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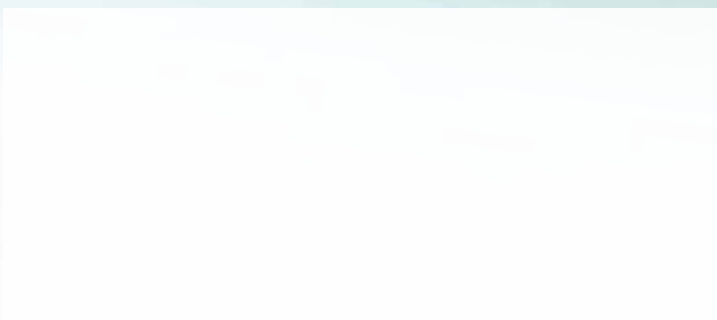
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Accelerate Your Practice with a Business Plan

Kerry Lavelle used a business plan to quintuple his practice. He says you can, too.

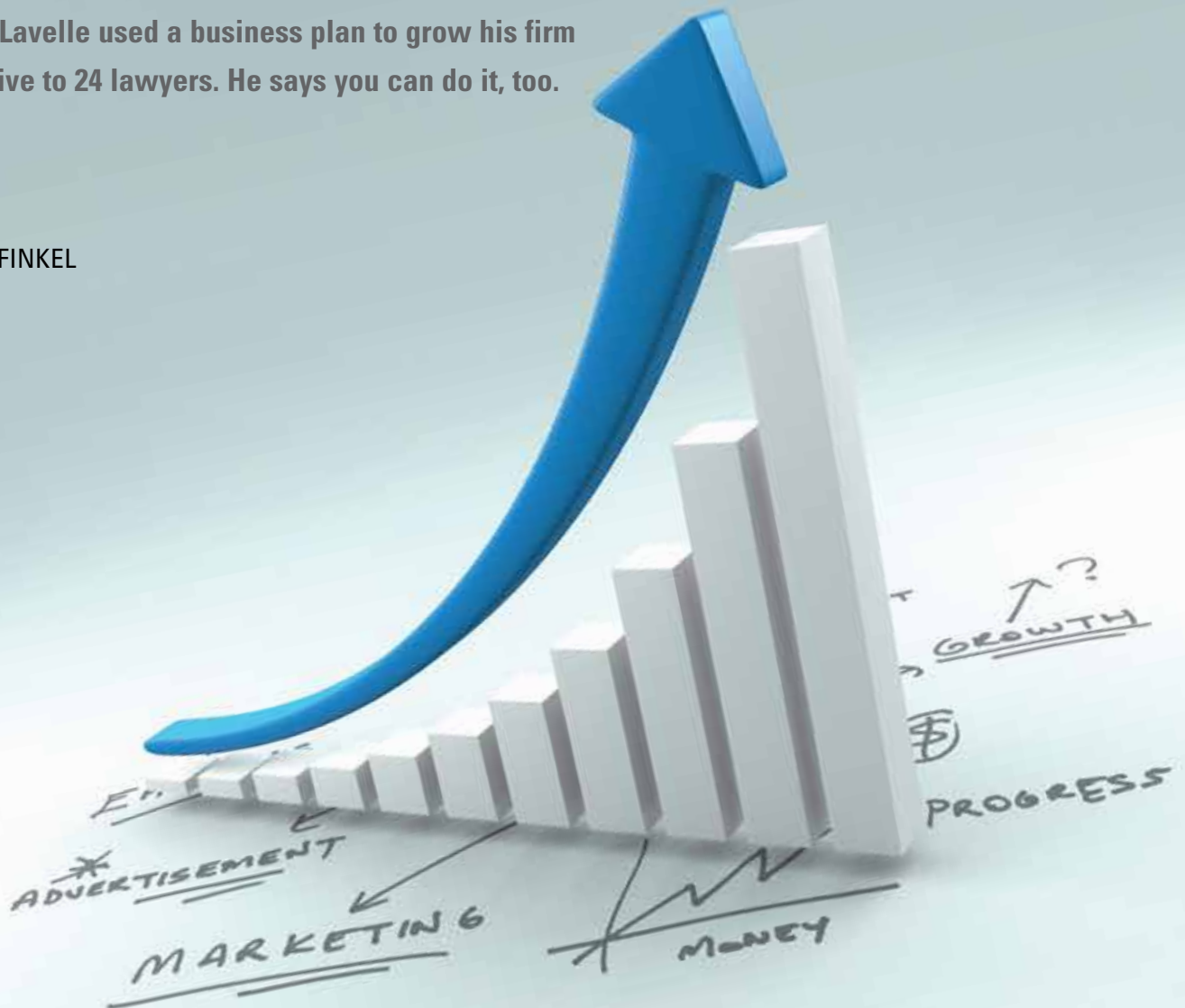
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Transform Your Practice with a Business Plan

Kerry Lavelle used a business plan to grow his firm from five to 24 lawyers. He says you can do it, too.

