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Preventing "Lawyer Meltdown" and Creating Productive, Profitable and Enjoyable Law Practices



Law Firm Business Plan Basics

By Allison C. Shields, Esq.

Whether you're a solo practitioner or you work for a firm, a business plan can be an exceptionally helpful tool. The business plan functions not only as a road map for your firm's future, but also as a means to evaluate past performance, identify gaps and take action to improve.

Having a business plan can help you prioritize, focus your efforts and manage your resources. By taking the time to identify your main goals, you can more easily determine which activities and clients to undertake and which to pass by - at least for now. The business plan can help keep you on track and avoid what some call "**Bright Shiny Object (BSO) Syndrome:**" rather than being distracted by every new idea or opportunity that comes your way, you can decide quickly and easily what deserves your attention.

Elements of the business plan

At its most basic, a business plan consists of the following elements: the **current assessment** and evaluation, the **vision and goals** you intend to achieve, the **strategy and action plan** that needs to be in place to achieve them, and a **periodic review**.

Current Assessment: Who am I/Where am I?

The current assessment consists of two parts. The first part, **Who am I** (or Who Are We?) takes a look at who you are as a lawyer - a brief history of your firm or your legal career and the reasons why you decided to practice law and to help these particular clients. It includes your **core values** and the **guiding principles** by which you do business and defines **what differentiates you** and your firm from others in the market.

The second part of the assessment answers the question, "**Where Am I?**" It addresses the marketplace and your competition. It also considers your biggest challenges. You should also rate **how you're doing** in several different areas including:

- Client service
- Administration and management
- Cash flow and finances
- Personnel and staffing and
- Professional development

Vision and Goals: Where am I going?

Once you have established where you are, it's time to look at where you want to be. What is the **future vision** for your firm? What kind of practice do you want to create? What do you want to be for your clients? What will your firm look like? What services will you provide?

In addition to creating an overall vision, you'll want to set **specific goals** in your business plan. These goals must be tied to a time frame. You can create 6 month goals, one year goals and three to five year goals. The pace of the marketplace and technology makes creating goals longer than five years in the future largely an exercise in futility.

When creating your goals, review both your **vision** and your **current assessment**. If you scored low in one or more areas on the assessment, you may want to create goals to address those issues.

Strategy and Action Plans: How will I get there?

Part 3 of the basic business plan is the 'meat' of the plan. You've taken stock of where you are and identified where you want to be in the future. You've set goals that will get you to that vision. Now the gaps between where you are and where you want to be should be apparent. This section of the plan addresses the means by which you will close those gaps to move closer to your vision.

Your **strategy** lays out the overall plan for how you'll reach your goals. For example, if one of your goals is to increase your client base by 20% over the next year, your **strategy** might include targeting a new industry and/or increasing your online marketing efforts.

Your **action plan** backs up and supports the strategy. The action plan contains the individual steps that must be taken to further the strategy. An action plan that supports the strategy of targeting a new industry might include action steps such as: identifying industry trade groups, attending trade group meetings, writing an article for the trade publication, or asking for introductions to potential clients within that industry. Each action plan should also include an **accountability** component.

To develop your action plan, ask questions such as:

- What are you going to do?
- Who will be responsible for doing it?
- How will it be done?
- Who will supervise each action?
- When will the action be completed?
- Who will be responsible for following up?
- What mechanisms will be put in place to determine compliance?

If you're a solo or small firm lawyer, accountability is especially crucial - you may need to go outside of your firm to identify others who can help keep you accountable. Coaches, colleagues, friends, spouses and even clients can help keep you accountable for reaching your goals.

Periodic Review: How did I do?

Business plans are only helpful if they're periodically reviewed and, if necessary, revised. The pace of business is increasing. In order to keep up, you've got to ensure that your business plan is current.

The only thing that's certain is that nothing stays the same. Who knows what new technology lies on the horizon? Will clients change the way they view legal services? Review your business plan to ensure that your vision is still valid. Look at the goals you set: how many of those goals did you reach? Have your priorities changed over the last year? Do you need to set new goals?

Even if your goals are still valid, you may need to change your strategy or create new action plans. Personnel and staffing changes may mean shifting responsibilities or new accountability measures. A higher value client base may signal new services that should be explored.

About the Author

Allison C. Shields, Esq., President of Legal Ease Consulting, Inc. is a former practicing attorney and law firm manager who helps law firms create more productive, profitable and enjoyable law practices by providing practice management and business development coaching and consulting. Contact her at Allison@LegalEaseConsulting.com, visit her website at www.LawyerMeltdown.com or her blog, www.LegalEaseConsulting.com.

