BUSINESS STRATEGIES TO ENSURE A PROFITABLE LAW PRACTICE: FOCUS ON LAW FIRMS IN NAIROBI, KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

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DECLARATION
I, the undersigned, declare that this is my original work and has not been submitted to any other college or university other than the United States International University for academic credit.

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This project paper has been presented for examination with my approval as the appointed supervisor.

Signed ___________________________ Date ___________________________

Prof. Paul Katuse

Signed ___________________________ Date ___________________________

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# TABLE OF CONTENTS

DECLARATION .................................................................................................................. ii
Copyright ......................................................................................................................... iii
ACKNOWLEDGEMENT ...................................................................................................... iv
ABSTRACT ........................................................................................................................... 1

CHAPTER ONE .................................................................................................................. 3
   1.0 INTRODUCTION ......................................................................................................... 3
      1.1 Background of the Problem ......................................................................................... 3
      1.2 Statement of the Problem ............................................................................................ 5
      1.3 Purpose of the Study ................................................................................................... 6
      1.4 Research Questions ..................................................................................................... 6
      1.5 Significance of the Study ........................................................................................... 6
      1.6 Scope of the Study ...................................................................................................... 7
      1.7 Definition of Terms .................................................................................................... 7
      1.8 Chapter Summary ...................................................................................................... 8

CHAPTER TWO .................................................................................................................. 9
   2.0 LITERATURE REVIEW ............................................................................................... 9
      2.1 Introduction .................................................................................................................. 9
      2.2 Strategies a Law Firm Implement to Make it Profitable ................................................. 9
      2.3 Factors Influencing the Success of a Law Firm ............................................................. 14
      2.4 The Relationship Between Law as a Profession and as a Business ......................... 18
      2.5 Summary of the Chapter ............................................................................................ 22

CHAPTER THREE .............................................................................................................. 23
   3.0 RESEARCH METHODOLOGY .................................................................................... 23
      3.1 Introduction ................................................................................................................ 23
      3.2 Research Design ......................................................................................................... 23
      3.3 Population and Sampling Design ............................................................................... 23
         3.3.1 Population ............................................................................................................. 23
         3.3.2 Sampling Design ................................................................................................. 23
         3.3.3 Sampling Frame .................................................................................................. 24
         3.3.4 Sampling Technique ......................................................................................... 24
         3.3.5 Sample Size ....................................................................................................... 24
ABSTRACT
The purpose of this study was to investigate and find out what strategies law firms can implement to ensure that they are profitable while maintaining their professionalism. The study focused on law firms located in Nairobi and that were active members of the Law Society of Kenya as at 1st January 2014. This study investigated strategies a law firm can implement to make it profitable. It also found out the factors that influence the successful and profitable running of a law practice. Finally, the study sought to figure out the relationship between law as a profession and as a business.

The study will help up and coming lawyers know what is required of them in order to open a successful, profitable law firm. The study ends the perception that a law firm is only a profession and not a business. The study will help lawyers who are currently engaged in unsuccessful practices learn their errors. This study adopted a descriptive research design. The strategies and success factors are the independent variables. They are independent because each of them is determined separately by each firm and hence do not rely on the legal practice environment. The dependent variable is the profitability of the law firm. The population of law firms registered at the LSK in Nairobi stands at 745. A sampling frame is composed of 200 law firms in the population from which the sample is drawn from. The study is limited to law firms with an active status as at 1st January 2014. Firms that were not active were left out of the sample. The sample included firms specializing in following areas; Civil litigation, criminal litigation, commercial law, conveyancing, tax law, international law, family law ad succession law. The data collected was quantitative and qualitative in nature and was both primary and secondary data. It was obtained from the practicing law firms by way of questionnaires and from the Law Society of Kenya database. Data collection sheets were used to collect the data for the study. Graphs, tables and correlation analysis were used in data analysis for the first and second research question.

The study found that, in terms of strategic planning practices, a majority of 87% of the law firms in Nairobi practiced strategic planning. It also found that out of those that practiced strategic planning, 48% of them reviewed their strategic plan annually. A whopping 95% these law firms pointed out that strategic plans are formulated by the partners of the firm.
The study concluded that enhanced retainer relationships with clients will improve on profitability of a law firm. It showed that firms have focused their attention on growing its client base and also employed a client retention strategy by putting in place a feedback policy.

It also concluded that firms that strive to improve their retention rate from year to year are client focused, pay more attention to client relationships, add value above and beyond the norm for the client, and just seem to try harder.

The study recommended that in order to address the challenges arising from the strategic planning practices and have an effective strategic planning, law firms should introduce performance based employment contracts for staff members.

It also recommended that lawyers can and should measure satisfaction throughout an engagement by directly asking the client their opinion of how things are going, and again at the end of the specific transaction/case.

It concluded by stating that the key to a profitable law practice, just like any other business, is a happy client. Lawyers should proactively communicate with clients and referral sources more frequently.
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Starting a new firm is quite distinct and separate from practicing law. It brings the lawyer face to face with "The Business of Law" (Poll, 2014). Despite the continuing insistence of some that law remains a profession and not a business, a law practice is fundamentally the business of providing legal services to individuals and organizations. Lawyers who receive no training at business during their professional education are notoriously poor business managers.

Businesses fail because the owners fail to focus their energy on the business. Most business owners are technicians, not entrepreneurs, Law is a business as well as a profession. To succeed, lawyers must act in a businesslike way (Flood, 2008). This observation may be right when it comes to lawyers. They tend to be technicians who want to do what they love doing, whether it's negotiating, drafting a contract, litigating, or some other task. They don't want to run a business, and they especially don't want to engage in business planning. When your business is a law practice, you unquestionably have a recipe for disaster (Farlane, 1997).

Starting your own law practice requires a lot of planning, decision making, and hard work. When you finally make the decision to go for it, you must understand that you are likely to make a few mistakes along the way. Lawyers make certain mistakes at the initial stages and more often than not, they do not recover from them. If they do recover, it is much later in their practice and their colleagues and peers are way ahead of them in terms of The Business of Law. Some of the mistakes made include; Failure to notify clients. If you start a firm from scratch, client development is your first priority. But if you're already established with clients, make sure they know what you're doing and can reach you at all times. Keep them fully informed of your timeline, provide full contact information and directions, and give them your cell phone or other emergency number (Gunnarsson, 2011).

The second mistake lawyers make is to assume that money will come in the door immediately. Unfortunately, that is rarely the case. Even if you start the firm with existing clients and ongoing work, there will likely be a period of time between doing the work, preparing and sending out the bill, and actually receiving payment. To be safe, lawyers should be prepared not to pay
themselves for at least the first year. Certainly the hope is that it will not take an entire year to be profitable, but planning for a worst-case scenario will increase the odds of survival (Fox, 1996).

The third error that lawyers make is failure to develop business literacy. Lawyers needn't be accountants, but too many fail to understand the basics of budgets, collections, profit, and loss. Each advocate should understand that profitability is determined by how well you win the business, do the work, and get paid (Crain, 2004).

Lack of planning is a common mistake among new firm owners. It is important to plan every detail of your firm, from how much space to how many garbage cans you will need. Detailed planning helps you understand your financial needs, along with providing focus to your practice. At a minimum you need a detailed written business plan that incorporates all aspects of your practice. The main areas to be addressed include: Location, Firm name, Staffing, Supplies, office furniture, and office equipment, Permits, licenses, Banking relationship (loans, trust accounts), Partnership agreement, if necessary, Insurance (malpractice, business, premises), Marketing strategy, Exit strategy from existing firm, if applicable, Legal research. Most lawyers realize they're in trouble only after the money ceases to come in the door. The seeds of such a problem typically begin months or years earlier through a failure to create marketing, receivables, and financial plans (Green, 2001).

When opening a law firm, the temptation will be to accept any case that comes to you because you are just happy that the phone rang. If a case looks bad to you on liability, or other lawyers have already turned it down, one should not accept it. It is far easier to turn a case down at intake than having a Court turn it down the case after you have made the investment of money and time to bring a bad liability case to trial (Lazere, 2012).

Starting a law firm is one of the most exciting and frightening things one can do in their legal career. No matter how much one prepare, mistakes will be made. Mistakes and mishaps will inevitably occur along the way, but becoming a business owner is an incredibly rewarding experience that will be well worth your efforts in the long run. Thus, lawyers should stop looking at law practice as a profession only but also as a business (Davis, 2014).

This research will show that a law practice is not only a profession but also a business. It will look at how lawyers can mix both the profession and business to ensure that they are successful both in terms of practice and businesswise.
1.2 Statement of the Problem

Corporations invest significant time and energy on strategic plans. They hire armies of analysts and consultants to develop their mid- to long-term strategies, benchmark their company against the competition, and check budgets against actuals to ensure the strategy is working and Return on Investment is achieved. Law firms, on the other hand, devote much less effort to strategic planning as compared with their corporate clients (Flood, 2008).

Historically, they have paid lip service to planning rituals, and tend to be more reactive than proactive in the way they conduct their business. Lately, however, firms are beginning to apply more rigor and discipline to the task of measuring and managing the performance of the firm, perhaps as a response to the Great Recession (Davis, Goldstein & Coral, 2013).

