

Episode 55

Starting Smart: Launching Your Practice with Risk in Mind

Intro

This is Risk on Air, a Lawcover podcast, and today's episode, 'starting smart'.

Julian: Welcome to Risk on Air. I'm Julian Morrow, and today we're talking about starting smart. Risk management when starting your own legal practice, and I'm very pleased to say that we're joined by Jodie Gwynn-Jones, who's the principal solicitor and sole practitioner at Harper Jones Law. So she's done it all before. Jodie, welcome.

Jodie: Thank you, Julian.

Julian: Starting your own practice is a big thing to do. Before we talk about the nuts and bolts of that, could you tell us a bit about yourself and how, I suppose, you came to that decision?

Jodie: Yeah, I think I was a bit disillusioned with the law and working for other practices, doing things other people's way, and I wanted the freedom to do it my way. And also, I felt like law was always about looking at the clock and the clock ticking and not really thinking about how the heart is ticking of the client. So, I really wanted to have freedom, and I wanted to bring joy back into what I was doing by being more authentic with the client and not being a clock watcher.

Julian: Sounds very, very positive. So what sort of legal work had you been doing before you started your own practice? Tell us a bit about your legal career.

Jodie: Oh, it's a bit of a strange one.

I left school and I did law, and I majored in banking and securities law and was picked up by the merchant banks to help start off the banks.

So, I was part of a research team starting up Chase Manhattan Bank with AMP here in Australia, and after some time there was affirmative action came along and everyone in the research team, or predominantly, were women and we were put on the dealing desk. So then I found myself moving away from being compliance and law to being a dealer. And I did that for a long time and did trading and risk and ended up working for big companies and being head of Asia Pacific for certain companies. And then I ended up looking around in a dealing room realising I was the only female and the oldest person in the dealing room, and so then I thought I think I want to go back to law. And so then I was at a CEO event and sat next to someone who worked for a law firm, and I said to her oh, I'm thinking about becoming a lawyer again. And she said if you do give me a call, I'll give you a job.

Julian: Amazing. So how far into your career was that?

Jodie: Oh, I'd been in dealing, oh, it sounds terrible saying I'm a dealer, a money market dealer, for about 20 years.

Julian: That's a really big decision to make then. So you'd obviously got a lot out of that work, but something had changed in terms of your sense of your own career, and you had this fateful conversation and by the sounds of things, you also acted on it.

Jodie: Yeah, well, also, I'd been a bit disillusioned about the money markets, and I thought, well, let's do something else. So, I rang up that lady, we had a coffee, I got a job.

Julian: And so we've charted your transition from lawyer to the legal type of dealer, and now you've decided to go back to becoming a lawyer but still working for somebody else. Tell us about how long you did that. And then the next step, which is this sense of well, I'm going to start my own thing.

Jodie: Yeah, well, I knew I had to go, and...

Julian: Yeah, you've got to get back into the game.

Jodie: Yeah, back into the game. So I had to go to Sydney Uni and do the LPAB do my Priestly's again and all that sort of thing and get qualified. I worked as a law clerk in this company. I also worked in management because I had management skills. So I was very lucky to be working in the marketing department as well as working for a lawyer in the commercial area and because of my dealing experience I could add quite a lot to commodity deals they were doing.

Julian: Sounds like you're adding a lot of value to this company.

Jodie: So it was great for me because I'm thinking, oh, one day I want to have my own firm. So, learning all the marketing side of things and learning the business management, having a role where I did two days in that area and then three in the other worked rather well but I had to study full time as well. And then when I got to the end of that, the company didn't really supervise people, and so I said, well, if you're not going to supervise me to do that final extra bit, I need to go elsewhere. So then I moved from there and I worked for a company which predominantly did taxation and company law.

Julian: And so you worked there again for a time as a solicitor in somebody else's practice. How long did you do that for?

Jodie: That was for about a year and COVID hit and suddenly my work started dwindling. I was in Sydney, so then I moved to Bowral during COVID and I then worked for another law firm which did legal editing and I did some probate work there as well. So another different kind of jump. And then from there I went and worked for a general practice in Mittagong and again another very different experience and then from there I came back to the city and worked for a medium tier law firm specialising in wills and estates.

