

Chapter 1: MAKING THE LEAP



Attorneys starting a law firm after working for others need to begin with a vision that encompasses the types of legal services they will provide, the way they will relate to clients, and how much they expect to earn from their business. A well-thought-out vision and a realistic law firm business plan will guide your choices as you establish and grow your business and legal services. Here are some ideas for thinking through that vision.

IDENTIFY THE OPPORTUNITIES

For some attorneys – a patent law specialist in Silicon Valley, a divorce lawyer in Hollywood, an estate planner in an upper-middle class suburb populated by baby boomers – choosing the core of their new practice is easy. But legal technology makes it possible today for attorneys to cast a wider net, practicing over a larger geographic area and expanding into other specialties. If you are contemplating starting a law firm on your own, you should take a realistic inventory of your own strengths and interests, as well as the population demographics and the types of businesses in your area when formulating a law firm marketing plan. With the right legal technology in place, it's possible to think creatively about geographic areas and specialties that may be growth opportunities once your boutique law firm gets started.



Small law firms have to be smart about identifying and seizing opportunities, such as with business incorporations and transactional law. The economic turmoil that began in 2008 has caused a lot of people to reevaluate their priorities and hopes for the future. As the promise of guaranteed lifetime employment fades, many individuals have considered starting their own businesses. These new businesses are looking to small law firms to provide expert guidance in an efficient and friendly manner. So small law firm business lawyers who seek to build or broaden their practices should not overlook the potential clients in their own backyard. These attorneys know the communities in which their clients are operating and have a good feel for the importance of building long-term relationships with those clients.

As you think about your potential niche, consider the following advice from Nicholas Wells, an intellectual property attorney with Kirton McConkie, a Salt Lake City legal services firm.

1. Start with who you are

The obvious choice is the subject that most interests you. But consider also your personality, likes, and dislikes. Do you prefer doing legal research to handling emotional confrontations? Don't go into family law. Speak another language? Consider immigration law. Love sailing? How about admiralty? Hate public speaking? Don't become a litigator.

The benefit of starting a law firm is that you can tailor your practice to your personal strengths and make your professional life into exactly what you want it to be – something that can be very difficult at a larger firm.

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2 Consider geography and economics

Some niches work better in certain locations. Use your preferred location as a guide to suggest areas where you can succeed, such as practicing oil and gas law in Texas, copyright law in Los Angeles, corporate law in Nevada or Delaware, or elder law in Florida.

Also consider economic realities. Plan the breadth of your practice – and its natural extensions – based on current and possible future trends. Bankruptcy is strong in recessions, real estate runs in cycles, and legislative changes have a huge impact on securities law, immigration, and other practice areas.

For example, if your chosen practice area is entertainment law, you could start with a law firm marketing plan focused on the music industry, then work to add independent film or publishing. If you start with personal injury, consider expanding your training to include medical malpractice. If you pitch yourself as a tax lawyer, consider learning about transactional law, such as estate planning, securities law, or corporate governance.

Having a niche doesn't mean you can only do one thing. It means you don't try to do everything. And it means you have a focused law firm marketing message for those who need the specific legal services that you can provide.



3. Consider money

If you went into law just to get rich, you may succeed, but you may also be miserable. Still, money is a valid consideration when viewed in light of your other priorities. For example, if you want to work from home or you look forward to assisting immigrants, you can succeed, but you should temper your financial expectations. When preparing a budget to start your own law firm, take into account the different hourly rates, typical project size, and market expectations for your selected area of law.

4. Talk to others

You may not have the experience to make a confident decision about your area of practice. Talk to other solo practitioners or to those who work in small firms that focus on areas you are considering. Ask about their daily schedules, what they like and dislike, about their law firm marketing plan, what the business cycles are like, and what cautions they can offer about their area(s) of practice.

Don't neglect online contacts. They may be less likely to see you as competition, although they won't have as much information to offer about your local market.

5. Be willing to change

Your first choice isn't set in stone. If you find you're not enjoying the work, the people, or the money, position yourself for a change. Plan your move, train yourself, revamp your law firm marketing messages. Then do it!

