

#186: The Value of the 80/20 Principle in Your Law Firm with Ernie Svenson (Part 1)



Full Episode Transcript

With Your Host

Melissa Shanahan

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I'm Melissa Shanahan and this is *The Law Firm Owner Podcast*, episode number 186.

Welcome to *The Law Firm Owner Podcast* powered by *Velocity Work* for owners who want to grow a firm that gives them the life they want. Get crystal clear on where you're going. Take planning seriously and honor your plan like a pro. This is the work that creates velocity.

Hi guys, I got to sit down, it's long overdue, with Ernie Svenson. Ernie the attorney, and we caught up. It's been a while since he's been on my podcast and it was a really good catch up. We're kind of all over the place, we explore concepts and tools, and we talk, and at the end it gets a little, I guess vulnerable, but just really real about some of the things that I'm working on and navigating. And, you know, Ernie is the best so it was great to talk with him about some of those things.

And if you don't know Ernie, then you're missing out. You can go to his website, which is erniethattorney.net and kind of dig into what he's up to over there. He has something he calls The Inner Circle, which I think he's going to be soon changing the name to the 80/20 Lawyer. It's a community that he's pulled together over the years, and it is rich with great content for law firm owners.

And not just from Ernie. I mean, certainly Ernie posts in there, but so do all, there's so many law firm owners that are active in there and posting valuable things and having valuable conversations. It's a worthwhile space to be in. So you definitely want to check out what he's up to.

You will also hear him talk about a newsletter that he has been working on and it is out into the world, you can subscribe to it. The link to do that is in the show notes. I have already subscribed and I highly recommend it for you too. Anything Ernie does is worth listening to. He has a great brain and he thinks through things in a really smart way. And he breaks it down in a digestible way. So if you're a law firm owner and you don't know about him, or you're not around him, you should be. Get yourself in his world.

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I wanted this conversation just to roll until there was a natural stopping point, and that's what we did. The conversation was a little longer. So we're breaking this into part one and part two, part two will be released next week.

All right everyone, enjoy the conversation, part one, with Ernie Svenson.

Melissa: All right, welcome to this week's episode with like one of my favorite all time guests back again, Ernie Svenson.

Ernie: Yeah, I'm glad to be here. I love talking to you, it's a treat.

Melissa: Oh my gosh, me too. We've been chatting before we pushed record and I'm like, "We just did a push record because I'll keep talking." I am so glad you're back on the podcast. I was telling you before we pushed record, I listened to a recent episode, at least as this airs, about the 80/20 rule.

There's two that have been released that you've done back to back, and I've listened to the first, I'm going to listen to the second one. But as I was listening to it, it quickly became one of my favorites that I've ever listened to of yours.

Ernie: Good.

Melissa: And it made me think, the way that you teach it and the way that you explain it made me think about it differently than I have before. More deeply than I have before. I still feel like an awkward duck with the concept in my head, but the way you described it is more thought provoking than other ways that I've heard it talked about.

And I think because you've dug in more deeply, like you mentioned that Tim Ferriss doesn't really go into the concept all that much. And in my head I thought he totally had. So, yeah, I would love to hear, maybe you can you just kind of give a summary on why your brain has been so focused here.

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Ernie: Yeah, well, so I first came across the idea, you know this thing, it's called the 80/20 rule, it's called The Pareto principle, the law of the vital few, I don't know, it's kind of different names. But the basic concept is that there are places where you get disproportionate returns from effort, from investment, from things like that, right? And the disproportion is often an 80/20 ratio. It's not always 80/20. Sometimes it can be 5/95. It could be 60/40.

But it's something where it's disproportionate. So in other words instead of like, oh I put 100% of effort in and I get 100% of the results I expected, what if you put in only 20% of the effort or energy or whatever, and you got 80% of the returns? Probably like you'd go, "My god, that's amazing. That's an incredible return on investment."

And then there's a lot of different areas where this 80/20 disproportionate ratio seems to occur. I mean, it's kind of like, you know, what's it called the Fibonacci sequence in math where in nature there's this weird repetition of the Fibonacci sequence or the golden proportion. You know, there are things that happen a lot in nature and we're just like, why is that happening?

And so Vilfredo Pareto, the guy who first noticed it, he's an economist, Italian economist in like the late 1800s. He noticed that like 80% of the land was owned by 20% of the people. So that's kind of weird. Okay, so then, but it occurs in areas like in business, you know, 80% of sales come from 20% of one's customers, this occurs all the time.

In philanthropy 80% of the donations come from 20% of the donors. 20% of the global population generates 80% of the global income. In the personal level, 80% of the wardrobe you wear, it comes from 20% of your wardrobe. Like 20% of your wardrobe you wear 80% of the time.

Melissa: Yeah.

