

Popular Threads on Solosez

Ways to Increase Income

I do okay as a lawyer. I do general civil litigation, with a focus on Real Estate Litigation, Probate Litigation, Family law and some closings.

But my income has been a bit "flat" over the past few years. My best year was when I got a referral fee for a medmal case I referred out. I'm looking for suggestions how to "kick it up a notch" to increase my earnings. It seems that I am limited to how much time I can bill, and that too much time is used in non-billable activities.

I am at a level where I can't quite afford an associate to do the work, nor even a paralegal. I am married with two kids, and I would have to take food out of their mouths to pay an associate or paralegal. I keep thinking that if I can bill more efficiently, and get the work out faster, I can turn the cases faster and bill more.

Should I take contingent cases? Perhaps focus on referring more cases out, so that I do less work. Sometimes it seems that most attorneys are destined to "schlep", unless you either do personal injury, products liability, or large real estate transactions. I'm sure there are other lucrative fields in things like mergers and acquisitions as well.

Any suggestions for "kicking it up a notch for a basically small-time practitioner?"

There is a middle ground between doing all of the work yourself and hiring an associate or paralegal: using contract attorneys to do overflow work. Since I focus on legal research and writing, I will give you a hypothetical in that area:

You have won a significant case on summary judgment or after trial, and now the opposing party has appealed. Because of the need to devote a substantial amount of time working on the appeal, you decline to take on new matters that require urgent attention.

If you outsource the work on the appeal, you can take on those other matters. But that's not all: you can bill the contract attorney's work out to the client at a higher rate than you have paid to the contract attorney: in other words, you can make a profit on the contract attorney's work. The only limitation is that the total fee to the client must be reasonable. This is completely ethical, and is, indeed, what is done with associates (after all, you bill more for an associate's time than you pay in salary and benefits). The difference is, you pay the contract attorney only for the time actually worked (or for the particular project, if the contract attorney bills on a project basis), and you don't have to pay employment taxes or benefits.

This kind of arrangement will allow you to keep more work, and more



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clients, coming to you, instead of having to refer work out and potentially lose a current or future client. The contract attorney you hire should do the work at the highest level possible, so that you don't have to spend a lot of time editing the work (although, of course, you will review it all, since you remain counsel of record at all times). For example, have the contract attorney actually draft the appeal or summary judgment papers, instead of just drafting an office memo.

Lisa Solomon, Ardsley, New York

Welcome to the club !

However strange it might seem this has worked for me;

Every 3 - 5 years; look at your cases, case-types, evaluate where you earn your money, how easy it is to earn money case-dependent, then cut off the cases where you earn it the hard way !

Yes, you'll feel that you say no to money, but in fact you'll have more time to the better cases & your family

Also consider this. Perhaps its easier to get 10 small fees of 100 \$ than one big fee of 1000 \$?

And if the 100 \$ fee is earned on one day ? Instead of 1000 \$ being earned over 3 months ?

Of course the 10 x small cases must not include more work than the one 1000 \$ case but I've found that its nice to end cases quickly instead of having them going on and on and on and on

Christian Vinaa, Gentofte, Denmark

If you want big fleas you have to hunt with the big dogs.

First problem is how to afford the time for the hunt. That probably means you need a sustaining source of income --something that is more or less automatic like real estate closings, wills.....

Then, you have to target big dogs that you can reach. Maybe boards, commissions, businesses, whatever--provided that they are known to spend SAY: \$100k/year for legal services. They are already served, but openings will occur from time to time.

Find ways to personally ingratiate yourself with the decision makers. Most likely that will mean service on every civic project, board, charity that will have you--its cheaper than the country club route and more effective. That will consume most of your free time and cut into your work day, but within 5 years, you should nail some big pals, big accounts. Then hire staff, but never let them have access to your contacts.

There may be short cuts, but this way has always worked--always will. Cultivate the big dogs as if they were a crop you plan to harvest.

OR admit that you are comfortable with the way you operate now. Try to work a little smarter.

