Episode 106 - How Much Profit Should You Make As A Business Owner and What To Do With It with Brooke Lively

[00:00:00] Hello everyone and welcome back to the Business Growth Advantage. I could not be more excited today to be sharing with all of you, someone who is [00:01:00] relatively new to my world, but has become one of my secret weapons, and I'll share some stories about how in a second, But in a little bit, Brooke Lively is gonna start opening her mouth and talking.

And really quickly you're gonna get this sense of, oh, Brooke is the real deal. She's incredibly smart. She can run circles around both most business owners in terms of knowledge , of so many of the foundations of what it takes to build a successful business. And if you're like me, You'll probably hear what she has to say and watch this video and think, oh, Brooke is one of those experts that is probably really hard to get a hold of If I ever get to borrow some of her time, , I might feel like I have to pay her thousands of dollars for five minutes.

I had one lunch with her at a conference and walked away. Like hundreds of thousands of dollars worth of value. And , I wanna set the stage there because as we'll get into Brook is one of those examples of a business owner who runs a company, , that you [00:02:00] might not be able to work with just yet because of the caliber of business owners that she works with.

But I know that Brooke is on a mission to help people become her ideal client. . So Brooke, why don't we start there. Tell us about your company. Tell us about the types of businesses that you work with and all of the things that you do to support businesses to get to a point where you can work with them.

I'll tell you a little bit of our history. Yeah. Why don't I do that? I really took the long way to owning this company. I did everything but become an entrepreneur until I was. I don't know. Gosh. Almost 40. , I went to grad school at 35 and got a degree in finance, which I didn't think I was going to do.

And, , worked for a hedge fund. Ended up running my father's law firm because he liked to shed his partners every seven to 10 years. If you looked at a cv, oh geez. It was hysterical. It was like he would [00:03:00] hire associate. . And then, , five to seven years later, he felt like he had to make the partners and then he'd be like, , I don't like you as a partner.

So he would dissolve the law firm and start over. and do the same thing, . I'm like, did you not learn the lesson? So he had lost , the woman who had been with him for 30 years running his firm. And he said, I need some help. I'm like, okay, great. So I ran his firm and. That was when I realized that attorneys are these incredible people.

Thank you. You're I mean,, I both attorneys. , after You don't hear that enough, so I'll take it. My lifetime. I've dated a lot of attorneys. Every, almost every guy I've ever dated. Has been a six two left-handed lawyer who wears glasses. Wow. Yeah. , you have a type for sure. I dated in high school, grew up to become left-handed lawyers who wear glasses

Wow. Yeah. I gotta start dating something different. [00:04:00] Cause , I still haven't gotten married. But anyway, that's a whole different topic. , we'll bring you back for the sequel and . Yeah. We'll get into that. We work on my dating life. . . So anyway, you guys go to law school. You have very often been the smartest people in the room.

You go to law school, they teach you to be the expert. They teach you to have the answers, and you get outta law school and all of a sudden, a huge majority of you end up owning your own business. And no one ever taught you how to own a business. And you're supposed to have the. And it's very hard to be in a position where you don't know what you're doing and to raise your hand and say, I don't know.

I need help. And it frustrated me to watch attorneys struggle with owning a business , and, Be stymied by , the business side of owning a law firm. And so when I started Cath [00:05:00] Cap, I started as a fractional C F O company. So we would go in and we would help attorneys understand numbers cuz let's be honest.

You went to law school cuz you were promised no numbers, right? Yep. The , that was all you went. You're speaking to an English major here. I get it. Yeah. , you went to law school, you were taught one mathematical formula. What is one third of any number? . Contingency , and if you took the really advanced contingency math course, it was what's 40% if you went to trial?

My gosh. , you didn't take that advanced math course, did you? Nope. No. Yeah, so , you just took the basic 33. Yes. , so that was where we started. And then our

CFOs were like, there are operational problems that we see because as a CFO you see everything that's happening in a company. But there are these operational problems that we see, that we identify, [00:06:00] but we can.

Solved because it's outside of our bailiwick. Yeah. So we started a COO arm that goes in and helps with things like leadership and operations and efficiencies , and those other things that help a law firm run efficiently. Hr, all those things that, , I think , our COO. Look at both the hard skills of running a business.

Yeah. But also those soft skills, which are probably more important. They really are. And if you look at like the hiring environment we've got now, yeah. We need to keep our employees pretty stink and happy. , and I don't want to beat you to this punchline. , I hope , we get quickly to , the future , of law firms and the consolidations that you see on the horizon.

