



Freedom Practice Podcast

Episode 6 – Can You Afford an Associate Attorney?

Hi, this is Craig Hersch, and this is the Freedom Practice Podcast. In our last podcast episode I discussed how to take your practice to the next level, whether it's gaining more free time, whether it's making more money or both. I talked about a mindset shift, where in order to do those things, typically, and it might be counterintuitive, you actually have to incur more expense in order to gain those freedoms of time and money.

So, let's talk about that a little bit. There's only so much that you can do in a day and I explained in the last podcast episode that many attorneys including estate planning attorneys are rugged individualists. We don't like to give up things, we think that we do everything well, and we distrust others to do it as that we don't believe that they'll do it as well as us or as fast as us. Or we don't want to spend the money on somebody because we simply can't afford to bring on that extra individual. I'm going to shatter those myths here.

Let's talk about bringing on a new attorney for example. Let's say that you're in a smaller boutique shop, and you're doing way too much work. You're the rugged individualist. You realize or you've bought into what I'm telling you in that you need another set of hands to earn more money or to have more free time or both. So, let's talk about bringing on a staff attorney. How much will that attorney cost you? Let's suppose that a good staff attorney runs \$85,000. You think, "my gosh, I can't afford \$85,000 to pay a new staff attorney," and it's even more than that, isn't it? Because when you figure the employers taxes, social security and FICA, when you consider 401k, IRA contributions, health insurance or any other benefits that you add, it could pop up to 90 to \$100,000 range maybe.

So how do you afford this? The first thing to keep in mind is you're not laying out \$100,000 right now, in one lump sum? No, in fact, you're paying it over the course of a year. In fact, \$100,000 divided by 12 is roughly \$8000 and change a month, divided by four weeks in a month is roughly \$2,000 a week. Let's say it takes, I don't know, eight weeks to get somebody up to speed you've only spent at this point \$16,000, not \$100,000. Now, here's my question. If it's \$8,000 a month, how much are you charging for an estate plan? Now, hopefully, you're not charging \$2,000 or \$3,000. If you are, you're probably undercharging or you're not delivering enough, and that's the topic for another podcast episode. But let's say that your average estate plan is somewhere in the \$5,000 range. Over the course of a month to break even on this new staff attorney, all you really need to do is complete or bring in two additional estate plans than what you had have done in the prior months, just to now, if you had more free time, because another Associate Attorney is taking on some of the responsibilities that you don't want to have. If they're fielding simple calls, if they're handling simple signings, if they are dealing with some clerical issues even that you probably are dealing with, then won't that free you up enough to go out there and get just two additional files.

Let me ask you yet another question. Could you get four additional files in a month? Could you get five? Six? Then over the course of many months, how many more additional files might you complete? Well, obviously you can see here that you're not working any harder. In fact, you're working a little less, because you're doing the things that only you enjoy, and you're delegating more to the staff attorney, and you're making more money even with another \$100,000 expense. Now, maybe staff attorneys in



your market don't get paid that much or maybe they get paid more in your market. In any event, you can see how the math works out. It is not a lump sum. Is there a chance that the attorney doesn't work out or that you hire the wrong person? That's another topic for yet another episode that I'm going to talk about in the future. If you focus on what you need, and you go attract that individual (and by the way, think about there's a glut of attorneys, there's a glut of law students coming out of law school.)

There's a glut of attorneys working at different firms that one out, and they might enjoy an atmosphere that you create. They might enjoy working better in your firm, a small shop, or a boutique shop than they do where they are currently. You can definitely attract a new attorney, a new staff attorney if you need to. So, if that's the case, and you want more free time, or you want more revenue, why aren't you doing it? If it's a failed experiment, and you lose 10, or \$15,000, is that not worth it? We all fail every now and then, but we have to be willing to fail in order to succeed. You know that old saying '100% of your progress comes from outside of your comfort zone.' Maybe delegation, maybe hiring isn't inside of your comfort zone, but how do you expect to take your practice to the next level, without incurring some of that?

Think about another staff assistant, a legal assistant, a paralegal, they're going to cost less than an attorney. Maybe that's all you need. Then the revenue to meet those needs to pay that additional salary is going to be less, won't it, than the revenue for a staff attorney.

When I started in my boutique practice, my part of the practice was me and one paralegal. Then I grew to two paralegals because I needed someone to man, the probate and trust administration's because we got too busy. Then I brought on another attorney, a staff attorney, who eventually became my law partner, and so forth, and so on. Today, my area of the practice, the estate planning and estate and trust administration of our little boutique firm consists of four attorneys, and we're going to add a fifth and possibly a sixth in the next year with over 20 support staff, and I make more money now than I ever have. I'm able to, for example, take the entire month of July off, which happens to be a slow month here in Southwest Florida, if I want to and I have in the past. You have to have the confidence.

Now, you may not want to build to the size that I've built my practice, but if you want more free time, if you want more money, one avenue would be to delegate some more. Especially if you're a rugged individualist, that's a mindset that I hope you're able to change. So that's today's lesson in today's episode. Next time, we'll talk a little bit about hiring the right attorney or the right staff person.

If you found today's information valuable, please do subscribe to the freedom practice podcast. And you can also find us on the web at fourfreedompractice.com that's the number four followed by freedom practice. So, it's 4freedompractice.com. Until next time, this is Craig Hirsch, and I look forward to speaking to you again soon.