OWN IT.

How to start your own law firm in the virtual office era.
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Firms with 10 or fewer attorneys account for 69 percent of all private law firms, according to the most recent figures from the American Bar Association (ABA). Most attorneys at these firms didn’t go to business school, but the fact is that business worries are as much a part of their day as practicing law. Large firms often have dedicated people and large legal technology infrastructures to handle lawyer marketing, legal billing, and other aspects of growing and managing the firm’s legal services. While small firms and solo practitioners have more autonomy and more control over the types of work they do, they often lack these critical law office management support systems. For these attorneys, the tasks of running the legal business often encroach onto the time and mental energy required for legal thinking and keeping clients happy.

It’s tempting, especially for experienced attorneys starting a law firm, to think that a sharp legal mind, a roster of grateful clients, and a sterling reputation are enough to guarantee a law firm’s business success. But attorneys who ignore the business end of the legal services profession do so at their own peril. Small and solo firms are facing increasing competition from do-it-yourself websites and hungrier larger firms, which are lowering fees and going after business that they previously ignored. Increasingly, transaction-oriented commodity services, such as wills and business incorporations, are being replaced by online legal services that let clients do much of the work themselves. In August 2014 the ABA reported that the U.S. now has about 500 self-help legal centers, which are assisting nearly 3.7 million people to represent themselves or referring them to attorneys who will work pro bono or provide limited-scope representation.

Since the 2008 economic collapse, the demand for legal services has shifted from a sellers’ market to a buyers’ market, according to the 2014 Report on the State of the Legal Market by Georgetown University and Thomson Reuters. Clients are pushing back on fee increases; law firms are recovering fewer of their “soft costs” for copying, legal document preparation, and other tasks. Clients also are expecting more value from their attorneys: quick responses to email and text queries, deeper mining of online data, and legal advice outside the attorney’s core specialization.

So for attorneys at solo and small firms, the costs of not taking care of business are high. The good news is that a relatively small investment in law firm business planning, strategic thinking, and technology can pay off big, and it helps attorneys devote more time to serving their clients and other activities that really matter. It also helps them capitalize on their inherent advantage. Small firms are more nimble and flexible than the behemoth firms – abilities that will serve them well as clients’ needs evolve. This book focuses on some of the most important tasks for new solo and small firms and for attorneys who are contemplating starting a law firm. It provides advice on establishing a vision for your firm, setting realistic goals, law firm branding, balancing the demands of the legal profession with the realities of running the business end, lawyer marketing, business development, legal technology, attorney fees, legal project management, and making sure that your business ultimately does not consume your personal life.

Making the Right Choices

This book can be a primer to help you start your own law firm, whether solo or small, attract new clients, and create a law firm business plan aimed at the future. If you are an experienced attorney contemplating leaving a bigger firm to go solo or start your own law firm, the advice in this book will guide you as you transition to working independently. The goal is to help you make the right choices when you create, manage, and grow your law firm.

INTRODUCTION

By Karl Florida
Attorneys starting a law firm after working for others need to begin with a vision that encompasses the types of legal services they will provide, the way they will relate to clients, and how much they expect to earn from their business. A well-thought-out vision and a realistic law firm business plan will guide your choices as you establish and grow your business and legal services. Here are some ideas for thinking through that vision.

IDENTIFY THE OPPORTUNITIES

For some attorneys – a patent law specialist in Silicon Valley, a divorce lawyer in Hollywood, an estate planner in an upper-middle class suburb populated by baby boomers – choosing the core of their new practice is easy. But legal technology makes it possible today for attorneys to cast a wider net, practicing over a larger geographic area and expanding into other specialties. If you are contemplating starting a law firm on your own, you should take a realistic inventory of your own strengths and interests, as well as the population demographics and the types of businesses in your area when formulating a law firm marketing plan. With the right legal technology in place, it’s possible to think creatively about geographic areas and specialties that may be growth opportunities once your boutique law firm gets started.

Small law firms have to be smart about identifying and seizing opportunities, such as with business incorporations and transactional law. The economic turmoil that began in 2008 has caused a lot of people to reevaluate their priorities and hopes for the future. As the promise of guaranteed lifetime employment fades, many individuals have considered starting their own businesses. These new businesses are looking to small law firms to provide expert guidance in an efficient and friendly manner. So small law firm business lawyers who seek to build or broaden their practices should not overlook the potential clients in their own backyard. These attorneys know the communities in which their clients are operating and have a good feel for the importance of building long-term relationships with those clients.

As you think about your potential niche, consider the following advice from Nicholas Wells, an intellectual property attorney with Kirton McConkie, a Salt Lake City legal services firm.

1. Start with who you are

The obvious choice is the subject that most interests you. But consider also your personality, likes, and dislikes. Do you prefer doing legal research to handling emotional confrontations? Don’t go into family law. Speak another language? Consider immigration law. Love sailing? How about admiralty? Hate public speaking? Don’t become a litigator.

The benefit of starting a law firm is that you can tailor your practice to your personal strengths and make your professional life into exactly what you want it to be – something that can be very difficult at a larger firm.
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3. Consider money
If you went into law just to get rich, you may succeed, but you may also be miserable. Still, money is a valid consideration when viewed in light of your other priorities. For example, if you want to work from home or you look forward to assisting immigrants, you can succeed, but you should temper your financial expectations. When preparing a budget to start your own law firm, take into account the different hourly rates, typical project size, and market expectations for your selected area of law.

4. Talk to others
You may not have the experience to make a confident decision about your area of practice. Talk to other solo practitioners or to those who work in small firms that focus on areas you are considering. Ask about their daily schedules, what they like and dislike, about their law firm marketing plan, what the business cycles are like, and what cautions they can offer about their area(s) of practice.

Don’t neglect online contacts. They may be less likely to see you as competition, although they won’t have as much information to offer about your local market.

5. Be willing to change
Your first choice isn’t set in stone. If you find you’re not enjoying the work, the people, or the money, position yourself for a change. Plan your move, train yourself, revamp your law firm marketing messages. Then do it!

Once you have thought these things through and identified a niche, think about how you would set up the attorney-client relationship when those clients start coming through the door – as well as establish client retention strategies. Focusing on how the relationship begins can teach you how to promote yourself effectively to a new client. You should create a checklist for establishing the attorney-client relationship and have a standard engagement legal letter to clients that spells out alternative and optional provisions relating to considerations such as scope of the work and fees. Once those terms are discussed with the client, the legal letter template can be quickly and efficiently customized to close the deal.

2. Consider geography and economics
Some niches work better in certain locations. Use your preferred location as a guide to suggest areas where you can succeed, such as practicing oil and gas law in Texas, copyright law in Los Angeles, corporate law in Nevada or Delaware, or elder law in Florida.

Also consider economic realities. Plan the breadth of your practice – and its natural extensions – based on current and possible future trends. Bankruptcy is strong in recessions, real estate runs in cycles, and legislative changes have a huge impact on securities law, immigration, and other practice areas.

For example, if your chosen practice area is entertainment law, you could start with a law firm marketing plan focused on the music industry, then work to add independent film or publishing. If you start with personal injury, consider expanding your training to include medical malpractice. If you pitch yourself as a tax lawyer, consider learning about transactional law, such as estate planning, securities law, or corporate governance.

Having a niche doesn’t mean you can only do one thing. It means you don’t try to do everything. And it means you have a focused law firm marketing message for those who need the specific legal services that you can provide.
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THE LAW PRACTICE MANAGEMENT SYSTEM

A law practice management system tailored for legal professionals ties it all together for a brick-and-mortar or virtual law office. This application can coordinate these important functions:

- **Client portal** to easily, securely share documents/drafts with a client.
- Contacts database for sharing and collaborating with colleagues.
- **Court calendar system** that syncs with email.
- **Legal document management** repository, sometimes with collaboration features.
- **Time and legal billing system**.
- **Real integration (more than links)** with other legal programs, enabling tasks such as online legal research, form building, and legal case management and analysis – without time-consuming importing and exporting from one program to the other.

