

THE BUSINESS OF TAX

Long Hours, and They Aren't All Billable

by Zoe Sagalow

Jason B. Freeman was known for working long hours as a tax attorney at a big firm, but opening his own practice took his workdays to a new level.

He's up at 5 a.m. and often doesn't leave the office until 10 or 11 p.m. "It's kind of crazy, I guess. . . . That's not an uncommon day," Freeman said.

As the founder of tax boutique Freeman Law in Frisco, Texas, Freeman is busy with the continuing cycle of bringing on new clients and completing work for them.

"You kind of think you're going to have more control over your schedule, and in some ways you end up having less," Freeman said.

Joshua Wu, now of Clark Hill PLC in San Antonio, said he also worked more when he had his own firm compared with his time at a larger firm, especially when starting up. It also wasn't nearly as much billable time, he said. Wu said he spent 10 to 15 percent of his time doing administrative work like bookkeeping and marketing to keep the business running.

"The administrative side definitely became a burden for me, especially billing and collecting," Wu said, adding that he had family obligations, and the unpredictability of income was a challenge. "All that stuff that's back-office is all you. . . . Calling clients and asking for payment promptly is not my favorite thing to do," Wu said.

For John Pontius, who founded Pontius Tax Law LLC in his hometown of Rockville, Maryland, in December 2017, the hours are about the same as they were before, but it's still a long day.

"It's not terrible," Pontius said. Most days he tries to work from 9 a.m. to 6 or 7 p.m., while two or three days a week he attends receptions that last until 8 or 9 p.m. On more than half of his weekends, he devotes time to answering "non-client strategic-type of emails."

Splitting Time

Pontius said he spends about half his time on client work, a quarter on running the business,

and another quarter on client development, including lunch and coffee meetings and networking receptions. As a result, he works roughly half as many billable hours as he did at previous firms, but his income is now about the same.

"I'd say it's a bit of a roller coaster being a new solo practitioner," Pontius said. "You can bill about half the hours and get close to or exceed the income of billing twice the hours."

Start-up expenses were painful during his first couple of months in his own firm, but Pontius is now considering investing in advertising and marketing to bring in more revenue in the future.

Wu also described a challenging start for his firm, a tax boutique he founded with Travis Greaves in January 2017 as Greaves & Wu LLP in Washington. The pair worked together at Caplin & Drysdale Chtd. and were able to bring some clients they had worked with directly.

Despite all his work hours, Wu said he was making about 60 percent of what he did at his previous firm, in part because he was trying to attract clients by offering a lower hourly rate. "Better to have a client at a lower rate when you're starting out than to have no client at all," Wu said.

Running a Business

Even with a pay cut, Wu said it was worthwhile. "It was more personally satisfying to bring in a dollar," he said, noting that for each hour billed, "you know all the money is coming to you."

But for Wu, part of the appeal of starting his own practice was the opportunity to do it with Greaves. He said that when Greaves left in May 2017 to become a deputy assistant attorney general at the Justice Department, he "missed having someone to bounce ideas off of and just do a sanity check on what's the best strategy for a client."

Wu still had "a group of other solos" that he talked to and said he might have kept working on his own if Clark Hill hadn't offered him a new opportunity. He closed his firm in December 2017.

For Freeman, starting his own firm was part of his plan since law school. After seven years of building experience at Meadows, Collier, Reed, Cousins, Crouch & Ungerman LLP in Dallas, he decided he was ready. He also gained experience

managing his father's small-town pharmacy after his father died, while still working at Meadows Collier.

"I went gray early," Freeman said. Still, the final decision to open his own firm in April 2016 was nerve-racking. Although he describes having his practice as "fantastic" now, he said that at first, "I'm not kidding . . . I lost 25 pounds."

Freeman is now making more money on his own. "I think you can certainly control that. The one thing you're always aware of is . . . what will happen next month?"

After giving the firm his notice, Freeman told his clients they had the choice of coming with him or staying with Meadows Collier. He thought most would choose the latter. Instead, all of them moved with him, creating a new problem: "How am I going to get all this done?"

Now Freeman, who is a CPA in addition to being an attorney, has three other attorneys working with him as well as a paralegal. ■