Lawyers and legal professionals are being forced to become more active business managers and to go beyond simply servicing clients. There is a need to not only understand the clients’ legal needs but to also understand their businesses and industries at a deeper level. Firms are drawing upon marketing, business development, market insights that come from business intelligence and metrics to retain and grow business with existing clients more effectively while also attracting new ones. They’re paying more attention to practice group and individual performances. In short, they are beginning to run the firm like a business, not as a collection of billable legal experts (Lazere, 2012)

Successful strategy execution starts by understanding and interpreting business insights and then translating those insights into actionable measures that can be used to manage a firm’s performance. In our work with firms across the country, we see that when the executive leadership mandates goals, educates partners and firm leaders, and then measures success, change in practice becomes reality (Yancey, 2012).

Firms also neglect to set goals, it is essential to articulate goals be they monthly, quarterly, one-year, three-year, and five-year. The goals should be clear and concrete enough. They should be Specific, Measurable, Attainable, Results-Oriented and Time-Based.
1.3 Purpose of the Study

The purpose of the study is to explore the strategies a law firm can implement in order to succeed in running a law firm not only as a profession but also as a business.

1.4 Research Questions

1. What strategies can a law firm implement to make it more profitable?
2. What factors influence the successful and profitable running of a law practice?
3. What is the relationship between law as a profession and as a business?

1.5 Significance of the Study

The study will help up and coming lawyers know what is required of them in order to open a successful law firm. The study will end the perception that a law firm is only a profession and not a business. The study will help lawyers who are currently engaged in unsuccessful practices learn their errors.

1.5.1 To Newly Admitted Advocates

This study will be used to guide up and coming advocates on the strategies that they should employ in order to run a successful law practice. It will show them that the task of opening a firm, no matter how big it may seem, can be tackled using proper strategy.

1.5.2 Practicing Advocates

This study will be used by already practicing advocates to know what strategies they should implement to ensure that their law practice continues to succeed. It will also point out the areas they need to focus on to turn their practice into a profitable business.

1.5.3 Law Society of Kenya

This study will be used by the Law Society of Kenya in carrying out Continuous Legal Education for practicing advocates. Since it is a requirement that advocates attend Continuous Legal Education, the society can educate them about how to run a law firm as a business.
1.5.4 Kenya School of Law

This study will be used by the Kenya School of Law in training prospective advocates in their Advocates Training Program. With the help of this study, they can educate them on how to run a successful law firm from start so as to give them proper tools to succeed in their law practices.

1.5.5 Researchers

The findings of this study will be significant to academicians and future researchers. It can be used as a basis for research on how the business of law can be changed from its current restrictive state to an ethical business entity.

1.6 Scope of the Study

The study will focus on lawyers practicing in law firms. Further, it will focus on newly admitted advocates who plan to open up law firms in the near future. It will also gather information from the Law Society of Kenya which is the lawyers’ professional body.

1.7 Definition of Terms

1.7.1 Lawyer

A person learned in the law; as an attorney, counsel, or solicitor (Garner, 2014).

1.7.2 Advocate

Any person whose name is duly entered upon the Roll of Advocates (Laws of Kenya, 2000)

1.7.3 Client

Any person who retains or employs an advocate and any person who is or may be liable to pay to an advocate any costs (Laws of Kenya, 2000).

1.7.4 Court

Means Magistrate’s Court, the High Court, Court of Appeal, and Supreme Court (Kenya Law, 2014).
1.7.5 Practicing certificate
Certificates authorizing the advocates named therein to practise as advocates (Laws of Kenya, 2000).

1.7.6 Senior Counsel
An advocate upon whom the President has conferred the rank of Senior Counsel (Laws of Kenya, 2000).

1.7.7 The Society

1.7.8 Unqualified Person
A person not qualified to act as an advocate (Laws of Kenya, 2000).

1.8 Chapter Summary
This chapter introduces the issue which is that lawyers do not view their law firms as businesses. It goes further to identify some of the mistakes that lawyers make from the very start. This include; Failure to notify clients, assume that money will come through the door immediately, failure to develop business literacy, Lack of planning and accept any case that comes their way.

It also looks at the main problem which is lawyers viewing their law practice from a purely professional point of view. It goes on to look at the purpose of the study which is in other words the objective of the study. The chapter brings out the research questions and the significance of the study which is the importance of the study. The chapter further looks at the scope of the study and finishes off with the definition of terms that are used therein.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter focuses on previous studies done by various authors in relation to strategies of running a successful law firm from the inception. The study will be carried out based on three research questions, the first one being strategies that a law firm can implement to help it succeed. The second research question addresses the factors that influence the success of a law firm in the country, and the final question investigates the correlation between law as a profession and as a business. At the end of the chapter, there is a summary on the research questions discussed.

2.2 Strategies a Law Firm Implement to Make it Profitable

The purpose of strategy in any for-profit organization is to position the firm to achieve better, more sustainable returns than the competition, hence capturing a sustainable competitive advantage. Doing so requires the firm to satisfy major stakeholders (primarily customers, but also knowledge workers, shareholders and others) over both the near and longer term. Ultimately, business strategy is about winning in competitive markets (Davis, 2014).

The term “strategic plan” is often discussed in law practice management circles and many firms claim to have one. A strong strategic plan identifies your firm’s goals and objectives and sets out a clear vision for its future. It assesses the external and internal factors that have an impact on the business of the firm. It offers members of the firm an opportunity to sit back and take a good hard look at the state of their current practices and work together on where they should be headed. Lawyers tend to look at their own practices and specific clients, but they don’t look at the law firm as a whole enterprise, this gives them a good opportunity to do just that (Macaulay, 2014).

A strong strategic plan identifies your firm’s goals and objectives and sets out a clear vision for its future. It assesses the external and internal factors that have an impact on the business of the firm. It offers members of the firm an opportunity to sit back and take a good hard look at the state of their current practices and work together on where they should be headed. Lawyers tend to look at their own practices and specific clients, but they don’t look at the law firm as a whole enterprise - this gives them a good opportunity to do just that (Macaulay, 2014).
2.2.1 Focus on Your Clients

All successful law firms provide legal advice and services tailored to their clients' needs and informed by knowledge of the industries in which they operate. Beyond that, however, their ways of organising themselves and their client relationships can vary significantly. One of the first steps in building a strategic plan is to take a good look at your clients and focus on the opportunities and growth they offer (Macaulay, 2014). Client service is the most critical component in maintaining client satisfaction for several compelling reasons: it sharpens your competitive edge, keeps your focus on controlling what you can control, and helps you avoid common ethics complaints (Kronman, 1995). Find out what your clients want, learn their business and find out where it’s going. Look closely at where the future of their industries is headed. What emerges from looking forward are clear choices around which clients you should have or need to get more of, and which ones you shouldn’t invest time and effort into. Asking these hard questions may force difficult or expensive choices, but it will be well worth it. A good strategic business plan should focus on growth, innovation and change.

Successful firms make a commitment to their clients and referrers. As with sectors, lawyers and others in the firm make it their business to understand what makes the client tick and what is important to them, to understand and deliver what the client expects, and to keep up to date with personal or business developments. Rather than paying lip service to flavour-of-the-month notions of ‘relationship management’, the more successful firms actually give relationship management programmes support and resources (Davis, 2014).

Unfortunately, many lawyers are inherently risk-averse and resistant to change. In the highly competitive legal arena, there are a lot of very qualified people chasing a limited amount of work, says Stock, and if you don’t have growth, innovation and change, you’re going to lose clients and legal talent (Macaulay, 2014).

2.2.2 Put Down an Actual Plan

A plan defines who you are, where the firm should be heading, and how you get there. It helps focus you as well as your staff and improves productivity, accountability, and alignment with your goals. It identifies what work your firm does or more importantly what it does not do. In essence it outlines what services you are selling, to whom, and where. Your plan then lists out the steps you should be taking to move to your desired future (Gunnarsson, 2011).
Strategic planning is a process that brings to life the mission and vision of the firm. A strategic plan, well-crafted and of value, is driven from the top down. It considers the internal and external environment around the firm. It is the work of the partners of the firm and is communicated to all the stakeholders, both inside and outside of the firm.

The strategic plan, to be of real long-term value, must be treated as an ongoing business process. It must be reflective of the owners’ mission and vision. It must evolve and change to reflect changing market and economic conditions. It must be proactive to competitive, market and economic conditions. If those steps are followed, the strategic plan will institutionalize a culture of continuous improvement and disciplined change (Mathews, 2002).

Most law firm leaders recognize that they must run their firms more like a business to remain viable and competitive in today’s rapidly changing marketplace. And like any business, a plan is essential to take the organization (and the people in it) where it wants to go. A strategic plan is no longer optional. Without one, the firm might be best described as a rudderless ship moving with the tide or, worse, as a little more than a hotel for lawyers (Yancy, 2012).

Lawyers should do a meaningful data analysis to ensure that the strategic planning is grounded in solid information. A data analysis includes looking at the accounting data from the previous three to five years to understand the economic drivers of the practice. It’s important to understand who your most important clients are, what the trends in those relationships are, and what kind of relationships those clients have with your competitors (Macaulay, 2014). Lawyers tend to overestimate the importance of their expertise and competence as their competitive edge. This is especially true in the corporate world. For any lawyer seeking to develop new business, a critical challenge is to distinguish oneself from the competition. Lawyers who are technical experts are a dime a dozen; lawyers who provide extraordinary client service are few and far between (Ginsburg, 2006).

