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of Legal Administrators

 A Chapter of the Association of Legal Administrators

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Law Firms in Transition

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Jer-Z-Journal

NJALA Newsletter

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ON THE COVER

Law firms are constantly in transition, sometimes significant and sometimes not so significant, but transition just the same. This issue has articles that help the administrator through some common types of transition experienced by law firms.

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MOVING ON

BY ROBBIN DOLAN

Last edition I wrote about the changes that the ALA was undergoing, and about how similar those changes were to what law firms were experiencing. This edition, I contemplate the nuances of transitioning and examine how transition is necessary for us, our chapter, our firms, and our industry.

Change and transition are not the same thing. Change involves external forces—it is something that happens to us. We have all lived through the ALA's pain of changing the name of the organization. It proved to be a costly one, and in the end, ALA reversed course. They decided a name change was not what they ultimately wanted. There was huge resistance from the members, many of whom did not want a name change. Transition on the other hand comes from within. Had ALA made the name change, we would have had to transition our feelings toward acceptance of the new name. After all, it would have been inevitable and not something that we could stop, so we would all have had to accept it and move on.

I don't know about you, but I feel a sense of unease around me. The daily news is almost too impossible to believe. The stock market soars or crashes. Is unemployment improving or not? What about those big banks, their bailouts and regulations. Who will I vote for that is normal like me? Can we believe any of them? When will I be able to prepare a simple tax return again? Ever? If only things could return to normal, because they certainly are not normal now. These events take me out of my comfort range and make me doubt the future. I need to undergo a transition to a more comfortable spot. I have no control over these changes, but I can transition and grow to accept them.

In his book "Transitions—Making Sense of Life's Changes," (Da Capo Press, 2004) William Bridges describes three phases to every transition: an ending, a neutral zone, and a new beginning. According to Bridges, we must let go of a situation (the ending), go through uncertainty about our old and new situations (the neutral zone), and finally embrace the change and make the best of it (the new beginning). He explores why letting go is so difficult, why we tend to hang on to the past, and are fearful of the future. He maintains that we can embrace each step and learn from it, and emerge excited about the new situation we find ourselves in.

Personally, this is my last President's message (although I will continue to be involved in the newsletter). I will soon be

handing over the reins to another. I am humble having lead such a fantastic organization, one that has taught me much about life, leadership, and friendship. What a great, knowledgeable, and self-less group of members! As I transition out of leadership, I will be experiencing all of the doubt that William Bridges describes: the end of my role as a leader, uncertainty about my future with the board, and finally a new beginning with the chapter as a past president. Knowing the steps in the transition should make it easier to endure the changes.

Our chapter faces the same potential problems that ALA has identified in the industry. Our members are growing older, and as firms consolidate and new generations fail to enter the industry, we risk losing members. While our data is markedly better than ALA's (we have been able to maintain membership while they have lost substantial members), the time may come when we are faced with this same problem. It will be up to future boards to determine how to address it. I trust we have all learned from ALA's mistakes and that a smoother transition is in store somewhere down the road.

Finally, as you will soon find out, this represents the last edition of the standard newsletter. The newsletter committee is working on a more modern digital version that will allow you to pick and choose what you want to read more easily, and which will be published more frequently. We hope you find more meaning out of the new newsletter and that it will better fit your lifestyle. So, transition is in the works in many ways, and hopefully being armed with the knowledge about how to handle the changes, these transitions will be smooth, successful, and enjoyable. Thank you for the opportunity to serve you.

Did You Know?

"A wise man adapts himself to circumstances, as water shapes itself to the vessel that contains it."

—Chinese Proverb

Has your law firm assessed its cyber security risk? Who is responsible?

All entities are exposed to cyber threats. Law firms, however, may be at a greater risk as they contain a treasure trove of sensitive and confidential client data. In addition, the security measures of law firms may not be as sophisticated as their clients which may make them more vulnerable to cyber attacks.

A breach may impact the reputation of a firm that has been built over many decades. Executive Committee Members and Managing Partners are recognizing this and taking more ownership over security.

At EisnerAmper, we perform cyber security risk assessments to assist clients in evaluating key areas of risk. We help identify actions to prevent and detect cyber security attacks and respond to these attacks more effectively.

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WHAT WOULD YOU DO?

BY ELLI ALBERT

For this feature, each issue of the *Jer-Z-Journal* will pose a scenario that could occur in the law firm. Members were surveyed and asked how they might respond if faced with the particular situation. All responses, whether serious, sarcastic, or humorous, were encouraged. All responses are confidential, and some may have been edited.

Scenario: You have two legal assistants who sit next to each other. One is a longtime employee and the other one is relatively new. Both are excellent assistants, but time has proven that they do NOT get along. So much so, in fact, that you are getting complaints from other employees about their bickering. You are worried that it could escalate into something even more serious. To compound matters, for logistical reasons, you cannot move them from their present locations.

WHAT WOULD YOU DO?

* * *

“We had this scenario and it was bad. We had a meeting in the conference room with them both and their direct supervisor (luckily it was same person!). We insisted only one person at a time could speak—no interruptions, just listen and process, and the other would get to respond. It was very emotional for the employees and they cried and disagreed, but I must say, they worked it out in the sense that they each understood that everyone in the entire office was affected by their behavior. There was maybe a little residual tension, but they were so freaked out that we called them in and forced them to discuss the issues that they seemed to deal with their dislike for one another. Both were on ideal office behavior afterwards!”

“Sit them both down and let them know that bickering and other similar behaviors will not be tolerated and further instances could result in termination.”

“There is always a source to discord. It would make sense to have a discussion with each of them to ascertain the issue that has created their dislike of one another. Once you

have a good idea why they don’t favor each other, it would be important to advise them that, as part of their job, they must conduct themselves professionally. I would bring them together to talk out their differences. Generally, when parties are able to air their issues, they feel heard and respected and will lend an ear to reasonableness in concert with improving their working relationship.”