I talk to [00:07:00] so many law firm owners right now who say, , I did this because I didn't wanna be an employee anymore. . , I'm bringing , this up now because what I'm starting to realize is it's not that they didn't want to be an employee. They didn't wanna be an employee at an awful law. Yeah, and I think what experts like you are helping other lawyers do is build great law firms.

And I hope that the discussion changes years from now to , if you don't like the job you're at, it doesn't mean I don't like being an employee, I should start my own firm. , it's not to knock being a law firm owner, it's great, but you are really playing a role in creating , this new opportunity to say, oh no, I just.

Be at a better law firm. Yeah , we've all heard the stories or maybe you lived the story. my friend Elsie, graduated from law school, went to work in New York, one of the big law firms, billing, , 2000 hours just to keep his job. He kept clean shirts in the bottom drawer of his desk.[00:08:00]

They knew which partner had the most comfortable couches to get that four hour nap on at night. . , and , it was a race to see who could get the good partner couch. , and no one wants to live like that. , or my friend Amy Sue, who works for a big firm in DC who, , ordered dinner in every night , on the client's bill.

, she did all the AOL acquisitions and. , she also, what's aol, right? ? Yeah. She also calculated how much revenue she did for the law firm. and she looked at how much she was getting paid. She's like,, I'm totally getting screwed here. And I'm billing more and more and more and more and I'm not sharing in it and I'm not seeing my path to promotion.

I'm not seeing how this is gonna benefit me and I'm working a ton and I'm miserable. And , the fact of the matter is, we don't recommend that any law firm [00:09:00] have their attorneys bill 2000 hours we're. 1200, 1400 at a huge push. . , we talk about the culture of a firm. We talk about people wanting to go see little Timmy's baseball game and Little Janie's, , ballet recital.

Yeah, let's do that. Let's make it somewhere where they wanna work. Let's align your. Needs as an owner for your attorneys to produce with their needs , as a spouse, as a parent, and also as a breadwinner. . Let's get all that in line. Let's make it a win-win for everybody. Let's work on, I am so sorry to say your skills as our boss, because Yes, I promise you, at that big law firm, [00:10:00] you pretty much learned how to yell and scream, and that gets to nowhere.

, let's work on your people skills. Let's work on how you develop people, and let's start with you. Let's develop the culture of your firm. Let's create a place where people wanna work and where they wanna stay, , and that's gonna really turn things around in your company. I ask people, so people ask me all the time, they're like, are you having a hard time hiring?

I'm like, Nope. They're like, really? In this environment, I'm like, I love it. , we have no problem at all. People are like, why not? I'm like, people come to work to us, come to work for us because of our culture.

We are so much, we are family friendly. we are a virtual workplace. We have been for 10 years from day one. , but our core values are front and center. Yeah. We talk about 'em in our [00:11:00] first interview. , every single interview you go through five or six interviews with us, everybody grades on core values all the way through.

, we wanna make sure , our core values are sacrosanct. Yeah. Are you doing that in your firm? Are you building somewhere where people wanna work? Yeah. You didn't mention, , bonuses and gifts and things. Brooke . So I did, I actually did, I talked about Bonus Lewis when I talked about aligning your needs as the business owner with the needs of the breadwinner.

Hmm. But , I was saying that tongue in cheek though, because I think that so many people avoid diving into their core values and what that means, and instead say, here's extra money. Yeah. What's your, and. , we'll throw money at the problem. Yeah. And , the fact of the matter is not everyone is motivated by money.

I was, , speaking [00:12:00] at a mastermind a few months ago and they were talking about bonuses and money and they were asking me questions and I was like, , we run on what's called the pod system. we're about to launch our third pod, and, , I said, . The competition between our pods is fierce.

Okay. , fierce. And yes, the pods get bonus, the pods sink or swim together. We don't do individual bonuses. We do pod bonuses. Interesting. So they sink or swim together. But really more than anything, it's the bragging rights. And they will be like, ha ha, and we're beating your butts. And like , the conversations back and forth between the pubs, , I much more about that than the dollar value that they get.

