



The Blue Hen News

- In This Issue -

Page	
3	..... President's Message
4-5	..... Social Media as a Resource for Your Professional Toolbox
6-7	..... Go Green!
8-9	..... Business Partner Spotlight: Jill Forbes, Pelican
10	..... You Want To Go Where Everybody Knows Your Name (Summer Social Review)
11	..... The Riverboat Queen, First State Chapter Business Partner Social Event
12-13	..... Heard Around Town: Morale-boosting, Employee Retention & Advice for a Wilmington Legal Administrator
14	..... Behind the Desk: Brenda Thompson
16-17	..... Shifting Mindsets in the Legal Industry
18-19	..... Stop Wasting Time: Get More Productive with Technology Today!
20	..... PC Update Procedures: An Overview
21	..... Client Relationship Management (CRM)
22-23 New Audit Technique Guide: How IRS Examiners Should Probe Attorneys' Returns
24-25 50 States, 50 Rules: Shredding Across America



FirstStateChapter

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A Chapter of the Association of Legal Administrators



2009-2011

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President's Message



Autumn is here and it seems like the sun has been eluding us forever BUT there are many bright things happening in the First State Chapter!

At our Summer Social, the Chapter launched a book drive to benefit the children of Wilmington, DE. Through the generosity of Chapter members and their firms, the Chapter collected over 2100 books, far surpassing its initial goal of 200-300 books. On Friday, September 16, Chapter members visited West Center City Early Learning Center and read some of the donated books to the children, including two classics "Green Eggs and Ham" and "Go, Dog. Go!" What an incredible experience.

In mid-October, several chapter members will travel to Pittsburgh to attend the ALA Region I Conference & Expo. ALA conferences offer incredible and relevant sessions that prepare administrators to react and adapt to new challenges. However, just as important, the conferences provide the opportunity for administrators to mingle with industry peers and business partners... something we very much look forward to. If you have never attended an ALA Conference, the Region I Conference is an excellent introduction to the conference experience...you won't be disappointed!

On November 15th the Chapter will proudly host Lt. General Russell L. Honoré who will present

"Leadership and Preparedness in the 21st Century" to Chapter members and members of the Bar. General Honoré's distinguished service to our country includes command of the Katrina Joint Task Force and leading the Department of Defense response to Hurricane Katrina. Following the General's visit, the Chapter will make a donation to **Delaware Boots on the Ground**, a non-profit organization that assists and encourages military members and families during deployment and peacetime by matching services to needs.

Our website facelift is moving along nicely, so stay tuned for exciting changes that will make firststateala.org a fun and interactive Chapter management tool!

As you can see, we've been busy! If you'd like to work with us on these programs or other Chapter initiatives, please reach out to any Chapter Officer or Committee Chair. We'd love to hear from you!

Happy raking!

All the best,

Joann Winterle
 ALA First State Chapter President
 Human Resources Director
 Connolly Bove Lodge & Hutz LLP



UPCOMING EVENTS

- **October 4, 2011**
 Generally Accepted Records Principles (GARP), presented by John C. Montaña of Montaña & Associates at Potter Anderson.
- **October 13-15, 2011**
 ALA Region I Conference & Expo, Omni William Penn Hotel in Pittsburgh, PA
- **November 15, 2011**
 Leadership and Preparedness in the 21st Century, presented by Lt. General Russell L. Honoré at the Hotel DuPont Gold Ballroom in Wilmington, DE
- **December 6, 2011**
 First State Chapter Winter Social at Morris James LLP

Social Media As A Resource for Your Professional Tool Box

Natalie Huha
Principle and CoFounder at JustEngage, Inc.



Have you seen the Social Media Revolution 2011 video by Socialnomics09 on YouTube? If not, then go ahead and check it out (<http://youtu.be/3SuNx0UrnEo>). This video, although not *legal* specific, gives you the scope of how social media has changed our world. The underlying message in this quick two minute video is that social media is

about many things: revolution, commerce, tragedy, memories, government, business but most of all *people*. It's about people and the platforms or channels such as Facebook, LinkedIn, Twitter, Google+ and the hundreds of others that serve as the medium to reach out, communicate and connect us on a global scale.

Social media channels are now being used for some very interesting practices. For example, during the Casey Anthony Trial, social media was used to tweak her trial strategy. Another example is a hedge fund investment company, Derwent Capital Markets. The traders are using Twitter to predict price movements in the stock markets by evaluating whether people are happy, sad, anxious or tired. Social media has infiltrated every aspect of our news consumption. Twitter is *not* just about what you ate for lunch, really, it's a fact. With over 100 million active users and 40% being listeners, Twitter is used for building relationships and sharing information across any state, border or country. Think about the magnitude of that for a minute. It's impressive. You can find just about anything you are interested in on Twitter, just do a search for a hashtag (search term) of your choice, for example: #legalchat or #alaconf or #hrchat.

Nielsen just released its Q3 social media report for 2011 and several of the statistics were eye opening. Here are some of the recapped stats they shared:

- Social media has grown rapidly – today nearly 4 in 5 active internet users visit social networks and blogs.

- Social networking apps are the third most used among US smartphone owners.
- Internet users over the age of 55 are driving the growth of social networking through the mobile Internet.
- Although a larger number of women view online video on social networks and blogs, men are the heaviest online video users overall streaming more videos and watching them longer.

So what does this mean for you and your firm? A lot. Administrators, managing partners and executive staff will most likely ask, "What's the ROI?" The bigger picture is that if you are going to measure social media, then you must put as much effort into measuring other initiatives such as meetings or those coffee mugs your firm gives away as freebies. The bottom line, your return on social media represents your investment, and that's true for any project or initiative your firm is planning.



Another question you are going to get is, "What about a social media policy? We need one." Yes, you need one and you need to be fully educated when creating one (as well as educating everyone else once your policy is created.) When creating a social media policy, keep these things in mind: it should be realistic and be developed by several people in a focus group or committee; those creating the policy should have a strong foundation and understanding of social media and be users themselves; adherence to the policy needs to be consistent

and most of all easily accessible to everyone in your firm. Oh yes, it was mentioned above, however, it's worth re-iterating. *All employees and attorneys should be fully trained and educated on the policy.*

Today we have multiple generations in the workforce. Millennials have been brought up in a world where they think the web and sharing first, communication in your firms, as well as succession planning needs to incorporate social media strategies. Law students going to Harvard (as well as other law schools) are encouraged to blog and share. So when they enter your firm and social media sites are blocked and the innate way they communicate is forbidden, it raises many issues and ques-

tions about how the future of law firms need to operate to stay competitive. Another great video that shows and demonstrates how the next generations are learning is called 'Learning with iPad' and it can be found here <http://youtu.be/BxfloSNpujI>. Take a moment to watch it, and then ask yourself, is my firm prepared for the next generation? What do we need to be doing to prepare for our succession in years to come?

There are many enterprise 2.0 tools available for streamlining social communications in your firms: SharePoint, SocialCast, ThoughtFarmer, Lync, Yammer to name a few. If you need to listen to your firm's social presence or monitor its social presence, you can use tools such as Google Alerts, NextPoint, Radian6, HootSuite, TweetDeck or Shoutlet. Social media tools are not just good for the external presence of your firm's brand, but can be used internally for firm-wide initiatives and to surface the tacit knowledge that exists with your employees.

Lastly, you may want to know, what are other firms doing? Two thoughts, one good thing is that firms are recognizing that they need a plan and a strategy with regard to social media. The other good thing is that the internet levels the playing field regardless of your firm's size to compete. With that being said, firms are creating blogs, that in turn are creating 'community' for their clients, tweeting, and connecting on LinkedIn. Firms are creating presences on the different social channels depending on their goals and attorneys are being coached on social media channels. Last but not least, firms are creating social media policies and starting to collaborate

using social media for internal daily workflows and learning.

Footnotes:

¹ September 15, 2011 <http://www.tcpalm.com/news/2011/jul/14/social-media-used-tweak-casey-anthony-trial-strate/?print=1>

² September 15, 2011 <http://www.telegraph.co.uk/technology/twitter/8755587/Twitter-becomes-latest-tool-for-hedge-fund-managers.html>

³ September 11, 2011 <http://www.nielsen.com/us/en/insights/reports-downloads/2011/social-media-report-q3.html>

Bio for Natalie Huha

Natalie Huha is the Principal and Cofounder of JustEngage, Inc. and is an evangelist of social media for business development in the legal community. She is a frequent writer, blogger, speaker and consultant on social business solutions that enhances visibility and creates value for firms and attorneys for both internal and external social media initiatives. Feel free to connect with Natalie on any of the social channels: twitter.com/legalerswelcome, [linkedin.com/in/nataliehuha](https://www.linkedin.com/in/nataliehuha), justengage.net/blog, or via email nhuha@justengage.net.