Legal practice management systems give law professionals one place to go for an overall view of their law firms, plus the ability to drill down to specific client files for a review of all events in a particular case. It’s very difficult for solo and small-firm attorneys to build and update an effective working case management system themselves. While some use email to track and archive activities on various cases, systems designed specifically for attorneys can offer robust features that are easier to use and more efficient.

Online practice management tools have an initial cost roughly on par with those of their physical counterparts (on-site, server-based systems and banker’s boxes). The ongoing cost of ownership for a virtual law office system is much lower – with no need for handling repair, replacement, or upgrades yourself. You can also factor in the convenience of access, the ability to scale up easily, and automatic updates that virtual systems afford law firms.

THE TRUTH ABOUT CLOUD DATA SECURITY

Still, you may be reluctant to add a virtual law component to your firm, which often means trading in physical space for law office management software and cloud-based legal practice storage, a system that houses digital information in a hosted setting with cybersecurity layers in place and away from your office. You might worry that exporting the law firm's operations to the Web will compromise security, risk a law firm data breach, and allow cybercriminals to steal your client data. But Web-centric legal business mobile operations, including mobile law firms, are here to stay around the world – in business and in our personal lives. And a secure virtual law environment can offer specific advantages to businesses, especially new virtual law firms.

PHYSICAL OR VIRTUAL LAW OFFICE SPACE?

The legal profession is under tremendous pressure today to control costs and keep fees low. Rent is one big component of law firm expenses, and in an increasingly virtual world it is a cost that is often no longer necessary.

Having a physical office offers still some advantages. If space is limited at your home, a place of business can help you better separate work from your personal life. A physical office with conference rooms, framed diplomas, and other lawyerly appointments also might make some potential clients feel more confident. And attorneys who still cling to physical file cabinets and Bankers Boxes need room to house them.

However, in a world where clients are pushing back on fees and administrative expenses and also demanding 24/7 access, the benefits of a physical work address start to become less important. A virtual law office – in which most legal documents and other information is stored and shared digitally rather than in physical cabinets – can help you meet today’s cost and customer pressures. In fact, we advise that even attorneys with physical offices acquire legal document management software and build some capability to access and share information this way.
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Just as with any significant business decision, attorneys contemplating a virtual law office must weigh whether the benefits are worth the investment. For law firms, a virtual practice delivers a number of potential cost savings:

• Switching to a virtual law firm ecosystem means going largely paperless, which significantly decreases the hard and soft costs of maintaining legal documents and paper files.

• Legal document management and storage costs for active (home or office space) and inactive (off-site) files are whittled down substantially, since virtual law office storage space costs far less than physical storage space.

• Time is no longer wasted searching for hard-copy legal files and documents; automated, global search functionality finds them almost instantly. This savings in unproductive time gives attorneys more hours for billable work.

One of the biggest benefits of legal cloud hosting is that it gives legal professionals everything they need at their fingertips, wherever they are. A laptop, tablet, and smartphone take the place of a firm’s own filing cabinets and servers. The requirements for physical space become minuscule, and a virtual law firm can operate easily from a home office or small share of a conference space.

LAUNCHING THE VIRTUAL LAW OFFICE

Even with all of your legal data stored in the cloud, you still need tangible access points to get to what you need. Here are some basic tools that you will need to get your new virtual law firm launched:

• Laptops and tablets are the primary hardware choices for virtual lawyers, and the smartphone, tethered to the firm’s email and calendar, is a necessary adjunct for the mobile attorney.

• Lightweight, portable scanners allow paper legal documents to be digitized anywhere and sent to the law firm cloud.

• eFax systems can send traditional faxes through email rather than a fax machine.

• A secure Internet connection or virtual private network (VPN) is necessary to get access to important legal files in the virtual server and cloud drive.

THE MOBILE ATTORNEY LIFESTYLE

In addition to the virtual law firm’s business advantages, you also enjoy lifestyle improvements. The ability to practice from literally anywhere with an Internet connection means that, for certain practice areas, you can do your job exclusively from a home-based law office, if you choose. It also is easier for you to access online legal research outside of your core area of expertise, which makes you more useful to clients.

The downside is that you are always available, and carving out nonworking hours to recharge can be a challenge. The virtual law firm attorney can have just as difficult a time balancing work, family, and interests as the lawyer who commutes to an office.

YOUR PEOPLE: CLIENTS AND COLLEAGUES IN A VIRTUAL PRACTICE

Small law firms with more than one legal professional can be linked to the same law office management systems via a telephone call or through the more technologically advanced modes of chat and videoconferencing.

You can also scale up a virtual law office easily and inexpensively when business opportunities arise. While attorneys must abide by the ethical requirements of the various states in which they hold licensure, virtual law firms are more marketable across larger territories.

Since a virtual law firm is accessed primarily through Web components, clients no longer need to visit its offices. A client in Galveston, Texas, could very easily work with a virtual law office based in El Paso. Meetings take place via videoconference, and legal document exchange and storage happens in the cloud. Without the office space as an anchor, virtual lawyers can associate across state borders more easily, making it possible for attorneys in South Carolina to work with attorneys in Wyoming, and to communicate across the same basic law office management software systems that they would use in a traditional office setting. This means that virtual law firms can be marketed more broadly to reach a larger potential pool of clients representing a larger legal billing segment for associated virtual law office attorneys.
Chapter 2: NAMING YOUR PRICE

Many business owners struggle with pricing, but the traditional legal billing structure in the law services industry has been facing unprecedented pressures. In a 2013 report based on a survey of firm leaders by legal consulting firm Altman Weil, Inc., 95.6 percent of respondents identified “more price competition” as a permanent trend in the legal market; 79.5 percent identified “more non-hourly billing”; and 67.9 percent identified “smaller annual billing rate increases.” The Altman Weil report also correctly notes that these alternative fee arrangements can be profitable if they are done strategically and proactively.

Deciding what to charge law clients can be challenging. Some things to consider:

- After starting a law practice, as a solo attorney or small law firm lawyer, should you focus on just covering costs or should you charge what the market will bear?
- Should you charge by the hour, a flat fee, or a contingency?
- Should you demand a cut from work that you refer to other attorneys?
- What about soft costs, such as copying and mailing?
- Does pricing attractively mean undercutting the competition?

These are important questions, and if you are contemplating starting a solo law practice you may already be worried about the loss of a steady paycheck. You want to price competitively while still covering the costs of setting up and running your business. And you want to attract enough clients to make you feel confident about your income.

One good place to start is the Laffey Matrix, a chart that lists current hourly fees based on the attorney’s experience. It was developed after a 1983 Washington, D.C., court ruling in the case of Laffey v. Northwest Airlines, Inc., which determined that hourly rates for attorneys could take into account years of practice and be adjusted for inflation. You also should be aware of what other attorneys with similar specialties and experience levels charge in your geographic location. An experienced attorney can justifiably charge more than a recent law school graduate working in the same field. Your local bar association can provide some guidelines on what to charge, based on local prevailing rates.

Of course, ultimately it’s up to the individual attorney setting up a law firm to decide how to structure legal billing fees. While charging hourly was once the norm, today’s attorneys are offering a smorgasbord of pricing plans, especially if their area of expertise is under assault from online do-it-yourself legal tools. Indeed, for many transactional law services the flat fee is displacing the hourly rate. Here is an overview of the pros and cons of different pricing options.

### HOURLY LEGAL BILLING

Charging hourly is still the most common practice in many legal fields – including family law, civil defense, and business law. This often is the simplest and most straightforward legal fee structure because...
CHAPTER 2: NAMING YOUR PRICE

rates are spelled out in writing before the work begins. It also encourages the client to optimize the time spent consulting with the attorney, since the meter always is running; this minimizes unnecessary conversations. It’s important to remember, however, that the attorney must be scrupulous about which charges can be billed as an hourly fee. For example, soft costs for photocopying, phone calls, and staff overtime should either be billed separately or factored into the calculation for the hourly fee in advance. Hourly fees also can blindside clients who lose track of how much of their attorney’s time they are consuming.