John Page, Tampa, Florida

I suggest you take a look at your hourly rate. I've been in the same situation several times, and I suddenly realized that my fees were not keeping up with my expenses or the standard of living to which I wanted to become accustomed.

As I recall from Foonberg's book (the Bible: How to Start and Build a Law Firm, I think), one starts backwards. First, you decide how much money you want to make. Then you determine how much money you need to operate your firm. Then you add the two figures together. Then you divide that by the number of hours you plan to work. Be sure to give yourself a reasonable vacation.

Then you divide your total by the number of hours to get your hourly rate.

There is very old saying among lawyers: "No one ever lost money by raising his fees." In my experience, it's true. You will NEVER make the kind of money you want to make by being the attorney who is chosen because he's cheaper than the guy down the hall.

Jo Fray, Massachusetts

This is an interesting conversation. I would like to add to John's comments about dogs. Little dogs become big dogs. You also need to look at your client base and see what other kind of clients you could be cultivating who will grow with you.

I think some of this is age dependent. Now that I am in my late middle forties, my friends and colleagues have become partners in their firms, heads of their own businesses, etc.

You need to have the good sense to identify who you know who is smart and going places and cultivate the relationships from the beginning (if possible).

My favorite story about this is when a more senior attorney told me how he started his practice. He said he was broke, but he ate breakfast out every morning, got his film developed at the local camera store instead of mailing it in, his shoes at the local place instead of the chain shoe store. They all became clients.

I know some attorneys who are always looking for that "winner" case or pot of gold. You need to view this as investments and look for the ones with the potential best returns.

Andrea Goldman, Newton, Massachusetts

A good life lesson: While you're looking for the pot of gold, don't overlook what's right in front of you.

For the solo: Don't starve among a crowd of small clients while you're cultivating the big client.

Carolyn J. Stevens, Lolo, Montana

You may need a market niche. If your income has "flattened" then it sounds like your market has matured. So, it could be time to re-evaluate your market position. I encourage you to contact your bar association's law practice management coordinator. I have been working with my association's coordinator, Ellen Freedman; she is wonderful and I wish I had talked to her sooner. She has given me tips on streamlining my office process, marketing strategies, and client development. She even coached me through strategic planning--at no additional cost.

Also here are some books about strategic planning (recommended by Ellen):

"The Lawyer's Guide to Strategic Planning: Defining, Setting, and Achieving Your Firm's Goals" by Thomas C. Grella, Michael L. Hudkins (2004)

"The Successful Lawyer: Powerful Strategies for Transforming Your Practice " by Gerald A. Riskin (2005).

I read and enjoyed them both.

Good luck.

Sharmil McKee, Philadelphia, Pennsylvania

I'm inclined to second the recommendation that you consider using the services of a contract attorney;)

Nicole L. Black

David -- if you do probate litigation, you should be networking with elder law attorneys. There's a lot of intra-family garbage I run into on a regular basis.

E. Alexandra Golden, Needham, Massachusetts

I agree. I do the estate planning and Medicaid planning but I am not a litigator. I would love to find someone in my neck of the woods who does probate litigation but doesn't do the estate/Medicaid planning that I could refer cases too.

Jonathan Bressman, Florham Park, New Jersey

I'm just starting out so my comments should be taken with a grain of salt... BUT, I did my due diligence and for some reason EVERY SINGLE ONE of my atty friends who have gone solo are doing very, very well. I don't know if it's the field of law they chose or not, but one of them told me that one of the best things they did is to develop a referral network. In California, we are allowed to give referral fees based on a percentage of the fee from the referred case. My friend offers 25% on referred cases and that can turn out to be quite a lot if you refer a lot of cases. Plus if you actually have a whole network then you can often get some pretty nice referral fees from all of the network you have. Of course, it works both ways-- if you get cases referred, you should also give a referral fee.

So in essence, it's trying to systemize referrals as opposed to your one time med mal case that you referred out.

Gabriel Jimenez, California

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