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KMS ProfitPower™ Tips for Lawyers

March 2005

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Robservations

Welcome to the March 2005 edition of "KMS ProfitPower Tips For Lawyers".

Here's hoping that 2005 is a much happier year than 2004, which finished on such a terribly tragic and saddening note for so many tens of thousands of people in Asia and Africa.

The exceptionally generous response of so many Australian and New Zealand businesses and families has been an uplifting aspect.

Here's hoping that the distribution channels are up to getting the right types of assistance to those who most need it.

Our experience at KMS is that many Australian law firms had a pretty tough second half year in 2004. One observation is that many were not doing much concerted Business Development and paid the price for that, so we have devoted quite a bit of this issue to Business Development Tips.

With your practices now back in full swing after the holiday season and a month of getting on top of things it is a good time to take the proverbial "deep breath" and look forward again.



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Thirty Years... time certainly flies. Your Editor on the right with older brother Trevor on Admission Day, 5 March 1975

Here's a quick checklist of issues to assist you in that...

- Are your resources fully occupied...with the planned balance between Firm Time and Client Time? Remember that properly used Firm Time protects future new workflows and the systems of the firm needed to do the work well when it comes in.
- Do the KMS WorkPlans™ of any of your team members need review for the remainder of the year? KMS WorkPlans™ are a vital tool for assisting resources planning and protecting a proper level of productivity, and thus profit.
- Have you got proper steps in place to ensure all existing new work leads are followed up? It is amazing how easy it is to omit to follow up leads where new work is literally staring you in the face...forget "wondrous innovation" for the moment...do the basics first!
- Are all the firm's monitoring systems properly in place and being operated properly? No assumptions... check and make sure. Designing good systems, then allowing them to fall into disrepair is a common management failing.
- Tracking the creation of Raw Work in Progress through systems such as time and task recording is very important...but many firms then fail to properly monitor Realisation Rates... across work types, teams and individuals. Review them now and decide what is not satisfactory and requires attention in 2005.

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The Editor, Rob Knowsley, is a lawyer, admitted nearly 30 years, and has practised successfully with firms of all sizes - city and country. As KMS Senior Consultant, his insights are based on the experience of seventeen years of consultancy assignments, and telephone support in all areas of practice management and profit building. Many practices have quickly reaped the monetary benefits and enjoyed the feeling of being in more control of their businesses through his practical help.



- **The firm may have enough new work coming in in total, but is it being allocated in such a way that it gets done on time in the most effective way for both client and firm?** We often see firms with enough file numbers but lawyers with log jams while others twiddle their thumbs for that important "profit portion" of each day. Supervise closely, and monitor work turnaround of busy team members especially...the busy are often assumed to be faultless.
- **Time to refocus...what do you already do well which you enjoy, and provides real benefits for clients and the firm?** Are you assisting all relevant current clients with this service? Have you communicated the benefits of the service to all current clients, prospects and referrer contacts, underlined by powerful War Stories?
- **Review Prices...not just hourly rates...**but prices for fixed price services and indicative prices for common work...there's never a bad time to review prices, even if for some unimaginable reason you decide not to increase them!
- **Are you actually asking your clients (at all points in the engagement process and management of the job) to pay you in full and on time?** Often firms have very large amounts of working capital cash tied up in Debtors simply because they do not spell out at the commencement of each engagement what is required, then insist that clients adhere to the agreed terms.

While all these items are commonsense, in your Editor's experience it is very often the relatively mundane commonsense things which can get overlooked because they are not trendy or "sexy" issues.

ProfitPower™ Marketing Confidence Tips

Tip#1: How To Master The "How's Things" Visit...

Experienced business builders know that the best place to identify needs, and convert those needs into file openings, is in close contact with your better clients and better contacts.

There are many ways to do that...

One of the most effective...but also difficult for novices...is the "How's Things" Visit...

The idea is to visit a key client (or contact) and facilitate a relaxed discussion which is focussed on them and their interests, aspirations, difficulties etc...rather than on you and what you'd like to sell.

It's a chance to catch up and refresh and refocus the relationships...