, I'm really glad that you bring this up because just recently I was reminded of how competition can still [00:13:00] be. healthy and like culturally positive thing. I think, I'm hardwired , as a peacemaker, so there's a part of me that's always saying no to conflict, but my wife and I just got started on Duolingo together and mm-hmm.

every night we're both doing lessons to try and beat the other person before we go to that. Yeah. And it's, but it's great. , I'm so glad you said that because I do think , that creating that type of healthy, sustainable, collaborative competition can be the thing that, pushes people to, in my case, , 10 more minutes sprinting through some dual lingo lessons at night.

Yeah. and there is such a thing , as healthy competition and healthy trash talk. Yeah. . The other thing , is that the teamwork that gets created between in that pod, that's amazing. Mm-hmm. , right? Yes. They are pulling [00:14:00] together, so one of our pods is called What? The fork.

Amazing. Okay. We're a bunch of accountants and CPAs and yeah. oh, I love it. And these, pods, just to gimme a quick sense of context, are these pods specific to a certain department or do you have one pod that spans marketing, sales, the delivery? No, , so our pods are mainly sitting in our cfo, F O division.

, and , a pod has two CFOs. , it's got an analyst. , they're nice, , so , it's, that makes sense. Yeah. , and I wanna zoom out a little bit too, , because , I said this earlier, you hinted at it. , tell us more about the type of client that cath cap. , we work mainly with law firms.

We occasionally take non-law firm clients, but we're at about [00:15:00] 85%, 90% law firms right now. , revenue sits between two and $25 million. They are firms that wanna grow, that are actively looking to improve. They. are coachable, they are willing to change. they're going to take action. , and so he, here's my perspective.

When you say that, Brooke, like I'm learning more and more, that what motivates me to grow my business mm-hmm. , is to be able to be in the room with a brook, with others. And I get so much fulfillment from feeling like I am playing. You know what I'm seeing as my highest level. And so , I know there are people tuning in, maybe live the replay on the podcast who are listening to this and saying, okay, I'm writing this down.

It's now on my vision board to get to a point where I can work with Brooke. If people aren't there yet, maybe now we can start to shift to what [00:16:00] can people be doing? And , I know you've got certain categories of, if you're at this amount, here's what can get you to the next step. Yeah. I think.

I have, and , it's funny because I wanna help everybody. You guys, it is so obvious she's not just saying that , I brought a notebook that I thought I would just use for the conference and all of it was filled . After talking to with Brooke for two hours and our c o o, we actually run , on traction.

We're an e os company. Our integrator like. Brooke, we can't help everybody all at once. Okay. I'll take it. So one of the things we've done, , we have video courses Awesome. And we have a YouTube channel and go to our YouTube channel. We have filmed, I don't. , maybe a hundred videos. [00:17:00] Wow. I think they, they're all like two to three minutes and they cover all kinds of topics.

, , what kind of return should you get on your employee? . That's a great topic, man. Three to five X is the answer. Who should be a three and who should be a five? Go watch the video. . guys. She's so good at that. How do I set a billing rate? , there's a video on that. , how do I get a loan?

What do I need to tell the bank? There's a video on that, , and most people will go to YouTube, type in a question, and then if they. Video from Brooke, they'll watch it. You guys, , the secret here is go to her channel and read through the titles because she's gonna be answering questions that you didn't even know to ask.

But when you see them, you're gonna be like, oh yeah, I should know that. I should know that. And, , if you email me, we actually have, I don't know, like seven to 10 topic.[00:18:00] , , where there are like three to five videos and we also have things that you can download, there's one on banking and we have one that'll figure out, I think it figures out ratios.

, personal financial statement. So you'll get instructions on how to fill out a personal financial statement. You'll hear the story that my grandfather always told me to fill out a personal financial statement every January 1st. and why. , have you done that this year? It's actually really helpful.

, so helpful. And, , so you'll get a series of six or seven emails that kind of gives you these bite sized learning chunks. That's awesome. And is there a particular email that people should use? Brooke Cath cap.com. Yeah. C a t h c a p.com. And as you can see, Brooke has an e on the end, so Love it.

Brooke, at cath cap.com. And , I'll just, we'll, I'll send you links to those. So all the videos that are on YouTube are also contained , in those, , those [00:19:00] learning campaigns. Yeah., but the learning campaigns have some things that you don't. Some downloads that you can't get on the videos.

Okay. Awesome. Well, thank you, Brooke. , you're , so generous. And speaking of all the different things that you know, , you wrote, you've written books on Yeah. Profit. So let's talk about profit and let's first talk about how you define it because you have such a powerful, holistic way of looking at it.

