



STOP SHIPPING PROFITS OUT THE DOOR

An efficient law firm is a profitable one. With slimmer staff rosters, yet burgeoning client expectations, maximizing profitability and firm efficiency in a competitive legal market is a daunting prospect. Indeed, according to an April 2013 survey of more than 450 attendees at the Association of Legal Administrators (ALA) Annual Conference, UPS found that 87 percent of the responding firm administrators cited managing time, controlling costs and expenses, and grappling with inefficiencies and technology issues as their top three day-to-day operational concerns.

Yet, for many law firms, shipping remains a cost-cutting opportunity that has yet to be fully realized. Many firms have cut some shipping costs by negotiating a bulk rate with a carrier; however, that is only a small portion of the total cost of shipping. There is an even greater opportunity for savings in less obvious areas. With major global law firms shipping hundreds of overnight packages to offices and clients around the world, finding additional ways to lower the total cost of shipping—namely, labor and cost recovery—can have a significant impact on the bottom line.

THE HIDDEN COSTS OF SHIPPING

When law firms ship a document through a carrier such as UPS, they likely do not consider the true cost of shipping for the firm. They simply examine the

most obvious cost of shipping—the freight cost, or the fee that a carrier charges to send an overnight shipment. But a number of additional “hidden” costs should be considered by the firm, including the cost of inefficient labor, unnecessary expediting, and miscellaneous unrecovered costs.

Labor Costs

In many law firms, shipping processes are decentralized and manual, both between offices and among attorneys. For example, each lawyer in a firm instructs an administrative assistant to ship a package. The assistant looks up the client address and client/matter reference numbers and then types the information into a shipping airbill. The assistant retains a copy of the airbill for client billing records. Later, the accounting department rekeys the same information into a database for reconciling and invoicing to the client.



With the volume of packages that law firms send, the time that administrative staff spend looking up addresses and client/matter numbers adds up. And when packages are misdelivered or running late, the assistant must again spend time researching the delivery problem, manually tracking the package or spending time on the phone with the carrier and recipient to determine the problem. If the address is incorrect, the assistant must then find a way to recover the errant package and redirect it or ship a second package—either way, incurring a second round of shipping costs on top of the lost time.

Likewise, the time that the law firm's accounting team must spend to reconcile shipments does not add value to the firm's bottom line. First, accounting has to rekey airbill information into the firm's billing database so it can be added to client invoices. When airbills are incomplete, accounting staff must track down the source of the shipment and determine the proper client/matter number. And if the airbill is riddled with errors, the time accounting spends manually reconciling its records against client/matter records increases exponentially.

As Marvin Younger, the Administrative Services Manager of Am Law 50 law firm Alston & Bird LLP, explains, quality control is a critical component of law firm efficiency. Things have to be done right the first time: the costs of rework are too high, and clients lack the patience for mistakes—as well as the willingness to pay for them. The more efficient the shipping process is, the fewer staff hours that must be expended on it, and, in turn, the more staff can focus on higher-level tasks. Tracking and billing packages wastes valuable time that should be spent on delivering better-quality service to clients.

Costs of Unnecessary Expediting

Even with bulk rate shipping, law firms still forgo other opportunities to save themselves and their clients dollars. For instance, lawyers who ask their administrative assistants to ship their clients' materials

"overnight" likely are unaware of the gradations in overnight service levels or their associated costs. Therefore, the assistant checks a box choosing overnight shipping with early delivery, failing to consider the cost savings that could be realized if the client received the package a few hours later on the same day. When this behavior adds up over the course of the day throughout the firm, the excessive costs of unnecessary expediting rise markedly.

As an example, UPS offers three distinct overnight services, with delivery by 8:00 a.m., by 10:30 a.m., and by 3:00 p.m. Within this seven-hour window, the cost differential ranges from 20 to 50 percent, depending on the delivery zone. Savvy clients may question the need for 8:00 a.m. delivery and its associated higher cost and refuse to pay for it unless there is a justifiable reason—and even if there had been in this case, by the time the client questions the bill, no one may recall whether there was a specific need for such urgency, and no explanation was recorded on the airbill or in the client records. Therefore, the firm must absorb the cost.

Other Unrecovered Costs

Another factor driving up the cost of law firm shipping is unrecovered costs. In addition to the failure to recover costs when clients balk at excessive shipping expenses, firms often overlook the cost of personal staff shipments. Currently, personal shipments are estimated to account for 10 to 15 percent of a typical firm's total shipments. Many law firms do not have a separate billing procedure for staff who send personal packages, so there is little chance to recover these substantial shipping expenses without great difficulty.

THE SOLUTION: DECENTRALIZED SHIPPING WITHOUT LOSING CONTROL

If done properly, decentralization of the shipping process can lead to significant savings in time, which in turn translates into substantial cost savings, much as

it did for leading international law firm Paul Hastings, recently ranked second in The American Lawyer's 2013 A-List of the Most Successful Firms in America. In 2004, Paul Hastings still used manual, handwritten airbills and vouchers for shipping parcels. With each of its offices deploying its own manual systems for shipping, Adam Norris, the firm's Chief Administrative Officer, began to explore whether there was a better means of controlling and managing the costs of shipping than the firm's then unorganized and inefficient system. Thus, he and a team of four IT staff members studied the workflows associated with preparing, tracking, and billing shipments and determined the firm's core needs: identifying client/matter numbers, tracking the responsible timekeeper, and integrating the shipping system with the firm's client relationship management system and e-billing software. Norris understood the advantages of a distributed, self-service system and wanted to maintain the firm's commitment to its global shipping partner, UPS. The team decided to deploy a third-party software solution called PS|Ship, which enabled staff to produce accurate shipping labels and choose the right shipment method right from the desktop. The software and PS|Ship's associated billing tool empowered staff to properly allocate charges in Paul Hastings' financial system.

