

# OVEREXTENSION— WHEN TO STOP AND REGROUP



## NATIONAL EXPANSION

SERIES - 2 / ARTICLE - 10  
DECEMBER 8, 2022

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**Every practitioner dreams of growing his or her practice as quickly and efficiently as possible in order to reach a certain target of growth and revenue within a calculated timeframe.**

In fact, one Texas attorney succeeded in growing his firm from one attorney to 14 within less than ten years—but even more impressively—he increased revenue by a whopping 40% each year along the way. But is there such a thing as growing one's practice too fast? According to the experts, the answer is 'yes', and in some cases, growth overreach can have adverse long-term consequences. We will take a look at when to pull in the reins and why.

### **Sapping Staff Strength**

Trying to achieve phenomenal growth without first having the staff in place to handle the increased work inflow can result in burnout for both you and your current staff. The stress on employees who become anxious over not being able to keep up with the growing time/effort demands can cause otherwise responsible staff to worry about getting the job done rather than actually getting it done. When staff shows signs of cracking under pressure, it may be time to revisit your ambitious timeline and bring your goals for this year back a few notches.

Another major downside of employee burnout for law practice is the possibility that an otherwise well-trained employee with whom you have established a good, strong working relationship and upon whom you depend for 'everything', might give notice and move on to other, less taxing opportunities. That occurrence can be highly disruptive to your daily practice agenda and counter-productive to your plans for growth. Sharing your plans for growth with key employees and letting them know they are part of the big picture can go a long way in reassuring them that today's efforts will yield tomorrow's reward for the benefit of all concerned.

### **Cash Flow Problems**

Being overextended doesn't just mean with regards to having taken on too many new cases, but it can also mean you've overextended your budget. Acquisition of the latest technology, new and expanded rental space, and other extraordinary expenses, all with an eye towards being prepared for the revenue floodgates that will surely pay for all of that, can hit a brick wall in the event the unexpected suddenly appears. Whether it be a pandemic, a big—and well-funded—competitor opening up in your community, or some other major disruptor of your plans, unexpected cash flow problems have been cited as a primary reason for changing gears in the midst of an expected growth cycle. Stretching your resources too thin can have an adverse effect on your current practice as well as on your future plans.

### **Trouble Finding Talent**

Even assuming the market is right, your budget is sound, and your revenue projections are realistic, if your firm is having a hard time finding the right people to help keep your growth spurt afloat, that can serve as another sign that its time to call a time-out on your expansion plans. To disregard the talent factor will, in all likelihood, lead to the burnout syndrome described above. Above all, don't be tempted to fill the gap with inexperienced or otherwise unqualified staff to 'cover' while

## **Executive Summary**

### **> The Issue**

What are the signs that your firm is heading toward overextension?

### **> The Gravamen**

Growing your firm too fast can overly tax your resources and disrupt your future growth plans.

### **> The Path Forward**

Make a realistic assessment of how your financial, as well as staffing resources, are being stretched before applying more pressure on those critical business assets.

your growth plans proceed; that move will almost always backfire and cause more frustration—and possible professional liability—than if you vetted candidates properly even at the cost of present expansion.

## Bumping Up Fees

One of the greatest temptations to raising revenue (and convincing yourself that this equates to real growth) is to simply raise your rates. After all, especially in a period of rampant inflation, with the cost of everything else rising, why not raise your hourly rate by 20 percent or more? The problem, of course, is that while you are struggling with inflationary pressures, your clients are also and will, at the same time, be looking for better value for each dollar of legal spend. Perhaps now is not the ideal time to make your services more expensive at the cost of making them more attractive. Better to tighten the belt and even let your clients know that despite rising costs, your firm 'has decided to maintain their rates at the same level as last year', an announcement which just by itself can serve to keep existing clients loyal and produce word-of-mouth results that other marketing devices might not achieve.

## Matching Up Your Metrics

What is the underlying goal of your quest for growth? If you answered 'revenue', that is only part of the picture because aiming for stellar growth while sacrificing your reputation could leave you with neither. Your clients come to you—and refer to you—because of how well you have serviced their legal needs. If your firm no longer presents its well-reputed professional image to the outside

and a solid firm culture internally, then your prospects for growth will be greatly dimmed.