BY ED FINKEL



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**FOR ABOUT A DOZEN YEARS
AFTER KERRY LAVELLE FOUNDED HIS
NAMESAKE LAW**

firm a quarter-century ago, he was based in the loop and took what cases he could find, enjoying steady success that enabled him to grow the firm to five lawyers, which he took pride in at the time.

About 13 years ago, he moved the firm to northwest suburban Palatine and undertook a change in direction aside from geography. “I took a very different approach: I built a business plan, and with the right discipline, we really grew the firm, and we now have 24 attorneys,” says Lavelle, who will speak March 31 at the ISBA Solo and Small Firm Practice Institute on “Build It and the Profit Will Come: Simple Steps to Building Your Business Plan” (see sidebar).

Lavelle didn't just throw himself into this exercise blindly. “I read a lot of business books, and I realized there's more to a business plan than just the pro forma financials,” he says. “A business plan is a model to really touch on all the necessary elements of the business going forward. And if you stick to those goals and those truisms, you will be successful.”

A business plan can help lawyers flesh out their ideas, and in some ways the journey is more enlightening than the destination, says Debbie Foster, partner at Affinity Consulting Group, who helps law firm clients put business plans together.

“The business plan is a template for them to take all the great ideas they have and all the things they want to execute and put them into a format where they can set goals and have something to follow,” she says. “It's a road map, and it's a bit fluid. As their business changes, so should their business plan.”

Business plans for attorneys and law firms are different than those a small business might take into a bank for financing, or to a merger or acquisition partner for consideration, unless the firm is looking to move in one of those directions, say both Lavelle and Foster.

“Those are typically for one purpose: to make themselves attractive to a potential suitor,” Foster says. “Those start with an executive summary, talk about financial strengths and weaknesses, and how you creatively solve problems, and the ‘uniques’ about your firm. And that's great to have, and if you need it for the purpose you would use a very traditional business plan for, that's exactly the format you want.”

Attorney business plans are closer to strategic plans, however, and that's the type of work Affinity does with its clients, Foster says. “A lawyer's business plan is about the road map: where they are now, where they want to be, and how they're going to get there,” she says. “It's to flesh out where their best use of their time might be, the best bang for the buck. It changes the way they think about their business. It changes the way they think about what being successful means. It's no longer about how much money do I have in the bank? It's about documenting your goals and building that road map to reach them.”

Lavelle and Foster describe some the most important, top-line elements to include in your business plan.

Set specific goals, measure your progress

Lavelle recommends that attorneys and law firms start their business plan process by setting goals for the next one, five, and 10 years. While the 10-year goal might seem like a bit of

A FIRM'S GOALS CAN'T JUST BE RELATED TO MONEY, FOSTER SAYS. 'YOU NEED GOALS RELATED TO FINANCIAL [OUTCOMES] BUT ALSO TO INTERNAL BUSINESS PROCESSES.'

a reach, he says, "You've got to be reaching for something." And you need to think about, "What are the assumptions we have to live by to achieve those [bottom line] goals – meet or exceed your billing goals, collect on 'X' amount of your billables, provide a proper compensation structure so you don't have constant turnover."

Part and parcel of setting goals, especially for a sole practitioner, is sharing those goals with somebody, whether it's another attorney at the firm, a paralegal, or even your spouse or partner, which lends itself to accountability, Foster says. "Take the time to say, 'This is what I want to accomplish,'" she says.

That accountability could take the form of a monthly meeting to discuss progress, Foster says. "Let's say they have a goal of reaching a million dollars in revenue," she says. "You have to be thinking about how many new clients am I bringing in? What's the average revenue? Do I have the staff to support that volume of work? Do I have the right processes in place? Do I have the right technology? Your goal is only as good as your support systems."

A firm's goals can't just be related to money, Foster says. "That's not going to get you to the place you want to be," she says. "You need to be talking about all the different things that make your business do what you want it to do. You need goals related to financial [outcomes] but also to internal business processes. It might be to automate client communication

documents... And then learning, growing, education, and professional development is another piece of it. Are there any certifications you want to get? Are there any certifications your staff wants to get? Do you want to expand out to another practice area?"

Design a management structure that keeps people focused

A business plan needs to set out in formal terms how the leadership structure works. Typically in smaller firms this starts with the founding partner, but he or she needs to give thought to delegating certain responsibilities and creating the next generation of management so the firm will be sustainable, Lavelle says.

