



11 Habits of Successful Law Firms Updated for the Digital Age

E-Book | Volume 2

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Introduction

Law firms that introduced the [11 Habits](#), particularly Habits 1 and 2, have suddenly received a massive competitive advantage. They will be able to capitalize on that. Those firms that have not yet done so, need to. The threat is existential.

This version of 11 Habits is informed by the 2020 Pandemic and highlights some of the areas where firms were ready for it, but more importantly it is for firms that are taking a long term view of their future as we believe the 11 Habits remain sound for the long term.

The most frequent question being asked at the moment is what the 'new normal' is for law firms.

The new normal isn't working from home; it is working digitally.

The top three impacts are:

- The way lawyers interact with their clients has changed forever.
- The way law firm owners run and manage their people has changed forever.
- Many court hearings will be online instantly and forever.

These changes are profound and each one raises complex human problems.

Practicing law is by its nature a very stressful career choice. These shocking new circumstances have introduced a host of new stresses that are going to have to be professionally managed to ensure that the mental health of lawyers and their staff is maintained. Because of the importance of having good habits around the maintenance of mental and physical health, I invited [Amanda Mead](#), a lawyer who specializes in coaching and advising lawyers in these areas to join me as co-author in this update to the 11 Habits, sharing some of her observations from the coalface.

The issues around stress and mental health cannot be ignored. Stress and depression are closely related and it is not possible to provide good advice or achieve sound legal outcomes if you are distracted by stress.

No law firm will survive if it does not urgently adopt the digital practices that the circumstances now demand.

Isolation illness is real. We need to recognize it and take active steps to manage it otherwise firms will fall apart.

Because of the urgency, I have also re-sequenced the habits, because no law firm will survive if it does not urgently adopt the digital practices that the circumstances now demand. I cannot emphasize the urgency enough.

Let's turn to the Habits now.

The Habits

'A habit is an acquired behavior pattern regularly followed until it has become almost involuntary; it is a result of repetition.'

Over the past 25 years, I have visited hundreds of small law firms throughout seven different countries. I have been fortunate enough to speak to the successful, the unsuccessful, the happy and the not so happy! This has seen me uniquely placed to understand what makes for a successful small law firm (1-100 people by my definition). All these successful firms have habits that are ingrained into their culture.

If you are frustrated at the situation in your firm, perhaps you wanted to modernize your systems but were prevented from doing so by partners approaching retirement, are planning a start-up, have an entrepreneurial instinct to improve your firm, or if you feel your life is out of balance, we believe that implementing these 11 Habits will help you succeed.

As is so often the case, most of the habits on this list will seem like common sense. But that makes sense too! Because these are the 'actions' we tend to take for granted, rather than make our focus. The tendency is to say 'I know that', the secret is to actually do what you know.

This E-Book includes checklists for the habits to help you with the planning and operation that is required to be successful. These checklists are your tools for action.

These are the Habits that we will consider:

- 1 Decide to be efficient.
- 2 Be an early adopter in the use of technology.
- 3 Enjoy practicing law.
- 4 Employ smart people and treat them really well.
- 5 Select the areas of law you like and focus on them.
- 6 Dedicate time to building the firm as a business and take the time to care for yourself as well.
- 7 Confront the challenges of getting paid to solve 'problems'.
- 8 Have standard processes and procedures in place for all matters.
- 9 Make compliance a natural consequence of running a firm well.
- 10 Become an expert in the client experience.
- 11 Understand the finances of your firm.

A common lament, usually from non-lawyers, but often from lawyers themselves, is that lawyers are poor business people. However, what is not sufficiently recognized is the entrepreneurial nature of almost every small law firm. To me 'my firm' and 'legal entrepreneur' often mean the same thing. The women and men who own and run small law firms don't have anyone to assist them financially. Frequently they start with no previous management experience either. Many of them start practice as solo or junior partners with very little experience. They rely entirely on their own skills and determination, not just for success, but for survival. They (that's you!) are courageous entrepreneurs.

These small law firms provide the operational framework for families and small businesses in our societies. Apart from helping clients with the law, they are increasingly required to play the role of alternative dispute resolver which was once the remit of the Church until its influence diminished in our society. Small law firms are increasingly important helping maintain the fabric of our civilization.

The word 'trust', i.e. 'fides' has been associated with the law so long ago that the concept was a principle of Roman Jurisprudence well before it was codified in the Institutes of Justinian published in Constantinople in the mid-6th Century amidst another pandemic.

Although seldom recognized by lawyers themselves, people approach lawyers because they trust the profession as a whole. They know there are consequences for a breach of trust. In many ways it lies at the very heart of the lawyer/client relationship. Your whole approach to the new client experience needs to be informed by this idea. Building client trust online requires a whole new approach.

