

Successful Small Firm Practice Course

District of Columbia Bar
September 13, 2021

Confidentiality

Rule 1.6(j) applies

What is said here stays here

[Course Supplement Website](#)

Why this Course is necessary.

What is happening in the profession?

What is it that we do?

**We are licensed to solve the problems
of others.**

In a unique context . . .

We are regulated

DC Rules of Professional Conduct

Where does ODC spend its time?

This provides our office a wider view of the practice. Last year we investigated:

Solo/Small Firm 178 46%

Firm 141 36%

Government 23 6%

In House 22 5.7%

Public Interest 6 2%

Other (including academics) 18 4.3%

The most frequent specific complaint we see is immigration lawyers neglecting clients. Strangely, the second most frequent category is dishonesty by lawyers in their personal

**Nearly 50% of Disciplinary Counsel's
investigations are of small firms.**

ODC Chart V - Type of Practice

Type of Practice	2020	%	2019	%	2018	%	2017	%	2016	%
Firm	88	47%	92	39%	119	40%	130	44%	151	44%
Solo/Small Firm	85	45%	110	47%	139	47%	119	40%	155	45%
In House	7	4%	15	6.4%	8	3%	8	2.7%	7	2%
Government	4	2%	6	3%	11	4%	16	5%	17	5%
Other	2	1%	8	3.4%	10	3.4%	15	5.1%	11	3.2%
Public Interest	1	0.5%	5	2%	7	2.4%	9	3%	6	1.7%

