

LAW FIRM SOLUTIONS SEPTEMBER 2011: FOCUS ON SOCIAL MEDIA

SEPTEMBER 2011

NYLJ READERS RANK MP&S TOP PROVIDER OF FORENSIC ACCOUNTING SERVICES FOR SECOND YEAR

Readers of the *New York Law Journal* (NYLJ) have, once again, ranked Marks Paneth & Shron LLP (MP&S) among the top three forensic accounting providers serving the New York legal community.

SOCIAL MEDIA: WHAT IT MEANS FOR YOU

Social media is not a fad. It is a new means of communication that is here to stay. Further, it is transforming the practices of many of the early-adopter lawyers. Love it or hate it, it is time to embrace social media as surely as we earlier embraced e-mail and Web pages. In fact, many people consider that social media adds the personal touch that appeared to be lost with e-mail.

Consider the growth. Facebook began in 2004 and was limited to college campuses. In 2010 it boasted 400 million users and 600,000 to 1 million users join each day. And, it's not just for the younger crowd. The largest percent of users is between the ages of 35 and 54. Both individuals and organizations have Facebook pages and use them to communicate daily.

Blogs also proliferate. A recent Google search revealed 113,000 legal blogs, 4.76 million immigration law blogs, and 8.1 million U.S. employment law blogs. In 2010 the American Bar Association Law Practice Management Section published the book "Social Media For Lawyers: The Next Frontier," by Carolyn Elefant and Nicole Black.

What Are the Communication Channels of Social Media?

The avenues of communication using social media are varied, but include connection sites such as **Facebook and LinkedIn, plus blogs and tweets**. The two most popular are Facebook and blogs.

Facebook is the easiest entry to social networking, and it is the one gaining the most attention. Lawyers should look at Facebook as a relationship-building medium. In this way it is no different than any other means for establishing and nurturing relationships – serving on a committee of a local organization, coaching softball, or any of the myriad other activities a lawyer engages in daily.

As an individual, you can establish a Facebook page that you limit to family and personal friends, a separate page for business relationships, or one that incorporates both personal and business acquaintances. There are pros and cons for a stand-alone or combination page, and you must decide your preference. However, if you choose separate pages, do not limit your communications on your professional page to only professional messages. Share your humanity with comments about your vacation or other personal activities. The key is to nurture relationships, and as with any other communication, getting to know people is the first step toward building rapport and trust.

The reasons for lawyers to be on Facebook are numerous, and they include:

- Referrals and clients from old classmates, colleagues, and friends through direct contact both formal and informal.

- Strengthen relationships with colleagues by sharing knowledge, interests, and activities and family life, and by offering opportunities to connect through groups and events.
- Post videos, photos, notes, blogs, and other interactive and community-building applications.
- Evaluate potential jurors before and during trial. This Internet vetting can disclose a juror's associations, interests or past statements that may make a lawyer want to strike them from the jury pool or keep them. It also can provide insights for crafting effective closing arguments.
- Investigate defendants, witnesses, and prosecutors.
- Research potential job applicants' public statements, photos and questionable social activity.

After you have successfully created a business page you can link to it from your own Web site or e-mail campaigns, or encourage your own personal Facebook friends to become a fan of it. Remember, when a personal friend becomes a new fan of your business page, that message is displayed as a notification to all of your friend's friends. Similar to word-of-mouth marketing, this is a great way to bring Facebook users to your new business page.

A couple of terms to understand: For personal pages, people "friend" you. For business pages, people "like" you. Once someone "likes" your business page, they receive your posts automatically.

Custom Facebook Pages for Law Firms

You also can establish a Facebook page for your law firm. If you do so, you should seriously consider creating a customized landing page. Until recently, this was a difficult chore. Facebook recently launched an app called iFrame that does all the hard work for you. It's a free download. Go to <http://apps.facebook.com/iframeshq/?ref=ts>.