“I have dealt with this situation. Among other general counseling, I did some workshops with staff and secretaries on behavior preferences, using tools like Myers Briggs, Insights, or DiSC. These tools help people to see differences and their preferences and how to work together in general. It helps with the support to the attorneys and working with other office staff. My firm holds general sessions now using Insights for handling these types of problems.”

“I would pull both of them in my office and tell them that one of them has to go and ask them which one it should be. Draw straws??? I’m into shock treatment. They should both then cut the crap!”

“I would give both employees a very strong warning together. I would encourage them to start fresh and put their differences aside. I would indicate that they must get along or face consequences because we are not in the business of mediating differences between employees or allowing personalities to get in the way of firm business: that they may face serious consequence up to and including termination. When I’ve tried being more subtle and counseling each employee separately, it has not proven productive. I now know I have to start with a strong warning so they know the behavior is not going to be tolerated.”

“I would talk with each to see what they think the root cause of the bickering is. The whole thing could have started with a misunderstanding. I’d also tell the person with the most longevity that as a long time employee, you expect him/her to have the confidence in you to handle the new employee. I’d tell the new employee basically the same thing: Situations like this need to be brought to your attention. Remind both there

(Continued on page 7)

What Would You Do?*(Continued from page 6)*

is more to being an excellent employee than doing accurate, timely work. Follow up frequently and remind each to let you know if the problem resurfaces. If the situation continued after more counseling, I'd prefer to fire both, but from experience only the new person will get the ax. That may create a new issue: The long-time employee that thinks they are too valuable to be fired."

"I would sell tickets to their next center ring event...."

* * *

Elli Albert is the Office Administrator of Fox Rothschild LLP in Roseland and Morristown. To suggest a scenario for a future edition of "What Would You Do," please email Elli at ealbert@foxrothschild.com.

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WINE FUN FACTS

BY W. R. TISH

“Wine can of their wits the wise beguile, make the sage frolic, and the serious smile” — Homer

Wine still gets a bad rap of being too complex. Sure, there are lots of wines out there, representing an incredible array of grapes and places of origin, but making sense of the big picture can be a lot easier in bitesize nuggets...

- The grand irony of viticulture is that the best vines grow not in fertile soil, but rather in rugged, inhospitable terrain, often planted on slopes and/or closely spaced so that they have to struggle for water, thus yielding smaller, more intense grapes.
- The pulp of wine grapes are universally greenish-gray; it is grape *skins*—of varying colors and thicknesses—that give wines their color, flavor, and texture.
- Don’t bother wishing you could snack on some Chardonnay. Moscato is the only wine grape thin-skinned and sweet enough to double as a table grape.
- New World wines, hailing from warmer climates, tend to be bold, ripe, and full-bodied, with a fruity character. Old World wines lean toward “elegance” (subtlety), with less obvious fruit, moderate alcohol, and some earthiness.
- Italy is sometimes called one big vineyard; more than 1,000 different grape varieties are made into wine. When the name of an Italian wine includes “di” (meaning “of”), as in Brunello di Montalcino, the name tells you that it is made from a certain grape OF a certain place.
- Price matters: Higher-priced wines (think \$20+ retail) tend to be more structured, more intense, more complex (layered, varied), and longer on the finish—but that doesn’t mean they are more enjoyable. In fact, you might say there are few truly bad wines...only wines you may not like.
- The more specific the region of origin indicated on the wine label, usually the more personal the winemaking and more character in the wine; but again, this doesn’t necessarily make them “better” to any given person.
- The term “Reserve” is not regulated, and is used quite freely in the U.S. In Spain and Italy, however, the terms Reserva and Riserva have legal meanings, and while they vary from region to region, they usually indicate lower yield and/or longer aging.
- Ratings generally reflect a single critic’s preference, not absolute quality; they also do not account for context. Forget looking for 90-point wines; it is way more important to find

styles of wine you like, and to use different styles in different contexts...thereby creating a 90-point *experience*!

- Key to any wine tasting “good” is balance; the most important elements being balanced are fruit and acidity; sometimes tannin, alcohol and oak enter the equation as well.
- Fear not tannin: with food, a red wine’s rough texture will become dramatically less noticeable; and if a wine seems too tight and rough, it will benefit from decanting (breathing).
- Once upon a time, decanting was done to carefully separate very old wine from its sediment. Nowadays it is commonly used to “wake up” big young red wines; the aeration helps open up the fruit and soften tannins.
- Watch the alcohol: white wines under 12% alcohol are usually considered off-dry (slightly sweet); the higher the alcohol, the fuller the body (for both red and white); high-alcohol reds can be trickier with food.
- Well-balanced reds with good concentration of fruit and structure make the best candidates for aging; tannin and acidity work like preservatives, while the wine develops distinctive, non-fruity aromas and flavors. These wines are also more apt to change in the glass over the course of a meal.
- A bottle of Champagne contains the same atmospheric pressure as a bus tire; for this reason, always use extreme caution when opening, especially when removing the wire cage clamped over the cork.
- If you had to pick one wine to have on a desert island, consider a box wine... because the anaerobic collapsing bag inside keeps the wine fresh for up to six weeks (while you wait for the rescue party).

* * * * *

W. R. Tish—former editor of Wine Enthusiast, known in the wine trade simply as Tish—has been writing and speaking on wine for two decades. Via his firm Wine For All (“Pairing Wine and Fun Since the 20th Century”), he designs tastings, seminars and dinners for a variety of corporations and law firms—not to mention private parties that would make Bacchus green with envy. He also does stand-up as a “recovering wine critic” and teaches at the Institute of Culinary Education in Manhattan. Tish’s philosophy is captured in his motto, “I drink, therefore I am; I eat, therefore I am more.” He can be reached at tish@wineforall.com.