The two most important elements of a strategic plan are to determine the clients and the legal talent you want. While strong leadership is important, getting consensus from all members of the firm for a strategic plan is also extremely important. Without having everyone on board and working towards the same goals, the plan can easily flounder (Macaulay, 2014).
The firm should carry out a SWOT analysis to know where it stands. The first step is to list your law firm's internal factors that strengthen the organization and your law practice. Examples of internal factors include highly qualified lawyers, such as those who are well known in their practice groups or exceptionally good trial lawyers if your firm focuses on litigation. In addition, your law firm's strength includes administrative support, a team of legal assistants who work collaboratively with advocates. Material strengths such as state of the art technology, profitable billings and low turnover are equally important to sustain your law firm's success.

The second step is to list the firm's weaknesses. Prepare a list of internal weaknesses that could stall or impede the firm's success. For example, internal weaknesses might include associate level advocates' inability to bring new clients to the firm, as well as an overwhelming number of pro bono cases for which the firm isn't receiving payment but is expending billable hours to represent indigent clients. Weaknesses can be faulty billing systems that prolong accounts receivable or performance issues with staff that affect productivity or employee engagement.

The third step is to map out the firm's opportunities, or external factors upon which the law firm depends for sustainability. An example is extending an employment offer to a new equity partner whose book of business will significantly enhance the firm's client base. Opportunities include media attention on your firm and widely publicized legal victories for which your law firm's advocates were responsible. This could bring in new business from existing clients or attract new clients. Other external opportunities could be the firm's need for additional staff simultaneously occurring with law school graduations and the availability of new lawyers.

The final step is to describe threats to your firm's success, which are external. Significant threats might be posed by the merger of a competitor law firm with an international firm that drives its rankings above your firm. Threats include clients' business closure, slowdown or withdrawal from your client base. New laws or legislation could become an external threat to the law firm. For example, if your firm specializes in criminal defense and certain laws suddenly decriminalize actions for which previous clients sought representation, you could lose business based on external factors such as changes to the laws.
2.2.3 Measure the Results

The evaluation process needs to be on going and continuous. The evaluation process provides a clinical check up on the progress of the firm compared to both the near term Business Plan and the long term Strategic Plan. The evaluations process provides a time frame to determine if the hurdles set up through the scorecard are being met. In addition, the evaluation process provides a time to determine if results are still meaningful and do they add to the goals of continuous improvement for the firm and add real value to the client (Mathews, 2002).

During the strategic planning process there was a constant focus on both the internal and external factors impacting the firm. During the evaluation process there needs to be a continuous measurement of the circumstances both inside and outside of the firm. Significant changes in conditions or in performance signal the need to consider adaptation to the near term Business Plan to steer the business back on the course set by the Strategic Plan. Any changes in the near term Annual Business Plan must still conform to the parameters of the long term Strategic Plan. In cases where the changes cannot be accommodated in the near term Business Plan then consideration for Strategic Plan changes are likely called for. In this case a repeat of part of all of the Strategic Planning Process will help to get the business back on course and in a position to meet its goals and satisfy customer needs (Ginsburg, 2006).

The Evaluation Process is best conducted with both a formal and informal component. The formal component may be a quarterly, or other timely period, evaluation of conditions. The informal process is the discipline of the partners to practices of being in the field, visiting clients, and in court. It is a continuous process of benchmarking both inside the firm and outside of the firm and its industry, including firms and industries not in a directly competitive set; and it is being sensitive to changing conditions within the firm (Dix, Mathews 2002).

The on-going Evaluation Process is the early warning system for the firm. A well established formal and informal process and practice in this area can be of significant value to it. It keeps the near term Business Plan on tract and the long term Strategic Plan vital and effective in steering the firm through constant environmental change while delivering consistent and predictable results (Mathews, 2002).


2.3 Factors Influencing the Success of a Law Firm

To open a law firm, one has to be an advocate and a member of the Law Society of Kenya. Its membership consists of all practicing advocates in Kenya, numbering eight thousand and one (8,001) by 1st January, 2015. By law, one must be a member of the Law Society of Kenya in order to practice as an advocate of the High Court of Kenya.

The Law Society of Kenya also has special and honorary membership. Special membership is conferred upon application to persons who possess the requisite legal qualifications. Honorary membership is conferred by the Council on any person whom it may think fit so to honor. Honorary membership may be conferred for life or for such period as the Council may in any case deem appropriate. The Law Society of Kenya and its members are also members of the East Africa Law Society, the African Bar Association, the Commonwealth Lawyers Association, the Criminal Bar Association, and the International Bar Association.

2.3.1 Market Dynamics

A great idea is not enough. You need a market. Enough people have to be ready, willing, and able to pay for your services. Otherwise you won’t have a practice. You need a market. Begin by figuring out whether there is enough demand for your services.

First, know your industry. In law school, lawyers are trained to view themselves as professionals, to believe that our practice is something far different from a common “industry”. But, in fact, a law firm is simply another form of business and our field the practice of law is another type of industry. Therefore, it is essential to know our industry. To be successful, you must know your industry inside and out. That is, you must know your practice areas and how they fit into the big picture (Flood, 2008).

Most legal practice areas have a life cycle, or market cycle. In other words, there are times when there is a great need for lawyers skilled in a given practice area, but eventually that need will change, or be eliminated completely. The industry’s stage in its market cycle is critical and it depends on a number of factors including, its growth rate, market share, competition, market stability and pricing patterns. Knowing the life cycle of the market is important so that
you can determine your direction and your strategies. For each stage in the life cycle of a practice there are certain, appropriate strategies. One should know their clients (Davis, 2014).

You must know who your clients are, what they want, how they act, and what they can afford if you are going to be able to figure out how to meet their needs. This means doing a market analysis. A market analysis is not a marketing plan. The analysis helps you to identify your clients and learn to understand them. The marketing plan shows how you will reach the potential clients that you have identified. Start by making a broad description of your target market. Include everyone who might potentially use your services. Then narrow your description by defining a set of specific characteristics by which you define your market (Flood, 2008).

2.3.2 Competition

The practice of law is highly competitive. The great bulk of law business of a City is done by a comparatively small number of lawyers, probably 100 or 150. Making an honest evaluation of your competition is essential if you are going to plan a practice that will succeed. Knowing your competition will help you distinguish your practice from theirs and it will help you find opportunities in the legal field. More importantly, analyzing your competition will tell you more about what your potential clients want. And, knowing what clients want is critical to your success (Flood, 2008).

As you build your competitive analysis, remember to stay focused on what matters. If you plan to have a practice that handles only plaintiff’s bodily injury cases, don’t spend time learning about the intellectual property practices in your neighborhood. Prepare your competitive analysis by identifying: 1) who are your major competitors? 2) What is the basis of the competition? And, 3) how do your services compare?

It is easy to think that your firm is superior to your competitors because you will offer better client service than the others, but you need to know far more about your own practice to build an effective comparison.

If you are going to compete successfully, you must know your competitors. You must have a strong sense of what they offer, and what you offer that is better. Know how your clients perceive your competition; know how your clients perceive you. Understand their internal
resources, and make an accurate assessment of your own. Keep your eyes open, competition always gets more intense and new competitors enter the market every day (Flood, 2008).

2.3.3 Sales and Advertising

You have identified your target market and you have evaluated your competitors. You know how your practice compares and you have identified your strengths. The Sales and Advertising section of your business plan allows you to identify the specific techniques you will use to show your strengths to prospects and turn them into clients.

Unlike other businesses, lawyers are limited in the types of sales and advertising tools that they can use. Be that as it may, advocates do sell their services. Every person you meet is a prospective client, and to turn a prospect into a client you must make a sale. However, selling legal services is very different from selling consumer products. Usually, the sales conversations that occur between an attorney and a prospective client are considered to be a variety of the “consultative selling” technique (Flood, 2008).

Consultative selling is based on a dialogue between the potential client and the salesperson, and it is far more collaborative than more traditional means of selling. The advocate’s initial conversation with a possible client is the prospecting phase of the sale, and it is the best time for the advocate to learn about the possible client’s needs and wants. The attorney uses carefully tailored questions and pays careful attention to the prospective client’s answers and other factors, such as body language, to make an accurate determination of the prospective client’s needs. Then the attorney presents detailed advice on how the practice will work to solve the client’s problems in an efficient and cost-effective manner.

Cross-selling and up-selling are two other common sales techniques that you can use to improve your practice’s collections. Up-selling is a simple cuing technique that allows you to present upgrades or add-ons to the client’s services. For example, you might suggest that your client consider filing a Declaration of Homestead when he purchases a new residence, or completing a Health Care Proxy along with a simple Will. Cross-selling is the process of suggesting other services to your existing clients to extend their relationship with your practice. For example, while you are preparing your client to purchase a home and record the Declaration of Homestead that you up-sold, you might suggest that your client create an estate
plan to ensure that the newly purchased home does not get caught up in a long probate process in the future.

Your advertising and sales plan is the foundation of your practice’s income. To stay in business you have to have a continual stream of new business. Take the time to learn about the best ways to promote, advertise, and sell your services. Build your plan carefully, and be sure to review it frequently to be sure that it is working for you.

The largest part of any sound law firm business development strategy is relationship building. Referral networks, mentorship opportunities, and client development are all contingent on your ability to meaningfully engage with other human beings. All advocates, at least superficially, understand the importance of having a strong professional network, but many take a ‘set it and forget it’ approach, making one-off introductions and following up with the occasional message or obligatory Christmas card. Human nature, for the most part, also dictates that we focus our efforts most on the connections we already have with the people closest to us. Not only can this cause more harm than good to your network in the long run, but it can also contribute to ‘network lag’, the effect caused when your network trails your aspirations due to poor network management and becomes largely ineffective (Shoffner, 2009).

