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*Helping Lawyers Change & Reinvent Their Practices*

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# Survival & Best Practices for a Personal Injury Plaintiff Firm

**Association of Legal Administrators – Online Webinar**  
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# Introductions





# Program Overview & Summary

## This Session Will Cover

- Challenges facing PI firms
- The nature of PI attorneys
- Consequences of failing to manage the firm like a business
- Story of a successful PI plaintiff firm



# Program Overview & Summary

## This Session Will Cover

- Characteristics of successful PI plaintiff firms
- General survival strategies
- Contingency fee profitability
- Managing the pipeline
- Practice Diversification



# Challenges PI Plaintiff Firms are Facing

Tort Reform

Cash Flow

Difficulty obtaining needed capital and credit lines from banks

Increased competition from other law firms doing extensive advertising



# Challenges PI Plaintiff Firms are Facing

Increased reluctance of insurance companies to settle cases

Larger more complex costly cases

Still weathering last recession

Some firms holding their own – others are struggling



# Nature of PI Attorneys

Strong Egos

Non-Conformists

Lone Rangers – Often Not Team Players

Big Spenders





# Nature of PI Attorneys

Immediate Gratification Orientation

Eat-What-You-Kill Compensation Systems

Resist Management & Structure



# Consequences Failing to Manage the Firm Like a Business

Erratic revenue and cash flow

Poor profitability

Revolving door - employees

Firm has not grown to its full potential



# Story of a Successful PI Plaintiff Firm



# Characteristics of Successful PI Plaintiff Firms

Sustainable

Are disciplined, have order, and common vision – manage the firm like a business

Have long-term talented people that are passionate and are team players

Organized and have structure



# Characteristics of Successful PI Plaintiff Firms

Have the right people on the bus & in the right seats

Meet on a structured basis

Have a long range plan

Have a budget



# Characteristics of Successful PI Plaintiff Firms

Have fee goals for each producer

Have a marketing plan

Are consistently profitable

Have solid cash flow



# Characteristics of Successful PI Plaintiff Firms

Use metrics to manage the firm

Are financially stable

Have a succession plan

Are diversified



# General Survival Strategies

## Evaluate Existing Processes – Consider New Approaches

- Develop a strategic plan
- Consider diversifying the practice – new practice areas or geographies to reduce case portfolio risk and reduce cash flow variability
- Mandatory case evaluations





# General Survival Strategies

Evaluate Existing Processes – Consider New Approaches

- Weekly scheduled team meetings
- Monthly scheduled partner meetings
- Annual planning meetings



# General Survival Strategies

## Evaluate Existing Processes – Consider New Approaches

- Firm infrastructure
  - Call center & staffing
  - Case intake procedures
  - Dedicated people to take in new cases
  - After hours intake
  - Case management & call center



# General Survival Strategies

Evaluate Existing Processes – Consider New Approaches

- Analyze profitability and return on each case – **effective rate, lodestar, or dollar case profit** after overhead allocation



# General Survival Strategies

## Evaluate Existing Processes – Consider New Approaches

- Review and measure marketing investments – time and money – determine what is working
- Using appropriate mix of marketing tools?
- Consider increasing marketing investments – 8% - 12%+ of revenue



# Contingency Fee Profitability

## Tips for reducing the risks

- Risks must be managed
- Don't dabble
- Reduce portfolio risk - case intake and evaluation system to insure firm is taking quality cases



# General Survival Strategies

## Evaluate Existing Processes – Consider New Approaches

- Must have the financial resources to take on certain cases – learn when not to accept a case and refer the case out
- Insure the firm has adequate portfolio of cases (number cases, size, and type) to insure diversification and manage risk



# General Survival Strategies

## Evaluate Existing Processes – Consider New Approaches

- Risk and return – contingency fee work – betting your can beat your hourly rate
- Should be receiving a risk premium
- Herbert Kritzer’s research and book – Risks, Reputations, and Rewards: Contingency Fee Practice in the United States (Available on Amazon)



# Managing the Pipeline

## Key Financial Metrics & Indicators

- Sample Dashboard - <http://olmsteadassoc.com/wp-content/uploads/2017/01/key-metrics-and-dashboards.pdf>
- Number of new client case inquiries for the month
- Number of new client appointments made
- Number of new client appointments kept
- Number of new cases conditionally signed
- Number of new cases accepted/opened





# Managing the Pipeline

## Key Financial Metrics & Indicators

- Number of later case dumps
- Number of demands
- Number of files closed
- Number of open cases by case type
- Total open cases
- Number of open cases by lawyer – pre-suit and litigation