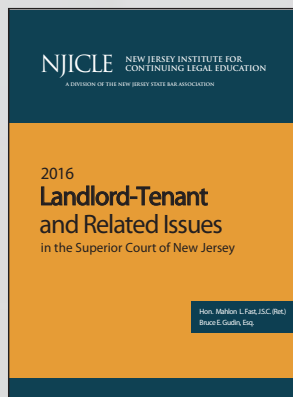


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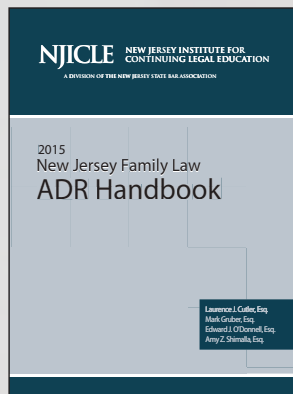
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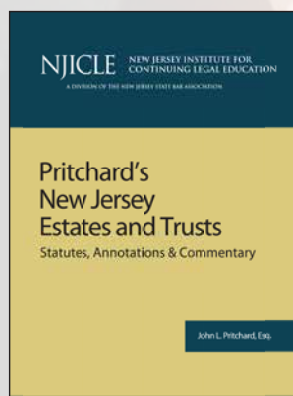
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WHY REBRAND? SEVEN BUSINESS INDICATORS THAT SHOW IT'S TIME

BY ANNE ITRI

We all know how powerful brands can be. As consumers, when we choose a product or service, we're not just looking at price. We often choose to do business with a company because of the company's overall brand promise. The same holds true for your firm. You've built a relationship with your clients and your brand means something to them. That can be a valuable competitive advantage, but in certain circumstances, your brand may be holding you back. If that's the case, it's time to look at strategic rebranding.

Rebranding is more than redesigning your logo or website—it is a total makeover of your firm's public persona. Rebranding can be expensive and complicated, but it is sometimes necessary. So how do you know when it's time? While there is no specific rule that applies to all firms, below are some of key business indicators that can help you decide if it's time to consider rebranding.

Your firm name has changed

During a firm name change, you are already going to incur the expense of updating materials including online assets, stationery and printed materials, office signs, and more. As such, it is the perfect opportunity to conduct a brand audit to determine if your new firm name fits seamlessly and cohesively with your existing brand. Since many firms include their firm name initials or the first few names in their firm's brand, it is more than likely that a firm name change will cause a complete rebrand. The trend to shorten the firm name—often to one name—makes it easier to build brand recognition.

Your firm's brand is old or outdated versus your competitors

When people talk about branding, a firm's logo is the usually first thing that comes to mind. Branding, however, goes much deeper. It's the voice of your website, press releases, and social media interactions. It's your office décor. It's the way your employees, from the receptionist to the partners, interact with clients. It's your firm culture. As the first impression of your firm is formed, your logo is still one of the most important aspects of your firm's brand and it's easy for the aesthetics to become dated. Ten thousand Baby Boomers reach retirement age every day and Millennials now make up the largest generation in the U.S. This generational shift will have an impact on how buyers of legal services will choose law firms.

Added to a dated look, the proliferation of the internet and social media sites has made it much easier for your potential clients to view and learn about your firm and your firm's competitors' brand and culture without ever stepping foot in an office or speaking with an associate. The emergence of these channels has resulted in many law firms reevaluating their brands and initiating rebranding projects in order to develop new brands that resonate more and stand out more prominently when they are conveyed over these new media channels.

Rebranding affords your firm the opportunity to define who it is today and articulate its unique value making your firm a fresh new option for many potential clients.

Your firm has changed significantly

Firms usually evolve over time and often these evolutions require a fresh branding effort. Whether it is through new practice areas, new partners, new locations or even a change in your business model, any major change in your firm's operations may require you to evaluate whether your current brand is accurately representing your firm's services and philosophy.

If your general practice firm acquires an IP boutique firm, will your brand attract new clients to this practice? What if your Chicago firm opens a new office in Houston? Will your brand convey the same message to both locations? As your firm grows and changes, your brand may need to be refreshed to keep one, cohesive image.

Your brand isn't compatible with your firm's identity

Your brand should convey your firm's identity and give clients an idea of what to expect when they interact with you. If you have a very inviting, modern persona online, but all of your printed materials are traditional and serious, you will confuse your potential clients.

Every part of your firm's brand, from your color scheme to your messaging should be consistent with your firm's culture and identity. Is your firm's logo difficult to understand? Does it convey your firm's message and identity? If it doesn't, it might be time to rebrand to ensure consistency and clearly define who you are from the first interaction.

(Continued on page 11)

Why Rebrand?

(Continued from page 10)

You want to appeal to a new client base

When entering new markets, your firm needs to assess whether or not your current brand will reach the correct audience and stand out competitively. Perhaps your firm is now targeting clients in a new region or country. Maybe your firm's clients were typically individuals, but now the firm is trying to attract corporate clients. If such changes in your firm's target client base occur, then it may be time to consider rebranding.

Rebranding will ensure that your firm is presenting the right identity to give new clients an understanding of exactly what you have to offer.

Customers have developed a negative association with your brand

Typically, a long-standing brand is a positive because of increased name recognition over time, but if your firm has been associated with a negative incident, it may prove too hard to overcome. The most obvious example is a when a firm experiences a major PR problem or controversy, though sometimes smaller missteps can lead clients to view your firm in a negative way. This can trigger a rebrand.

Changing your firm name or at least the look and feel of your brand (e.g. your logo) can reduce the association and allow the negative event to fade.

Your revenue growth has diminished

If your firm has experienced stagnant growth or decreased profits over 24 to 48 months, a [new brand](#) can breathe new life into your business. With the right buzz surrounding it, a successful **rebranding initiative** should help generate new leads.

