

How Many Billable Hours for Solos?

OK, here's a discussion topic. When I worked for the big DC firm, we had a minimum billable hours per week of 37. I rarely had trouble meeting it, but often had to come in on weekends to catch up for an hour or two. It wasn't too bad, but I couldn't stand the constant pressure to make it - or else. I found I could never simply do 8 hours in an 8 hour day - not honestly IAE.

Now that I've been on my own for over a year now, I find I don't have nearly as many billable hours, which is fine since I keep all of my money anyways! I am making a living, if not a killing, but I don't bill out that many hours in a week - I just hardly have any overhead. Last week I billed out over 12.5, typical. I feel I ought to be able to do more. But sometimes I also feel overwhelmed - and I don't even read every solosez email! I am concerned about taking on too much on the one hand, yet not really billing out enough on the other. Perhaps I should hire an associate - maybe someone straight out of law school and thus trainable. But then I fear I won't have enough to keep him/her busy. I seem to be constantly getting calls from potential clients.

It's a tough balancing act. I wouldn't mind a bit more money, but I also don't want to kill myself trying to get more hours.

I should say that in the morning I truly enjoy a cup of coffee and reading the news for at least an hour, sometimes up to 2. I just like it. I should work, but unless something is really pressing, I want to know what is going on in the world. I didn't do that in the firm naturally, but I am so glad to be away from the damn billable hour requirement so I can be a bit lazy if I damn well please.

I'm curious if others out there in Solosezland have the similar feeling - i.e. those of you who bill out by the hour. Maybe you're out there busting it at 8 hours a day, 5 days a week without any support at all. Maybe you're lazy like me though!

I don't think it's lazy. It is what lifestyle do you want. I am just getting to work now after spending 3 days at the beach. Our kids don't have school today and we wanted to get away. So we did.

Most mornings, I drop my kids off at school at 8 and grab a coffee with my wife. Some mornings I am working by 830. Tuesday is our date morning and we sit and talk for an hour. It's our time and I wouldn't trade that for anything else.

I have had new attorneys call me. I don't want to have to worry about anyone else. I want to worry about me.

Jonathan G. Stein, California

I am a solo working from home. I have days when I wish I had an office [gardener day with the blowers, dogs rough housing, bored child off school who keeps walking in] so I had some peace to do the work. Truth is, I would have different noise and interruptions with an office out of the home. I work later, to 6 or 7 p.m. BUT I start when I want to and if I feel like going for a hike with my Husband, we do that. Work will always be there. The goal is making a life while making a living. I would not trade a moment of it for anything. Well, that is not really honest. I would totally trade away the gardeners and their leaf blowers! Any takers???

Eliz. C. A. Johnson, California

I think you may be going about the billable hours calculation from the wrong direction. Rather than coming up with an amount of billable hours you feel you should bill per week or month, try backing into the number. At the start of every year, I prepare a firm budget and personal budget for the year, by which I calculate how much money I need to net for each month.

Factor in some percentage for uncollectable work (I use a 20% factor to be very conservative, but it will depend on the nature of your practice and clients). This calculation will lead to how much you need to bill in a given year. Divide by 12 to get how much you need to bill in a given month, then divide again by your hourly rate and you'll have your monthly billable hours goal.

For example, say you need to net \$100,000 per year for firm and personal expenses. That would translate into \$120,000 per year of billing if you use a 20% non-collection factor. Dividing by 12 gets you to the need to bill

\$10,000 per month. If you bill out at \$200 per hour, that's 50 billable hours per month.

I've been doing this for nearly 20 years now and it's been very accurate for me.

Greg Goonan

That's how I do it, the hard part for me is being able to maintain the net billable hours consistently to hit the budget goals set.

Paul Gieri

I use Greg's method as well, but further break it down to a daily monetary goal. When I started my practice, my goal was to bill \$300.00 each day. I had done enough calculating and budgeting to know that if I could bill that much each day, I could pay my overhead as well as stay afloat personally (pay rent, buy food, and pay my student loans). I have adjusted my daily goals upward as my practice has become more successful. I still keep a daily realistic goal in mind every day. Some days I make it, some days I don't. I don't beat myself up too much if I don't make it. I'll do better tomorrow. Some days I exceed it, and those days I feel great.

I love Clio for keeping track of this. I keep the "Activities" page open all day on my second monitor, and record everything I do on it. It keeps a running hourly and monetary total at the bottom. As I work, I watch the total go up all day. When I've hit my goal, I know I don't have to feel bad about working on non-billable work (like bookkeeping or marketing) or just going home.

Monica Elkinton, Alaska

Sterling, thanks for asking this question because I think about it often.

And Greg, I love that advice, thanks for sharing it. What do you mean by "uncollectable" work? Do you mean firm marketing and the like, or do you mean pro bono work and/or work for what-will-become non-paying clients?

Best,

Maryam Baqi, California

Simple math -- if you bill 20 hours/week for 50 weeks a year at \$200/hr, your gross will be \$200,000. But that turns out to be 1,000 hrs in a year. That is my goal, but it is seldom achieved because of the admin and rainmaking that is required in a solo practice.

