Lynn Howell: Good afternoon. Or welcome, whatever time you're listening to. My name is Lynn Howell and I am your program for chair for – co-chair for the Solo, Small Firm and General Practice Division of the American Bar Association.

Today, our special guest is Ann Guinn, and we’re going to talk about how to boost revenues without breaking a sweat.

Ann Guinn is a practice management consultant to solo and small law firms. She teaches attorneys what they didn’t learn in law school and about how to run a profitable and a satisfying law practice. She helps her client identify what's working and fix what’s not working in their businesses with a focus on firm finances, business development, and growth opportunities.

Ann has served on the executive committee of the Washington State Bar’s solo and small practice section since 1994, and is her 15th year as co-chair for the Washington State Bar Association’s Solo and Small Firm Conference.

She is a 2019 recipient of the WSBA APEX Lifetime Service Achievement Award for service to the legal conferences and webinars industry and the public, and has been a featured speaker at the New York Legal Tech, ABA meetings, conferences and webinars, and solo and small firm conferences across the United States.

Her book entitled Minding Your Own Business: The Solo and Small Firm Lawyer’s Guide to a Profitable Practice” is available through the ABA web store. And she’s currently working on her new book with the ABA entitled Attorney Underearning, To Find the Symptoms and the Cures.
Now Ann, are you ready to talk about revenue? (Inaudible).

Ann Guinn: Oh, I'm always ready to talk about revenues.

Lynn Howell: OK.

Ann Guinn: I want to turn you to make money. I want to get paid appropriately for what they do. So I'm on.

Lynn Howell: OK. So is it really possible to earn significantly more without working harder?

Ann Guinn: Absolutely. And the reason I say this is I’ve been doing the consulting with solo and small firms for about 27 years now, and I have seen time and time and time again if attorneys will only tighten up the management skills and become more proactive other than reactive as managers. The money starts flowing.

So, absolutely. They're not working harder, they're not working longer hours, they're not killing themselves with an impossible billable goals and whatever. They're just being better managers of their businesses.

Lynn Howell: OK. So how do you become a better manager of their business?

Ann Guinn: Well, I started at a place no attorney wants me to start. But that is with the business plan. You need to have a business plan to guide your business decisions.

For instance, I'm working with attorney right now. She has one associate working with her. She’s got paralegals and a general – just a legal assistant kind of all-purpose person.

And she’s drowning in work. Her clients have heard of her and call and want her. And I am working with her on how to deal without losing the client, but pass the work off.

The bottom line is she doesn’t know where she wants to go. She knows she wants to retire at about 10 years. I’ve asked what she wants her practice to
look like then, what would be marketable in her community. And she doesn’t really know. So we’re starting with the business plan even though she’s been in practice for many, many, many years. The business plan will have to (direct) your business decisions.

And then beyond that, you need to know what you need to earn to run your business in your personal life. I ask attorneys all the time; what does it cost you per day to run your practice? And very few of them can ever answer that question.

I get these non-answers like, well, not a lot. So, what’s your overhead per month? Well, probably somewhere between maybe $4,000 and $6,000. No, you should know exactly what cost you to run that practice on a monthly basis, on a weekly, on a daily, on hourly basis. Otherwise, how do you know what to charge? How do you know if you’re going to make money off of your fees if you don’t know what you need to earn?

Then you need to set financial goals for yourself and for the other timekeepers in your firm. And I say financial goals, doesn’t have to be hourly goals, billable goals. But it’s money, how much money do you need of each of your timekeepers to generate every month.

And then the next one is you go over your profit/loss statement, it was a fine-tooth comb every single month. I look for revenues not exceeding about 40 percent to 45 percent – I’m sorry, overhead not exceeding about 40 percent to 45 percent of revenues.

So the rest of the revenues then go to your compensation and taxes and running capital and all of that. And it’s just about becoming a better business person.

Lynn Howell: Ann, for a moment, let’s talk about truly what is overhead, because I think a lot of attorneys kind of gloss over that. And there’s – in their mind, overhead is like (threat in legal). They don’t necessarily factor salaries into it, the insurances and all of the things that really truly go in to overhead. But how do you get them to face the facts of what really is overhead without scaring them?
Ann Guinn: That’s interesting you asked that question because I was working with an attorney last year who – when I send to her, what is the overhead run every month? What do you mean by overhead? Well, what are your out of pocket expenses to run your firm? Well, what do you mean by expenses?