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Ernie: Or 20% of the efforts to improve a system lead to 80% of the improvements, right? So there's these weird disproportionate ratios. And Ferriss was, in his book, Tim Ferriss' book, he's saying like you need to look for these things. Like in his case, when he noticed that 80% of his sales came from 20% of the customers, he started looking around and saying, "Wait, a lot of these other 80% are a pain in my ass. I'm going to get rid of them."

And at first that was a bold move, like you don't get rid of customers. He was like, well, I'm going to get rid of them. And his life became 80% happier when he got rid of the 20% that were making him 80% miserable. So he started noticing this and paying attention to it.

And I thought he was an outlier. I thought this was some weird Tim Ferriss concept. And then I started noticing a lot of successful people know about this rule. There's a book called The 80/20 Rule by a guy named Richard Coke or Koch, I don't know how you say it, K-O-C-H. And he worked for McKinsey and he noticed this in business.

And when I mentioned it to my brother who runs a business and built up a business from the ground level and goes to, you know, forums with other business people, he's like, "Oh yeah, we all know about this. This is like standard knowledge. We know about it."

Now, the trick is, and this is what made me think I need to spend more time focused on this, is it's not easy to understand how that would apply in any particular business. And there's nothing explaining how it would work in a law business. So I thought, well, what if I just focus on that? What if I just say, let's think about this in terms of running a law practice?

And technology is part of it, obviously, technology gives you massive leverage. But it's not just technology, it's psychology, it's a lot of different things, right? So that's a long conversation and that's why I decided to start it in the podcast. And then as we were talking about earlier, you know, I started re-branding things to focus on that because I think that's the big

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idea that you can start to explain other things and connect a lot of dots around that one big idea.

Melissa: The way that you presented it, it's so funny, it wasn't a complete thought, but there was a train starting in my head of like, huh. Because it sounds so neat, the 80/20 principle. It's just like, oh, that's cool.

Ernie: Yeah.

Melissa: But really, really thinking about how it applies inside of your business, I mean I would even say, which this is, I know this is where you're going with the work that you're doing with lawyers just because I think I know you well enough to know that. That sure, that 20% of your customers are 80% of the revenue, that kind of a thing. That kind of feels neat to look at.

But the way that you, I think the reason I was so hooked on this episode is because I can tell your brain is going to get really useful for people around how they can think about it inside of their firms in different ways. You did mention there's different areas or categories that you could look at this with. And then you focused on automation, specifically, because that's your jam. That's what you'll stick with through the work that you're doing with lawyers. Is that right?

Ernie: Yeah, I mean automation and outsourcing, delegation. I think those are the two big opportunities for people to use this. But the glue that holds all operations together is documenting procedures so you can then refine them. So that, I don't know how that exactly, I don't know how I would say that fits neatly into an 80/20 concept.

But I think that the reason why the 80/20 is a good place to start the conversation, and also frequently return to, is because what I have noticed with lawyers is if I tell them, okay, if you want to market to get better clients and make your life easier, there's this thing that's at the center of your business. Which is if you're working hard to have a lot of different practice

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areas, then you need to start asking where am I making my money? That's one question.

And number two, where am I happy, right? And where do I naturally get clients from? And I know you know because you deal with them in a much more direct way, lawyers have a lot of trouble letting go. Well, but that's another practice area, I don't want to let go of that. So really why don't we measure the numbers and see, oh my God, I'm not really profitable in that area. It's like, well, okay then, maybe we shouldn't be doing that should we, right?

Melissa: Yeah.

Ernie: Or these kinds of clients make me really happy, you know, 80% of my joy comes from doing this kind of work. Ah, well then let's optimize for that, right? So figuring out what you want to optimize for is a big question that cuts across a lot of areas of any business, including a law business. So that's, you know, for starters.

Melissa: Yeah. Yeah. I've been thinking a lot about automation lately because I think, I don't know if this is true for every business or if this was the wrong way. I mean who knows what's right and wrong. But I just this year, I would say at the point I have to think about it. I have to think about automation. I didn't have to before I could kind of get away with, certainly we have automation inside of the business. But it's never been at the forefront of thinking about on purpose consistently.

And this year is different. And I realized I build all of these awesome Airtables for clients, and I need one. I need a place for my business to aggregate information, to pull in information, to be able to look at in different views. And I definitely know all my numbers. I know all my data. I know I have access to understand everything, but it is not, I am not leveraging the tools that I have in order to make that much easier and lightweight.

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Right now it's pretty heavy effort for me to see what I want to see. And so just listening to you, it got me thinking that it's like, it was almost reaffirming, okay, you're on the right path. You definitely need to think harder about this. And I hired an Airtable developer and he's going to help me build like a company database.

Ernie: Very cool.

Melissa: Yeah.

Ernie: That's interesting because I just hired an Airtable person, I don't know if I'd call him a developer, I think he could be a developer. But I went on Fiverr one day because I was having the same pain point. But you've been using Airtable more than I have. But I realized like I need a central place where all of this information is consolidated, right?