# Managing the Pipeline

## Key Financial Metrics & Indicators

- Average age of open cases – pre-suit and litigation (turnover)
- Expected fees – Value of case inventory by case type (expected value)
- Total expected fees – value of total case inventory/pipeline
- Average case fee – by case type



# Managing the Pipeline

## Key Financial Metrics & Indicators

- Marketing/referral source – number of cases opened each month by referral source/marketing investment (ROMI – return on marketing investment)
- Anticipated settlements – amount and date



# Managing the Pipeline

## Key Financial Metrics & Indicators

- Investments in case advances
- Dollar value of receipts/collections
- Percentage of cases from each practice area
- Percentage of cases that constitutes the firm's revenue



# Managing the Pipeline

## Key Financial Metrics & Indicators

Number open cases per attorney –  
pre-suit and litigation (average 50-70  
cases litigation – average 120-140  
cases pre-suit)



# Practice Diversification

## Practice Diversification

### Product/Case Type Life Cycle

- Introduction
- Growth
- Maturity – commodity service
- Decline – commodity service



# Practice Diversification

## Complimentary Practice Areas

- Bankruptcy – Debtor
- Employment Law Litigation
- Workers Compensation
- General practice/hourly work



# Practice Diversification

## Complimentary Practice Areas

- Wage and hour
- Mass torts
  - Pharmaceuticals
  - Medical devices
- Consumer class actions





# Practice Diversification

## Complimentary Practice Areas

- Mesothelioma/Asbestos
- Social security disability
- Commercial contingency
- Securities and antitrust class actions



# Practice Diversification

## Case Portfolio Diversification

- Don't dabble
- Adequate case mix – size and type
- Appropriate risk levels



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# Questions

## PRAISE FOR THE LAWYER'S GUIDE TO SUCCESSION PLANNING

"This book is like finding a roadmap to a buried treasure . . . filled with gold nuggets and easy-to-understand, yet concrete concepts. It is a very timely book given the number of "baby boomers" approaching retirement age and enormously practical. I highly recommend this book and will not only be applying some of these principles to our firm, but will be sending copies of it to several attorneys as business gifts. As the saying goes, 'an ounce of planning. . .'"

**JENNIE S. MALLOY, Founding Partner at Malloy & Malloy, Miami, Florida, Boutique Intellectual Property Law Firm**

"Sooner or later you will need this book! Whether we like it or not, attorneys do age and even die. We do not practice forever. Dr. Olmstead's book presents a practical guide for your firm to succeed for another generation. Use it as a textbook at each annual strategic planning retreat. Succession is always a timely topic. Indeed, it may be urgent. We never know."

**W. DAVID DENTON, Denton Law Firm, PLLC, Paducah, Kentucky**

"Having worked with John on numerous seminars and conferences targeted at improving all areas of law practice management, I have seen first-hand the depth and breadth of his vast knowledge gained over a lifetime of advising attorneys on achieving operational and financial success. With this book, John taps into his unparalleled data bank of experience and resources to share valuable insights and practical tips to create a user-friendly, step-by-step template that can be easily followed in developing and implementing a succession plan – one of the most important tasks any lawyer or law firm must do."

**MICHELE M. JOCHNER, Partner, Schiller DuCanto & Fleck LLP, Chicago, Illinois**

"I was one of John's first clients 30 years ago, and I have stayed close to John as his career advanced through the legal consulting network. This book is a gritty, tell-it-like-it-is expose of how to avoid the 'practice until you drop' mentality that many baby boomer attorneys are saddled with. This practical guide to law firm succession gives those of us afflicted with the personality disorder that retirement is 'for the other guy and not me' just the incentive we need to transition from an active legal practice to a satisfying and rewarding 'final argument' in retirement. I highly recommend this book for lawyers of any age, but it may be most useful for younger attorneys to assist them in focusing on the critical planning that is necessary for life after law."

**J. THOMAS LONG, of Counsel, Sandberg, Phoenix & Von Contard, P.C., St. Louis, Missouri**

"Dr. Olmstead gives you, the practitioner, a practical and uniquely 'project approach' to the journey of transition and exit planning. He convincingly sets the table to conquer the lurking devil of 'being stuck' on examining these issues and uses action plans, case studies, and his own 30+ years of legal consulting to assist you in planning an orderly critical path to retirement. As a bonus, he thoughtfully discusses confronting the challenges and embracing the opportunities of life after the law. This book is a must for all lawyers whether they are a one-man shop or a large firm."