Put a Voice to Your Legal Expertise with a Niche-Oriented Blog

A blog (a blend of the term Web log) is a type of website or part of a web site. Most blogs are interactive, allowing visitors to leave comments and even message each other via widgets on the blogs. It is this interactivity that distinguishes them from other static websites. Many blogs provide commentary or news on a particular subject; others function as more personal online diaries.

Blogging has been around since the late 1990s and has evolved into a valuable resource for lawyers seeking a way to showcase their expertise. As mentioned earlier, there are literally millions of blogs on specific areas of the law. However, when you search blogs for "immigration law Boston" the yield is few. Further, many legal blogs are mere recitations of a lawyer's expertise.

To publish a successful blog, focus on your expertise – your niche. Write blogs (articles) that discuss specific areas of the law or comment on cases that have been in the news. Because of the interactive nature of blogs, you can build a credible discussion on topics in your practice area. This can serve as the foundation for your professional presence on the Web and in turn boost your reputation as an expert.

Some law firms are reluctant to empower one lawyer to establish an individual "brand" on the Web. Firms want to control the message and have the benefits accrue to the firm. However, the only difference in blogging and authoring articles for publication is the channel. The message is the same whatever the means of distribution, and niche specialties are the most beneficial marketing path.

Your blog can be hosted on your firm's web page or on a site dedicated to hosting blogs. A good place to begin your blogging journey is to see what others are doing. Visit www.lexmonitor.com for a daily view of law blogs and journals. Find one or more of interest and "follow" them. Comment on articles. Post links to your own blog. Of course, always include in your own blog a link back to your firm's Web page.

The standard length for blogs is 250-600 words, though some are longer. Frequency is less standardized. The key is to be consistent in frequency, length and tone. Again, the goal is to become a source for news in

your practice area and to get referrals from within your existing legal or business network.

Utilize Social Media to Achieve Your Professional Goals

Social media is a tool to achieve your professional goals, not a goal in and of itself. Don't go for big numbers of followers. Rather, focus on those individuals who already make up your network within your professional expertise. If a segment of your personal marketing plan calls for frequent contact with your niche referral sources or clients, utilize social media as another communication channel for doing so. Be sure to include other lawyers who might refer business.

Strictly Obey All Ethical Constraints

Social media only changes the communication channel, *not* the message. Any communication that is inherently unethical does not become any more acceptable when the information is disclosed in a tweet or blog or on Facebook. On the other hand, discussing in your blog a recent case in the news is just as harmless as if you had published an article in a law journal or newspaper column.

The bottom line is that social media is merely a new form of communication. Use it as you would any other communication channel to further your practice development goals.

LOOKING FOR A BLOG?

The blogs that follow are but a small sample of the many blogs currently being published by and for lawyers and law firms. A quick perusal of these sites will give you a better idea of what is available and hopefully lead you on a more detailed search for blogs of interest to you and your practice.

<http://blogs.wsj.com/law/>

The Wall Street Journal's Law Blog covers the notable legal cases, trends and personalities of interest to the business community

www.pointoflaw.com/

A web magazine sponsored by the Manhattan Institute that brings together information and opinion on the U.S. litigation system

<http://lawprofessors.typepad.com/>

A directory of blogs hosted by law professors on numerous legal topics

<http://stlr.stanford.edu/>

An innovative forum for critical issues intersecting law, science, technology, and public policy, STLR articles; these are among the most cited of any online-only law journal

<http://www.patentlyo.com/>

Focuses on patent law

<http://medialaw.legaline.com/>

A blog about freedom of the press

<http://blogs.law.harvard.edu/corpgov/>

The Harvard Law School Forum on Corporate Governance and Financial Regulation

<http://masslawlib.blogspot.com/>

Provides Massachusetts law updates

<http://astintarlington.typepad.com/>

A blog from the former Editor in Chief of *Law Practice Magazine*

<http://www.flatfeeipblog.com/>

Focuses on IP litigation

<http://blog.larrybodine.com/>

Focuses on helping law firms get more clients and earn more revenue

<http://www.lexblog.com/>

A blog hosting site by and for lawyers

WHY SOCIAL MEDIA MATTERS TO LAWYERS

Carolyn Elefant and Nicole Black, authors of *Social Media for Lawyers: The Next Frontier*, say that lawyers who dismiss social media do so at their peril. They state that social media is permanently altering the way that potential clients, from individual consumers to the in-house counsel of corporations, evaluate their need for legal services and identify and select the lawyer best-suited to serve those needs. They point to several reasons why social media will continue to grow in prominence.

