HOW MANAGING PARTNERS GET
BAD ADVICE
WHEN CHOOSING LEGAL SOFTWARE

rocket matter

Introduction

Jerry is a managing partner at a 30-employee law firm, and he has a mess on his hands. His 15-year-old installation of legal practice management (LPM) software is falling apart at the seams. Data is mangled and reports don't add up. The system is glacially slow, and at the software vendor's suggestion, the firm has upgraded computers and routers at great expense but nothing works.

The firm's software seems like it will have a destructive crash at any moment. Jerry knows he needs to move on and replace his dying software. Looking for ideas, he reaches out to attorneys he trusts, IT support vendors, and his office managers to try to find the right solution.

If Jerry is lucky, he'll get good advice and successfully install a piece of software that not only solves his problems but also boosts his productivity and revenue. However, Jerry is very likely to get advice that doesn't necessarily help him or his firm, leading to a failed software implementation, wasting tens of thousands of dollars and endless hours of potentially billable time.

The truth is, most software implementations do not succeed. For medium-sized projects such as Jerry's, 88% will either fail completely or run over time or over budget.

This does not have to be the case.

We at Rocket Matter have worked with thousands of law firms over the past 12 years, and we've gained invaluable insights as to where they typically succeed and where they fail. We want to share this information with you: This eBook addresses five situations which will doom law firms to an unsuccessful, overpriced, or bloated transition to new legal practice management software. Our goal is to help you identify the landmines that could blow up your software implementation—so you can avoid them.

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Managing Partners Are Told They Need an All-In-One Solution

Many legacy systems, like PC Law, are full accounting programs with lightweight LPM functionality that offer little in the way of firm optimization and revenue growth. Firms on these systems are using an accounting program as an operations and organization tool and typically have been doing so for the past fifteen years.

It may sound attractive to have an all-in-one solution, but users on these systems end up sacrificing a tremendous amount of quality. No system can do both full-accounting and robust practice management well. If a system that is strong in practice management adds a full accounting package to it, then the full accounting package will be weak. Likewise, if an accounting program tacks on a practice management functionality, the practice management software will lack features that are critical to the operations side of a business.

Instead, as a managing partner, you'll likely be happier with best-of-breed products. Attorneys, paralegals, and front-office staff will enjoy using software designed specifically to optimize workflows, to run well on mobile devices, and to have pleasant user experiences.

Furthermore, most LPM systems do have operational accounting, which is the information managing partners really need to stay on top of their business. (Again, this is not a full accounting program—just some of the essentials.) Rocket Matter, for example,

tracks time and expense entries, and it allows you to invoice, collect payments, track receivables, and run reports on collections and originations. For Insurance Defense firms, you can even perform invoice audits to predict rejection before those bills are sent to the carriers.

Those financial details are then pushed to a full accounting program like QuickBooks, allowing you to use a back office tool as it was designed to be used. Your accountant, bookkeeper, or internal staff uses accounting programs to handle accumulated depreciation schedules, general ledger entries, reconciliation, and payroll. These core functions don't need to be a part of your LPM system.

Revenue, payments and income should be done on an LPM platform like Rocket Matter that is specifically designed to maximize business. That's where you want your lawyers, paralegals, associates, and law clerks to spend their time.

As a side note: One of the major problems you will encounter when looking at new systems is a resistance to change. When you use a system for a long time, habits develop and knowledge is amassed. People want the new software to do exactly what the old software did, which is an unrealistic desire that will limit your chances of success or options for adopting modern tools. If you've been using an accounting program as an LPM program for 15 years, there will be people on your team who will insist on continuing this pattern.

IT Consultants Run Up Unnecessary Costs

Our hero, managing partner Jerry, seeks a way to rescue his firm from his dying legal practice management (LPM) system. One of the first moves he might make, especially if his firm does not have internal IT resources, is to reach out to an IT consultant who specializes in legal software.

Law firms are very vulnerable when working with technology consultants. IT is often not a lawyer's core competency, and attorneys need to be able to trust the advice they're given.

There are some very good and ethical legal IT consultants out there. Unfortunately, the incentives driving some legal IT consultants are often in conflict with the financial interests of a law firm. IT consultants make money by the hour, so the bigger the project, the better. There can also be financial arrangements between IT consultants and vendors which might lead them to recommend one product over another not based on the firm's needs, but on their pocketbooks.

Some legal IT consultants prefer to recommend systems that are highly customizable as opposed to those that work cleanly and easily out of the box. When a legal IT consultant recommends a tool like Salesforce, ActionStep, or Centerbase, it is often because configuring these systems to a law firm's workflows can cost up to $20,000 or more. If a system requires a massive investment just to get it to work, that's a big red flag.

