

Checklist for Starting a Law Practice¹

This checklist is designed simply as a guide to provoke thought when considering starting a law practice.
It is not meant to be all inclusive.

I. PLANNING

- Do self-assessment about starting a practice
 - Tolerance for Risk
 - Managerial Skills
 - Marketing Skills
 - Confidence Level in Legal Skills
- Write a Business Plan² – A living document generally projects 3-5 years ahead and outlines the route a company intends to take to grow revenue.
 - Executive Summary
 - The Mission Statement
 - Company information
 - Growth Highlights
 - Your Products/Services
 - Financial information
 - Summarize future plans
 - Company Description
 - Market Analysis
 - Life cycle stage
 - Projected growth rate
 - Target market
 - How much market share can you gain?
 - Pricing and gross margin targets
 - Competitive Analysis
 - Organization & Management
 - Organizational Structure
 - Ownership Information
 - Service or Product Line
 - Marketing & Sales
 - Overall marketing/sales strategy

II. FORMS OF PRACTICE

- Considerations in Selecting Form of Practice
 - Taxation
 - Liability
 - Succession/dissolution
- Solo Practice
- Incorporate with California Secretary of State
 - Partnership
 - Professional Corporation
 - Articles of Incorporation

- Shareholders, officers, chief operating officer
 - Statement of Good Standing from Clerk of Supreme Court
- Limited Liability Company
 - Articles of Organization
 - Members
- Limited Liability Partnership
- Consult with CPA
- Specialization/General Practice
- Partnership Agreement in writing
 - Capital/equity from partners
 - Withdrawal/retirement issues
 - Compensation and profit distribution
 - Each partner's role in the practice
 - Managing Partner
 - Rainmaker
 - Others

III. OFFICE SPACE/LOCATION CONSIDERATION

- Office Building
 - Image (upscale, informal, etc.)
 - Square footage
 - ADA considerations
 - Parking
 - Services, janitorial
 - Expansion opportunities
 - Renovation needs
 - Building and Construction Permits
 - Land use, Zoning, and Sign Permits
 - Police Permits/Licenses
 - Environmental Health Permits
- Location
- Office sharing
- Renting, leasing
- Purchasing/buy into a law practice
- Working from home

IV. ACCOUNTING NEEDS

- Consult with CPA
 - Set up accounting procedures
 - Chart of accounts
 - Profit and loss statements
 - Balance sheets
 - Cash Flow Statement
 - Quarterly and annual tax returns
 - Payroll services

- Bank and trust accounting systems/reconciliation procedures
- Software compatible with accountant

V. BUDGET COSTS/SOURCES OF FUNDS

- Budgeting cost³
 - One-time expenses
 - Accountant fees, setting up system and making initial entries
 - Beginning inventory, including office supplies
 - Decorating
 - Deposits for utilities
 - Legal fees
 - Licenses and permits
 - Pre-opening advertising
 - Remodeling (leasehold improvements)
 - Continuing costs
 - Accountant fees
 - Insurance
 - Leased equipment
 - Leased premises
 - Legal fees
 - Office operating supplies
 - Outside services
 - Repairs and maintenance
 - Initial Capital Investments
 - Decorating
 - Equipment
 - Leasehold improvements (to be written off over the life of the lease.)
- Suggested you have enough cash or a line of credit to cover start-up costs and at least the first 6 months to one year of operating expenses plus personal living expenses.
- Sources of credit
 - Local bank/Credit Union
 - Personal, business loan
 - Home equity, home refinance
 - Line-of-credit to be drawn upon as needed
 - Lease, equipment loans
 - Family loans/private investor loans
 - Personal savings

VI. BANK ACCOUNTS

- Trust Account (separate account)
- Business operating account for expenses/payroll
- Short term savings
- Safe deposit box at bank

- Firm credit card
- Investments
- Checks, deposit slips. Order different colors for operating account and trust account
- Set up law firm credit card merchant account (LawPay is endorsed by the SDCBA)
- Retirement plan

VII. TECHNOLOGY

- Choose cloud or traditional software
- Choose cloud/hosted or traditional network

Software Suggestions:

- Backup or disk cloning software
- Calendaring and docketing
- Conflicts checking
- Case Management
- Document assembly
- E-mail
- Office Suite Software
- Other specialized or practice specific software
- PDF creator
- Presentation Software (such as PowerPoint)
- Spreadsheet
- Time and billing/accounting
- Virus protection for computers
- Voice recognition for dictation
- Word processing

