

## Shifting Work to Paralegals

Lawyers are overqualified for many of the tasks they have performed in the past. To the extent that well-qualified paralegals can take on a larger portion of the work, the lawyer can justify a higher hourly rate for a more limited role, without increasing the cost to the client. Consider the following example:

### *Lawyer-Intensive Staffing*

40 lawyer hours at \$200	=	\$8,000
16 paralegal hours at \$90	=	<u>\$1,400</u>
56 Hours		
Amount of bill		\$9,400

Now, assume the lawyer learns how to expand the role of the paralegal and is able to shift a substantial portion of the work.

### *Paralegal-Intensive Staffing*

16 lawyer hours at \$250	=	\$4,000
48 paralegal hours at \$90	=	<u>\$4,320</u>
64 Hours		
Amount of Bill		\$8,320

In the second example, it is assumed the work shifted to the paralegal will take more time than if it had been performed by the lawyer. Even so, note that the lawyer's hourly rate can be increased to \$250 while lowering the cost to the client. Who could ask for more?

By being able to justify an hourly rate of \$250 instead of \$200, the lawyer can produce significant additional revenue.

1,500 hours at \$250	=	\$375,000
1,500 hours at \$200	=	<u>\$300,000</u>
Increased billings		\$75,000
Last 10% for uncollectibles		<u>\$ 7,500</u>
Increased revenues per lawyer		\$67,500

Also, the lawyer is able to handle a larger volume of legal work. A lawyer who dedicates an average of forty hours to each file can handle thirty-seven files a year. A lawyer who dedicates an average of sixteen hours to each file can handle ninety-three files a year.

The concept is significant. By shifting a larger portion of the work to paralegals, the lawyer is able to handle an increased volume of legal work at a higher hourly rate. The ability to increase the amount of legal work per lawyer will be a significant advantage in the years ahead.

Let's carry this example through to its conclusion. If the lawyer is producing a profit on the work of two experienced paralegals and one

entry-level paralegal, and is increasing his or her revenues with a higher hourly rate, the net gain may look something like this:

Profit on paralegal #1	\$24,750
Profit on paralegal #2	\$24,750
Profit on paralegal #3	<u>\$ 5,000</u>
	\$54,500

Increased profits from higher lawyer hourly rates	\$67,500
Total additional profits generated by Shifting work to paralegals	\$122,000

Is it as easy as it sounds? Probably not. You cannot make this change next Monday morning. But if you work at applying these concepts, you should be able to increase your profits over time by adding paralegals, shifting billable work to them, and gradually increasing your lawyer rates.

What do you need to do to make this happen? Hire qualified paralegals in whom you have confidence. Price your work and the work of the paralegals properly. Shift a substantial portion of the traditional lawyer work to the paralegal. Finally produce enough business to keep one lawyer and three paralegals busy.

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