If your firm has experienced any of the above, it's time to take a closer look at your firm brand to determine if it is an asset or a liability. If your firm isn't prepared for a total rebrand, consider tweaking your brand as part of your daily operations to gradually reposition your firm in the market.

Anne Itri is Regional Sales Manager for ALL-STATE LEGAL. Founded in 1946 and headquartered in Cranford, New Jersey, ALL-STATE LEGAL is a legal industry rebranding specialty printer. The company has been involved in over 20 major rebrands over the past year, has a national footprint (with manufacturing and distribution centers located in and around all the major U.S. legal markets), an online ordering platform, and an experienced and knowledgeable client service team—all focused on providing the highest quality products and services to law firms of all sizes, from solo practitioners to the largest global firms.

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VoIP PHONE SYSTEMS: THE SIX MOST COMMON CONCERNS

BY VINCENT FINALDI

Over the past 10 years, I have met with more than 500 business owners and managers to discuss their telecommunication needs. Too many remain skeptical about voice over IP (VoIP) phone systems despite their significant cost savings and broader functionality than older, traditional premise-based phone systems.

VoIP became available to businesses in 2001, allowing users to avoid long-distance and international telephone charges. It worked by transmitting voice in data packets over the Internet using the Internet Protocol (the “IP” in VoIP).

In its infancy, VoIP’s performance was less than satisfactory. VoIP call quality couldn’t match that of analog phone lines and T1 voice circuits, no surprise since traditional phone carriers had a one-century head start—not to mention monopoly protection— to perfect their technology.

How VoIP has changed.

As you might expect, VoIP has matured over the last 15 years. We’ve figured out how to make it work and it works very well. Still, many business owners harbor valid concerns which I’ll try to answer in this article. I’ve observed six to be the most common.

Concern #1: I’m stuck in my current carrier contract.

If you don’t have a copy of your current agreement readily available, the only way to know how you can terminate your agreement is to call or email your existing carrier and ask them. This is information you’re entitled to, so don’t accept evasive answers.

Plan your escape. Even before you have decided to switch phone service providers, send a letter requesting to be put on a month to month agreement when the contract is up. Ideally, you should do this 60 to 90 days in advance of the end of the contract.

What if your contract is not up for another year or two, but you need to upgrade to VoIP sooner? Some agreements renew on an annual basis, but some are two or three years long. Let’s say you have a 30-person system and the early termination fee

(ETF) is \$15,000. If your cancellation fee is that high, it may warrant holding off on migrating to VoIP phone lines.

Look for a buyout. Fortunately, unlike in the old monopoly days of Ma Bell, you have competition among dozens of VoIP companies working in your favor. It’s not uncommon for carriers who are eager for your business to buy out your contract by paying the ETF.

Ask for the original contract. Another proactive step you can take is to request the original signed agreement. Suppose you’ve been with your carrier for 10 years, and they’re trying to automatically extend the term. Unless they can provide the original 2006 signed agreement, you can fight the extension they are saying you must accept. It gives you more leverage to leave the contract without penalty.

Concern #2: Is VoIP voice quality good?

This is a very common concern. Everyone has a story... “Hey, I know a company that has poor call quality over their VoIP system.” Here are some pitfalls that a reputable VoIP phone provider can help you avoid:

Poor Internet connection (your physical location may impact the quality of your cable Internet from providers such as Verizon Fios, Comcast, and Cablevision).

The phones and PCs share the same wiring connection. An installer who cuts corners might run only one network cable per workstation.

Outdated IT hardware (routers, network switches) not designed to handle VoIP traffic.

Cost-cutting practices in the hosted VoIP carrier’s data centers that can negatively affect call quality.

Concern #3: What happens when my Internet service goes down?

A word about backup Internet: I strongly recommend that you invest in a backup Internet circuit/data T1 circuit. VoIP Routers can accept two Internet connections with automatic failover. That means if your primary Internet goes down, your

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VoIP Phone Systems

(Continued from page 12)

VoIP Lines switch to the backup data T1, avoiding downtime. If you run a very small business and feel you don't have the budget for a second Internet connection, you can still have a backup plan that routes calls to cell phones. We call this feature "disaster avoidance planning."

Or, use your portal. Calls also may be re-routed manually by using smartphone to access the portal. Another option is to call your VoIP service provider and have them take care of the re-routing until your Internet service is back online.

Concern #4: My employees are reluctant to embrace change.

I get it that some old school and traditional employees don't want to deal with change. Change is uncomfortable at first for most people, and that's never going to change! Here are some benefits you should communicate to your staff to help them get over negativity about using a VoIP phone system:

Maturity. Remind your staff that VoIP has had over a decade to develop. In 2016, hosted VoIP phone systems have improved to be as close as possible to traditional phone systems in ease of use and reliability.

Familiarity. The phones themselves are very similar to the digital office phones your staff has been using for 10+ years.

Convenience. Hosted VoIP systems have a robust feature set, including caller ID, call logs, and flexible tie-in with iPhones, tablets, and desktop computers.

Training. A local company should provide on-site end-user training at your location with real humans, something nationally-based VoIP providers typically downplay or avoid due to geographic challenges. The human touch is critical to helping staff grasp new technology.

Concern #5: Is there downtime when switching to VoIP?

No. The porting of a number is scheduled out in advance, approximately two weeks ahead. After preparations are made, actually releasing a number from the losing carrier to the new carrier is an instantaneous event, so there is no downtime (and yes, you can keep all your phone numbers).

But delays are possible. When switching away from your old carrier, be aware that some carriers are more difficult to deal with than others and will reject ports. Not to worry—at worst it just means you have to keep your old setup for another ten business days or less.

In extreme cases, porting can be expedited when the ten-day delay is unacceptable. For example, we had a customer who urgently needed a new system because their old system failed. We were able to expedite the process by contacting Verizon to explain the problem. As a last resort, when a port can't be expedited, a remote call forward (RCF) can be used temporarily to forward calls to the new line.