2.3.4 Location

You have to work somewhere, and location can be the most critical factor in your success. Clients expect the location and look of a law practice to reflect the type and quality of service that they will receive. While you might do most of your work at the kitchen table, you will need to have a special place to meet clients that gives them a sense of confidence. Think carefully about transportation, parking, your proximity to suppliers and support services, and the distance between you and your competitors (Flood, 2008).

Once you have found the right location, the way your actual office looks and how it functions is very important as well. Is it accessible? Well lit? Clean? Attractively and comfortably furnished? After you’ve found the right neighborhood, a great building, and just the right office space, obtaining the right lease is critical. If you are lucky, you might find a long-term, low-rent lease in a desirable area. In a new lease, you will need to negotiate a number of details such as free rent
during the first few months before you open, ownership of leasehold improvements, and the amount of notice required before renewal and termination (Davis, 2014).

Keep in mind that you should re-evaluate your location about every two years to make sure that it still meets your needs. A good measure for determining how much space you will need is to assume that three lawyers plus conference, kitchen and reception requires about 2500 square feet with 600-700 additional square feet for each attorney. Also keep in mind that it takes about six months to find a new location and to re-locate. Every time you move, your clients will have to re-adjust and you may experience a downturn in collections for several months after each move. Therefore, it makes good business sense to choose an initial location that will suit you for more than just a year or two (Flood, 2008)

2.4 The Relationship Between Law as a Profession and as a Business

For some years now scholars have been writing about the “deprofessionalisation” of the legal profession, a malaise which, it is claimed, has infected the profession to the extent that ‘the noble profession is losing its soul (Kirby, 1996). Lawyers searching for meaning in their working lives are caught up in the crossfire of a battle for ascendancy between two discourses.

The first is the discourse of ‘professionalism’. The professions are market organizations whose legitimacy rests on a social bargain to exchange the status and privilege they receive from their intellectual and organizational domination of their field for ethical and altruistic service in areas of social concern (Crain, 2004). Professionals have been defined by sociologists as those having: expertise based on theoretical knowledge and extended education; practices and organization to test the competence of members; an ethical code of conduct; and altruistic service (Farlane, 1997). The key to the integrity of professional practice and work has historically been ‘autonomy’; that is, relative or absolute freedom from external authority and having the privilege of peer or self-supervision. It is the image of the ‘free’ professional that has distinguished the professional work of lawyers from that of non-professional, ‘proletarianised’, and industrial labour (Crain, 2004).

The second discourse is that of ‘neoliberalism’. Neoliberalism is driven by a rationality that privileges the logic of the market (Bourdieu, 1998). Within this logic, economic interests are favoured over the social realities of individual workers. Its effects, though the ‘intrusive
imposition of commercial values’, (Bourdieu, 1998) have the propensity to condemn old solidarities, such as professional associations, to the margins, if elements of their practices, such as professional autonomy and altruistic service, threaten to subdue profit maximization and economic efficiency (Bourdieu, 1998).

2.4.1 The Good Corporate Lawyer: Competencies and Attributes for Professional Success

It seems that the ‘old’ ideal of the professional lawyer-statesman as a practitioner with virtues resting on practical wisdom sustained by prudence, good judgment and a concern for civic mindedness does not quite fit with the ideal of competency expected of corporate lawyers in the contemporary Kenyan workplace. Some elements of that construction, particularly good judgment, are nevertheless at the basis of attributes that lawyers describe as being evident in the best lawyers: … the best lawyers are the lawyers who know what they know and know what they don’t know (Crain, 2004).

It should be noted, however, that although ‘judgment’ is revered by some as a competency or attribute necessary for professional success, no lawyer in the research mentioned a sense of ‘public mindedness in discussing the best lawyers. Rather, technocratic lawyerly skills, such as a high degree of analytical skills, writing skills and drafting skills were often mentioned, as were people skills and communication skills. The dominant view is that it is those skills, along with marketing skills where one is savvy at selling the firm, which play a large part in delivering and maintaining the requisite client base and the consequent billable hours that flow to the firms.

Law firms today are heavily involved in marketing their services and unashamedly training their practitioners in the steps that produce the ‘Rain Dance’ (Fenton, 1996). Clearly, not all lawyers are happy about the degree of commercialism that modern marketing practices inflict on the operation of the major corporate firms. The emulation of their clients’ activities, through public relations and marketing techniques employed to maintain and improve market share, represents a major change to the more sedate days of traditional professional legal practice. This trend is cited as a factor in the much vaunted ‘loss of happiness’ among lawyers that Kronman and others have observed (Fox, 1996).

The view that firms think marketing is more important than their clients believe it to be is supported by a national survey conducted by the Australian Corporate Lawyers Association in
which it was found that advertising, sponsorships, media exposure and entertainment ranked low as marketing strategies among clients. What clients most valued was better service and formal client reviews (Liverani, 1996). It would appear therefore that the core competencies and attributes clients seek in corporate lawyers, bearing in mind that exemplary legal competency is a given, are those skills grounded in something that approximates deliberative ‘practical wisdom’ and judgment. Despite that, for these highly educated professional workers it is evident that their craft is not perceived by those currently orchestrating the workplace regime to be an end in itself. The autonomy of lawyers is subject to the dictates of their particular firm’s business organizational goals and lawyers are now being placed in a position where they must reform their professional identity to fit the repertoire of skills perceived as necessary to market their firm’s wares.

2.4.2 Lawyers’ Autonomy in a Profit-Driven Corporate World

Historically, the professions have long claimed the right to structure and regulate the education and credentials of their members. Within their authority to self-regulate, members are granted a personal right to autonomy at work and a collective right of peer review of the professional integrity of members (Crain, 2004). This forms the basis of what Marian Crain calls the ‘social bargain’, in which occupational privilege is exchanged by professionals for the promise to undergo painstaking professional education and training in order to master the knowledge reserved to them and to dedicate themselves unselfishly to societal needs (Crain, 2004).

Because of the special expertise that stands them apart from competing social, economic and political bases of power, professional workers have been credited as major stabilizing elements of modern specialized society (Liverani, 1996). Because of their specialized knowledge and the consequent autonomy they have commanded, so this narrative goes, professionals have been free to adhere to high values which are encoded in their canons of professional ethics. They are also held to embrace a sense of commonweal, which has been characterized in sociology by functionalist theorists as a ‘collectivity orientation’ (Liverani, 1996).

Within this view, lawyers have been able to exert great influence on the captains of industry through their professional role as ‘wise counselor’; that is, the lawyer who exercises independent judgment based not only on his or her black letter law expertise but also on the principles of
equity, fair dealing and public policy (Green 2001). Thus, as trusted business advisors lawyers have been able to provide ‘a kind of buffer between the illegitimate desires of clients and the social interest’ (Green, 2001). A competing view of the way in which professional autonomy plays out in modern society is that of conflict theorists who assert that professionals have autonomy and power but that it is based, not so much in their special expertise as their enhanced social standing, brought about through the status conferred upon them through credentialing. Credentialing legitimates their superior rewards and distances them from other occupations. Larson identified the propensity of professionals to build their status as their ‘professional project’ (Green, 2001).

With wealth and status as the basis of their social power, it is said that corporate lawyers tend to function as ‘hired guns’, manipulating legislation and procedural tools that are there for working in a complex legal system, in order to meet the asocial goals of corporate clients to maximize profits. ‘Guns and money’, according to this view, trump moral superiority or any mediative role in binding these professionals to societal groups (Bourdieu, 1998). Although competing discourses underpin the notion of professional autonomy, it is evident that the extent to which lawyers are able to cast themselves in the ‘wise counselor’ role has been declining.

Earlier research into the social structure of large law firms in the United States suggested that, in the ‘hemisphere’ of large firm professional activity, lawyers were incapable of acting as disinterested observers who could serve either side of an issue and were in fact, largely captive to their clients (Liverani, 1996). Research there revealed that although lawyers in the top firms adhere to an ideology of autonomy in relation to their role in legal institutions and their relationships with clients, they are effectively dominated by their clients as they ‘enthusiastically attempt to maximize the interests of clients and rarely experience serious disagreement with the broader implications of their client’s conduct (Liverani, 1996).

### 2.4.3 Client Control of Lawyers

In a world in which the top 200 corporations account for over a quarter of the economic activity on the planet, it is little wonder that the power of corporate clients outweighs that of their lawyers, even taking into account the vast wealth and social power of the top law firms (Institute for Policy Studies 2002). Based on British sociologist Terence Johnson’s analysis of occupations
according to the allocation of power between the producer and the consumer, it would appear that corporate lawyering is a ‘patronage’, rather than a ‘collegiate’ occupation. Were the provision of legal services a collegiate occupation, the producer (law firm) would have the power to define the needs of the consumer (corporate client) and the manner in which these needs are catered for.

The reality of contemporary corporate legal practice, however, is that it is a patronage occupation in that, when purchasing legal services, the consumer (corporate client) is able to define its own needs and the manner in which they are met from the producer (law firm). Indeed, corporate clients are able to dictate operational matters to a firm, such as the location in which the lawyers are to undertake the work, reporting arrangements, and the minutiae of who will perform the work and when it will be performed: It is evident that in the marketplace where corporations are making the rules and clients are moving much more in panels and ‘playing firms off against each other for financial and other reasons’, it is extremely difficult for lawyers to ‘call the shots’.

