

Growing Pains: Effectively planning for growth

By Michelle Bomberger

Your law practice may be a true startup of just you, your law degree and your experience or it may be a thriving practice that has simply hit a plateau. You have big plans to grow but are torn between penny pinching and advertising, between doing it all yourself and hiring, and other similar quandaries. What's a lawyer to do? Begin by thinking of your "practice" as a *business*. Most business owners, even lawyers, know they should have a business plan but many don't understand why it is important and very few actually work through one. Every business, regardless of size or presence in the marketplace, needs a plan to outline the feasibility of the business' strategy. The business plan is a tool to ground you in the competitive landscape and answer key questions such as why customers will choose you over your competitors, how many clients you need to bring in the door to pay the bills (let alone your salary), and the impact of growth. You may confidently say that you know the answers to these questions but as a lawyer, you also know that writing out or arguing your position underscores areas that require more research. Your effort in drafting a business plan will clarify your goals and provide a blueprint for growth. Consider the following to begin your growth planning:

1. *Goals*. Define what "growth" means to your business. For most, growth means more revenues but growth may be achieved through increasing headcount, broadening services, or increasing billable hours worked. Your growth plan should envision your practice in 1 year, 5 years, and 10 years. For short term goals, set specific, practical, and quantifiable milestones for numbers of new clients, referrals, new referral relationships, or revenue dollars. The specifics are unique to each business and driven by your vision of your business' future. Be realistic and readjust the milestones as appropriate over time.
2. *Scalability*. Your execution strategy defines how you will achieve your goals. Growth will impact operational processes and procedures whether your practice remains just you or includes administrative or legal staff. Your processes must support the increase in volume of mail, phone calls, cases to manage, bills to pay, and payments to collect. So, when should you get some help? Consider the value of your time against the work you are doing. When you are spending time on activities that could otherwise be billable to clients, you should consider bringing someone in to assist with the work that you could pay someone less than your billable fee to perform. When you make this move, though, you no longer just manage your business but also manage people and take on all the responsibilities that go along with it. You must be comfortable in this role before jumping in head first.
3. *Cash Management*. Many lawyers shy away from the financial metrics associated with business. If you are one of these lawyers, be sure you have an accountant who is hands-on with a focus on small businesses available to serve as your financial counselor or Chief Financial Officer. A significant concern of solo and

small firm lawyers is around cash management – when is the money coming in and when does it need to go out. If the timing of these transactions is off, then you may find yourself in a negative cash flow situation. Clearly understand the amounts and timing of your cash transactions and actively manage your invoices and collections. If you don't get paid, you can't pay your bills or grow your business.

4. *Marketing and Sales.* Finally, we get to the topic everyone believes truly drives business growth – marketing and sales. The two concepts go hand in hand but at the core, they differ. Marketing includes advertising, promoting, shipping and also selling. Selling is closing the deal and doing the work. Most people enjoy (or at least don't mind) marketing but hate selling. Funny enough, most of our clients like being “marketed to” but not being “sold to”. The key to marketing your business and, in turn, growing your business is to know who your target clients are and how to reach them. Consider the people, places, and media key to the client's lifestyle or legal circumstances and reach them through these trusted avenues. The medium used to reach your prospective clients, whether it's print, radio, web or person-to-person contact, depends on who the client is and what engages that client best. Some attorneys build relationships through direct contact with prospective clients while others thrive strictly on referrals from other attorneys in similar and complementary practice areas. A classic example of legal marketing is the “ambulance chaser” who clearly knows who his or her prospective clients are and where to find them. On the selling side, the key is to close the deal. This is especially true where free consultations are offered. The free consultation provides an opportunity for clients to meet you, understand your services, and *sign the engagement letter*. Be prepared with your engagement letter and don't be afraid to put it in front of the client. Discuss your fee structure up front and with confidence. If your pricing is correct, up to 20% of the clients that contact you will not engage you due to pricing. You cannot be all things to all people – pick “your people” carefully.

Growth of a business, regardless of what the business does, must take into account these opportunities and constraints. Each relies on the others and the business cannot thrive without managing them together.

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