DOCUMENT AUTOMATION – STUMBLING BLOCKS

The advantages of automating legal documents are clear: faster turnaround, improved consistency, reduced error rates, and enhanced client service. So why isn't document automation widely adopted in law firms? The answer lies in a series of recurring roadblocks. Understanding and addressing these challenges can help your firm navigate the path to successful implementation.

PRODUCTIVITY PARADOX

For law firms operating under the billable hour model, time-saving technology can appear counterintuitive. Reducing the hours required to produce work may seem like lost revenue. However, forward-thinking firms recognize that clients increasingly demand value and efficiency. Automation positions firms to offer fixed-fee or alternative billing models profitably; an approach that builds trust and long-term client relationships.

LACK OF ADEQUATE TRAINING

Document automation tools, especially document assembly platforms, require a learning curve. Too often, those assigned to these projects receive minimal training, leading to stalled or inefficient efforts. To overcome this, firms must allocate proper onboarding time and resources, and consider partnering with vendors or consultants to accelerate the ramp-up period.

FRAGMENTED OR UNSUITABLE DOCUMENTS

If attorneys consistently start from scratch, automation is impractical. Fortunately, most lawyers reuse clauses or templates. The problem arises when these documents, although functionally similar, lack structural or language consistency. For example, employment agreements for hourly vs. salaried employees may share core provisions but differ so drastically that they resist template integration. A standardization audit is often a necessary first step before automation can begin.

CULTURAL RESISTANCE AND ROLE ANXIETY

Automation requires capturing legal decision logic in structured workflows, which can feel threatening. Attorneys may fear losing control or relevance. Support staff may worry about job security. These concerns are understandable. However, most legal work is routine and lends itself to systematization. Open communication, inclusive planning, and transparency about role evolution are key to securing buy-in and ensuring a smoother transition.

CHOOSING THE WRONG STARTING PROJECT

Firms often make the mistake of beginning with the most complex documents, those that offer the biggest time savings if automated. But tackling these high-stakes templates too early is like learning to swim by diving into the deep end. Instead, start with simpler documents to build familiarity and confidence with the tools. Early wins encourage momentum and reduce risk.

LACK OF DEDICATED TIME AND RESOURCES

Assigning automation work as a "side project" to staff already stretched thin is a recipe for delay or abandonment. These initiatives need clearly defined roles, timelines, and dedicated hours. Ideally, automation should be explicitly written into job descriptions, with management support and realistic scheduling.

ASSIGNING THE PROJECT TO THE WRONG PERSON

It's tempting to assign automation tasks to the IT team because of their technical skills. But unless they understand the relevant legal workflows and document subtleties, progress stalls. Successful projects require someone with a strong grasp of both the law and the software, or close collaboration between legal and tech teams with frequent communication.

LACK OF RETURN ON INVESTMENT ("ROI") AWARENESS AND ANALYSIS

Some firms reject automation outright based on upfront costs, without considering return on investment. This is a critical oversight. Many systems pay for themselves within a few months through time savings, reduced errors, or increased client capacity. ROI analysis should include both tangible and intangible benefits, such as improved accuracy, reusability of data, and better client communication.

WHAT IS THE RETURN ON INVESTMENT OF THE PURCHASE?

ROI is an estimate of the financial benefit (the "return") on money spent (the "investment") for a particular project. When calculating your cost, only include direct costs and expenses that are driven by the proposed project. Your calculation of return should include tangible benefits (bottom-line revenue increases or cost savings) and intangible benefits. When evaluating benefits, consider the following criteria:

WHO BENEFITS

The higher the number of people helped by the proposed project, the higher the ROI. In this case, everyone in your office could use the system.

USAGE FREQUENCY

The more frequently an application will be used, the higher the ROI.

PRODUCTION COST

The higher your internal cost to deliver the service or product, the greater the benefit from automation or technical assistance.

REUSE POTENTIAL

The greater your potential to re-use the data or information in the proposed new system, the higher the ROI.

COMMUNICATION EFFICIENCY

The easier the proposed project makes it for your firm to communicate with clients or your employees to collaborate and communicate with one another, the higher the ROI.

INCREASED ACCURACY

The more a product or service increases accuracy, the higher the ROI.

CALCULATING COST SAVINGS

Before you can figure out savings, you must first figure out what your costs are. Therefore, you'll need to conduct a workflow analysis.

- Determine what steps are involved;
- How long each step takes; and
- The costs associated with each step.

After you've got that down, figure out how many of those transactions you average per week, month and year. This will help you determine your true costs so you can figure out what your savings might be.

While you're doing this, you should consider which steps, if any, can be eliminated. The overall processes should also be scrutinized because it won't help to automate a bad process.

PAYBACK PERIOD

This is the time it takes for the return to equal the investment. With technology projects, most experts agree that you should look for payback periods of one year or less. Furthermore, once a project is past its payback period, you should not be afraid to discard it for something better.

OTHER FACTORS AFFECTING ROI

WILL THE NEW TECHNOLOGY INCREASE THE STAFF COMPETENCE AND MAKE THE OFFICE MORE EFFICIENT?

The best technology initiative will fail if your colleagues and staff refuse to use it or don't understand it sufficiently to use it. You have to think about this issue in advance. It helps to bring the staff into the technology decision-making process early. This is essential if they are the ones who will be working with the new hardware or software. While they cannot dictate what you buy, their ideas can improve it, and their participation is essential if the system is to work. Without this participation and "buy-in," it can be an uphill battle.

WILL THE NEW HARDWARE/SOFTWARE ALLOW YOU TO DO SOMETHING YOU COULDN'T DO BEFORE?

For example, if you currently refer to outside counsel all transactions of a particular type, then a new piece of technology may allow you to pull that work back inside your office

WILL THE QUALITY OF YOUR SERVICES BE IMPROVED?

Any technology that enables you to provide more comprehensive, faster, more accurate or less expensive service to your clients should be given special consideration. This also applies to technology that allows you to communicate better with your clients.

SAMPLE ANALYSIS

Typically, lawyers have a difficult time ascertaining their hard and soft costs associated with rendering a particular service. For example, a solo estate planning lawyer might be presented with an option of buying an estate planning document assembly system. Let's say the cost is $12,000. Many lawyers will dismiss that cost immediately as too expensive and not give it a second thought. However, the return on investment analysis might have worked out like this:

- Lawyer handles 4 plans per week @ $750 each (flat fee).
- Average wage + benefits = $30/hr (internal costs); and the typical transaction takes 8 hours from start to finish
- Therefore, the current profit per plan = $510 or $97,920/yr
- Automated estate planning system cost = $12,000
- Using the proposed system, the lawyer's total time to complete a plan drops from 8 hours to 1.5 hours
- Profit per plan goes to $705 or $135,360/yr

Therefore, revenue would increase by $37,440 in the first year and the system would have paid for itself by the 4th month of use. Most experts on this subject say that if the payoff is 12 months or less, then it is a good idea to pull the trigger.