Indeed the large corporates are ‘cherry-picking’ law firms who can do little more than present themselves, ‘ripe for the picking’ as it were, in their specialized areas of practice: If lawyers are merely hard-pressed, time-constrained technocrats or ‘hired guns’ who are able to exert only limited influence over the means and ends of their own work, then it is highly unlikely that they have the power (or perhaps even the inclination) to stabilize modern society by modifying their corporate clients’ goals or objectives (Farlane, 1997).

2.5 Summary of the Chapter

This chapter has clearly reviewed the relevant literature in relation to the research questions that have been covered in this study and even looked at the strategies that one can implement in order to run a successful law firm. Chapter three describes the methods and procedures to be used to carry out this study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that will be adopted in this study. It gives the specific research design, to be used, the population that will be studied, the sample size and the type of data that will be used. This chapter also highlights the data collection methods, data analysis and data presentation methods to be applied in the research.

3.2 Research Design

The study will use a correlational design. In a related study, (Kothari., 2008) explains that a correlation design explains the degree of linear relationship between two variables. The main reason for using this design is because it has the clear advantage of building on existing legal knowledge as it uses available data to investigate and explain how, where, what and the who of a situation (Saunders, 2003). A correlation research design is best suited to establish trends and trends as set out in the study objectives and hence making it easier to reach logical conclusions.

In this study, the strategies and success factors are the independent variables. They are independent because each of them is determined separately by each firm and hence do not rely on the legal practice environment. The dependent variable is the success of the law firm.

3.3 Population and Sampling Design

3.3.1 Population

According to (Saunders, 2003) a population is the full set of cases from which the sample is taken. The population has to have some common observable characteristics. The target population for this study will be the law firms registered in Nairobi as at 1st January, 2014. The subpopulation consists of the 745 firms registered and recognized by the Law Society of Kenya.

3.3.2 Sampling Design

The sampling design is determined by the simplicity of getting the requisite information bearing in mind the industry representation.
3.3.3 Sampling Frame

A sampling frame is composed of 200 law firms in the population from which the sample is drawn from. It should be a correct list of the population members only (Saunders, Lewis and Thornill, 2003). The sampling frame for this study is obtained from the law firms situated in Nairobi and registered at the Law Society of Kenya. There are 745 firms in this category.

3.3.4 Sampling Technique

The study will use a sample given that the number of the target population is 745 and also because of the fact that not all the firms in the population were active by 1st January 2014.

3.3.5 Sample Size

The population of law firms registered at the LSK in Nairobi stands at 745. The study is limited to law firms with an active status as at 1st January 2014. A total of 24 Law Firms within the City of Nairobi were sampled. Firms that were not active will be left out of the sample. The sample included firms specializing in following areas; Civil litigation, criminal litigation, commercial law, conveyancing, tax law, international law, family law ad succession law.

3.4 Data Collection Methods

The study will collect secondary data using data collection sheets on number of law firms opened within the one year of the research study and the firms closed within the same period. The data on the operations of the firms will be collected using questionnaires and through interviews. Data will also be collected by the use of other online resources. Additional data will be collected from the LSK register which is available at the society’s website.

3.5 Research Procedures

The researcher will conduct a pilot study on a small portion of the target population. After establishing its’ appropriateness for the study, the same will be used for the sample firms. Since all registered firms and advocates are required to renew their licences annually, a list of active advocates and law firms in Nairobi as at 1st January 2014 will be obtained. Questionnaires will then be issued out to the respective firms as per my sample. I will send out questionnaires to firms that are within Nairobi but whose physical address I cannot access for
whatever reason. I will also single out the top five law firms in Nairobi as per different reviews and schedule face to face interviews with the managing partners.

3.6 Data Analysis Methods

Data will be tabulated into manageable summaries to allow for ease of analysis. Depending on the nature of the data to be analysed and the objectives of the study, statistical analysis in the form of tables, graphs and inferential statistics which include correlation and regression analysis techniques will be applied.

The strategies and success factors of the law firm are the independent variables while profitability of the firm will be the dependent variable. The correlation between the variables under study, and between these variables and the relationship between law as a profession and as a business will be computed and a regression analysis will then be done to facilitate the comparison of two factors at a time. The analysis will begin with the computation of the correlation coefficients between the fundamental variables, and between these variables and success of a law firm. SPSS package will be used to analyse the data.

3.7 Chapter Summary

This chapter described the research methodology that will be used in the study. The research design, population and sampling design, data collection methods, research procedures and data analysis methods of the study have been discussed. The population of the study comprised of 754 law firms registered with Nairobi at the Law Society of Kenya. A sample of was selected from the 200 firms using stratified random sampling. The secondary data used was from the LSK and supplemented by previously published books, journals and articles. Data analysis will be through SPSS. The next chapter presents the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the findings collected from the study in relation to the study objectives. The data obtained was cleaned and entered into statistical software, SPSS to facilitate easier analysis.

It contains Data tabulated into manageable summaries to allow for ease of analysis. Depending on the nature of the data to be analysed and the objectives of the study, statistical analysis in the form of tables, graphs and inferential statistics which include correlation and regression analysis techniques are applied.

4.2 Demographic Information

![Gender Distribution of Lawyers](image)

Figure 4.1: Gender Distribution of Lawyers.

The above figure shows that in relation to distribution by gender, law firms in Nairobi were dominated by the male gender which represented 54% of the total number of respondents.
4.3 Strategies a Law Firm Implement to Make it Profitable

The figure above shows that 67% of the respondents opened their law firms 2-5 years after completing law school. A further 4% opened their firms less than an year after completing studies at the Kenya School of Law.

The figure above shows that 41% of the respondents had run their law practices for 0-1 years and 17% had run their law practice for over 16 years. This shows the spread of experience in the market.
Figure 4.4: Whether Law Firms Have Strategic Plans.

The Figure above shows that a majority of 87% of the law firms in Nairobi have a strategic plan. This is a very encouraging sight as it beats the assumption that law firms, unlike businesses, can be run without a clear strategy. However, 13% of law firms sampled did not see the need of having a strategic plan in place.

Figure 4.5: How Often Strategic Plan is Reviewed.

The Figure above shows that 48% of the firms reviewed their strategic plan annually. 38% of law firms sampled indicated that they reviewed their strategy quarterly. This represents a significant number and they gave their reasons for the practice.
4.4 Factors Influencing the Success of a Law Firm

**Who Develops the Strategic Plan**

![Pie chart showing the distribution of strategic plan development among law firms. 95% are formulated by partners, 5% by third parties, and 0% by associates.]

**Figure 4.6: Who Develops the Strategic Plan**

The Figure above shows that 95% of the strategic plans of the law firms sampled were formulated by its partners. None of the firms sampled indicated that strategy was formulated by associates, but 5% indicated that they take the help of third parties in formulating strategy.

**Agressiveness in Pursuing Strategy**

![Pie chart showing the aggressiveness in pursuing strategic plans. 71% are aggressively pursuing, 14% are seriously pursuing, 5% are exploring the possibility, and 10% have not looked deeply.]

**Figure 4.7: How aggressively is the Strategic Plan Pursued**
The Figure above shows that 71% of the law firms sampled aggressively pursue the strategic plans they have in place. 5% of the firms sampled indicated that they indeed had strategic plans in place but they were not keen on the implementation of the strategy.

4.5 The Relationship Between Law as a Profession and as a Business

Table 4.1: Whether improving growth of revenue is an important factor

<table>
<thead>
<tr>
<th>Growth of Firms Revenue</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Important</td>
<td>19</td>
<td>79.2</td>
<td>79.2</td>
<td>79.2</td>
</tr>
<tr>
<td>Important</td>
<td>5</td>
<td>20.8</td>
<td>20.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

From the table above, respondents attached different levels of importance on whether growth of their firm’s revenue is a top priority. As illustrated, 79.2% of the total respondents believed that it’s a very important priority on a firm’s profitability. The rest of the respondents who represented 20.8% said it is important. This shows that in most of legal firm’s believe that growth of revenue is of high priority in the planning on the firm’s profitability. This information is represented on a graph as shown below

Table 4.2: Opinion on whether improving firm profitability improves service delivery

<table>
<thead>
<tr>
<th>Improving Firm Profitability</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Important</td>
<td>20</td>
<td>83.3</td>
<td>83.3</td>
<td>95.8</td>
</tr>
<tr>
<td>Important</td>
<td>1</td>
<td>4.2</td>
<td>4.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The table above shows the level to which respondents attached to importance of improving profitability of a firm as a top priority. As illustrated a big percentage of the respondents representing 83.3 percent believed it is very important to prioritize firm profitability more. Only 4.2% of the total respondents believed it is important. This shows that many Legal Practicing Firms attach more importance on improving firm’s profitability in order to ensure success and continuity of the business. This supports (Farlane, 1997).

