

Practice Management Masterclass

Staff mgt, fees, time management and solutions

What We Will Cover:

- The most common problems i encounter in practices.
- Harvesting fees and cash flow management.
- Staff management and staff development -the fastest most efficient ways to keep up to date on this stuff while savaging some hours to work on cases.
- Systems and procedures-is there a need and a value on them when all our staff are experienced in the type of work they are doing.
- Managing client expectations and ensuring there is a policy on this in operation.
- The role of the practice manager and whether having a practice manager will solve all your problems or not.
- Time management tips for busy professionals.
- Case Study.

About Catherine Brennan

- Key skills are maximising effectiveness of people and systems and reducing waste and costs through automation and best practice. Extremely commercially aware. Catherine is an accountant and also a Qualified Financial Advisor and holds an Honours Degree in Economics and is a qualified Company Secretary and holds Personal Insolvency Certificate. Catherine has lectured to degree level also.
- Secured Financial Controller role a year after she qualified with a major multinational SCA Packaging. Held FC roles in IT, construction, service, hire, food and distribution sectors. Turnover up to €60m.
- Established, managed and successfully sold(at age 35) a financial consulting business which specialised in outsourcing and cost reduction within accounts and other departments in service businesses.
- Excellent interpersonal skills for dealing with clients and colleagues alike. Unique methods of motivating people which synchronise their personal goals with those of the organisation.
- Having worked both as a fee earner and also having owned and run and sold her own consulting practice Catherine is in a unique position to understand and overcome the challenges faced today by professional services firms.

The Work I Do:

- I work with various service business owners including solicitors and accountants to streamline the way they run their business to maximise profits and cash flow and to minimise admin time.
- My focus is to maximise profits and also put systems in place that automate the business process a lot more and radically cut the time wasting associated with answering the same questions constantly
- What my clients want : MORE TIME -MORE MONEY -MORE FREEDOM. The good news is they already have all three and often do not even need more business to boost profits but they have lost focus in the modern world of constant distractions and noise and the business has become much more complicated that it needs to be.
- I analyse the exact type of transactions being completed and really look at the best way to staff that eg i see that having trainees in my opinion suits in conveyance and PI work as it's a volume of repetitive tasks, but in say family law where every case is different it is often the case you spend more time explaining what you want completed than the time it would have taken you. If i worked with someone before they set up i would really emphasise how you should consider this aspect of your practice before you nail your colours to a mast. Some work cannot be automated and outsourced very easily.
- Each business is different but i have yet to work with someone whom i cannot find a 20% time and /or cost saving for.

The 3 most common problems i come across:

- **Cash-flow is tight.** Not enough money coming in. The hours in the office are being done but it is not reflected in the billing and the cash in. My goal for anyone is three months overheads in the bank (ideally on deposit to keep the pressure on the collections system). If you are going to live month to month you would be far better working for someone else who will pay your overheads and guarantee a wage and maybe even a bonus.
- **Staff performance and development not being maximised and frustrations within the office and clients are not getting excellent service either.** Lack of clarity around people's roles and targets-everyone has targets in my world as what gets measured gets done including call answering and fee earners and admin. In many offices one is sure what is expected of them and not enough feedback happening and no-one is happy in this situation. Lack of clarity around clients expectations is also a problem.
- **Leadership fatigue.** This is the worst problem in a way because often by the time people call me in to help they are so fed up of the business they have no drive to change it. That is why people cannot just read these slides and go back to the office and do what i suggested. They need maybe 6 months of someone else bringing the energy and drive and in time either their own drive comes back or they consider exiting the business but i have seen many exits which have worked very well while sustaining an income also.