Source: Office of Disciplinary Counsel statistics for 2020

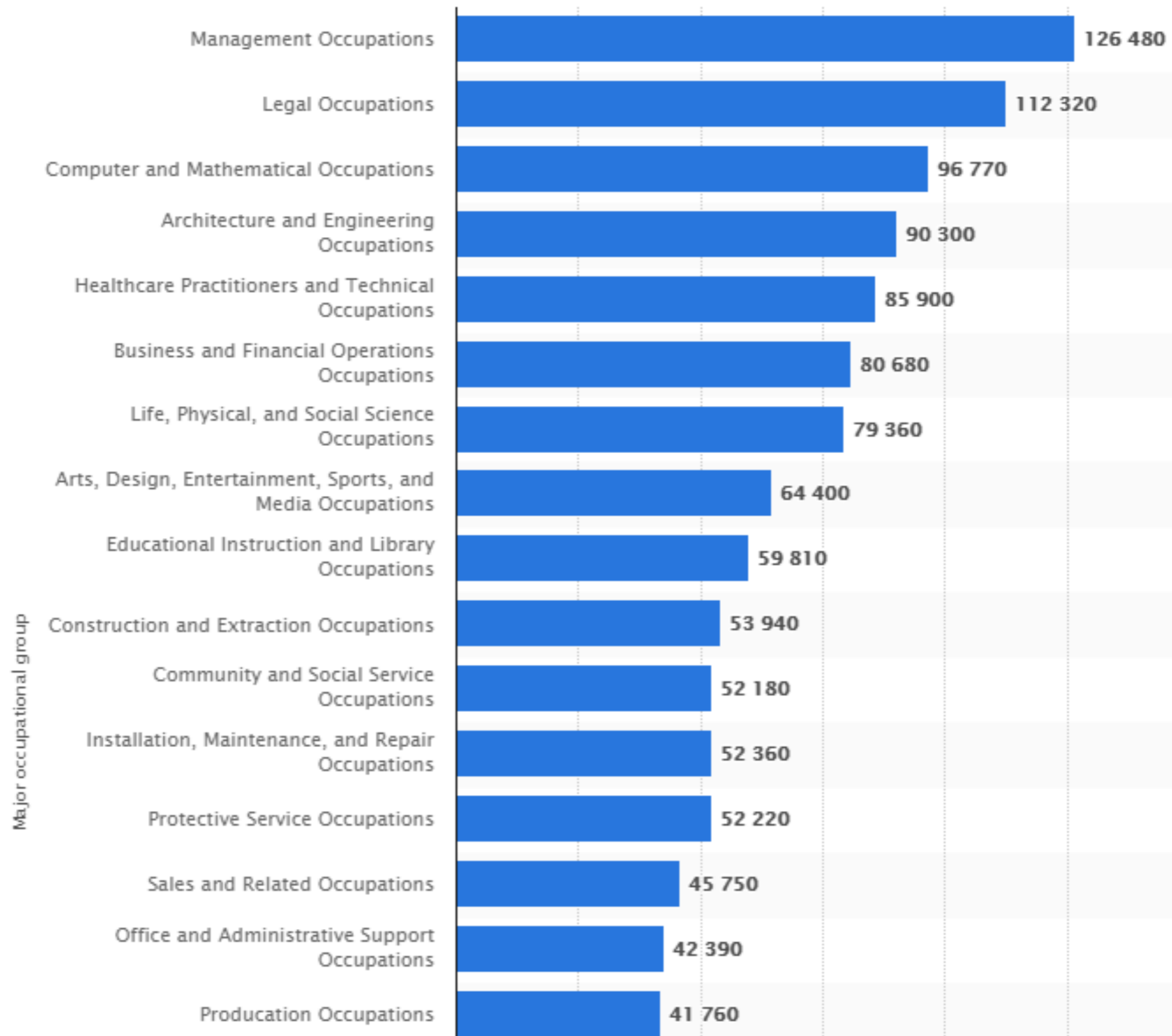
**We do this for
money**

The elusive profit

The 1958 Lawyer and his 1938 Dollar

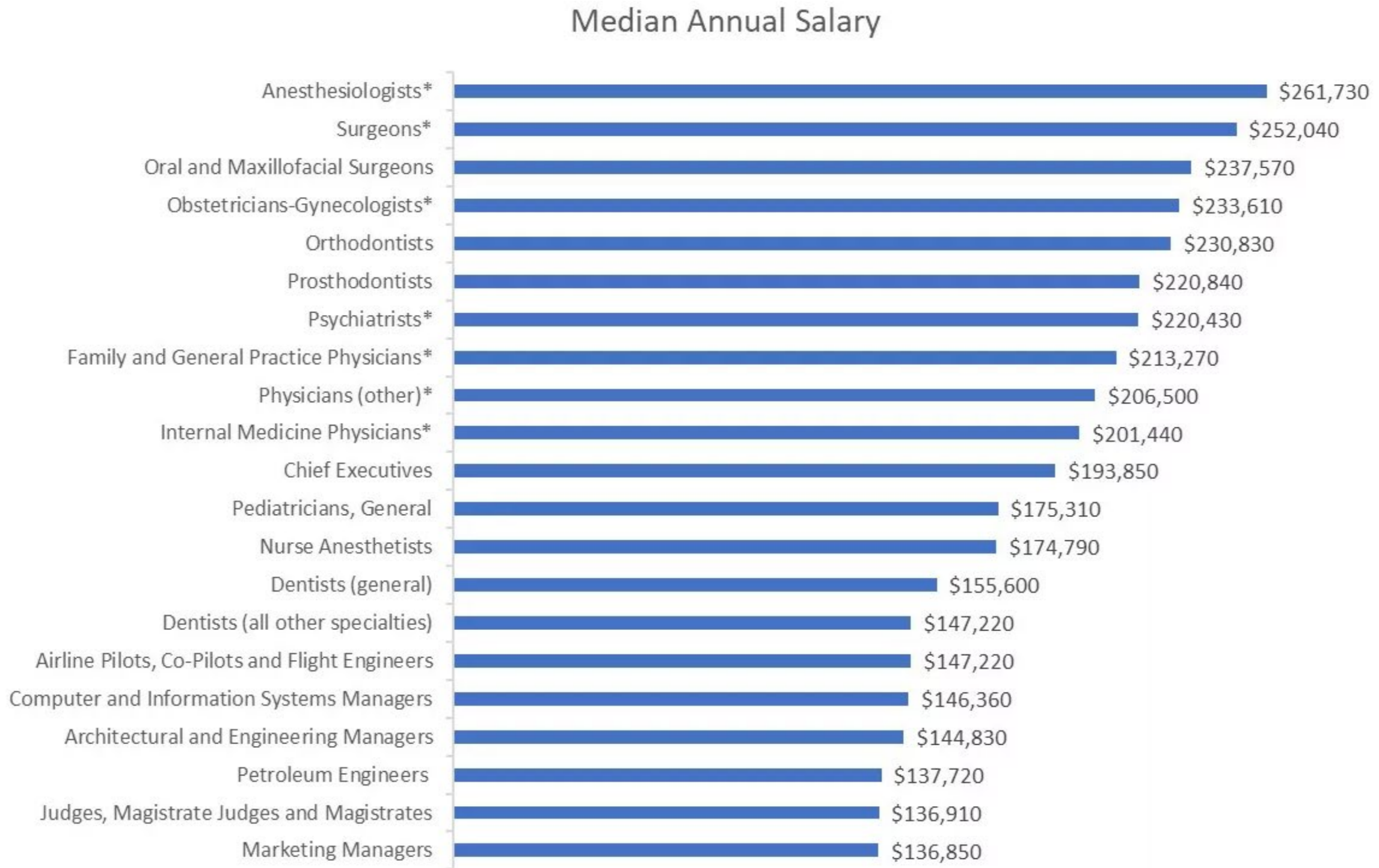
We were not always tied to the
billable hour

2020 occupations



Has linking price to time worked?

