



3 challenges to tackle for a
successful hybrid work environment

Are you using
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Financial performance

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performer" law firms thrived

LAW FIRM MANAGEMENT

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3 challenges to tackle for a successful hybrid work environment

The onset of the COVID-19 pandemic in the spring of 2020 forced many law firms to have lawyers and staff work remotely. Some firm leaders had previously been adamantly opposed to this setup. But many ultimately learned how effective this switch in modes can be. Before you make a so-called “hybrid” work environment part of your firm’s new normal, it’s important to weigh the pros and cons.

LURE OF HYBRID ARRANGEMENTS

Generally, firms that go hybrid allow their attorneys, and sometimes staff, to split their time between remote and in-office work. The percentages vary by firm, but most allow their people to work from home 20% to 50% of the time.

The advantages are numerous. To begin with, top-level attorneys and support staff increasingly demand such arrangements. Remote work means firms can more easily recruit people in other cities or states, too.

Some firms have experienced a boost in performance from veteran and new attorneys working remotely. The absence of office disruptions can lead to higher levels of concentration for remote workers, and they’re happier without the stress of commuting.

Fewer workers in the office every day usually shrinks the real estate footprint required. Expenses related to overhead, business meals and travel also drop.

Professional development can benefit as well. After all, it’s easier and less expensive for associates to participate in virtual depositions and client meetings than in-person ones.



POTENTIAL HURDLES

However, hybrid environments aren’t without their possible downsides. Three major stumbling blocks include:

1. Bad fits. Remote work isn’t right for everyone. Many remote workers struggle with the isolation and lack of in-person supervision. Moreover, younger attorneys may find it hard to sustain mentor relationships, which could hinder their advancement. To mitigate this risk, firms can designate one or two days per week as in-office days when everyone must come in. Work on those days should focus on collaboration and training, rather than more solitary work that can be performed remotely.

Leaders may need training on how to manage in the new environment. Associates, in turn, should receive coaching on how to create and nurture vital relationships with higher-ups and form appropriate

CYBERSECURITY TAKES CENTER STAGE

The move to hybrid work environments comes with mounting cyber risks spread out over the main office and numerous remote offices. The FBI saw a dramatic uptick in reports of cybercrimes during the pandemic. And hackers will surely turn their attention to the vulnerabilities of businesses introducing new practices for the long run.

That means cybersecurity must be considered *before* implementing significant changes. Firms should, for example, budget for real-time threat monitoring on all devices used in and out of the office. Remote workers must be required to update software applications on a timely basis (including non-work apps used on the same device as work apps).

Firms that already employ two-factor authentication for network and system access may want to adopt three-factor authentication. This can incorporate face, voice or fingerprint recognition. And employees at all levels should receive ongoing training on identifying and avoiding phishing schemes, which exploded as remote work became more common.

work habits to avoid the pitfalls of remote work. Knowledge management systems can help them learn about such matters as the billing system and other essential software and tools.

2. Design impediments. Firms also should rethink their office design. The main offices of hybrid firms will be used more for interacting with other staff than working alone at a desk.

Consider shifting from a layout where people are holed up in their separate offices to a more open workspace with greater opportunities for casual exchanges. Likewise, you might set up “project rooms” for team collaboration instead of just dedicated workspace for individuals. It’s also important to bring calm and comfort to your workspace by using space design and furniture to create a “home” aesthetic.

As firms inevitably reduce their office space, they may need to design efficient “hoteling” systems. These allow staff to schedule the use of workspace for when they’re in the office.

3. Culture clashes. Hybrid work arrangements can produce resistance, resentment, confusion and controversy. For example, in-office workers may believe (usually wrongly, according to studies) that their remote counterparts aren’t working as hard. And new employees may find it difficult to form connections with their colleagues.

Firm leaders must devote some forethought to how they can foster bonds to cultivate and maintain the culture they want. Formal firm- or practice-wide team-building initiatives can help bring your staff together.

SEIZE THE MOMENT

Traditionally, change tends to happen slowly at law offices. The pandemic has given firms a unique opportunity to test drive a radically different way of conducting business. Achieving success as a hybrid office is a moving target. Contact your CPA to help develop and review metrics, such as productivity and turnover, and make the necessary adjustments. •

Are you using paralegals effectively?