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It can also seem that regulators pick on small law firms and that brings them into disrepute. Given that 89% of all law firms are small law firms (of 1-5 partners), it makes sense that this will be the case from a volume perspective, but all too often, like all small businesses, they are under-resourced. Many lack training in the 'business side' of their firm or even rudimentary bookkeeping skills. Despite these challenges, the overwhelming majority of the small firm lawyers I have met are genuinely dedicated to the calling of their profession – to help people in need. These under-trained and under-resourced lawyers generally persevere and survive.

We are offering these updated 11 Habits to help small law firms become more successful in the new normal. But as Amanda says, success is also about achieving your own personal goals and in being happy with the result, i.e. to become happier you also need to focus on yourself as well as your practice. You need to remain connected to the world outside of law as the historical divide between work and relaxation becomes blurred. Work at night now compensates for workdays interrupted by home life.

To succeed in your practice, you need to find the people in the firm keen on progress (they will probably be the ones who complain about poor equipment!). Get them on your side. They are ambitious and you should harness that ambition.

Introducing change is hard. It is unrealistic to expect that you could create all these Habits in your firm overnight or even simultaneously. But some are urgent. If you make a start and keep working on them, using the 11 Habits Checklists, you will be amazed at how the fortunes of your firm and your own life will transform for the better.

Habit One

Decide to be efficient

Large law firms, with large corporations and government agencies for clients, are often rewarded for inefficiency. We once showed a partner in a large firm how document automation could dramatically reduce the amount of time taken to produce a standard commercial lease. His response was 'why would I want to do that?'. Hourly billing rewards inefficiency in many of those firms. Not so for firms with private clients in the common areas of law.

Smaller firms understand that their very survival depends upon efficiency.

Those smaller firms understand that their very survival depends upon efficiency. Without efficiency it is possible to survive if you work every night and probably weekends too and be a martyr to the cause, but that is not a sustainable model for a happy life.

You need to be efficient to make money.

Despite the importance of the other ten habits, unless the principal lawyer or owner in the firm makes a personal commitment to efficiency and is prepared to lead and help others to follow, success cannot really occur. Only a few brilliant lawyers in specialized niches can charge day rates high enough to make efficiency irrelevant.

Contrary to arguments that time is better spent 'lawyering' for clients than worrying about efficiencies, I believe it is impossible to 'lawyer' confidently and well in a disorganized and inefficient environment. Efficiency also delivers an in-built competitive disadvantage against other firms who are not efficient.

Efficient and effective use of technology can also provide tremendous opportunities for you to create the most efficient and successful small law firm in your area. Changed circumstances are going to drag the most recalcitrant of firms into the digital era. It will be up to the leadership of each firm to ensure that the digital tools are used fully. But if you have already moved into the digital world you have a clear advantage because that is what your clients now expect from their lawyer.

Most lawyers seem to think that putting effort into compliance and bookkeeping is a good place to start. Consider this: bookkeeping is typically done by one or two, usually non-billable people in a small firm. But revenue is generated by lawyers. It therefore makes sense to make the lawyers as productive as possible and to give them the tools to provide wonderful client service. That's why efficiency must start with the firm's lawyers and their support staff, the producers of wealth, not the back office.

My own research and research conducted by others is that efficiency in the production of documents is the number one concern of most firms. Finding the right accurate document template quickly, capturing core data once only, being able to create and share documents is critical to achieving this. Even when the internet is down, lawyers and their staff need to be producing documents to be productive. Start here.

Efficient billing comes second. The accurate recording of every attendance and the time record when appropriate is essential. Time is your stock. It is shifting off the shelves every day and cannot be retrieved. If you don't capture it accurately, you and your firm will always be inefficient. With accuracy, billing is easy and efficient and what it does is it accelerates your cash flow and reduces working capital requirements. The most sophisticated management reports cannot compensate for lousy record keeping. Success starts with having every fee earner in your firm accurately record their 6 minute time records, every day.

Action Checklist

- Brief your lawyers on your plans and goals.
- Select the area where technology can instantly provide the biggest productivity boost for your lawyers.
- Identify staff to help with the project (outside consultants will never get as good a result as your own people).
- Find the software needed to have maximum impact.
- Focus on document production.
- Record time accurately.

Habit Two

Be an early adopter in the use of technology

Like it or not, if your firm does not keep up with technology, it will quickly become uncompetitive. Imagine for example a firm that has stuck with using typewriters. There is just no way that such a firm could have been competitive – it would have too many people and be too slow. It wouldn't even be able to attract great staff.

