Building a 21st Century Law Practice

21st Century Challenges

1. **Cost**
    a. Greatest challenge to the traditional law firm model
    b. Flat fee pricing and alternative pricing models
    c. Clients no longer want to pay to train associates
    d. Partnership as outdated business model
    e. Procurement departments are getting involved and sending RFPs to law firms to compete for business
    f. If you represent businesses, you should make it a practice to attend General Counsel Panels such as those offered by Lawyers Weekly. Since 2008, GC's and law firms have been somewhat adversarial to one another because of the cost issues – and they have taken it out on their law firms by firing them, decreasing legal spend, hiring more lawyers in-house.
2. **Increased Competition**
    a. Third party vendors
    b. Online services like Legal Zoom and Avvo
    c. On a recent episode of Shark Tank TV show, the developer/inventor has developed an app "Fixed" to get traffic tickets fixed
    d. Do-It-Yourselfer clients – clients diagnose themselves on WebMD, ask their doctor to prescribe the drug they have seen advertise on TV
    e. In-house legal departments hire more lawyers and new lawyers with no legal experience for what used to be viewed as the "golden ticket" job
3. **Business Development & Marketing**
    a. Clients are busier than ever – and they may no longer be in your own backyard
    b. It's more and more difficult to get face time with clients
    c. Some clients will not allow employees to engage in traditional business development activities with their outside firms
    d. While referrals still account for how many potential clients find their lawyers, many consumer clients look for lawyers on the web. If you are not there, you do not get hired. Every law firm needs a website.
    e. 21 new ethics opinions issued since 2008 that deal with technology and one half of those relate to marketing issues
4. **Administrative Burden**
    a. Lawyers spend 50% of their time spent running their law practice rather than practicing law
5. **Outdated Delivery of Services vs. Technology**
    a. Internet and client empowerment are forcing transparency in traditionally opaque industries
6. **Outdated Practices**
    a. The days of the generalist lawyer are limited. Lawyers need to specialize or offer a niche practice.

b. "Us vs. them" mentality is outdated, whether it is attorneys vs. clients or staff. Ban the use of the word "non-lawyer". Your legal support staff are valued employees and colleagues. You can learn from those outside the legal profession. Develop your professional network by including other professionals, business partners, as well as an inter-generational mix of colleagues as part of your tribe.
c. Corner offices are outdated. Collaborative workspace is an inter-connected environment in which all participants (sometimes in dispersed locations such as other offices or home offices) can access and interact with one another via technology. Utilize workspace that supports multiple working styles such as common office space, quiet rooms, flexible furniture, outdoor space and spaces that support technology. Example of McIlveen Family Law in Gastonia.

7. **Information Overload**
    a. We all experience it – our law offices and our clients
8. **Generational Differences**
    a. Millennials are not interested in putting their head down for seven years and hoping they will make partner
    b. Millennials are less concerned with title and rank as with collaboration and compiling the right team
    c. Millennial attributes: multi-taskers, connected, tech-savvy, want to hear feedback, work-life balance and flexibility, collaboration, transparency

Changing Business Model. A catchphrase for 2017 is be nimble. Adapt. Experiment with different options for your clients – a variety of ways to communicate, bill, and receive services - and see what your clients like. Many successful businesses experiment with their business model until they find what works best for them. Then they build on the model. Most law firms adopt a model built decades ago and they continue to operate the firm the same way, regardless of whether clients like it, employees like it, or associate attorneys like it. When the model ceases to provide results, there is no enthusiasm for building a new model.

The idea of a nimble workplace allows you to seek new ideas, collect input from your lawyers and staff, and experiment with your clients. After putting an experiment in place, debrief about the process and results. Ask yourself three questions:

- What went well that we should keep doing?
- What didn't go well that we should stop?
- What should we try next time?

Alternative Legal Service Providers. While Legal Zoom might be the name we know best, Avvo has also launched their version of online legal services. There is more to say about online legal services than the scope of this article will allow, but for some insight visit Bob Ambrogi's blog post, "Avvo CEO Says New Legal Forms Offering Will Help Steer Self-Help Consumers to Lawyers" - http://www.lawsitesblog.com/2016/04/avvo-ceo-discusses-new-legal-forms-offering.html . The post includes links to earlier posts, as well as comments by Avvo's chief legal officer, Josh King.

The North Carolina State Bar Ethic's Committee has a sub-committee studying Avvo's online legal services and the North Carolina Bar Association has convened a task force to study the rapidly changing legal marketplace and how legal services are provided.