Connect at the Region 1 Conference & Expo!

Gain the knowledge, resources and networking vital to face any challenge at your law firm or in your legal department at the Region 1 Conference & Expo, October 13-15, 2011, at the Omni William Penn Hotel in Pittsburgh.

Don't miss this cost-effective, two-day conference close to your home with professional legal industry speakers and more than 20 educational sessions — it's the best investment you'll make this year!

Your Bridge to Success



Register before September 12 for early bird savings!

Learn more at www.alanet.org/region1

Your connection
to knowledge, resources and networking



Going Green

Amy Dvorak

Scary, but true, an average 30-lawyer firm uses about 15 tons of paper every year. With its production and disposal, this results in a whopping 300 tons of carbon dioxide (CO₂) emissions annually. In an effort to conserve energy and resources in law firms and reduce greenhouse gas emissions and other pollutants, the American Bar Association (ABA) Section of Environment, Energy and Resources (SEER) and the U.S. Environmental Protection Agency (EPA) have teamed to create the ABAEPA Law Office Climate Challenge. Law firms can take on the challenge and reduce harmful effects on the environment by simply participating in at least one of the EPA programs, such as WasteWise, Green Power Partnership, and ENERGY STAR.

“We think that the Climate Challenge program will gradually raise the level of awareness of our environmental stewardship responsibilities and how easy it is to go green with relatively little additional effort,” said John S. Kirk, CLM, of Manko, Gold, Katcher & Fox, LLP, in Bala Cynwyd, Pennsylvania.

Practicing in environmental and energy law areas, Kirk’s firm immediately hopped on board with the Climate Challenge and aided in the program’s development. In his role as Director of Administration, Kirk initiated the operational and administrative elements of the Challenge.

“Legal managers have direct influence on office operations, and thus a direct impact on the goals of the Climate Challenge program,” said Kirk, a member of ALA’s Philadelphia Chapter.

Below, Kirk explains the actions he and his firm have taken as part of the Climate Challenge, and by following a few green footsteps, your firm can join the global effort to

create change – and perhaps inspire a few others, too.

THE PROGRAM

Co-sponsored by the ABA Law Practice Management Section (LPM), the Climate Challenge is a two-year pilot project that was initiated in March. A law office that meets the minimum requirements for participation in at least one of the EPA programs, or simply adopts best practices for office paper management, qualifies for recognition as a Law Office Climate Challenge Partner. A law office that achieves a higher level of participation in at least one of the EPA programs qualifies as a Law Office Climate Challenge Leader, the recognition for which Kirk and his firm await approval. The EPA and the ABA will recognize participating law offices. Overall, the challenge isn’t too daunting, as like Kirk’s firm, you may already be practicing energy saving practices without even realizing their impacts on the environment.

“Our participation in green practices has grown steadily over the years, so implementing the few remaining steps to qualify for the program was comparatively easy,” said Kirk. “We were already conducting many of the best practices in the WasteWise program, such as recycling office paper and having recycling bins for bottles and cans.”

WASTEWISE

So what exactly is WasteWise? It’s a program that encourages organizations to save energy by reducing waste, especially paper-dependent offices like law firms. The Climate Challenge suggests you adopt best practices for office paper management by reducing paper usage, increasing recycled content, or increasing recycling.

“As an environmental boutique law firm, our firm has always been sensitive to green practices,” said Kirk.



“We started using recycled paper in our copiers, and we purchased legal pads made from recycled paper when the firm was founded nearly 20 years ago. Although recycled paper tends to be a bit more expensive, we felt it was an important enough issue to make it a part of our culture and operating budget.”

In its simplest form, increasing the demand for recycled paper will improve the level of recycling and reduce greenhouse gas emissions, according to the Climate Challenge.

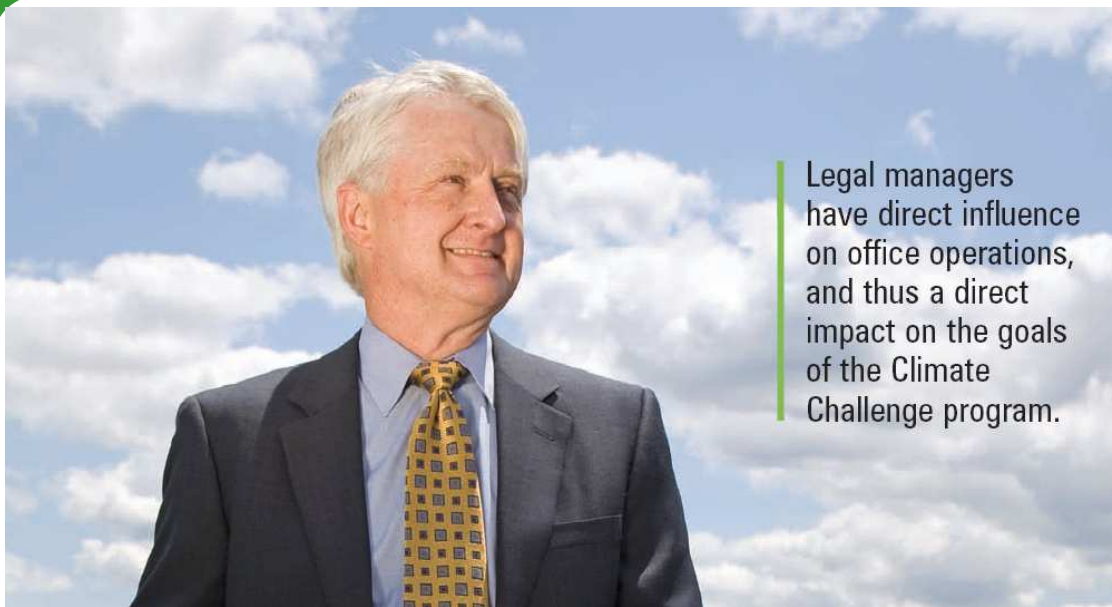
GREEN POWER PARTNERSHIP

Another step you can take in the Climate Challenge is participating in EPA’s Green Power Partnership program by purchasing energy from renewable sources to cover at least a portion of electricity usage. Payments for green power support the emerging field of renewable energy resources and diminish the need for power generated from coal-fired or other nonrenewable resources.

According to the EPA, using conventional, fossil fuel-based electricity can be one of the greatest environmental impacts associated with your organization, but your firm can lessen its environmental impact through a green power purchase.

ENERGY STAR

The final part of the Climate Challenge is participation in EPA’s ENERGY STAR program, which en-



Legal managers have direct influence on office operations, and thus a direct impact on the goals of the Climate Challenge program.

courages law offices to reduce energy use by at least 10 percent through, among other things, the purchase of ENERGY STAR-designated equipment and implementation of better energy management practices. While many firms lease office spaces and thus have little or no control over portions of this program, you can encourage your landlord to adopt these practices. In addition, tenants can participate in the ENERGY STAR program in other ways, such as enrolling in the EPA Green Lights and ENERGY STAR Small Business Program, as Kirk has done.

"This entailed retrofitting all of our existing light fixtures (using energy efficient T-8 florescent bulbs, de-lamping our fixtures from four bulbs to two, and installing new ballasts) and installing sensor light switches in our offices and conference rooms," he said.

Kirk also recommends purchasing ENERGY STAR-rated computers and, if you are renovating office space, consult with your architect about energy-efficient lighting, carpets made from recycled materials, and using ENERGY STAR-rated appliances.

RAISING AWARENESS

Participating in the Climate Chal-

lenge is one notable way to take a step, but raising awareness and encouraging others to participate is just as important. If two people tell two people, well, you know how it works.

"Working exclusively in the environmental and energy law areas, our firm is keenly aware of climate change issues," said Kirk. "We are also aware that much more needs to be done in terms of raising the level of awareness of the 'little things' that each of us can do to help reduce CO2 and other greenhouse gas emissions."