The technology shift to mobility and cloud computing is arguably as far reaching for small law firms as the shift to computers was 30 odd years ago. Fate in the form of a virus has now removed that choice.

Leaders of successful firms are always looking for ways to use technology to provide better service, faster and at a lower cost. In this way they stay ahead of their competitors and quickly gather clients from the firms that haven't adopted advanced technology.

Successful firms use technology to focus on:

- Having a single database of information for their firm;
- Having their productivity systems (practice and case management) and legal accounting and trust (client) accounting in one application. They also understand that it is inefficient and expensive to try to bolt applications together from different suppliers;
- Having libraries of highly automated legal forms, letters and agreements to maintain consistency and produce accurate documents quickly without needing special typing skills;
- Recording every activity as they go, (whether they time record or not) so that they can bill accurately and simultaneously comply with their legislated record keeping obligations;
- Using a fully featured compliant trust (client) accounting system. Trust accounting is easy if you have a good system and your staff know how to use it!
- Knowing their numbers;
- Providing a great online client experience so that clients feel involved in the firm and in their matters.

By running their operations on a low-cost, cloud-based system, tech-savvy law firms can use their computers at home and their smartphones and tablets in exactly the same way as in the office.

When writing version 1 of the 11 Habits this was a nice to have and the successful firms were out front.

It is now essential.

The 2020 pandemic will create many new challenges for law firms. In the past with a physical presence clients and potential clients had a sense of where your firm is and what sort of work it does. In the future it is likely that firms that wish to expand and prosper will have to undertake far more active marketing than they have in the past.

One of the ways of doing this is to use social media. There are a variety of ways of doing this that can be affective and subtle. In recent years, numerous Facebook groups have grown around special interests. Female founded law firms frequently and successfully use social media as a platform on which to build awareness of their firms. This is an alternative to face to face meetings, which can be challenging and time consuming in normal times, but now even more so with social distancing in place. Another approach to take is to build your professional digital network using a platform like LinkedIn, which allows you to connect online with your existing clients and prospects. It is a free and effective way for you to build your thought leadership and credentials in the areas of law that you practice, and in particular what you're good at. If you want to engage with colleagues there are also Community groups on LinkedIn for most legal topics.

We believe that you will find that technology becomes an integral part of attracting new clients.

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Technology also allows you to have more time for hobbies, walks and exercise and most importantly spending more time to connect with friends/family and sharing some of those better meals you have created in lockdown!

Good leaders navigate through uncertainty, partners, lawyers and staff should be encouraged to embrace change and technology, as it will be part of the new normal moving forward.

Action Checklist

- Do you have a single database? i.e. one version of the truth?
- Do you have a great library of automated legal forms that you don't need to be constantly updating?
- Can you easily record every attendance with full descriptions on every device?
- Can you reliably bill as soon as you are entitled to, trusting the data you entered when you recorded the activity?
- Does your trust (client) accounting system enable you to comply with regulations and provide your clients with a reliable and safe accounting service?
- Are you running your firm with the best cloud-based mobile technology?
- Do you have enough time built into your day for self-care?

Habit Three

Enjoy practicing law

It is said you can't succeed if you don't enjoy what you are doing. The lawyers who run and work in successful small law firms genuinely enjoy what they do. They have organized their firms and made conscious choices about the work they want to do and the clients they enjoy working with. Most importantly they are not stressed.

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From our observations there are major causes of stress, each of which needs to be managed and they include:

- Practicing law in areas outside your area of expertise without appropriate support;
- Setting unrealistic prospects of success in litigious matters;
- A lack of organization in the office and client files, with constant nagging fear of malpractice;
- The absence of clear financial arrangements every time instructions are accepted;
- A sense that you are not building something of real value;
- Taking on too much work and feeling swamped;
- Not having a person/mentor to discuss issues with when you are unsure of procedures.

These problems are often compounded by a very commonly held view that 100% of lawyer time needs to be spent on client related billable hours in order to succeed and running the firm can be done part-time. This is nonsense. Time needs to be set aside to meet with clients to garner feedback from them, to lead the firm, to manage firm affairs, to meet regularly with staff, to learn and to work on practice development as well as keeping a focus on the client experience. A leader probably needs to spend at least 20% of her/his time on these management issues, otherwise the whole business will suffer. Time efficiency is the key to success!

Successful small law firm managers recognize the important role this type of legal practice plays in our communities. People naturally seek objective truth and they trust that they can get that from lawyers. These leading lawyers also tend to be proud of the role they play in upholding the rule of law and helping people in need. In short, they like the choice they made to go to law school and read law.