THE FLAT LEGAL FEE

Although flat-fee rates have historically been limited to particular fields, such as criminal defense, many more legal specialties are using it creatively today. For example, some family law firms offer a flat-fee structure with some à la carte services. These firms might not charge a flat fee for an entire divorce, but instead charge per individual step in the divorce process. A flat fee might be charged for the initial divorce petition and all associated filings, but then an additional flat fee would be required for any further action by the attorney on the matter.

Flat legal fees offer several advantages for both clients and attorneys. They allow clients to know exactly how high their costs are going to be up front and how far a certain dollar amount will take them with an attorney. For the attorney, a flat-fee legal billing system also creates fewer fee disputes with clients who know exactly how much they are going to pay ahead of time. And if done correctly, flat-fee arrangements can limit an attorney’s commitment to a case by ensuring a much smoother exit from a matter than formally withdrawing, which sometimes requires the court’s permission.

The biggest disadvantage with flat-fee billing is that it can backfire if too many cases become too complicated. Flat-fee rates are typically based on an average hourly cost of a specific task. If a matter is much simpler than the typical case, the client pays more than he or she would under an hourly legal billing system. If the matter is more complex than the typical case, then the attorney would receive less for his or her time than under an hourly legal billing system. Many attorneys maintain (perhaps correctly) that it all balances out in the end, but those who are uncomfortable with uncertainty should probably stick with hourly legal billing.

Flat-fee billing schemes are ideal for legal services, often in transactional law, involving very little risk of surprises – for example, business incorporations, estate plans, trusts, health care directives, and powers of attorney. They should be used only judiciously in family law and other areas that usually have built-in conflict.

THE CONTINGENT LEGAL FEE

Under this legal billing system, the client pays only if the attorney wins the case. Contingent fees are common in cases involving personal injury or class-action lawsuits. The attorney agrees to accept a fixed percentage of the amount ultimately paid to the client. If the attorney doesn’t win the case, he or she receives nothing. Such arrangements make it more possible for a broad range of people, regardless of their financial status, to hire a lawyer. They also have a potential big payoff – and a corresponding high level of risk for attorneys who invest time and effort but then lose the case. Many states also limit the percentage of settlements that can be paid to the attorney, so it’s important to check the laws in your state.

THE PITFALLS OF PRICING TOO LOW

Those starting a solo law practice should not charge less than the competition to attract new clients. While these new firms typically have fewer overhead costs and fewer employees than established firms, undercutting the competition may have an unintended effect. Many consumers, including potential clients, have the attitude of “you get what you pay for,” so pricing too low can actually undermine client confidence. Having a standard rate much lower than other attorneys in the field may lead potential clients to suspect that the work you perform is substandard and that they would be better off with a different, more expensive attorney.

So while your low overhead costs can be leveraged to your advantage, it’s probably best to discount your costs by no more than 20 percent to 30 percent compared to an attorney in your same area who has been in practice for five years or so.

You still can charge lower rates to specific clients; in fact, doing so is considered a best practice in some circumstances. However, make sure that your client is aware of the discount that he or she is receiving. State your normal hourly rate in the initial interview, and, if you so choose, show the amount of the discount in your legal bills.

This does two things: It makes the client feel favored to be receiving a discount, and it also sends the message that you are worth more. The client knows that you usually charge a higher rate and will correlate your skill level accordingly, dispelling any notion that you are some kind of discount attorney.
CHAPTER 2: NAMING YOUR PRICE

OTHER LEGAL COSTS

Along with deciding on a basic legal billing system for their own time, attorneys also must decide when costs should be passed along to clients. The answer to this question can vary widely, but the prevailing opinion is that attorneys should charge for whatever they can.

This view is based upon the belief that “all an attorney has to offer is his/her time.” It means that any use of the attorney’s time by the client is billed, usually rounded up to the nearest tenth of an hour (assuming, of course, that there’s an hourly fee structure and a signed legal fee retainer agreement on file). The meter keeps running not only for the obvious lawyer tasks such as document drafting or court appearances, but also for a host of other things, such as phone calls, emails, text messages, research, and transit time to and from court appearances.

If you take this approach, make sure that the client understands it in advance. The legal fee retainer agreement should specify in appropriate language exactly when the client will be charged. You also should explain it verbally and clearly to the client early in the relationship. Thus forewarned, clients will keep their phone calls and other communications with you focused on necessities, saving money for them and time for you.

Charging for every second of time also forces the attorney to work more efficiently. You should not initiate any communications, meetings, or any other time-consuming event unless it is necessary, or at least pertinent to the case. Aside from angering your client, you’ll probably run afoul of an ethics rule or two if you strike up a chat with your client about Sunday’s football game and charge $100 for it.

Of course, if you contact a client with a question or update about the case and then the client steers the conversation toward something irrelevant, you still need to charge for your time. However, you should direct the conversation back to the case or end the conversation as soon as it’s polite to do so. And if you decide to start an irrelevant conversation with your client (beyond simply being courteous and acknowledging what he or she has said), turn off the legal billing clock. You should also refrain from charging for irrelevant conversation initiated by an opposing counsel; it’s unfair to drain clients’ funds for something that they did not initiate themselves.

If you are a less-experienced attorney, tasks like online legal research and legal document drafting may take longer for you than they would for a more experienced attorney. Although it’s not fair to charge the client for extra time that it takes you, it can be difficult to ascertain exactly what is fair. A more experienced legal colleague can advise you on how much time to bill the client in those situations.

You also should realize that clients have been pushing back on soft costs for copying, legal document preparation, and other administrative tasks typically billed in addition to the attorney’s fee. A 2014 poll of 49 law firms by Mattern & Associates LLC revealed that law firms recover less than 50 percent of these costs. So it’s wise to keep virtual law office administrative tasks running smoothly.

HOW LEGAL TECHNOLOGY CAN HELP

Whether you charge by the hour, a contingency, or a flat fee, the right legal billing software can help you minimize unproductive time. It can simplify tasks such as researching case law, managing client information, and drafting and revising legal documents, enabling you to devote more time to the activities that best serve your clients. For transactional law attorneys, less time spent on legal research and law office management helps keep costs under control. Those who charge flat fees still can make money on the case because they can complete the work more quickly, and take on additional cases. Those who bill hourly can do more “lawyering” and log more legal billable hours, passing along lower soft costs to their clients. For attorneys whose fees are based on a contingency, time-saving administrative tools cut their costs of handling the case so they can keep more of their award.
Starting a law firm, practicing law, managing your law office, and marketing your law firm can appear to be three full-time jobs. But attorneys at small and solo law firms should think about how they can grow and how they manage their work day to day. New proprietors of an increasing number of small independent and home-based businesses are looking to small law firms to help them navigate legal requirements, and good law firm marketing will help you reach them. A critical Supreme Court ruling or a change in a local law may open up new opportunities for your specialty, and a well-honed lawyer marketing strategy will help you grasp them quickly. And efficient law office management will free up time to market your firm and take on the additional business.

Solo and small firms must look for opportunities for new sources of revenue, think strategically, and establish a presence in the right places. It’s vital to set law firm marketing plans, priorities, and goals; carve out time for marketing; and research and approach potential new clients. In part, this means identifying opportunities where legal technology can do the mundane administrative tasks that are part of owning a business. This frees up more time for the tasks that you must do yourself: practicing law and marketing your law firm. And along with letting technology do some of your grunt work, you must also figure out when to bring in outside legal marketing experts to help you grow.

You may be feeling torn between work deadlines and the ongoing pressure to run and market your law firm. Here are a few tips to help you better manage these tasks and achieve some balance.

**ESTABLISH PRIORITIES AND GOALS**

Narrowing down your primary objectives will make it easier for you to set goals and imagine where you want to be in five years. For example, if having a strong online law firm presence is important to your practice, set goals for posting a certain number of law blogs and comments on social media platforms within a certain time period. If you want to get to know potential clients more personally, then make it a goal to find organizations where these potential clients may congregate, such as a local business association or technology group.

