

Startup

Starting A Law Firm: Your Complete Guide

Take the mystery out of starting your firm
with this all-encompassing playbook.



01

Business Strategy

Page 1

02

Getting Started

Page 7

03

Client Acquisition

Page 13

04

Setting Up Systems

Page 16

05

Legal Technology

Page 19

Introduction

You're done with law school.
You've got some experience with
some of the industry's top firms.
Everyone keeps saying you're
a great lawyer.

And now, you're thinking of starting your own practice.

Starting a law firm isn't the easiest venture.
But if you have access to the right information and
resources, you can certainly be successful.

This is exactly why we've put together this guide.
If you're keen on starting up, this guide will show you
the exact steps to follow.

Keep reading →

10

Business Strategy



Creating a Business Strategy & Setting Goals

A business strategy is your roadmap. It's the framework used to help you build your firm. Developing your business strategy involves the following:

Mission and Values

Mission and value statements are your firm's identity. They're the foundation for the firm's goals and objectives. It is what your firm stands for and what differentiates it from others.

A vision statement is a future you envision for your firm. It's the big picture.

Identifying Your Vision

Here are some helpful questions to help identify your vision:

- What reputation do you want for your law firm?
- What kind of clients does your firm want to serve?



Identifying Your Mission

A mission statement has three main facets—business, purpose and value.

	The Business	The Purpose	The Value
What it means	<p>Your firm's business describes its services.</p> <p>It is what you do differently from other firms.</p>	<p>Your firm's purpose explores your reason(s) for practising law and establishing a law firm.</p> <p>It's the reason why you do what you do.</p>	<p>Values are how your firm does its business.</p> <p>This often defines your firm's reputation.</p>
Helpful questions to answer	<p>What's your competitive advantage?</p> <p>What makes your firm unique?</p>	<p>What inspires you?</p> <p>What do you hope to achieve with your law firm?</p>	<p>What are your guiding principles?</p> <p>What ethics do you follow?</p>
Examples	<p>"We offer professional legal advice to SMEs and business owners."</p> <p>"We offer professional legal representation for business owners."</p>	<p>"Empowering clients to get the justice they deserve."</p> <p>"Providing legal services that change the lives of our clients."</p> <p>"Help clients make informed legal decisions in their businesses and personal lives."</p>	<p>"Our values include excellence, inclusivity and diversity, teamwork and respect."</p>

Business Model Canvas

The Business Model Canvas helps you develop your business model. It contains nine key elements, which include the following:

1 Key Resources

4 Value Propositions

7 Revenue Streams

2 Key Partners

5 Customer Relationships

8 Cost Structure

3 Key Activities

6 Customer Segments

9 Customer Channels

These elements are further explained below.

1 Key Resources

Key resources are the assets needed to operate your firm. They include:

- **Financial Resources:** Income to kickstart your firm in the form of loans, personal funds and investments.
- **Human Resources:** Lawyers, paralegals, receptionists, clerks and other employees who'll work with you.
- **Physical Resources:** Office space, office equipment and legal software.

2 Key Partners

Key partners are the people or companies you collaborate with for a strategic business relationship.

3 Key Activities and Value Propositions

Key activities and value propositions go hand-in-hand. Value propositions are the services that uniquely differentiate your firm from others, while key activities are the fundamental tasks that help you deliver your value propositions.

4 Customer Relationship

This is how you interact with clients. If you have a solid customer relationship, your existing clients will market your firm to others, bringing you more clients in the long run.

5 Customer Segments

Customer segment is how you categorise your firm's different clients. Your firm will have different kinds of clients, and you must know how to attend to their individual needs.

6 Revenue Streams

Revenue is a necessity for your law firm. Revenue streams are the various channels through which your firm generates and maintains profit from its services.

7 Cost Structure

This is how you price your services.

Your law firm is either driven by cost or value. If your firm is cost-driven, you'll want to minimise prices for your clients. But if you're value-driven, you'll focus more on creating the best value for your clients, no matter the price. Choosing a cost structure that aligns with your business strategy is best.

8 Customer Channels

This refers to the channels involved in delivering legal services to your clients. It includes communication, marketing, billing, distribution and sales channels.



Short & Long-Term Goals

Don't just set vague goals for your firm. Ensure that you set SMART goals that are:

S

Specific

M

Measurable

A

Attainable

R

Realistic

T

Time-Bound

Dividing your goals into short and long-term makes them less intimidating and easily achievable. Short-term goals should ideally lead to long-term ones.

KPIs

Goals and KPIs work together. KPI is an acronym for Key Performance Indicator. KPIs measure your progress towards the goals you've put in place. Using KPIs, your law firm gains insights into its functionality and performance.

KPIs measure project success, revenue generation, marketing efforts, client retention and acquisition rate, among other metrics.