Julian: That's an incredibly broad range of experience, so many different challenges and things you've learned along the way clearly, how long had the idea of starting up your own practice been in the back of your mind before you acted on it?

- Jodie:** I think it happened after the Trump moment. I suppose I thought I don't want to be working for other people the end game I want to be working for myself, and I knew it would probably take about seven years or so to get there, and so I was gathering experience as I went with that goal that one day I'll be in my older years being very content working in the law, doing what I wanted to do.
- Julian:** So you had a whole lot of the sorts of skills that are required to set up your own business but what was it actually like to put up the proverbial shingle and establish yourself as an independent legal practice?
- Jodie:** Scary. I think when I resigned from my job and I thought, oh dear, I'm going to do this, and I did think it's now or never. And also with the AI coming in, I was working at a legal practice which didn't want to even have the conversation about it, and I'd been also studying a master's, and I realised how useful it was. And in doing a master's, as AI came in and having all those discussions but also seeing how the universities were coping with how to deal with AI and how we could work with AI, I thought it was a conversation we should have in that firm, which was something which nobody really wanted to take up. So I thought the world is changing and I want to be part of that change and it's a great time to set up a business when things are changing.
- Julian:** Now we'll come on to some other aspects which are probably of more practical assistance to everyone listening to the Risk on Air podcast. But there is something I wanted to ask you about, because it's something I've had to deal with as well, and it is something that every person who's starting up a business has to think about, which is the name. I introduced you as Jodie Gwynn-Jones, the firm is called Harper Jones Law. How did you come up with the name?
- Jodie:** Well, there's a strange answer to that. Years ago, I met someone who was a sailor and his name was Tim Harper. I'm Jodie Gwynn-Jones, and we were very concerned about plastic pollution. So we started up a passion project to try to eliminate plastic. But instead of being a charity, we decided to set up a company and what we thought we could do is, instead of eliminating plastic bottles, we could have water bottles that could be reused all the time. So, we set up a company to do that - he was American, so we set it up in America. We sourced rainwater and we filled glass bottles with a glass seal and we had Harper Jones - that's how that started.
- That taught me a lot about setting up a company, and it taught me a lot about supply chains, because we did so well that the cousin of the person supplying us with the rainwater decided he would do the same thing and then wouldn't supply us with the water. So, our profits were going to a company called Lifesaver, which was to filter water so it could be drunk, so that kids in the world wouldn't have dysentery. So there was the two-pronged sort of thing with that charity, but it failed. But I kept the name and then, when I decided to have a law firm, I thought, well, there was a lot of passion in that project, for the right reasons, and some of the same reasons you know doing good. So that's why it's Harper Jones, and I don't tell that story very often because it is such a big answer.

Julian: Yeah, that's really, really interesting. But it is something that all people who are starting a law practice and perhaps I suppose in law there might be a tendency to answer that question in a slightly more straight down the line way. But you do have to have a name for your business and perceptions can arise from the way you structure that name. With time it's your reputation that attaches to the name, but at the beginning it can be the other way around.

Jodie: Well, I talked to a marketing person before I decided to go with that name, like, keep the name, I suppose I wasn't very keen to have my own name. I didn't mind having just a portion of it, but I didn't want to have my whole name. I wanted to be a concept, really, rather than an individual.

Julian: Well, you're both. You're a concept and an individual, and it's great to be discussing these issues with you. So clearly, you had, I would say, more experience in terms of setting up enterprises than perhaps the average lawyer who's starting up their own practice. But I wonder if you could speak a little bit about what you think the most common risks are for setting up a law practice and how you address those.

