

THE IMPORTANCE OF BUSINESS PLANS

As noted in my prior articles, possessing sufficient portable business is crucial for success in the law firm market for both partner and senior associate candidates.

As noted in my prior articles, possessing sufficient portable business is crucial for success in the law firm market for both partner and senior associate candidates. For background, see for example my prior articles on "Calculating Portable Business" and "Alternative Portable Business." Law firms typically require between \$300K to \$3M+ in portable business for a partner level position, depending on the size and financials of the firm. The usual (and most effective) way that a candidate presents their portable business to a prospective law firm is through some type of business plan. The format of such plans varies greatly, and there is no single "right" way to do them. However, there are some general guidelines that should be followed in order to make the business plans clearer and more persuasive.

Business plans are not just limited to the interview process. Savvy partners (and associates) prepare business plans every year to outline their past business generations and plans for future business development. The types of business plans used in the interview process have the same general purpose. However, their structure differs from "regular" business plans because they are also intended to persuade a prospective law firm that the attorney not only has generated a certain amount of business, but also that the business is portable to the new firm.

The plan typically starts by describing all of the attorney's business generations over a recent period - usually 3-5 years - as well as descriptions of their active clients and other general financial information (billing rates, hours billed, etc.). The plan then estimates how much of that business is likely portable to the prospective firm. The more detail of the reasons why each client and their business is likely portable, the better. Example of persuasive detail includes the nature and duration of the key relationships that have been cultivated by the attorney at each client; how well the attorney controls each client's business compared to other partners in their firm; how strongly the attorney's firm is likely to compete for each client and other reasons (such as lower rates or type of platform) why certain clients are more likely to prefer the prospective new firm over the current one. The ultimate goal, of course, is to persuade the prospective firm that the attorney's portability estimates are accurate.

In preparing the plan, the attorney should not be limited to the "traditional" type of portable business from present clients. It should also have a section describing prospective clients, as well as estimates on how much additional "alternative" or prospective portable business these clients may bring to the new firm. Business is just as legitimate if it comes from a present client or a future one. Nevertheless, the distinction between the two types of clients and portable business should be made clear.

Finally, the business plan should present an estimate of the total amount of portable business from all sources that is likely to come with the attorney over the next year should they join the new firm. By presenting this total estimate in the context of a detailed business plan, it will be much more persuasive to a prospective firm than if the estimate is simply provided by itself without any explanation or support.