

# *Checklist for Opening Your First Law Office*

## **Foreword**

This is a checklist for opening a law office. It was initially prepared at the request of the Young Lawyers Division of the American Bar Association through its then-President, David Weiner of Cleveland, Ohio, and its then-Law Practice Management Section representatives, Kenneth Rice of Everett, Washington, and Karen Feyerherm of Seattle, Washington. Sam Smith of Miami Beach, Florida, then-Chair of the American Bar Association's Law Practice Management Section, encouraged its preparation, and Bob Wilkins of Columbia, South Carolina, gave me valuable suggestions and advice as he has so often done in the past. Bill Blaine of the California Continuing Education of the Bar was most helpful in suggesting its dissemination by CEB. Curt Karplus, Assistant Director of CEB, served as editor.

This list is as comprehensive as I can make it based upon my experiences in doing programs for young lawyers throughout the United States and Canada and as Chair of the New Lawyers in Practice Committee of the American Bar Association. The list has been updated with comments and suggestions from letters I receive from lawyers who have read this book. I welcome your comments and suggestions for revisions.

## **Make a Timetable and Priority Checklist**

After learning of the approximate lead time you'll need for each step in the checklist, make a priority checklist. Do the things first that will require the longest time. This checklist reflects upon my

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experiences with the difficulties in decision making and getting things done. The things requiring the most lead time should be at the top of your list; the things that require less lead time should be toward the bottom. You will have to rearrange many of the items into your own list, depending on your personal situation and local circumstances.

### Consider the Area in Which You Wish to Practice

1. Where are your friends and relatives?
2. Pick a growing rather than decaying area. Watch out for blight and decay. Consider possible changes in economic patterns due to escalating energy costs. Increasing sales and payroll taxes indicate a growing area while decreasing taxes indicate an area that is in fact declining.
3. Do you want an urban, rural, or suburban practice? Analyze whether you can really be happy in a rural or small-town atmosphere or in an urban atmosphere. This is a matter of your personality and background.

### Consider Quality-of-Life Factors

1. *Quality of professional life:* What kinds of cases and clients can you expect to get where you will practice?
2. *Quality of social life:* Do you want proximity to museums, symphonies, young intellectual people, etc.?
3. *Quality of atmosphere:* Is there smog and pollution, or clean air and water?
4. *Quality of recreational life:* Do you want proximity to swimming, skiing, boating, hiking, hunting, etc.?
5. *Quality of home life:* Is the area safe for your spouse and children? Will you be afraid to go out at night or to sleep with the windows open?
6. *Quality of economic life:* What kind of money can you earn there?

### Consider Miscellaneous Factors

1. Proximity of office to public transportation for staff and clients.

2. Proximity to eating places for client entertainment and meetings.
3. Proximity to law library.
4. Proximity to major anticipated clients.
5. Type of practice you are planning. For personal injury, workers' compensation, and criminal law, proximity to courts and administrative hearing locations or jails may be important.
6. Proximity to other lawyers for possible consultation, referral of overflow work, or library sharing.
7. Will office and building be accessible for people on crutches or in wheelchairs, or elderly people?

### **What Size Office Will You Need?**

You'll need 400 to 600 square feet of office space per lawyer, as follows: personal office, 150 to 200 square feet (smaller is OK if you have access to a conference room for meetings with clients); secretarial area, 150 to 200 square feet (try to defer this for a few months, if possible); reception area, storage, copy machine, etc., 100 to 200 square feet.

### **Consider Office Sharing**

Office sharing can be very economical. Shared suites are becoming common. You give up some individuality, but you save a lot of agonizing and decision making. It is obviously cheaper to divide costs for receptionist, library, reception area and furniture, secretary, photocopy equipment, conference rooms, etc. You also have access to experienced lawyers for assistance and possibly some referral work. Ask the lawyers already in the suite how long they have been in the suite and what they like or dislike about the arrangement. Be careful to control your own phone number. (See the separate chapter on Shared Offices.)

### **Consider Cheap Space in an Expensive Building**

Inside, nonwindow space is very cheap. With imaginative drapes, lighting, and decorating, the client won't realize that the offices are inside offices. Cost savings in rent can be very significant. Indicate that you are willing to accept inside space for price or other considerations.