21st Century Technology

Office 365 – Work anywhere, anytime, on any device with Office 365 cloud computing. You can work at your desktop, online or offline, and from your PC, Mac, iPad, Android, tablet or phone. Applications include email and calendar, online meetings, file sharing, and task management. With Office 365, if you lose your mobile device, you can remotely wipe your data to prevent unauthorized access to information. Includes industry-leading malware protection and anti-spam filtering to help safeguard your email.

Citrix ShareFile offers a simple, **secure (encrypted)** way to collaborate file sharing, e-signatures, and to send and receive secure email files right from Microsoft Outlook. The ShareFile Plugin for Outlook places a toolbar in the Outlook screen for adding secure ShareFile links to email messages. Files sent with the plugin are uploaded and stored on ShareFile servers. A link to the file is provided in the body of the email message, making it easy for the recipient to download.

Google G Suite for Business – combines email via Gmail, calendar and documents to work seamlessly from your desktop, tablet or phone.

Clio helps lawyers build a better practice. Clio is a comprehensive, yet easy-to-use cloud-based practice management software. Features include document management, billing, Fastcase legal research integration, trust accounting, Dropbox and Box integration. Clio is building their platform to integrate with dozens of legal technology products and apps.

Digital. Technology is changing how we live and work. The pace of new technology applications continues to accelerate and it is becoming pervasive in everything we do. Yet for some organizations, choosing which technologies, where to apply them and how they will co-exist with the existing technologies and practices remains an ongoing challenge. Another challenge for those that have invested in new technologies is how to realize business benefits and value from their investments?

This could be the year to move your practice to the cloud. You could also move to paper-less. You do not have to get rid of all paper or servers at once, but start the new year with scanned files, backed up to the cloud and encrypted. Move your email to the cloud with a program such as Microsoft 365 or Google Apps for Business. There are many great legal technology resources, newsletters and podcasts available for you to learn more about bringing technology into your practice.

There are many cloud-based practice management solutions available today. One North Carolina based success story is TrustBooks. Tom Boyle, a Raleigh CPA serving law firms, saw the need for a technology solution designed for legal. QuickBooks is a commonly used tool by small businesses, but lawyers have special needs created by the ethics rules. Tom's solution was to build Trustbooks, a cloud-based software designed for solos and small firms and priced accordingly. Visit www.trustbooks.com for a free demo.

Technology Audit. Pegeen Turner, a former law firm IT professional and founder of Legal Cloud Technology, will review your firm's current computer infrastructure and applications, office telephone and mobile strategy, and data backup and recovery plans, and provide you with a detailed evaluation and recommendations for improvements. This would provide the groundwork to create a long-term technology plan for the firm.

Importance of Data

Labor and employment firm Jackson Lewis announced the launch of a data analytics practice group. The group, which includes statisticians as well as lawyers, will not only support the firm's legal work (for example, providing damages estimates) but also help clients with non-legal projects such as determining their optimal headcount.

Managing your law firm requires you to know and use your data. Your accounting and billing software probably collects more data than you use. Use your new digital products to help you master the analytics that make your firm run. Keeping track and analyzing everything from hours on projects to costs of doing business will help you see the big picture of how healthy your law firm really is.

Use your data analytics in strategic decisions such as where to file litigation and how to better estimate resource allocation and fees, track your success in front of particular judges can help you assign the right lawyer to the right case

Small Law Firm KPIs: How to Measure Your Way to Greater Profits by Mary Juetten

Many law firms fail even when they have an abundance of clients. Why? They fail to measure, track, and act on key performance indicators (KPIs) or performance metrics. KPIs are gaining attention in the legal field and, more importantly, firms are shifting their focus from measuring utilization and profit per partner to **measuring outputs that include value for clients**. Ultimately, you are providing valuable services to your clients and, therefore, it is critical to measure and monitor your client satisfaction in addition to the cash received.

Small Law Firm KPIs: How to Measure Your Way to Greater Profits teaches you the business basics you need to run your business successfully, improve client satisfaction and cash received, and have a solid measurement system in place that shows the value of your firm. The book provides straightforward guidance and examples on what performance metrics matter, how to collect those measurements, how to interpret and evaluate the results, and how to implement strategies to improve your profits. The book is available through Lawyers Mutual's Lending Library.

