

five your firm years

Strategic planning efforts are essential for any law firm wanting to grow its staff, client base, and revenue. Are you ready to face the future?

BY ERIN BRERETON

Fast growth can trigger vast financial success for a law firm on the rise – or cause a multitude of problems.

Law firms grow by taking on business and then hiring associates to handle it. But how do you prepare to find, train, and house an increased number of attorneys?

How can you strategically schedule expansion, and how do you set financial goals as you're trying to keep up with client needs?

Even with the most careful planning, growth rarely comes without growing pains.

"If small issues are not proactively addressed, they can become large issues and negatively impact productivity and profitability," said David Galbenski, Esq., Chief Executive Officer of Lumen Legal, a human resource recruitment and consultancy firm that works with law firms.

For a law firm looking to grow its staff, client base, and revenue, that can be a damaging prospect.

CREATING TARGETED GOALS

For many firms, staff increases are no accident. Boston-based Wolf, Greenfield & Sacks PC grew 8 to 10 percent per year between 2004 and 2007, according to firm President/Managing Partner Timothy J. Oyer.

In December 2004, the firm had 20 technology specialists and 39 attorneys. The firm now employs 75 – a carefully cultivated number that is the result of Wolf Greenfield's constant re-evaluation.

"We made a commitment that we would reassess growth at least every five years as part of our strategic planning process," Oyer said.

The firm's most recent self-assessment took place two-and-a-half years ago, beginning with the establishment of a strategic plan committee, which Oyer noted "can do largely what it chooses, but will be guided by what we have done in the past." The second step in the process involves surveying firm attorneys, giving them the chance to rank the importance of factors such as time spent with family, the ability to personally manage clients, and chances to choose certain types of technical or legal work.

Next, the firm surveys the industry.

"We look at our clients, what they provide us, what we provide them, and what needs to be changed," Oyer said. "We look at market forces, talk to consultants, read relevant articles, and try to find out as much as we can about what's happening in the intellectual property legal space and what people will predict will happen."

The result: A roadmap for the next half-decade of firm modifications and goals.

Washington, D.C.-based Sterne Kessler Goldstein & Fox PLLC's planning began several years ago. The firm studied the market and determined certain areas – including Biotechnology, High-tech, Electronics, and Patent Litigation – were primed for growth, and prepared to increase its staff and business in those industries.

Five years ago, Sterne Kessler had 220 employees, 50 of which were attorneys. The firm now has 290 employees – including 91 attorneys, 41 patent agents, and 22 legal assistants – and the firm believes such growth is exactly what its clients needed.

"Last year, we were dead on target with our growth strategy and predictions," said Robert K. Burger, Chief Operating Officer at Sterne Kessler.

"A big part of our planning process is to have conversations with our clients about their future needs so we can feed that into our strategic hiring plans."

HIRING HELP

Determining you need help is one challenge – finding that help can be entirely another.

Some firms, such as Pryor Cashman in New York, which grew 10 percent last year and has expanded from 70 to 125 attorneys in the past decade, have found recruiters familiar with a firm's needs can help to provide a constant crop of new employees. "We have a relationship with a number of recruiting firms who know our firm," said Pryor Cashman, Managing Partner Ronald Shechtman. "They know its culture, our strengths – they probably even know our weaknesses. We target our priorities and look to them to develop the candidate."

Assessing priorities is an essential part of Wolf Greenfield's hiring process. The firm has turned away senior candidates who had solid business generation prospects because it felt they wouldn't fit in with the firm's culture, according to Oyer.

The firm also is careful to hire only what it can handle.

"If a shareholder said, 'I could bring in a new client who would give us 20 percent more new business each year,' but it would take us outside our ability to integrate and train our people, we wouldn't want to do it," Oyer said. "We turn away work on a regular basis, and we're happy to do that where needed if the new work would not meet our needs in the long term."

If you need immediate help, but your firm isn't sure of its future attorney needs, Galbenski of Lumen Legal suggests supplementing your staff with contractors, who can take on duties like reviewing work in large-scale litigation.

"Contract attorneys and paralegals can be employed on a temporary basis until the future workload is more certain," he said. "[And then] law firms are more equipped to staff up or down to address fluctuating workloads."