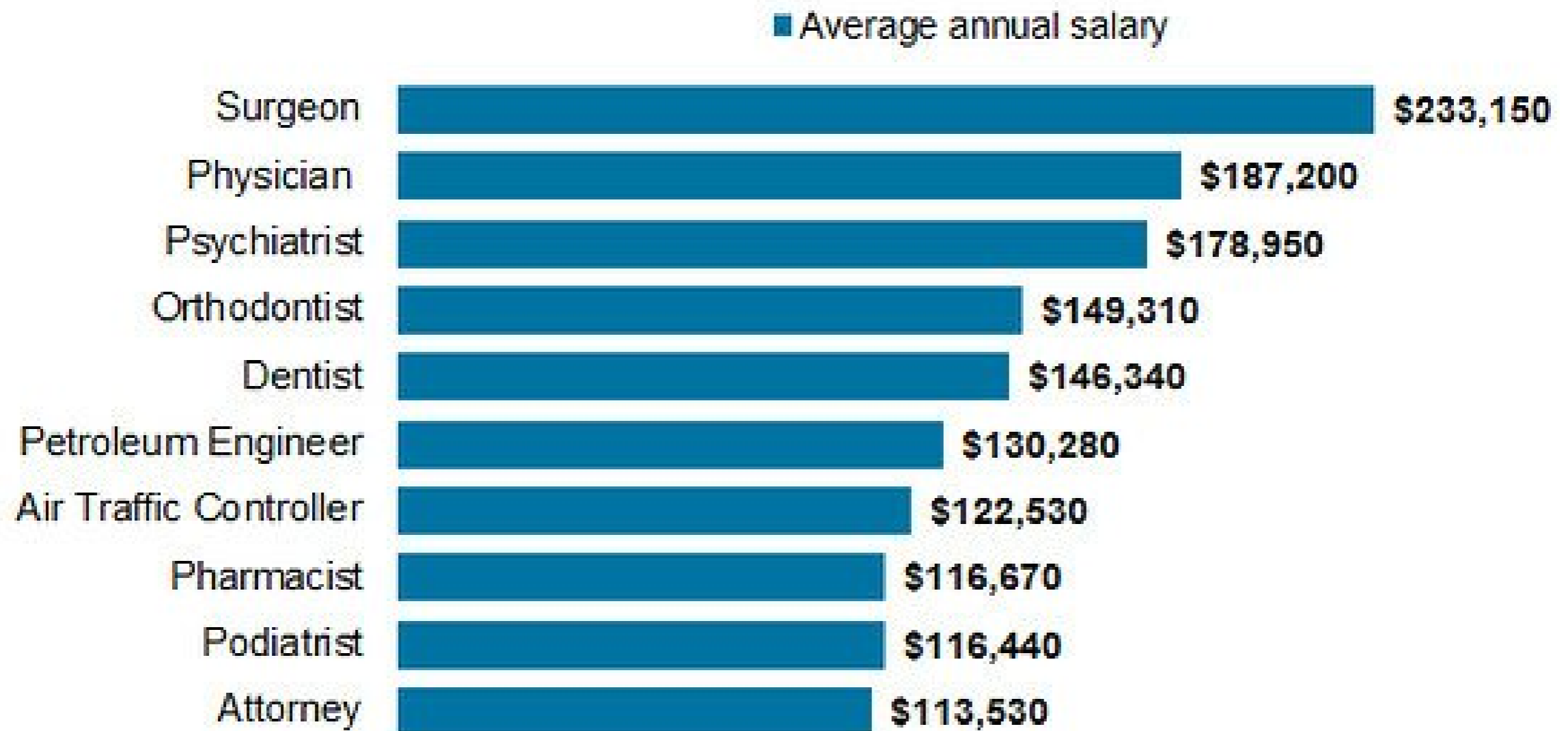
Lawyers did not make this list



Seven years ago . . .

The 10 Best-Paying Jobs of 2014

Health-care jobs that require advanced degrees dominate the list.



