

Small Firms: Charting the Shoals

The is the first of a series of articles by Lucianne Leraul of Law Firm Management Services

Stop any partner in a small law firm on the way to the coffee pot and ask what he or she thinks are the most common problems of small firms and certainly the answers will vary. The common thread, however, will be firefighting management, potential for burnout of one or more partners, incompatible partnerships, underdeveloped selling skills, lack of understanding on how to make automation a productivity enhancer, and, for a metropolitan area firm, lack of specialization. Some of the problems, such as underdeveloped selling skills and potential for burnout, which confront all attorneys, are exacerbated in the limited resources environment of small law firms. "We learn by our mistakes" is a luxury. We will define small law firms as those from one to nine practitioners. This definition, ABA statistics, tell us, encompasses 80% of all attorneys.

Firefighting management

Since everyone knows that the client comes first, office management is done sporadically. One of the results is haphazard staff hiring. The attorney may shortcut the process to a gut reaction like "he or she can do the job" or succumbs to the sales pitch of the applicant. Another hiring problem is providing little if any training or asking co-workers to handle the training in addition to their jobs.

A related management problem stemming from the attorney's uninvolved involvement with training is over-dependence on particular staff members who alone know how to perform certain functions. A solution to the "personality cult" problem is to establish office systems—developing a list of jobs that need to be done in the firm's area of legal practice and in office management along with the individuals performing these functions, who supervises the task if required, and who trains the individual performing the task. Some very revealing things come out of this exercise. For example, the office systems study, carefully prepared for each of the firm's practice areas, will often show that associates or paralegals are carrying widely different workloads. The final aspect which characterizes firefighting management is attorney unavailability. The cure I prefer for unavailability is "Do it." Set up a time of day each week to entertain staff questions and comments and to deal with the office management issues at hand.

Burnout

One of the often discussed and little understood diseases of our time is burnout. Burnout is the slow process of overusing the body's social, psychological and physical energy sources. The body's response to the excess demands placed upon it becomes stress. The end result is mental or physical illness. The often unrecognized signs of burnout are sleeplessness, vague physical complaints, chronic fatigue, irritability, forgetfulness, and a negative attitude. No one is suggesting that one throw over law practice in favor of a chaise lounge. In the context of the work world we handle burnout by living on the edge of it. This can only be done by managing stress.

Incompatible marriages

Supposing the office systems study recommended above has been made and the "unsatisfactory employee" turns out to be one or more of the partners. This is a common phenomena. The incompatibility can range from the non-economic, i.e., partners who socially have nothing in common, to economic incompatibility. One of the sore points is the issue of "expensive" areas of practice. For example, a plaintiff's personal injury attorney will require paralegals, put out hundreds of dollars in advanced costs, and not produce a substantial fee for months on end. Meanwhile, his business law partner may rarely need paralegal assistance, thinks an advanced cost is the messenger service he ordered last month, and produces a steady if unexciting stream of fee income.

The most serious dissatisfaction among partners arises over the issue of sharing profits. There are as many income distribution schemes as there are law firms. Any plan which is perceived as unfair will result in unhappiness.

The principal cure for dissatisfactory partnerships is prevention. Too many small firms merge with others without weighing all the variables. Always look for a synergistic effect from a merger.

For existing incompatible partnerships it is necessary to air all the grievances. Often a retreat setting can ease the process.

Underdeveloped selling skills

Quite simply, attorneys need to sell their services. This is particularly true in the highly competitive arena of small law firms many of whom do not have any "bread and butter" large clients. Just how many rainmakers will a small firm have? What happens if they leave? The

"insurance" availability to the attorney is learning and applying sales techniques. From the proper application of prospecting, presenting, handling objections and closing, a new form of leadership is born—persuasion. Persuasion is not only a means of obtaining clients but the means of controlling interactions with clients on a daily basis.

Underdeveloped selling skills are easily remediable. The profit and not for profit use educational institutions offer course work as do consultants when several firm members are involved.

Automation as productivity enhancer

Often attorneys express confusion over some aspect of automating their office. What is indirectly being asked is just one question: "How will automation make more money for my firm?"

Automation in the office brings with it a new way of working for clients and a new way of billing for services. In the current climate of consumer consciousness, the small firm dealing largely with individuals and small businesses can no longer create expensive custom designed products or adhere to the standard of always personally serving the client. With this realization the true strength, for example, of word processing—available boilerplate documents and libraries of standard paragraphs—will be utilized. The end result is a new way of billing clients—by the result rather than by the hour. New efficiencies are brought to the small firm and throughput of work becomes paramount.

Specialization

Closely tied to developing selling skills is knowing what it is that is to be sold. Specialization is the issue of selecting some areas of practice to emphasize that have favorable characteristics such as current and future market demand, available firm expertise and interest, and the opportunity to gain regional reputation. Deciding on areas of emphasis and de-emphasis is a long term decision requiring study and commitment.

Subsequent articles will examine each of these problem areas in more detail and offer suggested solutions.

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