Action Checklist

- Do the type of law that interests you.
- Set realistic expectations, particularly in civil litigation.
- Organize your client matters with a good case management system.
- Establish clear Retainer and Cost Agreements for every matter.
- Set aside time (an hour a day at least) to work on business development, people, systems, clients and potential clients.

Habit Four

Employ smart people and treat them really well

Our new world has made this habit even more important than it has ever been. So many people are now working in isolation and without close supervision. The smarter the people, the less stress and the less time you need to invest in guiding your people. Smart people tend to make good choices on their own.

Your staff are your biggest single expense other than yourself. It just does not make sense to treat staff badly, and yet so many small firms undervalue them and they are often subjected to abuse and bullying by stressed lawyers. However, the successful firms we have visited, treat their staff exceptionally well. They don't just pay their staff well (although they frequently do because they are successful and can attract better people), they also treat them well in their interactions. Their staff have good chairs, up-to-date equipment and clean work areas. If they are working from home they are properly set-up. Everyone is treated with respect. Their staff are cheerful and motivated and perform better in their work. Quality work delivered with cheerfulness also seems to attract new clients who will also recommend your firm to their friends. Make sure you have a system so that you can thank them!

Successful firms don't hold on to staff out of misplaced loyalty or fear of dealing with underperformance. Sentiment must be put aside if you are building a business because poor staff performance drags everyone else down. Leaders of successful firms understand that every staff member who doesn't fit in or is underperforming is not only costing money but probably damaging the firm's reputation as well. They are also probably personally unhappy or threatened. It is often in the interests of the staff member to move on too.

The more you train your staff the more they can do for you.

One of the biggest differences between successful and unsuccessful firms is their attitude to staff training. A partner in a firm once said to me that he did not want to spend money on training staff because they might leave! Unfortunately, this attitude is quite common. But, what a waste of people and their talents.

The more you train your staff the more they can do for you. Most people love being given more responsibility and clearly the more work you can delegate to lower cost lawyers or support staff, the more profitable your firm will be. So many small firms try to operate without trained bookkeeping help. Modern systems mean that very few firms need full time bookkeeping services, and most para-legals are perfectly capable of being trained in basic client accounting. Despite this, firms put their very existence in peril by not arranging even basic bookkeeping training for themselves or their staff.

Providing your staff with the very best tools enables them to do their job better and will ensure they are happy and effective employees. This applies to both hardware and software technologies. You simply cannot attract or keep great young lawyers and other staff unless you provide them with the best tools. Would you join an airline as a pilot if the airline had not upgraded its planes for 20 years? Probably not. The same applies to smart graduates.

Technology has become so cheap that firms can now afford the best systems, but it is overcoming inertia that all too often makes change hard. Your staff should be given the best systems to work with because it will make them even more valuable to you.

Action Checklist

- Organize regular training for your staff.
- Recruit the very best people you can find and afford.
- Provide a comfortable chair for everyone.
- Provide clean work areas.
- Encourage staff to take on more responsibility.
- Provide the best tools for them to do their job.

Select the areas of law you like and focus on them

In small law firms, particularly when just starting out, there is the temptation to do any work that walks in through the door. We understand the imperative of simple financial survival, but success also requires making choices. It is hard to build a reputation today as a generalist unless you perhaps have a monopoly in a region; the law is increasingly complex, it is risky; especially if you want to provide excellent legal advice which requires some specialization, and you also need to manage your risks.

A major cause of stress for lawyers is accepting instructions in areas of law they are unfamiliar with. It probably also leads to lots of bad advice and bad outcomes for clients. It can also waste a lot of time as well as efficiency. That's why successful firms:

- Develop deep expertise in defined areas of law thereby supporting higher professional fees;
- Select areas of law that sit together comfortably, e.g. residential property, estate planning and probate and family law;
- Are resourceful – they have systems in place to identify and get involved in new and emerging areas of law that they can capitalize on;
- Create a great reputation for the work they do thereby attracting more profitable work;
- Ensure their marketing is aligned with the services they provide;
- Have research materials available to help in their specializations;
- Mentor young lawyers (and paralegals) by constantly improving the skills of those around them.

It is of course possible to take a specialization too far. One of the great advantages the legal profession has, is that it is possible to build a very recession proof business. Relying too heavily on the property market is a classic case. In good times the temptation to just specialize in property is enormous. The danger of this is unfortunately being re-learned by many law firms, particularly those in the United Kingdom and Australia today.

