

The Personal Touch

Meeting and Travel Cutbacks May Have Dire Consequences

BY ED POLL

Most law firms and lawyers (along with everyone else) would like to forget 2008. Yet there's no indication that 2009 will be better – and it may well be worse. Law firms clearly are not immune from the economic woes and financial crises experienced by other business. Even for firms not suffering severe financial distress, the operating equation today has become a simple one: Profits equal revenue minus expenses. When recession cuts revenue, cutting expenses is the most feasible way to preserve profitability. Virtually any law firm can be run more efficiently and economically, but firms should be wary of cutting indiscriminately.

FOCUS ON MEETINGS AND TRAVEL

A good example of where cutting is being done without adequate thought to the consequences involves meetings and travel. We have all read or seen the news stories about financial companies that have received government financial support, and that have subsequently become targets of criticism and scorn for their spending on wasteful and unnecessary junkets and boondoggles (otherwise known as sales incentive trips, executive retreats, and client conferences). The impact has spread far beyond these companies and affects the entire business travel industry. In a recent *USA Today* story with a headline declaring that “posh trips” are “fading away,” one travel executive was quoted as saying, “Now it's almost become unpatriotic to have a meeting or bring people together.”

Canceling expensive trips to exotic locations as a reward for work well done is one thing. Canceling meetings that bring people together for training, sharing of best practices, networking, and meeting in person is akin to throwing the baby out with the bathwater. Organizations cannot afford to allow their people to huddle in tiny corners, receive no stimulation, and talk only via an online social network. Bringing people together, along with pertinent resources and activities, makes people feel more committed and positive about the future.

Yet just as law firms feel the need to placate their clients in so many other ways, they increasingly are taking (or feel they are forced to take) drastic action to curtail meetings and travel that is focused on internal firm needs, even legitimate education or governance ones, to demonstrate cost-cutting sensibilities. It's the reverse of a phenomenon I observed years ago when my father, who owned his business, wanted to buy a Buick as a new company car. One of the senior buyers he sold to told him he should buy a



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Continental “because you have to impress people like me that you’re successful enough to buy from.” Today, the operative dynamic is impressing clients that you’re frugal enough to buy from.

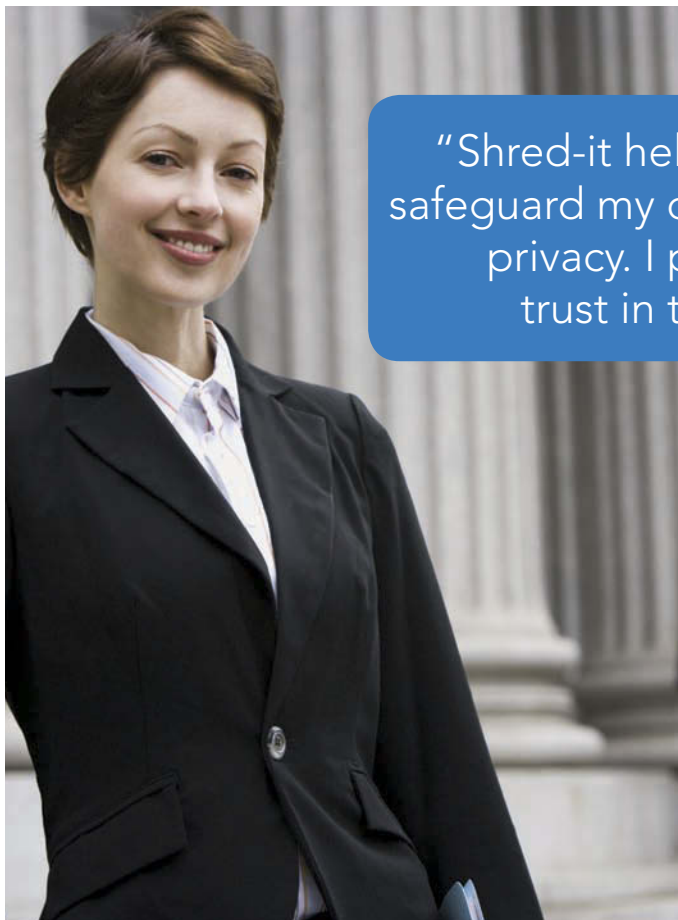
DETERMINING THE ROI

Increasingly, the question posed to administrators for all firm meetings and educational programs is, “What’s the return on investment?” In the past, the response has been that if a person takes away from a seminar or retreat one good idea that benefits the firm, the cost of attendance is justified. Today that answer seems much less acceptable. Firms are canceling meetings almost indiscriminately, even without considering the most basic consequences. I am aware of one major firm that recently canceled a practice group meeting at a California resort. The resort promptly sued, even as the firm administrator was trying to work out an equitable settlement.