Once you have thought these things through and identified a niche, think about how you would set up the attorney-client relationship when those clients start coming through the door – as well as establish client retention strategies. Focusing on how the relationship begins can teach you how to promote yourself effectively to a new client. You should create a checklist for establishing the attorney-client relationship and have a standard engagement legal letter to clients that spells out alternative and optional provisions relating to considerations such as scope of the work and fees. Once those terms are discussed with the client, the legal letter template can be quickly and efficiently customized to close the deal.

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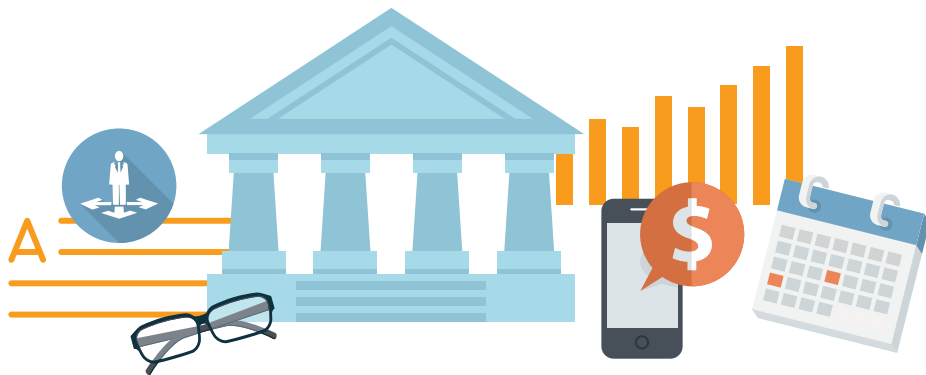
THE LAW PRACTICE MANAGEMENT SYSTEM

A [law practice management system](#) tailored for legal professionals ties it all together for a brick-and-mortar or virtual law office. This application can coordinate these important functions:

- [Client portal](#) to easily, securely share documents/drafts with a client.
- Contacts database for sharing and collaborating with colleagues.
- [Court calendar system](#) that syncs with email.
- [Legal document management](#) repository, sometimes with collaboration features.
- [Time and legal billing system](#).
- [Real integration \(more than links\)](#) with other legal programs, enabling tasks such as online legal research, form building, and legal case management and analysis – without time-consuming importing and exporting from one program to the other.

Legal practice management systems give law professionals one place to go for an overall view of their law firms, plus the ability to drill down to specific client files for a review of all events in a particular case. It's very difficult for solo and small-firm attorneys to build and update an effective working case management system themselves. While some use email to track and archive activities on various cases, systems designed specifically for attorneys can offer robust features that are easier to use and more efficient.

Online practice management tools have an initial cost roughly on par with those of their physical counterparts (on-site, server-based systems and banker's boxes). The ongoing cost of ownership for a virtual law office system is much lower – with no need for handling repair, replacement, or upgrades yourself. You can also factor in the convenience of access, the ability to scale up easily, and automatic updates that virtual systems afford law firms.



OWN IT



THE TRUTH ABOUT CLOUD DATA SECURITY

Still, you may be reluctant to add a virtual law component to your firm, which often means trading in physical space for law office management software and cloud-based legal practice storage, a system that houses digital information in a hosted setting with cybersecurity layers in place and away from your office. You might worry that exporting the law firm's operations to the Web will compromise security, risk a law firm data breach, and allow cybercriminals to steal your client data. But Web-centric legal business mobile operations, including mobile law firms, are here to stay around the world – in business and in our personal lives. And a secure virtual law environment can offer specific advantages to businesses, especially new virtual law firms.

PHYSICAL OR VIRTUAL LAW OFFICE SPACE?

The legal profession is under tremendous pressure today to control costs and keep fees low. Rent is one big component of law firm expenses, and in an increasingly virtual world it is a cost that is often no longer necessary.

Having a physical office offers still some advantages. If space is limited at your home, a place of business can help you better separate work from your personal life. A physical office with conference rooms, framed diplomas, and other lawyerly appointments also might make some potential clients feel more confident. And attorneys who still cling to physical file cabinets and Bankers Boxes need room to house them.