Jodie: I know it's a bit cliché, but if you don't plan, you're planning to fail. I think, having worked in a general practice and specialised practice, I think you need to be focused, and I think the world is becoming more focused. I don't have problems attracting people because I'm focused on one area, and I'm focused in an area where a lot of other lawyers don't have that much expertise or want to get into. So I find that's quite good, because my referrer base is quite often accountants and lawyers. So, I think looking to see what your focus is important. I think rushing in is always a problem. I was very strategic, like I resigned in October, I left my job in December and then I talked to my marketing person it's the person I used to work with in marketing, and she said we need to launch. And I went oh, okay, it's a one-person practice. She said no, no, we're going to launch. And I had my business plan which I'd been developing over quite a few years really. And then that business plan she just said right, we'll look at that and then we'll launch.

And so that intervening period between January and March is what our launch date was, was very difficult to just hold, hold, hold, because everyone was saying, oh, you've got to start now, you'll lose money, what are you doing? And so being very calm and collected and setting up was so important and I was worried that this was oh, what am I doing? What am I doing? But I set up my systems, I set up my accounts, I set up my trust account, I set up everything my marketing and everything my brand, my photography and then launched. And launching isn't like a big fanfare sort of thing, but it meant that everything on my website, LinkedIn, everything went off in one go.

And I was sitting there with my LinkedIn - I said to my marketing lady Sally, oh, my goodness, I've got 100 hits. And she said, oh, right, right. She said, just keep watching. Well, we got up to 4,000 and I was just like beside myself I would never have imagined doing it properly could have been so good. And then the other thing is, I got 700 followers. So the thing is that by holding my powder and doing it, and doing it properly went very well, because she did things which I can't do. And from that launch, people were saying, oh, would you consider being a director of my company? I work in wills and estates. Can you do my will? Can you consider my estate? Can you do this? Can you do that? So that's basically I suppose that's a long answer, but don't rush in. Plan and do it properly, yeah.

- Julian:** You mentioned setting up your trust account. I wonder if you could speak a little bit about the compliance and regulatory challenges and maybe things that you were expecting and some things that you weren't expecting in that process.
- Jodie:** I didn't expect there to be so many, and it just seemed to be like a domino effect. You think you're doing one thing and then it goes, oh, and you need this, and you need that, and you need this at the bottom of your letterhead, and so everything comes with a cost as well. So, you think something is rather simple, and then no, then you've got to pay for more and more and more. So the compliance was quite big. The trust account, for instance. I didn't realise I needed a dedicated trust accountant that has to look at my trust accounts each month and I have to pay them each month for basically collecting my information till the end of the year when they put things in. So that was a surprise.
- Julian:** It sounds like that would be quite a big cost as well.
- Jodie:** Well, yeah, it is, it is. It's one of the few things I do myself is my trust account, because I tried to get someone to do it and they couldn't do it. So then I was in a situation where it was due the next day, so I learned how to do it and I thought really it was actually quite easy. But then I have to send it off to the authorised trust accountant and there's only so many and they're listed at the Law Society. So that was a bit of a surprise. Yeah, so that's a couple of thousand dollars, which you just don't really think of.
- Julian:** How long did it take you to get all the regulatory balls in a row?
- Jodie:** Well, not very long, probably a month, I would say. One of the problems was the business name, because I'd let it lapse and then I had to reactivate it. That meant that I had to convince ASIC I was the same person, but doing something different. And then I was changing, I was repurposing a company from one thing to another, so I had to sort of like do that. But that was part of my just get organised in that first three months. So I wasn't panicking, and I wasn't doing things on the fly, I just kept on going. And the Law Society and Lawcover were very good, because you just ring them up and say, have I got everything? Have I got everything? Have I missed something? And they would work things through with me.
- Julian:** So you found both the Law Society and Lawcover, if you rang up and just said, well, here's the situation, I'm in that they were good sources of information and resources available that could assist.
- Jodie:** Brilliant, they're my friends, they are, they are my friends and I do use them quite a bit, actually because of education. They've got good websites, they've got good information. The people are very kind and generous with their time and if I get into ethical dilemmas, just fantastic, because ethical dilemmas come up quite frequently and I don't have someone else to bounce off. So I ring them up and bounce off those ethical dilemmas and I find I don't have a dilemma afterwards because they're very clear on what I should or shouldn't be doing. Or if I've lost my independence as a solicitor, they'll say no, you've lost it, just step away. Or no, you're fine. Or a wise lawyer would and yeah, so no - I think that's really important.

