

A strong commitment to the firms business practices can make success an attainable goal instead of just a hope.