

Unedited transcript of

Setting Up Your Law Firm as a Business

from **How New Attorneys Enter the Practice**

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>>: I want to talk about my friend from the living room to the law firm. At some point you had to have made a decision that you needed some more help and just trying to do all the bookkeeping by yourself. What was sort of like the - take me through your thought process when you decided you needed to do that...

>>: Right. Right. Yeah, a tough decision. I mean - because you know, if any of you guys have gotten into this, you know that budget - budgetary constraints are a concern and you know - can I afford this? Can I afford that? And I think we were in - it was me and a partner again. This is really a friend. So a lot of that time in the living room - it wasn't all legal work, but at some point you know, we said let's take the next step. And I guess what I would say about office space, employees, things like that, would be, you know, try to get into an area that you're comfortable geographically. I think that's important just for life happiness - just to be in an area that you're comfortable and that you like going to. But on top of that, there are deals out there, even now. Everyone kind of, looks at the real estate market and Boston in particular and they say, it's so expensive, I can't afford this, there's no way. And I've been in two spaces, one smaller, and now a larger one and I've got a great deal on both places, you know. I don't know what the deal is, you know. One of them was vacant. The other guy was losing it, but he was slowly losing it. So he was constantly cutting deals every month for our rent, but it was fantastic because it really, you know -

we had a virtual space up on Court Street - Court Square. It's actually close to here, where some other lawyers were just letting us use a conference room and it was just tough getting up there to meet a client and going up there for mail, and stuff like that. We didn't want an apartment being listed as our office space - right? - but kind of in that line hiring an employee, I think that is where the firm changed a little bit, you know. Catherine referenced all the administrative stuff, I mean, I'm talking, opening mail; we got 60 pieces of mail a day. It used to take me like an hour and one half to open the mail and figure out - what is this? Where does it go? Where am I going to put it in? Am I filing it? Am I scanning it? Does action need to be taken on this piece of paper? And when you offset that work, you know, to a paid part-time employee, intern or full time employee, your schedule frees up to what I call working on your business, instead of working in your business. And that's something that I'm still trying to do. A lot of get out of my business every day, you know, working on clients, working on this and working on that, and more focus on as the owner and manager - how do I grow this thing this year? How do I track more cases? How do I make my cases more valuable for my clients and things like that, and office space? Developing systems - let technology do some stuff for you. Hiring good people - even if they're only a few hours a week, you know. It's going to free up your time to be doing things that you should be doing, rather than opening up 80 pieces of mail and burning a quarter of your day getting it put in the right place.

>>: Probably like one of the first things I realized is that I hated actually doing the billing. I didn't mind generating the billing, but I hated being the one having to put it all together. And it would be one of those - I would be spending like four or five hours driving myself crazy because then, you know, you had to print it out. And then you had to - this is - OK guys, I'll admit this is pretty, like lots of technology, but you had to put it in an envelope. You had to keep a copy for yourself. You had to put a stamp on it. You had to go the mailbox and I'm like OK. And in that same amount of time, I could have been doing something far more interesting, like, you know, preparing a notice to quit or spreading that opposition to the motion to stay executed. So that was my very first thing I said. I had to have somebody who was going to do that and yes, handling the mail. Oh, God, you know, I love the fact that I get every solicitation in the book, but having

to fish through that and then, find out the really good stuff in there. And then opening it up, putting it - you feel like - stupid because like, I'm putting the date stamp on it because I got to remember when I got it. And then I got to go find the file. And I'm like ok. I am not proud. But I am lazy enough to know I don't want to do this. So the first person I hired was a part-time person that that's all she did was run errands and file the mail - and file and open the mail. It was awesome. It was like getting five hours of my life back. I'm like yay. How about you, Nat? Any thoughts about outside help you might want to have if you had it?

>>: I haven't gotten there yet. Well, I'm at...

>>: What would be your first - what would be your first person you'd like to hire?

>>: I don't even know. I haven't even considered it.

>>: OK.

>>: Yeah.

>>: Let's talk a little bit about body and soul because we've got to keep those together while we're waiting. How did you finance what you did? How do you finance? How do you keep on going? Everyone's looking at me like - am I supposed to tell the truth? Yes. I cashed out part of my retirement, which every accountant will have - tell you horror stories about that. I cashed a piece of it out when I started my own firm, and then my law partner left, I cashed out 2/3 of my retirement, which means I will still be practicing until I'm 100 years old. Yay. But, you know, it was worth it because I have people that were relying upon me to do it.

