

## ACCOUNTING AND FINANCIAL PLANNING FOR LAW FIRMS

# Consolidation Is Coming: Automate Onboarding & Offboarding Processes for Smoother Transitions

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In early July, Fairfax Associates, a respected source that tracks industry consolidation, released its latest report tracking law firm mergers and acquisitions. The midyear report cites an increase in transactions over the past couple of years, though still not at their pre-pandemic pace. The overall uptick in activity among firms of all sizes suggests an acceleration in mergers will continue throughout 2023 and into 2024.

Questions about the role of AI in the legal market continue to dominate current headlines, but firm consolidation remains a big part of the transformation the industry is undergoing. And yes, technology and automation are playing key parts in this. As firms merge or acquire others to expand their capabilities and client base, a streamlined approach to attorney onboarding and offboarding has become essential.

### **AUTOMATION IN ONBOARDING AND OFFBOARDING: A FIRM'S COMPETITIVE ADVANTAGE**

Efficient integration of lateral attorneys into a firm's structure and ensuring a smooth transition for departing attorneys are critical to maintaining operational continuity and preserving client relationships. Automation plays a pivotal role in achieving these objectives and can greatly benefit firms, preparing them for acquisition and helping them navigate the challenges associated with

lateral attorney moves.

Automating the onboarding and offboarding processes allows firms to standardize and streamline workflows, reducing the likelihood of errors and minimizing the time required to complete these tasks. By leveraging technology, firms can centralize the collection and management of necessary documentation including conflict checks, background checks, engagement letters and client matter details. Automated systems also facilitate the transfer of client files, ensuring data security and confidentiality throughout the process.

### **PREPARING FOR ACQUISITION: THE ROLE OF AUTOMATION**

Modernizing systems with automation is crucial for firms aspiring to be acquired or looking to merge with others. Efficiently managing lateral attorney moves demonstrates a firm's ability to handle large-scale transitions and instills confidence in potential acquiring firms. Automated systems provide an effective mechanism for showcasing a firm's streamlined processes and operational efficiency.

By automating their onboarding and offboarding procedures, firms demonstrate their commitment to seamless integration, data security and compliance. These factors become paramount when firms seek acquisition or merger opportunities, as potential suitors assess the firm's ability to efficiently assimilate new attorneys and their caseloads. The use of automation enhances a firm's competitive position and increases its attractiveness in the eyes of potential acquirers.

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**BENEFITS OF IMPROVING THE ONBOARDING AND OFFBOARDING PROCESS** *Enhanced Efficiency and Productivity*

Automating attorney onboarding and offboarding processes allows firms to significantly reduce manual administrative tasks, freeing up valuable time for attorneys and staff to focus on more strategic and revenue-generating activities. By eliminating manual data entry, firms accelerate the process of integrating lateral attorneys, enabling them to quickly become productive contributors to the firm. Similarly, efficient offboarding processes ensure that departing attorneys smoothly transition their cases, minimizing disruptions to client service and preserving valuable institutional knowledge.

**Improved Client Experience and Retention**

During periods of law firm consolidation, clients may experience anxiety about potential disruptions to their cases or changes in their legal representation. Automation enables a more seamless transfer of client files, ensuring that all relevant information is accurately migrated and clients experience minimal interruptions. This streamlined approach enhances client satisfaction, ultimately contributing to higher client retention rates for the firm.

**Enhanced Data Security and Compliance**

With the proliferation of data breaches and increasing regulatory scrutiny, safeguarding client information has never been more critical. Automated onboarding and offboarding processes can incorporate robust security measures, ensuring that sensitive client data is protected throughout lateral attorney moves. Automation enables firms to enforce standardized data security protocols and track access to client files, reducing the risk of data breaches and enhancing compliance with industry regulations.

Traditional processes for onboarding and offboarding attorneys remain among the most time-consuming and resource-intensive processes during mergers and acquisitions. It's not uncommon for large firms to employ a dozen or more staff on a concierge desk to coordinate the onboarding of newly acquired attorneys. But automation can achieve a significant reduction in the time – and cost – required for onboarding and offboarding procedures.

Firms that choose to automate the handling of client file transfers not only reduce risk, improve the process and make the law firm more efficient, but also make their billable resources more valuable.

Modern, automated tools enable firms to capture a record of every file transfer request, whether for onboarding, for departing lawyers or for a client-initiated move. They can identify all relevant documents across multiple systems and the timekeepers associated with each client matter, gathering them in a central location for review. Best-in-class tools track every action associated with the request and provide status updates throughout the process, in addition to sending notifications to reviewers and capturing a clear record of approvals.

As law firm consolidation continues to shape the legal industry, automation of attorney onboarding and offboarding processes emerges as a crucial factor for success. By streamlining these processes, firms can position themselves as efficient, competitive and attractive to potential acquiring firms. The benefits of automation, including enhanced efficiency, improved client experience and heightened data security, underscore its importance in the context of lateral attorney moves. And not insignificantly, that efficiency gain also frees up attorneys to focus on more billable work, resulting in greater revenue for the firm.

To navigate the complexities of law firm consolidation, firms must prioritize the adoption of automated systems that facilitate the smooth integration of lateral attorneys and the seamless transfer of client files. By doing so, law firms can adapt to changing industry dynamics, maintain operational continuity and successfully navigate the challenges associated with mergers and acquisitions.

In the ever-evolving legal landscape, automation serves as a powerful tool for law firms looking to enhance their operational capabilities, maintain client trust and position themselves as industry leaders amid the rising tide of consolidations. Embracing automation in attorney onboarding and offboarding is not only a prudent choice but also a strategic imperative for law firms aspiring to thrive in the dynamic world of legal business.