And I thought, every question I asked was, well, what do you mean by, what do you mean by. And I thought she hasn’t a clue about anything to do with the money of her practice.

So overhead is – when I'm talking about overhead here in the 40 percent to 45 percent of revenue is going to overhead. That’s exclusive of the owner’s compensation and any benefits. So that’s everything else that you spend money on, with the exception of taxes. But that would be your rent, your advertising, your malpractice insurance, your telephone, paper supplies, CLEs, travel, internet research expense.

You should be looking at a profit/loss statement every month. At the very top, you're going to see the income. And then everything below that pretty much is going to be your overhead expenses.

So if you have a bookkeeper who handles your books for you, sit down with the bookkeeper and go over each of those line items one at a time and make sure that you understand what that bookkeeper is putting into each category. You need to understand the numbers in your practice.

We’re working with an attorney just a couple of weeks ago, and we’ve got an ongoing relationship here. But I asked him, if he sees profit and loss statement. He said no, but I monitor my checking account online two or three times a day. Well, that doesn’t tell me anything at all except whether or not you have money in your account. He said, I could tell you from that what I spend.

But that’s just looking back and saying, OK, I paid the light bill and that was $120. Profit and loss statement is just cumulative year to date in all of these.
So overhead again, anything other than attorney, the owner compensation and benefits.

Lynn Howell: OK. So as the owner, what we spend on my healthcare doesn’t count ...

Ann Guinn: That’s going to come out – it doesn’t – it depends on the entity. If you're an employee of your firm, then you're going to (inaudible). But still for figures’ sake, I want you to subtract out anything that accrues to your benefit, like your health insurance (don’t). It’s still going to get paid by the business, but it’s not going to factor into this, look at overhead versus revenues.

Lynn Howell: OK. All right, carry on. Sorry for the interruption.

Ann Guinn: No, that’s OK. So those are – those places to start – I'm going to do a quick rundown on some of the things that you're probably all already doing. Sometimes, you just need a reminder that yes, it did do that for a while and I kind of fell off the track here. And then I'm going to go into some new ideas, hopefully new ideas for you on how you can increase your revenues.

So first off, you need to get really good client selection. Figure out who your ideal client is. Look at the clients you had in the last two or three years. Pick out the ones that were really great client and figure out why, write down their characteristics; they were responsive, they understood the legal process, they got back to me with any information I needed, they were helpful in making decisions, they pay their bill timely, whatever it is that made them ideal clients.

And then that’s who you look for in your next consultations. Those are the people you want to work with. Because they are the one you enjoy most, and they are the ones that hopefully respected you most and appreciate the work that you did.

Then you have to ask yourself is this the case I want to take, can that person pay my advance fee deposit or retainer, do I like this person. And that’s a big one. You take on somebody you don’t like, you resent their phone calls, you start getting hostile thoughts about them when they call, when they drop by
the office, send you an email or whatever. So if you don’t like the person, maybe that’s not the right client for you.

You need to know if the client will have sufficient money after the matters completed to pay whatever they owe you. You need to check out their expectations; are they realistic, and do they match your own, is this a client that may run up your bills, lots of impractical demands, and then bulk a pain because they didn’t get the results they want. Is your need for money right now influenced your decision to take this client?

So case and client forensic skill is really, really important in controlling your revenues. You want to take the right people, the people who can afford you and will appreciate you, understand the value of your work and pay you.

Then you want to get your billing rate right. And that again is based on what it costs during your practice, plus your desired income and benefits. So you add those together and that gives you a figure that you need to meet every year. And then you break that down by how many hours you plan to put into revenue-producing work, and that will help you figure out what your billing rate needs to be.

You need to take money upfront. I’m from Washington, and in Washington we don’t use the word retainer, we use advance fee deposit. Retainer is simply that it’s to secure your services at a certain time in the future. Advance fee deposit is money that you put in your trust account that you actually bill against. In other parts of the country, the word retainer is (sell yourself). Forgive me if I say advance fee deposit.

