

March 2011

## Why You Need a Business Plan

By Tim Buursma

I would like to begin by asking you to reflect on a couple of questions: (1) Have you put together a comprehensive business plan for the next year? (2) Can you take some focused time to put a business plan together? Would your response be: *"I am too busy"*; *"I am not busy enough"*; *"That is someone else's responsibility"*; *"I only engage in those things I can bill for"*; *"I do not know where to start"*? The only acceptable answer is, *"I do not know where to start."*

Let us take it a step further. What if I asked you what your firm's business plan is for this year, would you know? What was your collection rate last year? What is your profit margin? These questions, along with a multitude of others, are the questions you should be asking yourself and of your business at least once per year.

Let us assume for the sake of this article you come to the realization that a business plan is vitally important to the success of your firm, but you are the person in the first paragraph that answered my question, *"I do not know where to start."* Well, let us get you started.

A business plan starts with a series of questions. Questions like:

1. What is important to you?
2. How much do you want to earn?
3. How many clients do you have in your book of business?
4. What is your specialty?
5. How have you attracted clients in the past?
6. How tight is your revenue cycle?
7. Who is your competition?
8. What is your collection rate?
9. What is your current overhead (fixed and variable)?

After answering all of the appropriate questions, the next step is plugging in the numbers. The numbers that I am referring to are your projected revenues and expenses. This will

give you a preliminary idea as to how close you are to your desired result or expected compensation. Next, timelines, resources and accountability need to be evaluated. This may adjust your profit margin (+) or (-). Finally, identify as many variables as possible and incorporate them into your business plan. There may be further questions and additional adjustments to your business plan, but you should have a good idea as to what is expected in order to achieve the desired results outlined in your business plan.

Once you complete the process outlined above, you now have a written business plan. The great thing about a well thought out business plan is that it gives you a direction and a starting point, but unfortunately that is all it gives you. The next step is to give life to the plan. This means you have to faithfully execute the identified strategies.

You may be thinking this is a great deal of work and you cannot bill for it; well, you are correct. Creating and maintaining a successful law practice is quite a bit of work. *Remember*, when you create a business plan for the first time, much of the work you do up front can simply be modified and updated on a systematic basis, but that means you have to be disciplined and diligent in your efforts.

**How can we help?** The Law Offices at 61 Commerce have the professional team, with the right skill sets, to help you create and execute a quality business plan. We offer our clients an interactive business development tool that includes the questions you should be asking yourself already built-in. As a matter of fact, our comprehensive list of “*105 things you should consider before starting your own law practice*” is something we walk through with every potential client; objective by objective. This is just the beginning. The Law Offices at 61 Commerce provides its clients the business acumen they need to become and remain successful.

## The Dangers of Marketing without a Business Plan

I have been approached numerous times by potential clients asking to help them with their marketing. The first thing I ask them is if they have a business plan. Ninety percent of the time the answer I get is, “*No*”. Almost immediately following, they reply, “*But that shouldn't matter.*” The fact is that without a business plan, there is no marketing plan.

Think of a business plan as going on vacation. First, you decide you want to go on vacation. Then, you select when you can go on vacation. After that, you determine a destination. Now come the details: what to pack, when to leave, what time you plan to arrive, how much you plan on spending, etc. The marketing plan is simply the map that will get you there. To have a marketing plan without a business plan is no different than one day deciding to go on vacation by hopping in the car without luggage, money or a destination.

Taking the time to develop a well thought out business plan will minimize the amount of time it will take you to create an effective marketing plan. As mentioned in the article “*Why you need a business plan*”, it highlights the items/issues that need to be identified. First, you identify your desired result and then you determined your potential for revenue and identify all of your anticipated expenses; leaving you with a projected profit margin. Secondly, you determined timelines, resources and assign accountability, which may adjust your margin (+) or (-). Next - the reality check. Who is the customer? Who is the competition? What do they charge? What is not being offered in the market place? How am I different or unique? Again, you take all these factors and apply them to the business plan, which again, may adjust your profit margin (+) or (-). With the business plan in place, you now have a solid foundation to build your marketing plan.

*The fact is, without a business plan, there is no marketing plan.*

A business plan gives your marketing plan two things: (1) A direction and (2) A starting point. Now that you understand what is expected (desired result) and you have a starting point (defined variables), all you have to do is fill in the details. I will give you some advice. As you are putting the details together, work and think backwards. In other words, begin with the end in mind.

An effective marketing plan needs to be organized. This allows you to prioritize your resources of time, talent and treasure. Once you have prioritized, it is critical that you systematically measure and monitor your progress. There are two things to remember here. First, if it is worth doing, it is worth measuring and secondly, if it does not get measured, it does not get done. Determining appropriate timelines, accountability and defined deliverables are extremely important to the success of the marketing plan, which ultimately assures the success of your law firm. This is when most marketing plans fail. It is not that the plan is flawed, but rather the individuals in charge of the plan have a difficult time with execution or accountability.

A marketing plan needs to be both flexible and rigid. I know that statement contradicts itself; however, I say this because many times organizations, firms, individuals and committees abandon their marketing plan too soon. Instead of tying the plan down, they simply disregard it or go completely in another direction based on a hunch. To effectively tie down the plan, the organization, firm, individual or committee should meet between two and four times per year, so they may evaluate the specifics of the plan. During these meetings, many questions should be asked. Was there timely execution and follow up? Is there competition we overlooked? Did the needs/wants of the market change? Etc. The conclusion of the meeting should accomplish two things: (1) The meeting gets documented (tied down) as to what was presented in form of new facts, data, results, feedback, etc. (2) The marketing plan, if mutually agreed upon, needs to get adjusted immediately based on



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Tim has more than 20 years of both management and marketing/sales experience. His focus has been on operational excellence, service to clients/customers and business growth and development. Tim received his degree from Hope College in Holland, MI and is trained in Six Sigma. He has developed proven systems to capture business performance measures on a timely basis which allow managers and marketing departments to make informed strategic business decisions

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the facts, data, results and feedback. The rigid part of the plan is that everyone needs to stick to the plan between meetings, where progress is reviewed objectively. The plan is also flexible in that it can be adjusted as the facts and data make it relevant enough to do so.

Developing these plans may sound like a great deal of work and it is. It is also extremely important that the work gets done and done well. Working *on* your business, to make sure your business results are achieved is equally as important as working *in* your business, to provide professional service to your clients.

**How can we help?** Our primary focus is to work daily on your identified business goals as you simultaneously focus your efforts to providing your clients with exceptional service. We have the tools, experience and resources to help develop and execute your business and marketing plans. By working together, you become known for quality legal service and enjoy a successful law practice with superior work/life balance.

See our approach to business planning and marketing. Join us for a **FREE** lunch & presentation

**High Impact/Low Cost Marketing Strategies to Meet Your Business Goals**

March 30, 2011 12:00PM to 1:00PM

61 Commerce Ave, SW Grand Rapids, 49503

To RSVP, simply email [info@prolegalsystems.com](mailto:info@prolegalsystems.com) or call (616) 940-0236 x1363