



LNP 278

How to Scale Up Your LNC Business

Lauren Cohen

Pat: Hi, this is Pat Iyer with Legal Nurse Podcast and today I'll be talking with Lauren Cohen who is an attorney with expertise in both immigration and business law. She is involved with a company called "e-Council," which is a company that focuses on providing concierge strategic full-service solutions for businesses who are seeking capital and foreign entrepreneurs who are seeking access to the United States market.

Lauren's initiative that she's working on right now is called "Scale Up, Check Up." It's an online assessment tool, which I took today, that gives you an idea about where are your vulnerabilities as a business owner so you can anticipate challenges before, they happen. As legal nurse consultants working with attorneys, you know that there are areas of risk in any business. Lauren's focus is to help you identify those before you step in the hall and break your ankle.

Welcome to the show, Lauren.

Lauren: Thank you Pat. I would love to hear your feedback on taking the assessment today and what you thought of it.

Pat: It was easy, it was intuitive, and it made me realize the areas that I needed to focus on, and some things I had never thought of.

Lauren: The interesting thing about this assessment that I created is that most people say almost exactly what you have said. By Wednesday we'll have a shorter version to provide to people who just aren't sure about all the answers. It's a quicker version because sometimes, until they know you, people are a little apprehensive to give all the information that we ask for in the assessment.

I'm sure you received the report, and the interesting thing is that a lot of business owners, particularly entrepreneurs, are so focused on making money, sales and marketing, and getting coaching. They don't realize that sometimes looking after your legal store, your legal

opportunities, or covering all of your bases, or making sure that you're filing your taxes properly, you could uncover a potential fortune in a licensing opportunity, a trademark, or intellectual property.

All these other potential opportunities exist: the business plan that can help you raise capital, accessing funding, lines of credit, all these things that these not-so-fun pieces of the puzzle help you to explore. That's one of the reasons I created this assessment to open doors, not only about your vulnerabilities, which is so important, but those vulnerabilities could lead to potential huge opportunities.

Pat: I know that legal nurse consultants like to think about opportunities, and they like to look at the ways that they can expand their businesses or expand their services. What's fascinating about your model, Lauren, is that you serve as a point of contact. Can you explain that concept for the people who are not familiar with it?

Lauren: Sure, like having a concierge that looks after all of your pieces for you. For example, when you go to a concierge VIP medical doctor, which obviously most of us on this podcast would be familiar with, that doctor is supposed to manage your whole case, not just the service that he or she is providing.

One of the biggest causes of death in America is medication mismanagement and not managing the different medications and how they interact with each other. If there's not the single point of contact, this one accountable party who's looking after your health, making sure your med prescribed by Dr. X is not counteracting with your med prescribed by Dr. Y, there could be a collision and a conflict, and suddenly that could create a huge problem.

It's the same thing when it comes to legal, accounting, and financial services in making sure your systems are in place. You're doing a lot of shopping by finding a bunch of different providers, even if you're finding different legal providers: a corporate lawyer, a state lawyer, or a tax lawyer.

If those people are not communicating with each other, which generally they're not, and there's no single party who's holding them all accountable and making sure that they are not conflicting but

actually jelling nicely, you're exposing yourself to that as well. There's nobody who's making sure that everything is consistent and managed properly. There's nobody who you can go to and say, "Wait a minute, what did it mean for me to get that pin," or "I got the pin, but now what?" or "I didn't file my taxes; what should I do? Do I go to an accountant? I don't have QuickBooks. How do I get my books, then?" and those kinds of things.

Pat: As you were talking, I remember a time when I got my comptroller and my accountant in the same room. It was the first time they had been together. We were talking about an issue that had huge tax implications, and it affects all legal nurse consultants who are listening who have retainer accounts.

I had a model where I was bringing in money, and I was paying the expert witness for his or her services. The money sat in a retainer account until it was time to disperse it to the expert. What I discovered by putting these two men in the room was that we were paying taxes on the full amount that we had received as a retainer rather than only our portion, with the rest paid by the expert.

Until these two people sat at the table with each other, neither one of them realized that it was costing us a lot of extra money that we shouldn't have been paying. We needed those two people talking to each other. The point of contact that you're providing where people will cross from the accounting profession to the legal profession is really important for the business owner.

