SWOT analysis for law firms

Lawyers are great at a lot of things, but unfortunately business isn't always one of them. In law school, you are taught to analyze cases and make effective legal arguments. However, most law schools fail to teach you how to run a successful business. I'm not talking about a law practice. I'm talking about the basics of a successful business. So, I set out to look for some techniques that lawyers could borrow from the business world to make them more successful. I found an article published by the ABA that discussed SWOT and how this business analysis tool can help small law firms meet their business goals and keep their single hanging for years to come.

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SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats.

Strengths

When examining your firm's strengths, look at the strong points that exist internally to your practice. These are the assets that persist, regardless of how the outside market affects your firm. For example, if you have two attorneys with 20 years of practice experience between them, that high level of legal experience is a strength. Even if not one more client walked through the door, that talent will still be there. Other strengths may include your firm's reputation for high level customer service or a proven record for high-dollar case outcomes.

Weaknesses

Your weaknesses also center on the internal aspects of your practice. A small profit margin is a weakness because it leaves little room for fluctuations in the market. If your practice consistently operates in a client-to-client financial crisis, that is a weakness. Other shortcomings may come from lack of adequate staffing or limited skill sets among current staff members. Inefficient administrative procedures can also be counted as weaknesses.

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Opportunities

Here's the fun stuff. Your opportunities are the outside market forces that could benefit your practice if leveraged correctly. Maybe there's an untapped practice area that looks promising, or a new factory just opened up in town, bringing new residents and potential clients. Perhaps you are considering forming a partnership with another more established firm. That is also an opportunity. Take a few moments to look around your for opportunities. There are probably more than you expect. (If you aren't sure where to look, check back for an upcoming post on finding opportunities for your business.)

Threats

Lastly, recognize your threats. This isn't nearly as fun as identifying opportunities, but it is equally as important. These are the aspects of business that could cause you to close your law practice doors. Some of these may be similar to your weaknesses, but that isn't surprising because

internal weaknesses are also threats to the success of your practice. Other threats stem from external factors. A stagnant economy threatens your practice on a macro-economical level, while inadequate resources to handle your client numbers is a threat on the micro-level. Threats may also include lack of personnel or accusations of ethical violations. Give these considerations just as much time and you gave opportunities so that you can effectively manage them and (hopefully) prevent them from harming your practice.

Emotional, reactionary decisions are not conducive to running a successful business. With a SWOT analysis, you can take an objective look at your firm from the perspective of where it is now, as well as from the perspective of where you want it to go. This will allow you the insight to make business choices that are thought-out and effectual.

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