>>: I don't have a trust fund. I didn't have - I'm not married. I don't have a spouse to fall back on. I don't have anybody that'll say - here, here's a bunch of money. I've just, you know, I cashed in my retirement and I - one point I used my credit cards. How about you?

>>: Super scary for me. You guys remember I'm out of law school. Right?

>>: Yeah.

>>: So I'm up to, you know, my...

>>: Eyeballs.

>>: ...Eyeballs in debt. Living in the North End, which is not a really cheap place to live. In a relationship at the time so there was - you know, there was some help but, you know, it wasn't enough that I could say I can go without making money for a long period time. And we put in \$3,000. So I put in 1,500, my partner put in 1,500 - again, a buddy, you know, a buddy. At this point, we're thinking let's do something for the next couple of months before we get real jobs. And we got a credit card - an American Express Plum Card - that had no limit and we put everything on that. And with the 1,500 each, you know, it was stuff like websites, business cards. We put together a letter to send out to friends and family just announcing the fact that we have a law firm, set up a Facebook page. And we'd never rolled the balance over to this day. So, you know, that card had an unlimited balance, you know, would've been terrifying to put any more than five or 10 grand on it, I would think, but we were able to cover it. So that's something I would - obviously you got to keep your eyes on it and everybody's different. But you can overcome these issues that keep a lot of people away from starting your own firm. And it's not for everybody. And I think...

>>: Yeah.

>>: ...That's something we'll probably talk about is whether you have the personality for it and this is something you want to do. Because some people are comfortable going to work everyday and, you know, being in an environment with other people to talk to and network and eat lunch with and things like that - it's not always like that when you're on your own. But these things can be done. You know, you guys can put in, you know, a strategy and a business plan to follow. And, you know, I did it with 15 hundred dollars, you know, that was my out-of-pocket commitment, you know, with some credit and kind of getting lucky a few times - which

anyone that's made it past the first few steps will say there was some luck associated...

>>: Yeah.

>>: ...With this. Some things went right...

>>: You're in the right place at the right time.

>>: Absolutely. Yeah. You need a - that case to come through that's going to make you some money. Nat said a couple of times he had a case that, you know, paid the bills for three months, I mean, that's huge when you're starting up. But I guess what I'm trying to say is it doesn't take \$100,000 to start a law firm - you know? - it may for some, you know, if that's what you want to do but you can do it relatively inexpensively just with things available for you today. Yeah. That's what I did.

>>: And I think sometimes we think, oh, I have to have all of these things. I think some of it is stripping it down to what you really need, and not necessarily getting the worst - the cheapest one, but not necessarily going for like, you know, the whole big enchilada. You have kidoodles too, don't you? You have kidoodles - dependents, as they used to call them.

>>: Kidoodles? Kids?

>>: Yes. Kids. Kids.

>>: No. No. No. No. No dependents.

>>: You have a dependent? Any other dependents?

>>: I have dependent friends and family members...

>>: OK.

>>: (LAUGHTER)

>>: ...But no kids. Nat, do you have dependents?

>>: Yes, we have two. Yes.

>>: And how do you keep body and soul together?

>>: Well, the whole idea of me going into private practice was just that I was looking for that life change for a quality of life, it wasn't necessarily because I thought stepping into private practice as a bar advocate was going to make me rich. I knew it wasn't because I had had enough conversations with the bar advocates over the 10 years that I worked in the DA's office and made those connections. I knew that it wasn't going to make me rich but that it would certainly offer me more money than the DA's office was. I mean, that's just the fact. The budget that the DA's office has to work with does not allow the DAs to give a lot - high salaries to the majority of their assistants so - the assistant DAs - so it's like a training ground for most assistant DAs who then step out into private practice or whatever - and those that can afford and want to stay, stay, but I don't know what their personal finances are. For me, it's more about being able to drop my kids off every day at school and then make it to work with - on time - with plenty of time because I work the next town over. I live in the Danvers. My office is in Danvers. And actually, my office is now at my house because I've gone virtual because that's another - that's for a later story. But I drive one town over. So I'm in Peabody for most - almost every day for court. I have some other private clients who bring me to other courts but none of them far away - so it's a lifestyle thing. And then, usually I'm wrapped up with what I have to do by the lunch hour, which is, in the district court's - or I think in Superior Courts - is 1 to 2. Most courts try to get their business done. Most of the criminal courts try to get their daily business done by 1 o'clock and I'm usually able to do that. And so, then I'm out with time to - a lot of times I can go to the gym and then pick my kids up from school and then have time to exercise further if I need to - which I like to do - and then work later on at night. I can get up to the jail if I have clients that are in custody - and I do - I have to go visit with them. And so, the ability to have a flexible schedule was really important for me and it's been the best reward, honestly. I'm certainly not driving a very expensive car and we haven't done any home improvements, we're trying to dig

ourselves out of debt from scraping by for 10 years. But, you know, it's slowly going in the right direction and I just I like it. I'm glad that I made the decision and I encourage all of you to do that, too.

