

Are you ready to start your own firm? Do you have the values, interpersonal skills, and leadership behaviors that are necessary even in a solo practice?

Infrequently asked questions about **Starting your own law firm**

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The business world offers literally hundreds of checklists of preparations and considerations for starting one's own business. This document recommends that the most important preparation of all is the one within oneself. Are you ready to start your own firm? Do you have the values, interpersonal skills, and leadership behaviors that are necessary even in a solo practice?

This checklist asks about personal attitudes, skills, and behaviors that will have a direct impact on your ultimate business success.

Your answers will not tell you whether you should start your own firm. However, they will help you understand better the unique set of personal strengths and risks that you bring to your new venture. This self-knowledge can help you anticipate better the challenges that you will confront. It can also suggest a strategy to strengthen that most important professional asset of all – yourself.

Some of these questions are difficult. You might not have thought about some of them before in terms of their implications for your practice and your business. However, the answers will probably have a greater impact on the long-term success of your practice than any other business planning that you undertake.

If you don't ask these questions, nobody else will – not your partners, not your clients, not your family or friends.

Review this checklist every six months. Consider how some of the answers may have changed, and why. Use this continual self-analysis to monitor your growth as a leader and owner of your own firm.

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What do I enjoy? What do I do well?

How do I see myself as the leader of a new law firm?

How well do I understand others?

How do I improve group performance?

Do I work the whole system?

1. Start with who you are, by asking: What do I enjoy? What do I do well?

Whether or not you enjoy doing something may have more to do with your personality preferences than your gender, education, or experience. Although who you are is more than your psychological type, the way that you prefer to perform certain intellectual tasks will influence the way that you make critical leadership and management decisions in your new firm – whether it is a solo practice or includes several other partners.

The Myers-Briggs Type Indicator (MBTI) is a useful way to better understand yourself and others, by looking at eight personality preferences that everyone uses at different times. The effects of these preferences show up in law firms every day in issues such as: communication styles; research techniques; individual work styles; and relationships with colleagues and clients.

The MBTI helps you to explore four fundamental questions:

How do I get personal energy?

Are you energized by people and action? Do you like to get your best ideas by talking things over? If so, you may have an *Extraversion* preference.

Or do you draw your mental energy more from the internal world of thoughts and ideas? Do you get your best ideas by thinking things over first, then talking? If so, you could have an *Introversion* preference.

This preference can affect the way you work with other professionals and staff. An extravert, for example, may prefer to immediately brainstorm with colleagues and to solve problems through discussion. An introvert, by contrast, may prefer to work by herself and to think deeply about an issue before discussing it with others.

How do I prefer to collect information?

Do you rely primarily on your five senses? Do you like things presented to you in an exact and sequential manner with details, facts, and examples presented

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first? Are you more interested in solving problems based on common sense and practical experience? If so, you may have a *Sensing* preference.

Or, as you gather information, do you immediately look for possibilities, meanings, and relationships, using a “sixth sense”? Do you prefer to look at the big picture and try to put things in a theoretical framework? If so, your preference may be for *Intuition*.

People who have a Sensing preference tend to focus on the details and master them. Those with an Intuition preference tend to try to understand the big picture first, and then fill in the factual details. Your preference, whether Sensing or Intuition, can determine the way in which you prefer to tackle a new legal issue.

How do I prefer to make decisions?

Do you prefer to be logical, detached, analytical, and driven by objective values as you come to conclusions? If so, you might have a *Thinking* preference.

Is your decision-making process driven by an interpersonal involvement that comes from subjective values? Is the impact that each option will have on others a major factor in your decision-making process? If so, you may have a *Feeling* preference.

Because of its emphasis on logic and analysis, the law attracts people with a Thinking preference. In some law firms, as many as 90% of the lawyers have this preference. Overlooking probable impacts on the people in your firm, however, could produce a decision that is logically correct, but wrong from a business perspective.

How do I prefer to approach the world around me?

Do you like your environment to be structured, ordered, and controlled? Do you like plans and schedules? If so, you may have a *Judging* preference.

Or do you like the world around you to be flexible, spontaneous, adaptive, and responsive to a variety of situations? Are you comfortable waiting until the last minute? If so, you might have a *Perceiving* preference.

Judging and Perceiving preferences provide almost unlimited possibilities for misunderstanding in the workplace. Someone with a Judging preference may view a Perceiver as procrastinating, disorganized, or unreliable. In fact, the Perceiver is merely trying to keep options open, a characteristic of the preference. Perceivers may think Judges are rigid and controlling, when in fact they are merely planning, structuring, and scheduling.

If you have never taken the Myers-Briggs Type Indicator, consider doing so. It will provide you with information about your reported preferences in each of these areas, and will help you to answer the following questions in greater depth.

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2. How do I see myself as the leader of a new law firm?

You cannot dismiss these questions by saying, “My law firm will consist only of myself and, perhaps, a secretary.” Even a two-person organization – especially a new one – needs leadership. A new business organization will present business, professional, and personal challenges almost every day.