Yeah. , I think we all get caught up. or we can get caught up in the bragging rights, . I have a million dollar business , and we'll sacrifice a lot on the altar of the seven figure business. Mm-hmm. and a seven figure business may not actually accomplish anything for you.

And I think that what you need to do is you need to define profit for. And profit can be money. Absolutely. It can be cash. [00:20:00] That profit can be time , and profit can actually be your reputation also. So Joey, you actually talked about profit earlier, but you didn't couch it that way. You talked about the fact that you're only spending two to three hours a week in your law firm.

Yeah. So your law firm is. I'm gonna go out on a limb here, giving you enough cash profit to satisfy your financial needs. Yeah. And it is giving you a lot of time profit for you to be able to go off and pursue these other things. Absolutely. Absolutely. And that's huge. You know, I had a client in Florida, Who wanted to really get some reputational profit.

Mm-hmm. , she wanted to do big, huge divorces. , she [00:21:00] only represents women and divorces, and she represents women married to high powered, big name men. Okay. And she wanted to do that across the us that is reputational profit. If you look at some of the women who go out and represent women in some of these cases, they take those cases on pro bono.

They're not necessarily making a lot of money off of those cases. They're making a lot of reputational profit. Yeah. Wow. Which may then drive. Financial profit in their law firm at home. Sure. , I love this I'm now starting to take the notes even more that if you were to ask a business owner, where do you wanna be in the future?

What do you really want? However they answer is profit. It almost sounds like I'm gonna go back to this seven [00:22:00] figure law firm thing. Yeah, yeah. That everyone's obsessed with. Oh, sure.

There are people out there who will push to a seven figure law firm, and you know what? Having a $500,000 law firm that gives you $300,000 a year in. That lets you work 40 hours a week, you and a paralegal. Yep. Only one person to manage may be more profitable for people than a million dollar law firm with six employees.

That gives you $150,000 of financial profit. Where you're working 50 or 60 hours a week and you have the stress of managing all these employees because managing employees may not be your bliss. Yeah. Super well said. Are there times when , you still stand for [00:23:00] or push people to think bigger.

Do you ever, do, hear about people talking about profit and they're telling you Yeah, , I'm good here, but you are sensing that they should be reaching for more and that , there is more profit in that holistic definition available to them. , yeah. , I'm always pushing for my clients to have.

. I think they always can have more, but it's not just the revenue. It's not just the revenue. Yeah. , it may be, yeah. I think you should fire all of your employees. Keep your paralegal and rightsize your firm to create more profit in your life. To create the life. that you'll enjoy. Yeah. , we've talked about team quite a bit here in these examples , of profit.

. , , as a business owner trying to find ways to become more profitable, is looking at team costs generally one of the [00:24:00] first places you look to, to see what can be done here. Yeah. , very often when people come to us, They are feeling that pressure of, I have all these team, , all these people, all these employees and I don't feel like we are making as much on the top line as we should be.

And I'm like, yeah, cuz they're all billing four hours a day. Wtf. , and they're billing four hours a day for different reasons. . Yep. They may be billing four hours a day because they don't have the work. Okay. That's a marketing problem. . , right? They may be billing four hours a day because they don't know how to do the work.

That's a teaching and training problem. They may be billing four hours a day because they don't have a resource that they. So they don't have access to Westlaw or , so they're, , going to the law library or [00:25:00] their computer has to be rebooted five times a day and that's costing 'em, , two hours a day and reboot time.

, they may be billing four hours today cause they forget to write down their. , that's a different teaching and training pro problem. Yep. Right? Yep. Or they may be billing four hours a day cuz they're watching, , binging Netflix. Sure. Okay. That's a flat out HR problem. Yeah. Right. So what's the root cause?

And it's digging down, I think there's so many people. That say they're only billing four hours a day. And back to , the point you made earlier, let's throw more money at it. Yep. Money doesn't solve any of those stinking problems. Right. , or , yeah, , let's hire an X, y, Z to fix this for us. Oh. Oh.

You wanna hear my best story about that ever? Yes, please. [00:26:00] Okay. So I was having a sales call with a guy and he said, my people aren't doing enough. , here's what I've done. I'm like, okay. He's like, every morning I make a to-do list for every one of my employees. I'm like, oh my God. How much time did that take?