Lauren: It is because at the end of the day there's only so many pieces that we can manage as business owners. Even in my own business, I'm guilty because it's kind of like the shoemaker without any shoes. Sometimes I am so caught up in providing the services to my clients that I'm not even minding my own store. It's really important that I have access to the services provided by my company, this collaborative network that does have that single point of contact.

That's really what's missing when you go to all these online services that provide whatever they provide, or you have a financial advisor and the financial advisor isn't talking to the lawyer, the lawyer isn't talking to the accountant, and nobody is really going to end up talking to each other except with through our network.

The point is that it's really a great way to have that single point of contact and the accountability partner who's working on your behalf and looking after your store for you so that you can focus on building your business and potentially scaling. Without that strong foundation and that network in place, you're not going to be able to scale effectively.

Pat: Tell me why is that foundation for business so important?

Lauren: If you don't have a proper foundation, you can't scale. You need a strong business plan and an exit strategy. Otherwise, you can make tons and tons of money, but you will have nothing to support it. You are exposing yourself and your family to potential liability, because, as you scale and grow, you suddenly get more and more on the radar screen.

That radar is super important, especially, for example, from the IRS. As you make more and more money, the IRS is more and more likely to come after you, do an audit, and so on. As you're scaling, if they find out, you're vulnerable. Also, potential litigators think, "Oh, suddenly you're growing. Wait a minute, let's sue them. Let's see what we can get out of them," because you're on that radar. You're up above the opportunity.

The fact is that you can't really get too far without that strong foundation. I compare it when I speak about building your dreamhouse on a sinkhole. You're putting all this money in, all this love and everything into building your dream home, and then suddenly one day you find out it's on a sinkhole. Your house is going to cave into the sinkhole because you don't have that foundation in place. It's the same situation with your business. Why would you put your business at risk?

You're putting your heart and soul into building your business. Why would you not have that foundation in place to make sure you have the proper foundation, to make sure you have the proper structure, to make sure that you have the proper systems. You cannot scale without a business plan and an exit strategy unless you happen to be a very fortunate person who just falls into something. We on this call are dealing with very high-end, sophisticated, smart, successful

professionals. Why would we expose ourselves to potential challenges when we can overcome them?

Potentially let's say somebody wants to buy us, and let's say we have a potential suitor who's interested in purchasing or acquiring what we're doing. They're going to get a fire sale because they're going to find out that we don't have that foundation in place.

It's just like "Look at that, they're just running by the seat of their pants." "No, I have the foundation in place. I'm working with Scale Up, Check Up. I have made sure that all my bases are covered."

Pat: You mentioned something a few minutes ago I wanted to follow up with you on when you said, "Why would you put yourself and your family at risk?" I think many legal nurse consultants start their business as solopreneurs. They are sole proprietors. Their business account may not be any different than their personal checking account, as an example of one of the worst risks. Can you talk a little bit about the difference between your level of exposure if you're a sole proprietor versus an LLC or an S-Corp?

Lauren: It's interesting that you say that because I have a giveaway that's called "The 7 Secrets to Scale Up Success." One of the sections of that talks about the type of corporate entity that's most suitable for you as you grow. It compares and contrasts the different entities like an LLC, and an S-Corp, and a regular Corp, and a sole proprietor, and a limited partnership.

The fact of the matter is that as a sole proprietor, there's no distinction between you and your business. You may think there is, but there's not. You're basically one and the same. If, heaven forbid, you provide a service that is not at the level that is expected, or if you compromise a client or anything like that, or you do something that somebody wants to litigate, sue you, whatever, you're not only exposing your sole-proprietorship, your DBA, you're doing business as your fictitious name, but you're exposing yourself and your family to everything. They're going to come after you personally because there's no distinction. There's no separation.

As soon as you set up a corporate entity, whatever that corporate entity is, a limited liability company, a corporation, whatever the

company is that you file with the state that you're in or another state (it doesn't really matter, depending on your circumstance), you have a veil. It could be an invisible veil. It could be real. You have a separation. It's like the separation between church and state.