WELCOME ABOARD

Ingratiating new members of the team isn't always as simple as showing them to their offices. For young associates, light training may help acquaint them to the workplace – but don't keep them away



Last year, we were dead **on target** with our **growth strategy** and predictions. A big part of our **planning process** is to have conversations with our clients about their **future needs** so we can **feed** that into our **strategic hiring plans**.

from the real work for too long, says Sean O'Neil, a legal industry management trainer at consulting firm One to One Leadership.

"New hires have lots of non-billable time early in their tenure, [but] firms should resist the urge to fill that with orientation activity," said O'Neil. "Monthly and quarterly milestone activities should be in place to force firm leaders to stay connected with the new hires and ensure they are developing well and continue to feel valued."

For firms whose members find themselves already overloaded with work – which is often why hiring occurs – offering training assistance can help.

Wolf Greenfield offers its partners financial incentives to participate in new employee development, basing shareholder compensation, in part, on their efforts toward training, e.g. conducting seminars and classes for associates, Oyer says.

Sterne Kessler has four full-time employees who are responsible for training. The firm also has a program in which its partners teach various subject matters, such as patent claim drafting, each month. Of course, programs won't help ease of the changes growth brings – new faces.

"The biggest challenge is getting to know all of the new people," said Burger. "At our holiday party this year, we had to wear nametags! So we all have to work extra hard now to get to know everyone and make sure that folks are properly oriented and trained."

The different methods may vary from firm to firm, but strong hiring and assimilation practices can help net solid employees – and give firms some free PR.

"If new hires like what they see at their new firms, they are likely to refer friends from previous firms or law school to their recruiting departments, thereby improving the candidate pools and reducing headhunter expenses," O'Neil said.

However, although hiring and training are important steps in firm growth, be careful just how much emphasis is placed on new employees – or that might be the last growth you see for awhile, Galbenski advises.

"Too often, firms focus all of their energies on the new hires while neglecting existing employees," said Galbenski. "The risk of not focusing on ensuring career satisfaction for current employees is that, right when the firm begins to achieve scale and benefit from the new hires, turnover occurs in long-term employees, and growth stalls or is choppy at best."

ROOM FOR IMPROVEMENT

A growing staff needs somewhere to work – which makes office space a huge consideration for firms primed to expand.

The best way to efficiently plan for future space needs is to first consider what space is really needed and what space you already have, Galbenski says.

"Law firm management should ask: Can existing space be reconfigured to accommodate more professionals?" he said. "Can certain professionals benefit from [working outside the office] because they're not frequently using the office? Questions along these lines can help determine if the firm actually needs the additional space prior to committing to the incremental fixed costs."

Office space needs come up in just about every executive committee meeting at Sterne Kessler.

"We have a long-term space plan, which has worked out almost perfectly," said Burger. "We look at prior space trends, our space availability in the building, and plan ahead accordingly. And, when it hasn't worked out, we've always been fortunate enough to find additional space in our building. We



Our firm mantra is to attract, develop, and retain excellent people who share our values. Every decision we make is made against that backdrop – whether we’re evaluating space or client opportunities. The value of positive relationships between people who are committed to working toward common goals cannot be overstated.

have a very strong relationship with our landlord and other tenants.”

As Pryor Cashman has grown, it has absorbed space in office buildings next door to its original space, creating one cohesive office by connecting units in three separate office buildings.

“We’re quite unique because we’ve broken through walls in three different buildings, with three different landlords, to maintain our pace,” Shechtman said. “We’ve had so much growth in last 10 years, we’ve had to do it.”

Pryor Cashman currently sublets 6,000 square feet of office space in its complex that it anticipates needing to move into later in 2008. This approach has allowed the firm to plan ahead without paying for growth upfront.

GROWING THE GREEN

Office space can be a huge – and volatile – budget consideration. But it isn’t the only expense that firms struggle to estimate as they grow.



Delegating accountability – and responsibility – for each section of a firm’s budget helps Sterne Kessler to keep track of costs during the year.

“We cautiously watch over the numbers at the partner level, the practice group level, and at the executive committee level,” said Burger. “We have a committee structure, headed by a director and an administrative manager. Each committee is responsible for managing its budget and making good use of firm resources.”

At Wolf Greenfield, budgets are set based on revenue and personal projections. However, hiring can cause changes.

“We typically exceed budget every year by a predictable amount,” said Oyer. “In some areas, for growth, we’ve made investments. For example, we may have hired a lateral in a position where we’d planned to hire a junior associate, which might affect the budget.”