Important note: Alarms and credit card machines often work best on an analog line, so it may make sense to keep these on your old carrier's analog (non-VoIP) lines when switching the company's main phones to VoIP. What about faxing? Businesses are replacing fax machines with Web fax services these days, eliminating the need for an analog fax line.

Concern #6: What if I have buyer's remorse?

We've already covered how to terminate your agreement under Concern #1, but what do you do next? More flexibility for VoIP customers... buyer's remorse is less costly than it used to be because the VoIP hardware can be reused by other companies.

Common hardware. What makes VoIP providers different from each other is their software, installation and training experience and their ongoing customer service. The hardware tends to be non-proprietary and mainstream. By contrast, phone systems in the old days were proprietary. If you had an Avaya system, you were at the mercy of a few Avaya dealers, and escaping to a different brand meant a very costly and somewhat painful hardware swap.

To avoid buyer's remorse, work with a local VoIP specialist who will meet with your team, understand how your phone system currently impacts your business, perform a site survey to evaluate your wiring, Internet and IT hardware, perform a product demonstration, and give you a custom proposal. You'll have a much better idea what you're getting into, and surprises can be avoided.

Vincent Finaldi is vice president of Tele-Data Solutions, a VoIP phone systems provider based in Union, New Jersey that specializes in serving law firms and auto dealerships. Visit their website at www.tele-datasolutions.com, email Vincent at vin@tele-datasolutions.com, or call 908-481-1200.



ELECTRONIC RECORDS MANAGEMENT

BY RICH KUKLA AND MELVIN MONTALVO



In the ever-changing world of Information Technology (IT), advances occur on a daily basis, and keeping up with these changes can become extremely difficult. When discussing electronic records management solutions and electronic document storage solutions, these new advancements can be vital to your business.

Modern IT revolves around a mobile workforce armed with laptops, tablets, and smartphones. These devices are indispensable to our ability to do business. With mobile software and “apps” to perform just about any task, records management software is no different. The ability to access your records and documents from a mobile device enables you to do business, even when you are unable to access your computer. No longer will you live with the fear of visiting a client and forgetting an important document or form at the office. With the proper document management software and mobile app, this scenario is a thing of the past.

As our businesses continue to grow, technology affords us the ability to extend our reach beyond what was geographically possible just a few years ago. With centralized electronic records storage, the ability to access your client files from the road or from your home office has become commonplace. Decreasing costs in high speed Internet connectivity, solid-state hard drive storage, and secure VPN connections makes this all possible. With these technologies becoming standard in the industry, electronic records software is designed with these advancements in mind. You can access your data from anywhere, anytime, with ease.

One of the biggest challenges in storing physical client files is that it becomes very easy for files to be misplaced or for confidential data to be accessed by employees that should not have access to this data. Storing your records electronically not only provides you with the ability to set access permissions to prevent unauthorized access, but also allows you to track who and when these files were accessed. Almost all current file management systems have some form of audit trails, which allow administrators to see which files were accessed, by whom they were accessed, and exactly what changes were made. Combined with granular reporting capabilities, there’s no need to second guess if a file was modified and exactly what was changed.

Another common issue with electronic records keeping is that even with appropriately configured security permissions, authorized employees may still occasionally make mistakes. When working with physical files, these errors can be catastrophic and often times can cost the firm a significant amount of time and money when documents need to be recreated from scratch. Recent improvements in revision control features enable managers the ability to “turn back time” and return any file to a previous status at the click of a button. Revision controls allow managers the ability to review every revision of each document to determine when an error was made. When revision controls are used in combination with audit trails, these unavoidable mistakes become minor inconveniences instead of major problems.

With all electronic records keeping, the ability to store data is only as good as the ability to retrieve the data in an efficient manner. This process begins when inputting physical documents in the electronic storage system. Improvements in OCR (Optical Character Recognition) enable the software to convert the scanned document image into searchable text. Once the document has been processed through the OCR engine, the text is indexed, and stored in an efficient database which can be searched in seconds. This allows for the ability to locate documents based on client names, case numbers, and keywords. Additionally, the indexed data can lend itself to a host of other automated features.

Often times, firms have amassed a large amount of physical case files, and the process of converting these files into electronic data can seem like an arduous task. In reality, this process can be vastly simplified by using a scanning solution with batch scanning capabilities. Within the records management software, templates can be defined for each type of document that will be scanned (i.e. affidavits, certificates, contracts, etc). Once these templates are defined, a mixed batch of documents can be scanned and automatically identified within the software. These scanned documents are now processed through the OCR engine and automatically sorted into the correct storage location. With complete control of how these templates are defined, sorting can be easily customized to match your firm’s current workflow. Filing documents by client name, case number, or attorney name can be easily accomplished. This method of inputting large

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- Are you ACA compliant?
- Does your benefits plan match your tactical value proposition?
- Do you have a long-term benefits plan?
- Are you getting the most from your benefits administrator?



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Electronic Records Management

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amounts of documents saves significant time and reduces the error rate of manual electronic filing.

Most current document storage platforms contain some level of automation, which can further enhance the way that you do business. Workflows and automation can streamline your internal processes and allow you to create a system where oversights are a thing of the past. For example: if certain types of contracts need to be approved by a specific attorney, a workflow can be established where the attorney receives this notification. The workflow will not continue until that contract has been electronically approved. Simultaneously, you may want the workflow to automatically email the client during certain phases of the case, or to alert a paralegal that further data entry needs to be performed at a certain stage. These automated workflows are infinitely customizable and ensure that even the smallest details never slip through the cracks.

