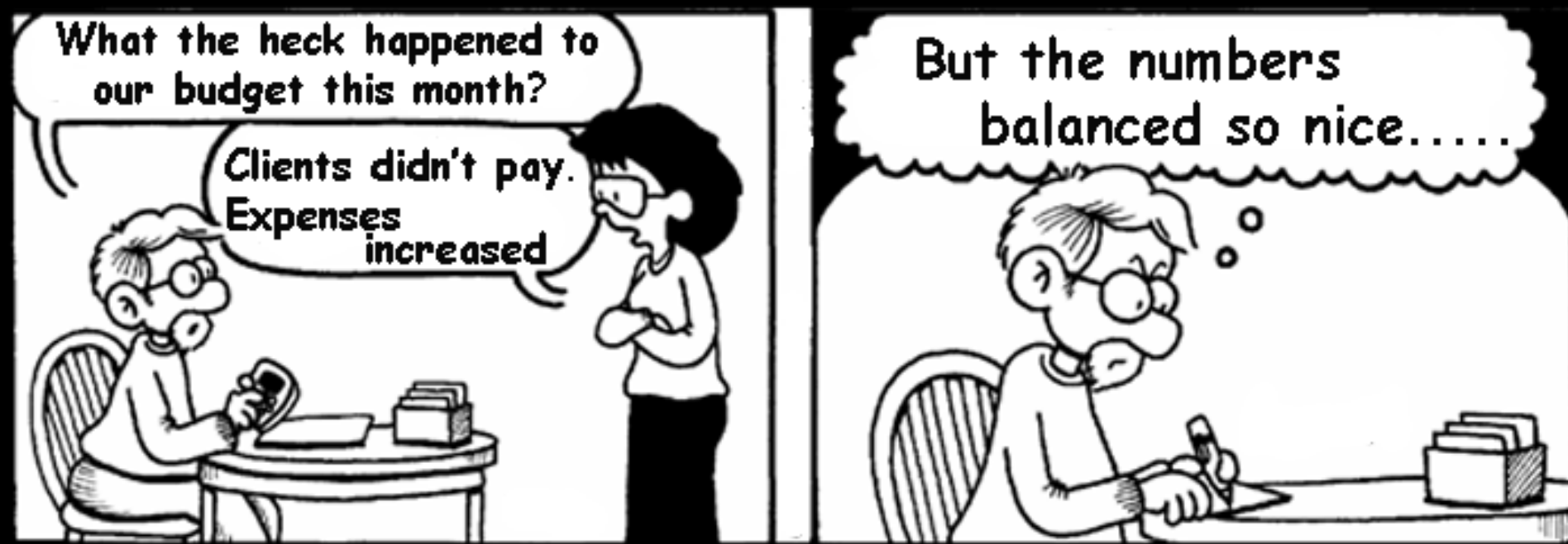


The Economics of Practicing Consumer Law



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Ronald L. Burdge
Dayton, Ohio

Practicing Economics



You want to

Do Good?

If you want to

Do Good

You have to

Do Well

15 Tips on Starting a Practice

Some Rules

Knowing Your Numbers

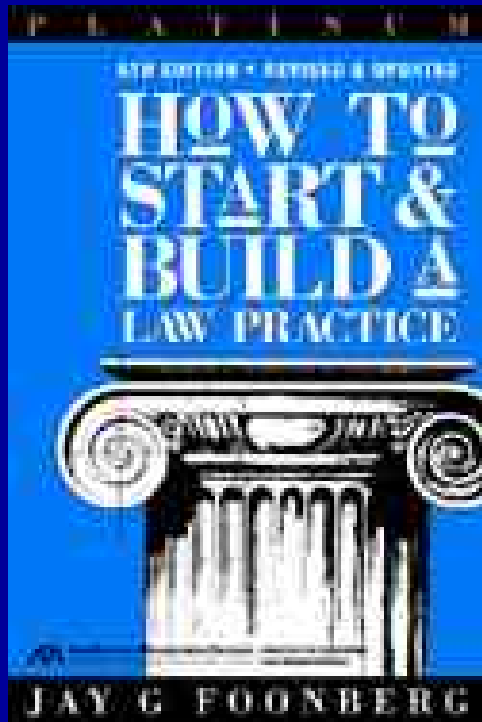
1 Problem Practicing Law

15 Tips on Starting a Practice



Starting a Law Practice Without Clients (and Without Starving)