But take money upfront. And I think one of the best ways to do that to ensure that you’re going to get paid timely and in full is in evergreen deposit account. And that’s also known as replenishing account. You say, I'm going to take $2,500 upfront, I’ll put it in my trust account, but I am not going to bill against that. At the end of every month, I bill my client, the client is responsible for paying my bill, even though have $2,500 of their money in the account.
Now, as you get towards the end of the matter and you know that things are starting to wind down, then you start sending bills that say, you owe me $900, do not pay. And then you start consuming that money in that trust account.

At the end, if there’s money left, the person goes back to the client. If there’s not money left, then they owe you. They’re responsible for the last bill.

But an evergreen deposit account is terrific way to ensure you get paid. If they don’t pay you, if the agreement says you’ve got 15 days to pay up, let’s say – if they don’t pay you within that 15 days, you can pay your bill out of that trust account. When their check finally arrives, deposit that to the trust account to bring the balance back up to the original level. But, great protection.

Show the value of your work in your billing statement – excuse me. Give detailed billing descriptions so that the client can understand – remember, they don’t know what (up counts) is. They would recognize opposing counsel, or other parties’ attorney.

If your billing program forces you to use abbreviations that would not be readily recognizable to your clients, then don’t do that, don’t use it. And nobody wants to hear me say this, but your clients deserve a bill they understand.

If that involves typing it from scratch, then that’s what you have to do. But most of the billing programs nowadays allow you to give fairly detailed description. I remember years ago, I think time (flips) when it first came out – you could only do like 30 characters or something.

So demonstrate the value of your work. Telephone conference with opposing counsel doesn’t show benefit to the client. But if you say telephone counsel with (Mr. Brown), opposing counsel, to schedule the children’s holidays, and the fair division of the party stock portfolio and real estate holdings – that says value. That helps the client understand what it was you were doing, why a two-hour call was necessary, because there was distinct value to the client.
So give them that gift of communicating the value to them and helping them remember why you are the best choice for the job.

Contemporaneous timekeeping, I think goes without saying record your time as you go through the day. If you wait until the end of the day, you’ll lose 10 percent to 15 percent of potential billable time. If you wait until the next day, you lose 20 percent to 25 percent. If you wait until the end of the week, you lose up to 50 percent of potential billable time because you simply can’t remember.

So get in the habit of recording your time as you go through the day.

When I go COEs, I often ask, how many of you think you lose six minutes a day that you don’t capture? Of course, almost everything goes up. Look, $200 an hour, if you lose six minutes a day. That’s $4,800 a year in lost revenues.

Now I remember asking that one time who loses six minutes of stuff in the bathroom, and someone said, I probably lose an hour and a half a day that I don’t capture. So multiply that out. That is a huge impact, even six minutes a day, $4,800 to buy your new computer. But if you lose 30 minutes a day that you don’t capture, you wait until the next day and you lose 20 percent-25 percent of your potential billable time regularly. Big, big impact on your firm.

Next is to bill regularly and fairly. I’m surprised at how many small firms can't get bills out at least once a month. It’s beyond me. And they call me because they're not making enough money. Well, your clients expect a bill and need a bill on a regular basis.

(39) years ago, I was consulting with an attorney she used to work with. And she was doing a little startup business, a little consulting business. And he was giving her advice and helping her drop contract and all that. And she thought it was so wonderful that he value the friendship and he wasn’t billing her. And she said, I know it’s because he knows once I get going and my business is doing well, there will be more business for him, and he will start going at that point.
Well, his altruistic nature was nonexistent because after – excuse me – after 11 month of getting “free advice” from him – excuse me – she got a bill for $7,000. And not only did she get a bill, the first bill she’s gotten, but it was marked past due, and she was threatened with collections if she didn’t pay up in seven days. And she was beside herself.

So bill regularly. Bill fairly. Your clients have a much better chance of paying you if you if the bills come in on a regular basis, and it’s for the amount that they're expecting.

If you are going to be sending an extra-large bill, call and warn them when you know that’s going to happen. Even halfway through the month, say this month, we’ve had a lot of additional expenses. I imagine we’re going to top $10,000 this month. I just want to give you a heads up. They will appreciate that.

Next one is curb your urge to discount. I don’t understand it at all why attorneys love the idea of discounting. My doctor never discounts my bill. Macy’s never discounts my bill. My dentist never discounts my bill. But attorneys love to discount. And some of that comes from undervaluing their work. They feel like they’re charging too much for the client. So curb that urge to discount.