For example, as of January 1 of this year, Lavelle for the first time turned the managing partner role over to another attorney in his firm "so I could get out a little more and so I could practice law," he says.

A leader also needs to set priorities. "They have to discriminate and say, 'Not everything's important,'" Lavelle says. "These are the two or three things we're going to work on in the next six months. That's what a leader does: keeps people focused."

Although he had served as managing partner through December 31, Lavelle says he certainly did not handle all functions – he previously had delegated functions like human resources, billing, and collection, and the firm has non-lawyer staff who run billing and banking and manage the office.



KERRY LAVELLE

"Being a leader, again, I have to make sure that everything's in place, but I also help build the structure," he says. "I have a management team that runs the firm. It has evolved. That's one of the things that are important for the leadership role, to be dynamic and flexible."

Lavelle and his team are already thinking about how these functions might run differently if the firm reaches 50 attorneys. "You don't just run a system until it screws up," he says. "You're forward-thinking and growing before the actual growth hits you. You build your infrastructure [over time], as opposed to grow, grow, grow and then have the infrastructure catch up."

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Building a Business Plan – More Tips from Kerry Lavelle

Interview subject Kerry Lavelle will share more tips in his presentation *Build It and the Profit Will Come: Simple Steps to Building Your Business Plan*, which is part of the day-long ISBA Solo & Small Firm Practice Institute in Moline on March 31. For more about Kerry's topic and the entire Moline program, visit <http://bit.ly/2lgVWhg>.

been written about this complicated, comprehensive process, Lavelle says. His firm has a particular auditory goal in mind when undertaking this step in the business plan.

“If done correctly, this answers the question, ‘How do you get your phone to ring?’” he says. “That’s not scoring a client – that’s getting the phone to ring. Our particular business plan has great detail on what we dedicate to our website, what we dedicate to traditional networking – Chamber of Commerce meetings, breakfasts, going to a bar mitzvah or a wedding, going to a fund raiser. Of course there’s social media, and Google.”

Referral sources are often more valuable than clients themselves in that they are gifts that keep on giving, Lavelle says. “They can give you clients for years and years,” he says. “It’s about building a marketing culture. We have gotten business cards for our secretaries and administrative assistants. Everyone lives and breathes getting the gospel of our law firm out there. It’s not a salesperson’s job – it’s about being out there and talking about what we do. If you can do that freely and with pride, you’re with the right office.”

Once the phone rings, “How do you convert a caller to a client?” he says. “The process has to be done right. All of our secretaries and administrative assistants ask four to five questions [such as], ‘How are you? What’s the nature of your problem? Let’s see if I can get the right attorney for you?’”

Even if that right attorney isn’t immediately available, Lavelle adds, “We want every caller to speak to an attorney the very first time they call in, even if it’s not the attorney they want to talk to, because we’ve got them closer to understanding that we’re the firm for them. And that we want to bring them into the office.”

...and keeping them happy

The best client relationships are long-term, Lavelle says. “You can get them in, you can sign them up, but you have to know how to treat a client and how to

make them satisfied,” he says. “It’s about doing the work.”

In writing his book, *The Business Guide to Law*, Lavelle researched numerous studies on client satisfaction, which turned up some counterintuitive information. “Believe it or not, winning or losing the case is not the biggest opinion-maker on how they feel about the law office. It is communication,” he says.

“If you say ‘I’m going to call on Friday,’ there’s no excuse not to call them on Friday,” he adds. “Attorneys sometimes flippantly tell clients, ‘Yeah, I’ll call you by Friday,’ but if they don’t hear from the other attorney about something, they wait until Monday or Tuesday. That’s part of the satisfaction experience. You have to keep them informed. You have to call them and say, ‘I have no news for you.’”

To ensure that you’re keeping clients happy, Foster suggests that you don’t guess. “You need a survey that asks how you’re doing and what the experience was like,” she says. And tailor your questions. “I always advise people against the open-ended question of, ‘Is there anything we could be doing better?’ Instead ask, ‘What is one thing we could be doing better?’ We need to know how we are seen by our clients.”

‘EVERYONE LIVES AND BREATHES GETTING THE GOSPEL OF OUR LAW FIRM OUT THERE,’ LAVELLE SAYS. ‘IT’S NOT A SALESPERSON’S JOB,’ IT’S EVERYONE’S JOB.

The ‘why’ question – why do you do what you do?

This is the last – and probably most important – part of the business planning exercise, Lavelle says. “Why do you get up in the morning?” he says. “What is our north star? What are we doing every day? Why do we practice what we do?” This helps you view your practice as a calling, which engenders the passion it takes to succeed at a high level.

