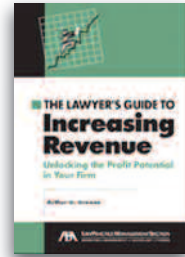


The Lawyer's Guide to Increasing Revenue:

Unlocking the profit potential in your firm



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ABA Law Practice Management Section

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When it comes to increasing revenues, many firms look for ways to decrease expenses. Yes, extravagant and unnecessary spending should be eliminated. However, repeatedly slashing expenses to meet financial challenges is an ill-conceived approach to financial management for two reasons.

First, at most firms the percentage of costs that would be classified as discretionary is low, perhaps in the 20 to 30 per cent range. And assuming that some of the discretionary expenses are desirable (marketing expenses will bring in new business), the savings potential here is small.

Second, the majority of law firm expenses are either fixed or production-related. Does it make sense to eliminate staff positions if the result is to put more administrative functions on the lawyers and paralegals? Of course not; such an approach would reduce the amount of billable work product.

Firms can actually put themselves out of business by trying to forge their way to success through cost-cutting year after year, especially if those cuts negatively affect production, staff morale and client relationships.

What then is the answer? *The Lawyer's Guide to Increasing Revenue: Unlocking the Profit Potential in Your Firm* suggests that you need to stop looking for ways to cut expenses, and start looking for places that new revenue can be generated.

Written by Arthur G. Greene, a recognized expert in law firm financial issues, this book benefits from Greene's 30 years as a practising lawyer, (including three years

as managing partner of a large New Hampshire firm), and from his insights as a consultant to many firms on practice management, strategic and financial aspects of maintaining a healthy firm.

Greene points out that lawyers often do not welcome changes in the way they practise, and many react by trying to pedal faster and faster to keep up. Blinded by the work at hand, they are not receptive to spending the time necessary to think about how to improve their profits in the years ahead. To break this pattern and achieve improved profits, the first step is to develop a "revenue mind-set." This is covered in the first several chapters of the book.

In the remainder of the book you'll learn strategies that focus on maintaining positive client relations and healthy law firm environments, and find practical step-by-step plans that will result in improved revenue and larger profits at your firm. Some of the specific strategies include:

- **Increasing billing realization rate:** This is the percentage of the recorded billable hours that is actually billed to the client. Greene says in most firms this can be improved by five per cent or more.
- **Increasing collection realization rate:** These are bills that are submitted to clients and never paid. Greene shows you how to do a better job at collections.
- **Increasing efficiency of production:** Lawyers tend to lose from 20 per cent to 40 per cent of their potential billable time through poor time-management skills or inadequate support. Greene's experience is that most lawyers can

improve the efficiency of their law practice by capturing more hours during the day. Even just one additional hour of productive time a day can make a huge difference in revenue.

- **Increasing the profit margin:** Firms that have clung to hourly billing have seen their profit margins tightened, meaning they have to bill more hours to stay even. The book reviews other value-based billing methods that will allow a firm to be more profitable.

Included with the book is a CD-ROM featuring sample policies, worksheets, plans, and documents designed to help implement the ideas presented in the book.

This book will also show you how to fully develop your plans into a multi-year strategy for improved long-term financial results. Increasing revenue, while maintaining the same expense structure, is the most powerful approach to improving the firm's bottom line. The key is that extra revenue dollars go straight to the bottom line and make a profound impact on partner profits.

This 180-page book costs US\$79.95. For more information about it, and other excellent ABA LPM Section publications, go to www.abanet.org/lpm/catalog.

You can also borrow this book from the practicePRO Lending Library. (www.practicepro.ca/library)

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