

why lawyers SO cost much: and why they're worth it



by Chris Taylor

The oft-held view is that lawyers charge too much money and aren't worth the expense. This article discusses some of the rationale for legal fees and provides some oft-overlooked reasons for retaining counsel in your music business dealings.

Insurance On Your Career

As an artist you have one career. What is it worth to you?

Every week I meet with clients who have signed agreements without having a lawyer review the agreement for them prior to signature. Even one or two hours of legal advice on a particular agreement can avoid a lifetime of grief caused by signing a bad contract. You work hard to reach your goals in this business. Isn't it worth \$400 (normal hourly rate of \$200 x 2) to have a contract reviewed by a professional prior to entering into a relationship which will seriously impact on your career? (And beware of short contracts that are "easy" to understand. Often, what is not in the agreement that can hurt you.)

Lawyers don't often commission future royalty income. Lawyer fees may often take a significant portion of major recording and/or major publishing agreement advances for their fees, however an artist should remember that lawyers normally only take a portion of advances to pay their fees and not future royalties which result if an artist is successful. In addition, other income streams retained by the artist, such as endorsements and live performances often increase as a result of successfully negotiated recording agreements. Take a farsighted view of this issue and recognize that skilled counsel is a valuable initial investment in your, hopefully, long and successful career.

Costs Of Running Lawyer's Business

Lawyers run a business which costs money to operate. A large percentage of your fee goes toward paying overhead costs of running the law office such as, rent, office furniture and decor, staff, subscriptions, equipment, office supplies, etc.

One of the most significant costs of practicing law is the cost of insurance and membership fees. Currently these costs are approximately \$7,000 per year per lawyer.

A lawyer may charge \$200 per hour but that doesn't mean that they are billing that fee every hour they are working. Lawyers bill an average of approximately 20-30 hours per week. Many other hours are filled with non-billable work such as client development, attending conferences, and self-education.

Major recording agreements regularly run about 60-100 pages in length. You need someone to go over these agreements with a fine-tooth comb. This takes an understandably incredible amount of time; and time, is money.

On a personal level, lawyers pay taxes out of the income they receive from their clients.

Time/Money Spent In School

Lawyers spend up to seven years in school after they finish high school. Law school is an expensive and time-consuming proposition. Many lawyers have debts in excess of \$20,000 when they finish law school. In a way, fees help lawyers play "catch up" on their huge debt load.

Experience/Expertise

Lawyers have the advantage of reviewing all types of agreements all day, everyday. Even the most experienced manager or record industry executive will defer to a trained professional to review and negotiate their agreements. In addition, lawyers have the training which has prepared them for interpreting complex agreements. Love them or hate them, most lawyers are an intelligent resource of sober second opinion.

Value Of Professional Advice

Lawyers are governed by a strict set of rules which require professional conduct of the highest integrity. A lawyer is bound by the rules of professional conduct to hold all of your correspondence in the utmost confidence unless you instruct otherwise. A

lawyer will likely be the only professional dealing with an artist's business who cannot discuss their matters with others unless the artist instructs otherwise. A lawyer who breaches confidence would be subject to disbarment, suspension or serious fines.

As anyone who has worked in this business will tell you, this a valuable guarantee in a business where gossip and rumour spread like wildfire.

Business/Creative Advice

Lawyers can also be a valuable source of business advice. They can facilitate introductions to recording industry professionals who can help further an artist's career. Lawyers are dealing with managers, agents, publishers and record companies on a daily basis. This can work to your advantage if you have an attorney on board who is looking out for opportunities on your behalf.

Depending on their level of experience, an attorney can sometimes provide creative advice on song selection, guest musicians searches, producer choices, etc.

Conclusion

As an artist you search for the best people to work with. In life in general, higher quality is often more expensive. If an artist feels a record company should pay top dollar for their recording services shouldn't an artist pay top dollar for high quality legal advice?

In the end, you hopefully get what you pay for.

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