- **Face of The New Generation.** The first generation of Facebook users now are in the workforce and are integrating Facebook into their professional lives. They also are converting others to the benefits.
- **The Informed Consumer.** People now expect to find information about potential providers of services on the Internet, including lawyers. Consumers and corporate counsel alike are inclined to educate themselves about various legal issues through blogs, online video and conversations in online community sites before they even compile a list of potential lawyers.
- **The Need For Personal Connections.** Social media satisfies our longing for human contact and gives lawyers a chance to reveal a little personality. It allows lawyers to build deeper and more meaningful connections online.
- **Social Media Is Fast and Cheap.** Social media delivers news and contacts at a record pace, for free.

The authors state unequivocally that social media gives lawyers the tools to provide potential clients with the kind of in-depth information that they've come to expect online prior to making any kind of decision requiring a significant commitment of resources. Bottom line: If you're not using social media, you can't deliver the kind of information that today's clients demand before they hire a lawyer.

USE REVERSE SEMINARS TO LISTEN TO CLIENTS AND EDUCATE LAWYERS

Paying attention to clients is the mantra of most law firms today, and firms seek almost any means to be close to their clients. An excellent means for seeking client input and getting to know clients better across all strata of the law firm is the tactic known as a "reverse seminar". The term was coined by retired consultant David Maister, author of numerous books and articles on professional firm management.

If a seminar is where the law firm invites a group of clients together and talks to them, a reverse seminar is where the firm invites the client executive to come and talk to the members of the law firm. The objective is for the client to share what's going on in his or her world – everything from competition to financing to

human resources to industry trends.

Most clients will be flattered to be asked to speak and will see the invitation as a sincere indication that the firm cares about its clients.

In addition to deepening client relationships, the reverse seminar offers a powerful opportunity to deepen the knowledge base of the firm. Lawyers may be highly skilled at practicing law, but few have a systematic opportunity to learn about the business environment in which their clients operate. Regularly scheduled reverse seminars expose staff (junior and senior associates, as well as partners) to the thinking of business people.

Of course, reverse seminars always offer the chance that new business opportunities may be identified. Be careful when this arises. If the client senses that you are more interested in selling than in listening, you will destroy the goodwill created by the seminar and endanger the client relationship.

If the client does express a need, he or she can be asked if a further meeting to discuss this issue is desired. Most clients who express a need would be willing to listen to a proposal about solving that need.

Other means for listening to clients are attending client industry meetings, market research, senior partner visits, engagement team debriefings, and systematic client feedback via client surveys.

Sample Reverse Seminar Request

Dear Client,

We are very interested in you and your business. Unfortunately, only a few of us get the chance to visit with you in the course of our work for you. Accordingly, would you be prepared to come to our offices after business hours for a drink or two, and then give us a brief talk about what is going in your world? Perhaps you might be prepared to answer a question or two from our people. We do hope you will accept, as we are keen to learn even more about you, your company, and your industry.

ACCOUNT FOR NONBILLABLE HOURS TO ACHIEVE GOALS

Most law firm partners bill about 1,700 hours annually, but work about 2,400 hours. What happens to the other 700 hours?

Of course, there are many things of importance that eat up those hours: supervision, CLE, community activities, Bar activities, marketing, firm or practice area management, and more.

While there certainly is plenty to keep a partner busy, planning and tracking how those nonbillable hours are spent can reap rewards for the law firm and the partner. Billable hours are the firm's current revenue. Nonbillable time should be viewed as the firm's future.