Also, keep in mind that the "little things" you implement in the office may influence others beyond their cube walls.

"It stands to follow that by raising the level of awareness in the workplace, it will spill over into our activities outside the office," said Kirk. "For example, I recently finished changing all of the lights in my home to CFLs. My firm's practices certainly raised my sensitivity and awareness both inside and outside the office. Whether or not you agree with the sometimes dire predictions regarding global warming, conserving our natural resources by participating in recycling programs and purchasing renewable energy

just makes good sense."

TAKING A STEP

While you may not be ready to take the Challenge or start a campaign, we encourage you to take a step, as they do add up, and your biggest reward may be your ability to influence others to do the same.

"There are countless resources available to give you guidance on the steps that you can take in your organizations, and some are just as simple as calling your paper supplier and changing your paper stock to that made with recycled content," said Kirk. "Even if you are not in a position to meet all of the Climate Challenge requirements, simply starting out by implementing one or two best practices can go a long way in advancing the ball."

To join Kirk in the Climate Challenge or for tips on becoming more energy efficient, visit www.abanet.org/environ/climatechallenge.

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Business Partner Spotlight: Jill Forbes

Pelican Ent. Inc.



Name: Jill Forbes

Title: Principal

Years: 12

Please provide some biographical highlights about yourself: title, primary responsibilities, number of years at Pelican and positions you have held there, what you did prior to working there, education, any other organizations you belong to or relevant industry affiliations.

Primary responsibilities include Business Development, Consultative Sales and Client Support in all aspects of Document Management since the formation of Pelican in 1999.

I started in the Copier Industry in 1977 as a service dispatcher with Savin Corporation. The industry morphed as copiers became Multi-Function network devices. Functionality grew from just copy, to print, fax, and to serve as literal on-ramps for a variety of DM solutions. As this business grew and changed over the past 30+ years so did my positions and responsibilities. The need for expertise in melding these hardware and software solutions together in a cohesive manner was identified thus the incorporation of Pelican.

Please tell us a little about Pelican and the services you provide and how you think you stand out from the competition.

Pelican Ent. Inc. offers the "Best of Breed" solutions (hardware and software) to support every aspect of Document Management. We are constantly on the lookout for innovations in the DM area. Through relationships with our various business partners, we offer the following.

- **Savin and Canon** Multi-Function Devices
- **Omtool, KwikTag and Square 9** Solutions (Capture, Convert, Distribute, Index, Retrieve)
- **Equitrac and nQueue BillBack** Cost Recovery
- **IPRO** Litigation Support

Few if any of our competitors offer the variety of complementary solutions we can. Because we utilize the manufacturer or their authorized service centers, our knowledge base and support are second to none. Most importantly, we understand the needs, workflow, business practice and fiscal constraints of firms of all sizes.

Describe the accomplishment in which you take the most pride, with relation to your role in your company.

I take pride in being closely involved with my clients to offer them exactly what they need and to support them with any challenges along the way. I strive to stay involved with processes like installation, training of staff, workflow discussions etc. so I can best support the goals of the COO, Firm Administrator, etc. Nothing is out of my realm of responsibility. I take my position, as a value added reseller, and my reputation very seriously. My philosophy is to put as much effort into keeping a customer as I put into gaining one.

If applicable, what trends or challenges do you foresee as most important to your clients?

Up-time and reliability are of utmost importance. Having the appropriate hardware for critical peak times managed by a staff that is adequately trained is the cornerstone for success. Trickle down the goals, as set by upper management in a firm, to a practical application with the users, supports the decision making process. Investments in expensive software solutions that are not being utilized as intended, or at all, is all too common a pitfall.

Working with law firms requires a unique approach which differs from that of other corporations - how has your experience been working with law firms as opposed to non-law firm clients and traditional corporations?

My first impression in working with law firm clients (15 years ago) was "Holy cow, run for the hills." Demanding was an understatement. I have learned the true meaning of customer service in keeping law firms satisfied. If you can survive supporting the legal community, you can survive anywhere. I relish the skills I have gained as a result of it.

How has your industry been impacted by the financial crisis, and how has your company responded?

The financial crisis has definitely driven margins down. Some clients are holding on to equipment at lease end, shopping more and holding off on non-essential software acquisitions. On the positive side, firms are moving toward bringing more work in house to gain control and keep costs down as part of their BPM. I have also seen a shift to longer term leases on hardware which may be appropriate so long as that is a critical consideration when choosing the equipment..

Why do you support the Association of Legal Administrators?

I have never, in the 30+ years I have been in business, been involved with a more vendor supportive group. We both need each other so why not cultivate that relationship as the ALA does. Thank you so very much!!



ALA Management Solutions



ALA Management SolutionsSM is a free, full-time information resource and reference service just for members of ALA. This service brings you customized information to meet your specific needs. You receive exactly the information you need when you need it most. ALA Management SolutionsSM services are explained below, with links to each area.

ALA Peer Consulting Database

The Peer Consulting electronic database puts you in touch with over a thousand active administrators worldwide who are experienced in hundreds of areas of legal management and ready to assist you with your pressing management issues.

Members are asked to make a self-assessment of their expertise in various subject areas and indicate those areas for which they would be willing to act as peer consultants. The members' responses have been compiled into the Peer Consulting Database.

ALA Documents on Demand

Frequently requested documents are located on the Web site. Membership, financial, product and informational materials are available to you with a click of the mouse. Each is fully accessible and downloadable from this site. Take a moment to review our listings.

ALA Reference Desk

Free and comprehensive answers to pressing management questions are just an e-mail or phone call (847-267-1385) away.

Get connected to researchers and industry veterans who can tap into an ever-growing collection of industry information, including articles, statistics, surveys, Web links, forms and checklists.

Receive **clear, detailed responses**, often within one business day of your request, or they can put you in touch with a peer consultant who can provide the type of personal experience necessary when your decision must be right, right now.

"Research Studies" have been developed in response to frequently asked questions. But if your question hasn't already been addressed in one of these studies, contact the people who can help: ALA Management SolutionsSM.

We are your information resource.



♪ You Want to Go - Where Everyboody Knows Your Naaame ♪

Kellie Snyder
Social Committee Chair
Richards Layton & Finger LLP

(You're singing it too, aren't you?)

During the planning of the First State Chapter's 2011 Summer Social, Andy Logan and I visited the Third Floor Bar at Parcels, Inc. as a potential venue. Immediately as I entered the room, I felt it ---- "Cheers!" While there was no "Norm" or "Cliff" situated at the end of the bar, the venue was so inviting; a warm and welcoming atmosphere adorned with a beautiful mirrored bar as the focal point. It just naturally seemed to mentally transport me back to the 1980/1990s sit-com. Our friends (and business partner) at Parcels, Inc. generously provided this picture perfect space and customized it with several decorated high top tables and chairs to ensure our members would be most comfortable while enjoying the evening. Another business partner, Caffe' Gelato, prepared a delicious spread of cuisine that spanned the length of a conference table, as well as several hot butlered hors d'oeuvres that were prepared on-site by their own chef in a make-shift kitchen area. Caffe' Gelato also provided servers and a bartender (no "Woody," of course) to cater to our members' every need. Everything was ideal, and it created the perfect tone for welcoming Susan Gay, Region I Officer, to our party.

In anticipation of a new community activity for the Chapter, we launched the Children's Book Drive at this event as well! Attending guests who brought a book or books received an additional entry into the drawing for the Grand Prize. We were thrilled to see that one whole box filled up quickly that evening... just the beginning of what grew into an incredibly successful collection of books over the following month!

In keeping with tradition, plenty of door prizes were provided for the drawings. Many will recall from last year's summer and holiday socials that we have now incorporated the "Yankee Swap," which undoubtedly adds a twist! We always enjoy seeing the smiles of those who "never win anything" as much as we enjoy (snicker!) seeing the smiles of those who somehow seem to *always* walk away with something! With that being said, congratulations to (multi-winner) Wayne Stanford, of Richards,

Layton & Finger (to no surprise!), this year's winner of the Grand Prize ... a 22" flat screen TV!

As with each Chapter event, it is always a treat to connect with the familiar faces of our friends/members outside of the business environment. **We all agree that we'd love to see more faces** and have the opportunity to connect in laughter and relaxation. If you haven't attended an event in recent years, **please give us a chance!** After all, these social events are planned not only as an escape from the everyday office life, but are also very much a part of the membership benefits you should be enjoying!

