



# Private lives

Private client departments have, in the past, tended to employ a lot of support staff, but many firms are now experimenting with other options to reduce costs and increase efficiency, from outsourcing to voice recognition. **Andrew Otterburn** explains



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The combination of economic slowdown, pressure on fees and advances in IT, such as voice recognition, have made secretarial staffing levels a huge issue in many firms. This is especially the case for document-heavy departments, such as private client.

The issue was debated at some length in autumn 2012 in a LinkedIn discussion group which I manage, covering law firm profitability, strategy and leadership ([tinyurl.com/bz88y6n](http://tinyurl.com/bz88y6n)), and this article is based on a number of the very useful points made by participants.

The starting point for many firms is that:

- traditionally, partners, and indeed most solicitors, would work on the basis of a full-time secretary working with them;
- secretarial cost is a substantial figure in most traditional firms; and
- some areas of work, such as personal injury, lend themselves to very low support staff ratios and (often junior) fee-earners undertake much of their own typing, and although this can be a good model financially, it may not work for every department.

The discussions started with a

comment from a firm primarily known for its work in personal injury, family and crime (although it also does some probate):

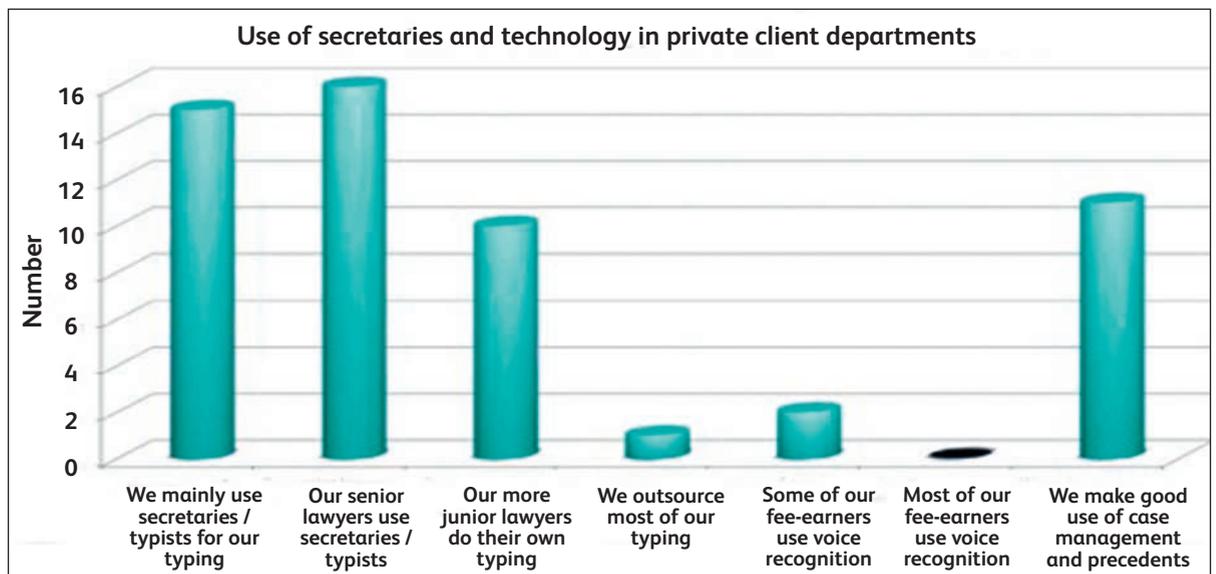
- "We only have two secretaries in the whole firm for over 100 fee-earners! Everyone either sends dictation digitally to an outside UK agency or uses voice recognition (Dragon from Amazon, £54 per box including headset), or self services. We were paying the outside agency £180,000 per annum, but the bill has dropped below £100,000 since January 2012 now we are rolling out voice recognition. I just bought another 20 boxes. We do employ about eight 'admin assistants' who do the stuff that secretaries used to do apart from typing – i.e. printing, sorting out enclosures, stuffing envelopes, filing and chasing things up. However, we expect the number of these to drop as we go paperless at the end of this year."

The issues raised in the discussion included voice recognition software, outsourcing opportunities, working methods and profitability – each is discussed below.

## VOICE RECOGNITION

Most firms now have digital dictation software, but some of the discussion participants also reported finding voice recognition hugely beneficial.

