



Industry trends

Legal project management gains ground

Take a fresh look

Origination credit policies should evolve with the times

Is your firm's culture hindering its success?

No phishing allowed: Protect your law firm

# LAW FIRM MANAGEMENT

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## INDUSTRY TRENDS

# Legal project management gains ground

When many people read the term “project management,” their minds might immediately go to software development or perhaps construction. However, legal project management (LPM) has become a very real thing in recent years. The term refers to a formal process under which every client engagement is handled as a project that needs to be planned, tracked, managed and evaluated upon completion.

More and more law firms are buying into LPM and, to that end, hiring or engaging LPM professionals specializing in project management to help attorneys carry out the process. According to the *2024 Legal Project Management Compensation and Roles Survey*, a joint effort by the True Value Partnering Institute and LawVision, LPM professionals’ roles have transitioned from logistical support and milestone tracking to increasingly strategic positions — sometimes even including client-facing responsibilities.

Read on to learn more about the evolution of LPM and how it might benefit your practice in an increasingly competitive legal marketplace.

### WHAT’S IN IT FOR YOU?

LPM represents a pivot from the long-standing model of many law firms, under which attorneys manage their own cases with little to no input from



others. It offers a more structured and systems-based approach that promises to:

- Boost efficiency,
- Provide more timely financial oversight, and
- Enhance a firm’s ability to scale up as it grows.

Cumulatively, proponents argue, these benefits result in greater client satisfaction and higher profits for the firm.

Indeed, cost-conscious clients are among the most powerful drivers behind LPM’s rising popularity. LPM professionals, working in concert with attorneys, can help make a client’s experience with a law firm more transparent and predictable. Some clients may even be willing to pay to have an LPM professional involved in their cases, believing they’ll get more value from the engagement.

### WANT TO HEAR MORE?

If your interest is piqued, you’d probably like to know more precisely how LPM professionals can work with your attorneys to improve your firm’s financial performance and boost client satisfaction. Here are some ways they can do just that:

**Reduced scope creep.** LPM professionals ensure that attorneys and clients are on the same page regarding each engagement’s objectives and deliverables. By setting realistic expectations, they can reduce or avoid “scope creep” — when the parameters of a case slowly begin to expand beyond the original matter without proper authorization or control.

**Stricter budgeting.** For each engagement, LPM professionals establish a clear budget that includes all foreseeable expenses. They then continuously monitor expenses for variances and take appropriate steps to contain costs or obtain client approval for additional fees.

## CHANGE IS HARD: ADAPTING TO LPM

For all its potential advantages, legal project management (LPM; see main article) presents substantial hurdles to most firms that decide to give it a go. The most common obstacle, not surprisingly, is resistance to change.

The legal profession isn't known for swiftly adopting new models and approaches. Attorneys with decades of experience may have an affinity for the "old school" ways. Even younger attorneys might view LPM processes as additional nonbillable work.

If you and your leadership team decide to pivot to LPM, you'll have to make a strong case — something you're probably pretty good at — regarding how this paradigm shift will benefit your attorneys and firm. One argument you might present: Hiring or engaging LPM professionals will free up attorneys to focus on their core competencies and take on more engagements.

And your attorneys aren't the only ones who may prove resistant. Clients — especially those with a lengthy history with the firm — can grow accustomed to conducting their legal business in certain ways. You'll also have to win them over by highlighting the client-focused upsides of LPM. These include greater transparency, more controlled costs and quicker responsiveness.

**Improved scheduling.** Deadlines, case milestones and meeting times are also top of mind for LPM professionals. They map out explicit timelines for engagements to improve the likelihood of timely completion.

**Better informed clients.** Some firms allow their LPM professionals to interact directly with clients. For example, they provide regular progress reports and discuss issues related to proposed scope changes, budget variances and the like. Many attorneys appreciate being left out of these important but sometimes time-consuming communications.

**Streamlined workflows.** One of the hallmarks of LPM is the development of standardized processes and procedures across firm functions, such as client intake, document management and billing. Standardization can streamline operations, break up bottlenecks and reduce the risk of errors.

**Support for alternative fee arrangements (AFAs).** Another relatively recent legal industry innovation is the use of pricing structures that differ from the traditional hourly billing model.

For firms that offer AFAs, LPM professionals are indispensable to tracking costs and enforcing controls vital to administering such arrangements.

**Post-engagement reviews.** Traditionally, attorneys immediately move on to the next case once their previous one wraps up. Rarely do they look back. LPM professionals review not only the results of each engagement, but also how they were achieved — keeping in mind both the firm's and the client's perspectives. Doing so can provide invaluable insights into what went well and what didn't, promoting greater quality control and continuously improving the LPM process.