Julian: We're speaking with Jodie Gwynn-Jones of Harper Jones Law about starting smart risk management when you start your own practice. And you've spoken, Jodie, about the importance of taking time to set up properly, but alluded also to the fact that time is money and that the costs that you'll incur in setting up a business are going to be substantial, and the longer you have to set up before income comes in, the bigger those costs are going to be. Could you talk about in a broader sense how you looked at the question of profitability in the startup phase and then beyond?

Jodie: So my first phase because I'm still in the first phase is year one. Okay, so having a year one plan and the year one plan is not to employ anyone in the first year except for myself, I suppose. And the way I look at profitability is that if I can pay the costs, all my costs, and I can pay for my mortgage and I can pay for my food - happy days. I think in the first year you have to really be focused on building. So you have to go to networking things, you have to become a member of something, you have to be seen, and that's one thing this year has taught me is that if I go out and see people, I get business.

People don't go on LinkedIn and try to find you. There's a relationship thing. Some person or something has sort of linked that person into coming to you. So I find that networking is important. So I've joined the Women's Club, I've joined Australian Institute of Company Directors, I've joined all these different organisations - one to learn more, but two to be able to network. So profit in the first year, I think I was very lucky that my launch was so good that I was breaking even in the second month and I haven't really looked back from that because I found from there people have referred and it keeps on going on.

Julian: How did you work out your pricing model?

Jodie: I worked out my pricing model by having worked in other companies, I suppose, and seeing what I thought was and wasn't fair. I think with AI we're going to move away from the paradigm of the ticking clock and the billable hour. I think we're going to be more looking at value. So I do fix pricing, so I fix a fee and I'm very clear with my scope. And it takes the pressure off the client, it takes the pressure off me because I'm now delivering quality and so I'm positioned myself very much as quality. My brand is quality and everything I do is quality, so my fees are probably not the cheapest in town but, I don't want to be the cheapest in town because I don't want to deliver cheap quality.

So I think I've found a good happy medium for that. But if you're looking at profitability as well, I also know I only need two clients a month to be able to break even. So if I do it that way and I get a third or a fourth, I'm going well. So, I'm looking at it from those sort of point of views, because I think you've really got to be focused on what you're building, and I'd much rather be consultative and be quality driven than to be number driven.

Julian: Have you found yourself, reflecting on some matters, thinking that's one where the fixed price model has definitely worked in my favour, or that's one where the fixed price model has definitely worked in the client's favour?