You will also need to play a leadership role with external people who will be every bit as important as you and your staff. You will need to motivate clients, suppliers, and professional advisors to demonstrate their confidence in your new firm. This requires the most challenging type of leadership of all – the ability to lead people who do not have to follow you.

Leadership is not a philosophy or a collection of inspirational mottoes. It is a set of behaviors. As you think about yourself as a leader, answer these questions in terms of specific actions and behaviors that you will need to demonstrate in order to make your new practice a business success.

What type of a work environment appeals to me?

What is it like to work in your “ideal” law firm? What do you need to be productive? How much control over daily office activities do you need to feel comfortable?

How do I prefer to learn?

Managing a new business frequently involves teaching others – everything from how you like your secretary to set up your files to how you want your part-time associate to draft motions to dismiss. Do not assume that everyone prefers to learn in the same way that you do. For example, people with a Sensing preference prefer to start by mastering specific facts in a sequential order; while those with an Intuition preference might learn more effectively by first understanding patterns and relationships among the facts and how they fit into the desired end result.

What types of clients and practice specialties do I want?

In a new firm, there is a strong temptation to take any reasonably solvent client who comes through the door. This may be a necessary short-term strategy to ensure cash flow; but it could be lethal to your long-term business success if you allow your practice to become bogged down by relatively unprofitable clients and legal work. One of the most frequent reasons for mediocre financial performance in small law firms is faithful, but unprofitable, clients.

Think now about what your client base and practice focus will be two years from now; and start moving relentlessly toward those visions.

What types of goals do I set for myself and for others?

People of all personality preferences can be goal oriented. However, they may go about setting and achieving goals differently. If you prefer Perceiving, you might need to impose extra self-discipline in order to achieve your own goals within

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established deadlines. Those with a Judging preference might need to remind themselves to stay open to new information, even when it is not in the plan.

What types of business development activities do I like best?

Starting your own law firm might require you to be much more involved in personal marketing than ever before in your career. The most effective marketing approaches are the ones with which you are most comfortable.

Consider how your preferences might complement different marketing skills and styles of your partners in your new firm. Consider also how you can use your knowledge of personality preferences to build rapport with clients and facilitate the sales process.

In what types of situations do I experience conflict most frequently?

Many of these same situations will eventually arise in your new firm. If you cannot manage conflict efficiently and productively, the business results could be serious. Consider conflicts that you have experienced recently. What were their early warning signs? Which responses worked? Which ones did not?

3. How well do I understand others?

What you see is not always what you get.

Conflicts arise when we assume that other people's minds work like our own. This can promote misunderstandings about the motives behind the actions of our colleagues, staff, and clients.

Differences can create real tension in the workplace. If we get annoyed or impatient – even if we don't say anything – we can communicate our feelings in our tone of voice, facial expressions, and body language. Misunderstandings can produce both psychological and physical fatigue. The resulting drag on productivity can send negative effects throughout even a large, diversified organization. In small businesses struggling through the first months of operations, even apparently trivial misunderstandings can undermine trust and hurt productivity.

Rather than avoiding or suppressing differences, law firms should look for them, understand them, and use them to improve performance in every aspect of the practice.

Your colleagues, staff, and clients cannot see “understanding.” They can only gauge how well you understand them by your actions. One of the most important duties of leadership of a professional practice is to create a motivating environment and experience for others. These questions address some of the key leadership behaviors in law firms:

How effectively do I delegate work to others in my firm?

Of all the internal activities in a law firm, the delegation of work has perhaps the greatest impact on profitability. In some professional services firms, as much as 70% of the waste and inefficiency in internal operations can be attributed to weak or non-existent delegation.

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If you are the only lawyer in your new firm, delegation will be even more critical to your financial performance. Owners of start-up businesses frequently feel that they have to do everything themselves. As a result, they have little time for the most important work of all: developing new business and serving clients. How comfortable will you be in deciding what functions and decisions should be delegated to others?

Do I delegate work to people outside my firm?

Don't say "I will have nobody to whom to delegate work." Most new law firms overlook opportunities to outsource time-consuming administrative functions. It might be cheaper to try to do all the work yourself; but, in the long run, it will cost your firm less to outsource – especially in the early days of your practice, when you need to devote as much attention as possible to business development.

When I delegate work do I set clear expectations and agree on priorities?

This is the difference between delegation and abdication. Research demonstrates that if you delegate work but fail to manage it, you probably will spend more time than if you had done the job yourself.

Do I use delegation to develop or improve professional skills and knowledge in others?

Consider the type of work that you already delegate. Does it provide the other person with an opportunity to develop new skills or to improve his or her value to the firm? Or do you merely use delegation to dump work that you do not enjoy or do not have time to do?

Using delegation of challenging work to improve professional skills in others adds extra financial value.

Do I provide continual coaching and feedback to others?

How much time, effort, and money am I willing to invest in the professional training and development of others in my firm? In myself?