### Make Contacts to Find Space

Helpful sources of information include your local legal newspaper, nonlegal local papers, and local bar association journals. A commercial broker may be a good source, if the space you require is not too small. Other lawyers can be of assistance. If there is a particular building in which you want space, try a form letter sent or delivered to every existing tenant and to the building manager. This is a good source of leads on sublet space that becomes available when offices move or firms break up, which often creates opportunities for reduced rent.

### Determine the True Rental Cost

Always ask for the net square footage figure from the broker or landlord, and put it into the rental agreement. Divide the monthly or annual rent by net total square footage to get cost per net square foot, which is the only true way to measure rent cost for comparison shopping. There can be a 20 percent difference between net square footage and gross square footage, due to poles, beams, corridors, window sills, ducts, stairwells, irregularly shaped premises, etc.

### What to Negotiate and Include in Your Rental Agreement

1. Parking for yourself, staff, and clients at fixed prices. Don't automatically accept the story that parking is controlled by a separate concessionaire. If pushed, buildings often grant parking as a part of the lease.
2. Access to office at night and on weekends. Will air conditioning, heating, and lights be available then at no extra cost? Is building security provided after hours?
3. Any desirable furniture from the outgoing tenant you might have.
4. Right of first refusal on additional space in the building if you expand.
5. Air conditioning and heating thermostat controls for your part of the suite.
6. Are electric and telephone outlets where you need them? If not, get the landlord to install them.
7. Carpet cleaning or replacement.
8. Painting, replacement, or cleaning of wall coverings.

9. If old drapes can't be cleaned, insist on new ones.
10. Janitorial services such as trash removal, vacuuming, etc., and frequency of service.
11. A one-year term, with two one-year renewal options is best for a starting lawyer. You can stay or move after a one- or two-year experiment.
12. Try to delay the effective date for as long as possible to gain time for delivery of furniture, mailing of announcements, etc., before you have to start paying rent.
13. Don't commit malpractice on yourself before you get your first client. Whether you lease space, share space, or enter into any other arrangement, be sure to *get it in writing* before you move in or spend money on furniture or announcements. Don't depend on a handshake deal.

### **Start on Announcements**

1. Prepare mailing lists.
  - a. Law school class (get addresses from alumni association).
  - b. Undergraduate classmates (get addresses from alumni association).
  - c. High school classmates, if appropriate (get addresses from alumni association).
  - d. Church members, if appropriate.
  - e. Family.
  - f. Organizations such as sports clubs, social clubs, philanthropic clubs, etc. you belong to (get addresses from club secretary).
  - g. Professional associations you belong to.
2. Get sample announcements from printer.
3. Get time and cost estimate from printer.
4. Decide on style; for example whether to list your principal areas of practice.
5. Order professional cards, and enclose one with each announcement.
6. Use engraved announcements and cards, on good stock.
7. Get cost and time estimate from professional addressing service for addressing, stuffing, and mailing.
8. Start addressing the envelopes while the announcements are being printed.

9. Consider buying old postage stamps from a stamp dealer to attract attention to the announcements.
10. Decide on whether or not to send e-mail announcements, especially to people you don't know well.

### Order Stationery

1. Allow up to two months' delivery time for high-quality stationery.
2. Get catalogs with samples.
3. Order letter-size bond letterhead and second sheets, blank letter-size bond, letter-size envelopes, professional cards, announcements, paper and covers for wills, billing stationery with window envelopes, and other items suitable to your own practice.
4. Separately buy inexpensive envelopes to use when paying bills.

### Get Telephones and Internet-Ready

1. Estimate number and kind of instruments needed, and number of lines needed by meeting with phone company marketing representative. Don't forget that your secretary, receptionist, and clients will also be using your phones. Consider a second extension in your office for your clients' use. Be sure to include adequate dedicated lines for fax and computer equipment.
2. Order equipment, get estimate of waiting time for delivery.
3. Order installation, which may require several days.
4. Reserve telephone number in advance of opening office, so you can give it to printer to put on announcements, cards, and stationery.
5. Consider shopping long-distance carriers if you will have a lot of long-distance calls and faxes.
6. Consider Yellow Pages advertising, and listings in directories for other localities.
7. Try to negotiate low cash deposit on telephone equipment.
8. Get an answering service used and recommended by other lawyers or by doctors.
9. Get a domain name and e-mail addresses.
10. Determine what broadband is available at the location. There may be delay or impossibility of getting anything but dial up.

