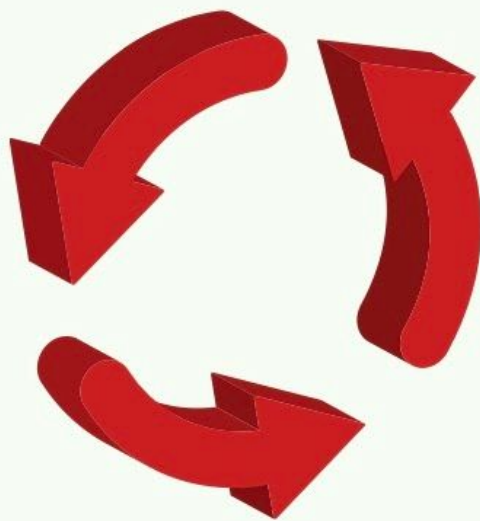

WHAT IS THE LIFE CYCLE OF A LEGAL PRACTICE?



BY EMMIE DE KOCK

1 START-UP PHASE

Starting a new venture is always very exciting! Legal practitioners who take on this adventure are excited and also scared. While it may be fairly easy to go through a start-up checklist, there are much to be scared off. However, many legal practitioners embarking on this journey are young (mostly between 25 and early thirties) and have little to loose.

Legal practitioners going solo soon realise that they have to do everything by themselves and that they cannot immediately afford to hire staff. Start-up legal practices are almost always under resourced and the most expensive resource, the founder (and likely only fee earner), is burdened by all and every tedious administration and operation action. This may vary from negotiating high profile litigation cases, drafting complex contracts, consulting with clients, doing all practice management, calling an IT guy, doing marketing, buying stationery and paper, serving documents, posting documents, making tea, coffee and watering the plants.

Unless you have start-up capital or substantial financial support, this is the most difficult phase in which to attract or appoint staff in your legal practice. In the event that a sole proprietor can make an appointment in this phase, it is usually for a low entry position, like a junior secretary. In my experience, the start-up phase may take 3 months to 3 years. Unfortunately, not all legal practices make it pass the start-up phase.



2 GROWING PHASE

After the start-up phase, the growing phase is also exciting, as this may be the phase in which you feel you are starting to make progress. Your legal practice will actually start working and you will have the need and appetite to scale up.

During this phase, a legal practice owner starts to take risks, especially relating to appointments of staff or renting bigger office space, because you know you have to. You have reached the required period working for your own account to qualify as Principal and hire Candidate legal practitioners. The more people and resources you start to involve, the more clients your legal practice can start to serve. In this phase the legal practice grows mostly with people, clients and matters.



3 WORKING HARD PHASE

Any growth spurt has its demands and challenges. In the phase following growth, a period of hard work may follow. This is a very stressful time in a legal practice, as work may start to feel too much and overwhelming.

This may be a very difficult phase for the founder and sole practitioner of a legal practice. While the founder may have shined during the start-up and growth phases, a founder may not be sure how to sustain the legal practice. The legal practice may present more opportunities for available resources.

During this phase, the legal practice is successful in many respects, but have outgrown initial systems and also possibly the first employees. In this phase, the needs of the legal practice are likely to change from the assistance of eager Candidate Legal Practitioners to performing Professional Assistants. If Candidate Legal Practitioners did not develop into competent independent profitable legal practitioners, the Principal and founder may be faced with the very difficult decision to let them go. This will be a difficult time for founders because of loyalty and loss of investment.

This phase may lead to an appointment of a possible partner or even a possible merger with another legal practice or a sale of the legal practices to enable the founder member to share the management load.



4 MATURITY PHASE

Eventually a legal practice reaches maturity. This is the best phase of the life cycle of any legal practice. In this phase the legal practice may still grow, but not too fast. A legal practice in this phase has the right people, resources and systems in place to serve clients fast and efficient. This is the best phase of a legal practice as there are sufficient and repeat work coming in, to easily make budget, but which is still manageable, without threatening work-life balance, unless the members allow it to.

Regrettably, if people or resources are lost in this phase, the legal practice may regress to the working hard phase again...



5 STUCK PHASE

If the maturity phase is not carefully managed, the legal practice may tip over to a phase where the firm may start to obviously decline. Most legal practitioners are intelligent professionals who are geared and eager to continue learning and growing. If too little growth or decline starts happening in a legal practice, it may start to feel if the firm is stuck and frustrations may rise. Fees may decrease and bonuses and increases are likely to be affected, and therefore also morale. Members of the firm may start to be more protective or territorial of own clients and matters.

This is a painful phase in the firm, as members may start to become disengaged. The team may start to feel that they are working harder with little or no progress. Generally, if the owner of the law firm is not all in, members may start to check out, or look after their own interests before caring for the firm or corporate values. Regrets and resentments may arise.



6 SPLITTING PHASE

This is the worst phase a legal practice can experience. This is a time in a legal practice when the trust and loyalty between members of the legal practice fades and the focus moves from growing the firm to protecting personal interests. Conflicts are either avoided or likely to erupt. Partners are no longer pulling in the same direction and politics may start to rule. The firm culture becomes defragmented. Different camps may develop and senior members or partners will strategically be worked out or decide to leave.



7 DEATH OR RENEWAL PHASE

After a split, or a storm, the legal practice has the options to either re-invent itself, which phase could mirror elements of a start-up phase (depending on the damage done by the split) or proceed to wind-down or losing clients and staff. This phase could mimic the start-up phase if it involves an innovative disruption, which may lead to possible changes in service offerings of the legal practice, target market, office culture, branding or image. If the legal practice goes through a renewal phase (starting over phase), the life cycle may repeat.

If the legal practice does not renew its culture after a split or decline, this phase may also cover selling, closing the legal practice, retiring of the founder member, or the founder member leaving the profession.



LAST THOUGHTS

As any life cycle suggests, these stages and cycle may repeat multiple times in course of owning and operating a legal practice or a division in a legal practice. Can you assess in which phase is your legal practice?

Many management aspects in a legal practice depends on inter-personal relationships and the level of personal performance and output of individual fee earners. If you can recognise the phase in which your legal practice is, you can anticipate what may be ahead, plan and learn what you and your team would need to know to perform best and enjoy your legal practice the most in the future.

What do you need to do in your current phase to move your legal practice forward to maturity?