**And the public has
an attitude about us**

The public's perception of lawyers

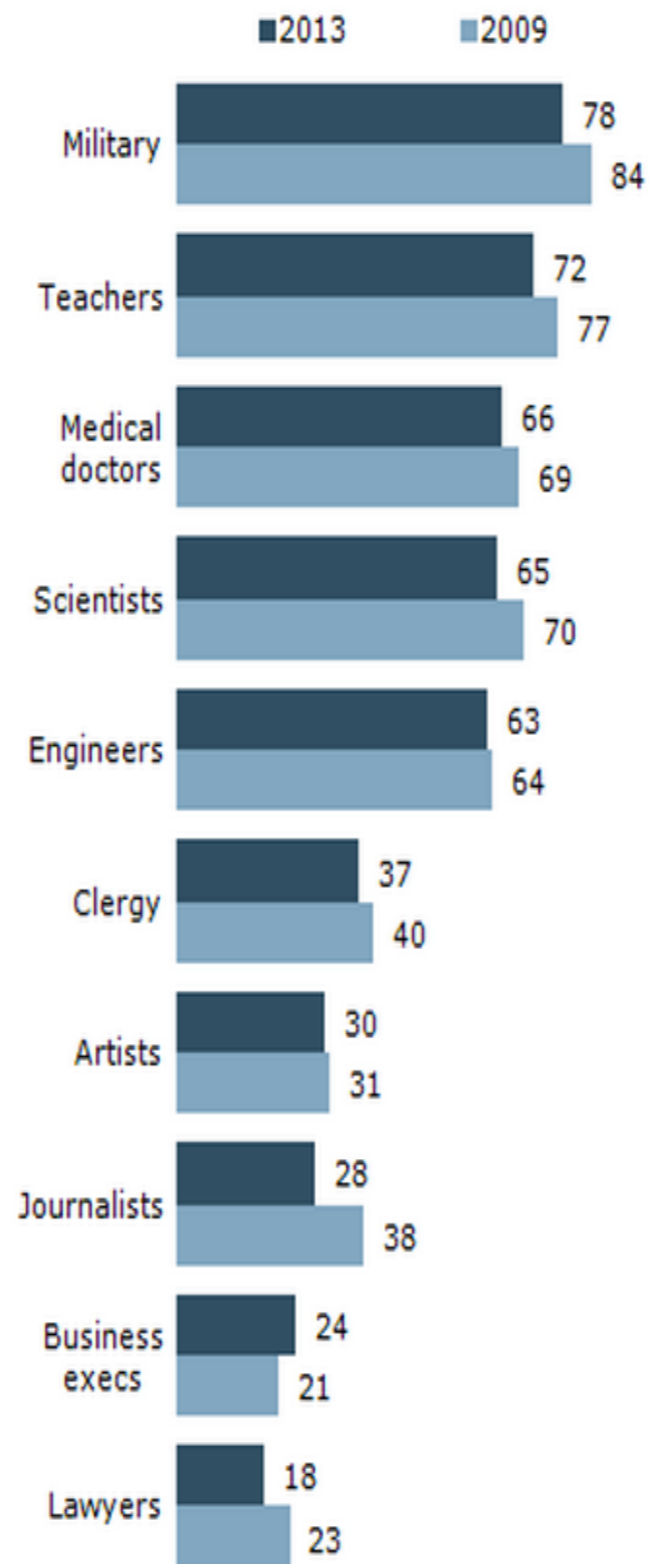
Please tell me how you would rate the honesty and ethical standards of people in these different fields -- very high, high, average, low or very low? How about -- [RANDOM ORDER]?

	Very high	High	Average	Low	Very low	No opinion
	%	%	%	%	%	%
Nurses	41	48	10	1	*	*
Medical doctors	27	50	19	2	1	*
Grade school teachers	26	49	17	5	2	*
Pharmacists	20	51	23	4	1	*
Police officers	16	36	30	11	7	*
Judges	9	34	40	12	4	1
Clergy	10	29	41	11	4	4
Nursing home operators	8	28	43	15	4	1
Bankers	5	24	48	16	5	*
Journalists	6	22	31	18	22	1
Lawyers	3	18	48	24	6	*
Business executives	2	15	46	26	10	1
Advertising practitioners	1	9	45	31	12	1
Car salespeople	1	7	53	29	8	*
Members of Congress	1	7	29	39	24	--

GALLUP, DEC. 1-17, 2020

Trend in Perceived Contribution

% saying each group contributes "a lot" to society's well-being



Source: Pew Research Center surveys March 21-April 8, 2013 and April 28-May 12, 2009. Q6a-j. Responses of those who said some, not very much, nothing at all and those who

Where we rank higher: Depression by profession



Lawyer
alcohol

with
anxiety.

We struggle with addiction as well . . .

Conclusions:

Attorneys experience problematic drinking that is hazardous, harmful, or otherwise consistent with alcohol use disorders at a higher rate than other professional populations. Mental health distress is also significant. These data underscore the need for greater resources for lawyer assistance programs, and also the expansion of available attorney-specific prevention and treatment interventions.

Rough week for lawyers in 2019

Sixty Minutes exposes the dark side of Rule 1.6:

ABA responds by attacking the messenger:

Then says we have a drinking problem:

So the public has to wonder:

“Is my lawyer a crook, a drunk, or a drunk crook.”

The goal of this Course

To create a law firm where you are:
solving problems you love to solve;
remaining always ethical; and,
making a profit.

Selecting the problems to solve

Where is your passion and competence?

How to choose the problems you will solve

What do I know how to do?

In what am I most expert?

Where is my best market?

Who is the lawyer within?

Play to your strengths

<https://www.gallupstrengthscenter.com/>

<http://www.viacharacter.org/www/>

<https://www.authentic happiness.sas.upenn.edu/>

**The internal
determines
the external**

Focusing narrowly on what you love

Makes it easier to establish **expertise**

Makes it easier to know your **ideal
client**

Makes it easier to know your **value** to
your ideal client

**The path to a
successful firm
starts with:**

A concept map

and

a business plan

The concept map

A visual thinking tool to -

Analyze

Organize

Understand

Remember

**It's power is in
its simplicity**

It works like your brain works.