Before setting KPIs, ensure that they tick these items:

- ✓ They align with the firm's objectives and goals
- ✓ They are quantifiable

Competitive Analysis

Remember what we noted about your value proposition? It's the unique thing your firm does (or will do) differently from others.

You need to carry out a competitive analysis to discover your value proposition. A competitive analysis helps you understand the business tactics of your competitors. The analysis will give you insights into what you can do differently from other firms.

Get a Mentor

A legal mentor is an experienced lawyer who can show you the ropes of the industry. A mentor can help you jumpstart your career and save you from mistakes.

Here are specific ways a mentor can help you:

- Guide you based on their unique industry experience
- Refer your services to clients
- Connect you with industry experts and expose you to new opportunities
- Encourage you when things get rough

With a mentor's help, you'll scale faster in your career. You can reach out to senior colleagues in your network to find a mentor.

Specialisation

Specialising in a particular area of law positions you as an industry expert. Specialise in an area you enjoy and have experience. Also, clients will often prefer your specialised services to a law firm that generalises in many areas.

There are several specialisation areas in legal practice—which include (but are not limited to):

- **Business**
- **Family and Divorce**
- **Personal Injury and Compensation**
- **Immigration**

Structure

How you structure your law firm is crucial.

Your firm's structure determines the kind of legal services you'd be allowed to provide and the sort of taxes you'll incur. It's best to seek professional advice or consult with your state's Law Society for guidance.

Popular ways of structuring your law firm include:

- **As a partnership**
- **As a sole practitioner**
- **As a multidisciplinary partnership**
- **As an incorporated legal practice (ILP)**



02

Getting Started



Getting Started

Naming Your Firm

Naming a law firm requires careful consideration. Remember, your firm's name will appear on your website, business cards, ads, and email addresses. Your name gives the first impression and determines how easily (or not) clients will remember your firm.

When naming your firm, make it evident that you're a law firm. Try to include common industry terms like solicitor, law, or legal for clarity. Make sure that the name will continue to be suitable if your firm expands.

Things you might consider when picking a name:

- Your Structure & Size
- Your Practice Area
- Your Surname



Creating Your Website

Now, it's time to put your firm on the global map. A website shows your expertise and skills to potential clients. Software like WordPress, Wix, or Squarespace makes it easy to create a website.

With several themes and templates to choose from, you can easily [create a website](#) that suits your needs. It's an important place to display your brand and highlight your services.

Branding Tips for Your Website

Use brand colours that reflect your firm's mission and vision

Colours have different meanings. For example, blue = trust, purple = royalty or wealth, black = elegance, and white = purity. You can also use your brand's colour as the website background or for call-to-action buttons.

Get a professionally designed logo

Your logo is a key component of your website design. It increases brand awareness.

Display your past awards and achievements

This makes you more credible and helps encourage potential clients to choose you.

List your services and make them visible

Highlight the services you provide on the first page of your website. Show how your expertise can help potential clients.

Use client testimonials

Share testimonials of past clients on your website. It helps to build trust and motivate people to use your services.

Registering Your Business/Corporate Entity

How you register your law firm depends on its structure. Registration varies for different kinds of structures.

1 An ILP (Incorporated Legal Practice)

Must have one or two legal directors that hold a principal practising certificate. The ILP is registered under the Commonwealth Corporations Act and as a company.

2 A sole practitioner

Must have a principal practising certificate to run a sole practice. And to get the certificate, you must show that you have the required skills and expertise to run a law practice.

3 For a partnership law firm

To become registered, it must have one or more partners that hold an Australian Practising Certificate.

Meeting Compliance Laws

Before establishing your law firm, you must meet specific legal requirements. While these compliance laws differ from state to state, some general ones include:



Professional indemnity insurance



A practising certificate



State laws for trust funds

Before you're issued a practising certificate, you need to meet your state's professional indemnity insurance requirements. For the best guidance, check in with your state's Law Society.

Setting Up Bank Accounts & Credit Cards

You shouldn't use your bank account to receive the firm's funds. Having a separate bank account makes it easy to keep track of the firm's expenses and income. In the long run, this makes you accountable.

However, before setting up a bank account, you must

- **Register your law firm**
- **Tender your certificate of registration to the bank**
- **Have a registered office address (or a residential address if you don't have an office address yet)**
- **Have proof of identity**
- **Have an Australian Business Number (ABN)**



Open a Trust Account

Aside from having a basic account for your firm, having a trust account is also necessary. A trust account helps you keep track of client funds held in trust.

Guiding principles of trust accounts:

- **Trust funds must not be merged with the firm's funds. You must have separate accounts for both.**
- **You must not use trust funds for the firm.**
- **You must keep account of the amount each client has in the trust.**
- **Don't use a client's trust funds for another client.**

Location

If you're starting as a sole practitioner, there isn't much need for a physical location. Many lawyers practise virtually and consult with clients via Zoom.

