

If You Want to Get the Business

Make your practice run like one

BY PAUL SULLIVAN

What separates great firms from the rest is a commitment to client satisfaction. Such a commitment takes different forms, but a common denominator is attention to the business side of the practice.

The law is a service business in which a client has a need that a lawyer fills. During legal representation, events occur that have an impact on the client, and, if the law firm is well managed, that impact is positive. Ending the business cycle with a happy, satisfied client who pays in full is the goal of every business and every law firm.

A Delicate Balance

There is more to law-firm administration than just making sure that secretaries arrive on time and bills are sent and paid. Law firms must balance business affairs and client affairs without compromising either one.

As businesses, firms must monitor technological trends, changing employee relations, group-insurance costs, pension laws, and reporting requirements. Add to that budgeting, cash-flow and resource management, marketing, and all the other aspects of business management, and it's obvious that those issues affect a law firm just as they would affect any other business.

Of course, no two firms are

alike. But every business's first goal should be to have employees who put the business's needs before their personal needs. Loyalty is hard to measure, but it seems to exist in organizations that let their employees do their jobs effectively.

In a law firm, support staff have special skills and are part of the team. Loyal support staff make the difference in a crisis. The way they're treated on a daily basis influences their loyalty to the firm. When people are made to feel useful and their efforts are noticed, their loyalty is unending. On the other hand, if they are taken for granted and treated like robots, they do only what needs to be done and rarely put forth extra effort. Then when another job opportunity outside the firm comes along, they're gone.

The Motivation Factor

When dealing with employees, feedback is essential. If employees fall short of your expectations, tell them. And if they do a good job, tell them. Most employees will respond to constructive criticism and positive reinforcement. They will take more interest in their work if they know they are appreciated. It is a documented fact that positive reinforcement is a greater motivator than money.

If you must tell an employee that something has been done in-

correctly, explain how the error affects the firm, and then explain that you want all of the employee's work to be as good as you know he or she is capable of. Be sure the employee knows that efforts are appreciated. Look at it the way you consider your own relationships—if a client tells you that you are doing a good job, you feel good about you. Also be sure that criticism is due. The problem could be lack of training or communication.

Some employers think that wages are payment enough when dealing with their employees. Autocratic bosses usually have high turnover and discontented employees. If your office is experiencing those problems, look at your relationship with the employees, particularly support staff.

It is also important to set a good example in dealing with clients. One of the biggest complaints I hear is that lawyers are inaccessible. Although reaching busy people is not easy, successful people always return phone calls and other inquiries promptly. If lawyers in your firm are lax about responding to clients, they're sending the message to support staff that responsiveness to clients is not important. It's difficult for a firm to be committed to client satisfaction and not respond to clients' needs.

In marketing, remember that current clients are the keystone of your business. Too often, they are taken for granted while great efforts are made to win over new clients. Maintain ongoing communication with all your clients. If a client file is open, keep the client up-to-date. You might keep former clients in touch with newsletters or brochures.

Never forget that while you are wooing a competitor's accounts, your competitor is probably targeting yours. But if you're committed to client satisfaction and you have a plan in place, it is unlikely that your competitor can
(See Business, page 49)

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make any significant inroads into your client base.

Is the Bill in the Mail?

A problem in some law firms is tardiness in billing. When clients visit lawyers for the first time, the cost of services is foremost in their minds. Once clients know the costs, they find a way to raise the money. As time passes and no bill comes, however, a client may be occupied, and a commitment to pay promptly lessens.

When the bill finally does arrive, the money may have already been spent on something else. In addition to creating a potential collection problem, tardy billings may also raise clients' doubts about the lawyer or the firm. ("If they don't need my

money, maybe they don't need my business either.")

If you have significant amounts of unbilled time on your books, consider a change in your billing system and procedures. The first consideration is whether your billing system can identify who and how much time is unbilled. The second is how easily it can convert unbilled time into cash. With technological advances, computerized billing systems are affordable for even the smallest firms and can really speed up and simplify the process.

