STATE BAR OF WISCONSIN
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WSSFC 2022

Practice Management Track – Session 7

Finesse with Finance

Martin (Marty) P. Mathias, Sherry Springer

About the Presenters...

Marty Mathias is a Business Analyst with Capital Valuation Group, Inc. where he provides business valuation, litigation, fraud investigations and consulting services. He is a member of the American Society of Appraisers, the Financial Consulting Group, the American Institute of Certified Public Accountants and the Association of Certified Fraud Examiners. Capital Valuation Group, Inc. is headquartered in Madison, WI and has been helping business owners across the country understand, increase and unlock the value of their businesses for over 45 years through keynote speaking, valuation analysis, determining damages and providing expert witness testimony. Marty would welcome your questions and can be reached at mmathias@capvalgroup.com.

Sheri Springer is a Principal with SVA Certified Public Accountants. She works for both for-profit and nonprofit organizations operating in and around the broad real estate industry and public sector. Sheri provides assurance services (audits, reviews, compilations) and process and procedures reviews. She also consults with clients on organizational governance and to establish internal financial reporting procedures and analyses to allow management to make informed financial decisions.

Social Media's Role in Your Practice

Presenters: Catherine Tang, Catherine Tang Law LLC
Thomas Burton, Burton Law LLC

1. **Social Media Networks**
   - Facebook, Twitter, Instagram, YouTube, LinkedIn, TikTok
   - Multiple platforms with millions of users on each
   - Consider what platforms your already use/versus learning a new platform
   - Twitter=Short Posts, Instagram=Photos, LinkedIn=Business Networking, Facebook=Friends and Family, TikTok=Trending Sounds/Videos, YouTube=Videos
   - Think about whether you want to use existing profile or build separate profile for your social media posts

2. **Pick Your Social Media Network(s)**
   - Once you have decided what network to focus on, create strategy to reach your target audience
   - Social Media allows you to interact with potential clients before they every meet you and allows you to leverage your time to reach a wider audience
   - You can post information about your practice and your life, or just your practice
   - Many clients are already on social media so it can help introduce you to them as a lawyer in a non-threatening way, 24/7 through the use of your social profiles
   - Social media can be used to share firm announcements, blog posts, and legal information to a wider audience
   - If you are brand new to social media, it is best to learn and focus on one network before starting to use another network
   - Important for you to feel authentic for you when using the platform you choose, so choose the network(s) that match your personality and your strengths
   - Think about where the audience for your practice is likely to be spending time on social media and focus your efforts there

3. **Lawyer Review Site(s)**
   - Avvo, Justia, SuperLawyers, among others
   - Many sites allow clients to leave reviews of lawyers and also allow you to post biographical information about you and your practice
   - A client may leave you a review here whether you ask for it or not
   - Important to review these sites to ensure your information listed there is accurate
   - If you use these sites, be aware that clients may use them to contact you
   - These sites can allow you to post links to blog posts, articles, content you have created

4. **Communications Regarding Services**
   I. Wisconsin SCR 20:7.1 Communications concerning a lawyer's services
   A lawyer shall not make a false or misleading communication about the lawyer or the lawyer's services. A communication is false or misleading if it: (a) contains a material misrepresentation of fact or law, or omits a fact necessary to make the statement considered as a whole not materially misleading; (b) is likely to create an unjustified expectation about results the lawyer can achieve, or states or implies that the lawyer can achieve results by means that violate the Rules of Professional Conduct or other law; or (c) compares the lawyer's services with other lawyers' services, unless the comparison can be factually substantiated; or (d) contains any paid testimonial about, or paid endorsement of, the lawyer without identifying the fact that payment has been made or, if the testimonial or endorsement is not made by an actual client, without identifying that fact.

      i. Ensure any posts on social media are a true reflection of the services your firm provide consistent with the Rules of Professional Responsibility.

   II. Wisconsin SCR 20:7.2 Advertising (a) Subject to the requirements of SCR 20:7.1 and SCR 20:7.3, a lawyer may advertise services through written, recorded or electronic communication, including public media.

      i. If you have staff assist you with social media posts, you need to make sure you are reviewing them in advance to ensure compliance with the Rules of Professional Responsibility.
      ii. Important to establish a schedule of reviewing proposed posts for your firm if you are having a nonlawyer assist with preparing an posting social media content for you

5. **Online Reviews**
   I. Wisconsin SCR 20:7.2(b): A lawyer shall not give anything of value to a person for recommending the lawyer's services, except that a lawyer may: (1) pay the reasonable cost of advertisements or communications permitted by this rule; (2) pay the usual charges of a legal service plan or a not-for-profit or qualified lawyer referral service. A qualified lawyer referral service is a lawyer referral service that has been approved by an appropriate regulatory authority; (3) pay for a law practice in accordance with SCR 20:1.17; and (4) refer clients to another lawyer or nonlawyer professional pursuant to an agreement not otherwise prohibited under these rules that provides for the other person to refer clients or customers to the lawyer, if (i) the reciprocal referral arrangement is not exclusive; (ii) the client gives informed consent; (iii) there is no interference with the lawyer's independence of professional

judgment or with the client-lawyer relationship; and (iv) information relating to representation of a client is protected as required by SCR 20:1.6. (c) Any communication made pursuant to this rule shall include the name and office address of at least one lawyer or law firm responsible for its content

II. Generally permissible for clients to leave a review. Google, Facebook, and Avvo among others allow clients to leave a review for your firm whether you ask for the review or not.