Marketing

There are many aspects of marketing and business development. I still believe building a strong referral source of one of the best development tools for lawyers. North Carolina has two chapters of the Legal Marketing Association, one in Raleigh and one in Charlotte. Meetings are open to non-members. Visit www.legalmarketing.org.

Raleigh lawyer, world traveler and digital nomad Lee Rosen has a great website, blog and podcast, Divorce Discourse. Contrary to its name, the subject matter is not about divorce, but rather practice management, technology and marketing tips for lawyers. It is an excellent resource and I encourage you to subscribe to the blog and download the podcast.

21st Century Clients

Today's Client

- Empowered with information
- Harder to engage
- Want to do it themselves
- More connected (with more options) than ever before
- They want solutions not just advice
- They want transparency

Effortless Experience

- Clients want to have an **effortless experience**. This follows the customer service theme often repeated of "delight your customer". Clients of the future will place a high value on having an effortless experience (think ATMs replacing bank tellers and Amazon replacing shopping in person). Example of estate planning attorney who meets with clients at night after kids are in bed.
- Law firm marketing that reaches clients – Adams Howell Sizemore & Lenfestey goes to market for their estate planning practice as "NC Planning" – separate website, same firm – clean, modern website, videos, and includes online client services thru a client portal
- Estate practices that partner with the State Employees Credit Union – flat fee, one time meeting, all forms completed and executed at the initial meeting
- askLegalnc.com – Harrison Lord is associate with Bernhardt and Strawser in Charlotte, but created the askLEGAL entity to serve as general counsel for small businesses. His website boasts "get a legal department for less than the cost of a secretary" – pricing is on his website – pricing tiers start at $500 per month and he also offers "a la carte" services for a flat fee or by the hour
- K&L Gates launched their in-house CLE product, the HUB – a digital destination for timely insight on critical issues at the intersection of business and law. Lawyers can earn CLE credits while learning about issues important to their business and NOT paying their lawyer to provide this info. Available on mobile devices.
- Parker Poe in 2016 created year-long, client-focused "mini-MBA" program for attorneys and senior administration. "Law firms need to be innovative in today's marketplace. Our new program represents a marked change in practice and client development and demonstrates the value-add that Parker Poe delivers to clients", according to Tom Griffin, Parker Poe's managing partner.

Firms of the Future

- Diversification of your practice. Instead of employment law attorney, diversify to social media law attorney. North Carolina firms who have launched social media practice groups, cyber / privacy practices.
- Niche practice - Beer Law Center – John Szymankiewicz

- Laura Collier, started The Spirited Lawyer (follow her on Twitter at SpiritedLawyer) now practices with the San Francisco specialty firm of Strike & Techel Alcoholic Beverage Law
- Drone practice – Stephen Hartzell with Brooks Pierce
- Aviation practice – Susan Hofer with Cranfill Sumner is speaking on drones
- Raleigh family lawyer Tiffany Lesnik is offering fixed price to clients for workshops and divorce forms that clients then file themselves. She is doing this because of the damage she sees clients do to themselves when they file their own forms with no lawyer input.
- Murgitroyd is an European patent attorney firm with offices in North Carolina who hired account representatives to handle all aspects of the business relationship from business development to fee disputes.
- How is technology changing your clients' industries? What kind of legal help will they need?

Create Efficiencies

- Consider the processes behind your services. What can you delegate?
- How are you storing, managing, and reusing your firm's collective knowledge?
- Staff – rather than downsize or right-size, how about cross-train staff or train them for new areas of need for your firm such as marketing, project management or technology positions. Survey your staff skill sets, offer in-house training on new needed skills, 28% of legal secretaries are 55+. Everyone fears change – be transparent about why change is needed.
- Stop working in silos
- In order to create efficiencies, you must have a good working knowledge of your firms business/numbers/data/analytics – Angela McIlveen, Charlotte lawyer takes a day a quarter and goes offsite and focuses on her business - reading business materials, reviewing financials, analyzing data, attending business or marketing educational programs.
- If business is not your strong suit, take a class. The North Carolina Community College program offers continuing education classes or Small Business programs designed for practical teaching at locations across the state.
- World-wide law firm Orrick touts a 24/7 in-sourcing facility called the Global Operations Center, launched in 2002, the hub of the firm's administrative operations and home to key members of the firms' client services teams and located it in West Virginia. "Through world-class GOC resources, Orrick's clients and case teams are efficiently and effectively support by Orrick's vast legal database, compliance systems, discovery technology, data analytics and document review teams" according to their website.
- If you fear change, read Torben Rick's blog "A Change Management Checklist – Leading Organizational Change"

Disclosing Potential Malpractice

NC Formal Ethics Opinion 4 – Disclosing Potential Malpractice to Client – Opinion analyzes a lawyer's professional responsibilities when she discovers that she made an error that may adversely impact client's case.