Sometimes, attorneys do work that's better left to paralegals. This can undermine the firm's profitability and create a ripple effect of staff members performing tasks for which they're overqualified. Here are some ways to minimize such problems.

DETERMINE THE SCOPE OF RESPONSIBILITY

The National Association of Legal Assistants states that paralegals “have knowledge and expertise regarding the legal system and substantive and procedural law which qualify them to do work of a legal nature under the supervision of an attorney.” Generally, paralegals spend some time performing clerical work on a weekly basis, and many regularly communicate directly with clients via email and written letters. Although drafting basic court filings and contracts is a traditional paralegal duty, paralegals increasingly manage their firms' technology applications and engage in marketing and business development activities.

The roles and responsibilities of paralegals (or legal assistants) can differ widely by firm. These employees ideally should spend minimal time performing clerical or other work suited to legal secretaries and administrative staff. Conversely, paralegals shouldn't do work that's best handled

by lawyers. Only attorneys can provide legal advice to clients, represent them in court, plan legal strategies, take depositions, set fees or accept engagements.

When law firms complete a profitability analysis, they may be surprised to find that paralegals are the firm's profit center.

How your firm uses paralegals may depend on the type of individuals you hire. Although some firms require paralegals to have formal legal assistant education or certification, others hire college graduates with little or no previous experience and train them on the job. Some recent graduates may be considering law school themselves.

PERFORM A PROFITABILITY ANALYSIS

Consider performing an analysis that allocates expenses (such as salary and benefits) to partners, associates and paralegals. Then, calculate revenues for each of these groups. When you compare revenues with costs (incorporating such factors as utilization and realization), you may be surprised to find that paralegals are your firm's profit center. Setting paralegals' billing rates based on experience often means that senior paralegals offer the best profit margins.

Although paralegals can be profitable if your firm charges hourly rates, the greatest financial potential of paralegal work typically comes in fixed and contingency cases. Enlarging paralegals' roles helps reduce your firm's investment in those engagements and free up associates to work on other matters.



KEEP PARALEGALS ENGAGED

Because senior paralegals often are the most profitable staff members, look for ways to retain them. Ways to do this include:

Professional development. Provide career path and professional development opportunities, such as continuing education and management roles.

Participation in decision making. Treat paralegals as knowledgeable team members by allowing them to contribute to practice group decisions and participate in client meetings.

Encourage feedback. Provide a mechanism for paralegals to provide feedback or voice concerns about the attorneys with whom they work and how cases are managed.

Consider designating a paralegal coordinator, such as a senior paralegal or partner who understands the value that paralegals bring to the firm and its clients. The coordinator can be responsible for hiring, training and optimizing paralegal resources. For example, the coordinator should assign staff to matters that make the best use of their experience and skills.

BOTTOM LINE

Effective use of paralegals is a win-win for everyone. It creates a fulfilling work environment for paralegals. Plus, your firm's bottom line will improve if work is assigned to the appropriate people. Year end is a good time to reflect on your workflow patterns and make improvements that promote job satisfaction, productivity and profitability. •

Document review goes remote

Every attorney knows that document review is a critical component of discovery. Most clients know this, too, but they might not know that a large portion of document review during the pandemic was done remotely. Now both clients and attorneys are wondering — and sometimes worrying — about whether remote document review is here to stay.

THE CASE FOR CONTINUING

Cost saving is the most obvious benefit of remote review and a factor that often appeals to budget-conscious clients. With much lower overhead and few to no travel expenses, the use of remote reviewers allows firms to pass the savings on to clients.

But the most important driver might be the ongoing labor shortage. Hiring squeezes can

make it tough to find qualified reviewers locally at an affordable rate.

Similarly, allowing remote document review makes it significantly easier to scale up for large projects with large amounts of material. Attorneys can assemble more inclusive teams than might otherwise be possible. They also enjoy greater access to reviewers who offer specific areas of expertise, such as intellectual property, engineering or scientific experience — or foreign language fluency.

