

A Checklist for Writing Your Business Plan

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Most people would not start a journey without a destination in mind. Leaving your home and hopping on the first bus or train you encounter could work if you don't care where you end up, but it may not be the best move if you hope to arrive in Paris. The destination dictates all the things you need for a major trip, such as what to pack, accommodations, and transportation. Likewise, if you hope to start a successful law firm—and not just a shoestring operation that takes any case and any client who comes in the door—you need a business plan for realizing that goal.

A business plan provides an estimate of your start-up costs and revenue. It can help assess important things like whether you will need financing or how long it might be until you actually make any money. A business plan also is critical to securing a financial investment in your firm. Some lenders will not consider a loan or other financing without reviewing your business plan, and others generally look more favorably on applicants who have one. And around your own kitchen table, spouses or significant others will react more favorably to the prospect of your starting a law firm when they see your plan and realize that some serious thought and realistic analysis is going into the process.

A business plan also helps create an effective marketing strategy. When you have taken the trouble to identify your target clients or case types, you can tailor your marketing to that goal. It also helps you anticipate potential problems. Will you need to add equipment or support staff if you attract more clients or more complex cases? Will your office space be workable as your practice grows or changes?

Drafting your business plan marks the point where you shift from *thinking* about starting a law firm to **actually** starting a law firm. It makes you think through the business aspects of a legal practice. For example, who will do your billing, bookkeeping, and collections? And, most important, a business plan increases your chance of success.

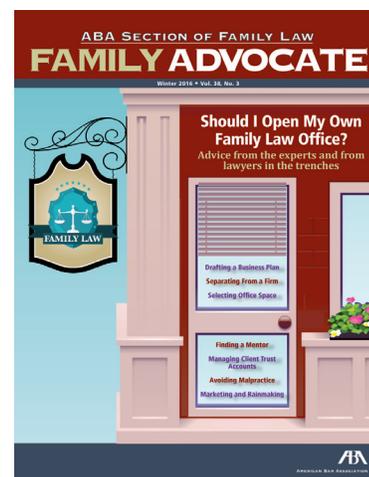
Components of a Business Plan

a. Executive Summary: You may create this last, but don't overlook it. This may be the only part of the plan that lenders or other potential sources of financing actually will review.

- i. Summarize what the firm does—so that you don't become an “any case that comes in the door” attorney;
- ii. Create a mission statement—a concise statement of the firm's purpose;
- iii. Establish your major goals;
- iv. Create milestones; and
- v. Know where you want your firm to be in one, five, and ten years.

b. General Company Overview

- i. What makes your firm unique?
- ii. What are your strengths and weaknesses?
- iii. How are you going to practice law differently?
- iv. Who will be part of the firm (detailed lawyer biographies)?



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c. Industry Analysis

- i. What can you control?
- ii. What is beyond your control?
- iii. Which firms are the leaders in your practice area(s)?
- iv. What are the technological trends in your practice area(s)?
- v. Are there changes in the law that will affect your law firm?
- vi. What type of demand is there in your practice area(s)?
- vii. Which factors do potential clients look at in selecting a law firm?
 - (1) Price
 - (2) Location
 - (3) Experience
 - (4) Competition

d. Financial Plan

- i. Project your expenses and revenue:
 - (1) Year one, two, and three projections;
 - (2) Assets—current cases and existing clients;
 - (3) Supporting facts and numbers;
 - (4) Biggest cost areas; and
 - (5) Fixed vs. variable costs.
- ii. Determine your profit margin.
- iii. Analyze your current financial situation.
- iv. Detail your risks:
 - (1) Is your potential income based on one client?
 - (2) How much money do you need to live?
 - (3) What are your start-up costs?

e. Marketing Strategies

- i. Create marketing goals with your intended client base/case type in mind;
- ii. Consider traditional marketing—print, online, referral services, others, etc.;
- iii. Determine where your referrals will come from; and
- iv. Relationships:
 - (1) Suppliers;
 - (2) Lenders;
 - (3) Professional associations;
 - (4) Community groups;
 - (5) Other lawyers and law firms; and
 - (6) Current and former clients. **FA**

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