Protecting Cash Flow During Economic Slow Down
Attorney Steve Riley,
To ask a question, there are two methods:

1. Use the chat function on your GoToWebinar dashboard to send a message to the event organizer. If you would like your question to remain anonymous, indicate so in your message.

2. Click the hand icon to indicate you have a question or comment, and we’ll call on you. When we do, we will “unmute” you so that you can be heard.
Steve helps attorneys grow their practices. He has a way of helping attorneys who might be “stuck” and guide them through a process of self-discovery and major breakthroughs.

Steve is a shareholder in Atticus, the largest practice management company working with solo and small law firm owners. He created the Practice Growth Program™, the Dominate Your Market™ program, and the “Double Your Revenue”™ workshop. Prior to joining Atticus, Steve built and sold his own law practice.

He has written seven books, won a national award for practice innovation, and written a national column on practice management.
ABOUT ATTICUS

Atticus™ was founded in 1989 to provide in-depth, ongoing support and accountability programs for lawyers and law firms that will effectively:

• increase gross revenues and personal incomes,
• reduce stress and the number of hours in the office,
• develop greater career satisfaction,
• and allow more time for family and personal interests.

#GrowWithAtticus
What kinds of attorneys and groups does Atticus work with and how?

SOLO AND SMALL FIRM ATTORNEYS

MANAGING PARTNERS AND LEADERS

LEGAL ASSOCIATIONS

FROM START TO EXIT

#GrowWithAtticus

AtticusAdvantage.com
Monthly Webinars
- Atticus Advantage Series (Free)
- Practice Growth Series™
- Rainmaker Roundtable

1-Day Workshops and ½-Day Workshops
- Double Your Revenue™
- How to Build Your Law Firm for Sale™
- Solo & Small Firm Foundations™
- How to Build a Profitable Team™

Quarterly In-Person Group Programs
- Practice Growth Program™
- Dominate Your Market™

1-on-1 Coaching
Tailored to your specific needs and goals for your practice and your life

Books
- How Good Attorneys Become Great Rainmakers
- Time Management for Attorneys
- Hire Slow, Fire Fast
Survive first, then you can thrive

Stay focused on marketing your firm and building your brand despite these current conditions.

Be in a great market position after the crisis and benefit from the pent-up demand.
The Stockdale Paradox

“You must never confuse faith that you will prevail in the end—which you can never afford to lose—with the discipline to confront the most brutal facts of your current reality, whatever they might be.”

Admiral Jim Stockdale
First, We Must Survive

PROTECT
- Yourself
- Your Team
- Your Cash Flow

Keep the production line moving. Try to maintain meeting schedules virtually, postpone or reschedule. Do not cancel marketing events or meetings, if you can avoid it.
The Cash Flow Crisis Game Plan™

1. The Brutal Truth Analysis™ and The Hidden Payoff™
2. The Financial Snapshot™-know your numbers
3. The Vicious Cycle of a Cash Flow Crisis™
4. Protecting Your Cash Flow
5. The Focus Strategies (time management)
6. Protect the golden Goose-know you limits
7. The Your Advisor Team (coaches).
8. The Team Management Approach (what’s your plan)
9. The Creditor Game Plan™ (how to talk, who to pay and when).
10. The Cash Flow Acceleration Strategies™ (money faster)
Protecting The Golden Goose
3 Steps to Killing the Golden Goose

01
Allowing the crisis to consume you. No time off, exercise and boundaries.

02
You highly stressed. Your brain responds as if you are under attack.

03
Neglecting health and critical relationships starts to become “normal.”
Change is Process, not an event. (marathon vs. sprint)

You must protect yourself as much as possible. Exercise, eat right, meditate, and do not cut corners otherwise you will rob yourself of what you need most to get through this crisis—a healthy brain and good judgment.
Strategies

1. Create a time boundaries
2. Example, I will not work past X or arrive before y.
   1. Share with your staff
   2. Share with your family
   3. Share with whomever will help you stay accountable
The Vicious Cycle of a Cash Flow Crisis
Unique time to learn but tough time to hear and see

Maybe greatest time to learn
• to stop it from occurring again
• to find new opportunities
• to learn who your friends are
• best clients
• who your “all star” staff are
• your practice is “yelling at you”
The Cash Flow Crunch™

• This is the “uh oh” phase
  • Identify that you are having a crisis
  • It may show up like the “disease” but is a “symptom” of the bigger problem
  • Could be marketing, pricing, management, market shift, greater competition, burnout, or a host of other issues
• The key is you see it and can determine the cause.
  • It’s like when your car engine stops. No gas? Why is there no gas?
The Vicious Cycle™ of a Cash Flow Crisis

- The Cash Flow Crunch™
- The Confidence Crisis™
- The Chasing Cash Flow Treadmill™
- The Contracted Marketing Plan™
- The Shrinking Future Trap™
You in the Confidence Crisis™

During Crisis
- Confidence is low
- Scared
- Everything is a “big” problem
- Emotionally raw
- Stressed
- Heart my not be in it
- Exhausted

During Great Times
- Confidence is high
- Cocky
- Nothing bothers you
- Problems ease away
- Life is good
- Greatest thing in the world
- You are smart
Don’t underestimate the cancerous nature of this mental state!

