STOP WASTING TIME:
Why speed and efficiency are critical to law firm success
“There is no greater harm than that of time wasted.”
– Michelangelo

While this quote can be interpreted in many different contexts, it is a poignant reminder that nothing good can come from unproductive time.

For attorneys, there is scarcely a moment of any workday—and likely many weekends—where they aren’t consumed with something to do with their jobs. But a report from the Thomson Reuters Institute (TRI) indicates that firms are knowingly spending too much time on tasks that don’t make them money.

How much more billable time could they log each day if they worked with maximum speed and efficiency? According to the report, it’s a question worth asking.

Drawing on responses from more than 400 law firm leaders, the report highlights findings that show inefficiency is attacking law firms on multiple fronts. The time practitioners spend on non-money-making activities infringes on the time they spend practicing law. Not only cutting into their billable time—but potentially diminishing the quality of the service they deliver to their clients as well.

Indeed, 74% of firms said that spending too much time on administrative tasks was at least a moderate challenge—up from 72% the previous year. In perhaps even more surprising findings, more than half of responding firms (51%) said they had not yet implemented plans or had not yet determined how to address this challenge.

The known time challenges for small law firms and their failure to address them

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While it isn’t possible to be 100% efficient, firms can find benefit from simply striving to reach that goal even if just with incremental steps. This white paper will look at the risks associated with remaining inefficient, the impacts of working with greater efficiency and offer recommendations about how firms can get there.

WHAT IS LAW FIRM EFFICIENCY?

The word “efficiency” in the legal world can cover a wide array of activities and take on a variety of meanings. For the purposes of this white paper, we define efficiency as the amount of time spent working on a matter compared with the amount of time for which the lawyer is paid for that matter. For example, if a client is willing to pay for 10 hours of a lawyer’s time to complete a task, but the task takes 20 hours for the lawyer to complete, there are 10 hours of uncompensated time, or waste. An improvement in the attorney’s efficiency would aim to speed up completion and bring the amount of time spent working on the task closer in line with the amount of time for which the attorney will be paid. Bringing these two numbers into closer alignment improves the firm’s capacity to handle work, and the profitability of the individual matters as less effort is being lost to waste.

It continues to be a frequent practice of firms to proactively write down bills before the client has even seen them. According to the respondents to a recent Thomson Reuters survey, whose results are detailed in its Law Firm Billing Efficiency and Write Downs Report, the average partner writes down nearly $190,000 of the time he or she reports to the firm’s time and billing system every year.

In most cases, these write-downs occur because the firms themselves believe they have logged too much time for the completion of a given task, and the task has therefore gotten too expensive for the client. By reducing completion times through efficiency, firms can better control the price charged to the client and can significantly reduce the practice of proactive write-downs.

It behooves firms to take every step to ensure they operate as efficiently as possible.

PROFITS: HARD TO COME BY WITH AN INEFFICIENT PRACTICE

According to the TRI report, 85% of responding firms said they measured the success of their firms based on overall profits. But profits can be difficult to deliver if firms are spending too much time on unbillable tasks. Working efficiently means eliminating wasted time. It means being productive every possible minute of every business day and spending the maximum amount of time on money-making activities.

In a perfect situation, most of the attorneys’ time would be billable. Firms can adopt several solutions to streamline administrative tasks, like billing, collections, and new client intake. In fact, in their goals for 2019, 19% of respondents included
leveraging technology to improve firm operations. Even some potentially billable tasks that are frequently subject to client write-offs, like legal research, can be streamlined and free up firms to take on additional matters with higher profit margins.

It is worth noting, however, increasing potentially billable time can only help to improve profits when that time is actually billed. Working efficiently ensures that attorneys submit quality hours that are more likely to be paid by clients. While clients continue to demand more for less, firms shouldn’t feel compelled to write down legitimately worked hours.

**RISKS AND BENEFITS**

“Being efficient allows you to allocate time in a very planned, methodical way rather than scrambling to cover what you need to get done the next day,” says Claudia Lagos, a criminal defense attorney at the Boston law firm of Scully & Lagos. Firms that run efficiently tend to be more profitable, have a better reputation with their clients and in the legal industry, and are generally more successful bidding for new business.

