

LEGAL MANAGEMENT

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Facing the Figures

It's income tax time again, and while I've never enjoyed the process, I've been especially dreading this year's filing.



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For many years, my father took care of filing my taxes for me. I'd round up all of my paperwork, and a few weeks later I got a completed return ready for my signature. My taxes were never very complicated, but since my dad did this stuff for a living, I took advantage of his willingness to help.

After he passed away in 2008, I was faced with having to figure out my taxes myself. Worried I would be clueless about how to even start, I decided to begin the agony in earnest right after the start of the year. I analyzed past returns and backed my way into the numbers he arrived at to make sure I had nailed the process down. And, like him, I did the math by hand (no TurboTax for me!), the old-fashioned way.

That's the way I've done it for the last six years. My partner, Jeff, also does his own taxes. But he hates math even more than I do. So he uses TurboTax to process his filings and has done so for many years without issue. This year, however, is the first year we have to file as a married couple. As we each had our own way of handling our taxes, we thought it would be easier to file as "married filing singly." We could each prepare our returns the way we had always done so, on our own schedules.

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I was anxious to get it over with, so I hauled out the calculator and pored through the forms, receipts and instructions. When I was done, I realized that this "marriage penalty" thing is real. It looked like I would have to pay a lot more by filing singly. When Jeff figured out his taxes, he got the same result.

So, reluctantly, Jeff agreed to let me take a crack at figuring out the taxes if we filed jointly. Sure enough, the results were a good bit better taking that approach. Even better for Jeff, as he no longer had to deal with complex math and itemized deductions.

ALA: MEETING THE NEED

Numbers can be challenging. And for law firms and law departments, the need for greater cost effectiveness and efficiency has never been more important. A recent Georgetown Law/Peer Monitor report underscored the challenge, suggesting that in the face of stagnant demand, law

firms needed to shift their focus from growth to market differentiation and profitability. To do so, the report noted, firms need to adopt a range of initiatives, including legal project management and new pricing strategies.

The recommendations are not necessarily new, but the urgency is much greater.

Legal management professionals know the challenge of implementing such strategies in their firms and law departments. They require more than just new software or new policies. They require detailed data collection and analysis, consistent training of attorneys and staff, and new ways of thinking about managing and delivering legal services. In other words, a major culture shift for most firms and law departments.

Facing such a daunting task, we shouldn't be surprised that adoption of legal project management and innovative pricing strategies has been slow. It's hard to figure out even where to begin. Fortunately, ALA has some tools that might help.

Last month, we released the first in a series of white papers, "*The Client Cost Conundrum: Legal Service Pricing in a Post-Recession Market*." This free resource pinpoints current legal service pricing best practices, highlights pricing strategies that can attract and retain clients, and can help you learn to address efficiency and other factors that may affect many pricing scenarios. Filled with helpful insights from the leaders in the industry, this white paper is a great guide to jump-start or refine your pricing strategies.

As the white paper notes, pricing strategies have to take efficiency measures into account. Law firms cannot simply lower prices; they must also look at how services are delivered. For many years, law firms and their clients have utilized Uniform Task-Based Management System (UTBMS) codes to help standardize e-billing and manage legal services costs. To date, however, there has been no universally recognized standard that enables legal organizations to gain insight into how administrative and operational processes are identified, organized and performed. Yet, these phases and tasks represent a substantial portion of a legal organization's costs.

To address this need, ALA has undertaken an ambitious project intended to advance the legal management profession. Under the leadership of Bill Mech, we have engaged a diverse development team to help create what we are calling the ALA UTBMS. The ALA UTBMS is intended to:

- Promote the adoption of standardized and widely adopted business practices within legal operations.
- Promote the acceptance of a standardized taxonomy that encompasses all aspects of legal support operations.
- Clarify legal support operation roles and responsibilities and improve internal organizational structures.
- Support efforts to collect data and develop meaningful performance metrics needed to quantify legal support operations, improve processes and support innovation.

Soon, we will be seeking public comment from our membership and the broader legal management community to refine the codes. Once completed, we will begin work toward industry adoption and implementation. We look forward to your feedback.

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