Harvesting fees and cash management

- Legal practices tend not to have a huge amount of recurring income, they may get cases from the same places often but it's not the same as recurring contracts that pay the same each month.
- For this reason i would like to see 3 months overheads in the bank at all times.
- This might be on deposit to keep the pressure on cash collection but this should be the benchmark.
- Fees of course should be charged the minute they can and collected promptly.
- I would often charge 50% up front for cases that i cannot guarantee any outcome.
- I would strongly discourage holding fees back for slow months-bill and collect and put on deposit.
- Clear targets for fee earners and meetings to ensure targets reached feed into healthy cash flow so this solves itself when everything else is happening correctly.
- Remember that the public have the perception you have no shortage of funds, they have never heard of outlays and they don't understand the WIP delay on say PI cases so you will never be top of the list for payment unless you make clear rules.
- Start as you mean to go on with clients but equally do not be afraid to say to existing ones that payment policies have changed etc

Staff Management and Staff Development

- Every practice consists of fee earners and support staff and some have trainees. In a perfect world the former are generating three times their total cost in fees and the support staff are super efficient and costing the minimum as that cost cannot be passed on. In reality it is hard to keep people on target and have the right mix of WIP for everyone to feed off.
- Staff turnover is higher than it has been in years and it is a constant time drain doing recruitment. When someone is new they take a while to settle into cases and momentum is lost. It's a huge effort to get a practice running like a well oiled machine and takes work to keep it there but there is no work more profitable than just stopping the waste and getting all the wheels moving fast and efficiently.
- Training juniors is an area where things can be greatly improved. I have trained lots of young legal and accounts people over the years and what I have discovered is the quality of training is poor in most places. It often consists of getting someone a log-in and sitting them at a desk and telling them to ask you if they have any questions-it is highly improbable they will have any questions-they won't know enough to have questions!

Staff Management the most efficient way

- Interview potential employees well, take the time and don't rush through. There are hundreds of qualified people but ultimately it is the personality type that makes people effective and easy to work with. I would often avoid the genius in fact or would have to be convinced they have the personality skills to deal with clients and co-workers. Ambition is great in a partner but not so great in employees that you don't want leaving again in six months.
- Be completely clear from the beginning of what you expect and individual targets. I would give fee earners a contract and a weekly or monthly target and i would give non fee earners a job spec and i would often request them to sign job spec. Even with non fee earners i have targets eg monthly accounts should be completed by end of day 3 after month end(they are useless any later). I would expect clients accounts to be up to date for the morning cash by 10.30am and so on.
- Staff training and holiday management etc should be dealt with by practice manager if one exists but should be the minimum interruption. If holiday sheet needs to be filled leave a tray outside your office-stop the interruptions.

Staff Management the most efficient way continued

- 6 monthly reviews are essential apart from just keeping your eyes and ears open and you will pick up discontent if someone thinking of leaving. You have to forget your own problems when you run a practice or any business(or tell someone like me), your focus is happy staff make happy clients and money comes in.
- Show appreciation of a job well done--praise work well done, people want to feel appreciated more than they want money.
- Training qualifieds is a task that never seems to happen. We wrongly assume that because they qualified as a solicitor/legal exec they will carry on tasks as we would like them done. Yes they will know how to run a PI case or do a conveyance but they don't know the culture or ethos of your firm and how you would like their fellow staff and clients treated. I would not leave this working out ok to chance. I would always explain on day one this is how we treat clients and colleagues and if you have a problem later on you will have ample warning. I have witnessed very poor treatment (and some excellent treatment) of clients and trainees over the years but what puzzled me most was that this critical aspect of the job was left to people's own discretion. There should be a policy included in the practice manual on this.

Staff Management the most efficient way continued

- Speak openly to people about their career development at reviews. I would always acknowledge they may move on to tick certain boxes/gain experience and found they moved on far less when they felt able to verbalise concerns. It also gave me a chance to point out the pitfalls of moving around. Make sure that you cater for peoples development in house. Retaining good staff saves a fortune and it is never just about money.

Time Management Tips

- Immediately stop having email open all day. Check emails maybe 8am/12 noon and 4.30, you will still have cleared all by lunch and hometime but you have gained two big chunks of good “focus” time. You may need a message initially explaining when it will be checked but people will get used of it quickly and you won’t believe the time saved and the peace in between.
- When reading emails i tend to start with the newest not the oldest because some people have the habit of asking you things that they will have figured out themselves if left unanswered for few hours. So where you might have five emails from one person the fifth one which i would ready first may say “ ignore my emails i found it/figured it out”.
- Control the volume of emails people send you---the delayed answer deters them but also explicit rules on sending everything together eg conveyance, taxes and bank negotiations.
- Batch tasks that are similar because switching gears is the biggest time waster of the lot. So if you are managing partner and still a fee earner for example i would fee earn in the mornings(cash is king) and practice manage from 3pm on. If you are managing partner but do not work cases you still need to split into staff management, accounts/cash, new business/marketing.
- Do the worst thing first, the dread is worse than doing it.
- Stay offline as much as you can as it’s a time pit.

