

# Small Firm Business

IDEAS & INNOVATIONS FOR LAW FIRM MANAGEMENT • SUMMER 2005

## Who will Follow the Leader?

Don't wait to make  
your succession plans

plus...

- Develop business-savvy partners
- Technology: from budgeting to client service
- Benefits of mandatory pro bono
- Face-Off: Should branding be a priority?
- Tips for finding a financial planner

Edward Tarlow and Jeffrey Hart,  
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# Technology: Burden or

A roundtable discussion on law office technology, from budgeting to managing change

Photography by Russ Curtis

Making choices about office technology can be one of the most daunting challenges for small law firms. Questions abound: Should I buy high-end software with lots of bells and whistles, or will a more modest version suffice? How much should I spend? What tools are essential for client service and which really amount to a nice perk? And on and on.

To talk about some of these issues Trevor Delaney, *SFB*'s editor in chief, hosted a roundtable discussion at the Waterfront Restaurant in San Francisco. Participating in the discussion were trial technology consultant Ted Brooks of Litigation-Tech, Julie Pearl of the Pearl Law Group, and William Smith of Abramson Smith Waldsmith, each of whom is based in San Francisco. Also taking part was Frederick Hertz, a solo practitioner in Oakland, Calif.

The conversation was wide ranging. Here we've attempted to capture some of the highlights in the following excerpt.

# Opportunity?

## » Budgeting

**|Trevor Delaney|** I would think that budgeting is the necessary starting point with respect to tech spending, but I recently read that most small firms don't set a budget for their tech spending. How do you get a handle on what your tech needs are?

**|Frederick Hertz|** I start by distinguishing between what I need to get through the day in the ordinary course of business; what I'm likely to need for times when my firm or my practice changes; and then what I might need occasionally for very special situations. I think the hardest problem can be making the distinction between your baseline needs and the special circumstances need.

For those special cases, what I've traditionally done is hire someone to handle the document production or whatever the case may be. The tension is, when does it become cheaper to handle it in-house? For me the technology budget is often more about the personnel cost to run the software or equipment, or the space cost of finding a place to put it — that's actually a much more expensive piece of it than the actual software or hardware.



pearl



brooks



smith



hertz

## On location

**| Julie Pearl |** We are guilty of being one of the firms that doesn't budget. Our purchases really come down to how frustrated we are. If my people are waiting at their computers or unable to get something done, that's when we look at how cost effective the purchase will be.

**| Hertz |** How do you know ahead of time what's going to save you money?

**| Pearl |** We have an IT person in-house who is Microsoft certified. I know that I have to factor in his costs as well as the direct expense. A recent example was whether we should upgrade our version of Microsoft Outlook. It became clear that new features would allow us to manage e-mail more efficiently. We made a cost estimate of \$10,000, plus our IT guy's time, so I said, "done," because I knew the value of our recovered time.

**| Ted Brooks |** Trial work is basically an extension of this whole decision making process. Firms trying cases outside of their local area basically set up a law firm in a hotel room near the courthouse. And so there they have to address all these same needs. How am I going to get my documents, faxes, e-mail, etc.? With respect to budgeting, tech spending seems to occur dollar-wise when a problem arises rather than proactively.

### » Getting Buy-In

**| Delaney |** How difficult is it to get attorneys or staff members to buy into planned upgrades or other changes?

**| Hertz |** The other element to budget is what I would call lost attorney time. Different lawyers have very different attitudes toward technology and it often depends on how busy they are, how much time they have and what day of the week you ask them. Lawyers often have the perception that any technology change is going to require more downtime than there actually is.

**| Pearl |** It's also important because if you have talented people, they want to



Clockwise: Fred Hertz, Trevor Delaney, William Smith, Julie Pearl, and Ted Brooks

feel that they're getting the best tools so that they can succeed in their work. And if you can show them that they will spend less time doing frustrating administrative tasks they'll come around. People will "drink the Kool Aid," as they say, if they know that it's a short-term sacrifice for what will be a long-term payout.