Business development in any field necessarily involves some measure of growing pains; however, taking time to re-assess what brought you to where you are now before moving forward can help you avoid the pitfalls of overextension.

**“ONE WAY TO TELL IF YOUR COMPANY IS GROWING TOO QUICKLY IS TO CONTINUALLY ASSESS THE QUALITY OF SERVICE THROUGH CUSTOMER FEEDBACK. IF ESTABLISHED QUALITY STANDARDS ARE NOT WHERE YOU EXPECT THEM TO BE, THAT IS AN INDICATOR THAT YOU NEED TO ADDRESS”**

**- BRENT MCHUGH, CEO  
CHRISTAR INTERNATIONAL**

## Action

### 1 Evaluating Processes:

Determine whether the processes you have employed thus far are continuing to serve your firm's forward-looking goals or whether they are in need of an overhaul.

### 2 Review Scalability:

Avoid moves that will counter the natural scalability that your firm can handle, given its current market position.

### 3 Maintain Your Standards:

Don't fall into the trap of sacrificing your professionalism for short-term gains.

### 4 Quality Hires:

Your firm depends on high-caliber support staff in order to keep your practice going and growing; avoid filling vacancies with employees who don't meet your standards.

## Further Reading

1. <https://www.forbes.com/sites/forbescoachescouncil/2021/01/25/15-warning-signs-that-show-a-company-is-growing-too-fast/?sh=47b572d7509f>
2. <https://www.business.com/articles/business-growing-too-quickly/>
3. <https://www.inc.com/cox-business/eight-dangers-of-growing-your-business-too-fast.html>
4. <https://www.clio.com/blog/grow-a-law-practice-vela-wood/>
5. <https://www.attorneyatwork.com/solo-law-practice-growth-strategy/>





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After receiving his Juris Doctor degree from The John Marshall Law School in Chicago, Mr. Brochin served as an Administrative Law Judge with the Illinois Department of Labor for six years where he presided over cases dealing with job separation issues and matters pertaining to contested Unemployment Insurance claims. He also co-wrote the agency's administrative rules, and periodically served as a 'ghost writer' for Board of Review decisions.

Following that position, he was Director of Development for a Chicago-area non-profit college where he was responsible for High Net Worth donations to the institution. For the next eighteen years he practiced as a solo practitioner attorney with an emphasis in the fields of Real Estate law and Commercial Contracts transactions, and was an agent for several national title insurance agencies.

In 2003 he was recruited to head up a U.S. title insurance research office in Israel, a position he held for four years, and between 2007-2017 he participated in litigation support for several high-profile cases. He has taught Business Law as a faculty member of the Jerusalem College of Technology, and has authored a wide variety of legal White Papers and timely legal articles as a professional legal content writer for GPL clients. Separate from his legal writing, he has co-authored academic articles on Middle East security topics that have been published in peer-reviewed publications.



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William Anderson is Managing Director and Head of Law & Compliance. He leads the GreenPoint practice in providing regulatory, legal, and technology solutions to law firms, legal publishers, and in-house law departments around the world, overseeing our team of experienced US attorneys and data and technology experts. Will has over 25 years' experience working with corporations to improve the management of their legal and corporate compliance functions. Will began his legal career as a litigator with a predecessor firm to Drinker, Biddle LLP. He then served as in-house counsel to Andersen Consulting LLP, managing risk and working with outside counsel on active litigation involving the firm.

Will has leveraged his legal experience interpreting regulations and appearing before federal (DOJ, SEC, FTC) and state agencies (NYAG) to oversee research and other areas at Bear Stearns. In this capacity, he counseled analysts on regulatory risk and evolving compliance requirements. Will also consulted on the development of a proprietary tool to ensure effective documentation of compliance clearance of research reports. Will then went on to work in product development and content creation for a global online compliance development firm pioneering the dynamic updating of regulated firms' policies and procedures from online updates and resources. Will holds a Juris Doctorate with High Honors from the Washington University School of Law in Saint Louis and is admitted to state and federal bars. He lives in Pawling, NY, with his wife and daughter.



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