**ALLOCATE YOUR TIME**

As a lawyer, you know how crucial it is to have good time management skills. Once you establish your goals, figure out how and where you should be spending your time. You may find that you want to spend less time on certain tasks if they don’t play a significant role in helping you attain your goals. On the other hand, if a task like marketing your law firm is something you enjoy, and it contributes to your long-term plan, dedicate a fairly large percentage of your time to that role. You should spend the most time on the tasks that support your long-term plans and maximize your return on investment (ROI).

**SET AND MEET DEADLINES**

Most people are more productive when they set a timetable. Creating legal deadlines for yourself gives you a sense of how much time you have to complete a certain task and steers you away from procrastinating. Make sure to set realistic deadlines to stay motivated, and reward yourself when you meet them.
CHAPTER 3: BALANCING LAW AND BUSINESS IN A START-UP LAW FIRM

USE AND EMBRACE LEGAL TECHNOLOGY

Which tasks should you spend less time on? As the legal market continues to evolve, legal technology, such as virtual law office solutions, does as well. Practice technology tailored to the legal services industry allows you to accomplish tasks faster. It can, for example, help you spend less time drafting legal documents, which leaves you more time for law firm business planning. You may find you have more time to focus on what you really want to do, whether it’s making a strategic plan for your future legal business, updating your law blog, or communicating with and answering questions for clients.

GET OUTSIDE HELP WHEN NECESSARY

When should you bring in an outside expert? Information technology support, accounting, and marketing are three areas where an outside person or company can often do a better job. For example, an outside accountant better understands which of your expenditures can be written off; a technology expert can help you set up an information system much more quickly than you can yourself. Working with a legal marketing professional allows you to dedicate more time to the practice of law. On the flip side, if marketing your firm or law firm branding is something you truly enjoy, you may be able to ask a marketing professional for advice on unfamiliar areas like social engagement, integrated marketing, and Search Engine Optimization (SEO).

CALCULATING ROI FROM LEGAL TECHNOLOGY

As an attorney who runs a small firm, you probably have a good understanding of the value of:

- Spending more time on high-level legal work that maximizes your law firm’s income.
- Working efficiently, so you can take on more clients or realize more profit from a retainer.
- Having extra hours in the day to follow up on leads, connect with prospects on social media, and take other steps to promote your law firm.
- Starting your weekend at 5 p.m. on a Friday night.

Time saved, time used wisely, and time invested in the future of your practice are all factors to consider when calculating the potential ROI that legal technology solutions can deliver for your firm. Whether you measure time by the billable hour, by your capacity to serve more clients, or by having more freedom for family life or a hobby, maximizing the value of your time will drive profitability and the satisfaction you derive from your work.

Here are two ways that legal technology can pay off when you let it do some of the work of running your firm.

Increase in Profitable Time Focused on High-Value Work

How many hours a week do you spend drafting legal documents, triple-checking cites, and assembling tables of authority? Do you have to contract out for help with these tasks on bigger cases? The nuts-and-bolts work of legal drafting, editing, and organizing is a vital part of the service you provide to clients. But when done without the right tools, it can divert resources – such as brain power and money – that are better spent elsewhere. Virtual law office technology solutions help you grow revenue by efficiently handling time-intensive and repetitive work for you. That frees you up to focus on higher-value client service and law firm business development activities instead.

For example, drafting and case analysis/legal document management software can organize your essential case information, allow shared notes and files, and greatly reduce legal document drafting time. They enable firms to realize significant time savings in these common, day-to-day legal tasks. Thomson Reuters offers products called Drafting Assistant and Case Notebook™ that help attorneys achieve these efficiencies. How you start your own law firm to measure ROI will vary depending on your business model and your professional and personal goals. If you bill by the hour, time saved means an opportunity to take on more clients without the need for additional staff. For fixed-rate or retainer-based firms, greater efficiency can also translate to higher profit margins.

To calculate the return on a legal technology investment, use the chart below to estimate the amount of time you might save weekly by using case analysis and legal drafting software. Multiply the number of hours saved by your billable rate for 52 weeks a year, and think about the impact that time savings can have on:

- Per-partner profit.
- Your firm’s capacity to serve more clients without sacrificing the quality of your work.
- The effectiveness of your law firm marketing efforts once you have more time to think long term and develop connections for your business.
You also might measure ROI in terms of more time available for activities outside of work. Whether your aim is to grow your law firm, income, or a better work/life balance, efficiency-enhancing legal technology can help you achieve your practice goals.

**Reduction in Overall Expenses**

From printed books to CD-ROMs to Web-based legal resources, the tools that attorneys use to conduct legal research have changed dramatically in just a few decades. Preparing for a case without online legal research seems unthinkable today. Yet some law firms have been slower to embrace the benefits of legal technology in other key aspects of their practice, such as legal case management and recordkeeping. For those firms, the hidden cost of business as usual should be another key factor in evaluating the ROI impact of legal technology solutions.

Consider, for example, a 10-attorney practice that keeps its case notes and other records in Bankers Boxes. Those boxes, additional legal files, a law library and other materials, such as computer hardware, are stored or maintained on-site. Their legal computer equipment and other IT resources – networks, software, etc. – are proprietary and serviced by multiple vendors.

While such a hodgepodge system will get the job done and may feel comfortable to the attorneys, the law firm likely is failing to maximize its profit per case. The firm may be wasting valuable time creating, recreating, or locating legal information relevant to a case. That's time that could instead be used more productively on analysis or other strategic work. A single bankers box filled with stored legal documents amounts to about $1,275 in copying costs; multiply that by the number of boxes at the firm and the number is surprising.

Consider also that poor timekeeping can cost attorneys about $35,000 a year, or 10 percent of legal billable hours, according to the ABA. Any time not captured within the first hour of completing the task is usually not accurate. So, legal technology that focuses on better timekeeping can save a lot of money.

In addition to wasting time, the old legal document management systems are not without cost. The firm must pay for library and storage space, as well as for maintaining, repairing, and upgrading computer networks and other proprietary systems. By moving to an online cloud-based legal document management system for handling its workload, a virtual law firm can eliminate these extra costs and redundancies while improving its response time. Cloud computing for lawyers, with the right security features, also helps ensure the confidentiality of a virtual law office's case files and other records, since legal data is stored securely off-site rather than at the firm's location.

As an attorney, you know what it takes to provide first-rate client service in a small law firm setting. As a business owner, you've got an eye on the bottom line. You need strategies and legal solutions that both deliver financially and help you tackle your daily workload in a way that saves money and improves quality. Whether it's a low-tech strategy, such as setting priorities or outsourcing low-value work, or a strategic investment in legal technology, you can balance work and business, increase profit per case, add capacity, and save time after starting a law firm.

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**CHAPTER 3: BALANCING LAW AND BUSINESS IN A START-UP LAW FIRM**

**FIGURE 1: ROI OF LITIGATION DRAFTING SOFTWARE (DRAFTING ASSISTANT)**

<table>
<thead>
<tr>
<th>Task</th>
<th>Minutes to complete task without Drafting Assistant</th>
<th>Minutes to complete task with Drafting Assistant</th>
<th>Time saved* (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building a table of authority</td>
<td>118</td>
<td>26</td>
<td>78%</td>
</tr>
<tr>
<td>Locating a case by citation</td>
<td>51</td>
<td>24</td>
<td>53%</td>
</tr>
<tr>
<td>Checking the status of “good law cited”</td>
<td>89</td>
<td>52</td>
<td>41%</td>
</tr>
<tr>
<td>cases while drafting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formatting documents for court submission</td>
<td>68</td>
<td>25</td>
<td>64%</td>
</tr>
</tbody>
</table>

**FIGURE 1: ROI OF LITIGATION DRAFTING SOFTWARE (DRAFTING ASSISTANT)**

<table>
<thead>
<tr>
<th>Task</th>
<th>Minutes to complete task without Case Notebook</th>
<th>Minutes to complete task with Case Notebook</th>
<th>Time saved* (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copying text from a document into word-processing or presentation software</td>
<td>145</td>
<td>46</td>
<td>68%</td>
</tr>
<tr>
<td>Cite checking a research file with KeyCite®</td>
<td>107</td>
<td>37</td>
<td>65%</td>
</tr>
<tr>
<td>Creating an outline for a deposition or trial</td>
<td>324</td>
<td>159</td>
<td>51%</td>
</tr>
<tr>
<td>Summarizing a transcript</td>
<td>265</td>
<td>157</td>
<td>41%</td>
</tr>
</tbody>
</table>

*Based on Thomson Reuters internal studies
Long gone are the days when the promotional efforts of most law firms landed in the marketplace once a year with a resounding thud in the new edition of the Yellow Pages. Today such no-tech tactics aren’t enough for even a small firm to square off successfully against its competitors. And those rivals are not only other law firms; they also include do-it-yourself online legal services.