In contrast, systems like Rocket Matter don't require significant customization to be highly valuable to most law firms. They don't require tens of thousands of dollars in consulting fees to work right away. Additionally, many software vendors offer a lot of professional services and training in-house.

Another red flag: Your IT consultant recommends a wholesale swap of all of the computers in your office. This is a major investment in both time and money. If your systems are five years old or older, then granted, it's probably time for an upgrade. But before you invest in new systems, consider the requirements of your software.

Cloud software has completely removed the need to rely on Windows. There's no reason at this point in time to be restricted to PC's. If you want to switch to a Mac, switch to a Mac (there are even IT consultants that specialize in legal Mac setups.) If some staff can get away with a $250 Chromebook, get them a $250 Chromebook. Moreover, to conserve cash flow, there are cost-effective ways of leasing machines so you don't have to take an up-front hit to your bank account that can cost thens of thousands of dollars.

With this information in hand, it's important to follow the money trail and ask your IT consultant the following questions and see if you're comfortable with the responses:

Do you earn a referral fee or commission from the software vendor you're recommending I use?
If this is the case, don't necessarily rule the software out, but hang on to this information when you're making decisions.

Are there software products you're not recommending that require less configuration out of the box?

    If the answer is yes, make sure you take a look at those products.

Who will I be paying for training on the software, and does the software vendor provide their own training?

    Take a look at the vendor's training options. They may be less expensive.

If I need to replace my computers, can we have a heterogeneous environment (i.e. Macs, Chromebooks, and PCs) if we want one?

    If they say no, push back. There should be no reason in today's age why multiple systems cannot be supported.

What are the system requirements that we will need for our software?

    Make sure you're not overbuying when it comes to new computers.

Are there any long-term financing options for our new computers?

    Financing options are great, they and can be obtained through manufacturers or lending companies. Apple, DirectCapital, and your bank may be able to help out.

Vendors Tell Managing Partners that the Transition Will be Easy

Jerry, managing partner of a 30-person law firm, is at the point where his firm has narrowed down his LPM software options to three possible choices. He recalls the fraught transition when he installed PC Law 15 years ago. He asks the three potential LPM companies if the transition will be difficult.

"Not at all," say the vendors. "We'll just switch you over, and it's going to be a non-issue."

Unfortunately, this is a very common and misleading response from LPM software vendors, and it is demonstrably false. It's very important, when evaluating LPM systems, to accept the fact that you will run into hiccups. There are times you're going to be frustrated. There are situations that will arise that will pit your staff against your consultant or vendor.

This is why it's critical to make sure you're working with the right people who can help you through any issues that inevitably arise. You need to know you have robust support from your vendor or consultant to ensure that communication is open and easy. You must have confidence that they can solve problems that arise.

When a law firm moves from one system to another, it has three major barriers to overcome. Here's a look at all three:

Barrier One: Data Transfer

Migrating information from old LPM systems to new ones needs to be done by people who know what they're doing. Many law firms are lax about enforcing how systems are used, leading to data exports where the wrong data is in the wrong column. (We've seen data export files from Time Matters wherein the "Last Name" column, a semi-colon appeared.) So, first the data needs to be extracted, and then it needs to be cleaned and mapped properly to the new system.

Barrier Two: Installation and Configuration

Some software, such as Rocket Matter, is designed to be an out-of-the-box solution that requires few if any modifications. Other software requires massive customization and configurations. For instance, on-premise software, such as Aderant Total Office, requires investments in hardware and configuration.

Even if you use an out-of-the box cloud solution that is up and running right away, you still may want certain reports, invoice templates, or workflows tailored to your firm.

The trick here is to determine what you cannot live without, and make sure it is ready when you start using the new system.

Barrier Three: Internal Adoption

Let's say from a technical standpoint, everything goes perfectly. Because your staff kept your old system in meticulous, tip-top shape, data transfer from the old system to the new one goes smoothly. The new system is up and running on your switchover date with your data imported and ready to go. However, you still have the biggest barrier of all on your hands: Employee adoption.

All of the employees in the law firm have to learn new software. And since different software solves the same problem in different ways, that might mean embracing new processes or breaking bad habits that have been calcifying over the past 15 years. It is very hard for some people to make that leap.

Now might be a good time for Jerry to do two things. First, he may want to pass around copies of *Who Moved My Cheese*, a business parable book about dealing with change. Second, he should make sure that the firm has properly invested in training and is aware of all of the potential options available to the firm.

WHO
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CHEESE?

