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FINANCIAL SERVICES OUTSOURCING QUESTIONS, ANSWERED

For years, many law firms - big and small - have chosen to outsource support services such as the copy center, reception duties, document processing and administrative support. More recently, law firms have accelerated a trend toward outsourcing of revenue operations support services to include billing & eBilling, collections & appeals, OCG support & compliance, expense management, and prebill preparation, editing & processing. As firms evaluate these emerging opportunities to outsource, questions will inevitably arise. Finding unbiased answers to the common questions law firms have about revenue operations support outsourcing begins here.

Q: We currently have a vendor providing some services to our firm. Does it make sense to outsource additional services to this same provider?

A: Not necessarily. While it may seem attractive to keep all of your outsourced services under the umbrella of a single provider, it's far more important to consider capabilities over perceived convenience. Don't make the mistake of assuming that you'll receive best-in-class billing and collections support from your mailroom vendor. To be sure, there are occasions where a single provider works well, but the risk exists that a single provider will operate as a jack of all trades yet a master of none.

Q: Does outsourcing damage a firm's culture?

A: It doesn't have to. In fact, when done right it can enhance the culture of a firm. Outsourcing can alleviate frustrating support choke points and if needed, provide critical off-hours support to better service the firm's needs. This elevates the experience of attorneys and other timekeepers who may be leveraging these services. Outsourcing can remove tedious or repetitive tasks from current support staff, freeing them to focus on the more high-touch and crucial needs of the firm. Additionally, the best service providers are hyper-aware of potential disruptions to firm members during any outsourcing transition and will implement a customized project plan that ensures service quality doesn't dip. Done right, employees of the service provider are fully integrated and nearly indistinguishable from members of the firm.

Q: What options exist when considering where to place outsourced resources?

A: Aside from some support services that require a brick-and-mortar presence, a firm's options are almost limitless. The Covid-19 pandemic reinforced and accelerated the view that support staff don't necessarily need to sit outside of a partner office, down the hall, or even in the same building. They simply need to be accessible and good at what they do.

Some firms have chosen to place outsourced personnel in their service provider's domestic support centers. Many firms have recognized the potential savings of a global support network, and choose to offshore support to high-value, low-cost locations. Others feel most comfortable with a combination of the two. There isn't a one-size-fits-all solution, and engaging a service provider with expertise in both domestic and offshore services will be critical to determining what model works best for your firm.

Q: What are the most important things to look for in an outsourced service provider?

A: Experience should be at the top of every firm's list. Choosing the right service provider is a critical business decision, and firms should engage only with well-established and credible partners. Don't be afraid to ask questions like: How many law firms of comparable size to ours do you currently support in these service lines? How many years have you been supporting revenue operations? How many of your current law firm clients have been with you for more than 5 years? On average, how many years of experience do your organization's leaders have in supporting law firm revenue operations?

A nuanced attribute of experience is whether the service provider employs individuals with a background in law firm finance management. Having first-hand experience understanding how law firm departments are run can be crucial to a successful outsourcing engagement. This may be something you evaluate when selecting a service provider for your firm's outsourcing needs.

Law firms should also look for a forward-thinking service provider; one that engages with a strategic, consultative approach that affords your firm a window into where legal revenue operations are today, as well as a view towards where they may be next. The swiftly changing nature of law firm financial support services, including rapidly emerging technologies like AI, make it all the more important to work with a service provider capable of supporting your firm today and tomorrow.

Q: Our firm isn't prepared to outsource an entire department, but could use the assistance of a third-party service provider. What are our options?

A: This is one of the most common questions law firms are asking today. Challenges with attrition, concerns with impending employee retirements, and rising cost structures have firms rightfully anxious about maintaining necessary service levels. Yet these same law firms may not be fully prepared for the wholesale outsourcing of an entire support department. Staffing augmentation through a service provider can help bridge this gap. If your firm is struggling to retain it's billers, for example, it may make sense to engage an outsourcing partner to augment your internal team. In many ways, a firm gets the best of both worlds by doing so. Law firms can retain existing employees with critical knowledge and relationships, while efficiently filling the ranks through an expert service provider offering deep industry familiarity and best practices. Fundamentally, outsourcing doesn't need to be an all-or-nothing proposition.

In many ways, these questions are just tip of the iceberg. As law firms consider outsourcing of financial support services, it will be imperative they be armed with the necessary knowledge to make an informed and educated decision. The success or failure of your firm's outsourcing initiatives will be in no small part due to the selection of an outsourcing partner with experience, flexibility, a forward-thinking mentality, and a consultative approach to the business of law.

Whether you have questions of your own, are evaluating your outsourcing strategy, benchmarking against other firms, or navigating new technology, our industry experts are here to help.

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