

What It Takes to Start a Law Firm

Successful Women Offer Insights

By Hope Viner Samborn

Fear of the business side of a law practice often causes women lawyers to pause before opening their own office. They fear they won't generate enough business to pay themselves or cover their costs. They fear looking for clients. And they fear they will hire the wrong people.

But those who have ventured out on their own, including American Bar Association President-Elect Nominee Laurel G. Bellows, say "just do it!" "Close your eyes and jump and call all of the women who are ready to help. We are like this army," notes the founder and principal of the Bellows Law Group, based in Chicago.

Consider Jean Murrell Adams, who was working as a lawyer in the entertainment industry when she asked herself what she would do if she wasn't afraid. "I wrote it down on a piece of paper," Adams says. She wrote that she wanted her own practice and desired to spend more time with her children. She didn't ignore what she calls the "fear factor," but ultimately combined her need to make a living with her desire for fulfillment.

Adams now heads a law firm in Oakland, California. On a contingency basis, she represents low-income parents of special needs children who

are negotiating individualized education programs with school districts.

Financial Considerations

Having a solid business plan with a conservative budget is essential. Law business entrepreneurs suggest that a lawyer needs to be able to support a firm for at least one year. And a beginning client base is a must. "Unless [women lawyers] have that, they should stay where they are until they build some client base," Bellows says.

In the book *The Road to Independence: 101 Women's Journeys to Starting Their Own Law Firms*, to be published in July by the American Bar Association's Commission on Women in the Profession (see page 15), letters from Bellows and 100 other women who started their own law firms provide insights into how to approach hanging out a shingle.

Some of these women who were interviewed for this article say they were extremely conservative with their early finances. They didn't take salaries until they built reserves or didn't outsource services or hire staff until they were certain they could generate enough business to cover these costs.

For Suzanne Villalon-Hinojosa, starting her own practice was a risky

venture because she was a single parent who needed a regular paycheck. But now on her own, she controls the amount of time she works and spends with her family.

"When I was younger, I didn't have the personality to do it," says Villalon-Hinojosa, founder of a disability law practice, Law Offices of Suzanne Villalon-Hinojosa, based in San Antonio, Texas. But years of working at a law firm honed her legal skills and business acumen.

Villalon-Hinojosa lived frugally for years to amass a nest egg to start her business, and she consulted a financial advisor. She suggests that women lawyers who venture out on their own should find a licensed advisor who can make recommendations in multiple areas, including insurance and retirement planning. Such advice kept her from going into debt. She recommends that start-up firms avoid debt, but suggests that women take out a line of credit before leaving a law firm as a safety precaution because such credit may be unavailable after they leave the firm.

Securing Clients

Make a budget that includes income projections. To do that, assess

your potential client base while working at a firm.

Barbara A. Burr realized that clients often came to her former firm because of another lawyer, but that once they were assigned to her, they learned to know and trust her. “I was confident they would come with me,” she observes. “Family law is the kind of law where the personal relationship is important.”

But it was a big risk, says Burr, who is the founder and a principal with the Burr Law Firm, based in Washington, D.C. “That was the scariest piece.” She calculated how many hours were needed to complete each of her existing clients’ cases and how many more dollars these clients would pay her before the work was done. This exercise allowed her to project an expected income and to realize that she could cover her initial overhead.

Martha JP McQuade also tracked her clients before she left her job at a law firm. She asked clients why they came to her. She learned that former clients, other lawyers, and friends had referred them. “That made a dramatic difference in making me know I could do it,” says McQuade, a founder of McQuade Byrum PLLC, in Alexandria, Virginia.

Before leaving a firm and taking existing clients, however, check the requirements of the local ethics rules, McQuade cautions. These rules often establish how both a lawyer’s former firm and the lawyer who is leaving should behave and interact with former clients. “Make sure you know the procedure and follow it so the firm does it the right way and you don’t get shut out,” she says.