To stand out, law firms need integrated legal marketing plans, as discussed in this FindLaw® eBook. Along with more traditional marketing, they must also adopt online law firm strategies such as their own websites and law blogs, display advertising, pay-per-click ads, and Search Engine Optimization (SEO), a process that helps their site be found when potential clients do an online search. Firms may also want to boost their presence by buying ads in an online directory, such as the FindLaw Lawyers Directory.

No matter which channels they use to reach potential clients, today’s virtual law firms can be sure that those methods will continue to evolve. The value of certain SEO terms, for example, shifts with every update of an algorithm. While it was once possible to start up your own law firm and generate results from a website that had relatively thin content and lower-quality inbound links, search engines’ continuing push toward quality now rewards richer, higher-quality content that directly addresses the needs of users.

A firm’s message also can be promoted using social media, such as LinkedIn® discussion groups, or via syndicated content, such as downloadable infographics. It all depends on a firm’s core goals and what type of client it’s targeting. But first, a law firm must figure out what image it wants to project and use that to inform its integrated legal marketing plan.

Marketing decisions should spring from the firm’s identity and business goals. An effective marketing campaign is as intricate as a sound law firm business plan; it demands the constant monitoring and measuring of a portfolio of investments. Funds need to be redirected to where they can generate the best return. Most lawyers, understandably, would rather focus on practicing law. In our experience, they’re happy to outsource the tasks of optimizing the law firm marketing plan’s effectiveness, making the decisions that will lower the cost per lead, raising the rate at which interested prospects are converted to paying clients, and maximizing the overall return on the firm’s legal marketing investment.

Managing Your Law Firm Branding
Legal brand management is no longer only for big-time consumer products, baseball players, and celebrities – or even just large law firms. Your brand influences how clients perceive you and can be a strong asset in distinguishing you from your competitors. It can give you anything from a laid-back, approachable vibe that appeals to people who are apprehensive about hiring a lawyer to a buttoned-down image that reassures conservative business clients. Your start-up law firm’s legal brand can be brashly different, such as that of one solo practitioner, a former police officer who posted a picture of himself in uniform on his law firm website to show that he understands the system from both sides. Or it can be reassuring and nurturing, such as that of an estate-planning attorney who provides free lunch seminars for local seniors. While face-to-face communication will never go out of style, online legal marketing opens up far more potential for small firms to shape a legal brand designed to draw a bigger pool of potential clients.
It’s important to choose your start-up law firm’s brand carefully because it will inform your marketing activities, from face-to-face meetings to email campaigns to social media posts. Some attorneys are not deliberate about developing a brand, instead choosing to just leave things to chance. That’s usually a mistake.

Before deciding on the vessels you want to use to carry your law firm marketing message, you should settle on a consistent branding message that will serve as cargo. One good law firm marketing strategy, which emerged from an ABA roundtable for solo attorneys, is to craft a 30-second elevator speech that summarizes what you do and how you help clients. Share it with customers, colleagues, contractors, and other stakeholders.

Law firms need branding that not only highlights their expertise, but also taps into motivators that will move people to pick up the phone and call.

A law blog also can serve to enhance your brand. For example, someone who has been arrested for drunk driving will want to know: Do I have to go to court? If I lose my driver’s license, how long will I be without it? Blogs posted on your law firm’s website can anticipate and address (in layman’s terms) some of these common questions. Being useful to your online visitors can help turn them into clients.

**CONNECTING WITH CLIENTS PERSONALLY THROUGH YOUR LAW FIRM WEBSITE**

In this digital age, a firm’s website is becoming its most powerful legal marketing tool. Yet many firms treat their sites as venues to toot their own horns and appear impressive. They don’t put enough time and consideration into how to get a law firm website visitor to actually contact you.

Like most consumers, legal clients are focused on their own needs. The only thing a potential client cares about is “will this firm work for me?” This probably doesn’t strike you as stop-the-presses news. As an attorney, you’ve learned a lot about human nature. You know a great deal about what motivates people. But as we’ve discussed previously in our white paper “Why Most Law Firm Websites Are Designed to Fail: Logic, Emotion and Today’s Legal Consumer,” many attorneys forget those lessons when it comes to their websites.

One stumbling block may be the very asset that made you successful: your confidence. It got you through law school, helped you navigate courtrooms, and gave you the momentum to start your own law firm. But when it comes to your law firm’s website, that same confidence could be a handicap. Too many attorneys’ law firm websites are riddled with ego-driven content, such as educational certifications, publications, past cases, and bar association memberships. Although these are noteworthy accomplishments, they don’t speak to consumers in need of legal help.

Think about it. Does a dad who is going through a divorce and looking to keep custody of his kids understand the meaning of (or care about) your involvement in *Arnold v. Williams*, 328 N.W. 2d 518 (U.S. Court of Appeals for the 8th Circuit 1985)?

Here’s the good news: You don’t have to sacrifice your hard-earned accolades in the name of legal marketing. Rather, you should position them in a way that shows how they can benefit a potential client. Our white paper outlined eight psychological motivators that influence website visitors to contact your firm. One of those motivators is selfishness, which drives legal website visitors to choose the firm that best answers, “what’s in it for me?” rather than “who looks the most impressive?”
What motivates clients to take that action is less about you and more about them. These tips will help your law firm website attract them:

- **Be There for Them** – Potential clients are often dealing with a stressful situation – injuries, divorce, bankruptcy, etc. Your site should show that you understand what they are going through and can help.

- **Avoid “Legalese”** – You should present legal information and marketing messages in a way that is understandable to a layperson and addresses real, immediate (and often emotional) needs. Don’t let your website become bogged down by dry legal writing, or emphasize your firm’s intellect and fluency in “legalese.” Although you may initially appear very qualified, clients who do not feel an emotional connection to your firm will be driven away because you do not clearly articulate how you can help them.

- **Check the Ego** – Your firm’s credentials and experience are important selling points. But you need to describe them in a way that demonstrates how they may benefit a potential client. Tell your law firm website visitors “we can help you,” instead of using firm-focused wording like “our firm has a track record of success in obtaining positive results for our clients.”

- **Speak Directly to the Consumer** – Instead of regurgitating your accolades, explain why those awards matter. Saying something like, “As one of our clients, you will always know that a dedicated attorney is working hard for you. When you work with us, you will see why others in our community have consistently recognized our firm with awards and recognition.”

- **Be Emotional** – Put yourself in your clients’ shoes. Perhaps they’ve been charged with a crime or are going through a bankruptcy. Legal issues generally come with emotional challenges, so you need to lead with emotional and inspirational content, such as a reassuring headshot image and messages that show how you understand their needs.

Again, your potential client is focused on his or her own immediate needs, and studies indicate that human beings are much more likely to act on messages they feel are personally directed at them. Providing a positive, customer-focused experience on your law firm website will help set you apart from the competition.

You can serve your practice best by serving others. And that depends on knowing what makes others tick.
You cannot undersell investment in the people who work for you and with you while starting a law firm. Often overlooked, even in smaller practices, are the other attorneys and support staff that contribute to a successful legal practice.