### ARE YOU READY?

LPM may not suit every law firm. In fact, there are usually considerable challenges to implementing it. (See "Change is hard: Adapting to LPM" above.) However, with more clients *expecting* practices to leverage LPM in some way to control costs and improve case management, you may want to start exploring the concept now. •

# Take a fresh look

## ORIGINATION CREDIT POLICIES SHOULD EVOLVE WITH THE TIMES

Generally, any law firm with a steady inflow of new clients is set up for sustained success. But even a positive attribute like this can have a downside if your practice uses origination credits, which often spark conflicts and lower morale.

That doesn't mean you should stop using credits — especially if your attorneys have grown accustomed to receiving them. However, you should regularly reevaluate how you grant and administer these incentives.

### RECOGNIZE TRADITIONAL PROBLEMS

Many law firms have traditionally given origination credits to partners or senior attorneys who bring in new clients. These individuals usually continue to benefit from the credits for all work flowing from those clients — even if they're not involved in it. Typically, such benefits materialize as upfront financial rewards or recognition that fuels bonuses.

Yet this traditional approach is replete with problems. Most obviously, it discourages teamwork and tends to frustrate younger attorneys. Although some partners or senior attorneys may share their credits, others may not. Associates assigned to the latter will not only earn less, but also clamor to work with “credit sharers.” That often leaves clients of “non-sharers” underserved, resulting in inefficiencies and potential dissatisfaction.

Moreover, the traditional approach doesn't nurture business development in associates early on and may push them to leap to competitors who reward such efforts better. And, again, it doesn't serve clients very well. Originating partners or senior attorneys may hoard

work that others are better qualified to perform. They might not assemble the strongest pitch teams for some opportunities because they don't want to share credits. This reluctance can ultimately limit the firm's ability to land high-value clients and fully leverage its talent pool.

Traditional origination credit policies tend to undermine succession planning, too. Partners or senior attorneys nearing retirement may want to hold on to their credits as long as possible. This can leave inadequate time to transition clients to younger attorneys.

### REFRESH YOUR POLICY

No law firm's policy regarding origination credits needs to be set in stone. As industry norms and your practice's culture evolve, you can revise your policy to be more equitable and prioritize teamwork. When doing so, keep several critical considerations in mind.

For starters, the simplest formula typically bases credit amounts on fees collected. It's also generally helpful to widen a policy to award credits to attorneys who bring value to a client relationship — regardless of whether they acquired



the client. That may mean making junior attorneys, associates and possibly even paralegals eligible for credit sharing. Expanding eligibility ensures that the contributions of all team members are recognized, fostering a more collaborative and motivated work environment.

*Explore hybrid models under which credits are distributed on the basis of both origination and ongoing client management.*

Furthermore, consider allocating origination credits by matter, not client. Doing so encourages attorneys to develop relationships with existing clients, organically growing revenues for the firm. Additionally, explore hybrid models under which credits are distributed on the basis of both origination *and* ongoing client management, ensuring that sustained contributions are rewarded appropriately.

Finally, install a mechanism that incentivizes partners and senior attorneys to transition client relationships to younger attorneys well before retirement. For example, you might double the credit during a stated period preceding an attorney's retirement date so both the prospective retiree and successor lawyer receive benefits.

The policy should also address how credits will be determined if attorneys leave the practice for reasons other than retirement. By creating structured incentives for client transitions, firms can avoid abrupt shifts that may disrupt client relationships and revenue streams.

### STAY CURRENT

Ultimately, your law firm needs a carefully crafted and clearly written policy for origination credits that uses objective metrics to trigger rewards. Most importantly, it should reflect your practice's *current* culture, values and strategic goals. Regularly review and update your policy to ensure it remains fair, competitive and aligned with your firm's long-term success. •

## Is your firm's culture hindering its success?

In TV and movies, law firms are usually depicted as having tough, competitive cultures. The accuracy of such portrayals varies widely, of course. But the fact remains that any practice can develop negative traits no matter how hard the partners try to keep things positive. Let's look at a few telltale signs of a potentially troublesome culture and some ways to promote a more positive one.

### WATCH FOR RED FLAGS

Recognizing a firm culture tipping toward toxicity isn't always easy — especially if billable hours are up and profits are strong. The chief danger is that you ignore it for too long and start losing valued

attorneys, other employees or even clients. Some red flags to watch out for include:

- Overly strict billable hour requirements that ignore the well-being of attorneys and staff,
- Highly competitive working conditions that discourage knowledge sharing and encourage questionable behavior,
- Unclear or shifting criteria for partnership and other career advances, and
- Resistance to new technology and ways of doing things.

Sometimes, it's unclear what came first: the dysfunctional culture or the inefficient workflows

and outdated management practices resulting in a discordant work environment and plummeting morale. Whatever the case may be, don't ignore the dangers of an unfriendly hierarchal structure, outmoded administrative processes, inefficient task delegation and moribund technology.