Table 4.3: Opinion on improving billing collection on profitability

<table>
<thead>
<tr>
<th>Improving Billing Collection</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Important</td>
<td>14</td>
<td>58.3</td>
<td>58.3</td>
<td>62.5</td>
</tr>
<tr>
<td>Important</td>
<td>9</td>
<td>41.7</td>
<td>41.7</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The table above shows the importance to which respondents attached on whether improving billing collection is a top priority in ensuring that the firm’s profitability is continuous. As illustrated 58.3% of the respondents believed it is very important to ensure collection of bills is done often. 41% of the total respondents believed it is of importance. None of the respondents indicated that it is not important or not considered. This shows that respondents were divided on this factor. However majority believed it is a top priority. This shows that most of the firm in the legal profession still attach importance to this factor and consider it as a factor that could affect its profitability. This is illustrated in the figure below.
Table 4.4: opinion on managing succession plan as a factor in firm’s profitability

Managing Succession Plan

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Important</td>
<td>3</td>
<td>12.5</td>
<td>12.5</td>
<td>12.5</td>
</tr>
<tr>
<td>Important</td>
<td>9</td>
<td>37.5</td>
<td>37.5</td>
<td>50.0</td>
</tr>
<tr>
<td>Not Important</td>
<td>9</td>
<td>37.5</td>
<td>37.5</td>
<td>87.5</td>
</tr>
<tr>
<td>Not Considered</td>
<td>3</td>
<td>12.5</td>
<td>12.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The table above shows respondents opinion and level to which they attach on importance of developing a managing succession plan as a priority in improving firm’s profitability. As illustrated 37.5% of the total respondents believed it is an important factor with the same percentage of the total respondents at the same time believed that it is not important. This was followed by 12.5% who believed it is very important and surprisingly the same percentage represented those who said it is not considered as a priority in their firms. This shows that a good number of legal firms have not yet embraced this factor as a priority in their plans towards improving their profitability. This is represented in a graph as shown below.

Table 4.5: Whether improving realization rates can improve firm’s profitability

Improving Realization Rates

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Important</td>
<td>12</td>
<td>50.0</td>
<td>50.0</td>
<td>58.3</td>
</tr>
<tr>
<td>Important</td>
<td>7</td>
<td>29.2</td>
<td>29.2</td>
<td>87.5</td>
</tr>
<tr>
<td>Not Considered</td>
<td>3</td>
<td>12.5</td>
<td>12.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
The table above shows the level to which Law Firms attach towards importance of improving realization rates as a priority to improve profitability. As illustrated half of the total respondents representing 50% believed it is very important priority followed by those who believed it is important representing 29.2% while those whose firms it is not considered represented 12.5% of the total respondents. 8.3% of the respondents did not respond to this question. This indicates that a big number of law firms believe that improving realization rates is a top priority.

Table 4.6: Whether Firm’s profitability goal is realised

<table>
<thead>
<tr>
<th>Firm Profitability</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Yes</td>
<td>19</td>
<td>79.2</td>
<td>79.2</td>
<td>79.2</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>8.3</td>
<td>8.3</td>
<td>87.5</td>
</tr>
<tr>
<td>Not Sure</td>
<td>3</td>
<td>12.5</td>
<td>12.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The table above represents whether firms meet their profitability goals. As illustrated most of the respondents representing 79.2% of the total respondents indicated that their firms have been meeting their set profit margins. This was followed by 12.5% who were not sure whether their firms have been meeting their profit targets. However 8.3% indicated that their firms have not been meeting their goals. This shows that as much as many law firms meet their profit targets their is still a number of firms who are still struggling to meet their targets. This supports (Kirby, 1996) that law firms maintain equal importance to professionalism and business.
Table 4.7: Rate of client growth

New Client Growth

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid Yes</td>
<td>17</td>
<td>70.8</td>
<td>70.8</td>
<td>70.8</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>20.8</td>
<td>20.8</td>
<td>91.7</td>
</tr>
<tr>
<td>Not Sure</td>
<td>2</td>
<td>8.3</td>
<td>8.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The table above shows how respondents indicated on whether new clients are increasing in their firms as set in their goals. As illustrated, 70.8% of the respondents indicated that new clients are increasing day by day. 20% of the respondents however indicated that in their firms no new clients followed by 8.3% who were not sure whether there has been new clients. This may have been attributed to respondents being in different departments hence not aware of the movement of clients. This shows that generally new clients are increasing in most of the firms and this is a success factor. What clients most value is better service and formal Client reviews (Liverani, 1996).
Figure 4.8 Partner Profitability

The figure above shows whether firms are able to meet their partners’ expectations. It illustrates that a bigger percentage indicated that they meet these expectations while, followed by those who indicated they are not able to meet these expectations. A small percentage of the respondents were not sure. This shows that generally many law firms meet their partners’ expectations.
Figure 4.9 Client Profitability

The figure above shows whether firms are able to ensure client profitability in their endeavours as it is a factor that would affect its success. As illustrated 80% of the respondents indicated that their firms have been ensuring their clients are well attended to and hence make profits. 17% of the total respondents however indicated that their firms fall short of their clients expectations. A small percentage of the respondents representing 3% were not sure on this matter. This showed generally in most law firms the meet their goals on client profitability. This supports (Flood, 2008). That knowing what clients want is critical to your success.

4.3: Regression and Correlation Analysis

Regression model with dependent variable as Firm Profitability

H₀: Strategic plans do not significantly affect profitability of a firm

H₁: Strategic plans significantly affect firm’s profitability
Table 4.8: Effect of Resources and strategic plans on Profitability of a Firm

ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>.454</td>
<td>2</td>
<td>.227</td>
<td>.439</td>
<td>.651a</td>
</tr>
<tr>
<td>Residual</td>
<td>10.879</td>
<td>21</td>
<td>.518</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11.333</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Resources Aiding In Planning, Strategic Plan In Place

b. Dependent Variable: Firm Profitability

The table above shows how profitability of a firm is affected by its resources endowment and its strategic plan. As indicated the p-value =0.651 is greater than the critical value α=0.05 hence the study rejects the null hypothesis and concludes that strategic plan of a firm affects its profitability at 95% confidence level with a margin error of 0.05%.

Table 4.9: Correlation between Strategic Plan in Place and Resources Aiding in Planning

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>1.710</td>
<td>.539</td>
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<tr>
<td>Strategic Plan in Place</td>
<td>-.408</td>
<td>.450</td>
</tr>
<tr>
<td>Resources Aiding in Planning</td>
<td>.035</td>
<td>.093</td>
</tr>
</tbody>
</table>

a. Dependent Variable: FIRM_PROFITABILITY
Correlation

The correlation coefficients of both strategic plan and resources aiding in planning indicate that there is minimal correlation with firm’s profitability. However the correlation between the two variables exists as indicated by the t-statistic. The negative coefficient of the first variable shows that strategic planning negatively affects firm’s profitability.

Table 4.10; Correlation between Resources aiding in Planning and Firm Profitability

<table>
<thead>
<tr>
<th>Resources Aiding In Planning</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Firm Profitability</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources Aiding In Planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.71</td>
<td>.814</td>
<td>24</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>24</td>
<td></td>
<td></td>
<td>24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm Profitability</td>
<td>.071</td>
<td>.814</td>
<td>24</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As indicated the Pearson correlation coefficient is high at 71% which implies that the two variables are highly correlated. That resource needed in planning need to be adequate in order to ensure profitability of the firm.
Table 4.11: Correlation between Firm Profitability and Managing a Succession Plan

Correlations

<table>
<thead>
<tr>
<th></th>
<th>Firm Profitability</th>
<th>Managing Succession Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Profitability Pearson Correlation</td>
<td>1.00</td>
<td>.640</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.514</td>
</tr>
<tr>
<td>N</td>
<td>24.00</td>
<td>24.00</td>
</tr>
<tr>
<td>Managing Succession Plan Pearson Correlation</td>
<td>.64</td>
<td>1.00</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.514</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>24.00</td>
<td>24.00</td>
</tr>
</tbody>
</table>

The correlation coefficient 0.64 indicates that the two variables are correlated and that managing a succession plan is a factor that affects firm’s profitability.

Table 4.12: Correlation between Partner Profitability and Firm Profitability

Correlations

<table>
<thead>
<tr>
<th></th>
<th>Partner Profitability</th>
<th>Firm Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner Profitability Pearson Correlation</td>
<td>1.00</td>
<td>.861*</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.023</td>
</tr>
<tr>
<td>N</td>
<td>24.00</td>
<td>24.00</td>
</tr>
<tr>
<td>Firm Profitability Pearson Correlation</td>
<td>.861*</td>
<td>1.00</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.023</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>24.00</td>
<td>24.00</td>
</tr>
</tbody>
</table>
### Correlations

<table>
<thead>
<tr>
<th></th>
<th>Partner Profitability</th>
<th>Firm Profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner Profitability</td>
<td>Pearson Correlation</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.861*</td>
</tr>
<tr>
<td>N</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>

| Firm Profitability | Pearson Correlation  | 1                    |
| Sig. (2-tailed)    | .023                  |                     |
| N                   | 24                    | 24                  |

* Correlation is significant at the 0.05 level (2-tailed).

The correlation coefficient is 86.1% which shows that the two variables are highly correlated.

### 4.6 CHAPTER SUMMARY

The degree of a firm’s involvement in strategic planning process may directly and indirectly be a function of the degree of complexity and change in their competitive environment. It has also been suggested that if an environment is characterized by low complexity and slow change, thereby exerting no or only weak competitive pressures on a firm, there will be no incentive to become very much involved in the strategic planning process.

Organizations need to review their strategic plans and adjust their course based on the evaluations.

The study following the objectives has concluded that a law firm needs to set up strategies and implement them so as to ensure that it is able to meet its profit targets. This is well implied by the opinions of a big percentage of the respondents on different strategies that are taken in their firms and have yielded better results.

The study has also concluded that the resources needed to ensure success of a firm have to be adequate so as to strengthen the structures that are laid down to ensure success of the firm. These
factors the study identified as ensuring continuous client retention, ensuring firms’ profitability is at desirable levels, ensuring their structures that facilitate new client administration, as well as ensuring partner’s profitability is taken into consideration when planning for the goals of the firm.