Melissa: Yeah.

Ernie: And then I started realizing like, well and I can start automating things that happen in there. And so, for example, you know, because you're in my Inner Circle, that what I wanted to make sure happened was anybody who joins Inner Circle, I want that data passed over into Airtable. And I want to know if they haven't been active for 30 days, and I want to know, you know, things, and all that needs to go in there.

But I also have people over in ConvertKit, and I have people in Stripe. So I need to consolidate all that. So I went to this guy and I was like, can we make this all work together? And so every week we meet, he's in the Philippines, and we knock out something and it's been amazing.

But yeah, you need to have a central hub for your information. And then from there you can start to quickly see the different views and all that kind of stuff that, you know, all that.

Melissa: Yeah, but it felt like it fits the 80/20 rule. And I also like that you said it should be 20/80, I totally agree.

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Ernie: Yeah.

Melissa: If I want to articulate how that is the 80/20 rule, what is that?

Ernie: Well, I'll tell you what I think it is. I think that we have to, at least this is my preliminary thinking. Another reason why I'm all in on discussing 80/20 and I have the email newsletter about this now, is that the more I think about it and the more people ask me questions like, you know, you're basically asking me a question. It forces me to think how would I explain that to somebody else?

Well, then that means I'm really going to get clarity for myself, because first I have to say, well how clear can we make this idea? In other words let's say I say, well automation is 80/20. Well it's probably more than 80/20. It's probably more like you put it in 3% and you get ridiculous returns on automation investment.

Now, as with all things, the upfront cost is where you're going to spend more time, energy, money. But if you're smart about it and get it done well, then you hit the point where there's a flywheel effect kicking in and you're not doing much anymore because you're just keeping it running. And if you think, you know, that's a small change that has perhaps even greater benefits.

But getting going is the hard part. This is like Jim Collins of Good to Great talks about the flywheel effect and he talks about how whenever you're trying to generate momentum from nothing, that's a lot of work.

Melissa: Yeah.

Ernie: But once you get it going, it's not much trouble to keep it going. So automation, the problem with it is it's complicated. Especially if it's connecting to anything else because it's complicated over there, it's complicated here, connections are complicated, you know, things go awry.

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And you need to make sure all that's working smoothly, right, before you can sit back and go, oh, okay, it's great.

And so back to Airtable, for example, I sat there and my first thought, and if you have thoughts like this, I'm going to tell people recognize them, and then divert quickly from this thought. But my first thought was, oh, Airtable is amazing. I want to learn to use it, I'm going to like get in there and learn to use it and make it automated and stuff. I started playing with it and I was like, wait a minute, what is a lookup table? Wait a minute, what is... I'm like is this a good use of my time to be learning this stuff?

Melissa: Right.

Ernie: No. Why don't I go on Fiverr, find somebody and say, hey look, what I want to have happen is this, you know? And then that person sat there with me logged into my account and at first told me what to do and then took over and started doing it. And basically, they just set it all up and I go, oh that's great, look at that.

So when I had a question, like for example, oh I have all these different email addresses in all these different places. How do I make it so that this is all manageable? He goes, oh, what we're going to do is we're going to set up something called the central hub, and we're going to do blah, blah, blah. And I'm like, yeah, fine, you just go do it. And then if something doesn't work the way I expect it to I go, hey, that didn't work how I expected it to. He goes, okay, let's go look, and he fixes it.

So all I have to do is point in the direction and point out anomalies, and he fixes and smooths and automates.

Melissa: Yeah.

Ernie: My job is not to automate, my job is to say, and also if I say, I think I want this, and he goes, I don't know if you want that. I immediately go,

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great, tell me what I want. I'm not going to tell you what to do. I don't want to override your best practices knowledge, tell me what to do.

Melissa: Right.

Ernie: So that is a massive return on your investment because I'm leveraging his brain, so that's leveraging delegation, and I'm also leveraging his brain to set up automation. And all I'd have to do is say, this is what I want to have happen and be listening for if he says, no, that's not exactly the way you want it to happen or here's another way to make it happen.

Melissa: Yeah. You know, this whole thing came about because I, at our team retreat this year, one of the things that I – because I'm the only one that knows Airtable in Velocity Work, so if it's an Airtable thing, it's going to be me.

And so there was something that we wanted to do, I knew that it was possible through some formulas to basically – We don't have to go into it, but every record, you can't update a record through a form. You can, but it's very complex to enable it. Well, that's relative, but for me, it was complex.

So I was looking up tutorials and formulas and something about the formula was not quite right. Like it wasn't working, but I knew I was so close. And I spent three hours on that thing and I was like, what am I doing?

Ernie: Right.