### Order Furnishings

1. By subletting a furnished office you may be able to postpone many of these capital expenses.
2. Determine if major items can be rented instead of being purchased.
3. Determine if used furnishings are available. These cost about 60 percent of the price of new furnishings. Also keep in mind that new furniture often takes from two to six months to deliver. Use a conference room to meet your clients if your office is shabby or incomplete.
4. Read ads in local legal newspapers for used furnishings.
5. Minimum furniture for your office:
  - a. Picture of family members for desk.
  - b. Your desk should be at least six feet wide with overhang in front, and treated to protect against scratches and spills. Consider putting your computer or keyboard or monitor and a printer on a separate desk behind you or alongside you.
  - c. Your chair. Try it out next to the desk you have selected.
  - d. Two to four straight-back chairs.
  - e. Wastebasket to match desk.
  - f. Clear floor pad for chair if office is carpeted. Don't skimp on pad size, or chair will roll off the edges.
  - g. Floor lamp, if additional light is needed.
  - h. Potted plant.
  - i. Bookshelves.
  - j. Table for computer, computer supplies, and periodicals.
6. Minimum furnishings for reception room:
  - a. Four straight-back chairs.
  - b. Magazine rack or table.
  - c. Reading light.
  - d. Bookshelf.
  - e. Coat rack and umbrella stand.

### Order Equipment

1. Determine if secretarial service can provide you with dictating systems as part of its service.
2. Determine if equipment can be rented rather than purchased.

3. Determine if used or refurbished equipment is available. Should be about 60 percent of new equipment price.
4. Read ads in local newspapers for used equipment and for equipment specials.
5. Minimum equipment:
  - a. Secretarial desk, with return.
  - b. Secretarial chair. If possible, let secretary choose own chair.
  - c. Small copy machine, unless one is available nearby.
  - d. Dictating equipment including dictating unit, transcription unit, and two portable tape recorders, or digital recorders, one for your briefcase or purse and one for your car.
  - e. Word-processing system. This requires serious study. Don't depend on vendors to advise you. Consult secretaries, office administrators, and other lawyers. Read the publications listed in this book. In general, go with what you know. Don't change if you don't have to. Historically, Corel WordPerfect has been preferred by lawyers and is still heavily used in lawyer to lawyer transmissions of drafts, etc. Clients historically have preferred Microsoft Word. Most law firms are able to use both systems and, when necessary, convert files from one format to the other or send and receive both versions. You should have and be able to use both systems.
  - f. Accurate postage scale and postage meter. This will save you considerable money over the years.
  - g. I recommend a stand-alone fax machine with a dedicated phone line, not one that is integrated into your computer system.
  - h. Second desk or table for computer and peripherals.

### Order Office Supplies

1. Get catalogs from several nearby office supply stores.
2. Open charge accounts with these stores. Negotiate for a discount from the list prices in the catalogs.
3. Ask your secretary or another lawyer's secretary to help you make up an initial order list. Consider such items as staplers, paper clips, scissors, two-hole punch, three-hole punch, telephone message pads, rubber stamps with inking pads, scratch pads, legal pads, paper cutter, felt-tip markers, staple removers, adhesive tape, desk calendars, pens and pencils, manila envelopes, Rolodex™ files, coffee maker and cups, check protector, fireproof safe, etc.

### **Order Insurance**

Engage an insurance broker or agent who is likely to refer you business, or buy from several brokers:

1. Malpractice insurance against errors and omissions. Get occurrence rather than claims-made coverage, if possible.
2. General liability insurance.
3. Workers' Compensation insurance.
4. Nonowned automobile insurance.
5. File replacement and valuable papers coverage.
6. Fire and theft insurance, for replacement value.
7. Get "umbrella" coverage, if available.
8. Check with broker or bank for financing of premiums through monthly payments.
9. Check if "office block" policy available.