## MAKE PEOPLE HAPPY

On the flip side, a vibrant culture can spring up when a law firm has a productive work environment and attorneys and staff see a place for themselves in the organization's future. So, focus on the things that generally make people happy:

**Achieving work-life balance.** For every position at your firm, establish a baseline for a reasonable workload. Encourage attorneys and other staff to adhere to those workloads and take their allotted paid time off to prevent burnout. Explore flexible scheduling options. Consider establishing a wellness program or at least adding or enhancing mental health benefits.

**Collaborating with colleagues.** Positive cultures tend to thrive when attorneys and staff work together toward the common goal of a successful practice rather than individual accomplishments. Look into team-based incentives that drive collaboration. Develop mentorship programs to help more

experienced attorneys and other professionals pass on their knowledge to newer lawyers and staff. Organize team-building activities.

**Seeing a career path ahead.** Clearly define avenues for advancement for every position, including making partner. Set annual performance goals and adhere to regularly scheduled job reviews. Sponsor continuing education or professional certifications to demonstrate your firm's commitment to the future of its attorneys and other employees.

*Encourage attorneys and other staff to adhere to reasonable workloads and take their allotted paid time off to prevent burnout.*

**Communicating freely with everyone.** When some doors are always closed, and certain partners or senior attorneys are never around, resentment, suspicions and rumors may flourish. Hold regular firmwide meetings to promote transparency and build buy-in for strategic objectives. Mandate that your leadership team adhere to an open-door policy, so attorneys and staff can

voice concerns and share ideas. Use a well-crafted communications strategy to keep everyone on the same page.

## ANSWER THE QUESTION

Is your law firm's culture hindering it from reaching that next level of success? Possibly. That doesn't necessarily mean it's toxic; it might just need a few minor tweaks. In any case, it's a question worth exploring. •



# No phishing allowed: Protect your law firm

Law firms pride themselves on minding the details and not falling for anyone's stratagems or schemes. Yet your practice, like every organization, remains vulnerable to cyberattacks such as phishing. This is mainly because anyone — from a senior partner to a summer intern — can slip up and get tricked.

## COMMON SCAMS

Phishing generally refers to fraudulent schemes that cybercriminals use to dupe victims into either:

- Disclosing sensitive information, such as login credentials, or
- Triggering malware that allows hackers to steal, kidnap, corrupt or destroy data.

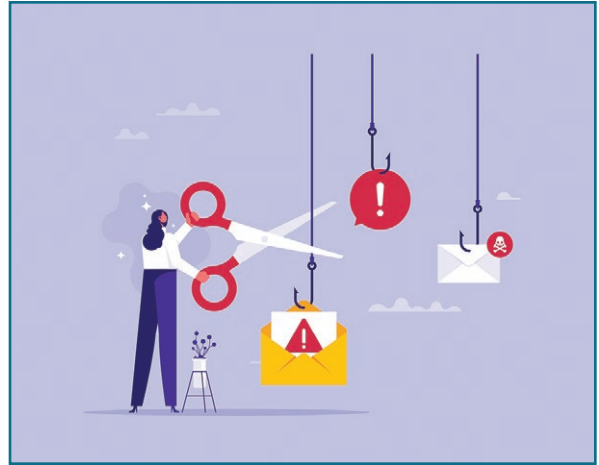
For example, someone on your staff might receive an email with a link to a “spoof” (fake version) of a legitimate file-sharing site. When the staff member clicks on the link and logs in, the cybercriminals copy the login info and immediately gain access to the actual file-sharing site.

Phishing may also lead to a ransomware attack. Cybercriminals often plant ransomware in email attachments. Again, if the hackers can trick someone at your firm into opening such an attachment, this awful type of malware will burrow into your systems, change the security settings and lock you out.

The perpetrators will then demand a hefty ransom within a stated timeframe to unlock your data. Some may even leak sensitive client information or work product to the “dark web” to show they're serious.

## YOUR STRONGEST DEFENSE

Because phishing is a type of social engineering, your strongest defense against it is training your people. This applies to everyone, from senior partners to entry-level employees to temps and independent contractors.



Some practices design and administer their anti-phishing training programs. Others engage outside providers to conduct the initial training and regularly scheduled follow-ups. If you go this route, look for a reputable company specializing in law firms.

Naturally, every training program will differ slightly. Make sure yours begins by defining phishing and explaining why it's such a threat. From there, your program should teach employees to recognize telltale signs of phishing — such as suspicious email addresses, urgent language, and odd or unexpected attachments.

It should also include exercises and quizzes to test trainees. Some companies even randomly distribute fictitious emails to see whether employees will fall for a phishing scheme. Between trainings, frequently remind staff to be vigilant.

## GRIM REALITY

Training isn't the *only* thing you should do to fight phishing. Your law firm also needs a full array of cybersecurity measures, including strong passwords, two-factor authentication and anti-malware software. The grim reality is cybercriminals won't stop looking for ways to trick your staff, so you can't stop looking for ways to stop them. •



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