Tip #1 on Starting a Practice



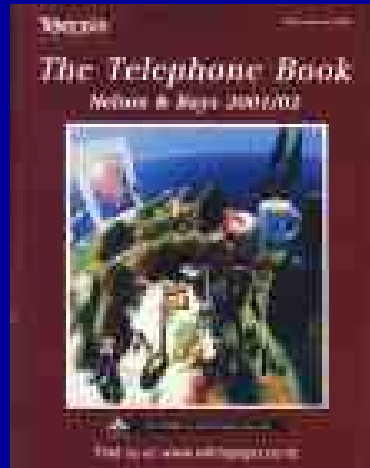
Read
Jay Foonberg's
Book

Tip #2 on Starting a Practice



Market yourself to other lawyers

Tip #3 on Starting a Practice



Avoid costly phone book display ads

Tip #4 on Starting a Practice



Get an easy-to-remember
phone number

Tip #5 on Starting a Practice

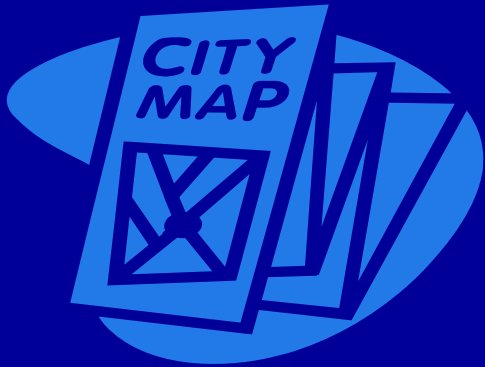
Publish a Professional Announcement

In local bar newsletter

and newspaper

Tip #6 on Starting a Practice

Pick an easy-to-find location
for your new office



Tip #7 on Starting a Practice



Give speeches to
Bar Organizations
and civic groups

Tip #8 on Starting a Practice

Hire a support staffer
who has the aptitude
to research people and records

Tip #9 on Starting a Practice

Set up your own web site yourself
And use a catchy name



Tip #10 on Starting a Practice

Write articles
on Legal Topics
for bar newsletter and magazines

Tip #11 on Starting a Practice

$$1 + 1 + 1 + 1 + 1$$
$$= 1 \text{ New Client}$$

Find New Clients With Referrals

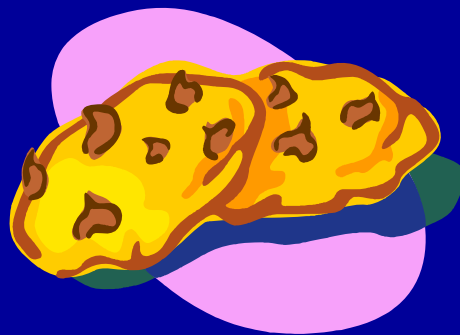
Tip #11 on Starting a Practice

Set up your office in same Building
with other attorney offices,
For referrals and mentoring



Tip #12 on Starting a Practice

Pay referral fees *in cookies*
to referring attorney's secretary



Tip #13 on Starting a Practice

Write a column
on Legal Topics
for local newspaper



Tip #14 on Starting a Practice

Limit contingency fee cases
to $\frac{1}{2}$ your case load

Tip #15 on Starting a Practice

Remember: the *best* advertising you will ever get is from a happy client.

Make your client's case your case ...
make it personal.

Bonus Time !





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Live chat by Live Person

Consumer Law Consulting Services

Consumer Case Consulting Services for Attorneys

The Burdge Law Office provides experienced Consumer Law consulting services for attorneys nationwide. Since 1978, Ron Burdge and his team of professionals have been on the forefront of Consumer Law and consumer litigation, having represented thousands of consumer clients in litigation with merchants, car dealers, vehicle manufacturers, financiers, and other defendants in civil litigation, in court, out of court, through trial and appeal, state courts and federal courts.

Mr. Burdge is the only Consumer Law attorney in Ohio with these prestigious qualifications:

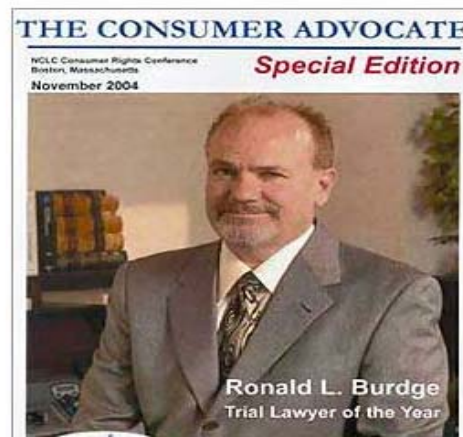
- Named "2004 Trial Lawyer of the Year" by the National Association of Consumer Advocates
- Named to "Ohio Super Lawyer" status by Law and Politics Magazine
- Board Certified in Civil Trial Practice by the National Board of Trial Advocacy since 2000

With an extensive resume of private practice, trial experience, and appellate experience, this breadth of experience and knowledge permits us to offer high-quality coaching and assistance. If you are a general practitioner handling an occasional consumer case, or a more experienced Consumer Law attorney dealing with temporary challenges --- or anything in between --- you can probably benefit from our help.