How I Maximised Billing As Full Time Fee Earner

- When i worked cases full time my target was to complete 20 bank deals per month and to do that i knew i needed 120 live cases at any time so that if an insolvency case has three stages as such which were a) new case, clients gathering info, b) clients info all in, offer agreed on property if applicable and i am preparing or submitting formal proposal to the bank and stage c) i have submitted a proposal and i await a reply.
- I would have roughly one third of caseload at each stage or else i could not close 20 a month. Equally if they were all at stage 3 i had a problem as i needed to be on the phone full time and would not prepare proposals.
- I ensured the system showed me which cases were at which stage so we could run a report by stage and i ensured that my trainee knew stage one completely and part of stage 2 so now all i had to do was ensure new work came in all the time and keep closing the cases in stage 3, bill and get paid.
- I blocked off times in early morning when i worked on putting together proposals and did not take calls or answer queries or speak! I was ruthless with getting maybe two new proposals off my desk every day and when really well done the minimum of queries will ensue before a decision-do it right or do it twice.
- I ensured my trainee/admin knew her part of the work inside out and i worked on her/his development daily-it might only be 15 minutes but it pays back tenfold.

Managing Client Expectations-Under Promise, Over Deliver

- You must be clear from the start with clients on the levels of updates they will get as well as expected results. You need to be as clear as you are with individual billing targets.
- Updating clients on what is happening on their case is time consuming , not fee generating in the main but essential. In order to make good use of the time we all have this needs to be done in a quick efficient manner. Email will always be faster than the phone or a meeting and also you need to control the expectations here. So i for example i start a personal insolvency case that i expect to run for 3 months i would explain to the clients that i will probably have no news for month 1 but to rest assured i will contact them when i need anything and then i send short email updates Friday afternoons to anyone who needs one.
- If you do not keep clients updated of developments and progress you will have two problems. The first one is they think you are not doing anything and will not want to pay you. The second one is they will begin to worry and start calling far more often. Both of these are a problem in terms of time management and fees and of course you will miss out on referrals reserved for those who provide great service. Most complaints are not about fees but poor service.

Case Study for 5 fee earner practice, total 12 staff

- I am invited to come and look at a practice whose turnover has doubled in the last three years but whose bottom line is static and barely turning a profit which leads to cash flow struggles monthly.
- The practice has 12 staff in total, 5 fee earners, 5 trainees, 1 part time accounts, 1 reception.
- I always start with staff costs as it is by far the biggest expense monthly.
- The average fee earner is earning €50k plus roughly 10% prsi costs so the cost of employment is €55k before facilities.
- My target billing for someone costing €55k is 3 times that so €165k pa and if i allow for 4 weeks off that is €3,500 pw which for a conveyance person is roughly 3 closings pw, similar in PI and so on.
- Now if we have 5 people with targets of €165k pa we should be billing around €68k per month but we are not.
- Next i have to move on to look at whether there is adequate work in progress for people to meet these targets. I would calculate the WIP needed as average length a case takes x how many we need per week.
- So for example conveyance person doing all conveyance work, average case time 8-10 weeks and average fee €1,250 say for this example i would need 3 pw closing to meet target and to close 3 you would need a pipeline of at least 24 but realistically if we add 20% for delays and say 10 weeks not 8 weeks we now need 30 plus live cases.

Improvements made during the review:

1. Small savings were made in overheads.
2. We realised we had enough WIP but for various reasons targets were not being achieved, we worked all the reasons and bottlenecks and after 3 months we had 3 fee earners on target consistently. The other two left the business amicably in this case.
3. Through systems and procedures we could run a full weekly review of all cases quickly and easier, we had some enhancements made on the case management software but also put huge focus on what information did we need to reach targets weekly.
4. We improved client satisfaction and staff satisfaction threefold i would say through more formal systems of updates and reviews.
5. We paired trainees and admin with fee earners so we had little teams as opposed to a pool of trainees to draw from-it focused the groups on targets.