Melissa: Like I am not doing this anymore, ever again. So then I reached out to this referral that I had for Airtable development. And within 90 seconds, he fixed the thing I'd been working on for three hours. I was like, okay, how do I just have you in my pocket? Let's work together.

Ernie: Well, there's a big lesson there, okay? And I think you'll agree with this, I know you'll agree with this. If people like you and I who constantly

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are telling lawyers and other people, you shouldn't be doing all these things, you should be delegating.

Melissa: Right.

Ernie: If we started to go down this rabbit trail and found ourselves going, wait, what are we doing? That's because it is a very strong gravitational pull thing. Like the more you know about something, this is a worse trap, right? Because you think, "Oh, yeah, I can tackle that, I'm intrepid, I'll figure this out," right?

But the problem with that is you're going to waste time, really. And you're going to miss opportunities to get it done better. Like I can't learn Airtable as fast as this other person who does nothing but Airtable.

Melissa: Right.

Ernie: And he's also Zapier expert too, which that's the other one that I know Zapier a little bit. But then when he started showing me how he's doing, I was like, wait a minute, I didn't know Zapier could work like that.

Melissa: Yeah.

Ernie: He's like, yeah, that's the way you want to make Zapier work. I'm like okay, I'm never going to do any high level Zapier stuff or any Airtable stuff again.

Melissa: Right.

Ernie: Eric is doing this from now on.

Melissa: Yes, that is exactly it. And actually, I love that you made the point it's not that they can just do it faster. But they do it in a way that you couldn't even see it could be done. You couldn't see how good the end result would be. Not just meaning saving time, but you know that I wanted people to update a record.

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Ernie: Right.

Melissa: But then like he showed me how you can hide fields and make them pre-filled and hidden.

Ernie: Yep.

Melissa: So it feels like magic to them. And so there's just things that that wasn't even on my radar, I was just trying to get a button.

Ernie: It's an example of like the progression of data to information to knowledge to wisdom.

Melissa: Yeah.

Ernie: Like data and information are things that computers can handle or that you can hire, outsource people to do. But as you move up that progression to get to knowledge, knowledge cannot be transferred or shared the way data and information can.

So these people we're talking about, they have knowledge, right? And lawyers have knowledge. So we should all be selling our knowledge and working in the knowledge area and the wisdom area and outsourcing or automating, or not doing at all stuff that is in that low level area.

So these people that we hire, it's not just that they have information, they have instincts. Like yeah, you don't do it that way, you want to do it like this. You're right, I do want to do it that way. So those instincts are things that cannot, that's not something that people can acquire overnight or quickly. You acquire that because you just do this all day long and to you it's like second nature, it's it's no big deal. To somebody else it's like magic because, you know, you and I know we could not acquire that knowledge quickly.

Melissa: Yeah.

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Ernie: Nor do we want to. I don't want to.

Melissa: Yeah, I'm done. I did, well, no, I never really wanted to. I think when I was starting, in my head I was unwilling to go without the data I wanted to see. I couldn't get it in a spreadsheet, it wasn't helpful enough. And so then going to Airtable, I just had a learning curve, I made a lot of mistakes.

And I'm pretty comfy in there, but only to the level that I am. And I am scratching the surface of the capabilities of air table. And do I want to geek out? Do I want that knowledge in my head? It'd be nice, but I'm not willing to do what it takes. It's not what I'm doing here.

Ernie: No.

Melissa: Yeah. You know, I don't know why this hit my brain as you were talking about there's certain things we don't need to be good at. You know the four stages of competence? Like there's, you know what I'm talking about?

Ernie: Mm-hmm.

Melissa: So I think the first one is unconscious incompetence, and then there's conscious incompetence. And then you flip over to competence, but it's conscious, like you have to think about it.

Ernie: Right.

Melissa: And then the final stage is unconscious competence, which you don't even have to think, you're just very competent.

Ernie: That's interesting because to me, I'd never thought about where that would fit into the data, information, knowledge, but I think that fits into the knowledge part, right? Like when you're acquiring knowledge you're going to go from conscious competence to unconscious competence.

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Melissa: Yeah.

Ernie: But first you have to pass through that awkward stage, which nobody wants to pass through.

Melissa: Right.

Ernie: And you got two choices, either you don't pursue that knowledge because you can't deal with the discomfort or go home. Why am I trying to acquire this knowledge and feel uncomfortable? Why don't I just give it to somebody else?

Melissa: Right. And as you were talking, what it made me think is when you have your own business the goal isn't, I don't know how helpful it is to think about unless it's with your specific skill set that you're supposed to exercise. But the company should pass, like looking at the company from the competence levels and pulling in the pieces so that you can keep leveling up to the next level.

It's not about the individual. You don't need to have that level of competence in all these areas. But your company needs to be competent in all the areas. I don't know, it's just an interesting angle to think about it from with what you're talking about.