The issue ultimately rests on the value of professional and organizational development.

Can it be conducted only if it’s local, or is there something to be said for travel and for meeting away from daily distractions? Technology – videoconferencing, webcasts, and the like – make it possible to absorb the content of a meeting without actually being there, but many organizations (including the National Speakers’ Association) have found that live contact among people enhances and expands both learning (for educational programs) and decision-making (for governance meetings).

Consider when voicemail first came out. Because technology ultimately cannot replace human contact, telephone companies soon started an advertising campaign (“Reach out and touch someone”) to bring technology back to the human level, and that’s still important. High tech does not eliminate the need for high touch. That is particularly true in the two key areas where travel and personal presence can be of most importance: education and organizational development.



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Giving staff the right training and support will give any lawyer enhanced confidence in the law office team. The worth of the program always has to be assessed, but if staff and administrators are expected to do more with less, the value of training becomes all the more important.

BENEFITS OF TRAINING

Education and personal growth are essential for everyone in a law office. In the larger picture, building a team is inseparable from giving everyone in the office – including staff and lawyers alike – the opportunity to learn skills that help them to provide better service and enhanced performance to clients. Everyone in the office should take hours of client service education programs each year. Education and training are not and should not be just a function of CLE courses for lawyers.

Giving staff the right training and support will give any lawyer enhanced confidence in the law office team. Training on business realities may be had at a local community college or in a nearby city. The worth of the program always has to be assessed, but if staff and administrators are expected to do more with less, the value of training becomes all the more important.

Similarly, for lawyer CLE training the pendulum has been swinging toward greater acceptance of a wider range of courses, particularly in the area of practice management. But this poses its own set of problems from the standpoint of firms making sure their CLE expenditures are worthwhile. Excellent practice management conferences offered by organizations such as the Association of Legal Administrators (ALA, the publisher of *Legal Management*) have expanded exponentially despite the recent economic downturn. But firms must differentiate between material-driven programs that could just as easily be experienced as a webinar, and panel discussions or group learning experiences (such as ALA's events) in which personal presence sometimes makes all the difference.

BENEFITS OF RETREATS

When the issue turns to retreats and firm or group meetings, the given is that "firm culture"

is a primary determinant of law firm success. People must like the work they do and those with whom they do it. Lawyers who are members of the same firm should have a camaraderie that shapes the development of a shared firm culture. Many factors come into play, such as the exchange of ideas and the education of one lawyer by another. These are vital to a successful law firm, and to successful lawyers. Interpersonal communication is a continuous requirement to ensure that individual agendas do not subvert the firm.

An all-firm meeting or retreat is the ideal mechanism to facilitate such communication. These literally get everyone together in the same room, where concepts can be discussed, ideas and questions raised, and acceptance established. A physical show of hands can be a powerful validation of the firm's new direction. The all-firm meeting symbolizes the communication that is essential to the firm's harmonious and collegial growth.

An example from my own experience illustrates the value of such meetings. A group of 20 lawyers split from a well-established regional law firm after a 12-year affiliation to start their own business law firm. When they engaged me to facilitate a firm meeting, the lawyers were still experiencing start-up stress. And, in addition to the many challenges they faced in launching a new business, they had the added complexities of overcoming the ineffective status quo (policies, procedures, culture) of the former firm.

The lawyers asked me as a law firm consulting "generalist" to help guide their discussions. We used knowledge of what other firms had done in similar situations to provide guidance on how to connect the separate parts of the new firm into a healthy whole. As an outsider I was able to assess the firm's needs and suggest solutions

that respected highly sensitive issues, both explicit and implicit, among the partners. Today, the firm is an effective and cohesive whole, and continues to use firm meetings as a means to maintain consensus.

ADJUSTABLE VERSUS DISCRETIONARY

All organizations – large and small, law firms and non-law firms – have one thing in common: a finite limit to discretionary spending. Non-discretionary (mandatory) spending is required by the firm's current structure and by law: debt obligations, insurance, Social Security and federal income tax payments. Adjustable spending (such as for lease terms and staffing) is important, but can be modified. Discretionary spending is that which could be prevented if you had to – the new carpeting in a partner's office, for example.

In today's business environment, it seems reasonable to suggest that education and conferences, including related travel, fall into the adjustable spending category. Dollars spent on

them can be modified as budget and business requirements demand. But to eliminate them would seem foolish in the extreme.

All law firms must provide value to their clients. And they must be profitable in order to open their doors the next day. The firms with an understanding of how the personal learning experience contributes to both requirements will be the firms that survive today and thrive tomorrow when the economy improves – as it inevitably will.*

about the author

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