If law firms ignore the challenges around speed and efficiency and the available solutions to help drive improvement, however, the implications for their practices could be severe.

Law firm inefficiency can hurt client satisfaction and potentially lead to lost business. The more time an attorney spends on activities other than practicing law, the better the chances of making mistakes on client matters.

In addition to the risk of losing dissatisfied current clients, word of their dissatisfaction tends to travel quickly. Research has shown repeatedly that people are more likely to share a bad customer experience with friends and colleagues than they are a good one. With firms’ reliance on referrals, one dissatisfied customer could have a negative impact on their business.

And, these prospective issues don’t even address the simple math of the impact on the firm’s bottom line. The following breakdown shows the daily time allotment for the average respondent in the report:

**Average Attorney’s Time Allotment**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Practicing Law</td>
<td>58%</td>
</tr>
<tr>
<td>Meeting or Speaking with Clients</td>
<td>14%</td>
</tr>
<tr>
<td>Managing the Firm</td>
<td>13%</td>
</tr>
<tr>
<td>Dealing with Administrative Tasks</td>
<td>10%</td>
</tr>
<tr>
<td>Marketing Activities &amp; Growing the Firm</td>
<td>5%</td>
</tr>
</tbody>
</table>

Even if the 14% of the time allotted for “meeting or speaking with clients” were completely billable—which likely is not the case—when combined with the 58% of their time spent practicing law, that still means more than 25% of attorney time goes toward work that does not generate income. By streamlining the non-billable tasks as much as possible, attorneys free themselves to focus more on money-making activities.
**HOW CAN LAW FIRMS BENEFIT FROM A MORE EFFICIENT PRACTICE?**

At its core, a firm’s efficiency can make a difference on at least four fronts:

**Productivity**
Firms that work more efficiently get more done in less time. This might seem like an academic point but imagine how much more could be accomplished if firms invested in efficiency tools and reworked their internal processes.

**Client satisfaction**
In addition to profits, client satisfaction was another top-of-the-list indicator of success for law firms. Clients will be more satisfied with a swift resolution to their legal issues. Happy clients are loyal clients who not only reward law firms with ongoing business but often higher-value matters.

**Client referrals**
Satisfied clients are also much more likely to refer their friends and colleagues to firms that work efficiently and get solid results. This can be especially beneficial when higher-end clients refer prospects with similar legal needs.

**Business growth**
When the work coming in the door is more profitable, and clients begin to refer new business, the growth of the firm typically follows.

However, it appears that few are taking meaningful action. The data from the report shows that firms are aware of the need for efficiency but that the percentage of firms addressing it has dropped noticeably from just a year ago. Below is a brief comparison of some key efficiency goals responding firms said were important over the last two surveys:

- **Improving internal efficiency:** 25% in 2019 compared with 41% in 2018.
- **Growing while becoming more efficient:** 20% in 2019 compared with 29% in 2018.
- **Enhancing the value your firm provides:** 12% in 2019 compared with 28% for both 2017 and 2018.

Though the actual firms responding in the survey years are different, the trend is the same: statistically speaking, the industry does not appear to take the issue of efficiency seriously. With little to no statistical change in the percentage of firms pursuing efficiency-related goals, it can be surmised that few firms are taking meaningful steps toward greater efficiency.

Without any solid data regarding the reasons for inaction, one can only guess at why firms are not taking steps to become more efficient. One theory could be that the demands of dealing with the administrative tasks and other issues that keep them from operating efficiently are so overwhelming that they don’t know where to start.

**CAN TECHNOLOGY HELP?**

Substantial data supports the idea that technology solutions offer law firms a good starting point on the path to efficiency without the need to increase administrative staff headcount. There are several specialized solutions available to help firms...
complete business-related tasks in a fraction of the time it takes to complete them manually.

Of the firms that have embraced efficiency initiatives, many (26%) are placing new technology adoption at their centers. Other major components of these initiatives include better communication with staff and clients (9%) and work more efficiently, and holding lawyers and staff accountable for productivity (8%).