Use it for -

Note taking

Brainstorming

Problem solving

Studying

Memorization

Planning

Researching

Presenting

Figuring things out

**Start in the
middle of a
blank page**

**Develop subtopics
all around the
central topic**

Examples using

Mindmeister

Law Firm Business Plan

Write it last - Executive Summary

Firm Description

- Mission Statement - 30 words or less
- Goals & Objectives
- Philosophy
- Your Ideal Client
- Specific problem solving
- Your value
- Entity

Operational Plan

- How & where
- Office issues
- Staff issues
- Equipment
- Legal issues
- Vendors
- Money management
- Office management
- Startup expenses

Marketing Plan

- Market research
- Target market
- Ideal client's problem recognition process
- Marketing initiatives
- Marketing tools

Competition issues - Fee structure - Services offered



What if you had to explain the Metro system?

Concept mapping resources

[The Mindmap Blog](#)

[YouTube Example](#)

[The theory underlying concept mapping](#)

The law firm business plan & workbook

A good place to start is with the Mission
Statement

A short statement - 30 words or less -
explaining your reason for being



Preparing the Mission Statement

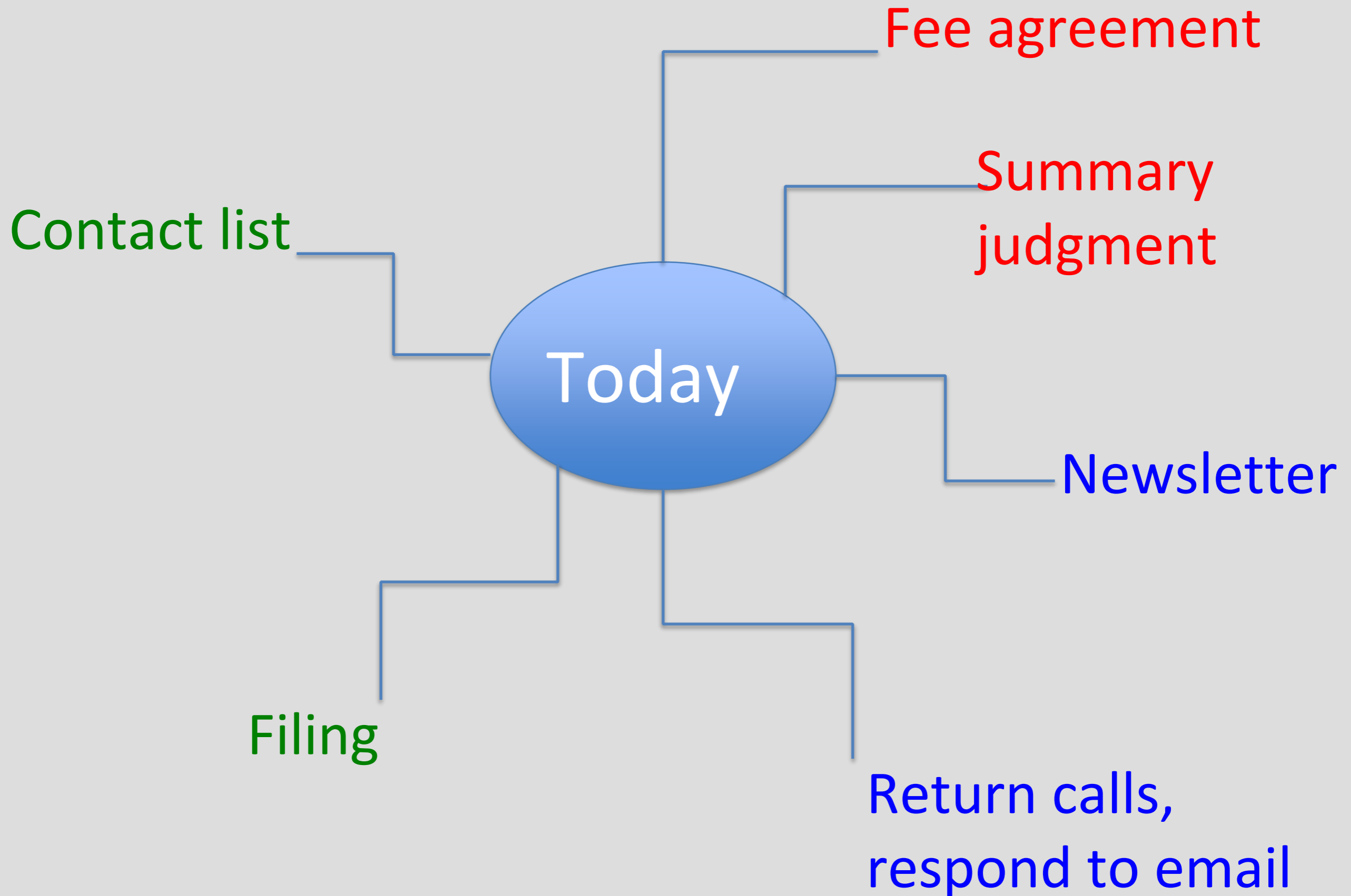
Google "law firm
mission statement"
for examples

Make yours unique and relevant.