Hardware:

- Choose Mac or PC
- Computers
- External drives for daily computer backups
- Printers
- Network hardware for office network
- Desktop scanner (scanning and for faxing)
- Notebook computer
- Smart phone
- Label Printer

VIII. OFFICE EQUIPMENT/SERVICES/SUPPLIES

- Photocopier (lease with service, toner and supplies is optimal choice)
- High volume scanner
- Shredder
- Internet Service Provider and high speed access
- Domain name and email address
- Telephones
- Answering machine, messaging system or answering service
- Local and long distance carrier (phone co. or VOIP – voice over IP)

- Conference calling
- Cell phone service
- Postage scale/mail equipment or Stamps.com
- Establish UPS and Fed Ex accounts
- Office furniture for lawyer(s), staff, reception area, file cabinets, conference, room furniture, carpeting and area rugs, book shelves, art work/office decorating needs
- Office supplies, paper, envelopes, pens, staplers, file folders, etc.

IX. LIBRARY/LEGAL RESEARCH

- Online legal research provider
- Local law library
- Internet research

X. OFFICE SYSTEMS/PROCEDURES

- Accounting procedures
- Handling client funds
- Client relations policy
- Design client bill format
- Develop office manual/operating procedures manual
- Docketing, calendaring, tickler system
- File organization
- Forms used in practice
- Messaging system
- Personnel policies/benefits

XI. INSURANCE PROTECTION

- Professional liability
- Workers' Compensation
- Health, Dental, Life and Disability Insurance
- Auto insurance for business use
- Property (liability, wind, fire, earthquake, etc.)
- Loss of valuable documents
- Business Interruption

XII. PERSONNEL

- Legal Assistant/Paralegal
 - Consider a Receptionist Answering Services
 - Full-time, Part-time or Temporary
 - Sharing personnel with other professionals
 - Training
- Employee benefits
 - Vacation, holidays
 - Sick leave
 - Overtime policy
 - Medical insurance

- Retirement Plan
- Others
- Secure I-9 forms, W-4 forms, confidentiality agreement, employment application, etc.

XIII. MARKETING PLAN/PRACTICE DEVELOPMENT

- Potential Client Base
- Advertising Suggestions
 - Business Cards
 - Yellow Pages ads
 - Website – Keep information and vital data like phone numbers current. Do not offer your e-mail address unless you intend to check it regularly and are aware of potential conflicts of interest issues. Keep a photocopy of your webpage/ad in your files.
 - Social media – Twitter, Facebook, LinkedIn
 - TV, radio, billboard
 - Office signage
 - Sign up for Lawyer Referral Service (need to have experience)
 - Firm brochure – On web, printed or as a PDF
 - Client newsletters
 - Join civic organizations and Bar sections and committees
 - Speak at CLE programs – You will reach a large number of people who may seek your services later. You can also receive free CLE credit for speaking at CLE seminars.
 - Update your personal information on file with the State Bar to include your website.

XIV. LICENSING

- Registered Fictitious Business Name: Choose a fictitious name that clearly reflects the product or service. Check with the County Clerk as to whether the name has been used by others. File the fictitious name before getting a business license.
- Business License. Check with the Business License Office of the County Tax collector
- Tax ID Number (SS# is okay for individual proprietorship, but with employees you will need a different tax ID #)
- State Bar of California requirements

XV. MISCELLANEOUS⁴

- Join the local bar association
- Obtain city/county business licenses or permits as needed
- Obtain a post office box
- Become a notary (or have someone on staff)
- Develop a disaster plan for your office, computer, files, etc.
- Develop a plan for your illness, incapacity to do business or death
- Develop a network of other attorneys to call upon for assistance
- Update State Bar contact information as needed

1. **Checklist for Starting a Law Practice.** Checklist used by the South Carolina Bar website. Structure, content, and format used to create the Opening Your Practice checklist. <http://www.scbor.org/MemberResources/PracticeManagement>
2. **Create Your Business Plan.** Guide to create your own Business Plan from the U.S Small Business Administration. www.sba.gov/category/navigation-structure/starting-managing-business/writing-business-plan
3. **Business Start-up Considerations.** PDF Start-up Cost checklist provided by sandiego.score.org. <http://sandiego.score.org/resources/tab-a>
4. **Checklist for a Startup Law Firm.** Checklist from www.Startup-lawfirm.com, contributed to the miscellaneous section on Opening Your Practice checklist.