However, in a world where clients are pushing back on fees and administrative expenses and also demanding 24/7 access, the benefits of a physical work address start to become less important. A virtual law office – in which most legal documents and other information is stored and shared digitally rather than in physical cabinets – can help you meet today's cost and customer pressures. In fact, we advise that even attorneys with physical offices acquire legal document management software and build some capability to access and share information this way.

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Just as with any significant business decision, attorneys contemplating a virtual law office must weigh whether the benefits are worth the investment. For law firms, a virtual practice delivers a number of potential cost savings:

- Switching to a virtual law firm ecosystem means going largely paperless, which significantly decreases the hard and soft costs of maintaining legal documents and paper files.
- Legal document management and storage costs for active (home or office space) and inactive (off-site) files are whittled down substantially, since virtual law office storage space costs far less than physical storage space.
- Time is no longer wasted searching for hard-copy legal files and documents; automated, global search functionality finds them almost instantly. This savings in unproductive time gives attorneys more hours for billable work.

One of the biggest benefits of legal cloud hosting is that it gives legal professionals everything they need at their fingertips, wherever they are. A laptop, tablet, and smartphone take the place of a firm's own filing cabinets and servers. The requirements for physical space become minuscule, and a virtual law firm can operate easily from a home office or small share of a conference space.

LAUNCHING THE VIRTUAL LAW OFFICE

Even with all of your legal data stored in the cloud, you still need tangible access points to get to what you need. Here are some basic tools that you will need to get your new virtual law firm launched:

- Laptops and tablets are the primary hardware choices for virtual lawyers, and the smartphone, tethered to the firm's email and calendar, is a necessary adjunct for the mobile attorney.
- Lightweight, portable scanners allow paper legal documents to be digitized anywhere and sent to the law firm cloud.
- eFax systems can send traditional faxes through email rather than a fax machine.
- A secure Internet connection or virtual private network (VPN) is necessary to get access to important legal files in the virtual server and cloud drive.

THE MOBILE ATTORNEY LIFESTYLE

In addition to the virtual law firm's business advantages, you also enjoy lifestyle improvements. The ability to practice from literally anywhere with an Internet connection means that, for certain practice areas, you can do your job exclusively from a home-based law office, if you choose. It also is easier for you to access online legal research outside of your core area of expertise, which makes you more useful to clients.

The downside is that you are always available, and carving out nonworking hours to recharge can be a challenge. The virtual law firm attorney can have just as difficult a time balancing work, family, and interests as the lawyer who commutes to an office.



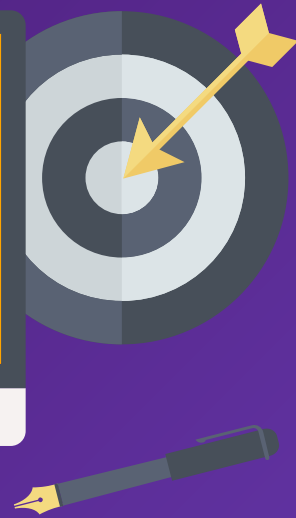
YOUR PEOPLE: CLIENTS AND COLLEAGUES IN A VIRTUAL PRACTICE

Small law firms with more than one legal professional can be linked to the same law office management systems via a telephone call or through the more technologically advanced modes of chat and videoconferencing.

You can also scale up a virtual law office easily and inexpensively when business opportunities arise. While attorneys must abide by the ethical requirements of the various states in which they hold licensure, virtual law firms are more marketable across larger territories.

Since a virtual law firm is accessed primarily through Web components, clients no longer need to visit its offices. A client in Galeveston, Texas, could very easily work with a virtual law office based in El Paso. Meetings take place via videoconference, and legal document exchange and storage happens in the cloud. Without the office space as an anchor, virtual lawyers can associate across state borders more easily, making it possible for attorneys in South Carolina to work with attorneys in Wyoming, and to communicate across the same basic law office management software systems that they would use in a traditional office setting. This means that virtual law firms can be marketed more broadly to reach a larger potential pool of clients representing a larger legal billing segment for associated virtual law office attorneys. ■

SOURCES



In addition to the [American Bar Association \(ABA\)](#), sources for this whitepaper include the following:

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This chapter represents one of seven in the complete how-to guide *OWN IT: How To Start a Law Firm in the Virtual Office Era*. To view the entire *Own It* whitepaper,