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Staff Reduction Technology

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John L. Melitz wrote:

>The secret to any meaningful increase in lawyer
>productivity on a mass scale lies in the Personal Digital
>Assistant, or hand held organizer. Actually, it is not the
>PDA itself that will yield this result. Rather, it is the
>case management systems that provide the data for the PDAs
>that will move the profession forward. The PDA is the
>agent of change.

I appreciate John Mellitz's thoughtful response. It is true that the PDA... or more particularly the data that is passed to the PDA in terms of case management has the potential of increasing the efficiency and responsiveness of attorneys. And yes, a lot of staff time is "wasted" by manpower or womanpower (as is often the case) keeping track of appointments, telephone numbers, dockets, etc. PDA's also allow client histories and a host of data that allow a lawyer to "make rain" by impressing clients (and potential clients) with his grasp of "their concerns" and "their needs".

I believe there is some bang in PDA's and they are the "tool/toy" of choice. Look at faces turning when you pull out your Palm VIIx ... with its sleek silver body ... check your calendar ... and maybe even, with a wireless modem, check your e-mail. Cool man!!!!

Ms. Freedman focuses on staffing ratios, and asks what technology will have the "greatest impact on staffing ratios?" The assumption is that technology will lower staffing ratios and that lowering staffing ratios is a GOOD thing. Her goal is to decrease the costs of supporting a productive lawyer in generating income for the law firm. Cut costs, slash the budget, and you will find the "pot of gold at the end of the rainbow." This is an attorney-centered approach to attorney support management. It looks at the costs side of the equation in generating profits.

I fundamentally disagree with this approach. I disagree because the multiples achieved from investment in technology for the purpose of staff reduction is finite. At best you can achieve a 50% savings, more likely the savings will be in the 10-15% range, and after you factor in the cost of technology, more like 5-10%. Furthermore, drastic reductions in staffing will result in (1) degradation in client service and (2) decreased attorney productivity.

By contrast, I would look at the productivity side of the equation. Evaluate technology in terms of what investments will (1) increase the volume of business that can be handled by each attorney, (2) increase the profit margin on each transaction/matter handled, (3)

increase the quality of the attorney work-product, or (4) increase the perception of client service. Only by looking at the revenue side of the legal business (and it is a business), can you achieve the multiples of return on investment in technology. By multiples, I can see a return on investment in some technology being fully recovered within months of implementation, and from then on generating steady profits. I can see annual multiples of 10 to 100. Such multiples could never be achieved by use of technology solely to drive down staff ratios.

The question should not be "How can I decrease my staff ratio?", but rather "How can I increase the productivity of my existing staff?" This approach both increases the bottom line and keeps your staff happy, healthy and productive. As everyone knows, a happy law firm is often a healthy law firm.

So, the question is what technology will increase the productivity of your staff and attorneys. One answer is investment in document assembly technology, combined with task-based billing, fixed fees, or minimum budgets for both transactional work and litigation. Let me make a disclaimer: As an attorney who builds expert practice systems using document assembly technology, I have an evident bias in this direction. So, let me pose this technology as giving you the most bang for the buck, the greatest ROI multiples, etc. But I won't discuss it further.

Instead, let me proffer a number of other business processes and technologies that will increase the productivity of your staff:

1. Case Management and Docketing Systems. If you have a litigation practice, you must have a computerized case management and docketing systems. Plain and simple. The ability to profile and manage your docket, with proper advance ticklers, will free attorney time to work on the actual handling of the case.

2. Litigation Support Systems. I don't care how big or how small the litigation matter is. Scan and abstract every single discovery document. There are a dozen different programs. Choose one (only one) and standardize on it. Train every paralegal and require that all originals be scanned and then LOCKED in a warehouse never to be used again until trial (if even then). Thousands of billable hours are spent on fetch and retrieve tasks, find this document, give me a chron, get every document that mentions Bob Jones. Many systems allow you to run a query, sort and categorize the results, and then forward the abstracts and the images to an attorney. For the Luddites, you can hit the print button. And don't talk to me about "Lost Documents". In a litigation practice, discovery document management is the single biggest waste of staff time and attorney time. Attorneys waste time here in two ways: (1) missed connections and relationships in the documents, and (2) time spent waiting for the paralegal to find the appropriate document or remember, when it arrives, why you wanted it.

3. Client Information Databases. I don't mean a client mailing list. What I mean is a repository of data on regular firm clients that is used time and again in performing services for that client (e.g. names of officers and titles, insurance carriers, banks, notice addresses, EIN's, and standard positions on issues). Especially in a specialty practice group, having attorneys call a client to gather information that has already been given repeatedly by that client is or should be looked on as a waste of billable time.

4. Time & Billing Data. Most of the features of time and billing systems are not used. And lawyers spend an immense amount of time reconstructing their time, dictating it, and then billing and massaging clients to pay the bills. At the very least, a time and billing system should be able to produce professional looking invoices with multiple levels of details and abstraction. A system should also be able to support task-based categories, and even task-based billing rates (some hourly, others by transaction).

But what a firm really needs to know most is how to price an assignment. The flip side is the firm needs to know if its bill for a particular matter is out of line with its historical costs for similar transactions. If you have the historical data in sufficient detail and categorization, you can come up with realistic estimates on costs for services or defenses to client requests for adjustments. Armed with this data on real cost you can (1)

negotiate with sufficient margins a fixed cost or minimum budget, and (2) combine it with efficiency measures to increase your profit margin for those services. Know your true costs before you ever make a fixed fee or minimum/maximum budget deal with a client.

5. E-mail and Database-based Discussion Groups. Create a group for each case or transaction and keep everyone in one all developments. Just send your e-mails to the group-list. It saves an immense amount of time. Consider using Lotus Notes discussion database features. You could also use other programs. What they do is allow you to post issues and have people respond to them at their leisure. It also creates an archive of issues on a particular matter or case so you can see what has ALREADY been done.

6. Adobe Acrobat(r). Forget about sending Word and WordPerfect files and worrying about conversions, readability, linked files, etc. Just get licenses to the Acrobat program (not the Reader) and start printing copies of all your files to PDF for communication to clients, colleagues and others. With the annotation features, people can mark up documents, and you can consolidate comments to do a new markup. Forget about rushing to meet the FedEx deadline. Get the document out instantly while you are on the phone.

7. Instant Communication Tools -- Pagers and/or Cell Phones and EFax/HotMail. These devices are not just for the name partner and some honchos. These are essential tools. Clients expect to reach their counsel at all hours of day or night. They want to be able to send them e-mails that can be obtained remotely. They want to send faxes that can reach counsel in hotel rooms. They want a call back... plain and simple. And, that time spent in the car or train can now be put to productive use. Happy satisfied clients pay their bills.

Those are just a few things. All share a common thread. They make the attorney more productive. They allow more transactions/matters to be handled in the same limited amount of time. They remove time wasted on inefficiencies. They increase the number of truly billable hours in the day by reducing the time spent on non-billable activity. They increase productivity and responsiveness which makes clients happier and brings back repeat business.

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