**MANAGING PEOPLE**

Law firm management relies on their support staff, associates, and the relationships developed by these individuals to be successful. Small organizations inherently offer limited advancement potential, so working there can be stifling unless the managing attorney is willing to provide professional and personal enrichment opportunities. Without these chances to grow and develop, two things happen:

- Work product suffers.
- Staff members depart for another firm or career.

Both outcomes can be mitigated or even eliminated with education and enrichment opportunities.

Employees in a professional environment want development and growth opportunities. Law office management quotas, measurable goals, and even the occasional personal issue that finds its way into the workplace are navigable regardless of economic conditions. Your team members are more effective when you go beyond the numbers and help manage their career potential.

Law practice management development does not have to be expensive or time consuming. Taking an extra few minutes to explain the background and rationale behind a work-related request can be sufficient in law firm management. Team members do not just want to do; they also appreciate knowing that what they are doing has an impact. More communication is better.

Employee-appreciation events cannot be overlooked, and we suggest combining them with an occupational purpose. We know of one small law firm owner who purchased a table for his employee team at a dinner and networking event at his law school. The speaker’s topic for the evening was practical and centered on effective networking strategies. When asked if he was worried that some team members might leave the firm after learning new networking skills, the owner had a refreshing response. He will gain much more, he explained, by showing he cares about his employees’ careers, regardless of the context.

It’s always a sound investment to provide opportunities for your employees and key contacts to learn and better themselves professionally. For maximum impact, managing partners and solo practitioners need to actively control their law firm’s expenses while remaining mindful of how they are investing in their human capital.
MANAGING CHANGE

Our natural, human reaction is to avoid change and keep the status quo; the world, however, is a dynamic place. It presents us with both opportunities and challenges that force us to change even when we are afraid of it, because we recognize that doing nothing is even riskier.

Maybe you are planning to branch out into new law practice areas, raise rates, or adopt new legal technology. You need to prepare for this change and rally the people who will help you implement it. These tips will help you lead your firm in adopting change:

Recognize the Realities of Change
Change is viewed by law firm management in one of three ways: 1) scary, 2) exciting, or 3) no big deal. Take 20 minutes to get an idea how people in your law firm view change. Write down who in your firm is affected. Choose three people on the list and have three five-minute conversations with them. Don’t sell them on your vision, but ask them what they think to get a feeling of whether they view the change as scary, exciting, or no big deal.

It’s Your Firm; Lead It
Too often a managing partner makes a decision to change and expects the staff to follow along without question. Show your firm that this change is important to you. Schedule a kickoff meeting, and start that meeting with the vision you created earlier. It may take only 10 minutes, but your firm will know it’s important.

Consider Starting Small
Most law office management changes don’t need to be fully implemented overnight. Instead of imposing a big change all at once, consider a step-by-step approach. A phased implementation enables your firm to slowly build changes into different aspects of your work at different times, so you avoid major disruptions in workflow.

Expect Things to Go Wrong
Changes rarely happen without a hitch. Expect things to go wrong from time to time, and be ready to lead your firm through challenges you face. Pick up the law firm business plan and vision that you created earlier, and use that as a guide for what you are trying to build.

Know Where to Go for Help
Leading your law practice management doesn’t mean that you have to fix everything yourself. However, it does mean you have to maintain momentum and implement a plan to fix problems. That usually involves calling the right person. At the start of the project, take 10 minutes to find out who is available to help when you have problems. Use that person to help you create a troubleshooting plan.

Be Committed and Write Down the Vision
You are the leader of your small law firm, and you cannot expect anyone to be more committed than you. Take 10 minutes to write down why you decided to make the change now. You will need this later.
For both start-up law firm transactional attorneys and litigators, evolving legal technologies are cutting down the time spent on administrative tasks and freeing up time for more valuable work. Online legal research tools have replaced cumbersome, expensive casebooks. Other technologies manage client information, legal document preparation, research, billing, and time tracking. Underpinning many of these new tools for lawyers is cloud computing, which can host all of a firm's information and software solutions at a remote site.

Technology tailored for the legal profession has been a boon for solo practitioners and small firms, since it enables these new virtual law firm attorneys to practice from anywhere and to scale up and take advantage of new opportunities. Specialized law firm software is now in use by more than 60 percent of all solo attorneys and small firms, according to the ABA's 2014 Legal Technology Survey Report. Yet while many attorneys have embraced online legal case management software technology, others have been cautious. Some worry about the cost of software and attempt to piece together their own systems from free tools, compromising functionality and ease of use in the process. Others worry about the cybersecurity of cloud technology. Yet law firm cloud-computing solutions, discussed in detail below, can be a tremendous asset for independent solo attorneys and law firms with 20 or fewer employees.

While legal technology can help attorneys better manage their business and address many legal tasks, adoption has been spotty and at times misguided. Some security-conscious attorneys still store paper documents in Bankers Boxes and file cabinets. Others balk at the cost of technology, or have built legal case management systems themselves from free online software or low-cost providers. But as those firms have discovered, neither halfway measures nor cobbled solutions make administrative processes more efficient or information more secure.

This summary discusses the benefits of investing in the right kinds of legal technology, and how to determine which solutions are the best investments for your firm.

**LEGAL TECHNOLOGY TOOLS THAT PLAY WELL TOGETHER**

For solo and small-firm attorneys, investing in virtual law office tools that integrate seamlessly with one another can save time and be easy to use. The process of running the business of the firm becomes more intuitive and streamlined when applications handling law practice management, drafting legal documents, online legal research, timekeeping and law firm billing software, and other legal office tasks talk to one another. Attorneys can work with fewer errors, delays, and distractions and are more productive as a result.

For transactional law attorneys, less time spent on due diligence, investigation, and law office management means costs are under control. Those who charge flat fees can complete the work more quickly and take on more matters in the same amount of time. If they bill hourly, they can do more “lawyering,” log more billable hours, and pass along fewer administrative costs to their cost-sensitive clients. Built-in, easily accessible timekeeping and billing software helps attorneys capture those billable hours and issue invoices more accurately and easily.

Software tools for litigators have become especially integrated, allowing one working screen that provides access to everything an attorney needs for legal case management. Simply by
opening one program, a few clicks can follow a smooth path through integrated software tools accessing and using past in-house documents, online legal research, exhibits, deposition transcripts and videos, legal form-building tools, jurisdiction-specific formatting and rules checking, and even time-tracking and legal billing software.

For litigators whose fee is based on a contingency, time-saving legal case management software helps cut the costs of handling a case and keep more of the award. And whether fees are charged hourly or on a flat-rate basis, more efficiency means more cases worked and compounded profits.

For both litigation and transactional law firms, the right integrated legal technology tools also help law firms make the best use of all the work they’ve done in the past. For example, legal documents and research done for one case can be retrieved months or years later to help with building another. Built-in tools for checking citations can review the older case and immediately flag laws that have changed since then. This saves time over the old system, which often required retrieving cases from a filing cabinet, bankers box, or hard drive; finding the relevant documents; and doing separate online legal research to determine whether the cited laws were still valid. Files and citations retrieved using legal document management software also are more accurate, preventing embarrassing errors.

When quick answers are needed, the right complementary software minimizes the time it takes to get them, especially if the technology suite has a mobile law firm feature that is as quick and intuitive as the desktop and laptop version. Along with giving attorneys access to their information when they are on the go, the right mobile law office software also allows them to give controlled access to clients. By using a password-protected portal, clients can check to see whether legal documents have been prepared or their case has been filed in court, eliminating the need to call their attorney to find out.

And for attorneys who branch into other areas of the law, built-in online legal software tools can prime them on the relevant laws and help them take on more cases with confidence.

