

From

FTE to

Freedom





The era of remote work has arrived.

Corporate offices are disappearing, while employees plan to relocate away from larger cities and build their careers from home. Employers continue to expand their remote workforces, some offering up to 70% of office employees a virtual option.¹ While the legal industry has yet to fully realize the impact of the shift to remote work, it will surely define the practice moving forward.

This is a unique time; the future of the legal industry is as uncertain as its present. A new wave of digital work and professional flexibility provides opportunities for entrepreneurial attorneys to launch new ventures. The possibility and benefits of solo practice have never been greater.

This guide seeks to raise meaningful questions about the risks and rewards of freelance legal work while providing a non-exhaustive list of ideas for infrastructure and strategy for the solo practitioner.

I. The Decision

At law school graduations during the Great Recession of 2009, many newly-minted lawyers graduated without the guarantee of a plush law firm job. They were told: “every one of you is now an entrepreneur, a small business owner.” Today, law firms have recycled that same word when conducting interviews and information sessions: *entrepreneurial*. It is a quality that firms claim to reward—allowing the intrepid attorney to directly reap the benefits of her hard work through the billable hour. However, the personal and social pressures of firm work often diminish those rewards, leading some attorneys to seek change. But lawyers are risk-averse; the idea of working outside the structured environment of a law firm and its reliable book of business can deter potential solo practitioners.





Despite the risks, solo practice presents an ideal opportunity for many legal practitioners. Attorneys who are parents can balance family and work responsibilities. Long-term caregivers can re-enter the workplace on their own schedules without explaining a resume gap. Seasoned practitioners can scale back their practices while maintaining a stimulating workload. Attorneys restricted to a narrow field of practice can work on matters outside the silo placed around their work by a firm.

Lawyers considering whether to launch a new venture should begin by assessing their risk profile as a business owner. Performing a SWOT analysis,² evaluating their business' strengths and opportunities versus threats and weaknesses, can guide the potential entrepreneur's decision making. Some questions to consider during that analysis include:

- How can I **expand my book of business**, or begin developing one?
- What are my **long-term goals** as a practitioner? Buyout? Long-term growth? Becoming the next big name in law?
- Do I have the **resources** to secure a client engagement, complete it, and collect on a bill?
- Do I live in an area where my **compensation expectations keep me competitive** with the big firms?
- How consistent a **revenue stream** do I hope or need to develop?
- Do I have the skills and tools to develop a **professional brand** for myself and my business?
- Have I saved or located enough **capital to finance** my new venture?