I’ll give you one tip here. If there is a time when you feel the need to discount, and I will grant you that. There are occasions when a discount makes sense. Not as a regular policy, but once in a while. If you haven’t done your best work, you have a client who’s really unhappy with the work, then a discount may be necessary.

But here’s a tip, let the client suggest the amount they feel would be an appropriate discount. One of my clients had client call and dispute a bill, and it was a decent sized bill, not huge, but it was – I’m trying to think what it was – he said it was about $5,900 I think. But he had a bill for a couple of months, so it was a little bit larger.

Client called to complain about the bill. This is a big bill. I wasn’t expecting this. The attorney thought, oh gosh, I don’t want to tick this client off, I don’t
want to lose him. So he said, how about I write off $1,500? And the client said, wow, that’s great. I was only expecting $200. So the attorney had just given away $1,300 that the client had been prepared to pay. So let the client suggest the amount of discount.

And then you don’t have to accept that. If they come up with like a 50 percent discount, just ask them how they arrive at that and then say, I would be willing – I know how much effort went into this and the work that was involved. I would be comfortable with a discount of – and then you counter.

So monitor the productivity of all your timekeepers. Make sure that you are on top of what everyone is contributing to the bottom line.

I have a little handy dandy form that I use called a productivity dashboard. And it lays everything out in black and white, so that you see in a comparative basis what each timekeeper is doing, what you’ll expect them to do, what you budgeted for them to do, and what they actually work, what they actually bill of that work, how much that billing totaled, and then what they collected. So monitor productivity of all timekeepers.

One of my clients a couple of weeks ago called to tell me that he had used my productivity dashboard, and was stunned to find out that his associated attorney who he thought was his big money earner actually wasn’t earning enough to pay his keeps, because he had never looked at numbers. He just knew this guy was always busy. He saw him always working. Well, he was always working. I don’t think anything away from that. I don’t think he was capturing time. So monitoring productivity of timekeepers is really critical.

Eliminating past due accounts. Again, the evergreen accounts, deposit account will go long way to eliminate your past due accounts because you’re not going to have receivables. You’ve got money in the trust account, if they don’t pay their bill you still get paid. And before it gets down to zero or they owe you, you hopefully still have a chance to get out if you find that you’ve got a deadbeat client here.

So if you are not using an evergreen and you’re using a (flat piece) or whatever, but you’re not taking all the money upfront, develop a really solid
collection policy and implement it. Make sure that you follow it on a monthly basis. If somebody is past due, hit it right away.

And just writing past due on the next bill doesn’t do it. Pick up the phone and call them and say, just going through our accounts, didn’t realize we haven’t received a payment from you last month if something is going on, is there something I can help you with – would it be helpful if I broke that payment into two, could you pay half this Friday and half next Friday, or whatever. But don’t be afraid to pursue the money.

I'm not talking here about suing your clients for past due fees. I'm talking about (meeting) this in the bed before it reaches that point.

Take payments online. I still encounter law firms that don’t accept payments online, or can't accept credit cards. And I'm amazed in this day and age that that happens. But you will get paid faster if you have the ability to take credit cards, and if your clients have the ability to pay online. So they don’t have to sit down and write out a check and all of that.

I don’t give endorsements on any particular system in my own practice. I use (Lapay). There are other merchant account services around, so you find the one that works for you. But do take payments online.

Talk to your clients about money. Talk to them about money upfront. Talk to them about money during representation, and talk to them about money at the end. Make sure that dialogue continues so that they understand what it is they're getting for the money, they understand if for instance you're not using the evergreen and they are running up a huge bill and they haven’t been making payments, then you need to sit down and have a heart to heart with them about the fact that they need to be paying their bills. That’s the agreement they signed, committed to that to – I'm sorry, committed them to that practice of paying the bill on a monthly basis.

Excel at communication. Make sure that your clients are always in the loop on what's going on and anything that happens.
Shoot them an email, give them a phone call, send them a copy of a letter that you received from opposing counsel. But make sure your communication is beyond reproach. As any bar association would tell you, that is the number one complaint they receive about attorneys is attorneys doesn’t return my phone calls, returning unless we know what’s going on. So you want to get the revenues coming in, excel at communication. Let them know that you are on top of their situation all the time.

And then always give your best work. Always give it your all. So those are things that you should be doing, you probably already are doing. Now, let’s take a look at some things that you might not be doing yet. It’s a new way to look at your practice.

