

Report to Legal Management

OUR 32ND YEAR

January 2006
Volume 33, Number 4

EDITOR

James Wilber
Principal
Altman Weil

CONTRIBUTING EDITORS

Ward Bower
Principal
Altman Weil

William F. Brennan
Principal
Altman Weil

Thomas S. Clay
Principal
Altman Weil

James D. Cotterman
Principal
Altman Weil

Daniel J. DiLucchio, Jr.
Principal
Altman Weil

Virginia Grant
Senior Consultant
Altman Weil

Marci M. Krufka
Senior Consultant
Altman Weil

Charles A. Maddock
Principal
Altman Weil

James L. Michalowicz
Senior Consultant
Altman Weil

Alan R. Olson
Principal
Altman Weil

Richard C. Reed
Senior Advisor
Altman Weil

Eric Seeger
Senior Consultant
Altman Weil

MANAGING EDITOR
Susan D. Sjostrom

Top Ten Tips for Effective Utilization of Paralegals



James Wilber

By James Wilber

Paralegals have been part of the legal profession for roughly 30 years. When utilized correctly, they are a significant benefit to a law firm or law department and its clients because they are able to handle both routine and sophisticated legal tasks that do not require a lawyer but cannot be performed by secretaries or other administrative personnel who lack the time, skills or education.

Failure to utilize paralegals effectively results in a host of problems for a law firm or a law department — and for the paralegals themselves. The results of a recent survey (August 2005) by the Committee on Paralegals of the Business Law Section of the American Bar Association is consistent with the experience the author has had training and working with paralegals and in consulting with law firms and departments about how to improve paralegal utilization.

Respondents to the survey included paralegals, lawyers, law office administrators, and a group who failed to designate their position type and are listed in the survey results as “unknown.” Administrators gave their law offices the highest “marks” in terms of effective utilization of paralegals, with 39% indicating that the question, “If you believe your paralegals suffer from underutilization or are underachieving, why do you think that is so?” was “not applicable.” Only 30% of lawyers responding to the

survey indicated that utilization of paralegals was not a problem in their offices, and 31% of paralegals said the same. Twenty-five percent of the unknown group said that the question was not applicable.

Thus, to cite the converse, between 60% and 70% of those responding to the survey indicated that their paralegals suffered from underutilization. Not even half were able to categorize the underutilization question as inapplicable. A batting average of 30% may be good in baseball (i.e. a 300-hitter), but it represents poor performance in the delivery of legal services.

This author has 30 years’ experience working with paralegals. While practicing law for the first 14 years of my professional career I utilized paralegals extensively in the

continued on page 9

Inside This Issue

Corporate Law Departments Show Little Progress on Inside and Outside Cost Management	2
Law Departments: Using e-Billing to Manage Outside Counsel Costs	3
General Counsel Role Redefined: Lawyer, Advisor, Strategist, Economist	4
Issues on the Minds of CEOs and Directors of Public Companies: Report from Stanford Law School’s Directors’ College	5
Talk is Cheap: Low Cost Law Firm Initiatives Can Cement Relationships with In-House Counsel	7
Law Firms Appoint Diversity Managers	8
News From Altman Weil	11

Top Ten Tips ... continued from cover

legal services delivery process and also taught paralegal training at the college level. At one time in the late 1970s our firm had nearly three paralegals for every lawyer. For the past 16 years I have been delivering management consulting services to law firms and law departments frequently involving issues related to paralegals and paralegal programs. From that experience I have been able to define ten key tips for increasing paralegal utilization.

Some of these tips relate to a law firm's or law department's paralegal program as a whole, and some relate to day-to-day relationships and delegation practices of paralegals and the lawyers with whom they work. Both areas require attention if a law firm or department is to establish effective utilization of paralegals. The first group of tips deals with how paralegals are treated as a group, i.e., as employees, professionals and time-keepers in a law office. The second group has to do with how well paralegals are integrated into the delivery of legal services and their status as members of the legal services delivery team.

Here, then, are those ten tips:

Programmatic Issues

- A law firm's or law department's paralegals need to be treated in all respects as the professionals they are. If you want your paralegals to deliver professional services to you and your clients, you need to treat them as professionals.
- Both paralegals and lawyers need to be provided with training designed to improve paralegal utilization. For paralegals this means that they need the substantive training to understand the areas of law in which they work and the types of tasks they are being asked to undertake, making it more likely that lawyers will have confidence in

their abilities. For lawyers this means training focusing on how to effectively utilize paralegals and how to effectively delegate work to them. Effective delegation often does not happen without training.

