By Wendy Witt

If you feel stuck, unsure whether you should make a hire, about what role to fill next, or who should do what work, you’re so not alone. It’s a common challenge among law firm owners. Today, you get answers. No more guessing.

When you know your SKUs (stock keeping units) for each service you offer, you’re poised to make smart business decisions:

1. Whom to hire as well as when to make the hire.
2. What work to pass further down so that the lowest paid competent person is completing the task because you’ll have an overview of who’s doing what.
3. How to price your services including whether your hourly or flat fees are where they need to be because you’ll know your labor costs and can add in overhead costs per case.
4. Whether your work flow is at its most efficient and properly documented.
5. Whether you should invest in that bigger office space.
6. Whether your employees have an appropriate workload.

Pictured is what a SKU looks like. There’s more than one way to track SKUs but here’s a good way to start. As an example, I’ve selected to create a trust-based estate plan SKU. This is simply a table inserted in a Word document. If you love Excel, you can program the math.

What this SKU Shows:

1. Work procedures for trust-based estate plan. Be sure to get team input for accuracy as to work flow and average time per task.
2. Under this fact pattern, you need to be billing at $4,838 or higher for this legal service. Many attorneys charge in the $5,500 to $10,000 range depending on value conveyed in trust such as asset protection, tax planning and funding.
3. The tasks appear to be being completed by the lowest paid competent person in the firm. Note some firms are using non-attorneys for the initial meetings to ensure only clients, not PNCs, absorb attorney time.
4. The paralegals are doing the brunt of the work. Depending on how many cases you usually have at a time, it would make sense to have more than one paralegal in their respective specialties such as an estate planning paralegal, litigation paralegal, and a funding paralegal.

What Else You Need to Know:

1. Have SKUs for each service you provide. If you provide five different services, you need five SKUs. When times or paths vary, use averages. If your five services commonly take various paths, create more SKUs. Inconsistency among cases is not an excuse for not knowing your SKUs.
2. Average non-labor overhead per client. You get this by taking your total overhead, subtracting out labor costs and then dividing by the number of cases.
3. How many cases you typically have open.
4. Total hours per role multiplied the number of cases you typically have open.
5. Whether there’s software or a system that can reduce task time. If there is, invest.
6. Whether your team members are producing at least four times the value of their compensation package and contract workers are providing value at least three times their rate. This is where you want to be.

Your Next Steps:
1. Document your SKUs for each of your services – you don’t have to be perfect to be successful. Get ‘er done. Start with your two most popular services. SKUs creation can be delegated.
2. Analyze your SKUs to determine your next steps – do you need to update your work flow, let someone go, hire someone, push down tasks, increase fees, or something else?
3. Review your SKUs and update as appropriate 2/year. Make any changes that you need to after reviewing the SKU.

Pennsylvania probate attorney, Wendy Witt, is the founder of Million Dollar Attorney®, a private consulting firm designed to help lawyers prosper. Her mission is to tilt the legal universe toward wellness. She is a Master Law Firm Business Strategist who helps solo and small law firm owners build million-dollar law firms that give them the life they love.