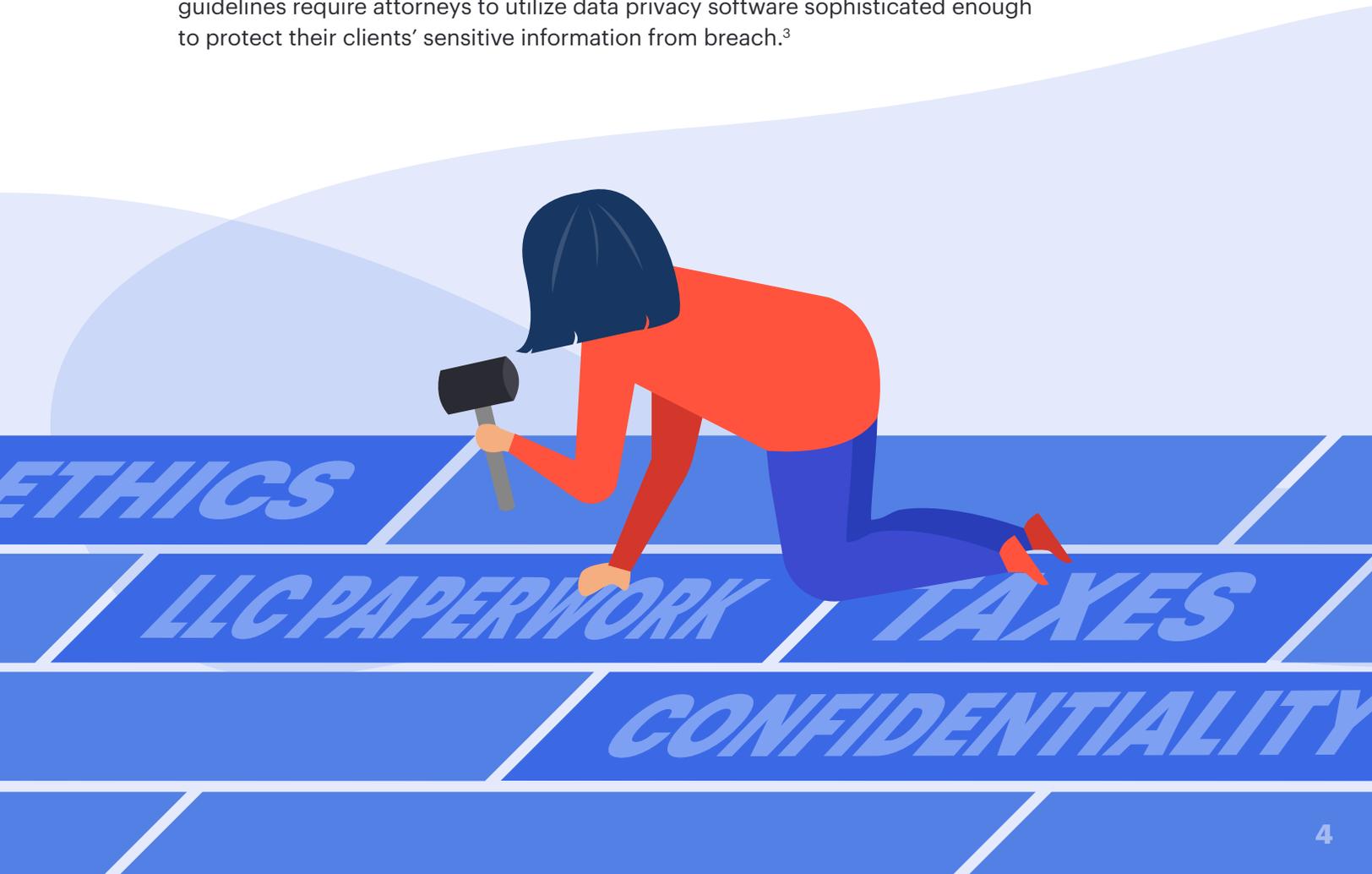
II. Laying the Groundwork

If the lawyer completes her SWOT analysis and decides in favor of starting a new venture, the time has come to lay the foundation for the business. Strong legal and technological infrastructure will support a successful solo practice.

Selecting the type of entity to create will determine the kind of income taxes the sole practitioner and her venture will pay. A limited-liability company (LLC) or partnership (LLP) is most common, balancing liability with a favorable tax structure. Consulting with a tax expert after defining specific goals for the new organization will prepare the venture for short- and long-term success.

Infrastructure will require considerably more capital than filing the requisite paperwork to create the new legal entity. It will also present many challenges, some of which will not be obvious. Consider the ethical guidelines that govern lawyers. These include an unyielding commitment to client confidentiality. New venture lawyers must consider spatial issues, such as whether their homes (and housemates) allow for confidential conversations and secure storage of client documents.

The new venture lawyer should also consider data issues—some states and ethical guidelines require attorneys to utilize data privacy software sophisticated enough to protect their clients' sensitive information from breach.³





The solo practitioner should prepare to overcome the stereotype of the math-averse attorney. Accounting software can help in tracking, billing, and collecting for time spent working for clients. However, attorneys will need more than efficient software to collect on their bills—they will need to build strong relationships and deliver value to clients. This will involve a significant time investment to increase the probability of timely (and repeated) payment.