These two questions relate to a common characteristic of successful small law firms. Partners personally invest substantial attention, time, and effort in people. They view mistakes as opportunities to improve knowledge and skills, as well as to reduce the underlying causes of substandard performance. This investment produces clear business results that can be measured in terms of improved productivity and financial performance.

Do I ask for feedback from others, particularly clients?

The most successful business leaders in law firms are always asking for feedback from their partners, colleagues, staff, and clients. If you are uncomfortable asking for feedback from clients, this will inhibit your ability to develop new business from them.

Do I encourage innovation and creativity?

If you are uncomfortable with change or feel the need to be in control, you will probably have problems encouraging the level of innovation that successful small firms need to establish a place in a highly competitive legal market.

Do I seek out different points of view?

A good manager accepts and considers different points of view. A great business leader relentlessly hunts for them.

4. How do I improve group performance?

You cannot do it all.

Even if you start a solo practice, you will need to rely on staff, suppliers, clients, family and friends to support your efforts. Some of these contributions will be direct and measurable in terms such as hours worked, fees paid, or credit extended. Equally important, long term, will be the personal support provided by family and friends.

Your role will be to build, sustain, and bring together the energy and commitment of individuals to produce and manage sustained levels of group performance. This will not happen by itself.

Consider these questions:

How do I give people the chance to reduce stress and have fun, especially in high-stress work situations?

Law firms are stressful workplaces. New businesses are stressful workplaces. People working in a new law firm may therefore be exposed to levels of stress much more intense than what they have previously experienced. Stress-reducing events in the workplace during normal working hours – not outside – have a positive influence on morale and productivity.

Similar principles apply with respect to people, such as suppliers and clients, who do not actually work in the firm, but who participate in its business. Consider the opportunities you have had in the past to reduce the anxiety of a client, for example. Although good legal work can be stress-reducing for the client, a personal act or tension-breaking gesture can often be more powerful.

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How do I measure and celebrate the results of group performance?

The most successful law firms measure performance in practical terms that directly relate to business success. They use measurement in a non-threatening way, to monitor group progress and to identify problems before they become crises. They also use measurements to identify successes, which they celebrate promptly.

How do I manage internal communications within my practice? How do I keep people “in the information loop”?

Consider past experiences in your practice, when important information was delayed, inaccurate, or not communicated to someone who needed to know it. Where did the breakdown occur? What could have prevented it? When did you become personally aware of the problem? How did you react to it? What could you have done differently?

Inefficient individual and group communication patterns, if not consciously examined and improved, will repeat themselves. In many law firms, miscommunicated information – either internally or with clients – is the leading cause of error and rework, which lose money for the firm.

How do I help people work through their disagreements – including disagreements with me?

Conflicts are a necessary stage in the development of a high-performance group. How will you react when your authority is challenged or one of your decisions is questioned, whether by a partner, colleague, staff member, or client?

5. Do I work the whole system?

Systems thinking – the ability to understand a business as a complex of many inter-related structures and functions – is a common characteristic of the managers and leaders of the most financially successful law firms in the world. Moreover, the ability to use the entire business system of a law firm is more important to financial performance than the size of the law firm itself.

Have you ever thought about your law firm – even as a solo practitioner – as a system? How well do you understand how the various parts – what some business analysts call the *core systems* – work together to determine financial performance and profitability?

These core systems include:

Client Management

Legal Products and Services

Governance and Decision Making

Internal Communications

Finance

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Facilities and Logistics

Files

Information Technology Support

Human Resources Management

Performance Management

Business organizations also involve networks of stakeholders. A stakeholder is someone who has an interest in the activities or business success of the organization. In law firms, as with other businesses, stakeholders include such diverse constituencies as the owners, professional and administrative staff, clients, suppliers, and family members.

Consider these questions to understand your ability to energize your firm's entire business system to produce the financial results and professional success you desire.

How do I pay attention to, and balance conflicting demands among, the different stakeholders of my law practice?

Consider these stakeholders: your partners; clients; staff; colleagues; and family members. How often do you seek their advice and feedback, and on what issues? How do you anticipate changing needs with each stakeholder group? When conflicts arise among stakeholders, do you actively try to resolve them, or do you wait to see what happens?

How do I set priorities yet also understand interrelationships at the same time?

One of the common traps in systems thinking is to view all parts of the system as equally important.

For example, "Doing good legal work and marketing activities are equally important; so we are not going to reward one activity more than the other."

Another example: "If we require associates to do marketing, we will lose some of them to other firms; so we will make associate marketing optional."

How do you set priorities in managing your practice? What criteria do you use to determine where to set your priorities? How do you know when to change your priorities?

As I think about my practice, how much do I think about my past experiences, my present problems, and my desired futures?

Force yourself to be honest with yourself. Why do you want to start your own firm?

- To repeat past victories with new clients?

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- To avoid repeating past mistakes?
- To escape problems in your present practice or with your present firm?
- To take advantage of a present opportunity?
- § To achieve a desired future that your present firm will not produce?



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