

THE PRACTICE MANAGER

DRAFTING AN EFFECTIVE LAW PARTNERSHIP AGREEMENT

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A NEWSLETTER PROVIDED BY THE LAW PRACTICE MANAGEMENT PROGRAM OF THE STATE BAR OF TEXAS

THE TECHNOLOGY ROUNDUP

Gerry Morris, J.D.

Online Accounting An Alternative to Traditional Workstation Installed Programs

Over the years I've tried several different accounting packages for my practice. The various brands of accounting software have faded in and out of prominence and market share as have word processing programs. For the past several years Quickbooks from Intuit has been a leader in the field.



I've used Quickbooks in one form or the other now for about 15 years. For the first 10 years or so I used Quickbooks Pro, a version of Quickbooks that was loaded on an individual workstation at my office dedicated primarily to accounting. One staff member was assigned to make accounting entries and to perform tasks such as reconciliation of the checkbooks and general maintenance of the accounting records.

The problem with a one computer installation is that access to the accounting records was limited to the user of that computer. In order for me to monitor the finances of my firm I had to request that reports be generated, or go to the computer where Quickbooks Pro was loaded and peruse the program myself. A networked version of the program to allow multiple user access would have cost another few hundred dollars.

Additionally, at year's end when it was time to prepare tax returns, we had to load a backup copy of our data onto a CD and mail it to our accountant. Our accountant would reconcile our records and send a disk back to us to

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THE COACH'S CORNER

Debra Bruce, J.D.

Differentiation by Design

Recently I ran into a Houston lawyer at the Hermitage Hotel in Nashville, Tennessee. As we chatted, he extolled the virtues of the hotel. He began with his amazement that, although he had only stayed there once before, the doorman called him by name when he arrived. Then he gushed about the impact of walking into the luxurious bathroom in his room.



At the Vintage Inn in Napa, California, as I unlocked the door and stepped into my room, I heard gentle strains of soothing music. Lamplight and a fire flickering in a fireplace created a romantic mood and warmed me from the chill of the night air. A small table held a complimentary bottle of wine, with glasses and a corkscrew. I sprawled on the bed, and felt like I had landed on a fluffy cloud. This was not my usual business trip experience. When I got home I started planning how I could get back to that hotel.

What do these stories have to do with your law practice? They illustrate the marketing power of focusing on a client's experience when delivering service. These hotels stood out in an industry with competitors literally around the corner. Would your clients say that about your firm?

An article in the October 2007 issue of Fast Company magazine reported that "a three-year study of more than 40 Fortune 500 companies by the research firm Peer Insight found that companies focused on customer experience design outperformed the S&P 500 by a 10-to-1 margin from 2000 to 2005." Jeneanne Rae, co-founder of Peer Insight LLC, says "Customers will gladly pay more for an experience that is not only functionally but also emotionally rewarding (emphasis added)."

Psychologist and marketing experts say that most buying decisions are emotional, and the buyer's analysis is really

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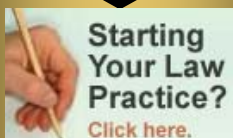
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resources available
to aid you in starting
your law practice



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just designed to support the emotional decision already made. That's why Madison Avenue uses sex to sell cars, beer and soap.

I work with lawyers in large firms all over the U.S., and when we survey them about what differentiates their law firm from their competitors, a high percentage of them respond that they provide superior legal services. These top notch firms compete against other top notch firms, and if there is any real difference in legal ability at that level, I doubt that most clients can discern it. Clients can discern, however, differences in how they feel when they receive legal services. The lawyers surveyed, however, tended to focus on functional needs, and rarely considered the emotional needs of their clients.

What would effective "customer experience design" look like for your law firm? Begin by identifying the emotional needs, concerns and preferences of your client base. What do your clients want? There are probably a number of core needs in common with most clients, regardless of the kind of legal services sought. They want relief from stress and worry about the legal issue they have entrusted to you. They want to feel important and know that you have their interests uppermost in your mind. They want to feel safe. They want to feel taken care of. They want to feel valued and appreciated for choosing you. They want to feel understood. They want to feel special.

Now think about the "touchpoints" with your clients and the ideas, emotions and memories that these interactions trigger. It may help to think of them not as "clients," but as "participants" in an experience of sights, sounds and smells that you create.

Don Norman, a nationally-known design guru, says "attractive things work better." Norman asserts that a pleasant aesthetic design can help people be more flexible and creative in finding solutions to challenges. Stress, however, makes people less able to cope with difficulties and less flexible in their approach to problem solving. So it is important to minimize distractions, bottlenecks and difficulties, and to maximize aesthetics. A well-designed experience for your clients may actually help them be more creative participants in problem solving.

