

Preface

This book describes three related objectives: **heighten client satisfaction, improve law firm morale, and enhance revenue and profitability.** These objectives depend on each other for accomplishment in the order listed here. As client satisfaction rises and law firm morale improves, clients increasingly pay your bills on time and in full, enhancing the firm's revenue and profitability. The authors understand this is not as easy as it sounds. That is why this book was written.

The act of a client paying your bill may seem mundane. But behind that act is a complex chemistry beginning with clients recognizing they have a legal issue and then deciding the issue needs a lawyer's attention. Next, the client is confronted by a choice of possible lawyers while likely lacking experience or expertise for choosing the right lawyer. The decision to choose you may rest only on your personality. And your personality is an important consideration for managing the communication and the client's expectations at the outset and for the duration of the matter or case.

We hope we can agree that any client in need of a lawyer is undergoing a degree of stress whether expressed overtly or not. And so you, the lawyer, must draw upon those important skills of listening and communicating effectively to reach a mutual understanding of the objective of the representation. This is your most valuable management skill as far as client relations are concerned. That other profession, medicine, benefits from the public's hearing of "medical miracles" that instills optimism in patients and heightens expectations. A naive client may expect a miracle absent your careful management of the client's expectations. Lawyers must do all they can to ensure their clients are not counting on a "legal miracle." And so there is uncertainty as to any outcome of any legal matter especially if the matter means one side wins and the other side loses. You cannot use too much effort in persuading the client of the limits of what is possible.

You may not control the outcome of the matter but you do control the level of service to the client. The experience the client has had with you and your staff contributes enormously to both the timeliness of payment and the amount of payment of your bill.

During the course of the many matters your firm handles, examine whether there is adequate recognition of the importance of revenue capacity and realization. Know what is possible to achieve in terms of capacity. You want to “realize” as high a percentage of both capacity and billed work as possible. Do you have the proper software to easily keep track of these numbers as well as the other financial indicators described in this book?

Next, examine the compensation system your firm uses for the partners. What incentives does the system engender? Are the clients yours or the firm's? To what degree is origination (obtaining new clients) rewarded? Are cross referrals among the partners encouraged?

We advocate a serious consideration of widening the use of flat fee agreements for straightforward scopes of work. Keep in mind also that technology is reducing the time—not the value—of completed tasks. Clients much prefer the certainty of the costs of the legal matter instead of the uncertainty of an open-ended billing arrangement. This is why your fee agreement language must be precise describing the work to be done and the work not to be done unless circumstances warrant and the fee is adjusted accordingly. You may have heard the term “value billing.” Value billing argues that it is more appropriate for the client to pay according to the value of the service instead of simply for the time it took to perform the work. The eight factors constituting a reasonable fee in Model Rule 1.5 were compiled in the past at a time when billing by the hour was less universal, yet those factors all remain important contributors to the value of your services in the mind of the client.

Within your firm, your leadership skills will be essential to articulate what level of revenue is possible and to report the monthly results. Aim for this number each year, not simply looking at last year and hoping to better that result by a few percentage points. Be ready to assist those partners who have difficulty understanding, accepting, or implementing the tenets described in this book. Your actions and example shout louder than words alone.

This book does not discuss cost-cutting strategies for improving profits. Your firm's costs are largely fixed. Variations of costs from month to month are

minimal unless the firm is growing or shrinking. However, it remains important to monitor costs with a properly prepared budget. It is the revenue that can vary widely from month to month and presents the much larger challenge to manage. Indeed, every new matter accepted each day affects the future revenue of the firm.

We hope the content that follows leads you on a careful path over time toward the successful accomplishment of the objectives in the subtitle of this book. Many, but not all, of the Appendices are referenced in the text. The reader is encouraged to review the table of contents of all the Appendices. The Master Planning Worksheet at Appendix A-1 is your overall action plan, leading over time to the much more frequent occurrence of clients remitting timely payment of your bills in full through heightened client satisfaction and improved law firm morale.