The study has concluded that there is a close relationship between law as a business and as a profession. This is because most of the firms indicated that they are in the law profession as a business as well as ensuring that they serve in their profession.
CHAPTER FIVE

SUMMARY, DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings of the study in relation to the set objectives. It also includes conclusion, recommendations and suggestions for further research.

5.2 Summary

The study sought to find out the strategic planning practices carried out by law firms in Nairobi, Kenya. To investigate this, three objectives were identified. The objectives were:

4. What strategies can a law firm implement to make it more profitable?
5. What factors influence the successful and profitable running of a law practice?
6. What is the relationship between law as a profession and as a business?

The study found out that in relation to distribution by gender, law firms in Nairobi were dominated by the male gender which represented 54% of the total number of respondents. It was also observed that 67% of the respondents opened their law firms 2-5 years after completing law school. It was also observed that 41% of the respondents had run their law practices for 0-1 years and 17% had run their law practice for over 15 years.

In terms of strategic planning practices, a majority of 87% of the law firms in Nairobi practiced strategic planning. Out of those that practiced strategic planning, 48% of them reviewed their strategic plan annually. A whopping 95% these law firms pointed out that strategic plans are formulated by the partners of the firm.

In terms of aggressiveness in implementing strategic planning practices 71% of the respondents indicated that they aggressively pursued the implementation of the strategic plans within their firms. This is an encouraging statistic because lawyers are widely thought to be only interested in the law and not the business and strategic part of their practice.

In relation to how the challenges are addressed, most of the respondents were alive to the fact that they operate in the service industry. They came up with strategies and ways of attracting and
retaining clients. 70.8% of the respondents indicated that new clients are increasing day by day. A further 80% of the respondents indicated that their firms have been ensuring their clients are well attended to and hence make profits.

One respondent said that their firm strives to ensure excellent client service to enable them get good references from clients to others. Another pointed out that they developed a client blue print to ensure professional, timely, cost effective solutions for different client needs. It was further suggested that firms should enhance retainer relationships with clients to improve profitability. Finally, another respondent pointed out that they constantly keep in touch with existing clients for new business opportunities.

The study found that 79.2% of the respondents believed that it’s a very important for the firm to be profitability. Although the same number of respondents indicated that they met their profit targets, there is still a number of firms who are still struggling to meet their targets. The Study has shown that profitability of a firm is affected by its resources endowment and its strategic plan. Thus, firms should strive to implement strategy in order to be profitable.

5.3 Discussion

This section of the research report focuses on the discussions of the key findings of the study based on the specific objectives and in line with the literature reviewed on profitable running of a law practice.

5.3.1 Strategies can a law firm implement to make it more profitable

The observations made in this study show that Gender is not a determinant factor to the profitability of a firm. From my research, I found out that the distribution by gender, in Nairobi law firms 54% for the male gender and 46% for the female gender. This represents a near gender parity as they are almost at 50-50.

The observations made in my study show that 87% of the law firms in Nairobi have a strategic plan. A plan defines who you are, where the firm should be heading, and how you get there. It helps focus you as well as your staff and improves productivity, accountability, and alignment with your goals. It identifies what work your firm does or more importantly what it does not do. In essence it outlines what services you are selling, to whom, and where.
Your plan then lists out the steps you should be taking to move to your desired future (Gunnarsson, 2011).

Strategic planning is a process that brings to life the mission and vision of the firm. A strategic plan, well-crafted and of value, is driven from the top down. It considers the internal and external environment around the firm. It is the work of the partners of the firm and is communicated to all the stakeholders, both inside and outside of the firm.

According to findings, 48% of the firms reviewed their strategic plan annually. 38% of law firms sampled indicated that they reviewed their strategy quarterly. A firm's performance might be the key indication that business goals and objectives need to be reviewed and re-evaluated. For example, under-performing program and/or departments in the firm might result from several factors. For example, this might include inefficient team performance, changes in the needs of the targeted market or ineffective or flawed strategies. Thus, it is important to periodically reevaluate the strategy to see if it is still working. If it is, then you should carry on and maybe look for ways to make it work even better. If the strategy is failing, then it has to be changed.

The findings show that 71% of the law firms sampled aggressively pursue the strategic plans they have in place. While this is commendable, there is an issue of emergent strategy. Emergent strategy is a set of actions, or behavior, consistent over time, or a realized pattern that was not expressly intended, in the original planning of strategy (Mintzberg, 1994).

Mintzberg argues that strategy emerges over time as intentions collide with and accommodate a changing reality. When a deliberate strategy is realized, the result matches the intended course of action. An emergent strategy develops when an organization takes a series of actions that with time turn into a consistent pattern of behavior, regardless of specific intentions. "Deliberate strategies provide the organization with a sense of purposeful direction." Emergent strategy implies that an organization is learning what works in practice (Mintzberg, 1994).

5.3.2 Factors influence the successful and profitable running of a law practice

As observed above, 87% of the law firms in Nairobi have a strategic plan. The strategic plan, to be of real long-term value, must be treated as an ongoing business process. It must be reflective of the owners’ mission and vision. It must evolve and change to reflect changing
market and economic conditions. It must be proactive to competitive, market and economic conditions. If those steps are followed, the strategic plan will institutionalize a culture of continuous improvement and disciplined change (Mathews, 2002).

Once a plan is in place, it should be evaluated constantly, as is the case with 100% of the law firms interviewed in Nairobi that had strategic plans in place. During the strategic planning process there was a constant focus on both the internal and external factors impacting the firm. During the evaluation process there needs to be a continuous measurement of the circumstances both inside and outside of the firm. Significant changes in conditions or in performance signal the need to consider adaptation to the near term Business Plan to steer the business back on the course set by the Strategic Plan. Any changes in the near term Annual Business Plan must still conform to the parameters of the long term Strategic Plan. In cases where the changes cannot be accommodated in the near term Business Plan then consideration for Strategic Plan changes are likely called for. In this case a repeat of part of all of the Strategic Planning Process will help to get the business back on course and in a position to meet its goals and satisfy customer needs (Ginsburg, 2006).

Increasing client base is another key to success according to 70.8% of the respondents, who indicated that new clients are increasing day by day. For this to be achieved, you need to first, know your industry. In law school, lawyers are trained to view themselves as professionals, to believe that our practice is something far different from a common industry. But, in fact, a law firm is simply another form of business and our field the practice of law is another type of industry. Therefore, it is essential to know our industry. To be successful, you must know your industry inside and out. That is, you must know your practice areas and how they fit into the big picture (Flood, 2008).

Competition is another major factor to the success of a law firm. Lawyers must know their competitors. They must have a strong sense of what they offer, and what you offer that is better. Know how your clients perceive your competition; know how your clients perceive you. Understand their internal resources, and make an accurate assessment of your own. Keep your eyes open, competition always gets more intense and new competitors enter the market every day (Flood, 2008).

You have to work somewhere, and location can be the most critical factor in your success. Clients expect the location and look of a law practice to reflect the type and quality of service
that they will receive. Think carefully about transportation, parking, your proximity to suppliers and support services, and the distance between you and your competitors.

Existing clients should also not be overlooked. Cross-selling and up-selling are two other common sales techniques that you can use to improve your practice’s collections. Up-selling is a simple cuing technique that allows you to present upgrades or add-ons to the client’s services.

Lawyers should note that even if they do not have a current project with the client, they need to maintain consistent contact with them. They must continually sell and re-sell themselves and their services. They should stay in touch with the decision makers, find ways to recognize them, compliment them, and show them how much they appreciate their business.

5.3.3 Relationship between law as a profession and as a business

The results of the study show that 100% of the law firms sampled believed that growth of revenue is of high priority in the planning on the firm’s profitability. Many of the cultural distinctions that have long separated law firms from the business world, when examined more closely, have turned out to be based upon myth rather than the realities of practicing law. One of these myths is that leverage does not significantly improve law firm profitability. Fueling the myth are skeptics that insist there is no correlation between leverage and firm profitability (Satkunas, 2007). Leverage in a law firm setting is the amount of billable hours each partner or associate puts in. A law firm sells services thus in real sense it sells time. Thus, they have to measure their commodity, which is time, correctly to achieve maximum profit.

According to one Partner interviewed, the key to a profitable law practice and in any other business is efficient utilisation of resources. He pointed out that since the resource of a law firm is its employees’ time, the challenge is to maximise the number of chargeable hours achieved for each fee earner, and minimise the amount of non-chargeable time, such as time spent looking for new clients.

In this context utilisation refers to the ability of a fee earner to convert time into income through achieving the maximum possible level of utilisation, and bill enough hours to meet their chargeable hours target. This target will be designed to cover costs such as salaries and overheads and deliver a level of profit above these costs.
Findings of the research show that 80% of the respondents indicated that their firms have been ensuring their clients are well attended to and hence make profits. It is important to the advocate-client relationship to do your best to make sure that the client has realistic expectations. It may be tempting when the new client is retaining your services to err on the side of “closing the deal,” but it is a poor long-term plan. It is appropriate to explain that there are many undetermined facts and/or questions of law. But starting the attorney-client relationship with clients who believe that they are likely to get certain relief when that isn’t the case is going down the wrong path. You can leave the predictions to the psychics. But you can’t leave a new client with a false belief (Calloway, 2007).

As observed above, findings of the research show that 87% of the law firms in Nairobi have a strategic plan. If one accepts the premise that law firms must be actively managed to achieve professional and financial success, then effective firm management is virtually unachievable without a solid strategic plan that sets the direction and tone for active management. Formal strategic planning provides a focus and a structure to use to discuss the future of the business with partners, create a plan for growth or continued success and provide management direction for employees. A strategic plan is a useful to help guide decisions, but it should not be a static documents. It is important that any business be adaptable to change to survive. Adherence to plans without regularly updating them to recognize changing realities will not work (Glasheen, 2006).