Do more targeted marketing to get more of your ideal clients. We talked about case and client selection. I’m going to go figuring out who it is you want to work with, what their issues are, where they're located, what their socioeconomic level is, whatever is important to you in your ideal client. Figure out how you can best reach them.

And it may not be reaching them directly. It may be by building referral sources with other folks or businesses who have direct contact with your ideal clients.

For instance, I think family law for instance here. You may or may not be able to hit somebody right at the point say, gee, I want a divorce. But if you have a good strong network built with like real estate agents, family counselors, pastors, other folks who have dealings with individuals in everyday walk of life, make sure those relationship are strong and they know what you do. And they're the ones that are going to be out on the field, they're saying, oh, you’ve got to call (Helen), you’ve got to call (Tim), they're wonderful attorneys, they can help you with this.

And one that I would never overlook is your hairdresser or your barber. Hairdressers are confidants to women everywhere. They go in and spill everything out to them. So don’t overlook. Making sure that your barber and
your hairdresser know what it is you do, who your ideal clients are because they deal with a bunch of people every day.

Then figure out your return on investment on your various practice areas or services. To figure out your return on investment, you take the return – let’s say you got $15,000 fee for something, and the cost of getting that client was $2,000. So the return of $15,000 minus the cost of $2,000, so that leaves $13,000. You divide that by the cost, again, the $2,000, and that gives you your return on investment.

But you need to do this on probably annual is enough to figure out return on investment on your different practice areas and your services to see which ones make sense.

If you do – again, I’ll say family law – and you do divorces and your average divorce case pays you $8,100, you look at them think that’s great, and I did 29 divorces last year, and that really paid off. But when you figure out your return on investment, you might look down and say, gee, I get two modifications and those two modifications, each brought in $12,000. But I only got two of them. So you look at that and go, well, that doesn’t really pay because there’s only $12,000 for two. That’s $24,000.

But when you look at it was only two, that’s $12,000 to do a modification versus $8,100 average to do a divorce. So that’s why you need to know these numbers. You’ve got to really be assessing your practice all the time to make the proper business decisions.

And if you have a practice area or a service that’s not paying off, then you need to do some hard thinking about whether or not it makes sense to hang on to that. Or if you need to just be doing more marketing for that, like the modifications thing, so how would I market modifications versus divorces?

Well, I would go back to all my past clients and say, has anything happened since your divorce is finalized, and you give them a list of some things that might require a modification. And you say if any of these have happened, give me a call and let’s see what we could do about this.
So you analyze what’s working and what’s not working, and then make a decision on what’s not working so well. Is there a simple fix, and what makes sense to put in the effort to do that?

All right, another one is getting organized. The National Association of Professional Organizers believes that on average, American executives lose about 180 hours a year looking for lost things; looking for lost files, looking for a phone number, trying to find a document or whatever.

So if you are losing say 15 minutes a day looking for lost things, a $200 an hour, that’s a loss of $11,600 per year. Now chances are you might be actually a little closer to the 180 hours that the association has identified, which is more like half an hour a day, or three quarters of an hour a day. That’s a huge amount of money lost.

I just encouraged one of my clients to call a professional organizer. That, I am not. So call the association, get a referral. Go to the yellow pages or whatever, and find a professional organizer, and get some help and get in the office organized, and become more productive and efficient with a better organized work situation here.

One thing that I mentioned just a moment ago, I find that a lot of attorneys are really poor about staying in touch with past clients. If you have past clients who are happy with your services, those are the best sales force that you could ever have. So find a way to stay in touch with past clients.

And the thing I was mentioning about send a letter, whatever, to your client and ask, kind of lead them through what might require modification – you can send that, like a first of the year letter, and I don’t know when you're going to be listening to this, but we’re recording this in the first part of the year – prepare a letter on an annual basis and send it to all the clients you’ve had in the past x number of years, you decide. But you needed to go back at least five years. For estate planning, maybe you go back 10 or 15 years of every client you’ve ever had.

Send a letter and say a lot happens in our lives that changes our situation, thinking about your situation, it has been more than five years since we last
reviewed your estate plan. Have any of the following happened? You gained a spouse/lost a spouse; gained a grandchild/lost a grandchild; bought a business/sold a business; bought a house/sold a house. Home up – it didn’t have to be all inclusive. But come up with about 12 to 15 different bullet points for them to think about.

