

Setting Up, Keeping Up and Maintaining Files

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Introduction

How Bad File Management Can Get You in Trouble

Many of the most common complaints (and malpractice claims) are the result of poor file management. Complaints that fall into this category include such things as missed deadlines and failure to communicate. Good file management and, in particular, a good electronic file management system, makes it much easier to track deadlines and keep up with communication requirements.

How Good File Management Can Set You Apart

In addition to helping you avoid many of the common complaints, good file management can set you apart from other attorneys. It can help you provide a more satisfying experience for your clients. Satisfied clients come back more often and refer additional clients.

File Management

Assigning File Numbers and File Storage

All files should have a file number. There are two common systems and the one you choose may depend on the electronic practice management system you choose (see below) or perhaps on the practice area you work in. The first system uses the year as a prefix and a sequential number for each file opened that year (i.e. 10-0100). The other uses a client number for a prefix and a sequential number for files belonging to that client (i.e. 100.0001). Most electronic case management systems can automatically generate the next number in sequence. If yours does not or you do not have one, make sure you keep a record of which numbers are used. A spreadsheet can assist you with this.

While a paper file is necessary, your system should be designed so that the paper file is rarely needed. The paper file must be easy to locate when it is needed. Avoid stacks of paper files around your workspace. Keep them in a file system and return them as soon as possible. File active files by file number or client name. Closed and archived files are best filed by file number.

The Paper File

Paper files are still necessary. Your paper file should consist of a large “red rope” capable of holding all of the important original documents for the file. Paper within this large folder is organized into subfolders according to category. Typical categories are Correspondence, Memos, Pleadings, etc. One of the most critical things to remember is labeling. Make sure all of the sub-files include the file number and client name. This makes it less likely that one of the sub-files will be misplaced.

The “Paperless” Office

The existence of a paper file does not mean it has to include every single document and piece of paper. There is no such thing as “paperless.” However, your office can certainly use less paper. Develop a process by which every document is scanned as it arrives in your office. A document management system (see below) is essential for saving, organizing and retrieving your electronic documents. For the most part, only signed original documents need to be retained in the paper file and even then, only while the file is active. If saved properly into a document management system, scanned documents are actually easier to locate than paper documents. You can search for specific text within them and you can always print them again if absolutely necessary.

Electronic Tools to Assist with Good File Management

Case and Practice Management Systems

A case management system organizes your files in one central location. It provides a place to collect and enter critical case data. It also creates a hub around which your office workflow revolves. A good practice management program incorporates several functions essential to good file management like calendaring, docketing, document management and (with some) timekeeping, billing and accounting. There are a number of commercial case management applications that work in a small office setting. Among these are Time Matters from LexisNexis, PracticeMaster from Software Technology, and Amicus from Gavel and Gown. PCLaw, also from LexisNexis is primarily a billing and accounting application but has recently added a number of “front office” features.

Calendar

Paper calendars can serve as a source of redundancy in your office but today, few attorneys use paper for their primary calendar. Electronic calendar systems provide portability across multiple platforms, can be linked to a practice management application and can be accessed by multiple users at the same time. Another critical factor regarding electronic calendars is that they can be synchronized to a smart phone or other handheld. This allows you to take your calendar with you at all times.

Most popular practice management applications include a calendar. Most also allow some degree of synchronization with smart phones.

Document Management

Document management systems allow you to save documents in an organized fashion for fast searching and quick retrieval. Most document management systems provide the ability to save documents with a profile. To help you locate the document later, the profile includes searchable criteria regarding the document such as Client, Matter, Document Type, etc. In addition, many document management systems will also create a full-text searchable index of the documents.

The leading document management system for small and mid-size law firms is Worldox from World Software.

Once again, most practice management systems have some form of document management included. However, the feature list tends to vary greatly between applications.

Billing and Accounting

An electronic billing application is a critical part of good file management. Many studies have shown that significant amounts of time are lost if not recorded immediately after the work is performed. Time written down and recorded later also results in lost productivity. An electronic billing application that allows you to enter time as you work is essential. Better yet, a billing application that ties into your case management system allows you to keep everything in one place. In addition, your billing system should link to your accounting system in order to save duplicative data entry.

The leading small firm billing applications are TABS from Software Technology and PCLaw from LexisNexis. Both provide accounting functions as well depending on the modules purchased for each. QuickBooks is an option for accounting but keep in mind that it was not designed for law firms. Therefore, trust accounting can be tricky in QuickBooks.

Most practice management systems provide some form of time entry. To varying degrees, time can be entered into the practice management system and sent to the billing application.

Intake

Handling Phone Inquiries

Most files begin with some sort of phone inquiry. In a sense, this is pre-intake information. However, it really is the beginning of the file intake process – at least you hope so. Much of the information you want to collect gets asked verbally during the initial phone inquiry. Make sure you capture as much critical information as possible at this stage. This is true even if the prospect never becomes a client because the information is useful for both conflict checks and marketing.