Avoid relying on one client. Before Phoenix, Arizona, practitioner Diane L. Drain opened her own law practice, the Law Office of D.L. Drain, P.A., her work at a law firm centered on a large lending organization. She knew they would follow her to a new practice. But after she established her firm, that client announced that it was moving across the country. That work constituted 60 percent of her business,

and she was left with a significant client gap to fill.

Law Firm Necessities

Lawyers differ in the amount of reserves they say are required to start a business. Adams and others suggest that lawyers double the amount of their expected costs for one year and cut the

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projected income by half. “If things turn out in your favor, you can make adjustments,” Adams says.

Keep overhead low, lawyers recommend. “So many small business owners are just working to pay their overhead,” Villalon-Hinojosa says. Among the essentials are a desk; a computer, usually a lightweight laptop; a printer/fax/copier; and a phone. Malpractice insurance and health insurance are big costs, and rent can be enormous.

For Burr’s family law practice, she felt it was essential to have an office where clients would be comfortable. She wanted a professional-looking space with a conference room for four-way meetings and mediations.

An office should be a “reflection of you,” Bellows says. “It’s your home away from home. You need to be extremely comfortable in your alternative home.” For her, this meant an office in a Chicago landmark building—the Rookery. “Clients bring their team on a field trip to see our building,” she notes. “Architecturally unique, the Rookery sets us apart.”

Some insist that the best place to practice is at home because they don’t need to drive and meet clients. Villalon-Hinojosa promotes virtual offices and the outsourcing of services to keep costs

low. “Since I am such a low risk taker, the idea of spending a lot of money before I was making a lot of money was hard,” she says. “I knew I could do my practice with my laptop and multifunction printer. I knew I didn’t need a lot of support. I didn’t really want to pay rent.”

She found two lawyers who were renting space to other lawyers. In an effort to lure her into being a rent-paying physical client later, they offered her a virtual space deal, including a telephone receptionist. “Clients get the impression that they are calling a law firm where I am sitting in my office,” Villalon-Hinojosa says.

Solo Practice or Partnership?

Lawyers also need to determine whether they want a solo practice or a partnership. Practice area and personalities factor into this decision.

Burr thought family law was an area that didn’t lend itself to team practice, and she didn’t want to consider someone else’s financial needs or practice visions. This led her to practice on her own. “It was a simpler model,” she says.

In assessing her needs, Drain determined that she didn’t play well with others. “It was an easy choice. I had to be the boss.” Instead of a partner, she used staff and technology to leverage herself.

McQuade, however, had always practiced in a firm setting and wanted the advantages that a backup lawyer provides. “I never wanted to be in a room by myself to figure it out. I wanted to be with people to figure it out,” she says. So she opted for a partner.

She recommends partnering with an individual you have worked with or at least know well and trust. Know how she functions and makes decisions in her life and cases, McQuade advises. A partner should complement you and be someone you can talk to about what you want to accomplish, how hard you want to work, and what you want to invest, she says.

A written agreement is essential, McQuade says. Partners need to set the division of money, especially when one partner doesn’t bring in as much

money as the other. Specify the number of days an individual can take off. Spell out whether a partner will continue to be paid if she is ill. Consider whether insurance can be purchased to cover this problem.

McQuade considered the possibility that one person could be hit by a bus, so she and her partner purchased key person insurance. And don't ignore the possibility of a breakup. McQuade included disincentives for dissolution in the agreement. "We saw small firms breaking up," she says. "We didn't want to be like that." One disincentive was that the exiting partner would still be responsible personally on the office lease and for other expenses. The agreement also provided a process for dissolution, McQuade explains.

Individuals who opt to practice as solos, however, should consider forming alliances with individuals who have expertise in related areas, Bellows says. Then they can approach these individuals when they have situations beyond their expertise. "New lawyers have to ask questions," she advises, or they will end up before the lawyer disciplinary authority and "they will ruin their practice."