Our next "event" is the Holiday Social -- December 7, 2011!

We hope to see you there!

After all

♪ Be glad there's one place in the world
Where everybody knows your name, ♪
♪ And they're always glad you came;
You want to go where people know, ♪
♪ People are all the same.....
(go ahead... you take it from here!) ♪



Pictured above: Wayne Stanford of Richards Layton & Finger LLP

First State Chapter ALA Annual Business Partner Event - The Wilmington Riverboat Queen

Jean Chaney
Educational & Programming Chair
Abrams & Bayliss LLP

Sunny skies, a soft breeze and warm smiles set the tone for the First State Chapter's Annual Business Partner Event aboard the Wilmington Riverboat Queen. Chapter members and business partners enthusiastically began boarding for the cruise at 5 pm on June 29th.

There was a little mystery in the air because unknown to our business partners, the HUNT was on! Upon arrival, chapter members were given a card with the names of the business partner attendees. They had only two hours to secure signatures from ALL of the represented companies in order to be eligible for the mega door prize. Ninety-nine percent of our business partners were in attendance -- this was not going to be an easy feat!

It was a grand cruise. Multiple drawbridges opened up as we floated down the glassy waters of the Christina River. The view was exquisite whether you chose to enjoy the breeze on the Lido Deck, the air-conditioning on the lower deck, or just hang out on the bow of the boat.

We watched in awe as a tiny boat turned a huge freight boat around in the river; passed through the Norfolk Southern Railroad Bridge; and ultimately arrived at the Delaware Memorial Bridge. The view from the water far surpassed any view witnessed while driving on I-95. Fortunately, we had the knowledgeable Captain Steve Barnes and his crew on hand to provide historical details throughout the cruise.

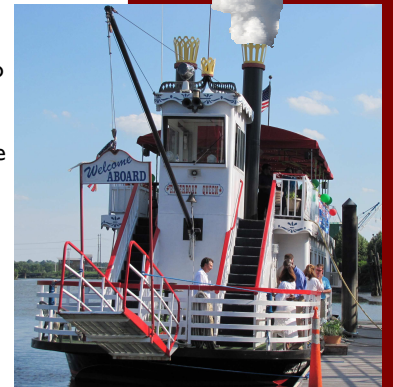
On the return trip, we were graced with the most beautiful sunset. But there was a little glitch. The sideways-

reeling railroad bridge was closed and we couldn't pass through -- was this a fluke or a blessing? Certainly the latter, since we had an extra five minutes to completely fill our business partner cards!

At the conclusion of the event, all completed cards went in the hat and Julie Dubreuil captured the grand door prize of a Samsung Intellizoom Camcorder.

Special thanks are extended to Precision Color Graphics for the Riverboat's beautiful logo banner; Parcels for their quick turnaround on our invitations and business partner cards; and Moveable Feast for their delicious culinary delights.

We would also like to take this opportunity to say thank you to ALL of our business partners for your continued support of the First State ALA Chapter. Your support, coupled with the diversity of your industries, provides numerous learning opportunities -- on a group and individual basis -- to our administrators throughout the year. In addition, your collaborative efforts with the Chapter's annual community service projects allow us to give back to local organizations in need of our support. On behalf of the First State Chapter ALA, we salute you!



First State Chapter members and Business Partners enjoying a great night!



Pictured from left to right: Jackie Trickey, Joann Winterle and Andy Logan. The past, present and future Chapter Presidents!

Heard Around Town

In the Heard Around Town feature, we poll our members on current hot topics relevant to the legal industry.

In this edition we asked our fellow First State Chapter members about the secret to keeping morale high in the office, the most challenging aspects of their job and their advice to administrators new to the Wilmington legal community.

The response to our poll was voluminous and filled with helpful information, so we will break from our normal statistical mold and provide the actual responses of our members for the benefit of all!

Thank you to everyone who took the time to respond!

What types of morale-boosting activities do you sponsor in your office?

- Employee Appreciation Day once a year.
- Seasonal lunches with prizes - kickoff to summer, end of summer, fall fest, etc. We have water ice treats several times in the summer and do have happy hours for any occasion we can come up with.
- Friday Breakfast, office luncheons, happy hours, birthday celebrations.
- We have ice cream socials, happy hours at least one Friday a month, special seasonal celebrations i.e. Halloween Boo, Thanksgiving luncheon, Jelly Bean contests, etc.
- Occasional "Team" lunches, summer social event, winter holiday dinner.
- Happy hours, Blue Rocks and Phillies outings, holiday parties, lunches.
- Happy hours, bagels/muffins on Fridays.
- Luncheons; happy hours, fitness challenges.
- Pay Day Buffet the last pay of the month, Wing Bowl and chili cook-off in January, ice cream sundaes in the Summer.
- Monthly pizza parties or pot-luck luncheon.
- Ice Cream Day, Christmas Eve Pizza, Thanksgiving Eve Pie, Support Staff Day breakfast, Halloween candy bars, subsidized bus trips.
- In addition to the usual pot luck luncheons, happy hours, summer picnics, etc., we have Jeans Day for Charity on the 1st business day of each month. Employees nominate and vote on 12 local charities that are assigned a month on our calendar. The employees can wear jeans to work in exchange for a donation which is given to that month's charity. Very often we also collect items from the charity's wish list, i.e. towels for an animal shelter or toilet-



ries for a homeless shelter. This is a win-win because the employees love to wear jeans to work, they rally behind causes supported by their co-workers, and the charity receives a donation in cash and in-kind.

- Monthly breakfast monthly birthday cake/dessert day one 20 minute massage per month for support staff. Occasional blue jeans Friday with donation to a charity.
 - Bagel breakfast every week, ice cream Fridays in the summer, summer picnic, random pizza lunches, holiday parties with games and prizes.
 - Birthday Month Celebration, 1st Friday of month is bagel and doughnut day, Ice Cream social in summer, a few other socials to coincide with Staff Appreciation and Bar Exam results, we have had an Art social where those artists can display/sell their artwork and have staff and guests come view it with food and drinks. Holiday party at year end. Attorneys have their own events as well.
 - Pizza parties; ice cream parties; gym; personal trainer visits; champagne holiday luncheon; along, of course, with a regular evening holiday dinner.
 - Monthly birthday cakes, ice cream days in the summer, pie feast in the fall, staff appreciation day breakfast, open enrollment wellness fairs, monthly movie ticket giveaways.
- Cook Outs and Happy Hours.
- Monthly birthday cakes, contests (for example, this month we had a cupcake baking contest) with prizes for all participants.

What do you think is the most challenging aspect of your job?

- Managing long term employees who are just miserable and try to make everyone else miserable.
- Keeping peace between different personality types.

- Trying to get staff to act like adults and find solutions instead of finger pointing. Some attorneys.
- Staying informed of the various aspects and inter-working of the personnel (workload, deadlines, inter-personal relationships of staff members) and "managing forward."
- Juggling multiple priorities with multiple shareholders.
- Managing the firm billing, financials and accounts payable.
- Keeping up with the new laws on healthcare, FMLA, etc. Also, keeping the troops here at the office calm.
- Finding and retaining good staff.
- Doing more with less.
- Finding new ways to motivate employees.
- Hard to think of any one thing. There are many and I like it that way.
- The employees - keeping them happy while also keeping them under control!
- Dealing with all the attorneys quirks on the way they like stuff when you have a large amount of attorneys and they each want something custom. For the most part, you try to keep everything uniform, but it doesn't always happen. It makes for more work overall in order to remember all the different aspects of each attorney.
- Consistency in output for all of my responsibilities.
- Gaining management support for training initiatives.
- Prioritizing the many things that need to get done and taking the right amount of time to help keep communication flowing, and showing concern for employee's problems.

What is the one piece of advice you would give an administrator new to the Wilmington legal community?