Mapping for time management

Start your day with a concept map

A concept map for the next three hours



Resources from the DC Bar

[Free and confidential ethics guidance](#)

[Help with business issues from the Practice Management Advisory Service](#)

[Help with stress, addiction & personal issues from the Lawyer Assistance Program](#)

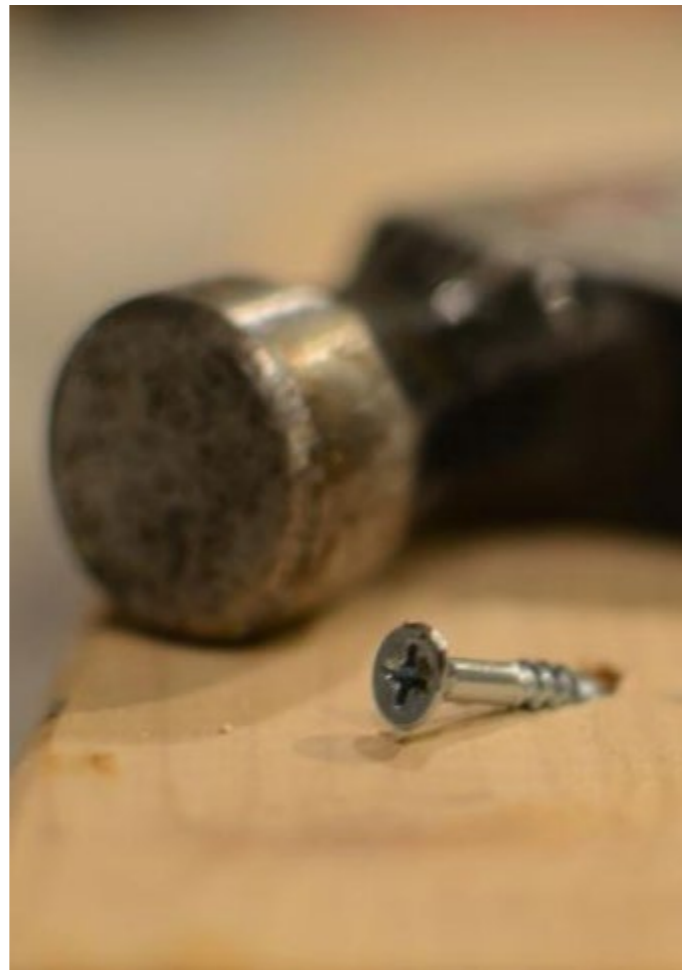
[Fee dispute resolution with the Attorney Client Arbitration Board](#)

How do you respond to the prospective client who shows up with this?