Our consulting services are easy to use and readily available, just send an email to Ron@OhioLemonLaw.com or call us today at 1-888-331-6422, toll free.

To read Mr. Burdge's recent article on the importance of law firm internet marketing of legal services, [click here](#).

[Click here](#) to enter our Law Library.





Houston Law Center Presentation Materials:

Doing Well While Doing Good, 2007

The following list of presentation materials are available in downloadable PDF format. Click on the chapter to download the PDF.

- [Introduction - Doing Well While Doing Good: Running a Profitable Consumer Law Practice](#)
- [Chapter 1 - Starting and Building a Consumer Law Practice](#)
- [Chapter 2 - Why You Should Get a Web Site](#)
- [Chapter 3 - Client Intake and Communications](#)
- [Chapter 4 - The New Client Interview Room's Psychology & Practicality](#)
- [Chapter 5 - Enhancing Your Consumer Law Practice by Using Normal Activities](#)
- [Chapter 6 - Winning Trial Methods & Strategies](#)
- [Chapter 7 - Dealing with Courtroom Hostility](#)
- [Chapter 8 - Dealing with the Expert Witness](#)
- [Chapter 9 - Creation of the Expert Report](#)
- [Chapter 10 - The Economics of Consumer Law Practice: Knowing Your Numbers](#)

[Return to Top](#)

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Practicing Law ?



Riches



Who is this man?