A practice management system is perfect for recording the information gathered during initial inquiries. Make gathering the information a priority and establish a process to make sure it happens.

Conflict Checks

Conflict checking is an integral and necessary part of practicing law. An intake process needs to make sure that a conflict check is performed, is made against the correct data and is properly interpreted and acted upon. Your intake process can easily meet all of these requirements.

Once again, a practice management system is vital. It serves as a database against which conflict searches can be made.

Collect the Information You Need

Every file requires that you collect certain information from your client. There are certain obvious pieces of information such as the client's name, address and other contact information. What other information would you find valuable? Perhaps you would like to begin sending your clients birthday or anniversary cards. Are you collecting these dates? What about their spouse's name or hobbies? Do you even know how that client learned about your services?

There are so many pieces of information that are useful for marketing and other purposes. If your intake process requires specific information, your staff is much more likely to gather it.

At the risk of sounding repetitive, a practice management system is the perfect place to collect and store client information of this type.

Using Less Paper Starts at Intake

If you have any hope of minimizing the amount of paper your office produces and stores, it has to start during the intake process. Many of the original documents can be scanned at intake and returned immediately to the client. Scanned documents are saved to the document management system so that you can find them later. If this seems drastic, consider that many firms copy these same documents and store them in the paper file. Is this necessary? What is the difference between a copy and a scan?

Send an Engagement Letter

Every client should receive an engagement letter detailing such things as scope of representation, rate, etc. A client should receive an additional engagement letter for each new matter.

A separate firm “policies” document can also be helpful. Use this document to provide useful information to new clients such as office hours, email policy, billing frequency, etc. These are internal policies and procedures that may change from time to time and not necessarily items requiring a contract with the client.

Working the File

Everything Goes Into Your Practice Management System

As you work your files, everything needs to be saved to your practice management system. This includes documents, notes regarding phone calls, emails, etc. By putting everything in this one place, you know that the entire file is at your fingertips anytime you need it.

Enter Your Time Immediately

The moment you complete any work, enter that time into your billing system. This makes it much less likely that you will forget to enter it or forget exactly what you did or how long you spent.

Closing the File

Send a Closing Letter

A closing letter should be created on each file and signed by the client. The letter should state the outcome of the matter, provide the client with the opportunity to comment or raise any last questions, provide information on any critical future dates or considerations and provide information on how the client can reopen or obtain copies of the file at a later date.

Scan the File and Return the Paper to the Client

If you have not already done so, now is the time to scan the file. If you have been scanning all along, scan any remaining paper and return the paper to the client. Remember that hard drive space is much, much cheaper than file cabinet or offsite storage space.

Managing Your Time

Starting a law practice means that you are both a lawyer and a small business owner. Both will have considerable impacts on your time. Due to the many demands on your time, good time management is essential. Your electronic calendar system can keep you up to date on the many places you need to be and the people you have to meet but does not necessarily assist you with managing your time. Time management is something that is very individual. Nevertheless, here are some tips:

Daily Task Management

1. Create a "To Do" list for tomorrow at the end of each day while it is fresh in your mind. Tomorrow's list should include those items scheduled for tomorrow as well as items not completed today. Prioritize the list with a numeric or alphabetic code. Don't forget to reprioritize items that have been a lower priority for a long time. Make them a higher priority or move them to your "Someday" list.
2. Update the list first thing each morning with items that you missed or urgent items that arrived that morning.
3. Work through your highest priority items first then move to the next level of priority.
4. Create a "Someday" to do list. These are items that you would like to do at some point but are not necessarily urgent. Move items to and from the list as appropriate.

Daily Time Management

1. Even if you are fortunate enough to have lots of client work, do not schedule each and every time slot of every day. This can lead to burnout and it leaves you with very little time to wear your other hat, business owner.
2. While essential, emails can be distracting because popups and the instant communication aspect of emails make them appear to have a higher priority than they actually have. Consider keeping your email application closed with the exception of specific time windows like 8-9, 1-2 and 4-5. Setting specific times for responding to and drafting emails can lessen the urgent feel of emails and stop them from chewing up your day.
3. Delegate wherever possible. Assuming you have staff, use them. Anything that does not absolutely have to be done by you should be pushed down to the lowest ranking person who can do the work. Make a conscious effort to delegate as it can be difficult.
4. Do everything you can to avoid clients controlling your time. Certain clients will take over your day. If you let them, they will distract you from high priority items for other clients. Provide clients with guidelines as to when and how often you return calls and

emails. Remember that every time you make an exception to these rules, that client will be more likely to demand the same exception next time.

Longer Term Time Management

1. Allow time each week for your business owner role. If you are a true solo, you may have to pay bills, order supplies and perform many other tasks. Leaving these things go for a long period of time can significantly increase your stress level.
2. Set aside time each week or each month to work on your business rather than in your law firm. This includes marketing, planning, documenting systems and other things that serve to grow your business or make it more productive.
3. Set aside time each week or each month to work on your “Someday” list.