### **Start Secretarial and Nonlawyer Hiring**

1. Check with local high schools, junior colleges, business colleges, and universities for trainee secretarial and clerical help who will work without pay or for low pay to get work-training credits. Excellent source of capable trainees.

2. Publications are available from the American Bar Association Section of Law Practice Management. New materials are continually being published.

3. Allow three weeks for advertising and interviewing of applicants, and an additional two weeks' notice, which the successful candidate may have to give his or her present employer.

### **Start a Filing System**

1. Get help from a legal secretary or office administrator or practice management advisor in setting up a filing system. The file folders are just part of the system.

2. Allow six to eight weeks for delivery of supplies.

3. Install a numerical system rather than an alphabetical system, using vertical rather than horizontal files. Various systems are suggested in the publications listed below.

### **Start an Accounting System**

1. Engage a CPA to be your accountant. Have the accountant install a system for bookkeeping and for timekeeping, and order accounting supplies for you.

2. If you choose not to use a CPA, review the systems suggested in the publications below, and adopt a system appropriate to your practice.
3. Consider contracting an outside source for timekeeping and billing.
4. Again, contact the American Bar Association Section of Law Practice Management for appropriate publications.

### **Prepare Business Plan Budgets**

1. Get help from a CPA in preparing business plans and budget statements that can be used in applying for loans for credit from a bank. Many business plan budgets and marketing plan budgets are available for free on the Internet.
2. A practice cash budget should be prepared for the first year, by month, estimating your expenses. Include such items as rent, telephone, insurance, furnishings and equipment, copy equipment charges, stationery, office supplies, bar dues (including lawyer reference service fees), legal newspapers, lawyer service, salaries, announcements (including postage and addressing), continuing education seminars and programs, diploma framing, automobile, parking (if not included in rent), estimates of costs to be advanced, and business development (lunches, entertainment, etc.).
3. A personal living expense cash budget should also be prepared by month for your first year. Allow money for some recreation and for medical expenses.
4. To cover these expenses, consider:
  - a. Estimated income from fees for services.
  - b. Savings accounts.
  - c. Working spouse.
  - d. Relatives who may offer help.
  - e. Bank loan.
  - f. SBA-guaranteed loan.
  - g. Credit union loan.
  - h. Bar association credit union loan.

### **Licenses, Permits, Etc.**

1. Obtain federal and state employer identification numbers and sales or services tax numbers where applicable.

2. File federal and state quarterly income tax estimates for personal income taxes.
3. Obtain city or county licenses or permits, as required.
4. Notify state bar of address.
5. Join local bar association.
6. Join Young Lawyers Association or section of your state bar.
7. Join lawyer referral services.
8. Notify possible sources of court-appointed work of your availability.

### **Open Bank Accounts**

1. Open office account and get checks printed.
2. Open client trust account and get checks printed.
3. Open credit line with banker.
4. Arrange for a safe-deposit box for wills and other client valuables.

### **Buy Only Essential Library Items**

A library is a bottomless pit, which should be avoided during the first year of practice to the extent possible. Unannotated codes and some legal journals are probably essential. Use other libraries, at least at the start. Don't try to build your own until you can afford it.

### **Where to Get More Answers**

Every law office should have the publications listed below as its basic reference library for management suggestions. In this basic library you will find the solution to almost any problem you will have to face. This may be the best investment in your practice you can make.

1. *Law Practice*, bimonthly publication of ABA Law Practice Management Section, 750 N. Lake Shore Drive, Chicago, IL 60611. Buy all back issues available and subscribe currently. Almost any problem you have can be found in one issue or another. Section dues include subscription to this publication.

2. Articles by J. Harris Morgan of Dallas, Texas, in back issues of *Texas Bar Journal*. In my opinion, J. Harris Morgan is the great-

est mind and personality in the management of a law office and practice.

3. *The Bottom Line*, bimonthly newsletter of the Law Practice Management Section of the State Bar of California.

4. Your Bar Association Practice Management Advisor

### Keep Up with New Developments

The least expensive and most comprehensive way to keep current in this field is by belonging to the Law Practice Management Section of the American Bar Association and of your state bar. For further information, write to: Law Practice Management Section, American Bar Association, 750 N. Lake Shore Drive, Chicago, IL 60611, or see [www.lawpractice.org](http://www.lawpractice.org).