

Law Office Management & Technology

Learn to Be a Lawyer-Entrepreneur

By Paul Sullivan

Competition is more fierce than ever, clients are more demanding; but you can rise to the challenge if you think like an entrepreneur, not a `technician."

Is your practice equipped to meet the challenges sweeping the legal profession? It seems lawyers are under siege. Clients are becoming more demanding and less loyal; certain types of service have been reduced to a commodity level; lawyers are coming out of law school in increasing numbers and setting up shop; smaller firms are being gobbled up by the larger ones, and other professions are invading your turf.

In an informal survey of law firm administrators and lawyers in various practices and places, I raised this question: "What are the one or two things that you feel are a threat either real or perceived, to a successful law practice in 1999?" The overriding theme of most answers was that the practice of law is changing, and the status quo is no longer acceptable. Clients are more demanding, there are more lawyers than ever, and there's an increasing supply of legal "solutions" from nonlawyers. The answers were also interesting in that some respondents described these changes in economic terms, others in a more emotional way.

A specific example was the discussion about legal work lost to packaged computer programs (wills, contracts, etc.) or nonattorneys (real estate closings, etc.). Some respondents looked on this as the result of the changing paradigm of a law practice, while others saw it as the unauthorized practice of law.

This article isn't about whether real estate agents should do closings or whether it's dangerous for consumers to make a contract from a computer program. Rather, its purpose is to encourage you to think about your practice in a different way. The survey responses bear out the reality that many lawyers are; in the lexicon of the business world; technicians.

"Technicians" versus entrepreneurs

We're not talking about "technicians" versus "professionals" here; of course lawyers are professionals. We're talking about "technicians" in the business sense; i.e., "technicians" versus "entrepreneurs." In the corporate world, many small businesses are started by technicians. We're all technicians to some extent, because technical expertise is the culmination of our education and talent. But business-owner technicians' main focus is on their product. Whether it's the goldsmith who wants to start a jewelry store, the engineer who wants to change the world with a new product, or the hobbyist who decides

to turn a passion into profit, technicians start with only part of the tools they need to succeed.

Most don't have a plan. Rather, they plug along until something comes up they didn't expect. This unexpected event then causes them to make decisions, which may be shortsighted. With a plan, you can identify your clients, your market area, your pricing strategy, and the competitive conditions under which you must operate to succeed. This process often leads to the discovery of a competitive advantage or a new opportunity as well as deficiencies in your plan. Three or four hours each month updating the plan will save you both time and money in the long run and may help you deal with unexpected problems. Your decisions will then be a modification of your plan rather than a knee jerk reaction.

As the business grows around them, technicians often continue to concentrate on their product or service and view their customers as exclusively theirs and not like those of other businesses — after all, their industry is different. Soon they're working more hours than they planned. But they carry on, thinking that the harder they work, the better they will do. Often they become so wrapped up in doing the work that they fail to maintain personal contact with their customers. And many of them burn out.

Entrepreneurs burn out, too, and they often fail, but at least they run the business, it doesn't run them. They have a vision, they make a plan, they focus on profitability, and they constantly fine tune by making and adapting to change. An entrepreneur recognizes that simply making a product or providing a service does not make a successful business.

In a law practice, the entrepreneur-lawyer will learn how to use change to his or her advantage and expand his or her market, while the technician-lawyer will continue to work away and watch his or her market shrink.

Thinking like an owner, not an employee

The problem exists in big firms as well. In its 1998 winter newsletter, the legal consulting firm Hildebrant & Associates describes the employee mentality of many associates who rise to partner status in larger firms without knowing what it means to be an owner. Being an owner means getting involved in the management of the business; not just billing hours. When things get tough, these partners too often make unsound decisions based on short-term reactions, not thoughtful adjustments to an ongoing plan.

Many lawyers are in denial about what the marketplace demands of them. Most clients view lawyers differently than most lawyers view themselves. While most lawyers view themselves as professionals who provide a service that can't be duplicated elsewhere, most clients view lawyers as providers of a service they wish they didn't need. In fact, many business people don't perceive lawyers as their helpers, counselors, and advisors, but as someone you have to call when you have a problem. The technician will focus on solving the client's immediate problem; the entrepreneur will determine why the client selected him or her to provide the service and then build on that relationship. He or she will try through marketing to change the client's perception that "you only need a lawyer when you're in trouble."

Competition from the pricecutters, the large enterprises, the outsiders trying to invade the

market are issues corporate America deals with every day. If your clients are going elsewhere, there's a reason. Are your fees too high? Are the other providers more efficient? Can they produce better results than you do? Are the services you provide a "commodity" in their view — i.e., do they think they're buying a service for which the skill level required to get a similar result is widely available?

These changes are going on around you, and you need to be alert. Accept the fact that change is a constant. Use this to your advantage. If you're a small firm or sole practitioner, you can make changes much more easily and quickly than the big firms. Evaluate your strengths. What is it that keeps your current clients happy? What is it you offer that another can't? Your clients came to you for a reason. What was that reason?

Yes, the legal profession is under siege — but so is every other commercial enterprise. Clients are demanding more not only of lawyers, but of every product and service they purchase. They want and expect value — and each buyer knows his or her definition. Entrepreneurs find out what that definition is, technicians don't.

As in industry where many are competing for the favor of few, there will be those who are very successful, those who get by, and those who don't make it. Thinking about your practice in a different way means accepting the fact that the practice of law is also a business. Like all business people, lawyers face competition and demanding clients. You know how to be a lawyer. You must learn to be an entrepreneur as well.

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