

LEGAL MANAGEMENT

THE MAGAZINE OF THE ASSOCIATION OF LEGAL ADMINISTRATORS

The Next Big Idea

Here we are. It's the start of a new year and the end of budgeting season.



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How did things end up? Many of you out there probably have new initiatives planned for 2015 and uphill battles to climb. On the administrative side of operations, there will undoubtedly be a tightening of the belt — a constant in the legal industry — and law firm management will carry the burden of making tough decisions.

Modernizing law firm administrative operating models can have a major effect on how legal professionals stay productive. In recent years, we have seen the emergence of team-based secretarial models where specializations and the narrowing of administrative focus has slimmed down support structures. This important step forward has improved the attorney-to-secretary ratios at many law firms around the United States and abroad. While it has been successful in its purpose, this concept has already been outdated by many forward-thinking professionals in the industry.

In an attempt to maximize efficiencies while making good business decisions, the legal industry has started to embrace outsourcing as something more than a buzzword. Early on, outsourcing functions such as help desk or copy room services were the industry norm. Today, we are looking at a vastly different world. One where administrative production — ranging from word processing and data entry support to concierge services to marketing support — can be done off site, more efficiently, within the United States and at a much lower cost.

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Industry reports and statistics on year-over-year overhead spending have begun to support the cost savings and efficiencies that are claimed by many vendors in the industry. Georgetown Law's "2014 Report on the State of the Legal Market," references industry data on overhead spending since the 2008 financial crisis. The report shows that many U.S. law firms have begun seeing a steady decline in overhead expenses after the rehiring of many positions that were initially shed in the economic downturn. A direct correlation can be drawn to the rise of many outsourcing vendors that provide relief in this exact area.

The trend of administrative outsourcing kicked off when dozens of firms began forming relationships with notable outsourcing vendors. A handful created their own low-cost support centers, and many others have yet to begin the due diligence necessary to make the right decision. A majority of U.S. firms reside in the final, undecided category while a significant percentage of the largest firms belong in the first category of trendsetters.

As a natural progression, large firms with more experience in administrative outsourcing have begun utilizing offshore resources to perform administrative tasks. While this has typically been narrowed to a defined set of project types, it can be assumed that we are trending along the same path that so many other industries have followed: A global economy is turning into a global talent pool.

No matter how traditional a firm appears to be or how slowly change is normally applied, the idea of creating efficiencies is not barred by generational gaps or management styles. Modern ideas, including the idea of administrative outsourcing, will eventually find their way into your shareholder meetings through professional references, thought leadership or persistent vendors. To help your firm prepare for that time, here are several basic questions to address when considering whether and how to outsource administrative functions:

1. Do all of your offices operate under the same administrative structures? Should they?
2. Are administrative support functions like word processing still handled onsite? Do these functions need to be?
3. What percentage of your secretary's day is consumed by lower-level administrative tasks? What should that role be?
4. Where should your ratios be to maintain the firm's profitability goals in the coming years?

Establishing and creating parameters as a firm will be the first step in defining success. If you take the answers to the above questions to any vendor worth their salt, they will be extremely helpful in laying out a path forward. That brings us to our next question: What is the best way for your firm to trim its administrative budget?

As mentioned earlier in this article, an early trend in the legal industry was to mimic what vendors across the United States were already doing for dozens of firms — develop and build a service center in a low-cost geography. In some cases, this has succeeded when firms have invested in making it successful. For others, it has created an additional layer of administrative ownership that is susceptible to economic trends and marketplace conditions.

Another option, and undoubtedly the most popular one, is to restructure the administrative staff in a way that meets your immediate needs. In other words, doing more with less, a phrase that should not be used when attempting to rally the troops. This is typically done by deploying a team-based secretarial model, centralizing support functions between multiple offices, and making an investment in technology that will track administrative utilization. It is worth noting that many consultants will favor this model over outsourcing, but typically fall short in realizing the cultural impacts and stresses associated with peaks in workload.

In the end it all boils down to choosing the best option for your firm. Our industry is full of like-minded people who do things very differently. Many firms are struggling with the decision of how to best cut down on overhead and administrative costs, but most are in agreement that the role of the traditional legal assistant is at a tipping point.

ABOUT THE AUTHOR

In the industry of legal outsourcing, **Nic Rapacz** is an expert focused on the design and rollout of document and administrative support models. Rapacz's experience in the industry has allowed him to assist law firms and corporations of all sizes with customized support services while providing efficiency gains and cost savings.

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