

SMALL FIRMS,

Technological advances have spurred small law firms to greater growth—and added caution.

EDITED BY C.J. MODY PHOTOGRAPHS BY LAUREN RADACK

BIG IMPACT



Left to right: Michele Lowenstein, Dan Kehr, Martin Kruming and Stephen Ure discuss the challenges of small law firms.



Michele Lowenstein



Dan Kehr



Stephen Ure

San Diego Lawyer magazine recently sat down with three attorneys from small firms who shared their thoughts about the Internet, the economy and technology. The participants were **Dan Kehr** of Kehr Law and Kehr Real Estate, co-chair of the SDCBA’s Law Practice Management and Marketing Section; **Michele Lowenstein** of Lowenstein Brown, chair of the SDCBA’s Family Law Section; and **Stephen Ure** of the Law Offices of Stephen Ure, co-chair of the SDCBA’s Immigration Law Section.

Special thanks to Hutchings Court Reporters for providing the transcript.

San Diego Lawyer: How has the Internet changed your practice?

Dan Kehr: It’s really the fundamental part of my practice and where I get the majority of my clients. Small firms are no longer as small as they once were because of the Internet. It’s made life and the practice of law a lot easier.

Michele Lowenstein: When I started practicing at the end of 1981, we didn’t

“Small firms are no longer as small as they once were because of the Internet. It’s made life and the practice of law a lot easier.”

have the Internet. It’s made a big difference, and it allows the small business owner to communicate with many more people, as opposed to trying to get referrals from

one-on-one marketing or depending solely on prior business referrals.

Stephen Ure: Practicing immigration law, I can represent clients all over the country or all over the world. We get e-mails from countries I’ve never even heard of until a client draws my attention to where they’re from.

SDL: Are there downsides to the Internet in terms of practicing law today?

Dan Kehr: Whatever you put out on the Internet stays there forever. You can also be considered to be “practicing law” by the information you put out on the Internet, whether it’s your website or social-networking sites. That information can be relied on by a client, and an attorney-client relationship can be established without your knowledge. You’ve got to be careful when you brand yourself electronically.

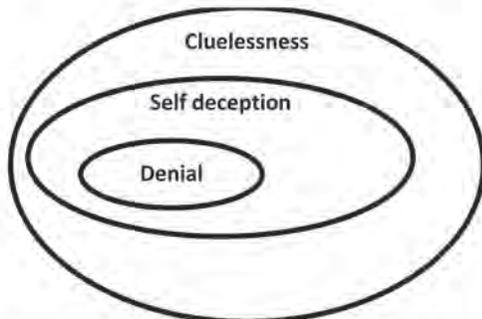
Michele Lowenstein: As a family law specialist, I would think you’d want to use gender-neutral terms, as opposed to trying to market yourself as representing one gender or another. If you’re writing things, you need to make sure you research them and don’t just slap them on the Internet.

SDL: What about social networking?

Stephen Ure: I don’t do that specifically because I don’t want clients on the other side of a case looking me up through Facebook. I’m just not comfortable with putting myself out there on that level.

Dan Kehr: I use everything—Facebook, Twitter, LinkedIn, Martindale-Hubbell, ABO, Porta Press—and I have a blog, Foursquare. What I’ve decided to do is keep the information on my personal and business social-networking sites completely business-oriented and professional. I don’t have pictures of my last trip to Cabo on either site, and I don’t provide any information I couldn’t stand behind as an attorney or that I wouldn’t want a client to see.

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Michele Lowenstein: Our firm has a Facebook page, but my personal Facebook page is completely closed off to the public.

SDL: Do you remember how you got your first client?

Michele Lowenstein: My first client was my cleaning lady's son, who'd just reached the age of majority and had been in an automobile accident a number of years prior.

Stephen Ure: My first client was my mother, who I think was waiting for me to graduate and pass the bar so she could have my services. But my first non-family client was an Indian gentleman from New York who saw my ad in a Japanese newspaper in San Diego and hired me to help him with his visa issues. I never met him, just spoke with him on the telephone.

Dan Kehr: I opened my law practice the day after I got sworn in. I made that decision (rather than going to work for a firm) while studying for the bar. The friends and family who needed legal services were just lining up, and my partner and I figured out the fair-market value for the services and said we'd be stupid not to do this.

SDL: In today's economy, what is the greatest challenge you face?

Michele Lowenstein: Getting paid.