Consequences
• Every issue is an issue!
• Smaller crisis magnify
• You start to cut corners
• You don’t communicate
• You start to evade creditors... “just take a message”
The Confidence Crisis™

Don’t underestimate the cancerous nature of this mental state!

It will spread to family, staff, clients, referral sources, and spill all over the place.

**Consequences to the team**
- Your temper is quick
- They hide out
- May not be straight
- Start to call in sick
- Use email more
- Updating resumes
- You share too much
Don’t underestimate the cancerous nature of this mental state!
You set the tone in your firm.

**Consequences to you**
- Stress escalates
- working longer and harder
- eating poorly
- Communication breakdowns
- Slippery on promises
- Quick temper
- Talk without thinking
The Vicious Cycle™ of a Cash Flow Crisis

1. The Chasing Cash Flow Treadmill™
2. The Contracted Marketing Plan™
3. The Shrinking Future Trap™
4. The Confidence Crisis™
5. The Cash Flow Crunch™
The Chasing Cash Flow Treadmill™

It’s natural that you will chase the next dollar
- You are in crisis and the result is you need the money
- You will sacrifice a lot doing this
  - Marketing
  - Training
  - Growth
  - Bigger and better dollars
The Vicious Cycle™ of a Cash Flow Crisis

- The Shrinking Future Trap™
- The Contracted Marketing Plan™
- The Chasing Cash Flow Treadmill™
- The Confidence Crisis™
- The Cash Flow Crunch™
The \textbf{Contracted Marketing Plan™}  

- The “technician” takes over the firm and marketing plans go out the window  
- The mistaken assumption is to stop marketing and work on cash now  
- Must be a balance between production (billing activities) and marketing (business development) otherwise you stay in the \textbf{Vicious Cycle™}.
The Contracted Marketing Plan™

You must keep marketing, while it may not be a minor focus for you, it still must occur!

Consequences to future
- Plans go out window
- Goals are trashed
- Marketing stops
- It's all about survival and chasing cash flow
The Vicious Cycle™ of a Cash Flow Crisis

- The Shrinking Future Trap™
- The Contracted Marketing Plan™
- The Chasing Cash Flow Treadmill™
- The Confidence Crisis™
- The Cash Flow Crunch™
This the worst consequence of all
• Your future becomes smaller
• Your goals
• Your life
• The pain of the current experience starts to limited your future
• We want it to be “fuel” and a platform for growth!
The payoff and return on investment is great.

- You get lean
- You learn the business
- In many cases, you discover a breakthrough that redefines you firm
Protecting Your Cash Flow
Average Assets of a Firm

- Lines of Credit
- Credit cards
- Cash on hand
- A/R outstanding
- A/R in Trust account
- Work in process (WIP)—sometimes collected, sometimes collected (liability for us on the money side).
Triage Work In Progress (WIP)

• Cases that need immediate attention due to statute of limitations or other pending deadlines (some hearings, trials are being rescheduled)
• Cases that drive cash right away
• Cases that will need attention in the coming month to 6 weeks
• Cases that can be put on the back burner for now
Cash Flow & Financial Planning

1. Assess essential and non-essential expenses. Start reducing non-essential expenses now.
2. Preserve cash – draw down credit lines and move money to separate bank.
3. Prepare an austerity plan in the event of a long term slow down.
4. Establish a cash flow projection system and monitor bi-weekly.
5. Prioritize billing against trust accounts.
Your Financial Cushion

To assess your ability to operate at capacity in the future, add up:

- Funds in Operating Account (after essential expenses) = $_____
- Funds in emerg., profit accounts, war chest, and payroll tax accounts $_____
- Funds that can be immediately earned out of Trust Account $_____
- Funds available through any Lines of Credit
Assess the # of cases in each of the following categories that apply, then multiply by your Average Fee Per File:

Example: 25 Divorce cases x $15k = $375k

Simple Divorce cases:
Complex Divorce cases:
Pre-nups:

Custody Disputes:
Adoption cases (if applicable):
Paternity and child support cases:
Spousal maintenance:
Assess the # of cases in each of the following categories that apply, then multiply by your Average Fee Per File:

Example: 30 cases x $7500 = $225k

Estate planning prospects calendared:
Estate planning in process:
(basic and complex)
Probate:
Guardianship:
Trust administration:
Your Team
Your Team

Most of you will want and need to preserve your team. How long many months can you afford to pay them?

