

## BUSINESS &amp; CAREERS

# Make a business plan to achieve success

VALERIE MUTTON

Most lawyers in private practice follow the *Field of Dreams* model of business planning; build it, and they will come. While that philosophy works, up to a point, it may not take your business in the direction you want it to go. Instead of waiting for the business to walk in the door, it may be more financially advantageous—and ultimately more fulfilling—to have a goal in mind about where you want your business to be. A financial analyst can help identify where your firm is losing money, but it can be quite expensive to hire one. Instead, here are some ideas you can try yourself:

## First things first:

### Make a business plan

Business plans aren't meant just to impress bankers. Even if you aren't borrowing money for

your law firm, there's still a good reason to do a business plan: vision. Now is the time to create the practice of your dreams—on paper first. Think about what makes you unique as a lawyer, what services you can offer that will make you stand out from the crowd, and what sort of practice you'd like to have in one, three and five years from now.

And, just like you tell your clients to review their wills, you should review your business plan and update it regularly. According to Dan Pinnington, director of PracticePRO, "Review the goals you have set, and if you find yourself falling behind, take corrective action before it is too late." This will keep your goals front and centre in your



Pinnington

mind, and will help you know when you are getting off-track.

### Next Step: Look outward

It is possible to be extremely busy yet make no profit. It's important to figure out why.

What sort of work creates the highest receivables? You might consider reducing your percentage of that type of work. Do you end up billing less than your optimal hourly rate on some files? If it meets personal goals, like dedicating time to social justice cases, that's fine, but since you are running a business, remember to keep the bottom line in mind.

Lawyers are also notorious for doing the work first and foremost, and forgetting to bill for it in a timely fashion. Don't let your work in progress sit around unbilled—the longer it remains unbilled, the harder it is to collect. Aging, unbilled work in progress can also be a

sign of problem clients, if you are avoiding billing them. And if you find that you have a lot of work in progress (WIP) over six months old, consider whether you are procrastinating or relying too much on contingency fee files.

Pinnington also advises making sure your retainers are sufficient. "Often, the retainer doesn't cover the full cost of the services and is not replenished. The end of the matter approaches with a substantial amount owing...If this has happened to you, consider changing your fee agreement." Another useful tactic to avoid receivables is to take credit card payments.

Also take a good look at your client mix. Is it working for you? If you aren't getting the type of clients you want, it may be time to start networking—perhaps by giving seminars for a target client group.

### Next Step: Look inward

Once you've looked at your client selection and billing practices, take a look at your office expenses. Is your overhead too high? Look for areas where you can economize without reducing your efficiency—perhaps use voicemail instead of a receptionist, and cut down on photocopying by using electronic transmission wherever possible. It's also important to make sure the lawyers in your firm stay healthy and productive, so make sure they take regular vacations and are able to manage their stress level. Also consider the roles your associates, if any, should be playing in the firm's success. They should be billing approximately three times their salary in order to carry their weight.

Lawyers often don't calculate how much they need to bill in order to make the income they want—they just know they're not

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## Going paperless at the office is possible with some astute planning, determination

If a clean desk is a clean mind, what do the papers on your desk say about your mind?

Increasingly, lawyers answer that question by replacing piles of paper with that most prominent of paperless-office machines, the scanner.

While critics argue that you'll find paperless offices when you find paperless restrooms, the misnomer hasn't prevented people from reducing the amount of paper they use, nor from sharing their experiences and lessons learned along the way.

### Reducing the workload

Brock Smith, a partner in Clark Wilson LLP's Technology and IP Group, finds traditional office copier-scanners cumbersome. "They're not mouse-driven, they're all touch-screen," he explains.

But the models in his office can perform all related tasks—optical character recognition (OCR), emailing, filing and so forth—as part of the scan operation. "You only have to deal with it once," Smith says.



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### Support scanning enthusiasts

Smith describes himself as one of the lawyers who drink the "paperless office Kool-Aid." So when the firm rolled out about a dozen MFPs (multi-function printers, all-in-one scanners, copiers, printers and fax machines), he had one directed to his assistant's desk.