When discussing new technologies, electronic records keeping, and other automated solutions, cost is always a factor. The great part about technology is that while functionality is increasing, so is the level of competition between software manufacturers. With the multitude of products competing for a share of the market, various payment models are available to suit each firm's budget. In the past, spending a large sum of monies upfront to purchase computer infrastructure and software was very common. Major improvements in cloud storage have provided us with the SaaS (Software as a Service) model which enables you to only pay for services that you need, while still maintaining the ability to add additional functionality as necessary. This flexible structure allows for even the smallest firms to stay competitive in our high tech world.

Regardless of the industry, businesses are expanding their data by adding layers and layers of new information on a daily basis causing the amount of data to grow exponentially. The paper trail generated by organizations has created an industry and demand for data centers being built around the country and utilized by all types of companies just like storage centers being utilized by residential customers for additional items they've compiled through the years. Company data should be kept confidential for the customers' sake, but at what cost and for how long?

Rules and regulations are created by federal, state or industry associations to help awareness of the risks involved with the exposure of customer data. Records management is evolving like any format of data we capture and are required to archive on a short or long term basis. We can look at history of recordings and record keeping methods like legal binders, cataloging, microfilms, eight-track cartridges, compact cassette, compact disks (CDs), hard drives or the Dewey Decimal Systems, to appreciate how technology has evolved, but one thing is constant: we all need a system in place to retrieve pertinent information when we need it.

Document Solutions can provide a free assessment of your records management process and customize a solution for your organization. Contact Rich Kukla, IT Manager or Melvin Montalvo, Project Manager, at it@dsbls.com or call them at 908-653-0600.



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HELPING NJ LAW FIRMS EASILY TRANSITION TO VOIP PHONE SYSTEMS

Common Concerns with VoIP Telephone Systems

- I'm stuck in my current carrier contract.
- Is VoIP voice quality good?
- What happens when my Internet service goes down?
- My employees are reluctant to embrace change.
- Is there downtime when switching to VoIP?
- What if I have buyer's remorse?

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-Kathy Dart, Office Manager of Keefe Bartels



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FIVE TIPS FOR LAW FIRMS IN TRANSITION

BY Kenneth E. Winslow, Timothy King, Charles Lunden, and Charles Persing

Law firms are like many other businesses and often go through major transitions; be they mergers or spinoffs. When transitioning a firm, managers need to consider internal controls, tax and debt obligations, the practice's value, and the cultural fit of a merger. Under all circumstances, emotions play a key part and must be kept in check. This article presents tips to handle all of these concerns.

TIP NUMBER ONE: Pay Extra Attention to Internal Controls

In times of transition it is extremely important to pay extra attention to internal controls. Some law firms may believe that a tragedy could never happen to them. However, the bankruptcy and subsequent liquidation of Hannoch Weisman and the recent bankruptcy filing of Zucker Goldberg Ackerman shows that even firms with great reputations and decades of success can rapidly enter into a crisis.

For some firms going through financial hardship, the accounting department may be significantly reduced and many of the important controls not monitored. In one instance, we came upon a firm who had not replaced its departed controller. The bookkeeper assumed additional responsibilities which allowed her to review payables, sign checks, and reconcile the bank accounts with no oversight. It was discovered that many of the checks she signed were paid to herself or relatives and buried in the company's records. The firm's partners suffered a loss of approximately \$75,000, most of which was never repaid.

Another example of the danger of having insufficient internal accounting personnel includes such a circumstance that resulted in the firm's payroll and payroll taxes being all but completely left to the outside payroll service with no internal review. The firm did not have its payroll taxes impounded by the payroll service. The internal accountant paid many important bills and did not have the funds available to make the tax payments. The

firm survived only because several of its partners had personal liability and loaned funds to the firm to satisfy the problem.

TIP NUMBER TWO: Understand Tax Consequences and Debt Obligations

Be aware, there may be unintended tax consequences associated with the transition. It is imperative that you determine the tax nuances accompanying your entity's change. In the case of a merger, securing an understanding of each firm's tax compliance reporting methodologies such as: case cost reporting—hard vs. soft costs; sales and use tax filings; multi-state filings; disclosure of non-deductible expenses; and other tax compliance matters is essential.

Similarly, be sure to have a full understanding of existing debt obligations including: credit lines or notes payable, including their maturity dates and financial covenants; and office and equipment operating and capital lease obligations and their accompanying maturity dates.

TIP NUMBER THREE: Know the Value of Your Practice

In the case of a merger or sale, no matter what the buyer pays, he will want to have an orderly transition, need to know who is staying, who is leaving and what that means to the practice profitability and future marketing efforts. The value paid to the departing partners will affect the value of what is left for the staying partners. Recent data show in over 60% of U.S. law firms, partners aged 60 or older control at least 25% of total firm revenue. One third of those firms have a formal succession planning process. With all this in play, *it is essential to know the current value of your practice.*

Law firms cannot have non-compete agreements with attorney partners and employees. It is for the client to decide whether to go with the new buyer or the departing seller. Hence, measuring

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Five Tips for Law Firms in Transition

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the “who gets what” is often litigated. Once all is settled, the remaining partners go through a merger transition.

Firms/departing partners have been sold for multiple of earnings, multiple of revenue, and multiple of compensation paid to the departing attorney. The purchase price is sometimes broken into net assets and the balance over time. The actual multiplier is based on a long list of items including quality of the client base, source of clients and referral sources, the nature of relationships (institutional or transactional) and ability of remaining lawyers to perpetuate the business, among others.

TIP NUMBER FOUR: If the Transition is a Merger, Make Sure Both Firms are a Fit in the Way They Do Business and Determine Value

It is of enormous import to be sure the acquired firm’s way of doing business fits with that of the acquirer. For example, if a small firm merges into a larger firm, at year end the small firm may agree to pay out the excess profits in various ways, including some level of subjective scoring. The new firm may pay compensation solely based on productivity, marketing, ownership, or a combination of each, and ignore the sweat equity from the small firm.