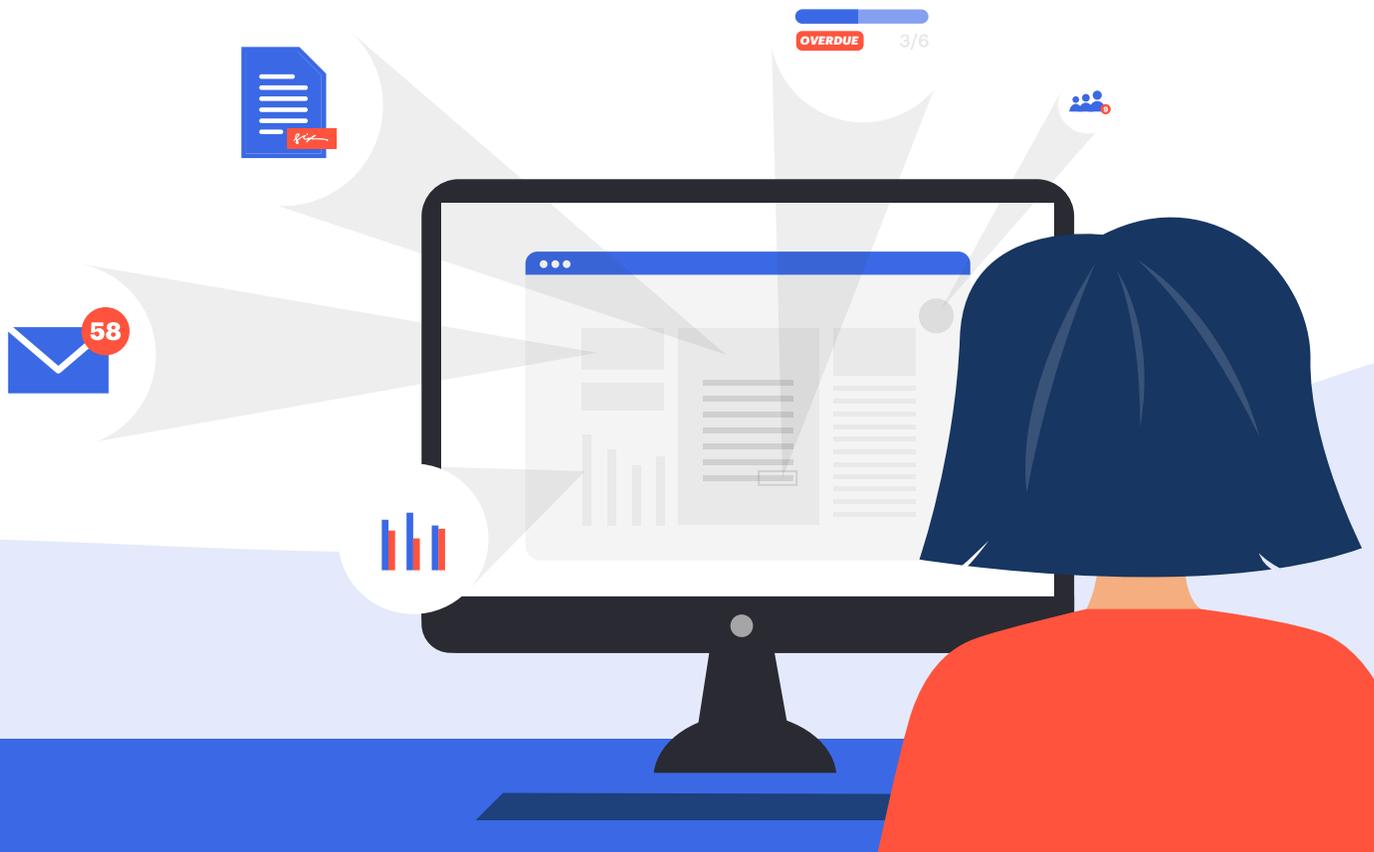
Attorneys report collection rates around 83%.⁴ A 97% collection rate⁵ is exceptional, and unusual. And even when clients pay their bills, they pay late 59% of the time.⁶ This introduces a level of uncertainty to the solo practitioner that can seriously impact “the bottom line” if not accounted for in the business plan. Depending on the practice area, policies intended to increase collection rates like upfront payments or retainer fees may not meet a client’s service expectations.