Law Firms Bring Over the Wrong Data

Our man Jerry, the managing partner of a 30-employee firm, has a daunting task on his hands: He must determine what to do with 15 years worth of client and matter information in the PCLaw installation his firm is about to sunset.

You never know what information you might need, Jerry figures, so should he bring over everything? The IT consultant and vendor he's working with are giving him conflicting information, and his back-office team has their own wants and needs. Here's an example of some bad (and confusing!) advice Jerry might get from these people... along with some clarity:

Bad Advice Example #1: Not Differentiating Between Data and Documents

Information moving from an old to new system must be separated out into two groups: Documents and data.

Documents are the actual legal documents and work products of a case (i.e. Word files and PDFs), whereas data is everything else from the LPM system—contact information, notes, tasks, billable information, matter details, and so on. You need to have a migration strategy for both types of information as they are stored in very different ways.

Documents, in a sense, are easier to move because a document is just a document. However, you have to be extremely careful when moving them because you're going to want to preserve the folder structure as well as the document creation and modification dates. Losing critical file metadata such as this can be extremely disruptive, so make sure whoever is transferring your data is aware of these nuances.

Moving data is another story, because every LPM system has a unique database design and stores information in a proprietary way. Care must be taken to ensure that, for example, the matter name in the old system is properly transferred to the matter name data field in the new system. Usually your new software will either have a file format for importing data or an API (application programming interface) that a consultant can use to move the data in an automated fashion.
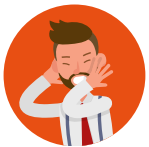
Bad Advice Example #2: Bringing Over Too Much Data

The more you reduce complexity when switching systems, the greater your odds of success. Conversely, the last thing you want to do when switching software is to bring over all of your data. By doing so, you greatly increase complexity and the odds of project failure.

Bringing over all previous invoices and billed items is not only unnecessary, it can screw up your ledgers, cause countless hours of lost work, and erode faith in your new system. Different accounting software handles data in their own unique ways. As a consequence, information is bound to get lost or rearranged, resulting in frustration and lost time trying to reconcile numbers across both systems.

The best practice is to choose a switchover date immediately after running invoices. This way, you don't need to bring over any historic billable activity, only balances for your current matters. You can then reduce the number of licenses on your historic system to one or two, and you can keep the system around for archival and reference purposes.

As a rule of thumb, when transferring data between two LPM systems, this is the right balance of information:

1. All contacts
2. All matters (even closed ones—for conflict checks)
3. Calendar events
4. Tasks
5. Balances for current matters only

Managing Partners are Sabotaged by their Own Staff

Good for Jerry! Our managing partner hero should be congratulated—he was able to get a new LPM system up and running. With the help of his new vendor, he successfully transferred his data cleanly over from his legacy system. Pour Jerry a McCallan 25 on the rocks.

However, it's not over yet. Jerry now has one big, last, enormous hurdle: Staff buy-in.

Some of the team's engagement is up to Jerry. Law firm employees need to feel part of the decision-making process and have their voices heard. They need strong leaders who make expectations crystal clear and who understand the need for training.

However, it's not all up to law firm leaders. Not only do you need to get your team on board with your move to the new system, your team also needs to be competent, skilled, and agile enough to adapt their existing processes to a different user interface.

"Successful projects need smart, trained people," writes The Standish Group in their recent report on software implementation. "Not surprisingly, one of the key project success factors identified in Standish Group's research is a competent staff."

Unskilled employees are the single biggest risk to project failure at this late stage, so investing in training is paramount. Employees also need to have the mental capacity to make any necessary adjustments to their workflows.

**Where New Legal Software Often Dies**

If Jerry's practice is like a lot of law firms, their new installation may shipwreck on the rocks of back office personnel. Granted, it is unfair to characterize these devoted and hard working men and women as uniformly resistant to change. Many of these employees are actually the people that first understand a software change must be made. They might be the ones who champion a new system.

However, in the twelve years of working with law firms, we've found that if there is resistance against a new system, more often than not it arises from the operational financial team. We've heard similar reports from trusted consultants who also work with law firms. Many software installations have succeeded technically only to run into headwinds with the people running the books—they insist the new software keeps them from performing their jobs and they must return to the old stuff.

Watch Out For Technical Laggards

Let's not kid ourselves. In an organization with multiple employees, there are bound to be people on different ends of the technology adoption lifecycle, pictured below. On the leading edge of this spectrum are the innovators, eager to not only adopt new technology but also to invent change. On the other end, you have laggards, who, if they could, would still watch VHS tapes.