You're now a separate legal entity from your company. There's a separate tax ID. Everything is separate. Now, it doesn't mean that they're not going to come after you personally, but it does mean that there's a level of separation, and you're definitely at least covering yourself to a limited degree and potentially an even greater than limited degree depending on the type of company that you set up.

I would encourage all of you to look at the chart that I have included on the "7 Secrets." You can find it at www.scaleupcheckup.net or at my regular site. There's a download available on the site as well, www.scaleupcheckup.com. This is free, and it has very valuable insights into what I recommend as the seven basic tenets of setting up your business and running your business today.

Pat: Suppose one of our listeners was interested in going to a bank to get some funding for a business expansion, for example, what can that person expect that the bank is going to be asking for?

Lauren: First, they want to see that you will have an entity in place, a corporate entity, because they're really not going to lend or give business financing to you as a person unless you have the corporate entity and you're set up with... In Florida it's SunBiz, but in each state they have a division of corporations. They're going to look there to make sure that you're legit. You need a business bank account generally to get any funding from a bank. You want to go for funding from a third party, that's a whole different story, but you still are going to need to have that business structure in place.

You then are going to need a business plan with an exit strategy, financials. The pro-forma financials are usually three to five years depending on the level of business financing that you're seeking. These are really important and critical matters. If you don't have a business plan, they're not even going to really open the door for you. They're going to require a business plan of some sort and a professional business plan is going to go that much further.

They're going to require lots of other documents, like your past six months of bank records. They're going to require tax returns if you have them. There are a lot of different things, and each lending company, and each bank is going to be different. If you have a relationship with the bank, it's going to be that much easier to get the funding.

Pat: Okay, if a person's never written a business plan before, are there any resources? Just how do you go about writing one?

Lauren: You don't. Honestly with writing business plans there are a lot of people who say, "Just go online, get a template, fill it in and you're done." No, that is the worst idea because business plans, like legal documents, are very sophisticated documents that need a great deal of attention, a great deal of diligence and a great deal of professionalism. If you download a sample online, or you use one of the softwares and just fill in the blanks, they're going to know that's what you have done. It doesn't mean that you're not going to get what you need, depending on how well you do with that, but I don't recommend it.

Go to a professional. We're here to help you. This has been our core competency for the past 10 years. Even though I'm a lawyer, I've been writing business plans for actually 12 years. It's a very complex and sophisticated profession. It's really a professional service, and without that professional business plan, you're exposing yourself. You need an exit strategy that's viable, not just so I want to sell.

"What does that mean?"

"What is your exit strategy?"

"Who do you want to sell to?"

"When do you want to sell?"

"How do you want to sell?"

"How are you going to sell?"

"Where's your pro-forma?"

"Where's your marketing strategy?"

“Where’s your strategic plan?”

“Where’s your SWOT analysis, the strengths, weaknesses, opportunities and threats?”

There are all of these components. I have seven basic components. I think it’s actually covered in the “7 Secrets,” the seven components of a strong business plan. Each one requires a professionally drafted and crafted analysis and writing.

Pat: I remember when my husband and I were getting ready to sell my legal nurse consulting business. We worked with a business broker who gave us a format of what to follow to prepare the description of the company so that it would be presented in a clear way to potential buyers. I recall that it took probably four or five months of working with the broker to get the wording to the point that he was satisfied with it.

It made me think about things that I just took for granted in terms of running my business. The man who was our accountant at the time labored on the financials piece for hours. I remember phone calls back and forth trying to clarify numbers. It was quite a bit larger of a project than I realized.

Lauren: Yes, it usually is. Isn’t that always the truth? It’s like working with developers. It’s always quite a bit larger of a project. If I could figure out a solution to that, that would be the best business ever, how to deal with developers when you’re not a developer. That’s a whole new book, Pat, and we can write it together, how to deal with a developer when you’re not a developer.

Pat: We were talking about business plans regarding getting funding. Can you give us a concept of what kinds of funding might be available for somebody who is looking for money, perhaps to expand the business?

Lauren: Well, there’s traditional bank funding. There are angel investors, which means that you generally find money from somebody who is interested in investing in your business. They’re called angels because they’re not participating in running your business.

There’s venture capital, which means they take a bigger equity piece. Sometimes they’re involved in running the business.