III. Consider asking satisfied clients to leave a review. You can provide a link directly to the page where they can leave the review to make it easier for them. Many clients are used to using reviews when determining where to eat or shop and will be happy to leave short feedback about your services.

IV. New York State Bar Social Media Ethics Guidelines excerpt below:

"Guideline No. 5.E: Maintaining Client Confidences and Confidential Information

Subject to the attorney-client privilege rules, a lawyer is prohibited from disclosing client confidences and confidential information relating to the legal representation of a client, unless the client has provided informed consent. Social media activities and a lawyer's website or blog must comply with these limitations.

A lawyer should also be aware of potential risks created by social media services, tools or practices that seek to create new user connections by importing contacts or connecting platforms. A lawyer should understand how the service, tool or practice operates before using it and consider whether any activity places client information and confidences at risk.

Where a client has posted an online review of the lawyer or her services, the lawyer's response, if any, shall not reveal confidential information relating to the representation of the client. Where a lawyer uses a social media account to communicate with a client or otherwise store client confidences, the lawyer shall make reasonable efforts to prevent the inadvertent or unauthorized disclosure or use of, or unauthorized access to, such an account."

V. Wisconsin SCR 20:1.6 Confidentiality
(a) A lawyer shall not reveal information relating to the representation of a client unless the client gives informed consent, except for disclosures that are

impliedly authorized in order to carry out the representation, and except as stated in pars. (b) and (c).
(b) A lawyer shall reveal information relating to the representation of a client to the extent the lawyer reasonably believes necessary to prevent the client from committing a criminal or fraudulent act that the lawyer reasonably believes is likely to result in death or substantial bodily harm or in substantial injury to the financial interest or property of another.
(c) A lawyer may reveal information relating to the representation of a client to the extent the lawyer reasonably believes necessary:

(1) to prevent reasonably likely death or substantial bodily harm;
(2) to prevent, mitigate or rectify substantial injury to the financial interests or property of another that is reasonably certain to result or has resulted from the client's commission of a crime or fraud in furtherance of which the client has used the lawyer's services;
(3) to secure legal advice about the lawyer's conduct under these rules;
(4) to establish a claim or defense on behalf of the lawyer in a controversy between the lawyer and the client, to establish a defense to a criminal charge or civil claim against the lawyer based upon conduct in which the client was involved, or to respond to allegations in any proceeding concerning the lawyer's representation of the client;
(5) to comply with other law or a court order; or
(6) to detect and resolve conflicts of interest, but only if the revealed information would not compromise the attorney-client privilege or otherwise prejudice the client.

(d) A lawyer shall make reasonable efforts to prevent the inadvertent or unauthorized disclosure of, or unauthorized access to, information relating to the representation of a client.

6. Responding to Online Reviews

A. You want to respond but how and what should you say?
B. With negative reviews consider whether a response is warranted or not, if you decide to respond, the below guidance from the Pennsylvania Bar provides a very useful outline and structure.

C. Excerpt from New York State Bar Social Media Ethics Guidelines:
   a. "A lawyer is permitted to respond to online reviews, but such replies must be accurate and truthful and shall not contain confidential information or client confidences. Pennsylvania Bar Association Ethics Committee Opinion 2014-300 (2014) opined that "[w]hile there are certain circumstances that would allow a lawyer to reveal confidential client information, a negative online client review is not a circumstance that invokes the self-defense exception."

b. "Pennsylvania Bar Association Ethics Committee Opinion 2014-200 (2014) provides a suggested response for a lawyer replying to negative online reviews:

> "A lawyer's duty to keep client confidences has few exceptions and in an abundance of caution I do not feel at liberty to respond in a point-by-point fashion in this forum. Suffice it to say that I do not believe that the post represents a fair and accurate picture of events.""

c. Review Wisconsin SCR 20:1.6 above before responding to ensure your proposed response is in compliance with the rules. For a negative review, consider not responding for a few days to allow you time to think about your response, if any, before posting.

d. Review Wisconsin Formal Ethics Opinion EF-21-02: Working Remotely released on January 29, 2021 for a recent discussion of many of the rules governing use of technology, confidentiality of client information and working remotely using online tools.

e. Monitor Wisconsin Lawyer for latest articles on the subject and watch for ethics opinions and guidance in this area as social media and technology is continually evolving and changing

7. Questions/Comments/Case Scenarios:

- A new lawyer is opening their own firm and trying to decide what social media networks to focus on. They would like advice on how to get started.
- An established lawyer has a busy practice, but little to no social media presence. They are wondering if it is worth their time to begin using social media in their practice. What advice would you give them?
- A sponsor reaches out about sponsoring your channel. What are some considerations to think about when considering how to respond?