“A career path for paralegals, no matter how limited it might be, needs to be defined and communicated.”

- Any law firm or law department with more than a handful of paralegals needs to have someone in charge of the paralegal program, to oversee the paralegals and their development, and to serve as a mentor to them and as their “champion” to the rest of the firm. Too often, paralegals are adrift and have nowhere to turn regarding their status and their professional development.
- A career path for paralegals, no matter how limited it might be, needs to be defined and communicated. Law firms and departments with a significant number of paralegals should consider “tiering” their programs, i.e., establishing different levels of paralegals for career path and compensation purposes.
- Related to career path, paralegals need to be offered opportunities for professional development. This includes allowing and encouraging them to participate in professional association activities related to paralegals (which exist on a national and state level, as well as a local level in larger cities) and to furthering their education and learning, in terms of both CLE events and more formal educational programs.

- If a firm or law department truly wants to ensure the effective utilization of paralegals, what it measures in that regard is important. Professionals tend to pay attention to performance indicators that are measured by their organizations. For example, in their performance appraisals it is a good idea to evaluate lawyers regarding the extent to which they effectively utilize paralegals. Some firms and departments make utilization of paralegals a factor in determining lawyer compensation.

Work and Working Relationships

- Law firms and law departments that are serious about the utilization of paralegals take pains to ensure that paralegals are considered to be — and are — full-fledged members of the legal services delivery team. Including paralegals in meetings with lawyers to discuss cases, matters or clients is important. Allowing paralegals to participate in in-house training aimed at lawyers but that is relevant to paralegals is another thing that should be done. Introducing paralegals into client relationships at the outset of matters also helps establish the importance of the paralegal as a member of the team and makes it much more likely that the client will want the paralegal's services to be part of the process.
- Effective utilization of paralegals requires a law firm or department to be cognizant of the ramifications of what I call the “legal food chain.” Without question, a primary reason for the underutilization of paralegals in most law offices is that there are too many lawyers competing with legal assistants for paralegal-level work. This can be particularly true if there are many inexperienced lawyers. Wherever this is the case, underutilization hurts an organization's productivity and

continued on page 10

Top Ten Tips ... from page 9

profitability. One lawyer we talked to aptly expressed it this way: “there are too many lawyers, leading to not enough good work, leading to paralegals not getting good assignments, leading to paralegals not being well trained, leading to ineffective utilization of paralegals.” The food chain does not stop there. In those offices where this problem arises, some lawyers handle better left to paralegals and in turn some paralegals do work more appropriately assigned to secretaries. This results in boredom for the legal assistants and a lack of professional challenge, not to mention a decline in profitability for a law firm or a decline in cost-effectiveness for a law department. The issue of the legal food chain requires conscious management to overcome its negative effects.

- A very practical way in which to ensure delegation of legal work to the right level (i.e., lawyer, paralegal or support staff) is to flow chart major, recurring matters to determine where each step in the process is presently being handled, and where each step *should be handled* to

ensure getting work into the proper hands. Although this exercise can be done as a flow-charting process, something much less formal can also be effective. All that is required is a three column sheet of paper listing each step in the first column, the level of person handling it in the second and who should be handling it in the third. There is no method I have seen that is more effective at getting work into the right hands than this one.

- Finally, it is important not to shackle mid and upper-level paralegals with clerical work or duties. Certainly lower-level paralegals who work as document clerks on litigation matters should be expected to engage in routine, high-volume work tasks, many of which are at least partially clerical in nature (coding, dates-stamping, maintaining files, etc.). But those who we expect to work at higher levels should have administrative support just like lawyers do and should not be required to copy their own documents or do their own filing. Work needs to be pushed down to the lowest level competent to handle it.

Conclusion

Effective utilization of paralegals is not easily achievable. If, however, a law firm or department will survey both its paralegals and its lawyers regarding the types of problems mentioned above, effective initiatives can be developed to turn the situation around. Doing so makes sense because law departments can deliver legal services more cost effectively, and law firms can achieve higher profit margins if they utilize paralegals to their fullest. ♦

James Wilber is a principal of Altman Weil, Inc., working out of the firm's offices in Milwaukee, Wisconsin. He can be reached at (414) 427-5400 or jswilber@altmanweil.com.