- "We're finding voice recognition software extremely good to deal with the large-scale typing requirements; it's early days but 10 of our fee-earners have trialled this, we've not replaced natural wastage, it is more than covering the licence fee, and we are moving our secretaries into a much more paralegal role."
- "I have done a lot of work on secretarial support and ratios over the last couple of years. So much depends on the willingness of fee-earners to change working habits! However, provided the firm is managing its digital dictation well, they really ought to be able to achieve 3:1 at least, in private client work. 1:1 is pretty unusual these days. Quite a bit of effort needs to be put into looking at the nitty-gritty – there is often a



*Reviewing staffing levels and technology use has enabled firms to change working methods and use people differently – if they are willing to change*

very wide variation between secretaries on turnaround times (how long to type one hour of dictation). This often can be about disorganised fee-earners rather than poor secretarial skills. Sometimes it turns out the secretaries are, in fact, very overpaid filing clerks and brewers-up, when they may well be capable of a lot more, including some straightforward fee-earning work, alongside complex document production.”

Some firms have even successfully managed to reduce staffing levels in private client:

- “We use digital dictation, laserforms and voice recognition, and have had 0.4 of a secretary each in our private client department for the past 12 months.”

## OUTSOURCING

Some took the view that the answer is not simply fewer secretaries, but that typing should be outsourced:

- “There should be no in-house secretaries for typing work, irrelevant of the department. If a firm has someone called a ‘secretary’, that person’s role should be assisting the fee-earner in a paralegal sense. Any typing should be outsourced to a well-run, organised company who have standby people when others are off.”

The great advantage of this model is that it reduces a firm’s fixed cost base; however, it arguably calls for a different mindset and a whole new set of supervision and delegation skills. Not all participants found it worked:

- “We tried outsourcing typing to South Africa a few years ago in one team, and it didn’t work well; secretaries didn’t like having to open files, collate enclosures and do filing, but not have the ‘fun’ aspect of typing. Some saw the change as a threat to job security. It’s a subject constantly under review at my firm. At the moment, we’re more focused on voice transcription software, as we think this may be a better option.”
- “We do not outsource typing, as we feel that good client care involves a second person (i.e. the secretary – who prefers to be called an assistant) having a working knowledge of the file. This means that a client does have someone to speak to when the fee-earner is on another call, away from the office etc. They can also deal with a lot of routine matters, even when the fee-earner is available, thus freeing the fee-earner up to do the more complex legal work.”
- “I have used outsourcing for digital dictation, and find that the checking process is far more time-consuming and laborious than that involved checking work done within the office. I am looking at voice recognition, though, as a serious alternative.”

Outsourcing typing did not work for all participants, but some aspects of work, such as switchboard, can be very effectively outsourced. The key is to explore the options available and see what might work in your own firm. This change could offer attractive opportunities to reduce your firm’s fixed cost base.

## WORKING METHODS AND PROFITABILITY

One of the most interesting results of re-appraising staffing levels and use of technology is that it has enabled firms to change working methods and use people differently – if they are willing to change:

- “I find the combination of voice recognition and the use of key strokes – for example, a swift place of the cursor at a place I wish to insert something – works wonders, and my brilliant PA is now up for sitting behind counsel at court and helping me in many ways she previously didn’t have the time for.”

Hopefully, these different methods of working will result in better profitability; this was tested in a small survey I conducted through the LinkedIn group of 23 firms, which each provided data in respect of their private client departments. The median gross profit margin (that is, fees minus the salaries of the fee-earners and staff in the private client department, less a notional salary for each equity partner in the department of £75,000) was 50 %, but interestingly, the firms that had

fewer support staff in their private client departments achieved better profit margins. Those with under half a secretary per fee-earner achieved a 52 % margin, compared with 44 % for those with more than half. This is an interesting result, but one based on a small sample, so needs to be treated with care. The report can be downloaded from the Otterburn Legal Consulting website at [tinyurl.com/bb7nree](http://tinyurl.com/bb7nree).

The graph opposite, which is taken from the same survey, illustrate that most of the firms were using secretaries or typists for their typing, at least for their senior lawyers, but most junior lawyers did their own typing.

In assessing staffing levels, firms should take account of the nature of the work being undertaken and its complexity. Some staff members will be undertaking work which is more easily delegated to junior fee-earners, who will need little secretarial support, and which is more easily commoditised. In other cases, the work will be more complex, and it would make little commercial sense to assume that very experienced solicitors will be more efficient with reduced support.

## LESSONS TO LEARN

Perhaps the key message from this debate is that new developments, such as voice recognition and outsourcing, provide a great opportunity for firms to re-assess how their private client departments and fee-earners work, and potentially to reduce the cost of doing that work. These techniques will not work for all firms, but they will work for some. The key is to understand what is available, and to be open to new ideas. The firms that will be successful, as always, are the ones that adapt to change.

## If you want to know more...

- ... about profitability and staffing in law firms, you may be interested in the Law Management Section’s *Financial Benchmarking Survey 2012*, published in January 2013. Join the Law Management Section for a 50 % discount on the report.

▶ [www.lawsociety.org.uk/lawmanagement](http://www.lawsociety.org.uk/lawmanagement)