**Are you an entrepreneur
who happens to be a
lawyer,
or
a lawyer who has
shutdown entrepreneurial
instincts**

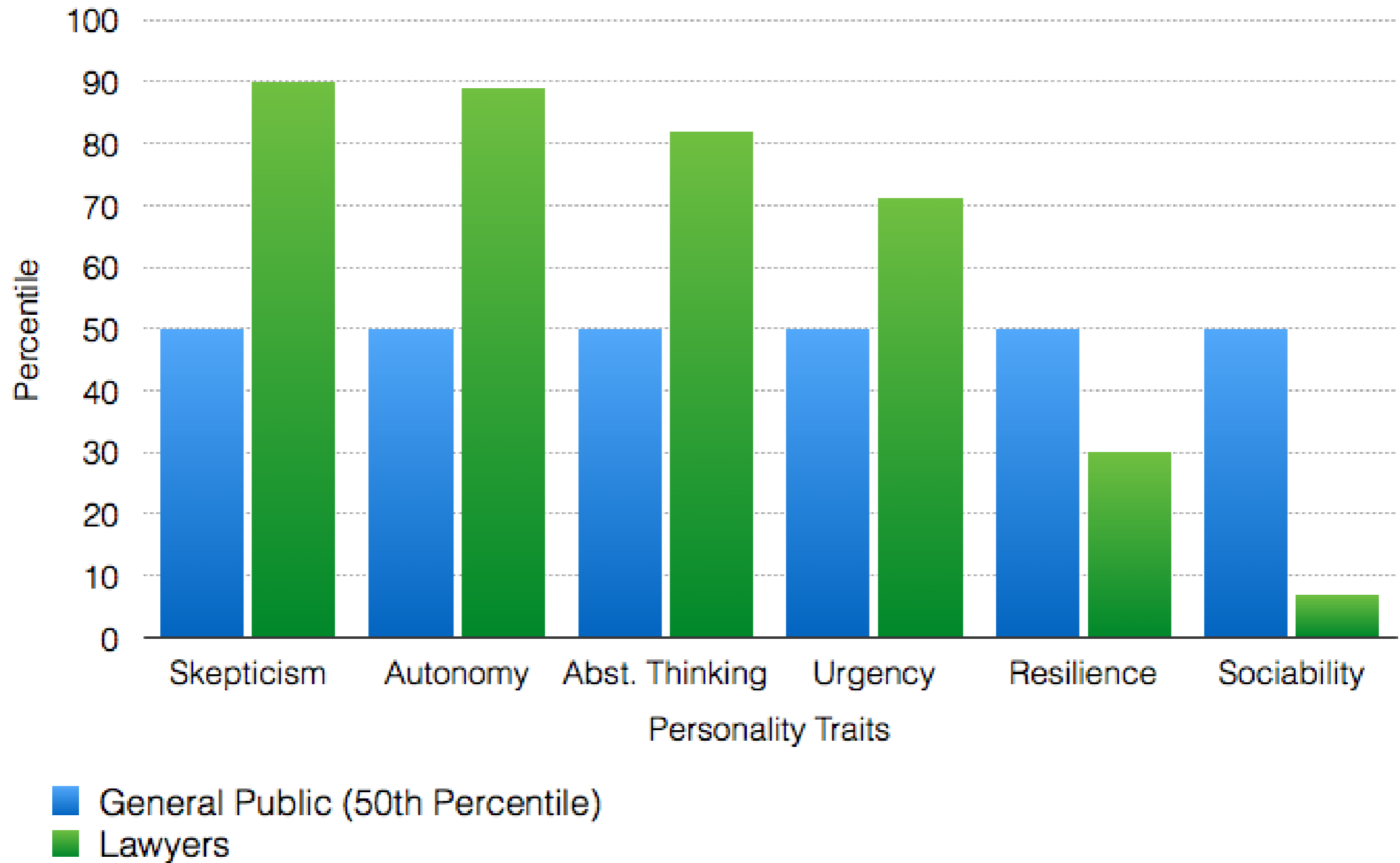
**When your only tool is a hammer,
everything looks like a nail.**



How we are taught to think
and how we work,
our fire-walling mindset,
does not serve us
in growing our firm as a
business.

To grow the firm one
must be
pathologically
optimistic

The 6 Predominant Lawyer Personality Traits



From the research of Larry Richard, Ph.D.

New, different tools are
needed

Start with this truth:

**We act according to our
self image**

The situation:

- We don't know what we are doing
- We've never done it before
- We have no clients
- We are not sure how to get clients
- We have very limited funds
- We want to start a law firm

The entrepreneur-lawyer
sees opportunity and
begins to plan

Planning

What does it look like?

Brain storming

Imagining

Talking

Writing

Fact gathering

Relationship building

Finding mentors & guides

Creating a network

Why plan?

It's essential for success

It can protect you from the fire-
walling mindset

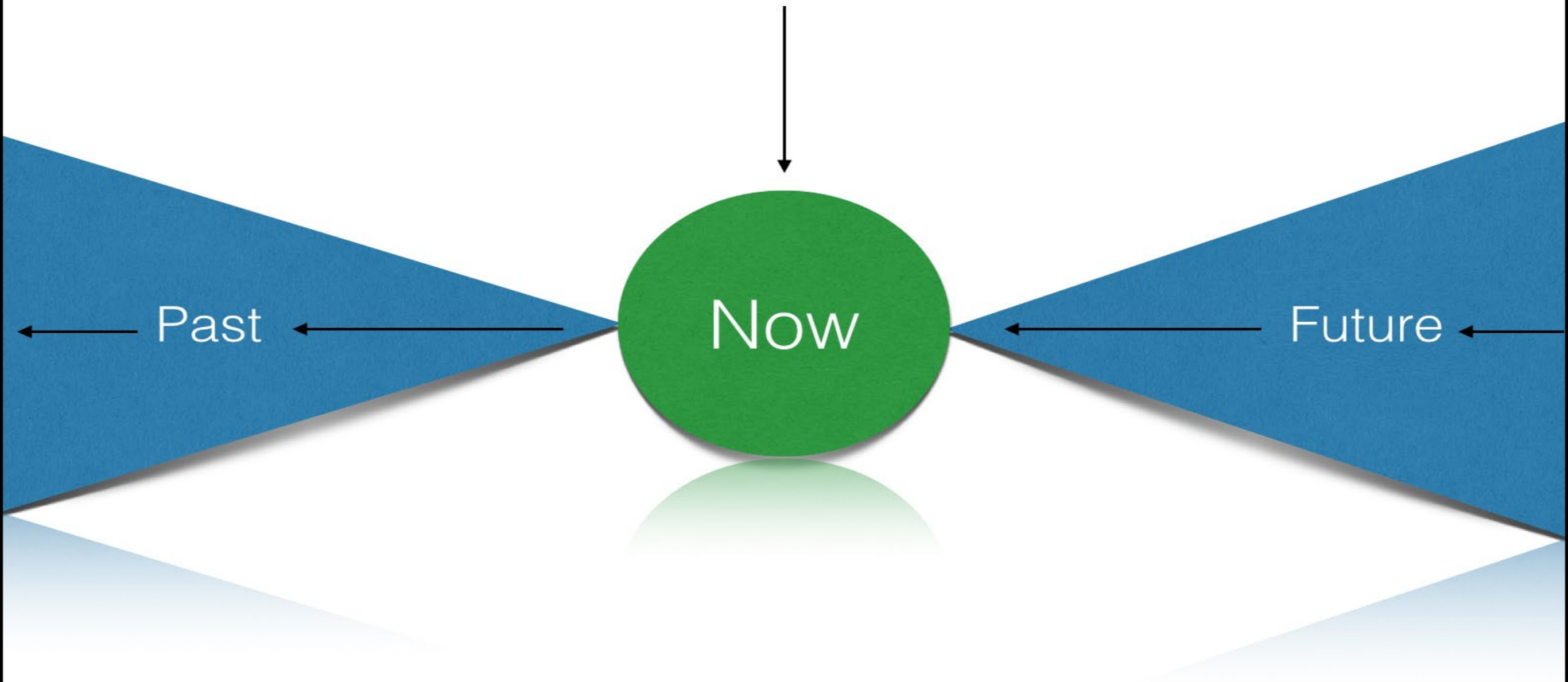
It will give you a distinct
advantage over the competition

