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# CLIENT SELECTION

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## Simple Ways to Take Control of Your Practice

By Mark Powers, Shawn McNalis & Ed Kainen

“I’ve got to get out,” an attorney said to us recently in a shaky voice. “If you can’t help me figure out a way to sell my practice, I’ll close the doors and walk away. I’m not kidding — I can’t take it much longer.”

On the edge of a nervous breakdown, this attorney came to us seeking a way out of what had become an unbearable situation. He felt ground down by the unrelenting demands of his matrimonial practice. Now in his mid-fifties, this attorney had a little money set aside and, not surprisingly, he just wanted out.

His is an extreme example, but it is safe to say the number of attorneys who feel seriously stressed and unable to manage their time is reaching near epidemic proportions. In fact, according to a study done by Johns Hopkins, 51 percent of attorneys experience stress at rates significantly higher than the “normal” population.

Is it natural that attorneys across the board are afflicted with such anxiety? Or is there something about the personalities of attorneys that predisposes them to higher rates of stress?

Perhaps there is. Another John Hopkins study of all types of graduate school programs done in 1990 concluded that graduate students who are optimists outperform pessimists by a wide margin, with one exception: students in law school.<sup>2</sup>

### Pessimism vs. Optimism

Pessimism is rewarded in law school. It is further reinforced when an attorney goes into practice.

This is not news to many of you who have observed this phenomenon in either yourself or your peers. Pessimists anticipate the worst which is a valuable trait when working with troubled clients. Those who anticipate the worst tend to plan for it and are better prepared than those attorneys who expect a rosy outcome. Pessimists

aren’t quick to believe everything they are told and maintain a certain amount of skepticism, which is very important when questioning a witness and when listening to clients. Success favors the pessimist in the legal profession.

Unfortunately, the same traits that make someone a good attorney don’t always make that attorney a good businessperson. The attorney who is not buoyed by the natural sense of optimism which supports and sustains most other professionals, lives in constant fear that their practice may not survive. Driven by this sense of impending doom and underscored by the lack of true business training for most attorneys, poor business decisions inevitably follow.

Among the poorest decision and biggest missed opportunities, is the failure to effectively screen prospective new clients. Practicing “threshold law” (the willingness to work with anyone who crosses your threshold) often feels like the right thing to do but invariably leads to further distress because of the many problematic (non-paying and uncooperative) clients who get in the door. If you want to effectively manage your time, start by critically evaluating the cases you accept.

### Apply the Pareto Principle

If you were to apply Pareto’s Principle, also known as the 80/20 Rule, to your client base, you would probably discover that 60 to 80 percent of your income comes from only 20 to 40 percent of your clients. Hidden in your client list, this 20 to 40 percent are the smallest but most significant segment of your client base because they generate the largest share of your revenues and take up only 20 to 40 percent of your time.

This is worth repeating: Your best clients, the top 20 percent we’ll call your A and B level clients, will take up only 20 to 40 percent of your time but generate 80 percent of your revenues.

Although not intuitive, this is true even in hourly billing practices. Think of this in terms of how you actually spend most of your time. The remaining 80 percent of your clients take up a great deal of time and generate only 20 percent of your income. Why? These are the problematic clients who will force you and your staff into dealing with all sorts of nonbillable, client management tasks.

Even on the billable work, these clients agree to pay you, but only after taking up a great deal of your time, and yet they often neglect to do so. Their payment habits are significant because not being paid not only adds to the stress you feel, it means that you spend an inordinate amount of time working on C and D level cases for which you won't be fully paid.

## Symptoms of Too Many C and D Clients

Look at the following checklist of symptoms which signal an overload of problematic clients. If you display even *one* of these symptoms, it's time to reengineer your new client screening procedures, because the effects of practicing threshold law have already disrupted your practice -- and it will only get worse.

- ☐ High outstanding receivables — doing quite a bit of work for which your firm will not be paid.
- ☐ Clients who leave prematurely or often threaten to seek the services of another attorney.
- ☐ Clients who fail to show for scheduled appointments.
- ☐ Clients who fail to bring requested documents or to follow direction.
- ☐ Staff who feel abused by clients who scream at them or misdirect their anger unreasonably.
- ☐ Experiencing a constant sense of crisis and tension that is attributable to specific clients and/or specific opposing counsel.
- ☐ Staff and attorneys who dread going to work or dealing with certain clients.
- ☐ Staff and attorneys who often feel they can't meet the high expectations of some clients
- ☐ Staff and attorneys who never hear "thank you" or any acknowledgement for their efforts, even when major victories occur for certain clients.

Did you see at least one symptom in your practiced from that list? If so, it's time to take control of the situation you may have unwittingly created by not screening for clients

who will pay you, cooperate with you and appreciate your efforts.

You owe it to yourself, your team and your firm's bottom line to raise your standards. Start now by being more selective in choosing who you will work with.

In our following article, *The Quality of Your Practice is Determined by the Quality of Your Clients*, we will discuss steps you can take to systematically clean up your caseload.

<sup>1</sup> Raymond P. Ward, *Depression, The Lawyers' Epidemic: How You Can Recognize the Signs*, The Legal Underground, 2003

<sup>2</sup> Richard G. Uday, *That Frayed Rope*, Utah State Bar Journal, August/September 2003



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