For most clients, situations involving legal

representation involve stress. To improve interactions with clients, begin by creating a pleasant experience for them when they come to your office. Difficulties in parking, or a late start for an appointment, can reduce your client's ability to deal with unexpected news or to be flexible and creative in negotiations.

By way of example, I went to a new dentist, and thought it was odd that a dental office would have coffee and chocolate chip cookies in the waiting room. The snacks were attractively presented, as if Martha Stewart had chosen the table cloth, napkins, serving plates and containers for cream and sugar. Several of the chairs in the waiting room had vibrating back massagers. I felt comfortable and welcome, and found I even wanted to linger there. I found I didn't mind dealing with all of the usually bothersome new patient questionnaires and insurance paperwork. That dental office used good customer experience design to improve my impression of their services, and after my first visit I told several people about those dental offices.

One Houston family lawyer has offices in an old house with a large attractive flower garden at the entrance. She keeps homemade cookies on hand and burns scented candles in the office. Her clients have commented that the environment helps them calm down.

Give your own office a client experience audit. Contact your own office as though you were a client.

When your clients call your office, does the person answering the phone recognize their name? How many times did the phone ring before they picked up? If it is necessary to put the caller on hold, does your assistant or receptionist ask permission first? Does he or she actually wait to hear the response? If a client informs you of an unsatisfactory telephone experience, what do you do about it? Do you thank the client for letting you know?

If you serve elderly, injured or disabled clients, can they get to your office without climbing steps? Is the physical environment pleasant and soothing, or noisy and chaotic? Do your clients have the sense that their matters are truly confidential, or can they overhear telephone conversations as they walk down the hall? Do they see other clients' documents as they meet in your office?

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correct our data. The system was fairly cumbersome.

About five years ago when I decided to go back to a solo practice, I explored different alternatives to traditional Quickbooks. I discovered that Quickbooks had begun offering an online version of its accounting program. I found that it was a good fit for a practice the size and type of mine.

Quickbooks Online is a subscription service that costs from around \$25.00 to \$50.00 per month depending on which features you sign up for. The \$300 to \$600 dollars per year may seem high at first glance. However, I decided it was worth it for the extra convenience, considering that I was usually paying about \$200 to \$300 per year for upgrades to my computer installed version.

The Online addition operates entirely through your web browser. Once you're signed up and signed on, the home page automatically downloads java script to your computer to format the browser to display the interface. The program has many of the features familiar to traditional Quickbooks users and to users of other accounting programs. Accounts for income and expenses are set up by the user with templates available for different business types including law offices. Lists of vendors are created either one by one or on the fly when bills are paid. Likewise, a client list is created with new entries either added manually or with new income transactions. Check registers are integrated so that when checks are created and printed; entries are made in the appropriate journals. Bills can be generated and printed for mailing or can be emailed to clients. A payroll module can be added that will automatically calculate withholding. The report module provides easy generation of standard reports and is easily configurable for custom reports.

In short, most features available on Quickbooks Pro and on most popular accounting programs are available on Quickbooks Online Edition. The advantage of the online version is convenience. I can access my accounting records from any Internet connected computer at anytime. I frequently access my records to check account balances, payables and receivables. I can generate financial reports quickly from my office or home. I often look at my "books" after hours from home after all the transactions of the day have been entered and make financial decisions in the less hectic atmosphere there.

Communicating my firm's financial information to my accountant is much easier with Quickbooks Online Edition. The basic monthly rate includes access for three users plus your accountant. My accountant has the password to my accounting records and can access them from his office. His staff can reconcile our banking records and make corrections that appear in real time to the users in our office. We can easily outsource periodic bank account reconciliation and other routine tasks because there is no longer a need to physically transfer the electronic data.

More than one person can easily make accounting entries within the office, if desired, or the same person can use any Internet-enabled workstation to work on the books.

With Quickbooks Online Edition, your accounting data is kept by Intuit in its data center. It is secured in accordance to VeriSign®, the leading secure sockets layer (SSL) Certificate Authority. I'm not entirely sure what that means but I'm told it's good enough. The server on which the data is stored is backed up and protected by an uninterruptible power supply. There is hardware redundancy and a host of high tech safeguards that keep the data secure and accessible. I think it is safe to say that Intuit is better at preserving and protecting data than most of us. The data is available 24 hours a day 7 days a week except during short periods of shutdown for periodic maintenance usually scheduled for late evenings. Information on data security can be found at <http://oe.quickbooks.com/security.cfm>.