Good firms don't expose themselves in this way; these firms make sure they have multiple revenue streams to cushion them when the economy changes by choosing to practice in areas of law that will be counter-cyclical, or which are consistent irrespective of economic cycles. Lending and debt collection are the obvious two that come to mind. Family Law and crime perform consistently and often counter cyclically.

The most successful firms during the economic downturn of 2008 were able to slightly change their business by continuing to work in their specialist areas, but by being more adaptable too. For example, if they practiced real estate, they focused on foreclosure work. If they specialized in family law, they acknowledged the increase in divorce rates that comes with economic stress and changed their systems to be more efficient. Firms around the world are being challenged in 2020 to make similar choices but in profoundly more complex circumstances.

It is essential to think strategically and understand what is going on around you – and the environment in which you operate. Strategic thinking like this also gives you choices so that your firm will prosper and grow in both good times and bad. Once chosen, focus all your marketing and training on the selected areas of law you have chosen. Your reputation will build, and the work will follow and your networks will grow.

Action Checklist

- Carefully select the areas of law in which you want to practice.
- Combine areas of law that mutually support each other.
- Cross-sell your services.
- Invest in the software, content systems and research materials that enable your staff to do work for you reliably.
- Train and delegate as much as possible to junior staff.
- Strategize creative ways to insulate your business against a recession by continuing to practice your favorite areas of law.

Dedicate time to building the firm as a business and take the time to care for yourself as well

The leaders of successful firms understand that building a firm takes time and it is the leader who must do this. In many small firms the principal is often the largest fee earner and the chief rainmaker. But from the observations we have made over the years, these leaders seem to get more done by delegating work effectively and setting time aside to work on their firms. Many have also stated that they dedicate about 20% of their time to building their businesses.

It is also important to realize that relying on 'word of mouth' to build a business is not a strategy. Although it is essential that you build a good reputation, to build a business you need to take action. It is not enough to think you can get away with a bit of marketing, although you do have to do that. The leaders of successful small law firms all realize that they must also properly package and sell their services. Their leadership makes them become, the 'go to person' in building important relationships, writing topical articles and running Q&A sessions.

Leaders of successful small law firms all realize that they must also properly package and sell their services.

For many lawyers the word 'sales' is anathema. But this is an issue which needs to be confronted. You can't sell anything without understanding sales. If you want more clients, you need to sell your firm. However, if you can consistently provide an exceptional client experience, that delivery of excellent service will do most of the weightlifting for you.

Successful firms ensure that there is constant alignment between the legal services offered, what their marketing material says across all mediums, and what they and their staff say when speaking to clients and prospective clients.

It is this alignment and consistency of messaging that builds a powerful reputation. It also makes it much easier for everyone in your firm to stay on message. And remember it is not enough to say you care on your website. People need to know you care from your behavior and that you genuinely want to help rather than wanting to just make money. When you go the extra mile, clients know you care. This is especially important in small rural and regional communities.

Firms that treat their staff and clients well become empowered as well as happy. Clients will take notice and will prefer bringing, as well as referring, work to that firm. There is an aphorism that states, "If you don't know where you are going, then you aren't guaranteed to get there!". Successful firms have a clear vision for where they want to go and how they are going to get there.

This means good leaders pay particular attention to:

- The vision which they share with their staff and clients;
- Employment Policies;
- Staff skills and happiness;
- Billing processes (from start to finish);
- Client satisfaction with the quality of service;
- Marketing.

They also 'know their numbers'. They count everything. A good practice management system will help you with this, but it's also very much a habit. For example, they will be able to track how many new clients they get per month and what the average client is worth, how many new matters they address per month and what the average matter is worth. They will also be able to instantly distinguish new clients from repeat, or existing ones.

Self-care for everyone in the firm is important and doubly so with isolation and distancing. Knowing how and who to ask for support when required and how to allow enough time for yourself and your family is also vitally important. So don't neglect laughter and doing more of what you love. Breathe deep – into your diaphragm – move – get fit – tidy – gain a sense of control – learn something new – have passion and be grateful for what you do have. A healthy, happy mindset is infectious!

Action Checklist

- Have and share your vision for your firm with all your staff.
- Adopt encouraging employment policies and practices.
- Understand your cash flow and working capital requirements.
- Provide quality service and listen in particular to disgruntled clients.
- Have a coherent and consistent marketing plan.
- Take care of everyone in the firm and know how and when to switch off and reenergize to.

Confront the challenges of getting paid to solve 'problems'

Despite the popular impression, and misconception, that all lawyers are fee-obsessed, many lawyers are very uncomfortable discussing money with clients. This may be due to a fear that their client will decide not to proceed if told the truth about costs. Sadly, these lawyers usually condemn themselves to lives of stress.