"Everything that arrives for me gets scanned," he says, "then filed directly into our document management system."

### Reduce wait times, part one

Clark Wilson staff didn't take to scanning right away. "There were ten-minute waits to get to scanners," Smith recalls. That experience caused the firm to accelerate its scanner rollout, which included the aforementioned MFPs. "Scanning went up dramatically," Smith says.

### Reduce wait times, part two

Scanning speed also makes a difference. Since faster scanners generally cost more, law student Omar Ha-Redeye offers the following suggestions: small offices can make do with speeds of 25 pages per minute (ppm), midsize firms may opt for 50 ppm, and large firms can go for 100 ppm.

"If you want to move massive numbers of documents, you don't want people sitting around," Ha-Redeye says.

### What to scan

"We scan every document," says Toronto real estate lawyer David Feld, adding that people ought to scan documents that they will use more than once.

### How to scan

Another potential obstacle: different scanning procedures in separate departments. These can frustrate junior lawyers who work across different practice groups whose inconsistent policies (whether to scan, what paper to keep and so forth) can cause confusion.

The solution: a universal scanning policy. "As difficult as that may be for the lawyers to handle at the outset, they get used to it," Smith asserts.

### Making documents "findable"

Scanners can create image files from paper documents, but lawyers want more. OCR makes the text in scanned files (Adobe PDFs are the undisputed standard here) machine-readable which, when combined with a powerful search tool, greatly lessens the time it takes lawyers to find documents that contain specific keywords.

"It's all about searchability," contends Ha-Redeye. "If you're not going to use OCR from the get-go, don't bother scanning. I just don't see the point."

### Naming files

Smith's firm did not use OCR from the get-go, relying instead on consistent file naming practices. He admits that OCR plus a universal search tool would lessen, but not eliminate, the need to name documents. "We

don't want 87 documents named 'scanned document,'" he says.

### Creating readable files

Digital documents look clearer when scanners capture the paper versions at higher resolutions, especially when they contain anything not written in black.

Resolution, however, comes at a price—much larger files. Sometimes the price is worth paying, like in the case of architectural drawings or photos, but for plain text documents, 600 dpi (dots per inch) suffices.

### Add some colour—sparingly

A colour scanner can come in handy. Smith suggests keeping it set to black and white by default since colour scanning, like higher resolutions, creates much larger files even if the originals are black and white. "I've annoyed clients with this," Smith admits.

### Fast finding

Even if everybody minimizes file sizes, PDFs will pile up on file servers.

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## Reducing paper great long-term goal

### Paperless

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Ha-Redeye recommends getting fast document servers to speed up searches through PDF haystacks. “Servers can get bogged down when many people search for documents at the same time,” Ha-Redeye says.

### Backups

Closely related to file server capacity is backup. Feld goes the extra mile to protect his information. “We use multiple systems,” he says. “Our data is backed up to four drives as it hits the server, then it gets incrementally backed up to another four drives, then it gets backed up nightly to an offsite secure server.”

Smith’s office backs its files up in another province. Also, the firm uses mirrored drives on-site to prevent disruptions. “If the main drive is on fire, most users don’t know there’s a problem unless they smell smoke,” he quips, “and then they run.”

### Software

Scanner makers bundle software like Adobe Acrobat with their wares, but Ha-Redeye’s Acrobat experience hasn’t been entirely satisfactory. “For older documents that contain different font sets, it’s more challenging for

Adobe to recognize words, so I use ABBYY FineReader,” he says. “It seems to get just about any text or font type that causes problems for Adobe.”

### Benefits

Feld offers encouragement to prospective paperless lawyers. “It’s worth the initial headaches as you make the transition,” he says. “The end result is a super-efficient office. With no paper around, you it makes it easier to focus on one thing at a time and it avoids spillover of paperwork from one file to another.”

Benefits can also be financial. Case in point: Smith’s office no longer houses a filing cabinet.

“We didn’t think that we would be able to pull filing cabinets out of people’s offices, go to smaller offices and reduce lease space just by going to a paperless office model,” he says.

“It’s becoming an expectation for new lawyers,” adds Ha-Redeye. “If you’re not going paperless, if you don’t have the latest scanner technology, you’re not a place where people want to work.”

