

DO YOU HAVE THE COURAGE TO SET UP YOUR OWN FIRM? AN INCREASING NUMBER OF SOLICITORS THINK THEY HAVE WHAT IT TAKES. GRANIA LANGDON-DOWN TALKS TO THOSE WHO HAVE TAKEN THE PLUNGE

A new start

Deciding to take the plunge and launch your own firm takes nerve. 'Did we think we were mad?' says Tim Powell, two months after breaking away from London firm Bristows to set up a niche intellectual property firm. 'Repeatedly – every morning when you wake up at 4am. But now I would recommend it to anyone, as long as you can cope with those sleepless nights.'

While the trend over the last five years has shown a 3% decrease in the overall number of law firms, the annual number of start-ups has gone from just over 1,000 in 2001 to 1,400 in 2005, the latest complete figures.

The professional ethics department of the Solicitors Regulation Authority (SRA) has recently updated the information pack on setting up in practice. The key requirements are that a new practice has a principal – or a director if it is a limited company or a member if it is a limited liability partnership (LLP) – who is 'qualified to supervise', having held a practising certificate for at least

three of the last ten years; the qualifying solicitor has to undertake 12 hours of management skills training; and the practice has to have indemnity insurance. From 1 July, start-ups will have to follow the requirements as they are set out in the new Solicitors Code of Conduct.

Certainly, there is much to do before you can hang up your shingle and open your door to clients, from arranging offices, setting up banking arrangements, establishing a back office, hiring staff – not to forget the sensitive issue of choosing a name. For some, that means sitting at the kitchen table poring over the paperwork. For others who may be held to their notice periods, it means outsourcing.

Mr Powell and four fellow partners plus five associates decided last year to set up on their own after 'strategic differences' with Bristows about the future direction of the firm. Once news got out, there was the potential to go as a lateral hire to another firm, but Mr Powell says: 'We were attracted by the idea of

having the freedom to be our own masters and to create the sort of firm we wanted.

'It is also quite rare to have a group of people who are so much of the same mind and we didn't want to squander that. There was a real feeling that if we didn't do it now, we might never have the opportunity again in our careers to create something like this.'

Bristows held them to their six-month notice periods, so they worked up until 5 March and then switched on the new law firm on 6 March.

Working full-time, they had to outsource all the preparatory work. 'The office came at a price but it provides all the facilities, such as high-speed Internet links, and conference and reception facilities. Starting from scratch, you can run a fairly lean operation because IT and accounting systems are now so sophisticated. We have two paralegals, four secretarial support staff and one person in accounts, while we use external accounting expertise for high-level financial controls.



Photograph: Alamy

'I don't want to minimise the difficulties because it has been hectic, but my overwhelming feeling is that it hasn't been as bad as we thought it would be. Organisation is the key. You need to put in place good, practically-minded support people to get you into the office and you need adequate funding – whatever you think you need, raise double.'

Clare Murray was an employment partner at City firm Fox Williams when she became ill with breast cancer. She recovered and went back to work for a year before taking 12 months off to re-evaluate her life. 'I talked to various firms about partnership positions and then thought, if I can do it for them, why don't I do it for myself?'

She teamed up with two former colleagues to set up CM Murray as a specialist employment and partnership practice in Canary Wharf to tap into the growing financial services presence there.

'It took about two months of solid work to get things ready,' she says. 'The [SRA] was incredibly helpful. It has a pack for new firms giving contacts and precedents. One of the things it recommended was a company to do our internal accounting work. That has worked out really well and saved us a huge amount of upfront investment.'

The practice has already taken on two new associates. 'Our business plan has really paid off. We have had to turn away really substantial clients we would love to have taken on but, physically, we didn't have the time to look after them.'

'When it comes to growing, it will be based on "shouting distance". We have taken down a third of each office wall so you can have privacy but still speak between rooms. The idea is that when you can't shout from one office and be heard in the furthest one, we will have grown too big.'

