

## SELF-DIAGNOSTIC

### INSTRUCTIONS

To give you a solid foundation and overview of the subject-matter covered by this small law firm self-diagnostic, it would probably be helpful to watch the six-part video series entitled *“The Six Most Common, Costly, Frustrating, Embarrassing & Expensive Mistakes Most Lawyers Make When Starting A Law Firm”*.

■ You can request access to this complimentary video series at [www.HowToMANAGEaSmallLawFirm.com](http://www.HowToMANAGEaSmallLawFirm.com)

■ If you’ve already registered for that video series and you’re looking at this now, it probably means you have already received a link with access to all those videos. Please check your inbox for that link. The subject line is *“Creating A Successful Law Practice Self Diagnostic”*.

If you don’t see that please send an email to: [Support@HowToMANAGEaSmallLawFirm.com](mailto:Support@HowToMANAGEaSmallLawFirm.com) and let us know you did not receive that email. We’ll be happy to resend it.

**This self-diagnostic contains 50 Yes/No questions** which are randomly arranged. Each question speaks to the causes which have historically lead to the effects of enjoying a successful law practice that grosses at least \$250,000 per year. In other words, any lawyer who can honestly answer “yes” and thereby scores 100% for his or her law firm, should either already-have or else your law firm should be on track to operate within the next 12-18 months, as a successful law practice that grosses at least \$250,000 per year, requires a reasonable number of hours each week to run and delivers plenty of professional satisfaction to you as the owner.

■ Give yourself 2 points for every “Yes” and 0 points for every “No”.

■ It’s entirely possible you may experience some sort of emotional or even a physical reaction to one or more of these questions. You may even feel a strong urge to explain yourself.

This is a total **“no judgment zone”** so you have nothing to defend or explain. We’re on your side!

■ We only want you to move-forward into the rest of your career, with an objective understanding of where your law firm stands today. That way, you can make an intelligent decision as to what you will do to make it better tomorrow.

■ If you feel the need to explain, discuss or simply ask questions to gain some clarity about any part of this self-diagnostic, please schedule a complimentary telephone appointment by visiting [www.HowToMANAGEaSmallLawFirm.com/Appointment](http://www.HowToMANAGEaSmallLawFirm.com/Appointment)

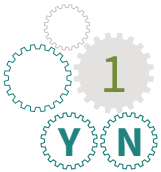
**There is no “c”.**

**You see, this is already easier than you thought!**

**Now let’s get started...**

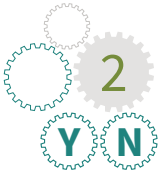


## GOAL SETTING SO YOU KNOW WHERE YOU WANT TO BE

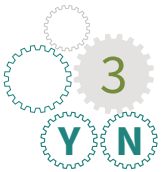


I have an exact number for how much net income my law firm must produce in order for me to live the way I reasonably want to be living, and not just how I'm willing to settle for living. And based on that number I have calculated the amount my law firm must gross?

**Note:** Allow yourself a \$5,000 variance if your net income goal is below \$125,000. Give yourself a \$10,000 variance if it's above \$125,000 per year.

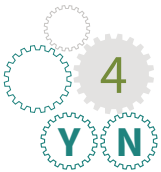


I have written-down the number of weeks I wish to give to my law firm each year in order to make it produce the gross revenue goal above and I have shared this number with at least one other human being who has a vested interest in my success?

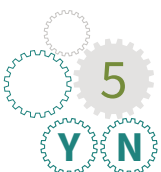


I have written down the number of hours I wish to work for my law firm each week in order to make it produce the gross revenue goal above and I have shared this number too, with at least one other human being who has a vested interest in my success?

**Note:** This number should take into account all the work you will do for your law firm including the marketing, management, financial controls and substantive legal work the firm will sell to its clients. And yes, we know it's unlikely you'll ever hit this particular goal exactly but that doesn't mean you shouldn't have it written down to help you hold yourself accountable and to diagnose any problems in the business before they blow-up in your face.

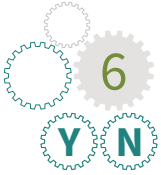


As the owner of my own law firm I get to decide what sort of clients I will allow into my life. Accordingly, I have clearly-documented my own personal definition of an "A Client" and also my definitions for "B", "C", "D" and the sort of "F" clients I want to avoid like the plague, so they don't ruin my life and destroy my business.

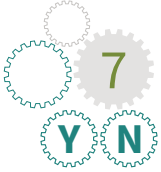


Every month I dedicate at least 90 minutes to review and make intelligent pro-active decisions based on the following key financial reports:

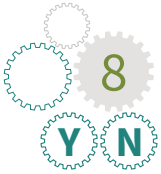
- a. Budget
- b. Budget variance report
- c. 6 weeks cash flow projection
- d. Accounts receivable
- e. Work in Process
- f. Cash position (operating & trust)



My law firm maintains a list of potential new clients and has some mechanism to communicate and maintain top of mind awareness with each of them, on at least a monthly-basis.



