



Business Issues in Space-Sharing Arrangements with Lawyers

1. Ethical standards
 - Are you likely to have conflicts of interest with the other lawyers in the space?
 - Are you willing to share your client list with the other lawyers in the space?
 - Does the space-sharing agreement contain strong language on ethical standards?
 - Does the space-sharing agreement require members of the group to advise the other lawyers when they receive a complaint letter from the Law Society? A strict requirement may be in breach of the *Legal Profession Act*.
2. Is your practice compatible with the practices of the other lawyers in the space? You don't want your practice to be so different that your clients will feel uncomfortable.
3. Are you personally compatible with the other lawyers in the space?¹
 - Do the other lawyers in the space have good reputations? Do you share their values?
 - Do they treat their clients the way you think they should?
 - Do you trust them?
 - Will you feel comfortable associating your name and reputation with them?
 - Will you be able to work with them? Are there synergies with your practice?
 - Will you feel comfortable referring work to them?
 - Will you be able to resolve disputes with them?
4. Referrals and working together
 - What are the policies on internal referrals and referral fees?
 - What are the policies on working on files together?
 - If you work on someone else's litigation file, when will you be compensated for your work?
5. New admissions:
 - Will you have a say in the decision to admit new members to the group?
 - Will new admissions be expected to adhere to the same agreement?
6. Your legal status:
 - Will you be the tenant, a co-tenant or a subtenant with the right to exclusive possession of your space? Or will you be a licensee? Or will you have some other status?
7. Your space:
 - What space will you have for your office, your support staff, your filing and storage of closed files?
 - Will you have exclusive possession of your space?
 - What access to and use of common areas (e.g., reception area, board rooms,

¹ You will be bumping into each other on a daily basis, so if you are not compatible, minor irritations can grow into major frustrations. Resist the temptation to gloss over personal and practice incompatibilities in your desire to get the space issue settled. You are better to spend more time at the beginning finding the right arrangement than to end up spending a lot of time and energy trying to get out of a bad one.



signing rooms) will you have?

8. What are the security arrangements for the building, the shared premises and your space within the shared premises?

9. Name:

- What name will be used by the group?
- Who owns the name?
- If the name or a variant of it is used as an internet domain name,
 - Who owns the domain name?
 - Will your business email address be based on the domain name?
 - Will you have to terminate use of that email address if you leave the arrangement?
 - Will emails be forwarded to a new email address for a reasonable length of time after termination of the arrangement?
- Are all members of the group required to use a common letterhead and business cards?

10. Holding out:

- How do members of the group refer to each other (e.g., partner, associate, space-sharer, other)?
- How is the group held out to the public?
- How is the group represented online and in other advertising media?
- Are you willing to be deemed a partner of the other lawyers in the space for liability purposes?

11. Signage:

- What rights will you have with respect to signage? What will signage cost you?

12. Telephone answering and reception:

- Is the phone answered professionally? What words are used?
- Is there an automated attendant system?
- Will you have and be expected to use a direct line? voice mail?
- Is the reception area appropriately decorated and furnished for your client base?
- Are visitors treated professionally?

13. Management:

- Who manages the office?
- How are office management decisions made?
- What input will you have?
- Is there a policies and procedures manual for the office you will be expected to adhere to covering staff policies and standard legal procedures (for example, standard will precedent, standard trust conditions for real estate)?

14. Understand who has primary legal responsibility for:

- rent and common expenses payable to the landlord (e.g. utilities);
- other lease terms (e.g. taxes, repairs, insurance);
- casualty and liability insurance;
- the phone system;
- the computer system, including hardware, software, the Internet connection and

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- domain name;
 - equipment leases;
 - maintenance contracts;
 - software licenses and support contracts;
 - equipment and software upgrades; and
 - other accounts and invoices.
- 15. Determine what additional services, furniture and equipment will be included in the arrangement:**
- receptionist services;
 - administrative services;
 - accounting software;
 - accounting services;
 - paralegal services;
 - shared articling student and/or junior lawyer;
 - lawyer's office furniture;
 - support staff furniture and equipment;
 - photocopier;
 - fax machine;
 - scanner;
 - phone system;
 - software;
 - computer network;
 - internet access;
 - other equipment;
 - file storage space;
 - furniture;
 - access to board, conference, meeting and signing rooms;
 - access to staff/coffee room; and
 - law library and on-line legal research.
- 16. Are the additional services, furniture and equipment of high quality?**
- 17. Is the equipment used to provide ancillary services of high quality?**
- 18. Are repair, maintenance and replacement of equipment and software included in the cost of ancillary services or billed separately?**
- 19. Who will own items purchased out of pooled funds, if any?**
- 20. Consider what other typical business expenses will you be expected to assume or share:**
- postage;
 - photocopies;
 - faxes;
 - long distance charges;
 - office supplies;
 - signage;
 - letterhead and business cards; and
 - shared marketing/promotion.

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- 21.** Be ready to pay your fair share but watch out for "nickel-and-diming" agreements. which don't bode well for the future and can be very costly. Understand on what basis will you be charged for additional services, furniture and equipment and other charges. Are these costs:
- included in a global monthly amount or share of billings?
 - cost recovery?
 - equal shares? or
 - fee for service with profit margin for supplier?
- 22.** Determine what costs will not be included in the space-sharing agreement:
- support staff salaries and benefits;
 - Law Society dues and Alberta Lawyers Indemnity Association (ALIA) levy;
 - auto expenses; and
 - personal promotion expenses.
- 23.** Are the consequences of non-payment spelled out in the agreement?
- 24.** Is GST payable? By whom?
- 25.** Trust and general accounts:²
- Will you be sharing a trust account?
 - Who will have signing authority?
 - If your clients' funds go into the trust account, you must have unhindered access to their funds.
 - Who will be the Responsible Lawyer?
 - Will you be sharing a general account?
 - Will you be sharing an office expenses account?
 - Who will do the accounting for the group expenses?
- 26.** Are there standard fees for routine services that everyone in the office adheres to?
- 27.** Is the staff treated with respect and fairness?
- 28.** Is there a group benefits plan for you and your support staff?
- 29.** The space-sharing agreement
- Is it clear and in writing? For example, you may think that "overflow administration" means a lot more than the busy lawyer who is paying the assistant's salary.
 - Does it contain strong expectations with respect to ethical and competent performance by all members of the group?
 - Does it contain a dispute resolution mechanism?
 - Does it contain reasonable termination provisions with adequate procedural safeguards? There is often bitterness and anger when these arrangements

² The most common arrangement for space-sharing lawyers is that each member of the group maintains separate trust and general bank accounts and separate books and records, and they report separately to the Law Society. If the members of a space-sharing association consider themselves to be a law firm they can share trust and general accounts and accounting records and filings. If one lawyer in the space-sharing arrangement doesn't feel they will have the type of practice to warrant operating their own trust account, arrangement can be made with one of the other responsible lawyers to use their trust account.



terminate, so a short notice period is often better than a long one.

- Does it deal with death? dissolution? withdrawal? expulsion? the consequences of a lawyer being suspended or disbarred? other instances of termination?
- Does it contain mutual indemnities regarding liabilities caused by one member of the group but imposed on others?

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