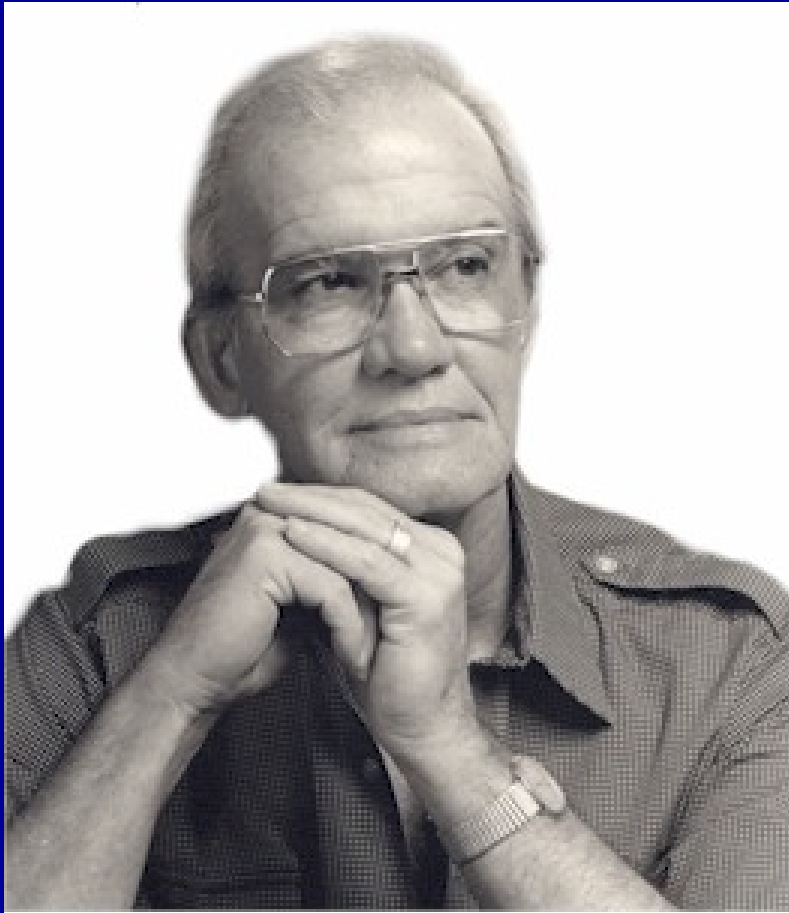
Riches to Rags

The
King
of
Torts



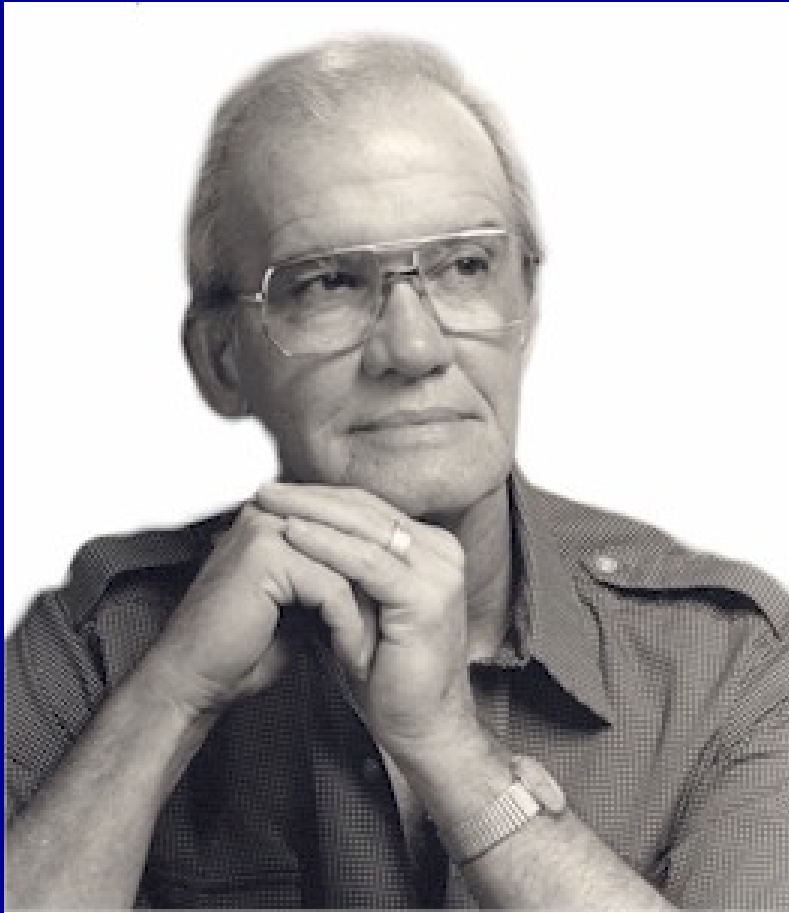
Melvin Belli, Bankrupt, 1995

Rags



Who is this man?

Rags



Unemployed

Drunk

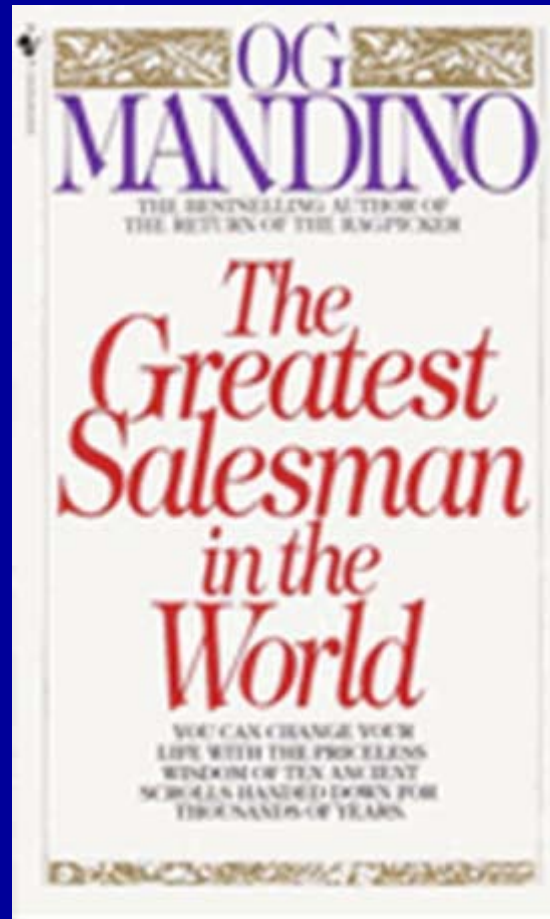
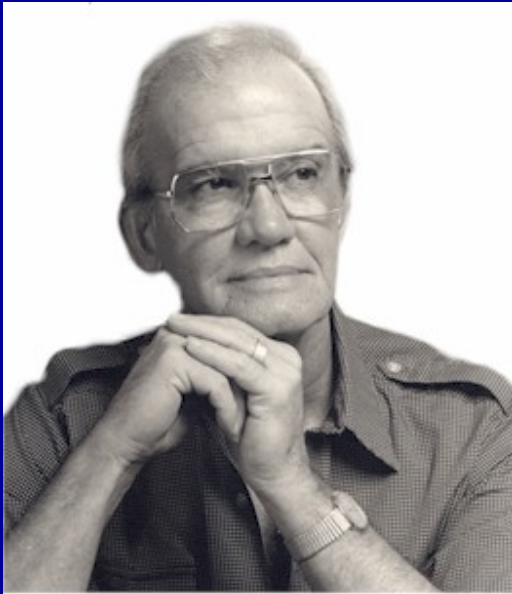
Wife left him

