

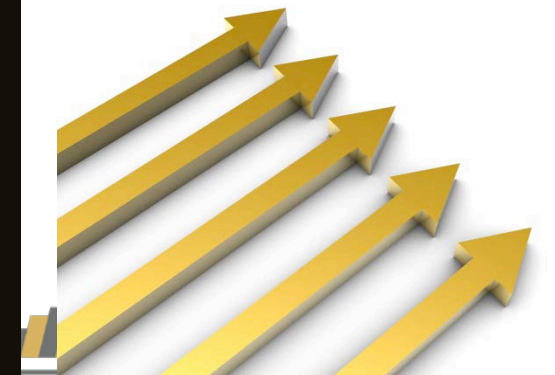


# HOW MANY LAWYERS IS TOO MANY?

MANAGING FIRM HEADCOUNT,  
CAPACITY & PEOPLE POWER  
FOR INCREASED PROFITS

*Presented by*

**BRIAN KENNEL, PERFORMLAW**





# MEASURING CAPACITY

- Capacity Analysis
  - Compare prior year actual
  - Compare current year expected
    - Based on forecasted client demand
  - Compare capacity based on plan
    - Planned capacity
    - Practice plan summary



# TOOLS: MEASURING CAPACITY

- CAPACITY ANALYSIS
- PRACTICE PLAN – PLANNED HOURS
- PRACTICE PLAN – NB TIME COST
- WORKLOAD DISTRIBUTION-ATTORNEY
- WORKLOAD DISTRIBUTION - CLIENT

*\* Click on each link to view the attachment*





# STRATEGIC CONSIDERATIONS

- Accessible Capacity
  - What is it?
  - When available hours don't match client needs
- Work-life timeline Considerations
  - Work-life timeline example
  - Section example



# TOOLS: STRATEGIC CONSIDERATIONS

- WORK LIFE TIMELINE
- WORK LIFE TIMELINE-SECTION
- WORKLOAD DISTRIBUTION - CLIENT

*\* Click on each link to view the attachment*





# CAPACITY AND COSTS

- Breakeven capacity
  - Gross Margin
  - Contribution to overhead and profit
  - Fixed overhead absorption
- Holding on or letting go
  - Potential versus experience

+

# TOOLS: CAPACITY AND COSTS

- SUMMARY COST PER HOUR
- DETAIL COST PER HOUR RECAP
- ADVANCED ANALYTICS

\* [Click on each link to view the attachment](#)





# HOLDING ON OR LETTING GO

- Marginal thinking
  - Gross margin is the amount remaining after accounting for direct costs.
  - Negative gross margins
  - Partial contributions to overhead and no contribution to profit





# TOOLS: HOLDING ON OR LETTING GO

- [COST PER HOUR RECAP](#)
- [TIMEKEEPER PROFITABILITY REPORT](#)
- [PERFORMANCE ASSESSMENT](#)
- [PRACTICE PLAN](#)

\* [Click on each link to view the attachment](#)





# MANAGING THE COST OF OVERCAPACITY

- Strategies for managing the cost of over capacity
  - High base lower bonus
  - Lower base higher bonus
  - Fee sharing agreements
  - Are pay cuts effective?



# TOOLS: MANAGING THE COST OF OVERCAPACITY

- VALUE CHART

*\* Click on the link to view the attachment*





# THE IMPLICATIONS OF LONG TERM LACK OF WORK

- Forget how to work hard
- Lifestyles change
- A new normal sets in
- Lowered expectations



# EFFECTIVE CHANNELING OF OVERCAPACITY

- Practice plan
- Marketing
- Content creation
- Raising profiles



# SHOULD YOU CUT PRICE TO GET MORE WORK?

- Does that work? Is there ever a scenario that makes sense?
- Marketing awareness and weathering a storm
- Pitfalls



# PARTNERSHIP CRITERIA



# MEMBERSHIP ADMISSION CRITERIA



Associate progression  
to income partner

Income partner to  
to equity partner



# PROMOTION TO INCOME PARTNER

## COMMON CRITERIA

- Minimum of 5 years with the firm
- Ability to grow existing firm business
- Bar or civic association leadership
- Speaking and publishing success

# PROMOTION TO INCOME PARTNER

## COMMON CRITERIA

- Recruiting support
- Composite score of 4.0 on a 5.0 scale
- Ability to leverage other lawyers and paralegals
- Economically viable

# INCOME PARTNER TO EQUITY

## COMMON CRITERIA

- Continued satisfaction of income member requirements
- Annual origination requirement dictated by comp system
- Sufficient newly originated recurring billings

# PROGRESSION TO PARTNERSHIP

## TIMELINE



# ORIGINATION FUNDAMENTALS

## COMPONENTS OF A SAMPLE BOOK

- Business that you originate should be at least 50%
- Business that you inherit or share in 45%
- Nominal client credits from other partners 5%



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