Well, I do have a question from the episode that I did hear.

Ernie: Okay.

Melissa: So you said you have to constantly be evaluating your processes. So you started talking about processes, and just a moment ago you said like the crux of it all is having documented processes and all that. I totally agree. My question for you is, what does constantly evaluate look like in your world?

Ernie: Yeah, there are different kinds of workflows or processes or whatever you want to call them. But in every business, in every law

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business, there are these repetitive things that we do, right? Like I was a litigator, so what is a repetitive process there? Well you got to do discovery, and you got to collect the documents from the client, and you got to request the documents, and you might have to file a motion to compel. You know, there's a lot of different things.

And we tend to kind of have a dull, fuzzy, and impressionistic painting kind of view of these things and think that's good enough. And we don't notice if you put on glasses and start looking more closely, you go wait a second, what does it mean to say, let's pick onboarding a client. What does it mean to say that I have a process where new clients come in and we onboard them?

Well, let's put on our glasses and look really closely at what happens. What tends to happen? Well, they get in touch with us in some kind of way. Okay, cool. Well how? What ways could they get in touch with us? They could email, they could call, they could come in with a referral. Okay, let's write those down because those are portals to entry through which they could come.

All right, when they come to us, how might they have decided to come to us? Well, they might have gotten a referral or they might have discovered us on the web, or they might have, you know whatever, read an article. Okay, well let's ask them, how did they find us when they first come in? That's going to be part of our process.

Okay, then they book a call, let's say, Okay, well, if they booked a call and they do it through Calendly, Acuity, or whatever, do they show up for the call or do they not show up for a call? If they don't show up for the call, do we want to take on a client who didn't show up for a call? Well, let's find out what the reason was.

Like when you start to break all these things down, that's what it looks like to examine the procedure. And then at some point, some of these

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procedures or processes are kind of perfunctory, like collect documents from client.

Well, what are the documents we typically collect for this type of problem? They are these. Oh, well let's have a template for that. And let's send an email and say, "Hey, give us this stuff." Or let's use something like Pipefile, which I've recommended before because it's automated. It's a way of gathering documents. All right, well we didn't get everything we wanted. Why not? Did we not explain it well enough? Oh, well then let's explain it better.

But you can't optimize any of these things if they're all fuzzy and you haven't written them down, right? But if you've written them down, you just go to where you written them down, or where the automation is happening, and you adjust it and improve it. And from that point forward, it's locked in, right?

So that's what I mean by constantly evaluating. Like looking at it, did we get the result we wanted? No, why not? Is there something we can do to improve the likelihood we'll get the result? Okay, well then let's do that, let's try it.

Melissa: Okay, here's the next question then, I imagine that your approach to this could be on the fly. But I also wonder if that just means it doesn't happen, if it's on the fly. Like people are running at a pace, just busy, and they mean to, it lives in the back of their head for a while. So I'm wondering, do you recommend or do you see people scheduling time every so often to be able to dig into some of this stuff? Or I don't know, it seems like this stuff gets put on the back burner for people.

Ernie: Well, for sure, you know, let's start out by saying this is not the most realistic way for most people to do it. I know this because I run the systems workshop and I tell lawyers like, hey, you should have this. I've learned what doesn't work.

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Melissa: Okay.

Ernie: So I have my own optimizing my procedure of teaching because I've learned like, okay, they don't like that. So here is how it works best for me, and for everybody else. I have my iPhone, I have a tool called Drafts. And it is my default quick capture tool for any idea or thought that pops into my head that I know I'm going to forget.

I can use the Apple Notes tool, I could use paper, I can use lots of different things. But I always have my phone with me, I can dictate into it, I can type into it, and I can get it out of my head really quickly. So that's my default Swiss Army Knife thing that I'm going to use.

Melisa: Why do you use Drafts?

Ernie: I use it because first of all, it synchronizes immediately and very reliably over to the Mac app as well. But also I use it because, now it only works on iPhones, but because on the iPhone if I were to type in, it has these things that are like automations. And I'm showing it to you, but other people can't see. It's one of these discoveries, my attorney friend, David Sparks, has a whole free course about how to use Drafts.

Melissa: Oh wow.

Ernie: It sets up all kinds of really robust automation. But if you don't want to use that, you just use it to dump your ideas into. You can do that, you can tag them, you can fire off emails, you can fire off tweets, you can do all kinds of stuff. So it's a universal quick capture tool, that from there you can do as much as you want if you want to, right?

So that's like the default. Like if I don't have time and I think, oh, I need to remember to update this procedure, I could dictate into it or I can type into it. Okay, that's now locked in quickly. The more you start setting up procedures, and also using them, the more serious you're going to get about like, you know, I really need to do this kind of in the tool built for this.

