

What Are Your Thoughts On Sites Like Legal Zoom?

Hey firm! How do you feel about sites like Legal Zoom, and do you think it takes money out of the pockets of solos like us?

I think if you search the archives you will find a recent, lengthy discussion of this issue. But I will say that Legal Zoom's leases have made me money twice in the past six months because they created complicated litigation that could have been avoided with well drafted, state specific, situation specific leases.

Emilie Fairbanks, District of Columbia

I spoke to two potential clients who purchased legal zoom products. Neither of them used are satisfied.

When somebody asks me about legal zoom for estate planning, I ask them if they think Robert Shapiro used it for his estate plan. ;)

Craig Scalise

It seems like it wouldn't really be good for folks trying to bypass hiring a lawyer!

Vincent Beville

Good answer Craig! Adding it to my repertoire.

Same experience here- clients who have used Legal Zoom were dissatisfied after realizing what they didn't know. Of course it takes money out of solos' pockets but I think of it as if it were another lawyer who does poor work cheaply. Unfortunately, they are out there too. The best response to any competitor is provide better value, which doesn't necessarily mean charge less.

Dana Zivkovich Johnson

I tell people that we have a lawyer in our office. LegalZoom has a lawyer in their commercial.

LegalZoom can't give legal advice. So, they have engineered their services so they will work without advice. That means that they can't help you with anything that would require actual advice to accomplish.

They also have a history of misleading commercials. For example, they ran an ad claiming that the Wall Street Journal had an "Ivy League law professor" review one of their wills and that he found it was "air tight." In truth, the WSJ had a Quinnipiac University professor review TWO wills. One will was rated as acceptable. The other was rated as seriously flawed.

So, it wasn't an Ivy League professor and nothing was air tight. And, it's misleading to focus on the one that worked while ignoring the one that didn't.

Cheers,

David Allen Hiersekorn, California

This is a great thread as I would like to put together a blog article on the subject (I'm running out of material). Recently, I had start-up non-profit corp come to me to review their bylaws created on LegalZoom. Quite frankly, the bylaws were OK for a first draft. However, they were by no means complete. I was able to use the LegalZoom bylaws as my initial draft.

There were just a lot of things that legalzoom did not contemplate. My clients were amazed by all the questions I asked which legalzoom didn't even touch. For example, legalzoom did not include any of the following:

1. Whether or not any members or employees would be paid.
2. Size, positions and duties of board (including individual members). Also, terms limits were not discussed.
3. Elections of the board.
4. Rules and procedures for holding meetings.
5. Indemnification.

Ryan C. Young, Virginia

One other thing I have noticed on the LegalZoom site is that they are now touting the "\$69 - Attorney support available whenever you need it." What is this all about?

Ryan C. Young

I am enjoying this discussion and have pondered this question for some time and the implications for solos.

On the one hand, LZ doesn't pose a threat to solos since many of the consumers that LZ targets were either those who were not going to hire lawyers anyway (either due to lack of resources or preference to DIY), or were going to ask for some kind of unbundled service. In short, LZ came up with a cheap way to tap into an unserved market that most lawyers never wanted but now that LZ is a multi-million venture, lots of lawyers are regretting not having capitalized on this market first. Back in 2005, I wrote a post about We the People - (a storefront based, non-lawyer form filling service worth \$50 million) and said that lawyers should come up with a way to compete so as not to lose the market - <http://myshingle.com/2005/02/articles/ethics-malpractice-issues/if-we-cant-beat-them-lets-compete-with-them/>

In addition, what most people forget is that LZ is successful because it's a volume-based operation. I may be wrong, but it seems to me to be very difficult for a true solo to earn more than a modest income from an unbundled practice comprised of \$300 and \$500 matters just because you'd have to generate volume - which is going to take \$s or time. LZ can run a radio ad or web campaign and amortize those costs across thousands of customers but true solo can't do that. That's why I would never advise a lawyer to try to compete against LZ - but rather, to shut it down by giving away forms for free. If we're not going to get the business anyway, why should LZ get the \$s? As others have pointed out, lawyers will earn \$s off of LZ mistakes or providing the type of advice that LZ does not.

However, there is one area where I do think that LZ poses a potential threat. LZ has enormous assets - and in fact, they are starting to make lawyers available to review wills or provide a value-add. I think that these services could potentially compete with solos and small firms, which is why we have to be particularly savvy to overcome them - <http://myshingle.com/2011/10/articles/marketing-making-money/pay-for-the-product-legal-service-is-free-or-pay-for-the-legal-service-product-is-free/>
Carolyn Elefant, District of Columbia

I have been working on combatting the LegalZoom threat for a couple of years. I see them as a major threat to lawyers, and not for the reason that most folks do. LegalZoom is cheaper than many lawyers, but their customers aren't simply looking for the lowest price. I've met with clients who have \$10+ million estates who have LegalZoom plans.

I've recently begun working with a client who has a LegalZoom trust. This person is a lawyer, has an 8-figure estate, and absolutely knows that his LegalZoom plan is inadequate. But, he was able to create the LegalZoom plan online in 30 minutes.

LegalZoom is drawing large numbers of people who are trying to avoid the HASSLE of going to a lawyer. The fee is only part of the hassle.

I'm working on a project that I think will chip away at LegalZoom's position in that regard. But, rather than describe it, I'd rather just finish the project and then show it to people. I'm about 3-4 weeks away from completion. That doesn't mean I'll be done in that time. It means when I have 3-4 weeks of accumulated free time, it will be done. So, I'm shooting for March/April.

I will say this, though. I am seriously going to upset the apple cart. I'm going to have a lot of lawyers mad at me, because I'm challenging some of the fundamental premises that lawyers cling to in order to support their value. Since the Super Bowl was last night, I'll use a football analogy. If the other team (LegalZoom) is stopping your running game, you'd better start throwing the ball. Running harder isn't going to work.

Cheers,

David Allen Hiersekorn

David:

I am looking forward to your idea being complete.

Martha Jo Patterson, California

But then, as we Pats fans learned to our sorrow, your receivers have to actually catch the ball :-)

Anyhow, good luck with this project. The public really needs to understand that what we do is not as simple as filling out a form with information they give us. And that the lowest priced lawyer is probably not going to do an adequate job.

Walter Oney, Massachusetts

As Gisele pointed out ever so classily.

-- James S. Tyre, California

Well if nothing else you've raised my curiosity.

Matthew Callis, Massachusetts

David:

I think you are quite an innovator and already run quite a streamlined practice. I'm looking forward to hearing about this new project.

Another 'sezzer did a little to adopt part of the Legalzoom idea a year or so ago. Leanna Hammil offered some online planning services on her website.

You can check them out here:

<http://www.hamilllawoffice.com/online-planning-services/>

I haven't heard how that offering went over with clients. Perhaps Leanna can chime in to let us know.

Sincerely yours,
Michael D. Caccavo, Vermont
