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Starting Up and Freaking Out

I'm so embarrassed to be asking this I'm two years out of law school and have worked for a nonprofit during that time. We lost funding so I'm on my own. The market is saturated in my area so I have to hang out my own shingle. I've found a virtual office and am in the process of setting up my LLC. My worry is that I have no idea how or what to bill, how to track billing, what reports I need to keep, do I get a separate office account since I'm LLC-ing or just keep my personal account, etc. I had a law office management class in school but I've gone through the old info and can't find anything really helpful. I've requested information from the Texas Young Lawyers Association but haven't received anything yet and am absolutely petrified to take the next step. Because this is a second career for me, I'm very aware how many things can go wrong. Any advice or suggested reading?

Theresa Copelan

You can get a free copy of Quickbooks (a strip down version). That could give you a good start on a bare bones accounting/billing. Check out Intuit.com or Quickbooks.com there next level package is not that pricing and may include time billing."separate office account" do you mean checking account = if so Yes helps you keep track your business expenses and income more easily. You would use a PLLC not a LLC {check Texas Business Organization Code} I think you make that designation when you complete the business formation paperwork with the Texas Secretary of State (you can do it online {you have to set an account first}) <http://www.sos.state.tx.us/>. Also, you need an IOLTA (never done this before check with a bank they can help I would imagine).hope that helps some.

Dedric

Theresa –

First of all, Congratulations! Even though it sounds like you didn't necessarily plan to go out on your own, I am sure that you will find it to be an exciting and rewarding experience. There are quite a few books on the market that give you a good overview for starting your firm. I would highly recommend How to Start and Build a Law Practice by Jay Foonberg. I read it before I even left my prior firm. He really covers all of the bases (and is actually a member of this Listserv!). Also, I would find a good accountant someone who works with a lot of attorneys. My accountant has been an invaluable resource in terms of helping me get organized with the accounting side of things. He also set up the



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corporation for me. You also want to set up your business account with a good bank one that handles quite a bit of attorney accounts and is, therefore, very familiar with the trust account requirements in your state. Having a relationship with a banking manager will prove to be a tremendous asset. There is so much involved in starting your practice that I could go on and on (and I'm still learning!), but I think reading Foonberg's book, getting acquainted with an accountant and bank will set you in the right direction. Good luck!

Separate account would likely be very necessary for a PLLC. If things go unexpectedly bad, the courts won't take kindly to a fictional legal entity designed to shield you from personal liability sharing the personal account of its main employee (you). I'm sole practitioner, since I really have no assets to protect (yet) and the paperwork's easier. Definitely get an IOLTA account while your at it. The bank found all the paperwork for me at the same time. It's where you hold on to advance payments from clients until you actually earn the money by doing the work. My biggest problem has been finding clients it's probably the case that my ineffectiveness at selling myself in interviews translates to my person to person contacts as well. Something I wish I had done is PICK ASPECIALTY. It doesn't matter if your perfectly willing to go outside that specialty, but every time I mention to someone new that I'm a lawyer, the next question out of their mouth, 99.9% of the time, is "what kind of law?" or some variant thereof. Since I STILL don't really have a specialty, it leads to awkward conversation. Get Foonberg's "How to Start and Build a Law Practice." Great stuff in there to get you going on almost all aspects of this. My own problems almost entirely stem from not following the book's advice. What to bill? I asked that question here when I first started. The answer is "nobody really knows." Ask other local attorneys in your field, or guess and roll with it. Foonberg has more details, and covers "how to track billing" quite extensively. Reports? Get quickbooks and enter stuff religiously, or get an accounting 101 book and start keeping track in notebooks or on a spreadsheet program (that's what I have to do this week). You want the records for taxes mostly, and to notice where your cash flow is going and whether you should raise your rates. That's all I got right now. Don't get scared, be bold, and good luck!

James Bodell

Theresa,

I can understand how scared you are, but that's a good thing. If you we retaking this big a step without being scared to death, I'd think you might be too clueless to be practicing law. The State Bar of Texas has a law practice management program with a lot of free guidance. Start at their website: <http://www.texasbarcle.com/CLE/LMHome.asp>. And keep using Solosez as a place to get help or just plain old consolation.

Roger Bartlett Attorney

If you are looking for something to read, I recommend my book, Solo by

Choice: How to Be the Lawyer You Always Wanted to Be which you can buy direct from decisionbooks.com (it's sold out again on Amazon) as well as the usual suspects, How to Start & Build a Practice (Foonberg); Flying Solo (ABA compilation) and Hal Davis book. I cover topics like choosing a practice area, client relations and 21st century trends like billing (and alternative billing), setting rates, outsourcing and marketing on a budget in the Internet Age. Also, I link to lots of forms that you can use in your practice. The questions that you ask are very jurisdiction specific; the best resource for, eg., keeping books or trust account are the state bar rules. Fortunately, Texas has compiled lots of materials for solos as I posted here <http://tinyurl.com/2tojf6>.