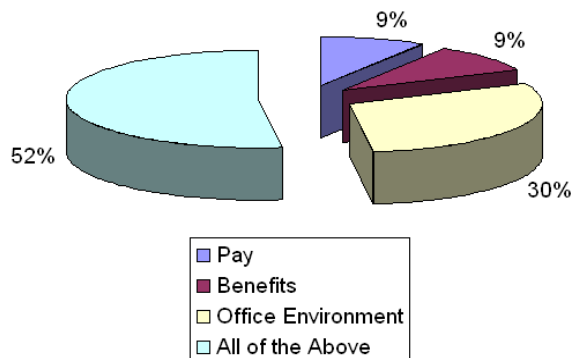
- It is a small community and sometimes you need to look outside of the "pool" to find good people.
- Make connections with other Wilmington legal administrators. Those connections will be invaluable.
- Get to know your fellow chapter members.
- Grow a thick skin and prepare yourself to be challenged every day by the unimaginable thought processes that destroy morale in your office.
- Make time to join ALA and get involved. The support and information you receive is invaluable.
- Get involved with the ALA chapter.
- Network with other legal administrators.
- Join the National Association of Legal Administrators and then the First State Chapter. The networking is worth its weight in gold and the Chapter meetings

have wonderful educational programs.

- Take a deep breath.
- Get to know the other administrators. We are a close-knit group and are happy to help.
- Listen and ask questions.
- Stay connected to chapter members and the chapter events. When you find that we are all facing similar issues, you are less likely to feel like you're losing it.
- Network, join the ALA. Having others to use for advice is huge.
- Mingle with other administrators of other firms in town. It helps to get to know the community and also helps when you need advice or assistance. We all help each other when needed.
- Get involved in the ALA; learn the Wilmington area. How about a tour from a knowledgeable Wilmingtonian as to historical/eatery/theatrical sites where client/staff parties/receptions can be held? Not sure how that could be pulled off, but you asked.
- Network with peers through the ALA or other similar groups.
- Wilmington is a very, very small place; don't burn any bridges you might come across again someday!

What do you think is the secret to employee retention/satisfaction in your firm?

Pay	9%
Benefits	9%
Office Environment	30%
All of the Above	52%



Behind The Desk

Member Spotlight On: Brenda Thompson



I was born in Pittsburgh, PA - moved to DC when I was 26 – and worked for Steptoe & Johnson. I moved to Maryland in 1992 to work for Miles & Stockbridge. I pursued my undergrad (University of Maryland) and graduate (Johns Hopkins) degrees in the evenings while working full-time at various law firms. I got married at age 40 and had my son, Ryan, the day before my 42nd birthday. I started Thompson Search Consultants in 2000 in order to have flexibility and more time to spend with Ryan. Currently single and back working for a law firm again as the Director of Administration for Landis Rath & Cobb LLP. Never say never!

The Best Advice I've Received From A Fellow Administrator

The advice from Don Parks – my former boss. "Join the ALA. Make friends and network." The friendships and connections have been invaluable.

Favorite Outdoor Activity

Just about anything involving sunshine, blue skies and water.

Memorable Moment in Your Life

My wedding day. Being in a room with everyone that I loved and cared about was almost overwhelming. It was a great wedding and reception.

Your Perfect Day

Blue skies – puffy clouds – about 85 degrees – boating on the Chesapeake – drinking champagne with a handsome bachelor. If only it would happen!

Your First Job

Typing invoices at a Rice-a-Roni factory. I think my Mom still has some boxes left from back in the day.

Lunch With Anyone Dead Or Alive, Who Would It Be And Why?

My grandmother. It would be nice to have just one more day...

Your Proudest Moment

The birth of my son and the look on my Dad's face when I told him I named my son after him.

Historical Event You've Experienced in Your Lifetime

Seeing the first man walk on the moon on our black and white television set with rabbit ears. Yes, I'm that old!

Accomplishment You Thought You'd Never Obtain

Pursuing my undergraduate and graduate degrees at night while working full-time.

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Shifting Mindsets in the Legal Industry

Jennifer Smuts
Senior Manager of Business Development - Litigation
Reed Smith

With the down economy, law firms are facing additional pressures from all directions. External forces, namely clients, are forcing firms to do things differently, while internal forces, namely firm management, are driving lawyers to challenge themselves and consider doing business differently. There has been a recent emphasis on value pricing through up-skilling of lawyers (and others involved in selling) to enhance their ability to negotiate and present value.

While law firms focused on operational efficiency and cost reduction in 2010, 2011 is seeing a greater emphasis on growth, customers and innovation. Firms are taking client satisfaction more seriously, as they should. According to BTI Consulting Group's Premium Practices Forecast, "53 percent of clients will replace their primary law firm with a competitor who delivers better value, superior client service, greater flexibility or a more innovative approach." While this statistic might sound ominous for some, this is actually good news for law firms



that are ready to step up their game. And there are several different paths law firms can take to ensure they are the firms that don't get replaced.

CULTURE OF EXPERIMENTATION

Twenty years ago, law firm marketing departments were typically composed of a single individual who managed a client database and coordinated client events. Today, as the business of law grows more competitive, the industry is starting to see full-service marketing departments, practice development professionals aligned at the practice or industry group level (to assist with the development of client teams and new business) and business development professionals (sales people that close business for the firm) beginning to drive firm strategy.

While consulting firms have always made significant investments in training their professionals on how to effectively communicate and go to market as a team, this concept is new for law firms. "Law firms are still behind in terms of creating a business model that rewards anyone other than the big rainmakers," says Christie Hind, innovation strategist at the Cypress firm in Los Angeles. "Cypress is unique in that we reward anyone that brings work into the firm regardless of their role. As a result, everyone is really out there and engaged in client development."

One national firm that is introducing industry best practices when it comes to trying new approaches is Faegre & Benson. Faegre recently launched an "Alternative Fee Toolkit" that provides information, case studies and worksheets on a variety of alternative fee options. "Each lawyer is empowered to partner with their clients in establishing a mutually beneficial fee arrangement," says Adam Severson, director of business development at Faegre & Benson. "Our clients value our commitment to this area and our ability to demonstrate a track record in client pitches and proposals."

REBRANDING IN A GLOBAL MARKETPLACE

For the past decade the legal profession has grown, both nationally and internationally. Some clients are expanding operations overseas, and this shift has provided even midsize, regional firms with an opportunity to enter the global market. "It's exciting when we work on global and international issues for clients," says Frank DiGiovanni, co-chair of the intellectual property litigation section of Connolly Bove Lodge & Hutz in Wilmington, Del. "Intellectual property law has always been played on an international playing field, so our lawyers know the landscape. The guidance that we can give clients in this regard helps them expand more successfully. It's also important to know when to consult with foreign counsel, and we are not shy to do that."

Until recently, law firm reputation was based primarily on existing relationships, favorable results and general brand awareness. Now with the client asking, "What have you done for me lately, and what can you do for me now?" there is a perception that lawyers are shifting away from the "trusted adviser" role and into a "team member" role. Clients still understand that they get what they pay for, but they also realize that, if they don't ask for more value, they likely won't get it. While the legal profession still carries a privileged and somewhat charmed reputation, situations such as the worldwide economic recession are forcing law firms to steer their proverbial ship into uncharted territory.

But these firms aren't completely alone. Guidance from the Association of Corporate Counsel's Value Challenge provides direction regarding what law firms need to consider in order to maintain valued client relationships. Paul Bonner, director of business development for Haynes and Boone in Virginia, states, "Our business development team focuses on strategic sales support; this makes our lawyer efforts more efficient and meaningful to our clients." Bonner has a unique perspective. He practiced law, marketed in the product arena for American Mobile Satellite, and now pulls from his experience to lead a successful professional service team.

In the past, lawyers have been criticized for failing to keep clients' needs and best interests front and center. Trying to be everything to every client has left law firms coming up short on return business. Legal project management, alternative fee arrangements and client service operations are some of the new messages law firms are now marketing to clients. It looks like law firms understand that trying to be all things to the client often leaves them off preferred provider lists. Specializing and being willing to share a piece of the pie are positioning firms to remain competitive.

THE INTERNAL COMPETITION

As the legal industry is forced by client demand to shift its mode of operation away from the billable hour to more creative arrangements, law firms are embracing creative means to not only service the client, but provide innovative solutions to their problems. "Lawyers at big firms, in particular, tend to live on islands and don't necessarily see the bigger picture on the business side; it turns out that the business side is really important and drives much of what we can do and offer our clients," states Cypress' Hind. "Lawyers are judged and rewarded based on the size of their books, not their billable hour." Creating an atmosphere of teamwork, rather than competition, helps alleviate the age-old problem of aligning origination credit to compensation. While the ultimate goal is to bring in revenue, it's vital to align with clients' interests and needs.