Okay. He had then hired, get this, a guy from junior. He gave them each of the to-do lists. He went around and distributed them to all the attorneys and then sat on all the attorneys all day to make sure that they were checking off their to-do lists. okay, we got two problems with this. Oh, we got a lot of problems with this, but here's the biggest problem,

No attorney wants some pimply faced teenager who hadn't even graduated from junior college telling him what to do. Yeah. Talk about a culture problem. Mm-hmm. , that was a disaster. , yeah, we fired Happy [00:27:00] staff because he was totally overstaffed. He made money the next month, man. . Incredible. Okay. So we might circle back to team, but , that's now got my gears turning on.

Okay. What are some other kind of profit creating things? And we talked before we went live about how helpful referrals can be. especially, , if you're not yet at that million or 2 million a year level yet. Yeah. , I think that, can I just make a plug? Yes. Really fast. I think that everybody who's trying to get to that one to $2 million thing is always looking for the shortcut.

They all think it's gonna be on the internet. Yeah. And really it's shoe leather. Hmm. It's networking, , it's out there, pit in the streets. It's meeting people, it's talking to people. It's so true, and one of the first books that I read [00:28:00] for law firm owners said, you know, your biggest client is your referral partners.

For anyone listening that's a lawyer, you may or may not relate to this, but as a trademark lawyer, I quickly realized that. Unlike a lot of lawyers I know, , my strongest referral partners are not other lawyers. We have a few that are great, but a lot of it is other types of business owners that serve businesses.

, , as a trademark firm, we don't get everyone and their mom coming to me saying, Hey, I got hit by a car. This, my son's in jail, Joey as a trademark lawyer, can you help me? And me sending people wherever. , and trademarks are, , they're not like, , I got hit by the trademark bus kind of problem.

And so a lot of the referrals that we get, to your point Brook, are. People who they can see, oh, my clients aren't trademarked yet. I need to send them to Joey. It's more of a proactive connection than [00:29:00] they're getting all of these emails asking, who do you know that can help with this? Can you talk a little bit about , the types of networking or referral partners that you can be looking for, whether that's clients, , other types , of business owners or attorneys , and what your tips are there?

Yeah. I think that , the best thing that anyone ever told, was, who are the professionals that your clients use? Hmm. That's a great way to say it. Right. So if you are an estate planning attorney, who are the people that your clients use? Well, they're gonna use accountants. They're gonna use money managers, right?

Yep. They might be using funeral home. . , if you do, , Medicaid planning, I gotta tell you, they're using retirement homes or what? Yep. , nursing homes is really what Sure. Yeah. , [00:30:00] where are your clients? Who are those other providers? Who are those trusted advisors? Yeah. , if you're estate planning they're using, oh, who are the end of life?

We keep calling 'em the death nurses cuz there's some on my floor here at the office.

Oh my gosh, that was painful. Yes.

Oh, that's, so good. And , one thing that I'm sure you've seen before, and it's something that, , if I just can get transparent and vulnerable, , for a minute. , indie law, one of the things that I love about being a trademark attorney is there is, there's so much diversity in youth in this space right now, and it's one of the few practice areas that if you wanna be a total digital nomad, you can take clients wherever.

And , , we're hearing more and more about these younger attorneys that want to get into the trademark space. And so we've got, , a growing number , of law students and even lawyers who are going out on their [00:31:00] own, , who are part of our part-time attorney team. Mm-hmm. and. One thing that we are seeing as a law firm that serves small businesses is when you first start, those other professionals that you're networking with might be serving businesses at a.

Lower level than others. And one of the things that we are working on is, , as indie law is leveling up and as our ideal client is leveling up, how are, how can we keep our eyes peeled on, okay, what are those next levels of professionals that we can build relationships with, , as our prices increase, , and as the business owners that we work with get more established?

Well, and is the complexity , of the work you. Changes. Yeah. Yeah. , the complexity of the law firms we work with 10 years ago compared to the complexity of what we work with now is mind boggling. Yeah. Right. , if you had handed me one of the firms [00:32:00] we work with now 10 years ago, I would've been like, however, , we have hired incredible people over the past 10 years , , and we're able to do that , and you're doing the same thing.

And one of the things we do is we have a really robust tracking system. So I was telling you earlier, 18% of our referrals come from professional referrals. Yeah. As a 50% conversion. I can go down to the person and I can tell you what a person's conversion rate is. Joey, I can tell you how many clients you have sent us and I can tell you what the conversion rate is on your clients.