Laurence Brown, former head of defendant operations at Silverbeck Rymer in Liverpool, and Dr Victoria Handley, formerly an insurance solicitor at national firm Beachcroft, spent six months setting up their Preston-based specialist insurance practice Handley Brown, half of it sitting round Mr Brown's kitchen table working on the concept and doing the paperwork.

They have taken a six-year lease

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Powell Gilbert launch (l-r): Simon Ayrton, Zoe Butler, Penny Gilbert, Tim Powell and Alex Wilson, who moved from London firm Bristows

on an office in a business park, which allows for growth for up to eight fee-earners. 'We put a six-figure sum in to get this started and we have expectations of being in profit by the end of April next year,' says Mr Brown. 'Our big decision will be whether we take someone else on in insurance or we diversify with an employment/commercial solicitor.'

When it comes to setting up, he says their main disappointment was the 'lack of professionalism and support we had from the big organisations.'

'Royal Mail told us our address. We printed our entire stock of glossy brochures and then they told us that the address they had given us was incorrect so we are having to do a full re-print at a cost of nearly £2,000. You'll not be surprised that we are looking at whether we can get that back.'

BT issued them with a fax line on VoIP, which should have piggy backed on their broadband line. 'Two months later they told us it was still at an experimental stage and we should never have been sold it. So the fax number we have been giving out is wrong and we have had to buy a new fax machine. The bank, one of the big four, has been a nightmare of lost forms and passwords that didn't work.'

For Graham Small, one of the founding partners of Manchester-based Lewis Hymanson & Small, there was a sense of irony when they found that, having quickly identified new premises and come to terms with the landlord, the legal process got in the way. 'All those

times clients have harangued us for not getting things done and how it was getting in the way of their business decisions – and there we were haranguing our property partner who was doing his best to get it through.'

Mr Small is one of six partners and two senior lawyers – who are now partners with the new practice – who decided to split from their former firm Rowe Cohen and set up a new commercial practice specialising in advising small and medium-sized enterprises and owner-managed businesses.

He says the move was prompted by 'philosophical differences' between the personal injury and the commercial partners on how to position the practice post-Clementi. 'It became increasingly clear that the model for running a personal injury practice and a commercial practice are decidedly different.'

'Another key prompter was timing. We had an opportunity to come out of our premises, so we thought long and hard about the future and decided to make the break.'

They agreed to the split in December. 'It was very consensual, which made it all the more possible. We worked until 28 February as Rowe Cohen and then on 1 March, we became Lewis Hymanson & Small. It was a real challenge. We felt it would be prudent to make the move quickly so there was no drift. We identified premises and organised logistics – IT, telephones, staff – in two months.'

'One of the people who moved with us was the operations director.

LAUNCHING FIRMS

He was extremely key to the logistical side and made a lot of things happen. Other than using a property agent, we didn't outsource anything. One of the key drivers when dealing with the split was to preserve all jobs. We agreed which accounts people would stay and which would come with us. The senior accountant at Rowe Cohen gives both firms time. As far as IT is concerned, the key IT employee also works for both firms.'

Mr Small says they decided to set up as an LLP, in common with many start-ups nowadays. The SRA said it would take three months to register but, he says, 'in fairness to them, with a bit of prompting, we were up and running on time'.

In the pressure to get everything done, however, the website and corporate literature had to drop down the list. 'We could have given it to someone else to do but it is very personal and we felt we didn't want to rush it or outsource it. It is now one of our priorities.'

Tony Williams, principal of legal consultancy firm Jomati, says the trend for new niche practices reflects the increasing specialisation in the profession. 'You can provide a service of real relevance to clients without all the traditional bells and whistles. You can also be freer of conflicts, particularly if you are litigation-based, which can be an important issue.'

'Those who set up on their own see that they can operate on a different lifestyle basis and still make a good living. The market is as bullish as it can be – if you can't make money now, you can't make money at all, I suspect.'

Establishing a good infrastructure is vital. Having set up on his own four years ago, he says with experience that sorting out the IT, accounts, research, secretarial back-up and marketing can seem daunting. But, he maintains, it is 'not that horrendous' and the risk is manageable.