- Jodie:** I think I would say there hasn't been one which has worked in my favour yet, and I kind of like that because I think there's some integrity there. I still run the clock on what I do because if one day I need a cost assessment, I still need to be able to prove what I did when I did it. And so what I'll do is I might have a bill which, on a time basis, would be \$12,000, for instance (I'm just making this up), but when I go to do my fixed fee and I'm charging someone, say \$3,000, I do a but-for invoice. So then they can see everything I've done on a time basis and then they can see that we've agreed to this price. They're getting a chunk of time which could have been, if they were in a big law firm, \$12,000, and I've charged them, say, \$3,000.
- Julian:** Well, that's a very good way of conveying the value proposition to a client who, as you say, could be thinking about working with a bigger firm that would have a different pricing structure - it reinforces your value proposition when you bill.
- Jodie:** It does. And then I have had people who've gone beyond the scope. And it's quite good when you've scoped it really quite well, like I don't have a scope, which is, like you know, three points, it might be, say, 10 points, like even down to I'm going to be storing your will, I'm going to be giving you certified copies, I'll be doing this and that. So everyone's very, very clear. But then when we go beyond the scope, they're very clear about that. And when I've gone beyond the scope, people have been happy too.
- Julian:** When you start up your own business, it is all consuming, almost inevitably. Have you dealt with the challenge of managing your own time?
- Jodie:** I'm a firm believer that you've got to have mind, body, soul, and if you don't keep the three in balance you've got a problem. So I get up at 6.30 every morning, I exercise for about an hour, I have breakfast, I have a cup of tea and then I get into it. But I said right at the beginning, one of the reasons I wanted to be in my own business is to have freedom, joy and by being able to manage my time and having those other things in my life is important. And for my mind, I study French - I am terrible at it, but it gives me something else to put my mind onto. And for my soul (I sound like a do a lot), I go to philosophy classes, which is a casual sort of philosophy class, and just talk about philosophy. So I think having my work life pivot with all those things in it is important. They're all timetabled, they're in my calendar, they're in my diary, and so I look at my days, and I go yep, that's what I'm doing.
- Julian:** We've talked a little bit about this in the area of trust accounting, but could you give us your reflections on outsourcing and, I suppose, the balance between maintaining the right level of supervision, knowledge and control that you need to acquit your professional responsibilities, versus the benefits of having expert professionals who are third parties, provide services that you need?
- Jodie:** I very much believe in outsourcing. My marketing lady, Sally - we talk on a regular basis and I call her Jiminy Cricket because she is like my conscience, and I know that I've got a meeting booked with her, say, on a Monday at 11 - I am going to be focused on that marketing. Then last week we spoke about Christmas cards, which is something I wouldn't have thought of, right? And she said no, no, she's talking about next year how we move things along, and so the thing is that to have that outsourced to her is just fantastic. I also, I've outsourced, I've got a system that I an off-the-shelf sort of system.

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Julian: Practice management system.

Jodie: Yep, a practice management system. So that saves me a lot of time, I don't really have to think about my processes or where I'm storing and things. And that's got now AI built into it, which means instead of having an open AI, I've got a closed AI. I've studied a master's so I can put all my master's material into a matter and use that as a database. So then I've actually got my own database of material which I can source. So if I've got a question, I'm basically asking the master's course or all the information I've got from that...

Julian: Fomer Jodie...

Jodie: Yeah, I can ask a question of that. I outsource accounting, as I said. So I've got a bookkeeper, I've got an accountant - I must admit I do have a relative who's doing that, so they haven't charged me yet. But I do some contra sort of things for them to sort of pay for that. But I think it's a risk to do everything yourself. You just want to be the best lawyer you can, and you know, and do that for your clients.

Julian: It sounds like you had the good fortune to have quite a few clients come in after your successful launch. Have you ever had to turn down a client due to risk concerns?

Jodie: Yes.

Julian: Could you give us a sense of what the challenges were there and how you dealt with them?

Jodie: So it was early on, and a friend referred this person. They had problems with security compliance and so, because of my background in banking and stuff like that, they thought I would be a good match. It wasn't where I wanted to go. I just wanted to be focused on wills and estates and everything to do with wills and estates, but that was outside of my area. So I started talking to him, thinking, oh, my family's right, I'm mad holding on, I'm mad to be focusing, because that's the feedback I was getting from family is that you know what are you going to do? You're going to lose your house, you're going to lose everything if you don't start doing some work. And so they gave me this person, and I could tell that he wasn't responding to meetings, he wasn't doing things, and it wasn't where I was comfortable being and I could see it was going to end up in litigation. And I thought I'm going to spend the next two years doing this one area of law I don't particularly want to be in. And so then I just said look, I can't do this, I can't represent you, I won't charge you, I'll recommend you to these eight other people who do do that. I'm sorry, thank you. So that was quite hard, because that was right in the early days. I have stepped away from other people where there's been a conflict. Yeah, so I got conflicted out of one which I could have kept on going with, I suppose, but I didn't want to have a loss of integrity. I wanted to do it properly - again, I talked to Lawcover and to the Law Society and they were very clear - no, you're no longer independent.

Julian: I wanted to talk a little bit more about the way and the modes that you use to engage with clients. Your website says Sydney, Southern Highlands. We heard a little bit about COVID and moving to Bowral and those sorts of things online and remote as well. What are the predominant modes that you use to engage with clients?