That is , so good. So helpful. It's something that we're working towards. . , my question for you on that, and this is something that , I feel like you can both empathize with and continue to just drop golden nuggets around, is. for business owners that are committed to a referral strategy to getting out there and networking, it can often feel like that's the type of marketing that is really hard to track, really hard to see when the [00:33:00] ROI will come.

You wanna know what tips? Yeah. How do, , how do you, what the spreadsheet. Well, my question is, and fair point how do you recommend that people start out project. , if I do these networking, what can I expect? That is hard , and I gotta tell you, it is still one of those things, , how many people do we need to touch to get a referral?

I gotta say. , I'm still not entirely sure. Hmm. For my business. You're saying there's not a YouTube video , there's not a YouTube video for those. What can I say? Just keep going. Yeah,, and I can tell you statistically, if we talk to, this many people, we will get a referral.

Yeah. you just keep going. . We have found that some referrals come because the referral person we talk to someone. Yeah. [00:34:00] So there's this ripple effect that happens. Yeah. On that note, are there any programs or organizations that you think are just no brainer investments that can help people?

When it comes to referrals, , there's one that you and I talked about , and you joined, and I'm in, , it's EO entrepreneurial organization. So Good. , and it was founded, so there's a group out there called Y P O, young President's Organization. , and I can't remember exactly what the Y P O thing is.

There's a, big revenue number and a large number of employees, and. , I think payroll has to be 5 million a year to get in , and they found that people weren't growing fast enough to make the age cutoff to be in Y P O. Hmm. So they started a group called EO to help people grow to get in it.

Got it. So then EO kind of became its own [00:35:00] thing and you have to have a million dollars in revenue to get into eo and then they realized, that there were all these companies that weren't growing fast enough to hit a million dollars because what is it, only 5% of the businesses in the US hit a million dollars in revenue.

Crazy. But yeah, and , they do such a great job with screaming that statistic. They do in a good way. Because you need to know that. You need to know that. And so now they've started a program called the Accelerator Program, and you're usually in it for two years. I might have been in it a little longer.

but look at you now, Brooke . Yeah. , but that's okay. But accelerator's great. It really focuses on some things to help you Yeah. To grow , and EO has a very strict non-solicitation policy. Yes. You cannot go in and solicit that being said, eos like to do business with eos. Yeah. [00:36:00] Well said. and they will turn to the EO network first.

And I also have to make a plug for the EO network. , if you look at one of my books, there's a quote on the front from Gino Wickman, right? Mm-hmm. , , Gino Wickman wrote traction, a big deal, right? Yeah. Do you know why he wrote the quote for the final? I know. Cause you told. EO EO Verne Harnish.

My gosh, it's so awesome. you can put it out there in that EO network and say, I need to get to this person for this reason. And somebody will say, I'll do an intro for you. That's , because there is, that's so powerful. Someone that knows them. It is amazing. I. Again, , to your point about profit and the holistic definition of it, f in so many ways, I feel like I've already won.

. By being in a part of these, like it's the journey that I am [00:37:00] now on is the win for me, right? . . Yeah. And you're about to go through what strategy day. I believe people. . I believe People Day is next. We did people day. Yeah. Yeah. So that'll be, , I always get so much out of those programs.

, , it really is fantastic. , before I forget cause I didn't write it down, one of the other potential profit killers that I'm starting to see . is people overinvesting in programs. , now I think you and I both say that there are, , whether it's EO or hiring Brooke, there are definitely investments that are worth it , and you should be setting aside a percentage to invest in things like that.

, but I'm seeing this trend of,, business owners who become profit. Stretched because they just wanna join everything because they're program junkies. Yeah. Yeah. [00:38:00] I think that you really need to look at the total cost of any program that you're doing and really look at the roi, the return on investment, , and when I say the total cost, you need to look at the fees that you're paying if they meet in person.

you need to look at the travel costs. Yeah. You need to look at the cost of being out of the office. Sure. Because there's some opportunity costs there. Would you have been in the office billing what would you have been doing? , I can go to an event and would I have been in the office billing?

No, I don't work directly with clients. . Right, right. So there's no opportunity cost there for me. Right. but for a lot of people there is what is that total cost? I had a sales call with somebody one time , and she was like, I'm getting so much value out of this. I'm like, great. my sales are [00:39:00] up, Like $60,000 this year. I'm like, that's great that you've spent a hundred thousand dollars all in on this program. Yeah. So I'm not thinking that's a good value. Right. Oh, and by the way, this is the first time in your life that you're running a loss. So you know, what are you getting out? And who's benefiting? , I have one client who was doing, , oh, what's his name? I am not the guy who, I am not your guru, Tony Robbins.