His advice is: 'Be clear about what you are trying to do and what your offering is. Be clear about why it is different and why it should appeal to clients. You have to convince people that you can provide the quality, depth and range of service they need at the right price. You have to be realistic as to what work you can credibly go for and what clients you can hope to get.'

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'Having said that, there is a really significant buzz to setting up your own business and being free of the bureaucracy and politics of a bigger firm.'

For Tony Hughes, the fact that he was 'coming up to 50' was one of the drivers to set up as a sole practitioner after working for larger firms. 'There is a time when it feels right to do these things,' he reflects.

'What makes me distinctive in the Bristol market is that I offer what I describe as an in-house counsel role

to small businesses which can't afford their own. However, I am also aware of my limitations and I am developing an informal network of other firms to which I can refer work.'

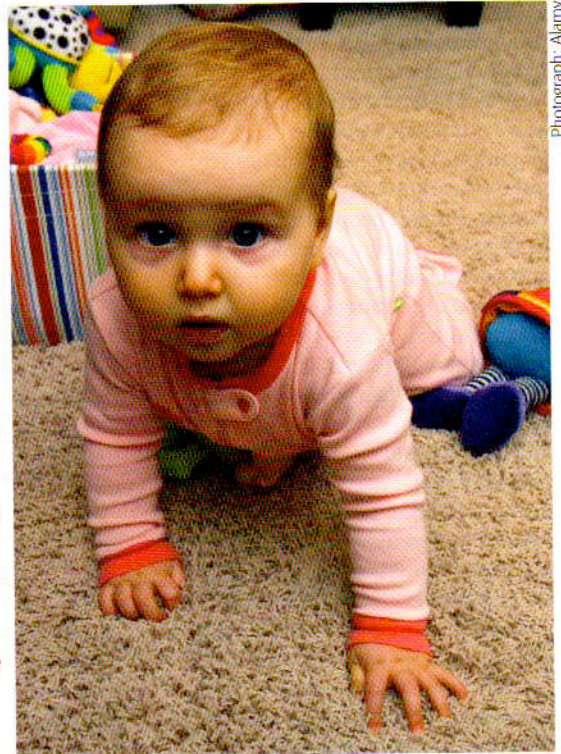
He established Hughes Enterprise Law Practice with a secretary in serviced offices last September. 'I have set up on the basis that I haven't hindered expansion by tying myself into premises or an infrastructure, which is limiting.'

David Crosby, who set up as a sole practitioner in Brighton in 2005, linked up with Warren Moore, a former partner at local firm Griffith Smith, in February to form Crosby & Moore.

Mr Crosby is predominantly a personal injury specialist, while Mr Moore focuses on clinical negligence. 'We also knew each other socially so there was a synergy of personality and professionalism.'

One of their selling points is that when someone rings their number, they get straight through to one of the two partners. 'We have no secretaries or account staff as we are both entirely IT literate and pretty much self-sufficient.'

When it came to the firm's name, Mr Crosby says that, after practising under his own name, 'Moore Crosby just sounded vain. We strawpooled a few people and decided Crosby &



Photograph: Alamy

Big step: lawyers are keen to set up on their own

Moore sounded better.'

Mr Small says they thought a lot about the name. 'I felt at an early stage that my name wouldn't fit well at the start, so we played around with the possibilities until it fell into place. We will leave it to our clients and staff whether it eventually morphs into LHS.'

For Mr Brown, it was a case of 'ladies first – and it scans better', while Mr Powell says they did not want either a made-up name or to look like a US firm with five monikers.

Mr Hughes wanted his name to be part of the new practice but not the only part. 'I have combined it with the area of law I am targeting. "Enterprise" has a feeling of energy. I have also secured the name Enterprise Law Ltd if I want to go down that route.'

Whether it is as a sole practitioner or a large breakaway, there is no hiding the excitement of creating something new. As Ms Murray says: 'It's an incredible feeling. If I hadn't been ill, I might have done this eventually but probably not for another ten years.'

'There is a real sense of satisfaction that you are working with people you really like who are all as fired up as you are about this new business.'

Grania Langdon-Down is a freelance journalist