Good luck!

Carolyn Elefant

I have been retired for ten years and it would be presumptuous for me to be specific about Texas or modern practice. I do have some suggestions based upon a somewhat similar change in my life and practice. First, slow down, as a lawyer you will have a hard time solving other people's problems if you lose your confidence or temper. Then sit down and with anyone who you respect in practice, list the expenses that you know you will have to endure at bare bones. You can meet clients at their business or homes and actually take a step that they may appreciate. Practice out of your house, be sure that you have good laptop/notebook since it provides you with mobility and convenience. Buy necessary software, but leave out the bells and whistles until you have better idea of what it will do to help you. Quickbooks or a time management software are important to account for IOLTA and other accounting categories you will need. I would buy a case of good, not Crane's paper for your printer. Printer's today can do a lot and I personally like HP All-in-Ones with color since it peeps up your work. It also copies, faxes, and scans. I have and like the 6310 but I am a teacher now and not in practice. I think it is a good buy for a startup.

The part of practice that seems to me to matter is presenting your work with some style. [Staples](#) or some office supply store will have folders and binders and other stuff that can dress up the work and decent paper will impress subliminally. Do not buy anything you cannot immediately use and do not buy law books. The time will come, but law libraries are in every Massachusetts county and I assume in Texas, but on line services will include research capacity which is valuable. When I started out I copied and bound or attached important cases to my trial briefs. I knew the judge could never do the work while in court, so I imagined that he or she would be home in the evening trying to get some work done. How much easier if the judge stays in the easy chair and does not have to find your cases! Any way it set off the work I presented and set me apart from other folks. I also attached all Exhibits and highlighted important parts of the evidence for my case. I saw no reason to see how long the judge would take to see what I saw as fundamental for my client to prevail. I never reported that I was not ready to a court scheduling meeting and won more than a few arguments because the defendant was not ready and the judge sometimes called the case for the next day. Never acknowledge that you are new to some aspect of a case(s) you are doing. Judges want to get the

work done and go home. Help them. No that you have a pretty good of what you need to open your proverbial door, add up the have to haves, and be tough on yourself and leave anything not needed to start for later. Then divide your account sum by the number of hours per week, month, year you plan to work and do not plan that more than about twenty five to forty percent of your time will be directly related to income generation. Take the number of what it will cost and add a fifty percent mark up (give or take) just like your vendors do. Try starting close to that in quoting fees and I would begin only on an hourly scale until you feel pretty confident in what time you will devote to general familiar cases. Everything will change in time, and upgrading will follow. You want to be sure that you will be open when that time comes. And then get out of the office and join groups you enjoy or know something about preferably in relatively public settings. Have fun with people, and enjoy your life inexpensively! But smile and do not tell anybody of the problems you encounter except your special friends and confidants upon you call for advice and guidance. Anyway, that is about how I did it. I am sure that others did it better, but I didn't have a dime when I started and computers were not in use for at least twelve years later, although word processors were coming in and then went out as computers came in. Hope this helps or that your delete button is working.

Dick Howland

One thing to remember about going solo is that there is a startup period where income is limited and outflow of cash is not. Some have said that their startup period had been only six months or so. Others have said that it took five years or more. It depends upon the type of practice, the attorney, and the economy.

Ernest Schaal

Start by buying Jay Foonberg's book, "How to Start and Build a Law Practice." It's indispensable. Here's a link to it on Amazon: <http://tinyurl.com/3afwnc>. Once you've read the book, you'll have a ton of questions. Ask here. The people are incredibly sharp and insightful. The book, however, will give you a great foundation. Good luck.

SIB

Can't wait to see what others say... but here's my 2 cents.

- Maintain a separate bank account you'll be filing a Schedule C, and this will make tracking your business related expenses easier.
- Consult an accountant about how to set up your accounts... especially vehicle expenses, home office deduction, telephone and internet expense, etc.
- find out what other lawyers in your area, with your level of expertise charge and bill accordingly... don't discount or try to undercut the competition... clients view a reasonable fee as reasonable, and will wonder why you're lower than the competition.
- Billing invest in good practice management software. (I use

Timeslips, but am looking for a good application on the mac)

- don't neglect networking and other marketing activities, but choose wisely... as things get busy, it's easy to let practice development take a back burner... don't.
- et a separate phone number for your business, and don't answer personal calls during work hours... even though you're working at a "virtual" office, establish boundaries so your friends and family don't come to expect you to drop everything 'cause you're just "hanging around".
- Have some faith in your abilities... face your fears... they're less impressive than they seem.
- Be prepared to take some (calculated) risks... it's the only way to get ahead.
- Your work for nonprofits should be treated as a PLUS. Maybe there's a practice niche to be explored there.
- Since the "market is saturated" look for ways to distinguish yourself and your practice from all the others out there. Dare to be different.

