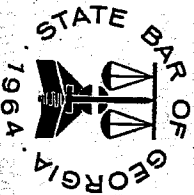


For more information on budgeting
for the small law office or the State
Bar of Georgia's Law Practice
Management program, please
contact:

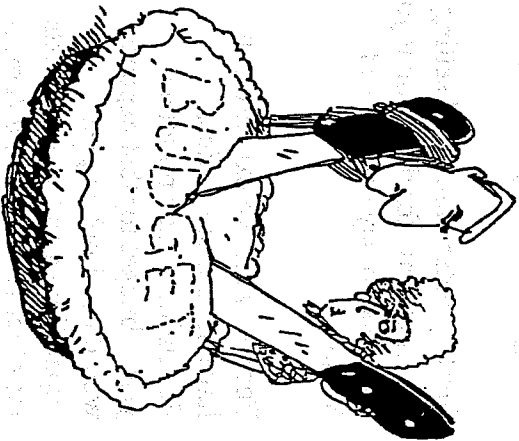
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**Budgeting
for the Small
Law Firm**



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Small Law Office Budgeting

Setting up a budget helps create and maintain financial health. A well thought out budget can help you maintain control over expenses and exert discipline over your spending habits as needed. Here's how to set up a budget for a sole practitioner:

- Start by determining and setting a personal draw for the amount you will need to pay your bills at home.
- For every known expense you have in your law office, determine what a reasonable yearly budget for that expense would be. Look at past expenditures and average costs for other law firms to determine reasonable figures for your office expenses.
- Use the reasonable figures for office expenses to determine the amount you will need for a particular period, and then further determine if you will need to cut back on a category of expenses or will have more to spend than originally anticipated.

- Be sure to include cost-of-living increases to expenses and income in your draw figure on a regular basis.

- Put all income left over after paying your draw and other office expenses into a reserve account.

- When you don't make the minimum necessary to pay yourself or take care of necessary office expenses, "borrow" from the reserve account. Make sure that the reserve is brought up to its previous level before future payments are made to you.

- Periodically, look at your reserve account and pay yourself a "bonus" if you have enough profit. Calculate your "bonus" by figuring out what amount you must keep in reserve to pay office expenses (including your own salary) over several periods in a "worst-case scenario"; your "bonus" would be a judicious amount of whatever is left over from this figure.

- Each year review your budget and revise your personal salary expectations and expenses to fit the pattern shown by the previous

year's figures. As time goes on, begin to compare several years' worth of data to make projections for the future.

- Use a simple accounting software package to help make the budgeting process easier. Often, all these programs require is that you put in all of the necessary figures.

- Contact the State Bar of Georgia's Law Practice Management program for assistance as needed.



Stretch your law firm dollars to the max using these ideas for budgeting in the small law office.