LEGAL TECHNOLOGY FEATURES TO LOOK FOR

Well-designed, integrated-technology legal tools are to an attorney what a well-organized toolbox is to a carpenter. All the tools, whether needed every day or just occasionally, are in the right place and can be seen at a glance. They don’t get in the way if you don’t need them at the moment, but they are within easy reach if you do. Look for these important features:

• **A single portal** that displays the legal software solutions tools available for doing the things an attorney needs to do: entering law firm client information; researching relevant cases; preparing and updating relevant legal documents; tracking the time spent on the case; sharing documents, online legal research, and client records; etc.

• **A mobile, cloud-based version** that offers the same functionality and ease of use, and communicates with your local tools without a hitch. The legal cloud drive provider should offer the same level of bank-rate security as online financial sites. It also should offer backups and redundancies so nothing gets lost.

• **Intuitive, with a “low mental burden.”** The legal software should not require lots of training, and it should invite the attorney to utilize its features when he or she needs them.

• **Integrated.** Your technology should make it easy to switch from one online legal software solutions tool to the next without closing programs and disrupting workflow. The legal information should flow from one program to the next without the need to manually re-enter or import it.

• **Scalable.** Your legal technology toolbox should offer only the tools that your firm needs now – whether it’s law practice management, legal document preparation tools, time and billing, research, legal accounting software, or any combination – yet also be able to accommodate more features if needed down the road. Any programs added later should seamlessly coordinate with your existing tools.

• **Shareable.** The legal technology tools should allow you to share information easily not only with colleagues, but also with clients. You should be able to give clients limited access to documents that affect their case, so that they can check on its progress without calling you.
CHAPTE6: INVESTING IN LEGAL TECHNOLOGY

LEGAL TECHNOLOGY BARRIERS TO OVERCOME

Despite the benefits of legal technology tools that work together seamlessly, some fears of their adoption remain.

Tradition

While they may be at ease using word processing and email, many attorneys still feel more secure with legal pads and Bankers Boxes. Some attorneys enjoy being the firm's rainmakers and rely on newer attorneys to manage the legal technology – which may work fine until the technologically savvy attorney leaves the company, or the firm downsizes and all attorneys are expected to do more law office management.

Cost Concerns

Sometimes firms must upgrade hardware to accommodate the new virtual law firm-style system, which adds to the cost. However, the time freed up for billable work usually far outweighs these costs.

Security Worries

While many attorneys still worry about a law firm data breach and cybersecurity of digital information, more are becoming aware that the benefits outweigh the risks. The American Bar Association (ABA) new model rules require that attorneys be aware of technology and its benefits to clients. State bars around the U.S. are endorsing cloud computing for lawyers with the proviso that law firms choose the right private cloud with strong security systems.

The DIY Mind-Set

Finally, some attorneys at firms with limited budgets rely on free online legal software or solutions from low-cost providers. While this is an inexpensive solution, the lack of integration costs the attorney or firm more in wasted time. Links and bookmarks that open up a new page rather than working in tandem with other programs often don’t permit information to flow back and forth, so the attorney needs more time to process the information, integrate it, and complete a task.

BENEFITS OF THE LEGAL CLOUD

Cloud-based services store information, software, and other critical tools at an Internet location rather than on a computer, server, or other hardware in a law office. They are also known as “hosted solutions,” “online software,” or “software as a service (SaaS).” A firm can arrange for cloud computing for lawyers and its legal solutions through a provider, which hosts at least one unique cloud and sometimes more, to cater to its clients’ varying needs for security and functionality. Many of the integrated law firm software tools described above run far better if they are cloud-based rather than living on the firm’s local network.

Such remote legal technology software and storage enable businesses large and small to access client records, analytical tools, legal records, documents, online research, and other critical information easily and from anywhere. Cloud-based legal solutions make it all possible without cumbersome log-ins or costly investments in on-site software, hardware, or the physical space needed to store it. They help growing virtual law firms of all sizes accomplish more at less cost.

Use of cloud-based legal software is on the rise among legal professionals. The 2014 ABA Legal Technology Survey reports that 35.4 percent of solo legal professionals and 35 percent of small-firm lawyers used Web-based software or legal solutions for law-related tasks in 2014, up from 25.3 percent and 26.7 percent in 2006.

Cloud-based legal solutions can be a tremendous asset for independent solo attorneys and law firms with 20 or fewer employees.

Cloud-based legal solutions can be a tremendous asset for independent solo attorneys and law firms with 20 or fewer employees. First, these firms are often highly autonomous; their attorneys appreciate the ability to craft their own working style and the option to work from anywhere. Mobile law office technology helps them stay connected to team members, clients, and critical legal information, making it easier to shift between working hours and off hours. Mobile technology that draws on cloud-based information is far faster and easier to use than linking through a portal to data stored at a physical office.

Once new business has been won, cloud computing for lawyers and legal solutions is easily scalable. Landing a big and profitable new client no longer requires expensive new investments in software, hardware, and other resources. The legal cloud can easily and inexpensively adapt when a law firm’s information needs become more complex.
Here is a look at the legal cloud’s benefits in more detail.

Mobility
Mobility is built into cloud computing for lawyers; one can access cloud-based legal software programs from any location with Internet access. While it’s possible to link through a portal to data and software managed in-house, this usually involves passwords, lengthy wait times, and reduced functionality. Because data on a private cloud is already secure, these clunky protective layers are no longer needed. This means that attorneys have instant access to the legal data they need, from wherever they are, to make critical decisions and answer clients’ and prospects’ questions without missing a beat.

Collaboration
Shared file access has a special meaning to law firms. Legal documents represent more than just a record of past events. An attorney’s files represent and communicate the firm’s all-important matter strategy. Case files also are gold mines where nuggets of important legal information might be discovered. Cloud-hosted legal software and data create a collaborative virtual law office, enabling legal teams to share and analyze documents, notes, and updates more quickly and effectively. This means everyone can be on the same page, whether they are accessing the data from home, an airport, a client’s office, or other remote location.

Lower Costs
While cloud-based legal solutions cost money, the subscription costs far less than the hardware, IT support, and office space that small law firms would need to do it themselves. It eliminates the need for expensive servers – the command centers that store vast amounts of information that is retrieved and shared by individual computers throughout the firm. Instead, the law practice management cloud software provider stores the law firm’s legal data in a physically and electronically secure location, which the provider owns, operates, and maintains. Moreover, secure cloud legal technology has a longer shelf life than traditional server hardware. And virtual law firms no longer need to employ in-house technology specialists to monitor and service their hardware and software. The legal cloud vendor provides this support and fixes any glitches; upgrades happen seamlessly and without any action required from the law firm.

Better Integration
Legal case management software and records are more easily integrated and work better together when they are hosted on the cloud. For example, Firm Central™ is a hosted platform that integrates smoothly on one screen with WestlawNext®, Practical Law™, and Westlaw® Doc & Form Builder. When these platforms are provided through a cloud-based legal solution, an attorney can seamlessly navigate between multiple law firm management software programs to easily access the functionality of each.

Scalability
While some legal projects primarily require meetings, negotiation, and legal drafting, others involve huge amounts of electronic document review, multiple depositions, and court dates. Before cloud computing for lawyers, a small law firm had two choices: commit to handling only the simpler matters that their resources could handle, or invest in high-end legal technology just in case a complex matter might need it. But with hosted cloud technology, small firms no longer have to choose. They can play in any arena, with any size of case, and the cloud-based service can easily ebb and flow as needed.

How to Choose a Legal Cloud Provider
Many firms feel bewildered about their choices in cloud-based legal practice management. Some wrongly assume that any software program or hosted cloud is built with the necessary cybersecurity. Others worry that storing data on the cloud makes them more vulnerable. The truth is that a private cloud, hosted by the right provider and built with the superior security features needed for the legal industry, alleviates the concern about a law firm data breach.

While free, hosted software normally requires a log-in and password, these are only basic
levels of protection, and the legal industry requires much more. The ABA and many jurisdictional bars have already defined digital legal privacy guidelines that are higher than those in other industries. They specify that lawyers must take reasonable precautions to keep client information private and protect it from being shared with unintended recipients. Firms also can face steep legal consequences when confidential legal data is breached.