Good Time Keeping Skills

As previously stated, enter time immediately after work is done. If this is not possible, keep a log handy where the time can be written down immediately and enter this electronically as soon as possible. Learn the functions of your billing application and how it can help you capture your time more efficiently. For example, if you have difficulty determining exactly how long you spent on the phone or drafting a document, your billing system may offer a convenient timer that you can start and stop as needed.

Systems

Create Systems

Businesses (and law firms) run best on systems. While every legal case may be different, the steps involved in working a particular type of case or moving a file through your office are often very similar. Creating a written record of these steps can save time and frustration the next time you have to do the same thing. Create an office manual that incorporates these systems. Revise and update systems as needed.

Systems make your business “Monday Proof and Monkey Proof.” This means that your business can function on even the worst day (Monday Proof) and that the systems in place are so simple and well-documented that anyone could do them (Monkey Proof).

Benefits of Systems

1. Confidence. Systems provide you with the confidence that your staff knows how things are supposed to be done. They provide your staff with the confidence to do their job according to a series of tested steps. Systems do not limit creativity as long as you give staff input into creating and revising them.
2. Consistency. Systems make it much more likely that things will be done in a consistent way. This helps you do things the correct way. It also provides a picture to clients and others that your firm operates in an organized manner.

3. Transferability. Are you going to be working by yourself forever? Documented systems make it much easier to transfer knowledge to new attorneys and staff. It also makes it easier for one staff member to fill in for another staff member.

Reporting

One final aspect of file management is reporting. If you follow the guidelines I have provided, you have collected quite a bit of useful data. There are many useful reports that can be created from this data. Examples of useful reports:

1. Referral sources – How are your clients coming to you?
2. Productivity – How much of your time is billable versus non-billable?
3. Work in Process – How much of your time is entered but not yet billed?
4. Accounts Receivable – How much do your clients owe you?

All of these reports are part of managing your files as well as your new law office. Run these reports and learn to understand what they tell you.

Sample Systems and Checklists

The attached samples include a checklist for opening files as well as several specific to the Time Matters practice management system. Use these as examples of how you can create your own procedures, keeping in mind that your systems and checklists will be unique to your firm.

The checklist format, with a column allowing you to mark each step done as it is completed, allows you to print the checklist and work through it. Use the Notes column for comments.

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Sample Systems and Checklists

Sample File Open Checklist

| Done | Item | Notes |
|------|---|-------|
| | Add Contact record to practice management system (see Adding a Contact) | |
| | Add Matter record to practice management system (see Adding a Matter) | |
| | Prepare Engagement Letter using template at s:\docs\Firm\Forms\Letters\EngagementLetter.dot | |
| | Print Client Policies Document at s:\docs\Firm\Forms\Policies and Procedures\ClientPolicies.doc | |
| | Distribute Engagement Letter and Client Policies Document to the client | |
| | Obtain signed Engagement Letter from client | |
| | Obtain retainer from client | |
| | Record retainer in billing system | |
| | Generate file labels from template at s:\docs\Firm\Forms\Labels\FileLabels.dot | |
| | Setup main paper file and insert folders. Apply all labels. | |
| | Scan all original documents obtained from client. Save all scans to document management system (see Saving a Document) | |
| | Place original documents in file or return to client according to (Document Retention Policy) | |
| | Calendar all file related dates in practice management system (see Adding a Calendar Event or To Do) | |
| | File paper file in file storage system | |

Adding a Contact to Time Matters

| Done | Item | Notes |
|------|---|---|
| | Open Time Matters to the Contact List | |
| | Verify that the Contact is not already in the list. Search for the firm name and the individual name by clicking anywhere in the list and typing the beginning of the name. | |
| | Add a new Contact | |
| | Choose Full Name (for an individual) or Org Name (for a firm or company) | Clients will almost always be firms. However, prospects and others may be individuals. |
| | Type the full name of the client in the field after the Org/Full button. Type it exactly as it would appear on a letter to that client (punctuation, etc.) | |
| | Select a Code from the list (Refer to Contact Code List) | A contact can have multiple codes |
| | In the Last field type a searchable format with no punctuation or spacing. (e.g. KrausePracticeManagement) if it is an organization | Searchable means the word you would type to search for them. No spacing or punctuation identifies the contact as an organization. |
| | Complete the phone, address and other fields with any other information you have | |
| | Save and Close the Contact | |

Saving a Document to Time Matters

| Done | Item | Notes |
|------|---|--|
| | Locate and click the TM Save button | In Office 2007, this button is on the Add Ins ribbon. On Acrobat, it is on the second toolbar. |
| | Select a Code from the list (Refer to Document Code List) | |
| | Type the name of the document in the Description field (e.g. Letter to John Smith). | |
| | Type the staff initials in the Staff field | |
| | Type the beginning of the Matter name (usually the Client's name). If the Matter name does not auto-complete, select the F2 key and lookup the Matter list. | |
| | In the Doc Type field, select a document type from the list (Refer to Document Type List) | Very often this will be the same as the document type selected in the Code field. However, there are slight differences. |
| | Click Save and Close | |