Lavelle suggests that to solve this

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ISBA RESOURCES >>

- Alex M. Rechenmacher, *Demystifying Strategic Planning: Why Do Law Firms Plan?*, The Bottom Line (June 2016), <https://www.isba.org/sections/lome/newsletter/2016/06/demystifyingstrategicplanningwhydol>.
- ISBA Free CLE, *How to Build a Technology Plan for Your Firm*, <http://onlinecle.isba.org/store/seminar/seminar.php?seminar=59928>.
- Ed Finkel, *Plan to Grow*, 103 Ill. B.J. 24 (Mar. 2015), <https://www.isba.org/ibj/2015/03/plantogrow>.
- John W. Olmstead, *Law Firm Retreat: A Cornerstone to Your Strategic and Competitive Business Model Planning Process*, The Bottom Line (June 2012), <https://www.isba.org/sections/lome/newsletter/2012/06/lawfirmretreatacornerstonetoyourstr>.
- Helen W. Gunnarsson, *Planning to Succeed*, 99 Ill. B.J. 560 (Nov. 2011), <https://www.isba.org/ibj/2011/11/planningtosucceed>.

riddle, lawyers keep asking themselves “why” questions, which typically end up at the same surprisingly philosophical answer no matter what the practice area – to make the world a better place in some small way.

For example, he says, “I’m an estate planning attorney. Why? To get people to focus on their money and the future. Why? Because if I don’t, the kids get weird and people fight. Why? Because for a reasonable amount of money, they could avoid all of that. Why?”

“If you ask yourself why you really do it, it’s because they are driven to create family harmony between generations. That’s a really good reason for getting out of bed in the morning and going to work. That’s a good, rational, sustainable reason.”

No matter what the practice area, one should end up with a larger picture answer, Lavelle says. If you do criminal defense work, you have the motivation that alleged criminals have rights, and if they don’t have somebody representing their rights, there could be police overreach – or anarchy, he says.

As a firm grows larger, it’s more of a challenge to sustain a culture but it’s no less important, Lavelle says. “You as an associate want to be in a firm that feels as passionate about the ‘why’ question as your fellow attorneys and the firm partners,” he says. “If you have a true calling to improve your community and the world, and the firm partners just want to make as much money as possible, that would be a cultural non-fit.”

Variations by firm size, stage

Solo and small firms probably only need one road map, Foster says, but midsized and larger firms that divide themselves into departments might want to draw up a global picture for the firm as a whole but also “mini-plans for different departments, especially in terms of how clients may see you.”

“Some goals may be different in terms of education or professional development from department to department,” she says. “You might even have different process or efficiency goals. It’s never a bad idea

for each department to be able to say, ‘Here are a few things we might want to do differently in our department, or something we might want to add.’”

Business plans are important at all stages of a plan but especially as the founding partner contemplates retiring or downshifting to part-time work, Foster says. “One of the things they want to make sure they have is a business with a purpose, headed in a particular direction, she says. “A fly-by-the-seat-of-your-pants, accidentally successful firm is not the kind of firm a younger lawyer wants to take over. A strategic plan might be part of an existing strategy – get your younger attorneys in a room and talk about what is our one-year, two-year, five-year plan?”

And a plan gives the person who’s leaving the confidence that the firm’s success will be carried into the future, Foster says. “They’ve seen how something on paper has come to fruition, and people have taken action on it,” she says. “If you want to leave with a check in your hand, some sort of buyout, the best way to do that is to make sure it is a business, system, and executable plan that accomplishes its goals. That is a more enticing transfer from one person to another, rather than [a firm] dependent on a technician lawyer that has existed because they’re a great

lawyer and have a great reputation.”

‘Living and breathing plans’

But none of that success happens just because you’ve written up a concise, cogent, and upbeat document, Foster says. “A business plan isn’t something you do and stick in the drawer and say, ‘Awesome, now I have a business plan,’” she says. “The business plan is the guiding document, sometimes a Word document and sometimes a visual road map on your wall... If they’re visual thinkers, it needs to be visually represented.”

The plan needs to be carried out – and tweaked along the way, Foster says. “These are living and breathing plans,” she says. “It becomes the touchstone where they say, ‘Am I doing what I’m supposed to be doing? Is this shiny object the thing I should be focusing on, and does it take me closer to the goals I should be setting out?’”

Once a plan is finished, a lawyer might decide to spend more time speaking to community groups. Whatever the goal, “You add that into the plan, but now the plan has to be adjusted because there are only so many hours in the day,” Foster says. “You have to be able to schedule that intentional time. You have to schedule intentional goals. Otherwise it’s just words on paper, and nothing gets done.” ■

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