Suggested Reading: Jay Foonberg's books served me well, but I know there are some new books out (I believe by members of this list) that may be more up to date, etc. Read em all! Good luck,

Gordon Firemark

Theresa,

You've received some great suggestions. I can add only a couple of things that I've learned: do not under price yourself. It can be enticing to try to attract clients by pricing yourself less than others in your area. But it does not work in professional services. People gauge quality by price; they will assume your cut rate price means you aren't as good as others. If you are debating specialties, be sure to consider the cash flow implications of each. For instance, family law lawyers like me always have clients because there will always be divorces and custody matters.

However, maintenance of a healthy practice requires a constant stream of new clients each month and you'll have few repeat clients. Of course, if you are good, you'll get referrals. If you always need new clients, you'll need to spend money on continuing advertising and marketing expenses. Lots of other practice areas are like this, criminal law, many types of litigation, etc. My colleague business attorneys tend to gain a few good companies who provide them with continuing work. They aren't always worried about getting new clients. The down side is the "all your eggs in one basket" syndrome. If a significant part of your practice depends on one particular client, like a bank, and they have a management change, you might be out the door with too. I've seen many practices hit hard when a main client went out of business. Good luck!

Best,

Marie N. Tilden'

Theresa,

Be sure to look into your local bar association's newsletter for office sharing arrangements. If you can get started on a % basis it may help with your learning all of the business side of things as well as providing a mentor. Good luck.

Dan

I am about 2 months ahead of you, and while it is tough, I am having a ton of fun. The way I see it is that until I have enough work in the pipeline, my main job is to meet as many people as possible. It seems to be working as they send me small cases that are giving me experience and a little bit of money. I too am having a hard time figuring out what to charge. I try to charge by the project, which gives my clients some certainty, but onetime I miscalculated the time and ended out working at near minimum wage. I recently figured out a new trick. Most of the public libraries in the Denver metro area have study rooms that you can reserve for an hour. I offer to meet my clients at the library near their home or office. I also have a virtual office where I can rent a conference room if the client expects a business setting.

Andy

Teresa:

Check with the Texas bar and see if they do any surveys I've seen at least one state that collects a bunch of statistics, including the average/low/high rates charged, sorted by years of experience. That may help you with setting rates.

Beverly Law Student

TexasBar.com has a lot of good information. Take a look at this page <http://www.texasbarcle.com/CLE/LPHome.asp>. I can't find it right now but in the past I have found numerous surveys on this web site covering hourly rates, number of lawyers per county, practice area breakdown for various counties, and a lot of other useful information.

Dennis Chen, Attorney

Theresa, don't be embarrassed. You've asked some very normal and natural questions for someone basically just starting out. I could take each one of your questions individually, but I think the best advice I can give you is to read Jay Foonberg's book "How to Start and Build a Law Practice". That book will answer questions you didn't even know you had! And don't hesitate to use this [list serve](#) it's a great group with a passion for helping solo and small firm attorneys succeed!

Traci

Dear Theresa:

I have been in private practice for almost 20 years and I still get scared out of my mind sometimes. It comes with the territory. The key is to keep your overhead low, be honest with yourself and your clients, treat your clients with respect, go the "extra mile," don't be afraid to ask questions of other lawyers, don't take yourself too seriously, admit that you don't know something to your clients and do your homework. It has been many years since I read the Foonberg book, but as I recall, I didn't get much out of it. I am fond of Ed Poll and his web site, which I think is lawbiz.com. If I can never help you out, do not hesitate to contact me at anytime. We are all in the same boat.

As always, best regards,

Bob Beer

Hi Theresa,

It's normal to be scared, but it may be helpful to focus on how many things can go right. I know this is much easier said than done because I stress out at times too when I think of what might go wrong, what I haven't accomplished yet, what others are doing that I'm not, and a hundred other negative things. These are the times when a pat on the back (even if from myself) can return my focus on why I'm so fortunate to work in an area that I love under conditions that I can control. By the way, like you, I'm on my second career and spent time working for nonprofits. I'll add that when I started my practice a little over three years ago, the Foonberg and Poll books were helpful. Some of the resources will be geared towards opening larger practices, but the information that's relevant to you will pop out and be worth far more than you spend on the books. On a practical level, think about establishing a web presence right away. Many clients will want to check you out on the web before making a hiring decision. A static website may be fine, but a dynamic one (e.g., a blog on your core practice area) may really pay off. You can get started on one right away for minimal cost. And you can develop content when you're not so busy with client matters as you start out. Writing will help you learn more about your area of practice, teach you how to best convey it to clients, and establish your credibility as an expert. I wish you all the best!

Gene—Tess: I had mentioned the stats provided by the SBOT but did not have the site at the time. Here are links to a couple of good resources for figuring out what others are charging and what attorneys are earning.

- This one is a 2005 Private Practitioner Income Report <http://tinyurl.com/2h1b2r>
- This is a 2005 Hourly Rate Report <http://tinyurl.com/47o7qs>

More links are available at this site

http://www.texasbar.com/Template.cfm?Section=Research_and_Analysis

Dennis

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