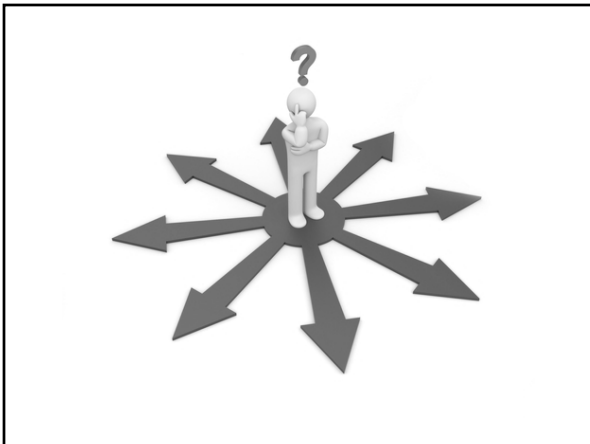


Teaching New Lawyers About
The Law Firm as a Business



What Associates
(Don't) Know





Progress stalls
... or worse





Frustration
Dropping Out
Depression



What's Needed?

- The basics
 - How are law firms structured
 - How are law firms managed
 - Why equity partners matter so much



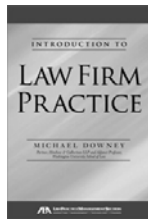
The Business of Law

- Compensation
- Revenue generation
- Business development
- Firm and risk management
- Diversity
- Addressing mistakes



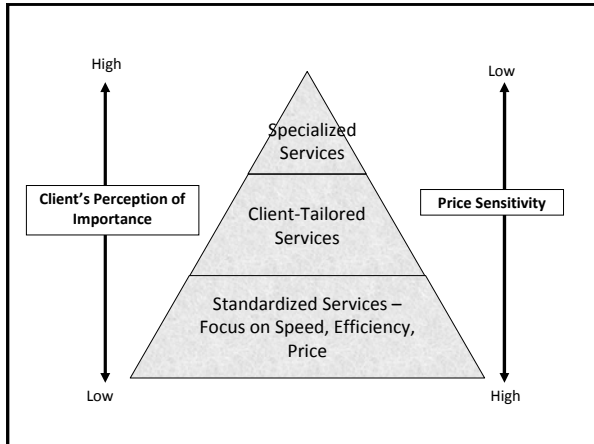
How to Teach?

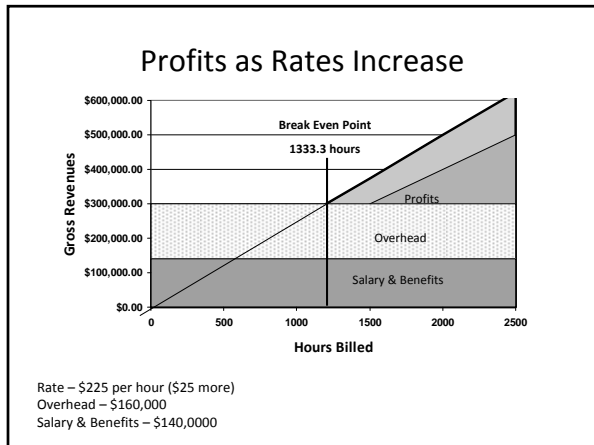
- “Introduction to Law Firm Practice” Class at Washington University
 - 5 mornings (about 14 hours)
 - 1 credit
 - Final day panel – 5 lawyers
 - *Reflective Journal*
 - “Modified” Pass-Fail

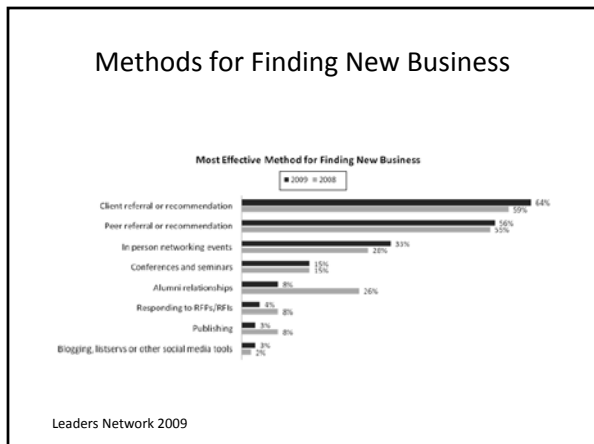


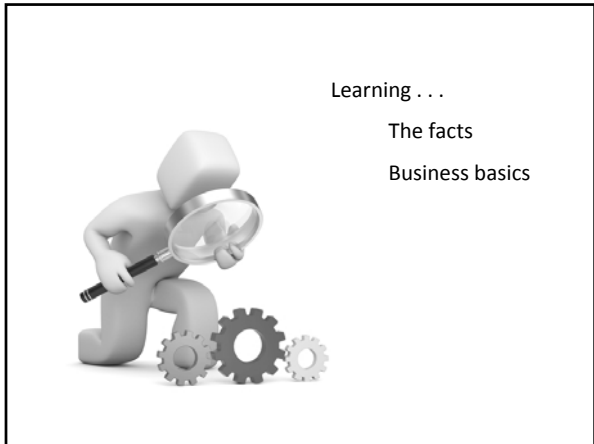
Hinshaw's Law Firm as a Business Program

