

SENDING THE WRONG MESSAGE

Improving information management

(June 05)

Two assignments carried out last month highlighted what may be a widespread problem for managing partners and practice managers. Both assignments required LegalBestPractice (LBP) staff to have access to law firm client databases. Having carried out similar assignments overseas we had assumed access to what is after all an essential work tool, would be straightforward but... In both cases we had believed that in these days of widespread Information and Communications Technology (ICT) application it would be little more than a touch of a button and 'hey presto' the database would appear.

The difficulties encountered did not centre on 'privacy' and whether LBP would run amok with client data but with getting the data into one place to start with. It appears from further enquiries and observations that what we found is not unusual. So just what did we find? Accurate, up to date, centralised client 'master' files are not commonplace. To say we were shocked is an understatement. Most Common Law jurisdictions have been using centralised client databases since some time BEFORE computerisation. Once we got over the surprise we started asking where and how client records were held. On learning that specific client details [names, contact details and personal information (if any)] were held by individual partners we started to ask; why? This may seem somewhat naive to New Zealand readers but we couldn't work out rational reasons for the anomalous situation we found. If we had been asked to guess the answer, once again we would have been wrong footed. Apparently it seems individual partners in a great many firms prefer to keep this data to themselves as there is a belief that the client relationship is personal!

The implications for LBP and the legal profession are somewhat bizarre and may imply any one or all of the following:

- Partners do not trust their colleagues
- Some NZ law firms are more akin to a franchise than a true partnership
- Cross selling of services is not happening, losing fee earning opportunities
- Individual partners believe they matter more than their firm
- Administration is frustrated and goodwill values diminished
- Fundamental benefits of IT investment are being overlooked
- No one has been tasked to create and manage a centralised client list

Whatever the real picture is, there can be few valid reasons to perpetuate any of the above situations.

Moving on to the second anomaly and, this is something of broken record for us at LBP; it is the widespread and arbitrary undervaluing of 'time on the clock'. The common scenario, when looking at time and cost records, at billing time is for an arbitrary reduction to take place. Our research places the reduction of actual time somewhere between 5% and 20% with most hovering around 15%. Again a number of implications can be drawn including

- The budgeting process is seriously devalued when arbitrary interventions can skew the figures
- An assumption can be made; the fee earner is worth less than they imagine/have been told
- Inadequate supervision has been applied
- A failure to agree client engagement terms in advance
- A failure to communicate with the client when anticipated outcomes vary
- Nominal charge out rates were too high to begin with

Both behaviours, failing to set up/manage a client database and the arbitrary reduction in recorded time can be reversed but few firms have managed either without outside intervention. Both behaviours are usually only part of a 'bigger picture' which may include client relationship management, intense competition, poor client engagement protocols, inadequate matter management, lack of collegiality or even taking on work at below cost as a 'favour'. The problems are easy to diagnose and with a little goodwill remarkably straightforward to remedy. To find out more call (09) 520 5360 or email info@legalbestpractice.com To get some idea of the potential benefits calculate 5% & 10% of total annual fee income, divide by the numbers of partners in your firm. This is the approximate range of increased personal income that can be generated every year!