And then at the bottom, you say, if any of these things have occurred, we need to review your estate plan to make sure it’s still going to meet your needs. Please give me a call.

And I guarantee you, if you send this letter out every year, you won't hear from every client, but you will hear from clients. And they will go, oh gosh, great. Thank you for reminding me.

When my stepmother died, my dad went to their attorney with the estate plan they have to have done. She died in 2006. The estate plan was done in 1978 and has not been touched since. He in the meantime had two grandchildren that he wanted to remember, but they were not covered in the estate plan, because nobody ever revisited (HIPAA) come into play. They had no healthcare directives and no (HIPAA) releases, or anything like that. The attorney had never come back to them at any point in time, and I was livid with the attorney for not serving my family better than that.

So sending this letter out is not just to get you business, but it’s better serve your clients. You can do that with just about any practice area. Come up with something. It may not be 12 to 15 things. But has any of the following happened; DUI, you had another traffic stop, if so, give me a call because this impacts the arrangements that we had made.

So staying in touch with past clients. Newsletters are fine if you have the time. Most people don’t. I have a lot of my clients (training now) that’s sending out thanksgiving cards to clients saying how much they appreciate their business, as opposed to Christmas cards which get lost in the pile of all the Christmas cards that are coming in.

I have one client who sends out valentines cards to her clients, telling them she love them, she loves having their clients come to see her, and she loves
helping them. So find what works for you, but find ways to stay in touch with your clients.

The rule of thumb here is you want about three touches a year. Limit your pro bono work because that is a wonderful thing you do, I love that attorneys do pro bono work, but it really can eat into your revenues. So you set your own limit. Decide how much time you can put in to pro bono work.

I am a big proponent of charging for initial consultation. I understand like with personal injury, nobody does that. I get it. But depending on what your practice area is, you're giving them legal advice during a consultation even if it’s to say, sorry, you don’t have a case, I know your feelings are hurt, I know you're upset by this, but there’s absolutely really nothing we can do to provide a legal remedy to you. You need to go home and make a pot of tea and get on with life. That is a valuable bit of information for them, as well as any other information you might give them.

Another thing you can do to increase revenue is focus your practice. Get known for something. Specialized or focus practice earn minimum of 10 percent to 15 percent more than the general practice over the course of a lifetime. So think about your practice.

And one of my new clients is just starting her practice, and it’s taking off great guns. She does estate planning, but she does it for 18 to 22 year olds who are going off to college. And she helps put together an estate plan so the parents know that if something happens to the child and they're cross-country, it’s college, they can talk to doctors and they have all those rights. But young people are particularly focused on their digital property, their social media accounts and all of that. So she develops an estate plan that will help care for those digital assets of young people.

She’s going out and speaking at high schools, speaking to PTAs, because it’s not the kids that are going to hire her, it’s the parents.

But when the kids hear what’s involved, they get onboard with this. And her business just – from the day she opened the door, took off like a rocket.
So I don’t know anyone else doing that. That is a very focused practice area within a larger umbrella. When she gets the estate plan done for the kids, the parents are also thinking, well gee, we haven’t done our estate plan, or it’s been a long time. So she’s getting that work as well.

But I just – I encourage you to find a way to focus your practice if at all possible. And then listen to your staff. They know what clients want, and they know what your efficiencies are and what your block to productivity are. Regularly ask them for input.

I started my legal career a million years ago. I was a legal secretary. Client would tell me things they would never ever tell my attorney. And I never told them unless she asked if it was something I thought they really needed to know, then I would tell them, Mr. so and so is wondering about whatever. But listen to your staff. They’ve got great information for you.

And then the last thing I would just go back to is be proactive, constantly monitor your business, keep on top of all your numbers, review your financial statements on a regular basis, and make business decisions based on actual numbers, not on guesstimates. You need to know exactly what you’re earning, you need to know exactly what costs to run your business. And you can’t do that without solid financial statements.

So those are some tips on things you can do outside of the things you’re probably doing.

Lynn Howell: OK. So the things that we can do – but one of the things you keep talking about is six minutes loss, 10 minutes, 12 minutes loss. How do you get track – especially if you got someone who’s changing practice styles or brand new to the practice. How do you – is it every six minutes? Do you have a timer that goes off that says write down what you’re doing? Or how do they get used to that little jump to record it?