Each client is different, so be flexible, but most people who do this well find that getting in and out in less than an hour in the early morning is a good way to make the visit most palatable for the person you are visiting.

Ask what they're presently trying to do with their business that is special for them...

Ask what is presently keeping them awake at night...

Ask who other than you they use for legal services and what you'd need to do to be in the frame for that work...

Ask permission to ask what they spend on legal services annually and how they see that reducing or growing over the next 12-24 months...and why...

Ask what about your own firm

services, systems, people etc bugs the heck out of them...

Ask about their plans for their own business succession...

Arrange necessary follow-up and cross recommendations etc inside your firm and to outside resources as appropriate...then thank them profusely and get out of there so they can get on with business/life etc.

Do whatever is needed to follow up...including dictating notes of the meeting...taking notes in the meeting makes it harder to run an effective dialogue...really listening and responding effectively.

Put a follow up date or dates into your database...and repeat the process.

Tip#2: Focus on things you know how to do well for people you already know...

A big hole we see in law firm business development is in the lack of focus... especially focus on the easiest areas to develop more work.

Set time aside regularly to review the firm's **existing** services which you wish to focus on in your Business Development for the upcoming planning period...eg: the next three months.

They should fit as many of the following criteria as possible...

- They can principally be targeted at existing business referral sources and existing clients and client groupings, because it is well understood that for a lot of good reasons results are most likely to come fastest from there, especially in a firm which is not already aggressively mining these good contacts...
- You know there is a real market need for the service in your region, because you are already

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successfully providing the service to what you know is just a representative sample...

- You know the firm can do the work well and deliver good perceived value...
- You know you can charge decent fees that deliver a good profit margin, and that you can get paid in full on time...
- You know that you can communicate clear benefit/value messages to the clients and referrers as appropriate, and generate new work within an acceptable lead time without the need for inordinate primary or follow up effort...
- You know you can arrange for strong elements of the services to be delivered by key members of the team other than you, with varying degrees of delegation and supervision and client contact ...

Rank the selected services and allocate a proportion of your expected time resource to the promotion of them accordingly.

In relation to each service you need to write a very short outline of your strategy to communicate to the target classes, including time lines.

This will involve selecting good delivery vehicles and then matching those to each target in priority.

For example, for the service you rank number one, you may decide that it needs to be promoted to Accountants as the key referrer group.

From your database of Accountants rank the better ones and decide what method gets across to them best. It may vary firm to firm...even person to person, especially in the early days as you know your higher ranked ones well.

Will you go and see them, have them to your office, run a seminar or workshop, just pick up the phone, or send them a regular short e-mail with key tips for them and their clients. You will usually decide on a combination of communication tools/vehicles for each key target and service.

You might then test a combination of newsletter, targeted e-mails and seminars for lesser rated firms, and e-mails and phone calls and visits/meals etc for higher rated targets.

All that then remains is to have all team members actually carry out some of the allocated planned activity each day, and to follow through on leads thus generated...carefully tracking results to give you good data when you next review your Business Development plan.

Tip#3: We have a quick reminder list of practical business development tips for lawyers...it is always being added to and will eventually be a developing resource on our website.

In the meantime if you'd like a free copy just e-mail us at lawfirmbizdev@lawfirmprofit.com and we'll return a copy to you promptly...we had such an amazing response to this last issue we decided to pop it in again...

The bottom line... we like to practice what we preach about Business Development.

Critical Success Factors...

The document we prepared briefly explaining over 35 things we've seen small-medium law firms doing (and not doing) that have contributed to their success is still available free... if you'd like a copy sent to you please just e-mail us at successfactors@lawfirmprofit.com and we'll e-mail you a copy.

ProfitPower™ Personal Productivity Tip...

There are many varied ways to waste legitimate billing opportunities... and all the relatively small amounts add up. \$100/day wasted is over \$23,000 per fee-earner per year.

In recent times, with much greater recording of Firm Time being prevalent in smart firms, we've observed another vital area where fees are wasted every day.

Taking over a file from another fee-earner is something that happens on a daily basis in practices around the world. Firms have differing views about what if any of the resources used in the process can, or should, be billed to the client.