Some other infrastructure investments to consider:

- Branded **email** (through Google Workspace)
- Essential software for **processing documents** and the related licenses, such as Microsoft Word/Office and Adobe DocuSign
- **Conflict management** tools to ensure compliance with ethical guidelines
- **Malpractice** insurance
- **Time tracking** software
- **Accounting** and **billing** software
- **Project management** tools
- A fully customized **website**, including design and hosting fees
- **Social media** marketing and brand pages
- **Email marketing** software like ConstantContact, MailChimp, or MailerLite
- **Customer relationship management (CRM)** system





III. Launching & Growing a Legal Practice

After making a business plan and setting up key infrastructure, the solo practitioner is ready to begin serving clients. In the early days of solo practice, the lawyer can expect to spend most of her time developing client relationships,⁷ either through word-of-mouth advertising from previous clients, or through local bar associations, specialty professional organizations, or nationwide affinity groups which can lead to meaningful professional relationships and enriching collaborations.

As new clients come in, the solo practitioner must balance the demands of client development with actual client work. Ideally, new business would continue flowing in as existing clients return year-over-year to sustain growth. Outsourcing or automating some business development work to a PR firm or a CRM software platform could allow the lawyer to focus more attention on legal practice. However, the lawyer must prepare to balance the need for business development, client relationship maintenance, actual lawyering, and outside personal responsibilities. This juggling act must be performed skillfully, else the sole practitioner risks jeopardizing many of the benefits of individual practice.

Determining if and when to add a paralegal, associate, or partner to the team will prove the most crucial next step for the solo practitioner.⁸ Becoming an employer will introduce a host of new challenges and expenses, tax contributions and health insurance to name a few; but when timed correctly, will enable the continued growth and success of the practice.





IV. A Partner in Practice

It is difficult to manage risk in solo practice—being a small business owner will always carry the possibility of strategic missteps, unreliable revenue streams, or other market forces outside the practitioner’s control.

An external partnership can help the new venture focus its attention on lawyering. Software partners like Clio and Zola assist sole practitioners by consolidating their case documents, client information, billing, and email platforms in a single software solution. This relieves some of the infrastructure burden previously discussed, because these solutions bundle the essential elements of legal business practice in one place.

Even with the support of a powerful software suite, the solo practitioner must spend considerable time managing the firm’s logistics and client pipeline. To acquire, maintain, and collect on hours worked, the practitioner must “wine and dine” clients, participate in community organizations to build goodwill, and advertise through traditional and/or digital channels. The solo practitioner might also find that bidding for work from their ideal clients (sophisticated enterprises with recurring legal needs) is difficult in a saturated market of elite law firms and AI-backed legal technology companies that can cut legal spend through automation.





Solo practitioners seeking to augment their current solo practice or, conversely, scale down their business and practice law on more of a part-time basis may wish to consider a partnership with InCloudCounsel. In addition to infrastructural software support (like email and case management), InCloudCounsel's lawyer partners:

- ✓ **Set their own flexible schedules**
- ✓ **Receive consistent revenue streams**
- ✓ **Work virtually from anywhere with an internet connection**
- ✓ **Handle high-level matters for Blue Chip clients**
- ✓ **Have business development, billing, and collections managed for them**

Partnering with InCloudCounsel shortens the runway when launching a new venture and removes some of the logistical challenges small practices face when seeking to grow.



Interested practitioners should visit incloudcounsel.com/work to explore a partnership with InCloudCounsel.

Endnotes

¹ <https://www.entrepreneur.com/article/351276>

² <https://hbr.org/2019/08/are-your-companys-strengths-really-weaknesses>

³ https://www.americanbar.org/content/dam/aba/administrative/professional_responsibility/aba_formal_opinion_477.pdf

⁴ <https://www.law.georgetown.edu/news/rebuilding-the-law-firm-model-2019-report-on-the-state-of-the-legal-market/>

⁵ <https://lawpay.com/about/blog/whats-your-collection-rate/>

⁶ <https://www.timesolv.com/blog/whats-your-collection-rate/>

⁷ <https://abovethelaw.com/2019/01/the-5-most-important-tips-for-client-development/>

⁸ https://www.americanbar.org/groups/gpsolo/publications/gpsolo_ereport/2019/september-2019/strategies-grow-your-small-law-firm/