Ann Guinn: You nailed it on the head there. I have put more than – I have fingers on two hands, attorneys on kitchen timers. And you don’t have to do it forever. But get a kitchen timer, set it for 15 minutes.
When it goes off, it’s an interruption and it’s an annoyance, but again, you're not going to do this forever, you're just going to do it until you build the habit. You stop and think, all right, did I record this start time for the task I’m working on now? Did I record the stop time for the task I just finished? At most, you're going to lose a few minutes a day.

But it has made a world of difference to every one of my clients who has done that. Just getting that reminder; ding, ding, ding, oh, I didn’t write my start time down, let’s see, 10 minutes ago. Well, you may or may not be correct on that, but you're only going to lose a few minutes.

So with new people – I used to work in a large firm. And we would just say to associates, you have to capture all your time. Nobody ever taught them how to do that. So excellent question, what do you do.

Sit with them, talk to them about how you capture your time. Talk to them about the importance of capturing the time so that you have accurate time records for billing purpose, and also just to defend yourself. If your client ever comes back at you for any reason, you need to have good time records.

And then suggest the timer to them, because this is going to be something brand new to them, and they're going to fumble around probably a lot the first – some period of time, months or year or years in trying to capture time. So go out and invest in a timer and say, this is what you need to do.

But you’ve got to help them. You can't just expect them to know what to do or what is an effective way to capture time.

Lynn Howell: OK. So you’ve got to help everybody figure it out. Now, you talked about – we’ve got our time, ways to increase revenue, cut down on the pro bono of course. But you’ve also talked about how to tighten up your billing practices. I remember you said, you get on the phone, call them, let them know the bill is there. But what if you’ve got kind of corporate client who, the bill go to the AP department, and it’s not necessarily good form to be calling your corporate client about their bill? How do you navigate that one?

Ann Guinn: Are your clients used to getting large bills as a corporate client?
Lynn Howell: Yes, they probably are.

Ann Guinn: So if it goes to accounting, is it going to – is your contact person at the client likely to see the bill before it goes to accounting? Do they have to approve it and then it goes to accounting department, or does it go straight there and it just gets paid and they don’t ever know it or what?

Lynn Howell: I don’t think ...

Ann Guinn: Because it’s going to depend on where it’s going to go, is to how I would handle it. If it’s going to go to your client first for approval, it’s your contact there, your counterpart, I would definitely call and say, I’ve got this bill coming, now remember this last month, we had – it’s going to be larger than the last several months because we had five days of depositions in Tulsa, Oklahoma. So I just want to give you heads up.

If it’s going to go straight to the accounting department, they don’t usually question things like that. They're just paying the bills and writing the checks. So it would depend on where it’s going to go.

And it depends on the relationship you have with your client. If this is a long term client, I guess that you would give them a heads up and just remind them of why is going to be extra-large.

Lynn Howell: OK, all right. Good advice. So as we go through all these, I’ve tightened up my billing, got people to pay with their money, and everything is going right – so I’ve calculated the return on my investments on my various services. Now I discover that my most profitable service is the one that the clients are least likely to ask for. Do I eliminate it because I don’t get much call for it, or is there something I should do to make – that makes sense to my practice?

Ann Guinn: Well, I go back to what I was talking about a few minutes ago here when you’re figuring the return on investment.
Sometimes, you don’t realize what your most profitable service is. And you go back and look and think, all right, if it’s the most profitable, that means I get the most return on the time that goes into it.

So unless it’s something that is not connected with the other practice areas, so you can’t tie them together, or you can’t do cross-selling, like let’s say you do real estate and criminal defense. There’s not an easy crossover between the two. So you say, I do real estate and I can handle a deal for a shopping center purchase, whatever. That’s a huge amount of time, a huge amount of money involved.

It may not make sense to hang on to it even though it is profitable if it takes a lot of time away from your steady stream of work. And let’s say the criminal defense is the steady stream and the real estate is a once in a while kind of thing.

So again, you need to understand where the money is coming from, how you’re getting those clients. If you have to put a lot of effort into marketing to get the shopping centers sale, that’s a huge amount of money, might be able to close the rest of the year on what you could make off of that.