“If I can make 300 billable hours more at another firm doing the same amount of work, just because they have better systems there, I feel more fulfilled and I feel like I’m getting more out of my time in the office.” ■



PAUL LAWRENCE FOR THE LAWYERS WEEKLY

Shanthi Devanand is a Toronto-based sole practitioner primarily serving immigrants from Southeast Asia.

## Firms zero in on niches

### Niche

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retaining counsel in family law and more people are representing themselves. Family law is an area where we could use more lawyers practising,” she says.

Mestdagh says she has done her best to make her south Winnipeg office as comfortable as possible, including having a play area for children, which eliminates the need for some clients to find a babysitter before coming to a meeting with her. Some days, she brings her six-month-old Havanese Bichon cross, Stella, to the office with her, too.

“Having gone through it myself, sitting as a client in a big downtown lobby, there’s a certain amount of intimidation for the client. I like the idea of a smaller firm. That’s more my style anyway,” she says.

Mestdagh says she believes the Winnipeg market can sustain four or five satellite offices dedicated to servicing women and she plans to embark on such an expansion once her first location is firmly established.

“I’d like to hire young, dynamic female lawyers so we can cover the city,” she says.

This isn’t the first time Mestdagh has ventured out on her own. Most recently, she worked at Olschewski Feuer & Davie but prior to that, she ran Mestdagh Law Office, and then took a seven-year hiatus from the profession.

**Shanthi Devanand**, a Toronto-based sole practitioner, has used a not dissimilar strategy in building her business. She offers a number of services, including corporate commercial, real estate, franchise, family and labour and tenancy law to a client base that is primarily made up of new Canadians who immigrated from Southeast Asia.

Not only is she from India herself, but she has a differentiation point that few could ever match — she speaks eight different languages, including Hindi, Tamil and Telugu.

“Language is my weapon. I learned them all growing up in India,” she says.

“It’s very hard to find a lawyer that speaks such diverse languages. Hindi is very common in northern India and Pakistan while Tamil is used in southern India and Pakistan.”

She says it’s not uncommon for foreign-trained lawyers — Devanand graduated from law school in India and was called to the Ontario bar in 2005 — to try to carve out a niche among their fellow countrymen because it can be difficult for them to fit in at many big-city firms.

The good news, she says, is the happier her clients are with her work, the more her reputation precedes her and additional cases usually aren’t far behind.

“I’m seen to be a very strong and straightforward person in the community. I’m happy to be seen like that,” she says. ■

## Announcements

### Congratulations to David O’Brien!

The Partners, Associates and staff at Barry Spalding congratulate David on receiving the *Distinguished Service Award* of the **Canadian Bar Association, NB Branch**.

This prestigious award recognizes exceptional contributions and accomplishments in the legal profession or in the development of the law in the Province of New Brunswick.

**Congratulations David.  
A well deserved recognition!**



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## Make a plan, then put those plans into action

### Plan

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making enough. A billing target is important to help you achieve the income you want. Here’s a rough guide, according to Pinnington: Take your desired annual income and multiply it by two. Then add an extra ten per cent for bad debts. That’s how much you ought to collect each year. So if you want to earn \$150,000, you need to collect, roughly, \$330,000 of your billings. You can see why it’s important to keep a close eye on your bad debts — that extra \$30,000 could come in handy.

Once you know how much you need to collect, then you can figure out how many hours you have to bill each day to meet that target. There are approximately 231 useful working days a year, once you take out vacation days,

weekends and statutory holidays. Dividing the total collected billings by 231 will give you the approximate amount you need to bill each day — in this case, about \$1,430. Divide that by your hourly rate to figure out how many hours you need to bill each day.

A related issue to billing is time management. Make sure that you are delegating as much as you can so that you’re not wasting billable time on tasks that more junior staff can complete. Check voice mail and email at specific times so as not to get distracted from important work. And try to avoid taking on difficult clients who drain your time and energy.

### Put your practice into practice

Now that you’ve done a business plan, have a vision for your firm, and have identified problem areas, start creating your dream firm. ■