This reality has caused some lawyers to leave big firms and create practices that afford maneuverability. Karen



Katz, executive account manager with Thomson Reuters and former practicing attorney, has seen a lot of proactive movement in the industry. "Lawyers are keeping lower overhead, employing better technology and delegating legal processing to outsourced non-lawyers because clients simply do not want to pay big firm prices anymore, except for the 'bet the company' work." Inside law firms, management is considering how to incentivize without tying compensation to origination and/or the billable-hour requirement, which ultimately creates a disincentive.

SEE THE BIG PICTURE

In a recent article, Silvia Coulter, managing director with Hildebrandt Baker & Robbins, highlighted several key trends when it comes to sales professionals in the law firm. They include:

- The separation of sales and marketing.
- Law firms replacing strong business development people with individuals who have a successful track record of driving revenue.
- Skilled sales professionals earning what an average equity partner earns. (The sales executive typically receives salaried compensation with a bonus tied to revenue generation.)

While these trends may seem provocative to some law firms, they are the new reality that is creating the law firm of tomorrow. Sitting back to wait for the return of normalcy may leave firms waiting alone with no new clients for a long time.

Jennifer Smuts is the Senior Manager of Business Development - Litigation at Reed Smith. Smuts implements strategic and coordinated cross-selling initiatives. She can be reached at jsmuts@reedsmith.com or 215-241-7987.

This article re-printed from the 4/4/2011 issue of The Recorder.

Stop Wasting Time: Get More Productive with Technology Today!

Neen James



Technology has changed the pace at which we work. We can now do things quicker, easier, and sometimes cheaper. It has also provided us with more choices; more demands on our time and sometimes instead of increasing our productivity... it kills our productivity.

Choose today to embrace tools that support you, learn applications that make your job easier and eliminate the distractions that rob your of your time.

Know Your Needs - Research the best tools to achieve your goals. Do you need a laptop because you travel, a smart phone or tablet to avoid carrying a laptop; or a desktop because you need a large screen for design? Understand which tools are going to be most beneficial for you.

Know the applications - When you own or purchase technology invest the time to learn the applications provided (especially short cuts for programs and quick reference guides) - leverage the functionality of each application.

Use DropBox - I love this application for sharing files in the cloud that you and your team can access from anywhere with any tools!

Invest in maintenance - Allocate time monthly maintaining technology. Schedule time to 'defrag' your computer; install new software, delete unused applications, remove large files, and back-up data. Scheduling time each month will ensure your technology runs at an optimum level regularly.

Outsource maintenance - if all this technology maintenance isn't your thing... get help - delegate. Find a local business or college student that can assist you with this

activity each month.

Back up weekly! Why is it we wait until something goes wrong that we think about backing up our computers and technology? Schedule weekly back-ups to ensure you always have the latest information available. This became even more important to me when I had a laptop stolen, it sure does make you wish you had backed up more often!

Check email four times per day - seriously some clients are addicted to their email and that isn't productive! Unless you are a brain surgeon or deliver babies... or maybe cure cancer - you don't need to be checking email every few minutes. Allocate time throughout the day to check it (and delete it) but don't be on email all day!

Use Out of office messages - every email system has the ability to share with people that advising them you are away. If you leave for long meetings, go on vacation or just want to focus on a project for a few hours... use out of office to manage other people's expectations.

Update voicemail weekly - allow callers to know where you are going to be and how they can best reach you. Share alternative connection strategies i.e. cell phones, email or your assistant's number (if you are lucky enough to have an assistant!)

Use the on/off buttons on everything - conserve electricity and get into the habit of turning off items not in use. This can also be a great tip if you work from home and get tempted to check your laptop at all hours... turn it off!

Skype meetings - this valuable video tool allows you to have conversation with multiple people and if you use video your meeting ... partners won't be multi-tasking! It avoids the need to travel to and from meetings and you can do it from the comfort from your office or home.

Consider alternative meetings methods - one is Skype, another is tele-coffees (you make a coffee and I make a coffee and we chat on the telephone) - takes no more than 15 minutes! I do tele-cocktails on Fridays - love those!

Limit time to 15 minutes! Stop wasting time clicking on one link after another - focus, set your target for the information you need to find and go find it. It is amazing how time disappears when we start to 'play' online! Technology is a tool designed to help you do your job, increase productivity and increase communications...it is

not supposed to kill your productivity. Applying these strategies will ensure when you use the right tools, set your time limits and know your systems you will definitely increase your productivity! Now about that new app for my iPad ...

Neen James is an International Productivity Expert. She demon-

strates how boosting your productivity can help you achieve amazing results. She is a dynamic keynote speaker, author and executive coach and business mentor with a unique voice, high energy, sense of fun and uncommon common-sense. Find out more at www.neenjames.com, P.O. Box 1764, Doylestown, PA 18901 •215-230-0835



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PC Update Procedures: An Overview

Mark Buckmaster
PC Technician II
TechSolutions, Inc.

At one time or another, we have all been notified that a brand new Adobe, Java or Windows update is ready to be installed. And just like many PC users, you've probably ignored them once or twice because of the hassle of having to reboot, close your browser windows, or for fear that they are malware in disguise. This article is intended to shed some light on how to tackle the seemingly endless task of running software or driver updates, and will ultimately help your workstation run more smoothly and securely.

Windows updates are perhaps the most important of all standard updates on a workstation. They consist mainly of patches and security fixes for the Windows operating system, Office applications, Windows Malware Removal Tool, Internet Explorer (IE) and any other Microsoft products. Periodically, Microsoft bundles all previous patches and fixes and sometimes incorporates new product features in major update releases known as *service packs*. The installation process for service packs typically takes between 30-60 minutes and can require several reboots; however, they are extremely important and should be installed as soon as possible. The update process is not to be interrupted as this could result in corrupting the operating system and potentially rendering a workstation unusable. If you do not see the Windows update icon in the notification tray you may access pending Windows updates by using IE to navigate to update.microsoft.com, or by clicking Start > All Programs > Windows Update. Windows updates are released on the second Tuesday of every month, and as needed to repair dangerous security loopholes.

Adobe and Sun Microsystems (Java) are trusted third party software companies that most web surfers are very familiar with. Adobe Flash and Java are two programming platforms that can be used to deliver media and web content to the end user. If you cannot view a video in IE, you encounter web content not displaying properly, or you experience crashes while navigating web sites, chances are your problem lies with an add-in from one of these providers. Adobe and Java are very diligent about notifying users of pending updates. In the event that you are not prompted, you can always grab the latest releases of Flash Player and Java from their respective websites, get.adobe.com/flashplayer and www.java.com/en/download. Be forewarned, however, because these are free releases, you will occasionally

notice a software "hitchhiker" during the download or installation process. Read the installation and download windows carefully before clicking the OK button, or you might end up with a shiny new *McAfee Security Scanner* or *Ask Toolbar* by mistake.

If all of this seems too overwhelming, there is good news. There is an online tool that provides PC users with a one stop shop for software updates. Found by navigating to www.secunia.com and clicking the "Scan Now" link, this tool will search your computer and within about one minute, you will receive a list of outdated software installed on your PC along with direct download links to all manufacturer update files. This is a handy tool requiring no software installation or fees and provides a great alternative to searching through the different vendor sites for updates.

Driver updates for system and peripheral hardware are equally as important as software updates. In short, a driver can be defined as a piece of software that instructs the operating system how to communicate with various hardware components. Without the appropriate driver, Windows is unable to recognize and interact with all of the hardware components in your system such as your graphics card, network card, and printer. Drivers do not need to be updated as frequently as the previously mentioned software applications, but should be considered a best practice for annual maintenance. The procedure for obtaining device drivers varies greatly. If you have purchased your computer from a major hardware provider such as Dell, HP, or Lenovo, then you are in luck. Located on the main pages for each vendor you should find links to the driver download sections of their sites. Dell has taken it a step further by allowing you to input their version of a serial number known as a *service tag* (which can be found on your computer) to display a categorized list of all applicable drivers specific to your computer, thus simplifying the update process. When dealing with third party add-in or expansion hardware, it is best to consult the vendor website or manual for proper update procedures.

This overview is only meant to assist users with basic software maintenance procedures. To cover all aspects of workstation maintenance in this article would be impossible, but this should help provide some guidance with respect to keeping an up-to-date and more secure PC.