>>: Well let's talk about it because you said...

>>: Catherine, can I say one thing?

>>: Yeah. Go ahead, Susan.

>>: So if you love what you do, if you love practicing law, don't let the cost get in the way. It's not that expensive. We - over at LOMAP we run a startup workshop. We have budgeting. You can get started. And you can carry yourself for a while, especially if, you know, it's not just worrying about putting food on the table. I don't think the financial piece of it should ever be an impediment for anybody.

>>: I was like, yeah. OK. Where am I going to go to pay the money that comes in? I mean, it is always a consideration but it should not be - if it's something that you really want to do, you can find a way do it. I want to return back to you, Nat, for a second because you obviously have no - this is going to sound awful - you have no help. You have nobody that does things like keep track as I assume. What I - little I know about bar assistance, you do have to keep track of the hours, correct?

>>: You do. And it...

>>: So how do you handle - how do you balance the administrative stuff and the law work?

>>: I do it the old-fashioned way. I write it down on pieces of paper because I have files. So I may have three clients on for some pre-trial hearings - or whatever they are - on a day. And you - I just - if I have a lot of things on, I'll start, like, a log. Like the, you know, put the date at the top and I'll do, like, OK. From 8:45 to 9 o'clock - if I got there and there was a client and we met - I had a conversation with my client. We talked about what to expect for the day. And you have to keep track of that time. And

then, I do a daily log. And - it gets time consuming because I want to make sure that I have an individual log for each file. And then, eventually, I review my files - and I can bill for that because I'm actually reviewing my files and I put it in good typed form, which helps me keep track of each case.

>>: I'm just curious because - OK. So far, your day is - you go - you stay in court around 2 o'clock. And you go pick up your kids - yay. And then you go workout. Good for you. OK. When the heck do you find time to do the administrative stuff of this?

>>: Well for example, like, my older daughter does a soccer camp...

>>: Aha. You...

>>: And court hours...

>>: ...You sit on the sidelines, don't you?

>>: No, she - if it's practice...

>>: You're doing great, honey (laughter).

>>: If it's practice, it's - I - there's an area that - where I can sit down with Wi-Fi and I'll oftentimes catch up there - or at nighttime, just whenever I can.

>>: Yeah. How about you, Mike? How do you balance that administrative with all the law practice? Because we all know we love to do the administrative stuff first. Right?

>>: So I am trying to do - so I've been out seven years. And the firm has been alive for seven years so it's a little ways down the street, obviously not a long way down the street. But I am trying desperately now to do no administrative work at all if I can avoid it and less legal work, believe it or not. I mean, with the cases that we perceive are of a certain value, I'm more involved in. But, you know, I'm lucky enough to have a team at this

point that can handle, through case managers and a supervising attorney, the day-to-day on particular cases. So that's kind of goes hand-in-hand with that saying I said. Work on your practice not in your practice. That's a goal. You're not be to do that right away. It's going to take a long time to do that. But that's kind of where I'm trying to go. Right? So how do I get more referral relationships. How do I increase the amount of clients that we spend - or that we sign every month? How much money am I spending to attract those clients? It's kind of there where I'm starting to spend more of my time, just because we have the systems in place, and the people in place, that will move cases along without me doing it as much anymore. When I started out, you know, I was making the lead calls. I was calling everybody back. I was getting the paperwork out. I was, you know, doing the billing. It was hard, you know. It really was hard. A lot like, Nat, you know, you find time. Because during the day, you're working, you know. And then you have all these administrative things that you have to do so when do those get done? Right? At night. Yup. And, you know, it just - it makes for a long day. So, you know, it is something that I think is important if you can financially support it. But I - you know, what Susan said - I think it's less expensive if you hire people part-time or maybe someone hourly, then you might think that it is. And it will free up some time for you.

>>: Well let's talk about - because, again, at some point, everybody on this panel is - has been by themselves. OK. You have...

>>: Let me just - one more thing...

>>: Oh, sorry.