- Jodie:** Well, because doing estate planning is like a stepped approach you've got to meet with people at various stages. I generally ask the person what they'd like and predominantly, I would say 99% of the time, people the first meeting want to meet you on Zoom. Because people have families, they have other things. But in a wills and estates situation where if you're updating it, you're going to have to meet them because you're going to have to execute. So I find being flexible is really good. You know, I've travelled to the country out near Goulburn, I travel around. But I genuinely like people so for me to go and, you know, to tail long out the back of nowhere, meeting a family for me is a thrill, I think this is great, this is great, I'd love to do this, so I'm just flexible. And that's part of having quality, I think, what suits the client. Yeah, so I'm not really rigid and I think in this first year not being rigid has been important because I thought most of my business would come from the country, Bowral, where I was and I still am, but I found it's really predominantly come from my banking colleagues, which I never thought were going to be where I'd get my business from.
- Julian:** Well, I imagine that it's a lot of people hearing that that's what you've done and thinking as so many people do - Oh, I've been meaning to do something about my will or someone's will, and I can imagine that that could produce quite a steady flow of business.
- Jodie:** Well, it has been, it has been. And I think I'm approachable and I enjoy doing it, so it hasn't been a problem.
- Julian:** You've already spoken about one moment where you know the red flag went up. You thought, oh, this could go wrong. Have you had others?
- Jodie:** Yeah. So like when I said I felt conflicted, someone involved a friend in something that I was working on, which was you know had been in the courts, and they'd started talking to someone on the other side and as soon as that happened I just thought, oh, red flag - I've got to step away or someone's got to step away. Because I've got such a strong commercial background I do do a lot of commercial stuff in my wills and estates, like companies or succession and stuff, but I do get people trying to draw me into doing a lot of commercial stuff, which that's a red flag for me because that means that I'll be spending a long time with that person and it'll be distracting. The expectations of people in the commercial world is different to the personal world, which I think wills and estates sort of come into that personal world rather than corporate world.
- Julian:** If you could give people contemplating starting up their own practice one do and one don't what would they be?
- Jodie:** Oh, the first thing that came into mind is do it!
- Julian:** Do start the practice.
- Jodie:** Do it. So that's maybe in between. Just do it, because I think there's a real lack of good lawyers who are game enough to go out into business. There are a lot of working for other people and it's quite hard working in a law practice. It is hard. I think do it and be focused on what you're doing. You've been passionate to be a lawyer, and I do believe in a lot of ways it is a calling because you're helping people. So do it, Jump. I'm very pleased I jumped and I think don't delay, because my life is a lot freer now, I have a lot more joy in my life.

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Julian: I was going to ask you that have you found the joy that you were seeking?

Jodie: Yeah, I have. I have found the freedom; I have found the joy. It's giving me more time with my family. It's giving me more flexibility - I can work at night if I want, and you know, I could take my mother to a medical appointment if I want during the day, I can spend longer at lunch with people if I want, and I can sort of balance that with waking up early, doing work or going to bed late. So, I have, I have gained that freedom and joy. So, I think, if you're contemplating, do it and do it sooner rather than later. And I think also just plan, just have a good plan and be focused and life will be joyful.

Julian: So do, do it and don't not do it!

Jodie: Yeah, that's right. That's right. I think we seem to hesitate and I think we live in a society where we sort of live in fear and we go oh no, you know the fear of failure, and I think lawyers are very good at that. Yeah, just do it and rely on the people around you - you've got great people, you know. I know I've talked about Lawcover and the Law Society, but in that first year you've got a whole series of programs that you go to, which you get with Lawcover for free, and then you meet other people like yourself in that startup mode. So it's all for the people who are starting in that first year. So you sort of can develop a bit of a community with them as well - so you're not alone. You're not alone.

Julian: Well, Jodie, congratulations on starting smart and finding the joy in the Harper Jones Law practice and thanks for speaking about risk management when starting your own practice with us on Risk on Air.

Jodie: Pleasure. Thanks, Julian.

Outro

Thanks for listening to Risk on Air by Lawcover and to stay up to date, join us for the next episode on current risks in legal practice.