Pryor Cashman has tried to keep salary costs down by designing a less-stringent bonus structure.

“The cost that is hardest to control is cost for quality associates,” said Shechtman. “Our firm has not matched the full increases that the large national firms have done, but we’ve created a bonus arrangement at lesser hourly levels than other firms.”

Large firms typically require 2,000 hours to get a bonus; Pryor Cashman requires 1,850. As a result, Shechtman says, it has “no trouble hiring lateral associates from large firms who are looking for lifestyle change.”

COMPANY CULTURE

As a firm grows larger, it may gain more revenue – but it may also lose all sense of company culture, according to Galbenski.

LEARNMORE

ALA Resources

These titles are available through the ALA Bookstore, www.alanet.org/bookstore:

- *The Lawyer's Guide to Strategic Planning: Defining, Setting and Achieving Your Firm's Goals*, by Thomas C. Grella and Michael L. Hudkins
- *Think Ahead: How to Prepare a Law Firm Strategic Plan*, Updated by Paul Andersen

The following resources are accessible via ALA's Legal Management Resource Center. Visit <http://thesource.alanet.org> and type keywords "**strategic plan**" in the search engine.

- "Break from the Pack with a Strategic Plan: Create a Long-Term Strategy for the Next Millennium"
- "Driving Growth Through Strategic Planning"
- "How to Take Your Strategic Plan from Paper to Action"

The following articles are available in the *ALA Management Encyclopedia*SM (ALAME), www.alaencyclopedia.org:

- "The Administrator's Role in Strategic Planning"
- "Profit Planning: Creating a Profitability Component for Strategic Plans"

The following article is available in the Publications section of ALA's Web site at www.alanet.org/publications/legalmgmtissue.archives.janfeb07.aspx:

- "That's the Plan: Strategic Planning for Law Firms" by H. Edward Wesemann, January/February 2007 issue of *Legal Management*

On the Shelf

The following title is available for purchase or download through many online retailers, including www.amazon.com:

- *Applied Strategic Planning: How to Develop a Plan That Really Works*, by Leonard Goodstein, Timothy Nolan, and J. William Pfeiffer

Oftentimes, a byproduct of growth is an unintended shift in firm culture that can make original members of the firm long for the old days and old ways, [which] can inhibit management's ability to execute the growth strategy," Galbenski said.

Company culture has been a significant area of interest at Wolf Greenfield during its expansion. The firm set up practice groups eight years ago that meet regularly to discuss workflow, business opportunities, and firm cultural issues.

"We have had a set of meetings over the past six months in which individual practice group leaders have made presentations on the strengths and needs of their groups," Oyer said. "We looked at it from a group perspective. It creates a culture of teamwork between groups."

As work grows, it's critical for firm leaders to make sure that attorneys feel like part of a larger organization, and not like worker bees overwhelmed with tasks.

"[Sterne Kessler has] a very team-oriented atmosphere," Burger said. "This year we had three formal firm retreats aimed at improving communication. We also have a sundry amount of monthly and weekly practice group meetings, associate/director lunches, as well as smaller individual meetings."

Added Shechtman: "[Pryor Cashman has] regular breakfasts and meetings and social occasions where we make sure our people get together. For a mid-sized firm, there is an enormous informality as to

how people work, so people very quickly know everyone in their departments."

CREATING CONTINUED GROWTH

The potential payoff is huge: One to One's client surveys have found employees are much more likely to stay at a firm if they have close relationships with their co-workers.

"Depending on the practice area, lawyering at big firms can be an isolating experience, and busy lawyers can go days without meaningful interaction with fellow lawyers," O'Neil said. "Without finding ways to intentionally create interaction among new hires and the larger firm community, firms stand to facilitate associate turnover."

The theory makes sense. Encouraging attorneys at all levels to buy into their firm can help increase productivity, job satisfaction and retention – and, ultimately, spur additional growth.

"Our firm mantra is to attract, develop, and retain excellent people who share our values," Oyer said. "Every decision we make is made against that backdrop – whether we're evaluating space or client opportunities. The value of positive relationships between people who are committed to working toward common goals cannot be overstated." *

about the author

Erin Breerton is a freelance writer based in Chicago. Contact her at erinbreerton@yahoo.com.