

# Making Smart Decisions in Law Firms: Avoiding Common Mistakes for Success

Law firms must take the necessary steps to make smart decisions to remain competitive in the legal industry. This includes understanding change management principles, leveraging data in decision-making, considering more than billable hours when calculating compensation, investing time into non-billable tasks like marketing and relationship development, and staying up to date with legal trends. By taking these steps, law firms can avoid the common mistakes that lead to failure and position themselves for success.

## QUESTIONS ANSWERED IN THIS ARTICLE

### 1. What is change management?

Change management is a structured approach to transitioning individuals, groups, and organizations from a current state to a desired future state. It encompasses the processes, tools, and techniques for managing the people side of organizational changes, including strategies for employee engagement and resistance.

### 2. How can law firms leverage data when making decisions?

Law firms can leverage data by using evidence-based analysis to inform their decisions rather than relying on gut instinct. This includes gathering, analyzing, and interpreting data from various sources to make informed, evidence-based choices.

### 3. What should law firms consider when calculating employee compensation?

Law firms should consider more than billable hours when calculating compensation. Other factors such as client satisfaction, the quality of work produced, and team collaboration are also important considerations.

### 4. What is "investment time"?

Investment time is a term coined by law firm guru David Maister to refer to the amount of time law firms should allocate to non-billable tasks like marketing and developing relationships with clients. This is important for the growth of law firms over time.

### 5. How can law firms stay current with legal trends?

Law firms can stay updated with legal trends by staying abreast of changes in laws, regulations, technologies, and industry practices. They can also join online communities and attend seminars to stay informed. Additionally, they should actively seek opportunities for collaboration with other legal professionals.

Law firms are notorious for making bad decisions. From hiring the wrong people to investing in the wrong technology, law firms can make some pretty dumb mistakes. This article will look at the smartest and dumbest things law firms do and how you can avoid making these same mistakes. [Decision-making](#) is critical for any business, but it is especially important for law firms. With good decision-making, law firms can quickly stay caught up on valuable business opportunities.

## The Smartest and Dumbest Things Law Firms Do Using the Wrong Marketing Approaches

The smartest and dumbest thing law firms can do is use the wrong marketing approaches. Whether it's focusing too heavily on traditional advertising or relying too much on social media, law firms must be careful with their marketing strategies.

When deciding on a marketing approach, law firms should ask themselves: Is this approach appropriate for

our target audience? And does it align with our firm's values and mission? Cost-effectiveness is also a significant factor that law firms should consider when making marketing decisions.

## **Not Taking Advantage of the "Brain Power" the Firm Has -- Knowledge Management and Technology**

Law firms should tap into the knowledge and expertise of their team members. Utilizing the "brain power" within a firm is an invaluable asset that can help law firms make better decisions. Technology also plays a significant role in decision-making within law firms. Tools such as data analytics, [legal research](#) databases, and automated document assembly can provide instant answers to questions that would otherwise require lengthy research.

Using the wrong technology, however, can be a costly mistake for law firms. Investing in the wrong software or outdated hardware can sap resources and slow down decision-making processes. Law firms should evaluate their internal needs before investing in any new technology and conduct thorough due diligence when selecting vendors.

The legal industry is constantly changing, and law firms must be prepared to make smart decisions and challenge their organizations to take risks to stay ahead of the competition. Law firms can avoid common mistakes and reap the rewards of success by taking a strategic approach to decision-making and leveraging their "brain power" and technology.

## **Not Giving Enough Positive Feedback to People and Not Giving Enough Critical Performance Feedback**

Law firms should take the time to recognize their team members for a job well done. Positive feedback helps to build morale and can go a long way toward creating an engaged, productive workforce. On the other hand, critical performance feedback is also essential. Law firms need to be honest and provide [constructive criticism](#) when necessary to help employees grow and improve.

Partners and managers should take the time to discuss areas for improvement with team members and provide guidance on reaching their goals. Create an environment of open communication and allow your team to provide feedback. By establishing a culture that welcomes honest conversation, law firms can make better decisions and create an environment conducive to success.

## **Not Letting Professionals Who Are Not Lawyers Play Significant Roles in the Firm**

Law firms should embrace non-lawyer professionals and allow them to take on significant roles. Non-lawyer professionals bring valuable insights and perspectives that can help law firms make better decisions. By giving these professionals a voice, law firms can gain from their diverse expertise and tap into new sources of creativity and innovation.