Solos also might want an agreement with another lawyer or group of lawyers who will provide backup in case of emergencies or vacations. Burr had an agreement with another solo to cover cases. "She was someone I had worked with before at the firm, and I knew her and I trusted her," she says.

Woman-Owned Law Firm?

Consider also whether you want to be a woman-owned law firm, Bellows says.

Bellows started her law firm after 35 years of practicing law. "I am at the top. I had all of the expertise," she explains. For her, the key was she wanted to lead a woman-owned law firm. Women in business often want to be represented by women. "They are entrepreneurs," Bellows says. "They want to see women succeed. The biggest employer category in the United States is that of women-owned businesses."

In some cases, woman-owned

firms are sought by corporate clients and by large firms who want to partner with these firms to meet the diversity demands of corporate clients.

Being a woman-owned firm also was an advantage for McQuade. She says it was rare at first, and people were looking for it. "Women like to help each other. Women have a cooperative nature that often you do not find in the full bar where there are men and women and it is a competitive nature."

Where to Get Help

McQuade advises seeking out lawyers you respect and would like to emulate. She called one lawyer she respected but didn't know well. He became her mentor. He guided her and showed her everything from billing systems and software options to how much the postage machine cost and where to get telephones and malpractice insurance.

Adams interviewed three people about what they did, and from each of them, she obtained the names of three more people to contact. "Everyone is very open to this," she says.

A good resource is the ABA General Practice, Solo and Small Firm Division, which can provide information about how to build a business plan, Bellows says.

If possible, secure a Martindale AV rating before you leave your employer, McQuade recommends. Once you have it and start your firm, your firm has an AV rating, which is a valuable marketing credential.

"The better your systems and the better you are at delegating, the fewer the crises," Bellows observes. Time devoted to payroll taxes, human resource policies, and vacation time monitoring can add up. Lawyers need to ask themselves "do I truly have the expertise to do it?" Bellows adds that lawyers managing their own firms should consider whether delegating or outsourcing a particular responsibility will allow them to generate more legal business or handle more legal work.

Adams outsources calls to a call center, documents to a management

company, and collections to an agency. Each outside vendor signs a confidentiality agreement. "I looked at every single aspect of our business and separated them out and determined what could someone else do better than we could do ourselves and what could be done more cost effectively than we could do ourselves," Adams says.

Hiring staff can be difficult. Bellows recommends individuals who are self-starters with an ability to pay attention to details and pitch in to help others.

Employing a lawyer may be challenging. When Burr had to turn down business or get help, she hired a lawyer even though she knew she might not have enough work to keep them both busy full time. She calculated how many client hours she needed to cover the lawyer's salary before she brought the individual on board.

Hire help before you are overloaded, McQuade suggests. "It takes time to manage. It takes time to train people." But, she adds, "When you are up to your eyeballs in work, that's not the time to train people."

Instead of hiring a lawyer on a full-time basis without an end date, Burr hires law students as one-year fellows. She offers an annual stipend linked to what a clerkship salary would be. High-achieving students like the idea of a fellowship because it sounds like a prestigious award, she says.

Shout It from the Rooftops

When opening a solo or small practice, women need to announce it to everyone they know. "It is not really a game for people who shut themselves into a corner," Bellows says. "You can't isolate yourself within the four walls of your office or you will have no business."

Sponsoring a table at bar and community events is good exposure. When Burr's firm provides information to prospective litigants, the firm's name is prominently displayed at events. "It has nurtured the idea that the Burr law firm is one of the pillars of the community," Burr points out. "We are looked at as experts in the field."

Tell everyone you speak with what

Where Do I Begin?

