The Virtual Paralegal Advantage: Leverage Technology and Paralegal Support for Maximum Profitability

By Karen E. Howe, CP, APC; www.paralegalsvs.com; Tallahassee, FL

Most attorneys are aware of the benefits of increased technology to the practice of law and the value that an experienced competent paralegal can add to a firm's bottom line. Many attorneys are not aware, however, that the combination of these two resources in the form of a Virtual Paralegal can boost morale, increase productivity and add profitability never before realized in the traditional employment relationship between attorney and paralegal.

> *A virtual paralegal whose experience and skills complement your practice needs can effectively extend the reach and quality of your practice without the commitment of hiring additional staff.*

Virtual paralegals (VPs) are self-employed paralegal professionals who work offsite and online creating work product to your specifications and tailored to your practice. VPs are available to take on short-term or long-term projects such as drafting estate planning documents or assisting with litigation case management on a freelance or contract basis. Attorneys who utilize VPs on a contract basis avoid the responsibilities of employment tax, wage withholding responsibilities, sick leave, holiday and overtime pay, and insurance and retirement benefits associated with a traditional employment relationship. Thus, a VP whose experience and skills complement your practice needs can effectively extend the reach and quality of your practice by allowing you to expand your client base and case load without the commitment of hiring additional staff.

The following is an illustration of how a VP may be profitably used on a typical estate planning file. Assume the following:

1. A fixed fee of $2,500 will be billed to the attorney's estate planning client.
2. The hourly rate for the attorney is $250.
3. If the attorney and the attorney's legal secretary were not actually doing many of the tasks on this file, they could be serving other clients on other matters.
4. In Case I – The Traditional Approach, the legal secretary receives $20 per hour.
5. In Case II – The VP Approach, the VP receives $50 per hour.

In addition to the $405 additional profit realized in Case II, the attorney has an additional 2 hours and the secretary has an additional 4 hours to serve other clients on other matters for a total profit over standard hourly rates of $1,885 ($1,305 + $500 + $80) – more than double the profit over The Traditional Approach.

Utilizing a VP can also boost employee morale and provide for a less stressful firm environment. Some attorneys may be concerned that their staff members will feel threatened by the utilization of outside support. However, more often than not, overburdened in-house secretaries

continued, next page

Case I – The Traditional Approach:

Functions:	Time Consumed (Hours) Attorney	Secretary
Interviewing client	1.0	0.0
Advising and obtaining information	1.0	0.0
Reviewing and organizing information	1.0	0.0
Drafting estate planning documents	2.0	4.0
Document execution conference	1.0	0.5
Finalizing documents post-execution	0.0	0.5

Cost (measured by economic input)
Total Cost $1,600
Fee $2,500

Profit over standard hourly rate $ 900

Case II – The VP Approach

Functions:	Time Consumed (Hours) Attorney	VP	Secretary
Interviewing client	1.0	0.0	0.0
Advising and obtaining information	1.0	0.0	0.0
Reviewing and organizing information	0.5	0.5	0.0
Drafting estate planning documents	0.5	3.0	0.0
Document execution conference	1.0	0.0	0.5
Finalizing documents post-execution	0.0	0.0	0.5

Cost (measured by economic input)
Total Cost $1,195
Fee $2,500

Profit over standard hourly rate $1,305

Virtual Paralegals

from preceding page

and paralegals are relieved the attorney has taken action to address the firm's heavy case load.

A typical VP has obtained a formal education, usually a 2 or 4 year degree in Legal Studies from an accredited college or university, has been certified by either the National Association of Legal Assistants or the National Federation of Paralegal Associations, and has more than 10 years of experience working in a traditional law firm setting specializing in a specific area of the law such as estate planning and probate, litigation or real estate law.

The Professional Ethics Committee of the Florida Bar affirmed Proposed Advisory Opinion 07-02 on the issue of outsourcing at its meeting of January 18, 2008. The opinion stated in part that "Law firms frequently hire contract paralegals to perform services such as legal research and document preparation. It is the committee's opinion that ...contracting for such services does not constitute aiding the unlicensed practice of law, provided that there is adequate supervision by the law firm."

Still, the utilization of a VP raises ethical concerns regarding the unauthorized practice of law, supervision of non-lawyers, conflicts of interest, and confidentiality.

Therefore, the selection of a VP should go far beyond evaluating how the VP will help you better manage your time, tasks and in-house support staff.

Some key points to consider in the selection process:

- The VP selection process should start with a personal consultation, face to face or by phone.
- The VP should be able to provide you with information regarding the VP's education, experience and qualifications along with a list of references of current clients and former employers. Ideally, the VP should have a minimum of 10 years' experience working in his or her specialty area.
- Check the information provided and contact the VP's references just as you would if hiring an in-house paralegal.
- Request written information as to the VP's fee structure. Fees typically range from $30 to $65 an hour depending on the geographic location, experience and years in business of the VP. Keep in mind that the VP's work can be billable client hours that you can mark up at a profit.
- The VP should be able to provide you with a written paralegal support services agreement for your review and consideration which details the fees and expectations of a given project.
- Determine what processes are utilized by the VP to avoid conflicts of interests and breach of confidentiality. For example, does the VP utilize a personal firewall on the VP's computer to protect information transmitted from or transmitted to the computer? Who, other than the VP, has access to the VP's computer, office, etc.? How long are computer files stored on the VP's computer once a project is complete?
- A VP should be able to conduct all activities electronically from a remote location. Effective electronic integration is essential and requires compatible email, word processing, document management and database capabilities.

By leveraging the benefits of increased technology with the advantages that a VP with practice area expertise offers, your law firm can realize increased profits, reduced stress and greater client satisfaction.

Visit the Section website: www.rpptl.org