



How Technology Can Minimize Revenue Leakage During a Crisis

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For the first time since 2008, the legal industry is in the midst of a recession. The legal services sector lost 64,000 jobs in April, according to seasonally adjusted numbers by the U.S. Bureau of Labor Statistics. It's common knowledge that law firms weather downturns better than the overall economy does, but the current disaster is wholly unprecedented. We continue to hear news of furloughs, lay-offs, sabbaticals, and pay-cuts. Indeed, half the firms that Intapp surveyed in March reported a reduction in billing hours. Despite a cacophony of shotgun damage in overall billing hours, this week's temperature check cited in Legal Value Network's COVID-19 Crisis Series has also demonstrated an increase in clients and partners seeking help with Alternative Fee Arrangements (AFAs), which may or may not be code for concessions and discounts.

In addition to a marked reduction in billable work in certain practice areas, there is also the reality of working from home. Overnight, we went from a five or six day/50+ hours per week in-office work setting to a fully remote legal workforce. Attorneys and other legal professionals are needing to acclimate to a whole new environment for longer than I think we're yet willing to admit or come to terms with. They're dealing with social distancing from friends and family, lack of support, and potential distractions from children, partners, dogs, and deliveries. Not to mention possible system performance, connectivity issues, and security concerns, among other issues.

With all these factors impacting productivity, even firms that are genuinely busy are bleeding revenue. What seems irrefutable is that law firms must focus on minimizing the amount of revenue leakage, with an unsullied focus on cash collections. So what can they do?

Investigate the Potential

Every firm should create a strategy for business process modernization (BPM). Why? Because downturns accelerate long term secular trends, according to McKinsey & Company's COVID-19 Implications for law firms: your firm is here today and gone tomorrow (in less polite terms). Business process modernization is about many things, but two focuses immediately scream out loud: (1) bringing the firm's technology closer to the current state-of-the-art for business process optimization; and more importantly: (2) bringing the firm's human capital and employee experience (EX) closer to operational nirvana, precisely to remain economically sustainable and hygienic, operationally agile, nimble, and adaptable to crises. That's never been more important than now.

Specifically, firms should investigate readily available and easy to implement technology solutions that increase efficiencies and support remote working. This concept is not a new one, and most firms have already accomplished part of this objective: however, let's start exploring beneath the surface of remote working business processes and really look at remapping some of these business processes, and listen – empathetically – to the ultimate end users. It is likely that remote working will likely become a big part of the new normal for firms, at least for the foreseeable future. Indeed, some speculate, for example, that if attorneys are able to demonstrate that they can work as effectively from home, some firms may consider saving some of the fixed costs of real estate (and passing some of these savings on to clients and investing in more talent). We're not yet there, but these are things to think about, and to plan for, right now. Luckily, we have available technologies that make a remote workforce more efficient.

Not incidentally, this will also align with one of the underpinning principles of Lean Management philosophy: respect for humanity. This holds that it's simply wasteful to put people into a working environment without giving them the tools to do their jobs effectively. It only leads to heightened stress and lower morale. So now is a time when firms should demonstrate respect for their workforces and enable better results by giving people the right digital tools to get the job done no matter where they are working from.

Process Improvement, Self Sufficiency and the Anatomy of a Billable Hour

Of particular concern at the moment is time capture and email management. We all know that even when there's no crisis, time entry is always a pain point for attorneys. It's generally a poorly managed process, reliant on each individual attorney's work habits and discipline around noting their activity each day, or maybe, sketchily, at the end of the week. It's generally hard to remember what one had for breakfast last week on a Tuesday let alone recall, document, and capture the tasks and duration of multiple billable activities in the space of a week or two. And for some of us who have a deep fascination for dusty archeological pursuits rely on brushes, buckets, and sieves to reconstruct, present and justify bills to our clients. An absence of understanding or recognition of (at least in part) the processes that help define the anatomy of a billable hour is, in some regard, proportional to time leakage, which leads to lost revenue.

Capturing time spent on mobile email is a significant aspect of this issue. When did you last review and/or respond via email with a client on your mobile device? Presumably, it happens daily, several dozen times throughout the day, but none of that time is captured and therefore goes unbilled. Time leakage is the direct result of user behavior, user psychology, the availability and capacity of the right digital toolkits, and consumerized and sensible workflows.

Email traffic, and thus, email management, has ballooned and is becoming another pandemic for us to contend with. The micro-cognitive drag and annoying loads of incremental time entry processes, coupled with the incessant interruptions of email management, has created a continuum of matter management friction, which many partners and firms rely on support staff to contend with.

The Future of Law Firms

The legacy and inherited structure of law firms, notwithstanding the current economic hurricane, are monumentally ripe for a shift in design:

1. Real estate costs and a very healthy measure of administrative support staff will all but disappear.

2. Attorneys will need to (and have already started) to improve personal productivity processes courtesy of you-know-what.
3. Attorneys will quickly learn to become more self-sufficient with automation and new email management techniques.
4. The anatomy of a billable hour will come under appropriate scrutiny, and AFA's will grow up to become a tweenager.
5. Billable hour constructs will co-exist. Alas, they will never disappear.

We know that utilization—the number of billable hours worked in the day—at the best of times was already problematic even before the coronavirus pandemic. Clio's Legal Trends Report 2019 revealed that the average lawyer worked just 2.5 hours of billable work each day in 2018. Dare we wonder what the representation of billable activities between March 2020 and say (optimistically) October or November 2020 will look like, and the monstrous impact this is going to have on the economics of any organization, let alone law firms?

Clearly, these are not the best of times. Now attorneys are contending with new [and maturing] WFH routines that may or may not consist of interruptions and distractions, and most are without the option of handing their attempt at timekeeping to a legal assistant who can tidy it up and quiz them about the gaps. Sometimes it takes half a day to schedule a Zoom call just to say "hello". Plus, some attorneys will also be dealing with the added difficulty of needing to continually re-log-in to a time capture system that times-out when not in use. Even busy attorneys are probably entering less time. We know that in any circumstances, small individual time leakages add up to significant revenue losses for firms. Given all the factors that are impacting productivity, this is where state-of-the-art technology should come in.

One of the right BPM tools for attorneys is ZERØ's application for automated email management and time capture. Leveraging AI, it comes with an intelligent, contemporaneous, and automatic timer that passively records how much time users spend interacting with individual client-related emails. It can also work out if the user is reviewing or responding and will generate a draft time entry narrative and ensures that email data accessed remotely is always secure. This range of functionality gives remote attorneys a tool that will help improve their operational efficiency and most importantly help them to automatically increase the volume of captured billable time.

This is exactly the type of BPM solution that firms ought to be bringing on board, because firms do urgently need to adapt. Whatever happens, there will be a big pause. No one will be rushing to get back to the office until they can see it's safe. Nor will employers make them do so as long as they are liable for employee safety.

Business Process Modernization that complements the new working environment is now necessary because it will make attorneys' lives easier by increasing their productivity; and can reduce their stress and help look after their mental health. It can also be seen as essential because of the contribution it will make to ensuring the economic sustainability and survival of the firm.

In our next article, we'll be examining the anatomy of a billable hour and how junk food (read: operational inefficiencies) lead to law firm heart attacks.

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