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So I've recommended SweetProcess, because I think it's the most cost effective tool. There's other ones you can use, doesn't matter. But the idea is it needs to be cloud based, it needs to be, you know, you can use it to assign tasks if you want and track the progress of people doing the tasks.

It needs to have features in it like you can share it to a knowledge base online or privately. You can set it up to say, hey, I want to review this procedure or policy every four months or whatever. It's a robust tool built for managing procedures.

So how do you go from Drafts to SweetProcess? Well, you could have Word documents where you store things. But ultimately you're going to want to have all this stuff in a robust cloud based tool that allows you to do the things you're going to want to do with procedures once you've documented them.

Melissa: Yeah.

Ernie: And I say like the best way to test these to find out if they're bulletproof, is give them to other humans to see if they can do it.

Melissa: Yeah.

Ernie: So as one example in my podcast I send it off, when I've recorded it, to my podcast producer. They go into Libsyn and they upload stuff. But I also have it on my website. So I need to get it from there to my website. I could take the embed code, login, do all that stuff myself. But why would I want to do that?

I've figured out how to take the procedure that's documented and as soon as I get that code from them, I fire it off the Fancy Hands and go, go here. And it's got all the information they need, anybody can do it in Fancy Hands, they do it, they let me know it's done, viola.

I had to revise it a couple of times because even though the first few times they nailed it, I guess somebody got confused and they were like, well, I

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don't know what this means. I looked at it and said, okay, I can see why you would be confused, let me make this bulletproof.

So that's what I mean, like you need to make all this so bulletproof that almost anybody can do it. Because, again, in terms of return on investment, if I invest time in documenting a procedure, but only people at a certain skill level can do it, that's going to be a lower return on investment than if anyone can do it.

Melissa: Right.

Ernie: Because now I have the complete flexibility and the freedom to give it to people that charge the little money, you know, all that kind of stuff. So you're always wanting to optimize for more flexibility, more bulletproof, lower cost.

Melissa: Yeah.

Ernie: But that takes time and it takes thinking.

Melissa: Yeah, it does. It certainly does. We use, because of you, so SweetProcess is our thing. I guess now we're coming up on two years with it, I think. And God, our whole company is in there. We do have a task management system that we use as well called ClickUp, but they're so linked. So there's a task, it's linked to the process. Yeah, it's been a game changer. And I give everybody your URL.

Ernie: Oh, thank you.

Melissa: I hope you're getting rich off of it.

Ernie: I'm not getting rich, but what I have gotten to the point of, you know, Owen, the guy that owns SweetProcess, he's kind of become email buddy friend and I can ask him questions anytime. But when people sign up for my workshop, it's gotten to a point where I have like 70 plus procedures that have been documented, and we keep creating more. I just go, "Hey,

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Owen, could you pump those into that person's account?" And he goes yep. Boom, within a day or two they're pumped in.

Melissa: That's so cool.

Ernie: And so now I can say, look, you don't have to create all these things from scratch. Here's a whole bunch of them that have widespread applicability in a law practice. Delete the ones you don't need, modify them if you want to, and use them so that you have a clear idea of what it looks like to have a very well documented procedure. Because trying to wrap your head around what that looks like is hard for people initially.

Melissa: Yeah. Yeah, absolutely. Gosh, that is awesome that you do that. 70?

Ernie: Yeah.

Melissa: That is remarkable. That is, yeah, Holy cow. That's the kind of stuff that separates – We were talking about category of one before we pushed record, like talk about category of one. That's really cool.

Okay, speaking of category of one and all of that, you mentioned there's been a useful tool for, a resource that you've used to think about branding and how you want to shift your branding. And they're called the Category Pirates, is that right?

Ernie: Yeah. So the main guy, this guy of Nicolas Cole, who spells Nicolas without an H, N-I-C-O-L-A-S. And he's got a book called The Art of Online Writing, or the art and something of online writing. And he, they run a program called Ship 30 for 30, where they teach people, and basically push them into writing content online.

And their theory is if you want to write, the best way to do it, is to write, right? And to do it for 30 days straight and get feedback from people who read what you're writing. And then you go, oh, wait, I see what they like.

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They don't like this, they like this. Let's give them more of what they like. So it makes perfect sense. Like data is good, right?

So they teach that concept. And from reading that book and then the subsequent book that Nicolas Cole wrote with some other guys, and they call themselves collectively Category Pirates because they're teaching people how to distinguish yourself in marketing and branding. And their message is become a category of one.

Which they're not the first person to come up with this, Jack Trout and Al Ries, in a book called The 22 Immutable Laws of Marketing said this. You know, they were like, yeah, Avis a category different from Hertz. They said, we're second. They said, well let's use that to our advantage. We're number two, we try harder, right? So that's their category.

So the category is how you occupy people's mind share. You have to give people some kind of word, you know, two or three words to say, I see what you're doing, you're that person, right?

Melissa: Yeah.