**Planning is a gerund
(a noun derived from a verb) .**

**Planning is an action, not
an end in itself.**

The entrepreneur-lawyer
plans but also
understands the power of
now

The only moment for action or omission



How do you plan?

Pay a visit to your self-image

Get permission to plan

Form the intention

Visualize it

Concept map it

Work the template

Test drive it

The goal -

actualization

not perfection

Planning for profit

Know your break-even point

Know the cost of problem solving

Know the value of a productive
hour

The value of a
productive hour
is the cost of
compensated problem
solving needed to
survive

The calculation:

- Total revenue needed to cover professional & personal expenses
- Divided by 50 weeks
- Divided by five days
- Divided by the average number of productive hours in a day

You will average about
three productive hours a day
for this & other reasons

Utilization rate

Measures workload
and productivity



Number of billable hours worked
÷ number of hours in a day =

31%

\$200,000 in annual expense

- \$200,000 divided by 50 = \$4,000 a week
- \$4,000 divided by five = \$800 a day
- \$800 divided by three = \$266.67

The cost of one hour of problem solving is \$266.67 for this law firm.

Billing and collecting at \$300 an hour generates \$25,000 profit.

\$200,000 in annual expense

- \$200,000 divided by 50 = \$4,000 a week
- \$4,000 divided by five = \$800 a day
- \$800 divided by **four** = \$200

The cost of problem solving is now
\$200 for this law firm.

Billing and collecting at \$300 an
hour generates **\$100,000 profit.**

Break-even: at what point do you become profitable?

- Determine your total fixed costs (the costs that don't vary with revenue);
- Divide total fixed cost by the difference between your matter price and its cost (margin);
- That tells you the number of matters needed to break-even.

Break-even calculation:

- Your firm has \$5000.00 in monthly fixed costs;
- You charge \$1,000 for each matter;
- Each matter costs you \$750;
- $\$5,000$ divided by $\$250 = 20$ matters each month to break-even

Break-even calculation:

- Your firm has \$10,000.00 in monthly fixed costs;
- You charge \$5,000 for each matter;
- Each matter costs you \$1,500;
- $\$10,000$ divided by $\$3,500 = 2.85$ matters each month to break-even

The lower the overhead,
the higher the margin,
the more quickly you
show profit

Collected fees determine
profit.

For the client, fees are
driven by emotion & value

Planning for the
problem solving

Answer the who, what, when, where
why & how of the problem

Learning your client's cycle: the
problem recognition process

Planning for the
problem solving

How does your client experience the
problem solving?

Does your client see your work?

What does the solution
look & feel like?

Why does a client choose
you?

Price?

Value?

Location?

Characteristics of the entrepreneurial small firm

Empathetic

Steps back & strategizes

Sees problems as opportunities

Can live in the weeds & not get lost

Will spend money to make money

Understands the client's need

Able to say "no"

For September 20

Draft your firm's Mission Statement, the General Firm Description & create a concept map of your strengths & weaknesses as a small firm lawyer.

(page five of the Business Plan template)

Explore

[Zwillgen](#)

[CassidyLawPLLC](#)

[NakiaGrayLegal](#)

[Potomac Law Group](#)