

# *Sailing Solo*

*By Daniel J. Siegel*



## *One lawyer's journey into the sea of practicing alone*

“**Y**ou can do it.” That’s what my wife said when I was deciding whether to open my own law office. “Your father ran his own business, and all of your grandparents ran their own businesses. You can do it too.”

She was right.

But what we didn’t know was how much I didn’t know. Like many people, I thought that when you open an office, the business part is easy. Little did I know that it was much harder and more time-consuming than I could ever have imagined. I had read the articles, bought the books, and expected an easy transition from life in a law firm to life at my own law firm. Then came the wake-up call.

Law school prepares you – a little bit – to practice law. It does not prepare you – at all – for the business part of the practice, the people part of the practice, and the other things that come along with those aspects of running a business. In fact, law schools release us to the world completely unprepared to face what confronts us, particularly in this economy, when many lawyers find themselves “suddenly solo,” i.e., running their own businesses.

In this article, I will highlight some of the lessons I have learned since I took the plunge nearly four years ago and opened my own firm. I’m glad I did, but there are days when it would have been easier to remain an employee, rather than discovering how much time I spend not practicing law.

## The Paperwork

You have to complete lots of paperwork when opening a business. You must register with the commonwealth if you’re going to be an LLC or a P.C. or some other form of business entity. You also have to register with the City of Philadelphia or wherever your office will be located to have the privilege of paying business taxes – and, of course, filing each locale’s required tax returns. In some areas, you may also have to obtain use and occupancy permits. You may also need other licenses and permits, and don’t forget the permits to put up a sign on your building. These things take time and cost money. In addition, the paperwork is often repetitive, i.e., you have to renew licenses and maintain your certifications.

## The Bills

A large part of the business of law is paying bills. In fact, paying bills has become the worst part of my life. It’s not as easy as it seems, and takes more time than you might expect. And however long you think it will take to pay bills, double or triple that. There are more bills than you ever imagined. Bar associations. Phone service. Internet access. Legal research. Credit cards. Case filing fees. Sheriff’s service. Medical insurance. Malpractice insurance. Liability insurance. Annual license fees. You name it, there’s a bill.

Don’t forget that you also need accounting software to record the bills and the checks you write. As much as you try to automate the process, paying them takes time. If you are like many solo and small firms, you will use QuickBooks, which is the most commonly used accounting software for small businesses. But how many of us know double-entry accounting? How many of us understand how to categorize transactions so that, when tax time arrives, and there are lots of taxes, your transactions are recorded in a way your accountant can understand?

I use online payment services and other methods to save on postage and other fees. They are great, but they also take time. You have to login to the online services. You have to enter the amounts to pay, and be certain you are paying the proper party. And you have

to pay your bills promptly because God forbid you should be late and have to try to get a late fee or an interest charge reduced or waived – that’s more time.

## Vendors – Finding Them and Changing Them

You need phone service. You need Internet access. You may also need a cable provider. Setting up these accounts takes time. So do the decisions about them, such as what vendor will provide your liability insurance, your legal malpractice insurance, your workers’ compensation insurance, your general liability insurance and whatever other insurances your particular business needs. You will complete applications (and renewal applications), request quotes, and then sift through them.

If, like me, you chose the first vendor that provided a quote, as time goes on you will discover that there are other vendors who cost less. So, like me, you may assume that it makes sense to change vendors. Not always.

In fact, changing vendors can sometimes be the worst mistake you make – even if you are, at least on paper, saving money. Why? You haven’t considered the time it takes to change vendors. You have to fill out forms, wait for people to come to your office and, by the time you analyze how much time you have devoted to this non-practicing of law, you realize that the amount saved was far less than the value of the time you wasted.

But, you object, you only have to do this once. Correct. You only do this once for each type of vendor, and there are lots of vendors. That’s why I suggest, when possible, consolidating your efforts with one vendor. That way you have fewer bills to pay and companies to contact.

## The Practice of Law – And Getting Paid

When you start your own business, you assume that money – your revenue – will flow in. It doesn’t. If you don’t generate bills, you won’t get paid. When you don’t get paid, you realize very quickly just how serious a situation you are in. You still have to pay your landlord, the phone company, the legal research vendor and all the other vendors whose bills arrive in a timely manner because they know how to make sure that you pay. So, you always have to make sure that you are getting paid, and that is just another system to buy and to learn.

As a result, you need time and time billing software, which is often separate from the accounting software you use. Then you have to learn to use the software, and follow up to make sure that you

actually generate your bills regularly and get paid.

## Software to Run Your Office (Case Management)

You can run your office using Microsoft Word or Microsoft Outlook and survive, but that doesn't mean your office will run efficiently – and efficiency translates into more money in your pockets. As a result, you will benefit more and spend far less time in the long run if you take the plunge initially and purchase case management software.

Buying case management software sounds easy. But there are many products, vendors and information, much of which most lawyers do not understand. Plus, it takes time and money not only to purchase and configure the software, but also to train you and your staff how to use it. If you don't make the purchase early, and assume that you can do it later, you can survive. But you will probably double the time it takes to get your system up and running when you purchase the software later and enter the data from your ongoing matters – information that could have added from the start.

## Employees

Most of us do not practice completely solo. We have employees, including paralegals, secretaries, legal assistants and other attorneys. Law school does not teach you how to interview employees or how to screen them. Hiring just one employee, whether it is an attorney or support staff, takes time. You have to find the person. That means creating advertisements, placing them and, the worst part, screening applicants.

