

How To Earn Extra Money While Working At A Smaller Law Firm

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Although many people head to law school with dreams of working at a large law firm, the reality is that most lawyers will be employed by smaller shops. Indeed, I only worked in Biglaw for a little over a year, and I spent the majority of my student debt repayment journey working at a 30-attorney firm based in New York City. Smaller firms typically pay less money, and I personally earned only 40 percent of the salary I made in Biglaw while working at my first gig outside of the “white-shoe” world.

As a result, it is usually more difficult to pay off student loans while working at a smaller shop, and I personally still had nearly six figures of student debt when I left Biglaw.

However, many smaller law firms provide associates with numerous opportunities to earn extra money, and any additional cash can be devoted to paying off student loans. One of the most underrated advantages about working at a smaller law firm is that associates usually get a percentage of any business they originate. With some notable exceptions, Biglaw firms typically do not allow associates to retain any of the fees they originate, and if they do, the percentage of fees paid to these associates is less than the amount paid out at smaller shops. Larger firms probably assume that associates are already well-compensated, and originating business is just one factor that will be assessed when associates are considered for partnership.

However, smaller law firms regularly compensate associates who originate business, and many firms have a set policy about how much money originating attorneys will receive. Normally, smaller law firms offer associates 10-20 percent of the fees from a client that an associate brings into the firm. I have even heard of situations in which smaller firms offer associates one-third of fees that an associate helps generate..

You might not think that you are capable of originating clients, but I am here to tell you that this is not as difficult as you might believe. There are many aspects about smaller law firms that make it easier to originate clients at these shops than at Biglaw firms. Larger firms typically charge an unbelievable amount of money for legal services, and not every young associate has a Fortune 500 general counsel on speed dial who can afford such insane fees. However, smaller firms usually charge much lower rates, so it is much easier to originate matters referred by friends, family, and other individuals who have legal needs.

In addition, smaller law firms have much less bureaucracy, and this makes it much easier to generate work. When a Biglaw firm assesses whether to sign a client, the matter needs to be cleared with conflicts professionals, and sometimes the upper management of the firm needs to provide their approval. Indeed, one of the few matters I tried to originate while working in Biglaw was quickly rejected due to a conflict of interest. However, smaller law firms typically have fewer conflicts of interest, since these shops serve fewer clients. Also, there is little to no bureaucracy when it comes to originating clients at a smaller shop, and I could just speak directly to the managing partner of my firm when I wanted to discuss prospective clients at my first gig after leaving Biglaw.

Over a few years, I was able to earn thousands of dollars this way. Nearly all of this money went toward student loans, since my regular salary was already covering all of my living expenses.

I could write an entire series of articles explaining how young lawyers can originate business, but it all comes down to two basic strategies: networking and doing great work. Young associates hoping to originate business should attend every single alumni, religious, charitable, and other type of event they can. At these events, anyone hoping to “bring home the bacon” should not be afraid to hand out their card, and follow up with contacts. Also, if you do amazing work for the first few clients you originate, these clients will sing your praises to other prospective clients, which will only increase your network and the amount of money you earn through origination bonuses.

It is also worth noting that building a book of business and generating client contacts is important not just to make extra money to pay down student loans, but also to build a strong foundation for your legal career, which is unbelievably difficult to do while in Biglaw. Of course, making additional money by originating business requires much time and commitment. However, paying off your student loans will be well worth any effort.