But if the effort that goes into getting that client doesn’t really justify the money even if it’s a huge amount of money, then it might make sense to eliminate it and focus on the things that come to you more easily. Like maybe you’ve got a billboard for DUI and you get a – you get 20 calls a week for DUI.

And also, you need to look at I don’t think – it is something that I could delegate all or part of to someone else and still get the benefit of the revenues coming in, and the profitability coming. But I don’t have to be the one handling it.

And this attorney I was talking about who doesn’t have a business plan yet, we’re working on one. She has an associate who is in a completely unrelated practice area. But it was what the associate was doing at her other firm. And when my client hired her over, she allowed her just to continue that.
It doesn’t have a whole lot to do with the practice area except there are rare occasions when there is an overlap between the two practice areas. What she’s trying to do is train this associate into the firm’s major practice area and still allow her to do what she was doing in the past. But again, we’re looking at return on investment, how easily did she get clients for the practice area that she brought with her, versus is there enough work in the major practice area of the firm to support everybody if she were to switch to that.

So there’s not an easy answer here. But you have to just really look at the numbers. And some things, it’s difficult to quantify like if you’re spending time networking, you put down – OK, I spent $50 for lunch.

But you also have to figure the time that you put into that going to lunch and then doing follow up calls, and that has value as well. So again, not an easy answer here. But there are times when it makes sense to let go of a practice area.

I have a couple of guys a few years ago who were doing estate plan, simple, simple wills, not even a estate plan, and criminal defense. And they used the estate plan – I'm sorry, simple wills, as a loss leader. And I said well, most of your clients are incarcerated across the street, how many of them got out of jail and say, gee, I’ve seen the falling of my ways and I’m going to go straight and I need to have an estate plan done? It didn’t make any sense as a loss leader because the people that came in for the simple wills were not coming to them, their criminal clients were (caught appointed) work.

So once I pointed this all out to them, they dropped the wills and we laugh heartily about it every time we see each other. That made no sense at all to do that.

Lynn Howell: Well, that is a great story, Ann. Now, we’re getting close to the witching hour that we don’t want people (inaudible). But what is the one last piece of advice you got to boost your revenue?
Ann Guinn: I think that the easiest thing to do is just to be conscious of how you spend your time, make conscious decisions when you finish a task, what are you going to do next? And plan out your day in advance. Block out time on your calendar for quiet work. And as you get closer to that date right in, the (Brown case), the (Smith case) or whatever, I’ve locked out two hours on Thursday, and I'm going to put in on that – and then do that. Take control of your day.

The other thing I’d like to do is I take – we’ll post a note and I have a massive to-do list. It’s about five pages long in a 8.5 by 11 spiral notebook. I pick out three or four tasks, things I need to get done during the day. Write them on the Post-it, put the Post-it on the lampshade and that’s what I work on during the day. I forget the rest of it to deal with.

And I try to pick out things. Some of them are revenue-producing. Some – once in a while, there’s something that’s not, but I need to get it done. And (once filtered) down, I go back to the master list and pull out another one if I get all those down in the first two hours of the day, hurray, I can go back and pull more things.

But again, a very simple thing is just consciously choose how you use the time and say, I'm going to bill 15 minutes more today. I am going to not stop work because I'm getting close to lunch time or leaving for the evening or whatever, or I've got a meeting at 3 o'clock and it’s 2:30 now, no point starting something else and getting interrupted. Consciously choose how you're going to use that time, and choose revenue-producing works.

Lynn Howell: All right.

Ann Guinn: You're going to have to put that time in at some point. So may as well start it now even if you don’t complete the task. If you pull the file and review the letter that you need to respond to. That’s a step forward that you would have to do at some point. Do it now.

Lynn Howell: All right. So do it now, bill 15 minutes more a day. And basically stop procrastinating will also help revenues go up.
Ann, as always, thank you so much for helping is with this.

Ann Guinn: My pleasure. I have such a heart for solo and small firm attorneys because you are helping people like my next door neighbor, my grandparents, my third cousin, or mom and pop businesses or whatever. You need to be paid appropriately, and I want you to earn what you're worth.

Lynn Howell: That is great news to all of us. So at this point, I'm going to thank Ann, as well as our listeners. We appreciate you being members of the Solo/Small Firm and General Practice Division of the American Bar Association. We look forward to listening to all of our podcasts. And have a wonderful afternoon or day whenever you're listening to this. Thank you all. Goodbye.


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