If you would like more information about this article or the services provided by our Business Partner, TechSolutions, please don't hesitate to contact them. You can find their contact information on the chapter website located under Business Partners.



Client Relationship Management

Chris Fritsch
Clients First Consulting

Complaints about about the failures of CRM, a.k.a. Client Relationship Management. Some of the popular ones include, "We're not getting any return on our CRM investment," or "You mean we actually have to spend attorney time on CRM?" and the ever popular, "We paid all this money for CRM and all we got was an overpriced marketing / mailing list."

While some of the complaints about CRM may be valid, most of the lamenting neglects one very important consideration: CRM is about more than technology. Actually, it's more about people and process than technology. And when it comes to CRM Success, it's almost ALL about the people – busy, overworked and sometimes overwhelmed people – the lawyers.

These are people who are trying to balance Client demands (and, occasionally, demanding Clients) with significant billable hour requirements, while, in their spare time, being leg-ironed to their BlackBerrys, wading through a never-ending flood of e-mails and phone calls and trying to meet critical deadlines. Now they are even being asked to develop business. Let's face it; if you're looking for the definition of work-life balance, Black's Law Dictionary isn't the source you'd go to.

And because CRM success is about people, we should also take into account the lawyer personality: risk averse, incredibly autonomous and not always fond of sharing, to say the least. In fact, it's been said that working with lawyers can be like herding cats... very smart cats... with opposable thumbs.

So the question becomes, how do you get these smart, busy, independent people to work together and focus their attention on one more thing during their packed 12-hour days – especially when that thing involves both technology (which they frequently like almost as much as math) and more work (which also happens to be non-billable). Again, the answer is people. The people who have to take the ultimate responsibility for CRM success are the firm's leaders. They have to put the 'Management' back in Client Relationship Management.

How would they do this? First, they would need to find a way to tie CRM to the firm's strategic goals – and to utilize it as a tool for achieving them. Then, they have to make it a mandate that CRM is not only important – it is not optional – and they need to communicate this through both their messages and their actions. They should be the first to share their contacts and should convince other attorneys who balk at sharing theirs. They should support CRM publicly in announcements made to the entire firm – and privately in one-on-one conversa-

tions with individual attorneys. They should even consider tying CRM usage to compensation. Radical? Perhaps. Essential? Absolutely. Because by doing so, they change behavior by sending the message that CRM is not something that would be nice for people to do if or when they happen to have time. Rather it's something everyone in the firm is expected to do to. In fact, it's a priority.

So why would firm leaders want to make CRM a priority? Well, one reason could be that the firm spent a heck of a lot of money on a CRM system and might actually like to get some return on that investment. Another could be because the firm's competitors are doing it. Those are a couple of pretty mediocre reasons that have, throughout time, motivated mediocre law firms to mediocre actions - with mediocre results.

But to come up with a really good – and persuasive – reason that CRM should be a priority requires focusing again on that crucial element of CRM success, people – the end users and their Clients. The attorneys need to understand and believe that they need to make CRM a priority because it will help them to get more Clients – and keep the ones they have. Instead of thinking of CRM as a mailing list, a technology system or, worse, an inconvenience or waste of their time, lawyers and support staff need to begin to think of Client Relationship Management as a strategy for improving Client service, development and retention – and the CRM system as a tool to support that strategy. Only then will they be willing to devote the time and effort required for CRM success.

While at first it may seem like CRM success requires a lot of effort from all of these people – they will have to cooperate, communicate and even share – it can be persuasive to remind them that they will be the ultimate beneficiaries. The attorneys will benefit from enhanced business development efforts, increased cross selling opportunities and improved collaboration, and their Clients will benefit from better service and stronger relationships. Yes, to really succeed with Client Relationship Management does require commitment – of time, money and yes, even people. But for the firms – and their leaders – who are willing to make that commitment, the results can be significant.

Chris Fritsch is a business development technology consultant who received her law degree from Emory University School of Law in Atlanta. Fritsch can be reached at 404/249-9914 or CF@ClientsFirstConsulting.com.



New Audit Technique Guide Explains How IRS Examiners Should Probe Attorneys' Returns

IRS Attorneys Audit Technique Guide

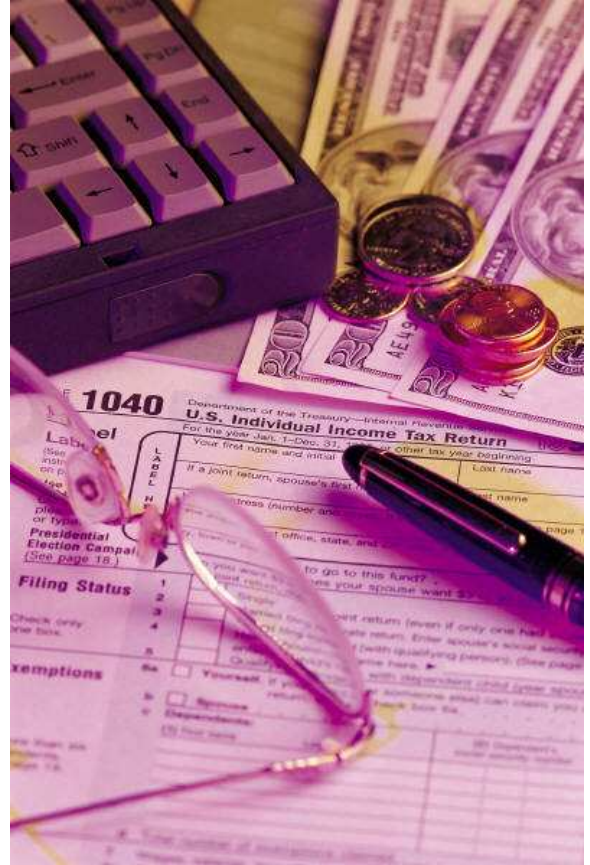
IRS recently released a comprehensive Attorneys Audit Technique Guide (ATG) for auditors to use in reviewing returns of attorneys. It pinpoints the problem areas that IRS agents are instructed to probe for, explains in detail how attorney audits should be conducted, and lists the types of documents that should be requested and examined.

Following is an overview of some of the key areas agents are instructed to examine when reviewing an attorney's return.

Unreported income. Generally, attorneys deposit settlement and award proceeds to their trust accounts. Settlement and award checks are usually made out to both the attorney and the client. After depositing the funds to their trust accounts, attorneys must distribute the proceeds. Frequently, the attorney will draw a portion of these funds to cover their fees and case costs, i.e., when a case is taken on a contingency basis. IRS tells auditors it is important for them to determine if fees were included in income at the proper time. Some attorneys may cash fee payment checks or deposit them directly into personal or investment accounts. If they determined taxable income by totaling deposits made into the general operating accounts, these fees are omitted from income. Inspecting the endorsements on checks written to or on behalf of the attorney from trust accounts is one important auditing procedure. These checks are income or expense reimbursements. Auditors are also told to pay special attention to all checks that either are deposited into accounts other than the general operating account or are cashed.

Deferral of income. After a case has been settled, an attorney may attempt to defer earned income by allowing fees to remain in the trust account until the next year. Once the settlement is received, the attorney's fee is both determinable and available and therefore should be included in income. The ATG says that an effective audit step is to analyze the source of funds remaining in the trust account at year-end, particularly if there is a large ending balance.

Noncash payments instead of fees for services rendered. Auditors are told that examination of the client ledger cards will many times lead to the discovery of noncash payments. Also, verifying the basis of newer assets, such as partnership interests or stock, may reveal that they were noncash payments for services. ATG examples: An attorney may borrow a large sum of money from a corporate client and then pay it off by



performing legal services. The loan is shown on the attorney's books, but not the income resulting from the relief of the debt. When no loan repayments were noted, the lender was contacted, and it confirmed the loan and the credits against the outstanding balance posted when the attorney rendered legal services. As another example, an attorney who sets up partnerships or corporations may accept an interest in the formed entity as payment for legal services rendered. Bartering, namely the exchange of legal services for other services, is another source of noncash income. Auditors are told that an effective audit tool would be to compare the attorney's work schedule with his claimed fees. If the attorney's workload has not decreased, but claimed fees from one or more clients has, that may indicate he is performing services in exchange for non-cash payments. These variations should be noted and questioned as deemed appropriate, says the ATG.