Oh, yes. Yeah. So he was doing Tony Robbins and I start seeing the charges come through and I'm like, dude, what's this a hundred thousand dollars? What's this? $8,300 a month? Yeah. And he's like, oh, I'm doing Tony Robbins. And it is awesome and it's going, it's saving my marriage and I promise you a hundred thousand dollars is less than it would cost me to get divorced.

I'm like, oh yeah, it [00:40:00] is absolutely a hundred percent support you on that. However, let's be very clear, that's not benefiting your.

Yeah. That is benefiting you personally. Yeah. And so I'm not saying don't run it through the business like that's between you and your tax accountant, but we set up our clients PNLs so that all those personal things you are running through the. Come down at the bottom. I love how you'll allow for that.

you said it's okay. Like where's the true profit of the company? Yeah. And then how are you benefiting? Because we've had so many clients that are like, I'm not getting paid enough and I'm not taking enough money out and all this. And we're. Dude, you running $200,000 crap through your business.

You're getting paid more than you think. And they're like, , oh, that changes six. , by the way,[00:41:00] , Tony Robbins did not ultimately save his marriage, and he, not only Tony Robbins, a hundred thousand dollars. He got divorced about a year and a half ago. Oh geez. I met his wife. I could have told you that was gonna happen.

Gosh, Brooke, , before we run outta time here, cuz I do wanna respect your time, I wanna share a story and then get your thoughts on it because it's top of mind for me and I really empathize around this conversation of. , when we as business owners talk to people with programs or with high ticket services, , a lot of times what we're hearing from those experts is we work with people who look at what we do, not as a cost, as an investment.

If you were a real entrepreneur, , you would act quickly on this as someone who. No works with the caliber of business owners , that you do, , what are some talking points that you recommend that we can keep in our heads to play more confident defense when we might be with those types of salespeople?

, I personally [00:42:00] don't believe in high pressure sales. there's so many people that are taught to sell by taking you to the edge of the cliff and kind of dangling you over and saying, this is what's gonna happen if you don't buy. I don't believe in selling through fear. . And if somebody's doing that, , I don't know, I just question

the value they're providing. , really look at what they're doing. Don't be afraid to ask for references. I have people ask me for references all the time. Great, absolutely great tip. You wanna talk to some of my clients? Talk away. I will find people that are of a, like size in a , practice area in a similar geographic area.

I'll give you a selection of people to talk. So great because I want you to talk to people. I want you to understand, I want you to understand the good and the bad, right? Yeah. , ask what it's like to actually work with them. I'm gonna be really blunt with you. I'm gonna [00:43:00] tell you the first few months of working with us, it might be a little disruptive.

Sure. we're gonna ask you to do some hard. It is not all rainbows and unicorns and ponies. And if they're telling you it's all rainbows and unicorns and ponies, if they say they're gonna fix it in the first week, they're not gonna fix it in the first week. Yeah. If they point you to their One amazing testimonial that happened to, one of their clients results. totally. man Brooke, and this is such a powerful conversation. Thank you. And I just wanna say one other thing Yeah. About that. in my family, we believe in sleeping on it. Hmm. . And I love that you see something that you think, Ooh, maybe I should buy that.

And it's of a big ticket. I mean, if you see a $5 item, buy the $5 item. Sure. But if you see something that's kind of bigger sleep on it, did you dream about it? Did you wake up thinking about it? [00:44:00] Are you excited about it? Do you want to do it? And if you go to sleep and you don't think about it for the next.

that's really telling. Yeah. And also listen to your tummy. Attorneys have amazing gut instincts. I guess what I'm telling you is don't get caught up in the hype. Yeah, that's great. Yeah. Joy's right. It's great. Really great advice. Brooke, while I have you, I wanna ask you one more question and I want to go back to, , I wanna combine back to that profit conversation, combining the importance of networking.

Cuz again, , I wanna do what we can to help businesses get to a place where , they can call you and say, Hey, we're ready for you. if people are at that stage where, like you said, they should really be focusing on networking and referrals right now, and if they have a team. To what extent do you see room to get the team involved in networking and getting visible, and becoming, champions and representatives of the company?[00:45:00]

Oh, absolutely do it. No doubt a hundred percent. everybody on your team can represent. So your attorneys give them 10% of everything that's built on a case they. Whether they bill it, whether you bill it, whether a paralegal bills it, give 'em 10%. People always ask me, why 10%?