Initial equity (the price paid to the firm merging in) may be an agreed upon amount/percentage value. How does that change for growth in younger partners and the payment to the retiring partners as they phase out?

Starting compensation may be guaranteed for a period of time or be free floating. It is wise to run “what if” scenarios to determine the range of outcomes for all parties.

It is entirely possible that as you settle into your larger newly merged entity, partners may find themselves further away from decision making authority and may become owners who are subject to the rules of employees such as reporting, timesheets, and formalized client acceptance approval process.

Likewise, compensation may also be affected. Some attorneys are compensated on what’s called “Batty” and “Watty.” Batty is “billing attorney.” “Watty” is “working attorney.” Each receives a different amount of compensation. Be sure new case classification is attributed to its originator. Politics should not run interference because of the merger.

TIP NUMBER FIVE: Keep Your Emotions in Check

Transitions can evoke emotion especially when a firm is dividing. Those who are able to navigate the waters of transition with the least display of emotion and public outbursts, will generally have more successful outcomes. Those involved in these situations often refer to them as “law firm divorces” because they actually encompass many of the same challenges

and thus provoke the same emotions as matrimonial cases.

As a law firm administrator, let your partners vent to you, and not at the professionals engaged to assist the firm through this process. This will reduce the amount of time spent bickering about items of immaterial value and keep to a minimum, the cost of other counsel, experts, mediators, court reporters and others. Help narrow the areas of disagreement beforehand to minimize these areas. Suggest that areas of unresolved, substantive conflict be reserved for outside professionals.

If your firm is in the midst of merger discussions, one of the likely motivating factors is reducing “redundancies” or eliminating areas of overlap. It is probable that both sets of administrative teams will not be needed going forward. Keep your networks current and develop long term relationships with your peers so you remain well connected. Be proactive, as the pace of mergers and spinoffs is likely to accelerate in this shifting environment.

This article was written by partners at Bederson, LLP in Fairfield and West Orange:

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IS YOUR FIRM REALIZING ITS POTENTIAL?

BY TRAVIS EPP, CPA AND BRIAN KARNOFSKY, CPA



It's that time of the year again. Budgets are set (or should be soon!), and firm management and the finance committee are looking for ways to boost profits and cash flow for the upcoming year. This leads to firm management looking for ways to improve performance and the bottom line. Too often, there is a desire to tell each attorney to increase billings, obtain more clients, and offer or cross-sell new services. However, for most firms, there are challenges in increasing demand for their services and addressing the current level of fee resistance in the marketplace.

Identifying and understanding a firm's key performance metrics is a necessity for all law firms. These metrics must be reviewed and analyzed on a continuing basis to assist in improving the overall financial health and profitability of the firm. An example of a key metric to law firms is "realization," which has various elements and is a key indicator as to whether the firm is actually earning what it believes it is earning.

- **Billing Realization Rate = The percentage of time worked on a client that is billed to the client.**
- **Collections Realization Rate = The percentage of fees billed that is collected.**

While increasing billings and billing rates are often identified as the solution, it is not guaranteed that these will lead to increased profits. When combined with an effort to manage overall realization, they are more likely to have a positive impact on revenue and earnings.

Many firms raise their billing rates year-after-year in an effort to increase their top line, only to have those efforts offset by fee concessions or accounts receivable write-offs, both of which negatively impact a firm's overall realization. This practice is counterproductive to increasing firm profits and can effectively negate the intended impact of the fee increase.

The anticipated result from a firm's increase in billing rates will also be challenged if billing partners have an unwillingness to pass on the increases. Reasons for this hesitation, amongst others, include concerns about the fairness of the fee increase or worries about losing the client. The bottom line is that

when the firm's standard rates go up and they are not billed in accordance with firm policies, any potential for an increase in a firm's overall realization rate is challenged by increased write-downs.

Impact of Realization and Billing Rate Increases

The following table demonstrates the impact of 1) increasing realization by 3%, and 2) increasing billing rates by 3% without improving realization:

	Base Case	Increased Realization	Increased Billing Rate
Total Fees	\$1,000,000	\$1,000,000	\$1,030,000
Realization	85%	88%	85%
Net Fees	\$850,000	\$880,000	\$875,500

The above table illustrates that either an increase in realization or an increase in billing rates may have a positive impact on net fees. What is interesting in the example is that an increase in the effectiveness of an engagement provided more to the net fees than a fee increase.

Should a firm be able to combine an increase in the realization with an increase in a billing rate, the results would be as follows:

Total Fees	\$1,030,000
Realization	88%
Net Fees	\$906,400

An additional profit of \$30,900 is generated by layering on an increase in the realization rate on top of a billing increase. Increasing realization and billing rates each by 3% results in a net fee increase of 6.6%, which indicates the importance of both realization and billings rates on a firm's profits and cash flow.

Understanding the impact of realization is one thing. Knowing what to do and how to implement a plan to improve realization is another.

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Is Your Firm Realizing Its Potential?

(Continued from page 23)

How to Improve Realization Rates

To Improve Billing Realization:

1. Establish and communicate regularly the policies designed to tighten up your firm's timekeeping practices.
2. Regularly communicate and provide training for all billers on procedures for recording their time, emphasizing the importance of accurate time tracking and keeping.
3. Establish policies and procedures as to timeliness of billing, and monitor compliance with these policies.
4. Establish policies that dictate when and under what circumstances billers are allowed to write down and establish baselines for seeking authorization for write-downs.
5. Regularly review write-downs in both hours and a percentage of time at the client and firm level.
6. Require biller to provide an explanation of the circumstances surrounding any significant write-downs.


