

# Managing Partners: The “Can We Afford This?” Law Firm Calculator

Make confident growth decisions **without** guessing, stressing over cash, or waiting for month-end numbers.

## INSTRUCTIONS

Think about one real decision you’re facing right now:

- Hiring
- Increasing partner draws
- Expanding marketing
- Adding office space
- Investing in technology

Keep that decision in mind as you move through this guide. Answer honestly. This isn’t about accounting. It’s about clarity.

### Step 1: Revenue Stability Check

Ask yourself:

1. If two of your top cases settled 60 days later than expected, would cash feel tight?
2. Do you know your firm’s average monthly cash burn?
3. Can you predict next month’s collections within a 10% range?
4. Are partner draws tied to projected cash — or last month’s deposits?

If you hesitated on more than one of these, your visibility is thinner than it feels.

### Step 2: Capacity vs Cash

For the decision you’re considering:

1. What is the true monthly cost (salary + tax + overhead)?
2. How many months of that cost can current cash reserves cover?
3. Does that cost assume collections continue at current pace?
4. If revenue dipped 15%, would the firm stay comfortable?

Growth decisions should survive stress — not just optimism.

### Step 3: Timing Risk

1. Is this decision based on trailing revenue or forward forecasting?
2. Do you have a 90-day cash projection model?
3. Have you modeled “best case” and “slow case” outcomes?

If your answer is “we’ll figure it out,” that’s not forecasting. That’s hoping.

### Step 4: Partner Payoff Reality

1. After all operating expenses, what is true available profit?
2. Is partner compensation structured intentionally — or reactively?
3. Could you clearly explain your firm’s margin right now?

If margin feels fuzzy, expansion will magnify that fuzziness.

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## The Core Insight

Most law firms don’t make bad decisions. They make **uncertain decisions**. Uncertainty increases stress. Stress slows execution. Slower execution reduces profit. Clarity removes that friction.

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## Why This Matters

Every major growth decision compounds: Hire too early → cash stress Hire too late → capacity ceiling Increase draws blindly → instability Hold back too long → underpay leadership The difference isn’t instinct. It’s financial visibility and forward planning. The firms that grow confidently don’t guess. They model before they move.

If you’d like to walk through your current growth decision with clear cash visibility and forecasting in place,

Book a 15-minute strategy chat here:

<https://bluebird-partners.com>