The leaders of highly successful firms confront these money challenges head on. To do so, they:

- Make it easy for clients to make payments online;
- Ensure that there is an appropriate Retainer or Engagement/Costs Agreement in place for every matter AND that it is signed. Good systems make this easy;
- Whenever possible they get a deposit from their clients, ideally sufficient to cover the next 30 days of work;
- Where appropriate, they set monthly payment arrangements in place from the start so that bills never get out of hand;
- They make sure that the firm then does precisely what the Retainer Agreement says it will do regarding billing and payment, which may mean ceasing work beyond the scope of the Agreement;
- They immediately provide a revised Retainer/Cost/Engagement Agreement when the scope of work changes;
- They make sure that every activity of every lawyer is contemporaneously recorded into a system so that they can manage their matters properly, bill accurately and comply with their professional obligations. This needs mobility and discipline;
- They bill regularly for small amounts, never letting the debt get out of hand;
- They then make sure that every matter is billed as soon as the firm is legally entitled to bill, and request retainer top-ups if necessary;
- They DON'T operate under the illusion that Work in Progress or WIP is income - it needs to be billed. It is amazing how common this problem is, and is often a major cause of dissension amongst partners;
- They make sure that the same rules apply to every lawyer in the firm, irrespective of seniority;
- Most importantly, they stop work if the client stops paying without making alternative arrangements – for example, to pay by installments.

Although the above list seems pretty obvious, why then do lawyers find it so hard? I think it is because so many of them have poor systems, making the act of billing a personal responsibility rather than a necessary firm activity. With good time recording and billing systems, it becomes easier to explain and de-personalize the process, removing the idea of fee earner discretion – clients know that they need to pay, and should simply know how much and when.

There are some astonishing figures on the percentage of matters proceeding without a signed Retainer in place. With a good system this should become standard operating procedure using automated templates for each Matter Type recognizing all the subtleties of practice in the different areas of law.

If you choose to introduce just one habit to get started, make it this one as it will act as encouragement to do the rest.

When excellent firms address these challenges, they can:

- Charge more;
- Get paid faster;
- Have less stress;
- Have lower working capital requirements because of it; and
- Stop wasting time chasing unpaid fees.

If you choose to introduce just one habit to get started, make it this one as it will act as encouragement to do the rest. Recognize that how you retain and bill your clients is very possibly the most important part of the Client Experience. It is the moment your performance is judged.

Action Checklist

- Put standard Retainer Agreement arrangements in place for all matters.
- Update Retainer Agreements immediately upon any change in the scope of work.
- Establish a regime where every task done is accurately recorded on the go.
- Organize to bill regularly for small amounts in every matter.
- Make sure you bill as soon as you are entitled to.
- If you are not paid on time – stop work!
- Bill in plain English and plain arithmetic.

Habit Eight

Have standard processes and procedures in place for all matters

This is what the opening paragraph stated in version 1 of 11 Habits: “Unfortunately, far too many small law firms are badly organized which is easy to see just walking into their offices. Usually they have physical files in piles on cabinets and sometimes even littering the floor. Often, they will say this shows how busy they are, but in reality, it just displays how disorganized they are. Physical disorganization has a massive negative impact on everyone in a firm, including clients who come in to see you.”

It is only weeks ago we write this, but it feels like an age ago that was the norm. In a digital world this scenario is going to disappear quicker than otherwise, but many firms will probably return to their old ways once they return to the office. It is critically important not to replace physical chaos with digital chaos.

You need systems.

When operating with a fully Electronic Matter you instantly locate the client file in your computer system using the client’s name, matter name or file number. You have the financial status of the matter and all incoming and outgoing correspondence immediately available to you. Within seconds you can start usefully helping your client, doing the work you love, and delivering what your client wants to pay you for.

In successful law firms this is the standard. Anything less represents a failure. Good leaders understand the full impact of organizational chaos as it:

- Is inherently inefficient;
- Does NOT impress clients;
- Creates and elevates risk;
- Results in a firm wasting time and making less money.
- Creates unnecessary stress for lawyers;

Successful firms are so organized that anyone, no matter where they are located, can literally ‘pick up’ a matter and understand it, because the entire firm has a standard approach. This also means that the information itself can be stored in both paper and electronic files. When good administrative processes are in play, lawyers devote most of their time to law, not to clerical work. This also removes a significant amount of stress on lawyers and enables them to enjoy their practice more. Best of all, clients notice this and are inspired by the organization and focus that they witness.

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In summary, the following key areas deserve greater attention by small law firms if they are to become successful.