Downsizing levels depend on financial cushion, ability to borrow, healthiness of WIP, not being over-staffed, ability to negotiate lease and reduce other fixed expenses
Downsizing Level 1

Financial cushion can cover 3 months, a lot of work in WIP, new client inquiries are steady,

**Possible options:** draw down or get LOC, eliminate non-essential expenses, put off purchases and hires and wait it out.
Financial cushion not great, WIP half-full, firm over-staffed, unable to reduce lease and other fixed costs substantially.

**Possible options:**
Shareholders/owner reduce draw and seek loans, selective team members are furloughed or paid on project basis, pay cuts for remaining team.
Downsizing
Level 3

Financial cushion non-existent, can’t qualify for loans*, not much value in WIP, no money in trust, can’t negotiate on fixed costs.

**Possible options:** Shareholders/owner foregoes salary, shareholders lend money to firm or seek loans, team members go on unemployment leaving a skeleton staff.
Help From Your Banker
“As of yesterday Trust announced an emergency relief loan for clients only. Up to $50,000 repaid over 60 months with the payments not beginning until month 13-60. Fixed at prime with no fee. If you are interested just let me know. We only need an affidavit and a brief description about how your business has been affected and what the funds would be used for.”
Help from the Government
Governor Ron DeSantis Announces First Two Emergency Bridge Loans for Small Businesses Impacted by COVID-19

Tallahassee, Fla. – Today, Governor Ron DeSantis announced that the Florida Department of Economic Opportunity (DEO) has approved the first two Small Business Emergency Bridge Loans to businesses impacted by COVID-19. Daniel and Tracey Shrine, owners of Full Press Apparel, and Angelo and Kimberly Crowell, owners of Jersey Mike’s Subs, both in Tallahassee, Florida, are receiving the loans in an unprecedented, short three-day review process after the loan program was activated on Monday, March 19. The bridge loan program, managed by DEO, provides short-term, interest-free loans to small businesses that experienced economic injury from COVID-19.

“The Florida Small Business Emergency Bridge Loan is designed to get cash into the hands of small businesses so they can keep their doors open during a crisis,” said Governor DeSantis. “I am pleased to be able to provide our first loans to the small business owners who are in a tough time through no fault of their own. I look forward to other businesses following suit.”

DEO administers the Florida Small Business Emergency Bridge Loan Program in partnership with the Florida SBDC Network and Florida First Capital Finance Corporation to provide cash flow to businesses economically impacted by COVID-19. The short-term, interest-free loans help bridge the gap between the time the economic impact occurred and when a business secures other financial resources, including payment of insurance claims or longer-term Small Business Administration (SBA) loans. Up to $50 million has been allocated for the program.
Tax Credits for Paid Sick Leave-in Process

1. For COVID-10 related reasons, employees can receive up to 80 hours of paid sick leave and expanded paid childcare leave when employees' children’s schools are closed, or childcare is unavailable.

2. Employers receive 100% credit of paid sick leave including health insurance costs. Employers have no payroll tax liability. Self employment individuals receive the same credit.

3. In short, a tax credit and works towards your refund.

4. Employers with fewer than 50 employees are exempt from the act, yet eligible.

Payments from employer to employee should be treated as deductible to the employer and tax free to employee:

1. Medical expenses not compensated by insurance (out of pocket and deductibles).
2. Cost of over the counter hand sanitizers and OTC medications.
3. Costs on enabling employee to work from home virtually.
4. Costs of employee's childcare or tutoring for family members who are not permitted to attend school through out pandemic.
Potential Business Interruption and Expenses related to COVID-19

1. Prepare and keep timeline.


3. All attorneys in the firm should track all time dealing with COVID-19 issues.

4. Ultimately, this will have to do with how you report your taxes, (S, C, partnership or sole proprietor) and what your CPA believes is best for you and your firm.
1. Talk to your CPA about the best way of tracking COVID-19 related expenses.

2. Helping employees should not result in your being punished from a tax perspective. This is positive.

3. Expect more help and clarification from the Federal and State Government.

4. Prove it or lose it! Track and document expenses related to the COVID-19.
Stay Informed:

Specific Response Plans:

- Technology and Optimizing the Virtual Environment
  (March 19th, 11:00 am ET)

- Protecting Your Marketing Pipeline & Preparing for the Deferred Demand
  (March 24th, 1:00 pm ET)

- Preserving Cash Flow in an Economic Slowdown
  (March 26th, 3:00 pm ET)

atticusadvantage.com/what-we-do/webinars
Stay Informed:

Coronavirus Law Firm Response:

- Check our Facebook, Twitter, LinkedIn Pages and use your community’s expertise

- Coronavirus Preparedness Hotline – Daily
  9-10 am EST*
  Dial-In: 813.769.0500
  Access Code: 482-879-295#
  If you can’t make the call, email grow@atticusadvantage.com and a practice advisor will contact you ASAP.

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Final Thoughts
QUESTIONS

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Thank You!
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