With this in mind, consider planning for the use of about 400 nonbillable hours per partner per year for designated responsibilities. This is about 100 hours per quarter. At the beginning of each year, as yearly goals for each partner are established, allocate those hours to specific areas of activity and hold the partner accountable at the end of the year.

Some partners might plan to spend those hours in marketing. Some might spend those hours in training associates. Some might take on an examination of the firm's employee benefits programs, including insurance. Two or more partners may pool hours to tackle a project too big for one person.

To build a firm culture that emphasizes the importance of nonbillable investment time, circulate reports routinely on the use and accomplishments of the planned hours.

GOOD NEWS FROM WASHINGTON FOR LAW FIRMS

President Obama has signed a law that repeals rules that had businesses, including law firms, up in arms because of the paperwork nightmare they created.

One of these rules would have required all businesses, beginning in 2012, to file a 1099 for any payments to a corporation for \$600 or more in a calendar year and issue a statement to the payee. Also, your business would have been required to obtain a taxpayer ID number from each corporate payee to avoid the requirement for backup federal income tax withholding. On the other side of the coin, if your business is incorporated, it would have had to supply customers with your company's taxpayer ID to avoid backup withholding.

So, where do we stand now? You must continue filing a 1099 to report payments of \$600 or more for services, such as to an independent contractor. This is the same rule as was previously in effect. If your law firm is currently handling 1099s and payee statements without any problems, you can continue with the status quo.

On the other hand, if you know you have compliance deficiencies, the harsher penalties that are now in effect dictate in favor of cleaning up your act.

SPOTLIGHT ON MP&S

TAX TIPS FOR START-UPS: US SALES AND EMPLOYMENT WITHHOLDING OBLIGATIONS

Tax ranks high among the many structural issues a start-up needs to consider. In her article in the *Metropolitan Corporate Counsel*, Alyssa Forslund notes that even tax responsibilities that seem straightforward – such as collecting sales tax and setting up withholding for employees – can be challenging and need to be approached carefully.

LONG ISLAND BUSINESS NEWS HIGHLIGHTS MP&S

An article in a recent supplement to the *Long Island Business News* focused on how the firm enables our business clients to do what they do best.

MP&S Is Pleased to Welcome These Outstanding Professionals to the Firm

SALT PARTNER

Steven P. Bryde, JD, has joined MP&S as a principal in our tax practice. Steven is a state and local taxation (SALT) specialist with approximately 25 years of public accounting experience in both global and regional firms. He has also worked in industry as a tax attorney for a global energy company. Steven is admitted to practice before the New York State Supreme Court, the Federal District Court (Southern and Eastern Districts) and the US Tax Court.

LITIGATION AND CORPORATE FINANCIAL ADVISORY SERVICES PARTNER

Eric Kreuter, Ph.D., CPA, CFE, has joined the firm's Litigation and Corporate Financial Advisory Services Group. He specializes in litigation and forensic services including commercial damages and fraud investigations. He has testified in state courts and the US Bankruptcy Court as well as arbitrations and depositions.

WESTCHESTER PARTNER

Anthony J. Tempesta, CPA, has joined MP&S as a Partner in the Westchester office. He has worked in both public accounting and industry and has more than 30 years of experience in the accounting profession. He has a deep background in the nonprofit and government sector. He also serves real estate entities, closely held businesses and high-net-worth individuals. Immediately prior to joining MP&S, he was the president and managing partner of his own firm, Tempesta & Farrell, CPAs, P.C., for 15 years.

GAAP AND GAAS SPECIALIST

Yasmine Misuraca, CPA CFE, is a Director in the firm's Litigation and Corporate Financial Advisory Services Group with more than 15 years of experience working in public accounting and industry providing securities litigation, litigation consulting and forensic accounting services.

She has an in-depth knowledge of both US Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS). She has worked with the SEC on large, high-profile cases. She has also worked with major law firms and corporate counsel on all aspects of their cases.

FOR FURTHER INFORMATION

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