21st century skills: cultural competency, leadership, project management, collaboration, transparency, trust-worthy, business acumen, high risk tolerance, technology savvy, social networking, communication and presentation, teaming and problem solving that includes innovation, change agent, multi-generational influence, global market wisdom, entrepreneurial attitude, patience under pressure.

Strategic Growth

Strategic growth is important. If you have growth plans for your law firm or if you want to keep the status quo as senior lawyers retire, you need to have a growth plan in place. You should be working with the Career Services Department in our law schools, as well as connecting with legal recruiters. You should have a lawyer in your firm dedicated to strategic recruiting and they should have a list of recruiting tactics that include sponsoring events at the law school, participating in resume drops and student receptions, and offering internship or summer associate positions.

Succession Planning / Transitioning Lawyers. As senior lawyers begin to consider their next chapter, the idea of winding down a law practice (for a solo or small firm lawyer) or succession planning (for larger firms) becomes important. A well-developed succession plan should take a few years to work through, at least 18 months. Do not wait until your best rainmaker announces a retirement date six months away before developing a succession plan.

Buying and Selling. As a solo lawyer, you should consider the idea that your law practice has value and there may be a market to sell your practice. Attend a “selling your law practice” program or view the resources available through Lawyers Mutual about buying or selling a law practice, as well as winding down your law practice.

Talk with Tom Lenfestey with the Law Practice Exchange (www.thelawpracticeexchange.com) about buying or selling your law practice.

Trust Account Rule Changes

The Supreme Court approved changes to the State Bar Trust Account Rules in June of 2016. The changes are intented to facilitate prevention and early detection of internal theft, and to add clarity to the existing requirements.

Key provisions include:

- Lawyer is required to immediately report to NCSB intentional theft or fraud; however, if mistake is discovered and rectified before the next quarterly reconciliation, no duty to report
- Trust Checks must be signed by lawyer or employee who is NOT responsible for monthly/quarterly reconciliations
- Optional designation of Trust Account Oversight Officer (TAOO)
- Required hour of CLE relating to trust accounts for everyone who has signature authority
- Signature stamps, preprinted signature lines or electronic signatures may not be used

Tom Boyle, CPA, founder of TrustBooks, cloud based trust accounting software designed for solo and small firm lawyers and priced accordingly

Cybersecurity

- Organizations are coming to terms with the fact that cybersecurity is separate from operational IT and should be treated as such (i.e., separate budget line items)
- Smart companies will prioritize educating their employees in 2017 on how to identify potential risks such as phishing attacks, social engineering, ransomware and wire fraud
- Cybersecurity literacy will play a major role across all industries in the coming year.
- Utilize the Lawyers Mutual resources: newsletter, alerts, Lending Library, call us in for a Lunch and Learn
- Educate your staff
- Purchase cyber and crime insurance products from our subsidiary, Lawyers Insurance

Prepare Yourself for the Future

- Attend conferences outside of your practice area focusing on future of law topics, technology conferences
- ABA Tech Show – March 7-10, 2018 Hyatt Regency Chicago
- Clio Cloud Conference – September 25 – 26 Hyatt Regency New Orleans
- Evolve Law, a collaboration of entrepreneurs, law firms, attorneys, investors and academics working together to accelerate the adoption of new ideas and technologies in the legal profession, visit evolvelawnow.com
- Visit the Lawyers Mutual Lending Library to check out titles on topics ranging from data analytics to the evolving legal profession – lawyersmutualnc.com/riskmanagementresources/lendinglibrary
- Legal innovators Meetups located in Charlotte and the Triangle

Contact

Lawyers Mutual Liability Insurance Company of North Carolina
P.O. Box 1929, Cary, NC 27512-1929
Tele: 919.677.8900 | 800.662.8843
www.lawyersmutualnc.com

Camille Stell, Vice President of Client Services
Camille@lawyersmutualnc.com

Connect on LinkedIn
Like us on Facebook at LawyersMutualNC
Follow us on Twitter
Check out our Lending Library
@LawyersMutualNC
@SRC_LM (LawyersMutual Student Resource Center)
@CamilleStell
@MarkScruggsEsq