My law firm has a choreographed series of steps which we follow in order to transition every potential new client “over the threshold” and into a paying client who has signed a written fee agreement with the firm.



I am 100% confident I have a clear understanding what the “business” of a law firm is.

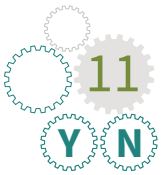
I have the following Internal Policies documented such that I would be able to have a clear, unemotional, objective and a rational conversation about them with a third-party whodoes not happen to possess the ability to read my mind:



The definition of a “Receptionist” in my law firm



The definition of a “Secretary” in my law firm

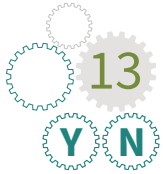


The definition of a “Paralegal” in my law firm



The definition of a “Associate” in my law firm

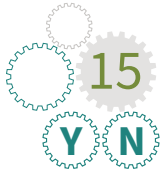




The definition of a “Legal Administrator” or “Office Manager” in my law firm



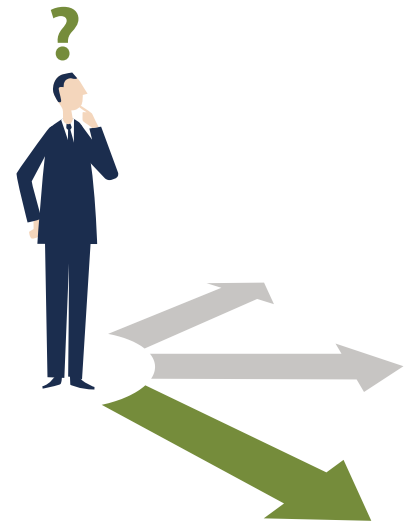
The definition of a “Chief Financial Officer” in my law firm



The definition of a “Rainmaker” in my law firm



The definition of the position of “the Owner” of my law firm



**My law firm operates with at least the following key operational-procedures which are each documented, such that these mission-critical processes can get done consistently, reliably and can be confidently delegated to someone else who does not look like me:**

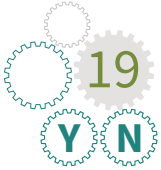


How to check & document presence or absence of a conflict of interest, before the firm accepts an engagement from a new client.

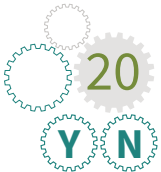


How to make deposits into, disbursements out from, reconcile and create an audit trail to protect the firm and my reputation, from fraud against my IOLTA client property trust account.

**Note:** It is absolutely NOT acceptable to simply say “my book keeper” handles this for me. You don’t have to do the hands-on work, but you must know how it’s being done on your behalf.



Exactly how telephones are to be answered in the firm and by whom including agreed protocols for how messages are taken and delivered to the intended recipient.



Protocols and naming conventions concerning how new files, cases or matters are opened.



How career-killing statutes of limitations and other important deadlines are calculated, tracked and monitored.

**Note:** It is absolutely NOT acceptable to simply say “my secretary” handles this for me. You don’t have to do the hands-on work, but you must know how it’s being done on your behalf.



Monthly file review for all open, active cases or matters the firm has responsibility for.



Offsite back-up of all electronic files including billing records, calendar & deadlines, and client notes.

**Note:** You must be able to answer “yes” for all three to earn this point. Cloud based servers are an acceptable solution and may earn you this point.

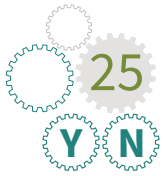


Electronic and “paper” filing schema.

**Note:** It is absolutely NOT acceptable to simply say “my paralegal” handles this for me. You don’t have to do the hands-on work, but you must know how it’s being done on your behalf, or else we can practically guarantee you’re losing thousands of dollars each.



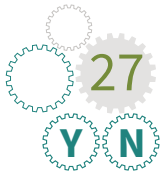
**My law firm operates with at least the following key External Policies which are documented so that we don't allow ourselves to be walked-all-over, like a doormat by clients, vendors or even opposing counsel:**



Client signs-off on understanding that they have engaged the law firm and not the attorney.



Billing policies are clearly communicated in writing to clients including an “evergreen” clause if we hold fee deposits, to bill against from our trust account.



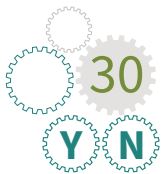
Scope and limitations of engagement is documented in writing to all clients on all matters so that a client who brings us matter “A” understands the fees paid do not compensate the firm for work done on matter “B” and while we’re on the subject, this documentation also includes language reserving the right to withdraw for cause.



Definition of the word “honesty” is documented for potential clients to agree to as a pre-condition of engagement.



Access to attorneys by email, telephone, appointment, etc. is defined and documented for all clients (and all relevant staff are aware of these policies).