SECURITY ISSUES

Despite the advantages, attorneys may encounter some resistance to remote document review from clients. Remember, clients who had remote reviewers working on their cases throughout the pandemic may not even have been aware of it.



prior to permitting access, to confirm that no one else is in the vicinity. And reviewers shouldn't have unauthorized peripheral devices (such as printers, keyboards, mice, thumb drives and monitors) connected while working.

EFFICIENCY ISSUES

Remote workers of every flavor often are subject to suspicions about their diligence.

Attention and screen monitoring software can help assuage this worry by demonstrating to clients that reviewers aren't "dilly-dallying." Numerous metrics also are available to measure productivity.

Their primary concern probably will be the security of remote reviews.

Clients may imagine family members or customers in a coffee shop walking by the reviewer and getting a plain view of confidential, or just potentially damaging, information. But many tools are available to help ensure materials are kept secure.

Initially, remote reviewers should be held to the same minimum standards as other types of remote workers. These include the use of anti-virus and malware protection software on every device and other access management practices. (See "3 challenges to tackle for a successful hybrid work environment," on page 2 for more information on such practices.)

Beyond those security measures, consider requiring remote reviewers to install attention and screen monitoring software. These tools use biometrics and automatically log out when a reviewer steps away from the computer. It also may be beneficial to strictly prohibit document downloading and to restrict use of all devices to only the reviewer.

The reviewer's physical work area must be secure, too. Environment monitoring software can perform a 360-degree scan of the space,

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What about the collaboration and information sharing that comes from a group of reviewers working together in the same space? Not to worry. Slack, Microsoft Teams and similar products can reproduce much of this synergy, combining the ability to have private or group chats with secure screen-sharing capabilities.

WAVE OF THE FUTURE?

Remote document review may join the ranks of pandemic-induced changes to the legal industry that are hard to put back in the bottle. Attorneys can use their powers of persuasion and the information above to help guide clients through the transition. •

FINANCIAL PERFORMANCE

How top “pandemic performer” law firms thrived

A recent report from the Thomson Reuters Institute examines the factors that have contributed to the high performance of law firms that fared best financially during the COVID-19 pandemic. Understanding these factors can help other firms better position themselves for future disruptions.

KEY CHARACTERISTICS

The 2021 *Pandemic Performers* report notes that some firms reacted to the financial threat by deeply cutting expenses. Others looked long term, maintaining investment and hoping it would provide a competitive advantage.

Whatever the approach, it turns out that most firms increased profitability during the pandemic. Demand held up better than expected, revenue per lawyer (RPL) was stable, and cost per lawyer dropped. But firm performance varied greatly.

The report defines “pandemic performers” as those in the top quartile of performance based on RPL growth. The report suggests these firms were more prepared for the crisis in terms of culture and working practices.

Pandemic performers were better able to take advantage of their scale, practice diversity, brand and support for their attorneys. They had good

“financial hygiene” (for example, strong billing realizations), too. Above all, these firms were more likely to take a long-term view.

The report also points out that these firms tended to boast “an absence of weaknesses.” Thus, firms wanting to improve their financial performance for the long run should seek out and address any perceived weaknesses.

RED FLAGS FOR POOR PERFORMANCE

By contrast, firms in the bottom quartile of firm performance lacked practice diversity, often focusing on litigation. They cut overhead costs more dramatically and failed to increase their investment in technology. The latter poses a serious risk at a time that remote work is on the upswing — remote workers can’t be as productive if their technological support isn’t up to par.

Moreover, clients were less likely to cite such firms as top of mind, before and during the pandemic. As a result, the bottom-quartile firms won substantially less work, which in turn led them to discount their prices. The result? Productivity fell off for these firms, and they didn’t retain comparably high billed rates against standard rates. They also reduced their use of other professional fee earners much more than the top-quartile firms did. This kept more work flowing through partners, a trend that may not appeal to cost-conscious clients.

TAKE THE LONG VIEW

The COVID-19 pandemic probably won’t be the last crisis that confronts law firms and jeopardizes their financial performance. But it taught a valuable lesson: Adopting a long-term focus can help position your firm to withstand such events in the future. •





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