- 1 Have only one database of client and matter information for every client and matter. You cannot be efficient if your starting point is always wondering if the data you are looking at is accurate and up to date. This requires a good software solution that combines time recording, document production and management, legal and trust accounting and billing in one integrated application. If you do just one thing to get organized, do this.
- 2 Have just one way of opening a new client file and make sure that every member of staff accesses every client file the same way with no exceptions.
- 3 All standard documents should be electronically organized and easily available. This saves you from searching manila folders for the relevant information.
- 4 All information about a matter can be accessed instantly, and if necessary, client conflict checked.
- 5 Both lawyers, as well as staff can share matter information including documents with clients online.
- 6 All use plain English in every communication and ensure all communications are understood.
- 7 Standardize billing procedures then adhere to them religiously.

Action Checklist

- Figure out where in your firm negative client interactions are occurring and fix them.
- Investigate where you are wasting time within your own daily practice.
- Address and fix these issues with good software and procedures.
- Make sure your staff are well-trained, have access to and are on-board with these procedures.
- Watch the repeat and referral business roll in!

Make compliance a natural consequence of running a firm well

The leaders of successful small law firms implement systems with standard procedures, processes and checks and balances to ensure that compliance is a natural consequence of running a firm well.

They have professional rules relating to:

- How a file is run;
- How the lawyer conducts her/himself;
- Client (trust) money.

In well-run firms someone must be responsible for ensuring that everyone in the firm complies with the rules as well as applies common sense to the job at hand.

Successful firms ensure that research material is available when needed and guidance (rancor-free mentorship) is available and provided when needed. They also ensure that performance is routinely reviewed.

These firms also have systems in place for managing both client/trust money and do not require complicated bookkeeping knowledge. Just honesty.

It is worth noting that The Solicitors Regulatory Authority in the United Kingdom has created a regime that combines discipline and common sense and might be a good model for other jurisdictions to adopt. In the UK, every law firm is required to appoint:

- A Compliance Officer Legal Practice (COLP); and
- A Compliance Officer Financial Affairs.

In small firms these roles are often held by the same person. Responsibilities are clearly articulated and involve submission of an annual compliance report and an obligation to report any transgression that might have occurred between these reports. Having a structure within which to operate makes it a lot easier for a leader to manage. Requirements are known. Behavior is monitored.

Successful firms use modern systems and manage their firms diligently. This diligence also helps reduce the risks of having to face stressful disciplinary proceedings for failing to comply with ethical or regulatory compliance just because you are disorganized.

Successful firms use modern systems and manage their firms diligently.

Compliance should be a natural consequence of good systems, and is in successful firms.

Action Checklist

- Make sure each staff member has access to research and guidance materials.
- Put a staff member in charge of ensuring and reporting on compliance issues.
- Facilitate random file reviews.
- Enable random client (trust) money checks.
- Review compliance reports for the entire team and make and take suggestions to improve compliance.

Become an expert in client experience

We have hinted at this in some of the previous Habits. The bedrock of a good customer experience is embodied by establishing good communications and by building good rapport with your clients from their very first meeting with you. You need new skills. Many of these first meetings will be by phone and video in future. It will be the rule rather than the exception for many firms. Successful law firms effectively embed great customer service throughout their culture. They are also specialists in communication. From the start of an engagement, until the matter (no matter how big or small) is completed, you must keep the client fully informed about the progress of the matter they have brought you. Bill fairly and often to avoid 'bill shock'. By doing so, you will consistently demonstrate how your firm values them as a client.

Successful law firms effectively embed great customer service throughout their culture.

It is also well known that referrals from happy and existing clients are a law firm's primary source of referrals. Successful lawyers never overlook the importance of delivering outstanding customer service.

We previously mentioned the rapidly emerging importance of using social media to build your law firm and we think that it is an integral part of the new Client Experience. Whilst existing clients are the primary source of new work for established law firms, new firms need to find new clients. And increasingly, existing firms need to defend themselves from the inevitable attacks from the new firms. Products like LinkedIn are tremendously powerful but are not generally understood and are misused by most lawyers. The most important insight we can share is do not spend time connecting with other lawyers, after all, you do not get work from them! You need to connect with influential people in your client base, or in the market segment where you want to work. You need to understand how high-quality engagement (Likes/Comments/Shares) on the platform reflects the market's perception of your firm's thought leadership, pay close attention to detail and ensure only high quality content is posted by your firm.

The world has changed. You will be surprised by the number and value of relationships that are built online today.

Using social media in conjunction with a well-designed Web Portal, you can provide all your clients with a single point of access. This means clients can interact with your firm anytime it is convenient for them to do so. Best of all, these self-service portals allow your clients to complete intake forms, book appointments, pay bills, make deposits, view their matter financial and read and comment on documents, all at the clients' convenience 24 x 7.

