
QNBT: Extracting Real Value from Non-Billable Time

By Gerry Riskin

QNBT

“Your billable time is your income; your non-billable time is your future.” – David Maister

Non-billable time gets little respect

Many perceive non-billable time as something that can be conjured at will. Taking someone to dinner who may or may not be a qualified client prospect can be recorded as business development. Furthermore, that two-hour dinner can turn into three or four and, with travel time, five hours. Those who have spent many hours on gruelling and challenging legal work can easily resent the generation of these hours with so little effort.

The consequence: Non-billable time is often not tracked accurately

In fact, in many firms, it is seen as a sign of prestige *not* to record non-billable time.

Some firms have learned to break this cycle by making non-billable time less discretionary and harmonizing it with the objectives of the team or firm.

The nature of the “qualified non-billable hour” is pre-negotiated and pre-authorized.

Suppose a senior associate wants to join the ABA section relevant to her practice area. Furthermore, she’d like to attend the meetings of her subsection locally, regionally, and nationally. Her practice group leader wants to know why this will be a worthwhile investment for the firm and indeed what the return on investment might be. She argues that over the next several years, gaining prominence in the section will yield referrals from other parts of the country and thereby enhance the practice for her, her group and the firm.

Her practice group leader might wisely ask something like: “Do you think you can get on the ladder such that you will occupy a position of prominence in the section, perhaps leading to becoming a chair of the section within five years?” The senior associate may respond that she was successful in attaining elected offices in school and then university and is confident that she can do so in the section. The deal might be struck such that the approval to spend the non-billable time (and the travel expenses) will be conditionally approved based upon a monitoring of her progress over the course of the next two years. If that progress is promising, the firm will continue to support the effort.

In this instance, the non-billable time expended by the associate becomes qualified non-billable time (QNBT). It is not merely discretionary time, nor is it perceived to be something that can be conjured at will, but rather it is something that has been vetted and will be measured against a set of objectives.

Imagine a situation where most, if not all, of the lawyers create a plan – for approval – that will constitute QNBT. Aside from an improved perception and respect for the non-billable time that is being invested, there is also a much higher probability of a good return on that investment for the firm.

A heretical principle: The non-billable hour is worth more than the billable hour

A Chicago firm I know which has had a meteoric rise in prosperity decided that a non-billable hour was worth more than a billable hour. Before you faint, this did not mean that spending eight non-billable hours and no billable hours in a day was considered more valuable for the firm. Not at all. Rather, the firm decided that those who spend ten billable hours and no non-billable hours are depriving the firm of the strong return that it would obtain on having at least one quality non-billable hour from that individual in a day.

Desirable non-billable minimums and billable maximums

For those firms that still bill exclusively by the hour, it is tough to persuade leadership that excessive billable hours are counterproductive. The truth is that the more senior people with the relationships should be spending at least a portion of their time attracting more work from existing clients and attracting new clients. Those who do exclusively billable work deprive the firm of that new work generation. Therefore, some enlightened firms actually place a maximum on the billable hours that a partner can spend, especially if that partner is a part of senior leadership or practice group leadership or industry group leadership or have a proven rainmaking capability.

I strongly recommend that the managing partner and executive team give some serious consideration to becoming QNBT-oriented.

Founding principal and chairman of Edge International, Gerry Riskin has a global reputation as an author, management consultant and pioneer in the field of professional firm economics and marketing.

Risk Insurance for Laterals

By David Cruickshank



said:

Suppose your firm's longtime insurance advisor came to you and

"You have a substantial investment that we know will have a one-in-four failure rate over three years and about one-in-two

failure rate over five years.* Would you like to insure against the risk of that happening?”

We have all kinds of insurance for our legal businesses – beyond professional liability. We have business interruption insurance. We insure and back up our IT investment. Some firms hold life insurance on key revenue generators. But precious few insure against the loss of a recently hired lateral.

The risk is real. Look at this recent table of partners who were in the market to move or have moved in the period 2010-2017. If you're a firm leader in Atlanta or Chicago, look over your shoulder – over half the partners are looking to move!

Market	Number of Moves	% of Total Partners in Market
New York	4,445	35%
Washington	3,759	43
Chicago	1,926	53
Los Angeles	1,400	45
San Francisco	1,110	42
Boston	904	44
Houston	704	46
Dallas	760	48
Atlanta	629	52

Source: ALM Intelligence

And that insurance policy? You can't buy it from a broker. You have to build the insurance from within.

We advise firms regularly on lateral integration programs – to create the glue that will keep them keep their laterals. Here are some of the things we've learned (Note: Here I am only addressing keeping your acquired laterals, not the risk of other partners leaving):

- At the point of recruitment, make sure that the lateral's clients will be joining a practice and industry that you have established. (Moving in with a new self-contained practice also means they can depart easily.)
- At recruitment, have the lateral meet partners who will collaborate on business development.
- Check to see if this is the lateral's second or third lateral move.
- Consider client teams for the new clients, so that you can offer seamless legal services across your practices.
- Identify an "integration advocate," a partner who will shadow the lateral for at least six months and make sure that internal and external contacts are always growing.
- Don't stop integrating the lateral and the new clients after a month of orientation. Orientation is administrative care; integration is cultural care.
- Evaluate the lateral's success and areas for improvement every quarter for a year – on measures that go beyond the financial.

