

# Seven Funding Strategies for Solos

Andréa L. Maddan

Share:



With your vision for success in mind, consider small business loans, business credit cards, legal incubators, crowdfunding, and more.

*krisanapong detraphiphat via Getty Images*

One of the obstacles you may face in building your own practice is adequate funding. Even if you start your firm with a comfortable amount of assets, clients, or business prospects, law practices are not immune to uncertainty. Understanding how much money you need to start and sustain your practice should be a key aspect of your business development plan.

The advertisement features a futuristic robot head on the left. The main text is centered and reads: "Masterclass in ChatGPT for Lawyers". Below this, it lists benefits: "Qualifies for 3 Hours of CLE Credit", "Includes the 418 Page '10,000+ ChatGPT Prompts for Lawyers'", and "Access to the Database of 15,000 ChatGPT Prompts". A blue button at the bottom says "Visit [www.artificialintelligence.inc](http://www.artificialintelligence.inc)". On the right, there is a smaller image of a book cover titled "10,000+ ChatGPT Prompts For Legal Professionals" with a subtitle "Build Your Law Firm With The Most ChatGPT Prompts And Stop Wasting Hours".

**Masterclass in ChatGPT for Lawyers**

Qualifies for 3 Hours of CLE Credit  
Includes the 418 Page  
"10,000+ ChatGPT Prompts for Lawyers"  
Access to the Database of 15,000 ChatGPT Prompts

Visit [www.artificialintelligence.inc](http://www.artificialintelligence.inc)

**10,000+ ChatGPT Prompts For Legal Professionals**  
Build Your Law Firm With The Most ChatGPT Prompts And Stop Wasting Hours

What are your short-term and long-term goals, personally and for the business? Do you need time to develop your expertise in an area before really diving in? What are your client acquisition strategies and revenue projections? What if a client does not pay, or you have an unprofitable month? What if, as many solos find, you just need a break for a while? Identifying the financial needs of your firm is critical to assessing what funding resources you will pursue. With your vision for success in mind, consider the following strategies for solo practitioners:

## 1. Personal Savings and Investment

Based on your business plan, determine how much of your own capital you can invest in your law practice. You may consider liquidating non-essential assets to boost your initial funding. If you are able to use your own funds without using some of the other funding strategies discussed below, you will maintain greater control in your decision-making and have the potential for greater cash flow. Sometimes, the initial investment of your own funds reflects a deep personal commitment to your firm and may better position you for external funding as needed.

The downside to using personal funds is the inherent risk of entrepreneurship, including the failure of the firm. Your financial success may be too closely tied to the success of your practice. Limiting investments to your personal assets may restrict your ability to scale your firm consistently with your goals. Personal investment in the firm may also reduce the safety net needed in case of emergencies or unforeseen personal financial challenges.

## 2. Small Business Loans and Lines of Credit

With a small business loan, you can access a lump sum of working capital to assist with operations and equipment. Payment terms for business loans usually vary from three months to ten years. ([U.S. Small Business Administration \(SBA\) loans](#) have terms of up to 25 years.) A line of credit gives you access to a specific amount of money that you can draw on as needed and pay back with interest.

The benefits of these resources include immediate access to capital, which may allow for greater investment in business operations and expansion that can facilitate and accelerate the growth of your firm. Using a loan or line of credit may also contribute to building a positive business credit history, which may improve future financing options. Your firm may be eligible for tax deductions on interest payments. The lending institutions may also prove to be a valuable resource for business planning and financial management.

Start your research (but do not limit it to) looking for small business loans and financing programs designed for law practices. Some loans may require collateral, which puts your assets at risk. Some application processes can be lengthy and require in-depth information about your firm. Also, keep in mind that it may be difficult to qualify for some loans if you do not already have a business credit history.

If your firm is eligible for a loan or line of credit, carefully assess your cash flow to determine your ability to repay the loan or credit that will be used. Be sure to have a clear repayment plan to ensure the borrowed funds are used strategically to benefit your firm's long-term goals. Understand the repayment terms and interest rates. Proper management is key. Debt obligations could potentially affect profitability, and accruing interest increases the costs of the borrowed funds.

### 3. Business Credit Cards

Credit cards can be a useful tool for your firm if used responsibly. Many institutions offer business credit cards without requiring an extensive business history. The best options may come from institutions you already have a

relationship with. Business cards can be useful for paying recurring expenses and short-term expenses that will be reimbursed, tracking business expenses for tax purposes (some companies effectively categorize all your charges), and accruing rewards such as travel miles or cash back. Some cards offer 0 percent interest for a period of time, which gives you an opportunity to make some initial investments without interest. Be mindful, however, that interest charges for unpaid balances after the end of the promotional period can be incredibly high. As with loans and lines of credit, carrying credit card balances impedes cash flow and may hinder your ability to pursue future opportunities for success.