However, once you're ready to expand, you should consider having a physical location. You must also be strategic with your firm's location. Tools like Google Map Pack allow your law firm to be easily discovered by people.

Many potential clients search for keywords like "law firms near me" and "lawyers near me." Your proximity to these people will help you rank well in local Google searches.

Here are some location tips:

Research your target demographics

What kind of clients are you targeting? And what practice area do you specialise in? For example, if your law firm specialises in criminal defence, you should consider locating your law firm close to a courthouse.

Some clients may prefer searching for a lawyer near a courthouse instead of residential locations. You can use census data to carry out this research.

Use population density to your advantage

An area packed with people will have many potential leads. You could locate your firm right in the middle of such an area.





Financing

Initially, you can fund your firm with personal funds, small business loans, credit cards, or personal lines of credit.

Aside from funding your law firm, here are other financial practices to put in place:

- **Have a solid financial strategy—both long-term and short-term**
- **Have a well-established budget and use financial KPIs to measure progress**
- **Have an easily accessible platform for billing and invoicing—to make payments seamless and quick**

Once you have solid financial practices in place, your firm should generate regular income.

Staffing

Know when and how to hire employees. As a sole practitioner, there isn't much need to hire employees. Make use of legal software like [mattero](#) to manage your business.

But as you expand, you can put a staffing plan in place. This includes:

- **Sourcing virtual assistants and paralegals**
- **A befitting compensation structure that encourages employees to perform well**
- **Hiring people that fit with the firm's mission and vision**
- **A clear organisational chart that shows the firm's reporting structure**
- **Having inclusion and diversity in the firm**

03

Client Acquisition



Client Acquisition

The primary goal of establishing a law firm is to provide services to clients and generate income from doing so. Your law firm is a business that needs clients for it to be profitable. Hence, there's a need for a robust [marketing strategy](#).

Marketing Strategy

Your marketing strategy is what brings in new clients. You need to have a solid marketing strategy, online or offline.

Digital Marketing

This refers to all marketing practices via the internet (websites, emails, social media and other online mediums). On average, a third of potential clients search for law firms or solicitors online. You'll miss out on several leads if you don't have a solid digital marketing strategy.

Typical forms of digital marketing include:



1 Content Marketing

Content marketing involves the creation and distribution of your content on the internet. This content is usually in the form of blog posts, images, video, and other media that promotes your services.

Blog posts are published on your website with a call-to-action that brings in potential clients.

2 Social Media Marketing

Posting your services (in the form of images, videos and text) on social media is a form of social media marketing. A solid social media presence on LinkedIn, Twitter, Instagram, and Facebook builds credibility and trust for your firm. It positions you as an industry expert.

3 Email Marketing

If you gather an email list from your website, email marketing is an effective way of nurturing prospects. Even after they convert to clients, you can maintain a great relationship with them by sending regular newsletters.

Traditional Marketing

Traditional marketing is often less targeted than digital marketing, for example, billboards, local TV and radio, or newspaper advertising. One form of traditional marketing you shouldn't neglect is word-of-mouth—past clients who had a positive experience with your firm will let others know about it. You should think about ways to facilitate this, for instance, with a referral card or link.

Sales

Your law firm is a business, not a charity organisation. You need to sell your services to clients. You must develop a sales strategy that brings potential leads and converts them into paying clients.

Your sales process may vary depending on your practice area. However, here are some tips that apply to most practice areas:

6 Sales Process Tips



04

Setting Up Systems



Setting Up Systems

Billing Structure

Billing is a core component of your law firm. Your law firm will lose time and money if you don't set up a strong billing structure.

To prevent that, you can adopt the following billing structures for efficiency.

1 Time-Based Billing

This allows you to charge clients based on the time spent on their cases or the time spent offering professional advice. For example, if you set an hourly rate of \$200 per hour and spend five hours on a client's case, you'll bill such client a sum of \$1,000.

2 Fixed Fee Billing

This means you'll charge clients a fixed rate for services, irrespective of the time you spend offering those services. The client usually pays fixed fees upfront. This billing structure is very transparent and straightforward. For example, you can have a fixed price of \$500 to draft a terms and conditions document.

3 Combination Billing

This is a mix of two or more billing systems. Most times, it's usually time-based, and fixed-fee-based billing structures used together. You may charge a fixed fee and bill hourly for different aspects of a client's case.

No matter the billing structure you choose, what matters most is that you're paid accordingly for your services.

Ticketing System

As your law firm expands, it may become difficult to oversee client requests, questions, or complaints. A [ticketing system](#) gathers and overlooks all client requests. It allows queries to be raised and processed in an orderly manner.