Then you have interviews, which take 30 minutes each, or longer if the candidate has promise. You might interview 10 or more candidates just to find someone who is qualified. You might also discover that some of the qualified people won't work well with you or do not have the expertise your office needs. You, or someone else in your office, if you are fortunate, will spend days and days interviewing.

After hiring employees, you have to deal with all of the personalities and issues that come with them. Some people work better than others. Some need more time off. Some employees need coddling, while others don't like one aspect of their job or some other thing you have assigned them to do. Employees can be wonderful, and a good or great one will make your life much better. Until you find that person, anything can happen.

## Getting Clients

It is hard to practice law without clients. For most lawyers, clients don't simply see your shingle and pound on the door. Despite this, law school does not teach how to attract clients, which is an art and not something we all learn innately. When you are on your own, or don't have the luxury of working in a firm that provides all of your clients, you need to spend time marketing, and even more time holding hands – because we all know that every client requires “maintenance.” It's just a matter of how much.

Client development is time consuming. You need to attend Bar Association meetings, speak at CLEs, visit community events, get involved in politics, work with local nonprofit organizations, and make other efforts to market your firm and to generate referrals or add to your referral network – things you may have previously taken for granted. And don't forget the holidays. Do you send Christmas cards? Do you send birthday cards? Do you take clients to lunch or dinner? These are all excellent ways to build your business, but they also take time away from practicing law, and if you do not practice law, you do not generate the fees necessary to pay the bills and the employees. In short, it's a vicious cycle.

## Paper

When you open a business, you are inundated with paper. And the paper never ends. How you deal with that is critical. Do you have a virtually paperless office in which every document is scanned? That's probably the best way to operate, but it requires a mindset change for many of us and, certainly, will require training for all of your staff.

On the other hand, going “less paper” does not eliminate the issues that arise with the paper initially. What do you do with it when it arrives? Who scans it? Who directs it to others? All of these things are critical in creating a smoothly operating office. You have to answer all of these questions about your office's workflow.



Being on your own  
doesn't mean sailing  
solo without a life jacket.

## Malpractice, or More Particularly, Avoiding Ethical and Malpractice Traps

It's easy to get bogged down with all of the things that happen when you go out on your own. It is even easier to put things aside and to let the things that you really do not want to do slip through the cracks. We all do it. It's in our nature. But this natural avoidance can lead to situations that are highly problematic, to say the least. You can't miss deadlines, especially statutes of limitations and filing deadlines. Without systems, and without a focus on malpractice avoidance, you will make mistakes or come close to making mistakes, and suddenly learn just how important it is to take the necessary precautions to protect yourself.

## Conclusion

Opening your own law office is not as easy as others may lead you to believe. It requires hard work, but not the kind we envisioned in law school. When your firm operates successfully and grows, your satisfaction, not just financially but personally, is palpable.

I remember when I opened my office and the phone didn't ring. I was scared. There were also days, and there continue to be days, when it seems as though all of the cash is going out and none is coming in. It's scary because the reality is that the person who owns the firm is the last one to get paid. You have to pay your taxes, your landlord, your employees and your vendors, or you won't stay in business. Once your firm grows sufficiently that you have the money to pay all of those bills without fear – and there will still be days when it can be difficult to pay those bills – the satisfaction is wonderful.

People ask me all the time if I want to go back and work for another firm. While I had and continue to have good relations with my former partners, the satisfaction of being my own boss is paramount. When you're the boss you have control. If you use that control wisely, you will discover a level of satisfaction that simply cannot occur when you work for someone else.

That also means not burning bridges, because you need your prior associations as resources. I have called upon former colleagues for advice, whether how to handle staff, how to deal with a sticky situation, or how to address an issue in a case that I had never seen. Each time, I received answers – and each time I remembered that being on your own doesn't mean sailing solo without a life jacket. Use your friends as resources. Mine them, and do the same for anyone who calls you. Always return phone calls. Remember that the advice you give today may come back to benefit you tenfold. After all, the person whose call you return today may be the new case you sign up tomorrow.

Being your own boss means also recognizing that there are plenty of resources out there to help make your life easier. There are list serves for solo attorneys, including the list serves for the Philadelphia Bar Association, the Pennsylvania Bar Association and the American Bar Association. These are vital resources for attorneys moving into the world of solo or small firm practice. There are web sites (including PhillyLawyersInTransition.org), books and numerous other resources and, of course, your friends and colleagues who have taken the same plunge.

My wife was correct when she said that the best thing to do was to be my own boss and not allow others to control how and when I practiced and how I did things. But we never fully appreciated just how hard my parents and grandparents worked to achieve their successes. They didn't have computers, didn't live in the world of technology, and did everything manually. Yet the satisfaction that they derived from operating successful businesses was enormous. They were successful because they had drive, a work ethic and the support of their families.

If there is one ultimate lesson about stepping out on your own, it is to make sure that you have the support of your family and friends. They are a critical emotional life preserver, and you will need them

more than you can ever imagine. There will be times when cash is tight, there will be times when it is flush, and your family must understand and appreciate the difficulties that arise when things are not as positive as we expect. If they do, and you are forthright with them, you will have everything you need to succeed.

No matter how much you prepare, none of us is fully ready for what awaits us when we go solo. Many small businesses, including law firms, fail. I venture to guess that most of the law firms that fail do not do so because of the lack of quality among the attorneys, but instead because of a lack of understanding of the business of law. ■

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