Ernie: So I decided to re-brand a lot of what I do to 80/20 Lawyer, because I think that's, you know, there is nobody else saying, hey, here, let's use the 80/20 principle in the practice of law so it's an easy idea to wrap your head around. And plus, people will say, well, what does that mean, 80/20? Ah, well, let's talk about the Pareto principle. All right, and then that's going to require a lot of discussion.

So I set up a newsletter on a medium called Substack, which I did because I saw Nicolas Cole doing this. And he said, you know, he teaches this idea that you want to go set up where you're going to write in a place where there are already people.

Yes, you could start a blog, but then there's nobody coming to your blog, right? Or you could set up an email newsletter in ConvertKit, which I have

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done and will keep that one there. But then you have to work really hard to get people to go subscribe. Whereas there's momentum already behind using Substack because a lot of other people are already using it.

And their brand conveys high quality because people, you know, charge people to get a subscription for the newsletters. Now, you don't have to, and they make all that possible. But there's already people they're doing it, it's high quality, it's easily recommendable, there's an iPhone app, there's an Android app. And so people can consume all the emails that they want to read that are Substack emails inside of an app instead of having to go into their already over clogged email inbox.

But it is an email newsletter, you can send it out. And you can use it for free, completely for free if you want to. So that's where I set up my 80/20 Lawyer email. And that's where, you know, I'll give you the link and people can go check it out. But that's where I'm going to have this discussion and figure it all out. And also see what are people not clear about? Or what do they have questions about?

Melissa: Yeah. So I'm definitely signing up. You also mentioned before we pushed record that, based on your research there is a need, or a use case for Substack and ConvertKit or like I use ActiveCampaign. What is that?

Ernie: So the overlap is this, so Substack does not have automation. It doesn't have drip out campaigns kind of thing. And it never will, because that's not what they do, right? So if you sell a product, or if you tell people, well, you download my lead magnet, let me explain this to you in a sequence. And they go through the sequence, you're not going to do that in Substack. That's not what that's for.

Their idea is this is a newsletter maybe, you know, for people who used to write for the New York Times, or Washington Post, or who are famous bloggers, or want to be bloggers. Like you want to put out a weekly or however frequent blast, you can do that. And they'll be all collected as

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archives and you can make the archives only accessible to paid people or whatever. But it's not going to do automation.

So it's not going to overlap with ActiveCampaign or ConvertKit in that way. And ConvertKit, well they are trying to enable like, oh yeah, you can charge people for your newsletter and all that kind of stuff. They don't have an audience.

Like so in my Substack, one of the things they make really easy to do is they say, who else do you think people should follow? And then you check off the boxes, or you find people and check it off, and you explain why they should follow it. And then if people go to my page, they can say, oh, well Ernie recommends all these.

And then if I subscribe to a newsletter, paid or otherwise, it'll go, hey, do you want to recommend this on your profile? Check this box or don't, right? So they make it really easy to cross pollinate. Of course they do, because they're charging 10% to the people who are collecting money and they want to make sure that they help those people grow their audience, or if you're starting out and not charging money, help you grow your audience.

So they're doing something that ConvertKit can't do. ConvertKit would have had to have been set up in that way, which it wasn't. So they overlap a little, but they're different.

Melissa: Okay, that's good. I mean, I know of Substack and I know people use it. I feel like, is there competitors out there now that have been built or trying to do –

Ernie: I think that there probably are. And ConvertKit certainly, I think, from what I've seen them doing where they're enabling payments and they also say, oh, you can charge people for a subscription. Yes, ConvertKit is trying to do what Substack is doing because this whole momentum of, wait, email newsletters can be good, right? Especially if they don't only go into people's

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inboxes because I don't want any more email newsletters in my inbox. I already have too much stuff in there.

But I don't mind going to Substack on the app on my iPhone and going, oh, let's see what's new, okay. And so Substack got a lot of money from Andreessen Horowitz and they're well-funded, and they're well positioned, and they're going to do well.

And again, the guy, Nicolas Cole, when I read his book, *The Art of Online Writing*, and he made the point like go where there's already an audience, use Twitter, use LinkedIn, use Medium. Medium, the problem, he said, is it wasn't set up for making money. So they weren't sure how to help people make money there. So it's kind of gasping and wheezing a little bit.

But Substack learned from all that, I guess, and said, wait a second, let's have it so the people who are creators, like Andrew Sullivan is a famous one, there's all kinds of famous people who used to work for some big publication or make money separately through a blog. Andrew Sullivan was a blogger who realized like wait, I just want to get people to consume my content, and if I can charge for it, that's great.

So if you didn't have a website, essentially Substack gives you a website because it gives you a place to host it. So it kind of flips the thing where it's like, oh, I had a blog, but I don't know how to monetize it, to oh, you don't need a blog, you need a community that you can tap into.

