

# THE BUSINESS OF LAW: STARTING YOUR OWN FIRM



## BY DWIGHT HILL

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and perspective your practice will need to grow and prosper. To find them, just ask others who have gone out on their own for recommendations.

Next, you will need to create a business plan – a road map that will also serve as a test of your assumptions for reaching your goals. This can range from a simple narrative outline to a detailed financial and management plan.

Your business plan will get you started. From there, you will need to delve into the details of starting the practice. How much staff will you need? How much will you have to pay them? Where will you locate your office? How much space will you need? What type of image do you need to convey to the public? What clients will you have? How will you market yourself?

And, of course, what will this all cost and how will you pay for it?

Unless you are blessed with personal wealth or have a rich relative, your banker is the best source of funds to get you going and keep you going until the collection of fees can cover your overhead. The financing you put in place needs to be enough to get you through your start-up phase with a margin of error. Just try and keep the over-the-top expenses out of the equation. These can come later from your profits.

When requesting financing, be prepared

to share all your financial records with your banker. A typical loan request of this type will require personal guaranties and financial strength to back the credit. You will be asked to provide a personal financial statement, historical tax returns, a business plan, a cash flow projection, and other information to show that you will succeed and pay back the loan. This is where a good CPA, who knows what you want to accomplish, can come in handy. Be prepared to give your bank a lien on your firm's assets, and it's not uncommon for a bank to require life insurance and some security outside of the practice itself.

With funding in hand, bank accounts for your operating and trust accounts, you can move on to the other aspects of your business plan with a solid foundation in place.

Now it's up to you. You can make it happen! <sup>1</sup>

FOR AN OUTLINE OF A BUSINESS PLAN, DROP AN EMAIL TO DWIGHT.HILL@BNYMELLON.COM WITH "BUSINESS PLAN" IN THE SUBJECT LINE.

DWIGHT HILL IS EXECUTIVE VICE PRESIDENT OF MELLON UNITED NATIONAL BANK. HE HAS MORE THAN 25 YEARS OF EXPERIENCE IS PROVIDING FINANCIAL RESOURCES FOR PROFESSIONALS, AND HAS PRESENTED ON FINANCIAL ASPECTS OF THE LEGAL PRACTICE TO SUCH GROUPS AS THE DADE COUNTY BAR YOUNG LAWYERS SECTION, AND THE FLORIDA JUSTICE ASSOCIATION.

**L**aw schools spend little time on teaching lawyers the business of law. How to run a practice, grow a practice, manage a firm, lead other lawyers and all the other aspects of the business of law are left to on-the-job training. But a solid knowledge of the business side is important to help you reach your professional goals.

Because the business of law is a big subject, I will just address just one aspect in this article: starting your own firm. This can be both a simple and daunting task. I have seen the planning take months, and I have seen it done over a weekend.

The most important piece of advice is don't try to go it alone. Developing a team of advisors and mentors – including a banker, CPA, and insurance agent – is a key element in achieving your goals. Add others to your team as your needs require. These professionals can give you the advice, tools