To Improve Collection Realization:

1. Establish policies for billers to regularly manage their accounts receivable and hold them accountable.
2. Review the current payment status of all of your firm's clients by using an accounts receivable aging report.
3. Review aged balances regularly to identify potential collection problems early, and focus your efforts on these accounts.
4. Communicate with late-paying clients often until a payment is made or a payment plan is established.
5. Don't allow clients to manage your cash flow. Be proactive on collections.

Establishing and communicating formal billing procedures that all timekeepers must follow will help your firm maximize its profit and realization potential. All it takes is some planning and communication to start seeing an improvement on your firm's realization. In the end, when it comes to law firm revenue and profitability, you need to remember:

It's not what you bill that matters, but what you collect.

*Travis Epp, CPA & Brian Karnofsky, CPA
are Partners at EisnerAmper LLP.*



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HATCHES, MATCHES & DISPATCHES

BY CINDY LANDIS

It has been some time since including Hatches Matches and Dispatches in our newsletter. Members of the NJALA have quite a bit of news to share: I, therefore, get right to the point.

One of my nephews moved from Las Vegas to Florida in November. He made a few stops along to the way, one of them to spend some time with his family in New Jersey. All of the “girls” in the family who were in the area on Thanksgiving weekend enjoyed lunch at Teaberry’s Tea Room in Flemington. We were introduced to his new girlfriend, Lea. I took along my daughter, Carol, and my son’s girlfriend, Christine. Here we all are (left to right, niece Anne, sister Diane, myself, daughter Carol, my son’s girlfriend Christine, niece’s daughter Maria, niece Katie (Maria’s mother), sister Beth, and nephew’s new girlfriend Lea).



Greg, Katie and Family



Cindy's Family at Teaberry's in Flemington

Linda S. Gerber (Einhorn Harris Ascher Barbarito & Frost, PC) reports that it was a busy fall for her family. In September, their son, Greg, married his long-time girlfriend, Katie. They were thrilled to have her officially join the family! In October their daughter, Karen, and her husband, Steve, celebrated their 10th wedding anniversary with a trip to Aruba. Grandma and Grandpa Gerber moved in to take care of their two grandsons, Gavin and Oliver, and spend some quality time with them while their mom and dad were away. So all in all, it was a great season!



Karen, Steve and Family

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Hatches, Matches & Dispatches

(Continued from page 25)

Nancy Harris (Gordon & Rees) says that she and her hubby, Kevin Harris, celebrated the season at a holiday party in Jersey City, with the Freedom Tower in the background.



Nancy and Kevin Harris

Ron Henry reports that he and his wife Donna's family gathered Thanksgiving week to celebrate George Garver's (her father) 100th birthday on Anna Maria Island in Florida. Their kids and families flew in from Germany and Boston to celebrate the occasion. Chubby Checker and his wife (the former Miss Norway) drove down from Philadelphia to surprise George and help celebrate this milestone. In 1963, Reverent Garver, after meeting with and vetting their intentions, went out on a limb to marry this interracial couple in Cherry Hill, NJ. His decision caused much controversy at the time, and ultimately, his congregation forced him to leave. Over 50 years later, Chubby Checker and his wife are still happily married. One could say they twisted the knot and it held...



The entire gang at 100th birthday celebration



Ron Henry and Family

Sarah Clark (McElroy, Deutsch, Mulvaney & Carpenter) reports that Santa Claus brought them a new kitty for Christmas. It was love at first sight. So what did she name him, you ask? Pig the Cat. They call him "Piggie" for short.



Piggie with Sarah and daughter

(Continued on page 27)

Hatches, Matches & Dispatches

(Continued from page 26)

Elli Albert (Fox Rothschild) recently welcomed a new “family” member: Siberian kitten, Natasha! Elli reports that her kitten is an adorable fur ball, who has settled in nicely and is great company except when Natasha decides it’s time to play at 2 a.m.! Elli is busy discovering the wide world of laser pointers, squeaky toys, cat condos, and most importantly, Ssscat (look it up, cat people – you’re welcome).



Natasha

Patricia Isaacson (Davison Eastman & Munoz, P.A.) says that she counts herself extremely fortunate to have become a part of a wonderful firm in central New Jersey—Davison Eastman & Munoz P.A. At Thanksgiving the firm gives every employee a pie (variety of their choice) for their family celebrations. The pies come from a local orchard bakery and are some of the best pies she has ever eaten. Everyone looks forward to the pie distribution.

As part of the firm’s Sunshine Committee efforts at maintaining high morale, they have an ugly sweater day during the holidays, much like so many people are having as social celebrations of late. She says it is fun and everyone embraces the opportunity to wear outlandish sweaters. Continuing on during the year there will be Super Bowl celebrations with sports team shirts, Valentine’s candy and monthly cakes for birthday celebrations. There is never a lack of food and often they refer to these celebrations as the “DEM 15” for the weight that you could gain there. The social commitment of the employees and firm goes outside the firm with candy sales to benefit local schools and winter clothing drives.



Ugly Sweaters



Pies

To close out this issue, I hope you all enjoyed a joyous holiday season. As 2016 begins, continue to prosper, remain healthy, and enjoy the small things in life.

Cindy Landis is the Office Administrator of Gennet Kallmann Antin & Robinson in Parsippany.

2015 / 2016 NJALA COMMITTEES AND CHAIRPERSONS

**IF YOU NEED ASSISTANCE,
OR IF YOU WANT TO BE PART
OF AN NJALA COMMITTEE,
PLEASE CONTACT ANY
COMMITTEE CHAIR (Below)
OR BOARD MEMBER (See Page 3).
WE WOULD LOVE TO HEAR FROM YOU!**

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Mary Ellen Dolan, 973-360-7900
Gayle Englert, 201-525-6307
Nancy Fosina, 973-912-9008
Nancy Harris, 973-549-2500
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(See also page 3 of newsletter.)

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BY MARY ELLEN DOLAN AND LOUISE RUFFO



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Presenting Our Business Partners

(Continued from page 30)

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domain computer services

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