5.4 Conclusion

The study conducted provided substantial information on the key strategies for the profitable running of a law practice, insights on what the long standing lawyers have been running their firms and the comparison between the law practice as a business and as a profession. Based on the findings made, the following conclusions are made from the discussions on the objectives of the study.

5.4.1 Strategies can a law firm implement to make it more profitable

The study found out that the majority of the law firms in Nairobi have adopted strategic planning practices. This is the basis for a profitable firm as it lays down a plan and brings to life the mission and vision of the firm.
From the responses given by the, enhanced retainer relationships with clients will improve on profitability of a law firm. The firm has focused its attention growing its client base and has also employed a client retention strategy by putting in place a feedback policy.

Firms that strive to improve their retention rate from year to year are client focused. They pay more attention to client relationships, add value above and beyond the norm for the client, and just seem to try harder. As a result, they will often see opportunities with the client that they may have otherwise missed. Being the most client-focused firm in the market will help a firm improve their client retention and significantly differentiate the firm from its competitors. Client relationships strengthen and happy clients don't leave their law firms.

5.4.2 Factors influence the successful and profitable running of a law practice

The research conducted concluded that to be successful, you must know your industry inside and out. This was explained to mean that one must know their practice areas and how they fit into the big picture.

The research also concluded that lawyers must know their competitors. They must have a strong sense of what they offer, and what you offer that is better. Know how your clients perceive your competition; know how your clients perceive you.

The research conducted concluded that location can be the most critical factor in your success. Clients expect the location and look of a law practice to reflect the type and quality of service that they will receive. Lawyers should think carefully about transportation, parking, proximity to suppliers and support services, and the demographics. This means the ratio of lawyers to population in the area.

The research also brings out the fact that law firms cannot be profitable by only relying on the ongoing briefs they have. A law firms’ ability to attract and retain clients is a key factor for a profitable firm. Lawyers have to go out and look for business. Lawyers should also come up with strategies to retain clients. As discussed above, cross-selling and up-selling are two other common sales techniques that firms can use to improve their practice’s collections. Up-selling is a simple cuing technique that allows one to present upgrades or add-ons to the client’s services.
5.4.3 Relationship between law as a profession and as a business

The results of the study show that 100% of the law firms sampled believed that growth of revenue is of high priority in the planning of the firm’s profitability. This is the case in any ordinary business. The main difference is that a law firm is governed by a professional body (Law Society of Kenya) so they may not be able to operate as openly as your ordinary business.

Findings of the research show that 80% of the respondents indicated that their firms have been ensuring their clients are well attended to and hence make profits. It was concluded that lawyers should ensure that their clients have realistic expectations of their matters. This will prevent a situation where a lawyer might be sued for not delivering what was promised. In the business world, this might be looked at from a consumer protection point of view.

Finally, the research showed that 87% of the law firms in Nairobi have a strategic plan. This is a key ingredient for success in every activity undertaken. Working without a plan is said to be a sure path to failure. A law firm, just like any other business, requires a strategic plan in place, that is in line with their mission and vision. These plans should also be reviewed from time to time to avoid the danger of being myopic.

5.5 Recommendations

From the study’s findings, the following are the recommendations the researcher would like to provide for improvement and further studies.

5.5.1 Recommendations for Improvement

5.5.1.1 Strategies can a law firm implement to make it more profitable

In order to address the challenges arising from the strategic planning practices and have an effective strategic planning, law firms should introduce performance based employment contracts for staff members. The firms should also take steps to institutionalize strategic planning that is focused on giving their clients the best experience. An implementation matrix should also be developed and resources committed to the implementation process.
5.5.1.2 Factors influence the successful and profitable running of a law practice

Lawyers can and should measure satisfaction throughout an engagement by directly asking the client their opinion of how things are going, and again at the end of the specific transaction/case. One would hope that the lawyers will immediately act to correct any negative feedback. Law firms should develop a client care blue print to ensure professional, timely, relevant and cost effective solution for clients in different industries.

5.5.1.3 Relationship between law as a profession and as a business

The key to a profitable law practice, just like any other business, is a happy client. Lawyers should proactively communicate with clients and referral sources more frequently. Lawyers should also respond to calls and emails within reasonable time and thank clients for their business. They should ask clients how they rate their services, to get feedback. Lawyers should ask happy clients for referrals.

Most organisations and individuals already have lawyers that they instruct. If a new lawyer is to be instructed, they need to displace the incumbent legal adviser. This means that they need to demonstrate benefits which the incumbent cannot match. Usually, this means having better expertise, delivering better service or providing better value for money, or any combination of these. If you cannot articulate a differentiated proposition to potential clients, they are unlikely to instruct you.

5.5.2 Suggestions for Further Research

The scope of this study was restricted to law firms in Nairobi, Kenya. This limited its scope and to that extend the study may not be extrapolated to cover strategic planning practices by other law firms operating outside Nairobi. In order to have a better understanding of strategic planning practices by law firms in Kenya, it is proposed that studies be undertaken to establish strategic planning practices by all law firms in Nairobi and the country at large. Studies should also be undertaken to establish why 13% of law firms do not engage in strategic planning. It is further proposed that studies be undertaken to establish the relationship between strategic planning and the growth in terms of client base of law firms.
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http://www.americanbar.org/newsletter/publications/gp_solo_magazine_home/gp_solo_magazine_index/oct99poll.html


53
APPENDICES

APPENDIX ONE: INTRODUCTION LETTER

Anthony Maitethia Gitonga,
PO Box 4140-01002,
Thika, Kenya.
Cell phone: 0718 332545

Dear Sir/Madam,

RE: REQUEST FOR RESEARCH DATA

The researcher is a Postgraduate student at the United States International University-Africa pursuing a Master of Business Administration (MBA) program specializing in Strategic Management.

The topic of the research is ‘Business Strategies Employed by Advocates to Ensure the Profitable Running of a Legal Practice’. The attached questionnaire has been designed to help the researcher gather data from the respondent for the above purpose. The questionnaire is intended to collect data and has been formulated to enable the respondent make appropriate responses with ease. The researcher will ensure that the responses are treated in confidentiality since this information is sought for academic purposes only.

Your cooperation in this research through answering the necessary questions will be highly appreciated.

Yours faithfully,

Anthony M. Gitonga
Researcher
APPENDIX TWO: QUESTIONNAIRE

QUESTIONNAIRE ON BUSINESS STRATEGIES EMPLOYED BY ADVOCATES TO ENSURE THE PROFITABLE RUNNING OF A LEGAL PRACTICE

Please provide answers in the spaces provided and tick (✓) in the box that matches your response to the question where applicable.

1. Name of the law firm (Optional) ……………………………………………………………………………

2. Gender: Male ( ) Female ( )

3. How long after law school did you open your firm?
   - 0-1 Year ( )
   - 1-5 years ( )
   - 5-10 years ( )
   - 10- 15 years ( )
   - 15+ years ( )

4. How long have you run your firm?
   - 0-1 Year ( )
   - 1-5 years ( )
   - 5-10 years ( )
   - 10- 15 years ( )
   - 15+ years ( )
5. **How many employees are there in your law firm?**

   a) Less than 10  (   )
   b) 11 – 20  (   )
   c) Above 21  (   )

6. **Which of the following are the important priorities for your firm?**

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<th>Important</th>
<th>Not Important</th>
<th>Not considered</th>
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<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improving firm profitability</td>
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<td></td>
</tr>
<tr>
<td>Improving billing and collections</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managing succession plans</td>
<td></td>
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<tr>
<td>Understanding client industry trends</td>
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</tbody>
</table>
7. Does your firm currently have a strategic plan in place to address these firm priorities?

Yes ( )
No ( )
Not Sure ( )

8. If your answer to question 7 is yes, how often does your firm review its strategic plan?

a) Quarterly ( )
b) Semi-Annually ( )
c) Annually ( )
d) Every 5 years ( )

9. Who is responsible (meaning, members of this group give significant input) for developing the strategic plan?

Partners ( )

Associates ( )

3rd Party Organizations (e.g., Consultants) ( )

Others (please specify) _____________________________

10. Which resources or tools aid in the development of your strategic plan. (Choose any that apply.)

1. Internal Financial analysis & reports ( )
2. Industry reports ( )
3. Management Consultants ( )
4. Client relationship management tool ( )
5. Firm leadership

11. **How aggressively is your firm planning on pursuing its strategies?**

<table>
<thead>
<tr>
<th>Aggressively Pursuing</th>
<th>Seriously Considering</th>
<th>Exploring the Possibility</th>
<th>Haven't Looked Deeply</th>
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</table>

12. **Regarding the following measures, has your firm been meeting its internal goals?**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client retention</td>
<td></td>
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<tr>
<td>Firm profitability</td>
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<tr>
<td>Firm revenue growth</td>
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<td>New client growth</td>
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<td>Partner profitability</td>
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<tr>
<td>Client profitability</td>
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</tbody>
</table>

13. **In view of the above challenges that your firm faces in your strategic planning process, what are some of the mechanisms you use to address the said challenges?**
1)…………………………………………………………………………………………

2)…………………………………………………………………………………………

3)…………………………………………………………………………………………

4)…………………………………………………………………………………………

*THANK YOU FOR YOUR TIME*