Here's an illustration of a ticket's journey:



1. A customer generates a new ticket (in the form of questions, requests or complaints)



2. A support agent opens the ticket and forwards the issue to the team in charge



3. The issue's resolution is in progress



4. The problem is resolved



5. The ticket is closed

Client Engagement Forms

Whenever you take on a new client, the terms of engagement should be in writing.

Client engagement letters or forms outline the contract terms between a firm and its client. It usually shows the billing structure, the services the firm will provide to the client, and the general terms of the agreement.

An engagement form should include the following

- Identification
- Client responsibilities
- Billing structure
- Scope of services
- Duration of services
- Agreement of terms

Engagement forms help you

- Establish transparency
- Save your firm from unwanted legal action
- Lay the framework for a solid relationship between your firm and its clients

IT Security Systems

Lawyers handle a lot of sensitive information that must be protected at all times.

Your firm will have access to intellectual properties and trade secrets. If you don't put strong security measures and systems in place, you may fall victim to hackers and other forms of cyber theft. Ensure that you choose an IT security system that strongly protects your firm.





05

Legal Technology

Legal Technology

Adopting legal technology makes your law firm efficient. Legal technology eliminates manual and time-consuming tasks from your firm.

Basic legal technology might include:

Practice Management Software

This software assists lawyers with all legal operations. Legal software allows you to control your time, location, and how you run your firm.

This software involves (but is not limited to)

- ✓ Workflow management
- ✓ Task management
- ✓ Trust accounting
- ✓ Case management
- ✓ Cloud storage
- ✓ Matter management
- ✓ Document management
- ✓ Client management
- ✓ Calendaring
- ✓ Billing and invoicing

Practice management software like [mattero](#) offers many of these features.



Integrations to Streamline Your Operations

Most practice management systems offer integration with other platforms, so you don't have to switch from one software to another.

Integration simplifies collaboration and communication. It also makes your firm more productive and efficient.

With this integration, you can simplify other essential facets of your business.

Example Integration Types



Document Storage

(Google Drive, Dropbox, OneDrive)



Email

(Yahoo, Outlook, Gmail and others)



Calendars

(Google Calendar, Apple Calendar, Calendly)



Billing and Payment



Business Accounting



Time Trackers

Accounting Software

Keeping accurate records of your firm's accounts may seem overwhelming, but legal accounting software makes it simple. Accounting software keeps tabs on your daily cash flow and revenue generation.

You also need to trust your accounting software to manage trust funds efficiently. The requirements for managing trust funds differ from state to state, and reckless management of trust funds can cost you your practising license. Hence, you need accounting software that ensures trust funds do not touch the firm's funds.

Cloud-based accounting software is easily accessible compared to on-premise accounting software that requires you to be in a particular location.

Practice management software like mattero and LawMaster have several accounting features. They're beneficial for both law firms and sole practitioners.

Customer Relationship Management (CRM) System

Legal CRM helps law firms manage clients. A CRM system simplifies tasks like client engagement, client communication and follow-ups, client documentation and client scheduling.

CRM systems cater to your clients throughout their journey in your firm. It does all the backend work while you focus on providing the best service to your clients.

Before you choose a CRM system, ensure it has additional features like:

- **A visible client intake pipeline**
- **Automatic tasks and reminders that keep you informed on the client's journey**
- **Instant document creation and client engagement forms**
- **Automated email campaigns to nurture leads and existing clients**

CRM systems like HubSpot, Salesforce, Sugar, Freshsales, and Pipedrive are great choices.



Pricing for Platforms

The price of legal software is usually determined by the number of users and the functionalities involved. Most legal software offers monthly subscriptions and does not require an upfront lifetime payment. You only need to pay for what you use. However, the monthly cost may increase as your law firm grows and you add more users.

Monthly subscriptions are cash-flow friendly. You can categorise them as a monthly recurring cost in your firm's budget.

Key Takeaways



Have a detailed and well-structured business strategy.



Ensure you comply with your state's requirements to start a law firm.



Tighten your client acquisition strategy and use the most effective digital marketing methods.



Adopt sound billing systems.



Adopt legal technology and smart practices to improve the effectiveness and productivity of your law firm.

Take the Leap to mattero

If you're ready to start your own firm, congratulations! That's a big step. It might be tough at first, but it will be worth it in the long run. And with game-changing legal software like mattero, your law firm will be off to a great start.

mattero is a Software as a Service (SaaS) for sole practitioners, start-ups, in-house legal teams, and barristers. mattero puts you a step ahead of other firms with features like:

- 1 Task Management
- 2 Time Tracking
- 3 Certified Trust Accounting
- 4 Simplified Billing and Invoicing
- 5 Integration with other platforms
- 6 Document Automation
- 7 Contact Management
- 8 Matter Management

+ more

**mattero is
easily accessible
anywhere and
from any device**