Daughter left him

Homeless

\$30 to his name

Rags to Riches



Wrote 19 books
16 still published
50 million copies
25 languages
A best selling
author 10 years
after his death

The economics of practicing law
matters because riches to rags
can happen to anyone
if you don't plan carefully

Old Rule

\$ in

- Bills paid out

= \$ Left Over

(your profit)



NEW RULES

New Rule

It's a *Business*

Run it like one

The Name of the Game: *Profit*

“What do you mean, my paycheck will be a little late this week?”



New Rule

Be a *Lawyer*

***Not* a Business Manager**

New Rule

Hire a Business Manager

SCORE.org

SCORE[®]
Counselors to America's Small Business



New Rule

Have a Budget

And Live by it

New Rule

Know Your “Break Even” Number

(your cost of doing business)

New Rule

Know Your *Daily* Numbers

(daily income -vs- average daily expenses)

New Rule

Recalculate Your Hourly Rate

Reverse Calculate it

Know Your Numbers

$$\text{EGN} / \text{IGN} = \text{Hourly Rate}$$

Expense Generating Numbers

Divided by

Income Generating Numbers

= Hourly Rate

Expense Generating Numbers

Taxes

Rent

Salaries

Telephone

Utilities

Debt Retirement

Supplies

Equipment

Repairs

Advertising

Maintenance

Insurance

Income Generating Numbers

Total Firm Billable Hours

Total Firm Billable Hours

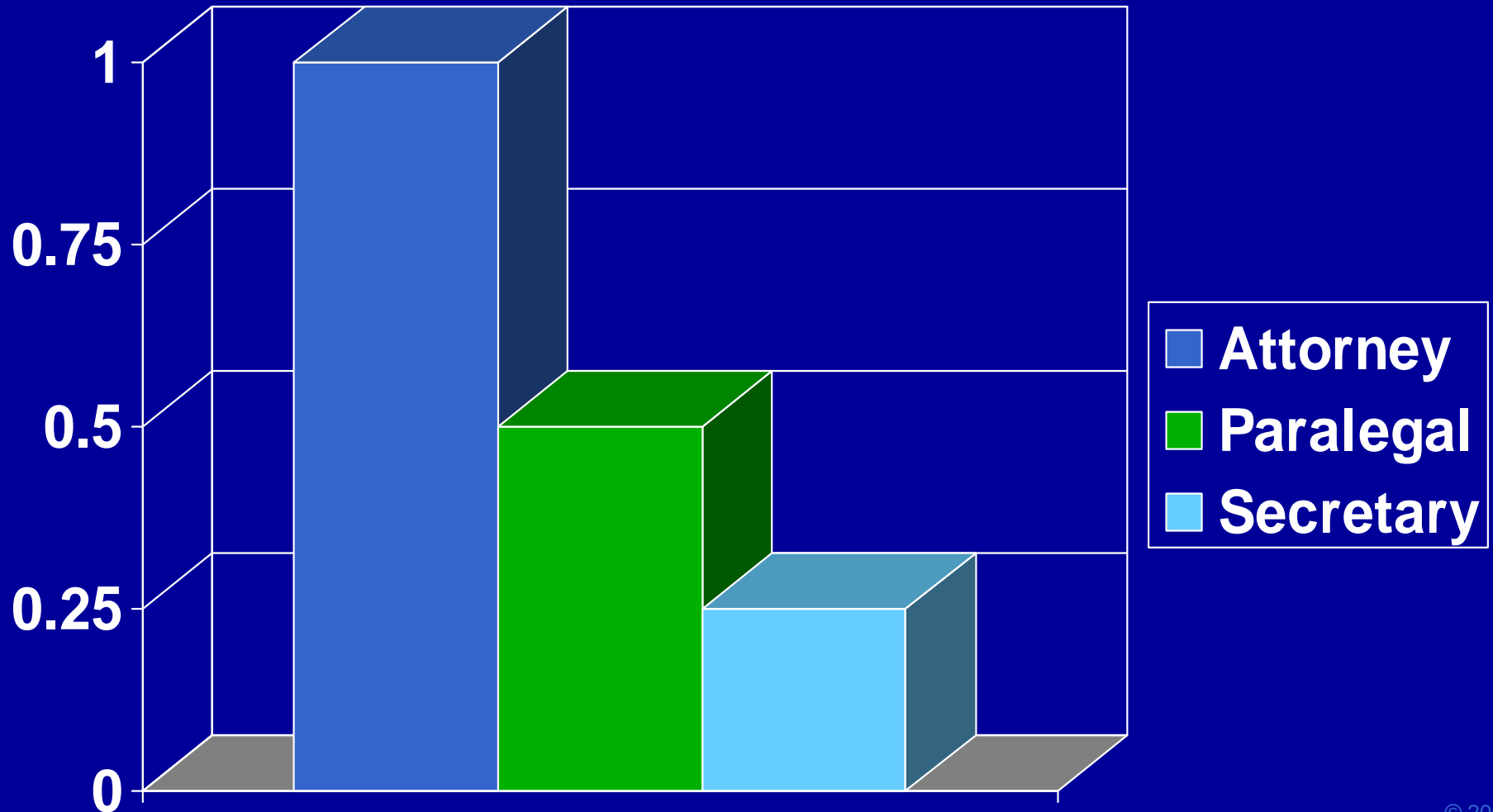
Billable Employees:

Attorney

Paralegal – Law Clerk

Secretary

Weight the Hourly Rates



Weekly Billable Hours

	Weighted Rate	Available Hours	Billable Hours
Attorney	1	45	45
Paralegal	.5	40	20
Secretary	.25	20	5
Total →			70

Reverse Calculating Your Hourly Rate, Example

Example:

1 Attorney - \$100 k Salary

1 Paralegal - \$42 k Salary

1 Secretary - \$30 k Salary

Total Annual Salary Expenses:
\$172k

Reverse Calculating Your Hourly Rate

Expense Generating Numbers
Divided by
Income Generating Numbers
= Hourly Rate

Expense Generating Numbers, Example

Taxes

Salaries

Utilities

Supplies

Repairs

Maintenance

Rent

Telephone

Debt Retirement

Equipment

Advertising

Insurance

= \$7,000 @ week

Reverse Calculating Your Hourly Rate

Add an error factor in case expenses go up:

$$\begin{aligned} \$7,000 + 15\% &= \$8,050 \\ & \text{(EGN/wk)} \end{aligned}$$

Reverse Calculating Your Hourly Rate

Subtract an error factor in case
billable hours go down:

$$70 - 15\% = 59.5 \text{ hours}$$

(IGN/wk)

Reverse Calculating Your Hourly Rate

$$\$7,000 + 15\% = \$8,050 \text{ (EGN)}$$

Divided by

$$70 - 15\% = 59.5 \text{ hours (IGN)}$$

$$= \$ 135.29 \text{ Hourly Rate}$$

New Rule

It's a *Business*

Run it like one

The Name of the Game: *Profit*

New Rule

The Cost of Losing Billable Time:

$$\begin{aligned} 15 \text{ min/day} &= 1.25 \text{ Hr/wk} \\ &= 65 \text{ Hr/yr} \end{aligned}$$

$$65 \text{ Hr} \times \$150 \text{} = \mathbf{\$9,750}$$

Bonus Time !



Top 3 New Rules

To Really Succeed

1. Be a Lawyer, not a Manager
2. Know Your Numbers
3. Give it Back

Business Helpers



ADAM SMITH, ESQ.
...an inquiry into the economics of law firms.



The McKinsey Quarterly

JUDGED



#1 for Law Firm News and Intelligence

1 Practice Problem

Fighting
over Fees



Start from “Day One”

It's War

--- be serious about winning it

Win at Trial --- Not on appeal

The Lodestar Approach

Reasonable Fee

=

Reasonable Number of Hours

X

Reasonable Hourly Rate

(Modified by DR 2-106(B) factors)

Fee Subtractions



- Partial Success
- Duplication
- Poor Records
- Block Billing
- Excess Time
- Clerical Work

Modified by DR Factors

- Time Required
- Experience
- Ability
- Reputation
- Result Obtained



You have to
Do Well

If You want to
Do Good

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