>>: Sorry. I just popped in. There's also a write-off when you pay someone to do things - right? - so you're not paying taxes on that as income - just another thing to think of. Because it doesn't cost you the full, you know - so say you pay someone a hundred dollars - right? - that doesn't cost you a hundred dollars because you're not being taxed on that hundred dollars at the end of the year, right? So it may cost you 75 - 70, 75, but that's just something to consider. When you're spending money on your practice, these are things that you can write off at the end of the year - employees, supplies, office space, advertising. So again, it's just kind of another pitch

to not be afraid to get out and spend. If you can do it, don't do it too early, but, you know, these are things that can free you up and allow you to grow the practice.

>>: Well, there's also - there are also places, like, people who want to do internships that you can do for less expensive. I mean...

>>: Right. Yeah.

>>: Obviously, if you have somebody for free, you have less control if they decide, you know, I want to go off to the Bahamas for a couple of weeks. But at least you have somebody else there that could possibly help. I mean, it's - there are ways of figuring it out, and you can even offer to share a person with other people. In our office, for example, I have - I rented at a time when the market was really terrible. And so this was an oversized office that was too big for some firms, too small for other firms, definitely too big for me. It was like me and one other person, and it's a 17-office firm - suite. So I ended up subletting to tenants. Well, I have receptions, for example. If you rent for me, you can pay a little extra to have somebody answer the phone for you. Or a conference room - we have one - a couple of people that they are no longer in my office but they pay me a certain amount every single month for unlimited use of the conference room, so there are ways of working around...

>>: Let me ask you that.

>>: Yeah?

>>: Do you make a profit on that relationship? Because that would be great. I don't want to get into any of your personal things but...

>>: No, it's all right. It's - at one point, we did make profit. What happened, however, is the market went down again and...

>>: And you lost some tenants and stuff.

>>: Yeah. We lost some tenants, but you know what? Here's the thing. It's

a - it's an office that I like, and I would pay to have that office anyway. And by now, I've grown, and we take up six or seven of the offices.

>>: Yeah.

>>: So we - I'm fully rented but, so, therefore, guys...

>>: My point was that's another way around it, right?

>>: Yep.

>>: You get a bigger space, find a deal on it.

>>: Yep.

>>: And if it's got extra offices, you can rent out to solo practitioners who are willing to pay for an office.

>>: But, you know, what's also nice, too, about that is I have built in - like I said, I can walk down the hall. There's a couple of personal injury lawyers down there that I can either refer a case to or ask them questions about it. We have a criminal defense attorney. He rents a - he actually rents a cubicle because he doesn't want a full office because he is a - he's a bar advocate. So he does most of his work there, but he wants someplace stable that's not his house that he can leave his files. So I mean, there's a million different ways of figuring it out, and a lot of it is just getting out there and talking to people. I do want to talk about a couple of, like, you know, nitty-gritty kind of things. You know, solo practitioners or even ones that are in, like, two-people firms - what do you do when you've got - you want to take a vacation? No income's coming in guys. What do you do? Would you get coverage? How do you do that?

>>: Take a vacation.

>>: Don't take a vacation?

>>: Take a vacation. You just schedule your schedule so that you don't

have work when you're away. That's what I do. I just go.

>>: I didn't take a vacation my first five years, to be honest. I had, actually, a very bad family emergency at the time. And I will tell you if I had doubts about my profession, they would have died at that point because what I literally had are not only my clients stepping up and doing things like filing their own cases for me but also other attorneys covering things for me. It was a pretty darn amazing. So, I mean, I don't think you should look in this and say, well, I'm - I'll now have no life for the first five years. You still need to have a life when you're doing this. You may not have the extended six or seven week, you know, between the vacation and everything else when you have in a large firm, but you still have and you should take time off. Questions.

>>: Catherine, I was just going to say, I think one of the things, sometimes, we overlook as lawyers because we're so busy is making friends. You know, you need somebody who's got your back so you can do things, so you can get sick, so things can fall apart and somebody will be there for you. So if you are solo and you're spending so much time isolated, you may not really think about that, but it's so worth the time to get out there and meet colleagues and kind of forge a friendship just so somebody has your back.

>>: Oh, yeah. Also the thing to keep in mind - when you list your malpractice, they're going to ask you if you have a coverage attorney for you as well. So start thinking about that. We are exactly 20 seconds ahead of where we're supposed to be so - we have a 15-minute - I invite, encourage all of you to talk to each other, talk to the panelists, keeping in mind that the conversations are picked up. I will tell our panelists you can hold this down. That will mute our microphones, but the microphones out there are still alive. Get some caffeine, some other goodies out there, and then I'll meet you back here at 3:30 and we're going to get into more practical applications.