PS|Ship improved the precision of the firm's labeling process in a number of ways. First, through event-driven technology, the PS|Ship system guides users through an intuitive process directly from Microsoft Outlook. In addition, it requires users to key in validated billing information before shipping a package. If necessary information is missing, the system requires users to fix it before allowing them to proceed. The system also validates each address and corrects inaccuracies in street addresses while generating a shipping label to avoid costly misdeliveries. When a new shipping label is generated, the software stores the billing information along with the shipping history for that client, so users can recreate subsequent similar shipments

in just three clicks of the mouse. Once completely entered, the system tracks the status of the package in real-time until it is delivered, noting any exceptions along the way. The system also generates e-mails and sends them to clients, so they can track the package as well. Finally, because PS|Ship records the identity of the operator who creates each shipping label, not just the sending attorney, law firm administrators can ensure accountability and better shipping practices throughout the process.

In addition, PS|Ship focused Paul Hastings users on choosing the right shipping mode to accomplish their goals in the most economical way possible. When a user initiates a new package for shipping, the application returns a range of service options organized in order of costs by shipping partner so the user can choose the most efficient service to accomplish the shipping objective. The system updates in real-time, delivering the current costs of shipping for every carrier and eliminating the need for users to manually research and compare every option. If the user selects the first overnight delivery option, PS|Ship requires the user to input a reason explaining why that additional expense is warranted. Otherwise, it directs the user to choose a more cost-effective option.

Finally, the PS|Ship system streamlined Paul Hastings' process of billing its clients for shipments. By integrating with the firm's existing accounting system, PS|Ship facilitates the accurate transfer of billing information by automatically tying shipping costs to client accounts and internal cost centers. The system also requires users to indicate when shipping is personal, preventing these shipments from being improperly allocated and avoiding the need for the firm to absorb their cost. With PS|Ship, users can take advantage of the firm's discounted shipping rates and bill personal shipments directly to their credit cards. This contributes to bottom-line shipping savings as well as saving time because the accounting team no longer needs to track down and collect fees for personal shipments.



The application also allowed Paul Hastings to study its shipping data, pinpoint pockets of unnecessary expense, and provide training as necessary to educate users about the benefits of using other service options. The PS|Ship data repository of shipments is fully searchable, so firms can study user habits and encourage better shipping practices.

THE RESULTS

PS|Ship reports that law firms using its application experience overall savings of between 15 and 30 percent as a result of increased cost recovery, decreased labor costs, and reduced transportation spend. In fact, the Paul Hastings team discovered the firm could provide improved service to clients at a lower cost with PS|Ship. Specifically, Norris noted the following achievements:

- More timely deliveries: an average on-time delivery rate in all U.S. offices of 98.7%;
- More accurate billing: the firm's billing accuracy exceeded 90%; and
- Greater efficiency: the firm reallocated staff to value-added work instead of monitoring shipments and reconciling shipping data.

As a result, the law firm recovered its overall project costs within six months of installation and has continued to reap the benefits of efficiency.

THE BOTTOM LINE: INCREASED EFFICIENCY MEANS INCREASED PROFITABILITY

In many law firms, shipping remains a bloated expense for several reasons, including manual processing and a corporate culture that overlooks opportunities to save costs. Replacing the age-old, error-prone processes of manually creating shipping

labels, tracking packages, and billing shipments with an integrated workflow is just one way law firms can improve their bottom-line profitability. Innovative, web-based shipping solutions can help law firms reduce mistakes, improve accountability, and make more informed business decisions, saving them labor time, lowering costs, and reducing unallocated client invoices. By doing so, they help law firms become more efficient and effective while enabling them to deliver superior client service.

COMPANY DESCRIPTIONS:

Founded in 1907, UPS has grown into a multi-billion-dollar corporation that serves customers in more than 220 countries and territories worldwide. Today, UPS is one of the most recognized and admired brands in the world.

UPS also has extensive experience in the legal industry. The company offers law firms a full suite of document and package delivery services and technology solutions that help save time and costs. Your firm can reach more destinations earlier, streamline shipment processing, automate invoice allocation, and enhance your branding with every overnight shipment. Learn more at [ups.com/lawfirms](https://www.ups.com/lawfirms).

PS|Ship is a product of Lynch Marks, LLC and is the most widely deployed logistics solution in the Am Law 200. The suite of tools focuses on streamlining the entire workflow, which includes shipping label generation, shipping invoice processing, and inbound package and pouch tracking.

By leveraging web-based technologies, cloud-based services, and SaaS billing options, PS|Ship offers a system that is simple to deploy and easy to maintain, thus delivering immediate and ongoing cost savings to its users. For more information, visit www.psshpc.com.