There's investment banking. There's crowdfunding. There's friends and family, which we help with. We help analyze how the friends and family can come in and where they can come in. There's debt financing. There's equity financing.

I mean you name it, there's so many different kinds of financing, but you have to figure out how your business can qualify for them. If you're a solopreneur, you're not going to qualify for crowdfunding unless you have this brilliant idea that's off the charts, that's so sexy that everybody wants to invest in it. It's important that you're realistic about what kind of funding you're seeking because not all funding is available for all entities or all types of endeavors.

Pat: Let me play devil's advocate for a minute with you. One way of looking at this is to say, "If I don't have the money, I shouldn't be spending it." Are there times when you don't need funding?

Lauren: No. First of all, we can't make money without spending money. I know this because I'm in a startup myself and I've had a successful business for over 10 years. I'm a lawyer, so I'm in a startup. I'm experiencing the same pain as everybody who I'm helping. I know the pain. I feel it every day. I spend money that I don't necessarily have, and I'm a single mom, because I believe in the business I'm building.

Now one thing to remember is that it's very important what I just said. If you're not invested in your business, if you're not willing to take out a line of credit to fund what you're doing, why would you expect anybody else to invest in your business? You always have to think about that. It's like "Show me the money" from "Jerry Maguire," one of my favorite all-time movies. You have to show that you're willing to put yourself and your life on the line because it's your business. Why would some third party invest in that if you're not? You got to think about it every day of the week. Think about, "Am I committed to do this? Am I all in?" Because if you're not all in, get out.

Pat: I think that it surprises legal nurse consultants to realize that it sounds easy to start a business, but there are so many nuances to understanding what to charge, how to get along with clients, how to do the work of analysis that goes into going through medical records, the systems and processes that are necessary to bring the money in and get the bills paid. Sometimes it's presented in educational

programs to teach nurses how to become legal nurse consultants as if it's easy. Do you find it's easy to start a business?

Lauren: God, no. It's painstaking. My coach, Allison Maslan, just wrote a book called *Scale or Fail*. It's kind of timely that my business is called "Scale Up, Check Up." *Scale or Fail* is really all about this. There's a quote in it and unfortunately, I don't have it in front of me. Basically, it says that if you don't wake up and struggle every morning thinking, "What am I going to face today?" you're not an entrepreneur.

Here's the thing, we at Scale Up, Check Up (Scale Up Enterprises), really are focused on helping you so that you know how to respond to those questions when you wake up instead of struggling with "Oh, my God, now what?" It's like, "Okay, I'm covered. I know that I'm okay. I wake up and I'm still going to struggle" because you got new ideas in your head and you're running with them all. You have to figure out how to get them all in place because you're an entrepreneur and entrepreneurs by instinct are a little bit crazy.

We're all a little bit crazy, but if we weren't, we wouldn't know how to build these businesses that we're building. You have to be aware of this. You're never going to be just like you were at a job. You're never going to coast. We're always going to have ups and downs. The important thing is to learn how to ride them and learn how to ride them with the right partners. That's why we built this business.

Pat: You just said something that's near and dear to my heart, which is that entrepreneurs are a little crazy.

Lauren: A little crazy, I really think they're a lot crazy, but I shouldn't have said that out loud. My coach said the other day, "Certifiably insane," and sometimes I think I am. I'm a single mom and I'm like, "Why are you doing this when I can go get a job like as a lawyer?" No, I can't.

It's just like when we were talking about the suicide rate, the alcoholism rate, substance abuse and all of that. I don't even drink wine, so never mind.

Pat: We were talking about those problems as it relates to being an attorney, just to give the audience some background on that.

Lauren: Exactly, that's what I'm saying.

Pat: But from your perspective, working with people who are starting businesses or running businesses, I'm curious as to what you see that causes you to characterize entrepreneurs as being a little bit crazy because some of our listeners are in that class.

Lauren: You have got to be a little bit crazy. I'm part of this very significant coaching program out of San Diego. I go once a quarter to a live event. We have a Mastermind. We are all a little bit crazy because in order to be willing to put your life and yourself on the line, you have to be a little bit crazy to run with your idea, to run with your desire. To make a difference and have an impact you have to be a little bit crazy.