As for the areas that firms identified as the most significant contributors to their success in 2019, 43% of firms mentioned a focus on becoming more efficient, and 29% mentioned investing in technology as key elements.

![Most significant contributors to success in 2019, according to firms](image)

If you take a step back for a moment, those two contributors—focusing on efficiency and investing in technology—are even more closely connected than one might initially think. As discussed previously, technology can contribute to efficiency in many ways.

Firms that embrace technology and fully integrate it into their practices find much less resistance on the paths to productivity and profitability.

“Technology is such a tremendous advantage,” says Philadelphia criminal defense attorney, NiaLena Caravasos. “It just makes me more efficient.”

There are a growing number of tools available to help law firms improve efficiency. In some cases, making a single strategic investment can pay almost immediate dividends. Investing in an AI-powered research solution, for example, can dramatically reduce the time it takes attorneys to find the information they need to answer client inquiries and secure favorable outcomes. With the time saved on this often labor-intensive task, attorneys can focus on other high-priority matters.

Though adopting new technology can temporarily disrupt the status quo in the short term, firms should not fear taking advantage of the most recent technological innovations that can help to streamline operations and enhance their success.
A PATH TOWARD LAW FIRM EFFICIENCY

It’s a safe bet that firms saddled with inefficiency experience some detrimental impact on the quality of the work product they provide to their clients. While inefficient firms remain content with the status quo, their clients almost certainly don’t. By showing a higher level of responsiveness and competency, firms operating at optimal efficiency can not only maintain their client base but more easily compete with—and often take business from—larger firms that serve high-value clients.

Case in point, recent research indicates that, of all litigation matters involving the Fortune 50, 30% were handled by firms employing between two and 15 lawyers, and that percentage is poised to grow as in-house counsel continue to unbundle matters and push work further down the cost stream. Now is the time to implement an efficiency strategy.

Become an expert faster
The law is always changing, and the attorneys who can stay ahead of those changes don’t waste time getting back up to speed when the next matter arises. The more knowledgeable attorneys become about their areas of expertise, the more efficiently they can handle every matter, from the routine to the most complex.

Rob Sullivan, a Kansas City products liability attorney, has a limited staff. “If we’re not efficient, and we don’t know the case better than the Biglaw firm on the other side, and aren’t on top of everything, the competition will attempt to overwhelm us and try to bully us into making bad decisions,” he explains.

There are technological solutions available to help attorneys keep up with changes to the laws in their practice areas as well as tools for mastering new ones if the need arises. Choosing the right legal know-how solution can give firms a distinct advantage in the handling of existing matters as well as managing new ones.

In addition, corporate clients consistently say they want value from their outside counsel firms. The efficiency that comes from staying current with the law and being able to get up to speed quickly provides that value and puts the best-prepared firms at the head of the pack when clients are looking for representation.

Don’t fight the clock
“Efficiency is one of the most important things, especially being efficient with time,” says Sullivan. By improving the way firms track and complete tasks—especially administrative tasks not associated with the practice of law or case management—they can make great strides toward maximizing productivity and profitability.

Here again, technology can almost completely automate several routine tasks many firms currently spend hours managing: time and billing, scheduling, accounting, client communication, and document preparation and assembly, among
others. Some of these solutions are even cloud-based, allowing attorneys to access information from nearly anywhere.

Streamlined time and billing software, for example, allows firms to keep track of time and expenses in one spot. These types of programs frequently come with invoicing functionality, so they can handle their time tracking and billing from a single platform.

“Neither can the wave that has passed by be recalled, nor the hour which has passed return again.” - Ovid

THE IRON IS HOT

Law firms have indicated repeatedly that they understand the need for efficiency, but few have taken meaningful steps to make it happen. Client demands are not going away, and firms need to step up or risk losing valuable business. It’s time for firms to turn their awareness into action.

In many cases, firms are content with the status quo, and clients are tired of the sub-par results they receive. It is the firms that act decisively to improve efficiency that are best positioned to come out ahead.

There is no end to the harm that can come from inaction and no end to the good that can come from seizing the opportunity.
For more information, contact Thomson Reuters at 1-888-728-7677