Frederick G. Irtz, II, Kentucky

My uncollectable factor is for collection issues, slow paying clients, etc. Firm admin, marketing, pro bono, CLE time is on top of the billable hours.

Greg Goonan

Very interesting. I use Clio as well and love the Practice page which keeps track of both billable time by hours and money billed on a daily, weekly, monthly and yearly basis. I just wish it also had a function that showed money collected, not just billed.

Greg Goonan

I was having that issue as well a few years ago. I accepted reality that my billable hours goal probably was a little too high, so instead of setting unrealistic goals that I wasn't meeting, I took a sharp pencil to my budgets (personal & firm) and cut expenses to bring them more in line with what I reasonably could expect to collect. Things have been good since then. And I've had a few years where I've worked super hard and had almost 100% collection, which allowed me to be more comfortable financially and create a rainy day fund for the slower times.

Greg Goonan

I think it best, when planning, to overestimate expenses and underestimate income. That way you will always be happy.

I have used Quicken for my office and personal accounting for many years. It provides quick and accurate reports and provides terrific support when preparing income taxes. The last time I was audited, I just gave the auditor specific reports on the areas she requested and it resulted in a satisfactory result for me. I have also used it for every estate I handle. It makes court settlement reporting so much easier.

Frederick G. Irtz, II

I like Clio a lot. Please check it out if you are in the market, and if you like it please be kind enough to let them know that I referred you.

DISCLOSURE - I HAVE NO STAKE IN CLIO, BUT THE I CAN WIN AN IPAD WITH ENOUGH REFERRALS. It really is that good a system. I wish it had been available twenty years ago, I would have saved a lot of aggravation with Timeslips.

Peace

Jim Moriarty, Iowa

That's actually quite a lot of hours for most solos. 12 hours/week at a rate of \$250, with two weeks off, is \$150,000 gross. If you can manage to keep expenses at \$50k or less (which is on the high side for someone at those rates and time), you're making \$100k net.

But only a small proportion of solos make \$100k net, because most solos don't manage to bill 12 hours/week. It's quite difficult hard to generate, administer, bill, and collect that many hours, week after week after week.

When I go on vacation, I lose hours AND I lose client generation. When I go to CLE, the same thing happens. When I get sick, when there's a snow day and I need to parent... the time adds up very fast, so that I have to average closer to 16 hours a week to keep up, which is

But as for you: If you're feeling overwhelmed, the solution is simply to raise your rates. If you bump 20% (say, from \$250 to 300) and lose 10% of your clients, you're making more money for less work.

Erik Hammarlund, Massachusetts

How hard was it to transfer data from time slips to Clio?? Just curious....

Patti

Patricia E. Kefalas Dudek, Michigan

I have over 20 years of data in Timeslips. That is the only reason I have stayed with it. How did you convert all of that information into CLIO without spending months keying it all in?

Frederick G. Irtz, II

I have found that a higher rate also keeps away the non-payers and when they do become clients, you can cut them off after a month or two if they don't pay.

Frederick G. Irtz, II

How big is your firm (or how big do you wish/expect/hope) it to become? There are a lot of factors which you need to consider and lots of people on this list who would be happy to help you understand your options with regard to changing the tech you use for such an important firm process.

Next, has anyone but me actually sought out where the servers that hold your data are physically located and who owns them? What about the corporate structure and people on the BOD? No red flags for any of you? I mean, we all know I'm no lawyer but some things can't help but make me go "Really??"

And now I'm curious - what would be the ramifications to their users if they pulled a virtual?

Andrea Cannavina, nope notta lawyer

Couple of points:

- 1) back when I was opening I saw some surveys to the effect that solo/small firm lawyers billed about 800-1200 hours per year based on surveys; understand, though that they didn't necessarily break out solo from small firm and that they didn't address the question of support staff, i.e, a solo with paralegal or legal secretary. True solo, no support staff, is unlikely to hit anywhere near 1000 billable hours unless they're living at the office.
- 2) This may sound stupid but figure out what's profitable and concentrate on that. Duh. I see too many lawyers doing all sorts of things, some of which are timesinks and some of which are profitable; you don't have to hit a home run on everything but you should ask if you make money on it or if you are working for peanuts on a time basis.

I have a friend who, initially, did some real estate closings. He didn't make much on them, generally like high 3 figures; but he spent HOURS on this stuff; I'd say why you do that, Dave, you spend 15 hours on this and make so little money; he'd say he needed the money. I get that; I did stuff when I first opened up that took time and didn't make me much money (i.e, chapter 7 bankruptcies). I get the idea that some revenue is better than no revenue, particularly if you have the time available; but you should be able to figure out what is profitable (in my case, estate planning, probate, probate litigation, and some document drafting) versus what is a time sink (in my case, chapter 7 bankruptcies, small claims stuff).

Drop the time sinks. I do some document prep, typically deeds, but it takes me maybe 10 minutes to do a deed and I charge a decent fee for that.