Stephen Ure: That's the hardest thing—getting paid. The economy's affecting everybody, so clients and their businesses are having a hard time collecting from their customers. They're asking for payment plans and delayed payments.

Dan Kehr: For me, it's finding the time to do everything. Getting paid is probably number two. Estimating high fees up front is something I've learned in the trial-by-fire arena. It's hard to maintain a healthy balance of doing the work and getting the clients.

Michele Lowenstein: It strikes me that in my field we're trying to get people finished up with the divorce or modification. We aren't necessarily hoping we'll be working with them for many years, because that would mean we wouldn't be able to bring closure to their lives. That's probably true of Stephen working in immigration, as well. Dan, I would think what you'd want to do is have a long-term relationship because you're in business, so you want to get clients in and continue to work with them for many years on their issues.



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SDL: How much time is spent finding new clients?

Stephen Ure: At least 50 percent of my time is spent trying to generate new business, meeting with new clients and giving talks to different groups.

Michele Lowenstein: It's a larger portion of my time now than it was three or four years ago, because of the economy.

Dan Kehr: It's the majority of my every waking hour.

SDL: How closely are clients looking at you?

Stephen Ure: A lot of it is dependent on the economy. Immigration clients will come into my office, we'll talk about their visa, and we'll give them a price quote; for example, \$2,000 to do X, Y and Z. That's when they'll really start to negotiate: "Well, another lawyer down the street is going to do it for \$1,900." You're making a decision that's going to affect their entire future, and their family's future, for the sake of \$100.

Michele Lowenstein: We charge by the hour, so we don't negotiate our fees. I think people spend more time interviewing lawyers because of the Internet—they check and see what other people are doing. Consumers are much savvier today than they used to be with respect to hiring attorneys.

Dan Kehr: I don't think the clients scrutinize or interview me any more than they did before, but I think they are more hesitant to sign up and put a retainer down.

SDL: Have you done anything differently over the years to address getting paid?

Stephen Ure: Some of my clients are corporations or companies, so if they ask us to assist them with, say, five visas in any given time, then we'll give them the next two at a discounted price. Sometimes we'll have represented the same company seven or eight years, so we just give a flat fee for the year because we know what they're going to need.

Dan Kehr: I provide discounts for bulk work or long-term relationships whenever I can. We offer payment by credit card and payment plans, depending on the client and the matter. The last thing I want is a client needing my services and walking out of the office because they can't afford me. I don't feel like I'm doing a service to the community if that happens.



Stephen Ure, Michele Lowenstein, Dan Kehr

“There always has to be something that keeps your relationship with your client separate from your business, so your decisions are not skewed by emotions.”

SDL: Why did you get into a solo or a small practice?

Dan Kehr: I’m a serial entrepreneur. I started my first business when I was 8. I bred exotic birds and sold them to all four pet stores in town. I enjoy helping people. Being on my own, I get to make the decision whether to take a pro bono case rather than having to get approval for it. I get to decide whether I want to give a discount.

Michele Lowenstein: I always wanted to do family law, and since historically there never have been a lot of law firms hiring family law attorneys, I started my own practice. I’ve always enjoyed family law because it really gives the attorney an opportunity to help people who are in a terrible, terrible place in their life. I feel like I have a purpose.

Stephen Ure: I’ve never liked to be tied

down to a schedule or someone else dictating when I need to be at the office or when I could go home. I’m much better at being self-employed than being an employee. Everybody in my family has always been self-employed.

Michele Lowenstein: I think probably everybody in my family has always been self-employed too.

Dan Kehr: None of my family was self-employed. They had graduate degrees, but Dad worked for Parker Hannifin for more than 35 years, same job, same time every day. Maybe it was the monotony of seeing that schedule that deterred me in some way.

SDL: How do you balance the practice of law with running a business?

Stephen Ure: Being the attorney, with your passion for representing a client, you

may want to go on and on, forever and ever, until they get what they want. But as a businessperson, you say, “I haven’t been paid in six months; we’ve got to cut this person loose.” Those decisions can be really difficult. Even though you want to be closer to the client and help your client, there always has to be something that keeps your relationship with your client separate from your business, so your decisions are not skewed by emotions. Once you become friends with your client, that’s when problems start, because you can have issues on the fees; or if the client doesn’t get what they want, the friendship’s going to suffer, and it’s not going to be good.

