



Week of **February 2, 2010**

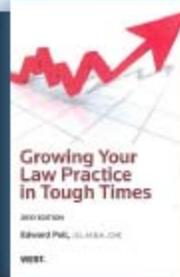
Are You Ready to Fly Solo?

The highly publicized troubles of large corporate firms make the prospect of having their own firm seem more attractive to many young or newly unemployed lawyers. But nearly 90% of the 1.1 million U.S. lawyers are solos or in small firms, so the competition is intense. An old economics bromide holds that, "whenever there is change, there is opportunity." Clearly, there is tremendous change currently, so there also is tremendous opportunity now to start a new business. However, you must understand the business and economic realities that are involved.

Solo lawyers need all the traits of an entrepreneur: motivation, acceptance of risk, resiliency, commitment, persistence. But they also need (and often do not have) 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 more urgent immediate and personal needs and are less concerned about the team behind you. Practice areas that meet these parameters are where "the rubber meets the road," areas such as personal injury, family law, bankruptcy, immigration, personal real estate and the like.

Don't assume you'll immediately make money from such clients. Even if you do work for them in your first few weeks, the national average is 120 days 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 your practice. The ideal number would be a minimum of six months of living expenses, and preferably a year.

Managing money is your number one consideration for success in a new firm. Practice needs should always be met first, and personal needs should be the minimum expense necessary to maintain a standard of living. The one essential is that your new law firm should not be a bank for clients. When you bill



Growing Your Law Practice in Tough Times

Following the worst economic crisis since the Great Depression, and facing a sea change in clients' demands and expectations, law firms must respond and adapt quickly and effectively. Law firms must choose the kind of law practice they will be; the marketing and business development tactics they will use; the overhead that is critical to their functioning; how to price, bill and collect for services; and how to manage the cash flow cycle.

Success lies in identifying and capturing the right kinds of clients, providing the services those clients need in ways that add value, and ensuring prompt payment and the ability to grow profits. This book, based on the experiences of Ed and his clients over 20 years of coaching and consulting, provides the keys to successfully thriving in the new era.

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clients, you are extending them credit. Lax collections mean you need more cash to stay in business while waiting for clients to pay. The new firm that stays on top of receivables will have the cash to survive and grow.

Needless to say, lawyers just out of law school—or just out of a megafirm—often have little practical feel for such issues, whether that includes training in effective client service and law practice management techniques, or basic knowledge about the operation of the firm as a business. Many such lawyers feel they have neither an efficient nor an effective way to learn how to build a better practice that better serves clients. If you feel that way, I urge you to sign up for and participate in our [LawBiz Forum](#) discussion group and to review the VidCasts and other resources at [lawbiz.com](#). You'll get practical insights and useful advice that will make the prospect of flying solo less frightening, and more rewarding.

Personal Commentary

In driving the freeway the other day, I noticed a new phenomenon for Los Angeles: Drivers seemed to be more mellow. I don't know if it's because we're all tired of so much rain without interruption and are driving more slowly or whether it's because many fewer people have jobs and thus nowhere to go.

Unrelated to this, my phone began to ring off the hook. More lawyers want me to coach them to greater success. It seems that the panic we felt in 2009 has faded and reality has set in: We must look at our law practices in a different light (from collection efforts, practice development, time management, client selection, and all the other aspects of law practice) in order to grow and thrive in this new economic world. And last week's news said that our economy has grown more than at any time in the last 6 years.

Does this mean we're back to "normal?" Hardly. Does it mean that there may be new opportunity in today's economy? I think so. As noted elsewhere, where there is change, we will see opportunity. Where in your world is the opportunity for you? Look again and seize the opportunities.

Best wishes,

Ed Poll
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