

Law firms learning to be efficient businesses

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In a climate where clients are going over law firm bills with a fine-tooth comb, corporate law firms have had to take a careful look at their business models to find efficiencies and stay in the black. Technology upgrades, streamlined hiring policies and more attention to how services are delivered have allowed law firms to do more with less.

The higher the tech, the lower the head count

Being up-to-date with technology is key to running a lean machine.

"We have invested heavily in technological upgrades over the last year so that we could cut down on nonrevenue-producing positions," said Joseph Campolo, managing partner of [Campolo, Middleton & McCormick](#).

For instance, the Bohemia law firm invested in speech recognition software, which allows an attorney's dictation to go directly into a document, eliminating the need for a legal secretary to type it. New case and client management software has allowed the firm to go paperless, eliminating the need for file clerks and a file room.

"We have increased our revenue-producing positions, but technology has allowed us to maximize our existing space so we have not had to take more space and increase our fixed overhead," Campolo added.

[Scully Scott Murphy & Presser](#) has embraced cloud computing.

"Storing some of our administrative data remotely has eliminated people, space, equipment and other costs associated with maintaining the data in our office," said Thomas Spinelli, a partner and member of the Garden City intellectual property law firm's executive committee. The firm has made other technology upgrades, as well.

Technology costs, while not insignificant, can pale in comparison to the king of all costs at a professional services firm – people.

"Deciding whether to make the capital investment was a big internal issue, but we took the risk and it worked out great," Campolo said. "Increasing the ratio of revenue-producing positions allows the capital expense to be absorbed."

If hired, expect to work hard

[Zwaik, Gilbert & Associates](#), which practices immigration law, has seen a significant bump in business with the passage of President Barack Obama's deferred action for childhood arrivals program.

"But we are much more reluctant to put people permanently on the books," said Mitchell Zwaik, senior partner of the Ronkonkoma firm. "We hire outside contractors and pay them per application, so when the rush is over, we won't be stocked up with employees we don't need."

Law firms are relying increasingly on paralegals to perform duties that were once the exclusive realm of attorneys. Part of the reason this is possible is the explosion of available talent.

"The definition of a paralegal has changed so much recently because of the quality of people that are doing the job," Campolo said. "Law school graduates who can't find a job as a lawyer and college graduates who were planning to go to law school but don't want to invest the \$200,000 and not be able to find a job are working as paralegals, which has made the role much more important to Long Island firms," Campolo said, noting that for years paralegals have done more sophisticated work at the large Manhattan law firms that can pay top dollar for quality people.

There's a wealth of high-level talent available at the attorney level, as well.

"We have been able to attract high-quality attorneys who would have traditionally migrated to the large firms in the city," Campolo said.

Plus, there has been downward pressure on salaries.

"Associates who are looking for jobs are more open-minded about salaries, and there have been less systemic increases in Manhattan across the board, which has had a ripple effect," said Mark Mulholland, managing partner of the Uniondale law firm Ruskin Moscou Faltischek.

But competition for good attorneys remains keen. "We will continue to strive to bring the best people here," Mulholland said. "You need to have stars in your ranks to stay in the black. Attorneys that are gifted at identifying and delivering solutions will always be sought after."

With top attorneys finding limited opportunities in Manhattan, "in any smart law firm, the partners have been willing to take a little less over the past few years to attract and retain a strong talent base – so when they get through this, they will have a strong team in place," Campolo said.

There are higher expectations for attorneys.

"In the past, we may have been more indulgent of attorneys and allowed them time to mature," Mulholland said. "But the quality demands are greater now. We expect people coming up the ranks to have an aptitude for high-level legal thinking at an early stage, so they can be part of the team delivering enhanced services to clients."

More is expected of support staff, as well.

"The mindset of our support staff has changed from that of many individuals each charged with doing their own work on a given day to a single staff charged with collectively getting the workload for that day completed," said Spinelli. "Everyone now understands that when they are done with their individual work, they need to help someone else who has a higher burden for that day."

This change has allowed the firm to handle the workload with fewer people and fewer overtime hours.

Where beneficial, Scully Scott has also taken advantage of more incentive-based salary structures for professionals.

More efficient service delivery

There was a time when clients didn't ask what things cost. That's no longer the case, and law firms have had to respond.

"When a new matter comes in, we circulate it throughout the firm to find an attorney that has handled a very similar matter, so there will be no learning curve," said Lewis Meltzer, managing partner of Meltzer, Lippe, Goldstein & Breitstone in Mineola. "We're more conscious of the value we provide to clients. If we do something and the time it takes is more than the dollar value that we think it's worth, we have to reduce the bill."

The days of unlimited budgets are over. "I will ask a lawyer to give me a budget of how long something will take," Meltzer said. "If the budget is \$12,000 worth of time, we have to eat the costs if we go over that."

It can be challenging because attorneys don't always get the whole story.

"It's like when you go to the doctor, you get nervous and forget to tell him all your symptoms," Meltzer said. "Clients might leave out an important detail – such as if a permit in a real estate project was revoked – and the unknown piece might be costly."

Another challenge is predicting the effects on the budget of a third party.

"We can generally anticipate our side of the transaction. We know how long it will take us to prepare a contract, but we don't know if the other side will come back with 10 or 50 comments that need attention," Meltzer said. One solution is to quote a fixed fee for the portion the firm has control over and go to an hourly rate for the remainder.

Improving collections is another piece of the puzzle. Scully Scott is making an effort to improve collections by doing due diligence before accepting new clients, revising retainer agreements and having professionals take a more active role in the collection process.

“It is no longer acceptable to only be a good attorney,” Spinelli said. “In the current economic climate, our professionals must also be a good businessperson.”