Action Checklist

- Showing courtesy in every interaction is integral to the delivery of Customer Service.
- Training each of your firm's lawyers to be 'nice' is also key.
- Keeping in constant contact with matter updates demonstrates Customer Service.
- Create and maintain a client focused newsletter.
- Provide innovative ways for clients to work collaboratively online, and to interact with your firm using 'easy to use' self-service portals.

Understand the finances of your firm

Unfortunately, most lawyers receive no training in financial management or even basic bookkeeping.

But, the principals of successful small law firms are different. Without exception, they understand the finances of their firms. Even if they don't have a natural aptitude for numbers, they have taken steps to remedy this and as a result they:

- Understand the economics of the firms; AND
- Understand the economics of a matter.

Running a small firm is no different from running any business. To successfully grow a firm, understanding the sources of capital and the stock of available time and effectively managing them is critical.

To successfully grow a firm, understanding the sources of capital and the stock of available time and effectively managing them is critical.

The most important source of working capital, or cash flow, for small firms is the revenue generated from legal work and with stable working capital you have choices. Without it you have stress and uncertainty about the future. The best firms don't always charge the highest rates, though some may because of the quality of service they provide. Rather, they:

- 1 Ensure that they have a deposit in place to cover initial fees and disbursements whenever possible;
- 2 Ensure that every activity (in and out of the office) is accurately and contemporaneously recorded, eliminating guess work from the activity recording and billing process. N.B. A failure to accurately record billable work is the single biggest source of revenue loss in every law firm we have ever encountered;
- 3 Ensure that bills are generated as soon as appropriate;
- 4 Ensure that everyone in the firm - without exception, including principals and partners - generates bills using the same system;
- 5 Ensure that bills are actually sent! (And, yes, we have seen many generated bills resting peacefully on desks and windowsills in the offices of lawyers);
- 6 Make it easy for clients to pay using modern online payment methods;
- 7 Follow up debt to ensure it is paid on time.

With a good understanding of revenue, excellent firms also understand which matters are the most profitable. This also means they need to pursue profitable work or accept the fact that unprofitable work is a marketing expense. 'Loss leader' work. Measuring 'matter profitability' is not easy. But by keeping accurate time records for every matter (whether billable or not), you will be able to measure the time spent against the amount charged, and then measure it against the base cost of the lawyer providing the legal advice. In this way, you can adjust your firm's charge rates to achieve the desired profitability level.

Maintaining your firm's charge rates requires a deep understanding of the value of the services you provide and the means of the client base being serviced.

While it's true that no legal firm has ever 'saved' its way to success, the leaders of these great firms are obsessive about understanding and maintaining cost controls and are particularly careful about managing expenses. These costs are so easily incurred, and yet, in the absence of discipline, easily overlooked when billing. This risks converting a client cost into a firm expense.

Successful firms have moved away from only looking at their financials as historical 'how did we do last month?' documents. But, it is still remarkable how many firms try to operate this way.

That's why successful firms monitor performance daily through automatically generated performance reports. This means that instead of being historians, you can immediately identify financial issues regarding a lawyer performance or client delinquency as soon as a problem appears and take action early. They are on top of the financial performance of their firm each day, not just once a month.

Action Checklist

- Understand the finances of your firm.
- Understand the profitability of different matter types.
- Ensure that every activity is recorded.
- Don't continue working if bills are not paid.
- Be proactive about managing revenue and costs and stop managing history.

Summary

These 11 Habits are the hallmark of all highly successful law firms because these Habits mean:

- 1 They are efficient.
- 2 They are early adopters of technology.
- 3 They enjoy practicing law.
- 4 They employ smart people and treat them really well.
- 5 They have selected areas of law they like and focus on them.
- 6 They dedicate time to building the firm as a business and take the time to care for yourself as well.
- 7 They confront the challenges of getting paid and solve them.
- 8 They have standard processes and procedures in place for all matters.
- 9 They make compliance a natural consequence of running a firm well.
- 10 They become experts in customer experience.
- 11 They understand their finances.

It is important to remember that transformation takes time and action, but you have to take the first step.

Of course, there are so many other things that successful firms do. But, these 11 Habits reflect the essence of what we have observed across a broad cross section of firms doing different types of law in different jurisdictions.

In conclusion, it is important to remember that transformation takes time and action, but you have to take the first step. Engaging a coach to help you overcome internal resistance and kick start the process of change is often the best way to do it.

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Learn more about the 11 habits at:

11habitsconsultancy.com/introduction