Melissa: Two questions. One is do you ever see yourself creating a paid newsletter? Like would that ever be a thing that you would entertain? And the second question is, do users have to have Substack app or it does show up in your email, but you can choose to read it in Substack?

Ernie: Yeah, it shows up in your email and if you're happy with that, that's great. If you want to read it in the app, you can. Or you can read it online. You can go online to a page that collects, you know, you log in to their

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website, essentially, and you can see all your newsletters in there, if you want to. So you can do it that way.

Melissa: I love that. I like that, so you showed it to me on camera and it's so clean.

Ernie: Yes.

Melissa: Do you remember way back there was a startup, I think maybe they're even still around called Flipboard?

Ernie: Oh yeah. It's still around.

Melissa: It reminded me of that's how clean it is, it's just like your way of consuming news that you opted in to curate for.

Ernie: Right. Right, and I think that's a big part of it because they standardize the look and feel of all the different newsletters. Like you can put an icon in there, you can do a certain level of branding. But then when people consume it inside of the app, or on the website when you're consolidating it all, it standardizes and uniformizes the design so that it's not all this cacophony of different looks and feels.

So it's just kind of pulling it all in. And so in a way it's kind of like creating your own newspaper.

Melissa: Yeah, it did look like a newspaper.

Ernie: You select who you want, right? And that's another thing that they do, like when you first join they'll go, what are you interested in? And then there's all these different main categories and then there are subcategories. But they'll start with oh, if you're interested in that, here are the top newsletters to follow. So they help you build your newspaper, if you will, right?

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And then some of those things will be, they drip out so much by free and then so much that's paid. And so yeah, they make it easy to kind of load balance the here's how much I want to do for free, here's how much I want to do for paid. If you don't want to do any paid, that's fine. If you only want to do paid, that's fine.

And I also find it interesting, it's smart about helping you do what you're supposed to do. Again, it's kind of institutionalized knowledge. Because when I launched my first post, which I did recently, when I went and hit publish, and you can schedule them too. But when I hit don't publish it said, oh, we noticed you don't have a call to action for people to sign up to subscribe, you want to add one? And all I had to do was go yes. And it inserted it automatically midway through and then again at the end.

Melissa: Wow.

Ernie: See, like that's the kind of thing that in ConvertKit you'd have to manually make that decision and it wouldn't look clean unless you figured out how to make it look clean. So they're doing all the heavy lifting on the things that you would probably want to enable for you. And I was really struck by that.

Melissa: So would you ever eventually have an additional newsletter that just goes [inaudible]?

Ernie: I wouldn't do an additional newsletter because I've learned my lesson about having too many different things to try to manage. But I can see maybe doing it, but I'm not really focused on that because, as you know, I have the Circle community.

Melissa: Yeah.

Ernie: And the Circle community is where the we can have discussions and people can help each other out. So I already have my community that I'm building out with that, which you're a part of.

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Melissa: Yeah.

Ernie: And so that's where we can have ongoing discussions in a robust way. And within that area, as you know, there are spaces where I can say, okay, this is going to be some lessons. So I already created a course in there called the 80/20 Lawyer, that you have to pay to join. And that's where I'm going to build out these lessons that I, you know, which I'm going to draw a lot of understanding about from the newsletter.

Melissa: Yeah.

Ernie: But what I might do is I might say, okay, well if it's free, you don't get to keep looking at it for more than two weeks or something like that. Because I want to collect that content, once I refine it and understand how to make it better, and then put it inside Circle.

And I really do think that's a better place to learn. If somebody says, "Oh, I want to learn this whole thing." You know, you can learn from me in real time by subscribing. But if you go, "Wait, I really want to dive in on this," like I said earlier, it doesn't have all this stuff collected so that I could drip it out to people who say, "Oh, wait, I now choose to learn all of this from the beginning. Email me these from the beginning."

But I can do that with the Inner Circle area, which I'm going to probably rename to the 80/20 Lawyer overall. But I can do it in there and I can do it with the email dripping in ConvertKit and the automation that happens from that.

Melissa: Yeah.

Ernie: Because it's about learning these things in bite-sized chunks, right? Because there's a lot to absorb and I don't think anybody can absorb all of it in one vessel. Like that's been my experience with 80/20. Like I keep going, I understand this part, but now I look at this part, oh, yeah, that's great.

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So if you try to learn it too fast, you're not going to really learn it and you're certainly not going to apply it as much as you would and will if you do it in a kind of relaxed, bite-sized chunk way.

Melissa: I mean, isn't that the key to any result, is just turtle steps?

Ernie: Yep. Yes, that's right, turtle steps. There you go, I forgot. There's your category of one buzzword, turtle steps. Exactly.

Melissa: Is that what my newsletter should be?

Ernie: Right, that's what you should call your newsletter, turtle steps.

Melissa: Turtle steps, totally.

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