

LawBiz® TIPS

YOUR PRACTICAL GUIDE TO PROFIT™



Week of April 7, 2009

Something of Value

In a recent column, we pointed out that, while big law firm layoffs get the headlines, the real pain in this recession is being felt by small firms and solo practices. They are hardly at the top of the heap in compensation and have seen their client base of individuals and small businesses hit hard by the downturn. However, there is a flip side to this situation - senior lawyers in these small firms may well be much better positioned for retirement than their counterparts in large firms. Why? Because these folks have something of value to sell: Their law practices!

For years, I have been amazed at the number of lawyers who still believe their practices have little or nothing of value to sell, irrespective of the size or profitability of the firm. Every firm, however, represents an investment of years of hard work and financial resources in growing the practice and building goodwill. A vibrant client base and a strong professional reputation are real and tangible assets that can bring a higher selling price for a firm when the lawyer is ready to sell. Some practices are so small and personal in nature that the purchaser might not succeed in keeping the clients. This, however, is a rarity. Even the smallest and most personal practices might be saleable for the right price and under the right terms.

Who would want to buy such a practice today? The answer is simple. Those law firms that are well run and free of debt, and that may themselves be run by senior practitioners, are now positioned to take advantage of many opportunities to be offered by purchasing other practices. It's a win-win situation for both parties.

Contrast this with the situation of the "de-equitized" senior partner in a large law firm. De-equitized lawyers have likely earned good money during their time with the firm, but they will face many hard questions. Did they save enough to be independent or did their standard of living increase over the years to match their income? What severance package did they receive? Will their egos be able to gracefully handle the psychological impact of being told "you're not wanted here?" Will they be able to get any equity at all out of their firms, and if so how fair will be the price set by their former

A Coaching Service that Delivers Concrete Results

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- Open your eyes to solutions to your challenges that have a proven record of effectiveness
- Partner you with a peer who has walked in your shoes before and acquired the insight and judgment to mentor and guide you
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Clients include attorneys, managing partners, executive directors and financial directors at small, mid-size, and large law firms. We have seen many of our clients increase their revenue by five or six figures-that's \$50,000 to \$400,000 based on reports thus far.

Many of my clients have experienced:

- Increased revenue with long-term strategies for sustainability
- Attainment of partnership level
- Enhanced performance resulting from focused energy and reduced stress
- Feelings of increased control over professional life

partners who are casting them away?

http://www.jdsupra.com/post/documentViewer.aspx?jdsc=bb124b2-b159-4c8c-b5a5-25380bd5c97e

Of course, not every older sole practitioner is perfectly positioned to sell a profitable practice, and not every big firm senior partner is facing an abrupt and painful end to a career. But the fact remains that the sole practitioner has definitely built something of value and can be in the position to enjoy the fruits of those labors. The big firm partner may have no alternative but to sue the firm (as a group of dismissed partners over the age of 40 did in a major multinational law firm several years ago), alleging that they were merely "employees" who were thus covered by age discrimination laws. They may have been right - but I'll bet that's not the career ending that they envisioned for themselves.

- Heightened productivity due to being held accountable and being questioned and challenged
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If you want to be more successful tomorrow, call Ed now!

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Personal Commentary

This is a reminder that on Friday, April 17, 2009, I'll be doing two sessions for the State Bar of Minnesota in the General Practice, Solo & Small Firm Section. From 9 am to noon, I'll be speaking on the topic of **Small Firm Success Strategies in a Troubled Economy**, and from 1:15 pm to 4:15 pm, the session will be **Your Afternoon with an Expert Practice Management Coach**. Stop by and see me!

Best wishes,

Ed Poll

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What Readers Are Saying...

"I look at Ed as my business partner now—my once-a-week essential business meeting to take the pulse of my practice. During our one-hour phone conversations, we hash out the larger and smaller business challenges of my law firm. I always come away from those conversations enlarged, challenged, and sometimes even quite shaken, but with the tools necessary to move forward down the path he and I are constantly redefining for me and my firm."

-AL, Northern California