## 4. Legal Incubators and Accelerators

Legal incubators are programs that support and assist lawyers with starting their own firms. Incubators can assist with overhead costs through a variety of methods, including providing office space and/or access to otherwise costly resources such as practice management software. Incubators also provide mentorship, networking, and unique opportunities for innovation that can contribute to your firm's financial success. For more information about incubators, including possible incubators in your area, see the American Bar Association Standing Committee on the Delivery of Legal Services' [Legal Incubators](#) page and Dawn K. Young's article "[Do Legal Incubators Really Work?](#)" for *Student Lawyer* magazine (Oct. 3, 2019).

## 5. Grants

Grants are valuable sources of funding that are often overlooked. Many organizations, including some legal foundations and bar associations, have money set aside to support new businesses and entrepreneurs. Solo practitioners may not see grants as worthwhile because researching grants and completing applications can be time intensive, and grants are never guaranteed. However, if awarded, grants can provide more than monetary value. Some organizations provide access to executive mentoring and support, collaborative teams, high-level networking opportunities, and business-building resources. These additional benefits are critical for solo practitioners

who are excellent at legal practice but could use support with innovative business management.

When researching grants, do not limit yourself to legal-based grants. Provided you abide by all applicable ethics and practice rules, you are eligible not only as an “attorney” but also as an “entrepreneur.” Many organizations and websites provide curated lists of grants based on the type of business (e.g., service-based) and the identity of the business owner. Carefully review eligibility criteria and application processes. Many grants request similar information. Investing meaningful time and thought into your first few applications is likely to make any applications that follow much easier. If you receive a grant, be sure to use these funds in a way that is consistent with the grant rules.

## 6. Crowdfunding

Crowdfunding allows an entrepreneur to fund a venture by raising small amounts of money from a large number of people. There are several types of crowdfunding, and for the reasons noted below (in the section “The Risks of Nonlawyer Investment”), you should avoid equity-based funding. Donation-based funding may be appropriate depending on the attorney ethics rules in your state. (For further analysis of this strategy, see Elana Bertram’s article “[Can You Crowdfund a Law Firm?](#)” (*Law Practice Today*, Aug. 13, 2021)).

## 7. Save, Don’t Spend

Funding your practice is equally about the money that you do *not* spend. Consider the following ways to save money:

- Operate virtually.
- Share office space with other solo practitioners or small firms.
- Where permissible and appropriate, share software and resources with other colleagues.
- Streamline intake procedures to maximize billable time.

- Adopt paperless practices.
- Maintain business and malpractice insurance.
- Access free CLE courses through bar associations.
- Use research tools at your local library.
- Plan, monitor, and adjust your business budget regularly.

## The Risks of Nonlawyer Investment

It is important to note that along your journey, you may receive offers of investment from nonlawyers. While some states may currently permit firm ownership by nonlawyers, such arrangements remain controversial and may be subject to prohibition as state and national policies develop in the near future. As such, investment in your firm by a nonlawyer can be a volatile undertaking that can harm the success of your firm. Most critically, you should keep in mind that external investment in your firm will be rooted in profit objectives that can undermine your duty and ability to ethically serve your clients. Always be diligent in your assessment of your options in light of your responsibilities as an attorney.

## Build Your Foundation for Success

Having your own law practice is an exciting challenge where you might face many unknowns—how to obtain funding does not have to be one of them. Employing the right combination of strategies above can help you build the foundation for your firm's financial success.

**ENTITY:**

**SOLO, SMALL FIRM AND GENERAL PRACTICE DIVISION**

**TOPIC:**

**PRACTICE MANAGEMENT, SOLO PRACTICE**

---



*The material in all ABA publications is copyrighted and may be reprinted by permission only. Request reprint permission [here](#).*

## Author



### **Andréa L. Maddan**

Solo Practitioner

Andréa L. Maddan is an attorney who is passionate about educating, empowering, and serving the community. As a “momprenuer,” Andréa manages and dedicates her practice to providing counsel on business law and estate planning. She also enjoys family time, listening to music, and trying new restaurants. Andréa is inspired and supported by her faith in God, her supportive husband, her phenomenal daughters, and an amazing and undeniable village.

**ABA** American Bar Association |

[/content/aba-cms-dotorg/en/groups/gpsolo/publications/gp\\_solo/2024/march-april/seven-funding-strategies-solos](/content/aba-cms-dotorg/en/groups/gpsolo/publications/gp_solo/2024/march-april/seven-funding-strategies-solos)