

The Lawyer's Office

Resolve to take charge of your practice in this new year

By Paul J. Sullivan

Every year on Dec. 31, thousands of Americans puff on their last cigarettes, take sips of their last drinks, or swear to themselves from this day forward they'll diet, exercise and get their weight under control.

By mid-January, most of these well-meaning commitments will be mere memories, and these people will continue doing what they've done in the past.

Poor business practices are like bad habits. They can exist for years and never seem to cause any real problems. Eventually, though, these practices - just like bad habits - will cause problems that could have been avoided in the first place.

January is the perfect time to take a good look at the business side of your law practice. If you're like most people, your accounting year ended in December. With last year's results at your disposal, you can look back and evaluate what happened last year and how it compared to prior years, and then take some action to improve going forward this year.

Now is also the time to incorporate that information with some positive resolutions for the new year. Following are my top resolutions you should strive to achieve in 2007:

1. **Make a budget.** By analyzing all your expenditures from the prior year, you should have a good idea what it will take to get through 2007. List out all the expenditures you think you will have and add on a percentage to accommodate price increases. Also, include an amount for unexpected surprises and be sure to account for software and hardware upgrades.

Assuming you'll keep your expenses in line with your forecast, you'll be able to weather that unexpected storm. If the storm doesn't occur, you'll come in under budget.

Write down the amount you want to take home as personal income. Add the expenditures and your income goal together and you will have arrived at your revenue goal. Once you know your goal, it's easy to calculate how many billable hours you'll need to collect to achieve it.

If that goal is unrealistic, you'll need to figure out how to get more revenue or to reduce your expenses or income expectations. If you go through this process this year, next year will be even easier, and your budget will become much more accurate and realistic the second time around.

Get your time in every day. There are certainly times when it's not possible to get your time in every day, but setting this as a goal will ensure a better utilization and realization rate for the time you spend. It's simply not possible to recreate a whole week or a whole month with accuracy. The likely result is shortchanging yourself, but even worse is the possibility of

inaccurate bills going out to clients. Even if you're working a file on flat rate or contingency, keeping accurate time will tell you if a particular matter is profitable.

2. Get your bills to clients regularly. Collection problems often result when a client doesn't get billed on a regular basis.

Setting out your expectations in an engagement letter creates not only a commitment by the client to pay regularly, but an obligation for you to send bills regularly. Keep your end of the agreement, and you'll find you have to do less of this next resolution.

3. Follow up on delinquent accounts. Clients don't pay for a reason. The squeaky wheel gets the oil, so don't be afraid to make a personal contact if a bill goes unpaid beyond a normal amount of time.

There may be a problem the client wants resolved. Your contact with him gives you a chance to work it out. If he's having cash flow problems, he'll appreciate your giving him an opportunity to work out an agreeable solution. Letters and statements don't work. Make a personal contact.

4. Develop a marketing mentality. Promote your practice seven days a week, 24 hours per day. You can do it in a subtle yet effective way simply by being aware that nearly every person you meet is a potential client. Look for opportunities to capitalize on that.

You should also develop a marketing plan in which you do specific things to find new business. There's plenty of materials available from your bar association, as well as other sources to assist you in this effort. Marketing may not be billable time, but it is an investment in your future.

5. Communicate with your staff. When was the last time you sat down with staff members and really listened? Do they know what's expected of them?

Do this: Ask them to write down what they really like about working for you. Ask them to write down what they dislike about working for you. Ask them what they'd change if they could. Then sit down and talk to them and listen to what they say.

This opens up a great opportunity to let them know what you're thinking. It's a chance to give them goals to achieve. My experience is that they often come up with good ideas. Even better, it gives them the feeling they are part of the organization and can make a difference.

If you have a poor performer, a session like this makes it easier to lay out your expectations and then meet in the future to discuss progress. Communication eliminates misunderstandings that often are sources of many problems.

The items I've listed are more than resolutions. They are keys to good business practice. Give them a try. You may find 2007 to be a very good year.

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