

## How Much Does It Cost To Start Up A New Law Practice?

In order to represent clients and run a business, you have to have the proper structures in place. Depending on your field of law, the start-up costs for a new law practice will vary. Following are some key elements to consider when deciding if you are financially prepared to start your own legal practice.

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### Office and Supplies

First things first. An attorney needs an office to meet with clients, establish a business address, and create room for administrative growth. Your office space is oftentimes the first impression clients have when it comes to professionalism and productivity.

Six to 12 months after launching your practice, you should have a plan in place for securing office space. Acquire a lease that fits your budget, sizing needs, and future growth plans.

While you don't need to invest in an interior designer to furnish and decorate the new space, you should look for space designed for professional firms. There are builders and contractors that specialize in this area. Seek out these groups. It's best to have space designed for your use rather than renovating an existing space.

Further, don't forget to include equipment and office supplies in your budget. Copiers, break room essentials, and conference room furniture are imperative for the functioning of a law practice. Costs related to these can surprise you if not adequately budgeted for and monitored. Even the small day-to-day items like file folders, pens, business cards, paper clips, etc. will add up if you do not keep your budget in mind.

### Professional Expenses

Your startup budget should also set aside funds for various professional expenses such as licensing, taxes, industry memberships, continuing education, and business registration fees.

Time should be spent understanding the various legal structures used to organize a practice. Your choice will be dictated by the type of law you practice and your future growth goals (e.g. adding associates and/or partners in the future). Your startup budget should also set aside funds for taxes. Stay attuned to the various business tax liabilities and when these liabilities are due, and ensure that you have allocated sufficient funds to meet these obligations. In addition to taxes, registering your business may also trigger a business registration fee. Make provisions in your startup budget for these costs.

Membership in professional associations can yield savings in other aspects of your legal practice, including discounts on continuing legal education events, professional literature and journals, networking events, and other associated practice costs. Budgeting for industry memberships may turn out to be a very inexpensive but valuable

investment.

## Hardware and Software

At a minimum, your law practice will require some basic, reliable technology. Start by finding a good, solid phone system. Functionality should not be sacrificed in light of costs. Generally, a phone call is your first connection to a new client.

A close second is a strong technology base. Deciding between a desktop or laptop really comes down to preference. While laptops are much more versatile and portable, desktops usually offer a larger screen that can be easier to work on. Consider a laptop with an external monitor for dual screens and freedom to work on the go. In addition, servers, scanners, and copiers are a base necessity and should be budgeted adequately given the type of law practiced.

Be sure to invest in an external hard drive to back up all your data stored on the computer. In the event of a broken or stolen computer, you don't want to be left without your extremely valuable work and data.

## Marketing

How do you bring in business? Whether you rely on word of mouth or have a great referral program, don't overlook the value of marketing. Budget for marketing and advertising whether you have a strategy or not. At the very least, you'll want to network and get in front of your community. You don't want to be blindsided by the accumulating costs of frequent happy hours, coffee shop visits, or lunch meetups. Different focuses (i.e. corporate, family, tax, personal injury) require different marketing plans.

Don't overlook the value of a website for your business. Plan on purchasing a website domain that is unique and specific to your practice. You'll likely want to hire a professional to set it up to create a good first impression for potential clients. And finally, get in front of potential clients by advertising. Google Ads can increase your chances of ranking higher on a potential client's Google search results while more traditional routes like radio, print, or outdoor advertising bring visibility through other mediums.

## Bookkeeping and Administrative Assistant

An often over-looked component of start-up costs for a new law practice is the bookkeeping and finances. Most attorneys believe they can keep up with the "books" on their own only to find out a year or so later that the time and expertise needed is taking away from their ability to generate revenue. There are a [multitude of CPA and fractional CFO companies that cater to young companies](#). Take advantage of these groups. Let them monitor your debit and credits while you focus on your practice.

Likewise, when your law practice is geared up to gain new business, you

shouldn't be spending your valuable time filing papers, updating calendars, and setting important reminders. Carve out a portion of the budget for an administrative assistant to focus on the organizational and administrative tasks. It will be well worth your while to have a helpful hand in the office when your practice takes off. An administrative assistant also provides the ability to make a great first impressions to clients when they visit.

## Get Your Firm Off the Ground

While this is simply an overview of the start-up costs for a new law practice, our team of lenders at PlainsCapital is well-equipped to answer any specific questions you have related to your new practice. Reach out to a representative today at 866-762-8392 to start the conversation.