Ron Jones, Florida

Not a solo, but 1,650.

Brian J. Hughes, Massachusetts

These discussions are great, and helped me realize I'm not really all that far off from where I should be. I would like a bit more, but I don't want to live at the office as Ronald says. I had assumed 1000 hours wouldn't be difficult, but it is. I do notice that Brian, who is at a small firm, is doing 1650 - almost as much as we were required at the big DC firm I was at. If I hit that, I'd likely retire for a year just for fun. That would be more than double what I made in DC.

I have indeed done it though backwards - what do I need to bring home. And I find I do that and then some. But sometimes I wonder if the discipline of a firm would make me more money if I could still keep most of my billables while shooting some around the office for overhead, etc. The problem with goals is that you tend to make them - and then you feel so good about yourself you don't pursue it further. Yesterday, I had a mediation that lasted 8 hours total, and so I almost met my weekly quota in one day. I'm making it up for it today.

I do have more billable total though. I do have two contingency fee cases that I keep my time on and had to travel for one last week. I also mean only what we used to call "qualified hours" in the big firm - i.e. I am billing against a retainer. I don't normally like to bill over a retainer amount, but do for clients I trust, and in one case a while back, I told the client (whom I knew was suffering from his job loss) that anything over a certain amount would be contingent upon my winning the case - which I felt very confident about. So I do find I get more from a few other sources on occasion. I also do get attorney fees above my hourly rate when I win a case since I can bill the government. I won a nice fee award at the end of last year which made it a great year as a result. I just got another one in settlement although not as much. If the judge decides the case I discussed above, I will be sitting pretty for the rest of the year. So it does work out.

I will try Clio. Might be worth it.

Sterling L. DeRamus, Alabama

You have identified a main benefit and downside of a solo practice versus a firm practice. Contrary to a solo practice, in a firm overhead can be spread out as you note. Also, cash flow generated by the work of other attorneys can help to smooth out the ups and downs of a solo's cash flow. But the downside is that some of the cash generated by the attorney goes to overhead and profit for other attorneys in the firm, so more billable, cash flow and profit is required. It's a tradeoff but having done it both ways, the solo practice has been much better for me.

I generally just bill by the hour but do handle an occasional contingency fee case. I do not include hours billed on contingency fee cases towards my weekly/monthly/annual goals, which is possible for me because I don't do that much and most work is billed by the hour. Then, if I hit a contingency fee case, the fees are all gravy.

Greg Goonan

My goal year round is to bill a minimum of 3 hours per day. Actually, that is the minimum goal for each of my staff members, too. I usually even manage to hit it or exceed it even when I travel, which is a lot. Last year, I was on the road for five months, flying to the office at least one week out of the month. If I miss a goal during the week, I usually am able to pick it up on the weekend. It is helpful that my spouse does most of the driving, so I do quite a bit of work while I'm riding or flying.

My usual rates are slightly higher than some of the others I've noticed listed, but then I balance it with quite a bit of low or pro bono work.

My thought has always been that if a firm managed to bring in 2k per day, then 500k per annum isn't an unreasonable expectation. And there is really no reason why 2k shouldn't be hit daily if there are three people working, even at different rates right? And I've had at least three people working here for many years.

If the goal at the end of each day is to review at one's entries and ensure that that goal is met, it is a nice plan for meeting the long term goal.

I also like to invoice every other week. That way, everyone knows that every case should be looked at no less than every other week and that each person should look at his or her entries daily to see that both goals are met. It's a nice cycle and very workable. And if we get off track, it really isn't that hard to get back on it. In theory, LOL! I try to make it fun and manageable and most of the time it works. But really, we all need to just make sure that we are paying our bills and having a good life. I try to block specific times to do specific types of work so that it is easier to track and to have fewer distractions, as I'm very, very easily distracted. Capturing lost time is the hardest part that most of us encounter in tracking what we do, I think, so anything we can do to streamline that process improves cash flow and therefore, the quality of life, at least for me!

Vicki Levy Eskin, Florida

Note that my math is billing for three or four people, not one, FWIW!

Vicki Levy Eskin

I average... well, averaged before I got sandbagged by the State Public Defender ... about five hours of appointed work a day, and probably 3 to 5 private hours a week.

Jim Moriarty, Iowa

I can relate, I do about 1/3 appointed work at rates of 50 - 75 an hour.

That is the key though for me as a solo practitioner. The state and county have a tendency to pay their bills each month.

I encourage any new solo to seek out appointed work - especially guaranteed contract work. I keep my independence and my court skills sharp [as well as my overhead paid].

I remember starting solo in 2008. It was like getting a will in the door and *wow* I just paid my rent...some one posted a while back about working a few hours on a case to get an expensive handbag. Made me laugh.

I went to law school in my early 30's after having different career/jobs [they are all jobs]. I have a degree in sociology. Love the subject. My choice was to get a degree in accounting or engineering to continue on the career path I was on. I really had no passion for either. Faced with either social work or law school - I don't regret choosing law school.

P. Jayson Thibodaux, Washington