<p>Inputs Impact Bottom Line</p> <ul style="list-style-type: none"> Assumptions – Hinshaw has 450 attorneys billing \$225 per hour 1800 hours per year Increase/decrease billing 1 hour/month per attorney: Impact is ±\$1,215,000 12 hours/attys x \$225/hr x 450 attys Increase/decrease realization 2 percent: Impact is ±\$1,822,500 1800 hrs/attys x \$225/hr x 450 attys x .01 Increase/decrease average rates \$5/hour: Impact is ±\$4,050,000 \$5/hour x 1800 hours/attys x 450 attys <p>HINSHAW</p>	<p>Where Do Hours Go?</p> <ol style="list-style-type: none"> 1. Billable hours – determines your current income 2. Non-billable hours – determine your future income and investment in your professional future 3. Private life <p>HINSHAW</p>
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Group Exercises

Introduction to Law Firm Practice 2011 - Exercise 20A

Total Firm Size: 200 400 2500 10,000 2000+

Practice Group Description: _____

Practice Group Staffing: _____ Equity Partners _____ Non-Equity Partners
 _____ Associates _____ Other Support (Legal, etc.)
 _____ Paralegals _____ Secretaries/Clericals _____ Other

Methods of Billing (percentages): _____
 How do you bill alternatively and non-billable?

Target Market: _____
 Describe what target clients: _____
 Generally describe practice group: _____

**Introduction to Law Firm Practice 2011
 Exercise 20 - Simple Profitability Study**

Based upon the following information, complete the chart below, and determine how profitable the practice is.

Role	Rate	Hours Billable	Non-billable Hours	Hours Collected (billable hours)	Rate	Salary + Benefits*	Overhead Allocation
Partner	2000	2000	500	1500,000	\$300,000	\$400,000	\$200,000
Associate	1000	2000	500	\$2,000,000	\$200,000	\$200,000	\$100,000
Paralegal	500	2000	500	\$1,000,000	\$50,000	\$50,000	\$25,000

* Salaries and benefits include health, life and disability, 401k and pension, and profit share.

Role	Total Firm Revenue Collected	Total Costs	Net Firm Revenue	Revenue/Role/Person	Cost/Person	Net or Loss/Person
Partner						
Associate						
Paralegal						
Total						



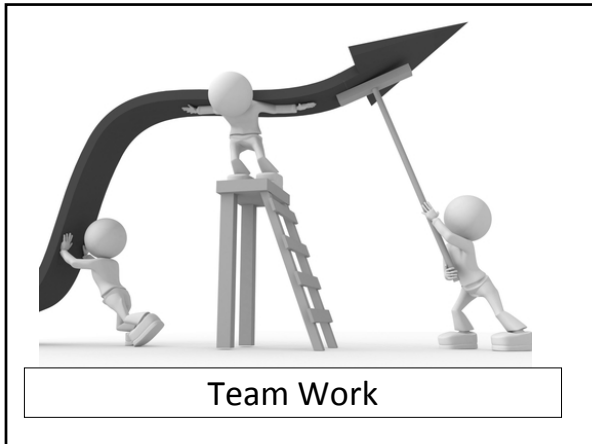
Planning

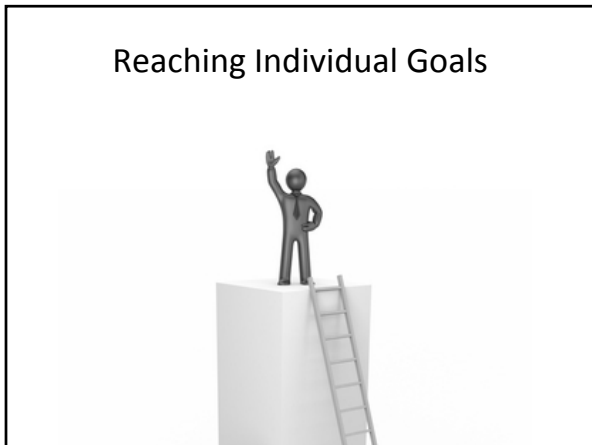
Making Connections





Problem Solving







Thank You and Good Luck

Please contact me with questions:

Michael Downey
Hinshaw & Culbertson LLP
(314) 425-2104
mdowney@hinshawlaw.com
www.DowneyonLawPractice.com