Leaving aside the fact that this may depend on the relationships with each and every client, written and unwritten, there is another important issue...

Most fee-earners fail to differentiate between effort put into finding out what the file is all about and what needs to be done next, and effort that would have been legitimately put in anyway by the other fee-earner if he/she was still running the file.

In other words, not all the initial activity which takes place when a file is taken over should be entered as Firm Time or as non-chargeable Client Time... especially if as a result of a least some of the activity the fee-earner is then able to prepare documents or take steps which add real value to the file.

Fee-earners need to be trained/educated to recognise this important difference...or they will risk failing to bill clients for value which their teammate would properly have done...

Speaking of training and education... apologies to the originator of this one I heard recently...but cannot remember where...

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Allow us to assist you to unlock a dramatic profit potential within your practice.

He said in essence...“It’s easy to distinguish between Training and Education if you consider whether you’d prefer your teenage children to have sex training or sex education!!”

ProfitPower™ Technology Tip...

Tip#1: From time to time we see simple technology developments that appear to offer wonderful practical benefits to law firms. Quiltech is one we encountered late in 2004.

The Quiltech imaging, file storage and retrieval system is made up of four separate elements:-

- QMail, a program that files emails as PDF files (including any attachments) and files them under a file number;
- QDoc Filer, a program which makes a PDF file of any Word or Excel document, photographs or even a webpage (very useful for legislation and other internet research) and files it under a file number;
- QScan, a program that scans any document as a PDF file and files it under a file number and also (if the appropriate option is selected) scans the document with OCR (optical character recognition) which enables you to search and find any word or combination of words in that document. (Think of its use in litigation alone!)
- QWeb, a program which enables you to search for and open any of the above PDF files. You can also email those documents to anyone from the QWeb program because it integrates with Outlook and makes the sending of multiple attachments very simple.

Indexing in all 4 elements is very flexible. The programmes can be set to use the data in your existing database with dropdown boxes or you can simply type whatever you like into the indexing files.

As all documents are PDF documents they can be viewed using the Acrobat Reader.

The first three programs use the same interface to categorise and identify documents and can be or have been integrated with specific practice management offerings, such as the Locus Document Management System.

With such integration any document that is filed using QMail, QDocFiler or QScan is also listed for example in the Locus Document Management screen.

For more information about Quiltech and how it is already being used in even small progressive law firms just e-mail us at quiltech@lawfirmprofit.com

ProfitPower™ Traps For The Unwary...

Trap#1: the real practical value of reviewing your insurances every year.

Your editor recently had a very belated comprehensive review and found I had been paying heaps for years for policies I would not get the benefits from that I thought I would...across Trauma, Life, Business Continuation, and Income Protection... for me, my wife and my two adult children...

Policies regularly improve in pricing and type and extent of cover with competition, but the new quality of cover is of course not automatically extended to existing policy holders.

I had some expensive cover I would clearly never claim on, and other cover that was grossly excessive and would not have been paid on the indemnity basis in the policy.

Also, circumstances change, and it is too easy, especially with premiums being automatically deducted from Bank Accounts, to just let things roll along year to year without switching to much better options.

Good advisers have strong research teams in the background keeping permanently across the latest product offerings and changes in laws...particularly the complex superannuation laws.

I have discovered with the help of a good agent that I can get far better cover in terms of both range and volume, and some substantially more tax effective outcomes at claim time, and all for significantly lower premiums...providing me with immediate cash savings and greatly improved peace of mind.

The bottom line...

Review all cover every year with a professional who can assist you to match your present insurance needs with the very latest products from reputable companies...you and your family will benefit greatly in short and long terms.

This Issue's ProfitPower™ Quick Reality Check...

You started 2005 with great determination to fix something important, or to achieve something substantial... an excellent New Year's Resolution no doubt. Where are you at with it now?

Wishing won't make it happen...take a few minutes aside ask yourself some important questions about your goals and achieving them...

1. Did you....?
2. Do you....?
3. Have you considered....?
4. Are you actually implementing a plan to....?
5. Are you operating as a real leader... working hard at enabling the team to operate effectively and profitably without you?