

How to Start a Business on a Shoestring

by

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Guiding Principal: *Spend your money in ways that set you apart or make you a professional*

The scary reality: *You need to plan on not turning a profit for 2 years once you begin a new business.*

- 1) **Clients in the pipeline.** The best thing I did before striking out on my own was confide in two family friends that I was going to leave and would be needing clients. They were considering having trusts written, and decided to delay the endeavor until they could be my first clients. This set me up for success because it gave me an instant revenue source.
- 2) **Budget 101**
 - a. **Take your budget seriously** – if you have not a penny over \$5000 to spend, DON'T! This isn't necessarily as hard as it sounds. To get started you need malpractice insurance, a computer that runs, a word processing program, the knowledge of how to be a lawyer, some grit and determination, and a client. The rest you can work out. And you can always upgrade equipment, software and furniture later!
 - b. **Malpractice insurance is a need**, but shop around. Remember that you can't just take any case that walks through the door if you don't have liability coverage for that area. When in doubt, call your carrier. I have found mine to be extremely helpful. They can be like a wise older sibling if you are having trouble with a client, and often cover the cost of consulting with counsel if you are sued.

- c. **Advertising is a need**, but is an opportunity to be creative, and doesn't have to be expensive. The best kind of advertising is the kind suited to your personality: if you are a good public speaker, find ways to give a seminar. If you are good one-on-one, walk into offices of potential referral sources with some materials introducing yourself and your office to leave behind (on that point, use some money for "swag" – post it notes, pill boxes, coffee mugs, etc.). Finally, know who you want your clients to be and figure out where they congregate; that determines how you should contact them.
 - d. **Professional advice is a need** – accountants, attorneys – be willing to barter! People are extraordinarily supportive of new businesses, and are willing to help. Especially if you return their kindness with lunch, a small gift, or services. Accountants are very valuable when establishing a new business, and for helping you show a loss your first year (very normal); don't be afraid to pay one. (Impress them and they turn into referral sources)
 - e. **Know your faults:** you NEED your budget to compensate appropriately
 - i. If you are not a deadline person, a secretary is a need
 - ii. If you are not a phone person, an answering service is a need
 - iii. If you are not a tax person, an accountant is a need
 - iv. If you have a fabulous new idea, you need a patent/trademark attorney
- 3) **There are purchases you can delay.** My first two clients did not require me to have a WestLaw subscription. So I didn't initially have a research system. I made it quite some time before I needed a legal search engine. (I even used the old-fashioned library at Valparaiso Law School!) Many tools we use are like that; you can begin without them, adding them as they are required, or as you earn the money to purchase them.
- 4) **Family is an invaluable resource**

- a. **Family is a source of clients.** When you begin your new business, send an announcement to everyone you know. If you are lucky enough to live near your parents, siblings, in-laws, aunts, uncles, cousins, include everyone they know. Give a 10% friends and family discount on fees and apply it to anyone referred by your family members.
- b. **Family has hidden talents,** and will charge you less for them. If your uncle is an accountant, he will probably answer 1-3 questions for free!
- c. **Family will work for you for (almost) free.** Even young children can stuff envelopes and lick stamps (see the announcement tip above). Great jobs for family members include: help with a massive mailing, shredding, putting together handouts, other repetitive tasks, data entry into databases or spreadsheets, sending opening or closing letters, etc.
- d. **Family has lots of ideas.** But not all of these ideas are good; you are going to have to use your professional judgement. Further, some ideas had by a family member will violate the rules of professional conduct, be careful.

5) Use technology wisely

- a. **You need the best tech for you,** not the newest technology. When considering technology, you need to think about everyone in your office who will be using it. Talk to everyone in the office and do a need vs. want assessment. What do they need the tech to do? What do they want the tech to do? As far as I can tell, technology can do anything. The sky (or cloud) is the limit. So is the cost. So is the learning curve. What do you have time for? Do you have time and money to spend on training? Do YOU want to sit through training?
- b. **You have to start somewhere.** Don't be afraid to be 3 months into something and blow it up and start over. Don't do that lightly, either. You can really irritate your support staff by starting over a dozen times. That said, don't pay for a system that does too much if it

is too expensive, or put up with a system that doesn't do enough when you have the money to pay for more.

