

CHAPTER ONE

HOW TO START A LAW FIRM

Liz has always had the entrepreneurial spirit. Back in the 1980's, before the advent of virtual or contract paralegal work, she opened a paralegal business that she managed for 15 years. Had it not been for an attorney client for whom she did paralegal work offering her a position as his office manager, she would probably still own that paralegal business today.

After embarking upon law office administration, she backed into a position as an independent law firm administrator, and she has never been happier. The attorney who pointed her in this direction is still her client and is likely to be her client until one of them retires.

Make no mistake, working on your own in any profession is not as glamorous as it looks from the outside. Liz and Joryn both work harder now than they ever worked when they were employed by someone else. While neither Liz nor Joryn has ever been the type to totally disconnect from work at the end of the day, we certainly did a much better job of that then than we do now. Our clients often find e-mails in their inbox that we sent out at 3 a.m. or 5 a.m. or 11 p.m. and on the weekends. We both giggle when one of us e-mails the other at some ungodly hour and the other responds right away, likewise clinging to her computer in the wee hours of the morning.

There is a lot to do when running your own show. If you do not keep your finger on the pulse, there is always someone who is willing to bump you right out of your place.

With that being said, every single one of you who has ever thought to take the plunge into the deep end of the pool without a life preserver should *just do it*. Joryn, in particular, has given this advice many, many times in her role as mentor to young professionals. In fact, at least three of her associates over the years have done so quite successfully. Liz, too, has encouraged attorneys with bigger firms who were considering going out on their own.

However, do not jump in without a strategic business plan. Do not plan to hang your own shingle and leave the stability of an established firm that will still write you a paycheck if you don't bill your weekly requirement one week and instead choose to bill more hours the next week without a plan. Remember, too, that at that firm, your legal assistant will get paid, the lights will work when you flip the switch, and you will have a place to put your briefcase without you having to worry (at least not the same way) about every hour you bill and collect.

Are you scared right about now? Yeah, you should be. But you should also be excited, thoughtful, and writing that strategic business plan.

Why do we keep emphasizing that business plan? It is a map or a footprint of where you want to go when you go out on your own and how you plan to get there. Now, we can write an entire book about all the things that you must do, consider, buy, and pay for, but we are not going to give you instructions on how to buy a desk, or a chair, or what computer software to purchase. Those are all things that you can figure out on your own once you decide the issues that really *are* important.

We are goal-oriented people. Chances are, if you are reading this book, you are, too. The way to achieve a goal is to write it down, and then to write the plan for how to achieve

it. As the scribe once said, “If you don’t know your destination, then you’ll never get there.” The plan can always be altered, but if you don’t have a plan in the first place, you are likely not to achieve your objective at all.

If your ambition is to open your own law firm and survive, here are a few important steps that you must take that will help you achieve that goal. Write them down, and you will have a strategic business plan.

- **IN WHAT AREA OF LAW WILL YOU SPECIALIZE?** This is something you will have to decide before you even think about hourly fees or value billing, flat fee, or contingency. The area or areas of law you choose will impact the fee structure.
- **DECIDE WHO YOUR TARGET CLIENT MARKET IS.** This will be based on the area of law in which you want to specialize and where you will be practicing. This will be helpful when designing your marketing plan.
- **CHOOSE A MENTOR.** Take him to lunch and tell him ahead of time why; “I want to find out everything I need to know to open my own law firm.” If you choose wisely, you will find someone who will be happy to suggest vendors and service providers they have worked with over time, saving you some headaches along the way.
- **DECIDE WHAT KIND OF FEE STRUCTURE YOU WILL USE.** You will do this once you have decided the area(s) of law on which you want to concentrate. Researching the competition will help you figure this out. Charge too low an hourly rate and prospective clients will think that you are not as good as the other lawyers because you don’t charge enough. Charge too much, and potential clients will think that they cannot afford you because you are charging too much. While fee structures are often closely guarded secrets, there are ways to figure this out in your legal community. One of those would be through the experiences that you have had with attorneys prior to opening your own firm. The other will be through networking with colleagues who are willing to share.
- **LOCATION. LOCATION. LOCATION.** Where do you want to locate your office? Whether you want to be close to the courthouse, downtown, or in an “up and coming” area, there is likely an abundance of available real estate to rent (and buy). Because of the overflow of available offices, you are likely to be in a good bargaining position when it comes to narrowing down a location. Do remember a few things, though. If you are a trial lawyer, being close to the courthouse might be a plus for many reasons: reduced travel time, less risk of getting stuck in traffic and being late for court, and no need to look for a parking space or rent a space downtown. If you are not a litigator, being downtown might not be as important. If you are a trial attorney, and you want to be close to the courthouse no matter what, consider the parking

situation for your clients and how convenient (and affordable) parking will be for them. You might want to factor in the expense of validating parking for clients or others who come to see you at the office.

- **PREPARE A BUDGET.** It is not a fun thing to do—no one wants to put into the computer (or pad of paper if you prefer) what all of this will cost you. Going into this blind, however, is a huge mistake. While a budget is only good the day that it is written, you need some parameters on expenses and what all of this will cost on a monthly basis. Especially, because it may be as little as 60 or as many as 120 days before you start generating revenues. Check the coffers, and make sure that you are in a position to float the nut on your expenses until you start generating some cash flow.

The good news is that, so far, you haven't spent any money at all. You are still in the strategic planning stage and, by the time it comes to spending money, you will already know what areas of law you want to practice, who your target clients are, where your office will be, and what the parameters are of your budget. Now that the foundation for your practice has been assembled, here is the focus of your practice.

Consider the resources available to generate new clients for your practice. Networking is the least expensive source of new clients. All those years you spent glad-handing, passing out business cards, and talking a good game, you can now call on to send you new business. Think through a marketing plan in which all the moving parts come together to create a masterfully designed source of new business.

Now that these things have been determined, you can focus on your desk and chair, computer system, telephones, software, and staff. Obtaining that chair or computer won't matter if you don't have the important things figured out.

There are many services available to assist with opening a new law practice inexpensively. We have discussed many of those resources or alternatives in this book.

Above all else, remember to manage the firm, *do not let the firm manage you*. If you keep control of the things that matter most—marketing, attracting and retaining new clients, generating revenues, and paying the bills—while it will not be without its peaks and valleys, it will all come together.

Remember that you cannot do everything yourself, and you don't know everything. Steve Jobs once said, "It doesn't make sense to hire smart people and tell them what to do; we hire smart people so they can tell us what to do." The smartest people we know are smart enough to recognize that they don't know everything, and they hire the people who know how to do what they can't. Luckily for us, we live in an age when creative, out-of-the-box solutions are commonplace. Just because someone else did not think of it first, does not mean it won't work.

Hanging your shingle can be scary and stressful. But once you become a success, it is far more rewarding than working for someone else. There is no better time than the present to begin living your dream!