

Perspective

A publication of the Young Lawyers Section
of the New York State Bar Association

Young Lawyers in a Down Economy: Hanging Up Their Own Shingles

By Anting Wang

With the economy in a downward swing, young lawyers have increasingly begun to hang their own shingles and market their skills as legal entrepreneurs. I was fortunate to have two law school classmates venture out on their own recently (one in Los Angeles and one in New York), marketing their skills as young, flexible pioneers in the area of legal practice. Their experiences are illuminating and lend color to the breadth of opportunities that are available to attorneys of all stripes.

1. Experiences in the Los Angeles Legal Start-Up Market

During law school, one classmate of mine was a trailblazer determined to carve out his own path. Charismatic and funny, he followed a non-traditional path to Stanford Law, graduating from the U.S. Naval Academy with a degree in Mathematics and then serving on a submarine for five years. He won election as co-president of our class with flyers featuring himself as a cartoon character, and repeatedly broke from voting blocs during negotiation seminars to strike out on his own. It wasn't a surprise to learn that he had followed a similarly independent path after graduation.

(a) Professional Background

After graduating from law school in 2005, this attorney practiced corporate law at a major Los Angeles firm for two years, finding it educational, if not entirely stimulating. When a client of the firm, with whom he had established a strong rapport, offered him a position as General Counsel-Chief Operating Officer, he jumped at the opportunity. The job was the perfect training ground for a budding entrepreneur, as it required his input in areas such as marketing, human resources and information technology, fields he had not been able to explore during firm life. Further, his legal skills were honed in subjects critical to running a company—he provided

legal advice in contexts as diverse as employment law and technology licensing, both common areas of counsel for emerging corporations.

In conjunction with the start-up position, this attorney worked part-time as a strategy consultant for a Big Four accounting firm. Such experience was invaluable, he said, in providing exposure to the types of decisions often faced by high-level management. He and his team were retained by a number of Fortune 500 corporations to evaluate business opportunities, minimize corporate waste, and to improve generally the operations of each client.

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(b) Formation of the Firm

However, by late 2008, he decided that a change was needed. He struck out on his own and formed a solo practice in response to the growing number of inquiries he had received from friends and family regarding various legal matters. Most inquiries, he said, he was unable to assist with beyond providing a reference. However, he realized that he had a special flair for those that were rooted in contracts and other document-intensive analyses, often providing much-needed insight and advice.

My former classmate's sole proprietorship offers legal consulting on corporate work at an hourly rate. His goal, he said, is to provide legal services to business entrepreneurs who need work done in a smaller capacity and at lower rates than those charged by large law firms. He described his model client as a businessperson who has two lawyers: on the one hand, an attorney at a sizable law firm who takes on the client's larger transactional work and/or litigation; and on the other, a "contracts guy" who manages smaller matters that are generally handled at a lower cost. He has modeled himself as that "contracts guy"—a provider of premium-level legal advice, but in smaller quantities and at a lesser price.

(c) Clientele and Legal Services

Thus far, he has marketed his services to mostly actors, writers, models and other self-employed individuals in the entertainment industry, capitalizing on southern California's Hollywood locale. However, as his practice has grown, he has had an increasing number of referrals to small to mid-size business entrepreneurs who need legal services, but who may not necessarily be able to deposit a sizable retainer.

His work includes a variety of legal matters, from negotiating leases

and employment contracts to analyzing landscaping agreements. Most often, he is asked to review documents that have been presented to his client for signature, and to be on the lookout for potential loopholes and pitfalls. "My job is to find where the bodies are buried," he said. For example, one such contract would have awarded a recording company all future royalties stemming from his client's work. The client had assumed that such term was standard in the industry and had raised no opposition to its inclusion.

Further, he advises clients only to mention him as a last resort during their negotiations. He has found that mention of "my attorney" often brings an adversarial aspect to negotiations, which is usually better avoided. To assist his clients in negotiating on their own, he drafts contract language, but then also issues an accompanying document which provides lay explanations for his reasoning behind any modified language. For example, one client asked him to review a script submission release received from a major network. The attorney modified the release language to expand his client's rights, but also included a blurb to the client explaining the modified language in plain English. "Such back-up support," he said, "is critical to a client's confidence as he or she enters negotiations."

(d) Marketing the Business

Unsurprisingly, my former classmate has taken full advantage of the digital age in marketing his business to potential clients. Most impressively, he filmed a Youtube commercial advertising his business, and also writes a legal blog which has directed users his way. The purpose of these efforts is not only to popularize the Web site, but also to increase the site's "hit rating" on Google AdSense. As more users explore the site, its popularity index increases and enhances the probability that a link to the Web

page will appear during a search for contract attorneys in Los Angeles.

Further, he created a Facebook page for his business, and answers legal questions at lawguru.com. His motto is "to do something every day"—he has committed to one promotional act per day, and likely these small actions will lead to a growing tide of interest.