- c. **The best technology solutions are firm specific.** There are firms that pay to have a customized case management system created. There are firms that have exploited Outlook to its fullest ability because it is inexpensive and does a whole lot more than they realized. Talk to your friends for ideas, but talk to friends outside of the legal sector too, because lots of non-legal technology solutions can be adapted for our needs. That said, be cognizant of the Rule of Professional Conduct, and make sure Cloud-based technologies do not violate confidentiality rules.
- d. **There are CLE's about using technology.** Send your support staff to these trainings. Volunteer for the bar association and use your clout to lobby for free trainings for support staff at small firms.
- e. **Ask if discounts are given for bar members.** Chances are, you belong to a professional association that qualifies for a 10% discount on legal software.

6) Inexpensive is Good, Free* is Better

- a. **Being a lawyer and running a business are two different animals.** You know about being a lawyer, find out about being a business owner before you start.
 - i. *****On hiring employees: YOU** are the product you are selling. Remember that your employees are often the first impression a new client receives of you, and the way you do business – make sure your employees understand the way you expect clients to be treated.
- b. **Business Seminars**
 - i. Lots and lots of places offer free business seminars. Generally they are excellent programs. When I began, the local university offered a seminar on writing a

business plan. While I never sat down and wrote one formally, I talked through all of the key aspects of a business plan with my office manager, husband, and several friends. I believe my business is succeeding because of those exercises and because I attended that seminar.

- ii. The local media company (this is the parent corporation of what used to be called “your local newspaper”) usually offers free advertising seminars. These are also invaluable.
 - iii. Local chambers of commerce offer free seminars and business connections, so do toastmasters clubs, Kiwanis clubs, etc. Watch your local newspaper for information. Attend them – you get lots of practical advice.
- c. Ask for Trials (and extend them!)** Almost all technologies will give you a month for free. USE THE TECH DAILY DURING THAT MONTH. You also get support during that month, use it. You want to determine whether this is something that will work for you. Most companies will extend your trial another 30-60 days for free.
- d. CLE’s are expensive!** But lots of local banks offer free CLE opportunities. So do local bar associations. Also remember you can distribute your CLE’s unequally – the minimum is 6 per year, 36 per 3 year cycle. While it can be expensive that third year, you can do the minimum the first two years you are in business to save some money.
- e. WestLaw and Lexis subscriptions are also expensive.**
- i. The Indiana Bar Association offers a free legal research tool called Casemaker. Your membership in the association gives you access to that system.
 - ii. You can still research the old fashioned way, with books and a copy machine, by visiting a law school research library.

- iii. Ordering books (the kind with paper) is cheaper than a subscription – especially if you are in a form-driven practice area, or a regulatory-heavy practice area.

7) **Make Friends:** The best friends aren't necessarily lawyers!

- a. People are extraordinarily helpful. I have been offered more conference rooms than I know. Be friendly and excited about your new venture.
- b. It's best if you have a few clients in the pipeline when you strike out on your own. A lawyer's office without clients is just a room with people in it. You can't be a lawyer without clients.
- c. Talk to everyone; take every lunch and coffee meeting offered to you at first; tell everyone you meet that you are starting an office; you never know who will have the best idea for client generation. My best tip came from a home health care coordinator who invited me to lunch.

8) **Bonus Tip: YOU ARE THE PRODUCT!** If you have a source of clients, you have a source of income. You can upgrade everything later. We started with a hand-me-down computer. How it looks isn't as important as whether you know what you're doing – YOU are the product you are selling. If you know what you are doing, conduct yourself with dignity, and respect your clients, you can start as a shabby chic lawyer. Just own it, and do a good job. Anything you do with confidence will inspire confidence in your clients.

Meghann LaBadie

Meghann LaBadie practices in the areas of Wills, Trusts, and Probate. She graduated from Indiana University School of Law – Indianapolis in 2006 and joined the Indiana Bar that same year. She then began her career at a small firm in Highland, Indiana, where she learned the art of Estate Planning. Meghann also served as the firm’s Community Outreach Director, giving educational seminars to large groups of people. Over six years, Meghann tripled the Estate Planning revenue at this firm. In 2012 Meghann began her own firm, with a business model focused entirely on client service. Meghann meets clients where they are most comfortable: in their homes. This model is convenient and relaxing for clients, and also allows for evening meetings with clients who work. The result is satisfied and well-educated clients who understand their legal documents and how to use them. Meghann’s business model thrives on referrals from key sources, including former clients. The flexibility offered by this business model allows Meghann to work from home, balancing her client’s needs with the needs of her family. Meghann has three young children, aged eleven, eight, and four, and most days she meets them as they get off the bus. Using secure technology creatively allows all firm employees to have access to all client files from wherever they are working (as long as they have an internet connection) and facilitates the “passing” of files between employees during the intake, drafting, signing of documents, and closing phases. Overall, this business model has resulted in innovative business practices and satisfaction for both clients and employees.

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