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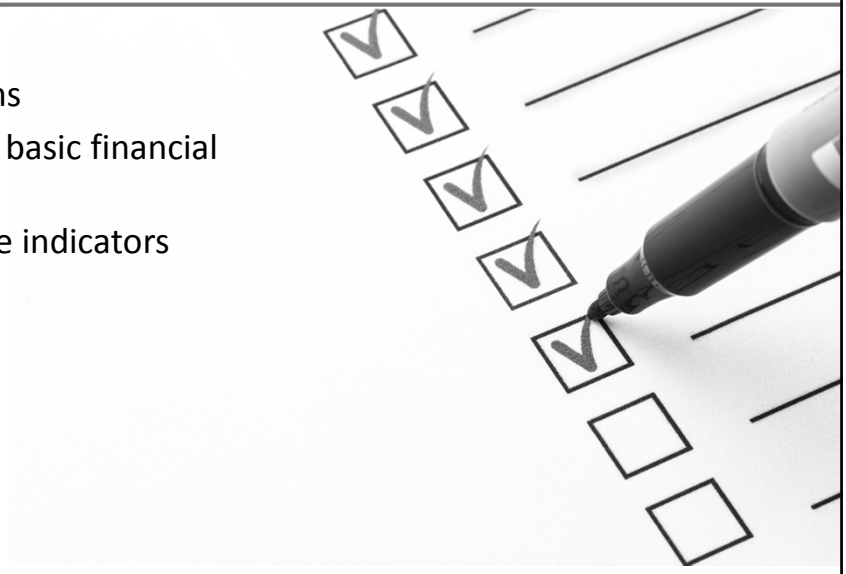
Wisconsin Solo and Small Firm Conference

Presented by:
Sheri Springer, CPA
SVA Certified Public Accountants

Agenda

- Accounting terms
- Overview of the basic financial statements
- Key performance indicators



Accounting Terms

- Income/Revenue
- Expenses
  - Cost of Sales
  - Operating Expenses
- Profit and Loss (P&L)
  - Gross Profit Margin
  - Profit Margin
- Balance Sheet
- General Ledger
- Chart of Accounts
- Cash/Accrual Basis

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Basic Financial Statements

- Balance Sheet
  - The data on your balance sheet shows the assets, liabilities, and owner's equity at a specific point in time for your firm.
    - Typical assets include:
      - Cash (operating bank accounts, money market accounts, and trust accounts)
      - Current assets (such as accounts receivable), work in process (if using accrual accounting), prepaid expenses
      - Non-current assets such as furniture, computer equipment, intangible assets
    - Typical liabilities include:
      - Accounts payable (if using accrual accounting), line of credit, and other unpaid liabilities
      - Trust liability (includes funds being held in trust or retainer for your clients)
      - Long-term liabilities (long-term debt)
    - Equity:
      - Synonymous with net worth; ownership interest in the firm
        - Contributed capital and retained earnings

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Basic Financial Statements (continued)

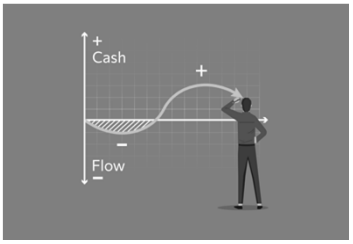
- Income Statement (P&L)
  - An income statement shows a firm's financial performance over a period of time.
    - Revenue Drivers
      - Price
      - Volume
    - Expenses
      - Cost of Sales
      - Operating Expenses
    - Chart of Accounts
      - Broad, understandable, and useful categories
      - Profitability by practice type
    - Comparability
      - Year over Year
      - Budget

Basic Financial Statements (continued)

- Statement of Equity, Statement of Changes in Owner's Equity
  - Details the changes within equity over a period of time
  - Components:
    - Contributed Capital
    - Common/Preferred Stock
    - Draws/Distributions
    - Net Income (Retained Earnings)

Basic Financial Statements (continued)

- Statement of Cash Flows
  - Details how cash is being generated and utilized throughout the firm based on three types of activity:
    - Operating
      - Net income adjusted for transactions that affect operating activities but do not affect cash (for example, depreciation)
      - Adjust for changes in balance sheet accounts that relate to operational activity
    - Investing
      - Purchase and sale of property and equipment
      - Purchase and sale of investments
      - Purchase of intangible assets
    - Financing
      - Proceeds and repayment on lines of credit, long-term debt
      - Capital contributions/distributions



Financial Key Performance Indicators

- Revenue billed per month
- Realization rate (the proportion of billable hours at standard billing rates to the amount that is actually billed to clients)
- Utilization (% of total time available that is billed)
- Leverage (ratio of associate hours to partner hours)
- Revenue collected per month
- Collection rate (amount collected as a proportion of the amount billed)
  - Amount of A/R outstanding
  - Age of A/R
- Amount of firm debt (lines of credit, loans, etc.)
- Current run rate (projected annual revenue based on past three months)
- Current anticipated annual costs

Thank You!

Sheri Springer, CPA
Principal
SVA Certified Public Accountants

608-826-2531
springers@sva.com

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