These practices, and many more, are the pieces of a "policy" that you need to insure against the significant risk of lateral departure. When we look at your integration practices, we may find ways to reduce risk – or we may advise you that the best

lateral decision may be not to proceed.

Edge Principal David Cruickshank advises firms on growth strategies and lateral integration programs. In addition to being a lawyer with a master's from Harvard Law School and an LLB from the University of Western Ontario, he is a trained mediator who has taught at the Straus Institute for Dispute Resolution at Pepperdine Law School.

* ["It's Time to Overhaul the Lateral Hiring Process"](#) *The American Lawyer*, January 29, 2019

Storytelling Is an Effective Communication Strategy

By Bithika Anand



However, the increasing competition faced at home and abroad demands that lawyers make efforts to guide their teams to surpass expectations and discover new approaches, in order to stand out from the crowd.

Lawyers may think of themselves as legal scholars, as professionals, as persons having a gravitas of sorts; hence, they may prefer presenting facts and figures as opposed to telling stories. However, "thought leadership" is a unique differentiator. Lawyers need to create compelling content to engage their stakeholders. Storytelling is an excellent way to achieve this.

Of course, a story is not merely made up of character, nor is it a recitation of facts: there has to be a storyline. Facts and figures are more amenable to being absorbed and recorded by computers. People hardly remember them unless they are effectively emotionalized and embedded in a story.

Decision-making involves persuasion, and persuasion requires emotions. Emotions require less effort than logic... hence decisions based on emotion are made more quickly than those based on logic. In court rooms, lawyers often build narratives naturally, weaving the chronology of events and acts in the form of a story to generate emotional responses and create a ground for empathy. This is true even in corporate practices. Clients are more interested to know how our solutions have impacted other clients than how we did it. The impact is very emotional, and can be best described in the form of a story.

Storytelling is an important strategy for growth. Through the use of storytelling, lawyers can foster the emotional connections that create a sense of meaning for the contributions made by them and their stakeholders.

Lawyers Have Stories to Tell

Newsletters are an important tool for client engagement and expressing thought leadership. Generally most newsletters sent out by lawyers and firms share articles on a topical issue, and report developments at the firm level. To capitalize on the strength of storytelling, they may also share case studies that relate how legal issues were impacting clients, how the problems were

resolved, and how the solutions improved the client's situation.

While creating client collaterals, marketing content or blogs, lawyers can focus on the issue while also making their points more relevant, easier to understand and more interesting by creating dialogues, scenes, and characters as are found in movies / ads. This way audience re-call value becomes much higher.

Firms /lawyers can also talk about their pro-bono/CSR initiatives using success stories of real social heroes... and how it moved them to be part of these initiatives. Even failure stories generate emotions for the firm and enhance the image of the firm as a socially responsible entity.

In today's age of "word-of-mouth" marketing, client testimonials are also stories and, when effectively weaved and shared, can be of great value to firms and lawyers.

Creating the Story

For a story to be liked it has to be real and people should somehow relate to the values the story imparts.

Organisations – such as law firms – can also use stories to help their employees and clients understand the vision and purpose they want to create for themselves. Today, clients are more inclined to want to know what an organization does and why it matters, and how this will make a difference. The best way to communicate this message is not through flow charts or diagrams, but through the use of stories that evoke imagery of where the organisations have been, and where they want to go next.

There are numerous examples of how organisations have benefited by sharing stories about their contributions and how they have impacted not only the economy but society at large. In this way, they have been perceived as trusted and responsible organisations and have thereby been able to attract more commitment and respect from their stakeholders.

What Makes a Good Story?

The best structure, elements, techniques and characters completely depends on your audience. The same story can be presented in different ways to persuade different people to do a particular thing, or not do something, or to make a certain decision.

In order to be a good storyteller, one needs to listen to stories. There are many stories out there. Every individual has a story and, therefore, lawyers must ask for their stories – of course, within the limitations of professional conduct and related to issues they are facing. For instance, instead of asking "What happened?" one can ask why it went wrong, how matters got to this point.

As a strategy this could be the biggest differentiator, as every story can have a unique perspective and therefore can relay messages in a desired manner to the target audience. A strategically aligned story can not only help stakeholders visualize the change the lawyer, firm or organization intends to bring, but also can also solidify support and can make stakeholders comfortable about future outcomes and results.

To conclude, storytelling is a powerful tool, and a story with a well-crafted narrative does amplify whatever one wants to communicate.

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By **Gerry Riskin**

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