Practice managers, data analysts, and marketing professionals can all play important roles in a law firm. Involve these non-lawyer professionals when making key decisions, from hiring new staff to launching a new practice area. They can help law firms stay ahead of the curve and respond quickly to changing markets. Associates and paralegals should also be allowed to contribute their ideas, as they often have valuable insights that can help in decision-making.

## **Not Expecting Owners to Work Like Owners**

Law firm owners should be expected to take a hands-on approach to decision-making and lead the firm with a clear vision. Too often, owners can become complacent and forget that their decisions impact the entire organization. Owners should be held accountable for their actions and decisions and work diligently to ensure that their firm makes well-informed decisions that are in the best interest of the firm and its employees.

By taking a proactive approach to decision-making, law firms can avoid costly mistakes and position themselves for long-term success. Owners should actively participate in decision-making processes,

challenge their teams to think outside the box, and foster an environment conducive to creativity and innovation.

## Allowing the attitude of "if it ain't broke, don't fix it" to drive the firm

When it comes to decision-making, law firms should always look for ways to improve. Just because something is working doesn't mean it can't be improved. Law firms should constantly strive to stay ahead of the curve and make decisions to ensure long-term success.

Law school is about teaching the law, not necessarily how to make decisions. However, decision-making is essential for any successful firm. By avoiding common mistakes and embracing change, law firms can stay ahead of the competition and position themselves for [success in the legal industry](#).

## Trying to Change the Firm Without a Realistic Understanding of the Principles of Change Management and Not Changing the Firm to Keep Up With the Market and Competition

Law firms should understand change management principles when creating a transformation plan. With this understanding, law firms can quickly become overwhelmed and find themselves able to make meaningful progress. Additionally, law firms must keep up with market trends or risk becoming irrelevant. Changes should always be made to stay ahead of the competition and meet the needs of their clients.

Stupid things in law firms can be avoided by creating a culture of open dialogue and accountability. By involving non-lawyer professionals and expecting owners to take an active role in decision-making, law firms can ensure that they are making informed decisions that will benefit the firm in the long run. Finally, by understanding change management principles and staying up to date with industry trends, law firms can keep up with the competition and remain competitive in the legal industry.

## Developing Strategies and Plans Without Implementing Them

When developing a strategy or plan, law firms should take the necessary steps to implement their plans. With implementation, even the best-laid plans can become useful. Law firms should hold themselves and their team members accountable for carrying out plans to maximize their effectiveness. Most attorneys are well-versed in the law but may need help understanding change management principles or creating an effective implementation strategy. In these cases, it is important to consult with management professionals who can help develop a comprehensive plan for success.

## Placing Too Much Emphasis on Billable Hours or Billings and Origination in Compensation

Data and analytics play a crucial role in decision-making. By leveraging data, law firms can make better-informed decisions based on evidence instead of gut instinct. Additionally, law firms should consider more than billable hours or billings when calculating compensation. Factors such as client satisfaction, the quality of work produced, and team collaboration should also be considered. This can help to foster a more productive, team-oriented environment.

## Focusing Too Much on Billable Time vs. Non-billable (Or as Law-Firm Guru David Maister So Aptly Renamed It, "Investment" Time)

Time is a valuable resource, and law firms should be mindful of how they spend their time. Too much emphasis on [billable time](#) can lead to burnout and inefficiency. Law firms must invest time into non-billable tasks, such as marketing and developing relationships with clients, which can help grow the firm over time. David Maister, the well-known law firm guru, calls this "investment" time and suggests that law firms allocate a certain amount of their resources to these tasks.

## Tips on How to Avoid Making Dumb Decisions in Law Firms

Understand the principles of change management and create a transformation plan.

Create an open dialogue and accountability environment to ensure informed decisions are made.

Leverage data when making decisions to ensure that they are evidence-based.

Consider more than billable hours when calculating compensation to foster team collaboration and productivity.

Invest time into non-billable tasks, such as marketing and relationship development, to improve the firm.

Stay current with legal trends to remain competitive in the legal marketplace.

## Conclusion

The smartest and dumbest decisions in law firms can majorly impact their success. By understanding change management principles, leveraging data in decision-making, considering more than just billable hours when calculating compensation, investing time into non-billable tasks, and staying up to date with trends, law firms can avoid the mistakes that lead to failure and position themselves for success.