

# LawBiz®

Your practical guide to profit™

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LawBiz® TIPS – Week of September 6, 2011

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My, how time flies! It was only 3 months ago that we started this incredible journey across our very large, very beautiful and very diverse country we call the United States. We are united in name only because each of our states truly has its own culture, its own history and is unique.

The beauty of our country was reflected in the generosity and friendliness of the people, everywhere we went. In Wyoming, there was road work that caused highway traffic to come to a halt. As we were waiting, I realized the car in front of me had California license plates. I left my truck and walked to the driver to ask for directions. Couldn't believe it! He lives only a few blocks from me, works for Sony Pictures as a writer, where my son-in-law used to work, and was excited to share his knowledge of the road which clearly made our travel easier and better. As the road opened and we continued our drive, we came across this very same person three more times.

In Omaha, where I spoke to the Nebraska Bar at the University of Nebraska (UNO) Scott Conference Center, both the CLE director and the Scott facilities manager made our stay unique - parking our Airstream on campus - and comfortable.

These experiences of kindness were repeated everywhere we went. After 3 months and 11,000+ miles, Paula, Bandit and I can only say, thanks to all.

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## Do-It-Yourself Practice Success

Dealing with "The Business of Law®"

I have regularly discussed how law schools do little to prepare graduates for dealing with "The Business of Law®" (finance, practice management, client relations) that determines practice success. This puts the onus on new lawyers to do the preparation themselves, whether they are starting

What Clients Are Saying:

their own practice or joining a major firm. Since this is the time of year when many new graduates enter one or the other of these practice paths, it is worth reviewing how these are two entirely different challenges, with different preparation needed for success in each.

#### Requirements of a Solo Practice

Solo lawyers need all the traits of an entrepreneur: motivation, acceptance of risk, resiliency, commitment, persistence. But just as important is adequate capital. It's easiest to start a new solo practice for those legal specialties where capital requirements are less, where it's easier to reach prospective clients who have immediate and personal needs and are less concerned about appearances. Practice areas that meet these parameters include personal injury, family law, bankruptcy, immigration, personal real estate and the like.

#### Have a Financial Reserve

Don't expect immediate cash from such clients. From the very first matter, it takes up to 120 days on average between when a law firm sends out an invoice and when it is paid. For that reason alone, having a financial reserve helps ease the angst of starting a practice. The ideal number would be a minimum of six months of living expenses, and preferably a year. In the meantime, the new lawyer who stays on top of receivables will have the cash to survive.

#### Demonstrate Your Worth in a Large Firm

The economics of joining large firms have changed dramatically. Many such firms have cut starting associate pay, reflecting the economic reality that it takes them from three to five years to break even on the investment in a new lawyer straight out of law school. It is thus essential for new lawyers in a firm setting to determine and demonstrate their worth to the firm. It is a basic equation: Billings - [Associate's Total Compensation + Direct and Indirect Expenses] = Net Profit. A positive balance is essential to a successful law firm career.

#### Set Your Goals and Strategies

New associates can have a dramatic impact on this bottom line by bringing a sense of ownership to business development efforts, rather than just taking work that partners assign. Developing a career requires planning to set overall goals and specific strategies. The issue is not more billable hours, it's what kind of billable work and what that work contributes to the firm. The firm must be able to measure personal growth by specific standards of billable time, training and client development effort, demonstrated by achieving near-term targets that are realistic. This do-it-yourself approach, even in the largest firms, is the best way to make, not just have, a career.

## More Secrets of The Business of Law®

In this follow-up companion volume to Ed Poll's highly praised first Secrets collection, you'll learn how to be even more efficient, more effective and more profitable in your practice.

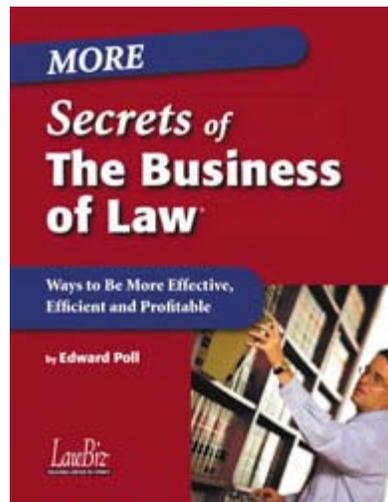
*"You don't see many stories about legal firms making change work! Help is on the way. Ed Poll's book is a must read for any leader who wants to win at the*

"I requested that (my partners) allow me to take on the management of the firm and suggested the creation of a business plan... (Our practice) is a successful practice, but in dire need of a direction - and a business plan. They agreed to give me a shot and entertain a rough outline of my ideas. I was shocked when they agreed, but then horrified at the task before me. However, sitting on my shelf is "The Business of Law®" that I purchased from you a few years ago. I began to read it and a whole new world has opened up for me. I just wanted to express my gratitude to you for writing the book... I am excited about the opportunity I have and just wanted to let you know that I appreciate all you do for the field."

**CD**  
**Pleasanton, CA**

"I was an associate at a large national law firm and I felt "stuck," but I didn't know how to market myself to clients or to other firms. Ed's focus on the business side of the law firm provided a solid grounding for me to evaluate my current situation and a platform from which I could start growing my own practice. In many ways, working with Ed is like working with a therapist. Part of my coaching process with Ed has been getting to understand more thoroughly my strengths and weaknesses as both a marketer and as a lawyer. After working with Ed for six months, I was ready to market myself to other firms: I developed a clearly articulated set of objectives

*great game of business!"*  
- Terry Paulson, PhD,  
columnist, business speaker, and  
author of *They Shoot Managers Don't  
They?*  
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opportunities for my  
professional growth."

**CH**  
**San Francisco, CA**

Ed Poll, LawBiz® Management

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