



Outsourcing:

Enhancing Your Firm's Resources and Client Value

by Stephen Cole

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The market for legal services has changed. Staffing models are substantially different from a decade ago, mergers & acquisitions continue to disrupt operations, and what is most common across all firm sizes and geographies is the need to deliver more client value with fewer resources.

With 70% of law firms outsourcing a portion of their back office and 45% considering outsourcing (see 2016 Mattern & Associates Cost Recovery and Middle Office Survey) more middle office functions, it is clear that outsourcing is one of the tools firms are leveraging to succeed in the new legal market. This is because, when executed correctly, it can be an excellent management tool to increase service levels, broaden talent and manage costs. These were some of the persuasive reasons behind Am Law 100 firm, Fox Rothschild, and regional powerhouse, Sandberg Phoenix, regarding their firms' decisions to outsource initially 10-15 years ago.

Suzanne Homel, Senior Director of Administrative Services for Fox Rothschild, oversees the firm's facilities, the firm's national support contracts, real estate information and more, and comments: "The value of outsourcing then—and now—is the flexibility and continuous level of service and expertise it provides our firm. Law firms have very specific back of the house needs, and in the absence of cross-training investments, if one or two in-house staff were to call out sick, this could put our attorneys in a bind. The decision to outsource was to enable continuous, skilled and flexible service to our attorneys and, therefore, our clients."

Jeff Feltz, Director of Finance and Facilities for Sandberg, adds, "I look at the firm's operations as having two clients: internal and external. The goal is always to provide better service to clients; however, often the way to achieve that is through providing important efficiencies to the internal clients, i.e. the firm's attorneys. With outsourcing, we were looking to gain efficiencies for the firm that could help drive more value into certain key support roles. For instance, by removing copier tasks from our legal secretaries, they could provide more valuable support to the firm's attorneys."

Key Service Provider Tips: Implementation and Reporting (SLAs)

To ensure implementation success for the firm, ask your potential provider about taking a “swarm” approach to overstaffing the operation during the implementation period. Also, shadowing and documenting of procedures during the run-up to transition is critical as unforeseen circumstances occur during the first week of any new operation (existing manuals go missing, key hires decide not to transition at the 11th hour, etc.). It will provide your firm peace of mind to know your provider is prepared to overcome any hurdles that may arise.

Following a successful implementation, the only way to gauge ongoing performance is to measure key metrics, and audit compliance back to contractual obligations. The contract needs to be well-structured with defined service levels, regular reporting on those service levels, and penalties for missed compliance. Additionally, the contract should identify head-count, requirements for staff placed on-site (training, legal background, etc.) and any credits due to the firm for staff underages.

Key Service Provider Tips: Access to Technology/Innovation

If your current or potential service provider has not adopted automation, or is not proactively bringing innovation to the firm, then the firm is not getting the true value of an outsourcing engagement.

Suzanne adds, “We meet monthly with our service provider as schedules permit; during these meetings, our outsourcing partner not only provides utilization statistics to me, but also is able to keep me informed regarding new print services and technology ranging over 150 pieces of equipment. This is a tremendous added-value, both in terms of our knowledge-base, time-efficiency and assisting my managerial role with data.”

Conclusion

Ultimately, these insights illustrate how outsourcing can enhance the stability and culture of your firm and provide better client service in the new market for legal services. When done properly, the engagement will bring a high level of service with engaged, motivated, and trained employees, while freeing the firm to concentrate on its core competency of providing first-class legal service to its clients.