The American Bar Association and many local, state, and women's bar associations offer excellent online resources for individuals seeking information about how to start and operate law firms:

- ABA General Practice, Solo & Small Firm Division, www.americanbar.org/groups/gpsolo/resources/start_run_a_law_firm.html.
- New: ABA Smart Soloing Center, www2.americanbar.org/Solos/Pages/Default.aspx. Contains a wide range of information about practice management resources, legal research sites, news sources, blogs, and technology.
- ABA Legal Technology Resource Center, www.americanbar.org/groups/departments_offices/legal_technology_resources/resources.html. Features information about law practice technology issues and links researchers to full-text searches of many law journals and law reviews.
- D.C. Bar Association Practice Management Advisory Service, www.dcbar.org/for_lawyers/bar_services/practice_management_advisory_service/index.cfm. Provides members with information and access to helpful resources for improving and enhancing the management of their law practices.
- The Oklahoma Bar Association Management Assistance Program, www.okbar.org/members/map/practice.htm. Features terrific links for starting and running a law practice.
- The Florida Bar Management Assistance Program, www.floridabar.org/tfb/TFBMember.nsf/840090c16eedaf0085256b61000928dc/3083f9e968b79823852575990059cd9d?OpenDocument. Offers checklists, forms, agreements, and other information for law firm practitioners.

Blogs with helpful information for lawyers interested in starting a law practice:

- Myshingle.com, <http://myshingle.com> is a respected blog written by Carolyn Elefant, a solo, containing a remarkable collection of links to information concerning opening and running a practice. Many specific resources are listed at <http://myshingle.com/2008/01/>

[articles/resources/online-guide](#). Linked content ranges from online articles and checklists provided by local and state bar associations to personality tests to determine whether an individual's personality may or may not be well-suited for starting a practice.

- Reid My Blog!, <http://reidtrautz.typepad.com/reidmyblog>, written by respected blogger Reid Trautz, contains information about the technological, business, and ethical aspects of practicing law.
- Jim Calloway's Law Practice Tips Blog, http://jimcalloway.typepad.com/lawpracticetips/starting_a_law_practice. Written by the director of the Oklahoma Bar Association Management Assistance Program, this is a good resource for lawyers starting on their own.
- Legal Ease, http://legalease.blogs.com/legal_ease_blog/women_and_law. Written by consultant Allison C. Shields of Legal Ease Consulting, Inc., this blog offers practice strategies and a wealth of information for women practitioners.

Other resources:

- Small Business Administration, <http://web.sba.gov/sbts/sbat/index.cfm?Tool=4>.
- Women's Venture, www.womenventure.org, a nonprofit organization seeking to help women in business.
- Solosez, www.solosez.net, an email discussion group, sponsored by the ABA. Participants do not need to belong to the ABA. Discussions range from serious practice issues to water cooler topics such as holiday recipes. The site provides a virtual community of lawyers for individuals who practice on their own or in small firms.
- Multiple book titles available through the ABA Web Store at www.ababooks.org. In particular, consult Jay Foonberg's *How to Start and Build a Law Practice, Fifth Edition*, considered a key guide for lawyers starting a practice. For more information and to purchase, go to <http://apps.americanbar.org/abastore/index.cfm?section=main&fm=Product.AddToCart&pid=5110508>.

you do. "I do it extremely directly," Bellows says, noting that even the people at the grocery store know what she does. "Don't assume people know what you do for a living," she advises. And ask people about what they do, even lawyers. Ask the type of law they practice and what type of clients they handle. This provides a connection if you or they need to hand off work. Bellows also tells lawyers that she is open to taking cases if they have conflicts and that she returns clients.


Be sure that your business card spe-

cifically identifies what you do, Drain says, so you don't waste this effective marketing tool.

Consider speaking opportunities, preferably to nonlawyers because "lawyers don't generally send us business unless there are conflicts," Bellows observes.

While bar activities may not generate business, they do help develop a lawyer's reputation and expertise. Burr found that by being active on committees, she fostered her own development. Other lawyers learned that she was a

good participant who was smart and would follow through on commitments, so people referred business to her.

A law business is a 24-hour commitment, law firm entrepreneurs say. And while you still have to have some personal life, Bellows says, "Business development and doing the work is a 24-hour business commitment every day of your life for the time that you have a firm." 

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