



Your practical guide to profit™

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LawBiz® TIPS – Week of April 5, 2011

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Complimentary breakfast: If you are in the Chicago downtown area the morning of Tuesday, April 12th, join me for breakfast at 7:30 a.m.

LawBiz® and Fujitsu® will sponsor this breakfast for all attorneys responding to our newsletter. Please R.S.V.P. In addition to food, we'll talk about the challenges facing the profession and how these relate to your own practice. You will walk away with at least one idea for greater profit, increased revenue or reduced stress that you can implement immediately on your return to the office. I look forward to seeing you in Chicago.

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When Is a Practice a Pig in a Poke?

What is different between selling your law practice today compared to a few years ago?The biggest differentiator, with many lawyers and their practices, is fear. The seller's fear is to sell out now, before they are incapacitated by age or ill health, and before the economy takes another big hit and buyers disappear. The buyer's fear, by contrast, is of buying "a pig in a poke," with the danger being that past clients may not stay with the new lawyer.

The Buyer's Concerns

These are valid concerns on the buyer's behalf. Clients today are more mobile, and are just as likely to change lawyers as they are cell phone or Internet service providers. Lawyers are often perceived as a commodity, just like the other two. The buying lawyer thus needs to be more sensitive to the needs of the clients being "acquired" by initiating the dialogue that will protect existing relationships with them.

Transferring Client Relationships

This is not an easy process. The Rules of Professional Conduct set

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What Clients Are Saying:

forth very precise ethical requirements for transferring client relationships. Here are a few examples:

- Fees charged to clients cannot be increased solely because a practice is sold - even if the purchaser is a larger firm that may charge higher rates than sole or small firm practitioners.
- The selling attorney must give written notice to clients no less than 90 days before the transfer that clients have the right to their files.
- The selling attorney must also inform clients of their right to retain other counsel.

Smaller firms that sell their practices understand the value of their client relationships and reputations when negotiating for the sale of a practice. If buyers truly believed that clients would not remain with the firm once its proprietor leaves, they would not buy the practice. But, because lawyers tend to be conservative and protective by nature, they use the maxim - "clients relationships are personal and they won't remain with a new lawyer" - to offer a lower purchase price. The selling lawyer contends that the reputation of the firm continues beyond the removal of any one individual. With that reputation comes the client list, the phone number and the ongoing nature of the practice (with staff and systems in place). What's the result? Complex negotiations become even more so.

The Firm's Brand Name

The issue ultimately may come down to the firm's name, its "brand." When that is associated with one lawyer, its transfer to another may be a more difficult challenge. Keeping both the seller's and buyer's name for a time, then transitioning only to the buyer's name, is one solution. Another is to adopt a purely generic trade name, but this must be done consistent with ethics rules. The only real solution to avoid purchasing a "pig in a poke" is to provide the service and value that keep clients with the firm.

In addition, whether in manufacturing, distribution or professional service firms, it is the responsibility of the seller to "hand off" the client to the new lawyer (the buyer). This is a challenge because lawyers tend not to be proficient in "cross-selling" services offered by others in their law firm. But, when done effectively, the net result is that both seller and buyer are pleased and reap the results they anticipated.

8 Steps to Greater Profitability

The Lawyer's Path to Prosperity

Are you frustrated with how your law firm or practice is running? Are you looking for ways to jump-start your business? Do you want to make the dream of starting your own successful firm a reality?

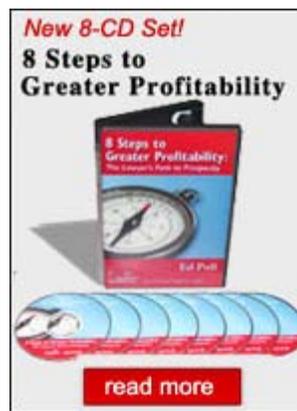
This 8-CD set provides the most complete audio guide to law practice management available. From crafting a business plan to selling your practice for maximum value,

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MVO, Los Angeles, CA

"I would highly recommend the services of Ed Poll to anyone in need of assistance with understanding their business, improving its operations, or valuing it for sale or transition to some other operational format."

DMG, Austin, TX



Ed will lead you from start to finish through the eight most crucial steps to law firm success. Earn the living you deserve and find fulfillment throughout your career – embark on the path to success today! [Learn more.](#)

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