**| Hertz |** And you can distinguish between the process vis-a-vis getting lawyers to buy in versus staff. An important part of managing technology is allocating time and decision making within the firm, so that you don't have to have every partner involved.

**| William Smith |** A lot of partners aren't able to be involved with technology decisions because they're too busy or they don't know enough or they're not interested. And I find people of my vintage may not be as interested in it as people who are new partners in their 30s and 40s. They are not afraid of it, whereas, I've found there is technophobia with people over 50.

**| Pearl |** I find there are two factors at play, technophobia and management phobia. There are very few lawyers who are experts in technology, and so I think



a lot of what I've found is that a number of people are just afraid of making the wrong decisions.

**| Hertz |** I would also add that persuasiveness is important. I mean, the way Julie described how to get people to go along with technology, that is itself a particular skill — being able to boil down the information, convey it, and sort of sell it to your colleagues.

**| Brooks |** I find that there is an information gap that needs to be bridged. It's especially prevalent in smaller firms because there's not a lot of in-house research going on: What's the latest software? When does the next version come out? What are the alternatives?

### » Client Service

**| Delaney |** To what extent are clients driving the technology decisions that small firms make?

**| Hertz |** For me clients are a big fac-



tor. For instance, I had to stop using AOL when I could not handle large attachments and my clients, some of whom are in high-tech fields, were annoyed. I had to switch to a grown-up e-mail program because I simply could not service these clients. As my client base becomes more sophisticated, I have to keep up.

**| Pearl |** Years ago we made the decision to change servers, and that was definitely something that our clients appreciated because of difficulties we had before that. A few years ago we also made the decision to invest in video conferencing because we felt that it was going to bring us closer to our clients. So much of communication is visual so I made the investment for client satisfaction and retention. We spent \$5,000 to \$6,000 for equipment that's not on the high-end but is pretty good. I still feel the technology is not fully there, but it's still better for me to see your face than not at all.

**| Brooks |** Technology choices speak

directly to your appearance as a firm. Nearly any Web hosting service also has an e-mail service coupled with that domain. I find that many smaller firms still use names like "attorney number one at aol.com," or "call me for PI work at yahoo.com." It doesn't look as professional as it might and it's not as secure as you think it is or should be. Many of these services are purely Web based, so you're 100 percent reliant on the Internet connection.

**| Delaney |** And how does technology play into differentiating your firm in the marketplace?

**| Pearl |** I've watched very venerable firms go down, losing huge accounts and their livelihoods to the ones that adopted technology sooner. But you have to sell clients on the service; clients don't go to a firm simply because of its technology. You can't just go to your manager and say, "Oh, I chose this law firm because I like them." But if you can say, "They have

a tool that's really going to help us," it gives you more to pin the decision on.

**| Smith |** I've read that 85 percent of what we learn, we learn visually. What we've found is that — especially when dealing with big accidents or disasters — the experts on the scene are taking thousands of digital photographs. Five, ten years ago, you just had a handful of photographs. Now we have thousands of photographs. How do you handle those for depositions, for mediations and trial? If you don't have the ability to handle those in an electronic way, you wouldn't be going very far.

We find having a system can be extremely effective, and that many opponents can't manage the volume of photographs and other material. Technology allows us to show more photographs to a witness, or in a mediation or in a trial, to convince and teach people what we want them to know. It's a very simple thing, but so effective and revolutionary.

**| Hertz |** I represent individuals in real estate and personal matters, and small business matters. I have so many clients who travel all the time. And if I wasn't fully e-mail savvy they couldn't work with me. I've dealt with opposing counsel who say, "I don't do e-mail, my assistant does it for me." Well, these particular clients would never hire that lawyer because my clients on these intimate small matters don't want to be communicating through someone. They want to know that I'm going to look at their e-mail.

The biggest downside with e-mail technology is that it has raised people's expectations. I mean, I look at e-mail about 10 times a day, not 60 minutes an hour. I can't tell you how many people have called me saying, "I sent you an e-mail an hour ago, and you didn't respond." I would like to be able to say to clients, "I'm in a mediation all day, so I won't be checking e-mail. Cool it, take a break." **SFB**