**WILLIAM S. WILSON, Principal, Wilson and Wilson Estate Planning and Elder Law, LaGrange, (Chicago) Illinois**



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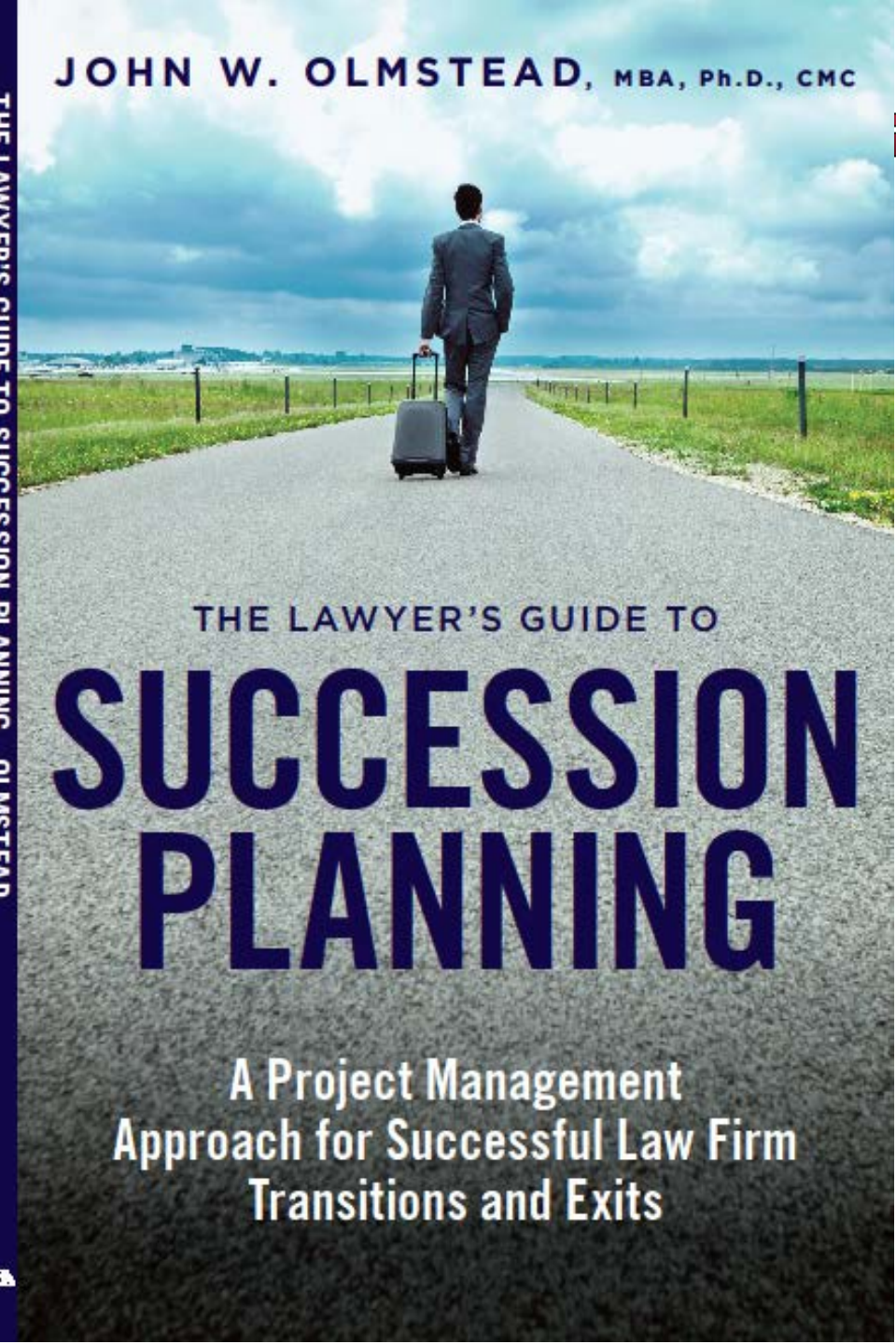
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THE LAWYER'S GUIDE TO SUCCESSION PLANNING OLMSTEAD

JOHN W. OLMSTEAD, MBA, Ph.D., CMC



# THE LAWYER'S GUIDE TO SUCCESSION PLANNING

A Project Management  
Approach for Successful Law Firm  
Transitions and Exits