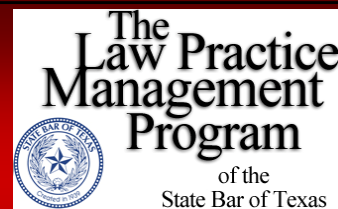
There are some drawbacks to the online edition. Some time keeping and billing packages as well as some case management programs integrate with Quickbooks Pro and other workstation-loaded accounting programs. There are no links available to enable those programs to exchange data with Quickbooks Online Edition. I generate my hourly billing statements with Amicus Attorney and enter the total in Quickbooks Online Edition to generate an invoice and bill. Also, I have been told that practices subject to the privacy restrictions of HIPAA cannot use online accounting programs. I am not sure what types of practices have accounting data subject to HIPAA, but if you have that type of practice, online accounting isn't for you.

After five years of use of the system, I can recommend Quickbooks Online Edition for a small practice. The convenience factors outweigh the drawbacks. You can check out this product at <http://oe.quickbooks.com/index.cfm>.

E. G. "Gerry" Morris is a solo practitioner and has practiced law for over 28 years in Austin, Texas. He is certified as a Criminal Law Specialist by the Texas Board of Legal Specialization. His firm web site is at www.egmlaw.com. Email your comments and questions to Gerry at tech@egmlaw.com.



Online Learning for Legal Staff Professionals



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Do you give the clients the experience of feeling special? Does your receptionist know to expect their arrival and address them by name? Do you promptly greet them, or do you keep them waiting? If they meet in your office, do you put your phone on "Do Not Disturb" and turn off the email alerts so that you can give the clients your full attention? Do you offer your client a beverage? Does the client have a comfortable place to sit? Do you stay behind a fortress of a desk, or do you join your client in a symbolic gesture of your partnership with them?

In rendering legal services, do you help your clients know what to expect and keep them informed of developments? Evidently many lawyers do not, because I repeatedly hear General Counsels say that surprises are their pet peeves about outside counsel. How quickly do you respond to emails and phone calls? The most frequent complaints received against lawyers by the State Bar of Texas have to do with poor communication and failing to respond to client request for information.

What other ways can you give your clients a positive experience when working with you? It is worth some thought if you want to stand out in a crowd of competitors.

Debra Bruce (www.lawyer-coach.com) practice law for 18 years, before becoming a professionally trained Executive Coach for lawyers. She is Vice Chair of the Law Practice Management Committee of the State Bar of Texas, and board member and past leader of Houston Coaches Network, the Houston Chapter of the International Coach Federation. She welcomes your questions and comments at debra@lawyer-coach.com.

Upcoming Events

Law Practice Management Webcast

Drafting an Effective Law Partnership Agreement is scheduled for November 27, 2007 from 12:30 to 1:30 pm. More details to <http://www.texasbarcle.com/CLE/AABUY1.ASP?sProductType=EV&IID=7564>

Law Practice Management Tip

Management Tips are provided by the State Bar of Texas and ABA Practice Management Advisors. The tips are not meant as legal advice, nor binding on the State Bar of Texas or the ABA.

A reliable computer / network backup system is an absolute necessity for all law firms. Today, law firms of varying sizes utilize a number of different backup systems such as tape drive, cd-rom, dvd-rom, external hard drive, and online backup systems. Regardless of the type of media used, here are a few tips that will help ensure a successful and reliable backup:

1. Back up your system everyday
2. If using tape, cd-rom, dvd-rom, or external hard drive, be sure to take backup media off-premises after backing up. This media is not only meant to protect you from system crashes but natural and man-made disasters as well. Think about it, what happens to your backup media if it's left in the office in a fire or flood?
3. If using an online backup service, make sure that you have a signed confidentiality agreement with that particular service and that they are aware of the extremely sensitive nature of your files. If at all possible, use a service that has worked with other law firms before.
4. From time to time, try and restore some information from your backup media. There have been numerous horror stories of systems crashing and then not being able to restore the files because there were no files saved to the backup media during the actual backup process. We automatically assume that all information is securely saved to the backup media during the backup, but it is not out of the question that the information being saved can become corrupted. Therefore it is a good idea to check the backup media from time to time.

Law Practice Management Special Offers

Books of the Month

The Essential Formbook Vol 1: Partnership and Organizational Agreements / Client Intake and Fee Agreements

Regular Price - \$199.95

Sale Price - \$139.95

Useful to legal practitioners of all specialties and sizes, this first volume of The Essential Formbook includes more than 48 forms, checklists, and sample documents, and focuses on Partnership and Organizational Agreements and Client Intake and Fee Agreements.

How to Build and Manage a Personal Injury Practice

Regular Price - \$64.95

Sale Price - \$42.25

Written by a personal injury lawyer who has been practicing for over 20 years, the book has been written for lawyers interested in starting a personal injury law practice, as well as for lawyers currently practicing P.I. who are interested in strengthening their practices. This book discusses the basic differences between personal injury law and other types of law practice and provides guidance for avoiding common pitfalls.

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