Here's why 10%. We should never spend more than 10% of our revenue on marketing. Hmm. However, if you think about it, if an attorney goes out and gets a case and brings it to you, they have gone out and market. , you spend 10% to get a case, spend that 10%. Give 'em the 10%. Oh, great.

That's totally fine. Give 'em 10%. Yeah. Set up bonuses for your non attorneys. Also. Give them a hundred bucks, 500 bucks. I don't care what it is. It can't be tied to the value of the case. Right, Joey, really for [00:46:00] you. can be because you're flat fee it opens some great doors though of, to your point, you helped us connect with a lead that we wouldn't have had if not for the action that you're taking.

Exactly. They're going out marketing. The other thing is, , and we haven't talked about this. , the legal industry is going to change in the next three to five years. Yeah. It really is. , there is going to be non-attorney ownership. Mm-hmm. , it is already happening in Arizona. Utah has what they call the sandbox, which I don't think is as scalable as what they're doing in Arizona.

When you start looking at a law firm and what makes a law firm attractive. . A law firm that is not a hundred percent reliable on the owner to bring in the cases is much more attractive and much more valuable, right? So [00:47:00] law firms are gonna start being bought and sold. There's gonna be consolidation within the industry as these laws get pass.

Before non-attorney ownership comes in. And then let me tell you, it's gonna be a whole different world when we start to have private equity money and, , accounting firms start buying law firms, which is what happened in the uk. , we need to be prepared and we need to start thinking about what we need to do to our firms to make them, , not only attractive to buyers, but to make them competitive in this new world order that's coming down the pike.

Oh, , that's really good. And it makes me think too, the fact that there can be these non-lawyer owners, I think should be even more empowering to your non-attorney staff to say, Hey, now more than ever, it makes sense for you to get out there and talk about the fact that you are associated with this law firm.

Absolutely. It doesn't mean anything that you're not a lawyer on our team. Yeah. Because you know what, [00:48:00] someday you may be able to give. . Right. A piece of pie. , so good. Brooke, I cannot thank you enough for your time. you're just like a fountain of It took you what, 10 hours to write your second book,

Is that what you said before? We live so good. Hey, I wanna make a plug for you about, . Okay. Because this is something that most people don't know. So I've got six books. I'm writing my seventh, so I have these books. They're called Panic to Prophet. Do you know why I have two books? Do you know why it only took me 10 hours to write my second book?

You guys guess ? I know because I'm a trademark lawyer is the hint. You see this little R right here? Mm-hmm. . I trademarked from Panic to Prophet. You cannot trademark a book name unless it's part of a series real. It is true. I wrote this book and then I took it [00:49:00] and swapped out all the stories for a different freaking industry.

Not only did she do that, but if you read the. There's a phrase that is trademarked in the book, and that is trademarked because that's a series of an other books that she wrote., you got Matrix on this. This is Russian gal trademarks and I own those trademarks for all kinds of things. I own 'em for the book title.

I own 'EM for learning series. I think I own 'em for tv. I own 'em for radio, I own 'em for all kinds of stuff. And it was because this was before I met Joey because my trademark attorney is a great trademark attorney just like Joey. and made me think ahead to how I might use it, and that is huge. Never occurred to me that I might do online learning.

Do I own it [00:50:00] for online learning? You betcha. Tk, I do. It is so powerful to claim that space because everyone in their grandma right now is coming up with an online course or a something, and , if you don't do the work that Brooke did, now more than ever, you might be accidentally infringing on another course that's out there.

Yeah. It's awesome. , you get , the A plus , from this attorney Brooke, the gold star and everything. Well guess oh, I love getting a gold star. I love to win.

Thank you so much for your time, everybody. I'll make sure to put, , Brooke's email , in the comments and the show notes. Again, so generous with her.

This is definitely one of those times where, when, , a guest offers the help, I really recommend that you take them up on it. And Brooke, , any , final words for our audience here? , yes, I really, I do love to help and I do have a passion. For those smaller struggling firms , [00:51:00] and if you're smaller and you're struggling, yeah, I'll spend an hour with you.

I'll help you, I'll solve, , I will do my best to help you solve that, biggest problem that's in front of you right now, so that you can move forward. You guys see what I mean , when I called her my secret weapon. All right, everybody, I'll see you next week. Bye.