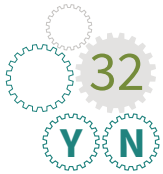


Definition of the word “emergency” is defined for all potential clients to agree to as pre- condition of engagement along with instructions for when & how to use it, so that you don’t go out of your mind every time someone cries wolf.

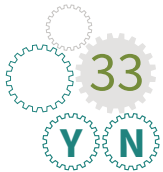
Marketing is what brings potential new clients to your door. Sales, brings them over your threshold and converts them into paying clients of your law firm. Many of the policies, systems & procedures we've asked you to think about in this self-diagnostic have a "multiplier effect" on both marketing and management. This is why marketing & sales both fall under management.



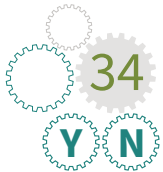
In the last 90 days, my law firm's Rainmaker has attended a scheduled appointment with at least 10 different potential referral sources.



In the last 90 days, my law firm has sent thoughtful and relevant items through the U.S. Mail or by special delivery to at least 10 different former clients (or potential new clients if you have only recently graduated from law school (Note: generic "announcement" cards do not count)



In the last 90 days, I have personally given at least 10 separate referrals and I'm reasonably certain the recipient of those referrals is aware of my efforts.



I have authored, recorded, or otherwise produced at least one "free report" or some other sort of educational materials that I can give to potential new clients in order to help them by answering their most frequently asked questions, making them a more sophisticated consumer of legal services and to help them determine for themselves if it appears my firm is a good fit for their needs or not.

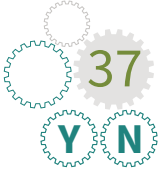


I track which is how I know my firm's conversion rates ( i.e. potential new client interviews that turn into paying clients)



I measure & track the average value of the cases my firm handles, by practice area.

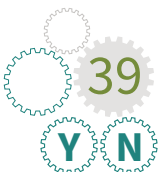
## MANAGEMENT



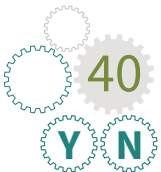
I have a formal written agreement in-place with a back-up attorney to protect myself, my clients and my firm's cash flow in case my office is damaged by an act of nature and/or in the event I am unable to perform my duties due to illness or some other emergency due to there being a piece of kryptonite left surreptitiously in my lead briefcase which renders me unable to perform my duties to clients and/or the firm



In the last 90 days, my firm's outstanding accounts receivable have decreased (give yourself the point if you have no accounts receivable).



My law firm employs some sort of law firm management software program.

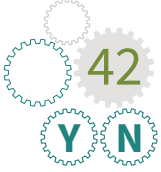


My law firm has applied for discount-credits, against our malpractice, premises liability and casualty insurance premiums based on having certain key policies, systems, procedures and back-ups documented and in place to protect our carrier.

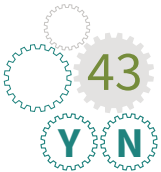


Instead of just guessing or basing this important decision on what others have done, I actually do have a logical and strategic reason for why and how my law firm's fees were arrived at as they are.  
(**Note:** Basing your fees on how many years of experience you have is NOT a logical or strategic approach and if this is how you arrived at your rates you must answer "no" to this question).





I have read “Think and Grow Rich” by Napoleon Hill. Give yourself an extra point if you’ve re-read it at least once in the last 90 days.

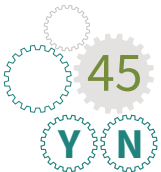


I have read “The Doctrine of Sacrifice” by RJon Robins. Give yourself an extra point if you laughed out loud, cried or stood up and yelled “hell yea!” during or after reading this.

I would agree that a lawyer who represents him/herself has a fool for a client and so I have taken care to surround myself with a team of objective advisors including:



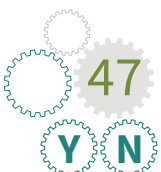
Legal Advisor



Tax Advisor

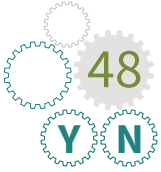


Insurance Advisor



Chief Financial Officer

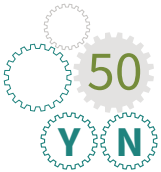




Law Firm Management Advisor (includes marketing, management, processes, procedures, financial controls, sales, strategy and coordinating with your other advisors to be sure you have a coherent plan.)



I have scheduled a confidential appointment at [www.HowToMANAGEaSmallLawFirm.com/Appointment](http://www.HowToMANAGEaSmallLawFirm.com/Appointment) to discuss what I need to do to create a successful law firm so that I can score 100% on this self-diagnostic and get to \$250,000 in revenues without killing myself in the process.



Give yourself a point just for taking the time to complete this self-diagnostic. The fact that you've come this far demonstrates you are both much more motivated and therefore much more likely to do what it takes to have a successful law practice, than most of the other lawyers around you. Sad for them. Good for you!