Michele Lowenstein: It’s hard because if you can help somebody, you want to be able to believe that the accounts receivable aren’t going to get out of hand. As



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“Try to be around other lawyers, for lots of reasons: to bounce ideas off of them, to share and refer work, and for the therapy aspect.”

a businessperson trying to pay your overhead and trying to support your family, however, you have to think about that.

Dan Kehr: It's hard, but the decision on when to stop working for a client has become much clearer now that I'm married, have kids and mortgages, and my bill collectors aren't going to give me a free month off because I want to help a client. The responsibility of providing for your office and your family makes the decision easier to be slightly more cutthroat about needing to be paid to do the work.

SDL: What, specifically, about technology has helped all of this?

Michele Lowenstein: The advent of the PC has been amazing. As far as the old days, the attorneys would sit and dictate, and somebody would be transcribing. Everybody here generates everything on their own computers. That was unheard of when I started practicing law. Also, the advent of legal research on the Internet is fantastic. When I started, I'd be down at the library, in books, Shepardizing. The way you can access information today is mind-blowing.

Dan Kehr: I call myself a tech junkie.

Michele Lowenstein: Me too.

Dan Kehr: I always get the newest, fastest, greatest thing and try and learn how to use it. I think it's fun, but it has created a problem in getting away from the phone or the Internet. My wife and I will be sitting down to have dinner; we'll both be on our phones texting or e-mailing or something. That's created a new need to have boundaries with your phone.

Stephen Ure: I found myself in the water in Waikiki checking my phone for voice messages. It's tough to get away, because you can't leave everything behind for a week since all kinds of disasters can happen while you're gone. That can be a little bit of a negative of being in business for yourself.

Dan Kehr: I think I have 1,100 unread e-mails in my inbox at the moment. I invite people to text me because they'll get a much faster response.

Michele Lowenstein: E-mail has opened up a whole new ethical issue as well. Since you always copy clients on letters you send to other attorneys, you should do that with



e-mails as well. I don't think people always do that. If the client wants the file, they're going to see all those e-mails, and they're going to want to know why they weren't copied. So we're very careful about that.

SDL: I understand, Michele, that during office hours you don't have voice mail.

Michele Lowenstein: In a family law firm, I find that most people don't call us unless they perceive a real problem. If I'm not in the office, I really don't want to come back from court to two hours of phone calls I have to return. So we always have somebody here who will pick up the phone and speak to whoever is calling and see if that problem can be resolved. I also think it's important for people to get their calls returned the same day. I like to get called back the same day, so we call everybody back the same day.

Dan Kehr: The number-one complaint about attorneys is that they don't return calls or e-mails fast enough. I can't say that I return every call on the same day, but I try to.

SDL: What advice would you give to a new attorney just starting his or her practice?

Michele Lowenstein: Don't.

Dan Kehr: Budget; plan. I asked this question of the Law Practice Management Section, and the majority of the responses were "Get your fees up front, and estimate high" and "Cash flow is king." Try to be around other lawyers, for lots of reasons: to bounce ideas off them, to share and refer work, and for the therapy aspect. Keep a good balance between work and your personal life, and make sure that you have enough cash to live for six months.

Stephen Ure: Get a credit line as soon as you can. You want to get that even if you don't need it so you have access to monies when business is slow.

SDL: What about pro bono activity?

Stephen Ure: It's very difficult when you're trying to run a small business and generate new clients. It's hard to do pro bono. I think I would put the pro bono aspect of my business as doing the work for the clients that don't pay.

Michele Lowenstein: We've all done our fair share of involuntary pro bono. We're a small firm, and we can't afford to do a lot of pro bono.

Dan Kehr: I always offer free consultations to clients. I'll sit down with them and give them some free time, give them some free advice on what to do. If I can't help them, I'll point them in the right direction. I have a couple of nonprofit clients that do events all the time. I donate to them and participate in their events. So a lot of the charitable work I end up doing is not necessarily as an attorney, but when people know you're an attorney, you're really never off the clock.

SDL: Any last comments?

Stephen Ure: One of the nice things about being in business for yourself is that you can take off Wednesdays or a Friday afternoon. You can't always leave on a Friday or take it off, but knowing that you *can* without looking for someone's permission—that's a nice place to be.

Dan Kehr: I think it makes working that much more enjoyable.

Michele Lowenstein: Every single Friday, everybody's out of here at 3. That's something we do so we all have a nice long weekend. ↖