It doesn't mean that it's bad crazy, but you have to be a little bit crazy and you have to be able to run with the punches and go with it. It's kind of like, "Okay, well, today it's this." I always say that I wish that I had a way to download my ideas in spin class into my phone because I come up with all these brilliant ideas as I'm spinning, but by the time I'm done I've forgotten them all. I'm like, "How do I get them in my phone" and then two days later I'll be like "Oh yeah, remember that idea, why didn't I think of it then?"

That's what we are. We can't help ourselves. The ideas are always spinning. We have to meditate to bring our selves down a little bit. That's what I do each morning. Pray, meditate, or whatever your mantras or poison is, do it and keep consistent with it. Try to realize that it's okay and collaborate with others. Get a coach. If you don't have a coach, make sure you have a coach.

That's my number-one recommendation or tip for any entrepreneur. Get a coach. Without a coach, you're kind of going to be sporadically trying to figure out what's going on. Have an accountability partner as well that's kind of at your level.

Pat: I think those are excellent recommendations. Lauren. I do legal nurse consulting business coaching, so I'm particularly aware of the fact that it's trying to figure out your way through the maze. If you have somebody to guide you, you don't end up wandering in the darkness banging your head against walls.

Lauren: Well at least you're going to wander a little less. You can't be there all the time. It's like AA. You have a sponsor, but they're not there all the time. You still got to go. You got to go, and you're going to be like, "Okay, once in a while there's going to be a wall, or there's going to be a little bit of dark." You can always call Pat, but at the end of the day you still got to live your life and you got to go with your gut.

Pat: It's true and winding your way through the maze with the guidance of somebody who has experience means you have got a lesser risk of making mistakes and you're getting to your pathway and your goals faster.

Lauren: 100% .

Pat: Just like knowing what the vulnerabilities in a business are is important so that you don't end up banging your head against walls. Which leads me to asking, Lauren, about the "Scale Up, Check Up" process and what that entails for people who are interested in finding out about their business and the risks that they might be exposing themselves to.

Lauren: Thank you for asking. The best way to find out more and have a consultation with me is to go through the assessment process, which is really going to help you to see where your vulnerabilities are and help me to help you fix them.

I offer a free assessment. It's www.scaleupcheckup.com/assessment. It's 100% free. There's no obligation and you're going to really enjoy the process of going through it. Well, you may not fully enjoy it because sometimes you feel like, "Did I not cover that, oh boy," but it's a great tool. You will get a free report that scores your risk tolerance or your risk exposure. You will have a call with me or with Pat to help you work through some of that. It's again, www.scaleupcheckup.com/assessment.

You can always connect with me on Facebook. "Scale Up, Check Up" is our page on Facebook. I'm big on LinkedIn. It's Lauren Cohen and "Scale Up, Check Up" on LinkedIn. You can reach me directly at lauren@scaleupcheckup.com.

We're here to facilitate the process. After the assessment we do a strategic plan, if you decide to proceed with that, to outline all of the service providers you need. It's a much deeper dive into your business with all of the service providers you need to fill the gaps and be able to scale successfully. We then prepare an implementation plan based on your budget, so everything is customized. It's not one size fits all at all because everybody has a different way of running their business and different plans for it. Feel free to reach out to me directly and I would love to help you.

Pat: Terrific. Thank you, Lauren, for being part of the show and thank you for listening to the show. We will be back next week with a new interview with a new guest. Remember that you are working with attorneys, and they are used to litigating, My strong advice to you as a listener is to take advantage of this opportunity to find out where you are in your business and what your risks are to plug up those holes so that you don't expose yourself and your business to risks from your attorney clients.

Lauren: Yep, attorney clients are the worst.

Pat: Well they happen to be the ones that pay us money as legal nurse consultants.

Lauren: Yes, believe me, I get it.

Pat: We do love them, particularly when they are appreciative and easy to work with.

Lauren: We do try, but you know what some attorneys just instinctively aren't. Anyway, I thank you Pat for the opportunity and I'm here to serve your listeners as best I can.

Pat: Okay and thank you to you, the listener, for being part of the show. Be sure to tell other legal nurse consultants about Legal Nurse Podcast and tune in again next week for a new interview.

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