# LAWYERS JOURNAL

## L A W   P R A C T I C E   M A N A G E M E N T

# The advantage of better technology in a small law firm

### By Mark Haddad

Law firm business leaders have continually stressed the need to have the right technology in place to move their firms down the path to success.

Previously, I have highlighted some of the lessons that leaders of small law firms can learn from their peers' firms, though not necessarily from their peer managing partners. Instead, we looked at the 2020 Small Law Firm Business Leaders report to explore the insights that business professionals who are not attorneys can share.

People who have different training and experience from attorneys can bring invaluable perspectives into the decision-making process, particularly when those people are trained business professionals whose sole focus within a law firm is on improving the business operations of the firm.

One of the key areas highlighted by these business pros who help lead firms with 50 or fewer attorneys was the need to have the right technology in place at their firms. Clearly, this is an important insight for law firms of any size, of course, but perhaps especially for smaller firms that may not have the benefit of a dedicated tech officer or even a full-time business manager.

In fact, 66 percent of these business pros, when asked to identify risks to their firm's future profitability, identified underperforming lawyers as a major challenge. In fact, fully 27 percent said that underperforming lawyers posed a high risk to their firms' profitability.

Now, this doesn't mean that these business leaders lack confidence in their firms' lawyers; instead, it seems much more likely that this is simply an indicator that some lawyers lack the right tools to deliver more productivity, service, and performance for their clients.

Given the uncertainty of today's world, I think this is perhaps especially true. Over the course of the pandemic, many small law firm lawyers found themselves trying to catch up to the technological requirements of remote working; and more importantly, struggled to keep pace on how their clients were engaging digitally. These challenges represented a range of real struggles that necessitates more meaningful tech adoption among law firms of all sizes, but perhaps more among smaller firms.

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### Addressing the tech challenge

This challenge of technology prowess is not unknown to many of these small firm business leaders – indeed, it is one they say they intend to address. Some 46 percent of respondents to the Small Law Firm Business Leaders report said that they "definitely will" be using tech to help cut costs in the coming year. In fact, greater use of technology was the single most-cited step given to improve performance.

And the pandemic has played a role in highlighting this need as well, with 73 percent of respondents saying that their focus on greater use of technology increased as a result of their experiences in 2020.

The Small Law Firm Business Leaders report provides some great insight into what types of technologies these firms are using or plan to adopt. The vast majority of small law firm leaders say their firms have adopted essential tech tools, such as legal research tech (with 79 percent of respondents saying this); websites and internet presence tools (70 percent); eBilling solutions (67 percent); and financial management systems (64 percent).

But I think the more important story lies in the firms that find themselves among the minority that report they have no plan to adopt these kinds of basic technologies. Among these small law firms, 12 percent say they have no plan to start using tools like website or internet presence tools, with an identical percentage eschewing any sort of eBilling technology adoption. And further, a dramatically larger percentage, 58 percent, reported they have no plans to adopt any sort of client relationship management technology.

It's not as though these business leaders don't understand the potential advantages of better tech. On the same survey, the top two reasons cited by respondents for adopting better technology were all about productivity: i) to reduce the time taken to complete tasks – a leading pain point for small law firm attorneys who need to spend more time actually practicing law; and ii) to unlock long-term cost savings.

Firms that hesitate to move towards these kinds of business-enhancing technologies face a strong risk of falling behind their competitors. In a market where 63 percent of small law firms say it's a challenge to keep up with the competition from other firms, and where other small law firms are easily recognized as the largest source of competition, anything

that another small law firm is doing that your firm is not creates the immediate threat of a competitive disadvantage.

Of course, the reverse is also true. If your firm is doing something that your competitors are not, then your firm will be the one that stands apart from the crowd, especially in the minds of clients. ∎