Constructive receipt. Income earned under the constructive receipt doctrine is an exception to the general rule that cash basis taxpayers must have actual receipt of

income before it is taxable. Income is constructively received if it is subject to the demand of a taxpayer and there are no substantial limitations or conditions on the right to receive it. The ATG cites the example of a criminal defense attorney acting as a public defender who was paid an hourly rate plus any costs incurred. He had to submit a billing statement to the county government on a monthly basis to receive payment. At the end of the year a Form 1099 was issued to the attorney for the income that was actually paid. To defer income, the attorney did not bill the county for services rendered for the second half of the year. Since billings were submitted only for the first half of the year, the attorney's gross income was considerably understated.

Advanced client costs. Attorneys who take cases on a contingency fee basis commonly pay litigation expenses on behalf of clients and recover the costs out of the settlement or award. These attorneys generally use a cash basis of accounting and may deduct those expenses when paid, and include the recovered costs in income when received. The ATG says this causes a distortion of income since it can take years to resolve these cases. It concludes that courts have determined that costs paid on behalf of a client are loans for tax purposes, and are not deductible as a current cost of conducting business. The costs are the client's and not the attorney's since there is an expectation of reimbursement. However, a bad debt deduction may be taken in the year that any costs are determined to be uncollectible. The ATG advises auditors to raise this issue if the amount of deducted client costs is "material."

By contrast, the ATG says cash-method attorneys are generally allowed a current deduction for client reimbursed costs which are allocated to normal operating expenses (for example, secretarial costs or copying costs). These are general office type expenses which would reasonably be incurred even if not charged to a particular client. Of course, if a current deduction is taken, any subsequent reimbursement from the client would be treated as income in the year of reimbursement under the Code Sec. 111 tax benefit rule.

The ATG notes that taxpayers and their representatives have argued that if advanced costs are to be treated as loans, then the recovery of these loans shouldn't create taxable income. In *Canelo*, (1969) 53 TC 217, the Tax Court held that an "erroneous deduction exception" applied to the tax benefit rule and determined that the tax benefit rule could only be used in cases in which a proper deduction was originally taken. The ATG points out that there are several Actions on Decision which address this issue and that many circuit courts have rejected the Tax Court's "erroneous deduction exception."

Other issues. The ATG for attorneys covers a host of other issues, including the following:

- Whether an attorney has misclassified employees as independent contractors.
- Whether the attorney has properly issued Forms 1099 to independent contractors for payments made to them out of an attorney's trust fund. The ATG notes that it is possible for a taxpayer to present copies of Forms 1099 to an agent without ever filing them with IRS or providing copies to the payees, and explains how agents can find out if IRS has received the forms. It also notes that 1099s are required to be filed for payments to recipients of lawsuit settlements or awards unless specifically exempt from tax under Code Sec. 104.
- Whether the attorney has filed Form 8300 where required. Generally, each person engaged in a trade or business who, in the course of that trade or business, receives more than \$10,000 in cash in one transaction or in two or more related transactions, must file Form 8300.

The text of IRS's *Attorneys Audit Technique Guide* can be accessed at <http://www.irs.gov/businesses/small/article/0,,id=241098,00.html>.

Source: *Federal Tax Updates on Checkpoint News tab 7/25/2011*

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50 States, 50 Rules: Shredding Across America



Shredding is an efficient, compliant means to dispose of daily discarded materials or archival records that are potentially sensitive records. The most effective plan covers all applicable local laws and regulations.

Your business is growing—and that's great. However one of the less gratifying aspects of running a busy law firm is grappling with the compliant disposal of sensitive records. As if federal regulations such as HIPAA and SOX aren't enough to keep your IT, HR and other teams in a constant state of housekeeping, each state maintains its own records regulations with many including requirements related to personal information.

Though most state guidelines don't specifically call for shredding sensitive records—burning, vaporizing and other forms of utter destruction are perfectly acceptable—shredding is the most reliable, sensible and cost-effective way to forever dispose of sensitive information.

When in Rome...or Even Rome, Georgia

Some states' laws are more stringent than others, though the endgame is the same: Comply or pay the price, either through fines or, worse, the loss of your business. Are you up to speed in the state or states affecting your law firm business? If, like many firms you maintain a presence in several states, you may be missing something.

A good way to check is to visit the appropriate state government websites to search on "data destruction regulations." You can also visit your state Bar Association's Web pages and search on "regulatory guidelines and updates."

Here's a sampling of state regulations. What does your state require?

- Massachusetts 93I requires that paper records set for destruction be "either redacted, burned, pulverized or shredded." Electronic media "shall be destroyed or erased so that personal information cannot practicably be read or reconstructed."
- Georgia's Senate Bill 475 levies fines from \$500 to \$10,000 for failing to dispose of records containing sensitive information by shredding, erasing or rendering them otherwise unreadable.
- California 1798.81, a general shredding law, instructs businesses to "take all reasonable steps to dispose, or arrange for the disposal, of customer records" that contain "personal information when those records aren't needed any longer by (a) shredding, (b) erasing, or (c) otherwise modifying the personal information in those records to make it unreadable or undecipherable through any means."
- California's Senate Bill 1386 was the first to shine the spotlight on businesses' security breaches in the disposal process. Banks, credit card companies, insurance agencies and any other firms handling sensitive customer information must report any security compromises. Now, 45 other states have followed suit with bills of their own, using this California law as the model for handling security breaches.

Unsure about your state's regulations? Check its official website to better inform your organization's document

disposal efforts.

The Many Bonuses of Compliance

Shredding can help your firm meet the privacy and confidentiality requirements of even the toughest state regulations. And whether you choose to shred onsite or at a remote location, you'll receive a certificate proving that you complied with those requirements.

However, the benefits of shredding don't end with compliance. A well-designed plan will effectively reduce the costs associated with storing excess records. What's more, you can parlay your disposal plan into a company-wide campaign to organize and index the information you're retaining. That's a smart move, considering how much time a firm's employees can spend simply looking for critical information under its own virtual roof.

Teaming with a trusted shredding partner can help you comply with changing regulations, while also identifying cost-cutting and efficiency opportunities. A trusted partner can:

- Keep pace with ever-changing regulatory requirements.
- Assess your compliance needs, identify and protect vital records.
- Develop your organization's information disposal policy.
- Provide exclusive reporting, tools and guidance for easy assessment of your program with both compliance and cost in mind.
- Certify your shredding effort to satisfy state reporting requirements.

But perhaps the most perennial benefit of a concerted compliance-focused shredding plan is truly priceless: relaxation and peace of mind. Your firm can now enjoy the latitude to focus on its core competencies, instead of worrying about risk around disposal of firm and client records.

The Checklist:

Your Compliant Shredding Solution

A thoughtful shredding plan should address these key business concerns:

- **Q: "Are we in compliance?"** A: Shredding ensures you're in lockstep with the ever-changing privacy requirements of state regulations. A thoughtful shredding plan includes written certification of compliance with these laws and guidelines.

- **Q: "Is our plan efficient?"** A: Disposing of and shredding unneeded documents streamlines business processes and helps your employees get to the information they need that much faster.

- **Q: "What are we saving?"** A: You'll no longer pay for storing and maintaining files you no longer need. Shredding can also eliminate or reduce the fines you'd otherwise pay for non-compliance.

When state regulators come calling, send in the shredders. Consider the following steps and safeguards when choosing a vendor:

Be sure to quiz a potential vendor on its ongoing knowledge of and track record with the regulatory compliance guidelines informing your best practices.

Work with its team to develop an ongoing information destruction strategy that meets federal and state regulatory requirements.

Adopt stringent security measures. Workers handling shredding should be screened and pass security clearance. Look for AAA certification by the National Association for Information Destruction

Use shredding to comply as a way to launch efficiency and cost-savings measures throughout your business by reducing paperwork, better managing data and eliminating fines for non-compliance.

If you would like more information about this article or the services provided by our Business Partner, Iron Mountain, please don't hesitate to contact them. You can find their contact information on the chapter website located under Business Partners

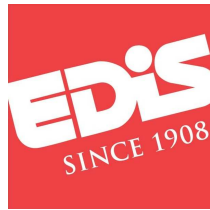


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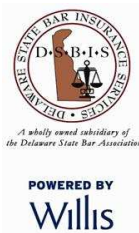
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