I could go on and on on the improvements made, call or email if you would like a quote for a review.

Practice Manager Roles

- The role varies from practice to practice and sometimes includes accounts but essentially the ad would read like this:
- “Extremely commercially aware person wanted who is confident in all areas of staff management and training for professionals (who will not want your training), facilities management on a shoestring, accounting and cash collection and magically producing money at month end of the month to pay the wages. The ability to read the principals mind will be an advantage. The principal wants to hand over a lot of tasks in relation to management of the practice and wants to be rid of the endless decision making but would like you to double check everything with he/she also. The younger staff have very busy holiday and social schedules and you will need to process holiday request forms for all of these. Also they will be absent for large periods of the year to study and you will need to move workloads around to facilitate this. Ideally you would actually be a solicitor or an accountant to have a full understanding of what is going on and have at least 10 years experience in a similar role(it’s a bonus if you have achieved a masters degree in social media and digital marketing by night while working that job). If you do an excellent job at the above and get systems and procedures in place for all tasks by working 12 hours a day we will probably make you redundant then as we would prefer to spend the money on another fee earner. Salary €40-45k.”

Practice Manager Continued

- Practice managers work out brilliantly in many practices but when you read the spec you can see that often we are looking for a top level commercial manager on an admin salary.
- A key thing to understand is that hiring a practice manager is highly unlikely to get you from where you are now to where you want to be but that if you take the step of getting the systems and procedures in place they can then usually ensure people adhere to them.
- Also the role of practice manager can be chopped up into easier bite sized pieces and you can retain control of what you want.
- My aim usually in doing a practice improvement programme where they have no practice manager is to identify someone who would become one-they know the people and the business already and you know if you can trust them and they are reliable. I run programmes training up accounts and admin persons into a practice manager role.
- If with better use of systems and dictation we can save admin time we can often create this role with no extra spend. My goal is usually a 20% saving in accounts and admin so its substantial.

Do we need a Practice/Operations Manual?

- The practice manual -to me completely essential for when staff need to double check a procedure or how to run reports etc and also it removes all excuses why things are done incorrectly. When i am conducting a practice improvement programme i would normally pick a trainee or admin person to work on this with and we can have it done in a few days.
- I would say any practice that uses trainees definitely needs one, others according to type of practice.
- It saves explaining things over and over but it also prevents someone who is poor at training giving someone new the wrong instructions.
- Apart from procedures it should cover policy on all office matters and be a rulebook for the practice so then it has a strong use even to qualified personnel.
- So i would have sections on client communications policy, fees policy, procedures for signing up new clients, for opening files -everything that anyone could have a question on. Equally this covers anything that can be done incorrectly causing a serious problem such as anti-money laundering, risk etc.
- I would have staff sign they have read the manual to cover the above.
- Think of all the questions you and other fee earners are routinely asked-now add them to the manual just once and you will never be asked again.

If you only remember 3 things from today

1. The average saving i find during a practice transformation is 20% of overheads between lost billing and hours wasted -you don't need new clients, you need to be more efficient with the ones you have and the system you have.
2. Stop the news reading, the Twitter, the constant emails, the seminars, cut the meetings back, batch tasks-none of it is billable-it's all noise. Take control of your days and do jobs that need your skills ie you are not an accounts clerk or the receptionist.
3. Whether you are the principal or a fee earner using secretarial and trainees your staff are your biggest asset, really really work on understanding what motivates each of them and how you can help them excel-be a person they want to emulate and a person they would never let down.

Conclusion

I hope you have enjoyed the talk, i certainly enjoy meeting a variety of people and it brings me back to my own time as a practice owner and just the sheer exhaustion of trying to do all roles. I was very against getting a partner at the time and would feel differently on that now.

As mentioned i do lots of work with professional services firms implementing systems and procedures and streamlining things so the work is manageable but also so that they can refocus on the area's of the business they enjoy and get an exit plan in place. I can help you transform your practice in the direction you want.

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