Growing Pains

As organizations grow, so do their problems. Those growing pains represent an organization's inability to continue to operate as a unit. They usually become evident as firms add attorneys, support staff, and space. In helping you plan for growth and implement that plan, profes-

sional business managers pay dividends.

I am the business manager of a law firm. When I came to the firm, I knew little about law practice; I did know about billing, accounts receivable, cash flow, personnel management, marketing, and asset management. My predecessor was a capable CPA, but accounting was only a small part of the job. I found that several areas of business and support operations needed innovation, organization, and greater efficiency. Methods and procedures should have been changed as the firm expanded, but those changes had never occurred.

We organized the firm by planning and setting goals. When everyone could see that we were on a course with definite goals and that we were achieving substantive results, changes were embraced enthusiastically. Even unpopular changes were accepted because everyone could see that the results would be good for the firm.

If your firm is experiencing growing pains, perhaps it's time to consider outside help in the form of a business manager. If that isn't possible, at least have someone evaluate how the parts of your firm interact with the whole.

There are several sources for help. Many accounting firms have consulting divisions, and there are national and regional consulting firms that work specifically with law firms. A law-firm administrator in your area may also be available for consulting part-time. Salaries for law-firm administrators vary tremendously with experience, responsibility, and the size and geographic location of the firm. In very large firms, salaries are on a par with those of executives in large corporations. In smaller firms salaries can range from that of the highest-paid secretary to a lower-paid partner.

The Technological Challenge

Technology today is changing at an unbelievable pace. Keeping up-to-date with those changes

and determining how they can benefit a firm is a full-time job. However, businesses that keep abreast are able to operate more efficiently and to plan for the future using accurate statistics and data.

If you're contemplating changes in your computer system, you may be in for surprises. There are so many choices in both hardware and software that unless you are up-to-date on computers,

Weigh the cost of an administrator against lost billable time

you could be hopelessly confused. Even the most knowledgeable people can be uncertain about the claims of an endless list of vendors.

Most hardware and software vendors are reputable, but they are in business to make money. Sometimes in the spirit of competition, they make claims that may not measure up in practical use. And unfortunately, vendors are usually not as available after the sale as before it. Nothing is more potentially devastating to a business and its cash flow than a computer system that doesn't work properly.

What Administrators Can Do

If you are considering buying a new system or updating your current one, you may wish to consult a legal administrator in your area. Most are knowledgeable about computers and, most important, they understand your business.

In most firms, a permanent administrator position evolves over several years. That explains why administrators have considerable authority in some firms but little in others. As firms recognize the benefits that professional business managers can provide, they usually begin giving those managers more authority and responsibility.

An administrator may start out as a high-level secretary, assuming some personnel and accounting functions. As the firm grows, more responsibility is given to the position. When that person leaves the firm, the replacement usually has a business background rather than secretarial.

Professional business managers are becoming the norm in all types of professions because business owners have recognized that time spent in activities that aren't billable to clients are costly to their businesses. But each firm must make its own decision on how to handle its business affairs—and it's a decision that shouldn't be made lightly.

Knowledge of business management, accounting, budgeting, computers, personnel management, pension laws, space planning, risk management, marketing, long-range planning, and so on are all areas of legal administrators' expertise. It is their job to keep up on those areas and apply their knowledge to the operation of law firms. As firms grow, the need for that expertise increases. It is increasingly costly for lawyers to perform those functions because they take up billable time.

As a legal administrator who feels that he is providing worth to his firm, I could recommend that all law firms employ a legal administrator. On the other hand, small law offices must weigh the cost of a business manager against the loss of billable time. In addition, they should consider the cost of keeping up-to-date on all the changes that affect their practice, their clients—and their competition. Profitable and successful firms have recognized that paying attention to the business side of the practice is required in today's busy world. **CL**