(e) Working Virtually but Maintaining Client Contact

He has also been able to take advantage of the digital age by dispensing with the traditional brick and mortar idea of a law firm. He works virtually from his apartment and from start-up office space, often using Lexis and Westlaw services at a local law library. He uses standard forms available from on-line document-sharing sites when drafting agreements, and relies on his experience as a corporate attorney to modify such forms as needed.

Yet in-person meetings are crucial to his business—as in any client-based practice, in-person communication is necessary in developing a sense of trust between client and adviser. In this business model, however, the meeting usually takes place after services are rendered, and not before. Clients generally schedule an initial telephone conversation in order to assess the type of services needed. Then, after the necessary legal research and analyses have been performed, the attorney meets with clients face-to-face to answer questions and explain results. These meetings, he said, are critical to closing a transaction and instilling confidence in a client who may proceed directly into a negotiations setting.

(f) The Business Going Forward

Working with entrepreneurs as clients, my former classmate realized that his expectations with regard to the growth of his business in the near-term were likely unrealistic. But

he also came to the realization that his operation is scalable and could become a multi-person enterprise. He projects that in approximately 18 months, the business will grow beyond the services that he can provide alone, and more attorneys will be needed. "Then," he said, "everyone can have their own contracts guy!"

As to lessons learned from his efforts, he stated that just the experience of going through the process of starting a business is invaluable, whether or not it ultimately succeeds. "This is a cool market for entrepreneurs," he said, "and JDs shouldn't feel left out in the cold because we don't have business degrees. We were educated to be free-thinkers and leaders, and it's critical to keep that in mind when evaluating the opportunities open to us."

2. The New York Legal Start-Up Market

Another friend of mine has also been an iconoclast in establishing his own business and venturing into the realm of independent legal services. Formerly an associate at a major law firm that recently "all but lost its entire New York litigation team," he decided last year to strike out on his own, motivated by his love of the New York arts and music scene.

(a) Professional Background

This young attorney graduated from Stanford Law in 2007. Although hailing originally from California, I remember him as very attached to New York City, where he pursued undergraduate studies. During law school, he dressed fashionably each day in keeping with his New York frame of mind, instead of in the sweatpants and flip-flops worn by many of his peers. He closely followed the vibrant literary and arts culture of San Francisco and Berkeley while in school, and relocated to New York immediately after graduation to pursue his interests.

(b) Business Model

As an associate at a white-shoe law firm in New York, this attorney

worked on litigation projects related to the finance industry and several pro bono matters. However, when the legal market imploded last year, he took advantage of the opportunity to found a practice which provides corporate services to artists and entrepreneurs, as well as select specialized services. He and his business partner, also an attorney, set out to create a client service model they believe will differentiate them from the culture and products offered by other legal providers.

Depending on the level of service required, clients will have the opportunity to purchase subscription-like services from the firm, which would include broad access to the partners via e-mail, text and a dedicated Internet phone line. The practice charges additional fees for in-person meetings requiring travel or strategy sessions, and clients may receive the benefit of preferred hourly rates should they require more traditional services such as time-intensive research and drafting, negotiations, or court appearances. The practice also anticipates offering flat fees for many engagements.

The founders foresee a "data-room" product for long-term clients, in which all legal work for a particular client is stored online, accessible only by password. Clients will be able to view documents relating to their business in one location, and will likely be able to pose questions and review advice on individual secure pages attached to each client's dataroom.

Further, appointments with either partner may be secured quickly and easily via the Web site. Clients will be able to "order" meetings with one or both using a password-protected username, and may meet at either the founders' office in Brooklyn, or at a pre-determined location in Manhattan.

(c) Target Clientele

The partners hope to attract business from smaller clients who require legal services, but for whom the traditional large law firm is not the

right fit. In its mission to offer legal services at a competitive price, the practice provides a relaxed culture in tune with an arts vibe, leveraging the relatively younger age of its staff and technological know-how to create a space and format familiar to creative entrepreneurs in their 20s and 30s. "Our target client," my former classmate said, "is a highly motivated small-businessperson who's ready to take the next step in terms of developing his or her enterprise."

(d) Challenges Going Forward

The greatest challenge thus far, according to the founders, has been determining and attracting the ideal client base to support the practice. The economic downturn's impact upon legal consumers' continued willingness to pay Big Law prices has also discouraged some would-be consumers from seeking out any legal representation whatsoever. Instead, these potential clients have decided to "go it alone," either forgoing representation altogether or pursuing *pro se* representation. Beyond finding the ideal marketing strategy for a start-up practice and discovering the appropriate niche to exercise the partners' interests and abilities, the founders have also been handling dozens of tasks familiar to small business owners. "In the midst of looking into office space, I'm also busy liaising with our Web developer, potential clients, and an insurance agent," said one.

"But I'm very lucky," he was quick to add. "My friends and family are behind me one hundred percent, and I look forward to this being the experience of a lifetime."

Anting Wang, an associate in the Litigation Department at Hahn & Hessen LLP in New York City, wishes to thank Steven J. Mandelsberg and John P. McCahey for their input and guidance in preparing this article. See MyContractsGuy.com and HelloLegal.com for examples of legal start-ups founded by young practitioners in Los Angeles and New York.