

On their own

By: Christian Moises, News Editor | August 24, 2009 | 0



Solo practitioner Ernest Svenson works at his office at LaunchPad in the Warehouse District. (Photo by Frank Aymami)

With law firms throughout the country shedding staff, some attorneys are starting their own firms — either by choice or out of necessity.

But to do that, especially during a recession, solo practitioners say they must match business savvy with their legal ambition.

And while anyone can go solo, attorneys doing so must have a plan.

"You shouldn't go set up shop if you're very uncomfortable with the business side of law and you don't know how you're going to make ends meet and you don't know how you're going to make clients walk through the door," Wolfe said. "If you don't have answers to those questions, then being a good lawyer is not going to help you."

Many attorneys who have their own practice are often too focused on the law end, he said. Having a plan to manage accounting, documents and all other aspects of the workday is equally important, he said.

The technology is available for solo practitioners to establish and run their own offices, Wolfe said. Ernest Svenson left Gordon, Arata, McCollam, Duplantis and Eagan after Hurricane Katrina to start his solo practice in March 2006. The storm was an eye-opener for Svenson, who was using his cell phone, a Google mail account and a laptop while the firm was working to restore its New Orleans-based server and phone system.

"Nothing I was using, personally, went down," he said. "Most of it was free or ridiculously cheap. Everything (about) the traditional firm can be done in a different way, not necessarily better, but it can be done cheaper. I can function with a cell phone, a laptop and the knowledge in my head."

Self-starting attorneys say having a financial plan is another large part of the equation.

"You have to ask yourself, 'How much money do I need to live?' not 'What are my expenses?'" New York attorney Jeffrey Solomon said. "Then figure out how to get that out of your practice."

Although Solomon went was let go by a large boutique firm several years ago, he started his business law practice only six months ago. He said he initially endured the "traps and mistakes" of hanging out a shingle but ultimately developed a business strategy that fit his practice.

Keeping track of cash flow is crucial in a down economy, said Solomon, who offered business planning tips during a program at the American Bar Association's annual meeting in Chicago earlier this month.

"Even now, I don't leave the office until I bill a certain amount of dollars a day," he said.

Wolfe said collecting money can be the biggest problem for attorneys going to start their own practice.

Many solo practitioners are investing money and time in cases that don't pay off until the case is closed. For one-person operations, those cases can be difficult to bankroll, he said.

But like any business, new law firms face risk.

"You're not going to be able to start in the first year or two pulling a huge profit in," Wolfe said. "You have to have those realistic expectations and look at what you need for you and your family to get by with."

Management consultant Ken Philip, who also spoke at the ABA program, shares the same financial sentiments.

The partner at Cleveland-based Philip + Co. Inc. works primarily with larger firms, but he suggests anyone planning to start their own law firm have a sound business plan.

"Maybe the second worst business in the world to try and get a new loan for is professional practice, because that's a big risk and lenders don't take it," Philip said.

For those attorneys who do succeed in getting financing, Philip said it is imperative to have certain business measures in place before the first client comes through the door.

Monthly forecasts detailing income, expenses and overhead are relatively easy ways to determine cash flow for a firm, Philip said.

"Write it down and get a financial projection attached to understand what it's going to cost from a cash basis," he said. "Then ask, 'Can I really do it?'"

Jack Zemlicke of The Wisconsin Law Journal, a sister publication of New Orleans CityBusiness, contributed to this report.