Just like a home security system, a private legal cloud can be secure or questionable. It is important to scrutinize the specific security features of cloud-hosted legal solutions before signing a contract or sharing the firm’s information.

Here are some things the cloud host must provide:

• Physical security – including a power source backup, an alarm system, and security personnel – to protect data against physical theft or damage from intruders, weather-related disasters, and other hardware damage.

• Encryption standards that are similar to those of the financial industry.

• Transport protection that goes beyond a firewall and passwords since data can be especially vulnerable in transit; look for a 2048-bit Secure Socket Layer (SSL) Certificate.

• Data backup at least daily.

HOW YOU CAN PROTECT YOURSELF AGAINST A LAW FIRM DATA BREACH

While responsible law firm cloud vendors have strong security systems and backups, attorneys themselves must also do their part to protect their personal files, accounts, and clients’ information.

Here are some common-sense measures that attorneys should adopt for their business, as well as their personal online presence:

Never use the same password twice

It’s much easier to remember one password when you have multiple online accounts. Unfortunately, a single password also makes it easier for a hacker to quickly access all those accounts – from your Facebook® page to your online bank account.

Come up with a passphrase

A password should be at least 14 characters long. The longer your password, the more difficult it is for a hacker to crack it. Sometimes it is easier to remember a phrase (like your favorite movie quote) than a longer password.

Store your password securely

Even the most clever passwords or passphrases can be vulnerable if left out in the open. Keep these passwords secure. Don’t leave any of them on a post-it note on your desk. If you keep the passwords on a file on your computer, make sure that it’s secure and only you have access. Or if you don’t want any ability to track your passwords on your computer, write them on a piece of paper and make sure it’s locked away. Also, leaving password hints is typically better than writing down the actual password.

IT’S OK TO START SMALL

While many attorneys feel blindsided by rapidly evolving legal technology, that technology is changing how clients want to do business. This means that the legal profession has to adapt. Attorneys should explore technologies that can help streamline both administrative and legal tasks, and choose integrated solutions that work best for them. Focusing on the most cumbersome tasks is a good place to start. Pick a few basic virtual law tools that improve your most critical bottlenecks and can accommodate other capabilities that you might need down the road.
Regardless of how you price your legal services when you start your own law firm, working efficiently will help you maximize how much you can keep for yourself. If you bill by the hour, you can take on more clients without additional staff. For fixed-rate or retainer-based firms, greater efficiency means higher profit margins. Less time spent on law office management also frees up more time to follow up on leads, connect with potential clients on social media, and promote your firm. Attorneys who can streamline how they work also can free up more of their time for families and hobbies.

Whether you want to grow your law firm, realize more profits, or achieve a better work/life balance, working efficiently can help you achieve these goals. Legal technology can be indispensable in helping you do this. So can low-tech strategies, such as scheduling, setting priorities, and managing expectations.

**Chapter 7: MANAGING YOUR TIME**

**HOW LEGAL TECHNOLOGY CAN HELP**

The right technology can help you complete law firm management tasks faster so you have more time for legal thinking and serving clients. For attorneys who are accustomed to working with legal pads and file cabinets, deciding which tasks to replace with virtual law technology can be a challenge. Legal offices considering new technology tools should take a hard look at where they need to save time and the problems that law firm software technology can help them address. Some questions to ask yourself:

- **Can I be more efficient in legal matter management, billing practices, and other administrative duties?** If these law office management tasks are too distracting, if they make you lose your train of thought while working on a case, the right legal technology can be a godsend.

- **Is it easy for me to track my time?** Poor record-keeping costs time and money.

- **Can I retrieve important information from wherever I am?** Cloud computing for lawyers eliminates the need for inefficient tasks, such as calling the office and asking someone else to gather information for me.

- **Am I copying too many things unnecessarily?** The average legal document in a litigation case is copied 17 times during the life of a case, often because lawyers have a hard time finding and sharing the documents.

- **Am I leveraging the work my firm has already done?** Can old cases help with new cases? Can I reuse previous research for new clients? Do I know where it is, and can I find it quickly?

- **Am I turning away too many opportunities?** How many times do I turn down cases because I am uncomfortable in the practice area? The right legal research technology tools can provide enough information for areas of law outside your core realm to help you provide more value to your clients.
MANAGING CLIENTS’ DEMANDS ON YOUR TIME

With nearly all Americans owning cell phones or computers, it's inevitable that clients will be tempted to contact their attorneys when they have a burning question. Many attorneys have given clients their cell phone numbers and as a result get calls when they are off the clock. Emails and text messages, while less intrusive than phone calls, also create the expectation of a timely response. The need for instant answers is most acute among clients going through an intense emotional experience, such as the breakup of a marriage or a business.

The 2014 ABA Legal Technology Survey Report found that 67 percent of solo attorneys and 80 percent of attorneys at small firms use smartphones regularly in the courtroom. In 2014, 58 percent of Americans owned smartphones, and all but 10 percent owned some kind of mobile phone, according to the Pew Research Center. And 81 percent of those cell phone owners used them to send and receive text messages as well as calls.

Being always connected has its downside, as many inside and outside the legal realm will attest. While off-hours discussions and reassurances increasingly are part of the service component in a competitive legal services market, attorneys can reduce clients’ demands on their personal time without making them unhappy. They can do that by giving them online access to legal documents and information about the status of their case. Law firm management software, such as Thomson Reuters Firm Central, makes this possible.

Within Firm Central, attorneys can set up a secure online legal portal that gives clients access to a shared folder of information about their case. That folder might include important legal documents, critical status updates, research findings, and other things that a client might need to know. For example, a client going through a divorce might want to know whether a court date has been scheduled or whether a support agreement has been revised after a discussion with opposing counsel. Other clients may want to see emails found through the discovery process, or third-party documents and research relevant to their case.

With the legal portal in place, attorneys can send an email to the client whenever a new document or update has been placed in their folder. The client can then log into the portal and view the information.

The law firm client portal helps attorneys because it can host legal information for clients even before they realize they need it. It can minimize the times clients call at inconvenient hours for information already available to them. It also makes your virtual law firm look more modern and efficient and therefore more attractive to increasingly tech-savvy clients. Today’s college students, accustomed to checking test scores online and multitasking with cell phones, will be tomorrow’s clients.

Of course, many clients still prefer talking with their legal advisor to examining their case on a digital legal portal. The attorney needs to be sensitive to how much handholding clients need.

WORK/LIFE BALANCE

Along with setting up systems that minimize calls from clients during your personal time, good time management also means making room in your schedule for loved ones, friends, and interests. The sad fact is that when you start your own law firm, practicing as an attorney often means that your time is not your own; it belongs to your clients, your business, court systems, and agencies. How can you make more hours in your day so you can achieve your goals at work and still have a personal life?

This dilemma affects both women and men. The United States Department of Labor reports that in 2013, nearly 70 percent of women with children under 18 years old were working, including 74.2 percent of single mothers. According to the ABA, women made up nearly a third of its membership in 2014. Whether they are parents or not, both women and men grapple with work-life balance every day. This is an especially huge issue for younger professionals; studies show that millennials, now in their 20s and 30s, want flexible work schedules and the ability to nurture both their jobs and their personal lives.

While no easy answers exist, here are three helpful strategies:

Prioritize
What is important in your life? How much free time in your week can be set aside for your children, hobbies, or volunteer work?

Schedule
Put time with family, friends, and other things that matter literally on your calendar. And then give that time equal or greater priority as professional tasks.

Set and manage workplace expectations
This may be the hardest step of all. Saying “no” can be very difficult. But sometimes you have to take a stand in the interest of nurturing relationships and your own personal development.
In addition to the American Bar Association (ABA), sources for this whitepaper include the following:

Altman Weil, Inc. “2013 Law Firms in Transition Survey.” Used with permission. All rights reserved.


The Laffey Matrix.

Mattern, Rob. “To avoid a future where clients only pay hard costs, firms should try alternative billing methods.” May 2, 2012.


