Pathetic Time Tracking in the Legal Profession

Law firms are their own worst enemies in the effective use of billable hours.

By Gerry Riskin

Managing time in a law firm isn't only about billable and non-billable hours — it is about creating a dashboard that allows lawyers to elegantly drive client expectations relating to time-frames and costing.

The sad state of time tracking in law firms.
I asked Todd Gerstein of Smart WebParts (www.smart-webparts.com) what his latest data on this subject looked like. He said: "Less than 40% of all timekeepers keep their time contemporaneously; the silent majority (60%) reconstruct their time when they prepare their time sheets." He went on to say: "The compliance numbers are just terrible. Most of the time, 80% of the partners are not in compliance. Associates are not in compliance 35-45% of the time."

Todd said this about Month-End Cutoff: "We measure the amount of time that is put in after the month-end cutoff... which is at risk for billing and collection realization problems. It is not uncommon to find 5-7% of time (WIP value) at risk to miss the billing cycle. It also seems to be one of the issues that sets off managing partners."

Ramifications:
If the loss of inventory is not bad enough (cash in the door), there is a much greater and more sinister ramification of the messy and inadequate timekeeping practices. In this modern era of Legal Project Management, it is imperative that lawyers who lead teams understand on a daily basis where their projects stand in the context of two vital metrics:

1. **Time** to completion as compared to the client's timeline expectation, and

2. **Cost** to completion as compared to the client's budgetary expectation.

Destroying the Client Relationship

The ability to communicate variances and projections with clients on an ongoing basis affords the law firm its greatest opportunity to maintain high levels of client satisfaction, and from time to time, to obtain variances with the client's blessing. Most law firm lawyers do not have a dashboard. They fly blind. The failure to accurately track time distorts the picture and ultimately annoys the client.

Recommended Steps:
1. *Stop the theft now:* Stop tolerating sloppy time recording practices by individuals. It is not charmingly idiosyncratic: it is theft: theft from the individual timekeeper, theft from the firm, and yes, even theft from the client who deserves accurate information.
2. *Provide the best tools and technology:* Todd Gerstein's system puts your existing systems to work for you making the time tracking process easier and more accurate. If you have a better way, fine... but you need to compensate for the human foibles that make the current processes inadequate.
3. *Train:* Tracking time well is an essential skill... help your people acquire and improve that skill.
4. *Keep the client in the equation*: Time tracking is not only for your internal management. It is also for the benefit of your clients, who are happy to pay money for value but hate surprises. Create systems that make it glaringly obvious when your lawyers are not tracking their time accurately.

For more information about our legal project management capabilities, resources available to improve timekeeping, and information about software now under development for top law firms, feel free to contact me.

Contact the Author, Gerry Riskin.