Technology Adoption Lifecycle

| 2.5 %
Innovators | 13.5 %
Early
Adopters | 34 %
Early
Majority | 34 %
Late
Majority | 16%
Laggards |
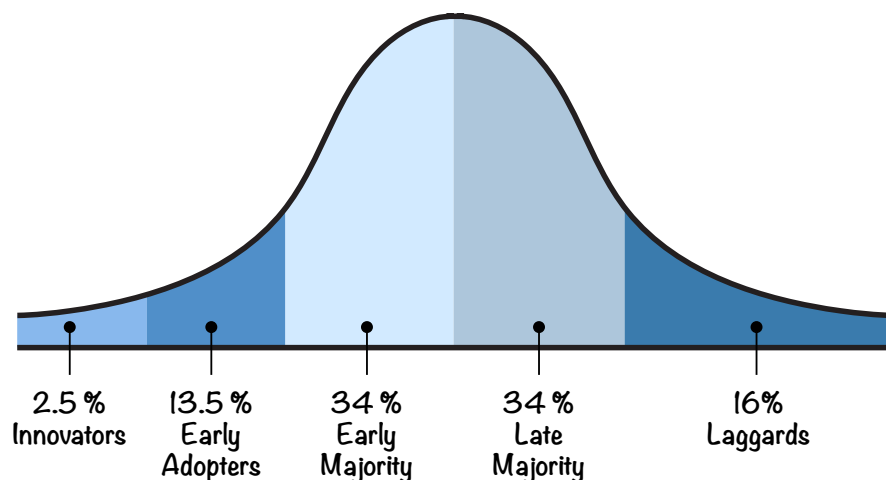
When a process cannot be performed the same way as before, instead of adapting to the new tool, some employees sound the alarms. If they can't run the same exact report in the same exact way, they freeze. They may raise a series of small concerns that snowball over time (the "death by a thousand cuts" approach) or they may raise one or two major perceived "showstoppers."

The good news is that most software projects will succeed if you consider these human factors ahead of time. If you set the expectation that not everything will be done the exact same way as before, provide strong leadership, ensure that staff is trained, and incorporate their opinions as part of the purchase decision, you should have sufficient buy-in and a successful project.

If you continue to get resistance after leading a solid and inclusive project, at this point you might need a personnel change. Having an on-staff saboteur—whether intentional on his or her part or due to an inability to adopt change—can not only suck the energy out of an exciting endeavor, it can also cost the organization countless wasted hours and dollars.

So What's *Good* Advice for Managing Partners When Choosing Legal Software?

Jerry, the undaunted managing partner of his 30-person law firm, has succeeded. He transitioned from old, Windows XP-based PCLaw to an office of sleek MacBooks, tablets, Chromebooks, and PC's running the latest cloud software.

Data was migrated successfully. Staff are trained and using the new product efficiently, having cleaned up old, inefficient processes along the way.

How did Jerry do it? What advice does he have for the rest of us?

1. He chose best-of-breed software instead of an all-in-one solution.

Jerry did not feel obligated to buy a Swiss Army Knife solution. He bought powerful software for case management and time and billing, which covers invoicing and collections, and he left the back end accounting where it belongs: In a dedicated accounting program.

2. He understood the economics of technology consultants and did not overpay.

Jerry sidestepped unnecessary consulting fees that would have cost upwards of $20,000 to configure overly complex systems. He was also very discerning about replacing his old fleet of computers, and instead of purchasing 30 identical cloned machines, he financed the purchase of a variety of machines suited to particular job functions.

3. He brought over the right data.

Jerry understood the criticality of bringing over documents and LPM data separately. He brought over what was needed, but he avoided the chaos of importing old billable information. He keeps one license around of the old software just in case someone needs to refer to archival information.

4. He incorporated key personnel in his decision making.

By making sure the back office and other key staff was involved in the purchasing, Jerry achieved buy-in from his employees. They were able to surface critical reports and functionality that they needed to do their jobs, preventing the likelihood of surprises post-implementation.

5. He invested in training.

Jerry provided customized training for his staff and insisted they become proficient in the new technology. He understood that a smart, capable staff is critical to a project's success, and that if they couldn't incorporate the new software into their workflows, his investment would be wasted.

About Rocket Matter

Rocket Matter helps law firms offer better client service and also increase revenues by more than 20%. The company was the first cloud-based legal practice management software on the market, landing its first client in 2007. It has been a leader ever since.

Rocket Matter has the most powerful, easy-to-use time and billing software in the industry. Also, when law firms want to make more money, go paperless, or increase confidence in their trust accounting, Rocket Matter helps them achieve those goals. With award-winning customer service based in the United States, it's no wonder thousands of law firms swear by Rocket Matter.